

## **City of Austin – Austin Water SWIFT Loan Application Smart Meter (AMI) Project 51042**

**May 11, 2016 Submittal to TWDB (with revisions as noted)**

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**APPLICATION FOR FINANCIAL ASSISTANCE  
FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS**

This application is comprehensive, covering all loan and grant assistance applications for water and wastewater infrastructure financing through the various Texas Water Development Board (TWDB) programs. The format of the application is intended to expedite the review process for both the applicant and TWDB staff. This application can be used by political subdivisions, including water supply corporations.

Please submit one double-sided original and one indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat.

Please submit your application to:

Texas Water Development Board  
Water Supply and Infrastructure-Regional Water Planning and Development  
P O Box 13231  
1700 N. Congress Avenue, 5<sup>th</sup> Floor  
Austin, Texas 78711-3231  
(78701 for courier deliveries)

A complete application consists of all of the applicable information and forms requested in this document. When preparing this application please review the Application and all Guidance and Forms, listed at the end.

For more information, please contact your Regional Project Implementation Team at:

[http://www.twdb.texas.gov/financial/programs/swift/regional\\_project\\_teams.asp](http://www.twdb.texas.gov/financial/programs/swift/regional_project_teams.asp)

Thank you.

**TWDB Use Only**

Name of Applicant: \_\_\_\_\_

Date application received: \_\_\_\_\_

Date administratively complete: \_\_\_\_\_

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**Part A: General Information**

1. The legal authority under which the applicant was created and operates.
  - a)  TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
  - b)  TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
  - c)  TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
  - d)  HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
  - e)  SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
  - f)  NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
  - g)  NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
  - h)  ALL DISTRICTS (Texas Water Code Chapter 49)
  - i)  OTHER (attach)

2. Applicant Name and Contact Information:

<b>Name:</b>	City of Austin
<b>County:</b>	Travis County
<b>Physical Address:</b>	Austin Water, c/o Heather Cooke 625 E. 10 <sup>th</sup> Street, Suite 300, Austin, Texas 78701
<b>Mailing Address:</b>	Austin Water, c/o Heather Cooke 625 E. 10 <sup>th</sup> Street, Suite 300, Austin, Texas 78701
<b>Phone:</b>	512-972-0083
<b>Fax:</b>	512-974-3504
<b>Website:</b>	<a href="http://austintexas.gov/">http://austintexas.gov/</a>

3. Brief description of the project: Smart meter (advanced meter infrastructure) system to serve all Austin Water retail and wholesale customers.

4. Applicant's Officers and Members:

<u>Name</u>	<u>Office Held</u>
Steve Adler	Mayor
Ora Houston	Council Member – District 1
Delia Garza	Council Member – District 2
Sabino "Pio" Renteria	Council Member – District 3
Gregorio "Greg" Casar	Council Member – District 4
Ann Kitchen	Council Member – District 5
Don Zimmerman	Council Member – District 6
Leslie Pool	Council Member – District 7
Ellen Troxclair	Council Member – District 8
Kathie Tovo	Council Member – District 9
Sheri Gallo	Council Member – District 10

5. Applicant's **primary contact person** for day-to-day project implementation.

<b>Name:</b>	Heather Cooke
<b>Title:</b>	Legislative Coordinator
<b>Address:</b>	Austin Water, 625 E. 10th Street, Suite 300, Austin, Texas 78701
<b>Phone:</b>	512-972-0083
<b>Fax and Email:</b>	512-974-3504, <a href="mailto:heather.cooke@austintexas.gov">heather.cooke@austintexas.gov</a>

6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant



services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

<b>Firm Name:</b>	City of Austin, Austin Water
<b>Contact:</b>	Rick Coronado, PE
<b>Address:</b>	625 E. 10th Street, Suite 800, Austin, Texas 78701
<b>Phone:</b>	512-972-0127
<b>Fax:</b>	512-974-3504
<b>Email:</b>	rick.coronado@austintexas.gov

b) Bond Counsel N/A

<b>Firm Name:</b>	McCall, Parkhurst, & Horton, LLP
<b>Contact:</b>	Jeff Leuschel
<b>Address:</b>	717 North Harwood, Suite 900, Dallas, Texas 75201
<b>Phone:</b>	214-754-9234
<b>Fax:</b>	214-754-9250
<b>Email:</b>	jleuschel@mphlegal.com

c) Financial Advisor N/A

<b>Firm Name:</b>	Public Financial Management (PFM)
<b>Contact:</b>	Dennis Waley
<b>Address:</b>	221 W. 6 <sup>th</sup> Street, Suite 1900, Austin, Texas 78701
<b>Phone:</b>	512-614-5323
<b>Fax:</b>	512-472-0932
<b>Email:</b>	waleyd@pfm.com

d) Certified Public Accountant (or other appropriate rep) N/A

<b>Firm Name:</b>	
<b>Contact:</b>	
<b>Address:</b>	
<b>Phone:</b>	
<b>Fax:</b>	
<b>Email:</b>	

e) Legal Counsel (if other than Bond Counsel) N/A

<b>Firm Name:</b>	
<b>Contact:</b>	
<b>Address:</b>	
<b>Phone:</b>	
<b>Fax:</b>	
<b>Email:</b>	

f) Any other consultant representing the Applicant before the Board N/A X

<b>Firm Name:</b>	
<b>Contact:</b>	
<b>Address:</b>	
<b>Phone:</b>	
<b>Fax:</b>	
<b>Email:</b>	

7. List the counties within the Applicant's service area. Travis, Williamson, Hays
8. Identify the Applicant's total service area population: 948,441 (2016 retail water population)
9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>80,195,000</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201).**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
None				
<b>Total Funding from All Sources</b>		\$		

Comments: \_\_\_\_\_

11. Applicant is requesting funding for which phase(s)? Check all that apply.
- Planning
  - Acquisition
  - Design
  - Construction

12. Is Applicant requesting funding to refinance existing debt?  
 Yes If yes, attach a copy of the document securing the debt to be refinanced.  
 **Attached document**  
 No

**Part B: Legal Information**

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. The City of Austin is a “home-rule” city operating under a home-rule charter, adopted pursuant to Section 5 of Article XI of the Texas Constitution

14. What type of pledge will be used to repay the proposed debt?  
 Systems Revenue  
 Taxes  
 Combination of systems revenues and taxes  
 Other (Contract Revenue, etc.)

15. Provide the full legal name of the security for the proposed debt issue(s). City of Austin, Texas (Travis, Williamson and Hays Counties) Water and Wastewater System

16. Describe the pledge being offered and any existing rate covenants. The pledge being offered is systems revenues of Austin Water (the City of Austin’s municipally owned water and wastewater utility). The system’s revenues are generated by providing retail and wholesale water and wastewater services.

17. Attach the resolution from the governing body requesting financial assistance.  
 TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)  
 **Attached Resolution**

18. Attach the Application Affidavit  
 TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)  
 **Attached Applicant Affidavit**

19. Attach the Certificate of Secretary  
 TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)  
 **Attached Certificate of Secretary**

20. Is the applicant a Water Supply Corporation (WSC)?  
 Yes If yes, attach each of the following:  
 **Articles of Incorporation**  
 **Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary**  
 **By-laws and any amendments**  
 **Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)**  
 **Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).**  
 No

21. Is the applicant proposing to issue revenue bonds?  
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.  
 **Attached resolution/ordinance(s)**
- No
22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?  
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.  
 **Attached CCN and service area map**
- No If no, indicate the status of the CCN. \_\_\_\_\_  
 N/A
23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?  
 Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.  
 **Attached**
- No
24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?  
 Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?  
 If yes, attach a copy of the affidavit.  
 **Attached affidavit**  
 If no, provide an explanation as to why not. \_\_\_\_\_
- No
25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)  
 Yes Enter date of Applicant's WCP adoption: April 17, 2014  
 No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)  
 **Attached Draft WCP and Drought Contingency Plan**  
 **Attached Utility Profile TWDB-1965**  
<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>  
 N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

**Note: If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the**

**other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.**

26. Does the applicant provide retail water services?  
 Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?  
 Yes  
 No If no, please download survey forms and attach a copy of the completed water use surveys to the application.  
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>  
 **Attached Water Use Survey**  
 No

27. Is the applicant a retail public utility that provides potable water?  
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?  
 Yes  
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.  
 **Attached TWDB Water Audit worksheet**  
 No

28. Does the Applicant provide wastewater services?  
 Yes  
 No

**Part C: Financial Information**

**Regional or wholesale providers, complete questions 29-31.**

**Retail providers, complete questions 32-34.**

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
Travis County WCID # 10	700,063,528	30.61%	N
Wells Branch MUD	419,511,800	18.34%	N
North Austin MUD #1	286,883,853	12.54%	N
Northtown MUD	265,251,944	11.60%	N
Shady Hollow MUD	141,815,800	6.20%	N
Aqua Utilities Inc	122,330,100	5.35%	N
City Of Rollingwood	104,364,000	4.56%	N
City Of Sunset Valley	100,994,300	4.42%	N
Creedmoor Maha Water Supply Corp.	77,949,100	3.41%	N
Lost Creek MUD	37,020,200	1.62%	N

Comments: Percent of Usage is based on total usage of wholesale customers only

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
Travis County WCID # 10	2,872,107	30.73%	N
Wells Branch MUD	1,653,752	17.69%	N
North Austin MUD #1	1,159,353	12.40%	N
Northtown MUD	1,018,292	10.90%	N
Shady Hollow MUD	628,066	6.72%	N
Aqua Utilities Inc	526,464	5.16%	N
City Of Rollingwood	482,343	5.63%	N
City Of Sunset Valley	423,361	4.53%	N
Creedmoor Maha Water Supply Corp.	300,410	3.21%	N
Lost Creek MUD	155,442	1.66%	N

Comments: Percent of Revenue is based on total revenue of wholesale customers only

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
<b>Please see attached chart, labeled Part C, Question 31 Wholesale Contracts Summary</b>						

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Samsung Austin Semiconductors	1,558,196,400	3.43%	N
University Of Texas	732,563,300	1.94%	N
Freescale	708,784,000	1.43%	N
Austin Independent School District	311,702,200	0.94%	N
Spansion	299,685,900	0.64%	N
Texas Facilities Commission	207,220,700	0.58%	N
St Davids Healthcare LLP	133,147,900	0.36%	N
Seton Healthcare	132,731,700	0.36%	N
Travis County	128,946,800	0.36%	N
Flextronics America, LLC	95,336,500	0.25%	N

Comments: Top ten retail customers by entity; Percent of Total Water Revenue includes all retail sales (commercial and residential)

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
Samsung Austin Semiconductors	1,190,953,300	3.85%	N
Freescale	467,060,900	1.66%	N
University Of Texas	381,598,400	1.46%	N
Austin Independent School District	227,758,500	0.88%	N
Spansion	194,657,872	0.64%	N
Texas Facilities Commission	138,337,900	0.53%	N
Hospira Inc	116,782,300	0.45%	N
Travis County	112,029,000	0.43%	N
Seton Healthcare	106,463,500	0.41%	N
St Davids Healthcare LLP	94,466,500	0.36%	N

Comments: Top ten retail customers by entity; Percent of Total Wastewater Revenue includes all retail sales (commercial and residential)

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons) (1)	Avg. Monthly Bill (\$) (2)	Avg. Monthly Increase Per Customer(\$) (3)	Projected Monthly Increase Necessary (\$) (4)
Water	11/01/15	5,700	36.20	5.53	2.52
Wastewater	11/01/15	4,000	37.58	1.06	2.40

(1) Estimated average residential usage from FY15 used in setting current (FY16) rates

(2) Estimated average residential bill from FY15

(3) Estimated average residential bill increase seen from FY14 bill to FY15 bill

(4) Estimated average residential bill increase seen from FY15 bill to current (FY16) bill

Comments:

Estimated average annualized residential bill for Water: FY14 \$30.67; FY15 \$36.20; FY16 \$38.72

Estimated average annualized residential bill for Wastewater: FY14 \$36.52; FY15 \$37.58; FY16 \$39.98

34. Provide the number of customers for each of the past five years.

Year	Number of <b>Water</b> Customers	Number of <b>Wastewater</b> Customers
2011	211,833	<b>199,005</b>
2012	213,036	<b>200,759</b>
2013	215,955	<b>202,693</b>
2014	216,969	<b>204,378</b>
2015	221,579	<b>209,291</b>
Comments	Monthly average number of customers	<b>Average Wastewater customer accounts</b>

Comments: Items in red were provided to TWDB on 5/16/2016

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).  
None

36. Has the applicant ever defaulted on any debt?  
 Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_  
 No

Comment: Neither the City of Austin nor Austin Water has defaulted on debt

37. Does the applicant have taxing authority?  
 Yes  
 No

Comment: Austin Water does not have taxing authority, but the City of Austin does have ad-valorem taxing authority

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20		<b>Please see attached chart, labeled Part C, Question 38 Property Appraised Value</b>					
20							
20							
20							
20							

Comments: \_\_\_\_\_

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  2015 attached
- b)  2014 attached
- c)  2013 attached
- d)  2012 attached
- e)  2011 attached

**Please see attached chart, labeled Part C, Question 39 Assessed Property Value by Class**

40. Attach the direct and overlapping tax rate table:  
 **Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.



Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
Samsung Austin Semiconductor LLC	2,479,597,057	2.51%	N
Parkway San Jacinto Center, LLC	747,257,757	0.76%	N
Columbia/St Davids Health Care	475,554,898	0.48%	N
Circuit of the Americas LLC	289,137,087	0.29%	N
IBM Corporation	240,508,129	0.24%	N
IMT Capital II Riata LP	236,598,167	0.24%	N
Freescale Semiconductor Inc	230,339,094	0.23%	N
HEB Grocery Company LP	222,663,057	0.23%	N
Shopping Center at Gateway LP	219,840,252	0.22%	N
Riata Holdings LP	203,117,049	0.21%	N

Comments: See attached tables for data on top ten taxpayers over the past three years since some changes have occurred among this top ten group

42. Provide the maximum tax rate permitted by law per \$100 of property value. \$2.50
43. Does the applicant collect sales tax?  
 Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections (in millions)
2011	\$148.78
2012	\$162.92
2013	\$173.90
2014	\$187.25
2015	\$201.61

The City of Austin collects sales tax, but Austin Water does not.

No

44. Indicate the tax status of the proposed loan?  
 Tax-Exempt  
 Taxable
45. Proforma **(Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.**
- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:
- projected gross revenues
  - operating and maintenance expenditures
  - outstanding and proposed debt service requirements
  - net revenues available for debt service and coverage of current and proposed debt paid from revenues

- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- outstanding and proposed debt service requirements
  - the tax rate necessary to repay current and proposed debt paid from taxes
  - list the assumed collection rate and tax base used to prepare the schedule
- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
  - outstanding and proposed debt service requirements
  - the tax rate necessary to pay the current and proposed debt
  - list the assumed collection rate and tax base used to prepare the schedule
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
- Attached
46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- X **Attached Operating Statement.**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- X **Attached Annual Audit**
  - X **Attached Management Letter**
  - X **If applicable, attached interim financial information**
48. Does the applicant have any outstanding debt? (Check all that apply)
- X Yes, General obligation debt (issued by the City, not Austin Water)
  - X Yes, Revenue debt
  - X Yes, Authorized but unissued debt (City Council approved our Series 2016 issuance on April 21, 2016. We expect to sell the bonds on May 10 and close on the bond sale on June 1, 2016.
  - No
49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.
- a. General Obligation Debt:
- X Yes
  - X **Attached schedule. The schedule should also identify the debt holder.**
  - No
- b. Revenue:
- X Yes
  - X **Attached schedule. The schedule should also identify the debt**

No **holder.**

c. Authorized by Unissued Debt:

X Yes

**Attached schedule. The schedule should also identify the debt holder. (Note from Austin: this schedule is not yet available)**

No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Texas State Government	39,499
The University of Texas at Austin	23,131
Dell Computer Corporation	13,000
City of Austin	12,977
Federal Government	11,800
Austin Independent School District	11,478
HEB	11,277
Seton Healthcare Network	10,945
St. David's Healthcare Partnership	8,369
IBM Corporation	6,000

Comments (example, any anticipated changes to the tax base, employers etc.) \_\_\_\_\_

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	AAA	8/21/2015	Aaa	8/25/2015	AAA	8/21/2015
Revenue	AA	5/3/2016	Aa2	4/29/2016	AA-	5/3/2016

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

**Attached**

X No.

## Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):

Austin Water's smart meter project is also known as Advanced Meter Infrastructure (AMI). This project is needed to improve water usage data collection, providing more accurate data, fewer re-reads, more timely data, and more granular data. It should reduce meter data errors. This AMI system is also expected to reduce or eliminate meter reading costs, improve customer service and satisfaction, allow customer notification of potential customer-side leaks, and allow better system diagnostics through improved leak detection, through district metering and/or integrated acoustic leak detection sensors. The increased level of consumption data that customers receive will enable them to adjust their consumption levels more quickly, to help reduce water demand.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):

The City of Austin Water Utility (Austin Water) owns and maintains approximately 230,000 water meters. These meters are manually read by a third party service provider.

Austin Water is currently upgrading its service/work order system to enhance mobility and meter management among other customer service and asset management aspects. A recent water meter management audit has resulted in a small meter replacement initiative that includes meter replacements, and enhanced meter accuracy testing.

The Utility has developed strategic goals which include best practices in the following areas:

- Water loss management through real loss and apparent loss control strategies;
- Small/Large meter replacement and accuracy testing;
- System-wide distribution and customer leak detection, including district metering;
- Identification of AMI meter migrations strategies to leverage existing assets and communication infrastructure;
- Data system integration with Business Intelligent tools, Work Order/Asset Management system, mobility and GIS Mapping;
- Develop meter management analytics/reports to assist operations, customer service staff and customers.

This project will update customer meter, meter boxes, appurtenances and implement accompanying data transmission infrastructure, through cellular or radio communication to automate meter reading, develop analytics and improve customer service. Upon completion, this project is intended to replace all residential, multifamily and commercial meters in the Austin Water service area, including master meters for wholesale customers.

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
  - Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal **Attached (not applicable for this project)**
- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:
  - a) **Water** (TWDB-0555 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)  
 **Attached**
  - b) **Wastewater** (TWDB-0556 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)  
 **Attached**
- c. DWSRF applicants must complete a Projected Draw Schedule

55. Water Made Available (For projects requesting a construction component):

- a. *New supply* \_\_\_\_\_ (*acre-feet/year*) \_\_\_\_\_ (*\$*) *capital cost*
- The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
  - Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.
- b. *New Conservation savings* 6,105 (*acre-feet/year*) 80,195,000 (*\$*) *capital cost*
- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
  - Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.
- c. *New Reuse supply* \_\_\_\_\_ (*acre-feet/year*) \_\_\_\_\_ (*\$*) *capital cost*
- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
  - Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.
- d. *Maintenance of Current Supply* \_\_\_\_\_ (*acre-feet/year*) \_\_\_\_\_ (*\$*) *capital cost*
- Volume of recipients' current supplies that will be maintained by implementing the proposed project
  - Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

56. Project Location:

Entire drinking water service area for Austin Water

Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.

X **Attached**

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

**Please follow these steps:**

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.
- In the text box, type "All Census Tracts within\_\_\_\_" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your

town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.

- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

X **Attached Census tracts**

58. Project Schedule:

- a) Requested loan closing date.  
Annually each December (12/2016 through 12/2022)
- b) Estimated date to submit environmental planning documents.  
Not Applicable
- c) Estimated date to submit engineering planning documents.  
10/1/2018
- d) Estimated date for completion of design.  
3/1/2019
- e) Estimated Construction start date for first contract.  
7/1/2019
- f) Estimated Construction end date for last contract.  
9/30/2023

59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.

X **Attached**

60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/>). If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template

X **Attached**

61. Attach the appropriate Project Information Form:

**Wastewater:** Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>

X **Water:** Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>

62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.

**Attached**

X No. Provide explanation: Not applicable for this project

63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property

rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.

a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

- X Yes If yes, please attach the completed, appropriate form.
- 1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
    - Attached**
  - 2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
    - Attached**
- No
- N/A

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.
<b>All property rights and surface water rights have been acquired for this project</b>				

c) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project.

Permit	Issuing Entity	Permit Acquired (Y/N)
<b>No permits are needed for this project</b>		

64. Has the applicant obtained all necessary land and easements for the project?

- X Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
- Attached (no land is involved)**
- No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?  
 Yes  
 Attach a copy of the finding.  
 No
66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?  
 Yes  
 No
67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?  
 Yes  
 If yes, attach additional information  
 No

**Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:**

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):  
 Deferred \$  
 Low Interest Loan \$80,195,000  
 Board Participation \$
69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested.  
**X Attached**
70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the SWIFT to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.



X As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

X As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

- a. Proposed Bond Ordinance  
X **Attached**
- b. Private Placement Memorandum  
X **Attached**

**Part F: Economically Distressed Programs (EDAP) Applicants Only**  
**Omitted from Austin's SWIFT Application**

**Part G: CWSRF/DWSRF Applicants Only – Omitted from Austin's SWIFT Application**

**Part H: Documentation of "Green" Projects and Project Components**

CWSRF and DWSRF Applicants Only – **Omitted from Austin's SWIFT Application**

**Part I: Summary of attachments to application**

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. "Part B5").**

Check list for your convenience

**Part A**

**General Information**

- X No. 6 Draft or executed consulting contracts (financial advisor, bond counsel)
- X No. 12 Existing security document for refinancing (Master Ordinance)

**Part B**

**Legal**

- X No. 17 Resolution (TWDB-0201A) – Executed City Council Resolutions from 4/21/16
- X No. 18 Application Affidavit (TWDB-0201)
- X No. 19 Certificate of Secretary (TWDB-201B)
- No. 20 Water Supply Corporations Only

Not applicable

- Articles of Incorporation
- Certificate of incorporation from the Texas Secretary of State
- By-laws and any amendments
- Certificate of status from the Texas Secretary of State
- Certificate of account status from Texas Comptroller

- X No. 21 Resolution/ordinance authorizing the issuance of parity debt
- X No. 22 Certificate of Convenience & Necessity
- X No. 23 Enforcement Actions
- No. 24 Affidavit of No Objection – **not applicable**

TWDB  
already  
has these

- No. 25 Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)
- No. 26 Water use surveys  
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
- No. 27 Water Loss Audit  
<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

**Part C**

**Financial**

- X No. 39 Assessed Values by Classifications
- X No. 40 Direct and Overlapping Tax Table
- X No. 45 Proforma for each year of debt outstanding
- X No. 46 Five year comparative system operating statement.
- X No. 47 Annual audit and management letter
- X No. 49 Outstanding debt schedule
- No. 52 Service provider contracts – **not applicable**

**Part D**

**Project Information**

- No. 54a Preliminary Engineering Feasibility Data (PEFD) – not applicable for AMI
- No. 54b Engineering Feasibility Report – not applicable for AMI
  - Water (TWDB-0555)
  - Wastewater (TWDB-0556)
- No. 54c Project Draw Schedule (TWDB-1202) – not applicable (only for SRF applications)
- X No. 56 Project Map
- X No. 57 Census Tract(s)
- X No. 59 Current and future populations and projected water use or wastewater flows
- X No. 60 Project Cost Estimate Budget (TWDB-1201)
- X No. 61 Wastewater Project Information Form (WRD-253a)  
Water Project Information Form (WRD-253d)
- No. 62 Texas Pollution Discharge Elimination System Permit – not applicable for AMI
- X No. 63 If applicant has property rights and permits
  - a. WRD-208A (Surface Water)
  - b. WRD-208B (Groundwater)
- No. 63c Additional Permits – not applicable for AMI
- No. 64 Site certificate, evidencing land ownership for the project. (ED-101) – not applicable for AMI
- No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document – not applicable for AMI
- No. 67 Social or environmental issues – not applicable for AMI

**Part E**

**State Water Implementation Fund for Texas**

- X No. 69 Multi-year/phased commitment schedule
- X No. 71a Draft Bond Ordinance
- X No. 71b Private Placement Memorandum

**BOND COUNSEL AGREEMENT BETWEEN THE CITY OF AUSTIN  
AND McCALL, PARKHURST & HORTON L.L.P.**

This Bond Counsel Agreement (“Agreement”) is made and entered into by and between the CITY OF AUSTIN, a municipal corporation located in Travis, Williamson and Hays Counties (“CITY”), acting through its City Attorney, Karen M. Kennard, and the law firm of **McCALL, PARKHURST & HORTON L.L.P.** (“Bond Counsel”) (jointly, the “Parties”).

**SECTION I. APPOINTMENT**

- 1.1. **Legal Authority.** This Agreement was authorized by the City of Austin City Council on April 26, 2012 and is entered into pursuant to the legal requirements contained in the Public Security Procedures Act, Tex. Gov’t Code § 1201.027.
- 1.2. **Administration.** The City Attorney or her designee will administer this Agreement in accordance with Article V § 6 of the City Charter.
- 1.3. **Incorporated Documents.** In addition to the specific terms of this Agreement relating to bond counsel legal services, the provisions of the City of Austin Outside Counsel – Terms of Engagement, attached and incorporated for all purposes as Attachment A, shall govern the relationship of the Parties. The specific projects assigned to Bond Counsel for the first year of the Agreement are outlined in Attachment B, attached and incorporated for all purposes, along with the fee structure and terms of payment agreed to by the Parties. The terms and conditions contained in RFQ #JSD0510 and the Bond Counsel’s proposal in response to the RFQ are incorporated for all purposes and are attached as Attachment C and D, respectively.

**SECTION II. TERM**

This Agreement appointing Bond Counsel shall be effective as of June 1, 2012 and extend for a period of three (3) years ending May 31, 2015 (“Term”). This Agreement may be renewed for an additional two (2) years upon the mutual agreement of the City and Bond Counsel extending through May 31, 2017.

**SECTION III. RESPONSIBILITIES OF BOND COUNSEL**

Bond Counsel shall provide all technical and professional expertise, knowledge, management, and other resources required for accomplishing all aspects of the City’s issuance of public securities. Debt issues may include bonds, certificates of participation, certificates of obligation, tax notes, commercial paper, contractual obligations, and other instruments. The scope of services to be provided by Bond Counsel will include, but not be limited to, working with the City Attorney’s Office to provide the following services:

- 3.1. **General Legal Requirements.** Provide advice and assistance regarding the legal requirements of various municipal financing structures.

- 3.2 **Official Statements and Disclosure**. Assist with preparation of official statements and proper disclosure to prospective bidders and bond purchasers. Provide advice, as needed, concerning tax issues, securities, and disclosure responsibilities of the City with respect to its debt issuances. Provide additional advice concerning compliance with SEC Rule 15c2-12, and representations regarding whether Bond Counsel, to its knowledge, is aware of any facts or omissions of facts that would make the City's disclosure untrue or misleading.
- 3.3 **Meetings**. Attend meetings with City Council and City staff, bid openings, bond sales, and other meetings, as requested by the City Attorney.
- 3.4 **Legal Documents and Affiliated Entities**. Prepare all necessary legal documents in connection with the authorization, issuance, sale and delivery of bonds, certificates, notes and other debt instruments, including notices of intent to issue, ordinances and resolutions authorizing issuance, bid documents, closing certificates, paying agent/registrars agreements, escrow agreements, trust indentures, and other documentation as required by the City, the Attorney General of Texas, the Texas Bond Review Board, the Texas Comptroller of Public Accounts, the rating agencies, insurance providers, and applicable Federal agencies.
- 3.5 **Bond Opinion**. Render an opinion that the City's bonds are binding obligations of the City and are validly issued under Texas law and that to the extent the bonds are issued as tax-exempt obligations, the interest on the bonds is excludable from gross income tax under federal law. Render additional opinions as required for debt issuance.
- 3.6 **Transcripts**. Produce and provide multiple copies of all bond transcripts, as requested, for Attorney General approval and City use.
- 3.7 **Tax Implications**. Provide legal advice concerning restrictions on the expenditures of City bond funds. Keep the City abreast of federal and state law and federal tax developments which might be applicable to the City's financing program or tax exempt status of City's proposed and outstanding bonds. This may include assistance in the development of alternative financing programs for potential capital projects, working with citizen committees, evaluating state and federal legislation for the City, and other tasks as required.
- 3.8 **Attorney General**. Request and obtain approval of bond issues from the Public Finance Division of the Office of the Attorney General (consistent with 1 Tex. Admin. Code § 53.1 (1976)(Office of the Atty. Gen, Approval of Municipal Securities).
- 3.9 **Actual Bonds**. Review the bond proofs and supervise the execution and delivery of the bonds or other debt instruments.
- 3.10 **Federal Tax Certificate**. Assist in the preparation of appropriate tax certificates for the City in connection with its tax-exempt debt issuances and any other related or required IRS filings.

- 3.11. **Bond Elections**. Provide legal assistance relating to bond elections if requested.
- 3.12. **Bond Ratings**. Assist in presentations to Moody's Investors Service, Fitch Ratings, and Standard and Poor's Rating Services in order to obtain ratings for the City's securities if requested.
- 3.13. **Incidental Matters**. Provide legal support to the City on all other matters necessary or incidental to the issuance of debt.

#### **SECTION IV. RESPONSIBILITIES OF THE CITY**

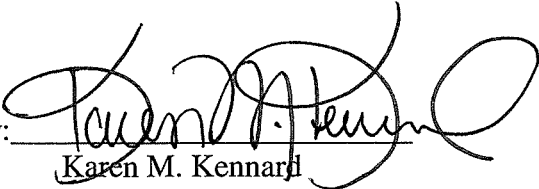
- 4.1. **Management**. The City Attorney or her designee shall exercise oversight of the Bond Counsel's activities in complying with the scope of work outlined in this agreement by participating regularly in conference calls or meetings for status reports, promptly reviewing any written reports submitted by Bond Counsel and approving all invoices for payment as appropriate.
- 4.2. **Compensation**. The City will compensate Bond Counsel for the services provided under this Agreement according to the terms and pricing contained in the Fee Structure attached and incorporated as Attachment B.

#### **SECTION V. GENERAL PROVISIONS**

- 5.1 **Conflicts of Interest**. Bond Counsel shall comply with the Texas Disciplinary Rules of Professional Conduct in providing legal services under this Agreement and any ethical rules established by the National Association of Bond Lawyers. Bond Counsel acknowledges that it is not currently involved in any litigation in which it represents a party who is adverse to the City and Bond Counsel agrees that it will not undertake any litigation adverse to the City or a City employee or officer, in their official capacity, during the term of this Agreement, without the prior written approval of the City Attorney. Bond Counsel may not undertake representation adverse to the City or a City employee or officer as a result of information obtained by virtue of this Agreement. Notwithstanding any other provision of this Agreement, the City Attorney may terminate this Agreement with Bond Counsel immediately, for cause, upon violation of this provision.
- 5.2 **Ethical Consideration**. Bond Counsel agrees to comply with the provisions of Chapter 2-7 of the City Code and Chapter 36 of the Texas Penal Code, concerning conflicts of interest and gifts to public officials.
- 5.3 **No Waiver Implied**. Failure by the City to insist in any one or more instances upon performance of any of the terms and conditions of the Agreement shall not be construed as a waiver or relinquishment of the future performance of any terms and conditions, and Bond Counsel's obligation with respect to such performance shall continue in full force and effect.

**CITY OF AUSTIN**

**McCALL, PARKHURST & HORTON L.L.P.**

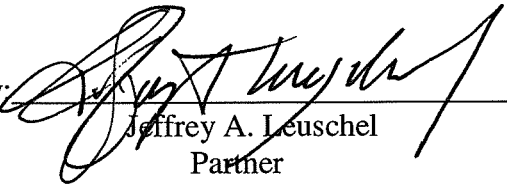
By:   
Karen M. Kennard  
City Attorney

By: \_\_\_\_\_  
Jeffrey A. Leuschel  
Partner

**CITY OF AUSTIN**

**McCALL, PARKHURST & HORTON L.L.P.**

By: \_\_\_\_\_  
Karen M. Kennard  
City Attorney

By:  \_\_\_\_\_  
Jeffrey A. Leuschel  
Partner

**SCOPE OF WORK AND FEE STRUCTURE  
McCALL, PARKHURST & HORTON L.L.P.**

**1) INITIAL PROJECTS:**

- Water and Wastewater Utility Revenue Refunding Bonds
- Water and Wastewater Utility Bond Issues
- Airport Bond Issues
- Contract Revenue bond issues for the Mueller Local Government Corporation
- Disclosure Counsel on issuances for which McCall is not bond counsel

**2) BOND COUNSEL FEES:**

Fees for Bond Counsel services in connection with a proposed sale of the City's bonds shall be contingent upon the sale and delivery of the City's bonds and will be paid from bond proceeds, as set forth below:

In the case of a bond issuance in the principal amount of \$200,000,000, the fee schedule is:

\$1.00/\$1,000 bonds for the first \$100 million of bonds issued; and  
\$0.35/\$1,000 bonds issued in excess of \$100,000,000.

Disclosure Counsel – \$15,000 to \$20,000 depending on the complexity of the issue.

Refunding Issues – \$1.25 to \$1.50 per \$1,000 of the principal amount of the bond issue depending on the complexity of the issue.

**3) BILLINGS:**

Bond Counsel shall submit, within 60 days after the sale and delivery of the bonds, a final billing to the City detailing work performed by each attorney and other personnel, and any reimbursable expenses, disbursements and other charges incurred. Because a financing can require activities over several months, Bond Counsel agrees to issue to the City billing statements of activity periodically, as requested by the City Attorney or her designee, so that the estimate of cost for services can be monitored.





City of Austin  
Law Department

301 W. 2<sup>nd</sup> Street, P.O. Box 1088  
Austin, Texas 78767-1088  
(512) 974-2268

(512) 974-2268  
Writer's Direct Line

(512) 974-2912  
Writer's Fax Line

August 25, 2015

Jeffrey A. Leuschel  
McCall, Parkhurst & Horton LLP  
717 N Harwood Street, Suite 900  
Dallas, Texas 75201

RE: Amendment No. 1 to Bond Counsel Agreement effective June 1, 2012

Dear Mr. Leuschel:

This letter is to notify you of an extension in our original contract agreement to provide legal services concerning the above-referenced matter. The agreement is renewed for an additional two years extending through May 31, 2017.

Please sign and return this letter to Teresa Medina in the self addressed envelope.

Sincerely,

Anne L. Morgan  
Interim City Attorney

**AGREED:**


---

Jeffrey A. Leuschel  
McCall, Parkhurst & Horton LLP

ALM/tmm

**City of Austin**  
LAW DEPARTMENT  
P.O. Box 1088  
Austin, Texas 78767-1088



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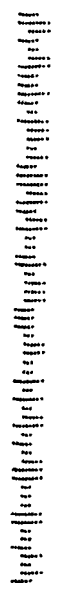
**RECEIVED**

AUG 30 2015

LAW DEPARTMENT

City of Austin Law Department  
Teresa Medina  
P.O. Box 1088  
Austin, Texas 78767-1088

78767-1088 8100





# City of Austin

Financial and Administrative Services Department  
Purchasing Office  
P. O. Box 1088, Austin, TX 78767

(512) 974-2500

May 19, 2008

Austin SWIFT Loan Application  
Part A, Item 6  
Financial Advisor Contract

Mr. Bill Newman  
Public Financial Management, Inc.  
700 Lavaca, Suite 1500  
Austin, TX 78701

Re: Solicitation No. MQH0001  
Financial Advisory Services

Dear Mr. Newman:

The Austin City Council has approved the execution of a contract with your company for the above-referenced item as follows:

Responsible Department:	Finance and Administrative Services, Treasury
Department Contact Person:	Art Alfaro
Department Contact Email Address:	Art.Alfaro@ci.austin.tx.us
Department Contact Telephone:	(512) 974-7882
Project Name:	Financial Advisory Services
Contractor Name:	Public Financial Management, Inc.
Contract Number:	MA 7400 PA080000042
Contract Period:	September 26, 2008 through September 25, 2013
Dollar Amount	\$1,500,000.00
Extension Options:	Three 12-month options
Requisition Number:	RQM-7400-08011600272
Solicitation Number:	MQH0001
Agenda Item Number:	51
Council Approval Date:	4/24/08

Attached is a copy of all contract terms and conditions. Thank you for your interest in doing business with the City of Austin. If you have any questions regarding this contract, please contact me at (512) 974-2995.

Sincerely,

Mick Osborne, Specialist Sr. Buyer  
Purchasing Office  
Finance and Administrative Services Department  
Enclosure

**CONTRACT BETWEEN THE CITY OF AUSTIN (“City”)  
AND  
Public Financial Management, Inc. (“Contractor”)  
for  
Financial Advisory Services  
Contract No. PA08000042**

The City accepts the Contractor’s Offer (as referenced in Section 1.1.3 below) for the above requirement and enters into the following Contract.

This Contract is between Public Financial Management, Inc. having offices at 700 Lavaca, Suite 1500, Austin, TX 78701 and the City, a home-rule municipality incorporated by the State of Texas, and is effective as of September 26, 2008.

Capitalized terms used but not defined herein have the meanings given them in Solicitation Number MQH0001.

**1.1 This Contract is composed of the following documents:**

- 1.1.1 This Contract
- 1.1.2 The City’s Solicitation, Request For Qualifications MQH0001 including all documents incorporated by reference
- 1.1.3 Public Financial Management, Inc. Offer, dated February 29,2008, including subsequent clarifications

**1.2 Order of Precedence.** Any inconsistency or conflict in the Contract documents shall be resolved by giving precedence in the following order:

- 1.2.1 This Contract
- 1.2.2 The City’s Solicitation as referenced in Section 1.1.2, including all documents incorporated by reference
- 1.2.3 The Contractor’s Offer as referenced in Section 1.1.3, including subsequent clarifications

**1.3 Quantity of Work.** There is no guaranteed quantity of work for the period of the Contract and there are no minimum order quantities. Work will be on an as needed basis as specified by the City for each Delivery Order.

**1.4 Term of Contract.** The Contract will be in effect for an initial term of 60 months, beginning September 26, 2008 and may be extended thereafter for up to three 12-month extension option(s), subject to the approval of the Contractor and the City Purchasing Officer or his designee. See the Term of Contract provision in Section 0400 for additional Contract requirements.

**1.5 Compensation.** The Contractor shall be paid a total Not-to-Exceed amount of \$1,500,000.00 for the initial Contract term and \$300,000.00 for each extension option. Payment shall be made

upon successful completion of services or delivery of goods as outlined in each individual Delivery Order.

1.6 **Clarifications and Additional Agreements.** The following are incorporated into the Contract.

1.6.1 Fee Schedule dated April 16, 2008

1.6.2 This agreement shall apply to any and all evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the City to include any non-profit corporations created by the City to act in its behalf.

This Contract (including any Exhibits) constitutes the entire agreement of the parties regarding the subject matter of this Contract and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, relating to such subject matter. This Contract may be altered, amended, or modified only by a written instrument signed by the duly authorized representatives of both parties.

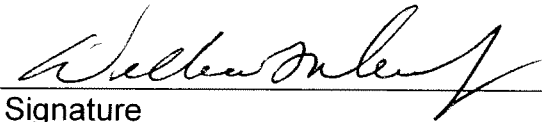
In witness whereof, the City has caused a duly authorized representative to execute this Contract on the date set forth below.

**Public Financial Management, Inc.**

**CITY OF AUSTIN**

William G. Newman, Jr.

Printed Name of Authorized Person



Signature

Managing Director

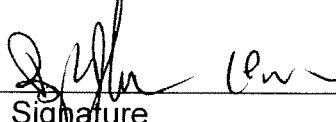
Title:

May 8, 2008

Date:

Byron E Johnson CLM

Printed Name of Authorized Person



Signature

Purchasing Officer

Title:

05/20/08

Date:

## **CITY OF AUSTIN, TEXAS FEE SCHEDULE**

### **General Financial Advisory Services**

Fees for the issuance of each long-term debt instrument will be as follows:

Minimum Fee - \$40,000 per debt issuance plus,  
\$.85 per \$1,000 for the first \$25,000,000  
\$.75 per \$1,000 for the next \$25,000,000  
\$.65 per \$1,000 for the next \$50,000,000 and  
\$.50 per \$1,000 for over \$100,000,000

A simultaneous sale of similarly-secured bonds or other debt instruments shall be billed as one issue rather than several issues. There will be no charge for analytical services related to advance refunding issues.

An annual fee will apply for short-term debt issues, such as commercial paper, of \$.25 per \$1,000 par amount of debt, payable on the anniversary date of the initial issuance thereof, based on the average amount outstanding for a one-year period.

The following expenses pertaining to the issuance of debt will be paid by the Issuer. On a competitive sale, PFM will initially pay all related expenses and bill the Issuer for such expenses, along with the financial advisory fee after successful delivery of the debt proceeds. On a negotiated sale, fees and expenses will be deducted from debt proceeds at the time of delivery.

Bond rating fees  
Printing and distribution cost of offering documents and securities  
Verification Agent charges  
Publishing cost of any legally required notices  
Paying Agent and/or Escrow Agent charges  
Bond Counsel fees  
Security Counsel, Special Counsel or Underwriter Counsel Fees  
Airfare, lodging, meals and other travel costs  
Attorney General Fees

For general consulting services, not associated with the issuance of debt, the following hourly rates will apply:

April 16, 2008

<u>Experience Level</u>	<u>Hourly Rate</u>
Managing Director	\$350.00
Senior Managing Consultant	\$275.00
Consultant	\$225.00
Staff/Administration	\$ 75.00

Fees for the defeasance of debt will be billed at a flat rate of \$25,000 plus expenses.

### **Structured Product Advisory Services**

PFM Asset Management, LLC professionals will oversee all elements of any derivative or investment related transaction (swap, escrow bid, defeasance, etc.) and the Issuer will have a separate engagement with PFMAM for those services. Like most investment management professionals, PFM has a compensation structure based on the nature and size of the “asset” being managed. For a fee schedule for derivative transactions, PFM Asset Management proposes a fee calculated at:

A one-time fee equal to the present value of  $\frac{2}{3}$  of one basis point per annum times the notional amount or invested balance outstanding overtime;  
 Plus \$15,000 per transaction or confirmation; and  
 Value & Reporting - \$5,000 per annum assuming monthly valuation for up to five (5) “plain vanilla” transactions; includes 24-hour access to theSwapViewer website.

These fees would be paid up-front at the settlement or closing of the transaction, unless the settlement/closing date is greater than 60 days after the trade date. In such case the fee would be paid no later than 60 days after the trade date.

For the structuring and bidding of investment agreements, etc. PFM Asset Management will negotiate fixed fees with the Issuer based on the complexity of the investment agreement being procured. Fees related to such services may be paid from debt transaction proceeds.

Any of the above mentioned fees may be paid from debt proceeds or directly at the time of service. Each of the above fees is subject to a 5% annual increase, on the anniversary date of this agreement, without the need for additional approval from PFM and/or the Issuer. Any other direct or contract services to be provided not herein contemplated will be negotiated on a case-by-case basis by PFM and the Issuer.



Amendment No. 2  
to  
Contract No. PA080000042  
for  
Financial Advisory Services  
between  
Public Financial Management, Inc.  
and the  
City of Austin

- 1.0 The City hereby exercises this extension option for the subject contract. This extension option will be effective September 26, 2013 to September 25, 2014 and two options remain.
- 2.0 The total contract amount is increased by \$300,000 by this extension period. The total contract authorization is recapped below:

Action	Action Amount	Total Contract Amount
Initial Term: 09/26/2008 – 09/25/2013	\$1,500,000.00	\$1,500,000.00
Amendment No. 1: Current text replaced in paragraph 1.1.3, 1.2.3, and 1.5. See page 167 for specific wording. 10/04/2010	\$0.00	\$1,500,000.00
Amendment No. 2: Option 1 09/26/2013 – 09/25/2014	\$300,000.00	\$1,800,000.00

- 3.0 MBE/WBE goals do not apply to this contract.
- 4.0 By signing this Amendment the Contractor certifies that the vendor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.
- 5.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this amendment is hereby incorporated into and made a part of the above-referenced contract.

Sign/Date:

*Dennis P. Waley* 7-27-13

Printed Name: Dennis P. Waley  
Authorized Representative

Public Financial Management, Inc.  
221 West 6th Street, Suite 1900  
Austin, TX 78701  
Phone: 512 472-7194

Sign/Date:

*Debbie DePaul* 7/31/13

Debbie DePaul  
Contract Compliance Supervisor

City of Austin  
Purchasing Office  
124 W. 8<sup>th</sup> Street, Ste. 310  
Austin, Texas 78701






Amendment No. 3  
to  
Contract No. PA080000042  
for  
Financial Advisory Services  
between  
Public Financial Management, Inc.  
and the  
City of Austin

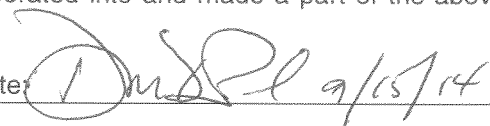
- 1.0 The City hereby exercises this extension option for the subject contract. This extension option will be effective September 26, 2014 to September 25, 2015. One option remains.
- 2.0 The total contract amount is increased by \$300,000 by this extension period. The total contract authorization is recapped below:

Action	Action Amount	Total Contract Amount
Initial Term: 09/26/2008 – 09/25/2013	\$1,500,000.00	\$1,500,000.00
Amendment No. 1: Current text replaced in paragraph 1.1.3, 1.2.3, and 1.5. See page 167 for specific wording. 10/04/2010	\$0.00	\$1,500,000.00
Amendment No. 2: Option 1 09/26/2013 – 09/25/2014	\$300,000.00	\$1,800,000.00
Amendment No. 3: Option 2 09/26/2014 – 09/25/2015	\$300,000.00	\$2,100,000.00

- 3.0 MBE/WBE goals do not apply to this contract.
- 4.0 By signing this Amendment the Contractor certifies that the vendor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.
- 5.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this amendment is hereby incorporated into and made a part of the above-referenced contract.

Sign/Date:  7-31-14  
Printed Name: Dennis Waley  
Authorized Representative

Sign/Date:  9/15/14  
Debbie DePaul  
Contract Compliance Supervisor

Public Financial Management, Inc.  
221 West 6th Street, Suite 1900  
Austin, TX 78701  
Phone: 512-472-7194

City of Austin  
Purchasing Office  
124 W. 8<sup>th</sup> Street, Ste. 310  
Austin, Texas 78701



Amendment No. 4  
to  
Contract No. PA080000042  
for  
Financial Advisory Services  
between  
Public Financial Management, Inc.  
dba PFM Asset Management, LLC  
and the  
City of Austin

- 1.0 The City hereby exercises this extension option for the subject contract. This extension option will be effective September 26, 2015 to September 25, 2016. No options remain.
- 2.0 The total contract amount is increased by \$300,000 by this extension period. The total contract authorization is recapped below:

Action	Action Amount	Total Contract Amount
Initial Term: 09/26/2008 – 09/25/2013	\$1,500,000.00	\$1,500,000.00
Amendment No. 1: Current text replaced in paragraph 1.1.3, 1.2.3, and 1.5. See page 167 for specific wording. 10/04/2010	\$0.00	\$1,500,000.00
Amendment No. 2: Option 1 09/26/2013 – 09/25/2014	\$300,000.00	\$1,800,000.00
Amendment No. 3: Option 2 09/26/2014 – 09/25/2015	\$300,000.00	\$2,100,000.00
Amendment No. 4: Option 3 09/26/2015 – 9/25/2016	\$300,000.00	\$2,400,000.00

- 3.0 MBE/WBE goals do not apply to this contract.
- 4.0 By signing this Amendment the Contractor certifies that the vendor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.
- 5.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this amendment is hereby incorporated into and made a part of the above-referenced contract.

Sign/Date: *Steve Boyle* 6/4/15  
 Printed Name: Steve Boyle  
 Authorized Representative

Sign/Date: *Debbie DePaul*  
 Acting Debbie DePaul *Dee Barris*  
 Contract Compliance Supervisor

Public Financial Management, Inc.  
 dba PFM Asset Management, LLC  
 221 West 6th Street, Suite 1900  
 Austin, TX 78701  
 Phone: 512-472-7194  
[davidsong@pfm.com](mailto:davidsong@pfm.com)

City of Austin  
 Purchasing Office  
 124 W. 8<sup>th</sup> Street, Ste. 310  
 Austin, Texas 78701

ORDINANCE NO. 0006008-56A

**AN ORDINANCE providing for the issuance WATER AND WASTEWATER SYSTEM revenue obligations; making provision for the payment of such obligations from the revenues of the City's Water and Wastewater System; enacting provisions incident and related to the issuance, payment and security of such Obligations, including covenants and agreements relating to the operation and management of the Water and Wastewater System, the revenues derived from its operation and ownership, the establishment and maintenance of funds and accounts for the payment of such obligations, specifying the terms and conditions for the issuance of parity revenue obligations and other matters incident and related to their issuance and security; suspending the rule requiring ordinances be read on three separate days; and declaring an emergency.**

**WHEREAS, the City of Austin, Texas (the "City" or the "Issuer"), a "home-rule" city operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution has heretofore financed improvements and extensions to the City's Water and Wastewater System (the "System") by the issuance and sale of revenue obligations payable from and secured by a joint and several lien on and pledge of the Net Revenues of the City's Water and Wastewater System and the City's Electric Light and Power System; and**

**WHEREAS, the revenue obligations currently outstanding payable from and secured by a joint and several lien on and pledge of the Net Revenues of the City's Water and Wastewater System and the City's Electric Light and Power System include:**

**(a) "Prior First Lien Obligations" more particularly identified as follows : (i) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1986", dated March 1, 1986, (ii) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1986A", dated April 15, 1986, (iii) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1986C", dated November 15, 1986, (iv) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1987", dated May 15, 1987, (v) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1989", dated July 15, 1989, (vi) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1990A", dated February 1, 1990, (vii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1990B", dated February 1, 1990, (viii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1991-A", dated June 1, 1991, (ix) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1992", dated March 1, 1992, (x) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1992A", dated May 15, 1992, (xi) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1993", dated January 15, 1993, (xii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1993A", dated June 1, 1993, (xiii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1994", dated September 1, 1994, (xiv) "City of Austin, Texas, Combined Utility**

**Systems Revenue Refunding Bonds, Series 1995", dated June 1, 1995, (xv) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1996A", dated August 1, 1996, (xvi) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1996B", dated August 1, 1996, (xvii)"City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1997", dated August 1, 1997, (xviii)"City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1998", dated July 1, 1996, (xix)"City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1998A", dated August 1, 1997,**

**(b) "Prior Subordinate Lien Obligations" more particularly described as follows: (i) "City of Austin, Texas, Water, Sewer and Electric Refunding Revenue Bonds, Series 1982", dated March 15, 1982, (ii) "City of Austin, Texas, Subordinate Lien Revenue Bonds, Series 1990", dated June 1, 1990, (iii) "City of Austin, Texas, Subordinate Lien Revenue Bonds, Series 1994", dated March 1, 1994, (iv) "City of Austin, Texas, Combined Utility System Subordinate Lien Revenue Bonds, Series 1998", dated August 1, 1998, (v)"City of Austin, Texas, Subordinate Lien Revenue Refunding Bonds, Series 1998", dated October 1, 1998 and (vi) "City of Austin, Texas, Subordinate Lien Revenue Refunding Bonds, Series 1998A", dated October 1, 1998, and**

**(c) "Commercial Paper Obligations" more particularly described as follows: (i) City of Austin, Texas Combined Utility Systems Commercial Paper Notes, Series A", authorized for issuance pursuant to Ordinance No. 930318-A, as amended by Ordinance No. 961121-A and Ordinance No. 980513-A currently authorized up to an aggregate principal amount of \$350,000,000 and (ii) "City of Austin, Texas Combined Utility Systems Taxable Commercial Paper Notes", authorized for issuance pursuant to Ordinance No. 980513-B currently authorized up to an aggregate principal amount of \$60,000,000, and in such aggregate principal amounts as hereinafter provided by amendments to either Ordinance No. 930318-A, as amended, or Ordinance No. 980513-B; and**

**AND WHEREAS, in the ordinances authorizing the issuance of the Prior First Lien Obligations, Prior Subordinate Lien Obligations and Commercial Paper Obligations, the City retained the authority to issue "Separate Lien Obligations" payable solely from either the Net Revenues of the Water and Wastewater System or the Net Revenues of the Electric Light and Power System , but not both, without specifying any terms or limitations on the issuance of such "Separate Lien Obligations"; and**

**WHEREAS, the City has determined future financing of capital improvements for the City's Water and Wastewater System and the City's Electric Light and Power System should be undertaken and accomplished through the issuance of "Separate Lien Obligations" which will enable the City to restructure provisions governing the issuance of such obligations and relating to the operations of such systems and provide financing flexibility to both systems, particularly the Electric Light and Power System in a more competitive market resulting from a change in laws affecting the regulation, generation, distribution and sale of electric energy, and**

WHEREAS, in furtherance of its determination that future financing of capital improvements to the City's Water and Wastewater System shall be undertaken through the issuance of revenue obligations payable solely from and secured by a lien on and pledge of the Net Revenues of the City's Water and Wastewater System, the Council hereby finds a master ordinance governing and pertaining to their issuance should be adopted and enacted; and

WHEREAS, the terms used in this Ordinance and not otherwise defined shall have the meaning given Exhibit A to this Ordinance attached hereto and made a part hereof;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS:

**Section 1. REVENUE OBLIGATION FINANCING FOR THE CITY'S WATER AND WASTEWATER SYSTEM.** From and after the date hereof, all revenue obligations, other than Commercial Paper Obligations, to finance capital improvements for the Water/Wastewater System shall be payable from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and from the funds and accounts hereinafter provided in this Ordinance and in any Supplement. This Ordinance is intended to provide for and govern the issuance of such Parity Water/Wastewater Obligations and establish the security for their payment, the agreements and covenants with the holders or owners of such obligations in regard to the management and operation of the Water/Wastewater System, the application and disbursement of revenues derived from its operation and ownership and other matters incident and related to the issuance of such revenue obligations. Each issue or series of Parity Water/Wastewater Obligations shall be issued, incurred or assumed pursuant to the terms of a Supplement, and each such Supplement shall provide for the authorization, issuance, sale, delivery, form, characteristics, terms of payment and redemption, and any other related matters not inconsistent with the Constitution and laws of the State of Texas or the provisions of this Ordinance.

**Section 2. PLEDGE OF REVENUES/SECURITY FOR PAYMENT.** Subject to the prior claim on and lien on the Net Revenues of the Water/Wastewater System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such Prior First Lien Obligations, the Net Revenues of the Water/Wastewater System are hereby pledged to the payment of the Parity Water/Wastewater Obligations and such Parity Water/Wastewater Obligations, together with the Prior Subordinate Lien Obligations and Previously Issued Separate Lien Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of this Ordinance and any Supplement. Additionally, Parity Water/Wastewater Obligations shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund, Reserve Fund and funds on deposit in any construction fund maintained and established with the proceeds of sale of Parity Water/Wastewater Obligations pending expenditure in accordance with the terms of this Ordinance and any Supplement. Parity Water/Wastewater Obligations are and will be secured by and payable only from the Net Revenues of the Water/Wastewater System, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, of the Water/Wastewater System. The owners of the Parity Water/Wastewater Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in this Ordinance or any Supplement.

**Section 3. NO ADDITIONAL PRIOR FIRST LIEN /PRIOR SUBORDINATE LIEN COMBINED UTILITY SYSTEMS REVENUE OBLIGATIONS.** From and after the date of the adoption of this Ordinance, the City hereby provides that no additional revenue obligations shall be issued on a parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations and at such time as the Prior First Lien Obligations, Prior Subordinate Lien Obligations currently Outstanding and the Commercial Paper Obligations have been fully paid and discharged in a manner such obligations are no longer deemed to be Outstanding under the terms of their respective ordinances and by law, all revenue obligations of the Water/Wastewater System then Outstanding shall be Parity Water/Wastewater Obligations, Previously Issued Separate Lien Obligations, or obligations subordinate to the Parity Water/Wastewater Obligations then Outstanding, and payable only from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and the revenues deposited to the credit of the accounts and funds established and maintained in the ordinances providing for their issuance, including this Ordinance with respect to Parity Water/Wastewater Obligations and any Supplement.

**Section 4. RATE COVENANT.** The City will fix, establish, maintain and collect such rates, charges and fees for water and wastewater services furnished by the Water/Wastewater System and to the extent legally permissible, revise such rates, charges and fees to produce Gross Revenues each Fiscal Year sufficient:

(i) to pay all current Operating Expenses,

(ii) to produce Net Revenues, after deducting amounts expended during the Fiscal Year from the Water/Wastewater System's Net Revenues for the payment of debt service requirements of the Prior First Lien Obligations and Prior Subordinate Lien Obligations, equal to the greater of either (x) an amount to pay the actual annual debt service due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations and Previously Issued Separate Lien Obligations or (y) an amount, when added to Other Available Water/Wastewater System Revenues, that would pay 125% of Annual Debt Service Requirements due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations and Previously Issued Separate Lien Obligations, and

(iii) to pay after deducting the amounts determined in (i) and (ii) above, all other financial obligations of the Water/Wastewater System reasonably anticipated to be paid from Gross Revenues.

If the Net Revenues in any Fiscal Year are less than the aggregate amount specified above the City shall promptly upon receipt of the annual audit for such Fiscal Year cause such rates and charges to be revised and adjusted to comply with this Section or obtain a written report from an Utility System Consultant after a review and study of the operations of the Water/Wastewater System has been made concluding that, in their opinion, the rates and charges then in effect for the current Fiscal Year are sufficient or adjustments and revisions need to be made to such rates and charges to comply with this Section and such adjustments and revisions to water and wastewater rates and charges are promptly implemented and enacted in accordance with such Utility System Consultant's report. Notwithstanding anything herein to the contrary, the City shall be deemed to be in compliance herewith if either of the actions mentioned in the preceding

sentence are undertaken and completed prior to the end of the Fiscal Year next following the Fiscal Year the deficiency in Net Revenues occurred.

**Section 5. GENERAL COVENANTS.** Subject to the provisions contained in the ordinances authorizing the issuance of the Prior First Lien Obligations, Prior Subordinate Lien Obligations and Commercial Paper Obligations which may be in conflict herewith and control to the extent of any conflict, the City hereby covenants and agrees with the Holders of the Parity Water/Wastewater Obligations to the extent permitted by law as follows:

(a) **PERFORMANCE.** All covenants, undertakings, stipulations, and provisions contained in this Ordinance and any Supplement shall be duly performed and honored at all times; the principal amount of and interest on Parity Water/Wastewater Obligations shall be timely paid as the same shall become due and payable on the dates, at the places and in the manner prescribed in each Supplement and such Parity Water/Wastewater Obligations; and all deposits to the credit of the Funds and Accounts shall be made at the times, in the amounts and in the manner specified by this Ordinance and in any Supplement; and any Holder may require the City, its officials and employees to perform, honor or enforce the covenants and obligations of this Ordinance, or any Supplement, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials and employees.

(b) **CITY'S LEGAL AUTHORITY.** The City is a duly created and existing home rule municipality of the State of Texas, and is duly authorized under the laws of the State of Texas to issue the Parity Water/Wastewater Obligations; with the adoption of each Supplement, all action on the City's part for the issuance of the Parity Water/Wastewater Obligations shall have been duly and effectively taken; and the Parity Water/Wastewater Obligations upon issuance and delivery to the Holders shall and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) **OPERATION AND MAINTENANCE.** The Water/Wastewater System shall be operated in an efficient manner consistent with Prudent Utility Practice, and the plants, facilities and properties of the Water/Wastewater System shall be maintained, preserved and kept in good repair, working order and condition, and proper maintenance, repairs and replacements of such property, facilities and plants shall occur to preserve and keep the Water/Wastewater System operating in a business like manner.

(d) **TITLE.** The City has or will have lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures and facilities constituting the Water/Wastewater System; the City warrants it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof against the claims and demands of all persons whomsoever; and the City is lawfully qualified to pledge the Net Revenues to the payment of the Parity Water/Wastewater Obligations in the manner prescribed herein, and has lawfully exercised such rights.

(e) **LIENS.** All taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon the Water/Wastewater System, its properties or revenues, shall be paid before the same become delinquent; all lawful claims for rents, royalties, labor, materials and

supplies shall be paid in a timely manner, which if unpaid might by law become a lien or charge on the revenues of the Water/Wastewater System or the Water/Wastewater System's properties prior to or interfere with the liens hereof, and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the lien on and pledge of the Net Revenues of the Water/Wastewater System for the Parity Water/Wastewater Obligations granted by this Ordinance or any Supplement might or could be impaired; provided however, that no such tax, assessment or charge, and no such claims that might result in a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the City.

**(f) NO FREE SERVICE.** Save and except as provided by V.T.C.A., Government Code, Section 1502.057, as amended, no free service of the Water/Wastewater System shall be allowed.

**(g) FURTHER ENCUMBRANCE.** Save and except for the issuance of Parity Water/Wastewater Obligations, the Net Revenues of the Water/Wastewater System shall not hereafter be encumbered in any manner unless such encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance and any Supplement; but the right to issue Subordinated Debt payable in whole or in part from a subordinate lien on the Net Revenues is specifically recognized and retained.

**(h) SALE, LEASE OR DISPOSAL OF SYSTEM PROPERTY.** To the extent and in the manner provided by law, the City can sell, exchange or otherwise dispose of property and facilities constituting part of the Water/Wastewater System at any time and from time to time, provided such sale or exchange of property or facilities does not impede the operations of the Water/Wastewater System. Furthermore, the City to the extent and in the manner provided by law may lease, contract, or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights to the properties and facilities of the Water/Wastewater System, provided such lease, contract, license, arrangement, easement or right does not impede or disrupt the operations of the Water/Wastewater System. The proceeds of any such sale, exchange or disposal of property or facilities shall be deposited to the credit of a special Fund or Account, and funds deposited to the credit of such Fund or Account shall be used to acquire other property necessary or desirable for the safe or efficient operation of the Water/Wastewater System, to redeem or purchase Prior First Lien Obligations, Prior Subordinate Lien Obligations, Parity Water/Wastewater Obligations, Previously Issued Separate Lien Obligations or for any other Water/Wastewater System purpose..

**(i) BOOKS, RECORDS AND ACCOUNTS.** Proper books, records and accounts pertaining to the operation and ownership of the Water/Wastewater System shall be established and maintained in accordance with generally accepted accounting principles, and such books, records and accounts shall be kept and maintained separate and apart from all other records and accounts of the City. Accurate and complete entries of all transactions relating to the Water/Wastewater System shall be recorded in such books, records and accounts, and such books and records relating to the financial operations of the Water/Wastewater System shall be kept current on a month to month basis.



**(j) INSURANCE.** Except as otherwise permitted below, insurance shall be obtained and maintained on the properties of the Water/Wastewater System in a manner and to the extent municipal corporations operating like properties carry and maintain such insurance, and such insurance shall be maintained with one or more responsible insurance companies and cover such risks, accidents or casualties customarily carried by municipal corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage caused by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the Holders and their representatives at all reasonable times during regular business hours. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds available for such purpose as the City in its sole discretion shall determine, shall be used to repair the property damaged or replace the property destroyed; provided, however, if the insurance proceeds and other funds that might be lawfully appropriated therefore are insufficient to repair or replace the damaged property, then such insurance proceeds received for the damaged or destroyed property shall be deposited to the credit of a special insurance Account or Fund until other funds become available which, together with funds on deposit to the credit of such special insurance account, will be sufficient to make the repairs or replacements to the property damaged or destroyed that resulted in such insurance proceeds or make other improvements to the Water/Wastewater System.

In lieu of obtaining policies for insurance as provided above, the City may self-insure against risks, accidents, claims or casualties described above, or such risks, accidents, claims or casualties may be covered under one or more blanket insurance policies maintained by the City. The annual audit hereinafter required shall contain a section commenting on whether the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the City is self-insuring, all policies carried, and whether all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

**(k) AUDITS.** After the close of each Fiscal Year while any of the Parity Water/Wastewater Obligations are Outstanding, an annual audit of the books, records and accounts relating to the operations of the Water/Wastewater System shall be made by an Accountant as part of the City's overall annual comprehensive audit. After such annual audit has been completed and approved by the City, a copy thereof shall be sent to the Municipal Advisory Council of Texas and to any owner of \$100,000 or more in Outstanding Principal Amount of Parity Water/Wastewater Obligations who shall request a copy of such annual audit in writing. A copy of such annual audit shall be available for the inspection at the administrative offices of the Water/Wastewater System by the owners of the Parity Water/Wastewater Obligations and their agents and representatives at all reasonable times during regular business hours.

(l) **GOVERNMENTAL AGENCIES.** Any and all franchises, licences, permits and authorizations received or obtained from any governmental agency or department and applicable to or necessary with respect to the operations of the Water/Wastewater System shall be kept current and in effect, and no franchise, permit, license or authorization required or necessary for the acquisition, construction, equipment, operation and maintenance of the Water/Wastewater System shall be allowed to expire or terminate by a failure of the City to act or shall the City fail to comply with any terms or conditions that results in a forfeiture or early termination of any such franchise, permit, license, or authorization.

(m) **NO COMPETITION.** To the extent it legally possible, the City will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a material substitute for the Water/Wastewater System's facilities, and, to the extent that it legally may, the City will prohibit any such competing facilities.

(n) **RIGHTS OF INSPECTION.** Subject to public safety and other restrictions as may be reasonably imposed, the owner of Parity Water/Wastewater Obligations shall have the right at all reasonable times during regular business hours to inspect properties of the Water/Wastewater System and all records, accounts and data relating thereto, and copies of such records, accounts and data will be furnished to such owner from time to time, upon the written request and at the payment of the cost of making such copies by the owner making such request.

**Section 6. SYSTEM FUND.** In accordance with the provisions of the ordinances authorizing the issuance of the Prior First Lien Obligations, Prior Subordinate Lien Obligations and the Commercial Paper Obligations, the City has created and there shall be maintained on the books of the City while the Parity Water/Wastewater Obligations are Outstanding a separate fund or account known and designated as the "Water and Sewer System Fund" (herein called the "Water and Wastewater System Fund" or "System Fund"). All funds deposited to the credit of the System Fund and disbursements from such Fund shall be recorded in the books and records of the City and moneys deposited to the credit of such Fund shall be in an account or fund maintained at an official depository of the City. The Gross Revenues of Water/Wastewater System shall be deposited, as collected, to the credit of the System Fund and such Gross Revenues deposited to the credit of the System Fund shall be allocated, budgeted and appropriated to the extent required for the following uses and in the order of priority shown:

**FIRST:** To the payment of Operating Expenses, as defined herein or required by statute to be a first charge on and claim against the Gross Revenues.

**SECOND:** To the payment of the amounts required to be deposited in any special funds or accounts created for the payment and security of the Prior First Lien Obligations, including the amounts required to be deposited to the credit of the common reserve fund established for the Prior First Lien Obligations and Prior Subordinate Lien Obligations.

**THIRD:** Equally and ratably to the payment of the amounts required to be deposited to the credit of (i) the special fund created and established for the payment of principal of and interest on the Prior Subordinate Lien Obligations as the

same becomes due and payable (ii) the funds maintained for the payment of Previously Issued Separate Lien Obligations currently Outstanding and (iii) the special Funds and Accounts for the payment of the Parity Water/Wastewater Obligations.

**FOURTH:** To pay Subordinated Debt, including amounts for the payment of the Commercial Paper Obligations, and the amounts, if any, due and payable under any credit agreement executed in connection therewith.

**FIFTH:** To the payment of the amount, if any, approved and authorized by action of the governing body of the City, to be deposited to the credit of the Water/Wastewater System's Surplus Revenue Account

Any Net Revenues remaining in the Water and Sewer Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

**Section 7. DEBT SERVICE FUND.** For the sole purpose of paying the principal amount of, premium, if any, and interest on, and other payments (other than Operating Expenses) incurred in connection with Parity Water/Wastewater Obligations, there is hereby created and there shall be established and maintained on the books of the City a separate fund designated as the "Water/Wastewater Revenue Obligation Debt Service Fund" (the "Debt Service Fund") and moneys to the credit of such Debt Service Fund shall be placed in a special fund or account maintained at an official depository of funds of the City.

The amount of the deposits to be made to the credit of the Debt Service Fund to pay the principal of and interest on the Parity Water/Wastewater Obligations as the same shall become due and payable and the manner for making such deposits shall be addressed and contained in each Supplement. In addition, the City reserves the right in any Supplement to establish within the Debt Service Fund various Accounts to facilitate the timely payment of Parity Water/Wastewater Obligations as the same become due and owing.

**Section 8. RESERVE FUND. (a) Establishment.** There is hereby created and there shall be established and maintained on the books of the City a separate fund or account designated as the "Water/Wastewater System Revenue Obligation Reserve Fund" (the "Reserve Fund"). Except as provided in subsection (f) below, the Reserve Fund shall be maintained for the benefit of the owners of the Parity Water/Wastewater Obligations. There shall be deposited into the Reserve Fund any Reserve Fund Obligations so designated by the City. The amounts deposited to the credit of the Reserve Fund shall be deposited in a special fund maintained at an official depository of City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Water/Wastewater Obligations as they become due or paying principal of and interest on the Parity Water/Wastewater Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. The amount to be accumulated and maintained in the Reserve Fund shall be an amount equal to the Required Reserve Amount. The City may, at its option, withdraw and transfer to the Debt Service Fund all surplus in the Reserve Fund over the Required Reserve Amount.

**(b) Credit Facility.** The City may replace or substitute a Credit Facility for cash or Eligible Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, the cash or Eligible Investments on deposit in the Reserve Fund, taken together with the face amount of any existing Credit Facilities, in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the System Fund unless such excess was funded with the proceeds of sale of Parity Water/Wastewater Obligations in which case such excess shall be deposited to the credit of the Debt Service Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer.

**(c) Priority of Draws.** If the City is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the City shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys and cash resulting from the sale or liquidation of Eligible Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

In the event of a draw on a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues shall be subject to the provisions of Section 8(d) below and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Water/Wastewater Obligations.

**(d) Reserve Amount Deficiency.** In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, subject to satisfying or making provision for the uses having a priority on the Gross Revenues before any deposits for the payment and security of the Parity Water/Wastewater Obligations and after making required deposits to the Debt Service Fund in accordance with the terms of this Ordinance and any Supplement, cause the aggregate Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully restored within 12 months from the date such deficiency, termination or expiration occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before the last day of each month from the available Net Revenues, (ii) depositing Eligible Investments or Credit Facility to the credit of the Reserve Fund or (iii) a combination of (i) and (ii).

**(e) Excess Required Reserve.** As Parity Water/Wastewater Obligation secured by the Reserve Fund are paid, redeemed or defeased and cease to be Outstanding under the terms of the Ordinance or a Supplement, the Required Reserve Amount may be recalculated and redetermined, and any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to (i) the System Fund, if an amount equal to such excess was funded with Net Revenues, or (ii) the Debt Service Fund.

**(f) Application to Commercial Paper/Credit Agreements** For the purpose of this Section, the Reserve Fund shall not secure Parity Water/Wastewater Obligations issued in the form of

commercial paper, or any Credit Agreement issued in support of such Parity Water/Wastewater Obligations issued in the form of commercial paper, except as otherwise may be provided in any Supplement.

**Section 9. SYSTEM SURPLUS REVENUE ACCOUNT.** At the end of each Fiscal Year and after satisfying all payments and transfers having a priority on the revenues deposited to the credit of the System Fund, an amount approved and authorized by action of the governing body of the City may be transferred from the System Fund and deposited to the credit of a "Water/Wastewater System Surplus Revenue Account" to be established and maintained on the books and records of the City. The amounts deposited to the credit of the Water/Wastewater System Surplus Revenue Account may be used to make capital improvements to the Water/Wastewater System, to pay Operating Expenses or for any other lawful purpose. Prior to the beginning of each Fiscal Year, an amount deposited to the credit of the Water/Wastewater System Surplus Revenue Account may by action of the governing body of the City in the approval of the annual budget, or by a separate action, be designated as "Other Available Water/Wastewater Funds". The amount so designated as "Other Available Water/Wastewater Fund" shall be transferred on the books of the City to the credit of the System Fund as of the beginning of such Fiscal Year.

**Section 10. ISSUANCE OF ADDITIONAL OBLIGATIONS.** (a) Parity Water/Wastewater Obligations. The City reserves and shall have the right and power to issue or incur Parity Water/Wastewater Obligations for any purpose authorized by law pursuant to the provisions of this Ordinance and a Supplement hereafter adopted. The City may issue, incur, or otherwise become liable in respect of any Parity Water/Wastewater Obligations if:

(i) a Designated Financial Officer shall execute a certificate stating that, to his or her knowledge, the City is in compliance with all covenants contained in this Ordinance and any Supplement, is not in default in the performance and observance of any of the terms, provisions and conditions hereof and thereof, and the Funds and Accounts securing the Parity Water/Wastewater Obligations then Outstanding as established in accordance with the terms of this Ordinance and any Supplement contain the amounts then required to be therein or the proceeds of sale of the Parity Water/Wastewater Obligations then to be issued are to be used to cure any deficiency in the amounts on deposit to the credit of such Funds and Accounts, if any; and

(ii) an Accountant shall certify or render an opinion to the effect that, for the last completed Fiscal Year preceding the date of the then proposed Parity Water/Wastewater Obligations, or for any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Parity Water/Wastewater Obligations, the Net Revenues of the Water/Wastewater System, after deducting amounts expended from the Water/Wastewater System's Net Revenues during the last completed Fiscal Year for the payment of debt service requirements of the Prior First Lien Obligations and Prior Subordinate Lien Obligations, together with Other Available Water/Wastewater Revenues, are equal to 1.25 times the average Annual Debt Service Requirements of the Parity

**Water/Wastewater Obligations to be Outstanding after giving effect to the issuance of the then proposed Parity Water/Wastewater Obligations.**

For purposes of paragraph (a) (ii), if Parity Water/Wastewater Obligations are issued to refund less than all of the Parity Water/Wastewater Obligations then Outstanding, the certificate, report or opinion of the Accountant required above shall give effect to the issuance of the proposed refunding Parity Water/Wastewater Obligations (and shall not give effect to the Parity Water/Wastewater Obligations being refunded following their cancellation or provision being made for their payment).

(b) Short-Term Parity Water/Wastewater Obligations. The City may issue or incur Parity Water/Wastewater Obligations issued in the form of commercial paper and for purposes of this subsection, the term "Outstanding Funded Debt" shall include Subordinated Debt that matures by its terms, or that is renewable at the option of the City to a date, more than one year after the date of its issuance by the City. The terms and conditions pertaining to the issuance of Parity Water/Wastewater Obligations in the form of commercial paper, including, without limitation, the security, liquidity and reserves necessary to support such commercial paper obligations, shall be contained in a Supplement relating to their issuance.

(c) Special Facilities Debt and Subordinated Debt. Special Facilities Debt and Subordinated Debt may be incurred by the City without limitation.

(d) Credit Agreements. Payments to be made under a Credit Agreement may be treated as Parity Water/Wastewater Obligations if the governing body of the City makes a finding in the Supplement authorizing and approving the Credit Agreement that Gross Revenues will be sufficient to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water/Wastewater Obligations then Outstanding and the financial obligations of the City under the Credit Agreement, and such finding is supported by a certificate executed by a Designated Financial Officer of the City.

(e) Determination of Net Revenues. In making a determination of Net Revenues for any of the purposes described in this Section, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the Water/Wastewater System that became effective at least 30 days prior to the last day of the period for which Net Revenues are determined and, for purposes of satisfying the Net Revenues coverage test described above, make a pro forma determination of the Net Revenues of the Water/Wastewater System for the period of time covered by the Accountant's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

**Section 11. FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.** (a) Any Parity Water/Wastewater Obligation shall be deemed to be paid, retired and cease to be Outstanding within the meaning of this Ordinance, and the Supplement pursuant to which it was issued, when payment of the principal amount of, redemption premium, if any, on such Parity Water/Wastewater Obligation, plus interest thereon to the due date thereof (whether such due date be by reason of

maturity, upon redemption, or otherwise) either shall have been (i) made in accordance with the terms thereof or (ii) provided by irrevocably depositing with, or making available to, a Paying Agent (or escrow agent) therefor, in trust and set aside exclusively for such payment, in accordance with the terms and conditions of an agreement between the City and said Paying Agent (or escrow agent), (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such Paying Agent pertaining to the Parity Water/Wastewater Obligation with respect to which such deposit is made shall have been paid or the payment thereof duly provided (and irrevocable instructions shall have been given by the City to such Paying Agent to give notice of such redemption in the manner required by the Supplement authorizing the issuance of such Parity Water/Wastewater Obligation) to the satisfaction of such Paying Agent. Such Paying Agent shall give notice to each owner of any Parity Water/Wastewater Obligation that such deposit as described above has been made, in the same manner as required with respect to the redemption of such Parity Water/Wastewater Obligation, all in accordance with the terms of the Supplement pursuant to which such Parity Water/Wastewater Obligation was issued. In addition, in connection with a defeasance, such Paying Agent shall give notice of redemption, if necessary, to the owners of any Parity Water/Wastewater Obligation in the manner provided in the Supplement for such Parity Water/Wastewater Obligation and as directed in the redemption instructions delivered by the City to such Paying Agent. At such time as a Parity Water/Wastewater Obligation shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Ordinance or the Supplement pursuant to which it was issued or a lien on and pledge of the Net Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) Any moneys deposited with a Paying Agent (or escrow agent) may, at the direction of the City, also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Paying Agent pursuant to this Section which is not required for the payment of the principal of the Parity Water/Wastewater Obligations, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City for deposit to the credit of the Debt Service Fund.

(c) Except as provided in clause (b) of this Section, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Parity Water/Wastewater Obligations, the redemption premium, if any, and interest thereon, shall be applied solely to and used solely for the payment of such Parity Water/Wastewater Obligations, the redemption premium, if any, and interest thereon.

**Section 12. AMENDMENT OF ORDINANCE.** (a) Required Owner Consent for Amendments. The owners of a majority in Outstanding Principal Amount of the Parity Water/Wastewater Obligations shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City, provided, however, that nothing contained herein shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Parity Water/Wastewater Obligations so as to:

- (1) Make any change in the maturity of any of the Outstanding Parity Water/Wastewater Obligations;
- (2) Reduce the rate of interest borne by any of the Outstanding Parity Water/Wastewater Obligations;
- (3) Reduce the amount of the principal payable on the Outstanding Parity Water/Wastewater Obligations;
- (4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Parity Water/Wastewater Obligations or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Parity Water/Wastewater Obligations then Outstanding;
- (6) Amend this subsection (a) of this Section; or
- (7) Change the minimum percentage of the principal amount of Parity Water/Wastewater Obligations necessary for consent to any amendment;

unless such amendment or amendments be approved by the owners of all of the Parity Water/Wastewater Obligations affected by the change or amendment then Outstanding.

**(b) Notice of Amendment Requiring Consent.** If at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file with each Paying Agent or Registrar, as the case may be, for the Parity Water/Wastewater Obligations for inspection by all Holders of Parity Water/Wastewater Obligations. Such publication is not required, however, if notice in writing is given by mail, first class postage prepaid, to each Holder of Parity Water/Wastewater Obligations.

**(c) Time Period for Obtaining Consent** If within one year from (i) the date of the first publication of said notice or (ii) the date of the mailing by the Paying Agent of written notice to the owners of the Parity Water/Wastewater Obligations, whichever date first occurs if both methods of giving notice are used, the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Parity Water/Wastewater Obligations consenting to and approving such amendment in substantially the form of the copy thereof on file with each Paying Agent or Registrar, as the case may be, for the Parity Water/Wastewater Obligations, the governing body of the City may pass the amendatory ordinance in substantially the same form.

**(d) Revocation of Consent.** Any consent given by the owner of a Parity Water/Wastewater Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months



from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Parity Water/Wastewater Obligation during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, such consent may be revoked by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent or Registrar, as the case may be, for such Parity Water/Wastewater Obligation and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Parity Water/Wastewater Obligations as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

**(e) Implementation of Amendment.** Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations of the City under this Ordinance and all the owners of then Outstanding Parity Water/Wastewater Obligations and all future Parity Water/Wastewater Obligations shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

**(f) Amendment without Consent.** The foregoing provisions of this Section notwithstanding, the City by action of its governing body may amend this Ordinance for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance - contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Parity Water/Wastewater Obligations or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the owners of the Parity Water/Wastewater Obligations then outstanding;

(3) To modify any of the provisions of this Ordinance in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Parity Water/Wastewater Obligations outstanding at the date of the adoption of such modification shall cease to be outstanding;

(4) To make such amendments to this Ordinance as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(5) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Parity Water/Wastewater Obligations to thereafter avail themselves of a book-entry system for payments, transfers and other matters relating to the Parity Water/Wastewater Obligations, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of this Ordinance and which shall not adversely affect the interests of the owners of the Parity Water/Wastewater Obligations;

(6) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Parity Water/Wastewater Obligations by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(7) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Parity Water/Wastewater Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Parity Water/Wastewater Obligations. Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Parity Water/Wastewater Obligations may be determined as provided in each Supplement and unless otherwise provided in a Supplement, the owners of the Parity Water/Wastewater Obligations insured as to the payment of principal of and interest thereon shall be deemed to be the insurance company providing the insurance coverage on such Parity Water/Wastewater Obligations; provided such amendment to this Ordinance is an amendment that can be made with the consent of a majority in Outstanding Principal Amount of the Parity Water/Wastewater Obligations and such insurance company is not in default with respect to its obligations under its insurance policy.

(h) Amendments of Supplements. Each Supplement shall contain provisions governing the ability of the City to amend such Supplement; provided, however, that no amendment may be made to any Supplement for the purpose of granting to the owners of Parity Water/Wastewater Obligations then Outstanding under such Supplement a priority over the owners of any other Parity Water/Wastewater Obligations then Outstanding.

**Section 13. DEFICIENCIES; EXCESS NET REVENUES.** (a) Revenue Deficiency. If on any occasion there shall not be sufficient Net Revenues to make the required deposits into the Funds and Accounts established in accordance with this Ordinance and any Supplement, then such deficiency shall be made up as soon as possible from the next available Net Revenues, or from any other source available for such purpose.

(b) **Excess Revenue.** Subject to making the required deposits to the credit of the Funds and Accounts established in accordance with this Ordinance and any Supplement, when and as required by this Ordinance and any Supplement, the excess Net Revenues may be used by the City for any lawful purpose.

**Section 14. FUNDS SECURED.** Moneys in all Funds and Accounts created in accordance with this Ordinance and any Supplement shall be secured in the manner prescribed by law for securing funds of the City.

**Section 15. INVESTMENTS.** Moneys in any Fund or Account established pursuant to this Ordinance and any Supplement may, at the option of the City, be placed or invested in Eligible Investments. The value of any such Fund or Account shall be established by adding any money therein to the Value of Investment Securities. The value of each such Fund or Account shall be established no less frequently than annually during the last month of each Fiscal Year. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Fund or Account from which moneys used to acquire such investment shall have come.

**Section 16. BENEFITS OF ORDINANCE.** Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

**Section 17. GOVERNING LAW.** This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**Section 18. EFFECT OF HEADINGS.** The Section headings herein are for convenience only and shall not affect the construction hereof.

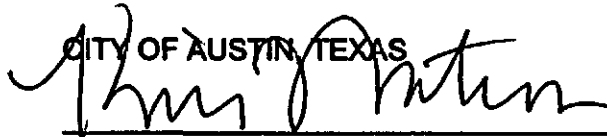
**Section 19. CONSTRUCTION OF TERMS.** If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

**Section 20. SEVERABILITY.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.


**Section 21. PUBLIC MEETING.** It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

**Section 22. EMERGENCY.** The public importance of this measure and the fact that there is an urgent public need for the City to obtain the funds from the sale of the Bonds as soon as possible and without delay for the immediate preservation of the public peace, health and safety of the citizens of the City constitute and create an emergency requiring the suspension of the rule providing for ordinances to be read on three separate days; and such rule relating to the passage of ordinances and the Charter provision relating to the effective date of ordinances are hereby suspended and this ordinance is hereby passed as an emergency measure and shall be effective immediately upon its passage and adoption as provided by the Charter of the City.

PASSED AND ADOPTED, this June 8, 2000.

CITY OF AUSTIN, TEXAS  
  
KIRK WATSON  
Mayor

ATTEST:

  
SHIRLEY A. BROWN  
City Clerk

(City Seal)

APPROVED:

  
ANDREW MARTIN  
City Attorney

## EXHIBIT "A"

### DEFINITIONS

As used in the Ordinance, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

**"Account"** means any account created, established and maintained on the books and records of the City under the terms of any Supplement.

**"Accountant"** means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants.

**"Annual Debt Service Requirements"** means, for any Fiscal Year, the principal of and interest on all Parity Water/Wastewater Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

(i) **Committed Take Out**. If the City has entered into a Credit Agreement with a Credit Provider to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced under the Credit Agreement for the discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased by the Credit Provider shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(ii) **Balloon Debt**. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable by reason of any required purchase of such Funded Debt by the City) in any Fiscal Year is either (a) equal to 25%, or more, of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or (b) exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Exhibit A as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue

on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(iii) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer executes a certificate to the effect that such Balloon Debt (a) may be treated as being retired in installments (and the instrument creating such Balloon Debt expressly permits such Debt to be treated as being retired in installments), or (b) paid from the funding and accumulation of a sinking fund (and the instrument creating such Balloon Debt expressly permits the funding and accumulation of a sinking fund) according to a fixed schedule stated in such certificate, then the principal of (and, in the case of retirement, or to the extent provided for the funding and accumulation of a sinking fund, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such fixed schedule, provided this clause (iii) shall apply only to Balloon Debt when installments due and payable prior to such certificate have been duly paid or all deposits to the sinking fund established for such Debt have been duly credited to the sinking fund on or before the times required by such schedule; and provided further this clause (iii) shall not apply when the City has elected to apply the rule set forth in clause (ii) above;

(iv) Prepaid Debt. Principal of and interest on Parity Water/Wastewater Obligations, or portions thereof, payable from capitalized interest, accrued interest and amounts deposited or set aside in trust for the payment thereof with a financial institution shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year;

(v) Variable Rate. As to any Parity Water/Wastewater Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the City, either (a) an interest rate equal to the average rate borne by such Parity Water/Wastewater Obligations (or by comparable debt in the event that such Parity Water/Wastewater Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (b) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of 20 years, or more, published in a financial newspaper or journal with national circulation may be used for this purpose;

(vi) Commercial Paper. Any Parity Water/Wastewater Obligations issued in the form of commercial paper shall use an interest rate for such Parity Water/Wastewater Obligations calculated in the manner provided in clause (v) of this definition and the maturity schedule shall be calculated in the manner provided in clause (ii) of this definition; and

(vii) **Credit Agreement Payments.** If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement, from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (i) through (vi) above and any payments otherwise included above under (i) through (vi) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation. For any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, for prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

**"Bond Counsel"** means Messrs. Fulbright & Jaworski L.L.P. or other firm engaged by the City with legal experience and expertise in the issuance and sale of obligations by municipalities in the State of Texas and with respect to the exclusion of interest on obligations from federal income taxation under Section 103(a) of the Code.

**"City"** and **"Issuer"** mean the City of Austin, Texas.

**"Code"** means the Internal Revenue Code of 1986, as amended, or any successor thereto.

**"Commercial Paper Obligations"** means those obligations identified and described in the preamble of the Ordinance.

**"Credit Agreement"** means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Water/Wastewater Obligations, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City in connection with the authorization, issuance, security, or payment of Parity Water/Wastewater Obligations and on a parity therewith.

**"Credit Facility"** means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Parity Water/Wastewater Obligations would rate the Parity Water/Wastewater Obligations fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Parity Water/Wastewater Obligations would assign a rating to the Parity Water/Wastewater Obligations of one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Water/Wastewater Obligations and the interest thereon.

**"Credit Provider"** means any bank, financial institution, insurance company, surety bond provider, or other institution which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

**"Debt" of the City payable from Net Revenues means all:**

**(i) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Water/Wastewater System that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and**

**(ii) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.**

**For the purpose of determining the "Debt" payable from the Net Revenues of the Water/Wastewater System, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (A) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (B) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the City in prior Fiscal Years.**

**"Debt Service Fund" means the "Water/Wastewater System Revenue Obligation Debt Service Payment Fund" established pursuant to Section 7 of the Ordinance.**

**"Designated Financial Officer" shall mean the Director of Finance, Treasurer or such other financial or accounting official of the City so designated by the governing body of the City.**

**"Eligible Investments" means those investments in which the City is now or hereafter authorized by law, including, but not limited to, the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), as amended, to purchase, sell and invest its funds and funds under its control.**

**"Fiscal Year" means the twelve month financial accounting period for the Water/Wastewater System which currently ends on September 30 of each calendar year.**

**"Fund" means any fund created, established and maintained under the terms of the Ordinance and any Supplement.**



**"Funded Debt"** of the Water/Wastewater System means all Parity Water/Wastewater Obligations (and, for purposes of Section 10(b) of the Ordinance, all Subordinated Debt) created or assumed by the City and payable from Net Revenues maturing by their terms (in the absence of the exercise of any earlier right of demand), or renewable at the option of the City to a date, more than one year after the original creation or assumption of such Debt by the City.

**"Government Obligations"** means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

**"Gross Revenues"** means all revenues, income, and receipts derived or received by the City from the operation and ownership of the Water/Wastewater System, including interest income and earnings from the investment or deposit of money in any Fund created by the Ordinance or a Supplement or maintained by the City in connection with the Water/Wastewater System, other than those amounts subject to payment to the United States of America as rebate pursuant to section 148 of the Code, and Other Available Water/Wastewater System Revenues . The term "Gross Revenues", however, does not include refundable meter deposits, restricted gifts and grants in aid of construction or impact fees charged under authority of Chapter 395, Texas Local Government Code, which by law are restricted as to use.

**"Holder" or "Bondholder" or "owner"** means the registered owner appearing on the books and records of the Registrar of any Parity Water/Wastewater Obligation registered as to ownership and the holder of any Parity Water/Wastewater Obligation payable to bearer.

**"Maturity"** when used with respect to any Debt means the date the principal of such Debt or any installment thereof becomes due and payable, whether at its Stated Maturity or by declaration of acceleration, call for redemption, or otherwise.

**"Net Revenues" and "Net Revenues of the Water/Wastewater System"** with respect to any period of time means the Gross Revenues for such period less Operating Expenses incurred during such period.

**"Operating Expenses"** means the expenses of operation and maintenance of the Water/Wastewater System, including all salaries, labor, materials repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to render adequate service, or such as might be necessary to meet some physical accident or condition which would otherwise impair any Parity Water/Wastewater Obligations. Operating Expenses shall include the purchase of water, the treatment and disposal of wastewater,

and, to the extent permitted by law Operating Expenses may include payments made on or in respect of obtaining and maintaining any Credit Agreement or Credit Facility. Depreciation shall not be considered as expenses of operation and maintenance.

**"Opinion of Counsel"** means a written opinion of counsel acceptable to the City.

**"Ordinance"** means this Ordinance No. 000608-56A pertaining to the issuance Parity Water/Wastewater Obligations, and any amendments thereto.

**"Other Available Water/Wastewater System Revenues"** means an amount of unencumbered funds accumulated in the Water/Wastewater System Surplus Revenue Account designated as Other Available Water/Wastewater Funds and deposited to the credit of the System Fund as provided in Section 9 hereof; provided, the maximum amount which may be so designated in any Fiscal Year for purposes of complying with the provisions of Sections 4 and 10 of this Ordinance cannot exceed twenty-five per cent (25%) of the Debt Service Requirements for the Parity Water/Wastewater Obligations for such Fiscal Year.

**"Outstanding"** when used with respect to Parity Water/Wastewater Obligations means, as of the date of determination, all Parity Water/Wastewater Obligations theretofore delivered under this Ordinance and any Supplement, except:

(i) Parity Water/Wastewater Obligations theretofore canceled and delivered to the City or delivered to the Paying Agent or the Registrar for cancellation;

(ii) Parity Water/Wastewater Obligations deemed paid pursuant to the provisions of Section 11 of the Ordinance or any comparable section of any Supplement;

(iii) Parity Water/Wastewater Obligations upon transfer of or in exchange for and in lieu of which other Parity Water/Wastewater Obligations have been authenticated and delivered pursuant to the Ordinance and any Supplement; and

(iv) Parity Water/Wastewater Obligations under which the obligations of the City have been released, discharged, or extinguished in accordance with the terms thereof;

provided, that, unless acquired for purposes of cancellation, Parity Water/Wastewater Obligations owned by the City shall be deemed to be Outstanding as though owned by any other owner.

**"Outstanding Principal Amount"** means, with respect to all Parity Water/Wastewater Obligations or to a series of Parity Water/Wastewater Obligations, the outstanding and unpaid principal amount of such Parity Water/Wastewater Obligations paying interest on a current basis and the accreted value as of each compounding date for Parity Water/Wastewater Obligations paying accrued, accreted, or compounded interest only at maturity and as determined and established in the Supplement authorizing the issuance of such Parity Water/Wastewater Obligations

**"Prior First Lien Obligations"** means those obligations identified and described in the preamble of the Ordinance.

**"Prior Subordinate Lien Obligations"** means to obligations identified and described in the preamble of the Ordinance.

**"Parity Water/Wastewater Obligations"** means all Debt of the City, except Previously Issued Separate Lien Obligations, issued or incurred in accordance with the terms of the Ordinance and a Supplement, and secured by a lien on and pledge of the Net Revenues.

**"Paying Agent"** means bank, trust company or other entity selected by the City in a Supplement undertaking the duties and responsibilities for the payment to the Holders of the principal of and interest on the series or issue of Parity Water/Wastewater Obligations.

**"Previously Issued Separate Lien Obligations"** means those obligations payable, in whole or in part under a contract with the City, from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and more particularly described as follows: (i) Circle C MUD#4 City of Austin, Texas Contract Revenue Bonds, Series 1990, dated date February 1, 1990 and currently outstanding in the principal amount of \$2,745,000, (ii) Circle C MUD #3 City of Austin, Texas Contract Revenue Bonds, Series 1991, dated date June 15, 1991, and currently outstanding in the principal amount of \$26,835,000, (iii) Village at Western Oaks MUD City of Austin, Texas Contract Revenue Bonds, Series 1991, dated August 15, 1991, and currently outstanding in the principal amount of \$17,570,000, (iv) Southland Oaks MUD City of Austin, Texas Contract Revenue Bonds, Series 1991, dated August 15, 1991, and currently outstanding in the principal amount of \$20,525,000, (v) Maple Run at Austin MUD City of Austin, Texas Contract Revenue Bonds, Series 1992, dated February 1, 1992, and currently outstanding in the principal amount of \$13,255,000, and (vi) North Austin MUD#1 City of Austin, Texas Refunding Contract Revenue Bonds, Series 1994, dated February 1, 1994, and currently outstanding in the principal amount of \$13,035,000.

**"Prudent Utility Practice"** means any of the practices, methods and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act at the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. In the case of any facility included in the Water/Wastewater System which is owned in common with one or more other entities, the term "Prudent Utility Practice", as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

**"Rating Agency"** means a nationally recognized securities rating agency which has assigned a rating to the Parity Water/Wastewater Obligations.

**"Required Reserve Amount"** means an amount equal to 50% of the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations then Outstanding, to the extent such Parity Water/Wastewater Obligations are to be secured by the Reserve Fund in accordance with the terms and provisions of Section 8 of the Ordinance and the provisions of any Supplement.

**"Reserve Fund"** means the "Water/Wastewater System Revenue Obligation Reserve Fund" established pursuant to Section 8 of the Ordinance.

**"Reserve Fund Obligations"** means cash, Eligible Investments, any Credit Facility, or any combination of the foregoing.

**"Registrar"** means bank, trust company or other entity selected by the City in a Supplement to serve as the registrar for the registration and transfer of a series or issue of Parity Water/Wastewater Obligations issued in fully registered form as to the payment of principal of and interest thereon.

**"Stated Maturity"** when used with respect to Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

**"Subordinated Debt"** means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Water/Wastewater Obligations then Outstanding or subsequently issued.

**"Supplement" or "Supplemental Ordinance"** means an ordinance supplemental to, and authorized and adopted by the governing body of the City pursuant to the terms of, the Ordinance.

**"System Fund"** means the "Water and Sewer System Fund" affirmed in Section 6 of the Ordinance.

**"Term of Issue"** means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the "maximum maturity date" in the case of commercial paper ("maximum maturity date" having the meaning given to said term in any Supplement authorizing the issuance of commercial paper) or (ii) twenty-five years.

**"Utility System Consultant"** means an independent firm, person or corporation recognized as having expertise and with a favorable reputation for special skill and knowledge in the operations and financing of municipal water and wastewater facilities and systems similar in size to the Water/Wastewater System.

**"Value of Investment Securities"** and words of like import shall mean the amortized value thereof, provided, however, that all United States of America, United States Treasury Obligations--State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are

then redeemable. The computations made under this paragraph shall include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition "amortized value", when used with respect to a security purchased at par means the purchase price of such security.

**"Water/Wastewater System"** means all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of water and the collection, treatment and disposal or reuse/reclaim of wastewater, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term Water/Wastewater System shall not include facilities of any kind which are declared not to be a part of the Water/Wastewater System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of "Special Facilities Debt", which term is defined as being special revenue obligations of the City not secured by or payable from the Net Revenues but which are secured by and payable solely from special contract revenues, or payments received from the City or any other legal entity, or any combination thereof, in connection with such facilities.

**RESOLUTION NO. 20160421-004**

**WHEREAS**, the Texas Water Development Board administers the State Water Implementation Fund for Texas (SWIFT) low interest loan program established by the Texas Legislature in 2013;

**WHEREAS**, Austin Water is proposing to install Advanced Meter Infrastructure (AMI), by updating customer water meters, meter boxes, and data transmission infrastructure, so that meter reads will no longer be collected manually, but instead by cellular or radio transmission in order to improve meter data collection;

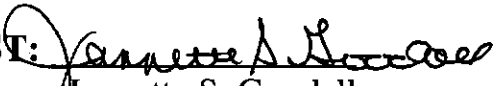
**WHEREAS**, Austin Water would like to take advantage of low-interest SWIFT loans to finance the AMI project in annual increments through FY 2022-2023 in accordance with Austin Water's Capitol Improvement Projects spending plan; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

1. That the City Council authorizes the city manager to file an application with the Texas Water Development Board seeking financial assistance from the State Water Implementation Fund for Texas loan program in an amount not to exceed \$80,195,000 to provide for the costs of development and implementation of a smart meter system for Austin Water;
2. That Greg Meszaros, Director of Austin Water, is hereby designated the authorized representative of the City of Austin for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board; and

3. That the following firms are authorized to assist the City in its preparation and submission of the application and may appear on behalf of and represent the City before any hearing held by the Texas Water Development Board on the application: Bond Counsel from the firm of McCall, Parkhurst and Horton, and Financial Advisor from the firm of Public Financial Management, Inc.

ADOPTED: April 21, 2016

ATTEST:   
Jannette S. Goodall  
City Clerk

### Application Affidavit (WRD-201)

THE STATE OF TEXAS §  
COUNTY OF Travis §  
APPLICANT City of Austin §

Austin SWIFT  
Loan Application  
Part B, Item 18

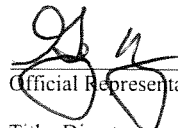
BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Greg Meszaros as the Authorized Representative of the City of Austin, who being by me duly sworn, upon oath says that:

1. the decision by the City of Austin to request financial assistance from the Texas Water Development Board ("Board") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the City of Austin;
2. the information submitted in the application is true and correct according to my best knowledge and belief;
3. the City of Austin has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none"):

A. One pending Agreed Order with fines to be assessed by TCEQ, as a combined enforcement action for two drinking water spills and one wastewater spill that occurred in August 2015.

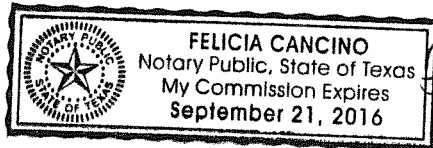
B. Order of the Public Utilities Commission in Docket No. 42857 regarding the appeal by the petition of the North Austin Municipal Utility District No. 1, Northtown Municipal Utility District, Travis County Water Control and Improvement District No. 10 (Travis WCID No. 10), and Wells Branch Municipal Utility District of the wholesale water rates imposed by the City of Austin by an ordinance adopted by the Austin City Council that set rates for the City's 2012-2013 fiscal year.

4. the City of Austin warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and
5. the City of Austin will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

  
\_\_\_\_\_  
Official Representative  
Title: Director, Austin Water

SWORN TO AND SUBSCRIBED BEFORE ME, by Greg Meszaros,  
this 11 day of May, 2016.

(NOTARY'S SEAL)



  
\_\_\_\_\_  
Notary Public, State of Texas





**RESOLUTION NO. 20160421-004**

**WHEREAS**, the Texas Water Development Board administers the State Water Implementation Fund for Texas (SWIFT) low interest loan program established by the Texas Legislature in 2013;

**WHEREAS**, Austin Water is proposing to install Advanced Meter Infrastructure (AMI), by updating customer water meters, meter boxes, and data transmission infrastructure, so that meter reads will no longer be collected manually, but instead by cellular or radio transmission in order to improve meter data collection;

**WHEREAS**, Austin Water would like to take advantage of low-interest SWIFT loans to finance the AMI project in annual increments through FY 2022-2023 in accordance with Austin Water's Capitol Improvement Projects spending plan; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

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2. That Greg Meszaros, Director of Austin Water, is hereby designated the authorized representative of the City of Austin for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board; and

**ORDINANCE NO.**

**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF  
CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM  
REVENUE REFUNDING BONDS, SERIES 2016**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**SECTION 1: DEFINITIONS AND FINDINGS.** The following terms shall have the meanings set forth below, unless the text specifically indicates otherwise:

“Bond Purchase Agreement” means the Bond Purchase Agreement related to the sale of the Bonds, between the City and the Underwriters.

“Bonds” means the “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016” authorized for issuance by the Twenty-Sixth Supplement.

“Business Day” means a day other than a Sunday, Saturday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

“Chapter 9” means V.T.C.A., Business & Commerce Code, Chapter 9.

“Chapter 551” means V.T.C.A., Government Code, Chapter 551.

“Chapter 1201” means V.T.C.A., Government Code, Chapter 1201.

“Chapter 1204” means V.T.C.A., Government Code, Chapter 1204.

“Chapter 1206” means V.T.C.A., Government Code, Chapter 1206.

“Chapter 1207” means V.T.C.A., Government Code, Chapter 1207.

“Chapter 1208” means V.T.C.A., Government Code, Chapter 1208.

“Chapter 1371” means V.T.C.A., Government Code, Chapter 1371.

“Code” means the Internal Revenue Code of 1986.

“Holders” means the registered owners or holders of the Bonds.

“Master Ordinance” means Ordinance No. 000608-56A passed by council on June 8, 2000.

28 “Paying Agent/Registrar” means U.S. Bank National Association, or other  
29 financial institution specified in the Bond Purchase Agreement.

30 “Previously Issued Parity Water/Wastewater Obligations” means the outstanding  
31 (1) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,  
32 Series 2002A”, (2) “City of Austin, Texas, Water and Wastewater System Revenue  
33 Refunding Bonds, Series 2004A”, (3) “City of Austin, Texas, Water and Wastewater  
34 System Revenue Refunding Bonds, Series 2006”, (4) “City of Austin, Texas, Water and  
35 Wastewater System Revenue Refunding Bonds, Series 2006A”, (5) “City of Austin,  
36 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2007”, (6) “City  
37 of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding  
38 Bonds, Series 2008”, together with certain regularly scheduled payments under the Series  
39 2008 Interest Rate Management Agreement and the Series 2008 Liquidity Agreement (as  
40 these terms are defined in Ordinance No. 20080306-053), (7) “City of Austin, Texas,  
41 Water and Wastewater System Revenue Refunding Bonds, Series 2009”, (8) “City of  
42 Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2009A”,  
43 (9) “City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2010”,  
44 (10) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,  
45 Series 2010A”, (11) “City of Austin, Texas, Water and Wastewater System Revenue  
46 Refunding Bonds, Series 2010B (Direct Subsidy-Build America Bonds)”, (12) “City of  
47 Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2011”,  
48 (13) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,  
49 Series 2012”, (14) “City of Austin, Texas, Water and Wastewater System Revenue  
50 Refunding Bonds, Series 2013A”, (15) “City of Austin, Texas, Water and Wastewater  
51 System Revenue Refunding Bonds, Series 2014”, (16) “City of Austin, Texas, Water and  
52 Wastewater System Revenue Refunding Bonds, Series 2015A” and (17) “City of Austin,  
53 Texas, Water and Wastewater System Revenue Refunding Bonds, Taxable Series  
54 2015B”.

55 “Prior Supplements” mean Ordinances Nos. 030206-35, 040930-83, 20051117-  
56 060, 20061116-051, 20071108-081, 20080306-052, 20080306-053, 20081211-77,  
57 20091105-051, 20091217-004, 20101118-074, 20111103-051, 20120628-101, 20130620-  
58 074, 20140522-040, 20150604-038 and 20150604-039, authorizing the issuance of the  
59 Previously Issued Parity Water/Wastewater Obligations.

60 “Refunded Bonds” means the principal amount of each of the series of bonds  
61 identified in **Schedule I** attached to the Twenty-Sixth Supplement and specified in the  
62 Bond Purchase Agreement.

63 “Refunded Notes” means the principal amount of the Series A Notes as specified  
64 in the Bond Purchase Agreement.

65 “Refunded Obligations” means collectively, the Refunded Bonds and the Refunded  
66 Notes.

67 “Security Register” shall have the meaning given in Section 4 of the Twenty-Sixth  
68 Supplement.

69 “Series A Notes” means the City of Austin, Texas Combined Utility Systems  
70 Commercial Paper Notes, Series A, up to an aggregate principal amount of \$400,000,000  
71 to finance the costs of additions, improvements and extensions to the City’s water and  
72 wastewater system and the City’s electric light and power system.

73 “Twenty-Sixth Supplement” means this Ordinance No. 20150604-038 authorizing  
74 the issuance of the Bonds.

75 “Underwriters” means the investment banking firms purchasing the initial offering  
76 of the Bonds, as described in the Bond Purchase Agreement.

77 The terms used in the Twenty-Sixth Supplement and not otherwise defined shall  
78 have the meanings given in the Master Ordinance or the Prior Supplements.

79 In accordance with the provisions of Chapter 1207, the City is authorized to issue  
80 refunding bonds and deposit the proceeds of sale directly with any place of payment for  
81 the Refunded Obligations, or other authorized depository, and this deposit, when made in  
82 accordance with Chapter 1207, shall constitute the making of firm banking and financial  
83 arrangements for the discharge and final payment of the Refunded Obligations.

84 In accordance with the provisions of Chapter 1371, the City has authorized by  
85 ordinance and provided for the issuance and sale of the Series A Notes; and council finds  
86 that the refunding of the Series A Notes for the purposes of converting the Refunded  
87 Notes into long-term fixed rate debt of the City and restructuring the debt payable from  
88 the revenues of the System is in the best interest of the City, and the manner in which the  
89 refunding of the Refunded Notes is being executed does not make it practicable to make  
90 the determinations otherwise required by Section 1207.008(a)(2), Texas Government  
91 Code.

92 In accordance with the provisions of Chapter 1207, council is delegating to the  
93 Pricing Officer (as defined below) the authority to establish the terms and details related  
94 to the issuance and sale of the Bonds including: (i) the principal amount of the Refunded  
95 Bonds and the Refunded Notes to be refunded; (ii) the form and designation of the  
96 Bonds; (iii) the principal amount of the Bonds and the amount of the Bonds to mature in  
97 each year; (iv) the dates, price, interest rates, interest payment dates, principal payment  
98 dates, and redemption features of the Bonds; and (v) any other details relating to the  
99 issuance, sale, delivery, and/or exchange of the Bonds, all within certain specified  
100 parameters set forth in the Twenty-Sixth Supplement. In the Bond Purchase Agreement,  
101 the Pricing Officer shall determine, based upon advice provided by the City’s financial  
102 advisor, that acceptance of the purchase price for the Bonds is in the best interests of the  
103 City.

104 The Refunded Notes should be refunded and refinanced into long term obligations  
105 at this time to enable the City’s Water and Wastewater Department to continue utilizing  
106 its allocated share of Series A Notes and it is a public purpose and in the best interests of  
107 the City to refund the Refunded Bonds in order to achieve a present value debt service  
108 savings. The savings resulting from the refunding of the Refunded Bonds shall be  
109 included in a certificate to be executed by the Pricing Officer (designated below), all in  
110 accordance with the provisions of Section 1207.007, Texas Government Code, and  
111 Section 4 of the Twenty-Sixth Supplement.

112 The Bonds shall be secured by a lien on, and pledge of, the Net Revenues on parity  
113 with the outstanding “Parity Water/Wastewater Obligations” issued in accordance with  
114 and under the terms and provisions of the Master Ordinance and the Prior Supplements.  
115 There are no Previously Issued Separate Lien Obligations outstanding. Council affirms  
116 that the Master Ordinance provides that no additional revenue obligations shall be issued  
117 on parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations.

118 **SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL**  
119 **AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are authorized to be  
120 issued in an amount not to exceed the maximum aggregate principal amount determined  
121 as provided in Section 4 of the Twenty-Sixth Supplement and designated the “CITY OF  
122 AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE  
123 REFUNDING BONDS, SERIES 2016” (the “Bonds”), for the purpose of refinancing and  
124 refunding the Refunded Obligations identified in the Bond Purchase Agreement, and  
125 paying costs of issuance, in conformity with the Constitution and laws of the State of  
126 Texas, including Chapter 1207.

127 **SECTION 3: FULLY REGISTERED OBLIGATIONS–AUTHORIZED**  
128 **DENOMINATIONS – STATED MATURITIES - DATE.** The Bonds shall be issued  
129 as fully registered obligations, without coupons, shall be dated as provided in the Bond  
130 Purchase Agreement (the “Dated Date”) and shall be in denominations of \$5,000 or any  
131 integral multiple thereof (within a Stated Maturity), shall be numbered consecutively  
132 from R-1 upward (except as provided in Section 9 of the Twenty-Sixth Supplement) and  
133 shall become due and payable on May 15 or November 15 in each of the years and in  
134 principal amounts (the “Stated Maturities”) and bear interest at the rate(s) per annum in  
135 accordance with the details of the Bonds as set forth in the Bond Purchase Agreement.

136 The Bonds shall bear interest on the unpaid principal amounts from the date and at  
137 the rate(s) per annum as specified in the Bond Purchase Agreement (calculated on the  
138 basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable  
139 on May 15 and November 15 in each year, commencing on the date specified in the Bond  
140 Purchase Agreement, until maturity or prior redemption.

141                   **SECTION 4: DELEGATION OF AUTHORITY TO PRICING OFFICER.**

142           (a) As authorized by Section 1207.007, Texas Government Code, the City  
143 Manager or Chief Financial Officer of the City (any one of them, the “Pricing Officer”) is  
144 authorized to act on behalf of the City in selling and delivering the Bonds and carrying  
145 out the other procedures specified in the Twenty-Sixth Supplement, including selection of  
146 the Refunded Notes to be refunded, the specified maturities or series in whole or in part  
147 of the Refunded Bonds to be refunded, determining the aggregate principal amount of the  
148 Bonds, the date of the Bonds, any additional or different designation or title by which the  
149 Bonds shall be known, the price at which the Bonds will be sold, the years in which the  
150 Bonds will mature, the principal amount to mature in each of such years, the rate of  
151 interest to be borne by each such maturity, the first interest payment date, the price and  
152 terms upon and at which the Bonds shall be subject to redemption prior to maturity at the  
153 option of the City, as well as any mandatory sinking fund redemption provisions, the  
154 designation of a paying agent/registrar, if different from the Paying Agent/Registrar, and  
155 all other matters relating to the issuance, sale, and delivery of the Bonds, all of which  
156 shall be specified in the Bond Purchase Agreement, provided that:

157           (i) the aggregate original principal amount of the Bonds shall not exceed  
158 \$\_\_\_\_,000,000;

159           (ii) the Bonds shall bear interest at a rate not greater than 15.0% per annum and  
160 the net effective interest rate (as defined in Chapter 1204) for the Bonds shall not exceed  
161 15.0%;

162           (iii) with respect to the Bonds issued to refund the Refunded Bonds, the  
163 refunding must produce a net present value debt service savings of at least 4.25%, net of  
164 any contribution by the City; and

165           (iv) the maximum maturity for the Bonds shall not extend beyond November 15,  
166 2046.

167           The execution of the Bond Purchase Agreement shall evidence the sale date of the  
168 Bonds by the City to the Underwriters.

169           (b) In establishing the aggregate principal amount of the Bonds, the Pricing  
170 Officer shall establish an amount not exceeding the amount authorized in Subsection  
171 (a)(i) above, which shall be sufficient in amount to provide for the purposes for which the  
172 Bonds are authorized and to pay costs of issuing the Bonds. This delegation shall expire  
173 if not exercised by the Pricing Officer on or prior to January 31, 2017. The Bonds shall  
174 be sold by negotiated sale to the Underwriters, at the price, and with and subject to the  
175 terms, as set forth in the Bond Purchase Agreement.

176 (c) The Pricing Officer shall not execute the Bond Purchase Agreement unless  
177 the Underwriters have confirmed to the Pricing Officer that the Underwriters have made  
178 disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908,  
179 Texas Government Code. Within 30 days of receipt of the disclosure filings from the  
180 Underwriters, the City will submit a copy of the disclosure filings to the Texas Ethics  
181 Commission.

182 **SECTION 5: TERMS OF PAYMENT - PAYING AGENT /REGISTRAR.**  
183 The principal of, premium, if any, and the interest on the Bonds, due and payable by  
184 reason of maturity, redemption or otherwise, shall be payable only to the Holders  
185 appearing on the registration and transfer books maintained by the Paying  
186 Agent/Registrar and the payment shall be in any coin or currency of the United States of  
187 America, which at the time of payment is legal tender for the payment of public and  
188 private debts, and shall be without exchange or collection charges to the Holders.

189 The selection and appointment of the Paying Agent/Registrar for the Bonds is  
190 approved and confirmed. Books and records relating to the registration, payment,  
191 exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and  
192 maintained on behalf of the City by the Paying Agent/Registrar, all as provided in the  
193 Twenty-Sixth Supplement, in accordance with the terms and provisions of a "Paying  
194 Agent/Registrar Agreement," substantially in the form of paying agent agreements  
195 previously approved by council in connection with the issuance of public securities, and  
196 such reasonable rules and regulations as the Paying Agent/Registrar and the City may  
197 prescribe. The Pricing Officer is authorized to execute and deliver this Agreement in  
198 connection with the delivery of the Bonds. The City covenants to maintain and provide a  
199 Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any  
200 successor Paying Agent/Registrar shall be a bank, trust company, financial institution or  
201 other entity qualified and authorized to serve in such capacity and perform the duties and  
202 services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for  
203 the Bonds, the City agrees to promptly cause a written notice of the change to be sent to  
204 each Holder by United States Mail, first class postage prepaid, which notice shall also  
205 give the address of the new Paying Agent/Registrar.

206 If required by law, the Pricing Officer shall not execute the Paying Agent/Registrar  
207 Agreement unless the Paying Agent/Registrar has confirmed to the Pricing Officer that it  
208 has made disclosure filings to the Texas Ethics Commission in accordance with Section  
209 2252.908, Texas Government Code. Within 30 days of receipt of the disclosure filings  
210 from the Paying Agent/Registrar, the City will submit a copy of the disclosure filings to  
211 the Texas Ethics Commission.

212 Principal of and premium, if any, on the Bonds shall be payable at the Stated  
213 Maturities or redemption of the Bonds, only upon presentation and surrender of the  
214 Bonds to the Paying Agent/Registrar at its designated office in \_\_\_\_\_, \_\_\_\_\_ (the



215 “Designated Payment/Transfer Office”). Interest on the Bonds shall be paid to the  
216 Holders whose names appear in the Security Register at the close of business on the  
217 Record Date (the last Business Day of the month next preceding each interest payment  
218 date), and interest shall be paid by the Paying Agent/Registrar (i) by check sent United  
219 States Mail, first class postage prepaid, to the address of the Holder recorded in the  
220 Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar,  
221 requested by, and at the risk and expense of, the Holder. If the date for the payment of  
222 the principal of or interest on the Bonds is a day other than a Business Day, then the date  
223 for payment shall be the next succeeding Business Day; and payment on that date shall  
224 have the same force and effect as if made on the original date payment was due.

225 In the event of a non-payment of interest on one or more maturities on a scheduled  
226 payment date, and for 30 days thereafter, a new record date for the interest payment for  
227 the maturity or maturities (a “Special Record Date”) will be established by the Paying  
228 Agent/Registrar, if and when funds for the payment of interest have been received from  
229 the City. Notice of the Special Record Date and of the scheduled payment date of the  
230 past due interest (which shall be 15 days after the Special Record Date) shall be sent at  
231 least five Business Days prior to the Special Record Date by United States Mail, first  
232 class postage prepaid, to the address of each Holder of such maturity or maturities  
233 appearing on the Security Register at the close of business on the last Business Day next  
234 preceding the date of mailing of the notice.

235 **SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS -**  
236 **PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and  
237 maintain in the Security Register the name and address of each registered owner of the  
238 Bonds issued under the provisions of the Twenty-Sixth Supplement. Any Bond may, in  
239 accordance with its terms and the terms of the Twenty-Sixth Supplement, be transferred  
240 or exchanged for Bonds of other authorized denominations upon the Security Register by  
241 the Holder, in person or by the Holder’s authorized agent, upon surrender of the Bond to  
242 the Paying Agent/Registrar for cancellation, accompanied by a written instrument of  
243 transfer or request for exchange executed by the Holder, or by the Holder’s authorized  
244 agent, in form satisfactory to the Paying Agent/ Registrar.

245 Upon surrender for transfer of any Bond (other than the Initial Bond(s) authorized  
246 in Section 9 of the Twenty-Sixth Supplement) at the Designated Payment/Transfer Office  
247 of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in  
248 the name of the designated transferee(s), one or more new Bonds executed on behalf of,  
249 and furnished by, the City of authorized denominations and having the same Stated  
250 Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for  
251 transfer.

252 At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in  
253 Section 9 of the Twenty-Sixth Supplement) may be exchanged for other Bonds of

254 authorized denominations and having the same Stated Maturity, bearing the same rate of  
255 interest and of like aggregate principal amount as the Bonds surrendered for exchange,  
256 upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office  
257 of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the  
258 Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and  
259 furnished by, the City, to the Holder requesting the exchange.

260 All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the  
261 Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United  
262 States Mail, first class postage prepaid, to the Holder and, upon the delivery, the same  
263 shall be valid obligations of the City, evidencing the same obligation to pay, and entitled  
264 to the same benefits under the Twenty-Sixth Supplement, as the Bonds surrendered in  
265 such transfer or exchange.

266 All transfers or exchanges of Bonds under this Section shall be made without  
267 expense or service charge to the Holder, except as otherwise provided in the Twenty-  
268 Sixth Supplement, and except that the Paying Agent/Registrar shall require payment by  
269 the Holder requesting such transfer or exchange of any tax or other governmental charges  
270 required to be paid with respect to such transfer or exchange.

271 Bonds canceled by reason of an exchange or transfer under the provisions of the  
272 Twenty-Sixth Supplement are defined to be "Predecessor Bonds," evidencing all or a  
273 portion, as the case may be, of the same obligation to pay evidenced by the Bond or  
274 Bonds registered and delivered in the exchange or transfer. Additionally, the term  
275 "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for  
276 which a replacement Bond has been issued, registered and delivered under Section 19 of  
277 the Twenty-Sixth Supplement and the new replacement Bond shall be deemed to  
278 evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

279 Neither the City nor the Paying Agent/Registrar shall be required to transfer or  
280 exchange any Bond called for redemption, in whole or in part, within 45 days of the date  
281 fixed for redemption of the Bond; provided, however, this limitation of transfer shall not  
282 be applicable to an exchange by the Holder of the unredeemed balance of a Bond called  
283 for redemption in part.

284 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANSACTIONS.**  
285 Notwithstanding the provisions contained in Sections 4, 5 and 6 of the Twenty-Sixth  
286 Supplement relating to the payment, and transfer/exchange of the Bonds, the City  
287 approves and authorizes the use of the "Book-Entry-Only" securities clearance,  
288 settlement and transfer system provided by The Depository Trust Company ("DTC"), a  
289 limited purpose trust company organized under the laws of the State of New York, in  
290 accordance with the operational arrangements referenced in the Blanket Issuer Letter of  
291 Representation, by and between the City and DTC (the "Depository Agreement").

292 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be  
293 deposited with DTC, who shall hold the Bonds for its participants (the “DTC  
294 Participants”). While the Bonds are held by DTC under the Depository Agreement, the  
295 Holder of the Bonds on the Security Register for all purposes, including payment and  
296 notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each  
297 actual purchaser or owner of each Bond (the “Beneficial Owners”) being recorded in the  
298 records of DTC and DTC Participants.

299 In the event DTC determines to discontinue serving as securities depository for the  
300 Bonds or otherwise ceases to provide book-entry clearance and settlement of securities  
301 transactions in general or the City determines that DTC is incapable of properly  
302 discharging its duties as securities depository for the Bonds, the City covenants and  
303 agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and  
304 provide for the Bond certificates to be issued and delivered to DTC Participants and  
305 Beneficial Owners, as the case may be. The Bonds in definitive form shall be assigned,  
306 transferred and exchanged on the Security Register maintained by the Paying  
307 Agent/Registrar and payment of the Bonds not held by DTC under the Depository  
308 Agreement shall be made in accordance with the provisions of Sections 4, 5 and 6 of the  
309 Twenty-Sixth Supplement.

310 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be executed  
311 on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or  
312 impressed on the Bonds and countersigned by the City Clerk. The signature of the  
313 officers on the Bonds may be manual or facsimile. Bonds bearing the manual or  
314 facsimile signatures of individuals who are or were the proper officers of the City on the  
315 Bond Date shall be deemed to be executed on behalf of the City, notwithstanding that  
316 those individuals or either of them shall cease to hold the offices at the time of delivery of  
317 the Bonds to the Underwriters and with respect to Bonds delivered in subsequent  
318 exchanges and transfers, all as authorized and provided in Chapter 1201.

319 No Bond shall be entitled to any right or benefit under the Twenty-Sixth  
320 Supplement, or be valid or obligatory for any purpose, unless there appears on the Bond  
321 either a certificate of registration substantially in the form provided in the FORM OF  
322 BOND, manually executed by the Comptroller of Public Accounts of the State of Texas  
323 or his or her authorized agent, or a certificate of registration substantially in the form  
324 provided in the FORM OF BOND, manually executed by an authorized officer, employee  
325 or representative of the Paying Agent/Registrar, and either certificate upon any Bond  
326 signed shall be conclusive evidence, and the only evidence, that the Bond has been  
327 certified, registered and delivered.

328 **SECTION 9: INITIAL BOND(S).** The Bonds shall be initially issued either (i) as  
329 a single fully registered bond in the total principal amount specified in the Bond Purchase  
330 Agreement with principal installments to become due and payable as provided in the

331 Bond Purchase Agreement and numbered T-1, or (ii) as multiple fully registered bonds,  
332 being one bond for each stated maturity in the applicable principal amount and  
333 denomination and to be numbered consecutively from T-1 and upward (the “Initial  
334 Bond(s)”). In either case, the Initial Bond(s) shall be registered in the name of the  
335 Underwriters or their designee. The Initial Bond(s) shall be the Bonds submitted to the  
336 Office of the Attorney General of the State of Texas for approval, certified and registered  
337 by the Office of the Comptroller of Public Accounts of the State of Texas and delivered  
338 to the Underwriters. Any time after the delivery of the Initial Bond(s), the Paying  
339 Agent/Registrar, pursuant to written instructions from the Underwriters, or their designee,  
340 shall cancel the Initial Bond(s) delivered and exchange for the Initial Bond(s) definitive  
341 Bonds of authorized denominations, Stated Maturities, principal amounts and bearing  
342 applicable interest rates for transfer and delivery to the Holders named at the addresses  
343 identified for the Holders; all pursuant to and in accordance with such written instructions  
344 from the Underwriters, or their designee, and any other information and documentation as  
345 the Paying Agent/Registrar may reasonably require.

346 **SECTION 10: FORMS.** The Bonds, the Registration Certificate of the  
347 Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and  
348 the form of Assignment to be printed on each of the Bonds, shall be substantially in the  
349 forms set forth in the FORM OF BOND set forth in **Exhibit A** to the Twenty-Sixth  
350 Supplement, with appropriate insertions, omissions, substitutions, and other variations as  
351 are permitted or required by the Twenty-Sixth Supplement, and may have such letters,  
352 numbers, or other marks of identification (including identifying numbers and letters of  
353 the Committee on Uniform Securities Identification Procedures of the American Bankers  
354 Association) and any other legends and endorsements (including insurance legends in the  
355 event the Bonds, or any maturities of the Bonds, are purchased with insurance and any  
356 reproduction of an opinion of counsel) as may be established by the City or determined  
357 by the officers executing the Bonds as evidenced by their execution of the Bonds. Any  
358 portion of the text of any Bond may be set forth on the reverse of the Bond, with an  
359 appropriate reference on the face of the Bond. The FORM OF BOND set forth in  
360 **Exhibit A** to the Twenty-Sixth Supplement will be revised to reflect the terms of the  
361 Bond Purchase Agreement and the sale of the Bonds to the Underwriters.

362 The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, or  
363 engraved, typewritten, photocopied or otherwise reproduced in any other similar manner,  
364 all as determined by the officers executing the Bonds as evidenced by their execution of  
365 the Bonds.

366 **SECTION 11: CRITERIA FOR ISSUANCE OF PARITY WATER/  
367 WASTEWATER OBLIGATIONS.** The City has provided certain criteria and  
368 established certain covenants and agreements in relation to the issuance of Parity  
369 Water/Wastewater Obligations of the Water/Wastewater System pursuant to the Master  
370 Ordinance and Prior Supplements. The Twenty-Sixth Supplement provides for the

371 authorization, issuance, sale, delivery, form, characteristics, provisions of payment, and  
372 security of the Bonds which are Parity Water/Wastewater Obligations. The Master  
373 Ordinance is incorporated by reference and made a part of the Twenty-Sixth Supplement  
374 for all purposes, except to the extent modified and supplemented by the Prior  
375 Supplements and the Twenty-Sixth Supplement, and the Bonds are declared to be Parity  
376 Water/Wastewater Obligations under the Master Ordinance and Prior Supplements. The  
377 City determines that it will have sufficient funds to meet the financial obligations of the  
378 Water/Wastewater System, including sufficient Net Revenues to pay the Annual Debt  
379 Service Requirements of the Bonds and the Previously Issued Parity Water/Wastewater  
380 Obligations and to meet all financial obligations of the City relating to the  
381 Water/Wastewater System.

382         **SECTION 12: PLEDGE.** Subject to the prior claim and lien on the Net Revenues  
383 of the Water/Wastewater System to the payment and security of the Prior First Lien  
384 Obligations currently Outstanding, including the funding and maintenance of the special  
385 funds established and maintained for the payment and security of the Prior First Lien  
386 Obligations, the Net Revenues of the Water/Wastewater System are pledged to the  
387 payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien  
388 Obligations and the Previously Issued Parity Water/Wastewater Obligations currently  
389 Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the  
390 Net Revenues of the Water/Wastewater System in accordance with the terms of the  
391 Master Ordinance and the Twenty-Sixth Supplement. Additionally, the Bonds and the  
392 Previously Issued Parity Water/Wastewater Obligations shall be equally and ratably  
393 secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund in  
394 accordance with the terms of the Master Ordinance, the Prior Supplements and the  
395 Twenty-Sixth Supplement. The Parity Water/Wastewater Obligations, and the interest on  
396 the Parity Water/Wastewater Obligations, shall constitute a lien on the Net Revenues of  
397 the Water/Wastewater System and be valid and binding and fully perfected from and  
398 after the date of adoption of the Twenty-Sixth Supplement without physical delivery or  
399 transfer or transfer of control of the Net Revenues, the filing of the Twenty-Sixth  
400 Supplement or any other act, all as provided in Chapter 1208. The owners of the Parity  
401 Water/Wastewater Obligations shall never have the right to demand payment out of funds  
402 raised or to be raised by taxation, or from any source other than specified in the Master  
403 Ordinance, the Prior Supplements and the Twenty-Sixth Supplement.

404         Chapter 1208 applies to the issuance of the Bonds and the pledge of the Net  
405 Revenues of the Water/Wastewater System granted by the City under this Section 12, and  
406 the pledge is valid, effective and perfected. If Texas law is amended at any time while  
407 the Bonds are Outstanding such that the pledge of the Net Revenues of the  
408 Water/Wastewater System granted by the City under this Section 12 is to be subject to  
409 the filing requirements of Chapter 9, then to preserve to the registered owners of the  
410 Bonds the perfection of the security interest in the pledge, the City agrees to take  
411 measures as it determines are reasonable and necessary under Texas law to comply with

412 the applicable provisions of Chapter 9, and enable a filing to perfect the security interest  
413 in the pledge to occur.

414         **SECTION 13: DEBT SERVICE FUND.** By reason of the issuance of the Bonds,  
415 the City need not establish any special accounts within the Debt Service Fund and  
416 following the delivery of the Bonds, the City agrees and covenants that in addition to the  
417 deposits for the payment of the Previously Issued Parity Water/Wastewater Obligations  
418 there shall be deposited to the credit of the Debt Service Fund an amount equal to one  
419 hundred percent (100%) of the amount required to fully pay the interest on and principal  
420 of the Bonds falling due on or before each maturity, mandatory redemption date and  
421 interest payment date, and such deposits shall be made in substantially equal monthly  
422 amounts on or before the 14th day of each month beginning on or before the 14th day of  
423 the month next following the month the Bonds are delivered to the Underwriters.

424         The required monthly deposits to the Debt Service Fund for the payment of  
425 principal of and interest on the Bonds shall continue to be made in the manner provided  
426 in this Section until such time as (i) the total amount on deposit in the Debt Service Fund  
427 is equal to the amount required to fully pay and discharge all Parity Water/Wastewater  
428 Obligations then Outstanding or (ii) the Bonds are no longer outstanding, *i.e.*, fully paid  
429 as to principal and interest or all the Bonds have been refunded.

430         Any accrued interest received from the Underwriters shall be deposited in the Debt  
431 Service Fund, and shall be taken into consideration and reduce the amount of the monthly  
432 deposits that would otherwise be required to be deposited to the credit of the Debt  
433 Service Fund from the Net Revenues of the Water/Wastewater System.

434         **SECTION 14: RESERVE FUND.** In accordance with the provisions of the Prior  
435 Supplements authorizing the issuance of certain of the Previously Issued  
436 Water/Wastewater Obligations, the Required Reserve Amount is funded with cash and  
437 Credit Facilities originally issued by MBIA Insurance Corporation, Financial Security  
438 Assurance Inc., Ambac Assurance Corporation, and XL Capital Assurance Inc.

439         Acting in accordance with the provisions of the Master Ordinance, specifically  
440 Section 8 of the Master Ordinance, the City is exercising the authority to determine in a  
441 Supplement that it is not necessary for the Bonds to be secured by the Reserve Fund  
442 established for the benefit of the owners of the Parity Water/Wastewater Obligations.  
443 The City shall not make deposits of any Reserve Fund Obligations to the credit of the  
444 Reserve Fund for the benefit of the Bonds, and the City shall not be required, but reserves  
445 the right in the future, to make deposits of Reserve Fund Obligations to the credit of the  
446 Reserve Fund with respect to the Bonds.

447         Furthermore, in accordance with Section 10(d) of the Master Ordinance, council  
448 finds that the Gross Revenues will be sufficient to meet the obligations of the  
449 Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt

450 Service Requirements of Parity Water/Wastewater Obligations currently Outstanding and  
451 the financial obligations of the City under any Credit Facility entered into with the Credit  
452 Facility providers.

453 **SECTION 15: PAYMENT OF BONDS.** On or before the first scheduled interest  
454 payment date, and on or before each subsequent interest payment date and principal  
455 payment date while any Bond is Outstanding, the City shall cause an amount to be  
456 transferred to the Paying Agent/Registrar in immediately available funds from the Debt  
457 Service Fund sufficient to pay the interest on and the principal amount of the Bonds, as  
458 shall become due on each payment date, respectively, at maturity or by redemption prior  
459 to maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the City  
460 with an appropriate certificate of cancellation or destruction.

461 **SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT STATUS.**

462 The City covenants to refrain from any action which would adversely affect, or to  
463 take any action to assure, the treatment of the Bonds as obligations described in section  
464 103 of the Code, the interest on which is not includable in the "gross income" of the  
465 holder for purposes of federal income taxation. In furtherance thereof, the City covenants  
466 as follows:

467 (a) to take any action to assure that no more than 10 percent of the proceeds of  
468 the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if  
469 any) are used for any "private business use", as defined in section 141(b)(6) of the Code  
470 or, if more than 10 percent of the proceeds are so used, that amounts, whether or not  
471 received by the City, with respect to such private business use, do not, under the terms of  
472 this Ordinance or any underlying arrangement, directly or indirectly, secure or provide  
473 for the payment of more than 10 percent of the debt service on the Bonds, in contra-  
474 vention of section 141(b)(2) of the Code;

475 (b) to take any action to assure that in the event that the "private business use"  
476 described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the  
477 projects financed therewith (less amounts deposited into a reserve fund, if any) then the  
478 amount in excess of 5 percent is used for a "private business use" which is "related" and  
479 not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the  
480 governmental use;

481 (c) to take any action to assure that no amount which is greater than the lesser of  
482 \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a  
483 reserve fund, if any), is directly or indirectly used to finance loans to persons, other than  
484 state or local governmental units, in contravention of section 141(c) of the Code;

485 (d) to refrain from taking any action which would otherwise result in the Bonds  
486 being treated as "private activity bonds" within the meaning of section 141(a) of the  
487 Code;

488 (e) to refrain from taking any action that would result in the Bonds being  
489 "federally guaranteed" within the meaning of section 149(b) of the Code;

490 (f) to refrain from using any portion of the proceeds of the Bonds, directly or  
491 indirectly, to acquire or to replace funds which were used, directly or indirectly, to  
492 acquire investment property (as defined in section 148(b)(2) of the Code) which produces  
493 a materially higher yield over the term of the Bonds, other than investment property  
494 acquired with --

495 (1) proceeds of the Bonds invested for a reasonable temporary period,  
496 until such proceeds are needed for the purpose for which the Bonds are issued,

497 (2) amounts invested in a bona fide debt service fund, within the meaning  
498 of section 1.148-1(b) of the Treasury Regulations, and

499 (3) amounts deposited in any reasonably required reserve or replacement  
500 fund to the extent such amounts do not exceed 10 percent of the proceeds of the  
501 Bonds;

502 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated  
503 as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise  
504 contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the  
505 extent applicable, section 149(d) of the Code (relating to advance refundings); and

506 (h) to pay to the United States of America at least once during each five-year  
507 period (beginning on the date of delivery of the Bonds) an amount that is at least equal to  
508 90 percent of the "excess earnings", within the meaning of section 148(f) of the Code,  
509 and to pay to the United States of America, not later than 60 days after the Bonds have  
510 been paid in full, 100 percent of the amount then required to be paid as a result of Excess  
511 Earnings under section 148(f) of the Code.

512 The City understands that the term "proceeds" includes "disposition proceeds" as  
513 defined in the Treasury Regulations and, in the case of a refunding bond, transferred  
514 proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the  
515 issuance of the Bonds. It is the understanding of the City that these covenants are  
516 intended to assure compliance with the Code and any regulations or rulings promulgated  
517 by the U.S. Department of the Treasury pursuant to the Code. In the event that  
518 regulations or rulings are hereafter promulgated which modify or expand provisions of  
519 the Code, as applicable to the Bonds, the City will not be required to comply with any  
520 covenant contained in this Section to the extent that the failure to comply, in the opinion



521 of nationally-recognized bond counsel, will not adversely affect the exemption from  
522 federal income taxation of interest on the Bonds under section 103 of the Code. In the  
523 event that regulations or rulings are hereafter promulgated which impose additional  
524 requirements which are applicable to the Bonds, the City agrees to comply with the  
525 additional requirements to the extent necessary, in the opinion of nationally-recognized  
526 bond counsel, to preserve the exemption from federal income taxation of interest on the  
527 Bonds under section 103 of the Code. In furtherance of the foregoing, the Mayor, the  
528 City Manager, any Assistant City Manager, the Chief Financial Officer of the City, any  
529 Deputy Financial Officer of the City and the City Treasurer may execute any certificates  
530 or other reports required by the Code and make such elections, on behalf of the City,  
531 which may be permitted by the Code as are consistent with the purpose for the issuance  
532 of the Bonds. In order to facilitate compliance with the above clause (h), a "Rebate  
533 Fund" is established by the City for the sole benefit of the United States of America, and  
534 the Rebate Fund shall not be subject to the claim of any other person, including without  
535 limitation the registered owners of the Bonds. The Rebate Fund is established for the  
536 additional purpose of compliance with section 148 of the Code.

537 **SECTION 16A: DISPOSITION OF BOND-FINANCED PROPERTY.**

538 The City covenants that the property constituting an improvement to the City  
539 originally financed with the proceeds of the Refunded Obligations will not be sold or  
540 otherwise disposed in a transaction resulting in the receipt by the City of cash or other  
541 compensation, unless the City obtains an opinion of nationally-recognized bond counsel  
542 substantially to the effect that the sale or other disposition will not adversely affect the  
543 tax-exempt status of the Bonds or the Refunded Obligations. The portion of the property  
544 comprising personal property and disposed of in the ordinary course of business shall not  
545 be treated as a transaction resulting in the receipt of cash or other compensation. The  
546 City shall not be obligated to comply with this covenant if it obtains an opinion of  
547 nationally-recognized bond counsel to the effect that the failure to comply will not  
548 adversely affect the excludability for federal income tax purposes from gross income of  
549 the interest.

550 **SECTION 17: AMENDMENT OF TWENTY-SIXTH SUPPLEMENT.**

551 (a) Required Owner Consent for Amendments. The owners of a majority in  
552 Outstanding Principal Amount of the Bonds shall have the right from time to time to  
553 approve any amendment to the Twenty-Sixth Supplement which may be deemed  
554 necessary or desirable by the City; provided, however, nothing contained in the Twenty-  
555 Sixth Supplement shall permit or be construed to permit the amendment of the terms and  
556 conditions in the Twenty-Sixth Supplement so as to:

- 557 (1) Make any change in the maturity of any of the Outstanding Bonds;  
558 (2) Reduce the rate of interest borne by any of the Outstanding Bonds;  
559 (3) Reduce the amount of the principal payable on the Bonds;

- 560 (4) Modify the terms of payment of principal of, premium, if any, or interest on  
561 the Outstanding Bonds or impose any conditions with respect to such  
562 payment;
- 563 (5) Affect the rights of the owners of less than all of the Bonds then  
564 Outstanding;
- 565 (6) Amend this subsection (a) of this Section; or
- 566 (7) Change the minimum percentage of the principal amount of Bonds  
567 necessary for consent to any amendment;
- 568

569 unless such amendment or amendments be approved by the owners of all of the Bonds  
570 affected by the change or amendment then Outstanding.

571 (b) Notice of Amendment Requiring Consent. If at any time the City shall  
572 desire to amend the Twenty-Sixth Supplement under this Section, the City shall cause  
573 notice of the proposed amendment to be published in a financial newspaper or journal  
574 published in The City of New York, New York, and a newspaper of general circulation in  
575 the City, once during each calendar week for at least two successive calendar weeks. The  
576 notice shall briefly set forth the nature of the proposed amendment and shall state that a  
577 copy of the notice is on file with the Paying Agent/Registrar for the Bonds. Publication is  
578 not required, however, if notice in writing is given by United States Mail, first class  
579 postage prepaid, to each owner of the Bonds.

580 (c) Time Period for Obtaining Consent. If within one year from (i) the date of  
581 the first publication of notice or (ii) the date of the mailing by the Paying Agent/Registrar  
582 of written notice to the owners of the Bonds, whichever date first occurs if both methods  
583 of giving notice are used, the City shall receive an instrument or instruments executed by  
584 the owners of at least a majority in Outstanding Principal Amount of the Bonds  
585 consenting to and approving such amendment in substantially the form of the copy of  
586 such instrument on file with each Paying Agent/Registrar, the governing body of the City  
587 may pass the amendatory ordinance in substantially the same form.

588 (d) Revocation of Consent. Any consent given by the owner of a Bond pursuant  
589 to the provisions of this Section shall be irrevocable for a period of six months from the  
590 date for measuring the one year period to obtain consents noted in paragraph (c) above,  
591 and shall be conclusive and binding upon all future owners of the same Bonds during  
592 such period. At any time after six months from the date for measuring the one year period  
593 to obtain consents noted in paragraph (c) above, consent may be revoked by the owner  
594 who gave the consent, or by a successor in title, by filing written notice with the Paying  
595 Agent/Registrar for the Bonds and the City, but revocation shall not be effective if the  
596 owners of at least a majority in Outstanding Principal Amount of the then Outstanding  
597 Bonds as determined in accordance with this Section have, prior to the attempted  
598 revocation, consented to and approved the amendment.

599 (e) Implementation of Amendment. Upon the passage of any amendatory  
600 ordinance pursuant to the provisions of this Section, the Twenty-Sixth Supplement shall  
601 be deemed to be amended, and the respective rights, duties and obligations of the City  
602 under the Twenty-Sixth Supplement and all the owners of then Outstanding Bonds shall  
603 be determined, exercised and enforced in all respects in accordance with the amendment.

604 (f) Amendment without Consent. The preceding provisions of this Section  
605 notwithstanding, the City by action of its governing body may amend the Twenty-Sixth  
606 Supplement for any one or more of the following purposes:

607 (1) To add to the covenants and agreements of the City contained in  
608 the Twenty-Sixth Supplement, other covenants and agreements thereafter to  
609 be observed, grant additional rights or remedies to the owners of the Bonds  
610 or to surrender, restrict or limit any right or power reserved in the Twenty-  
611 Sixth Supplement to or conferred upon the City;

612 (2) To make provision for the purpose of curing any ambiguity, or  
613 curing, correcting or supplementing any defective provision contained in the  
614 Twenty-Sixth Supplement, or in regard to clarifying matters or questions  
615 arising under the Twenty-Sixth Supplement, as are necessary or desirable  
616 and not contrary to or inconsistent with the Twenty-Sixth Supplement and  
617 which shall not adversely affect the interests of the owners of the Bonds then  
618 Outstanding;

619 (3) To modify any of the provisions of the Twenty-Sixth Supplement  
620 in any other respect whatever, provided that any modification shall be, and  
621 be expressed to be, effective only after all the Bonds outstanding at the date  
622 of the adoption of the modification shall cease to be outstanding;

623 (4) To make amendments to the Twenty-Sixth Supplement as may be  
624 required, in the opinion of Bond Counsel, to ensure compliance with  
625 sections 103 and 141 through 150 of the Code and the regulations  
626 promulgated under and applicable to those sections and regulations;

627 (5) To make changes, modifications or amendments as may be  
628 necessary or desirable to allow the owners of the Bonds to avail themselves  
629 of a book-entry system for payments, transfers and other matters relating to  
630 the Bonds, which changes, modifications or amendments are not contrary to  
631 or inconsistent with other provisions of the Twenty-Sixth Supplement and  
632 which shall not adversely affect the interests of the owners of the Bonds;

633 (6) To make amendments to the Twenty-Sixth Supplement as  
634 permitted by Section 21(e) of the Twenty-Sixth Supplement;

635 (7) To make changes, modifications or amendments as may be  
636 necessary or desirable to obtain the approval of the Bonds from the Attorney  
637 General of Texas, to obtain or maintain the granting of a rating on the Bonds  
638 by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit  
639 Facility; and

640 (8) To make changes, modifications or amendments as may be  
641 necessary or desirable, which shall not adversely affect the interests of the  
642 owners of the Bonds, in order, to the extent permitted by law, to facilitate the  
643 economic and practical utilization of interest rate swap agreements, foreign  
644 currency exchange agreements, or similar types of agreements with respect  
645 to the Bonds.

646 Notice of an amendment may be published by the City in the manner described in clause  
647 (b) of this Section; provided, however, that the publication of a notice shall not constitute  
648 a condition precedent to the adoption of an amendatory ordinance and the failure to  
649 publish a notice shall not adversely affect the implementation of an amendment as  
650 adopted pursuant to the amendatory ordinance.

651 (g) Ownership. For the purpose of this Section, the ownership and other matters  
652 relating to all Bonds shall be established by the Security Register maintained by the  
653 Paying Agent/Registrar. Furthermore, the owner of any Bonds insured as to the payment  
654 of principal of and interest shall be deemed to be the insurance company providing the  
655 insurance coverage on the Bonds; provided, the amendment to the Twenty-Sixth  
656 Supplement is an amendment that can be made with the consent of a majority in  
657 Outstanding Principal Amount of the Bonds and the insurance company is not in default  
658 with respect to its obligations under its insurance policy, if any.

659 **SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.** All or  
660 any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the  
661 meaning of the Twenty-Sixth Supplement when payment of the principal of, and  
662 redemption premium, if any, on the Bonds, plus interest on the Bonds to the due date  
663 (whether the due date is by reason of maturity or otherwise) either (i) shall have been  
664 made or caused to be made in accordance with the terms of the Bonds, or (ii) shall have  
665 been provided by irrevocably depositing with, or making available to, the Paying  
666 Agent/Registrar, in trust and irrevocably set aside exclusively for this payment,  
667 (1) money sufficient to make the payment or (2) Government Obligations, certified by an  
668 independent public accounting firm of national reputation, to mature as to principal and  
669 interest in amounts and at the times as will insure the availability, without reinvestment,  
670 of sufficient money to make this payment, and all necessary and proper fees,  
671 compensation and expenses of the Paying Agent/Registrar with respect to which the  
672 deposit is made shall have been paid or the payment provided for the satisfaction of the  
673 Paying Agent/Registrar. Once a Bond shall be deemed to be paid under the Twenty-

674 Sixth Supplement, it shall no longer be secured by or entitled to the benefit of the  
675 Twenty-Sixth Supplement, the Master Ordinance or a lien on and pledge of the Net  
676 Revenues of the Water/Wastewater System, and shall be entitled to payment solely from  
677 the money or Government Obligations.

678 Any moneys so deposited with the Paying Agent/Registrar, or an authorized  
679 escrow agent, may at the direction of the City also be invested in Government  
680 Obligations, maturing in the amounts and at the times as set forth in this Section, and all  
681 income from all Government Obligations not required for the payment of the Bonds, the  
682 redemption premium, if any, and interest on the Bonds, with respect to which the money  
683 has been so deposited, shall be turned over to the City or deposited as directed by the  
684 City. The City covenants that no deposit will be made or accepted under clause (ii) of  
685 this Section and no use made of any deposit which would cause the Bonds to be treated  
686 as arbitrage bonds within the meaning of section 148 of the Code.

687 Notwithstanding any other provisions of the Twenty-Sixth Supplement, all money  
688 or Government Obligations set aside and held in trust pursuant to the provisions of this  
689 Section for the payment of the Bonds, the redemption premium, if any, and interest on the  
690 Bonds, shall be applied to and used for the payment of the Bonds, the redemption  
691 premium, if any, and interest on the Bonds and the income on the money or Government  
692 Obligations shall not be considered to be "Gross Revenues" under the Twenty-Sixth  
693 Supplement.

694 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**  
695 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged, mutilated, lost,  
696 stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and  
697 delivered, a new bond of the same principal amount, maturity, and interest rate, as the  
698 damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for the Bond in the  
699 manner provided in this Section. An application for the replacement of damaged,  
700 mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar.  
701 In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond  
702 shall furnish to the City and to the Paying Agent/Registrar security or indemnity as may  
703 be required by them to save each of them harmless from any loss or damage with respect  
704 thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall  
705 furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the  
706 loss, theft, or destruction of the Bond, as the case may be. In every case of damage or  
707 mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for  
708 cancellation the Bond so damaged or mutilated. Prior to the issuance of any replacement  
709 bond, the Paying Agent/Registrar shall charge the owner of the Bond with all legal,  
710 printing, and other expenses in connection with this issuance. Every replacement bond  
711 issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost,  
712 stolen, or destroyed shall constitute a contractual obligation of the City whether the lost,  
713 stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and

714 shall be entitled to all the benefits of the Twenty-Sixth Supplement equally and  
715 proportionately with any and all other Bonds issued under the Twenty-Sixth Supplement.

716 Notwithstanding the preceding provisions of this Section, in the event any Bond  
717 shall have matured, and no default has occurred which is then continuing in the payment  
718 of the principal of, redemption premium, if any, or interest on the Bond, the City may  
719 authorize the payment of the same (without surrender of the Bond except in the case of a  
720 damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or  
721 indemnity is furnished as above provided in this Section. Furthermore, in accordance  
722 with Chapter 1206 (specifically Section 1206.022), this Section shall constitute authority  
723 for the issuance of any replacement bond without necessity of further action by the  
724 governing body of the City or any other body or person, and the duty of the replacement  
725 of Bonds is authorized and imposed upon the Paying Agent/Registrar, and the Paying  
726 Agent/Registrar shall authenticate and deliver replacement bonds in the form and manner  
727 and with the effect, as provided in Section 6 of the Twenty-Sixth Supplement for Bonds  
728 issued in exchange for other Bonds.

729 **SECTION 20: TWENTY-SIXTH SUPPLEMENT TO CONSTITUTE A**  
730 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds  
731 by the Holders from time to time, the Twenty-Sixth Supplement shall be deemed to be  
732 and shall constitute a contract between the City and the Holders from time to time of the  
733 Bonds and the pledge made in the Twenty-Sixth Supplement by the City and the  
734 covenants and agreements set forth in the Twenty-Sixth Supplement to be performed by  
735 the City shall be for the equal and proportionate benefit, security, and protection of all  
736 Holders, without preference, priority, or distinction as to security or otherwise of any of  
737 the Bonds authorized under the Twenty-Sixth Supplement over any of the others by  
738 reason of time of issuance, sale, or maturity or otherwise for any cause whatsoever,  
739 except as expressly provided in or permitted by the Twenty-Sixth Supplement.

740 **SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.**

741 (a) Definitions. As used in this Section, the following terms have the meanings  
742 ascribed below:

743 “*MSRB*” means the Municipal Securities Rulemaking Board.

744 “*Rule*” means SEC Rule 15c2-12, as amended from time to time.

745 “*SEC*” means the United States Securities and Exchange Commission.

746 (b) Annual Reports. The City shall provide annually to the MSRB (1) within  
747 six months after the end of each fiscal year ending in or after 2016, financial information  
748 and operating data with respect to the City of the general type included in the final  
749 Official Statement and which is described in **Exhibit B** to the Twenty-Sixth Supplement,

750 and (2) if not provided as part of the financial information and operating data, audited  
751 financial statements of the City, when and if available. Any financial statements  
752 provided shall be prepared in accordance with the accounting principles described in  
753 **Exhibit B** to the Twenty-Sixth Supplement, or other accounting principles as the City  
754 may be required to employ from time to time pursuant to state law or regulation, and  
755 audited, if the City commissions an audit of the statements and the audit is completed  
756 within twelve months after the end of each fiscal year ending in or after 2016. If audited  
757 financial statements of the City are not available by the end of the 12 month period, the  
758 City will provide notice that the audited financial statements are not available, and will  
759 provide unaudited financial statements by the end of the 12 month period and audited  
760 financial statements for the applicable fiscal year when and if the audited financial  
761 statements become available.

762 If the City changes its fiscal year, it will notify the MSRB of the change (and of the  
763 date of the new fiscal year end) prior to the next date by which the City otherwise would  
764 be required to provide financial information and operating data pursuant to this Section.

765 The financial information and operating data to be provided pursuant to this  
766 Section may be set forth in full in one or more documents or may be included by specific  
767 reference to any document available to the public on the MSRB's Internet Web site or  
768 filed with the SEC.

769 (c) Notice of Certain Events. The City shall provide notice of any of the  
770 following events with respect to the Bonds to the MSRB in a timely manner and not more  
771 than 10 Business Days after occurrence of the event:

- 772 (1) Principal and interest payment delinquencies;
- 773 (2) Non-payment related defaults, if material;
- 774 (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 775 (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 776 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 777 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of  
778 proposed or final determinations of taxability, Notices of Proposed Issue  
779 (IRS Form 5701-TEB), or other material notices or determinations with  
780 respect to the tax status of the Bonds, or other material events affecting the  
781 tax status of the Bonds;
- 782 (7) Modifications to rights of holders of the Bonds, if material;
- 783 (8) Bond calls, if material, and tender offers;
- 784 (9) Defeasances;
- 785 (10) Release, substitution, or sale of property securing repayment of the Bonds, if  
786 material;
- 787 (11) Rating changes;

- 788 (12) Bankruptcy, insolvency, receivership, or similar event of the City, which  
789 shall occur as described below;
- 790 (13) The consummation of a merger, consolidation, or acquisition involving the  
791 City or the sale of all or substantially all of its assets, other than in the  
792 ordinary course of business, the entry into a definitive agreement to  
793 undertake such an action or the termination of a definitive agreement  
794 relating to any such actions, other than pursuant to its terms, if material; and
- 795 (14) Appointment of a successor or additional paying agent/registrar or the  
796 change of name of a paying agent/registrar, if material.  
797

798 For these purposes, any event described in the immediately preceding paragraph 12  
799 is considered to occur when any of the following occur: the appointment of a receiver,  
800 fiscal agent, or similar officer for the City in a proceeding under the United States  
801 Bankruptcy Code or in any other proceeding under state or federal law in which a court  
802 or governmental authority has assumed jurisdiction over substantially all of the assets or  
803 business of the City, or if jurisdiction has been assumed by leaving the existing governing  
804 body and officials or officers in possession but subject to the supervision and orders of a  
805 court or governmental authority, or the entry of an order confirming a plan of  
806 reorganization, arrangement, or liquidation by a court or governmental authority having  
807 supervision or jurisdiction over substantially all of the assets or business of the City.

808 The City shall notify the MSRB, in a timely manner, of any failure by the City to  
809 provide financial information or operating data in accordance with this Section by the  
810 time required by this Section.

811 (d) Filings with the MSRB. All financial information, operating data, financial  
812 statements, notices, and other documents provided to the MSRB in accordance with this  
813 Section shall be provided in an electronic format prescribed by the MSRB and shall be  
814 accompanied by identifying information as prescribed by the MSRB.

815 (e) Limitations, Disclaimers, and Amendments. The City shall be obligated to  
816 observe and perform the covenants specified in this Section with respect to the City and  
817 the Bonds while, but only while, the City remains an “obligated person” with respect to  
818 the Bonds within the meaning of the Rule, except that the City in any event will give the  
819 notice required by subsection (c) of this Section of any Bond calls and defeasance that  
820 cause the City to be no longer such an “obligated person.”

821 The provisions of this Section are for the sole benefit of the Holders and beneficial  
822 owners of the Bonds, and nothing in this Section, express or implied, shall give any  
823 benefit or any legal or equitable right, remedy, or claim to any other person. The City  
824 undertakes to provide only the financial information, operating data, financial statements,  
825 and notices which it has expressly agreed to provide pursuant to this Section and does not  
826 undertake to provide any other information that may be relevant or material to a complete



827 presentation of the financial results, condition, or prospects of the City or the State of  
828 Texas or undertake to update any information provided in accordance with this Section or  
829 otherwise, except as expressly provided in this Section. The City does not make any  
830 representation or warranty concerning the information or its usefulness to a decision to  
831 invest in or sell Bonds at any future date.

832 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE  
833 HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN  
834 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART  
835 FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT  
836 FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT  
837 EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR  
838 OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR  
839 MANDAMUS OR SPECIFIC PERFORMANCE.

840 No default by the City in observing or performing its obligations under this Section  
841 shall constitute a breach of or default under the Twenty-Sixth Supplement for purposes of  
842 any other provision of the Twenty-Sixth Supplement.

843 Nothing in this Section is intended or shall act to disclaim, waive, or otherwise  
844 limit the duties of the City under federal and state securities laws.

845 Should the Rule be amended to obligate the City to make filings with or provide  
846 notices to entities other than the MSRB, the City agrees to undertake the obligation in  
847 accordance with the Rule as amended.

848 Notwithstanding any provisions in the Twenty-Sixth Supplement to the contrary,  
849 the provisions of this Section may be amended by the City from time to time to adapt to  
850 changed circumstances resulting from a change in legal requirements, a change in law, or  
851 a change in the identity, nature, status, or type of operations of the City, but only if (1) the  
852 provisions of this Section, as so amended, would have permitted an underwriter to  
853 purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule,  
854 taking into account any amendments or interpretations of the Rule to the date of the  
855 amendment, as well as the changed circumstances, and (2) either (a) the Holders of a  
856 majority in aggregate principal amount (or any greater amount required by any other  
857 provision of the Twenty-Sixth Supplement that authorizes the amendment) of the  
858 Outstanding Bonds consent to the amendment or (b) a Person that is unaffiliated with the  
859 City and the State of Texas (such as nationally recognized bond counsel) determines that  
860 the amendment will not materially impair the interests of the Holders and beneficial  
861 owners of the Bonds. The provisions of this Section may also be amended from time to  
862 time or repealed by the City if the SEC amends or repeals the applicable provisions of the  
863 Rule or a court of final jurisdiction determines that the provisions are invalid, but only if  
864 and to the extent that reservation of the City's right to do so would not prevent  
865 underwriters of the initial public offering of the Bonds from lawfully purchasing or

866 selling Bonds in the offering. If the City so amends the provisions of this Section, it shall  
867 include with any amended financial information or operating data next provided in  
868 accordance with subsection (b) an explanation, in narrative form, of the reasons for the  
869 amendment and of the impact of any change in the type of financial information or  
870 operating data so provided.

871 **SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all rights  
872 and remedies provided by the laws of the State of Texas, the City covenants and agrees  
873 particularly that in the event the City (a) defaults in payments to be made to the Debt  
874 Service Fund as required by the Twenty-Sixth Supplement or the Master Ordinance, (b)  
875 defaults in the observance or performance of any other of the covenants, conditions or  
876 obligations set forth in the Twenty-Sixth Supplement or the Master Ordinance or (c) the  
877 City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of  
878 mandamus issued by a court of proper jurisdiction, compelling and requiring the City and  
879 its officers to observe and perform any covenant, condition or obligation prescribed in the  
880 Twenty-Sixth Supplement or the Master Ordinance. No delay or omission to exercise  
881 any right or power accruing upon any default shall impair any such right or power, or  
882 shall be construed to be a waiver of any such default or acquiescence in such default, and  
883 every such right and power may be exercised from time to time and as often as may be  
884 deemed expedient.

885 The specific remedy provided in this Section shall be cumulative of all other  
886 existing remedies and the specification of such remedy shall not be deemed to be  
887 exclusive.

888 **SECTION 23: SALE OF BONDS; OFFICIAL STATEMENT APPROVAL.**  
889 The Bonds are to be sold by the City to the Underwriters in accordance with the Bond  
890 Purchase Agreement. The terms and provisions of the Bond Purchase Agreement are to  
891 be determined by the Pricing Officer, in accordance with Sections 3 and 4 of the Twenty-  
892 Sixth Supplement. With regard to the terms and provisions of the Bond Purchase  
893 Agreement, the Pricing Officer may come to an agreement with the Underwriters on the  
894 following, among other matters:

- 895 (1) The details of the purchase and sale of the Bonds;
- 896 (2) The details of the public offering of the Bonds by the Underwriters;
- 897 (3) The details of an Official Statement (and, if appropriate, any Preliminary  
898 Official Statement) relating to the Bonds and the City's compliance with the  
899 Rule;
- 900 (4) A security deposit for the Bonds;
- 901 (5) The representations and warranties of the City to the Underwriters;
- 902 (6) The details of the delivery of, and payment for, the Bonds;
- 903 (7) The Underwriters' obligations under the Bond Purchase Agreement;

- 904 (8) The certain conditions to the obligations of the City under the Bond  
905 Purchase Agreement;  
906 (9) Termination of the Bond Purchase Agreement;  
907 (10) Particular covenants of the City;  
908 (11) The survival of representations made in the Bond Purchase Agreement;  
909 (12) The payment of any expenses relating to the Bond Purchase Agreement;  
910 (13) Notices; and  
911 (14) Any and all such other details that are found by the Pricing Officer to be  
912 necessary and advisable for the purchase and sale of the Bonds.

913 The Pricing Officer may execute the Bond Purchase Agreement for and on behalf  
914 of the City and as the act and deed of council.

915 The Mayor and City Clerk of the City may manually or electronically execute and  
916 deliver for and on behalf of the City copies of a Preliminary Official Statement and  
917 Official Statement, prepared in connection with the offering of the Bonds by the  
918 Underwriters, in final form as may be required by the Underwriters, and the final Official  
919 Statement in the form and content as approved by the Pricing Officer or as manually or  
920 electronically executed by the City officials shall be deemed to be approved by council  
921 and constitute the Official Statement authorized for distribution and use by the  
922 Underwriters.

923 **SECTION 24: ESCROW AGREEMENT.** An “Escrow Agreement” (the  
924 “Escrow Agreement”) by and between the City and any paying agent/registrar for the  
925 Refunded Bonds selected by the Pricing Officer (the “Escrow Agent”), if an agreement is  
926 required in connection with the issuance of the Bonds, substantially in the form of escrow  
927 agreements previously approved by council in connection with the refunding of  
928 outstanding obligations, is approved. The Escrow Agreement is authorized to be  
929 finalized and executed by the Pricing Officer for and on behalf of the City and as the act  
930 and deed of this council; and the Escrow Agreement as executed by the Pricing Officer  
931 shall be deemed approved by the council and constitute the Escrow Agreement approved  
932 by the Twenty-Sixth Supplement. With regard to the finalization of certain terms and  
933 provisions of the Escrow Agreement, a Pricing Officer is authorized to come to an  
934 agreement with the Escrow Agent on the following details, among other matters:

- 935 (a) The identification of the Refunded Bonds;  
936 (b) The creation and funding of the Escrow Fund or Funds; and  
937 (c) The Escrow Agent’s compensation, administration of the Escrow Fund or  
938 Funds, and the settlement of any paying agents’ charges relating to the Refunded Bonds.

939 Furthermore, appropriate officials of the City in cooperation with the Escrow  
940 Agent are authorized and directed to make the necessary arrangements for the purchase

941 of the escrowed securities referenced in the Escrow Agreement and the delivery thereof  
942 to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to  
943 the credit of the "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER  
944 SYSTEM REVENUE REFUNDING BONDS, SERIES 2016 ESCROW FUND"  
945 (referred to as the "Escrow Fund"), all as contemplated and provided in Chapter 1207, the  
946 Twenty-Sixth Supplement, the Bond Purchase Agreement, and the Escrow Agreement.

947 If required by law, the Pricing Officer shall not execute the Escrow Agreement  
948 unless the Escrow Agent has confirmed to the Pricing Officer that it has made disclosure  
949 filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas  
950 Government Code. Within 30 days of receipt of the disclosure filings from the Escrow  
951 Agent, the City will submit a copy of the disclosure filings to the Texas Ethics  
952 Commission.

953 On or immediately prior to the date of the delivery of the Bonds to the  
954 Underwriters, the Pricing Officer shall also cause to be deposited (and is authorized to  
955 cause to be deposited) with the Escrow Agent from moneys on deposit in the debt service  
956 fund(s) maintained for the payment of the Refunded Bonds an amount which, together  
957 with the proceeds of sale, and the investment earnings thereon, will be sufficient to pay in  
958 full the Refunded Bonds (or the amount of accrued interest due thereon) scheduled to  
959 mature and authorized to be redeemed on the earliest date established in the Bond  
960 Purchase Agreement for the redemption of any of the Refunded Bonds (or the earliest  
961 date of payment, to be made from moneys in the Escrow Fund(s), as established in the  
962 Bond Purchase Agreement, of the amount of accrued interest due thereon).

963 **SECTION 25: REFUNDED BONDS.** (a) In order to provide for the refunding,  
964 discharge, and retirement of the Refunded Bonds, the Refunded Bonds, identified,  
965 described, and in the amounts set forth in the Bond Purchase Agreement, are called for  
966 redemption on the first date(s) the Refunded Bonds are subject to redemption or such  
967 other date specified by the Pricing Officer in the Bond Purchase Agreement at the price  
968 of par plus accrued interest to the redemption dates, and notice of any redemption shall be  
969 given in accordance with the applicable provisions of the ordinance(s) adopted by  
970 council, which authorized the issuance of the Refunded Bonds. The Pricing Officer is  
971 authorized and directed to issue or cause to be issued a Notice of Redemption for each  
972 series of the Refunded Bonds in substantially the form(s) required by the ordinance(s)  
973 which authorized the issuance of the Refunded Bonds, to each and every paying  
974 agent/registrar for Refunded Bonds, in accordance with the redemption provisions  
975 applicable to each series of the Refunded Bonds.

976 (b) Each paying agent/registrar for Refunded Bonds is directed to provide the  
977 appropriate notice(s) of redemption as required by the respective ordinances authorizing  
978 the Refunded Bonds and is directed to make appropriate arrangements so that the  
979 Refunded Bonds may be redeemed on the redemption date.

980 (c) The source of funds for payment of the principal of and interest on the  
981 Refunded Bonds on their respective maturity or redemption dates shall be from the funds  
982 deposited with the Escrow Agent or the paying agent/registrar for the Refunded Bonds  
983 pursuant to the provisions of Chapter 1207, the Twenty-Sixth Supplement and the Bond  
984 Purchase Agreement.

985 **SECTION 26: CONTROL AND CUSTODY OF BONDS.** The City Manager of  
986 the City shall be and is authorized to take and have charge of all necessary orders and  
987 records pending the sale of the Bonds, and shall take and have charge and control of the  
988 Initial Bond(s) pending the approval thereof by the Attorney General, the registration  
989 thereof by the Comptroller of Public Accounts and the delivery thereof to the  
990 Underwriters.

991 Furthermore, the Mayor, Mayor Pro Tem, City Manager, any Assistant City  
992 Manager, Chief Financial Officer, any Deputy Financial Officer, City Clerk, City  
993 Treasurer and City Attorney, any one or more of these officials, are authorized and  
994 directed to furnish and execute any documents relating to the City and its financial affairs  
995 as may be necessary for the sale of the Bonds, the approval of the Attorney General and  
996 registration by the Comptroller of Public Accounts and, together with the City's financial  
997 advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements  
998 for their delivery to the Underwriters following the sale.

999 **SECTION 27: PROCEEDS OF SALE.** Immediately following the delivery of  
1000 the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of  
1001 issuance and any accrued interest received from the Underwriters) shall be deposited with  
1002 (i) U.S. Bank National Association (the "Deposit Agent") for the payment and discharge  
1003 of the Refunded Notes, or (ii) the Escrow Agent for the payment and redemption of the  
1004 Refunded Bonds. The proceeds of sale of the Bonds not so deposited with the Escrow  
1005 Agent for the refunding of the Refunded Bonds or with the Deposit Agent for the  
1006 refunding of the Refunded Notes shall be disbursed for payment of costs of issuance, or  
1007 deposited in the Debt Service Fund for the Bonds, all in accordance with written  
1008 instructions from the City or its financial advisor. Accrued interest, if any, received from  
1009 the Underwriters shall be deposited to the credit of the Debt Service Fund, and premium,  
1010 if any, received from the Underwriters as part of the purchase price of the Bonds shall be  
1011 used in a manner consistent with Chapter 1201 (specifically Section 1201.041(d)).

1012 Furthermore, appropriate officials of the City in cooperation with the Deposit  
1013 Agent and the Escrow Agent, as applicable, are authorized and directed to make the  
1014 necessary arrangements for the deposit of funds for the payment of the Refunded  
1015 Obligations, all as contemplated and provided in Chapter 1207 and the Twenty-Sixth  
1016 Supplement.

1017 Additionally, the Pricing Officer shall determine the amount of any City  
1018 contribution to the refunding from moneys on deposit in the interest and sinking fund(s)  
1019 or reserve fund(s) maintained for the payment of the applicable Refunded Obligations.

1020 **SECTION 28: LEGAL OPINION.** The obligation of the Underwriters to accept  
1021 delivery of the Bonds is subject to being furnished a final opinion of McCall, Parkhurst &  
1022 Horton L.L.P., approving the Bonds as to their validity, the opinion to be dated and  
1023 delivered as of the date of delivery and payment for the Bonds. A true and correct  
1024 reproduction of the opinion is authorized to be printed on the definitive Bonds or an  
1025 executed counterpart of the opinion shall accompany the global Bonds deposited with  
1026 DTC.

1027 **SECTION 29: CUSIP NUMBERS.** CUSIP numbers may be printed or typed on  
1028 the definitive Bonds. It is expressly provided, however, that the presence or absence of  
1029 CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards  
1030 the legality thereof and neither the City nor attorneys approving the Bonds as to legality  
1031 are to be held responsible for CUSIP numbers incorrectly printed or typed on the  
1032 definitive Bonds.

1033 **SECTION 30: PAYMENT AND PERFORMANCE ON BUSINESS DAYS.**  
1034 Whenever under the terms of the Twenty-Sixth Supplement or the Bonds, the  
1035 performance date of any provision of the Twenty-Sixth Supplement or the Bonds,  
1036 including the payment of principal of or interest on the Bonds, shall occur on a day other  
1037 than a Business Day, then performance including the payment of principal of and interest  
1038 on the Bonds, need not be made on that day but may be performed or paid, as the case  
1039 may be, on the next succeeding Business Day with the same force and effect as if made  
1040 on the date of performance or payment.

1041 **SECTION 31: LIMITATION OF BENEFITS WITH RESPECT TO THE**  
1042 **TWENTY-SIXTH SUPPLEMENT.** With the exception of the rights or benefits  
1043 expressly conferred in the Twenty-Sixth Supplement, nothing expressed or contained in  
1044 the Twenty-Sixth Supplement or implied from the provisions of the Twenty-Sixth  
1045 Supplement or the Bonds is intended or should be construed to confer upon or give to any  
1046 person other than the City, the Holders, and the Paying Agent/Registrar, any legal or  
1047 equitable right, remedy, or claim under or by reason of or in respect to the Twenty-Sixth  
1048 Supplement or any covenant, condition, stipulation, promise, agreement, or provision  
1049 contained in the Twenty-Sixth Supplement. The Twenty-Sixth Supplement and all of the  
1050 covenants, conditions, stipulations, promises, agreements, and provisions of the Twenty-  
1051 Sixth Supplement are intended to be and shall be for and inure to the sole and exclusive  
1052 benefit of the City, the Holders, and the Paying Agent/Registrar as provided in the  
1053 Twenty-Sixth Supplement and in the Bonds.

1054 **SECTION 32: NOTICES TO HOLDERS - WAIVER.** Wherever the Twenty-  
1055 Sixth Supplement provides for notice to Holders of any event, the notice shall be

1056 sufficiently given (unless otherwise expressly provided in the Twenty-Sixth Supplement)  
1057 if in writing and sent by United States Mail, first class postage prepaid, to the address of  
1058 each Holder appearing in the Security Register at the close of business on the Business  
1059 Day next preceding the mailing of the notice.

1060 In any case where notice to Holders is given by mail, neither the failure to mail the  
1061 notice to any particular Holders nor any defect in any notice so mailed shall affect the  
1062 sufficiency of the notice with respect to all other Bonds. Where the Twenty-Sixth  
1063 Supplement provides for notice in any manner, the notice may be waived in writing by  
1064 the Holder entitled to receive the notice, either before or after the event with respect to  
1065 which notice is given, and the waiver shall be the equivalent of the notice. Waivers of  
1066 notice by Holders shall be filed with the Paying Agent/Registrar, but a filing shall not be  
1067 a condition precedent to the validity of any action taken in reliance upon the waiver.

1068 **SECTION 33: GOVERNING LAW.** The Twenty-Sixth Supplement shall be  
1069 construed and enforced in accordance with the laws of the State of Texas and the United  
1070 States of America.

1071 **SECTION 34: EFFECT OF HEADINGS.** The Section headings in the Twenty-  
1072 Sixth Supplement are for convenience of reference only and shall not affect the  
1073 construction of the Twenty-Sixth Supplement.

1074 **SECTION 35: CONSTRUCTION OF TERMS.** If appropriate in the context of  
1075 the Twenty-Sixth Supplement, words of the singular number shall be considered to  
1076 include the plural, words of the plural number shall be considered to include the singular,  
1077 and words of the masculine, feminine or neuter gender shall be considered to include the  
1078 other genders. References to any named person shall mean that person and his or her  
1079 successors and assigns. References to any constitutional, statutory or regulatory provision  
1080 means the provision as it exists on the date the Twenty-Sixth Supplement is adopted by  
1081 council. Any reference to the payment of principal in the Twenty-Sixth Supplement shall  
1082 include the payment of any mandatory sinking fund redemption payments as described in  
1083 the Twenty-Sixth Supplement. Any reference to "FORM OF BOND" refers to the form  
1084 of the Bonds in **Exhibit A** to the Twenty-Sixth Supplement.

1085 **SECTION 36: SEVERABILITY.** If any provision of the Twenty-Sixth  
1086 Supplement or its application to any circumstance shall be held to be invalid, the  
1087 remainder of the Twenty-Sixth Supplement and its application to other circumstances  
1088 shall nevertheless be valid, and council declares that the Twenty-Sixth Supplement would  
1089 have been enacted without such invalid provision.

1090 **SECTION 37: INSURANCE.** The Bonds may but are not required to be sold  
1091 with the principal of and interest being insured by a qualified municipal bond insurance  
1092 provider. The Pricing Officer is authorized to make the selection of municipal bond  
1093 insurance (if any) for the Bonds and to determine the provisions of any commitment for

1094 the municipal bond insurance. The Pricing Officer is authorized to execute any  
1095 agreement with a qualified municipal bond insurance provider in connection with  
1096 obtaining municipal bond insurance. In addition, if municipal bond insurance is  
1097 obtained, the City will comply with the conditions applicable to the Bonds as set forth in  
1098 the commitment or agreement entered into with the provider, as if the conditions were  
1099 incorporated in the Twenty-Sixth Supplement.

1100 **SECTION 38: PUBLIC MEETING.** It is officially found that the meeting at  
1101 which the Twenty-Sixth Supplement is adopted was open to the public and public notice  
1102 of the time, place, and subject matter of the public business to be considered at such  
1103 meeting, including the Twenty-Sixth Supplement, was given; all as required by Chapter  
1104 551.

1105 **SECTION 39: EFFECTIVE DATE.** This Twenty-Sixth Supplement is passed on  
1106 one reading as authorized by Chapter 1201 (specifically Section 1201.028), and shall be  
1107 effective immediately upon its passage and adoption.

**PASSED AND APPROVED**

CITY OF AUSTIN, TEXAS

April 21, 2016

§  
§  
§

\_\_\_\_\_  
STEVE ADLER  
Mayor

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
ANNE L. MORGAN  
City Attorney

\_\_\_\_\_  
JANNETTE S. GOODALL  
City Clerk

(City Seal)



## **SCHEDULE I**

### **SCHEDULE OF REFUNDED BONDS**

**City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2006A, bonds maturing on November 15 in each of the years 2025 through 2032, inclusive, aggregating \$47,605,000 in principal amount; Redemption Date: November 15, 2016; Redemption Price: par plus accrued interest to the Redemption Date.**

**City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2007, bonds maturing on November 15 in each of the years 2032 and 2037, inclusive, aggregating \$63,355,000 in principal amount; Redemption Date: November 15, 2017; Redemption Price: par plus accrued interest to the Redemption Date.**

EXHIBIT A  
FORM OF BOND

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,  
WATER AND WASTEWATER SYSTEM  
REVENUE REFUNDING BOND,  
SERIES 2016

Dated Date:  
\_\_\_\_\_, 2016

Interest Rate:  
\_\_\_\_\_

Stated Maturity:  
\_\_\_\_\_

CUSIP NO:  
\_\_\_\_\_

Registered Owner:

Principal Amount: \_\_\_\_\_ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received promises to pay to the registered owner named above, or their registered assigns (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much of the Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the dated date at the per annum rate of interest specified above; such interest being payable on November 15, 2016 and on each succeeding May 15 and November 15 until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of this Bond may be

accomplished without presentation and surrender of this Bond. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Twenty-Sixth Supplemental Ordinance to the Master Ordinance (the "Twenty-Sixth Supplement")) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner of this Bond and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$\_\_\_\_,000,000 (the "Bonds") for the purpose of refinancing and refunding the Refunded Obligations (identified and defined in the Twenty-Sixth Supplement), in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1207, and pursuant to a Master Ordinance and the Twenty-Sixth Supplement adopted by the City Council of the City (collectively referred to as the "Ordinances").

The Bonds maturing on and after \_\_\_\_\_ 15, 202\_, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on \_\_\_\_\_ 15, 202\_, or on any date thereafter at the redemption price of par plus accrued interest thereon to the redemption date.

The Bonds maturing on the dates identified below (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Debt Service Fund established and maintained for the payment of the Bonds in the

Master Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

Term Bonds Maturing November 15, 20

Term Bonds Maturing November 15, 20

Redemption Date                      Principal Amount

Redemption Date                      Principal Amount

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\*Final maturity

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\*Final maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least fifty days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not previously credited against a mandatory redemption requirement.

Not less than thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner

only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within forty-five days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Prior Subordinate Lien Obligations and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Water/Wastewater System in the manner provided in the Ordinances. Additionally, the Bonds and Previously Issued Parity Water/Wastewater Obligations referenced above shall be equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Ordinances. **THE BONDS ARE NOT SECURED BY A LIEN ON THE RESERVE FUND ESTABLISHED FOR THE BENEFIT OF CERTAIN OF THE PREVIOUSLY ISSUED PARITY WATER/WASTEWATER OBLIGATIONS, AND THE TWENTY-SIXTH SUPPLEMENT DOES NOT REQUIRE THE CITY TO FUND THE RESERVE FUND FOR THE BENEFIT OF THE HOLDERS OF THE BONDS.** The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Water/Wastewater System, except with respect to the Net Revenues. The Holder

of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the related terms and conditions, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System, in the same manner and to the same extent as the Bonds.

Reference is made to the Ordinances, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance of this Bond assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the Water/Wastewater System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinances may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made in the Ordinances may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding under the Ordinances; and for the other terms and provisions contained in the Ordinances. Capitalized terms used in this Bond have the same meanings assigned in the Ordinances.

This Bond, subject to certain limitations contained in the Ordinances, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by the Registered Owner, or the authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the Registered Owner of this Bond whose name appears on the Security Register

(i) on the Record Date as the owner entitled to payment of interest on this Bond, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal of this Bond at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on a scheduled payment date and for thirty days after such event, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Net Revenues of the Water/Wastewater System. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired. The terms and provisions of this Bond and the Ordinances shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

CITY OF AUSTIN, TEXAS

---

Steve Adler  
Mayor

COUNTERSIGNED:

---

Jannette S. Goodall  
City Clerk

(SEAL)

DRAFT



Form of Registration Certificate of Comptroller of Public Accounts  
to Appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER )  
 )  
OF PUBLIC ACCOUNTS ) REGISTER NO. \_\_\_\_\_  
 )  
THE STATE OF TEXAS )

I CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinances; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar in \_\_\_\_\_, \_\_\_\_\_ is the Designated Payment/Transfer Office for this Bond.

\_\_\_\_\_, as Paying  
Agent/Registrar

Registration date:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

FORM OF ASSIGNMENT.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee):

\_\_\_\_\_

\_\_\_\_\_  
(Social Security or other identifying number (\_\_\_\_\_  
\_\_\_\_\_) the within Bond and all rights under this Bond, and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration of the Bonds, with full power of substitution in the premises.

DATED:

\_\_\_\_\_  
Signature guaranteed:

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

## **Exhibit B**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 21 of the Twenty-Sixth Supplement.

#### **Annual Financial Information and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with Section 21 are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City within: (i) Tables One through Thirteen in the main text of the Official Statement; (ii) “ELECTRIC SYSTEM – Customer Base – Average Monthly Number of Customers”; (iii) “ELECTRIC SYSTEM – Fuel Supply”; (iv) “CUSTOMER RATES – Typical Residential Electric Bills of Large Texas Cities”; (v) Austin Energy’s approved rate schedules incorporated by reference into the Official Statement as described in “CUSTOMER STATISTICS – Electric Rates”; (vi) “CUSTOMER STATISTICS – GreenChoice Energy Rider”; (vii) “COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM OPERATIONS”, (viii) “OPERATING STATEMENT ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM”; (ix) the table of annual results of the City’s annexations in “THE CITY – Annexation Program”; and (x) “INVESTMENTS – Current Investments”.

The financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

#### **Accounting Principles**

The accounting principles referred to in Section 21 are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.

Austin SWIFT Loan Application  
Part B, Item 22  
CCN Certificates



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PUBLIC UTILITY COMMISSION  
FILING CLERK

# Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Austin

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

## Certificate of Convenience and Necessity No. 11322

to provide continuous and adequate water utility service to that service area or those service areas in Bastrop, Hays, Travis and Williamson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35740-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Austin to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this MAR 26 2008

A handwritten signature in cursive script, likely belonging to the Commission Clerk.

For the Commission



# Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Austin

having duly applied for certification to amend sewer utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

## Certificate of Convenience and Necessity No. 20636

to provide continuous and adequate sewer utility service to that service area in Travis and Williamson Counties as by final Order duly entered by this Commission, which Order resulting from Application No. 35105-S is on file at the Commission offices in Austin, Texas; and is a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Austin to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this NOV 09 2006

A handwritten signature in cursive script, likely of a representative of the Texas Commission on Environmental Quality.

\_\_\_\_\_  
For the Commission



# Public Utility Commission Of Texas

**By These Presents Be It Known to All That  
City Of Austin**

having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 20636**

to provide continuous and adequate sewer utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order resulting from Docket No. 42926 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty City of Austin, to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, the 18<sup>th</sup> day of December 2014





# Public Utility Commission of Texas

By These Presents Be It Known To All That

City of Austin

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, the City of Austin is entitled to this

## Certificate of Convenience and Necessity No. 11322

to provide continuous and adequate water utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 44850 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Austin to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, the 26<sup>th</sup> day of February 2016.





# Public Utility Commission Of Texas

**By These Presents Be It Known To All That**

## **City of Austin**

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

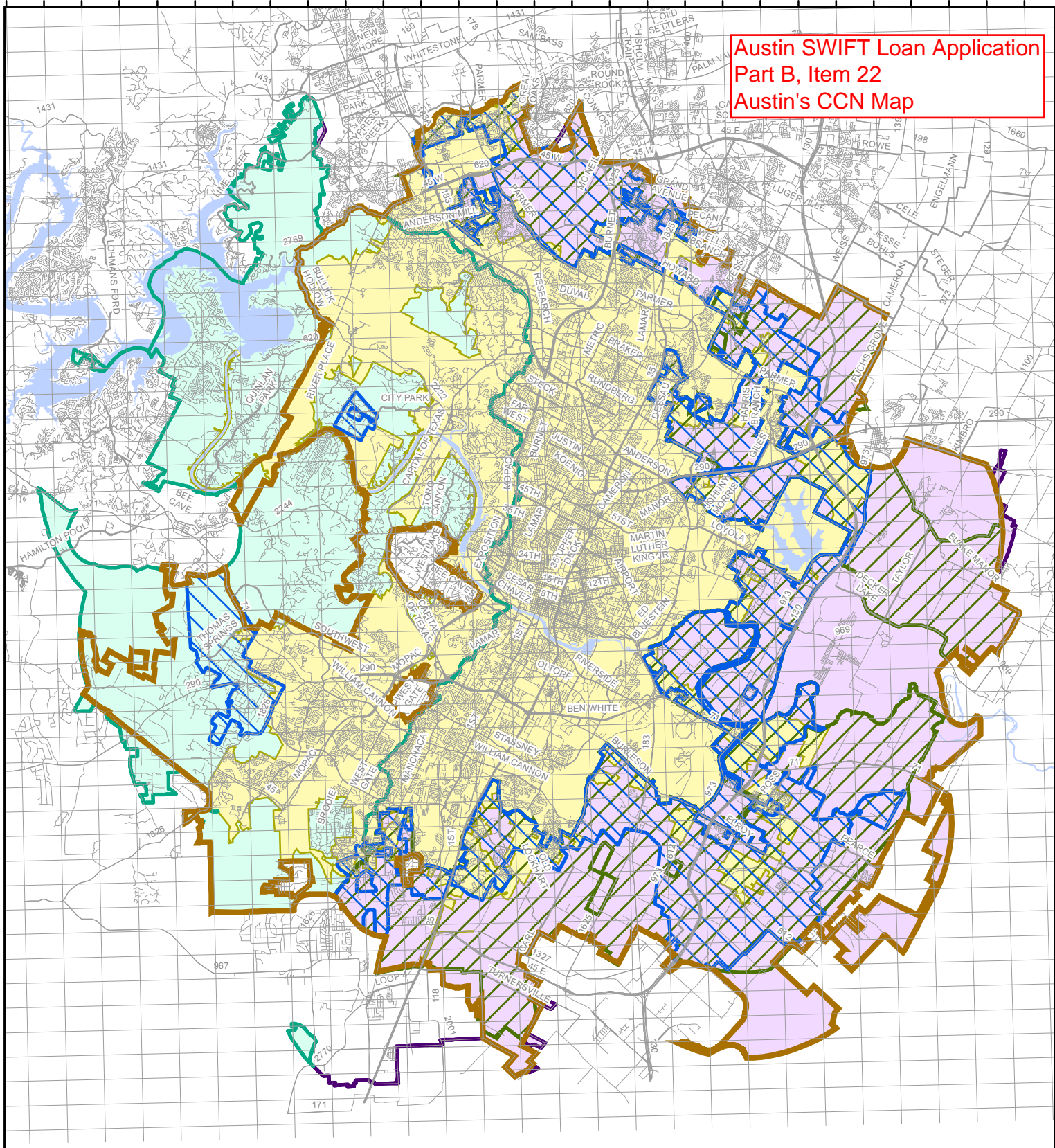
### **Certificate of Convenience and Necessity No. 11322**








to provide continuous and adequate water utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 45181 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Austin, to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this 25<sup>th</sup> day of April 2016.

WU WV WW WX WY WZ A B C D E F G H J K L M N P Q R S T U V W X

Austin SWIFT Loan Application  
 Part B, Item 22  
 Austin's CCN Map



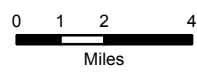
-  Austin Water CCN
-  Austin Wastewater CCN
-  Desired Development Zone
-  Drinking Water Protection Zone
-  Impact Fee & Service Area Boundary
-  Full-Purpose City Limit
-  Austin Water & Wastewater CCNs



City of Austin  
 Austin Water Utility



June, 2015



**City of Austin  
 Water & Wastewater CCN**

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. This product has been produced by the Austin Water Utility for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.

# **City of Austin SWIFT Loan Applications**

## **Part B – Legal Information - Item 23**

### **TCEQ Enforcement Actions Within Past Three Years**

#### **▪ TCEQ Agreed Order with an Administrative Penalty of \$9,375**

An administrative penalty in the amount of \$9,375 was assessed by TCEQ for wastewater overflows at Southland Oaks Lift Station in February 2013 that resulted in fish kills. The Utility mobilized significant resources and cleaned up the overflows. The TCEQ approved the Agreed Order on October 23, 2013. On November 19, 2013, the Utility paid \$9,375.00 to the Travis Audubon Society for a supplementary environmental project (Baker Sanctuary Fence Project, Phase III), and the Agreed Order is now closed.

#### **▪ TCEQ Agreed Order with and Administrative Penalty of \$7,125**

An administrative penalty in the amount of \$7,125 was assessed by TCEQ for a fish kill resulting from a fire hydrant leak (caused by a hit-and-run accident) which occurred in the early morning hours of July 23, 2013 causing a fish kill in Waller Creek. AWU responded to the leaking hydrant and the chlorine residual in Waller Creek, but not before the fish kill occurred. The Agreed Order was approved by TCEQ on May 14, 2014. The main provision in the agreed order was participation in a Supplemental Environmental Project by providing a \$7,125 check to Texas State University for their work on the Water Quality Monitoring of River Basins and Edwards Aquifer Recharge Zone project. The Utility paid the \$7,125 on June 16, 2014, and the Agreed Order is now closed.

#### **▪ TCEQ Notice of Violation**

On March 16, 2015, TCEQ issued a notice of violation regarding trees on the pond berms at the Hornsby Bend Biosolids Management Plant and required the Utility to submit a tree management plan. In response, a tree assessment was conducted by the City of Austin Arborist. Following the tree assessment, the Utility hired a consultant to develop:

1. Tree Removal Plan,
2. Vegetation Management Plan, and
3. Migratory Bird Treaty Act Compliance Document

which were presented to a diverse group of stakeholders at a public meeting and subsequently submitted to TCEQ. TCEQ has approved the plans and work on tree removal and vegetation management has commenced.

#### **▪ TCEQ Agreed Order with an Administrative Penalty of \$751**

An administrative penalty in the amount of \$751 was assessed by TCEQ for the delay in notifying TCEQ after the discovery of a fifth void encountered on August 2, 2014 during the construction of the 54-inch diameter Martin Hill drinking water transmission main project. Mitigation was reviewed by TCEQ Regional staff with no further actions recommended. The Agreed Order was signed by Austin Water on March 6, 2015 and the \$751 penalty was paid. The Agreed Order is now closed.

**▪ Notices of Enforcement received from TCEQ for the following three incidents for which the penalty calculations and follow-up actions from TCEQ are still pending.** We are expecting a single Agreed Order from TCEQ that will address the three incidents listed below:

- i. For drinking water discharge from a 20-inch diameter cast iron main break in Shoal Creek on August 5, 2015 resulting in a fish kill.
- ii. For drinking water discharge from a 12-inch diameter asbestos cement main break near Bull Creek on August 29, 2015 resulting in a fish kill.
- iii. For a sanitary sewer overflow from an 8-inch diameter pipe near East Bouldin Creek on August 22, 2015 resulting in a fish kill.

**▪ No enforcement actions to report from EPA or any other entities**



Part C: Question #31

Austin SWIFT Loan Application - Wholesale Contracts Summary Table

Customer Name	Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
Aqua Texas (Morningside)	Wholesale Water	\$ 900	\$ 5.09	\$ 3,872	\$ 388	\$ 4,474	\$ 859
Aqua Texas (Night Hawk)	Wholesale Water	\$ 5,400	\$ 3.90	\$ 21,656	\$ 1,813	\$ 20,908	\$ 4,180
Aqua Texas (Rivercrest)	Wholesale Water	\$ 54,000	\$ 4.35	\$ 220,572	\$ 20,255	\$ 233,658	\$ 49,002
City of Manor	Wholesale Water	\$ -	\$ 5.09	\$ 275	\$ 13	\$ 147	\$ 0
City of Rollingwood	Wholesale Water	\$ 60,000	\$ 4.65	\$ 239,772	\$ 23,598	\$ 272,223	\$ 46,364
City of Sunset Valley	Wholesale Water	\$ 48,000	\$ 4.24	\$ 214,715	\$ 19,226	\$ 221,790	\$ 38,317
Creedmoor-Maha Water Supply Corporation	Wholesale Water	\$ 33,600	\$ 3.89	\$ 136,262	\$ 11,153	\$ 128,662	\$ 32,096
High Valley Water Supply Corporation	Wholesale Water	\$ 3,000	\$ 3.87	\$ 12,332	\$ 1,026	\$ 11,841	\$ 2,147
Lost Creek	Wholesale Water	\$ 144,000	\$ 4.26	\$ 97,637	\$ 9,167	\$ 105,749	\$ 22,985
Marsha Water Supply Corporation	Wholesale Water	\$ 5,400	\$ 3.92	\$ 21,605	\$ 1,830	\$ 21,113	\$ 3,805
Mid-Tex Utilities <sup>2</sup>	Wholesale Water	\$ -	\$ -	\$ -	\$ *	\$ *	\$ *
North Austin MUD #1	Wholesale Water	\$ 150,000	\$ 4.07	\$ 632,713	\$ 55,110	\$ 635,746	\$ 119,870
Northtown MUD	Wholesale Water	\$ 120,000	\$ 3.86	\$ 523,488	\$ 43,315	\$ 499,667	\$ 93,852
Shady Hollow MUD	Wholesale Water	\$ 90,000	\$ 4.45	\$ 339,548	\$ 32,305	\$ 372,668	\$ 72,468
Travis County MUD #4 <sup>2</sup>	Emergency Water	\$ -	\$ -	\$ -	\$ *	\$ *	\$ *
Travis County Water Control and Improvement District #10	Wholesale Water	\$ 372,000	\$ 4.13	\$ 1,468,250	\$ 130,964	\$ 1,510,787	\$ 284,081
Travis County Water Control and Improvement District #17 <sup>2</sup>	Emergency Water	\$ -	\$ -	\$ -	\$ *	\$ *	\$ *
Village of San Leanna	Wholesale Water	\$ 2,400	\$ 4.06	\$ 10,414	\$ 902	\$ 10,415	\$ 1,909
Wells Branch MUD	Wholesale Water	\$ 216,000	\$ 3.98	\$ 871,561	\$ 75,281	\$ 868,430	\$ 152,174
Windermere Utility Company	Wholesale Water	\$ 4,200	\$ 6.77	\$ 14,808	\$ 1,700	\$ 19,605	\$ 9,151
City of Manor	Wholesale Wastewater	\$ 124	\$ 5.64	\$ 186,472	\$ 45,423	\$ 187,104	\$ 32,310
City of Rollingwood	Wholesale Wastewater	\$ 247	\$ 5.67	\$ 92,320	\$ 22,484	\$ 92,617	\$ 16,975
City of Sunset Valley	Wholesale Wastewater	\$ 989	\$ 5.71	\$ 163,633	\$ 39,858	\$ 164,184	\$ 32,715
City of West Lake Hills	Wholesale Wastewater	\$ 124	\$ 5.68	\$ 95,116	\$ 23,166	\$ 95,423	\$ 17,695
Mid-Tex Utilities <sup>2</sup>	Wholesale Wastewater	\$ -	\$ -	\$ -	\$ **	\$ *	N/A
North Austin MUD #1	Wholesale Wastewater	\$ 124	\$ 5.76	\$ 567,424	\$ 138,234	\$ 569,415	\$ 124,902
Northtown MUD	Wholesale Wastewater	\$ 124	\$ 5.70	\$ 539,775	\$ 131,498	\$ 541,667	\$ 103,648
Shady Hollow MUD	Wholesale Wastewater	\$ 124	\$ 5.73	\$ 194,530	\$ 47,386	\$ 195,192	\$ 40,046
Travis County Water Control and Improvement District #17 - Comanche Canyon	Wholesale Wastewater	\$ 124	\$ 3.98	\$ 6,905	\$ 2,118	\$ 8,723	\$ 1,965
Travis County Water Control and Improvement District #17 - Steiner Ranch	Wholesale Wastewater	\$ 124	\$ 3.80	\$ 33,559	\$ 10,330	\$ 42,552	\$ 5,209
Wells Branch MUD	Wholesale Wastewater	\$ 124	\$ 5.72	\$ 800,790	\$ 195,089	\$ 803,614	\$ 163,287

Figures are based on the FY 2015 budget

1. This data is based upon forecast projections in the Fiscal Year 2015 Cost of Service analysis.
2. Customer was not part of the Fiscal Year 2015 Cost of Service analysis.

\* Austin Water uses the cash basis methodology in order to allocate the utility's revenue requirements for the Cost of Service (COS) analysis. Capital-related costs are allocated to customers by allocating the assets that serve each customer class. The capital-related costs apportioned to the wholesale customer class are allocated to each customer based on the projected volume.

\*\* Under the cash basis methodology, debt service costs associated with Capital Improvement Projects are allocated by customer class.

Part C: Question #38

Austin SWIFT Loan Application - Property Appraised Value

Property Appraised Value, Taxable Value, Tax Rates,  
Tax Levies, and Tax Collections  
Last Ten Fiscal Years

City of Austin, Texas  
Table 7

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Taxable Value to Appraised Value %	Total Appraised Value at January 1 \$	Less Exemptions (October 1) \$	Total Taxable Value (October 1) \$	Percent of Growth In Taxable Value %	Tax Rate (per \$100 Valuation)			Percentage Change in Tax Rate %
							General Fund \$	Debt Service Fund \$	Total \$	
2006	2005	85.47	61,246,465,280	8,896,822,983	52,349,642,297	5.33	0.2841	0.1589	0.4430	0.00
2007	2006	84.61	71,515,572,939	11,003,244,050	60,512,328,889	15.59	0.2760	0.1366	0.4126	(6.86)
2008	2007	85.81	80,103,507,188	11,366,716,262	68,736,790,926	13.59	0.2730	0.1304	0.4034	(2.23)
2009	2008	86.54	88,688,319,460	11,936,311,723	76,752,007,737	11.66	0.2749	0.1263	0.4012	(0.55)
2010	2009	87.63	92,388,003,449	11,427,462,473	80,960,540,976	5.48	0.2950	0.1259	0.4209	4.91
2011	2010	88.15	88,051,834,377	10,432,484,993	77,619,349,384	(4.13)	0.3262	0.1309	0.4571	8.60
2012	2011	87.04	91,015,898,946	11,796,118,067	79,219,780,879	2.06	0.3551	0.1260	0.4811	5.25
2013	2012	87.30	95,412,581,152	12,118,044,659	83,294,536,493	5.14	0.3821	0.1208	0.5029	4.53
2014	2013	86.94	102,102,789,438	13,336,691,278	88,766,098,160	6.57	0.3856	0.1171	0.5027	(0.04)
2015	2014	84.70	116,469,347,283	17,817,167,853	98,652,179,430	11.14	0.3691	0.1118	0.4809	(4.34)
2016 (1)	2015	81.06	136,944,454,674	25,935,592,169	111,008,862,505	12.53	0.3527	0.1062	0.4589	(4.57)

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Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1) \$	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years \$	Total Collections to Date		Total Outstanding Delinquencies (2)	
			Amount \$	Percentage of Levy %		Amount \$	Percentage of Levy %	Amount \$	Percentage of Levy %
2006	2005	231,908,915	230,867,812	99.55	731,813	231,599,625	99.87	9,867,232	4.25
2007	2006	249,673,869	248,705,821	99.61	601,113	249,306,934	99.85	8,717,040	3.49
2008	2007	277,284,215	274,903,217	99.14	1,619,401	276,522,618	99.73	9,338,671	3.37
2009	2008	307,929,055	304,956,471	99.03	1,770,092	306,726,563	99.61	9,626,876	3.13
2010	2009	340,762,916	337,268,213	98.97	1,078,283	338,346,496	99.29	10,591,712	3.11
2011	2010	354,798,046	351,707,776	99.13	1,383,688	353,091,464	99.52	11,589,297	3.27
2012	2011	381,126,366	378,351,758	99.27	862,835	379,214,593	99.50	12,177,159	3.20
2013	2012	418,888,224	416,202,468	99.36	663,858	416,866,326	99.52	12,662,032	3.02
2014	2013	446,227,175	442,872,352	99.25	--	442,872,352	99.25	13,037,334	2.92
2015	2014	474,418,331	470,959,014	99.27	--	470,959,014	99.27	14,469,523	3.05
2016 (1)	2015	509,419,670	**	**	**	**	**	**	**

\*\* Information not yet available for fiscal year 2016.

Note: Appraisal district appraises property at market value.

- (1) Appraised value at January 1, 2016, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.
- (2) The total amount of outstanding delinquencies for all prior years as of fiscal year end.

**Part C: Question #39**

**Austin SWIFT Loan Application - Property Assessed Value**

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

City of Austin, Texas  
Table 8

Fiscal Year Sept. 30	Single Family Property	Multi-Family Property	Land	Commercial Property	Personal Property	Total Assessed Taxable Value	Tax Rates (per \$100 Assessed Value)
	\$	\$	\$	\$	\$	\$	\$
2006	25,951,700	6,635,199	1,352,469	12,585,937	5,880,307	52,405,612	0.4430
2007	28,790,589	7,888,961	1,532,388	15,684,225	6,333,882	60,230,045	0.4126
2008	33,316,002	8,839,048	1,524,308	17,725,306	6,779,068	68,183,732	0.4034
2009	37,453,292	9,896,356	1,389,608	19,800,799	7,915,406	76,455,461	0.4012
2010	40,713,121	10,145,319	1,419,091	19,957,214	7,942,287	80,177,032	0.4209
2011	40,652,702	9,611,968	1,367,974	18,531,700	6,932,805	77,097,149	0.4571
2012	40,599,766	9,910,886	1,646,815	18,880,729	9,051,096	80,089,292	0.4811
2013	41,050,945	11,115,108	1,599,889	20,237,454	9,575,131	83,578,527	0.5029
2014	43,262,362	12,628,999	1,543,314	21,774,725	9,280,001	88,489,401	0.5027
2015	47,675,285	15,190,842	1,600,848	24,521,122	9,744,775	98,732,872	0.4809

Source: July certified tax rolls received from Travis, Williamson, and Hays Central Appraisal Districts. Excludes exemptions and appeal adjustments made between January 1 appraisal date and July certified roll date.

Note: Does not reflect appeal adjustments between July and October 1 assessment date. See Table 7 for additional property tax information.



Part C: Question #40

Austin SWIFT Loan Application - Overlapping Tax Table

Property Taxes and Tax Levies for Direct and Overlapping Governments with Applicable Percentages Over 10% Last Ten Fiscal Years

City of Austin, Texas  
Table 9

Government	Tax Rates (per 000's Assessed Value) for Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4430	0.4126	0.4034	0.4012	0.4209	0.4571	0.4811	0.5029	0.5027	0.4809
Austin Community College	0.0991	0.0965	0.0958	0.0954	0.0946	0.0951	0.0948	0.0951	0.0949	0.0942
Austin Independent School District	1.6230	1.4930	1.1630	1.2020	1.2020	1.2270	1.2420	1.2420	1.2420	1.2220
Del Valle Independent School District	1.8700	1.7277	1.4800	1.4800	1.4800	1.5300	1.5300	1.5300	1.4700	1.4700
Eanes Independent School District	1.6610	1.5625	1.2025	1.2025	1.2025	1.2025	1.2125	1.2125	1.2125	1.2125
Leander Independent School District	1.7500	1.6438	1.3334	1.3792	1.4223	1.4548	1.4998	1.5119	1.5119	1.5119
Manor Independent School District	1.8000	1.7680	1.5150	1.5350	1.5150	1.5150	1.5150	1.5150	1.5150	1.5150
North Austin MUD #1	0.4500	0.4500	0.4180	0.4050	0.3801	0.3819	0.3719	0.3450	0.3450	0.3399
Northwest Austin MUD #1 (1)	0.3000	0.2900	0.2750	0.2525	0.2427	--	--	--	--	--
Northwest Travis County RD #3 (2)	0.1650	0.1300	0.1100	0.1100	0.1250	0.1450	0.1550	0.1300	0.1223	--
Pflugerville Independent School District	1.8500	1.6800	1.4700	1.4600	1.4600	1.4600	1.4800	1.5400	1.5400	1.5400
Round Rock Independent School District	1.8335	1.6406	1.3238	1.3324	1.3800	1.3800	1.3350	1.3800	1.3674	1.3375
Travis County (3)	0.4993	0.4499	0.4216	0.4122	0.4215	0.4658	0.4855	0.5001	0.4946	0.4563
Travis County Healthcare District	0.0779	0.0734	0.0693	0.0679	0.0674	0.0719	0.0789	0.0789	0.1290	0.1264

Government	Tax Levies (in 000's) for Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	231,909	249,674	277,284	307,929	340,763	354,798	381,126	418,888	446,227	474,418
Austin Community College	49,521	70,836	72,389	79,189	82,756	79,524	80,596	84,766	90,079	99,308
Austin Independent School District	636,792	702,291	732,434	704,839	735,582	730,909	746,896	775,231	834,029	918,306
Del Valle Independent School District	38,980	43,792	43,898	47,600	46,563	43,736	44,867	46,004	51,559	53,414
Eanes Independent School District	106,455	116,394	100,971	111,930	115,036	110,042	111,792	116,443	123,749	135,138
Leander Independent School District	129,115	140,287	142,085	173,078	185,502	185,883	195,248	204,896	219,988	248,089
Manor Independent School District	28,499	33,568	35,816	37,916	43,116	38,829	40,609	48,860	47,605	63,098
North Austin MUD #1	1,196	2,765	2,873	2,859	2,859	2,750	2,713	2,660	2,661	2,968
Northwest Austin MUD #1 (1)	1,105	1,226	1,230	1,216	1,173	--	--	--	--	--
Northwest Travis County RD #3 (2)	627	601	524	546	582	576	607	565	568	--
Pflugerville Independent School District	96,641	97,889	95,934	104,552	108,097	104,112	105,197	111,719	118,412	133,432
Round Rock Independent School District	268,176	268,063	247,325	272,758	284,082	273,120	268,675	287,687	288,217	332,436
Travis County (3)	320,020	339,590	361,662	391,696	417,426	441,859	466,691	503,068	529,149	543,863
Travis County Healthcare District	60,798	55,520	59,543	64,629	66,842	68,303	75,928	79,480	138,132	150,765

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

Note:

- (1) Northwest Austin MUD #1 discontinued in 2010.
- (2) Northwest Travis County RD #3 was dissolved in 2014.
- (3) Includes taxes and levies for Travis County and Farm to Market Roads.

**Part C: Question #41**

**Austin SWIFT Loan Application - Top Ten Property Taxpayers**

Top ten taxpayers has changed over the years so tables below are from 2012 through 2015 Annual Financial Reports

**2015 Annual Financial Report (CAFR)**

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

City of Austin, Texas  
Table 10

		Fiscal Year Ended September 30					
		2015			2006		
Taxpayer	Type of Property	January 1,	Percent of	January 1,	Percent of		
		2014 Assessed	Total Assessed	2005 Assessed	Total Assessed	Valuation of	Valuation of
		Valuation	Valuation of	Valuation	Valuation of	Rank	Rank
		\$	98,652,179,430	\$	52,349,642,297		
			%		%		
Samsung Austin Semiconductor LLC	Manufacturing	2,479,597,057	1	2.51	458,880,201	4	0.88
Parkway San Jacinto Center LLC	Commercial	747,257,757	2	0.76	138,375,186	9	0.26
Columbia/St. Davids Health Care	Hospital/Medical	475,554,898	3	0.48			
Circuit of the Americas, LLC	Commercial	289,137,087	4	0.29			
IBM Corporation	Manufacturing	240,508,129	5	0.24	262,831,799	7	0.50
IMT Capital II Riata LP	Commercial	236,598,167	6	0.24			
Freescale Semiconductor, Inc.	Manufacturing	230,339,094	7	0.23	566,525,585	2	1.08
HEB Grocery Company LP	Retail	222,663,057	8	0.23			
Shopping Center at Gateway LP	Commercial	219,840,252	9	0.22			
Riata Holdings LP	Commercial	203,117,049	10	0.21			
Dell Computer Corp	Manufacturing				620,369,997	1	1.19
Applied Materials Inc.	Manufacturing				542,313,633	3	1.04
Southwestern Bell	Telephone Utility				314,705,200	5	0.60
Spansion LLC	Manufacturing				272,427,532	6	0.52
Crescent Real Estate	Commercial				154,968,057	8	0.30
National Instruments	Manufacturing				134,124,040	10	0.26
<b>Total Assessed Valuation</b>		<b>5,344,612,547</b>		<b>5.42</b>	<b>3,465,521,230</b>		<b>6.62</b>

Source: Travis, Williamson and Hays Central Appraisal Districts

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**Part C: Question #41**

Top ten taxpayers has changed over the years so tables below are from 2012 through 2015 Annual Financial Reports

**2014 Annual Financial Report (CAFR)**

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

City of Austin, Texas  
Table 10

Taxpayer	Type of Property	Fiscal Year Ended September 30					
		2014			2005		
		January 1, 2013 Assessed Valuation	Rank	Percent of Total Assessed Valuation of 88,766,098,160	January 1, 2004 Assessed Valuation	Rank	Percent of Total Assessed Valuation of 49,702,906,522
		\$		%	\$		%
Samsung Austin Semiconductor LLC	Manufacturing	2,301,880,881	1	2.59	353,331,374	5	0.71
Thomas Property Group LLC	Commercial	705,803,174	2	0.80			
Columbia/St. Davids Health Care	Hospital/Medical	473,171,227	3	0.53			
Circuit of the Americas, LLC	Commercial	290,759,234	4	0.33			
IBM Corporation	Manufacturing	231,562,615	5	0.26	277,439,270	8	0.56
Freescale Semiconductor, Inc. (1)	Manufacturing	230,664,320	6	0.26	320,520,055	6	0.64
Shopping Center at Gateway LP	Commercial	214,852,216	7	0.24			
IMT Capital II Riata LP	Commercial	211,437,260	8	0.24			
Brandywine Acquisition Partners LP	Commercial	207,880,187	9	0.23			
HEB Grocery Company LP	Retail	204,172,204	10	0.23			
Applied Materials Inc.	Manufacturing				498,789,511	1	1.00
Dell Computer Corp	Manufacturing				460,703,342	2	0.93
Motorola, Inc.	Manufacturing				370,772,348	3	0.75
FASL LLC	Manufacturing				369,679,570	4	0.74
AT & T (2)	Telephone Utility				320,068,132	7	0.64
Crescent Real Estate	Commercial				125,935,071	9	0.25
Cisco Systems	Manufacturing				123,157,334	10	0.25
<b>Total Assessed Valuation</b>		<b>5,072,183,318</b>		<b>5.71</b>	<b>3,220,396,007</b>		<b>6.47</b>

Source: Travis Central Appraisal District  
Williamson County Appraisal District

(1) Created from the Semiconductor Products Sector of Motorola in 2004.

(2) Formerly Southwestern Bell

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**Part C: Question #41**

Top ten taxpayers has changed over the years so tables below are from 2012 through 2015 Annual Financial Reports

**2013 Annual Financial Report (CAFR)**

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

City of Austin, Texas  
Table 10

Taxpayer	Type of Property	Fiscal Year Ended September 30					
		2013			2004		
		January 1, 2012 Assessed Valuation	Rank	Percent of Total Assessed Valuation of 83,294,536,493	January 1, 2003 Assessed Valuation	Rank	Percent of Total Assessed Valuation of 48,964,275,008
		\$		%	\$		%
Samsung Austin Semiconductor LLC	Manufacturing	2,301,880,881	1	2.76	207,980,236	8	0.42
Thomas Property Group LLC	Commercial	705,803,174	2	0.85			
Columbia/St. Davids Health Care	Hospital/Medical	473,171,227	3	0.57			
Circuit of the Americas, LLC	Commercial	290,759,234	4	0.35			
IBM Corporation	Manufacturing	231,562,615	5	0.28	294,206,662	5	0.60
Freescale Semiconductor, Inc. (1)	Manufacturing	230,664,320	6	0.28	331,899,320	3	0.68
Shopping Center at Gateway LP	Commercial	214,852,216	7	0.26			
IMT Capital II Riata LP	Commercial	211,437,260	8	0.25			
Brandywine Acquisition Partners LP	Commercial	207,880,187	9	0.25			
HEB Grocery Company LP	Retail	204,172,204	10	0.25			
Motorola, Inc.	Manufacturing				459,627,945	1	0.94
Advanced Micro Devices, Inc.	Manufacturing				353,106,411	2	0.72
Dell Computer Corp	Manufacturing				327,363,461	4	0.67
Applied Materials Inc.	Manufacturing				292,451,929	6	0.60
AT & T (2)	Telephone Utility				281,796,231	7	0.58
Minnesota Mining & Manufacturing	Manufacturing				134,413,547	9	0.27
Blue Star Austin	Commercial				116,083,105	10	0.24
<b>Total Assessed Valuation</b>		<b>5,072,183,318</b>		<b>6.10</b>	<b>2,798,928,847</b>		<b>5.72</b>

Source: Travis Central Appraisal District  
Williamson County Appraisal District

(1) Created from the Semiconductor Products Sector of Motorola in 2004.

(2) Formerly Southwestern Bell

**Part C: Question #41**

Top ten taxpayers has changed over the years so tables below are from 2012 through 2015 Annual Financial Reports

**2012 Annual Financial Report (CAFR)**

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

City of Austin, Texas  
Table 10

Taxpayer	Type of Property	Fiscal Year Ended September 30					
		2012			2003		
		January 1, 2011 Assessed Valuation \$	Rank	Percent of Total Assessed Valuation of 79,219,780,879 %	January 1, 2002 Assessed Valuation \$	Rank	Percent of Total Assessed Valuation of 50,759,650,668 %
Samsung Austin Semiconductor LLC	Manufacturing	2,931,131,761	1	3.70	288,031,829	5	0.57
TPG-300 West 6th Street LLC	Commercial	815,137,425	2	1.03			
Columbia/St. Davids Health Care	Hospital/Medical	469,269,754	3	0.59			
Freescale Semiconductor, Inc. (1)	Manufacturing	266,777,729	4	0.34			
IBM Corporation	Manufacturing	242,656,839	5	0.27	337,578,631	3	0.67
Dell Computer Corporation	Manufacturing	212,097,537	6	0.23	146,993,214	10	0.29
Shopping Center at Gateway LP	Commercial	206,168,052	7	0.31			
Brandywine Acquisition Partners LP	Commercial	186,629,544	8	0.26			
Advanced Micro Devices, Inc.	Manufacturing	179,886,526	9	0.24	374,255,682	2	0.74
HEB Grocery Company LP	Retail	160,358,893	10	0.23			
Motorola, Inc.	Manufacturing				1,016,296,140	1	2.00
AT & T (2)	Telephone Utility				308,143,824	4	0.61
Applied Materials Inc.	Manufacturing				258,424,206	6	0.51
Minnesota Mining & Manufacturing	Manufacturing				165,254,000	7	0.33
State Street Bank & Trust Co.	Commercial				153,091,312	8	0.30
Prudential Insurance Company	Commercial				147,707,585	9	0.29
<b>Total Assessed Valuation</b>		<b>5,670,114,060</b>		<b>7.20</b>	<b>3,195,776,423</b>		<b>6.31</b>

Source: Travis Central Appraisal District  
Williamson County Appraisal District

- (1) Created from the Semiconductor Products Sector of Motorola in 2004.
- (2) Formerly Southwestern Bell

**Austin Water Proforma Submission**

**REVISED 5/18/2016**

**Austin SWIFT Loan Application  
Part C, Item 45  
Proforma - Revised 5/18/2016**

Years 2017 through 2037 are forecasted figures for each fiscal year ending September 30.

	Gross Revenues		Net Revenues						Projected
	Available for Debt	Less Projected	Available for Debt	Austin Water	TWDB Reuse	TWDB AMI Loan	Total Debt		Coverage
	Service	O&M	Service	Debt	Loan Debt (1)	Debt (1)	Service		Ratio
<b>Current Year</b>									
<b>Estimate 2016</b>	\$ 562,894,770	\$ 220,131,741	\$ 342,763,029	\$ 195,296,869	\$ -	\$ -	\$ 195,296,869		1.76
<b>FY 2017</b>	575,081,372	235,446,906	339,634,466	199,449,929	701,954	647,194	200,799,077		1.69
<b>FY 2018</b>	598,117,147	249,284,435	348,832,712	191,978,436	5,305,308	4,891,434	202,175,178		1.73
<b>FY 2019</b>	618,562,382	265,710,949	352,851,433	187,737,630	5,278,300	4,866,533	197,882,464		1.78
<b>FY 2020</b>	639,758,747	276,910,113	362,848,634	189,362,038	5,248,357	4,838,926	199,449,321		1.82
<b>FY 2021</b>	661,249,631	288,314,999	372,934,632	192,283,038	5,215,087	4,808,252	202,306,377		1.84
<b>FY 2022</b>	684,189,317	295,706,558	388,482,759	191,330,953	5,177,707	4,773,788	201,282,448		1.93
<b>FY 2023</b>	705,588,631	305,718,228	399,870,403	194,060,766	5,395,920	4,974,977	204,431,663		1.96
<b>FY 2024</b>	729,040,822	316,255,684	412,785,138	198,756,715	5,348,115	4,930,902	209,035,732		1.97
<b>FY 2025</b>	752,019,714	327,357,695	424,662,019	201,655,116	5,296,344	4,883,170	211,834,630		2.00
<b>FY 2026</b>	774,728,282	339,066,472	435,661,810	203,975,466	5,241,025	4,832,166	214,048,657		2.04
<b>FY 2027</b>	785,584,983	349,121,618	436,463,365	192,159,249	5,355,500	4,937,710	202,452,459		2.16
<b>FY 2028</b>	795,485,619	359,533,612	435,952,007	209,337,877	5,288,960	4,876,361	219,503,198		1.99
<b>FY 2029</b>	807,016,520	370,316,675	436,699,845	201,184,441	5,215,026	4,808,195	211,207,663		2.07
<b>FY 2030</b>	817,483,859	381,485,633	435,998,226	178,793,699	5,135,222	4,734,617	188,663,537		2.31
<b>FY 2031</b>	828,192,027	393,055,959	435,136,068	167,234,258	5,222,637	4,815,213	177,272,108		2.45
<b>FY 2032</b>	840,693,899	405,043,798	435,650,101	156,608,052	5,215,983	4,809,078	166,633,113		2.61
<b>FY 2033</b>	851,769,679	417,465,994	434,303,685	159,513,168	5,289,395	4,876,762	169,679,325		2.56
<b>FY 2034</b>	862,882,480	430,340,130	432,542,350	161,489,332	5,269,433	4,858,357	171,617,122		2.52
<b>FY 2035</b>	874,172,539	443,684,547	430,487,992	174,285,520	5,158,376	4,755,964	184,199,860		2.34
<b>FY 2036</b>	897,173,753	457,518,389	439,655,364	170,993,378	5,044,397	4,650,877	180,688,652		2.43
<b>FY 2037</b>	909,242,791	471,861,645	437,381,146	166,793,783	4,841,811	4,464,095	176,099,688		2.48

(1) Debt service based on the rates published by TWDB on April 18, 2016 for Tax Exempt Low Interest 20 Year Loan and upfront funding of full loan amount. This schedule assumes level debt service as noted on the TWDB published rates, but we would expect the actual debt service to be less in years one through seven while the full loan amount is drawn down, as we do not anticipate borrowing the full amounts up front. As such, actual borrowing costs will be lower and the schedule above is a conservative estimate.

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

**Austin SWIFT Loan Application**  
**Part C, Item 46**  
**Operating Statements for Five Years**

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

(1) Prior to 2011, reported as Electric

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

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the year ended September 30, 2012**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,179,872	442,707	--
User fees and rentals	--	--	95,904
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<b>1,179,872</b>	<b>442,707</b>	<b>95,904</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	896,396	190,987	69,201
Depreciation and amortization	144,909	95,392	20,398
<b>Total operating expenses</b>	<b>1,041,305</b>	<b>286,379</b>	<b>89,599</b>
<b>Operating income (loss)</b>	<b>138,567</b>	<b>156,328</b>	<b>6,305</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	10,248	313	395
Interest on revenue bonds and other debt	(75,310)	(102,644)	(12,933)
Interest capitalized during construction	--	--	512
Passenger facility charges	--	--	18,414
Amortization of bond issue cost	(714)	(869)	(220)
Cost (recovered) to be recovered in future years	(4,607)	(32,509)	--
Other nonoperating revenue (expense)	(5,708)	3,466	537
<b>Total nonoperating revenues (expenses)</b>	<b>(76,091)</b>	<b>(132,243)</b>	<b>6,705</b>
<b>Income (loss) before contributions and transfers</b>	<b>62,476</b>	<b>24,085</b>	<b>13,010</b>
Capital contributions	12,360	20,059	9,030
Transfers in	319	6,505	--
Transfers out	(105,428)	(37,237)	(6,395)
<b>Change in net assets</b>	<b>(30,273)</b>	<b>13,412</b>	<b>15,645</b>
<b>Total net assets - beginning</b>	<b>1,627,157</b>	<b>587,314</b>	<b>478,704</b>
<b>Total net assets - ending</b>	<b>\$ 1,596,884</b>	<b>600,726</b>	<b>494,349</b>
Reconciliation to government-wide Statement of Activities			
Change in net assets	(30,273)	13,412	15,645
Adjustment to consolidate internal service activities	2,342	1,272	406
Change in net assets - Business-type activities	<b>\$ (27,931)</b>	<b>14,684</b>	<b>16,051</b>

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2013**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,288,259	476,781	--
User fees and rentals	--	--	103,515
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<b>1,288,259</b>	<b>476,781</b>	<b>103,515</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	937,541	216,369	70,148
Depreciation and amortization	150,031	97,186	21,121
<b>Total operating expenses</b>	<b>1,087,572</b>	<b>313,555</b>	<b>91,269</b>
<b>Operating income (loss)</b>	<b>200,687</b>	<b>163,226</b>	<b>12,246</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	1,788	88	190
Interest on revenue bonds and other debt	(70,918)	(107,164)	(12,801)
Interest capitalized during construction	--	--	843
Passenger facility charges	--	--	19,506
Amortization of bond issue cost	(625)	(1,187)	(207)
Cost (recovered) to be recovered in future years	27,780	(19,227)	--
Other nonoperating revenue (expense)	(810)	(1,446)	(3,704)
<b>Total nonoperating revenues (expenses)</b>	<b>(42,785)</b>	<b>(128,936)</b>	<b>3,827</b>
<b>Income (loss) before contributions and transfers</b>	<b>157,902</b>	<b>34,290</b>	<b>16,073</b>
Capital contributions	12,172	34,995	4,598
Transfers in	1,849	87	--
Transfers out	(105,333)	(41,614)	(72)
<b>Change in net position</b>	<b>66,590</b>	<b>27,758</b>	<b>20,599</b>
<b>Total net position - beginning</b>	<b>1,596,884</b>	<b>600,726</b>	<b>494,349</b>
<b>Total net position - ending</b>	<b>\$ 1,663,474</b>	<b>628,484</b>	<b>514,948</b>
Reconciliation to government-wide Statement of Activities			
Change in net position	66,590	27,758	20,599
Adjustment to consolidate internal service activities	2,537	1,606	429
Change in net position - Business-type activities	<b>\$ 69,127</b>	<b>29,364</b>	<b>21,028</b>

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2014**  
**(In thousands)**

	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water Utility</u>	<u>Airport</u>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,367,155	472,593	--
User fees and rentals	--	--	108,960
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<u>1,367,155</u>	<u>472,593</u>	<u>108,960</u>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	1,039,830	226,349	76,042
Depreciation and amortization	152,450	103,443	21,151
<b>Total operating expenses</b>	<u>1,192,280</u>	<u>329,792</u>	<u>97,193</u>
<b>Operating income (loss)</b>	<u>174,875</u>	<u>142,801</u>	<u>11,767</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	5,191	82	221
Interest on revenue bonds and other debt	(63,288)	(112,214)	(11,794)
Interest capitalized during construction	--	--	1,409
Passenger facility charges	--	--	19,806
Cost (recovered) to be recovered in future years	(5,551)	(13,903)	--
Other nonoperating revenue (expense)	9,483	(1,273)	(312)
<b>Total nonoperating revenues (expenses)</b>	<u>(54,165)</u>	<u>(127,308)</u>	<u>9,330</u>
<b>Income (loss) before contributions and transfers</b>	120,710	15,493	21,097
Capital contributions	13,030	38,241	4,808
Transfers in	1,979	17,980	3
Transfers out	(116,835)	(44,122)	(793)
<b>Change in net position</b>	18,884	27,592	25,115
<b>Total net position - beginning, as restated (See Note 18)</b>	1,663,474	628,484	512,535
<b>Total net position - ending</b>	<u>\$ 1,682,358</u>	<u>656,076</u>	<u>537,650</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	18,884	27,592	25,115
Adjustment to consolidate internal service activities	727	356	233
Change in net position - Business-type activities	<u>\$ 19,611</u>	<u>27,948</u>	<u>25,348</u>

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



**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water Utility</u>	<u>Airport</u>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,351,436	516,991	--
User fees and rentals	--	--	119,969
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<u>1,351,436</u>	<u>516,991</u>	<u>119,969</u>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	993,793	221,724	80,182
Depreciation and amortization	152,544	115,271	20,690
<b>Total operating expenses</b>	<u>1,146,337</u>	<u>336,995</u>	<u>100,872</u>
<b>Operating income (loss)</b>	<u>205,099</u>	<u>179,996</u>	<u>19,097</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	8,127	434	1,225
Interest on revenue bonds and other debt	(55,680)	(111,030)	(18,924)
Interest capitalized during construction	--	--	1,284
Passenger facility charges	--	--	22,384
Cost (recovered) to be recovered in future years	12,276	(71,466)	--
Other nonoperating revenue (expense)	(13,696)	4,608	(686)
<b>Total nonoperating revenues (expenses)</b>	<u>(48,973)</u>	<u>(177,454)</u>	<u>5,283</u>
<b>Income (loss) before contributions and transfers</b>	156,126	2,542	24,380
Capital contributions	23,151	57,530	8,405
Transfers in	7,133	31	--
Transfers out	(113,770)	(39,979)	(52)
<b>Change in net position</b>	72,640	20,124	32,733
<b>Total net position - beginning, as restated (See Note 18)</b>	1,682,358	656,076	517,020
<b>Total net position - ending</b>	<u>\$ 1,754,998</u>	<u>676,200</u>	<u>549,753</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	72,640	20,124	32,733
Adjustment to consolidate internal service activities	16	939	(207)
<b>Change in net position - Business-type activities</b>	<u>\$ 72,656</u>	<u>21,063</u>	<u>32,526</u>

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

**AUSTIN WATER UTILITY FUND****Statement of Revenues, Expenses and Changes in Fund Net Position  
Three Months Ended December 2015****City Of Austin, Texas  
Unaudited**

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	<u>December 2015</u>
<b>OPERATING REVENUES</b>	
Utility services	140,066
<b>Total operating revenues</b>	<u>140,066</u>
<b>OPERATING EXPENSES</b>	
Operating expenses before depreciation	51,783
Depreciation and amortization	26,499
<b>Total operating expenses</b>	<u>78,282</u>
<b>Operating income</b>	<u>61,784</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and other revenues	172
Interest on revenue bonds and other debt	(27,222)
Amortization of bond issue cost	-
Costs to be recovered	(7,498)
Other nonoperating revenue (expense)	935
<b>Total nonoperating revenues (expenses)</b>	<u>(33,613)</u>
<b>Income (loss) before contributions and transfers</b>	<u>28,171</u>
Capital contributions	6,439
Transfers in	-
Transfers out	(10,779)
<b>Change in net position</b>	<u>23,831</u>
<b>Total net position - beginning</b>	<u>718,121</u>
<b>Total net position - ending</b>	<u>741,952</u>

**Part C: Question #49a**

**Austin SWIFT Loan Application - General Obligation Debt**

Austin Water does not issue general obligation bonds, but does participate in GO issuances by the City of Austin, which are backed by the City's ad valorem taxing authority. The schedule below illustrates the portion of that GO debt that is attributable and paid by Austin Water. There are multiple bond holders.

**Amount Outstanding as of May 2, 2016**

**\$ 9,804,499**

Payment Date	Principal Outstanding	Principal Payment	Interest Payment	Total	Fiscal Year Total
11/01/14	\$ 14,705,436	\$ 1,183,379	\$ 100,613	\$ 1,283,992	\$ -
03/01/15	13,522,057	-	80,129	80,129	
05/01/15	13,522,057	898,062	107,636	1,005,698	
09/01/15	12,623,995	930,014	80,129	1,010,143	3,379,962
11/01/15	11,693,981	874,534	93,310	967,844	
03/01/16	10,819,447	-	61,619	61,619	
05/01/16	10,819,447	1,014,948	135,683	1,150,632	
09/01/16	9,804,499	1,028,883	61,619	1,090,503	3,270,598
11/01/16	8,775,615	1,036,092	116,940	1,153,032	
03/01/17	7,739,523	-	37,637	37,637	
05/01/17	7,739,523	793,400	103,566	896,966	
09/01/17	6,946,123	856,251	37,637	893,888	2,981,523
11/01/17	6,089,873	868,934	93,156	962,090	
03/01/18	5,220,938	-	17,520	17,520	
05/01/18	5,220,938	738,785	80,587	819,372	
09/01/18	4,482,154	599,171	17,520	616,691	2,415,673
11/01/18	3,882,983	754,253	69,211	823,464	
03/01/19	3,128,729	-	3,720	3,720	
05/01/19	3,128,729	598,265	56,787	655,052	
09/01/19	2,530,465	101,023	3,720	104,742	1,586,978
11/01/19	2,429,442	603,635	47,037	650,672	
03/01/20	1,825,807	-	2,235	2,235	
05/01/20	1,825,807	448,032	36,361	484,392	
09/01/20	1,377,775	63,711	2,235	65,946	1,203,246
11/01/20	1,314,064	427,861	28,640	456,501	
03/01/21	886,203	-	1,052	1,052	
05/01/21	886,203	243,258	20,939	264,196	
09/01/21	642,945	35,471	1,052	36,524	758,274
11/01/21	607,474	249,070	14,857	263,927	
03/01/22	358,403	-	330	330	
05/01/22	358,403	170,417	8,631	179,048	
09/01/22	187,986	13,181	330	13,510	456,815
11/01/22	174,805	174,805	4,370	179,176	
03/01/23	(0)	-	-	-	
09/01/23	(0)	-	-	-	179,176
03/01/24	(0)	-	-	-	
09/01/24	(0)	-	-	-	
03/01/25	(0)	-	-	-	
09/01/25	(0)	-	-	-	
03/01/26	(0)	-	-	-	
09/01/26	(0)	-	-	-	
		14,705,436	1,526,807	16,232,243	16,232,243

Part C: Question #49b

Austin SWIFT Loan Application - Revenue

The following debt service schedule summarizes principal outstanding and debt service payments on a semi-annual basis. Please note that the interest payments listed include interest payments made on the Series 2008 variable rate Swap, which has monthly interest payments. The monthly payments have been summarized to reflect what is paid in total on a semi-annual basis. Additionally, the schedule below does not include debt paid on the variable rate debt portion of the 2008 swap. In the last three fiscal years the total payments made on the variable rate debt equal \$292,443.86, while the receipt of funds based on the SIFMA index has equaled \$312,235.38—for a net gain of \$19,791.52. A complete payment history of the swap can be provided upon request, but is excluded from the schedule below. There are multiple bond holders.

**Amount Outstanding as of May 16, 2016**  
**\$ 2,186,906,224**

Payment Date	Principal Outstanding	Principal Payment	Interest Payment	Total	FY Total
11/15/15	\$ 2,266,469,928	\$ 57,478,529	\$ 49,721,953	\$ 107,200,482	\$ -
05/15/16	2,208,991,399	22,085,175	53,888,555	75,973,730	183,174,212
11/15/16	2,186,906,224	68,519,035	52,492,936	121,011,972	0
05/15/17	2,118,387,189	17,407,836	79,708,425	97,116,261	218,128,233
11/15/17	2,100,979,353	39,315,988	50,862,271	90,178,258	0
05/15/18	2,061,663,365	18,475,579	95,188,408	113,663,987	203,842,246
11/15/18	2,043,187,786	30,780,000	47,614,408	78,394,408	0
05/15/19	2,012,407,786	23,703,728	76,168,031	99,871,759	178,266,167
11/15/19	1,988,704,057	53,960,000	46,753,621	100,713,621	0
05/15/20	1,934,744,057	26,199,817	49,687,300	75,887,117	176,600,739
11/15/20	1,908,544,241	71,870,000	45,201,895	117,071,895	0
05/15/21	1,836,674,241	28,164,087	43,516,892	71,680,979	188,752,874
11/15/21	1,808,510,154	70,735,000	42,884,477	113,619,477	0
05/15/22	1,737,775,154	31,692,551	41,211,041	72,903,591	186,523,069
11/15/22	1,706,082,603	77,420,000	40,413,117	117,833,117	0
05/15/23	1,628,662,603	25,821,775	38,599,973	64,421,748	182,254,865
11/15/23	1,602,840,828	87,310,000	38,021,336	125,331,336	0
05/15/24	1,515,530,828	26,867,873	36,054,100	62,921,973	188,253,309
11/15/24	1,488,662,955	86,280,000	35,459,412	121,739,412	0
05/15/25	1,402,382,955	27,052,955	33,369,759	60,422,714	182,162,126
11/15/25	1,375,330,000	86,625,000	32,765,832	119,390,832	0
05/15/26	1,288,705,000	20,550,000	30,781,347	51,331,347	170,722,179
11/15/26	1,268,155,000	97,130,000	30,322,197	127,452,197	0
05/15/27	1,171,025,000	13,400,000	28,118,986	41,518,986	168,971,182
11/15/27	1,157,625,000	79,360,000	27,864,696	107,224,696	0
05/15/28	1,078,265,000	36,180,000	26,085,366	62,265,366	169,490,062
11/15/28	1,042,085,000	82,670,000	25,343,846	108,013,846	0
05/15/29	959,415,000	27,455,000	23,383,669	50,838,669	158,852,515
11/15/29	931,960,000	78,255,000	22,859,182	101,114,182	0
05/15/30	853,705,000	28,645,000	20,961,736	49,606,736	150,720,918
11/15/30	825,060,000	48,835,000	20,340,321	69,175,321	0
05/15/31	776,225,000	22,085,000	19,178,226	41,263,226	110,438,547
11/15/31	754,140,000	51,200,000	18,723,961	69,923,961	0
05/15/32	702,940,000	8,480,000	17,515,159	25,995,159	95,919,121
11/15/32	694,460,000	53,720,000	17,303,159	71,023,159	0
05/15/33	640,740,000	8,905,000	15,990,886	24,895,886	95,919,045
11/15/33	631,835,000	56,360,000	15,768,261	72,128,261	0
05/15/34	575,475,000	9,360,000	14,362,677	23,722,677	95,850,938
11/15/34	566,115,000	59,125,000	14,128,677	73,253,677	0
05/15/35	506,990,000	9,790,000	12,653,053	22,443,053	95,696,731
11/15/35	497,200,000	71,135,000	12,408,303	83,543,303	0
05/15/36	426,065,000	1,770,000	10,631,487	12,401,487	95,944,790
11/15/36	424,295,000	74,595,000	10,587,237	85,182,237	0
05/15/37	349,700,000	0	8,720,359	8,720,359	93,902,597
11/15/37	349,700,000	67,270,000	8,720,359	75,990,359	0
05/15/38	282,430,000	0	7,038,532	7,038,532	83,028,892
11/15/38	282,430,000	61,505,000	7,038,532	68,543,532	0
05/15/39	220,925,000	0	5,499,652	5,499,652	74,043,184
11/15/39	220,925,000	64,400,000	5,499,652	69,899,652	0
05/15/40	156,525,000	0	3,887,177	3,887,177	73,786,829
11/15/40	156,525,000	53,895,000	3,887,177	57,782,177	0
05/15/41	102,630,000	0	2,536,000	2,536,000	60,318,177
11/15/41	102,630,000	45,070,000	2,536,000	47,606,000	0
05/15/42	57,560,000	0	1,439,000	1,439,000	49,045,000
11/15/42	57,560,000	33,905,000	1,439,000	35,344,000	0
05/15/43	23,655,000	0	591,375	591,375	35,935,375
11/15/43	23,655,000	23,655,000	591,375	24,246,375	0
05/15/44	0	0	0	0	24,246,375
11/15/44	0	0	0	0	0
05/15/45	0	0	0	0	0
11/15/45	0	0	0	0	0
05/15/46	0	0	0	0	0
11/15/46	0	0	0	0	0
05/15/47	0	0	0	0	0
11/15/47	0	0	0	0	0
05/15/48	0	0	0	0	0
	\$ 2,266,469,928	\$ 1,524,320,368	\$ 3,790,790,296	\$ 3,790,790,296	



# CITY OF AUSTIN, TEXAS

City of Austin SWIFT Loan Application  
Part C, Number 47  
Annual Audit and Management Letter



## Comprehensive Annual Financial Report

For the Fiscal Year ended September 30, 2015





All photographs provided by James R. Granberry except inside back cover.

# *Comprehensive Annual Financial Report*



## *City of Austin, Texas*

*For the year ended  
September 30, 2015*

*Prepared by:  
Financial Services Department*

*Elaine Hart, CPA  
Chief Financial Officer*

*Greg Canally  
Deputy Chief Financial Officer*

*Ed Van Eenoo  
Deputy Chief Financial Officer*

*Diana Thomas, CPA  
Controller*

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





## **City Council**

at September 30, 2015

### **Steve Adler**

*Mayor*

Term expires January 2019

### **Kathie Tovo**

*Mayor Pro Tem (District 9)*

Term expires January 2019

<b>Council Members</b>	<b>District</b>	<b>Term expiration</b>
Ora Houston	1	January 2019
Delia Garza	2	January 2017
Sabino "Pio" Renteria	3	January 2019
Gregorio "Greg" Casar	4	January 2017
Ann Kitchen	5	January 2019
Don Zimmerman	6	January 2017
Leslie Pool	7	January 2017
Ellen Troxclair	8	January 2019
Sheri Gallo	10	January 2017

### **Marc A. Ott**

*City Manager*



**CITY OF AUSTIN, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended September 30, 2015**

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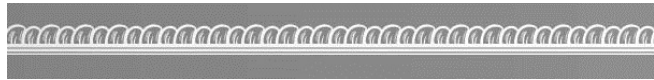
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# **INTRODUCTION**





# City of Austin

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

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March 28, 2016

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Austin, Texas for the fiscal year ended September 30, 2015. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers.

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

The basic financial statements and related notes have been audited by the independent firm of Certified Public Accountants Deloitte & Touche LLP. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. Grant awards are being audited under the provisions of the Single Audit Act of 1996, as amended, and the *State of Texas Uniform Grants Management Standards*. The Single Audit reports will be issued separately.

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

## **AUSTIN'S GOVERNMENT AND THE REPORTING ENTITY**

### **General Information**

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Councilmembers who are elected by geographic district. The City Manager, appointed by the City Council, is responsible to the Council for the management of all City employees, except Council appointees, and administration of all City affairs.

A change in governance affecting Council size, composition, and term duration was approved by the voters with the passage of Propositions 1 – 3 on November 6, 2012. Under the new governance structure, these elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. Currently half of the Councilmembers are serving a two-year term as a part of the transition to this new Council structure which became effective January 6, 2015. Prior to that date City Council consisted of a Mayor and six members all of whom were elected at large and served staggered three-year terms.

Austin, the capital of Texas, is the fourth largest city in the state (behind Houston, Dallas, and San Antonio) and the eleventh largest in the nation with a September 2015 population of 899,119 according to the City's estimates. Over the past ten years, Austin's population has increased by approximately 25.9% or 184,882 residents. The City's demographer estimates that the Austin metro area population surpassed 2 million people in 2015. Geographically, Austin consists of approximately 323 square miles. The current estimated median household income for Austin residents is \$52,519 according to Nielsen SiteReports. Austin's per capita income is estimated to be \$49,680.

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

The City of Austin is fortunate to offer a host of broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with 46% of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 29.3% for the U.S. as a whole. Higher education is a significant aspect of life in the Austin area which is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), a world-class center of education and research, is one of the ten largest public universities in terms of enrollment and was ranked 16<sup>th</sup> among public universities in the 2016 *U.S. News and World Report* survey of undergraduate programs.

## **Reporting Entity**

This CAFR includes all funds of the City, including those organizations required to be included because the City is financially accountable for them. The City provides a full range of services, including general government, public safety, transportation, planning and sustainability, public health, public recreation and culture, urban growth management, electric, water, wastewater, airport, convention, and other enterprise services. In addition, the financial statements include these separate legal entities (and, the fund where reported if different from the entity name): the Austin Housing Finance Corporation (Housing Assistance Fund), the Austin Industrial Development Corporation, the Mueller Local Government Corporation, and the Urban Renewal Agency. These entities are reported as governmental activities. Additionally, the financial statements include Austin-Bergstrom Landhost Enterprises, Inc., Austin Convention Enterprises, Inc., and Waller Creek Local Government Corporation. These separate legal entities are reported as discrete component units on the government-wide statements.

## **THE ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

### **Local Economy**

The Austin metropolitan area is consistently recognized among the most inventive, creative, wired, educated, fit, and loved cities in which to live and work. The Milken Institute ranked the Austin metropolitan area number 4 in its "2015 Best-Performing Cities report", which ranks U.S. metropolitan areas by how well they are creating and sustaining jobs and economic growth. The index "was designed to measure objectively which U.S. metropolitan areas are promoting economic vitality based on job creation and retention, the quality of new jobs, and other criteria." Citing growth in the technology industry as well as diversification into other sectors such as leisure and hospitality, health services, and medical research the report notes that, "Austin seems poised to remain among the best performers in the years ahead."

From job growth to population growth to real estate, the Austin metropolitan area continues to boom and the statistics reflect it. The Brookings *Metro Monitor* ranks Austin's economic performance from 2009 to 2014 as the second best in the nation based on an analysis of jobs, gross metropolitan product, and aggregate wages. In January 2016, Newgeography.com and Forbes published an analysis of the largest 53 metro areas looking at metrics indicative of past, present, and future vitality to determine which ones are most likely to boom over the next 10 years. Austin was at the top of this list of "America's Cities of the Future". The analysis stated that Austin "has become the nation's superlative economy over the past decade."

While Austin has diversified over the last decade, the technology industry still plays a large role in the City's economy. Technology companies with a long history in Austin, like Dell, IBM, and Advanced Micro Devices, continue to be some of Austin's largest employers. Other large technology companies in the area are expanding. Oracle recently announced it will build a new 27-acre corporate office in Austin and expand its workforce in the area by 50%. After beginning to manufacture the Mac Pro in Austin several years ago, Apple Inc. is in the process of building a new 38-acre campus in northwest Austin and further expanding its workforce here. In addition, over the past several years Google has expanded its presence here with everything from Google Fiber to the testing of self-driving cars.



Expansion in other business sectors is also strengthening. Austin's vibrancy and favorable economic climate has spurred the development of a number of new hotels over the last few years. The resulting increase in employment in the leisure and hospitality industry was in excess of 30 percent since 2010. Construction of the University of Texas medical school is expected to continue to spur the life science sector. In 2014 Travis County posted growth of 5.7% in the financial services sector, second fastest in the nation. Finally in its 2015 study of startup activity, the Kaufmann Foundation found that the Austin metro area created more startups than any other metro area, averaging 550 new entrepreneurs per month.

*Texas Economy* - The Texas economy has been strong for well over a decade. With a \$1.65 trillion economy, Texas ranks second only to California. In October 2015, Forbes listed Texas as one of the top ten Best States for Job Growth and ranked the state first for current economic climate. *Chief Executive Magazine* in its 2015 survey found that CEOs consider Texas as the best state for business for the 11<sup>th</sup> year in a row stating "Since the recession began in December 2007, 1.2 million net jobs have been created in Texas, while 700,000 net jobs were created in the other 49 states combined."

With the current downturn in oil prices, growth in Texas has been slowing but is still positive. Virtually all Texas metro areas had more jobs in December 2015 than in December 2014, however, the 2015 annual growth rate for the state was 1.4%, below the national rate of 1.9%. In addition, all four of Texas' major cities were in the top ten of the previously mentioned Forbes list "America's Cities of the Future."

*Employment* – Despite the state-wide slowdown, Austin area employment growth continued to be robust in 2015. The Austin metro area was the fastest growing in the state, increasing at a rate of 3.8% during 2015. Austin's unemployment rate was at 3.1% in December 2015, down from 3.4% in December 2014 and well below the December State and National unemployment rates of 4.7% and 5.0%, respectively.

Over the last five years, the Austin metro area has created more than 160,000 new jobs, an increase of over 18%. According to the Milken *2015 Best-Performing Cities* report "Austin had the second fastest job growth in the nation over the past five years." Forbes ranked Austin at the top of 2015 list of "Cities Creating the Most Technology Jobs". The magazine cited a study by the Praxis Strategy Group that looked at employment data for the 52 largest metro areas from 2004 to 2014. During that time the Austin metro area experienced an expansion in the technology sector of 73.9%.

The outlook for 2016 continues to be strong. Recently WalletHub ranked Austin as the third best metro area to find a job in 2016 based on its job market and socio-economic environment. AngelouEconomics Inc. predicts Austin will add another 130,000 residents over the next two years. They further predict the addition of over 60,000 jobs during that same time frame for a two-year job growth rate of 6.3 percent.

*Sales Taxes* – Since 2009, sales tax revenue has steadily increased. Fiscal year 2015 experienced a robust 7.7% increase over fiscal year 2014, which was a 7.5 % increase over 2013.

*Tourism* - Austin continues to be a destination for both business and recreational activities. Austin is known around the world as the "Live Music Capital of the World" with over 250 live music venues. In March 2015, South by Southwest (SXSW) hosted its 29<sup>th</sup> annual festival, conference, and trade show, providing a unique convergence of original music, independent films, and emerging technologies and more recently education and sustainability. According to an economic impact analysis prepared by Greyhill Advisors, SXSW was responsible for injecting more than \$317 million into the Austin economy. Other major festivals include the Austin City Limits Music Festival, Austin Film Festival, and Fun Fun Fun Fest.

The growing local economy in Austin relies on quality air service to foster business, government, and leisure travel. During 2015 Austin's airport, ABIA, set a new record for annual traffic for the fifth consecutive year. In 2015, over 11.9 million passengers passed through ABIA, enjoying over 1,100 live music performances, 65 tons of brisket and almost 700,000 breakfast tacos. Air carriers continue to add direct flights to Austin facilitating connections with over 70 countries throughout Europe, Africa, the Middle East, and Asia. In July 2015, Travel & Leisure ranked ABIA fifth in the publication's list of best domestic airports.

To accommodate the increased flights and passengers, ABIA completed 3 major projects in 2015: an expanded taxiway, a consolidated rental car facility, and expansion of the east terminal adding over 56,000 square feet including a new Customs and Border Protection area which more than doubles the capacity to process

international arrivals as well as adding a new six-lane TSA checkpoint. In 2016, construction will begin on a nine-gate terminal expansion.

Hotel motel tax revenues were 15% greater in 2015 than the previous year. High occupancy rates have spurred construction of new hotels across the Austin metro area. The greatest concentration is downtown where hoteliers such as JW Marriott, Fairmont, Westin, and Kimpton added 2,000 rooms this year and are constructing over 1,000 more. Additional hotel inventory allows Austin to accommodate an increase in both number and size of events hosted and is having a positive impact on the City's convention center.

*Medical School* - In 2016, the Dell Medical School at the University of Texas at Austin will be operational. The University is partnering with the Seton Healthcare Family, who is building a cutting-edge teaching hospital and Level 1 Trauma Center, and Central Health who will purchase services from the medical school for the population it serves. In 2015, the first medical school class was selected, preliminary accreditation was received, and construction of both the medical school and the Dell Seton Medical Center at the University of Texas continued. The school is scheduled to accept its first class in June 2016 and the hospital will open in 2017.

An economic analysis by TXP, Inc. estimated the economic impact of the school to be almost \$1 billion in direct annual spending and 6,900 direct jobs. To leverage the economic potential created by the medical school, in December 2014 the City Council directed the City Manager to explore creation of an innovation zone in the northeast quadrant of downtown. Such zones have been successful economic engines in other major U.S. cities such as Seattle, Boston, and Raleigh-Durham. Central Health supports the zone and has begun the visioning process for redevelopment of 14 acres it owns in the heart of the zone which will become available when hospital operations transition to the teaching hospital in several years.

*Real Estate* - All sectors of the real estate market are performing well. Austin area home sales for 2015 were up 5% over 2014 and set a record for annual single-family home sales. As of the end of December the market featured 2.2 months of housing inventory, less than half of the level considered to represent a balanced housing market. As a result, the median price for a single family home continues to rise, up about 9% over the previous year from \$242,500 to \$263,900. Opinions about Austin's real estate market are mixed. Fitch believes that Austin's real estate market is overpriced by about 19% but views growth and pricing appreciation as currently supportable. However, an analysis by Trulia indicated Austin as number 3 on its list of real estate markets to watch in 2016 based on its share of millennials and job growth.

Multifamily occupancy rates are near 95%, down from the 2013 high of 97%. Total absorption in 2015 was at an all-time high of over 9,300 units. With strong occupancy and absorption, rents per square foot continue to increase but at a slower pace, 1.5% for the last six months of 2015 to a high of \$1.35. The office market is also solid with an average occupancy rate of 92.5% at the end of 2015 and absorption of "direct" lease space of over 925,000 square feet during the year. The retail market remains tight with a 2015 year-end occupancy rate around 96%. According to *Emerging Trends in Real Estate 2016* published by PricewaterhouseCoopers US and the Urban Land Institute, Austin will be one of the two top markets to watch in 2016 along with Dallas/Fort Worth. Among other things, the study cited diverse job creation and being attractive to all age levels.

*Recognition* - In addition to the accolades mentioned above, Austin has ranked at the top of lists such as Kaufmann Foundation, WalletHub, Savills, and others in regards to growth, jobs, recreation opportunities, health, and business opportunities:

#1 Top Cities for Tech Businesses  
(International ranking)  
*Savills World Research*  
February 2015

#3 Best Places to Live and Work as a  
Moviemaker 2016 (Big Cities)  
*MovieMaker*  
January 2016

#1 Kaufmann Index of  
Startup Activity  
*Kaufmann Foundation*  
June 2015

#4 Top Ten Cities for Creatives  
*SmartAsset* – July 2015

#1 Best Cities for Millennials  
*Money* – September 2015

# 1 Healthiest City in Texas  
*24/7 Wall St.* – August 2015

#1 Best Cities for Young  
Families in 2016  
*ValuePenguin.com*  
Winter 2016

#6 2015's Best Cities for  
Summer Travel  
*WalletHub* – Spring 2015

#1 Cities with Abundant  
Transportation Choices  
*U.S. Public Interest Research  
Group* – February 2015

## Major Initiatives

*Best Managed City* - To achieve the vision of making Austin the most livable city in the country and to support City Council's policies and initiatives, the employees of the City – whether they are executives, managers, or front-line service providers – have the singular mission of making the City of Austin the best managed city in the country. This mission is implemented through transparent business practices, excellence in public service, innovative leadership, and providing services that are reliable, safe, efficient, and above national standards.

City staff is committed to creating a work environment that fosters creative thinking and innovation throughout the organization, thereby better positioning the workforce to more effectively respond to new challenges as well as new opportunities. City employees take enormous pride in their work. PRIDE reflects the City's core values of public service and how employees relate to customers and each other. The elements of PRIDE include: **P**ublic Service & Engagement; **R**esponsibility & Accountability; **I**nnovation & Sustainability; **D**iversity & Inclusion; and **E**thics & Integrity.

Being “best managed” means everyone in the organization is providing the best service possible to the community. Reflecting the PRIDE that the City's employees take in their work, Austin ranks 28 percentage points above the national average for large cities for overall quality of customer service and is at or above the national average in 31 of 46 of the City's benchmark indicators.

*Imagine Austin* - Austin residents share a sense of community pride and a determination that the City's vision is not just a slogan, but a reality for everyone who lives here. In 2012, after an extensive public process, the City Council unanimously voted to adopt Imagine Austin, the City's comprehensive plan for Austin's future. The plan defines where the City is today and where we want to go, setting a context to guide decision-makers for the next 30 years. The resulting plan adheres to 6 core principles established by Austin citizens:

- ❖ Grow as a compact, connected city
- ❖ Integrate nature into the city
- ❖ Provide paths to prosperity for all
- ❖ Develop as an affordable and healthy community
- ❖ Sustainably manage water, energy, and other environmental resources
- ❖ Think creatively and work together

Implementing this vision will take many incremental steps over time. The plan's success is monitored annually with performance metrics and will be formally assessed at least every five years. Cross-departmental and cross-jurisdictional action teams have been created for these areas and the 2016 budget and capital plan include funding to support these principles. Additionally, a number of the initiatives discussed below also directly support Imagine Austin.

*CodeNext* – The City has embarked on a major initiative to revise the City's land development code which determines how land can be used throughout the City. This initiative is one of the priority programs of Imagine Austin and is expected to be completed in late 2016.

*Development* – For a number of years, the City has been committed to the redevelopment of many of its downtown properties. Beginning with the development of six blocks in the warehouse district in the early 2000's, Austin's participation in joint public/private partnerships continues to contribute to a vibrant downtown and an enhanced tax base.

Current downtown redevelopment is focused in the Seaholm District, an area in the southwest portion of downtown which was previously home to a water plant, an electric generation plant, and other electric facilities. The area is in the process of being transformed into an extension of Austin's downtown waterfront. In early 2016,

portions of the new street grid serving the area were opened and the grid will be fully complete and operating by the summer or early fall of 2016.

Construction in this area includes:

- The City's new central library which will open in the fall of 2016. Among other things, this "library for the future" will feature flexible and blended spaces, state-of-the-art technology, sustainable features, and community gathering places.
- Extensive improvements to Shoal Creek in the Seaholm area to facilitate bicycle and pedestrian use.
- A \$130 million mixed-used development that involves renovation and reuse of the historical and architecturally-significant Seaholm power plant and as well as several new buildings on the site. As the result of one of the City's economic development agreements, the offices of athenahealth, Inc., a software company, moved into the renovated power plant in February 2015. Construction of the site is well underway and condominium tower occupancy is expected in early 2016.
- Redevelopment of the Green Water Treatment Plant site with 1.7 million square feet of mixed use development. Construction on two of the four blocks on this site is well underway and a third block is expected to break ground in 2016.
- The tallest predominately residential building west of the Mississippi on the previous site of Austin Energy's energy control center. Groundbreaking occurred in January 2016 and construction is expected to be complete in three years.

On the eastern edge of downtown, construction of the Waller Creek Tunnel Project continues. This mile-long stormwater bypass tunnel will address problems of flooding, erosion, and water pollution along lower Waller Creek. By taking nearly 28 acres of prime downtown land out of the 100-year floodplain, the project is expected to spur redevelopment and revitalization in the area.

Several miles from downtown, the City continues its public/private partnership to redevelop the site of the previous airport, Mueller. This 700 acre, vibrant, mixed-use urban village includes residential neighborhoods, retail, and office spaces, extensive parks, and trails. The development, which is sustainable, transit-oriented, and offers affordable housing opportunities, is approximately 40 percent complete, and has a current assessed value of over \$800 million. Demand for housing at Mueller has been high due to its proximity to downtown and many amenities. During 2015, the development received the American Planning Association's HUD Secretary's Opportunity and Empowerment Award recognizing the success of this project which uses creative housing, economic development and private investments to empower the community and improve the quality of life for low- to moderate-income community members.

*Addressing the Impacts of Growth* – The level of growth that Austin has sustained over the last few years, does not come without a cost. Housing affordability is increasingly an issue in a region where housing costs have been rising at a brisk pace for several years. More than 40% of Austinites pay more than 35% of their income on housing. Affordability is a prime consideration as the City makes decisions that impact the citizens who live here and the businesses that operate here. Whether setting taxes or utility rates, taking actions that provide affordable housing, or providing services and programs to the underprivileged members of the community, affordability is always part of the discussion. To address this during 2015, City Council approved the construction of more than 5,300 affordable housing units and created the first Homestead Preservation Districts in Texas.

Traffic continues to be an issue that the region as a whole must address. In 2015, the City developed a Traffic Congestion Action Plan that outlines immediate and long-term steps to help alleviate traffic issues throughout the City. As a result of construction levels at an all-time high, the City is dealing with the stresses placed on its development-related services. An external operational assessment was completed in 2015 and the City developed a multiyear action plan to address the resulting recommendations beginning with the addition of funding and staff in the 2016 fiscal year budget.

*Transparency* – The City's ongoing commitment to transparency of financial transactions and processes is exemplified by Austin Finance Online (AFO). Since its inception in 2011, AFO has been recognized by the Texas State Comptroller for achieving the highest standards in financial transparency online by awarding the City's website. After receiving the Gold Level Leadership Circle Award for four consecutive years, the City recently

received its second Platinum Leadership Award. AFO provides a one-stop web-based portal containing an extensive library of budget and financial documents, an online contract catalog, payment register information, and other City financial information.

*Innovation and Sustainability* – Austin’s commitment to sustainability and innovation has been recognized by a number of organizations during 2015. The City’s Neighborhood Partnering Program was awarded the American Planning Association’s Leadership in Sustainability award in the spring. This program provides opportunities for community and neighborhood organization to affect public improvements by cost sharing with the City. In October the Austin Water Utility received the Sustainable Water Utility Management Award from the Association of Metropolitan Water Agencies for its conservation and drought management strategies and its partnerships with stakeholders to develop policies reflective of community values. The City of Austin was also named a Top 10 Digital City by the Center for Digital Governance in recognition of a variety of innovative efforts across the organization.

*Climate Protection* - The City of Austin has long been a national leader in the climate protection arena through the efforts of City leaders, the city-owned electric utility (Austin Energy), and the participation of customers from residential to other governmental entities and private businesses. As a result of these efforts and partnerships, Austin Energy led all public power utilities in the country for sales of renewable energy again in 2014. In January 2016, the EPA’s Green Power Partnership program ranked Austin fifth in the country among all local government program partners using the most renewable energy.

During 2015, Council approved an update of the Austin Energy’s Energy Resource Plan to 2025 which increased the renewable energy goal to 55 percent by 2025. Progress towards this goal was made in October when the City approved the purchase of an additional 300 MW of solar power which will position Austin Energy to be the largest user of solar power in Texas. Additionally, in June 2015 City Council adopted the Austin Community Climate Plan which includes strategies to meet the City’s goal of achieving net zero greenhouse emissions by 2050.

## **FINANCIAL INFORMATION**

### **Internal Controls**

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

### **Financial Policies**

The City has adopted a comprehensive set of Financial Policies to ensure that the City’s financial resources are managed in a prudent manner and to provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies and results of the review are published in the Approved Budget document. These policies dictate that current revenue will be sufficient to support current expenditures (defined as “structural balance”). Assigned and unassigned fund balances in excess of what is required shall normally be used to fund capital items in the operating and capital budgets. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the Austin community.

### **Long-term Financial Planning**

Austin leaders are continually looking towards and planning for the future. A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a tool to develop the following year’s operating budget. As directed by the financial policies, the City’s budgeting approach emphasizes fiscal responsibility by limiting spending in a given year to projected revenue collections.

In addition, the City annually prepares a five-year Capital Improvement Project (CIP) Plan that outlines all capital projects in progress, those that will be implemented in the five-year horizon, and related funding sources. During

2014 the City completed its first Long-Range CIP Strategic Plan which covers a 10-year planning horizon, improving the transparency of the City's long-term infrastructure plans. This plan, which is updated annually, further aligns the City's CIP investments with the Imagine Austin Comprehensive Plan as the City strives to strike a balance between ongoing capital needs necessary to maintain services for a rapidly growing community and strategic investments that support community priorities.

Maintaining sound financial and economic development policies within the City organization allows for a high level of services to the community. Because of consistent adherence to our financial policies and the area's healthy economy, the City's bond ratings for General Obligation bonds continue to be "AAA" for all three bond rating agencies, Moody's (Aaa), Standard & Poor's and Fitch Investors.

### **Budgetary Control**

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual budgets are legally required for the General Fund, debt service funds, and certain special revenue funds. While not legally required, annual budgets are also adopted for the enterprise and internal service funds. Annual updates to the Capital Improvements Program budgets follow a similar process. Multi-year budgets are adopted for capital projects and grant funds.

Throughout the year, primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. The City Manager is authorized to transfer appropriation balances within a fund and department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one fund and department to another. As demonstrated by the statements and schedules included in the 2015 CAFR, the City continues to meet its responsibility for sound financial management.

### **Budgetary Information**

The 2016 Budget was developed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. The City's Budget is organized around activities and services. The budget development process integrates the City's finances with business planning, performance measurement, and resident input, thereby elevating budget discussions to meaningful conversations about outcomes that impact our residents. Input was gathered and evaluated to address the many issues, concerns, and priorities identified by Austin's citizens, employees, and Councilmembers. The result was a budget built around the ideals of livability, affordability and inclusivity that dictate the operations of Austin's City government and form the basis of the budget.

The structurally balanced fiscal year 2016 Approved Budget totals \$3.5 billion and includes \$911 million for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services to the citizens of Austin. The 2016 budget was approved with a decrease to the property tax rate of more than 2 cents, from 48.09 to 45.89 cents per \$100 of taxable value. The approved tax rate balances the tax impact to property owners with the need to invest in the community and continue providing the outstanding services Austinites have come to expect.

Included in the approved budget are a 3.0% pay increase for non-sworn employees. Sworn Emergency Medical Service employees and Austin Police Association members will receive a base wage increase of 1% as well as step and longevity pay as established in labor contracts in 2013. Under a recently approved labor contract with the Austin Firefighters' Association, firefighters received a 1% increase in June 2015 and will receive an additional 2.5% in 2016. In response to continuing growth in the City, the approved budget enhances public safety by adding approximately 100 new sworn positions. Positions were also added to the 911 call center to address increased call intake. Funding was provided to continue a multiyear strategy to better manage demands on service delivery resulting from the City's growth in recent years.

The City's largest enterprise department, Austin Energy, is the eighth largest municipal-owned electric utility in the United States in terms of customers served. Austin Energy serves more than 455,000 customers within a service territory of approximately 437 square miles in the Greater Austin area. The approved budget for fiscal year 2016 is \$1.4 billion in annual revenues, including transfers. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar and wind.

The City's second largest enterprise activity is the Austin Water Utility, which provides water and wastewater services to more than 890,000 retail and wholesale customers within Austin and surrounding areas. The fiscal year 2016 budget projects revenues of \$548.8 million. Growth in revenue is the result of projected customer growth as well as a combined system-wide rate increase of 4.9%. In December 2014, the utility opened Water Treatment Plant 4 to better serve the ever-growing Austin population. With a capacity of 50 million gallons per day, it provides redundancy in the water system and helps to sustain reliable water services into the future.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report that meets the GFOA program standards. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2014 CAFR. The City has received this award for 8 consecutive years. The certificate is valid for a period of one year only. City management believes that this 2015 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review.

The City also received the GFOA Distinguished Budget Presentation award for the 2015 budget as well as a 2014 Certificate of Excellence in Performance Measurement from the ICMA.

## **ACKNOWLEDGMENTS**

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

We acknowledge the thorough, professional, and timely manner in which our independent auditor, Deloitte & Touche LLP, conducted the audit.

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

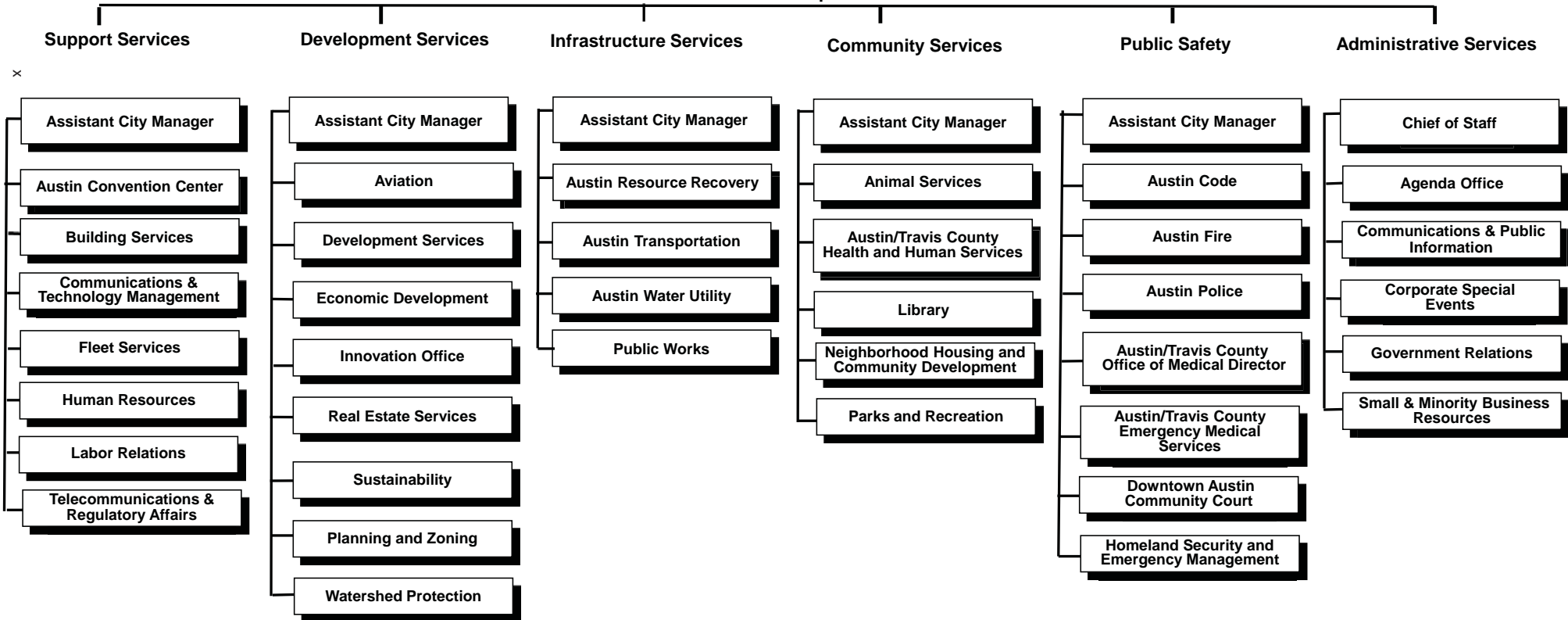
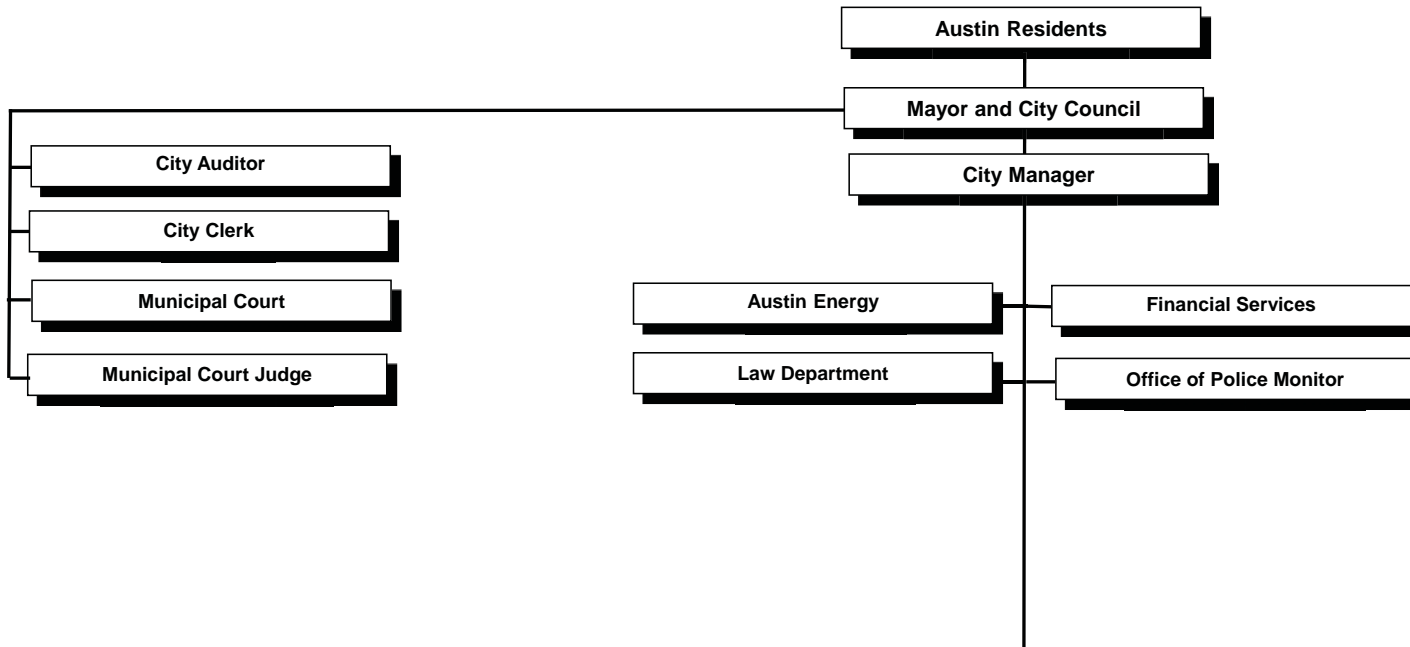


Marc A. Ott  
City Manager



Elaine Hart, CPA  
Chief Financial Officer

# City of Austin, Texas







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Austin  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2015 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

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**FINANCIAL SECTION**



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas, (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units which represent 99.8% of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports, one of which (Austin Bergstrom Landhost Enterprises) contains an emphasis of matter paragraph related to a going concern issue, have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 18 to the financial statements, beginning net position was restated due to the City's implementation of Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No.27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* during the year ended September 30, 2015. Our opinion is not modified with respect to this change.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budget Basis, the Retirement Plans—Trend Information, and the Other Post-Employment Benefits—Trend Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Deloitte & Touche LLP*

March 28, 2016

The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 71.

## FINANCIAL HIGHLIGHTS

### **Government-wide financial statements**

The assets of the City exceeded its liabilities at the end of the fiscal year 2015, resulting in \$4.1 billion of net position. Net position associated with governmental activities is approximately \$0.7 billion, while the net position associated with business-type activities is approximately \$3.4 billion, or 83.8% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is \$3.9 billion, or 94.6% of total net position. The City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27" during the year, which increased the net pension liability in the financial statements by \$1.2 billion over the previously reported net pension obligation.

The City's unrestricted net position is a deficit of \$557 million. Unrestricted net position for governmental activities is a deficit of \$1.1 billion, while unrestricted net position for business-type activities is approximately \$560.3 million, or 16.4% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of \$844.1 million and other postemployment benefits payable of \$484.9 million.

During fiscal year 2015, total net position for the City of Austin increased \$183.9 million or 4.7%. Of this amount, governmental activities decreased \$18.3 million, or 2.7% from the previous year and business-type activities increased \$202.2 million, or 6.3%.

Total revenues for the City increased \$190.5 million; revenues for governmental activities increased \$70.9 million; revenues for business-type activities increased \$119.6 million. Total expenses for the City increased \$106.3 million; expenses for governmental activities increased \$59.5 million; expenses for business-type activities increased \$46.8 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

This report also contains required supplementary information in addition to the basic financial statements.

### **a -- Government-wide financial statements**

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

- The **Statement of Net Position** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Austin is improving or deteriorating.
- The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues for uncollected taxes and expenses for future general obligation debt payments. The statement includes the annual depreciation for infrastructure and governmental assets.

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



**OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

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

The government-wide financial statements also include three discretely presented component units: Austin-Bergstrom Landhost Enterprises, Inc. (ABLE), Austin Convention Enterprises, Inc. (ACE), and Waller Creek Local Government Corporation (WCLGC). These entities are legally separate entities that do not meet the GASB reporting requirements for inclusion as part of the City's operations; therefore, data from these units are shown separately from data of the City. More information on these entities can be found in the notes to the financial statements, including how to get a copy of separately audited financial statements for ACE and ABLE. WCLGC activities are recorded in the City's financial system and city staff prepares the financial reports for this entity.

**b -- Fund financial statements**

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

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

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

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

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

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of three of the City's major funds, Austin Energy<sup>TM</sup>, Austin Water Utility, and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.
- Internal Service funds are used to report activities that provide supplies and services for many City programs and activities. The City's internal service funds include: Capital Projects Management; Combined Transportation, Emergency and Communications Center (CTECC); Employee Benefits; Fleet Maintenance; Information Systems; Liability Reserve; Support Services; Wireless Communication; and Workers' Compensation. Because these services predominantly benefit governmental operations rather than business-type functions, they have been included in governmental activities in the government-wide financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

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

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

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

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

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

**c -- Notes to the financial statements**

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

**d -- Other information**

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

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

**a -- Net position**

The following table reflects a summary statement of net position compared to prior year, as restated (in thousands):

	Condensed Statement of Net Position as of September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 688,543	645,341	1,339,775	1,258,553	2,028,318	1,903,894
Capital assets	2,792,395	2,693,200	7,446,085	7,315,956	10,238,480	10,009,156
Other noncurrent assets	1,488	1,547	1,644,741	1,185,352	1,646,229	1,186,899
Total assets	<u>3,482,426</u>	<u>3,340,088</u>	<u>10,430,601</u>	<u>9,759,861</u>	<u>13,913,027</u>	<u>13,099,949</u>
Deferred outflows of resources	<u>167,627</u>	<u>88,620</u>	<u>313,209</u>	<u>227,387</u>	<u>480,836</u>	<u>316,007</u>
Current liabilities	324,557	321,500	489,483	481,782	814,040	803,282
Noncurrent liabilities	2,661,982	2,418,186	5,923,535	5,546,435	8,585,517	7,964,621
Total liabilities	<u>2,986,539</u>	<u>2,739,686</u>	<u>6,413,018</u>	<u>6,028,217</u>	<u>9,399,557</u>	<u>8,767,903</u>
Deferred inflows of resources	<u>1,464</u>	<u>8,681</u>	<u>904,455</u>	<u>734,857</u>	<u>905,919</u>	<u>743,538</u>
Net position:						
Net investment in capital assets	1,645,359	1,621,208	2,223,964	2,216,347	3,869,323	3,837,555
Restricted	133,984	118,335	642,052	524,653	776,036	642,988
Unrestricted (deficit)	<u>(1,117,293)</u>	<u>(1,059,202)</u>	<u>560,321</u>	<u>483,174</u>	<u>(556,972)</u>	<u>(576,028)</u>
Total net position	<u>\$ 662,050</u>	<u>680,341</u>	<u>3,426,337</u>	<u>3,224,174</u>	<u>4,088,387</u>	<u>3,904,515</u>

In the current fiscal year, total assets increased \$813.1 million and deferred outflows of the City increased by \$164.8 million. Total liabilities increased \$631.7 million and deferred inflows increased by \$162.4 million. Governmental-type total assets increased by \$142.3 million and business-type increased by \$670.7 million, while governmental-type liabilities increased by \$246.9 million and business-type increased by \$384.8 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of \$99.2 million as the City continues to build out projects from the 2006, 2010, and 2012 bond programs. Factors in the increase of governmental-type liabilities include increases in the bonds payable of \$102.7 million, related to the 2006 (\$21 million), 2010 (\$14.7 million), and 2012 (\$69.3 million) bond programs along with increases in the net pension liability of \$89.9 million and other postemployment benefits payable of \$49.6.

The most significant factor in the increase of business-type total assets is a result of an increase in capital assets of \$130.1 million or 19.4%. The primary factors in the increase in business-type total liabilities of \$384.8 million include an increase in bonds payable of \$298.9 million and an increase in the net pension liability of \$53.2 million.

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4.1 billion at the end of the current fiscal year. However, the largest portion of the City's net position is represented in the net investment in capital assets (e.g. land, building, and equipment offset by related debt), which is \$3.9 billion, or 94.6% of the total amount of the City's net position. The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion, \$776 million of the City's net position, represents resources that are subject to external restrictions on how they may be used in the future. The remaining balance is a deficit of \$557 million of unrestricted net position. Unrestricted net position improved \$19.1 million in the current fiscal year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for business-type activities. However, governmental activities as well as the government as a whole report a deficit of \$1.1 billion and \$557 million for unrestricted net position, respectively.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

**b -- Changes in net position**

**Condensed Statement of Changes in Net Position  
September 30  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 160,708	141,709	2,296,132	2,225,860	2,456,840	2,367,569
Operating grants and contributions	45,470	50,333	1,039	1,489	46,509	51,822
Capital grants and contributions	70,484	66,856	110,580	65,550	181,064	132,406
General revenues:						
Property tax	476,439	448,083	--	--	476,439	448,083
Sales tax	204,029	189,464	--	--	204,029	189,464
Franchise fees and gross receipts tax	141,368	128,032	--	--	141,368	128,032
Interest and other	21,951	21,275	10,498	5,717	32,449	26,992
Special item - land sale	11,983	15,830	--	--	11,983	15,830
Total revenues	<u>1,132,432</u>	<u>1,061,582</u>	<u>2,418,249</u>	<u>2,298,616</u>	<u>3,550,681</u>	<u>3,360,198</u>
Program expenses:						
General government	131,993	118,074	--	--	131,993	118,074
Public safety	601,112	576,118	--	--	601,112	576,118
Transportation, planning, and sustainability	77,349	83,971	--	--	77,349	83,971
Public health	85,326	80,796	--	--	85,326	80,796
Public recreation and culture	134,567	117,441	--	--	134,567	117,441
Urban growth management	135,386	136,110	--	--	135,386	136,110
Interest on debt	55,855	49,617	--	--	55,855	49,617
Electric	--	--	1,203,729	1,251,599	1,203,729	1,251,599
Water	--	--	294,624	240,838	294,624	240,838
Wastewater	--	--	219,320	213,156	219,320	213,156
Airport	--	--	120,015	108,291	120,015	108,291
Convention	--	--	65,657	58,763	65,657	58,763
Environmental and health services	--	--	97,690	92,997	97,690	92,997
Public recreation	--	--	8,824	6,765	8,824	6,765
Urban growth management	--	--	135,360	125,983	135,360	125,983
Total expenses	<u>1,221,588</u>	<u>1,162,127</u>	<u>2,145,219</u>	<u>2,098,392</u>	<u>3,366,807</u>	<u>3,260,519</u>
Excess (deficiency) before transfers	(89,156)	(100,545)	273,030	200,224	183,874	99,679
Transfers	70,865	62,215	(70,865)	(62,215)	--	--
Increase (decrease) in net position	<u>(18,291)</u>	<u>(38,330)</u>	<u>202,165</u>	<u>138,009</u>	<u>183,874</u>	<u>99,679</u>
Beginning net position, as previously reported	1,308,194	1,355,433	3,328,362	3,197,015	4,636,556	4,552,448
Restatement adjustment	(627,853)	(8,909)	(104,190)	(6,662)	(732,043)	(15,571)
Beginning net position, as restated	<u>680,341</u>	<u>1,346,524</u>	<u>3,224,172</u>	<u>3,190,353</u>	<u>3,904,513</u>	<u>4,536,877</u>
Ending net position	<u>\$ 662,050</u>	<u>1,308,194</u>	<u>3,426,337</u>	<u>3,328,362</u>	<u>4,088,387</u>	<u>4,636,556</u>

Total net position of the City increased by \$183.9 million in the current fiscal year. Governmental net position decreased by \$18.3 million. The decrease is attributable to expenses exceeding revenues by \$89.2 million before transfers from other funds of \$70.9 million. Business-type net position increased by \$202.2 million due to revenues exceeding expenses by \$273 million, before transfers to other funds of \$70.9 million.

In addition, the City restated beginning net position for governmental and business-type activities as a result of the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions an amendment to GASB Statement No. 27"; and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment to GASB Statement No. 68". For more information, see Note 18.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

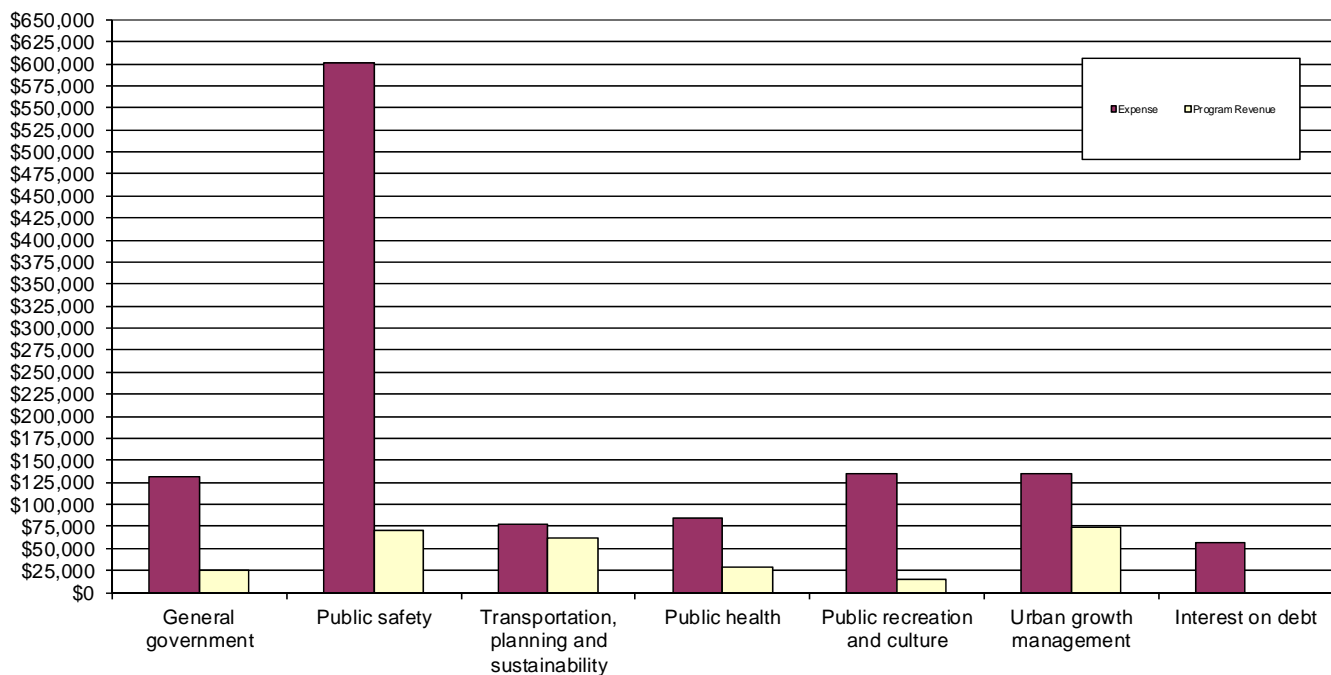
**c -- Program revenues and expenses -- governmental activities**

Governmental activities decreased the City's net position by \$18.3 million in fiscal year 2015, a 2.7% decrease of governmental net position from the previous year. Key factors for the change from fiscal year 2014 to 2015 are as follows:

- The City's property tax revenue increased by \$28.4 million from the previous year due to an increase in assessed property values of \$9.9 billion, while the property tax rate per \$100 of valuation decreased from 0.5027 to 0.4809.
- Sales tax collections and franchise fees for the year were \$14.6 million and \$13.3, respectively, more than the prior year as result of the continued improvement of the Austin economy.
- The City sold a piece of land for \$12 million, which is reported as a special item. See Note 1 for more details.
- Public safety expenses, public recreation and culture expenses, and general government expenses increased \$25 million, \$17.1 million, and \$13.9 million, respectively, primarily due to increases in salaries and contractual expenditures. This increase in salaries can be attributed to an additional 147 full time equivalents and a 3% general wage increase, whereas the increase in contractual expenditures can be attributed to rising information technology costs.

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

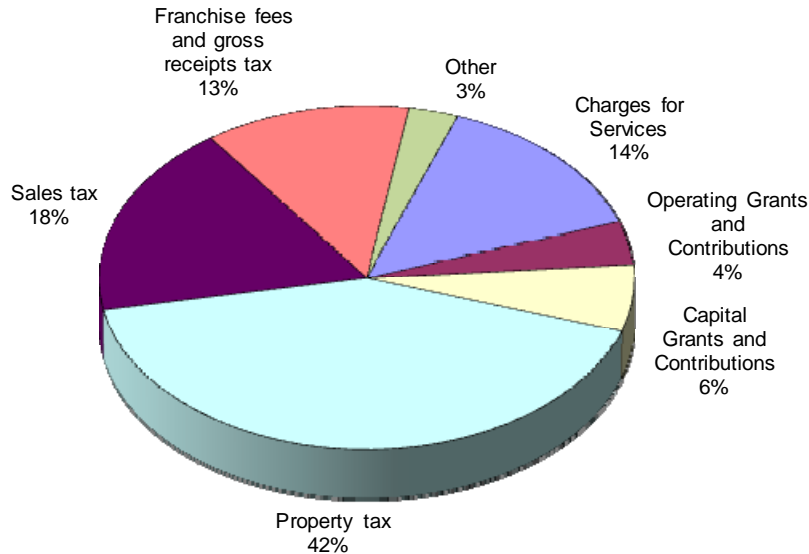
**Government-wide Program Expenses and Revenues – Governmental Activities  
(in thousands)**



**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

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

**Government-wide Revenues by Source -- Governmental Activities**



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

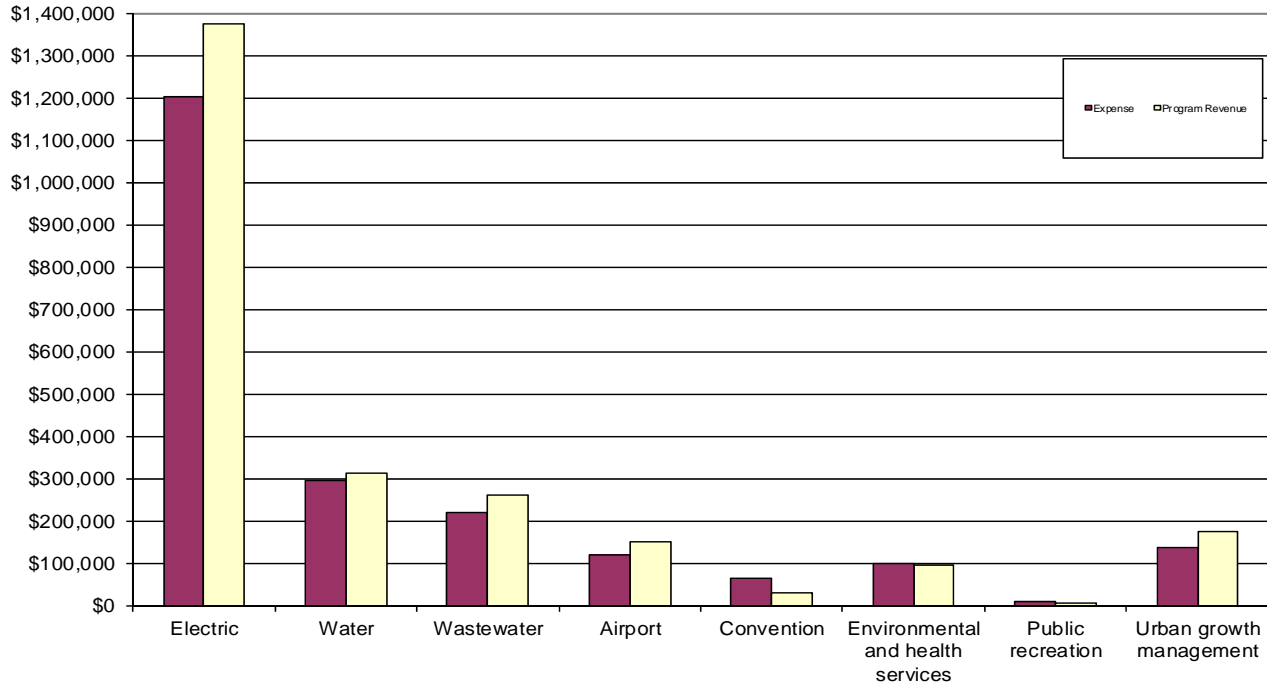
Business-type activities increased the City’s net position by approximately \$202.2 million, accounting for a 6.3% increase in the City’s total net position. Key factors include:

- Austin Energy net position increased approximately \$72.6 million. Revenues stayed flat in fiscal year 2015. Expenses decreased 3.8% largely due to a decrease in power supply costs.
- Austin Water Utility net position increased approximately \$21.1 million. Revenues increase 12.3% largely due to a combined utility rate increase of 8.1% for FY15. Expenses increase by 13.2% due to an increase in expenses resulting from accounting for regulated operations.
- Airport net position increased approximately \$32.5 million. Revenues increased 12.8% due to an increase in passenger traffic and higher rental and landing fees. Passenger traffic continues to break records with a 12.4% increase over the previous year. Expenses increased 10.8% due to an increase in operating and maintenance costs.
- Convention Center net position increased approximately \$29 million. Revenues and transfers from the Hotel Occupancy and Vehicle Rental Tax Funds increased 14.2% due in part to the growth of several large events, including the Formula 1 event and South by Southwest. Expenses increased 11.7% due to an increase in operations and maintenance costs.
- Environmental and health services activities are comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position decreased approximately \$1.6 million. Revenues increased by 14% due mainly to an increase in the Clean Community Fee of \$0.75 per residential customer account and \$0.65 per commercial customer account. There was also an increase in the base fee of \$1.85 for both residential and commercial accounts. Expenses increased by 5% due mainly to an increase in operations and support services costs.
- Urban growth management activities are comprised of nonmajor enterprise funds that include the Drainage Fund and Transportation Fund. Net position increased by approximately \$41.6 million. Drainage revenues increased by 10.3% primarily due to a 6.5% increase in the monthly Drainage Utility Fee and residential growth. Drainage expenses increased 10.5% due to an increase in operations and support services costs. Transportation revenues increased approximately 7.4% primarily due to an increase in the Transportation User Fee of 5.75%. Transportation expenses increased 6.0% due to an increase in operations and support services costs.

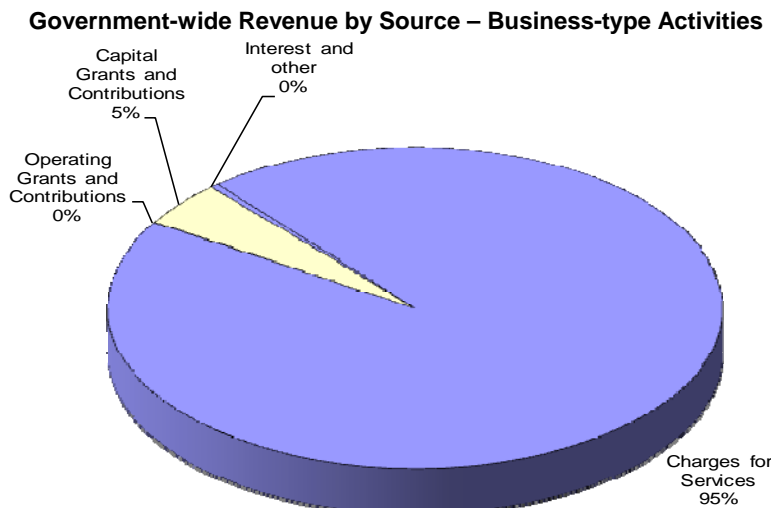
**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

As shown in the following chart, Austin Energy (electric), with expenses of \$1.2 billion is the City's largest business-type activity, followed by water with \$294.6 million, wastewater with \$219.3 million, urban growth management with \$135.4 million, airport with \$120 million, environmental and health services with \$97.7 million, convention with \$65.7 million, and public recreation with \$8.8 million. For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention, environmental and health services and public recreation.

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



For all business-type activities, charges for services provide the largest percentage of revenues (94.96%), followed by capital grants and contributions (4.57%), operating grants and contributions (0.04%), and interest and other revenues (0.43%).



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS**

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

### **a -- Governmental funds**

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

At the end of the fiscal year, the City of Austin's governmental funds reported combined ending fund balances of \$418.6 million, an increase of \$51 million from the previous year. Approximately \$2 million is nonspendable, \$176 million is restricted, \$40.2 million is committed, \$101.9 million is assigned, and \$98.5 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of \$0.9 million, assigned fund balance of \$26.1 million, and unassigned fund balance of \$150.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.1% of total General Fund expenditures of \$878.9 million, and total fund balance represents 20.2% of expenditures. The City's financial policies provide that surplus fund balance be identified for budget stabilization. This amount is a component of unassigned fund balance. The fund balance identified for budget stabilization was \$100.2 million. The balance identified for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, but such appropriation will not normally exceed one-third of the total identified amount, with the other two-thirds identified for budget stabilization in future years.

The fund balance of the General Fund decreased \$6.3 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased \$19.9 million due to an increase in assessed property values.
- Sales tax revenues increased \$14.6 million, and licenses, permits, and inspections increased \$5.3 million.
- Increase in public safety expenditures of \$41 million.
- Additionally, the City sold a piece of land for \$12 million, which is reported as a special item. See Note 1 for more details.

General Fund expenditures increased \$71.6 million, due primarily to an increase in public safety expenditures of \$41 million, an increase in general government of \$11.7 million, an increase in public recreation and culture of \$9.5 million, and an increase in public health of \$6.9 million. These increases are primarily due to the addition of 177 FTEs, a 3% general wage increase, and contractual expenses.

### **b -- Proprietary funds**

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net position of the City's enterprise funds increased by \$198.8 million before consolidation of the internal service funds activities.

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

## **OTHER INFORMATION**

### **a -- General Fund budgetary highlights**

The original revenue and expenditure budgets of the General Fund were not amended during the fiscal year 2015.

During the year, revenues were \$20 million more than budgeted. Tax collections were \$7.3 million more than budgeted; licenses, permits and inspections were \$9.4 million more than budgeted; and franchise fees were \$1.2 million more than budgeted.

Actual budget-basis expenditures were \$4.6 million less than budgeted. Fire exceeded budget by \$2.4 million and the Austin Public Library exceeded budget by \$24 thousand, while all other departments were under budget. The total budget-basis fund balance at year-end was \$180.1 million.



**OTHER INFORMATION, continued**

**b -- Capital assets**

The City's capital assets for governmental and business-type activities as of September 30, 2015, total \$10.2 billion (net of accumulated depreciation and amortization). Capital assets include buildings and improvements, equipment, vehicles, electric plant, non-electric plant, nuclear fuel, water rights, infrastructure, land, construction in progress, and plant held for future use. The total increase in the City's capital assets for the current fiscal year was \$229.3 million, with an increase of 3.7% for governmental activities and an increase of 1.8% for business-type activities. Additional information on capital assets can be found in Note 5. Capital asset balances are as follows:

	<b>Capital Assets, Net of Accumulated Depreciation and Amortization (in millions)</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Building and improvements	\$ 550	570	1,649	1,121	2,199	1,691
Plant and equipment	77	81	2,306	2,287	2,383	2,368
Vehicles	47	46	82	73	129	119
Electric plant	--	--	2,219	2,201	2,219	2,201
Non-electric plant	--	--	138	135	138	135
Nuclear fuel	--	--	47	40	47	40
Water rights	--	--	84	85	84	85
Infrastructure	1,451	1,384	--	--	1,451	1,384
Land and improvements	368	363	594	555	962	918
Construction in progress	272	226	300	794	572	1,020
Plant held for future use	--	--	23	23	23	23
Other assets not depreciated	27	23	4	2	31	25
Total net capital assets	<u>\$ 2,792</u>	<u>2,693</u>	<u>7,446</u>	<u>7,316</u>	<u>10,238</u>	<u>10,009</u>

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

- Governmental capital assets increased \$99.2 million primarily due to additions of new facilities and improvements to existing facilities. Improvements to Auditorium Shores and renovations of City Hall were completed. Significant additions and improvements were also made including acquisitions of parkland, upgrades to information technology equipment, pedestrian facility improvements, and street reconstructions across the City. Construction on the new Central Library and Waller Creek Tunnel has been progressing.
- Business-type activities purchased or completed construction on capital assets of \$130.1 million. The increase was largely due to plant additions, plant improvements, and land acquisition for Austin Energy, Austin Water, the Airport Fund, and the Drainage Fund. Austin Energy increased the chilled water capacity of the Seaholm Development and Domain cooling system and provided service to new customers due to the City growth. Austin Water completed construction on Water Treatment Plant 4, worked on transmission mains in Martin Hill and Jollyville as well as along MoPac, made water and wastewater line improvements to North Acres, and relocated lines along SH 71. The Airport Fund expanded the east terminal and completed construction of a new taxiway. The Drainage Fund acquired properties at risk of flooding in Onion Creek and made improvements along Shoal Creek.

**OTHER INFORMATION, continued**

**c -- Debt administration**

At the end of the current fiscal year, the City reported \$6.2 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 6.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds and other tax supported debt, net	\$ 1,298	1,196	133	136	1,431	1,332
Commercial paper notes, net	--	--	200	241	200	241
Revenue bonds, net	--	--	4,601	4,299	4,601	4,299
Capital lease obligations	--	--	1	1	1	1
<b>Total</b>	<b>\$ 1,298</b>	<b>1,196</b>	<b>4,935</b>	<b>4,677</b>	<b>6,233</b>	<b>5,873</b>

During fiscal year 2015, the City's total outstanding debt increased by \$360.7 million. The City issued new debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities increased by \$102.7 million. The resulting net increase is a combination of the issuance of \$180 million in new debt to be used primarily for facility improvements, streets and signals, drainage improvements, watershed home buyouts, central library, Mueller public infrastructure improvements, capital equipment, transportation projects, and the Waller Creek Tunnel project offset by debt payments during the year.
- Outstanding debt for business-type functions increased by \$258 million. The City issued \$408.9 million of Electric Utility System separate lien revenue refunding bonds to refund separate lien debt and taxable commercial paper, \$289.1 million in Water and Wastewater System separate lien revenue refunding bonds to refund separate lien debt, and \$244.5 million in Airport prior lien revenue bonds.

During the year, Airport revenue bonds received a new bond rating from Moody's Investors Service of A1. The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations; commercial paper ratings were unchanged in the current fiscal year. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2015 and 2014 were as follows:

Debt	Moody's Investors Service, Inc.		Standard & Poor's		Fitch, Inc.	
	2015	2014	2015	2014	2015	2014
General obligation bonds and other tax supported debt	Aaa	Aaa	AAA	AAA	AAA	AAA
Commercial paper notes - tax exempt	P-1	P-1	A-1	A-1	F1	F1
Commercial paper notes - taxable	P-1	P-1	A-1	A-1	F1	F1
Utility revenue bonds - prior lien	Aa1	Aa1	AA	AA	AA	AA
Utility revenue bonds - subordinate lien	Aa2	Aa2	AA	AA	AA-	AA-
Utility revenue bonds - separate lien:						
Austin Energy	A1	A1	AA-	AA-	AA-	AA-
Austin Water Utility	Aa2	Aa2	AA	AA	AA-	AA-
Airport system revenue bonds	A1	NUR (1)	A	A	NUR (1)	NUR(1)
Convention Center revenue bonds	Aa3	Aa3	AA-	AA-	NUR (1)	NUR(1)
Convention Center revenue bonds - subordinate	A1	A1	A	A	NUR (1)	NUR(1)

(1) No underlying rating

**OTHER INFORMATION, continued**

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

Austin's diverse economic base and national reputation as a great place to work and live continues to attract new employers and talented individuals. Both the Austin and the Texas economies continue to outpace the national economy. Partnerships between the City and the business community have been the key to Austin's economic success. The City's economic development efforts have been successful in attracting new firms and new jobs to Austin. As a result, employment growth is steady and expected to continue well ahead of national levels through at least 2017. All sectors of the real estate market are performing well including the hotel market with a number of new rooms either recently opened or under construction to meet increased demand resulting from both business travel and tourism. In 2015 sales taxes increased 7.7% following a 7.5% increase in 2014. While the rate of sales tax collections may slow over the next few years, it is expected to remain positive barring any events at the national or international level that would have an adverse impact.

The City's 2016 budget was developed in a manner true to the City Manager's unwavering commitment to openness, transparency, and public engagement. Input from City Council, City employees, and citizens played a major role in the development of a variety of structural applications designed to positively affect our City's fiscal sustainability over the long term and present a balanced budget for City Council's review. The Austin City Council has adopted a comprehensive set of financial policies to provide the foundation for long-range financial sustainability. These financial policies are directly aligned with the Council's priority of budget stability while at the same time maintaining affordability and investing in future economic development, infrastructure needs, and quality of life. These policies are also crucial in maintaining the City's favorable bond ratings. City management continues to monitor the economy and take corrective actions to help mitigate any unfavorable economic events.

The assessed taxable property values within the City increased by 12.5% in 2015 for fiscal year 2016. The property tax rate for fiscal year 2016 is 45.89 cents per \$100 valuation, down from 48.09 cents per \$100 valuation in 2015. The tax rate consists of 35.27 cents for the General Fund and 10.62 cents for debt service. Each 1 cent of the 2015 (Fiscal Year 2016) property tax rate is equivalent to \$11,100,886 of tax levy, as compared to \$9,865,218 in the previous year. In Fiscal Year 2016, Austin Water Utility will implement a 4.9% combined system-wide rate increase.

**e -- Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department of the City of Austin, P.O. Box 2920, Austin, Texas 78768, or (512) 974-2600 or on the web at: <https://www.austintexas.gov>.





**BASIC FINANCIAL  
STATEMENTS**





**Statement of Net Position**  
**September 30, 2015**  
(In thousands)

City of Austin, Texas  
Exhibit A-1

	Governmental Activities	Business-type Activities	Total (†)	Component Units
<b>ASSETS</b>				
Current assets:				
Cash	\$ 64	61	125	4,869
Pooled investments and cash	395,444	511,576	907,020	--
Pooled investments and cash - restricted	135,130	178,686	313,816	--
Total pooled investments and cash	530,574	690,262	1,220,836	--
Investments, at fair value - restricted	20,550	177,379	197,929	--
Cash held by trustee - restricted	4,323	--	4,323	--
Investments held by trustee - restricted	1,590	--	1,590	--
Working capital advances	--	4,943	4,943	--
Property taxes receivable, net of allowance of \$5,166	13,233	--	13,233	--
Accounts receivable, net	103,733	255,702	359,435	4,154
Receivables from other governments	12,639	--	12,639	--
Receivables from other governments - restricted	--	4,124	4,124	--
Notes receivable, net of allowance of \$13,884	20,579	--	20,579	--
Internal balances	(30,753)	30,753	--	--
Inventories, at cost	2,235	87,169	89,404	952
Real property held for resale	5,940	--	5,940	--
Regulatory assets, net of accumulated amortization	--	46,682	46,682	--
Prepaid expenses	344	11,786	12,130	601
Other receivables - restricted	--	11,708	11,708	--
Other assets	3,492	19,206	22,698	--
Total current assets	688,543	1,339,775	2,028,318	10,576
Noncurrent assets:				
Cash - restricted	--	5,011	5,011	353
Pooled investments and cash - restricted	--	500,535	500,535	--
Investments, at fair value - restricted	--	248,479	248,479	55,042
Investments held by trustee - restricted	--	215,893	215,893	1,383
Interest receivable - restricted	--	657	657	--
Depreciable capital assets, net	2,125,720	6,525,511	8,651,231	190,244
Nondepreciable capital assets, net	666,675	920,574	1,587,249	7,555
Derivative instruments - energy risk management	--	5,605	5,605	--
Regulatory assets, net of accumulated amortization	--	661,540	661,540	--
Other long-term assets	1,488	7,021	8,509	5,762
Total noncurrent assets	2,793,883	9,090,826	11,884,709	260,339
<b>Total assets</b>	3,482,426	10,430,601	13,913,027	270,915
<b>Deferred outflows of resources</b>	\$ 167,627	313,209	480,836	19,050

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

(Continued)

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



**Statement of Net Position**  
**September 30, 2015**  
(In thousands)

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

	Governmental Activities	Business-type Activities	Total (†)	Component Units
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 52,334	79,106	131,440	10,332
Accounts and retainage payable from restricted assets	5,403	30,503	35,906	--
Accrued payroll	21,994	12,387	34,381	220
Accrued compensated absences	60,644	24,565	85,209	--
Claims payable	22,611	--	22,611	--
Accrued interest payable from restricted assets	--	73,808	73,808	11,779
Interest payable on other debt	7,283	840	8,123	--
Bonds payable	52,956	16,979	69,935	42,967
Bonds payable from restricted assets	20,761	184,905	205,666	--
Capital lease obligations payable	--	49	49	23
Customer and escrow deposits payable from restricted assets	63,987	47,095	111,082	--
Accrued landfill closure and postclosure costs	--	1,549	1,549	--
Decommissioning liability payable from restricted assets	--	7,792	7,792	--
Other liabilities	16,584	9,590	26,174	--
Other liabilities payable from restricted assets	--	315	315	--
<b>Total current liabilities</b>	<b>324,557</b>	<b>489,483</b>	<b>814,040</b>	<b>65,321</b>
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	71,745	143	71,888	--
Claims payable	24,853	--	24,853	--
Capital appreciation bond interest payable	--	100,528	100,528	--
Commercial paper notes payable, net of discount	--	200,581	200,581	--
Bonds payable, net of discount and inclusive of premium	1,224,709	4,531,616	5,756,325	268,194
Net pension liability	844,086	445,809	1,289,895	--
Other postemployment benefits payable	484,854	292,845	777,699	--
Capital lease obligations payable	--	1,040	1,040	32
Accrued landfill closure and postclosure costs	--	9,899	9,899	--
Decommissioning liability payable from restricted assets	--	175,216	175,216	--
Derivative instruments - energy risk management	--	51,751	51,751	--
Derivative instruments - interest rate swaps	--	70,334	70,334	--
Other liabilities	11,735	43,288	55,023	--
Other liabilities payable from restricted assets	--	485	485	--
<b>Total noncurrent liabilities</b>	<b>2,661,982</b>	<b>5,923,535</b>	<b>8,585,517</b>	<b>268,226</b>
<b>Total liabilities</b>	<b>2,986,539</b>	<b>6,413,018</b>	<b>9,399,557</b>	<b>333,547</b>
<b>Deferred inflows of resources</b>	<b>1,464</b>	<b>904,455</b>	<b>905,919</b>	<b>--</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,645,359	2,223,964	3,869,323	(97,894)
Restricted for:				
Debt service	13,478	138,961	152,439	21,087
Strategic reserve	--	152,086	152,086	--
Capital projects	50,948	218,875	269,823	--
Renewal and replacement	--	10,857	10,857	--
Bond reserve	--	43,338	43,338	--
Passenger facility charges	--	61,085	61,085	--
Operating reserve	--	16,850	16,850	--
Perpetual care:				
Expendable	1	--	1	--
Nonexpendable	1,070	--	1,070	--
Housing activities	24,280	--	24,280	--
Tourism	19,193	--	19,193	--
Other purposes	25,014	--	25,014	--
Unrestricted (deficit)	(1,117,293)	560,321	(556,972)	33,225
<b>Total net position</b>	<b>\$ 662,050</b>	<b>3,426,337</b>	<b>4,088,387</b>	<b>(43,582)</b>

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

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

**Statement of Activities**  
**For the year ended September 30, 2015**  
(In thousands)

**City of Austin, Texas**  
**Exhibit A-2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities								
General government	\$ 131,993	15,434	118	9,163	(107,278)	--	(107,278)	--
Public safety	601,112	65,221	5,814	--	(530,077)	--	(530,077)	--
Transportation, planning, and sustainability	77,349	5,006	657	55,742	(15,944)	--	(15,944)	--
Public health	85,326	10,351	19,173	--	(55,802)	--	(55,802)	--
Public recreation and culture	134,567	8,330	1,604	5,456	(119,177)	--	(119,177)	--
Urban growth management	135,386	56,366	18,104	123	(60,793)	--	(60,793)	--
Interest on debt	55,855	--	--	--	(55,855)	--	(55,855)	--
Total governmental activities	<u>1,221,588</u>	<u>160,708</u>	<u>45,470</u>	<u>70,484</u>	<u>(944,926)</u>	<u>--</u>	<u>(944,926)</u>	<u>--</u>
Business-type activities								
Electric	1,203,729	1,351,436	308	23,151	--	171,166	171,166	--
Water	294,624	277,180	--	34,922	--	17,478	17,478	--
Wastewater	219,320	239,811	--	21,869	--	42,360	42,360	--
Airport	120,015	142,353	610	8,405	--	31,353	31,353	--
Convention	65,657	28,657	--	--	--	(37,000)	(37,000)	--
Environmental and health services	97,690	96,622	41	11	--	(1,016)	(1,016)	--
Public recreation	8,824	5,736	--	470	--	(2,618)	(2,618)	--
Urban growth management	135,360	154,337	80	21,752	--	40,809	40,809	--
Total business-type activities	<u>2,145,219</u>	<u>2,296,132</u>	<u>1,039</u>	<u>110,580</u>	<u>--</u>	<u>262,532</u>	<u>262,532</u>	<u>--</u>
Total primary government	<u>\$ 3,366,807</u>	<u>2,456,840</u>	<u>46,509</u>	<u>181,064</u>	<u>(944,926)</u>	<u>262,532</u>	<u>(682,394)</u>	<u>--</u>
Component Units	<u>84,820</u>	<u>91,466</u>	<u>150</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,796</u>
General revenues:								
Property tax					476,439	--	476,439	--
Sales tax					204,029	--	204,029	--
Franchise fees and gross receipts tax					141,368	--	141,368	--
Interest and other					21,951	10,498	32,449	68
Special item - land sale					11,983	--	11,983	--
Transfers-internal activities					70,865	(70,865)	--	--
Total general revenues and transfers					<u>926,635</u>	<u>(60,367)</u>	<u>866,268</u>	<u>68</u>
Change in net position					(18,291)	202,165	183,874	6,864
Beginning net position, as restated (Note 18)					680,341	3,224,172	3,904,513	(50,446)
Ending net position					<u>\$ 662,050</u>	<u>3,426,337</u>	<u>4,088,387</u>	<u>(43,582)</u>

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



**Governmental Funds  
Balance Sheet  
September 30, 2015  
(In thousands)**

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

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 53	--	53
Pooled investments and cash	168,905	226,535	395,440
Investments, at fair value	--	20,550	20,550
Cash held by trustee - restricted	--	2,778	2,778
Investments held by trustee - restricted	--	1,590	1,590
Property taxes receivable, net of allowance	9,080	4,153	13,233
Accounts receivable, net of allowance	61,489	36,680	98,169
Receivables from other governments	--	12,639	12,639
Notes receivable, net of allowance	--	20,579	20,579
Due from other funds	227	57,533	57,760
Advances to other funds	--	1,911	1,911
Inventories, at cost	766	--	766
Real property held for resale	--	5,940	5,940
Prepaid items	183	--	183
Other assets	176	3,316	3,492
<b>Total assets</b>	<b>240,879</b>	<b>394,204</b>	<b>635,083</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Accounts payable	20,123	20,200	40,323
Accrued payroll	17,661	78	17,739
Accrued compensated absences	487	--	487
Due to other funds	210	57,759	57,969
Unearned revenue	--	5,052	5,052
Advances from other funds	1,062	779	1,841
Deposits and other liabilities	5,617	62,091	67,708
Total liabilities	45,160	145,959	191,119
<b>Deferred inflows of resources</b>	<b>18,556</b>	<b>6,803</b>	<b>25,359</b>
Fund balances			
Nonspendable:			
Inventories and prepaid items	949	--	949
Permanent funds	--	1,070	1,070
Restricted	--	175,977	175,977
Committed	--	40,196	40,196
Assigned	26,123	75,821	101,944
Unassigned	150,091	(51,622)	98,469
Total fund balances	177,163	241,442	418,605
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 240,879</b>	<b>394,204</b>	<b>635,083</b>

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

**Governmental Funds**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit B-1.1**

Total fund balances - Governmental funds \$ 418,605

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Governmental capital assets	4,255,443	
Less: accumulated depreciation	<u>(1,525,261)</u>	
		2,730,182

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

Other assets	<u>1,488</u>	1,488
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Deferred outflows represent the consumption of net assets that are applicable to a future reporting period.

Deferred outflow of resources	<u>167,529</u>	167,529
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Long-term liabilities are not payable in the current period and are not reported in the funds.

Compensated absences	(122,728)	
Interest payable	(7,271)	
Bonds and other tax supported debt payable, net	(1,295,360)	
Net pension liability	(844,086)	
Other postemployment benefits payable	(484,854)	
Other liabilities	<u>(16,420)</u>	
		(2,770,719)

Deferred inflows is an acquisition of net assets that is applicable to a future reporting period.

Unavailable revenue		
Property taxes and interest	13,265	
Accounts and other taxes receivable	12,094	
Service concession arrangements	<u>(1,463)</u>	
		23,896

Internal service funds are used by management to charge the costs of capital project management, combined emergency communication center, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds.

Certain assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

91,069

Total net position - Governmental activities		<u>\$ 662,050</u>
--	--	-------------------

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

**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
Exhibit B-2

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 358,259	116,445	474,704
Sales taxes	204,029	--	204,029
Franchise fees and other taxes	48,194	93,174	141,368
Fines, forfeitures and penalties	17,305	5,579	22,884
Licenses, permits and inspections	39,006	799	39,805
Charges for services/goods	58,297	28,279	86,576
Intergovernmental	--	62,622	62,622
Property owners' participation and contributions	--	12,763	12,763
Interest and other	11,831	9,686	21,517
<b>Total revenues</b>	<b>736,921</b>	<b>329,347</b>	<b>1,066,268</b>
<b>EXPENDITURES</b>			
Current:			
General government	100,561	1,661	102,222
Public safety	556,417	8,653	565,070
Transportation, planning and sustainability	4	7,028	7,032
Public health	61,504	19,126	80,630
Public recreation and culture	99,955	10,790	110,745
Urban growth management	60,428	56,484	116,912
Debt service:			
Principal	--	71,532	71,532
Interest	--	55,794	55,794
Fees and commissions	--	9	9
Capital outlay-capital project funds	--	186,870	186,870
<b>Total expenditures</b>	<b>878,869</b>	<b>417,947</b>	<b>1,296,816</b>
Deficiency of revenues over expenditures	(141,948)	(88,600)	(230,548)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of tax supported debt	--	159,939	159,939
Bond premiums	--	20,093	20,093
Transfers in	153,936	85,730	239,666
Transfers out	(30,304)	(119,819)	(150,123)
<b>Total other financing sources (uses)</b>	<b>123,632</b>	<b>145,943</b>	<b>269,575</b>
Net change in fund balances, before special items	(18,316)	57,343	39,027
Special item - land sale (See Note 1)	11,983	--	11,983
Net change in fund balances	(6,333)	57,343	51,010
Fund balances at beginning of year	183,496	184,099	367,595
<b>Fund balances at end of year</b>	<b>\$ 177,163</b>	<b>241,442</b>	<b>418,605</b>

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

**Governmental Funds**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**For the year ended September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit B-2.1**

Net change in fund balances - Governmental funds \$ 51,010

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	166,601	
Depreciation expense	(109,566)	
Loss on disposal of capital assets	<u>(1,692)</u>	55,343

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

Property taxes	1,735	
Charges for services	(562)	
Interest and other	(1,280)	
Capital assets contribution	<u>43,474</u>	43,367

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	(180,032)	
Principal repayment on long-term debt	<u>71,532</u>	(108,500)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Compensated absences	61	
Pension expense	(8,752)	
Other postemployment benefits	(49,591)	
Interest and other	<u>612</u>	(57,670)

A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities. (1,841)

Change in net position - Governmental activities \$ (18,291)

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

**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2015**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 21	5	3
Pooled investments and cash	249,666	51,829	8,351
Pooled investments and cash - restricted	57,335	74,892	8,929
Total pooled investments and cash	307,001	126,721	17,280
Investments, at fair value - restricted	64,666	80,134	22,147
Cash held by trustee - restricted	--	--	--
Working capital advances	4,943	--	--
Accounts receivable, net of allowance	156,934	73,722	4,421
Receivables from other governments-restricted	4,124	--	--
Due from other funds	1,130	301	--
Inventories, at cost	80,649	2,154	1,832
Regulatory assets, net of accumulated amortization	40,674	6,008	--
Prepaid expenses	11,669	19	23
Other receivables - restricted	8,520	123	1,324
Other assets	19,206	--	--
Total current assets	699,537	289,187	47,030
Noncurrent assets:			
Cash - restricted	5,011	--	--
Pooled investments and cash - restricted	25,349	50,074	425,112
Advances to other funds	18,690	2,705	--
Advances to other funds - restricted	--	--	51
Investments, at fair value - restricted	162,088	58,421	14,665
Investments held by trustee - restricted	205,108	10,785	--
Interest receivable - restricted	657	--	--
Depreciable capital assets, net	2,410,738	3,165,603	575,345
Nondepreciable capital assets	193,030	351,566	113,626
Derivative instruments - energy risk management	5,605	--	--
Regulatory assets, net of accumulated amortization	392,177	269,363	--
Other long-term assets	7,021	--	--
Total noncurrent assets	3,425,474	3,908,517	1,128,799
<b>Total assets</b>	<b>4,125,011</b>	<b>4,197,704</b>	<b>1,175,829</b>
<b>Deferred outflows of resources</b>	<b>\$ 117,484</b>	<b>99,214</b>	<b>47,973</b>

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



	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash	32	61	11
Pooled investments and cash	201,730	511,576	132,628
Pooled investments and cash - restricted	37,530	178,686	2,506
Total pooled investments and cash	239,260	690,262	135,134
Investments, at fair value - restricted	10,432	177,379	--
Cash held by trustee - restricted	--	--	1,545
Working capital advances	--	4,943	--
Accounts receivable, net of allowance	20,625	255,702	5,564
Receivables from other governments-restricted	--	4,124	--
Due from other funds	1,231	2,662	681
Inventories, at cost	2,534	87,169	1,469
Regulatory assets, net of accumulated amortization	--	46,682	--
Prepaid expenses	75	11,786	161
Other receivables - restricted	1,741	11,708	--
Other assets	--	19,206	--
Total current assets	275,930	1,311,684	144,565
Noncurrent assets:			
Cash - restricted	--	5,011	--
Pooled investments and cash - restricted	--	500,535	--
Advances to other funds	--	21,395	71
Advances to other funds - restricted	437	488	--
Investments, at fair value - restricted	13,305	248,479	--
Investments held by trustee - restricted	--	215,893	--
Interest receivable - restricted	--	657	--
Depreciable capital assets, net	373,825	6,525,511	61,707
Nondepreciable capital assets	262,352	920,574	506
Derivative instruments - energy risk management	--	5,605	--
Regulatory assets, net of accumulated amortization	--	661,540	--
Other long-term assets	--	7,021	--
Total noncurrent assets	649,919	9,112,709	62,284
<b>Total assets</b>	<b>925,849</b>	<b>10,424,393</b>	<b>206,849</b>
<b>Deferred outflows of resources</b>	<b>48,538</b>	<b>313,209</b>	<b>98</b>

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

(Continued)

**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2015**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 68,026	4,685	2,446
Accounts and retainage payable from restricted assets	7,725	12,329	7,186
Accrued payroll	5,122	2,686	873
Accrued compensated absences	10,257	5,472	1,949
Claims payable	--	--	--
Due to other funds	--	--	153
Due to other funds payable from restricted assets	--	441	--
Accrued interest payable from restricted assets	24,558	41,814	5,997
Interest payable on other debt	93	41	--
Bonds payable	--	--	24
Bonds payable from restricted assets	65,254	89,560	18,351
Capital lease obligations payable	49	--	--
Customer and escrow deposits payable from restricted assets	29,316	11,005	866
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	7,792	--	--
Other liabilities	4,847	2,068	2,675
Other liabilities payable from restricted assets	--	--	--
<b>Total current liabilities</b>	<b>223,039</b>	<b>170,101</b>	<b>40,520</b>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	--	--
Claims payable	--	--	--
Advances from other funds	--	1,373	821
Advances from other funds payable from restricted assets	--	16,587	--
Capital appreciation bond interest payable	5,681	94,847	--
Commercial paper notes payable, net of discount	32,046	168,535	--
Bonds payable, net of discount and inclusive of premium	1,345,918	2,374,264	547,828
Net pension liability	190,289	100,759	30,903
Other postemployment benefits payable	115,660	75,008	19,737
Capital lease obligations payable	1,040	--	--
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	175,216	--	--
Derivative instruments - energy risk management	51,751	--	--
Derivative instruments - interest rate swaps	--	21,597	34,229
Other liabilities	40,379	--	--
Other liabilities payable from restricted assets	--	--	11
<b>Total noncurrent liabilities</b>	<b>1,957,980</b>	<b>2,852,970</b>	<b>633,529</b>
<b>Total liabilities</b>	<b>2,181,019</b>	<b>3,023,071</b>	<b>674,049</b>
<b>Deferred inflows of resources</b>	<b>\$ 306,478</b>	<b>597,647</b>	<b>--</b>

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,949	79,106	17,414
Accounts and retainage payable from restricted assets	3,263	30,503	--
Accrued payroll	3,706	12,387	4,255
Accrued compensated absences	6,887	24,565	8,957
Claims payable	--	--	22,611
Due to other funds	1,870	2,023	670
Due to other funds payable from restricted assets	--	441	--
Accrued interest payable from restricted assets	1,439	73,808	--
Interest payable on other debt	706	840	12
Bonds payable	16,955	16,979	369
Bonds payable from restricted assets	11,740	184,905	--
Capital lease obligations payable	--	49	--
Customer and escrow deposits payable from restricted assets	5,908	47,095	--
Accrued landfill closure and postclosure costs	1,549	1,549	--
Decommissioning liability payable from restricted assets	--	7,792	--
Other liabilities	--	9,590	3,126
Other liabilities payable from restricted assets	315	315	--
<b>Total current liabilities</b>	<b>58,287</b>	<b>491,947</b>	<b>57,414</b>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	143	143	217
Claims payable	--	--	24,853
Advances from other funds	3,243	5,437	--
Advances from other funds payable from restricted assets	--	16,587	--
Capital appreciation bond interest payable	--	100,528	--
Commercial paper notes payable, net of discount	--	200,581	--
Bonds payable, net of discount and inclusive of premium	263,606	4,531,616	2,697
Net pension liability	123,858	445,809	--
Other postemployment benefits payable	82,440	292,845	--
Capital lease obligations payable	--	1,040	--
Accrued landfill closure and postclosure costs	9,899	9,899	--
Decommissioning liability payable from restricted assets	--	175,216	--
Derivative instruments - energy risk management	--	51,751	--
Derivative instruments - interest rate swaps	14,508	70,334	--
Other liabilities	2,909	43,288	--
Other liabilities payable from restricted assets	474	485	--
<b>Total noncurrent liabilities</b>	<b>501,080</b>	<b>5,945,559</b>	<b>27,767</b>
<b>Total liabilities</b>	<b>559,367</b>	<b>6,437,506</b>	<b>85,181</b>
<b>Deferred inflows of resources</b>	<b>330</b>	<b>904,455</b>	<b>1</b>

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

(Continued)

**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2015**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,035,734	492,169	328,440
Restricted for:			
Debt service	40,108	38,320	50,346
Strategic reserve	152,086	--	--
Capital projects	61,824	26,435	115,148
Renewal and replacement	64	--	10,000
Bond reserve	10,002	20,584	2,441
Passenger facility charges	--	--	61,085
Operating reserve	--	--	12,212
Unrestricted	455,180	98,692	(29,919)
<b>Total net position</b>	<b>\$ 1,754,998</b>	<b>676,200</b>	<b>549,753</b>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	13,188	7,781	2,376
Total net position - Business-type activities	<b>\$ 1,768,186</b>	<b>683,981</b>	<b>552,129</b>

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>NET POSITION</b>			
Net investment in capital assets	367,621	2,223,964	59,147
Restricted for:			
Debt service	10,187	138,961	--
Strategic reserve	--	152,086	--
Capital projects	15,468	218,875	2,506
Renewal and replacement	793	10,857	--
Bond reserve	10,311	43,338	--
Passenger facility charges	--	61,085	--
Operating reserve	4,638	16,850	--
Unrestricted	5,672	529,625	60,112
<b>Total net position</b>	<u>414,690</u>	<u>3,395,641</u>	<u>121,765</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	7,351	30,696	
Total net position - Business-type activities	<u>422,041</u>	<u>3,426,337</u>	

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water Utility</u>	<u>Airport</u>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,351,436	516,991	--
User fees and rentals	--	--	119,969
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<u>1,351,436</u>	<u>516,991</u>	<u>119,969</u>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	993,793	221,724	80,182
Depreciation and amortization	152,544	115,271	20,690
<b>Total operating expenses</b>	<u>1,146,337</u>	<u>336,995</u>	<u>100,872</u>
<b>Operating income (loss)</b>	<u>205,099</u>	<u>179,996</u>	<u>19,097</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	8,127	434	1,225
Interest on revenue bonds and other debt	(55,680)	(111,030)	(18,924)
Interest capitalized during construction	--	--	1,284
Passenger facility charges	--	--	22,384
Cost (recovered) to be recovered in future years	12,276	(71,466)	--
Other nonoperating revenue (expense)	(13,696)	4,608	(686)
<b>Total nonoperating revenues (expenses)</b>	<u>(48,973)</u>	<u>(177,454)</u>	<u>5,283</u>
<b>Income (loss) before contributions and transfers</b>	156,126	2,542	24,380
Capital contributions	23,151	57,530	8,405
Transfers in	7,133	31	--
Transfers out	(113,770)	(39,979)	(52)
<b>Change in net position</b>	72,640	20,124	32,733
<b>Total net position - beginning, as restated (See Note 18)</b>	1,682,358	656,076	517,020
<b>Total net position - ending</b>	<u>\$ 1,754,998</u>	<u>676,200</u>	<u>549,753</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	72,640	20,124	32,733
Adjustment to consolidate internal service activities	16	939	(207)
<b>Change in net position - Business-type activities</b>	<u>\$ 72,656</u>	<u>21,063</u>	<u>32,526</u>

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>			
Utility services	--	1,868,427	--
User fees and rentals	285,352	405,321	--
Billings to departments	--	--	391,531
Employee contributions	--	--	36,602
Operating revenues from other governments	--	--	4,746
Other operating revenues	--	--	7,259
<b>Total operating revenues</b>	<b>285,352</b>	<b>2,273,748</b>	<b>440,138</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	271,270	1,566,969	411,932
Depreciation and amortization	29,572	318,077	11,214
<b>Total operating expenses</b>	<b>300,842</b>	<b>1,885,046</b>	<b>423,146</b>
<b>Operating income (loss)</b>	<b>(15,490)</b>	<b>388,702</b>	<b>16,992</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	712	10,498	224
Interest on revenue bonds and other debt	(9,775)	(195,409)	(61)
Interest capitalized during construction	1,717	3,001	--
Passenger facility charges	--	22,384	--
Cost (recovered) to be recovered in future years	--	(59,190)	--
Other nonoperating revenue (expense)	(1,245)	(11,019)	(7,962)
<b>Total nonoperating revenues (expenses)</b>	<b>(8,591)</b>	<b>(229,735)</b>	<b>(7,799)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(24,081)</b>	<b>158,967</b>	<b>9,193</b>
Capital contributions	23,616	112,702	9,005
Transfers in	78,182	85,346	8,213
Transfers out	(4,450)	(158,251)	(24,851)
<b>Change in net position</b>	<b>73,267</b>	<b>198,764</b>	<b>1,560</b>
<b>Total net position - beginning, as restated (See Note 18)</b>	<b>341,423</b>	<b>3,196,877</b>	<b>120,205</b>
<b>Total net position - ending</b>	<b>414,690</b>	<b>3,395,641</b>	<b>121,765</b>
Reconciliation to government-wide Statement of Activities			
Change in net position	73,267	198,764	
Adjustment to consolidate internal service activities	2,653	3,401	
Change in net position - Business-type activities	<u>75,920</u>	<u>202,165</u>	

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

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,384,809	503,457	119,427
Cash received from other funds	33,256	8,173	--
Cash payments to suppliers for goods and services	(680,671)	(43,315)	(19,586)
Cash payments to other funds	(43,821)	(67,936)	(23,772)
Cash payments to employees for services	(183,923)	(98,217)	(31,420)
Cash payments to claimants/beneficiaries	--	--	--
Taxes collected and remitted to other governments	(43,655)	--	--
<b>Net cash provided by operating activities</b>	<b>465,995</b>	<b>302,162</b>	<b>44,649</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	7,127	--	--
Transfers out	(113,770)	(39,979)	--
Contributions (to) from other funds	--	(83)	--
Loans from other funds	--	--	--
Loan repayments to other funds	--	(506)	(178)
Loan repayments from other funds	753	301	7
Collections from other governments	2,165	1,771	(414)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(103,725)</b>	<b>(38,496)</b>	<b>(585)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of commercial paper notes	58,290	93,535	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	908	--
Proceeds from the sale of revenue bonds	--	--	244,495
Principal paid on long-term debt	(48,915)	(100,750)	(16,710)
Proceeds from the sale of capital assets	1,158	4,100	606
Interest paid on revenue bonds and other debt	(59,264)	(120,323)	(14,374)
Passenger facility charges	--	--	22,384
Acquisition and construction of capital assets	(171,061)	(112,660)	(57,402)
Contributions from state and federal governments	--	--	7,810
Contributions in aid of construction	16,586	24,188	595
Bond issuance costs	(2,736)	(2,291)	(1,903)
Bond premiums	45,023	35,224	29,172
Bonds issued for advanced refundings of debt	408,890	289,145	--
Cash paid for bond refunding escrow	(258,434)	(326,497)	--
Cash paid to payoff commercial paper	(192,700)	--	--
Cash paid for nuclear fuel inventory	(25,140)	--	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>\$ (228,303)</b>	<b>(215,421)</b>	<b>214,673</b>

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



	<b>Business-Type Activities</b>		<b>Governmental Activities- Internal Service Funds</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	283,720	2,291,413	47,057
Cash received from other funds	3,859	45,288	391,530
Cash payments to suppliers for goods and services	(64,601)	(808,173)	(84,711)
Cash payments to other funds	(58,076)	(193,605)	(14,850)
Cash payments to employees for services	(133,428)	(446,988)	(153,878)
Cash payments to claimants/beneficiaries	--	--	(151,002)
Taxes collected and remitted to other governments	--	(43,655)	--
<b>Net cash provided by operating activities</b>	<b>31,474</b>	<b>844,280</b>	<b>34,146</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	78,182	85,309	7,884
Transfers out	(4,353)	(158,102)	(24,634)
Contributions (to) from other funds	89	6	--
Loans from other funds	175	175	--
Loan repayments to other funds	(639)	(1,323)	(15)
Loan repayments from other funds	151	1,212	--
Collections from other governments	(1,317)	2,205	--
<b>Net cash provided (used) by noncapital financing activities</b>	<b>72,288</b>	<b>(70,518)</b>	<b>(16,765)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of commercial paper notes	--	151,825	--
Proceeds from the sale of general obligation bonds and other tax supported debt	16,860	17,768	--
Proceeds from the sale of revenue bonds	--	244,495	--
Principal paid on long-term debt	(29,317)	(195,692)	(352)
Proceeds from the sale of capital assets	--	5,864	--
Interest paid on revenue bonds and other debt	(10,925)	(204,886)	(154)
Passenger facility charges	--	22,384	--
Acquisition and construction of capital assets	(78,441)	(419,564)	(15,031)
Contributions from state and federal governments	--	7,810	--
Contributions in aid of construction	21,173	62,542	--
Bond issuance costs	(156)	(7,086)	--
Bond premiums	2,441	111,860	--
Bonds issued for advanced refundings of debt	--	698,035	--
Cash paid for bond refunding escrow	--	(584,931)	--
Cash paid to payoff commercial paper	--	(192,700)	--
Cash paid for nuclear fuel inventory	--	(25,140)	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(78,365)</b>	<b>(307,416)</b>	<b>(15,537)</b>

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

(Continued)

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	\$ (217,091)	(212,895)	(51,184)
Proceeds from sale and maturities of investment securities	158,057	222,978	32,961
Interest on investments	3,031	434	1,218
<b>Net cash provided (used) by investing activities</b>	<b>(56,003)</b>	<b>10,517</b>	<b>(17,005)</b>
Net increase (decrease) in cash and cash equivalents	77,964	58,762	241,732
Cash and cash equivalents, October 1	259,418	118,038	200,663
<b>Cash and cash equivalents, September 30</b>	<b>337,382</b>	<b>176,800</b>	<b>442,395</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	205,099	179,996	19,097
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	152,544	114,283	20,690
Amortization	--	988	--
Change in assets and liabilities:			
Decrease in working capital advances	(341)	--	--
(Increase) decrease in accounts receivable	21,661	(7,200)	(809)
Increase in allowance for doubtful accounts	(1,168)	(90)	180
Decrease in due from other funds	--	--	--
(Increase) decrease in inventory	(5,920)	(229)	(99)
(Increase) decrease in prepaid expenses and other assets	(8,594)	(2)	(23)
Increase in deferred outflows related to operations	(18,330)	(9,733)	(3,013)
Decrease in advances to other funds	--	--	--
Decrease in other long-term assets	15,536	--	--
Increase (decrease) in accounts payable	1,034	187	658
Increase in accrued payroll and compensated absences	945	533	335
Increase in claims payable	--	932	--
Increase in advances from other funds	--	--	--
Increase in net pension liability	22,528	12,088	3,673
Increase in other postemployment benefits payable	11,313	11,062	2,528
Increase (decrease) in other liabilities	4,129	(1,650)	1,345
Increase in customer deposits	2,021	997	87
Decrease in deferred inflows related to operations	63,538	--	--
<b>Total adjustments</b>	<b>260,896</b>	<b>122,166</b>	<b>25,552</b>
<b>Net cash provided by operating activities</b>	<b>\$ 465,995</b>	<b>302,162</b>	<b>44,649</b>

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	(17,989)	(499,159)	--
Proceeds from sale and maturities of investment securities	18,130	432,126	--
Interest on investments	712	5,395	224
<b>Net cash provided (used) by investing activities</b>	853	(61,638)	224
Net increase (decrease) in cash and cash equivalents	26,250	404,708	2,068
Cash and cash equivalents, October 1	213,042	791,161	134,622
<b>Cash and cash equivalents, September 30</b>	239,292	1,195,869	136,690
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	(15,490)	388,702	16,992
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	29,572	317,089	11,214
Amortization	--	988	--
Change in assets and liabilities:			
Decrease in working capital advances	--	(341)	--
(Increase) decrease in accounts receivable	1,374	15,026	(2,099)
Increase in allowance for doubtful accounts	(211)	(1,289)	--
Decrease in due from other funds	--	--	(670)
(Increase) decrease in inventory	398	(5,850)	24
(Increase) decrease in prepaid expenses and other assets	(29)	(8,648)	17
Increase in deferred outflows related to operations	(9,476)	(40,552)	32
Decrease in advances to other funds	--	--	44
Decrease in other long-term assets	--	15,536	--
Increase (decrease) in accounts payable	(1,845)	34	2,257
Increase in accrued payroll and compensated absences	1,288	3,101	1,054
Increase in claims payable	--	932	3,658
Increase in advances from other funds	--	--	670
Increase in net pension liability	11,965	50,254	--
Increase in other postemployment benefits payable	12,940	37,843	--
Increase (decrease) in other liabilities	(76)	3,748	953
Increase in customer deposits	1,064	4,169	--
Decrease in deferred inflows related to operations	--	63,538	--
<b>Total adjustments</b>	46,964	455,578	17,154
<b>Net cash provided by operating activities</b>	31,474	844,280	34,146

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

(Continued)

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2015**  
**(In thousands)**

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	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water Utility</u>	<u>Airport</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Capital appreciation bonds interest accreted	\$ (675)	(9,462)	--
Capital assets contributed from other funds	--	834	--
Capital assets contributed to other funds	--	(95)	--
Contributed facilities	--	32,508	--
(Increase) decrease in the fair value of investments	109	--	--
Amortization of bond (discounts) premiums	5,269	10,598	902
Amortization of gain/loss on refundings	(6,771)	(5,829)	(890)
Loss on disposal of assets	(7,397)	(861)	--
Costs (recovered) to be recovered	12,276	(71,466)	--
Transfers (to) from other funds	6	31	(52)
Capitalized interest	--	--	1,284

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

(Continued)

	<u>Business-Type Activities</u>		<u>Governmental Activities- Internal Service Funds</u>
	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Capital appreciation bonds interest accreted	--	(10,137)	--
Capital assets contributed from other funds	2,443	3,277	9,005
Capital assets contributed to other funds	(102)	(197)	--
Contributed facilities	--	32,508	--
(Increase) decrease in the fair value of investments	--	109	--
Amortization of bond (discounts) premiums	2,147	18,916	106
Amortization of gain/loss on refundings	(1,136)	(14,626)	(32)
Loss on disposal of assets	(1,459)	(9,717)	(7,962)
Costs (recovered) to be recovered	--	(59,190)	--
Transfers (to) from other funds	(97)	(112)	112
Capitalized interest	1,717	3,001	--

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

**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**September 30, 2015**  
**(In thousands)**

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

	<u>Private-purpose</u>	
	<u>Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Pooled investments and cash	\$ 2,179	2,503
Other assets	121	--
<b>Total assets</b>	<u>2,300</u>	<u>2,503</u>
<b>LIABILITIES</b>		
Accounts payable	9	--
Due to other governments	--	1,885
Deposits and other liabilities	1,260	618
<b>Total liabilities</b>	<u>1,269</u>	<u>2,503</u>
<b>NET POSITION</b>		
Held in trust	1,031	
<b>Total net position</b>	<u>\$ 1,031</u>	

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

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the year ended September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit D-2**

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	<u>Private-Purpose</u> <u>Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ 1,569
Interest and other	4
<b>Total additions</b>	<u>1,573</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,276
<b>Total deductions</b>	<u>1,276</u>
<b>Net additions (deductions)</b>	297
<b>Total net position - beginning</b>	<u>734</u>
<b>Total net position - ending</b>	<u>\$ 1,031</u>

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Austin, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government. The City Council is composed of a Mayor who is elected at large and ten Councilmembers who are elected by geographic district.

A change in governance affecting Council size, composition, and term duration was approved by the voters with the passage of a charter amendment in November 2012. The first election for this new governance structure was held in November 2014 and the new Council took office on January 6, 2015. Under the new structure, these elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. Currently half of the Councilmembers are serving a two-year term as a part of the transition to the new governance structure. Prior to January 2015 City Council consisted of a Mayor and six members all of whom were elected at large and served staggered three-year terms. A petition signed by 5% of the registered voters waives the term limit for a Councilmember.

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

The City of Austin’s charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 71. In fiscal year 2015, the City implemented the following GASB Statements:

GASB Statement	Impact
68 – <i>“Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27”</i>	This is a companion statement to GASB 67 <i>“Financial Reporting for Pension Plans an amendment to GASB Statement No. 25”</i> which was directed to and implemented by the City’s pension plans. GASB Statement No. 68 requires governments offering defined benefit pension plans to recognize as an expense and a liability today, future pension obligations for existing employees and retirees which are in excess of pension plan assets. In addition it allows deferral of certain pension expense items, expands financial statement note disclosures, and changes disclosure of required supplementary information.
69 – <i>“Government Combinations and Disposal of Government Operations”</i>	The implementation of this standard had little impact on the amounts reported in the financial statements.
71 – <i>“Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68”</i>	This statement, which clarifies rules related to the accrual of deferred inflows and outflows of resources at the beginning of the period in which GASB 68 is effective, was implemented in conjunction with GASB 68.

The more significant accounting and reporting policies and practices used by the City are described below.

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

**a -- Reporting Entity**

These financial statements present the City’s primary government, its component units, and other entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the City’s operations; therefore, data from these units are combined with data of the City. Discrete component units are legally separate entities that are not considered part of the City’s operations; therefore, data from these units are shown separately from data of the City.



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

**Blended Component Units** – Following are the City's blended component units.

Blended Component Units  
The Austin Housing Finance Corporation (AHFC)

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria  
AHFC was created in 1979 as a public, nonprofit corporation and instrumentality of the City under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and Local Government Code. The mission of the AHFC is to generate and implement strategic housing solutions for the benefit of low- and moderate- income residents of the City. AHFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit.

Reporting Fund: Housing Assistance Fund, a nonmajor special revenue fund

Austin Industrial Development Corporation (AIDC)

AIDC was created under the Texas Development Corporation Act of 1979 to provide a means of extending tax-exempt financing to projects that are deemed to have substantial social benefit through the creation of commercial, industrial, and manufacturing enterprises, in order to promote and encourage employment in the City. The Austin City Council acts as the board of directors of the corporation. In addition, City management has operational responsibilities for this component unit.

Reporting Fund: Austin Industrial Development Corporation Fund, a nonmajor special revenue fund

Mueller Local Government Corporation (MLGC)

MLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. The Austin City Council acts as the board of directors of the corporation. Members of the City staff serve as officers of the corporation and have operational responsibilities for this component unit.

Reporting Fund: Mueller Local Government Corporation, a nonmajor special revenue fund

Urban Renewal Agency (URA)

URA was created by the City under Chapter 374 of the Texas Local Government Code. The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council. An Urban Renewal Plan's primary purpose is to eliminate slum and blighting influence within a designated area of the city. Council maintains the ability to impose its will on the organization. URA exclusively receives financial support/benefits from its relationship with the City.

Reporting Fund: Urban Renewal Agency fund, a nonmajor special revenue fund

Austin-Bergstrom International Airport (ABIA) Development Corporation

ABIA Development Corporation is governed by a board composed of the City Council. The entity has no day-to-day operations. Its existence relates only to the authorization for issuance of industrial revenue bonds or to other similar financing arrangements in accordance with the Texas Development Corporation Act of 1979. To date, none of the bonds issued constitute a liability of ABIA Development Corporation or the City of Austin. In addition, City management has operational responsibilities for this component unit.

There is no financial activity to report related to this component unit.

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

**Discretely Presented Component Units** – Following are the City's discretely presented component units. See Note 17 for additional information. Financial statements for these entities can be requested from the addresses located below.

<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) 2716 Spirit of Texas Drive Austin, TX 78719	ABLE is a legally separate entity that issues revenue bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ABLE does not constitute a debt or pledge of the faith and credit of the City.
Austin Convention Enterprises, Inc. (ACE) 500 East 4th Street Austin, TX 78701	ACE is a legally separate entity that owns, operates, and finances the Austin Convention Center Hotel. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ACE does not constitute a debt or pledge of the faith and credit of the City.
Waller Creek Local Government Corporation (WCLGC) 124 W. 8 <sup>th</sup> Street Austin, TX 78701	WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. The Austin City Council appoints a voting majority of the board of directors of the WCLGC and maintains a contractual ability to remove board members at will.

**Related Organizations** -- The City Council appoints the voting majority of the board members, but the City has no significant financial accountability for the Austin Housing Authority. The Mayor appoints the persons to serve as commissioners of this organization; however, this entity is separate from the operating activities of the City.

The City of Austin retirement plans (described in Note 7) and the City of Austin Deferred Compensation Plan are not included in the City's reporting entity since the City does not exercise substantial control over these plans.

Related organizations are not included in the City's reporting entity.

**b -- Government-wide and Fund Financial Statements**

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

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

The accounts of the City are organized on the basis of funds. The fund level statements focus on the governmental, proprietary, and fiduciary funds. Each fund was established to account for specific activities in accordance with applicable regulations, restrictions, or limitations. Major funds are determined by criteria specified by GAAP. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are aggregated into nonmajor governmental, nonmajor enterprise, or internal service fund groupings. A reconciliation of the fund financial statements to the government-wide statements is provided in the financial statements to explain the differences between the two different reporting approaches.

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**  
**b -- Government-wide and Fund Financial Statements, continued**

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

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

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

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

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

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

The City reports the following major governmental fund:

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

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

Special Revenue Funds: Account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Capital Projects Funds: Account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those reported within proprietary funds). It is primarily funded by general obligation debt, other tax supported debt, interest income, and other intergovernmental revenues. A 1981 ordinance requires the establishment of a separate fund for each bond proposition approved in each bond election.

Permanent Funds: Account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**  
**c -- Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued**

Proprietary Funds: Consist of enterprise funds and internal service funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations, such as providing electric or water-wastewater services. Other revenues or expenses are nonoperating items.

Enterprise Funds: Account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

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

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

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

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

Convention: Accounts for convention center and public events activities.

Environmental and health services: Accounts for solid waste services activities.

Public recreation: Accounts for golf activities.

Urban growth management: Accounts for drainage and transportation activities.

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

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

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

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

**d -- Budget**

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

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

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

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

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

**Pooled Investments and Cash** -- Cash balances of all city funds (except for certain funds shown in Note 3 as having non-pooled investments) are pooled and invested. Investments purchased with pooled cash, consisting primarily of U.S. government obligations and U.S. agency obligations, are stated at fair value. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that carry a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

**Investments** -- Certain investments are required to be reported at fair value, based on quoted market prices. Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold. The City carries all of its investments in U.S. government and agency debt securities and money market mutual funds at fair value as of September 30, 2015. Investments in local government investment pools are carried at net asset value per share calculated using the amortized cost method which approximates fair value.

**Accounts Receivable** -- Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2015 (in thousands):

	<b>Charges for Services</b>	<b>Fines</b>	<b>Taxes</b>	<b>Other Govern- ments</b>	<b>Other</b>	<b>Total</b>
<b>Governmental activities</b>						
General Fund	\$ 231,187	18,753	44,933	--	--	294,873
Nonmajor governmental funds	2,061	--	27,705	4,218	2,708	36,692
Internal service funds	5,564	--	--	--	--	5,564
Allowance for doubtful accounts	(225,449)	(7,935)	--	(12)	--	(233,396)
<b>Total</b>	<b>\$ 13,363</b>	<b>10,818</b>	<b>72,638</b>	<b>4,206</b>	<b>2,708</b>	<b>103,733</b>

Receivables reported in business-type activities are primarily comprised of charges for services.

	<b>Austin Energy</b>	<b>Austin Water</b>	<b>Airport</b>	<b>Nonmajor Enterprise</b>	<b>Total</b>
Accounts Receivable	\$ 167,493	77,184	5,841	23,145	273,663
Allowance for doubtful accounts	(10,559)	(3,462)	(1,420)	(2,520)	(17,961)
<b>Total</b>	<b>\$ 156,934</b>	<b>73,722</b>	<b>4,421</b>	<b>20,625</b>	<b>255,702</b>

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

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

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

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

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

Fund	Inventory Valuation Method
General Fund	Average cost; postage first-in, first out
Austin Energy	
Fuel oil	Last-in, first-out
Other inventories	Average cost
All others	Average cost

Inventories for all funds are accounted for using the consumption method and expenditures are recorded when issued. Inventories reported in the General Fund are offset by an equal amount in nonspendable fund balance, which indicates that they do not represent “available spendable resources.”

**Restricted Assets** -- Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Since Austin Energy and Austin Water Utility report in accordance with accounting for regulated operations, enabling legislation also includes restrictions on asset use established by its governing board which is the City Council. Restricted assets used to repay maturing debt and other current liabilities are classified as current.

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

	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise	Total Restricted Assets
Capital projects	\$ 61,824	124,924	315,731	19,586	522,065
Customer and escrow deposits	29,316	10,950	866	5,606	46,738
Debt service	64,666	80,134	56,345	11,740	212,885
Environmental and landfill	--	--	--	282	282
Federal grants	9,135	--	1,324	1,670	12,129
Operating reserve account	--	--	12,212	10,132	22,344
Passenger facility charge account	--	--	61,085	--	61,085
Plant decommissioning	205,765	--	--	--	205,765
Renewal and replacement account	64	--	10,000	1,124	11,188
Revenue bond reserve	10,002	58,421	14,665	13,305	96,393
Strategic reserve	152,086	--	--	--	152,086
	<b>\$ 532,858</b>	<b>274,429</b>	<b>472,228</b>	<b>63,445</b>	<b>1,342,960</b>

**Capital Assets** -- Capital assets, which primarily include land and improvements, buildings and improvements, plant and equipment, vehicles, water rights, and infrastructure assets, are reported in the proprietary funds and the applicable governmental or business-type activity columns of the government-wide statement of net position; related depreciation or amortization is allocated to programs in the statement of activities. Capital assets are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life of greater than one year. Assets purchased, internally generated, or constructed are capitalized at historical cost. Contributed or annexed capital assets are recorded at estimated fair value at the time received. Capital outlay is recorded as an expenditure in the General Fund and other governmental funds and as an asset in the government-wide financial statements and proprietary funds. Maintenance and repairs are charged to operations as incurred. Improvements and betterments that extend the useful lives of capital assets or increase their value are capitalized in the government-wide and proprietary statement of net position and expended in governmental funds.

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

Interest is not capitalized on governmental capital assets. Enterprise funds, with the exception of the Austin Energy and Austin Water Utility, capitalize interest paid on long-term debt when it can be attributed to a specific project and when it materially exceeds the interest revenue generated by the bond proceeds issued to fund the project. Interest is not capitalized on Austin Energy and Austin Water Utility assets in accordance with accounting for regulated operations.

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

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

Assets	Business-type Activites				
	Governmental Activites (1)	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise
Buildings and improvements	5-40	--	15-50	15-40	12-40
Plant and equipment	5-50	--	5-60	4-50	5-40
Vehicles	3-20	3-15	3-20	3-20	3-30
Electric plant	--	3-50	--	--	--
Non-electric plant	--	3-30	--	--	--
Communication equipment	7-15	--	7	7	7
Furniture and fixtures	12	--	12	12	12
Computers and EDP equipment	3-7	--	3-7	3-7	3-7
Nuclear fuel	--	(2)	--	--	--
Water rights	--	--	101	--	--
Infrastructure					
Streets and roads	30	--	--	--	--
Bridges	50	--	--	--	--
Drainage systems	50	--	--	--	--
Pedestrian facilities	20	--	--	--	--
Traffic signals	25	--	--	--	--

(1) Includes internal service funds

(2) Nuclear fuel is amortized over units of production

Depreciation of assets is classified by functional component. The City considers land, arts and treasures, and library collections to be inexhaustible; therefore, these assets are reported as nondepreciable. The true value of arts and treasures is expected to be maintained over time and, thus, is not depreciated. The initial investment of library collections for each library is capitalized. All subsequent expenditures related to the maintenance of the collection (replacement of individual items) are expensed, with the overall value of the collection being maintained, and therefore, not depreciated.

In the government-wide and proprietary fund statements, the City recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets.

Water rights represent the amortized cost of a \$100 million contract, net of accumulated amortization, of \$15.8 million, between the City and the Lower Colorado River Authority (LCRA) for a fifty-one year assured water supply agreement, with an option to extend another fifty years. The City and the LCRA entered into the contract in 1999. The asset amortization period is 101.25 years.

**Regulatory Assets --** In accordance with accounting for regulated operations, certain utility expenses that do not currently require funding are recorded as assets and amortized over future periods if they are intended to be recovered through future rates. These expenses include unrealized gain/loss on investments, debt issuance costs, pension, other postemployment benefits, interest, decommissioning, and pass-through rates, such as the Power Supply Adjustment charge, Community Benefit charge, and Regulatory charge. Regulatory Assets will be recovered in these future periods by setting rates sufficient to provide funds for the requirements. If regulatory assets are not recoverable in future rates, the regulatory asset will be subject to write off. Retail deregulation of electric rates in the future may affect the City's current accounting treatment of its electric utility revenues and expenses.

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

**Deferred Outflows (Inflows) of Resources** -- Deferred outflows of resources represent the consumption of net assets that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Deferred inflows of resources represent the acquisition of net assets that have a negative effect on net position, similar to liabilities.

The following chart reflects the activities included in deferred inflows and outflows (in thousands).

Activities	Category and explanation	Deferred Outflows	Deferred Inflows
Derivative instruments	<b>Deferred outflows or inflows.</b> Derivative instruments are reported in the statement of net position at fair value. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred outflows or inflows in the statement of net position, as an offset to the related hedging derivative instrument.	\$122,085	5,596
Gain/loss on debt refundings	<b>Deferred outflows or inflows.</b> When debt is refunded, the associated gains (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	129,269	331
Regulated operations	<b>Deferred inflows.</b> In accordance with accounting for regulated operations, certain credits to income are held as deferred inflows of resources until the anticipated matched charge is incurred. These credits include unrealized gain/loss on investments, contributions, interest, decommissioning, and pass-through rates.		898,529
Service concession arrangements	<b>Deferred inflows.</b> The resources related to the service concession arrangements that will be recognized as revenue in future years over the terms of arrangements between the City and the operators are reported as deferred inflows of resources.		1,463
Pensions	<b>Deferred outflows or inflows.</b> Differences between estimated and actual investment earnings, changes in actuarial assumptions, and differences between projected and actual actuarial experience may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	229,482	

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



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

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

	<b>Work-week</b>	<b>Non-Sworn Employees (1)</b>	<b>Sworn Police (2)</b>	<b>Sworn Fire (3)</b>	<b>Sworn EMS (4)</b>
Vacation	0-40	240	240	240	240
	42	N/A	N/A	N/A	270
	48	N/A	N/A	N/A	309
	53	N/A	N/A	360	N/A
Exception vacation (5)	0-40	160	160	176	206
	42	160	N/A	N/A	206
	48	160	N/A	N/A	206
	53	N/A	N/A	264	N/A
Sick leave	0-40	720	1,400	720	720
	42	N/A	N/A	N/A	756
	48	N/A	N/A	N/A	926
	53	N/A	N/A	1,080	N/A
Compensatory time (6)		120	120	120	120

- (1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.
- (2) Sworn police employees with 12 years of actual service are eligible for accumulated sick leave payout.  
As of January 1, 2011, officers may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.
- (3) Sworn fire employees are eligible for accumulated sick leave payout regardless of hire date.
- (4) Sworn EMS employees with 12 years of actual service are eligible for accumulated sick leave payout if certain criteria are met.
- (5) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.
- (6) Employees may earn compensatory time in lieu of paid overtime; maximum payout is 120 hours for all employees.

**Other Postemployment Benefits (OPEB) --** The City provides certain health care benefits for its retired employees and their families as more fully described in Note 8. At September 30, 2015, the City’s total actuarial accrued liability for these retiree benefits was approximately \$1.4 billion. The City funds the costs of these benefits on a pay-as-you-go basis.

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

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

Revenue bonds issued to finance capital projects of certain enterprise funds are to be repaid from select revenues of these funds. Note 6 contains more information about pledged revenues by fund. The corresponding debt is recorded in the applicable fund.

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

For proprietary funds and for governmental activities in the government-wide financial statements, the City defers and amortizes gains and losses realized on refundings of debt and reports both the new debt as a liability and the related deferred loss (gain) amount as deferred outflows (or deferred inflows) of resources on the statement of net position. Austin Energy and Austin Water Utility recognize gains and losses on debt defeasance in accordance with accounting for regulated operations.

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

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

**Landfill Closure and Postclosure Care Costs** -- Municipal solid waste landfill costs and the liability for landfill closure and postclosure costs are reported in Austin Resource Recovery, a nonmajor enterprise fund.

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

	<u>Bad Debt Expense</u>
Austin Energy	\$ 8,463
Austin Water Utility	2,676
Airport	199
Nonmajor Enterprise	2,191

Electric, water, and wastewater revenue is recorded when earned. Customers' electric and water meters are read and bills rendered on a cycle basis by billing district. Electric rate schedules include a fuel cost adjustment clause that permits recovery of fuel costs in the month incurred or in future months. The City reports fuel costs on the same basis as it recognizes revenue. Unbilled revenue is recorded in Austin Energy by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2015. The amount of unbilled revenue recorded, as of September 30, 2015, was \$37.0 million. Austin Water Utility records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2015. The amount of unbilled revenue reported in accounts receivable as of September 30, 2015 was \$19.5 million for water and \$13.4 million for wastewater.

Revenues are also recorded net of discounts in the government-wide and proprietary fund-level statements. Discounts are offered as incentives geared towards generating additional revenue in the form of new or expanded business, or to encourage events with a significant economic impact, as well as expedient event planning. The funds listed below report revenues net of discounts, as follows (in thousands):

	<u>Discounts</u>
Airport	\$ 748
Nonmajor Enterprise	1,290

**Interfund Revenues, Expenses, and Transfers** -- Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds. In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services, such as utilities or vehicle maintenance, and charges for central administrative costs. Elimination of these charges would distort the direct costs and program revenues of the various functions reported. The City recovers indirect costs that are incurred in the Support Services Fund, which is reported as an internal service fund. Indirect costs are calculated in a citywide cost allocation plan or through indirect cost rates, which are based on the cost allocation plan.

**Intergovernmental Revenues, Receivables, and Liabilities** -- Intergovernmental revenues and related receivables arise primarily through funding received from Federal and State grants. Revenues are earned through expenditure of money for grant purposes. Intergovernmental liabilities arise primarily from funds held in an agency capacity for other local governmental units.

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

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

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

**Special item – land sale** -- In April 2012, the City Council approved an ordinance authorizing the execution of a master development agreement for the sale and redevelopment of the Green Water Treatment plant land. Under this agreement, the City will sell the land to the developer in four phases. The City received a payment of \$11.98 million in fiscal year 2015; sales to date total \$27.81 million. The balance of the sale should occur in two pieces with completion of the sale anticipated in fiscal year 2019, according to the current schedule. The unusual and infrequent occurrence of a sale of City property of this significance and the fact that the transaction is under the control of City management, it is being reported as a special item in the financial statements.

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

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

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

Committed: The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by an ordinance, the highest level action taken, adopted by the City Council. An equal action (ordinance) must be enacted to rescind the commitment. The City Council is the highest level of decision making authority.

Assigned: The portion of fund balance that is constrained by the City's intent to use for specific purposes, but are neither restricted nor committed. Under the city charter, the City Manager is authorized to assign individual amounts up to \$58,000 in fiscal year 2015 to a specific purpose. This amount is updated annually based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average.

Unassigned: The portion of fund balance that is not restricted, committed, or assigned to specific purposes; only the general fund reports a positive unassigned fund balance.

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

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

	General Fund	Nonmajor Governmental				Total
		Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Nonspendable</b>						
Inventory	\$ 766	--	--	--	--	766
Prepaid items	183	--	--	--	--	183
Permanent funds	--	--	--	--	1,070	1,070
<b>Total Nonspendable</b>	<b>949</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,070</b>	<b>2,019</b>
<b>Restricted</b>						
Municipal court services	--	2,933	--	--	--	2,933
Police special purpose	--	5,710	--	--	--	5,710
Fire special purpose	--	46	--	--	--	46
Transportation, planning, and sustainability	--	440	--	--	--	440
Public health services	--	311	--	--	--	311
Parks services	--	1,662	--	--	--	1,662
Library services	--	1,333	--	--	1	1,334
Tourism programs	--	22,890	--	--	--	22,890
Affordable housing programs	--	29,002	--	--	--	29,002
Urban growth programs	--	4,160	--	--	--	4,160
Capital construction	--	--	--	85,764	--	85,764
Debt service	--	--	21,725	--	--	21,725
<b>Total Restricted</b>	<b>--</b>	<b>68,487</b>	<b>21,725</b>	<b>85,764</b>	<b>1</b>	<b>175,977</b>
<b>Committed</b>						
Transportation, planning, and sustainability	--	134	--	--	--	134
Parks services	--	4,179	--	--	--	4,179
Affordable housing programs	--	5,558	--	--	--	5,558
Urban growth programs	--	30,325	--	--	--	30,325
<b>Total Committed</b>	<b>--</b>	<b>40,196</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>40,196</b>
<b>Assigned</b>						
Municipal court services	145	--	--	--	--	145
Police special purpose	2,627	39	--	--	--	2,666
Fire special purpose	590	--	--	--	--	590
EMS special purpose	1,252	--	--	--	--	1,252
Transportation, planning, and sustainability	--	8	--	--	--	8
Public health services	4,784	28	--	--	--	4,812
Parks services	1,590	101	--	--	--	1,691
Library services	140	6	--	--	--	146
Tourism programs	--	44	--	--	--	44
Affordable housing programs	--	989	--	--	--	989
Urban growth programs	14,995	2,769	--	--	--	17,764
Capital construction	--	--	--	71,837	--	71,837
<b>Total Assigned</b>	<b>26,123</b>	<b>3,984</b>	<b>--</b>	<b>71,837</b>	<b>--</b>	<b>101,944</b>
<b>Unassigned</b>	<b>150,091</b>	<b>(2,637)</b>	<b>--</b>	<b>(48,985)</b>	<b>--</b>	<b>98,469</b>
<b>Total Fund Balance</b>	<b>\$ 177,163</b>	<b>110,030</b>	<b>21,725</b>	<b>108,616</b>	<b>1,071</b>	<b>418,605</b>

**Restricted resources** -- If both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and unrestricted resources as needed. In governmental funds, unrestricted resources would be utilized in order from committed to assigned and finally unassigned.

**Budget stabilization** -- By formal action of City Council, the General Fund maintains 3 reserve funds: a contingency reserve, an emergency reserve, and a budget stabilization reserve. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2015, the contingency reserve maintains a balance of 1 percent of departmental expenditures, or \$7.2 million, the emergency reserve remains fixed with a balance of \$40 million, and the budget stabilization reserve reports a balance of \$76.7 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other onetime costs, but such appropriation should not exceed one-third of the total amount in the reserve.

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

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

**Pensions** -- For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability, pension expenses, and long-term deferrals are allocated to funds based on actual contributions by fund during the corresponding measurement period with the exception of the internal service funds, which are presented in governmental activities in the government-wide statements (see Note 7).

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

The City does not participate in a risk pool but purchases commercial insurance coverage for property loss or damage, commercial crime, fidelity bonds, airport operations, and contractors working at selected capital improvement project sites (see Note 13).

Austin Energy has established an energy risk management program. This program was authorized by City Council and led by the risk oversight committee. Under this program, Austin Energy enters into futures contracts, options, and swaps to reduce exposure to natural gas and energy price fluctuations. For additional details see Note 9.

**f -- Comparative Data**

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

**g -- Use of Estimates**

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

**2 – POOLED INVESTMENTS AND CASH**

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2015 (in thousands):

	<b>Pooled Investments and Cash</b>	
	<b>Unrestricted</b>	<b>Restricted</b>
General Fund	\$ 168,905	--
Nonmajor governmental funds	226,535	--
Austin Energy	249,666	82,684
Austin Water Utility	51,829	124,966
Airport	8,351	434,041
Nonmajor enterprise funds	201,730	37,530
Internal service funds	132,628	2,506
Fiduciary funds	4,682	--
Subtotal pooled investments and cash	<u>1,044,326</u>	<u>681,727</u>
Total pooled investments and cash	<u>\$ 1,726,053</u>	

### 3 – INVESTMENTS AND DEPOSITS

#### a -- Investments

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

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

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

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

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

The City participates in four LGIPs: TexPool, TexasDAILY, TexStar, and Lone Star. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees maintains oversight responsibility for TexasDAILY. PFM Asset Management LLC manages the daily operations of TexasDAILY under a contract with the advisory board. JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexStar under an agreement with the TexStar board of directors. First Public, LLC serves as the administrator of Lone Star under an agreement with Lone Star's board of directors. The City's position in the pool is the same as the value of the pool shares.

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

The City invests in TexPool, TexasDAILY, TexStar, and Lone Star to provide its liquidity needs. TexPool, TexasDAILY, TexStar, and Lone Star are LGIPs that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, TexasDAILY, TexStar, and Lone Star are structured somewhat like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are also adjusted on a daily basis and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool, TexasDAILY, TexStar, and Lone Star are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2015, TexPool, TexasDAILY, TexStar, and Lone Star had a weighted average maturity of 40 days, 37 days, 46 days, and 33 days, respectively. The City considers the holdings in these funds to have a weighted average maturity of one day, due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The City did not participate in any reverse repurchase agreements or security lending arrangements during fiscal year 2015.

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

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2015 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<b>Non-pooled investments:</b>				
Local Government Investment Pools	\$ 20,550	341,904	--	362,454
Money Market Funds	1,590	62,869	--	64,459
US Treasury Notes	--	34,704	--	34,704
US Agency Bonds	--	202,274	--	202,274
Total non-pooled investments	<u>22,140</u>	<u>641,751</u>	<u>--</u>	<u>663,891</u>
<b>Pooled investments:</b>				
Local Government Investment Pools	231,839	520,330	2,046	754,215
US Treasury Notes	70,951	159,239	626	230,816
US Agency Bonds	230,933	518,325	2,010	751,268
Total pooled investments	<u>533,723</u>	<u>1,197,894</u>	<u>4,682</u>	<u>1,736,299</u>
Total investments	<u>\$ 555,863</u>	<u>1,839,645</u>	<u>4,682</u>	<u>2,400,190</u>

**Concentration of Credit Risk**

At September 30, 2015, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers (in millions): Federal Farm Credit Bank (\$163.3 or 7%), Federal Home Loan Bank (\$368.4 or 15%), Federal Home Loan Mortgage Corporation (\$210.6 or 9%), and Federal National Mortgage Association (\$211.3 or 9%).

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

1. Operating funds excluding special project funds,
2. Debt service funds,
3. Debt service reserve funds, and
4. Special project funds or special purpose funds.

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

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

**Operating Funds**

As of September 30, 2015, the City operating funds had the following investments (in thousands):

Investment Type	Fair Value			Total	Weighted Average Maturity (days)
	Governmental Activities	Business-type Activities	Fiduciary Funds		
Local Government Investment Pools	\$ 231,839	520,330	2,046	754,215	1
US Treasury Notes	70,951	159,239	626	230,816	283
US Agency Bonds	230,933	518,325	2,010	751,268	497
Total	\$ 533,723	1,197,894	4,682	1,736,299	

**Credit Risk**

At September 30, 2015, the Operating funds held investments in LGIPs rated AAAM by Standard & Poor's, with the remainder invested in short-to-medium term US Agency and Treasury obligations. Standard & Poor's rated the US Agency Bonds AA+. The remaining securities are direct obligations of the US government.

**Concentration of Credit Risk**

At September 30, 2015, the operating funds held investments with more than five percent of the total portfolio in securities of the following issuers (in millions): Federal Farm Credit Bank (\$163.3 or 9%), Federal Home Loan Bank (\$317.4 or 18%), Federal Home Loan Mortgage Corporation (\$160.2 or 9%), and Federal National Mortgage Association (\$110.3 or 6%).

**Interest Rate Risk**

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

At September 30, 2015, less than half of the Investment Pool was invested in AAAM rated LGIPs, with the remainder invested in short-to-medium term US Agency and Treasury obligations. Term limits on individual maturities did not exceed three years from the purchase date. The dollar weighted average maturity of all securities was 253 days, which was less than the threshold of 365 days.

**Debt Service Funds**

As of September 30, 2015, the City's debt service funds had the following investments (in thousands):

Investment Type	Fair Value		Weighted Average Maturity (days)
	Governmental Activities	Business-type Activities	
<b>General Obligation Debt Service</b>			
Local Government Investment Pools	\$ 20,550	--	1
<b>Enterprise-Utility (1)</b>			
Local Government Investment Pools	--	144,800	1
<b>Enterprise-Airport</b>			
Local Government Investment Pools	--	22,070	1
<b>Nonmajor Enterprise-Convention Center</b>			
Local Government Investment Pools	--	10,432	1
Total	\$ 20,550	177,302	

(1) Includes combined pledge debt service

**Credit Risk**

At September 30, 2015, the debt service funds held an investment in TexPool, an LGIP rated AAAM by Standard and Poor's.

**Interest Rate Risk**

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



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

**Debt Service Reserve Funds**

As of September 30, 2015, the City's debt service reserve funds had the following investments (in thousands):

<b>Investment Type</b>	<b>Fair Value Business-type Activities</b>	<b>Weighted Average Maturity (days)</b>
<b>Enterprise-Utility (1)</b>		
Local Government Investment Pools	\$ 41,393	1
<b>Enterprise-Airport</b>		
Local Government Investment Pools	14,665	1
<b>Nonmajor Enterprise-Convention Center</b>		
Local Government Investment Pools	13,305	1
Total	\$ 69,363	

(1) Includes combined pledge debt service

**Credit Risk**

At September 30, 2015, the debt service reserve funds held an investment in TexPool, an LGIP rated AAAM by Standard and Poor's.

**Interest Rate Risk**

Investment strategies for debt service reserve funds shall have as the primary object the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Except as may be required by bond ordinance specific to an individual issue, securities should be of high quality, with short-term to intermediate-term securities.

**Special Projects or Special Purpose Funds**

**Special Project Funds**

At September 30, 2015, the City's special project funds had the following investments (in thousands):

<b>Investment Type</b>	<b>Fair Value</b>			<b>Weighted Average Maturity (days)</b>
	<b>Business-type Activities</b>			
	<b>Utility Reserve</b>	<b>Airport Construction</b>	<b>Total</b>	
Local Government Investment Pools	\$ 27,030	77	27,107	1

**Credit Risk**

At September 30, 2015, the special project funds held an investment in TexPool, an LGIP rated AAAM by Standard and Poor's.

**Interest Rate Risk**

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

**Special Purpose Funds - Austin Energy Strategic Reserve Fund**

As of September 30, 2015, the City's Austin Energy Strategic Reserve Fund, a special purpose fund, had the following investments (in thousands):

<b>Investment Type</b>	<b>Fair Value Business-type Activities</b>	<b>Weighted Average Maturity (days)</b>
Local Government Investment Pools	\$ 68,134	1
US Treasury Notes	15,470	507
US Agency Bonds	68,482	878
Total	\$ 152,086	

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

**Credit risk**

At September 30, 2015, the Austin Energy Strategic Reserve Fund held an investment in TexPool, an LGIP rated AAAM by Standard & Poor's, with the remainder invested in short-to-medium term US Agency and Treasury obligations. Standard & Poor's rated the US Agency Bonds AA+. The remaining securities are direct obligations of the US government.

**Concentration of Credit Risk**

At September 30, 2015, the Austin Energy Strategic Reserve Fund held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank (\$23.3 or 15%), Federal Home Loan Mortgage Corporation (\$15.1 or 10%), and Federal National Mortgage Association (\$30.2 or 20%).

**Interest Rate Risk**

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

At September 30, 2015, the portfolios held investments in TexPool, US Treasuries, and US Agencies with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 446 days (1.22 years).

**Special Purpose Funds - Austin Energy Nuclear Decommissioning Trust Funds (NDTF)**

At September 30, 2015, the City's Austin Energy NDTF had the following investments (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>		<u>Weighted Average Maturity (years)</u>
	<u>Business-type</u>	<u>Activities</u>	
Money Market Funds	\$	52,083	1 day
US Treasury Notes		19,234	1.85
US Agency Bonds		133,791	2.13
Total	\$	205,108	

**Credit Risk**

At September 30, 2015, Standard & Poor's rated the US Agency Bonds AA+ and the Money Market Fund AAAM. The remaining securities are direct obligations of the US government.

**Concentration of Credit Risk**

At September 30, 2015, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank (\$27.7 or 14%), Federal Home Loan Mortgage Corporation (\$35.3 or 17%), Federal National Mortgage Association (\$70.8 or 35%).

**Interest Rate Risk**

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the NDTF portfolios requires that the dollar weighted average maturity, using final state maturity dates, shall not exceed seven years, although the portfolio's weighted average maturity may be substantially shorter if market conditions so dictate. At September 30, 2015, the dollar weighted average maturity was 1.56 years.

**Special Purpose Funds - Investments Held by Trustee**

At September 30, 2015, the City's special purpose funds had the following investments (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>		<u>Weighted Average Maturity (days)</u>
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	
Money Market Funds	\$	1,590	10,786
			1

**Credit Risk**

At September 30, 2015, Standard & Poor's rated the Money Market Fund AAAM.

**Interest Rate Risk**

Investment objectives for these special purpose funds have as the primary objective the safety of principal and assurance of liquidity adequate to cover construction expense draws. As a means of minimizing risk of loss due to interest rate fluctuations, funds are being held in overnight money market funds until definitive construction cash flows are established.

**3 – INVESTMENTS AND DEPOSITS, continued**  
**c -- Investment and Deposits**

Investments and deposits portfolio balances at September 30, 2015, are as follows (in thousands):

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Non-pooled investments and cash	\$ 26,527	646,823	--	673,350
Pooled investments and cash	535,338	1,201,518	4,682	1,741,538
Total investments and cash	<u>561,865</u>	<u>1,848,341</u>	<u>4,682</u>	<u>2,414,888</u>
Unrestricted cash	64	61	--	125
Restricted cash	4,323	5,011	--	9,334
Pooled investments and cash	535,338	1,201,518	4,682	1,741,538
Investments	22,140	641,751	--	663,891
Total	<u>\$ 561,865</u>	<u>1,848,341</u>	<u>4,682</u>	<u>2,414,888</u>

A difference of \$15.5 million exists between portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

**Deposits**

The September 30, 2015 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash			
Unrestricted	\$ 64	61	125
Restricted	--	5,011	5,011
Cash held by trustee			
Restricted	4,323	--	4,323
Pooled cash	1,615	3,624	5,239
Total deposits	<u>\$ 6,002</u>	<u>8,696</u>	<u>14,698</u>

All bank accounts were either insured or collateralized with securities held by the City or its agents in the City's name at September 30, 2015.

**4 – PROPERTY TAXES**

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2014, upon which the 2015 levy was based, was \$98,652,179,430.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2015, 99.27% of the current tax levy (October 1, 2014) was collected. The statutory lien date is January 1.

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

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

**4 – PROPERTY TAXES, continued**

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

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

The tax rate to finance general governmental functions, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2015, was \$0.3691 per \$100 assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2015 was \$0.1118 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$0.6309 per \$100 assessed valuation, and could levy approximately \$622,396,600 in additional taxes from the assessed valuation of \$98,652,179,430 before the legislative limit is reached.

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

5 – CAPITAL ASSETS AND INFRASTRUCTURE

Governmental Activities

Capital asset activity for the year ended September 30, 2015, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 857,912	4,896	(933)	861,875
Plant and equipment	232,018	24,882	(11,502)	245,398
Vehicles	125,018	20,132	(17,906)	127,244
Infrastructure	2,360,304	135,107	(752)	2,494,659
Total depreciable capital assets	<u>3,575,252</u>	<u>185,017</u>	<u>(31,093)</u>	<u>3,729,176</u>
Less accumulated depreciation for				
Building and improvements	(287,417)	(24,056)	95	(311,378)
Plant and equipment	(150,972)	(19,641)	2,207	(168,406)
Vehicles	(79,054)	(11,327)	9,697	(80,684)
Infrastructure	(977,232)	(65,756)	--	(1,042,988)
Total accumulated depreciation	<u>(1,494,675)</u>	<u>(120,780)</u> (2)	<u>11,999</u>	<u>(1,603,456)</u>
Depreciable capital assets, net	<u>2,080,577</u>	<u>64,237</u>	<u>(19,094)</u>	<u>2,125,720</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	363,091	7,020	(2,074)	368,037
Arts and treasures	8,643	590	--	9,233
Library collections	14,390	3,220	--	17,610
Construction in progress	226,499	197,049	(151,753)	271,795
Total nondepreciable assets	<u>612,623</u>	<u>207,879</u>	<u>(153,827)</u>	<u>666,675</u>
<b>Total capital assets</b>	<u>\$ 2,693,200</u>	<u>272,116</u>	<u>(172,921)</u>	<u>2,792,395</u>

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

(2) Components of accumulated depreciation/amortization increases:

Governmental activities:

General government	\$ 4,860
Public safety	15,443
Transportation, planning and sustainability	54,677
Public health	1,535
Public recreation and culture	15,026
Urban growth management	18,025
Internal service funds	11,214
Total increases in accumulated depreciation/amortization	<u>\$ 120,780</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2015, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases (1)</u>	<u>Decreases (1)</u>	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 1,738,555	579,568	(755)	2,317,368
Plant and equipment	3,569,179	141,266	(28,689)	3,681,756
Vehicles	188,327	27,116	(10,451)	204,992
Electric plant	4,517,202	164,448	(11,371)	4,670,279
Non-electric plant	189,830	10,963	(253)	200,540
Nuclear fuel	320,764	25,077	--	345,841
Water rights	100,000	--	--	100,000
Total depreciable capital assets	<u>10,623,857</u>	<u>948,438</u>	<u>(51,519)</u>	<u>11,520,776</u>
Less accumulated depreciation/amortization for				
Building and improvements	(617,075)	(51,459)	2	(668,532)
Plant and equipment	(1,283,433)	(97,500)	6,103	(1,374,830)
Vehicles	(115,015)	(17,865)	9,648	(123,232)
Electric plant	(2,315,949)	(142,147)	6,724	(2,451,372)
Non-electric plant	(54,476)	(8,118)	115	(62,479)
Nuclear fuel	(281,148)	(17,869)	--	(299,017)
Water rights	(14,815)	(988)	--	(15,803)
Total accumulated depreciation/amortization	<u>(4,681,911)</u>	<u>(335,946) (2)</u>	<u>22,592</u>	<u>(4,995,265)</u>
Depreciable capital assets, net	<u>5,941,946</u>	<u>612,492</u>	<u>(28,927)</u>	<u>6,525,511</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	554,774	41,282	(2,249)	593,807
Arts and treasures	1,657	2,207	--	3,864
Construction in progress	794,464	431,128	(925,804)	299,788
Plant held for future use	23,115	--	--	23,115
Total nondepreciable assets	<u>1,374,010</u>	<u>474,617</u>	<u>(928,053)</u>	<u>920,574</u>
<b>Total capital assets</b>	<u>\$ 7,315,956</u>	<u>1,087,109</u>	<u>(956,980)</u>	<u>7,446,085</u>

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

(2) Components of accumulated depreciation/amortization increases:

Business-type Activities:

Electric	\$ 170,413
Water	55,612
Wastewater	59,659
Airport	20,690
Convention Center	8,948
Environmental and health services	9,075
Public recreation	866
Urban growth management	10,683
Total increases in accumulated depreciation/amortization	<u>\$ 335,946</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2015, was as follows (in thousands):

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Depreciable capital assets</b>				
Vehicles	\$ 30,468	1,231	(1,113)	30,586
Electric plant	4,517,202	164,448	(11,371)	4,670,279
Non-electric plant	189,830	10,963	(253)	200,540
Nuclear fuel	320,764	25,077	--	345,841
Total depreciable capital assets	<u>5,058,264</u>	<u>201,719</u>	<u>(12,737)</u>	<u>5,247,246</u>
Less accumulated depreciation/amortization for				
Vehicles	(22,474)	(2,279)	1,113	(23,640)
Electric plant	(2,315,949)	(142,147)	6,724	(2,451,372)
Non-electric plant	(54,476)	(8,118)	115	(62,479)
Nuclear fuel	(281,148)	(17,869)	--	(299,017)
Total accumulated depreciation/amortization	<u>(2,674,047)</u>	<u>(170,413) (1)</u>	<u>7,952</u>	<u>(2,836,508)</u>
Depreciable capital assets, net	<u>2,384,217</u>	<u>31,306</u>	<u>(4,785)</u>	<u>2,410,738</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	62,765	1,148	--	63,913
Plant held for future use	23,115	--	--	23,115
Construction in progress	117,360	171,273	(182,631)	106,002
Total nondepreciable assets	<u>203,240</u>	<u>172,421</u>	<u>(182,631)</u>	<u>193,030</u>
<b>Total capital assets</b>	<u>\$ 2,587,457</u>	<u>203,727</u>	<u>(187,416)</u>	<u>2,603,768</u>

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	\$ 152,544
Current year amortization included in operating expense	17,869
Total increases in accumulated depreciation/amortization	<u>\$ 170,413</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water Utility

Capital asset activity for the year ended September 30, 2015, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 674,016	486,174	--	1,160,190
Plant and equipment	3,355,030	129,848	(28,447)	3,456,431
Vehicles	39,142	1,475	(954)	39,663
Water rights	100,000	--	--	100,000
Total depreciable capital assets	<u>4,168,188</u>	<u>617,497</u>	<u>(29,401)</u>	<u>4,756,284</u>
Less accumulated depreciation/amortization for				
Building and improvements	(231,907)	(23,611)	2	(255,516)
Plant and equipment	(1,207,975)	(87,618)	6,075	(1,289,518)
Vehicles	(27,706)	(3,054)	916	(29,844)
Water rights	(14,815)	(988)	--	(15,803)
Total accumulated depreciation/amortization	<u>(1,482,403)</u>	<u>(115,271) (1)</u>	<u>6,993</u>	<u>(1,590,681)</u>
Depreciable capital assets, net	<u>2,685,785</u>	<u>502,226</u>	<u>(22,408)</u>	<u>3,165,603</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	230,815	2,354	(2,249)	230,920
Arts and treasures	62	22	--	84
Construction in progress	577,082	114,837	(571,357)	120,562
Total nondepreciable assets	<u>807,959</u>	<u>117,213</u>	<u>(573,606)</u>	<u>351,566</u>
<b>Total capital assets</b>	<u>\$ 3,493,744</u>	<u>619,439</u>	<u>(596,014)</u>	<u>3,517,169</u>

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Water	\$ 54,624
Wastewater	59,659
Current year amortization	
Water	988
Total increases in accumulated depreciation/amortization	<u>\$ 115,271</u>



5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2015, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 735,106	90,011	--	825,117
Plant and equipment	25,926	2,338	(52)	28,212
Vehicles	9,926	2,436	(148)	12,214
Total depreciable capital assets	<u>770,958</u>	<u>94,785</u>	<u>(200)</u>	<u>865,543</u>
Less accumulated depreciation for				
Building and improvements	(249,863)	(18,107)	--	(267,970)
Plant and equipment	(14,238)	(1,420)	--	(15,658)
Vehicles	(5,554)	(1,163)	147	(6,570)
Total accumulated depreciation	<u>(269,655)</u>	<u>(20,690) (1)</u>	<u>147</u>	<u>(290,198)</u>
Depreciable capital assets, net	<u>501,303</u>	<u>74,095</u>	<u>(53)</u>	<u>575,345</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	95,738	643	--	96,381
Arts and treasures	983	2,185	--	3,168
Construction in progress	51,151	62,287	(99,361)	14,077
Total nondepreciable assets	<u>147,872</u>	<u>65,115</u>	<u>(99,361)</u>	<u>113,626</u>
<b>Total capital assets</b>	<u>\$ 649,175</u>	<u>139,210</u>	<u>(99,414)</u>	<u>688,971</u>

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation \$ 20,690

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2015, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 329,433	3,383	(755)	332,061
Plant and equipment	188,223	9,080	(190)	197,113
Vehicles	108,791	21,974	(8,236)	122,529
Total depreciable capital assets	<u>626,447</u>	<u>34,437</u>	<u>(9,181)</u>	<u>651,703</u>
Less accumulated depreciation for				
Building and improvements	(135,305)	(9,741)	--	(145,046)
Plant and equipment	(61,220)	(8,462)	28	(69,654)
Vehicles	(59,281)	(11,369)	7,472	(63,178)
Total accumulated depreciation	<u>(255,806)</u>	<u>(29,572)</u> (2)	<u>7,500</u>	<u>(277,878)</u>
Depreciable capital assets, net	<u>370,641</u>	<u>4,865</u>	<u>(1,681)</u>	<u>373,825</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	165,456	37,137	--	202,593
Arts and treasures	612	--	--	612
Construction in progress	48,871	82,731	(72,455)	59,147
Total nondepreciable assets	<u>214,939</u>	<u>119,868</u>	<u>(72,455)</u>	<u>262,352</u>
<b>Total capital assets</b>	<u>\$ 585,580</u>	<u>124,733</u>	<u>(74,136)</u>	<u>636,177</u>

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

(2) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Convention Center	\$ 8,948
Environmental and health services	9,075
Public recreation	866
Urban growth management	10,683
Total increases in accumulated depreciation/amortization	<u>\$ 29,572</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

**Capitalized Interest**

The City has recorded capitalized interest for fiscal year 2015 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

<b>Enterprise Funds</b>	
Major fund:	
Airport	\$ 1,284
Nonmajor enterprise funds:	
Convention Center	992
Drainage	725

Interest is not capitalized on governmental capital assets. In accordance with accounting for regulated operations, interest is also not capitalized for Austin Energy or Austin Water Utility capital assets.

**Service Concession Arrangements**

The City has recorded capital assets and deferred inflows of \$3.67 million derived from two service concession arrangements (SCA) described below. An SCA is an arrangement in which the City conveys use of a capital asset to an operator in exchange for significant consideration; where the operator is compensated from third parties; where the City may determine what services are provided, to whom and for what price; where the City retains a significant residual interest in the asset after the SCA terminates.

The City has had an agreement with the Friends of Umlauf Garden, Inc. since 1991 to manage and operate the Umlauf Sculpture Garden and Museum. The agreement extends through 2021 and is for the purpose of displaying the artistic works of Charles Umlauf for the public enjoyment and education. Structures, which are dedicated to the City, have been built on City-owned land and display City-owned artwork.

The City entered into an agreement with the Young Men’s Christian Association (YMCA) in 2010 to develop and operate a new joint-use recreational facility for public use. The facility is owned by the City and operated by the YMCA under a 20 year agreement extending through 2032.

As of September 30, 2015, the City reported the following SCA activity in the governmental activities (in thousands):

<b>Service Concession Arrangement</b>	<b>Asset Construction Cost</b>	<b>Beginning Accumulated Depreciation</b>	<b>Current Year Depreciation</b>	<b>Ending Accumulated Depreciation</b>	<b>Net Book Value</b>
	Umlauf Sculpture Garden	\$ 2,337	1,339	59	
YMCA Northeast Recreation Center	1,333	61	33	94	1,239
	3,670	1,400	92	1,492	2,178

	<b>Beginning Deferred Inflows</b>	<b>Beginning Accumulated Amortization</b>	<b>Current Year Amortization</b>	<b>Ending Accumulated Amortization</b>	<b>Ending Deferred Inflows</b>
	Umlauf Sculpture Garden	2,337	1,785	77	1,862
YMCA Northeast Recreation Center	1,333	278	67	345	988
	\$ 3,670	2,063	144	2,207	1,463

**6 – DEBT AND NON-DEBT LIABILITIES**  
**a -- Long-Term Liabilities**

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

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

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

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2015, were as follows (in thousands):

Description	October 1, 2014	Increases	Decreases	September 30, 2015	Amounts Due Within One Year
<b>Governmental activities</b>					
General obligation bonds, net	\$ 974,855	115,432	(59,607)	1,030,680	56,673
Certificates of obligation, net	135,829	35,250	(5,729)	165,350	6,317
Contractual obligations, net	85,036	29,350	(11,990)	102,396	10,727
<b>Debt service requirements total</b>	<b>1,195,720</b>	<b>180,032</b>	<b>(77,326)</b>	<b>1,298,426</b>	<b>73,717</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	132,136	4,013	(3,760)	132,389	60,644
Claims payable	43,806	26,900	(23,242)	47,464	22,611
Net pension liability (1)	754,223	186,945	(97,082)	844,086	--
Other postemployment benefits	435,263	49,591	--	484,854	--
Other liabilities	87,230	8,474	(3,398)	92,306	80,571
<b>Governmental activities total</b>	<b>2,648,378</b>	<b>455,955</b>	<b>(204,808)</b>	<b>2,899,525</b>	<b>237,543</b>
<b>Total business-type activities</b>					
General obligation bonds, net	33,701	--	(4,849)	28,852	4,354
Certificates of obligation, net	27,232	15,118	(1,655)	40,695	1,503
Contractual obligations, net	65,854	5,091	(16,259)	54,686	13,748
Other tax supported debt, net	9,195	--	(745)	8,450	795
<b>General obligation bonds and other tax supported debt total</b>	<b>135,982</b>	<b>20,209</b>	<b>(23,508)</b>	<b>132,683</b>	<b>20,400</b>
Commercial paper notes, net	241,456	151,825	(192,700)	200,581	--
Revenue bonds, net	4,298,643	1,051,949	(749,775)	4,600,817	181,484
Capital lease obligations	1,135	--	(46)	1,089	49
<b>Debt service requirements total</b>	<b>4,677,216</b>	<b>1,223,983</b>	<b>(966,029)</b>	<b>4,935,170</b>	<b>201,933</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	23,824	1,910	(1,026)	24,708	24,565
Net pension liability (1)	392,620	100,449	(47,260)	445,809	--
Other postemployment benefits	255,002	41,911	(4,068)	292,845	--
Accrued landfill closure and postclosure costs	9,935	1,519	(6)	11,448	1,549
Decommissioning expense payable	182,536	2,418	(1,946)	183,008	7,792
Other liabilities	95,177	8,244	(2,648)	100,773	57,000
<b>Business-type activities total</b>	<b>5,636,310</b>	<b>1,380,434</b>	<b>(1,022,983)</b>	<b>5,993,761</b>	<b>292,839</b>
<b>Total liabilities (2)</b>	<b>\$ 8,284,688</b>	<b>1,836,389</b>	<b>(1,227,791)</b>	<b>8,893,286</b>	<b>530,382</b>

(1) Beginning balances have been restated. See Note 18.

(2) This schedule excludes select short-term liabilities of \$87,014 for governmental activities. For business-type activities, it excludes select short-term liabilities of \$196,644, capital appreciation bond interest payable of \$100,528 and derivative instruments of \$122,085.

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

Description	October 1, 2014	Increases	Decreases	September 30, 2015	Amounts Due Within One Year
<b>Business-type activities:</b>					
<b>Electric activities</b>					
General obligation bonds, net	\$ 686	--	(157)	529	122
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	686	--	(157)	529	122
Commercial paper notes, net	166,456	58,290	(192,700)	32,046	--
Revenue bonds, net	1,252,386	453,913	(295,656)	1,410,643	65,132
Capital lease obligations	1,135	--	(46)	1,089	49
<b>Debt service requirements total</b>	1,420,663	512,203	(488,559)	1,444,307	65,303
<b>Other long-term obligations</b>					
Accrued compensated absences	10,081	214	(38)	10,257	10,257
Net pension liability (1)	167,761	42,550	(20,022)	190,289	--
Other postemployment benefits	104,347	11,313	--	115,660	--
Decommissioning expense payable	182,536	2,418	(1,946)	183,008	7,792
Other liabilities	69,792	4,750	--	74,542	34,163
<b>Electric activities total</b>	1,955,180	573,448	(510,565)	2,018,063	117,515
<b>Water and Wastewater activities</b>					
General obligation bonds, net	3,975	--	(1,119)	2,856	1,029
Contractual obligations, net	8,342	908	(2,163)	7,087	1,761
Other tax supported debt, net	5,887	--	(477)	5,410	509
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	18,204	908	(3,759)	15,353	3,299
Commercial paper notes, net	75,000	93,535	--	168,535	--
Revenue bonds, net	2,548,736	324,369	(424,634)	2,448,471	86,261
<b>Debt service requirements total</b>	2,641,940	418,812	(428,393)	2,632,359	89,560
<b>Other long-term obligations</b>					
Accrued compensated absences	5,415	181	(124)	5,472	5,472
Net pension liability (1)	88,670	22,828	(10,739)	100,759	--
Other postemployment benefits	63,946	11,062	--	75,008	--
Other liabilities	13,134	997	(1,058)	13,073	13,073
<b>Water and Wastewater activities total</b>	2,813,105	453,880	(440,314)	2,826,671	108,105
<b>Airport activities</b>					
General obligation bonds, net	134	--	(29)	105	24
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	134	--	(29)	105	24
Revenue bonds, net	310,013	273,667	(17,582)	566,098	18,351
<b>Debt service requirements total</b>	310,147	273,667	(17,611)	566,203	18,375
<b>Other long-term obligations</b>					
Accrued compensated absences	1,816	193	(60)	1,949	1,949
Net pension liability (1)	27,231	6,934	(3,262)	30,903	--
Other postemployment benefits	17,209	2,528	--	19,737	--
Other liabilities	2,120	1,433	(1)	3,552	3,541
<b>Airport activities total</b>	358,523	284,755	(20,934)	622,344	23,865
<b>Nonmajor activities</b>					
General obligation bonds, net	28,906	--	(3,544)	25,362	3,179
Certificates of obligation, net	27,232	15,118	(1,655)	40,695	1,503
Contractual obligations	57,512	4,183	(14,096)	47,599	11,987
Other tax supported debt, net	3,308	--	(268)	3,040	286
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	116,958	19,301	(19,563)	116,696	16,955
Revenue bonds, net	187,508	--	(11,903)	175,605	11,740
<b>Debt service requirements total</b>	304,466	19,301	(31,466)	292,301	28,695
<b>Other long-term obligations</b>					
Accrued compensated absences	6,512	1,322	(804)	7,030	6,887
Net pension liability (1)	108,958	28,137	(13,237)	123,858	--
Other postemployment benefits	69,500	17,008	(4,068)	82,440	--
Accrued landfill closure and postclosure costs	9,935	1,519	(6)	11,448	1,549
Other liabilities	10,131	1,064	(1,589)	9,606	6,223
<b>Nonmajor activities total</b>	\$ 509,502	68,351	(51,170)	526,683	43,354

(1) Beginning balances have been restated. See Note 18.

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

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

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2015, including those reported in certain proprietary funds (in thousands):

Series	Fiscal Year	Original Amount Issue	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
NW Austin MUD	2005	\$ 2,630	1,075	130 (1)(3)	3.95 - 4.30%	9/1/2016-2020
NW Austin MUD	2006	7,995	6,680	2,757 (1)(3)	4.00 - 4.25%	9/1/2016-2026
NW Austin MUD	2010	2,760	695	34 (1)(3)	4.25%	3/1/2016-2018
2005 Refunding	2005	19,535	12,140	4,011 (1)	4.00 - 4.25%	9/1/2016-2025
2005	2005	7,185	4,490	1,111 (1)	3.85 - 4.30%	9/1/2016-2025
2006	2006	31,585	29,480	9,798 (1)	4.00 - 5.38%	9/1/2016-2026
2006	2006	24,150	16,100	4,500 (1)	4.00 - 5.00%	9/1/2016-2026
2006	2006	12,000	8,415	2,431 (1)(4)	4.00 - 5.00%	9/1/2016-2026
2007	2008	97,525	92,925	37,173 (1)	4.64%	9/1/2016-2027
2007	2008	3,820	2,725	941 (1)	4.88%	9/1/2016-2027
2007	2008	9,755	1,175	65 (2)	3.66%	11/1/2015-2017
2008 Refunding	2008	172,505	68,540	10,074 (1)	5.00%	9/1/2016-2021
2008	2009	76,045	60,855	25,975 (1)	3.75 - 5.00%	9/1/2016-2028
2008	2009	10,700	8,165	2,852 (1)	4.00 - 5.00%	9/1/2016-2028
2008	2009	26,715	2,195	38 (2)	3.50%	11/1/2015
2009A	2009	20,905	1,295	65 (1)	5.00%	9/1/2016
2009B	2009	78,460	78,460	33,305 (1)	4.15 - 5.31%	9/1/2017-2029
2009	2009	12,500	8,975	4,730 (1)	3.00 - 4.75%	9/1/2016-2039
2009	2009	13,800	4,650	264 (2)	3.00 - 3.25%	11/1/2015-2019
2009	2010	15,000	11,890	3,986 (1)(4)	3.50 - 4.25%	9/1/2016-2029
2010A	2011	79,528	66,230	25,494 (1)	2.00 - 4.00%	9/1/2016-2030
2010B	2011	26,400	24,770	10,913 (1)	3.50 - 4.65%	9/1/2016-2030
2010	2011	22,300	18,570	5,255 (1)	2.00 - 3.50%	9/1/2016-2030
2010	2011	16,450	6,215	151 (2)	1.25 - 1.75%	11/1/2015-2017
2010 Refunding	2011	91,560	79,600	19,326 (1)	4.34 - 5.00%	9/1/2016-2023
2011A	2012	78,090	69,490	31,245 (1)	2.00 - 4.00%	9/1/2016-2031
2011B	2012	8,450	8,250	3,434 (1)	2.50 - 4.50%	9/1/2016-2031
2011	2012	51,150	47,835	27,886 (1)	3.00 - 5.00%	9/1/2016-2041
2011	2012	26,725	14,315	573 (2)	1.00 - 2.00%	11/1/2015-2018
2011A Refunding	2012	68,285	31,730	5,906 (1)	4.00 - 5.00%	9/1/2016-2023
2011B Refunding	2012	3,000	290	5 (1)	1.86%	9/1/2016
2012A	2013	74,280	70,945	30,179 (1)	3.00 - 5.00%	9/1/2023-2032
2012B	2013	6,640	5,510	1,698 (1)	2.00 - 3.50%	9/1/2016-2032
2012	2013	24,645	22,375	7,722 (1)	3.00 - 4.00%	9/1/2016-2037
2012	2013	27,135	18,150	1,646 (2)	3.00 - 4.00%	11/1/2015-2019
2012	2013	16,735	15,325	5,390 (1)(4)	2.00 - 3.38%	9/1/2016-2032
2013	2014	104,665	101,370	53,874 (1)	4.00 - 5.00%	9/1/2016-2033
2013	2014	25,355	25,355	14,399 (1)	3.25 - 5.00%	9/1/2016-2038
2013	2014	50,150	39,505	2,824 (2)	1.50 - 3.00%	11/1/2015-2020
2013A Refunding	2014	43,250	35,305	9,189 (1)	5.00%	9/1/2016-2024
2013B Refunding	2014	71,455	68,475	3,826 (1)	0.93 - 2.72%	9/1/2016-2020
2014	2015	89,915	89,655	65,418 (1)	3.00 - 5.00%	9/1/2017-2034
2014	2015	10,000	9,915	5,444 (1)	0.86 - 4.10%	9/1/2016-2034
2014	2015	35,490	34,225	18,441 (1)	2.00 - 5.00%	9/1/2016-2034
2014	2015	9,600	9,225	3,707 (1)	0.76 - 3.92%	9/1/2016-2034
2014	2015	14,100	13,255	2,452 (2)	3.00 - 5.00%	11/1/2015-2021
2014	2015	15,845	15,725	7,614 (1)(4)	3.00 - 5.00%	9/1/2016-2029
			<u>\$ 1,362,535</u>			

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

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

(3) Includes Austin Water Utility principal of \$5,410 and interest of \$1,870 and Drainage Fund principal of \$3,040 and interest of \$1,051.

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

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

In October 2014, the City issued \$89,915,000 of Public Improvement Bonds, Series 2014. The net proceeds of \$104,620,000 (after issue costs, discounts, and premiums) from the issue will be used as follows: streets and signals (\$54,685,000), watershed protection improvements (\$10,000,000), parks and recreation (\$8,310,000), central library (\$20,000,000), and facility improvements (\$11,625,000). These bonds will be amortized serially on September 1 of 2015 and 2017, then each year on September 1 from 2020 to 2034. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2015. Total interest requirements for these bonds, at rates ranging from 3.0% to 5.0%, are \$69,693,650.

In October 2014, the City issued \$10,000,000 of Public Improvement Taxable Bonds, Series 2014. The net proceeds of \$9,844,936 (after issue costs, discounts, and premiums) from the issuance were used for affordable housing. Interest is payable March 1 and September 1 of each year from 2015 to 2034, commencing on March 1, 2015. Principal payments are due September 1 of each year from 2015 to 2034. Total interest requirements for this obligation, at rates ranging from 0.4% to 4.0% are \$5,806,156.

In October 2014, the City issued \$35,490,000 of Certificates of Obligation, Series 2014. The net proceeds of \$40,450,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: watershed home buyouts (\$15,000,000), Waller Creek Tunnel (\$25,000,000) and street improvements (\$450,000). These certificates of obligation will be amortized serially on September 1 of each year from 2015 to 2034. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2015. Total interest requirements for these obligations, at rates ranging from 2.0% to 5.0%, are \$19,927,600.

In October 2014, the City issued \$9,600,000 of Certificates of Obligation Bonds, Taxable Series 2014. The net proceeds of \$9,449,004 (after issue costs, discounts, and premiums) from the issuance were used for Grey Rock Golf Course & Improvements. Interest is payable March 1 and September 1 of each year from 2015 to 2034, commencing on March 1, 2015. Principal payments are due September 1 of each year from 2015 to 2034. Total interest requirements for this obligation, at rates ranging from 0.4% to 3.9%, are \$4,002,858.

In October 2014, the City issued \$14,100,000 of Public Property Finance Contractual Obligations, Series 2014. The net proceeds of \$15,800,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: water and wastewater utility capital equipment (\$900,000), public works capital equipment (\$2,300,000), transportation capital equipment (\$1,845,000) and network equipment (\$10,755,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2015 to 2021. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2015. Total interest requirements for these obligations, at rates ranging from 3.0% to 5.0%, are \$2,836,458.

In October 2014, the City issued \$15,845,000 of Tax Increment Contract Revenue Bonds, Series 2014. The net proceeds of \$18,492,042 (after issue costs, discounts, and premiums) were used to reimburse the developer of Mueller for additional eligible infrastructure costs such as streets, drainage, and parks. The debt service requirements on the bonds are \$24,217,550 with interest rates ranging from 2.0% to 5.0%. Interest payments are due March 1 and September 1 of each year from 2015 to 2029. Principal payments are due September 1 of each year from 2015 to 2029.

General obligation bonds authorized and unissued amounted to \$324,860,000 at September 30, 2015. Bond ratings at September 30, 2015 were Aaa (Moody's Investors Service, Inc.), AAA (Standard & Poor's), and AAA (Fitch).

**c -- Business-Type Activities Long-Term Liabilities**

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

**Combined Utility Systems Debt -- General** - Austin Energy and Austin Water Utility comprise the combined utility systems, which issue combined utility systems revenue bonds to finance capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of Austin Energy and Austin Water Utility.

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

The total combined utility systems revenue bond obligations at September 30, 2015, exclusive of discounts, premiums, and loss on refundings consists of \$29,542,584 prior lien bonds and \$137,008,874 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$170,744,105 at September 30, 2015. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2015, for the prior lien and subordinate lien bonds were, respectively, Aa1 and Aa2 (Moody's Investors Service, Inc.), AA and AA (Standard & Poor's), and AA and AA- (Fitch).

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

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

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

**Combined Utility Systems Debt -- Bonds Issued and Outstanding** - The following schedule shows the refunding revenue bonds outstanding at September 30, 2015 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1990B Refunding	1990	\$ 236,009	2,649	15,476 (2)	7.35%	11/15/2015-2017
1994 Refunding	1995	142,559	26,894	96,961 (2)	6.60%	5/15/2017-2019
1998 Refunding	1999	139,965	125,385	40,306 (1)	5.25%	5/15/2016-2025
1998A Refunding	1999	105,350	11,623	18,001 (2)	4.25%	5/15/2016-2020
			<u>\$ 166,551</u>			

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

(2) Interest requirements include accreted interest

**Combined Utility Systems Debt -- Tax Exempt Commercial Paper Notes** - The City is authorized by ordinance to issue commercial paper notes in an aggregate principal amount not to exceed \$400,000,000 outstanding at any one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2015, were P-1 (Moody's Investors Service, Inc.), A-1 (Standard & Poor's), and F1 (Fitch). The notes are in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of Austin Energy and Austin Water Utility.



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

At September 30, 2015, Austin Energy had outstanding tax exempt commercial paper notes of \$26,905,000 and Austin Water Utility had \$168,535,000 of commercial paper notes outstanding with interest ranging from 0.01% to 0.11%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 12%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The associated letter of credit agreements have the following terms (in thousands):

<u>Note Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
Various	Bank of Tokyo Mitsubishi	0.41%	Goldman Sachs	0.05%	\$ 195,440	10/15/2017

These notes are payable at maturity to the holder at a price equal to principal plus accrued interest. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by the respective liquidity providers and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

**Combined Utility Systems Debt -- Taxable Commercial Paper Notes** - The City is authorized by ordinance to issue taxable commercial paper notes (the "taxable notes") in an aggregate principal amount not to exceed \$50,000,000 outstanding at any time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2015, were P-1 (Moody's Investors Service, Inc.), A-1 (Standard & Poor's), and F1 (Fitch).

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

At September 30, 2015, Austin Energy had outstanding taxable commercial paper notes of \$5,142,000 (net of discount of \$671) with interest rates ranging from 0.16% to 0.17%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

<u>Note Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
Various	Citibank	0.28%	Goldman Sachs	0.05%	\$ 5,142	10/15/2017

These taxable notes are payable at maturity to the holder at a price equal to the par value of the note. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by Citibank, NA and become bank notes with principal due immediately. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate.

The taxable notes are secured by a direct-pay Letter of Credit issued by Citibank, NA which permits draws for the payment of the Notes. Draws made under the Letter of Credit are immediately due and payable by the City from the resources more fully described in the Ordinance. A 36-month term loan feature is provided by this agreement.

**Electric Utility System Revenue Debt -- General** - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Energy. Bond ratings at September 30, 2015, were A1 (Moody's Investors Service, Inc.), AA- (Standard & Poor's), and AA- (Fitch).

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

**Electric Utility System Revenue Debt -- Revenue Bond Refunding Issues** – In May 2015, the City issued \$327,845,000 of Electric Utility System Revenue Refunding Bonds, Series 2015A. The net proceeds of \$371,431,085 (after issue costs, discounts, and premiums) from the bond refunding were used to refund \$160,000,000 of the City's outstanding tax-exempt commercial paper issued for the electric utility system; \$123,200,000 of separate lien refunding bonds, series 2006, \$68,340,000 of separate lien refunding bonds, series 2008A and \$1,320,000 of separate lien refunding bonds, series 2010A. The debt service requirements on the refunding bonds are \$643,402,297, with interest rates at 5.0%. Interest payments are due May 15 and November 15 of each year from 2015 to 2045. Principal payments are due November 15 of each year from 2021 to 2038 and November 15 of each year from 2041 to 2045. An economic gain of \$12,414,968 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$12,917,111. An accounting loss of \$14,286,042, which will be deferred and amortized, was recorded on this refunding.

In May 2015, the City issued \$81,045,000 of Electric Utility System Revenue Refunding Bonds, Taxable Series 2015B. The net proceeds of \$80,731,432 (after issue costs, discounts, and premiums) from the bond refunding were used to refund \$32,700,000 of the City's outstanding taxable commercial paper notes issued for the electric utility system and \$44,700,000 of separate lien revenue refunding bonds, series 2006A. The debt service requirements on the refunding bonds are \$111,560,328, with interest rates ranging from 1.1% to 4.7%. Interest payments are due May 15 and November 15 of each year from 2015 to 2037. Principal payments are due November 15 of each year from 2017 to 2037. An economic gain of \$2,912,672 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$3,029,940. An accounting loss of \$2,666,670, which will be deferred and amortized, was recorded on this refunding.

**Electric Utility System Revenue Debt -- Bonds Issued and Outstanding** - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2015 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2002A Refunding	2002	\$ 172,880	25,775	1,436 (1)	5.50%	11/15/2015-2016
2006 Refunding	2006	150,000	3,800	95 (1)	5.00%	11/15/2015
2006A Refunding	2007	137,800	15,110	596 (1)	5.00%	11/15/2015-2016
2007 Refunding	2007	146,635	39,840	6,449 (1)	5.00%	11/15/2015-2020
2008 Refunding	2008	50,000	42,860	28,267 (1)	5.20 - 6.26%	11/15/2015-2032
2008A Refunding	2008	175,000	105,660	96,170 (1)	4.00 - 6.00%	11/15/2015-2038
2010A Refunding	2010	119,255	103,735	61,326 (1)	4.00 - 5.00%	11/15/2015-2040
2010B Refunding	2010	100,990	100,990	92,973 (1)	4.54 - 5.72%	11/15/2019-2040
2012A Refunding	2013	267,770	267,770	190,936 (1)	2.50 - 5.00%	11/15/2016-2040
2012B Refunding	2013	107,715	107,715	24,471 (1)	0.67 - 3.16%	11/15/2015-2027
2015A Refunding	2015	327,845	327,845	315,557 (1)	5.00%	11/15/2021-2045
2015B Refunding	2015	81,045	81,045	30,515 (1)	1.11 - 4.66%	11/15/2017-2037
			<u>\$ 1,222,145</u>			

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

**Electric Utility System Revenue Debt -- Pledged Revenues** - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2015 (in thousands):

Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 1,359,097	978,283	380,814	106,921	3.56

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

(2) Excludes depreciation.

(3) Excludes other postemployment benefits and net pension liability accruals.

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

**Water and Wastewater System Revenue Debt -- General** - The City is authorized by ordinance to issue Austin Water Utility revenue obligations. Proceeds from these obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Austin Water Utility. Bond ratings at September 30, 2015, were Aa2 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA- (Fitch).

**Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues** - In July 2015, the City issued \$249,145,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2015A. The net proceeds of \$283,277,706 (after issue costs, discounts, and premiums) from the bond refunding were used to refund \$154,875,000 of the City's separate lien revenue refunding bonds, series 2005; \$5,205,000 of the City's separate lien revenue refunding bonds, series 2005A; \$63,880,000 of the City's separate lien revenue refunding bonds, series 2006A and \$47,585,000 of the City's separate lien revenue refunding bonds, series 2007. The debt service requirements on the refunding bonds are \$128,135,691 with interest rates ranging from 2.0% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2015 to 2036. Principal payments are due November 15 of each year from 2016 to 2036, and May 15 of each year from 2020 to 2036. An economic gain of \$22,755,334 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$10,740,173. An accounting loss of \$16,993,675, which will be deferred and amortized, was recorded on this refunding.

In July 2015, the City issued \$40,000,000 of Water and Wastewater System Revenue Refunding Bonds, Taxable Series 2015B. The net proceeds of \$39,841,396 (after issue costs, discounts, and premiums) from the bond refunding were used to refund \$34,160,000 of the City's separate lien revenue refunding bonds, series 2006 and \$4,565,000 of the City's separate lien revenue refunding bonds, series 2009A. The debt service requirements on the refunding bonds are \$3,401,691 with interest rates ranging from 0.4% to 2.5%. Interest payments are due May 15 and November 15 of each year from 2015 to 2021. Principal payments are due November 15 of each year from 2017 to 2019, and May 15 of each year from 2016 to 2017 and 2019 to 2021. An economic gain of \$2,700,593 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$1,273,443. An accounting loss of \$2,559,019, which will be deferred and amortized, was recorded on this refunding.

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

**Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding** - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2015 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2002A Refunding	2002	\$ 139,695	29,120	1,623 (1)	5.50%	11/15/2015-2016
2004A Refunding	2005	165,145	14,010	2,811 (1)	5.00%	11/15/2015-2019
2005 Refunding	2005	198,485	320	6 (1)	4.00%	11/15/2015
2006 Refunding	2006	63,100	5,510	285 (1)	5.00%	11/15/2015-2016
2006A Refunding	2007	135,000	53,780	25,000 (1)	3.50 - 5.00%	11/15/2015-2032
2007 Refunding	2008	135,000	72,530	60,396 (1)	4.40 - 5.25%	11/15/2015-2037
2008 Refunding	2008	170,605	115,695	42,650 (2)	0.01 - 0.13%	11/15/2015-2031 (3)
2009 Refunding	2009	175,000	149,825	62,527 (1)	4.00 - 5.13%	11/15/2015-2029
2009A Refunding	2010	166,575	147,650	107,586 (1)	4.00 - 5.00%	11/15/2015-2039
2010	2010	31,815	28,625	-- (4)	0.00%	11/15/2015-2041
2010A Refunding	2011	76,855	74,160	59,041 (1)	4.00 - 5.13%	11/15/2015-2040
2010B Refunding	2011	100,970	100,970	87,749 (1)	2.49 - 6.02%	11/15/2015-2040
2011 Refunding	2012	237,530	237,030	172,658 (1)	2.00 - 5.00%	11/15/2015-2041
2011 Revenue	2012	18,485	18,485	2,535 (5)	2.50 - 2.80%	12/01/2015-2016
2011 Revenue	2012	2,332	2,333	298 (5)	2.50 - 2.80%	12/01/2015-2016
2012 Refunding	2012	336,820	311,415	196,276 (1)	2.50 - 5.00%	11/15/2015-2042
2013A Refunding	2013	282,460	282,460	205,187 (1)	3.00 - 5.00%	11/15/2015-2043
2014 Refunding	2014	282,205	282,205	236,723 (1)	4.00 - 5.00%	5/15/2018-2043
2015A Refunding	2015	249,145	249,145	128,136 (1)	2.00 - 5.00%	11/15/2016-2036
2015B Refunding	2015	40,000	40,000	3,402 (1)	0.40 - 2.54%	5/15/2016-2021
			<u>\$ 2,215,268</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 3.60% in effect at the end of the fiscal year.

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

(4) Zero interest bond placed with Texas Water Development Board.

(5) Special Assessment Revenue Bonds.

Series 2008 refunding bonds are variable rate demand bonds. The associated letter of credit agreement has the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008	Citibank	0.28%	Goldman Sachs	0.05%	<u>\$ 115,695</u>	10/15/2018

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by the respective liquidity providers and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

**Water and Wastewater System Revenue Debt -- Pledged Revenues** - The net revenue of Austin Water Utility was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2015 (in thousands):

Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage (4)
\$ 517,253	208,307	308,946	221,310	1.40

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

(2) Excludes depreciation.

(3) Excludes other postemployment benefits and net pension liability accruals.

(4) The coverage calculation presented considers all Water and Wastewater debt service obligations, regardless of type or designation. This methodology closely approximates but does not follow exactly the coverage calculation required by the master ordinance.

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

**Airport -- Revenue Bonds** - The City's Airport Fund issues airport system revenue bonds to fund Airport Fund capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport Fund. At September 30, 2015, the total airport system obligation for prior lien bonds is \$538,259,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$329,418,034 at September 30, 2015. Revenue bonds authorized and unissued amount to \$735,795,000.

**Airport System Revenue Debt -- Revenue Bond Issue** - In January 2015, the City issued \$244,495,000 of Airport System Revenue Bonds, Series 2014. The net proceeds of \$216,378,075 (after issue costs, discounts, and premiums) from the issuance are being used for designing and constructing improvements to Austin-Bergstrom International Airport. Interest is payable May 15 and November 15 of each year from 2015 to 2044, commencing on May 15, 2015. Principal payments are due November 15 of each year from 2026 to 2044. Total interest requirements for this obligation, at a rate of 5%, are \$272,662,118.

The bond rating at September 30, 2015, for the revenue bonds is A (Standard & Poor's) and A1 (Moody's Investors Service, Inc.).

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2015 (in thousands):

<u>Series</u>	<u>Fiscal Year</u>	<u>Original Amount Issued</u>	<u>Principal Outstanding</u>	<u>Aggregate Interest Requirements Outstanding</u>	<u>Interest Rates of Debt Outstanding</u>	<u>Maturity Dates of Serial Debt</u>
2005 Refunding	2008 (1)	\$ 281,300	198,750	49,521 (2)	0.03 - 0.14%	11/15/2015-2025
2013 Revenue	2013	60,000	60,000	10,538 (3)	2.25%	11/15/2015-2028 (4)
2013A Refunding	2014	35,620	35,014	1,111 (3)	1.56%	11/15/2015-2018
2014 Revenue	2015	244,495	244,495	268,248 (3)	5.00%	11/15/2026-2044
			<u>\$ 538,259</u>			

(1) Series was remarketed in 2008.

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 4.05% in effect at the end of the fiscal year.

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

(4) Series matures on May 15 of the final year.

The Series 2005 refunding bonds that were remarketed in 2008 are variable rate demand bonds. These bonds are separated into 4 subseries with a total principal amount of \$198,750,000. The associated letter of credit agreement has the following terms (in thousands):

<u>Bond Sub-Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing Agent</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
2005-1	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	\$ 49,700	10/15/2018
2005-2	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	49,650	10/15/2018
2005-3	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	49,700	10/15/2018
2005-4	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	49,700	10/15/2018
					<u>\$ 198,750</u>	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds or if the agreement expires with no new agreement in place, the bonds will be purchased by the respective liquidity provider and become bank bonds with principal to be paid in annual installments over the remaining life of the bond series beginning on the first business day of the month six months following the triggering repayment event. Thus, under any circumstance, no principal payments will be due within a year of September 30, 2015. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

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

**Airport Revenue Debt -- Pledged Revenues** - The net revenue of the Airport Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding (including revenue bonds and revenue notes). The table below represents the pledged amounts at September 30, 2015 (in thousands):

Gross Revenue (1)	Other Available Funds (2)	Operating Expense (3)(4)	Net Revenue and Other Available Funds	Debt Service Requirement (5)	Revenue Bond Coverage
\$ 120,780	3,551	76,995	47,336	14,205	3.33

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Pursuant to the bond ordinance, in addition to gross revenue, the Airport is authorized to use "other available funds" in the calculation of revenue bond coverage not to exceed 25% of the debt service requirements.
- (3) Excludes depreciation.
- (4) Excludes other postemployment benefits and net pension liability accruals.
- (5) Excludes debt service amounts paid with passenger facility charge revenues and restricted bond proceeds applied to current interest payments.

**Nonmajor Fund Debt:**

**Convention Center -- Prior and Subordinate Lien Revenue Refunding Bonds** - The City's Convention Center Fund issues convention center revenue bonds and hotel occupancy tax revenue bonds to fund Convention Center Fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. At September 30, 2015, the total convention center obligation for prior and subordinate lien bonds is \$171,740,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$48,434,503 at September 30, 2015. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2015.

Bond ratings at September 30, 2015, for the revenue bonds and subordinate lien bonds were, respectively, AA3 and A1 (Moody's Investors Service, Inc.), and AA- and A (Standard & Poor's).

The following table summarizes Convention Center refunding revenue bonds outstanding at September 30, 2015 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2005 Refunding	2005	\$ 36,720	32,020	13,301 (1)	4.00 - 5.00%	11/15/2015-2029
2008AB Refunding	2008	125,280	98,345	24,875 (2)	0.02 - 0.13%	11/15/2015-2029
2012 Refunding	2012	20,185	18,875	7,426 (1)	2.00 - 5.00%	11/15/2015-2029
2013 Refunding	2014	26,485	22,500	2,832 (1)	4.00 - 5.00%	11/15/2015-2019
			<u>\$ 171,740</u>			

- (1) Interest is paid semiannually on May 15 and November 15.
- (2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 3.25% in effect at the end of the fiscal year.

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

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

<u>Bond Sub-Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing Agent</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
2008-A	JPMorgan Chase Bank, NA	0.42%	Raymond James	0.06%	\$ 49,170	10/1/2017
2008-B	JPMorgan Chase Bank, NA	0.42%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.05%	49,175	10/1/2017
					<u>\$ 98,345</u>	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds or if the agreement expires with no new agreement in place, the bonds will be purchased by the respective liquidity provider and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period beginning six months from the triggering repayment event. Thus, under any circumstance, no principal payments will be due within a year of September 30, 2015. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

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

Fiscal Year Ended September 30	Governmental Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 56,673	41,894	6,317	6,273	10,727	3,332
2017	57,769	39,806	6,599	6,051	10,539	3,071
2018	55,551	37,572	6,887	5,820	12,064	2,744
2019	57,003	35,360	7,174	5,579	10,942	2,367
2020	58,911	33,084	7,396	5,334	9,055	2,044
2021-2025	313,483	123,825	42,194	22,333	21,882	6,984
2026-2030	270,290	57,589	38,524	13,833	18,310	2,825
2031-2035	108,585	11,832	27,437	6,803	4,100	207
2036-2040	--	--	14,700	2,179	--	--
2041-2045	--	--	2,235	95	--	--
	<u>978,265</u>	<u>380,962</u>	<u>159,463</u>	<u>74,300</u>	<u>97,619</u>	<u>23,574</u>
Less: Unamortized bond discounts	(197)	--	--	--	(7)	--
Add: Unamortized bond premiums	52,612	--	5,887	--	4,784	--
Net debt service requirements	<u>1,030,680</u>	<u>380,962</u>	<u>165,350</u>	<u>74,300</u>	<u>102,396</u>	<u>23,574</u>

Fiscal Year Ended September 30	Total Governmental Debt Service Requirements		
	Principal	Interest	Total
2016	73,717	51,499	125,216
2017	74,907	48,928	123,835
2018	74,502	46,136	120,638
2019	75,119	43,306	118,425
2020	75,362	40,462	115,824
2021-2025	377,559	153,142	530,701
2026-2030	327,124	74,247	401,371
2031-2035	140,122	18,842	158,964
2036-2040	14,700	2,179	16,879
2041-2045	2,235	95	2,330
	<u>1,235,347</u>	<u>478,836</u>	<u>1,714,183</u>
Less: Unamortized bond discounts	(204)	--	(204)
Add: Unamortized bond premiums	63,283	--	63,283
Net debt service requirements	<u>\$ 1,298,426</u>	<u>478,836</u>	<u>1,777,262</u>



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

Fiscal Year Ended September 30	Business-type Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 4,354	1,209	1,503	1,475	13,748	1,339
2017	3,406	1,017	1,556	1,434	11,437	1,039
2018	3,725	869	1,623	1,386	10,385	738
2019	3,171	715	1,696	1,343	8,510	448
2020	3,118	587	1,763	1,299	6,129	214
2021-2025	9,193	994	10,176	5,627	2,988	84
2026-2030	--	--	12,664	3,427	--	--
2031-2035	--	--	6,173	1,078	--	--
2036-2040	--	--	1,420	172	--	--
2041-2045	--	--	--	--	--	--
2046-2050	--	--	--	--	--	--
	<u>26,967</u>	<u>5,391</u>	<u>38,574</u>	<u>17,241</u>	<u>53,197</u>	<u>3,862</u>
Less: Unamortized bond discounts	(9)	--	--	--	--	--
Add: Unamortized bond premiums	1,894	--	2,121	--	1,489	--
Net debt service requirements	<u>28,852</u>	<u>5,391</u>	<u>40,695</u>	<u>17,241</u>	<u>54,686</u>	<u>3,862</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)(3)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2016	795	342	200,582	22	181,484
2017	539	469	--	--	178,414	222,556
2018	545	467	--	--	133,517	231,627
2019	456	575	--	--	133,485	203,412
2020	775	258	--	--	167,348	172,721
2021-2025	4,435	771	--	--	978,507	722,216
2026-2030	905	39	--	--	960,035	499,561
2031-2035	--	--	--	--	578,145	323,268
2036-2040	--	--	--	--	604,604	172,360
2041-2045	--	--	--	--	370,025	47,563
2046-2050	--	--	--	--	28,400	710
	<u>8,450</u>	<u>2,921</u>	<u>200,582</u>	<u>22</u>	<u>4,313,964</u>	<u>2,792,274</u>
Less: Unamortized bond discounts	--	--	(1)	--	(2,515)	--
Add: Unamortized bond premiums	--	--	--	--	289,368	--
Net debt service requirements	<u>\$ 8,450</u>	<u>2,921</u>	<u>200,581</u>	<u>22</u>	<u>4,600,817</u>	<u>2,792,274</u>

- (1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. (Continued)
- (2) A portion of these bonds are variable rate bonds with rates ranging from 0.01% to 0.14%.
- (3) Portions of these bonds are Special Assessment Revenue Bonds.

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

Business-type Activities, continued  
(in thousands)

Fiscal Year Ended September 30	Capital Lease Obligations		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2016	\$ 49	76	402,515	200,743
2017	52	74	195,404	226,589	421,993
2018	54	71	149,849	235,158	385,007
2019	57	68	147,375	206,561	353,936
2020	60	65	179,193	175,144	354,337
2021-2025	351	277	1,005,650	729,969	1,735,619
2026-2030	449	179	974,053	503,206	1,477,259
2031-2035	17	4	584,335	324,350	908,685
2036-2040	--	--	606,024	172,532	778,556
2041-2045	--	--	370,025	47,563	417,588
2046-2050	--	--	28,400	710	29,110
	<u>1,089</u>	<u>814</u>	<u>4,642,823</u>	<u>2,822,525</u>	<u>7,465,348</u>
Less: Unamortized bond discounts	--	--	(2,525)	--	(2,525)
Add: Unamortized bond premiums	--	--	294,872	--	294,872
Net debt service requirements	<u>\$ 1,089</u>	<u>814</u>	<u>4,935,170</u>	<u>2,822,525</u>	<u>7,757,695</u>

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

Business-type Activities: Austin Energy  
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Commercial Paper Notes (1)		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2016	\$ 122	11	32,047	--	65,132
2017	127	9	--	--	44,278	61,128
2018	115	7	--	--	39,376	59,398
2019	109	4	--	--	41,632	54,834
2020	50	3	--	--	47,368	53,011
2021-2025	4	--	--	--	262,241	232,110
2026-2030	--	--	--	--	270,520	167,358
2031-2035	--	--	--	--	196,510	111,435
2036-2040	--	--	--	--	195,310	61,520
2041-2045	--	--	--	--	125,910	23,165
2046-2050	--	--	--	--	28,400	710
	<u>527</u>	<u>34</u>	<u>32,047</u>	<u>--</u>	<u>1,316,677</u>	<u>887,269</u>
Less: Unamortized bond discounts	--	--	(1)	--	(390)	--
Add: Unamortized bond premiums	2	--	--	--	94,356	--
Net debt service requirements	<u>529</u>	<u>34</u>	<u>32,046</u>	<u>--</u>	<u>1,410,643</u>	<u>887,269</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Austin Energy Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2016	49	76	97,350	62,687
2017	52	74	44,457	61,211	105,668
2018	54	71	39,545	59,476	99,021
2019	57	68	41,798	54,906	96,704
2020	60	65	47,478	53,079	100,557
2021-2025	351	277	262,596	232,387	494,983
2026-2030	449	179	270,969	167,537	438,506
2031-2035	17	4	196,527	111,439	307,966
2036-2040	--	--	195,310	61,520	256,830
2041-2045	--	--	125,910	23,165	149,075
2046-2050	--	--	28,400	710	29,110
	<u>1,089</u>	<u>814</u>	<u>1,350,340</u>	<u>888,117</u>	<u>2,238,457</u>
Less: Unamortized bond discounts	--	--	(391)	--	(391)
Add: Unamortized bond premiums	--	--	94,358	--	94,358
Net debt service requirements	<u>\$ 1,089</u>	<u>814</u>	<u>1,444,307</u>	<u>888,117</u>	<u>2,332,424</u>

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

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

Business-type Activities: Austin Water Utility  
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
	2016	\$ 1,029	123	1,761	177	509
2017	856	75	1,556	135	345	300
2018	599	35	1,326	96	349	299
2019	101	7	1,062	59	292	368
2020	64	5	746	30	496	165
2021-2025	49	3	432	14	2,840	494
2026-2030	--	--	--	--	579	25
2031-2035	--	--	--	--	--	--
2036-2040	--	--	--	--	--	--
2041-2045	--	--	--	--	--	--
	<u>2,698</u>	<u>248</u>	<u>6,883</u>	<u>511</u>	<u>5,410</u>	<u>1,870</u>
Less: Unamortized bond discounts	--	--	--	--	--	--
Add: Unamortized bond premiums	158	--	204	--	--	--
Net debt service requirements	<u>2,856</u>	<u>248</u>	<u>7,087</u>	<u>511</u>	<u>5,410</u>	<u>1,870</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds (2) (3)		Total Austin Water Utility Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2016	168,535	22	86,261	105,685	258,095	106,226
2017	--	--	100,046	134,277	102,803	134,787	237,590
2018	--	--	57,792	146,003	60,066	146,433	206,499
2019	--	--	54,484	123,732	55,939	124,166	180,105
2020	--	--	80,160	96,389	81,466	96,589	178,055
2021-2025	--	--	533,216	394,294	536,537	394,805	931,342
2026-2030	--	--	550,270	267,924	550,849	267,949	818,798
2031-2035	--	--	327,860	165,796	327,860	165,796	493,656
2036-2040	--	--	340,674	80,031	340,674	80,031	420,705
2041-2045	--	--	156,525	13,022	156,525	13,022	169,547
	<u>168,535</u>	<u>22</u>	<u>2,287,288</u>	<u>1,527,153</u>	<u>2,470,814</u>	<u>1,529,804</u>	<u>4,000,618</u>
Less: Unamortized bond discounts	--	--	(1,586)	--	(1,586)	--	(1,586)
Add: Unamortized bond premiums	--	--	162,769	--	163,131	--	163,131
Net debt service requirements	<u>\$ 168,535</u>	<u>22</u>	<u>2,448,471</u>	<u>1,527,153</u>	<u>2,632,359</u>	<u>1,529,804</u>	<u>4,162,163</u>

- (1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.  
(2) Portions of these bonds are variable rate bonds with rates of 0.01% to 0.13%.  
(3) Portions of these bonds are Special Assessment Revenue Bonds.

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

Business-type Activities: Airport  
(in thousands)

Fiscal Year Ended September 30	General Obligation			
	Bonds		Revenue Bonds (1)	
	Principal	Interest	Principal	Interest
2016	\$ 24	3	18,351	21,616
2017	24	2	21,940	21,211
2018	21	1	23,744	20,757
2019	20	1	24,249	19,897
2020	10	--	26,135	18,933
2021-2025	3	--	134,060	79,919
2026-2030	--	--	79,795	58,863
2031-2035	--	--	53,775	46,037
2036-2040	--	--	68,620	30,809
2041-2045	--	--	87,590	11,376
	<u>102</u>	<u>7</u>	<u>538,259</u>	<u>329,418</u>
Less: Unamortized bond discounts	--	--	(370)	--
Add: Unamortized bond premiums	3	--	28,209	--
Net debt service requirements	<u>105</u>	<u>7</u>	<u>566,098</u>	<u>329,418</u>

Fiscal Year Ended September 30	Total Airport		
	Debt Service Requirements		
	Principal	Interest	Total
2016	18,375	21,619	39,994
2017	21,964	21,213	43,177
2018	23,765	20,758	44,523
2019	24,269	19,898	44,167
2020	26,145	18,933	45,078
2021-2025	134,063	79,919	213,982
2026-2030	79,795	58,863	138,658
2031-2035	53,775	46,037	99,812
2036-2040	68,620	30,809	99,429
2041-2045	87,590	11,376	98,966
	<u>538,361</u>	<u>329,425</u>	<u>867,786</u>
Less: Unamortized bond discounts	(370)	--	(370)
Add: Unamortized bond premiums	28,212	--	28,212
Net debt service requirements	<u>\$ 566,203</u>	<u>329,425</u>	<u>895,628</u>

(1) Portions of these bonds are variable rate bonds with rates ranging from 0.03% to 0.14%.

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

Business-type Activities: Nonmajor Enterprise  
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 3,179	1,072	1,503	1,475	11,987	1,162
2017	2,399	931	1,556	1,434	9,881	904
2018	2,990	826	1,623	1,386	9,059	642
2019	2,941	703	1,696	1,343	7,448	389
2020	2,994	579	1,763	1,299	5,383	184
2021-2025	9,137	991	10,176	5,627	2,556	70
2026-2030	--	--	12,664	3,427	--	--
2031-2035	--	--	6,173	1,078	--	--
2036-2040	--	--	1,420	172	--	--
	<u>23,640</u>	<u>5,102</u>	<u>38,574</u>	<u>17,241</u>	<u>46,314</u>	<u>3,351</u>
Less: Unamortized bond discounts	(9)	--	--	--	--	--
Add: Unamortized bond premiums	1,731	--	2,121	--	1,285	--
Net debt service requirements	<u>25,362</u>	<u>5,102</u>	<u>40,695</u>	<u>17,241</u>	<u>47,599</u>	<u>3,351</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Revenue Bonds (1)		Total Nonmajor Enterprise Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	286	123	11,740	6,379	28,695	10,211	38,906
2017	194	169	12,150	5,940	26,180	9,378	35,558
2018	196	168	12,605	5,469	26,473	8,491	34,964
2019	164	207	13,120	4,949	25,369	7,591	32,960
2020	279	93	13,685	4,388	24,104	6,543	30,647
2021-2025	1,595	277	48,990	15,893	72,454	22,858	95,312
2026-2030	326	14	59,450	5,416	72,440	8,857	81,297
2031-2035	--	--	--	--	6,173	1,078	7,251
2036-2040	--	--	--	--	1,420	172	1,592
	<u>3,040</u>	<u>1,051</u>	<u>171,740</u>	<u>48,434</u>	<u>283,308</u>	<u>75,179</u>	<u>358,487</u>
Less: Unamortized bond discounts	--	--	(169)	--	(178)	--	(178)
Add: Unamortized bond premiums	--	--	4,034	--	9,171	--	9,171
Net debt service requirements	<u>\$ 3,040</u>	<u>1,051</u>	<u>175,605</u>	<u>48,434</u>	<u>292,301</u>	<u>75,179</u>	<u>367,480</u>

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.02% to 0.13%.

**6 – DEBT AND NON-DEBT LIABILITIES, continued**  
**e -- Defeased Bonds**

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

On September 30, 2015, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity	Balance (1)
<b>General Obligation</b>		
HUD 108 Loan, Series 2006A	8/1/2016	\$ 525
HUD 108 Loan, Series 2010A	8/1/2016	270
<b>Austin Water Utility</b>		
Series 2005	11/15/2015	154,875
Series 2006	11/15/2016	34,160
Series 2006A	11/15/2016	63,880
Series 2007	11/15/2017	47,585
Series 2009A	11/15/2018	4,565
<b>Austin Energy</b>		
Series 2006	11/15/2016	123,200
Series 2006A	11/15/2015	44,700
Series 2008A	11/15/2018	68,340
Series 20010A	11/15/2016	1,320
		\$ 543,420

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

**7 – RETIREMENT PLANS**

**a -- General Information**

*Plan Description.* The City participates in funding three contributory, defined benefit retirement plans: the City of Austin Employees' Retirement and Pension Fund (City Employees), the City of Austin Police Officers' Retirement and Pension Fund (Police Officers), and the Fire Fighters' Relief and Retirement Fund of Austin, Texas (Fire Fighters). An Independent Board of Trustees administers each plan. These plans are City-wide single employer funded plans each with a fiscal year end of December 31.

All three plans were created by state law and can be found in Vernon's Texas Civil Statutes as follows:

City Employees' Fund	Article 6243n
Police Officers' Fund	Article 6243n-1
Fire Fighters' Fund	Article 6243e.1

State law governs benefit and contribution provisions. Amendments may be made by the Legislature of the State of Texas.

*Plan Financial Statements.* The most recently available financial statements of the pension funds are for the year ended December 31, 2014. Stand-alone financial reports that include financial statements and supplementary information for each plan are publicly available at the locations and internet addresses shown below.

<b>Plan</b>	<b>Address</b>	<b>Telephone</b>
City of Austin Employees' Retirement and Pension Fund	418 E. Highland Mall Blvd. Austin, Texas 78752-3720 <a href="http://www.coaers.org">www.coaers.org</a>	(512)458-2551
City of Austin Police Officers' Retirement and Pension Fund	2520 S. IH 35, Ste. 100 Austin, Texas 78704 <a href="http://www.ausprs.org">www.ausprs.org</a>	(512)416-7672
Fire Fighters' Relief and Retirement Fund of Austin, Texas	4101 Parkstone Heights Dr., Ste. 270 Austin, Texas 78746 <a href="http://www.afrs.org">www.afrs.org</a>	(512)454-9567

*Classes of Employees Covered.* The three pension plans cover substantially all full-time employees. The City Employees' fund covers all regular, full-time employees working 30 hours or more except for civil service police officers and fire fighters. Membership in this fund is comprised of two tiers. Group A includes all employees hired before January 1, 2012. Group B includes all employees hired on or after this date. The Police Officers' fund covers all commissioned law enforcement officers and cadets upon enrollment in the Austin Police Academy. The Fire Fighters' fund covers all commissioned civil service and Texas state-certified fire fighters with at least six months of service employed by the Austin Fire Department.

*Benefits Provided.* Each plan provides service retirement, death, and disability benefits as shown in the following chart. For the City Employees' fund, vesting occurs after 5 years of creditable service. For the other two systems, vesting occurs after 10 years of creditable service. For all three systems, creditable service includes employment at the City plus purchases of certain types of service where applicable. Withdrawals from the systems include actual contributions plus interest at varying rates depending on the system. This applies to both non-vested employees who leave the City as well as vested employees who leave the City and wish to withdraw their contributions. In addition, each plan offers various Deferred Retirement Option Programs (DROP). These are not included in the discussion of benefits provided.



7 – RETIREMENT PLANS, continued  
a -- General Information, continued

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Eligibility	Group A members qualify for retirement benefits at age 62; age 55 with 20 years creditable service; or any age with 23 years creditable service. No reduced benefits are available. Group B members qualify for normal retirement benefits at age 65 with 5 years creditable service or at age 62 with 30 years creditable service. Reduced benefits are available at age 55 with 10 years of creditable service.	Members are eligible for retirement benefits at any age with 23 years creditable service (excluding pre-membership military service), age 55 and 20 years creditable service (excluding pre-membership military service), or age 62 and any number of creditable service years.	Members are eligible for normal retirement benefits upon the earlier of age 50 with 10 years of service or 25 years of service regardless of age. Members are eligible for early retirement at 45 with 10 years of service or with 20 years of service regardless of age.
Calculation	Average of 36 highest months of base pay multiplied by years and months of creditable service multiplied by 3.0% for Group A and 2.5% for Group B.	Average of 36 highest months of base salary plus longevity pay multiplied by years and months of service multiplied by 3.2%.	Average of 36 highest months of base salary plus longevity pay multiplied by years of service multiplied by 3.3% with a \$2,000 monthly minimum.
Death Benefits	Retiree or active member eligible for retirement, \$10,000 lump sum and continuation of benefits to beneficiary if this option was selected. If not eligible for retirement, refund of accumulated deposits plus death benefit from COAERS equal to those deposits excluding purchases of time.	For retirees and members eligible for retirement, \$10,000 lump sum and the member's accrued benefit as of the date of death based on annuity selected. Non-vested members receive the greater of \$10,000 or twice the amount of the member's accumulated contributions.	Surviving spouse receives 75% of retiree benefits based the greater of 20 years or years of service at time of death. If surviving spouse exists, each dependent receives 15% of the payment paid to the surviving spouse. If no surviving spouse exists, dependents split equally the amount that would have been paid to surviving spouse.
Disability Benefits	After approved for disability benefits, active members may choose from several different disability retirement options. Must have 5 years of service if disability is not job related.	After approved for disability benefits, if disability is the result of employment duties, benefit is based on the greater of 20 years or normal retirement calculation. Must have 10 years of service if disability is not job related.	For the first 30 months, eligible for retiree benefits based on the greater of service at time of disability or 20 years. After 30 months, continuance of annuity may be reevaluated.
Cost of Living Adjustments (COLA)	The plan does not require COLAs. Such increases must be deemed sustainable by the actuary and approved by the City Council and Board of Trustees of the fund. The most recent COLA was put into effect in 2002.	The plan does not require COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect in 2007.	The plan does not require COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect for 2015.

7 – RETIREMENT PLANS, continued  
a -- General Information, continued

Employees Covered by Benefit Terms: Membership in the plans, is as follows:

As of December 31:	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
	2014	2013	2013
Inactive employees or beneficiaries currently receiving benefits	5,396	683	640
Inactive employees entitled to but not yet receiving benefits	2,303	26	5
Active employees	<u>9,028</u>	<u>1,732</u>	<u>1,074</u>
Total	<u>16,727</u>	<u>2,441</u>	<u>1,719</u>

Contributions. For all three systems, minimum contributions are determined by the enabling legislation cited above. In certain cases the City may contribute at a level greater than that stated in the law. While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted.

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Employee contribution (percent of earnings)	8.00%	13.00%	17.70% (1)
City contribution (percent of earnings)	18.00% (2)	21.63% (3)	22.05%
City contributions year ended September 30, 2015 (in thousands)	\$97,655	32,942	18,327

(1) A rate of 18.20% was effective October 1, 2015.

(2) The City contributes two-thirds of the cost of prior service benefit payments. A rate of 18% was effective October 1, 2012.

(3) A rate of 21.313% was effective October 1, 2015.

**7 – RETIREMENT PLANS, continued**  
**b -- Net Pension Liability**

The City's net pension liability was measured as of December 31, 2014 for all three systems. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for the City Employees' fund. For the other two systems, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 using the final 2014 assumptions and then was rolled forward to the plan's year ending December 31, 2014.

*Actuarial Assumptions.* Actuarial assumptions used in the most recent actuarial valuations include:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Inflation Rate	3.25%	3.25%	3.50%
Projected Annual Salary Increases	4.5% to 6.0%	Services based	Services based
Investment Rate of Return	7.75%	7.90%	7.70%
Ad Hoc Postemployment Benefit Changes including COLAs	None	None	None
Dates of Experience Studies	2007 - 2011	2012 - 2013	2004 - 2014
Source for Mortality Assumptions	RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.	RP-2000 Combined Healthy without projection - Sex Distinct.	RP2000 (Fully Generational using Scale AA) set back two years for males and females - Sex Distinct.

*Development of Long-Term Rate of Return on Investments.* Each pension plan utilizes different asset allocations and assumed rates of return in developing the long-term rate of return on investments. However all three use the same methodology as follows:

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**7 – RETIREMENT PLANS, continued**  
**b -- Net Pension Liability, continued**

The following provides asset allocations and long-term expected real rate of return for each asset class for the three funds.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>City Employees:</b>		
International Equity	31.55%	8.03%
US Equity	31.01%	5.05%
Fixed Income	24.50%	0.80%
Alternative Investments	7.50%	5.18% to 8.65%
Real Estate	5.44%	5.61%
Total	100.00%	
<b>Police Officers:</b>		
Domestic Equity	43.50%	7.50%
International Equity	21.00%	8.50%
Real Estate	20.00%	4.50%
Domestic Bonds	9.00%	2.50%
International Bonds	6.50%	3.50%
Total	100.00%	
<b>Fire Fighters:</b>		
Public Domestic Equity	22.50%	5.00%
Public Foreign Equity	22.50%	5.90%
Private Equity Fund of Funds	15.00%	7.00%
Investment Grade Bonds	16.00%	0.70%
Hedge Funds	10.00%	2.90%
Core Real Estate	5.00%	3.70%
Value Real Estate	5.00%	5.20%
Treasury Inflation Protected Securities	4.00%	1.20%
Total	100.00%	

*Discount Rate.* The following provides information on the discount rate used to measure the City's total pension liability. Based on the assumptions presented below, the fiduciary net position for all three pension funds was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Single Discount Rate	7.75%	7.90%	7.70%
Change Since Last Measurement Date	None	None	None
Long-term Expected Rate of Return on Pension Plan Investments	7.75%	7.90% (1)	7.70% (2)
Cash Flow Assumptions	Plan member contributions will be made at the current rate. City contributions will be made at the the current rate for 24 years and then will decrease to 8%.	Both plan member contributions and City contributions will be made at current contribution rates.	Both plan member contributions and City contributions will be made at current contribution rates.

(1) – The investment return assumption used for the prior year's actuarial valuation was 8.00% for Police Officers.

(2) – The investment return assumption used for the prior year's actuarial valuation was 7.75% for Fire Fighters.

**7 – RETIREMENT PLANS, continued**  
**b -- Net Pension Liability, continued**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of each of the pension funds of the City calculated using the long-term expected rate of return on pension plan investments, as well as what the net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate.

	<u>1% Decrease</u>		<u>Current Discount</u>		<u>1% Increase</u>	
	<u>Rate</u>	<u>Net Pension Liability</u>	<u>Rate</u>	<u>Net Pension Liability</u>	<u>Rate</u>	<u>Net Pension Liability (Asset)</u>
City Employees	6.75%	\$ 1,250,122	<b>7.75%</b>	<b>\$ 884,256</b>	8.75%	\$ 576,554
Police Officers	6.90%	446,103	<b>7.90%</b>	<b>333,604</b>	8.90%	238,082
Fire Fighters	6.70%	179,082	<b>7.70%</b>	<b>72,035</b>	8.70%	(17,038)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of each of the pension systems. These reports are available as explained in General Information (part a) of this footnote.

7 – RETIREMENT PLANS, continued  
b -- Net Pension Liability, continued

*Schedule of Changes in Net Pension Liability.* Changes in net pension liability for all three funds and the City for the measurement period ended December 31, 2014 are as follows (in thousands):

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
<b>Total Pension Liability at December 31, 2013 (a)</b>	\$ 2,909,918	909,000	806,282	4,625,200
<b>Changes for the year:</b>				
Service Cost	89,235	30,254	25,319	144,808
Interest	222,710	72,443	62,977	358,130
Benefit Changes	--	(11,015)	--	(11,015)
Differences between Expected and Actual Experience	33,911	--	--	33,911
Assumption Changes	--	14,137	4,883	19,020
Contribution Buy Back	--	2,207	--	2,207
Benefit Payments including refunds	(161,718)	(45,403)	(37,993)	(245,114)
<b>Net Change in Total Total Pension Liability</b>	184,138	62,623	55,186	301,947
<b>Total Pension Liability at December 31, 2014 (b)</b>	\$ 3,094,056	971,623	861,468	4,927,147
<b>Total Plan Fiduciary Net Position at December 31, 2013 (c)</b>	\$ 2,130,624	595,110	752,622	3,478,356
<b>Changes for the year:</b>				
Employer Contributions	93,331	32,400	18,670	144,401
Employee Contributions	50,490	19,458	14,660	84,608
Contributions Buy Back	--	2,207	--	2,207
Pension Plan Net Investment Income	99,704	35,574	42,005	177,283
Benefits Payments and Refunds	(161,718)	(45,403)	(37,993)	(245,114)
Pension Plan Administrative Expense	(2,631)	(1,327)	(531)	(4,489)
<b>Net Change in Total Plan Fiduciary Net Position</b>	79,176	42,909	36,811	158,896
<b>Total Plan Fiduciary Net Position at December 31, 2014 (d)</b>	\$ 2,209,800	638,019	789,433	3,637,252
<b>Net Pension Liability at December 31, 2013 (a-c)</b>	\$ 779,294	313,890	53,660	1,146,844
<b>Net Pension Liability at December 31, 2014 (b-d)</b>	\$ 884,256	333,604	72,035	1,289,895

**7 – RETIREMENT PLANS, continued**  
**b -- Net Pension Liability, continued**

The City Employees' fund had no significant changes of assumptions or other inputs, no changes of benefit terms, and no significant factors that affected measurement of the total pension liability during the measurement period.

The Police Officers' fund had numerous changes in benefits and assumptions that affected the measurement of the total pension liability for the measurement period. In February 2015, the pension board approved the following benefit changes:

- Effective February 18, 2015, eliminate the opportunity to purchase permissive service in conjunction with utilizing the Forward or Retro-DROP,
- Effective April 1, 2015, permissive service credit factors shall be determined based on an interest rate that is 50 basis points lower than the valuation assumption and generational mortality,
- Effective April 1, 2015, eliminate Retro-DROP for members with less than 23 years Police Officers' fund service,
- Effective August 1, 2015, the Forward DROP interest rate will be set annually in the same manner as the PROP interest rate, except for those with 23 years of Police Officers' fund service as of July 31, 2015 who will not be affected, and
- Requiring that new hires beginning February 1, 2016 pay the full actuarial costs for purchase of military service.

Changes to assumptions included:

- Decreasing the investment return assumption from 8.00% to 7.90% per year compounded annually, net of expenses,
- Lowering the expected increase in salary due to general wage increased from 3.75% to 3.5%,
- Decreasing the annual assumed interest rate credited to Post Retirement Option Plan (PROP), accounts from 4.00% to 2.25%,
- Reducing the disability rates by one-half,
- Increasing by 25% the retirement rates for members entering the system prior to age 33, and
- Slight modifications to retirement rates due to anticipated future PROP usage.

The Fire Fighters' fund changed a number of assumptions that affected the measurement of the total pension liability for the measurement period.

- The investment return was decreased from 7.75% to 7.70% per year compounded annually, net of expenses.
- The general wage inflation rate was decreased from 3.5% to 3.0%.
- Amendments were made to the service-based table attributable to merit and longevity salary increases, the retirement rates, the Retro-DROP election assumptions, the withdrawal rates, and the assumed spousal age difference assumptions.

This fund had no benefit changes or other significant factors that affected measurement of the total pension liability during the measurement period.

**c -- Pension Expense**

Total pension expense recognized by the City for the fiscal year ended September 30, 2015, was comprised of the following (in thousands):

	<b>Pension Expense</b>
City Employees	\$ 117,263
Police Officers	30,009
Fire Fighters	20,105
<b>Total</b>	<b>\$ 167,377</b>

**7 – RETIREMENT PLANS, continued**

**d -- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2015 the City reported deferred outflows of resources related to pensions from the following sources (in thousands):

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>				
Contributions to the plans subsequent to the measurement date	\$ 71,342	24,055	14,069	109,466
Differences between expected and actual experience	27,085	--	--	27,085
Changes in assumptions	--	12,724	4,341	17,065
Net difference between projected and actual earnings on pension plan investments	53,886	9,383	12,597	75,866
<b>Total Deferred Outflows of Resources</b>	<u>\$ 152,313</u>	<u>46,162</u>	<u>31,007</u>	<u>229,482</u>

The portion of deferred outflows of resources that will be recognized in pension expense is as follows (in thousands):

<b>Fiscal Year Ended</b>	<b>City Employees</b>	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>Total</b>
<b>September 30</b>				
2016	\$ 20,298	3,759	3,692	27,749
2017	20,297	3,760	3,692	27,749
2018	20,298	3,759	3,692	27,749
2019	20,078	3,760	3,692	27,530
2020	--	1,414	543	1,957
Thereafter	--	5,655	1,627	7,282
Total	<u>\$ 80,971</u>	<u>22,107</u>	<u>16,938</u>	<u>120,016</u>

In addition, in fiscal year 2016 the following amounts of deferred outflows representing deferred contributions will be recognized as a reduction to the net pension liability (in thousands):

City Employees	\$ 71,342
Police Officers	24,055
Fire Fighters	14,069
<b>Total</b>	<u>\$ 109,466</u>

**8 – OTHER POSTEMPLOYMENT BENEFITS**

**a -- Description**

In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits to its retirees. Other postemployment benefits include access to medical, dental, and vision insurance for the retiree and the retiree's family and \$1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for other postemployment benefits. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate. The City's other postemployment benefits plan is a single employer plan.



**8 – OTHER POSTEMPLOYMENT BENEFITS, continued**  
**a – Description, continued**

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

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

The estimated pay-as-you-go cost of providing medical and life benefits was \$39.5 million for 4,431 retirees in 2015 and \$33.3 million for 4,189 retirees in 2014.

**b -- Annual Other Postemployment Benefits (OPEB) Cost and Net OPEB Obligation**

The annual OPEB cost associated with the City’s retiree benefits for the fiscal year ended September 30, 2015 is as follows (in thousands):

	<u>OPEB</u>
Annual required contribution	\$ 136,706
Interest on net OPEB obligation	29,077
Adjustment to annual required contribution	<u>(38,867)</u>
Annual OPEB cost	126,916
Contributions made	<u>(39,482)</u>
Change in net OPEB obligation	87,434
Beginning net OPEB obligation	<u>690,265</u>
Net OPEB obligation	<u>\$ 777,699</u>

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

<u>Year Ended</u> <u>September 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2013	\$ 132,595	20%	598,687
2014	124,861	27%	690,265
2015	126,916	31%	777,699

**c -- Schedule of Funding Progress at September 30, 2015 (in thousands):**

<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>UAAL (1)</u>	<u>Funded Ratio</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>Percentage of</u> <u>UAAL to Covered</u> <u>Payroll</u>
\$ --	1,449,238	1,449,238	0%	775,527	186.9%

(1) UAAL - Unfunded Actuarial Accrued Liability

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**8 – OTHER POSTEMPLOYMENT BENEFITS, continued**  
**d -- Actuarial Methods and Assumptions**

Projections of benefits are based on the plan in place at the time of the valuation and include the type of benefits provided at the valuation date and the cost sharing pattern between the employer and plan members at that time. The actuarial calculations of the OPEB plan reflect a long-term perspective and utilize actuarial methods and assumptions that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**e -- Funding Policy**

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

<b>OPEB</b>	
Actuarial Valuation Date	October 1, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Investment Rate of Return	4.21%
Inflation Rate	N/A
Salary Increase	None
Payroll Increase	None
Health Care Cost Trend Rate	7.0% in 2015, decreasing 0.5% per year for four years to an ultimate trend of 5.0% in 2019

**9 – DERIVATIVE INSTRUMENTS**

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

In accordance with GAAP, the City is required to report the fair value of all derivative instruments on the statement of net position. All derivatives must be categorized into two basis types – (1) hedging derivative instruments and (2) investment derivative instruments. Hedging derivative instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated hedgeable item. Investment derivative instruments are entered into primarily for income or profit purposes or they are derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in fair value of hedging derivative instruments are deferred on the statement of net position, and changes in fair value of investment derivative instruments are recognized as gains or losses on the statement of activities.

**a -- Energy Risk Management Program**

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

**Hedging Derivative Instruments**

**Natural Gas Derivatives**

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

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

The fair value of futures, swaps, and basis swap contracts is determined using the NYMEX closing settlement prices as of the last day of the reporting period. The fair value is calculated by deriving the difference between the closing futures price on the last day of the reporting period and purchase price at the time the positions were established. The fair value of the options are calculated using the Black/Scholes valuation method utilizing implied volatility based on the NYMEX closing settlement prices of the options as of the last day of the reporting period, risk free interest rate, time to maturity, and the NYMEX forward price of the underlier as of the last day of the reporting period.

Premiums paid for options are deferred until the contract is settled. As of September 30, 2015, \$202 thousand in premiums was deferred. As of September 30, 2015, the fair value of Austin Energy's futures, options, swaps and congestion rights, was an unrealized loss of \$46.2 million, of which \$51.8 million is reported as derivative instruments in liabilities and \$5.6 million is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

Congestion Revenue Rights Derivatives

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

As of September 30, 2015, PCRRs had a fair value of \$283 thousand and CRRs had a fair value of \$440 thousand, and both are reported as derivative instruments. The market value for CRRs and PCRRs is calculated using the implied market value (the difference between future proxy sink price and source price) multiplied by the number of open positions. The difference in the prices represents what the expected cost of congestion will be for that given point in time.

On September 30, 2015, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction	Reference Index	Maturity Dates	Fair Value at September 30, 2015		Change in Fair Value	Premiums Deferred	
			Notional Volumes	Fair Value			
Long	OTC Call Options	Henry Hub	Oct 2015 - Dec 2019	16,765,092 (1)	\$ 4,873	1,563	4,799
n/a	Congestion Rights	ICE (2)	Oct 2015 - Jun 2017	21,887,691 (3)	723	(4,310)	-
			Derivative instruments (assets)		5,596	(2,747)	4,799
Short	OTC Call Options	Henry Hub	Apr 2016 - Oct 2016	(1,660,000) (1)	(236)	491	(122)
Short	OTC Put Options	Henry Hub	Apr 2016 - Dec 2019	(16,765,000) (1)	(15,122)	(12,259)	(4,475)
Long	OTC Swaps	Henry Hub	Oct 2015 - Dec 2019	27,056,631 (1)	(36,393)	(25,573)	-
			Derivative instruments (liabilities)		(51,751)	(37,341)	(4,597)
			Total		\$ (46,155)	(40,088)	202

(1) Volume in MMBTUs

(2) IntercontinentalExchange

(3) Volume in MWHs

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

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

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

Risks

*Credit Risk.* Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's fuel derivative contracts expose Austin Energy to custodial credit risk on Exchange Traded derivative positions. In the event of default or nonperformance by brokers or the exchange, Austin Energy's operations will not be materially affected. However, Austin Energy does not expect the brokerages to fail to meet their obligations given their high credit ratings and the strict and deep credit requirements upheld by NYMEX, of which these brokerage houses are members. At September 30, 2015, the brokerages had credit ratings of A.

The over-the-counter agreements expose Austin Energy to credit risk; however, at September 30, 2015, none of the counterparties had outstanding obligations with Austin Energy. The contractual provisions applied to these contracts under the International Swaps and Derivatives Association (ISDA) agreement include collateral provisions. At September 30, 2015, no collateral was required under these provisions.

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

*Termination Risk.* Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. Termination risk for exchange-traded instruments is greatly reduced by the strict rules and guidelines set up by the exchange, which is governed by the Commodity Futures Trade Commission. Austin Energy's exposure to termination risk for over-the counter agreements is minimal due to the high credit rating of the counterparties and the contractual provisions under the ISDA agreement applied to these contracts. Termination risk is associated with all of Austin Energy's derivatives up to the fair value of the instrument.

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

*Basis Risk.* Austin Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a delivery point (WAHA/Katy/HSC) different than that at which the financial hedging contracts are expected to settle NYMEX (Henry Hub). As of September 30, 2015, the NYMEX price was \$2.56 per MMBTU, the WAHA Hub price was \$2.40 per MMBTU, Katy was \$2.52 per MMBTU, and the HSC Hub price was \$2.50 per MMBTU.

**Investment Derivative Instruments**

On September 30, 2015, Austin Energy had the following closed out investment derivative instruments (in thousands):

Type of Transaction	Reference Index	Fair Value at September 30, 2015			Change in Fair Value
		Maturity Dates	Volumes in MMBTU	Fair Value	
Long OTC Swaps	Henry Hub	Dec-15	155,000	\$ (224)	(226)
Short OTC Swaps	Henry Hub	Dec-15	(155,000)	233	226
				\$ 9	--

At September 30, 2015, Austin Energy recorded an unrealized loss of \$39 thousand on outstanding emission investment instruments.

In fiscal year 2015 Austin Energy sold PCRRs and recorded a gain of \$279 thousand. However, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2015, \$515 thousand remained deferred.

Risks

As of September 30, 2015, Austin Energy was not exposed to credit, interest, or foreign currency risk on its investment derivative instruments.

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

**Hedging Derivative Instruments**

The intention of each of the City's swaps is to provide a cash flow hedge for its variable interest rate bonds by providing synthetic fixed rate bonds. As a means to lower its borrowing costs when compared against fixed rate bonds at the time of issuance, the City executed pay-fixed, receive-variable swaps in connection with its issuance of variable rate bonds.

As of September 30, 2015, the City has three outstanding swap transactions with initial and outstanding notional amounts totaling \$602.1 million and \$412.8 million, respectively. The mark-to-market or fair value for each swap is estimated using the zero-coupon method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the London Interbank Offered Rate (LIBOR) swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

On September 30, 2015, the City had the following outstanding interest rate swap hedging derivative instruments (in thousands):

Item	Related Variable Rate Bonds	Terms	Effective Date	Maturity Date	Notional Amount	Fair Value
<b>Business-Type Activities - Hedging derivatives:</b>						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	\$ 115,695	(21,597)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Pay 4.051%, receive 71% of LIBOR	8/17/2005	11/15/2025	198,750	(34,229)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive 67% of LIBOR	8/14/2008	11/15/2029	98,345	(14,508)
					<u>\$ 412,790</u>	<u>(70,334)</u>

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

The fair value of the City's interest rate swap hedging derivative instruments is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreements as of September 30, 2015 (in thousands):

Item	Outstanding		Fair Value and Classification	Change in fair value	
	Notional Amount	Fair Value and Classification		Deferred Outflows	Deferred Inflows
<b>Business-Type Activities:</b>					
<b>Hedging derivative instruments (cash flow hedges):</b>					
WW2	\$ 115,695	(21,597)	Non-current liability	(6,571)	--
AIR1	198,750	(34,229)	Non-current liability	(1,715)	--
HOT1	98,345	(14,508)	Non-current liability	(2,114)	--
	<u>\$ 412,790</u>	<u>(70,334)</u>		<u>(3,829)</u>	<u>--</u>

Due to the continued low interest rate levels during fiscal year 2015, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2015. The fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received.

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

Risks

*Credit risk.* As of September 30, 2015, the City was not exposed to credit risk on any of its outstanding swap agreements because each swap had a negative fair value. However, should interest rates change and the fair value of a swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

The counterparty credit ratings for the City's interest rate swap hedging derivative instruments at September 30, 2015, are included in the table below:

Item	Related Variable Rate Bonds	Counterparty	Counterparty Ratings		
			Moody's Investors Service, Inc	Standard & Poor's	Fitch, Inc
<b>Business-Type Activities:</b>					
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Goldman Sachs Bank USA	A1	A-	A
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Morgan Stanley Capital Services, Inc.	A3	A-	A
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Morgan Keegan Financial Products	A3	BBB+	A

Swap agreements for all three swaps contain collateral agreements with the counterparties. These swap agreements require collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreements. For Swap AIR1, the City purchased swap insurance to mitigate the need to post collateral as long as the insurer, Financial Security Assurance, maintains a credit rating above A2/A by Moody's/S&P. For Swap HOT1, the credit support provider of MKFP is Deutsche Bank AG, New York Branch (DBAG). This swap requires collateralization of the fair value of the swap should DBAG's credit rating fall below the applicable thresholds in the agreement.

*Swap payments and associated debt.* The net cash flows for the City's interest rate swap hedging derivative instruments for the year ended September 30, 2015, are included in the table below (in thousands):

Item	Related Variable Rate Bonds	Counterparty Swap Interest			Interest to Bondholders	Net Interest Payments
		Pay	Receive	Net		
<b>Business-Type Activities:</b>						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	\$ (4,222)	49	(4,173)	(44)	(4,217)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	(8,161)	247	(7,914)	(142)	(8,056)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	(3,224)	116	(3,108)	(49)	(3,157)
		<u>\$ (15,607)</u>	<u>412</u>	<u>(15,195)</u>	<u>(235)</u>	<u>(15,430)</u>

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

*Basis and interest rate risk.* Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The City does not bear basis risk on Swap WW2. At September 30, 2015, the City bears basis risk on the two remaining swaps. These swaps have basis risk since the City receives a percentage of LIBOR to offset the actual variable rate the City pays on the related bonds. The City is exposed to basis risk should the floating rate that it receives on a swap drop below the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

*Tax risk.* Tax risk is a specific type of basis risk. Tax risk is the risk of a permanent mismatch occurring between the interest rate paid on the City's underlying variable rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds. For example, a grandfathering of the elimination of federal tax-exemption on existing tax-exempt bonds, or a tax cut, would result in the yields required by investors on the City's bonds coming close to or being equal to taxable yields. This would result in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 71% of LIBOR on AIR1, and 67% of LIBOR on Swap HOT1 and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

*Termination risk.* The City or the counterparties may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. The additional termination events in the agreement are limited to credit related events only and the ratings triggers are substantially below the current credit rating of the City. Additionally, the City purchased swap insurance on the Swap AIR1 to further reduce the possibility of termination risk.

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

**Investment Derivative Instruments**

At September 30, 2015, the City did not have any investment derivative instruments related to interest rate swaps.

As of September 30, 2015, debt service requirement of the City's variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (as rates vary, variable rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total Interest
	Principal	Interest		
2016	\$ 23,820	(117)	14,794	14,677
2017	12,255	(116)	14,255	14,139
2018	12,600	(118)	13,813	13,695
2019	28,525	(106)	12,841	12,735
2020	31,935	(89)	11,624	11,535
2021-2025	179,675	(178)	39,220	39,042
2026-2030	110,000	62	10,827	10,889
2031-2032	13,980	(1)	336	335
Total	\$ 412,790	(663)	117,710	117,047

**10 – DEFICITS IN FUND BALANCES AND NET POSITION**

At September 30, 2015, the following funds reported deficits in fund balances/net position (in thousands). Management intends to recover these deficits through future operating revenues, transfers, or debt issues.

<u>Nonmajor Governmental</u>	<u>Deficit</u>
<b>Special Revenue Funds:</b>	
Auto Theft Interdiction	\$ 17
Neighborhood Housing & Conservation	2,612
Mueller Development	6
Music Loan Program	2
<b>Capital Projects Funds:</b>	
<b>Funds authorized in 1992</b>	
Street & traffic signals	8
Libraries	17
<b>Funds authorized in 1997</b>	
Radio Trunking	47
<b>Funds authorized in 2006</b>	
Central Library	18,635
<b>Funds authorized in 2012</b>	
Parks	6,051
<b>Other funds</b>	
Planning & development improvements	1
General government projects	13,510
Park improvements	875
Parks and Recreation	524
Capital Reserve	1,239
Public Works	346
Watershed Protection	700
City Hall, plaza, parking garage	7,032
<b>Internal Service Funds</b>	
Capital Projects Management	1,363
<b>Nonmajor Enterprise</b>	
Austin Resource Recovery	50,738
Transportation	17,032



11 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables, and advances at September 30, 2015, are as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
		Current	Advances
Governmental funds:			
General Fund	Nonmajor governmental funds	\$ 227	--
Nonmajor governmental funds	General Fund	12	--
	Nonmajor governmental funds	57,521	--
	Austin Water Utility	--	1,373
	Nonmajor enterprise funds	--	538
Internal Service funds	Nonmajor governmental funds	11	71
	Internal Service funds	670	--
Enterprise funds:			
Austin Energy	General Fund	198	1,062
	Nonmajor governmental funds	--	220
	Austin Water Utility (restricted)	441	16,587
	Airport	153	821
	Nonmajor enterprise funds	338	--
Austin Water Utility	Nonmajor enterprise funds	301	2,705
Airport (restricted)	Nonmajor governmental funds	--	51
Nonmajor enterprise funds (restricted)	Nonmajor governmental funds	--	437
Nonmajor enterprise funds	Nonmajor enterprise funds	1,231	--
		<u>\$ 61,103</u>	<u>23,865</u>

Interfund receivables, payables, and advances reflect loans between funds. Of the above current amount, \$10.8 million and \$2.3 million are interfund loans from the Fiscal Surety Fund and Urban Forest Replenishment Fund, special revenue funds, to other special revenue funds (primarily grant funds) to cover deficit pooled investments and cash. The above current amount also includes \$44.4 million in interfund loans between capital project funds to cover deficit pooled investments and cash.

Interfund transfers during fiscal year 2015 were as follows (in thousands):

Transfers Out	Transfers In						Total
	General Fund	Nonmajor Governmental	Austin Energy	Austin Water Utility	Nonmajor Enterprise	Internal Service	
General Fund	\$ --	22,378	6,970	--	956	--	30,304
Nonmajor governmental funds	--	34,552	157	--	77,226	7,884	119,819
Austin Energy	113,770	--	--	--	--	--	113,770
Austin Water Utility	39,904	75	--	--	--	--	39,979
Airport	--	--	--	--	--	52	52
Nonmajor enterprise funds	262	4,091	--	--	--	97	4,450
Internal service funds	--	24,634	6	31	--	180	24,851
Total transfers out	<u>\$ 153,936</u>	<u>85,730</u>	<u>7,133</u>	<u>31</u>	<u>78,182</u>	<u>8,213</u>	<u>333,225</u>

Interfund transfers are authorized through City Council approval. Significant transfers include Austin Energy and Austin Water Utility transfers to the General Fund, which are comparable to a return on investment to owners, and the transfer of hotel occupancy and vehicle rental tax collections from the Hotel-Motel Occupancy Tax and the Vehicle Rental Tax Funds to the Convention Center Fund.

**12 – SELECTED REVENUES**

**a -- Major Enterprise Funds**

**Austin Energy and Austin Water Utility**

The Texas Public Utility Commission (PUC) has jurisdiction over electric utility wholesale transmission rates. On June 3, 2014, the PUC approved the City's most recent wholesale transmission rate of \$1.160111/KW. Transmission revenues totaled approximately \$72 million in 2015. The City Council has jurisdiction over all other electric utility rates and over all water and wastewater utility rates and other services. The Council determines electric utility and water and wastewater utility rates based on the cost of operations.

Under a bill passed by the Texas Legislature in 1999, municipally-owned electric utilities such as the City's utility system have the option of offering retail competition after January 1, 2002. As of September 30, 2015, the City has elected not to enter the retail market, as allowed by state law.

Electric rates include a fixed-rate component and cost-adjustment factors that allow for recovery of power supply, regulatory, and community benefit costs. If actual power supply costs differ from amounts billed to customers, then regulatory assets or deferred inflows are recorded by Austin Energy. The power supply factor is reviewed annually or when over- or under-recovery is more than 10% of expected power supply costs. Any over- or under-collections of the power supply, regulatory, or community benefit costs are applied to the respective cost-adjustment factor.

**Airport**

The City has entered into certain lease agreements as the lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In the fiscal year 2015, the Airport fund revenues included minimum concession guarantees of \$19,348,657.

The following is a schedule by year of minimum future rentals on noncancelable operating leases with remaining terms of up to ten years for the Airport Fund as of September 30, 2015 (in thousands):

<b>Fiscal Year Ended September 30</b>	<b>Airport Lease Receipts</b>
2016	\$ 5,110
2017	2,709
2018	115
2019	5
2020	5
2021	1
Totals	<u>\$ 7,945</u>

Projection of minimum future rentals for the Austin-Bergstrom Landhost Enterprises, Inc. is based on the current adjusted minimum rent for the period January 1, 2010 through December 31, 2015. The minimum rent is adjusted every five years commensurate with the percentage increase in the Consumer Price Index (CPI) – Urban Wage Earners and Clerical workers, U.S. Owner Average, published by the U.S. Department of Labor Bureau of Labor Statistics over the five-year period.

**b -- Operating Lease Revenue**

The City has entered into various lease agreements as the lessor of office space, antenna space and ground leases. Minimum guaranteed income on these non-cancelable operating leases is as follows (in thousands):

<b>Fiscal Year Ended September 30</b>	<b>Future Lease Receivables</b>
2016	\$ 1,763
2017	1,042
2018	1,038
2019	1,019
2020	1,326
2021-2025	4,377
Totals	<u>\$ 10,565</u>

**13 – COMMITMENTS AND CONTINGENCIES**

**a -- Fayette Power Project**

Austin Energy’s coal-fired electric generating units are located at the Fayette Power Project (FPP) and operate pursuant to a participation agreement with LCRA. Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. A management committee of four members governs FPP; each participant administratively appoints two members. As managing partner, LCRA is responsible for the operation of the project and appoints project management.

Austin Energy’s investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy’s pro-rata interest in FPP was \$42.6 million as of September 30, 2015. The increase in the pro-rata interest from 2014 is primarily due to an increase in coal inventory. The pro-rata interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City’s financial statements. The original cost of Austin Energy’s share of FPP’s generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies.

**b -- South Texas Project**

Austin Energy is one of three participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are NRG South Texas LP and City Public Service of San Antonio. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy’s 16 percent ownership in the STP represents 400 megawatts of plant capacity. At September 30, 2015, Austin Energy’s investment in the STP was approximately \$391 million, net of accumulated depreciation.

Effective November 17, 1997, the participation agreement among the owners of STP was amended and restated, and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. Each participant is responsible for its STP funding. The City’s portion is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6). In addition, each participant has the obligation to finance any deficits that may occur.

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

STP requested a 20-year license extension for units 1 & 2 with the Nuclear Regulatory Commission (NRC). The current licenses expire in 2027 and 2028, respectively. Final license issuances are dependent upon the Waste Confidence Decision; however, licensing reviews and proceedings continue to move forward.

**c -- South Texas Project Decommissioning**

Austin Energy began collecting in rates and accumulating funds for decommissioning STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted investments held by trustee. The related liability is reported as a decommissioning liability payable. Excess or unfunded liabilities related to decommissioning STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. At September 30, 2015, the trust’s assets were in excess of the estimated liability by \$27.8 million which is reported as part of deferred inflows of resources (in thousands):

Decommissioning trust assets	\$ 203,005
Pro rata decommissioning liability	<u>(175,216)</u>
	<u>\$ 27,789</u>

STP is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant-operating license submit a certificate of financial assurance to the NRC for plant decommissioning every two years or upon transfer of ownership. The certificate provides reasonable assurance that sufficient funds are being accumulated to provide the minimum requirement for decommissioning mandated by the NRC. The most recent annual calculation of financial assurance filed on December 31, 2014, showed that the trust assets exceeded the minimum required assurance by \$24.7 million.

**13 – COMMITMENTS AND CONTINGENCIES, continued**

**d -- Purchased Power**

Austin Energy has commitments totaling \$6.8 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2041, landfill power through 2020, biomass through 2032, and solar through 2042.

**e -- Decommissioning and Environmental/Pollution Remediation Contingencies**

Austin Energy may incur costs for environmental/pollution remediation of certain sites including the Holly, Fayette, and Decker Power Plants. The financial statements include a liability of approximately \$8.3 million at September 30, 2015. Austin Energy anticipates payment of these costs in 2016 and future years. The amount is based on 2015 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Austin Water Utility closed the Green Water Treatment Plant (GWTP) on September 23, 2008. The total decommissioning cost to close the GWTP was \$10.6 million. Plant decommissioning reached final completion in fiscal year 2012. During fiscal year 2013, redevelopment activities of the former GWTP site triggered the recognition of an additional \$3.1 million in environmental liabilities related to additional remediation of the site. The financial statements include a liability of approximately \$1.1 million at September 30, 2015. Austin Water Utility anticipates payment of these costs in 2016. The amount is based on 2015 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Austin Resource Recovery may incur costs for environmental remediation of certain sites outside of the City's landfill site. The financial statements include a liability of approximately \$315,000 at September 30, 2015 for the Harold Court site. Austin Resource Recovery anticipates payment of these costs in 2016. The amount is based on 2015 cost estimates to perform remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**f -- Arbitrage Rebate Payable**

The City's arbitrage consultant has determined that the City has not earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. Therefore, the City will not be required to rebate any amounts to the federal government. There are no estimated payables at September 30, 2015.

**g -- Federal and State Financial Assistance Programs**

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

**h -- Capital Improvement Plan**

As required by charter, the City has a *Capital Improvements Program* plan (capital budget) covering a five-year period which details anticipated spending for projects in the upcoming and future years. The City's 2015 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

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

**13 – COMMITMENTS AND CONTINGENCIES, continued**  
**h -- Capital Improvement Plan, continued**

Project	(in thousands)	Remaining Commitment
Governmental activities:		
General government		\$ 74,158
Public safety		20,748
Transportation		71,229
Public health		6,332
Public recreation and culture		67,228
Urban growth management		43,016
Business-type activities:		
Electric		145,029
Water		84,461
Wastewater		60,564
Airport		283,608
Convention		28,460
Environmental and health services		3,396
Urban growth management		172,872
Total		<u>\$ 1,061,101</u>

**i -- Encumbrances**

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2015, is as follows (in thousands):

	<u>Encumbrances</u>
General Fund	\$ 13,080
Nonmajor governmental	
Special Revenue	17,977
Capital Projects	140,957
	<u>\$ 172,014</u>

Significant encumbrances include reservations for the 2006 bond program (\$32,987), the 2012 bond program (\$26,499), the Library Automation System (\$17,247), and the Waller Creek Tunnel project (\$17,183).

**j -- Landfill Closure and Postclosure Liability**

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these future closure and postclosure care costs are reported as an operating expense in each period as incurred in the Austin Resource Recovery Fund, a nonmajor enterprise fund. Substantial closure occurred in fiscal year 2011. Flooding in fiscal year 2015 has delayed final closure, which is expected in fiscal year 2017. While the landfill only reached 99.04% capacity, the City is no longer accepting waste. The amount of costs reported, based on landfill capacity of 100% as of September 30, 2015, is as follows (in thousands):

	<u>Closure</u>	<u>Postclosure</u>	<u>Total</u>
Total estimated costs	\$ 18,426	9,899	28,325
% capacity used	100%	100%	100%
Cumulative liability accrued	18,426	9,899	28,325
Costs incurred	(16,877)	--	(16,877)
Closure and postclosure liability	<u>\$ 1,549</u>	<u>9,899</u>	<u>11,448</u>

**13 – COMMITMENTS AND CONTINGENCIES, continued**  
**j -- Landfill Closure and Postclosure Liability, continued**

These amounts are based on the 2015 cost estimates to perform closure and postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

**k -- Risk-Related Contingencies**

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

Fund Name	Description
Employee Benefits	City employees and retirees may choose a self-insured PPO, HMO, or CDHP with HSA for health coverage. Approximately 26% of city employees and 32% of retirees use the HMO option; approximately 72% of city employees and 68% of retirees use the PPO option; and approximately 2% of city employees and 0.25% of retirees use the CDHP with HSA option. Costs are charged to city funds through a charge per employee per pay period.
Liability Reserve	This self-insured program includes losses and claims related to liability for bodily injury, property damage, professional liability, and certain employment liability. Premiums are charged to other city funds each year based on historical costs.
Workers' Compensation	Premium charges for this self-insured program are assessed to other funds each year based on the number of full-time equivalent (FTE) employees per fund.

The City purchases stop-loss insurance for the City's PPO and HMO. This stop-loss insurance covers individual claims that exceed \$500,000 per calendar year, up to a maximum of \$5 million. In fiscal year 2015, fourteen claims exceeded the stop-loss limit of \$500,000; during fiscal year 2014, sixteen claims exceeded the stop-loss limit of \$500,000, and during fiscal year 2013, nine claims exceeded the stop-loss limit of \$500,000. City coverage is unlimited for lifetime benefits. The City does not purchase stop-loss insurance for workers' compensation claims.

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

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The City utilizes actuarial information and historical claim settlement trends to determine the claim liabilities for the Employee Benefits Fund and Workers' Compensation Fund. Claims liabilities for the Liability Reserve Fund are calculated based on an estimate of outstanding claims, which may differ from the actual amounts paid. Possible losses are estimated to range from \$47.5 to \$51.1 million. In accordance with GAAP, \$47.5 million is recognized as claims payable in the financial statements with \$22.6 million recognized as a current liability and \$24.9 million recognized as long term. The City contributes amounts to an internal service fund based on an estimate of anticipated costs for claims each year.

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

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

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2015	2014	2015	2014	2015	2014
Liability balances, beginning of year	\$ 11,699	10,920	10,581	10,123	21,526	18,839
Claims and changes in estimates	15,136	10,832	4,640	5,195	7,124	5,950
Claim payments	(13,549)	(10,053)	(5,884)	(4,737)	(3,809)	(3,263)
Liability balances, end of year	\$ 13,286	11,699	9,337	10,581	24,841	21,526

The Liability Reserve Fund claims liability balance at fiscal year-end includes liabilities of \$3.2 million discounted at 3.91% in 2015 and \$3.6 million discounted at 4.45% in 2014.

**l -- Redevelopment of Robert Mueller Municipal Airport**

In December 2004, City Council approved a master development agreement with Catellus Development Group (Catellus) to develop approximately 700 acres at the former site of the City's municipal airport into a mixed-use urban village near downtown Austin. Catellus is currently developing and marketing the property. The Mueller Local Government Corporation (MLGC), created by the City for this development, issues debt to fund infrastructure such as streets, drainage facilities, public parks, and greenways, which are supported by taxes generated from this development.

In September 2006, the MLGC issued debt in the amount of \$12 million. Proceeds of the debt have been used to reimburse the developer for eligible infrastructure such as streets, drainage, and parks. Debt service payments are funded through an economic development grant from the City of Austin, and supported by sales tax proceeds from the development.

In October 2009, the MLGC issued debt in the amount of \$15 million. Proceeds of the debt have been used to reimburse the developer for additional eligible infrastructure. Debt service payments are funded by property tax proceeds from the Mueller Tax Increment Reinvestment Zone.

In October 2012, the MLGC issued debt in the amount of \$16,735,000. Proceeds from the debt have been used to reimburse the developer for additional eligible infrastructure. Debt service payments are funded by property tax proceeds from the Mueller Tax Increment Reinvestment Zone.

In October 2014, the MLGC issued debt in the amount of \$15,845,000. Proceeds from the debt have been used to reimburse the developer for additional eligible infrastructure. Debt service payments are funded by property tax proceeds from the Mueller Tax Increment Reinvestment Zone.

The development contains over 1.36 million square feet of civic, institutional, hotel and Class A office space and approximately 602,000 square feet of retail space that is either complete or under construction. Over 80 employers provide approximately 5,000 jobs at Mueller. From the start of home sales in 2007, the community has been well received. As of September 30, 2015, approximately 1,357 single-family homes and 1,222 multi-family units were either complete or under construction. Catellus has also started the infrastructure for an additional 375 single-family and 759 multi-family homes.

**m -- No-Commitment Special Assessment Debt**

In November 2011, the City issued \$15,500,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Whisper Valley Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$7,949,960 in total assessments were levied in the year ended September 30, 2015. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2015 are \$15,245,000 and \$8,431,986 respectively.

**13 – COMMITMENTS AND CONTINGENCIES, continued**  
**m -- No-Commitment Special Assessment Debt, continued**

In November 2011, the City issued \$2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$1,681,699 in total assessments were levied in the year ended September 30, 2015. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2015 are \$2,815,000 and \$435,696, respectively.

In July 2013, the City issued \$12,590,000 of Special Assessment Revenue Bonds, Series 2013 related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$1,772,155 in total assessments were levied in the year ended September 30, 2015. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2015 are \$12,590,000 and \$472,073, respectively.

**n -- Capital Leases**

The City has entered into a lease agreement to finance equipment for business-type activities. This lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments at their inception date. The lease agreement ends in 2031. See Note 6 for the debt service requirements on this lease.

The following summarizes capital assets recorded at September 30, 2015, under capital lease obligations (in thousands):

<b>Capital Assets</b>	<b>Austin Energy</b>
Building and improvements	\$ 1,405
Accumulated depreciation	(457)
Net capital assets	<u>\$ 948</u>

**o -- Operating Leases**

The City is committed under various leases for building and office space, tracts of land and rights-of-way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2015, was \$18.2 million.

<b>Fiscal Year Ended September 30</b>	<b>Future Lease Payments</b>
2016	\$ 12,191
2017	10,381
2018	7,452
2019	5,396
2020	3,097
2021-2025	9,011
Totals	<u>\$ 47,528</u>



**14 – LITIGATION**

A number of claims and lawsuits against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and city management are of the opinion that settlement of these claims and lawsuits will not have a material effect on the City's financial statements. The City has accrued liabilities in the Liability Reserve Fund for claims payable at September 30, 2015. These liabilities, reported in the government-wide statement of net position, include amounts for claims and lawsuits settled subsequent to year-end.

**15 – CONDUIT DEBT**

The City has issued several series of housing revenue bonds to provide for low cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 2015, \$72.6 million in housing revenue bonds were outstanding with an original issue value of \$80.5 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international airport and convention center. These bonds are special limited obligations payable solely from and secured by a pledge of revenue to be received from agreements between the entities and various third parties. As of September 30, 2015, \$147.5 million in revenue and revenue refunding bonds were outstanding with an original issue value of \$148.6 million.

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

**16 – SEGMENT INFORMATION – CONVENTION CENTER**

The Convention Center provides event facilities and services to its customers. Below are the condensed financial statements for this segment (in thousands):

<b>Condensed Statement of Net Position</b>	
<b>ASSETS</b>	
Current assets	\$ 102,966
Capital assets	249,083
Other noncurrent assets	13,341
<b>Total assets</b>	<u>365,390</u>
<b>Deferred outflows of resources</b>	<u>29,614</u>
<b>LIABILITIES</b>	
Due to other funds	338
Other current liabilities	21,969
Other noncurrent liabilities	228,956
<b>Total liabilities</b>	<u>251,263</u>
<b>Deferred inflows of resources</b>	<u>309</u>
<b>NET POSITION</b>	
Net investment in capital assets	58,117
Restricted	25,528
Unrestricted	59,787
<b>Total net position</b>	<u>\$ 143,432</u>

16 – SEGMENT INFORMATION – CONVENTION CENTER, continued

<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>	
<b>OPERATING REVENUES</b>	
User fees and rentals	\$ 28,657
<b>Total operating revenues</b>	<u>28,657</u>
<b>OPERATING EXPENSES</b>	
Operating expenses before depreciation	50,009
Depreciation and amortization	8,948
<b>Total operating expenses</b>	<u>58,957</u>
<b>Operating income (loss)</b>	(30,300)
Nonoperating revenues (expenses)	(6,082)
Transfers	65,728
<b>Change in net position</b>	<u>29,346</u>
<b>Total net position - beginning, as restated</b>	114,086
<b>Total net position - ending</b>	<u>\$ 143,432</u>

<b>Condensed Statement of Cash Flows</b>	
<b>Net cash provided (used) by:</b>	
Operating activities	\$ (18,181)
Noncapital financing activities	65,495
Capital and related financing activities	(27,622)
Investing activities	396
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>20,088</u>
<b>Cash and cash equivalents, October 1</b>	<u>70,975</u>
<b>Cash and cash equivalents, September 30</b>	<u>\$ 91,063</u>

17 – DISCRETELY PRESENTED COMPONENT UNITS

Condensed financial information is included below for the discretely presented component units of the City. See Note 1 for the additional information about how to obtain the complete financial statements of these organizations. The most recently available financial statements for Austin Bergstrom Landhost Enterprises, Inc. and Austin Convention Enterprises, Inc. are for the year ended December 31, 2014. The condensed financial statements of Waller Creek Local Government Corp. are presented for the year ended September 30, 2015 (in thousands):

<b>Condensed Combining Statement of Net Position</b>				
	<b>Austin Bergstrom Landhost Enterprises, Inc.</b>	<b>Austin Convention Enterprises, Inc.</b>	<b>Waller Creek Local Government Corp.</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets	\$ 1,052	9,524	--	10,576
Capital assets	24,601	173,198	--	197,799
Noncurrent assets	1,736	60,804	--	62,540
<b>Total assets</b>	<u>27,389</u>	<u>243,526</u>	<u>--</u>	<u>270,915</u>
<b>Deferred outflows of resources</b>	<u>--</u>	<u>19,050</u>	<u>--</u>	<u>19,050</u>
<b>LIABILITIES</b>				
Current Liabilities	7,679	14,675	--	22,354
Bonds payable, net of discount and inclusive of premium	56,632	254,529	--	311,161
Noncurrent liabilities	32	--	--	32
<b>Total liabilities</b>	<u>64,343</u>	<u>269,204</u>	<u>--</u>	<u>333,547</u>
<b>NET POSITION</b>				
Net investment in capital assets	(32,031)	(65,863)	--	(97,894)
Restricted	--	21,087	--	21,087
Unrestricted (deficit)	(4,923)	38,148	--	33,225
<b>Total net position</b>	<u>\$ (36,954)</u>	<u>(6,628)</u>	<u>--</u>	<u>(43,582)</u>

17 – DISCRETELY PRESENTED COMPONENT UNITS, continued

<b>Condensed Combining Statement of Revenues, Expenses, and Changes in Net Position</b>				
	<b>Austin Bergstrom Landhost Enterprises, Inc.</b>	<b>Austin Convention Enterprises, Inc.</b>	<b>Waller Creek Local Government Corp.</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
User fees and rentals	\$ 16,416	75,050	--	91,466
Contributions	--	--	150	150
<b>Total operating revenues</b>	<u>16,416</u>	<u>75,050</u>	<u>150</u>	<u>91,616</u>
<b>OPERATING EXPENSES</b>				
Operating expenses before depreciation	12,667	41,439	150	54,256
Depreciation and amortization	1,293	8,634	--	9,927
<b>Total operating expenses</b>	<u>13,960</u>	<u>50,073</u>	<u>150</u>	<u>64,183</u>
<b>Operating income (loss)</b>	<u>2,456</u>	<u>24,977</u>	<u>--</u>	<u>27,433</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Nonoperating revenues (expenses)	(4,346)	(16,223)	--	(20,569)
<b>Change in net position</b>	<u>(1,890)</u>	<u>8,754</u>	<u>--</u>	<u>6,864</u>
<b>Total net position - beginning</b>	<u>(35,064)</u>	<u>(15,382)</u>	<u>--</u>	<u>(50,446)</u>
<b>Total net position - ending</b>	<u>\$ (36,954)</u>	<u>(6,628)</u>	<u>--</u>	<u>(43,582)</u>

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

During fiscal year 2015, the City implemented two new accounting standards. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27", revised standards of accounting and reporting for pension expenses and liabilities as well as allowing for the deferral of certain pension expense elements. The City also implemented the related GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68" which clarifies rules related to the accrual of deferred inflows and outflows of resources at the beginning of the period in which GASB Statement No. 68 is effective. As a result of implementing these two statements, net position was restated at October 1, 2014. The City's net pension obligation and net pension assets were eliminated and replaced by a larger net pension liability. Contributions made by the City to the pension systems from January 1 to September 30, 2015 are reported as deferred outflows of resources. The impact of these changes on the beginning balances reported in the financial statements is shown below (in thousands):

	<b>Exhibit A-2</b>		<b>Exhibit C-2</b>		
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Airport</b>	<b>Nonmajor Enterprise Funds</b>	<b>Business- Type Activities</b>
<b>September 30, 2014</b>					
Net position, as previously reported	\$ 1,308,194	3,328,362	537,650	424,983	3,301,067
Adjustments to properly record implementation of GASB Statements No. 68 and 71	(627,853)	(104,190)	(20,630)	(83,560)	(104,190)
Net position, as restated	<u>\$ 680,341</u>	<u>3,224,172</u>	<u>517,020</u>	<u>341,423</u>	<u>3,196,877</u>

The adjustments associated with the implementation of this standard were deferred in accordance with accounting for regulated operations for Austin Energy and Austin Water Utility. The amount deferred is \$125.8 million and \$66.9 million, respectively; therefore, there was no restatement to net position in these funds.

**19 – SUBSEQUENT EVENTS**

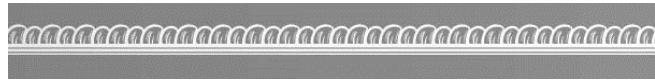
**a -- General Obligation Bond Issue**

In October 2015, the City issued \$236,905,000 of Public Improvement and Refunding Bonds, Series 2015. The net proceeds of \$104,630,000 (after issue costs, discounts, and premiums) from the non-refunding portion of the issue will be used as follows: streets and signals (\$32,235,000), parks and recreation (\$17,275,000), central library (\$43,200,000), and facility improvements (\$11,920,000). The net proceeds of the refunding portion of \$158,626,892 were used to refund \$4,490,000 Certificates of Obligation, Series 2005, \$12,140,000 Public Improvement and Refunding Bonds, Series 2005, \$14,965,000 Certificates of Obligation Series 2006, \$27,900,000 Public Improvement Bonds, Series 2006, \$2,375,000 Certificates of Obligation, Series 2007, and \$87,945,000 Public Improvement Bonds, Series 2007. These bonds will be amortized serially on September 1 of each year from 2016 to 2035. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2016. Total interest requirements for these bonds, at rates ranging from 2.0% to 5.0%, are \$98,473,671.

In October 2015, the City issued \$43,710,000 of Certificates of Obligation, Series 2015. The net proceeds of \$50,351,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: watershed home buyouts (\$20,500,000), Waller Creek Tunnel (\$11,051,000), central library (\$12,500,000), and building and golf course improvements (\$6,300,000). These certificates of obligation will be amortized serially on September 1 of each year from 2016 to 2035. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2016. Total interest requirements for these obligations, at rates ranging from 2.0% to 5.0%, are \$25,524,363.

In October 2015, the City issued \$14,450,000 of Public Property Finance Contractual Obligations, Series 2015. The net proceeds of \$16,065,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: water and wastewater utility capital equipment (\$2,350,000), public works capital equipment (\$2,500,000), golf capital equipment (\$1,365,000) transportation capital equipment (\$695,000) and network equipment (\$9,155,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2016 to 2022. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2016. Total interest requirements for these obligations, at rates ranging from 2.0% to 5.0%, are \$2,728,846.

In October 2015, the City issued \$10,000,000 of Public Improvement Taxable Bonds, Series 2015. The net proceeds of \$10,000,000 (after issue costs, discounts, and premiums) from the issuance were used for affordable housing. Interest is payable March 1 and September 1 of each year from 2016 to 2035, commencing on March 1, 2016. Principal payments are due September 1 of 2016, then each year on September 1 from 2018 to 2035. Total interest requirements for this obligation, at rates ranging from 2.9% to 4.3% are \$4,632,484.



## **REQUIRED SUPPLEMENTARY INFORMATION**





**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
RSI

General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Taxes	\$ 572,640	100	572,740	565,469	565,469	7,271
Franchise fees	37,842	--	37,842	36,634	36,634	1,208
Fines, forfeitures and penalties	17,305	(1)	17,304	16,572	16,572	732
Licenses, permits and inspections	39,006	(9)	38,997	29,610	29,610	9,387
Charges for services/goods	58,297	(5)	58,292	57,693	57,693	599
Interest and other	11,831	(7,735)	4,096	3,281	3,281	815
<b>Total revenues</b>	<b>736,921</b>	<b>(7,650)</b>	<b>729,271</b>	<b>709,259</b>	<b>709,259</b>	<b>20,012</b>
<b>EXPENDITURES</b>						
General government						
Municipal Court	19,246	(56)	19,190	19,677	19,677	487
Public safety						
Police	320,759	32,809	353,568	355,412	355,412	1,844
Fire	156,426	12,559	168,985	166,619	166,619	(2,366)
Emergency Medical Services	66,524	6,600	73,124	74,698	74,698	1,574
Transportation, planning, and sustainability						
Transportation, planning, and sustainability	4	(4)	--	--	--	--
Public health						
Health	61,247	5,059	66,306	66,917	66,917	611
Public recreation and culture						
Parks and Recreation	64,104	6,893	70,997	71,567	71,567	570
Austin Public Library	34,138	3,074	37,212	37,188	37,188	(24)
Urban growth management						
Neighborhood Planning and Zoning	30,617	5,781	36,398	36,923	36,923	525
Other Urban Growth Management	32,455	(3,134)	29,321	30,610	30,610	1,289
General city responsibilities (4)(5)	93,349	(90,139)	3,210	2,196	3,296	86
<b>Total expenditures</b>	<b>878,869</b>	<b>(20,558)</b>	<b>858,311</b>	<b>861,807</b>	<b>862,907</b>	<b>4,596</b>
Excess (deficiency) of revenues over expenditures	(141,948)	12,908	(129,040)	(152,548)	(153,648)	24,608
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	153,936	54,153	208,089	209,889	209,889	(1,800)
Transfers out (5)	(30,304)	(71,459)	(101,763)	(91,525)	(90,425)	(11,338)
<b>Total other financing sources (uses)</b>	<b>123,632</b>	<b>(17,306)</b>	<b>106,326</b>	<b>118,364</b>	<b>119,464</b>	<b>(13,138)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(18,316)	(4,398)	(22,714)	(34,184)	(34,184)	11,470
Special item - land sale	11,983	--	11,983	--	--	11,983
Fund balance at beginning of year	183,496	7,347	190,843	52,702	72,993	117,850
<b>Fund balance at end of year</b>	<b>\$ 177,163</b>	<b>2,949</b>	<b>180,112</b>	<b>18,518</b>	<b>38,809</b>	<b>141,303</b>

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.
- (5) Includes variance in original and final budget due to movement of a transfer out to general city responsibilities.



**BUDGET BASIS REPORTING**

**a -- General**

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

The General Fund, as reported in the financial statements is comprised of six separately budgeted funds: the General Fund, as budgeted by the City, plus the Economic Development, Economic Incentives Reserve, Long Center Capital Improvements, Music Venue Assistance Program, and Neighborhood Housing and Community Development activities.

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes the following: tuition reimbursement (\$465,000), customer service call center (\$1,731,141), and Balcones Wildland Conservation (\$1,100,000).

**b -- Budget Amendments**

There were no budget amendments to the General Fund in fiscal year 2015.

**c -- Reconciliation of GAAP Basis and Budget Basis Amounts**

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

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ (18,316)
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	(2,323)
Net compensated absences accrual	(62)
Outstanding encumbrances established in current year	(12,172)
Payments against prior year encumbrances	9,442
Other	717
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ (22,714)</u>

**RETIREMENT PLANS-TREND INFORMATION**

Changes in net pension liability for all three funds and the City for the measurement period ended December 31, 2014 are as follows (in thousands):

**Schedule of Changes in the City's Net Pension Liability and Related Ratios**

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
<b>Total Pension Liability at December 31, 2013 (a)</b>	\$ 2,909,918	909,000	806,282
<b>Changes for the year:</b>			
Service Cost	89,235	30,254	25,319
Interest	222,710	72,443	62,977
Benefit Changes	--	(11,015)	--
Differences between Expected and Actual Experience	33,911	--	--
Assumption Changes	--	14,137	4,883
Contribution Buy Back	--	2,207	--
Benefit Payments including refunds	(161,718)	(45,403)	(37,993)
<b>Net Change in Total Pension Liability</b>	<u>184,138</u>	<u>62,623</u>	<u>55,186</u>
<b>Total Pension Liability at December 31, 2014 (b)</b>	<u>\$ 3,094,056</u>	<u>971,623</u>	<u>861,468</u>
<b>Total Plan Fiduciary Net Position at December 31, 2013 (c)</b>	<u>\$ 2,130,624</u>	<u>595,110</u>	<u>752,622</u>
<b>Changes for the year:</b>			
Employer Contributions	93,331	32,400	18,670
Employee Contributions	50,490	19,458	14,660
Contribution Buy Back	--	2,207	--
Pension Plan Net Investment Income	99,704	35,574	42,005
Benefits Payments and Refunds	(161,718)	(45,403)	(37,993)
Pension Plan Administrative Expense	(2,631)	(1,327)	(531)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>79,176</u>	<u>42,909</u>	<u>36,811</u>
<b>Total Plan Fiduciary Net Position at December 31, 2014 (d)</b>	<u>\$ 2,209,800</u>	<u>638,019</u>	<u>789,433</u>
<b>Net Pension Liability at December 31, 2013 (a-c)</b>	<u>\$ 779,294</u>	<u>313,890</u>	<u>53,660</u>
<b>Net Pension Liability at December 31, 2014 (b-d)</b>	<u>\$ 884,256</u>	<u>333,604</u>	<u>72,035</u>
<b>Plan fiduciary net position as a percentage of the total pension liability (d/b)</b>	71.42%	65.67%	91.64%
<b>Covered-employee payroll</b>	\$ 560,362	175,217	100,876
<b>City's net pension liability as a percentage of covered-employee payroll</b>	157.80%	190.39%	71.41%

**RETIREMENT PLANS-TREND INFORMATION, continued**

*Notes to Schedule of Changes in the City's Net Pension Liability and Related Ratios:*

The City Employees' fund had no significant changes of assumptions or other inputs, no changes of benefit terms, and no significant factors that affected measurement of the total pension liability during the measurement period.

The Police Officers' fund had numerous changes in benefits and assumptions that affected the measurement of the total pension liability for the measurement period. In February 2015, the pension board approved the following benefit changes:

- Effective February 18, 2015, eliminate the opportunity to purchase permissive service in conjunction with utilizing the Forward or Retro-DROP,
- Effective April 1, 2015, permissive service credit factors shall be determined based on an interest rate that is 50 basis points lower than the valuation assumption and generational mortality,
- Effective April 1, 2015, eliminate Retro-DROP for members with less than 23 years of Police Officers' fund service,
- Effective August 1, 2015, the Forward DROP interest rate will be set annually in the same manner as the PROP interest rate, except for those with 23 years of Police Officers' fund service as of July 31, 2015 who will not be affected, and
- Requiring that new hires beginning February 1, 2016 pay the full actuarial costs for purchase of military service.

Changes to assumptions included:

- Decreasing the investment return assumption from 8.00% to 7.90% per year compounded annually, net of expenses,
- Lowering the expected increase in salary due to general wage increased from 3.75% to 3.5%,
- Decreasing the annual assumed interest rate credited to Post Retirement Option Plan (PROP), accounts from 4.00% to 2.25%,
- Reducing the disability rates by one-half,
- Increasing by 25% the retirement rates for members entering the system prior to age 33, and
- Slight modifications to retirement rates due to anticipated future PROP usage.

The Fire Fighters' fund changed a number of assumptions that affected the measurement of the total pension liability for the measurement period.

- The investment return was decreased from 7.75% to 7.70% per year compounded annually, net of expenses.
- The general wage inflation rate was decreased from 3.5% to 3.0%.
- Amendments were made to the service-based table attributable to merit and longevity salary increases, the retirement rates, the Retro-DROP election assumptions, the withdrawal rates, and the assumed spousal age difference assumptions.

This fund had no benefit changes or other significant factors that affected measurement of the total pension liability during the measurement period.

Information pertaining to City contributions to the retirement systems for the fiscal year ending September 30, 2015, is shown below (in thousands). An actuarially determined contribution was calculated for the City Employees' fund but was not calculated for the other two funds.

**Schedule of Actuarially Determined City Contributions to the City Employees' Fund**  
(in thousands)

<b>Fiscal Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2015	\$ 96,554	97,655	(1,101)	587,937	16.61%

**RETIREMENT PLANS-TREND INFORMATION, continued**

*Notes to Schedule of Actuarially Determined City Contributions to the City Employees' Fund*

<b>Valuation Date:</b>	December 31, 2014
Notes	Members and employers contribute based on statutorily fixed or negotiated rates. A funding period is solved for through open group projections.
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	20% of market plus 80% of expected actuarial value
Inflation	3.25%
Salary Increases	4.5% to 6.00%
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are gender specific. Last updated for December 31, 2012 valuation pursuant to an experience study of the 5-year period ending December 31, 2011
Mortality	RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000
<b>Other Information:</b>	There were no benefit changes during the year

**Schedule of Statutorily Required City Contributions to the Police Officers' Fund and the Fire Fighters' Fund**  
 (in thousands)

Fiscal Year Ended September 30	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
<b>Police Officers</b>					
2015	\$ 32,942	32,942	--	180,152	18.29%
<b>Fire Fighters</b>					
2015	18,327	18,327	--	105,801	17.32%

Supplementary information for each plan as well as information on where to obtain plan financial statements can be found in Footnote 7.

**OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION**

Under GAAP, the City is required to have an actuarial valuation of its other postemployment benefits program every other year. The Schedule of Funding Progress for other postemployment benefits is as follows (in thousands):

Fiscal Year Ended September 30	Valuation Date, October 1	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
2011	2010	\$ --	1,404,692	1,404,692	0.0%	668,679	210.1%
2013	2012	--	1,384,490	1,384,490	0.0%	696,559	198.8%
2015	2014	--	1,449,238	1,449,238	0.0%	775,527	186.9%

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

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



**COMBINING AND INDIVIDUAL  
FUND FINANCIAL  
STATEMENTS AND  
SCHEDULES**





**GENERAL FUND**





**General Fund**  
**Schedule of Revenues - Budget and Actual-Budget Basis**  
**As of September 30, 2015**  
**(In thousands)**

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

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>Taxes</b>					
Property taxes:					
Current	\$ 356,176	100	356,276	355,906	370
Delinquent	785	--	785	1,000	(215)
Penalty and interest	1,298	--	1,298	928	370
Sales taxes	204,029	--	204,029	198,310	5,719
Other taxes	10,352	--	10,352	9,325	1,027
<b>Total taxes</b>	<b>572,640</b>	<b>100</b>	<b>572,740</b>	<b>565,469</b>	<b>7,271</b>
<b>Franchise fees</b>	<b>37,842</b>	<b>--</b>	<b>37,842</b>	<b>36,634</b>	<b>1,208</b>
<b>Fines, forfeitures, and penalties</b>					
Library fines	598	--	598	600	(2)
Traffic fines	8,713	--	8,713	8,604	109
Parking violations	3,325	(1)	3,324	3,326	(2)
Other	4,669	--	4,669	4,042	627
<b>Total fines, forfeitures, and penalties</b>	<b>17,305</b>	<b>(1)</b>	<b>17,304</b>	<b>16,572</b>	<b>732</b>
<b>Licenses, permits, and inspections</b>					
Alarm permits	3,253	(4)	3,249	2,851	398
Public health	4,368	--	4,368	4,425	(57)
Development	9,015	(8)	9,007	6,346	2,661
Building safety	21,323	(2)	21,321	15,046	6,275
Beer and wine permits	524	--	524	363	161
Other	523	5	528	579	(51)
<b>Total licenses, permits, and inspections</b>	<b>39,006</b>	<b>(9)</b>	<b>38,997</b>	<b>29,610</b>	<b>9,387</b>
<b>Charges for services/goods</b>					
Recreation and culture	7,584	--	7,584	7,497	87
Public health	5,978	(8)	5,970	6,145	(175)
Emergency medical services	42,702	(1)	42,701	42,122	579
General government	2,033	4	2,037	1,929	108
<b>Total charges for services/goods</b>	<b>58,297</b>	<b>(5)</b>	<b>58,292</b>	<b>57,693</b>	<b>599</b>
<b>Interest and other</b>					
Interest	607	--	607	504	103
Rental income	1,869	(4)	1,865	1,644	221
Sale of property	1,284	--	1,284	718	566
Other	8,071	(7,731)	340	415	(75)
<b>Total interest and other</b>	<b>11,831</b>	<b>(7,735)</b>	<b>4,096</b>	<b>3,281</b>	<b>815</b>
<b>Total revenues</b>	<b>\$ 736,921</b>	<b>(7,650)</b>	<b>729,271</b>	<b>709,259</b>	<b>20,012</b>

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

**General Fund**  
**Schedule of Expenditures - Budget and Actual-Budget Basis**  
**As of September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
Exhibit E-2

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
<b>General government</b>					
Municipal Court:					
Salaries and fringe benefits	\$ 12,429	10	12,439	12,650	211
Contractual services	6,813	(33)	6,780	7,025	245
Commodities	209	(46)	163	185	22
Expense refunds	(204)	--	(204)	(183)	21
Capital outlay	(1)	13	12	--	(12)
<b>Total general government</b>	<b>19,246</b>	<b>(56)</b>	<b>19,190</b>	<b>19,677</b>	<b>487</b>
<b>Public safety</b>					
Police:					
Salaries and fringe benefits	290,681	92	290,773	290,311	(462)
Contractual services	38,777	32,615	71,392	70,894	(498)
Commodities	4,679	(109)	4,570	4,468	(102)
Expense refunds	(13,641)	(8)	(13,649)	(10,837)	2,812
Capital outlay	263	219	482	576	94
	<b>320,759</b>	<b>32,809</b>	<b>353,568</b>	<b>355,412</b>	<b>1,844</b>
Fire:					
Salaries and fringe benefits	148,567	(48)	148,519	143,374	(5,145)
Contractual services	11,526	13,313	24,839	25,848	1,009
Commodities	3,634	(420)	3,214	2,637	(577)
Indirect cost	346	--	346	254	(92)
Expense refunds	(7,869)	(362)	(8,231)	(5,819)	2,412
Capital outlay	222	76	298	325	27
	<b>156,426</b>	<b>12,559</b>	<b>168,985</b>	<b>166,619</b>	<b>(2,366)</b>
Emergency Medical Services:					
Salaries and fringe benefits	54,040	4	54,044	53,967	(77)
Contractual services	9,339	6,325	15,664	16,319	655
Commodities	3,699	(442)	3,257	3,449	192
Expense refunds	(1,493)	(77)	(1,570)	(323)	1,247
Capital outlay	939	790	1,729	1,286	(443)
	<b>66,524</b>	<b>6,600</b>	<b>73,124</b>	<b>74,698</b>	<b>1,574</b>
<b>Total public safety</b>	<b>543,709</b>	<b>51,968</b>	<b>595,677</b>	<b>596,729</b>	<b>1,052</b>
<b>Transportation, planning, and sustainability</b>					
Contractual services	16	(16)	--	--	--
Expense refunds	(12)	12	--	--	--
<b>Total transportation, planning, and sustainability</b>	<b>4</b>	<b>(4)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Public health</b>					
Salaries and fringe benefits	27,201	(754)	26,447	26,465	18
Contractual services	33,493	5,563	39,056	39,640	584
Commodities	2,046	(45)	2,001	1,797	(204)
Expense refunds	(1,512)	--	(1,512)	(1,310)	202
Capital outlay	19	295	314	325	11
<b>Total public health</b>	<b>61,247</b>	<b>5,059</b>	<b>66,306</b>	<b>66,917</b>	<b>611</b>
<b>Public recreation and culture</b>					
Parks and Recreation:					
Salaries and fringe benefits	48,741	173	48,914	48,589	(325)
Contractual services	16,333	6,792	23,125	22,885	(240)
Commodities	4,267	(216)	4,051	3,544	(507)
Indirect cost	603	--	603	560	(43)
Expense refunds	(6,457)	--	(6,457)	(4,879)	1,578
Capital outlay	617	144	761	868	107
<b>\$</b>	<b>64,104</b>	<b>6,893</b>	<b>70,997</b>	<b>71,567</b>	<b>570</b>

(Continued)

**General Fund**  
**Schedule of Expenditures - Budget and Actual-Budget Basis**  
**As of September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-2**

**(Continued)**

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
Austin Public Library:					
Salaries and fringe benefits	\$ 26,448	6	26,454	26,453	(1)
Contractual services	3,720	3,209	6,929	7,253	324
Commodities	4,204	(120)	4,084	3,539	(545)
Expense refunds	(257)	--	(257)	(64)	193
Capital outlay	23	(21)	2	7	5
	<u>34,138</u>	<u>3,074</u>	<u>37,212</u>	<u>37,188</u>	<u>(24)</u>
<b>Total public recreation and culture</b>	<u>98,242</u>	<u>9,967</u>	<u>108,209</u>	<u>108,755</u>	<u>546</u>
<b>Urban growth management</b>					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	33,463	(6)	33,457	33,567	110
Contractual services	5,266	5,871	11,137	11,351	214
Commodities	248	(27)	221	322	101
Expense refunds	(8,417)	--	(8,417)	(8,317)	100
Capital outlay	57	(57)	--	--	--
	<u>30,617</u>	<u>5,781</u>	<u>36,398</u>	<u>36,923</u>	<u>525</u>
Other urban growth management:					
Salaries and fringe benefits	8,333	--	8,333	8,250	(83)
Contractual services	24,455	(3,074)	21,381	22,714	1,333
Commodities	447	(60)	387	461	74
Expense refunds	(780)	--	(780)	(815)	(35)
	<u>32,455</u>	<u>(3,134)</u>	<u>29,321</u>	<u>30,610</u>	<u>1,289</u>
<b>Total urban growth management</b>	<u>63,072</u>	<u>2,647</u>	<u>65,719</u>	<u>67,533</u>	<u>1,814</u>
<b>General city responsibilities (2)</b>	<u>93,349</u>	<u>(90,139)</u>	<u>3,210</u>	<u>3,296</u>	<u>86</u>
<b>Total expenditures</b>	<u>878,869</u>	<u>(20,558)</u>	<u>858,311</u>	<u>862,907</u>	<u>4,596</u>
<b>General fund expenditures</b>					
Salaries	649,903	(523)	649,380	643,626	(5,754)
Contractuals	149,738	70,565	220,303	223,929	3,626
Commodities	23,433	(1,485)	21,948	20,402	(1,546)
Indirect cost	949	--	949	814	(135)
Expense refunds	(40,642)	(435)	(41,077)	(32,547)	8,530
Capital outlay	2,139	1,459	3,598	3,387	(211)
General city responsibilities	93,349	(90,139)	3,210	3,296	86
<b>Total expenditures</b>	<u>\$ 878,869</u>	<u>(20,558)</u>	<u>858,311</u>	<u>862,907</u>	<u>4,596</u>

(1) Includes adjustments for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers or fund-level expenditures.

(2) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

**General Fund**  
**Schedule of Transfers - Budget and Actual-Budget Basis**  
**As of September 30, 2015**  
**(In thousands)**

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

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>Transfers in</b>					
General Fund:					
General Fund	\$ --	21,325	21,325	22,329	(1,004)
Budget Stabilization Reserve	--	31,539	31,539	32,335	(796)
One-Time Expenditure	--	191	191	191	--
Enterprise funds:					
Austin Energy	113,770	--	113,770	113,770	--
Austin Water Utility	39,904	1,200	41,104	41,104	--
Austin Resource Recovery	160	--	160	160	--
Transportation	102	(102)	--	--	--
<b>Total transfers in</b>	<b>153,936</b>	<b>54,153</b>	<b>208,089</b>	<b>209,889</b>	<b>(1,800)</b>
<b>Transfers out</b>					
General Fund:					
Barton Springs Conservation	--	53	53	53	--
Contingency Reserve	--	401	401	401	--
Economic Development	--	2,289	2,289	2,289	--
Economic Incentives Reserve	--	14,115	14,115	14,115	--
Long Center Capital Improvements	--	300	300	300	--
Music Venue Assistance Program	--	100	100	100	--
Neighborhood Housing and Community Development	--	4,711	4,711	5,314	603
One-Time Expenditure	--	31,539	31,539	32,335	796
Special revenue funds:					
Child Safety	--	361	361	361	--
Housing Trust Social Equity	842	--	842	842	--
Cable TV	857	(407)	450	450	--
Downtown Public Improvement District	35	(35)	--	--	--
Mueller Local Government Corporation	986	--	986	986	--
Tax Increment Finance	--	100	100	100	--
Capital Improvement Projects	19,761	(1)	19,760	13,993	(5,767)
Enterprise funds:					
Austin Energy	6,970	--	6,970	--	(6,970)
Transportation	853	--	853	853	--
Internal service funds:					
Fleet Maintenance	--	14,920	14,920	14,920	--
Information Systems	--	973	973	973	--
Liability Reserve	--	15	15	15	--
Support Services	--	1,917	1,917	1,917	--
Workers Compensation	--	108	108	108	--
<b>Total transfers out</b>	<b>30,304</b>	<b>71,459</b>	<b>101,763</b>	<b>90,425</b>	<b>(11,338)</b>
<b>Net transfers</b>	<b>\$ 123,632</b>	<b>(17,306)</b>	<b>106,326</b>	<b>119,464</b>	<b>(13,138)</b>

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



**NONMAJOR GOVERNMENTAL  
FUNDS**





**Nonmajor Governmental Funds  
Combining Balance Sheet  
September 30, 2015  
(In thousands)**

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

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Pooled investments and cash	\$ 102,997	211	122,256	1,071	226,535
Investments, at fair value	--	20,550	--	--	20,550
Cash held by trustee - restricted	2,778	--	--	--	2,778
Investments held by trustee - restricted	1,590	--	--	--	1,590
Property taxes receivable, net of allowance	--	4,153	--	--	4,153
Accounts receivable, net of allowance	33,481	--	3,199	--	36,680
Receivables from other governments	12,639	--	--	--	12,639
Notes receivable, net of allowance	20,579	--	--	--	20,579
Due from other funds	13,169	12	44,352	--	57,533
Advances to other funds	--	1,911	--	--	1,911
Real property held for resale	5,940	--	--	--	5,940
Other assets	3,217	--	99	--	3,316
<b>Total assets</b>	<b>196,390</b>	<b>26,837</b>	<b>169,906</b>	<b>1,071</b>	<b>394,204</b>
<b>Deferred outflows of resources</b>	--	--	--	--	--
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	3,689	--	16,511	--	20,200
Accrued payroll	78	--	--	--	78
Due to other funds	13,169	238	44,352	--	57,759
Unearned revenue	5,052	--	--	--	5,052
Advances from other funds	--	779	--	--	779
Deposits and other liabilities	61,664	--	427	--	62,091
<b>Total liabilities</b>	<b>83,652</b>	<b>1,017</b>	<b>61,290</b>	<b>--</b>	<b>145,959</b>
<b>Deferred inflows of resources</b>	<b>2,708</b>	<b>4,095</b>	<b>--</b>	<b>--</b>	<b>6,803</b>
Fund balances					
Nonspendable:					
Permanent funds	--	--	--	1,070	1,070
Restricted	68,487	21,725	85,764	1	175,977
Committed	40,196	--	--	--	40,196
Assigned	3,984	--	71,837	--	75,821
Unassigned	(2,637)	--	(48,985)	--	(51,622)
<b>Total fund balances</b>	<b>110,030</b>	<b>21,725</b>	<b>108,616</b>	<b>1,071</b>	<b>241,442</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 196,390</b>	<b>26,837</b>	<b>169,906</b>	<b>1,071</b>	<b>394,204</b>



**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-5**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>REVENUES</b>					
Property taxes	\$ 6,312	110,133	--	--	116,445
Franchise fees and other taxes	93,174	--	--	--	93,174
Fines, forfeitures and penalties	5,579	--	--	--	5,579
Licenses, permits and inspections	799	--	--	--	799
Charges for services/goods	28,279	--	--	--	28,279
Intergovernmental	54,245	--	8,377	--	62,622
Property owners' participation and contributions	2,999	--	9,764	--	12,763
Interest and other	5,746	2,176	1,746	18	9,686
<b>Total revenues</b>	<b>197,133</b>	<b>112,309</b>	<b>19,887</b>	<b>18</b>	<b>329,347</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,661	--	--	--	1,661
Public safety	8,653	--	--	--	8,653
Transportation, planning, and sustainability	7,028	--	--	--	7,028
Public health	19,126	--	--	--	19,126
Public recreation and culture	10,790	--	--	--	10,790
Urban growth management	56,484	--	--	--	56,484
Debt service:					
Principal	2,020	69,512	--	--	71,532
Interest	4,126	51,668	--	--	55,794
Fees and commissions	--	9	--	--	9
Capital outlay	--	--	186,870	--	186,870
<b>Total expenditures</b>	<b>109,888</b>	<b>121,189</b>	<b>186,870</b>	<b>--</b>	<b>417,947</b>
Excess (deficiency) of revenues over expenditures	87,245	(8,880)	(166,983)	18	(88,600)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of tax supported debt	28,387	772	130,780	--	159,939
Bond premiums	--	--	20,093	--	20,093
Transfers in	8,433	11,465	65,832	--	85,730
Transfers out	(100,212)	--	(19,607)	--	(119,819)
<b>Total other financing sources (uses)</b>	<b>(63,392)</b>	<b>12,237</b>	<b>197,098</b>	<b>--</b>	<b>145,943</b>
Net change in fund balances	23,853	3,357	30,115	18	57,343
Fund balances at beginning of year	86,177	18,368	78,501	1,053	184,099
<b>Fund balances at end of year</b>	<b>\$ 110,030</b>	<b>21,725</b>	<b>108,616</b>	<b>1,071</b>	<b>241,442</b>





## SPECIAL REVENUE FUNDS

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

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### FEDERAL, STATE AND OTHER SPECIAL REVENUE GRANTS

These represent grants awarded to the City from various federal, state and other sources. This category includes operational and capital grant activities. Grants awarded to enterprise operations are consolidated with enterprise reporting and are reported in the supplemental schedules.

### OTHER SPECIAL REVENUE FUNDS

#### General Government

##### Municipal Court:

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

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

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

#### Public Safety

##### Police:

*ARIC Sustainability Fund* - Accounts for the funding of costs to sustain operation of the Austin Regional Intelligence Center (ARIC).

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

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

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

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

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

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

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

##### Fire:

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

#### Transportation, Planning, and Sustainability

##### Public Works and Transportation:

*Capital Area Metropolitan Planning Organization* - Accounts for transportation planning activities regarding the Austin Metropolitan roadways, bicycle areas, and pedestrian walkways.

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

*Fiscal Surety - Land Development Fund* - Escrow funds received from contractors for improvements for environmental, health, safety controls, and public infrastructure.

#### Public Health

##### Health and Human Services:

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

##### Other Public Health:

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

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

#### Public Recreation and Culture

##### Austin Public Library:

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

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

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

##### Parks and Recreation:

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

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

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

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

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

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

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

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

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

#### Urban Growth Management

##### Neighborhood Housing & Community Development:

*Housing Loan Fund* - Accounts for Affordable Housing loan activities.

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

*Neighborhood Housing & Conservation* - Provides funding for affordable housing programs through general obligation bonds.

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

*Urban Renewal Agency Fund* - Accounts for the agency responsible for overseeing the implementation and compliance of urban renewal plans. (blended component unit)

## **OTHER SPECIAL REVENUE FUNDS, continued**

### Development Services and Watershed Protection:

*Austin Industrial Development Corporation (AIDC)* - Accounts for the administrative costs related to the Corporation. (blended component unit)

*Austin Lake Hills Water Quality Fund* – Accounts for developer funding to design and construct water quality controls for specific lots located in the Austin Lake Hills subdivision.

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

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

*Water Supply Mitigation Fund* – Accounts for funds received from properties located in a water supply rural or water supply suburban watershed.

### Other Urban Growth Management:

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

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

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

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

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

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

*Estancia Public Improvement District Fund* – Accounts for the Estancia Hill Country public improvement district, which issued bonds to finance the construction, ownership and maintenance of certain improvements to support the Estancia Hill Country development.

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

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

*Indian Hills Public Improvement District Fund* – Accounts for the Indian Hills public improvement district, which issued bonds to finance the construction, ownership and maintenance of certain improvements to support the Indian Hills development.

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

*Mueller Local Government Corporation* - Established for the purpose of financing projects required for the development of the former site of Mueller Airport. (blended component unit)

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

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

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

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

*Rainey Street District Fund* – The fund was created to assist in the rehabilitation of the existing single-family structures that are relocated outside of the Rainey Street District to be used and maintained as affordable housing units.

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

*Seaholm Tax Increment Financing Fund* – Accounts for property tax revenue that is collected in the Seaholm Tax Increment Financing Reinvestment Zone No. 18 to finance the construction of public improvements for the Seaholm Redevelopment Project.

*Section 108 Family Business Loan Fund* - Accounts for the public-private partnership loan program funded by a U.S. Department of Housing and Urban Development (HUD) Section 108 loan guarantee.

*South Congress Public Improvement District Fund* – Accounts for the South Congress public improvement district, which will provide services, security and improvements to the South Congress area.

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

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

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

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

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

*Whisper Valley Public Improvement District Fund* – Accounts for the Whisper Valley public improvement district, which issued bonds to finance the construction, ownership and maintenance of certain improvements to support the Whisper Valley development

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

## **HOUSING ASSISTANCE FUND**

Accounts for the activities of the Austin Housing Finance Corporation.

**Special Revenue Funds**  
**Combining Balance Sheet**  
**For the year ended September 30, 2015**  
**(In thousands)**

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

	<b>Federal, State, and Other Special Revenue Grants</b>	<b>Other Special Revenue Funds</b>	<b>Housing Assistance</b>	<b>Total</b>
<b>ASSETS</b>				
Pooled investments and cash	\$ 2,197	97,322	3,478	102,997
Cash held by trustee - restricted	748	2,030	--	2,778
Investments held by trustee - restricted	--	1,590	--	1,590
Accounts receivable, net of allowance	--	32,500	981	33,481
Receivables from other governments	12,639	--	--	12,639
Notes receivable, net of allowance	--	3,831	16,748	20,579
Due from other funds	--	13,169	--	13,169
Real property held for resale	--	890	5,050	5,940
Other assets	27	3,190	--	3,217
<b>Total assets</b>	<b>15,611</b>	<b>154,522</b>	<b>26,257</b>	<b>196,390</b>
<b>Deferred outflows of resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Accounts payable	638	2,964	87	3,689
Accrued payroll	--	78	--	78
Due to other funds	9,872	3,297	--	13,169
Unearned revenue	5,052	--	--	5,052
Deposits and other liabilities	49	59,725	1,890	61,664
<b>Total liabilities</b>	<b>15,611</b>	<b>66,064</b>	<b>1,977</b>	<b>83,652</b>
<b>Deferred inflows of resources</b>	<b>--</b>	<b>2,708</b>	<b>--</b>	<b>2,708</b>
<b>Fund balances</b>				
Restricted	--	44,207	24,280	68,487
Committed	--	40,196	--	40,196
Assigned	--	3,984	--	3,984
Unassigned	--	(2,637)	--	(2,637)
<b>Total fund balances</b>	<b>--</b>	<b>85,750</b>	<b>24,280</b>	<b>110,030</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,611</b>	<b>154,522</b>	<b>26,257</b>	<b>196,390</b>

**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-7**

	<b>Federal, State, and Other Special Revenue Grants</b>	<b>Other Special Revenue Funds</b>	<b>Housing Assistance</b>	<b>Total</b>
<b>REVENUES</b>				
Property taxes	\$ --	6,312	--	6,312
Franchise fees and other taxes	--	93,174	--	93,174
Fines, forfeitures, and penalties	--	5,579	--	5,579
Licenses, permits and inspections	--	799	--	799
Charges for services/goods	--	28,239	40	28,279
Intergovernmental	43,596	1,726	8,923	54,245
Property owners' participation and contributions	--	2,999	--	2,999
Interest and other	--	5,724	22	5,746
<b>Total revenues</b>	<b>43,596</b>	<b>144,552</b>	<b>8,985</b>	<b>197,133</b>
<b>EXPENDITURES</b>				
Current:				
General government	118	1,543	--	1,661
Public safety	5,258	3,395	--	8,653
Transportation, planning, and sustainability	1,777	5,251	--	7,028
Public health	18,944	182	--	19,126
Public recreation and culture	1,080	9,710	--	10,790
Urban growth management	16,419	30,425	9,640	56,484
Debt service:				
Principal	--	2,020	--	2,020
Interest	--	4,126	--	4,126
<b>Total expenditures</b>	<b>43,596</b>	<b>56,652</b>	<b>9,640</b>	<b>109,888</b>
Excess of revenues over expenditures	--	87,900	(655)	87,245
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of tax supported debt	--	28,387	--	28,387
Transfers in	--	8,433	--	8,433
Transfers out	--	(100,212)	--	(100,212)
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>(63,392)</b>	<b>--</b>	<b>(63,392)</b>
Net change in fund balances	--	24,508	(655)	23,853
Fund balances at beginning of year	--	61,242	24,935	86,177
<b>Fund balances at end of year</b>	<b>\$ --</b>	<b>85,750</b>	<b>24,280</b>	<b>110,030</b>

Special Revenue Funds  
Combining Balance Sheet - All Special Revenue Grants  
September 30, 2015  
(In thousands)

City of Austin, Texas  
Exhibit E-8

	Assets					Liabilities and Fund Balances					Total Fund and Fund Balances	
	Receivables					Due to						Total Liabilities Balances
	Pooled Investments and Cash	Cash held by trustee	Other from Governments	Other Assets	Total Assets	Accounts Payable	Other Funds	Unearned Revenue	Other Liabilities	Total Liabilities		
<b>Federal grants</b>												
U.S. Department of Agriculture	\$ 175	--	838	13	1,026	29	864	115	18	1,026	--	1,026
Equal Employment Opportunity Commission	--	--	264	--	264	--	72	192	--	264	--	264
U.S. Department of Justice	--	--	307	--	307	18	288	--	1	307	--	307
U.S. Department of Labor	--	--	10	--	10	--	10	--	--	10	--	10
U.S. Department of Transportation	17	--	1,855	1	1,873	--	1,573	300	--	1,873	--	1,873
U.S. Health & Human Services	266	95	2,383	11	2,755	203	1,540	988	24	2,755	--	2,755
U.S. Department of Homeland Security	54	--	3,956	2	4,012	--	3,704	308	--	4,012	--	4,012
U.S. Housing/Urban Development	158	653	2,262	--	3,073	504	1,038	1,525	6	3,073	--	3,073
U.S. National Foundation on the Arts and Humanities	20	--	99	--	119	--	99	20	--	119	--	119
U.S. Department of Interior	--	--	--	--	--	--	--	--	--	--	--	--
U.S. Department of Energy	29	--	--	--	29	--	--	29	--	29	--	29
U.S. Institute of Museum and Library Services	--	--	4	--	4	--	4	--	--	4	--	4
U.S. Environmental Protection Agency	--	--	--	--	--	--	--	--	--	--	--	--
U.S. Department of Commerce	--	--	50	--	50	--	50	--	--	50	--	50
<b>Total federal grants</b>	<b>719</b>	<b>748</b>	<b>12,028</b>	<b>27</b>	<b>13,522</b>	<b>754</b>	<b>9,242</b>	<b>3,477</b>	<b>49</b>	<b>13,522</b>	<b>--</b>	<b>13,522</b>
<b>State grants</b>												
Texas Governor's Office Criminal Justice Division	2	--	--	--	2	--	--	2	--	2	--	2
State Health Services	7	--	100	--	107	34	73	--	--	107	--	107
Texas Commission of the Arts	3	--	--	--	3	--	--	3	--	3	--	3
Texas Comptroller of Public Accounts	11	--	--	--	11	--	--	11	--	11	--	11
Texas Parks and Wildlife	--	--	49	--	49	--	49	--	--	49	--	49
Texas Department of Transportation	--	--	13	--	13	--	13	--	--	13	--	13
Texas Department of Motor Vehicles	--	--	121	--	121	--	121	--	--	121	--	121
Texas Historical Commission	--	--	23	--	23	--	23	--	--	23	--	23
Texas State Library and Archives Commission	1	--	--	--	1	--	--	1	--	1	--	1
Texas Department of Housing and Community Affairs	--	--	208	--	208	--	208	--	--	208	--	208
<b>Total state grants</b>	<b>24</b>	<b>--</b>	<b>514</b>	<b>--</b>	<b>538</b>	<b>34</b>	<b>487</b>	<b>17</b>	<b>--</b>	<b>538</b>	<b>--</b>	<b>538</b>
<b>Other special revenue grants</b>	<b>1,454</b>	<b>--</b>	<b>97</b>	<b>--</b>	<b>1,551</b>	<b>(150)</b>	<b>143</b>	<b>1,558</b>	<b>--</b>	<b>1,551</b>	<b>--</b>	<b>1,551</b>
<b>Total all grants</b>	<b>\$ 2,197</b>	<b>748</b>	<b>12,639</b>	<b>27</b>	<b>15,611</b>	<b>638</b>	<b>9,872</b>	<b>5,052</b>	<b>49</b>	<b>15,611</b>	<b>--</b>	<b>15,611</b>

**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - All Special Revenue Grants**  
**For the year ended September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
Exhibit E-9

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	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess (Deficiency) Of Revenues Over Expenditures</u>	<u>Fund Balances at Beginning of Year</u>	<u>Fund Balances at End of Year</u>
	<u>Inter- governmental</u>	<u>Special Projects</u>			
<b>Federal grants</b>					
U.S. Department of Agriculture	\$ 5,770	5,770	--	--	--
Equal Employment Opportunity Commission	75	75	--	--	--
U.S. Department of Justice	1,167	1,167	--	--	--
U.S. Department of Labor	--	--	--	--	--
U.S. Department of Transportation	2,925	2,925	--	--	--
U.S. Health & Human Services	11,630	11,630	--	--	--
U.S. Department of Homeland Security	2,114	2,114	--	--	--
U.S. Housing/Urban Development	16,724	16,724	--	--	--
U.S. National Foundation on the Arts and Humanities	--	--	--	--	--
U.S. Department of Interior	23	23	--	--	--
U.S. Department of Energy	(1)	(1)	--	--	--
U.S. Institute of Museum and Library Services	28	28	--	--	--
U.S. Environmental Protection Agency	34	34	--	--	--
U.S. Department of Commerce	715	715	--	--	--
<b>Total federal grants</b>	<u>41,204</u>	<u>41,204</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>State grants</b>					
Texas Governor's Office Criminal Justice Division	3	3	--	--	--
State Health Services	663	663	--	--	--
Texas Commission of the Arts	28	28	--	--	--
Texas Comptroller of Public Accounts	--	--	--	--	--
Texas Parks and Wildlife	20	20	--	--	--
Texas Department of Transportation	5	5	--	--	--
Texas Department of Motor Vehicles	380	380	--	--	--
Texas Historical Commission	--	--	--	--	--
Texas State Library and Archives Commission	--	--	--	--	--
Texas Department of Housing and Community Affairs	512	512	--	--	--
<b>Total state grants</b>	<u>1,611</u>	<u>1,611</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Other special revenue grants</b>	781	781	--	--	--
<b>Total all grants</b>	<u>\$ 43,596</u>	<u>43,596</u>	<u>--</u>	<u>--</u>	<u>--</u>



**Special Revenue Funds**  
**Combining Schedule of Expenditures - All Special Revenue Grants**  
**From Inception to September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-10**

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	Grant	In-Kind		Grant	In-Kind	Grant	In-Kind		Grant	In-Kind	
		Match	Total				Match	Total		Match	Total
<b>Federal grants</b>											
U.S. Department of Agriculture	\$ 44,169	--	44,169	5,770	--	49,939	--	49,939	52,099	--	52,099
Equal Employment Opportunity Commission	882	--	882	75	--	957	--	957	1,033	--	1,033
U.S. Department of Justice	30,383	5,149	35,532	1,167	148	31,550	5,297	36,847	33,832	5,493	39,325
U.S. Department of Labor	68	--	68	--	--	68	--	68	82	--	82
U.S. Department of Transportation	42,585	11,156	53,741	2,925	1,295	45,510	12,451	57,961	62,078	17,018	79,096
U.S. Health & Human Services	119,267	603	119,870	11,630	203	130,897	806	131,703	158,820	1,214	160,034
U.S. Department of Homeland Security	46,934	2,181	49,115	2,114	202	49,048	2,383	51,431	52,271	1,899	54,170
U.S. Housing/Urban Development	253,118	3,474	256,592	16,724	467	269,842	3,941	273,783	284,876	4,404	289,280
U.S. National Foundation on the Arts and Humanities	99	44	143	--	--	99	44	143	117	58	175
U.S. Department of Interior	372	282	654	23	23	395	305	700	397	311	708
U.S. Department of Energy	807	1,191	1,998	(1)	--	806	1,191	1,997	1,027	1,208	2,235
U.S. Institute of Museum and Library Services	63	10	73	28	23	91	33	124	99	33	132
U.S. Environmental Protection Agency	122	367	489	34	93	156	460	616	326	1,104	1,430
U.S. Department of Commerce	99	35	134	715	--	814	35	849	815	35	850
<b>Total federal grants</b>	<b>538,968</b>	<b>24,492</b>	<b>563,460</b>	<b>41,204</b>	<b>2,454</b>	<b>580,172</b>	<b>26,946</b>	<b>607,118</b>	<b>647,872</b>	<b>32,777</b>	<b>680,649</b>
<b>State grants</b>											
Texas Governor's Office Criminal Justice Division	614	157	771	3	--	617	157	774	471	157	628
State Health Services	5,675	476	6,151	663	86	6,338	562	6,900	7,663	591	8,254
Texas Commission of the Arts	163	43	206	28	28	191	71	262	192	72	264
Texas Comptroller of Public Accounts	1,305	73	1,378	--	--	1,305	73	1,378	2,614	152	2,766
Texas Parks and Wildlife	1,541	1,536	3,077	20	18	1,561	1,554	3,115	2,309	2,345	4,654
Texas Department of Transportation	1,309	37	1,346	5	--	1,314	37	1,351	1,485	62	1,547
Texas Department of Motor Vehicles	2,412	766	3,178	380	135	2,792	901	3,693	3,286	1,067	4,353
Texas Historical Commission	--	--	--	--	--	--	--	--	11	8	19
Texas State Library and Archives Commission	754	--	754	--	--	754	--	754	758	--	758
Texas Department of Housing and Community Affairs	3,379	192	3,571	512	--	3,891	192	4,083	3,916	192	4,108
<b>Total state grants</b>	<b>17,152</b>	<b>3,280</b>	<b>20,432</b>	<b>1,611</b>	<b>267</b>	<b>18,763</b>	<b>3,547</b>	<b>22,310</b>	<b>22,705</b>	<b>4,646</b>	<b>27,351</b>
<b>Other special revenue grants</b>	<b>5,250</b>	<b>58</b>	<b>5,308</b>	<b>781</b>	<b>16</b>	<b>6,031</b>	<b>74</b>	<b>6,105</b>	<b>8,187</b>	<b>120</b>	<b>8,307</b>
<b>Total all grants</b>	<b>\$ 561,370</b>	<b>27,830</b>	<b>589,200</b>	<b>43,596</b>	<b>2,737</b>	<b>604,966</b>	<b>30,567</b>	<b>635,533</b>	<b>678,764</b>	<b>37,543</b>	<b>716,307</b>

**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2015**  
**(In thousands)**

	Assets								Total Assets
	Pooled Investments and Cash	Cash Held by Trustee, Restricted	Investments Held by Trustee, Restricted	Net Accounts Receivable	Net Notes Receivable	Due from Property Other Funds	Property Held for Resale	Other Assets	
<b>General government</b>									
<i>Municipal Court:</i>									
Municipal Court Building Security	\$ 92	--	--	--	--	--	--	--	92
Municipal Court Juvenile Case Manager	2,078	--	--	--	--	--	--	--	2,078
Municipal Court Technology	832	--	--	--	--	--	--	--	832
<b>Total general government</b>	<b>3,002</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3,002</b>
<b>Public safety</b>									
<i>Police:</i>									
ARIC Sustainability	798	--	--	26	--	--	--	--	824
Auto Theft Interdiction	14	--	--	--	--	--	--	--	14
Municipal Court Traffic Safety	75	--	--	--	--	--	--	--	75
Police Benefit	272	--	--	--	--	--	--	--	272
Police Federal Dept. of Justice Asset Forfeiture	2,242	--	--	--	--	--	--	--	2,242
Police Federal Dept. of Treasury Asset Forfeiture	952	--	--	--	--	--	--	--	952
Police State Contraband Asset Forfeiture	1,051	--	--	--	--	--	--	--	1,051
Police State Gambling Asset Forfeiture (1)	549	--	--	--	--	--	--	--	549
Total Police	5,953	--	--	26	--	--	--	--	5,979
<i>Fire:</i>									
Fire Miscellaneous	47	--	--	--	--	--	--	--	47
Total Fire	47	--	--	--	--	--	--	--	47
<b>Total public safety</b>	<b>6,000</b>	<b>--</b>	<b>--</b>	<b>26</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6,026</b>
<b>Transportation, planning, and Public Works and Transportation:</b>									
Capital Area Metropolitan Planning Organization	--	--	--	1,759	--	--	--	--	1,759
Child Safety	396	--	--	--	--	--	--	--	396
Fiscal Surety - Land Development	48,007	--	--	--	--	10,818	--	--	58,825
Total Public Works and Transportation	48,403	--	--	1,759	--	10,818	--	--	60,980
<b>Total transportation, planning, and sustainability</b>	<b>48,403</b>	<b>--</b>	<b>--</b>	<b>1,759</b>	<b>--</b>	<b>10,818</b>	<b>--</b>	<b>--</b>	<b>60,980</b>
<b>Public health</b>									
<i>Health and Human Services:</i>									
Health Miscellaneous	162	--	--	--	--	--	--	--	162
Total Health and Human Services	162	--	--	--	--	--	--	--	162
<i>Other public health:</i>									
Animal Services	399	--	--	--	--	--	--	--	399
Animal Shelter Building	15	--	--	--	--	--	--	--	15
Total other public health	414	--	--	--	--	--	--	--	414
<b>Total public health</b>	<b>\$ 576</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>576</b>

(1) Previously reported as Texas State Gambling Asset Forfeiture.

Liabilities						Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restricted	Committed	Assigned	Unassigned	Total Fund Balances	
12	--	--	--	12	--	80	--	--	--	80	92
35	14	--	--	49	--	2,029	--	--	--	2,029	2,078
8	--	--	--	8	--	824	--	--	--	824	832
55	14	--	--	69	--	2,933	--	--	--	2,933	3,002
9	--	--	--	9	--	815	--	--	--	815	824
--	--	--	31	31	--	--	--	--	(17)	(17)	14
74	1	--	--	75	--	--	--	--	--	--	75
4	--	--	--	4	--	229	--	39	--	268	272
72	--	--	--	72	--	2,170	--	--	--	2,170	2,242
--	--	--	--	--	--	952	--	--	--	952	952
56	--	--	--	56	--	995	--	--	--	995	1,051
--	--	--	--	--	--	549	--	--	--	549	549
215	1	--	31	247	--	5,710	--	39	(17)	5,732	5,979
--	--	--	1	1	--	46	--	--	--	46	47
--	--	--	1	1	--	46	--	--	--	46	47
215	1	--	32	248	--	5,756	--	39	(17)	5,778	6,026
292	--	946	405	1,643	--	116	--	--	--	116	1,759
3	61	--	--	64	--	324	--	8	--	332	396
--	--	--	58,691	58,691	--	--	134	--	--	134	58,825
295	61	946	59,096	60,398	--	440	134	8	--	582	60,980
295	61	946	59,096	60,398	--	440	134	8	--	582	60,980
--	--	--	117	117	--	44	--	1	--	45	162
--	--	--	117	117	--	44	--	1	--	45	162
15	--	--	105	120	--	267	--	12	--	279	399
--	--	--	--	--	--	--	--	15	--	15	15
15	--	--	105	120	--	267	--	27	--	294	414
15	--	--	222	237	--	311	--	28	--	339	576

(Continued)

**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2015**  
**(In thousands)**

	<b>Assets</b>								<b>Total Assets</b>
	<b>Pooled Investments and Cash</b>	<b>Cash Held by Trustee, Restricted</b>	<b>Investments Held by Trustee, Restricted</b>	<b>Net Accounts Receivable</b>	<b>Net Notes Receivable</b>	<b>Due from Property Other Funds</b>	<b>Held for Resale</b>	<b>Other Assets</b>	
<b>Public recreation and culture</b>									
<i>Austin Public Library:</i>									
Austin History Center	\$ 149	--	--	--	--	--	--	--	149
Friends of Austin Public Library	584	--	--	--	--	--	--	6	590
Special Library	654	--	--	1	--	--	--	--	655
Total Austin Public Library	1,387	--	--	1	--	--	--	6	1,394
<i>Parks and Recreation:</i>									
Adaptive Programs	16	--	--	--	--	--	--	--	16
PARD Cultural Projects	4,677	--	--	--	--	--	--	--	4,677
PARD Miscellaneous	891	--	--	--	--	--	--	--	891
Planting for the Future	331	--	--	--	--	--	--	--	331
Republic Square	1	--	--	--	--	--	--	--	1
Summer Musical	288	--	--	--	--	--	--	--	288
Teen Activity	152	--	--	--	--	--	--	--	152
Tennis League	2	--	--	--	--	--	--	--	2
Town Lake Beautification	92	--	--	--	--	--	--	--	92
Total Parks and Recreation	6,450	--	--	--	--	--	--	--	6,450
<b>Total public recreation and culture</b>	<b>7,837</b>	<b>--</b>	<b>--</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6</b>	<b>7,844</b>
<b>Urban growth management</b>									
<i>Neighborhood Housing &amp; Community Development:</i>									
Housing Loan	--	--	--	--	3,831	--	--	--	3,831
Housing Trust Social Equity	2,985	--	--	--	--	--	--	--	2,985
Neighborhood Housing & Conservation	--	--	--	--	--	--	--	--	--
UNO Housing Trust	910	--	--	--	--	--	--	--	910
Urban Renewal Agency	--	--	--	--	--	--	890	--	890
Total Neighborhood Housing & Community Development	3,895	--	--	--	3,831	--	890	--	8,616
<i>Development Services and Watershed Protection:</i>									
Austin Industrial Development Corporation (AIDC)	183	--	--	--	--	--	--	--	183
Austin Lake Hills Water Quality	95	--	--	--	--	--	--	--	95
Barton Springs Zone Mitigation	10	--	--	--	--	--	--	--	10
Urban Forest Replenishment	511	--	--	--	--	2,349	--	--	2,860
Water Supply Mitigation	8	--	--	--	--	--	--	--	8
Total Development Services and Watershed Protection	\$ 807	--	--	--	--	2,349	--	--	3,156

(Continued)

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restricted	Committed	Assigned	Unassigned		
--	--	--	--	--	--	149	--	--	--	149	149
42	--	--	13	55	--	529	--	6	--	535	590
--	--	--	--	--	--	655	--	--	--	655	655
42	--	--	13	55	--	1,333	--	6	--	1,339	1,394
--	--	--	--	--	--	16	--	--	--	16	16
472	--	--	--	472	--	--	4,179	26	--	4,205	4,677
35	--	--	--	35	--	781	--	75	--	856	891
--	--	--	--	--	--	331	--	--	--	331	331
--	--	--	--	--	--	1	--	--	--	1	1
1	--	--	--	1	--	287	--	--	--	287	288
--	--	--	--	--	--	152	--	--	--	152	152
--	--	--	--	--	--	2	--	--	--	2	2
--	--	--	--	--	--	92	--	--	--	92	92
508	--	--	--	508	--	1,662	4,179	101	--	5,942	6,450
550	--	--	13	563	--	2,995	4,179	107	--	7,281	7,844
--	--	--	--	--	--	3,831	--	--	--	3,831	3,831
41	--	--	--	41	--	--	1,974	970	--	2,944	2,985
263	--	2,349	--	2,612	--	--	--	--	(2,612)	(2,612)	--
--	--	--	--	--	--	891	--	19	--	910	910
--	--	--	--	--	--	--	890	--	--	890	890
304	--	2,349	--	2,653	--	4,722	2,864	989	(2,612)	5,963	8,616
--	--	--	--	--	--	--	183	--	--	183	183
--	--	--	--	--	--	--	95	--	--	95	95
--	--	--	--	--	--	--	10	--	--	10	10
--	--	--	--	--	--	--	2,853	7	--	2,860	2,860
--	--	--	--	--	--	--	8	--	--	8	8
--	--	--	--	--	--	--	3,149	7	--	3,156	3,156

(Continued)

**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2015**  
**(In thousands)**

	Assets								Total Assets
	Pooled Investments and Cash	Cash Held by Trustee, Restricted	Investments Held by Trustee, Restricted	Net Accounts Receivable	Net Notes Receivable	Due from Other Funds	Property Held for Resale	Other Assets	
<i>Other urban growth management:</i>									
Business Retention & Enhancement	1,939	--	--	289	--	--	--	168	2,396
Cable TV	3,490	--	--	--	--	--	--	--	3,490
City Hall	370	--	--	12	--	--	--	--	382
City Hall Retail Tenant Improvement	117	--	--	--	--	--	--	--	117
Downtown Public Improvement District (1)	2,131	--	--	244	--	--	--	--	2,375
East Sixth Street Public Improvement District	78	--	--	39	--	--	--	--	117
Estancia Public Improvement District	125	--	1,159	--	--	--	--	--	1,284
Hotel-Motel Occupancy Tax	84	--	--	19,193	--	--	--	--	19,277
I-35 Parking Program	724	--	--	--	--	--	--	--	724
Indian Hills Public Improvement District	--	--	87	1,459	--	--	--	--	1,546
Mueller Development	6	--	--	2,708	--	--	--	--	2,714
Mueller Local Government Corporation	959	1,823	--	--	--	--	--	--	2,782
Mueller Tax Increment Financing	3	--	--	--	--	--	--	--	3
Music Loan Program	--	--	--	--	--	--	--	--	--
One Texas Center	1,042	--	--	--	--	--	--	--	1,042
Public Arts	11	--	--	--	--	--	--	--	11
Rainey Street District	90	--	--	--	--	--	--	--	90
Rutherford Lane Facility	401	--	--	--	--	--	--	--	401
Seaholm Tax Increment Financing	394	--	--	--	--	--	--	--	394
Section 108 Family Business Loan	138	207	--	--	--	--	--	2,591	2,936
South Congress Public Improvement District	80	--	--	8	--	--	--	--	88
Tax Increment Finance	319	--	--	--	--	2	--	--	321
Tourism and Promotion	2,966	--	--	--	--	--	--	425	3,391
Vehicle Rental Tax	--	--	--	2,130	--	--	--	--	2,130
Waller Creek Reserve	9,844	--	--	--	--	--	--	--	9,844
Waller Creek Tax Increment Finance	580	--	--	--	--	--	--	--	580
Whisper Valley Public Improvement District	--	--	344	4,632	--	--	--	--	4,976
Wildland Conservation	911	--	--	--	--	--	--	--	911
Total other urban growth management	26,802	2,030	1,590	30,714	--	2	--	3,184	64,322
<b>Total urban growth management</b>	<b>31,504</b>	<b>2,030</b>	<b>1,590</b>	<b>30,714</b>	<b>3,831</b>	<b>2,351</b>	<b>890</b>	<b>3,184</b>	<b>76,094</b>
<b>Total</b>	<b>\$ 97,322</b>	<b>2,030</b>	<b>1,590</b>	<b>32,500</b>	<b>3,831</b>	<b>13,169</b>	<b>890</b>	<b>3,190</b>	<b>154,522</b>

(1) Previously reported as Public Improvement District.

(Continued)

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restricted	Committed	Assigned	Unassigned		
--	--	--	--	--	--	--	1,491	905	--	2,396	2,396
58	--	--	--	58	--	2,267	--	1,165	--	3,432	3,490
53	--	--	5	58	--	--	324	--	--	324	382
--	--	--	24	24	--	93	--	--	--	93	117
--	--	--	--	--	--	--	1,916	459	--	2,375	2,375
--	--	--	--	--	--	--	80	37	--	117	117
--	--	--	--	--	--	--	1,284	--	--	1,284	1,284
--	--	--	84	84	--	19,193	--	--	--	19,193	19,277
6	--	--	--	6	--	706	--	12	--	718	724
--	--	--	--	--	--	--	1,546	--	--	1,546	1,546
--	--	--	12	12	2,708	--	--	--	(6)	(6)	2,714
--	--	--	--	--	--	--	2,782	--	--	2,782	2,782
--	--	--	--	--	--	3	--	--	--	3	3
--	--	2	--	2	--	--	--	--	(2)	(2)	--
--	--	--	--	--	--	--	1,042	--	--	1,042	1,042
--	--	--	11	11	--	--	--	--	--	--	11
--	--	--	--	--	--	--	59	31	--	90	90
33	--	--	4	37	--	--	364	--	--	364	401
--	--	--	--	--	--	394	--	--	--	394	394
35	--	--	207	242	--	--	2,694	--	--	2,694	2,936
--	--	--	--	--	--	--	88	--	--	88	88
7	--	--	15	22	--	299	--	--	--	299	321
1,311	--	--	--	1,311	--	1,430	650	--	--	2,080	3,391
--	--	--	--	--	--	2,086	--	44	--	2,130	2,130
--	--	--	--	--	--	--	9,844	--	--	9,844	9,844
--	--	--	--	--	--	579	1	--	--	580	580
--	--	--	--	--	--	--	4,976	--	--	4,976	4,976
27	2	--	--	29	--	--	729	153	--	882	911
1,530	2	2	362	1,896	2,708	27,050	29,870	2,806	(8)	59,718	64,322
1,834	2	2,351	362	4,549	2,708	31,772	35,883	3,802	(2,620)	68,837	76,094
2,964	78	3,297	59,725	66,064	2,708	44,207	40,196	3,984	(2,637)	85,750	154,522

**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Revenues								Total Revenues	
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental	Contri- butions	Interest and Other		
<b>General government</b>										
<i>Municipal Court:</i>										
Municipal Court Building Security	\$	--	--	369	--	--	--	--	--	369
Municipal Court Juvenile Case Manager		--	--	602	--	--	--	--	4	606
Municipal Court Technology		--	--	492	--	--	--	--	1	493
<b>Total general government</b>		--	--	1,463	--	--	--	--	5	1,468
<b>Public safety</b>										
<i>Police:</i>										
ARIC Sustainability		--	--	--	--	--	442	2	--	444
Auto Theft Interdiction		--	--	--	--	--	--	--	--	--
Municipal Court Traffic Safety		--	--	650	--	--	--	63	--	713
Police Benefit		--	--	--	--	11	--	114	--	125
Police Federal Dept. of Justice Asset Forfeiture		--	--	1,101	--	--	--	--	4	1,105
Police Federal Dept. of Treasury Asset Forfeiture		--	--	211	--	--	--	--	2	213
Police State Contraband Asset Forfeiture		--	--	431	--	--	--	--	2	433
Police State Gambling Asset Forfeiture (2)		--	--	--	--	--	--	--	1	1
Total Police		--	--	2,393	--	11	--	556	74	3,034
<i>Fire:</i>										
Fire Miscellaneous		--	--	--	--	2	--	--	--	2
Total Fire		--	--	--	--	2	--	--	--	2
<b>Total public safety</b>		--	--	2,393	--	13	--	556	74	3,036
<b>Transportation, planning, and sustainability</b>										
<i>Public Works and Transportation:</i>										
Capital Area Metropolitan Planning Organization		--	--	--	--	3,283	--	--	--	3,283
Child Safety		--	--	1,723	--	--	--	--	--	1,723
Fiscal Surety - Land Development		--	--	--	--	--	--	--	145	145
Total Public Works and Transportation		--	--	1,723	--	3,283	--	--	145	5,151
<b>Total transportation, planning, and sustainability</b>		--	--	1,723	--	3,283	--	--	145	5,151
<b>Public health</b>										
<i>Health and Human Services:</i>										
Health Miscellaneous		--	--	--	--	--	--	--	--	--
Total Health and Human Services		--	--	--	--	--	--	--	--	--
<i>Other public health:</i>										
Animal Services		--	--	--	--	--	--	229	1	230
Animal Shelter Building		--	--	--	--	--	--	--	--	--
Total other public health		--	--	--	--	--	--	229	1	230
<b>Total public health</b>	\$	--	--	--	--	--	--	229	1	230

(1) Expenditures include capital outlay of \$1,283 thousand.

(2) Previously reported as Texas State Gambling Asset Forfeiture.



Expenditures			Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
Current Expend- itures (1)	Debt Service			Issuance of	Transfers In	Transfers Out			
	Principal	Interest		Tax Supported Debt					
385	--	--	(16)	--	--	--	(16)	96	80
687	--	--	(81)	--	--	--	(81)	2,110	2,029
471	--	--	22	--	--	--	22	802	824
1,543	--	--	(75)	--	--	--	(75)	3,008	2,933
218	--	--	226	--	--	--	226	589	815
26	--	--	(26)	--	--	--	(26)	9	(17)
689	--	--	24	--	--	(25)	(1)	1	--
72	--	--	53	--	--	--	53	215	268
1,415	--	--	(310)	--	--	--	(310)	2,480	2,170
458	--	--	(245)	--	--	--	(245)	1,197	952
506	--	--	(73)	--	--	--	(73)	1,068	995
11	--	--	(10)	--	--	--	(10)	559	549
3,395	--	--	(361)	--	--	(25)	(386)	6,118	5,732
--	--	--	2	--	--	--	2	44	46
--	--	--	2	--	--	--	2	44	46
3,395	--	--	(359)	--	--	(25)	(384)	6,162	5,778
3,302	--	--	(19)	--	--	--	(19)	135	116
1,949	--	--	(226)	--	361	--	135	197	332
--	--	--	145	--	--	--	145	(11)	134
5,251	--	--	(100)	--	361	--	261	321	582
5,251	--	--	(100)	--	361	--	261	321	582
--	--	--	--	--	--	--	--	45	45
--	--	--	--	--	--	--	--	45	45
182	--	--	48	--	--	--	48	231	279
--	--	--	--	--	--	--	--	15	15
182	--	--	48	--	--	--	48	246	294
182	--	--	48	--	--	--	48	291	339

(Continued)

**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Revenues								Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental	Contri- butions	Interest and Other	
<b>Public recreation and culture</b>									
<i>Austin Public Library:</i>									
Austin History Center	\$	--	--	--	--	--	44	--	44
Friends of Austin Public Library	--	--	--	--	--	--	155	3	158
Special Library	--	--	--	--	--	--	197	--	197
Total Austin Public Library	--	--	--	--	--	--	396	3	399
<i>Parks and Recreation:</i>									
Adaptive Programs	--	--	--	--	--	--	--	--	--
PARD Cultural Projects	--	9,271	--	--	--	--	--	6	9,277
PARD Miscellaneous	--	--	--	3	--	--	287	--	290
Planting for the Future	--	--	--	--	--	--	120	5	125
Republic Square	--	--	--	--	--	--	--	--	--
Summer Musical	--	--	--	--	--	--	287	--	287
Teen Activity	--	--	--	--	--	--	149	--	149
Tennis League	--	--	--	--	--	--	--	--	--
Town Lake Beautification	--	--	--	--	--	--	--	--	--
Total parks and recreation	--	9,271	--	3	--	--	843	11	10,128
<b>Total public recreation and culture</b>	--	9,271	--	3	--	--	1,239	14	10,527
<b>Urban growth management</b>									
<i>Neighborhood Housing &amp; Community Development:</i>									
Housing Loan	--	--	--	--	--	--	--	--	--
Housing Trust Social Equity	--	--	--	--	19	--	--	1,785	1,804
Neighborhood Housing & Conservation	--	--	--	--	--	--	--	--	--
UNO Housing Trust	--	--	--	--	90	--	--	2	92
Urban Renewal Agency	--	--	--	--	--	--	--	--	--
Total Neighborhood Housing & Community Development	--	--	--	--	109	--	--	1,787	1,896
<i>Development Services and Watershed Protection:</i>									
Austin Industrial Development Corporation (AIDC)	--	--	--	--	--	--	--	1	1
Austin Lake Hills Water Quality	--	--	--	--	--	--	18	--	18
Barton Springs Zone Mitigation	--	--	--	--	--	--	--	--	--
Urban Forest Replenishment	--	--	--	--	--	--	957	5	962
Water Supply Mitigation	--	--	--	--	--	--	--	--	--
Total Development Services and Watershed Protection	\$	--	--	--	--	--	975	6	981

(1) Expenditures include capital outlay of \$1,283 thousand.

(Continued)

Expenditures			Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
Current Expend- itures (1)	Debt Service			Issuance of Tax Supported Debt	Transfers In	Transfers Out			
	Principal	Interest							
15	--	--	29	--	--	--	29	120	149
162	--	--	(4)	--	--	--	(4)	539	535
147	--	--	50	--	--	--	50	605	655
324	--	--	75	--	--	--	75	1,264	1,339
--	--	--	--	--	--	--	--	16	16
8,730	--	--	547	--	--	--	547	3,658	4,205
104	--	--	186	--	--	--	186	670	856
265	--	--	(140)	--	--	--	(140)	471	331
--	--	--	--	--	--	--	--	1	1
239	--	--	48	--	--	--	48	239	287
48	--	--	101	--	--	--	101	51	152
--	--	--	--	--	--	--	--	2	2
--	--	--	--	--	--	(350)	(350)	442	92
9,386	--	--	742	--	--	(350)	392	5,550	5,942
9,710	--	--	817	--	--	(350)	467	6,814	7,281
437	--	--	(437)	--	--	--	(437)	4,268	3,831
592	--	--	1,212	--	842	--	2,054	890	2,944
4,457	--	--	(4,457)	9,890	105	--	5,538	(8,150)	(2,612)
2	--	--	90	--	--	--	90	820	910
46	--	--	(46)	--	46	--	--	890	890
5,534	--	--	(3,638)	9,890	993	--	7,245	(1,282)	5,963
--	--	--	1	--	--	--	1	182	183
--	--	--	18	--	--	--	18	77	95
--	--	--	--	--	--	--	--	10	10
469	--	--	493	--	--	--	493	2,367	2,860
--	--	--	--	--	--	--	--	8	8
469	--	--	512	--	--	--	512	2,644	3,156

(Continued)

**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Revenues								Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental	Contri- butions	Interest and Other	
Other urban growth management:									
Business Retention & Enhancement	\$ --	--	--	319	242	--	--	15	576
Cable TV	--	2,142	--	--	--	--	--	5	2,147
City Hall	--	--	--	--	1,450	--	--	2	1,452
City Hall Retail Tenant Improvement	--	--	--	--	--	--	--	--	--
Downtown Public Improvement District (2)	--	--	--	--	4,029	--	--	6	4,035
East Sixth Street Public Improvement District	--	--	--	--	94	--	--	--	94
Estancia Public Improvement District	--	--	--	--	1,897	--	--	--	1,897
Hotel-Motel Occupancy Tax	--	60,291	--	--	--	--	--	--	60,291
I-35 Parking Program	--	--	--	--	447	--	--	1	448
Indian Hills Public Improvement District	--	--	--	--	1,827	--	--	--	1,827
Mueller Development	--	--	--	--	--	--	--	--	--
Mueller Local Government Corporation	--	--	--	--	--	--	--	65	65
Mueller Tax Increment Financing	3,227	--	--	--	--	--	--	3	3,230
Music Loan Program	--	--	--	--	--	--	--	--	--
One Texas Center	--	--	--	--	2,567	--	--	--	2,567
Public Arts	--	--	--	--	--	--	--	--	--
Rainey Street District	--	--	--	477	--	--	--	10	487
Rutherford Lane Facility	--	--	--	--	3,784	--	--	--	3,784
Seaholm Tax Increment Financing	302	--	--	--	--	--	--	--	302
Section 108 Family Business Loan	--	--	--	--	--	1,726	--	80	1,806
South Congress Public Improvement District	--	--	--	--	88	--	--	--	88
Tax Increment Finance	100	--	--	--	--	--	--	1	101
Tourism and Promotion	--	12,799	--	--	--	--	--	5	12,804
Vehicle Rental Tax	--	8,671	--	--	--	--	--	6	8,677
Waller Creek Reserve	--	--	--	--	--	--	--	3,266	3,266
Waller Creek Tax Increment Finance	2,683	--	--	--	--	--	--	1	2,684
Whisper Valley Public Improvement District	--	--	--	--	8,409	--	--	--	8,409
Wildland Conservation	--	--	--	--	--	--	--	226	226
Total other urban growth management	6,312	83,903	--	796	24,834	1,726	--	3,692	121,263
<b>Total urban growth management</b>	<b>6,312</b>	<b>83,903</b>	<b>--</b>	<b>796</b>	<b>24,943</b>	<b>1,726</b>	<b>975</b>	<b>5,485</b>	<b>124,140</b>
<b>Total</b>	<b>\$ 6,312</b>	<b>93,174</b>	<b>5,579</b>	<b>799</b>	<b>28,239</b>	<b>1,726</b>	<b>2,999</b>	<b>5,724</b>	<b>144,552</b>

(1) Expenditures include capital outlay of \$1,283 thousand.

(2) Previously reported as Public Improvement District.

(Continued)

Current Expend- itures (1)	Expenditures		Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Debt	Service Interest		Issuance of Tax Supported Debt	Transfers In	Transfers Out			
--	--	--	576	--	--	--	576	1,820	2,396
977	--	--	1,170	--	450	--	1,620	1,812	3,432
930	--	--	522	--	--	(1,000)	(478)	802	324
--	--	--	--	--	--	--	--	93	93
3,939	--	--	96	--	150	--	246	2,129	2,375
129	--	--	(35)	--	35	--	--	117	117
313	--	300	1,284	--	--	--	1,284	--	1,284
--	--	--	60,291	--	--	(57,376)	2,915	16,278	19,193
220	--	--	228	--	--	(102)	126	592	718
49	--	232	1,546	--	--	--	1,546	--	1,546
--	--	--	--	--	--	--	--	(6)	(6)
4	1,885	2,335	(4,159)	18,497	4,215	(18,265)	288	2,494	2,782
--	--	--	3,230	--	--	(3,229)	1	2	3
9	--	--	(9)	--	--	--	(9)	7	(2)
--	--	--	2,567	--	--	(1,641)	926	116	1,042
--	--	--	--	--	--	--	--	--	--
510	--	--	(23)	--	--	--	(23)	113	90
1,984	--	--	1,800	--	--	(1,355)	445	(81)	364
--	--	--	302	--	--	--	302	92	394
39	135	4	1,628	--	--	(11)	1,617	1,077	2,694
--	--	--	88	--	--	--	88	--	88
139	--	--	(38)	--	--	--	(38)	337	299
12,410	--	--	394	--	125	--	519	1,561	2,080
--	--	--	8,677	--	--	(8,648)	29	2,101	2,130
--	--	--	3,266	--	2,104	(6,106)	(736)	10,580	9,844
--	--	--	2,684	--	--	(2,104)	580	--	580
2,178	--	1,255	4,976	--	--	--	4,976	--	4,976
592	--	--	(366)	--	--	--	(366)	1,248	882
<u>24,422</u>	<u>2,020</u>	<u>4,126</u>	<u>90,695</u>	<u>18,497</u>	<u>7,079</u>	<u>(99,837)</u>	<u>16,434</u>	<u>43,284</u>	<u>59,718</u>
<u>30,425</u>	<u>2,020</u>	<u>4,126</u>	<u>87,569</u>	<u>28,387</u>	<u>8,072</u>	<u>(99,837)</u>	<u>24,191</u>	<u>44,646</u>	<u>68,837</u>
<u>50,506</u>	<u>2,020</u>	<u>4,126</u>	<u>87,900</u>	<u>28,387</u>	<u>8,433</u>	<u>(100,212)</u>	<u>24,508</u>	<u>61,242</u>	<u>85,750</u>

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>General government</b>							
<i>Municipal Court:</i>							
Municipal Court Building Security							
Actual-budget basis	\$ (55)	369	386	--	--	(17)	(72)
Budget	53	358	399	--	--	(41)	12
Variance-Positive (Negative)	(108)	11	13	--	--	24	(84)
Municipal Court Juvenile Case Manager							
Actual-budget basis	1,740	606	626	--	--	(20)	1,720
Budget	2,027	586	800	--	13	(227)	1,800
Variance-Positive (Negative)	(287)	20	174	--	13	207	(80)
Municipal Court Technology							
Actual-budget basis	659	493	511	--	--	(18)	641
Budget	672	479	620	--	--	(141)	531
Variance-Positive (Negative)	(13)	14	109	--	--	123	110
<b>Public safety</b>							
<i>Police:</i>							
Police Federal Dept. of Justice Asset Forfeiture							
Actual-budget basis	1,121	1,105	193	--	--	912	2,033
Budget	689	--	689	--	--	(689)	--
Variance-Positive (Negative)	432	1,105	496	--	--	1,601	2,033
Police Federal Dept. of Treasury Asset Forfeiture							
Actual-budget basis	821	213	231	--	--	(18)	803
Budget	1,034	--	1,034	--	--	(1,034)	--
Variance-Positive (Negative)	(213)	213	803	--	--	1,016	803
Police State Contraband Asset Forfeiture							
Actual-budget basis	910	433	607	--	--	(174)	736
Budget	787	--	787	--	--	(787)	--
Variance-Positive (Negative)	123	433	180	--	--	613	736
Police State Gambling Asset Forfeiture (1)							
Actual-budget basis	561	1	11	--	--	(10)	551
Budget	495	--	495	--	--	(495)	--
Variance-Positive (Negative)	66	1	484	--	--	485	551
Municipal Court Traffic Safety							
Actual-budget basis	(218)	714	689	--	25	--	(218)
Budget	--	1,665	1,345	--	320	--	--
Variance-Positive (Negative)	(218)	(951)	656	--	295	--	(218)

(Continued)

(1) Previously reported as Texas State Gambling Asset Forfeiture.

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>Transportation, planning, and sustainability</b>							
<i>Public Works and Transportation:</i>							
Child Safety							
Actual-budget basis	\$ 56	1,723	1,952	361	--	132	188
Budget	85	1,777	2,146	361	13	(21)	64
Variance-Positive (Negative)	(29)	(54)	194	--	13	153	124
<b>Public recreation and culture</b>							
<i>Parks and Recreation:</i>							
PARC Cultural Projects							
Actual-budget basis	2,451	9,278	8,458	--	--	820	3,271
Budget	2,649	2	9,460	8,011	--	(1,447)	1,202
Variance-Positive (Negative)	(198)	9,276	1,002	(8,011)	--	2,267	2,069
<b>Urban growth management</b>							
<i>Neighborhood Housing &amp; Community Development:</i>							
Housing Trust Social Equity							
Actual-budget basis	728	1,804	579	842	--	2,067	2,795
Budget	653	--	1,495	842	--	(653)	--
Variance-Positive (Negative)	75	1,804	916	--	--	2,720	2,795
UNO Housing Trust							
Actual-budget basis	813	91	2	--	--	89	902
Budget	695	--	695	--	--	(695)	--
Variance-Positive (Negative)	118	91	693	--	--	784	902
<i>Other urban growth management:</i>							
Business Retention and Enhancement							
Actual-budget basis	1,653	592	--	--	--	592	2,245
Budget	1,106	87	1,000	--	--	(913)	193
Variance-Positive (Negative)	547	505	1,000	--	--	1,505	2,052
Cable TV							
Actual-budget basis	1,751	2,147	1,817	450	--	780	2,531
Budget	1,687	1,904	2,042	450	--	312	1,999
Variance-Positive (Negative)	64	243	225	--	--	468	532
City Hall							
Actual-budget basis	652	1,452	867	--	1,000	(415)	237
Budget	456	1,608	967	--	1,000	(359)	97
Variance-Positive (Negative)	196	(156)	100	--	--	(56)	140

(Continued)

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2015**  
**(In thousands)**

(Continued)

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	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>Urban growth management, continued</b>							
Downtown Public Improvement District (1)							
Actual-budget basis	\$ --	4,035	4,137	150	--	48	48
Budget	--	3,987	4,137	150	--	--	--
Variance-Positive (Negative)	--	48	--	--	--	48	48
East Sixth Street Public Improvement District							
Actual-budget basis	--	94	127	35	--	2	2
Budget	--	92	127	35	--	--	--
Variance-Positive (Negative)	--	2	--	--	--	2	2
Estancia Public Improvement District							
Actual-budget basis	--	1,897	613	--	--	1,284	1,284
Budget	--	1,772	1,646	--	--	126	126
Variance-Positive (Negative)	--	125	1,033	--	--	1,158	1,158
Hotel-Motel Occupancy Tax							
Actual-budget basis	6,077	82,371	--	--	79,447	2,924	9,001
Budget	--	68,666	--	--	68,666	--	--
Variance-Positive (Negative)	6,077	13,705	--	--	(10,781)	2,924	9,001
I-35 Parking Program							
Actual-budget basis	658	448	231	--	102	115	773
Budget	475	357	464	--	102	(209)	266
Variance-Positive (Negative)	183	91	233	--	--	324	507
Indian Hills Public Improvement District							
Actual-budget basis	--	1,826	280	--	--	1,546	1,546
Budget	--	1,682	1,618	--	--	64	64
Variance-Positive (Negative)	--	144	1,338	--	--	1,482	1,482
Mueller Tax Increment Financing							
Actual-budget basis	--	3,231	3,229	--	--	2	2
Budget	1	2,853	2,853	--	--	--	1
Variance-Positive (Negative)	(1)	378	(376)	--	--	2	1
One Texas Center							
Actual-budget basis	76	2,568	--	--	1,641	927	1,003
Budget	(174)	1,763	--	--	1,641	122	(52)
Variance-Positive (Negative)	250	805	--	--	--	805	1,055
Rutherford Lane Facility							
Actual-budget basis	(214)	3,782	1,973	--	1,355	454	240
Budget	(774)	3,786	3,532	--	--	254	(520)
Variance-Positive (Negative)	560	(4)	1,559	--	(1,355)	200	760

(Continued)

(1) Previously reported as Public Improvement District.



**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
Exhibit E-13

(Continued)

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	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>Urban growth management, continued</b>							
Seaholm Tax Increment Financing							
Actual-budget basis	\$ 92	302	--	--	--	302	394
Budget	92	399	--	--	--	399	491
Variance-Positive (Negative)	--	(97)	--	--	--	(97)	(97)
Section 108 Family Business Loan							
Actual-budget basis	3,058	1,975	1,915	--	11	49	3,107
Budget	61	4,422	4,123	--	96	203	264
Variance-Positive (Negative)	2,997	(2,447)	2,208	--	85	(154)	2,843
South Congress Public Improvement District							
Actual-budget basis	--	88	--	--	--	88	88
Budget	--	76	76	--	--	--	--
Variance-Positive (Negative)	--	12	76	--	--	88	88
Tourism and Promotion							
Actual-budget basis	1,573	5	12,411	12,924	--	518	2,091
Budget	1,217	5	12,411	11,189	--	(1,217)	--
Variance-Positive (Negative)	356	--	--	1,735	--	1,735	2,091
Vehicle Rental Tax							
Actual-budget basis	(2,004)	8,677	--	--	8,648	29	(1,975)
Budget	--	8,698	--	--	8,698	--	--
Variance-Positive (Negative)	(2,004)	(21)	--	--	50	29	(1,975)
Waller Creek Reserve							
Actual-budget basis	10,581	3,266	--	2,104	6,106	(736)	9,845
Budget	10,208	3,179	--	2,104	7,714	(2,431)	7,777
Variance-Positive (Negative)	373	87	--	--	1,608	1,695	2,068
Waller Creek Tax Increment Finance							
Actual-budget basis	(2)	2,684	--	--	2,104	580	578
Budget	--	2,104	--	--	2,104	--	--
Variance-Positive (Negative)	(2)	580	--	--	--	580	578
Whisper Valley Public Improvement District							
Actual-budget basis	--	8,409	3,434	--	--	4,975	4,975
Budget	--	7,950	7,654	--	--	296	296
Variance-Positive (Negative)	--	459	4,220	--	--	4,679	4,679
Wildland Conservation							
Actual-budget basis	897	226	599	--	--	(373)	524
Budget	1,266	253	438	--	--	(185)	1,081
Variance-Positive (Negative)	(369)	(27)	(161)	--	--	(188)	(557)
<b>Total</b>							
Actual-budget basis	\$ 34,435	146,905	45,878	16,866	100,439	17,454	51,889
Budget	25,460	120,510	63,053	23,142	90,367	(9,768)	15,692
Variance-Positive (Negative)	8,975	26,395	17,175	(6,276)	(10,072)	27,222	36,197





## DEBT SERVICE FUNDS

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

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

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





Debt Service Funds  
Combining Balance Sheet  
September 30, 2015  
(In thousands)

City of Austin, Texas  
Exhibit E-14

	General Obligation	HUD Section 108 Loans	Total
<b>ASSETS</b>			
Pooled investments and cash	\$ 211	--	211
Investments, at fair value	20,550	--	20,550
Property taxes receivable, net of allowance	4,153	--	4,153
Due from other funds	12	--	12
Advances to other funds	1,911	--	1,911
<b>Total assets</b>	<u>26,837</u>	<u>--</u>	<u>26,837</u>
<b>Deferred outflows of resources</b>	<u>--</u>	<u>--</u>	<u>--</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Due to other funds	238	--	238
Advances from other funds	779	--	779
Total liabilities	<u>1,017</u>	<u>--</u>	<u>1,017</u>
<b>Deferred inflows of resources</b>	<u>4,095</u>	<u>--</u>	<u>4,095</u>
Fund balances			
Restricted	<u>21,725</u>	<u>--</u>	<u>21,725</u>
Total fund balances	<u>21,725</u>	<u>--</u>	<u>21,725</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 26,837</u>	<u>--</u>	<u>26,837</u>

**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the period ended September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-15**

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>Total</u>
<b>REVENUES</b>			
Property taxes			
Current	\$ 109,685	--	109,685
Penalty and interest	448	--	448
Interest and other	1,118	1,058	2,176
<b>Total revenues</b>	<u>111,251</u>	<u>1,058</u>	<u>112,309</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	68,612	900	69,512
Interest	51,500	168	51,668
Fees and commissions	8	1	9
<b>Total expenditures</b>	<u>120,120</u>	<u>1,069</u>	<u>121,189</u>
Excess (deficiency) of revenues over expenditures	(8,869)	(11)	(8,880)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of tax supported debt	772	--	772
Transfers in	11,454	11	11,465
<b>Total other financing sources (uses)</b>	<u>12,226</u>	<u>11</u>	<u>12,237</u>
Net change in fund balances	3,357	--	3,357
Fund balances at beginning of year	18,368	--	18,368
<b>Fund balances at end of year</b>	<u>\$ 21,725</u>	<u>--</u>	<u>21,725</u>

Debt Service Funds  
Combining Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual-Budget Basis  
For the period ended September 30, 2015  
(In thousands)

	General Obligation			HUD Section 108 Loans			Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual-Budget Basis
<b>REVENUES</b>							
General property taxes	\$ 110,133	109,903	230	--	--	--	110,133
Interest	43	399	(356)	--	--	--	43
Other revenue	1,884	108	1,776	1,058	1,162	(104)	2,942
<b>Total revenues</b>	<b>112,060</b>	<b>110,410</b>	<b>1,650</b>	<b>1,058</b>	<b>1,162</b>	<b>(104)</b>	<b>113,118</b>
<b>EXPENDITURES</b>							
Principal retirement	90,360	90,990	630	900	900	--	91,260
Interest and other	56,133	57,565	1,432	168	253	85	56,301
Fees and commissions	8	--	(8)	1	9	8	9
<b>Total expenditures</b>	<b>146,501</b>	<b>148,555</b>	<b>2,054</b>	<b>1,069</b>	<b>1,162</b>	<b>93</b>	<b>147,570</b>
Excess (deficiency) of revenues over expenditures	(34,441)	(38,145)	3,704	(11)	--	(11)	(34,452)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	37,912	38,392	(480)	11	--	11	37,923
<b>Total other financing sources (uses)</b>	<b>37,912</b>	<b>38,392</b>	<b>(480)</b>	<b>11</b>	<b>--</b>	<b>11</b>	<b>37,923</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,471	247	3,224	--	--	--	3,471
Fund balances at beginning of year	18,368	15,323	3,045	--	--	--	18,368
<b>Fund balances at end of year</b>	<b>\$ 21,839</b>	<b>15,570</b>	<b>6,269</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>21,839</b>





## CAPITAL PROJECTS FUNDS

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

*Prior*

*to 1984:* Funds authorized August 29, 1981, for emergency medical service projects;

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

*1985:* Funds authorized January 19, 1985, for cultural arts;  
Funds authorized July 26, 1985, for parks and recreation;

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

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

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

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

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

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

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

*2012:* Funds authorized November 6, 2012, for various purposes; and

*Other:* Other funds established for various purposes.





**Capital Projects Funds  
Combining Balance Sheet  
September 30, 2015  
(In thousands)**

	<u>Assets</u>					<u>Liabilities</u>
	<u>Pooled Investments and Cash</u>	<u>Net Accounts Receivable</u>	<u>Due from Other Funds</u>	<u>Other Assets</u>	<u>Total Assets</u>	<u>Accounts Payable</u>
<b>Funds Authorized August 29, 1981</b>						
EMS buildings	\$ 206	--	--	--	206	--
<b>Total Funds Authorized Prior to 1984</b>	<b>206</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>206</b>	<b>--</b>
<b>Funds Authorized September 8, 1984</b>						
Parkland acquisition	2	--	--	--	2	--
Street improvements	1,019	12	--	--	1,031	155
Fire improvements	4	--	--	--	4	--
<b>Total Funds Authorized in 1984</b>	<b>1,025</b>	<b>12</b>	<b>--</b>	<b>--</b>	<b>1,037</b>	<b>155</b>
<b>Funds Authorized January 19, 1985</b>						
Cultural arts	263	--	--	--	263	--
<b>Funds Authorized July 26, 1985</b>						
Neighborhood park and recreation	17,540	--	--	--	17,540	233
<b>Total Funds Authorized in 1985</b>	<b>17,803</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>17,803</b>	<b>233</b>
<b>Funds Authorized September 3, 1987</b>						
Street resurfacing	196	--	--	--	196	--
<b>Total Funds Authorized in 1987</b>	<b>196</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>196</b>	<b>--</b>
<b>Funds Authorized August 10, 1992</b>						
Police substations	13	--	--	--	13	10
Asbestos abatement/ADA compliance/ East Austin health clinic	124	--	--	--	124	--
Erosion & flood control	1	--	--	--	1	--
Street & traffic signals	--	--	--	--	--	--
Neighborhood sidewalks	2	--	--	--	2	--
Parks and recreation facilities	--	--	--	--	--	--
Libraries	--	--	--	--	--	--
Barton Creek greenway	320	--	--	--	320	--
<b>Total Funds Authorized in 1992</b>	<b>460</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>460</b>	<b>10</b>
<b>Funds Authorized May 3, 1997</b>						
Radio Trunking	--	1,042	--	--	1,042	--
<b>Total Funds Authorized in 1997</b>	<b>\$ --</b>	<b>1,042</b>	<b>--</b>	<b>--</b>	<b>1,042</b>	<b>--</b>

Liabilities			Fund Balances				Total Liabilities, Deferred Inflows of Resources, and Fund Balances	
Due to Other Funds	Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		Fund Balances
--	--	--	--	--	206	--	206	206
--	--	--	--	--	206	--	206	206
--	--	--	--	--	2	--	2	2
--	--	155	--	--	876	--	876	1,031
--	--	--	--	--	4	--	4	4
--	--	155	--	--	882	--	882	1,037
--	--	--	--	--	263	--	263	263
--	--	233	17,269	--	38	--	17,307	17,540
--	--	233	17,269	--	301	--	17,570	17,803
--	--	--	--	--	196	--	196	196
--	--	--	--	--	196	--	196	196
--	--	10	--	--	3	--	3	13
--	--	--	--	--	124	--	124	124
--	--	--	--	--	1	--	1	1
8	--	8	--	--	--	(8)	(8)	--
--	--	--	2	--	--	--	2	2
--	--	--	--	--	--	--	--	--
17	--	17	--	--	--	(17)	(17)	--
--	--	--	320	--	--	--	320	320
25	--	35	322	--	128	(25)	425	460
1,089	--	1,089	--	--	--	(47)	(47)	1,042
1,089	--	1,089	--	--	--	(47)	(47)	1,042

(Continued)

**Capital Projects Funds  
Combining Balance Sheet  
September 30, 2015  
(In thousands)**

	<b>Assets</b>					<b>Liabilities</b>
	<b>Pooled Investments and Cash</b>	<b>Net Accounts Receivable</b>	<b>Due from Other Funds</b>	<b>Other Assets</b>	<b>Total Assets</b>	<b>Accounts Payable</b>
<b>Funds Authorized November 3, 1998</b>						
Cultural arts and land	\$ 34	--	--	--	34	--
Traffic signals	2,740	63	1,114	--	3,917	2
Public safety facilities	493	--	--	--	493	22
Parks and recreation facilities	835	--	--	--	835	11
<b>Total Funds Authorized in 1998</b>	<b>4,102</b>	<b>63</b>	<b>1,114</b>	<b>--</b>	<b>5,279</b>	<b>35</b>
<b>Funds Authorized November 7, 2000</b>						
Transportation Mobility Improvement	7,468	--	--	--	7,468	618
<b>Total Funds Authorized in 2000</b>	<b>7,468</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7,468</b>	<b>618</b>
<b>Funds Authorized November 7, 2006</b>						
Transportation	1,060	--	--	--	1,060	89
Drainage & Open Spaces	19	--	10,000	--	10,019	103
Parks	3,493	--	--	--	3,493	177
Cultural Facilities	1,425	--	--	--	1,425	1
Affordable Housing	224	--	--	--	224	--
Central Library	--	--	--	--	--	3,489
Public Safety	1,374	--	5,146	--	6,520	--
<b>Total Funds Authorized in 2006</b>	<b>7,595</b>	<b>--</b>	<b>15,146</b>	<b>--</b>	<b>22,741</b>	<b>3,859</b>
<b>Funds Authorized November 2, 2010</b>						
Mobility	5,393	--	--	--	5,393	20
<b>Total Funds Authorized in 2010</b>	<b>5,393</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5,393</b>	<b>20</b>
<b>Funds Authorized November 6, 2012</b>						
Transportation	12,638	--	--	--	12,638	1,091
Open Space	69	--	134	--	203	8
Parks	--	--	--	--	--	317
Public Safety	--	--	5,600	--	5,600	124
Health	449	--	--	--	449	8
Library & Cultural	3,253	--	--	--	3,253	122
<b>Total Funds Authorized in 2012</b>	<b>\$ 16,409</b>	<b>--</b>	<b>5,734</b>	<b>--</b>	<b>22,143</b>	<b>1,670</b>

(Continued)

Liabilities			Fund Balances				Total Fund Balances	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Due to Other Funds	Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
--	--	--	34	--	--	--	34	34
--	--	2	3,915	--	--	--	3,915	3,917
--	--	22	471	--	--	--	471	493
--	--	11	824	--	--	--	824	835
--	--	35	5,244	--	--	--	5,244	5,279
--	--	618	--	--	6,850	--	6,850	7,468
--	--	618	--	--	6,850	--	6,850	7,468
--	--	89	971	--	--	--	971	1,060
--	--	103	9,916	--	--	--	9,916	10,019
--	--	177	3,316	--	--	--	3,316	3,493
--	--	1	1,424	--	--	--	1,424	1,425
--	--	--	224	--	--	--	224	224
15,146	--	18,635	--	--	--	(18,635)	(18,635)	--
--	--	--	6,520	--	--	--	6,520	6,520
15,146	--	19,005	22,371	--	--	(18,635)	3,736	22,741
--	--	20	5,373	--	--	--	5,373	5,393
--	--	20	5,373	--	--	--	5,373	5,393
--	--	1,091	11,547	--	--	--	11,547	12,638
--	--	8	195	--	--	--	195	203
5,734	--	6,051	--	--	--	(6,051)	(6,051)	--
--	--	124	5,476	--	--	--	5,476	5,600
--	--	8	441	--	--	--	441	449
--	--	122	3,131	--	--	--	3,131	3,253
5,734	--	7,404	20,790	--	--	(6,051)	14,739	22,143

(Continued)

**Capital Projects Funds**  
**Combining Balance Sheet**  
**September 30, 2015**  
**(In thousands)**

	<u>Assets</u>					<u>Liabilities</u>
	<u>Pooled Investments and Cash</u>	<u>Net Accounts Receivable</u>	<u>Due from Other Funds</u>	<u>Other Assets</u>	<u>Total Assets</u>	<u>Accounts Payable</u>
<b>Other funds</b>						
Planning & development improvements	\$ --	--	--	--	--	--
TPSD general improvements	7,060	--	--	--	7,060	149
Library automation system	11,537	--	--	--	11,537	11
Fire/EMS/NW Austin MUD #1	762	--	--	--	762	--
General government projects	35	--	--	--	35	1,708
Health projects	--	--	--	--	--	--
Build Austin	3	11	--	--	14	--
CMTA Mobility	8,678	1,688	--	--	10,366	362
Park improvements	176	--	--	--	176	18
Parks and Recreation	--	--	--	--	--	217
Police and courts	995	--	--	--	995	--
Fire - general	1,535	--	--	--	1,535	--
Capital reserve	--	226	--	--	226	--
CTM	6,280	--	22,328	--	28,608	3,919
Public Works	--	127	--	--	127	107
Watershed Protection	--	--	--	--	--	1
Great Streets	2,074	--	--	--	2,074	--
City Hall, plaza, parking garage	--	30	--	--	30	--
Conservation land	16	--	--	--	16	--
Colony Park	5,008	--	--	--	5,008	24
Mueller redevelopment	--	--	--	--	--	--
NPZ general	6,221	--	--	--	6,221	181
Economic Development	39	--	--	--	39	--
Waller Creek Tunnel	6,161	--	--	--	6,161	3,214
Fleet general improvements	536	--	--	--	536	--
Interest income fund	4,483	--	30	99	4,612	--
<b>Total other funds</b>	<u>61,599</u>	<u>2,082</u>	<u>22,358</u>	<u>99</u>	<u>86,138</u>	<u>9,911</u>
<b>Totals</b>	<u>\$ 122,256</u>	<u>3,199</u>	<u>44,352</u>	<u>99</u>	<u>169,906</u>	<u>16,511</u>



(Continued)

Liabilities			Fund Balances				Total Liabilities, Deferred Inflows of Resources, and Fund Balances	
Due to Other Funds	Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned	Total Fund Balances	
1	--	1	--	--	--	(1)	(1)	--
--	--	149	--	--	6,911	--	6,911	7,060
--	--	11	--	--	11,526	--	11,526	11,537
--	--	--	--	--	762	--	762	762
11,425	412	13,545	--	--	--	(13,510)	(13,510)	35
--	--	--	--	--	--	--	--	--
--	--	--	--	--	14	--	14	14
--	--	362	9,924	--	80	--	10,004	10,366
1,033	--	1,051	--	--	--	(875)	(875)	176
307	--	524	--	--	--	(524)	(524)	--
--	--	--	995	--	--	--	995	995
--	--	--	--	--	1,535	--	1,535	1,535
1,465	--	1,465	--	--	--	(1,239)	(1,239)	226
--	--	3,919	--	--	24,689	--	24,689	28,608
366	--	473	--	--	--	(346)	(346)	127
699	--	700	--	--	--	(700)	(700)	--
--	--	--	--	--	2,074	--	2,074	2,074
7,062	--	7,062	--	--	--	(7,032)	(7,032)	30
--	15	15	--	--	1	--	1	16
--	--	24	--	--	4,984	--	4,984	5,008
--	--	--	--	--	--	--	--	--
--	--	181	--	--	6,040	--	6,040	6,221
--	--	--	--	--	39	--	39	39
--	--	3,214	2,940	--	7	--	2,947	6,161
--	--	--	536	--	--	--	536	536
--	--	--	--	--	4,612	--	4,612	4,612
22,358	427	32,696	14,395	--	63,274	(24,227)	53,442	86,138
44,352	427	61,290	85,764	--	71,837	(48,985)	108,616	169,906

**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
<b>Funds Authorized</b>					
<b>August 29, 1981</b>					
EMS buildings	\$ --	--	--	--	2
<b>Total Funds Authorized</b>					
<b>Prior to 1984</b>	--	--	--	--	2
<b>Funds Authorized</b>					
<b>September 8, 1984</b>					
Parkland acquisition	--	--	--	--	--
Street improvements	--	--	--	--	329
Fire improvements	--	--	--	--	--
<b>Total Funds Authorized in 1984</b>	--	--	--	--	329
<b>Funds Authorized</b>					
<b>January 19, 1985</b>					
Cultural arts	--	--	--	--	--
	--	--	--	--	--
<b>Funds Authorized</b>					
<b>July 26, 1985</b>					
Neighborhood park and recreation	20	3,402	14	3,436	3,538
<b>Total Funds Authorized in 1985</b>	20	3,402	14	3,436	3,538
<b>Funds Authorized</b>					
<b>September 3, 1987</b>					
Street resurfacing	--	--	2	2	--
<b>Total Funds Authorized in 1987</b>	--	--	2	2	--
<b>Funds Authorized</b>					
<b>August 10, 1992</b>					
Police substations	--	--	--	--	28
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	3
Erosion & flood control	--	--	--	--	--
Street & traffic signals	--	--	--	--	--
Neighborhood sidewalks	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	--
Libraries	--	--	--	--	--
Barton Creek greenway	--	--	--	--	--
<b>Total Funds Authorized in 1992</b>	--	--	--	--	31
<b>Funds Authorized</b>					
<b>May 3, 1997</b>					
Radio Trunking	--	--	--	--	--
<b>Total Funds Authorized in 1997</b>	\$ --	--	--	--	--

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)					Total Other Financing Sources (Uses)	Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out					
(2)	--	--	--	--	--	--	(2)	208	206
(2)	--	--	--	--	--	--	(2)	208	206
--	--	--	--	--	--	--	--	2	2
(329)	--	--	--	--	--	--	(329)	1,205	876
--	--	--	--	--	--	--	--	4	4
(329)	--	--	--	--	--	--	(329)	1,211	882
--	--	--	--	--	--	--	--	263	263
--	--	--	--	--	--	--	--	263	263
(102)	--	--	--	--	--	--	(102)	17,409	17,307
(102)	--	--	--	--	--	--	(102)	17,672	17,570
2	--	--	--	--	--	--	2	194	196
2	--	--	--	--	--	--	2	194	196
(28)	--	--	--	--	--	--	(28)	31	3
(3)	--	--	--	--	--	--	(3)	127	124
--	--	--	--	--	--	--	--	1	1
--	--	--	--	--	--	--	--	(8)	(8)
--	--	--	--	--	--	--	--	2	2
--	--	--	288	--	288	288	288	(288)	--
--	--	--	--	--	--	--	--	(17)	(17)
--	--	--	--	--	--	--	--	320	320
(31)	--	--	288	--	288	288	257	168	425
--	--	--	--	--	--	--	--	(47)	(47)
--	--	--	--	--	--	--	--	(47)	(47)

(Continued)

**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
<b>Funds Authorized</b>					
<b>November 3, 1998</b>					
Cultural arts and land	\$ --	--	--	--	4
Traffic signals	--	--	--	--	378
Public safety facilities	--	--	--	--	87
Parks and recreation facilities	--	--	--	--	129
<b>Total Funds Authorized in 1998</b>	--	--	--	--	<b>598</b>
<b>Funds Authorized</b>					
<b>November 7, 2000</b>					
Transportation Mobility Improvement	--	--	--	--	7,239
<b>Total Funds Authorized in 2000</b>	--	--	--	--	<b>7,239</b>
<b>Funds Authorized</b>					
<b>November 7, 2006</b>					
Transportation	--	--	--	--	1,211
Drainage & Open Spaces	--	--	--	--	2,203
Parks	--	--	--	--	3,448
Cultural Facilities	--	--	--	--	258
Affordable Housing	--	--	--	--	--
Central Library	--	--	--	--	35,617
Public Safety	--	--	--	--	39
<b>Total Funds Authorized in 2006</b>	--	--	--	--	<b>42,776</b>
<b>Funds Authorized</b>					
<b>November 2, 2010</b>					
Mobility	--	--	--	--	3,881
<b>Total Funds Authorized in 2010</b>	--	--	--	--	<b>3,881</b>
<b>Funds Authorized</b>					
<b>November 6, 2012</b>					
Transportation	--	--	--	--	22,270
Open Space	--	--	--	--	611
Parks	--	--	--	--	7,936
Public Safety	--	--	--	--	801
Health	--	--	--	--	538
Library & Cultural	--	--	--	--	527
<b>Total Funds Authorized in 2012</b>	\$ --	--	--	--	<b>32,683</b>

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)					Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out	Total Other Financing Sources(Uses)			
(4)	--	--	--	--	--	(4)	38	34
(378)	--	--	--	--	--	(378)	4,293	3,915
(87)	--	--	--	--	--	(87)	558	471
(129)	--	--	--	--	--	(129)	953	824
<u>(598)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(598)</u>	<u>5,842</u>	<u>5,244</u>
(7,239)	--	--	--	--	--	(7,239)	14,089	6,850
<u>(7,239)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(7,239)</u>	<u>14,089</u>	<u>6,850</u>
(1,211)	--	--	--	--	--	(1,211)	2,182	971
(2,203)	--	--	--	--	--	(2,203)	12,119	9,916
(3,448)	852	148	--	(176)	824	(2,624)	5,940	3,316
(258)	--	--	--	(35)	(35)	(293)	1,717	1,424
--	--	--	--	--	--	--	224	224
(35,617)	17,034	2,966	--	--	20,000	(15,617)	(3,018)	(18,635)
(39)	--	--	--	--	--	(39)	6,559	6,520
<u>(42,776)</u>	<u>17,886</u>	<u>3,114</u>	<u>--</u>	<u>(211)</u>	<u>20,789</u>	<u>(21,987)</u>	<u>25,723</u>	<u>3,736</u>
(3,881)	12,515	2,180	--	--	14,695	10,814	(5,441)	5,373
<u>(3,881)</u>	<u>12,515</u>	<u>2,180</u>	<u>--</u>	<u>--</u>	<u>14,695</u>	<u>10,814</u>	<u>(5,441)</u>	<u>5,373</u>
(22,270)	34,646	5,964	--	(157)	40,453	18,183	(6,636)	11,547
(611)	8,517	1,483	--	--	10,000	9,389	(9,194)	195
(7,936)	6,226	1,084	--	--	7,310	(626)	(5,425)	(6,051)
(801)	5,723	997	--	--	6,720	5,919	(443)	5,476
(538)	1,452	253	--	--	1,705	1,167	(726)	441
(527)	2,538	442	--	--	2,980	2,453	678	3,131
<u>(32,683)</u>	<u>59,102</u>	<u>10,223</u>	<u>--</u>	<u>(157)</u>	<u>69,168</u>	<u>36,485</u>	<u>(21,746)</u>	<u>14,739</u>

(Continued)

**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Revenues				Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
<b>Other funds</b>					
Planning & development improvements	\$ --	--	--	--	--
TPSD general improvements	2	2,463	--	2,465	3,016
Library automation system	--	--	--	--	865
Fire/EMS/NW Austin MUD #1	--	--	1	1	--
General government projects	15	63	204	282	12,817
Health projects	--	--	--	--	--
Build Austin	388	--	--	388	369
CMTA Mobility	4,830	--	21	4,851	8,610
Park improvements	316	--	--	316	478
Parks and Recreation	58	1,593	--	1,651	4,870
Police and courts	--	--	--	--	18
Fire - general	--	--	--	--	181
Capital reserve	--	--	--	--	39
CTM	--	2,189	--	2,189	26,513
Public Works	2,679	--	--	2,679	1,665
Watershed Protection	--	--	--	--	1
Great Streets	--	--	958	958	--
City Hall, plaza, parking garage	--	--	--	--	--
Conservation land	--	--	--	--	--
Colony Park	69	54	--	123	1,470
Mueller Redevelopment	--	--	--	--	18,265
NPZ general	--	--	--	--	1,222
Economic Development	--	--	--	--	--
Waller Creek Tunnel	--	--	7	7	12,993
Fleet general improvements	--	--	--	--	2,401
Interest income fund	--	--	539	539	--
<b>Total other funds</b>	<b>8,357</b>	<b>6,362</b>	<b>1,730</b>	<b>16,449</b>	<b>95,793</b>
<b>Totals</b>	<b>\$ 8,377</b>	<b>9,764</b>	<b>1,746</b>	<b>19,887</b>	<b>186,870</b>

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)					Total Other Financing Sources(Uses)	Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out					
--	--	--	--	--	--	--	--	(1)	(1)
(551)	391	59	2,688	(880)	2,258	1,707	5,204	6,911	
(865)	--	--	1,430	--	1,430	565	10,961	11,526	
1	--	--	--	--	--	1	761	762	
(12,535)	--	--	9,638	(125)	9,513	(3,022)	(10,488)	(13,510)	
--	--	--	243	--	243	243	(243)	--	
19	--	--	--	--	--	19	(5)	14	
(3,759)	--	--	--	--	--	(3,759)	13,763	10,004	
(162)	--	--	176	--	176	14	(889)	(875)	
(3,219)	9,522	--	2,035	(9,490)	2,067	(1,152)	628	(524)	
(18)	--	--	--	--	--	(18)	1,013	995	
(181)	--	--	--	--	--	(181)	1,716	1,535	
(39)	--	--	--	--	--	(39)	(1,200)	(1,239)	
(24,324)	9,535	1,255	28,765	--	39,555	15,231	9,458	24,689	
1,014	--	--	--	--	--	1,014	(1,360)	(346)	
(1)	--	--	--	--	--	(1)	(699)	(700)	
958	--	--	--	(860)	(860)	98	1,976	2,074	
--	--	--	--	--	--	--	(7,032)	(7,032)	
--	--	--	16	--	16	16	(15)	1	
(1,347)	--	--	--	--	--	(1,347)	6,331	4,984	
(18,265)	--	--	18,265	--	18,265	--	--	--	
(1,222)	--	--	2,288	--	2,288	1,066	4,974	6,040	
--	--	--	--	--	--	--	39	39	
(12,986)	21,829	3,262	--	--	25,091	12,105	(9,158)	2,947	
(2,401)	--	--	--	(7,884)	(7,884)	(10,285)	10,821	536	
539	--	--	--	--	--	539	4,073	4,612	
(79,344)	41,277	4,576	65,544	(19,239)	92,158	12,814	40,628	53,442	
(166,983)	130,780	20,093	65,832	(19,607)	197,098	30,115	78,501	108,616	







## PERMANENT FUNDS

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

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

*Ellis Library Trust Fund* - Accounts for principal and interest income earned on the principal from the Ellis estate. This income is used for purchasing books on the subject of mental health.

*Perpetual Care Fund* - Accounts for revenues to be used for maintenance and care of cemeteries.





**Permanent Funds**  
**Combining Balance Sheet**  
**September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
 Exhibit E-19

	<b>3M</b>			
	<b>Maintenance</b>	<b>Ellis Library</b>	<b>Perpetual</b>	<b>Total</b>
	<b>Endowment</b>	<b>Trust</b>	<b>Care</b>	
<b>ASSETS</b>				
Pooled investments and cash	\$ 50	10	1,011	1,071
<b>Total assets</b>	<b>50</b>	<b>10</b>	<b>1,011</b>	<b>1,071</b>
<b>Deferred outflows of resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Total liabilities	--	--	--	--
<b>Deferred inflows of resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Fund balances				
Nonspendable:				
Permanent funds	50	9	1,011	1,070
Restricted	--	1	--	1
Total fund balances	50	10	1,011	1,071
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 50</b>	<b>10</b>	<b>1,011</b>	<b>1,071</b>

**Permanent Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-20**

	<b>3M</b>			
	<b>Maintenance Endowment</b>	<b>Ellis Library Trust</b>	<b>Perpetual Care</b>	<b>Total</b>
<b>REVENUES</b>				
Interest and other	\$ --	--	18	18
<b>Total revenues</b>	<b>--</b>	<b>--</b>	<b>18</b>	<b>18</b>
<b>EXPENDITURES</b>				
Current:				
Public recreation and culture	--	--	--	--
<b>Total expenditures</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Net change in fund balances	--	--	18	18
Fund balances at beginning of year	50	10	993	1,053
<b>Fund balances at end of year</b>	<b>\$ 50</b>	<b>10</b>	<b>1,011</b>	<b>1,071</b>





## **NONMAJOR ENTERPRISE FUNDS**

Enterprise funds account for the acquisition, operations, and maintenance of the City's facilities and services that are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, and maintenance. The City reports the following nonmajor enterprise funds:

*Austin Resource Recovery Fund* – Accounts for solid waste services activities.

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

*Drainage Fund* – Accounts for drainage activities.

*Golf Fund* – Accounts for golf activities.

*Transportation Fund* – Accounts for transportation activities.







**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**September 30, 2015**  
**(In thousands)**

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Drainage</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 3	21	1
Pooled investments and cash	3,040	75,356	103,742
Pooled investments and cash - restricted	4,918	15,686	10,717
Total pooled investments and cash	7,958	91,042	114,459
Investments, at fair value - restricted	--	10,432	--
Accounts receivable, net of allowance	9,418	1,331	5,238
Due from other funds	--	--	1,231
Inventories, at cost	--	69	--
Prepaid expenses	--	--	6
Other receivables - restricted	--	71	1,670
Total current assets	17,379	102,966	122,605
Noncurrent assets:			
Advances to other funds - restricted	401	36	--
Investments, at fair value - restricted	--	13,305	--
Depreciable capital assets, net	42,372	175,153	117,241
Nondepreciable capital assets	23,583	73,930	155,493
Total noncurrent assets	66,356	262,424	272,734
<b>Total assets</b>	<b>83,735</b>	<b>365,390</b>	<b>395,339</b>
<b>Deferred outflows of resources</b>	<b>\$ 7,076</b>	<b>29,614</b>	<b>4,952</b>

	<u>Golf</u>	<u>Transportation</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash	5	2	32
Pooled investments and cash	--	19,592	201,730
Pooled investments and cash - restricted	552	5,657	37,530
Total pooled investments and cash	552	25,249	239,260
Investments, at fair value - restricted	--	--	10,432
Accounts receivable, net of allowance	--	4,638	20,625
Due from other funds	--	--	1,231
Inventories, at cost	--	2,465	2,534
Prepaid expenses	41	28	75
Other receivables - restricted	--	--	1,741
Total current assets	598	32,382	275,930
Noncurrent assets:			
Advances to other funds - restricted	--	--	437
Investments, at fair value - restricted	--	--	13,305
Depreciable capital assets, net	11,818	27,241	373,825
Nondepreciable capital assets	6,427	2,919	262,352
Total noncurrent assets	18,245	30,160	649,919
<b>Total assets</b>	18,843	62,542	925,849
<b>Deferred outflows of resources</b>	515	6,381	48,538

(Continued)

**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**September 30, 2015**  
**(In thousands)**

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Drainage</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,195	716	404
Accounts and retainage payable from restricted assets	106	1,540	1,440
Accrued payroll	1,116	583	777
Accrued compensated absences	2,104	985	1,515
Due to other funds	--	338	--
Accrued interest payable from restricted assets	--	1,439	--
Interest payable on other debt	349	77	74
Bonds payable	10,179	1,445	1,423
Bonds payable from restricted assets	--	11,740	--
Customer and escrow deposits payable from restricted assets	2,162	3,444	302
Accrued landfill closure and postclosure costs	1,549	--	--
Other liabilities payable from restricted assets	315	--	--
<b>Total current liabilities</b>	<b>19,075</b>	<b>22,307</b>	<b>5,935</b>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	49	--
Advances from other funds	--	--	538
Bonds payable, net of discount and inclusive of premium	46,257	179,866	21,457
Net pension liability	39,961	19,441	27,675
Other postemployment benefits payable	26,357	12,183	17,625
Accrued landfill closure and postclosure costs	9,899	--	--
Derivative instruments - interest rate swaps	--	14,508	--
Other liabilities	--	2,909	--
Other liabilities payable from restricted assets	--	--	474
<b>Total noncurrent liabilities</b>	<b>122,474</b>	<b>228,956</b>	<b>67,769</b>
<b>Total liabilities</b>	<b>141,549</b>	<b>251,263</b>	<b>73,704</b>
<b>Deferred inflows of resources</b>	<b>--</b>	<b>309</b>	<b>21</b>
<b>NET POSITION</b>			
Net investment in capital assets	31,615	58,117	248,498
Restricted for:			
Debt service	401	9,786	--
Capital projects	25	--	10,331
Renewal and replacement	--	793	--
Bond Reserve	--	10,311	--
Operating reserve	--	4,638	--
Unrestricted	(82,779)	59,787	67,737
<b>Total net position</b>	<b>(50,738)</b>	<b>143,432</b>	<b>326,566</b>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	4,266	1,191	403
<b>Total net position - Business-type activities</b>	<b>\$ (46,472)</b>	<b>144,623</b>	<b>326,969</b>

(Continued)

	Golf	Transportation	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	11	1,623	3,949
Accounts and retainage payable from restricted assets	177	--	3,263
Accrued payroll	104	1,126	3,706
Accrued compensated absences	179	2,104	6,887
Due to other funds	1,231	301	1,870
Accrued interest payable from restricted assets	--	--	1,439
Interest payable on other debt	9	197	706
Bonds payable	332	3,576	16,955
Bonds payable from restricted assets	--	--	11,740
Customer and escrow deposits payable from restricted assets	--	--	5,908
Accrued landfill closure and postclosure costs	--	--	1,549
Other liabilities payable from restricted assets	--	--	315
Total current liabilities	<u>2,043</u>	<u>8,927</u>	<u>58,287</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	72	22	143
Advances from other funds	--	2,705	3,243
Bonds payable, net of discount and inclusive of premium	448	15,578	263,606
Net pension liability	2,749	34,032	123,858
Other postemployment benefits payable	1,584	24,691	82,440
Accrued landfill closure and postclosure costs	--	--	9,899
Derivative instruments - interest rate swaps	--	--	14,508
Other liabilities	--	--	2,909
Other liabilities payable from restricted assets	--	--	474
Total noncurrent liabilities	<u>4,853</u>	<u>77,028</u>	<u>501,080</u>
<b>Total liabilities</b>	<u>6,896</u>	<u>85,955</u>	<u>559,367</u>
<b>Deferred inflows of resources</b>	<u>--</u>	<u>--</u>	<u>330</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,288	12,103	367,621
Restricted for:			
Debt service	--	--	10,187
Capital projects	552	4,560	15,468
Renewal and replacement	--	--	793
Bond Reserve	--	--	10,311
Operating reserve	--	--	4,638
Unrestricted	(5,378)	(33,695)	5,672
<b>Total net position</b>	<u>12,462</u>	<u>(17,032)</u>	<u>414,690</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	317	1,174	7,351
Total net position - Business-type activities	<u>12,779</u>	<u>(15,858)</u>	<u>422,041</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Drainage</b>
<b>OPERATING REVENUES</b>			
User fees and rentals	\$ 96,622	28,657	77,991
<b>Total operating revenues</b>	<u>96,622</u>	<u>28,657</u>	<u>77,991</u>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	90,092	50,009	55,473
Depreciation and amortization	9,075	8,948	7,130
<b>Total operating expenses</b>	<u>99,167</u>	<u>58,957</u>	<u>62,603</u>
<b>Operating income (loss)</b>	<u>(2,545)</u>	<u>(30,300)</u>	<u>15,388</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	82	254	320
Interest on revenue bonds and other debt	(1,365)	(7,328)	(725)
Interest capitalized during construction	--	992	725
Other nonoperating revenue (expense)	(175)	--	(143)
<b>Total nonoperating revenues (expenses)</b>	<u>(1,458)</u>	<u>(6,082)</u>	<u>177</u>
<b>Income (loss) before contributions and transfers</b>	(4,003)	(36,382)	15,565
Capital contributions	12	--	23,125
Transfers in	--	66,025	831
Transfers out	(660)	(297)	--
<b>Change in net position</b>	<u>(4,651)</u>	<u>29,346</u>	<u>39,521</u>
<b>Total net position - beginning, as restated</b>	<u>(46,087)</u>	<u>114,086</u>	<u>287,045</u>
<b>Total net position - ending</b>	<u>\$ (50,738)</u>	<u>143,432</u>	<u>326,566</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	(4,651)	29,346	39,521
Adjustment to consolidate internal service activities	3,058	(364)	(858)
Change in net position - Business-type activities	<u>\$ (1,593)</u>	<u>28,982</u>	<u>38,663</u>

	<u>Golf</u>	<u>Transportation</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
User fees and rentals	5,736	76,346	285,352
<b>Total operating revenues</b>	<u>5,736</u>	<u>76,346</u>	<u>285,352</u>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	7,384	68,312	271,270
Depreciation and amortization	866	3,553	29,572
<b>Total operating expenses</b>	<u>8,250</u>	<u>71,865</u>	<u>300,842</u>
<b>Operating income (loss)</b>	<u>(2,514)</u>	<u>4,481</u>	<u>(15,490)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	1	55	712
Interest on revenue bonds and other debt	(10)	(347)	(9,775)
Interest capitalized during construction	--	--	1,717
Other nonoperating revenue (expense)	(618)	(309)	(1,245)
<b>Total nonoperating revenues (expenses)</b>	<u>(627)</u>	<u>(601)</u>	<u>(8,591)</u>
<b>Income (loss) before contributions and transfers</b>	(3,141)	3,880	(24,081)
Capital contributions	470	9	23,616
Transfers in	9,593	1,733	78,182
Transfers out	--	(3,493)	(4,450)
<b>Change in net position</b>	<u>6,922</u>	<u>2,129</u>	<u>73,267</u>
<b>Total net position - beginning, as restated</b>	<u>5,540</u>	<u>(19,161)</u>	<u>341,423</u>
<b>Total net position - ending</b>	<u><u>12,462</u></u>	<u><u>(17,032)</u></u>	<u><u>414,690</u></u>
Reconciliation to government-wide Statement of Activities			
Change in net position	6,922	2,129	73,267
Adjustment to consolidate internal service activities	(4)	821	2,653
<b>Change in net position - Business-type activities</b>	<u><u>6,918</u></u>	<u><u>2,950</u></u>	<u><u>75,920</u></u>

**Nonmajor Enterprise Funds  
Combining Statement of Cash Flows  
For the year ended September 30, 2015  
(In thousands)**

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Drainage</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 97,115	29,203	75,129
Cash received from other funds	295	--	3,433
Cash payments to suppliers for goods and services	(23,808)	(20,143)	(10,300)
Cash payments to other funds	(19,861)	(6,199)	(15,440)
Cash payments to employees for services	(40,857)	(21,042)	(27,566)
<b>Net cash provided (used) by operating activities</b>	<b>12,884</b>	<b>(18,181)</b>	<b>25,256</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	--	66,025	831
Transfers out	(660)	(200)	--
Contributions (to) from other funds	242	--	(105)
Loans from other funds	--	5	170
Loan repayments to other funds	--	(338)	--
Loan repayments from other funds	148	3	7,546
Collections from other governments	41	--	(1,358)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(229)</b>	<b>65,495</b>	<b>7,084</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	13,161
Principal paid on long-term debt	(11,264)	(12,288)	(1,453)
Interest paid on revenue bonds and other debt	(1,993)	(7,509)	(887)
Acquisition and construction of capital assets	(14,315)	(7,825)	(45,976)
Contributions in aid of construction	--	--	20,703
Bond issuance costs	--	--	(118)
Bond premiums	--	--	1,957
<b>Net cash provided (used) by capital and related financing activities</b>	<b>\$ (27,572)</b>	<b>(27,622)</b>	<b>(12,613)</b>



	Golf	Transportation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	5,736	76,537	283,720
Cash received from other funds	--	131	3,859
Cash payments to suppliers for goods and services	(878)	(9,472)	(64,601)
Cash payments to other funds	(1,082)	(15,494)	(58,076)
Cash payments to employees for services	(3,777)	(40,186)	(133,428)
<b>Net cash provided (used) by operating activities</b>	<b>(1)</b>	<b>11,516</b>	<b>31,474</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	9,593	1,733	78,182
Transfers out	--	(3,493)	(4,353)
Contributions (to) from other funds	--	(48)	89
Loans from other funds	--	--	175
Loan repayments to other funds	--	(301)	(639)
Loan repayments from other funds	(7,546)	--	151
Collections from other governments	--	--	(1,317)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>2,047</b>	<b>(2,109)</b>	<b>72,288</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	3,699	16,860
Principal paid on long-term debt	(338)	(3,974)	(29,317)
Interest paid on revenue bonds and other debt	(26)	(510)	(10,925)
Acquisition and construction of capital assets	(1,601)	(8,724)	(78,441)
Contributions in aid of construction	470	--	21,173
Bond issuance costs	--	(38)	(156)
Bond premiums	--	484	2,441
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,495)</b>	<b>(9,063)</b>	<b>(78,365)</b>

(Continued)

**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2015**  
**(In thousands)**

	Austin Resource Recovery	Convention Center	Drainage
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	\$ --	(17,989)	--
Proceeds from sale and maturities of investment securities	--	18,130	--
Interest on investments	81	255	320
<b>Net cash provided (used) by investing activities</b>	<b>81</b>	<b>396</b>	<b>320</b>
Net increase (decrease) in cash and cash equivalents	(14,836)	20,088	20,047
Cash and cash equivalents, October 1	22,797	70,975	94,413
<b>Cash and cash equivalents, September 30</b>	<b>7,961</b>	<b>91,063</b>	<b>114,460</b>

**RECONCILIATION OF OPERATING INCOME TO NET**

<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	(2,545)	(30,300)	15,388
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,075	8,948	7,130
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	629	(296)	662
Increase (decrease) in allowance for doubtful accounts	(62)	(1)	(91)
(Increase) decrease in inventory	--	(12)	--
(Increase) decrease in prepaid expenses and other assets	--	--	(1)
(Increase) decrease in deferred outflows related to operations	(3,877)	(1,868)	--
Increase (decrease) in accounts payable	(252)	190	(82)
Increase (decrease) in accrued payroll and compensated absences	367	184	196
Increase (decrease) in net pension liability	4,839	2,273	575
Increase (decrease) in other postemployment benefits payable	4,533	1,858	1,511
Increase (decrease) in other liabilities	(44)	--	(32)
Increase (decrease) in customer deposits	221	843	--
<b>Total adjustments</b>	<b>15,429</b>	<b>12,119</b>	<b>9,868</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 12,884</b>	<b>(18,181)</b>	<b>25,256</b>

**NONCASH INVESTING, CAPITAL, AND FINANCING**

<b>ACTIVITIES:</b>			
Capital assets contributed from other funds	\$ 12	--	2,422
Capital assets contributed to other funds	(11)	--	--
Amortization of bond (discounts) premiums	501	1,202	247
Amortization of deferred gain (loss) on refundings	(16)	(1,077)	(43)
Gain (loss) on disposal of assets	(447)	--	(67)
Transfers (to) from other funds	--	(97)	--
Capitalized interest	--	992	725

(Continued)

	Golf	Transportation	Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	--	--	(17,989)
Proceeds from sale and maturities of investment securities	--	--	18,130
Interest on investments	1	55	712
<b>Net cash provided (used) by investing activities</b>	<b>1</b>	<b>55</b>	<b>853</b>
Net increase (decrease) in cash and cash equivalents	552	399	26,250
Cash and cash equivalents, October 1	5	24,852	213,042
<b>Cash and cash equivalents, September 30</b>	<b>557</b>	<b>25,251</b>	<b>239,292</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	(2,514)	4,481	(15,490)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	866	3,553	29,572
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	--	379	1,374
Increase (decrease) in allowance for doubtful accounts	--	(57)	(211)
(Increase) decrease in inventory	--	410	398
(Increase) decrease in prepaid expenses and other assets	--	(28)	(29)
(Increase) decrease in deferred outflows related to operations	--	(3,731)	(9,476)
Increase (decrease) in accounts payable	(24)	(1,677)	(1,845)
Increase (decrease) in accrued payroll and compensated absences	21	520	1,288
Increase (decrease) in net pension liability	66	4,212	11,965
Increase (decrease) in other postemployment benefits payable	1,584	3,454	12,940
Increase (decrease) in other liabilities	--	--	(76)
Increase (decrease) in customer deposits	--	--	1,064
<b>Total adjustments</b>	<b>2,513</b>	<b>7,035</b>	<b>46,964</b>
<b>Net cash provided (used) by operating activities</b>	<b>(1)</b>	<b>11,516</b>	<b>31,474</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>			
Capital assets contributed from other funds	--	9	2,443
Capital assets contributed to other funds	(58)	(33)	(102)
Amortization of bond (discounts) premiums	14	183	2,147
Amortization of deferred gain (loss) on refundings	--	--	(1,136)
Gain (loss) on disposal of assets	(755)	(190)	(1,459)
Transfers (to) from other funds	--	--	(97)
Capitalized interest	--	--	1,717





## INTERNAL SERVICE FUNDS

Internal service funds account for and report the financing of goods or services provided by one department to other departments of the City and other agencies on a cost-reimbursement basis. The City reports the following internal service funds:

*Capital Projects Management Fund* – Accounts for project delivery costs related to the City's capital improvement projects.

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

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

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

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

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

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

*Wireless Communication Fund* - Accounts for communication support activities.

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





**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2015**  
**(In thousands)**

	<b>Capital Projects Management</b>	<b>CTECC</b>	<b>Employee Benefits</b>	<b>Fleet Maintenance</b>	<b>Information Systems</b>
<b>ASSETS</b>					
Current assets:					
Cash	\$ --	--	--	1	--
Pooled investments and cash	--	1,268	34,603	30,297	5,586
Pooled investments and cash - restricted	--	--	--	2,506	--
Total pooled investments and cash	--	1,268	34,603	32,803	5,586
Cash held by trustee - restricted	--	--	1,545	--	--
Accounts receivable, net of allowance	260	1,477	3,433	26	--
Due from other funds	--	--	--	--	--
Inventories, at cost	--	--	--	1,399	--
Prepaid expenses	16	6	--	--	68
Total current assets	276	2,751	39,581	34,229	5,654
Noncurrent assets:					
Advances to other funds	--	--	--	71	--
Depreciable capital assets, net	657	24,010	--	7,529	11,914
Nondepreciable capital assets	--	32	--	191	--
Total noncurrent assets	657	24,042	--	7,791	11,914
<b>Total assets</b>	<b>933</b>	<b>26,793</b>	<b>39,581</b>	<b>42,020</b>	<b>17,568</b>
<b>Deferred outflow of resources</b>	--	--	--	97	--
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	43	663	2,208	6,057	1,039
Accrued payroll	506	137	--	497	706
Accrued compensated absences	1,071	304	--	958	1,691
Claims payable	--	--	13,286	--	--
Due to other funds	670	--	--	--	--
Interest payable on other debt	--	--	--	11	--
Bonds payable	--	--	--	339	--
Other liabilities	6	--	1,439	3	--
Total current liabilities	2,296	1,104	16,933	7,865	3,436
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	48	--	--	38
Claims payable	--	--	--	--	--
Bonds payable, net of discount and inclusive of premium	--	--	--	2,556	--
Total noncurrent liabilities	--	48	--	2,556	38
<b>Total liabilities</b>	<b>2,296</b>	<b>1,152</b>	<b>16,933</b>	<b>10,421</b>	<b>3,474</b>
<b>Deferred inflow of resources</b>	--	--	--	--	--
<b>NET POSITION</b>					
Net investment in capital assets	657	24,042	--	4,825	11,914
Restricted for:					
Capital projects	--	--	--	2,506	--
Unrestricted	(2,020)	1,599	22,648	24,365	2,180
<b>Total net position</b>	<b>\$ (1,363)</b>	<b>25,641</b>	<b>22,648</b>	<b>31,696</b>	<b>14,094</b>



	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>ASSETS</b>					
Current assets:					
Cash	--	10	--	--	11
Pooled investments and cash	11,036	19,254	615	29,969	132,628
Pooled investments and cash - restricted	--	--	--	--	2,506
Total pooled investments and cash	11,036	19,254	615	29,969	135,134
Cash held by trustee - restricted	--	--	--	--	1,545
Accounts receivable, net of allowance	--	2	366	--	5,564
Due from other funds	--	681	--	--	681
Inventories, at cost	--	13	57	--	1,469
Prepaid expenses	--	71	--	--	161
Total current assets	11,036	20,031	1,038	29,969	144,565
Noncurrent assets:					
Advances to other funds	--	--	--	--	71
Depreciable capital assets, net	--	3,928	13,669	--	61,707
Nondepreciable capital assets	--	21	262	--	506
Total noncurrent assets	--	3,949	13,931	--	62,284
<b>Total assets</b>	<b>11,036</b>	<b>23,980</b>	<b>14,969</b>	<b>29,969</b>	<b>206,849</b>
<b>Deferred outflow of resources</b>	<b>--</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>98</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	54	6,986	237	127	17,414
Accrued payroll	--	2,297	112	--	4,255
Accrued compensated absences	--	4,688	245	--	8,957
Claims payable	4,414	--	--	4,911	22,611
Due to other funds	--	--	--	--	670
Interest payable on other debt	--	1	--	--	12
Bonds payable	--	30	--	--	369
Other liabilities	--	1,134	544	--	3,126
Total current liabilities	4,468	15,136	1,138	5,038	57,414
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	131	--	--	217
Claims payable	4,923	--	--	19,930	24,853
Bonds payable, net of discount and inclusive of premium	--	141	--	--	2,697
Total noncurrent liabilities	4,923	272	--	19,930	27,767
<b>Total liabilities</b>	<b>9,391</b>	<b>15,408</b>	<b>1,138</b>	<b>24,968</b>	<b>85,181</b>
<b>Deferred inflow of resources</b>	<b>--</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>1</b>
<b>NET POSITION</b>					
Net investment in capital assets	--	3,778	13,931	--	59,147
Restricted for:					
Capital projects	--	--	--	--	2,506
Unrestricted	1,645	4,794	(100)	5,001	60,112
<b>Total net position</b>	<b>1,645</b>	<b>8,572</b>	<b>13,831</b>	<b>5,001</b>	<b>121,765</b>

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<b>Capital Projects Management</b>	<b>CTECC</b>	<b>Employee Benefits</b>	<b>Fleet Maintenance</b>	<b>Information Systems</b>
<b>OPERATING REVENUES</b>					
Billings to departments	\$ 21,647	14,432	112,458	64,652	45,402
Employee contributions	--	--	36,602	--	--
Operating revenues from other governments	--	4,397	--	31	--
Other operating revenues	3	6	1,407	2,056	213
<b>Total operating revenues</b>	<b>21,650</b>	<b>18,835</b>	<b>150,467</b>	<b>66,739</b>	<b>45,615</b>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation	23,089	13,398	164,593	44,354	38,557
Depreciation and amortization	163	3,603	--	656	2,289
<b>Total operating expenses</b>	<b>23,252</b>	<b>17,001</b>	<b>164,593</b>	<b>45,010</b>	<b>40,846</b>
<b>Operating income (loss)</b>	<b>(1,602)</b>	<b>1,834</b>	<b>(14,126)</b>	<b>21,729</b>	<b>4,769</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and other revenues	--	4	31	82	22
Interest on bonds and other debt	--	--	--	(61)	--
Other nonoperating revenues (expenses)	--	--	--	(7,962)	--
<b>Total nonoperating revenues (expenses)</b>	<b>--</b>	<b>4</b>	<b>31</b>	<b>(7,941)</b>	<b>22</b>
<b>Income (loss) before contributions and transfers</b>	<b>(1,602)</b>	<b>1,838</b>	<b>(14,095)</b>	<b>13,788</b>	<b>4,791</b>
Capital contributions	33	3,694	--	--	3,116
Transfers in	--	--	--	7,884	--
Transfers out	--	(5,384)	--	(217)	(8,845)
<b>Change in net position</b>	<b>(1,569)</b>	<b>148</b>	<b>(14,095)</b>	<b>21,455</b>	<b>(938)</b>
<b>Total net position - beginning</b>	<b>206</b>	<b>25,493</b>	<b>36,743</b>	<b>10,241</b>	<b>15,032</b>
<b>Total net position - ending</b>	<b>\$ (1,363)</b>	<b>25,641</b>	<b>22,648</b>	<b>31,696</b>	<b>14,094</b>

	<b>Liability Reserve</b>	<b>Support Services</b>	<b>Wireless Communication</b>	<b>Workers' Compensation</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Billings to departments	3,999	100,084	12,940	15,917	391,531
Employee contributions	--	--	--	--	36,602
Operating revenues from other governments	--	--	318	--	4,746
Other operating revenues	3	1,331	2,240	--	7,259
<b>Total operating revenues</b>	<b>4,002</b>	<b>101,415</b>	<b>15,498</b>	<b>15,917</b>	<b>440,138</b>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation	5,976	98,929	9,767	13,269	411,932
Depreciation and amortization	--	558	3,945	--	11,214
<b>Total operating expenses</b>	<b>5,976</b>	<b>99,487</b>	<b>13,712</b>	<b>13,269</b>	<b>423,146</b>
<b>Operating income (loss)</b>	<b>(1,974)</b>	<b>1,928</b>	<b>1,786</b>	<b>2,648</b>	<b>16,992</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and other revenues	10	45	3	27	224
Interest on bonds and other debt	--	--	--	--	(61)
Other nonoperating revenues (expenses)	--	--	--	--	(7,962)
<b>Total nonoperating revenues (expenses)</b>	<b>10</b>	<b>45</b>	<b>3</b>	<b>27</b>	<b>(7,799)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(1,964)</b>	<b>1,973</b>	<b>1,789</b>	<b>2,675</b>	<b>9,193</b>
Capital contributions	--	16	2,146	--	9,005
Transfers in	--	--	329	--	8,213
Transfers out	--	(4,748)	(5,657)	--	(24,851)
<b>Change in net position</b>	<b>(1,964)</b>	<b>(2,759)</b>	<b>(1,393)</b>	<b>2,675</b>	<b>1,560</b>
<b>Total net position - beginning</b>	<b>3,609</b>	<b>11,331</b>	<b>15,224</b>	<b>2,326</b>	<b>120,205</b>
<b>Total net position - ending</b>	<b>1,645</b>	<b>8,572</b>	<b>13,831</b>	<b>5,001</b>	<b>121,765</b>

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<b>Capital Projects Management</b>	<b>CTECC</b>	<b>Employee Benefits</b>	<b>Fleet Maintenance</b>	<b>Information Systems</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 673	3,862	36,336	2,135	344
Cash received from other funds	21,647	14,432	112,458	64,649	45,402
Cash payments to suppliers for goods and services	(2,537)	(7,586)	(13,749)	(21,258)	(12,913)
Cash payments to other funds	(1,386)	(712)	(1,955)	(2,528)	(266)
Cash payments to employees for services	(19,373)	(4,844)	--	(16,955)	(25,083)
Cash payments to claimants/beneficiaries	--	--	(147,878)	--	--
<b>Net cash provided (used) by operating activities</b>	<b>(976)</b>	<b>5,152</b>	<b>(14,788)</b>	<b>26,043</b>	<b>7,484</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	--	--	--	7,884	--
Transfers out	--	(5,384)	--	--	(8,845)
Loan repayments to other funds	--	--	--	--	--
<b>Net cash provided (used) by noncapital financing activities</b>	<b>--</b>	<b>(5,384)</b>	<b>--</b>	<b>7,884</b>	<b>(8,845)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on long-term debt	--	--	--	(325)	--
Interest paid on revenue bonds and other debt	--	--	--	(145)	--
Acquisition and construction of capital assets	(167)	(211)	--	(14,328)	(246)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(167)</b>	<b>(211)</b>	<b>--</b>	<b>(14,798)</b>	<b>(246)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	--	4	31	82	22
<b>Net cash provided (used) by investing activities</b>	<b>--</b>	<b>4</b>	<b>31</b>	<b>82</b>	<b>22</b>
Net increase (decrease) in cash and cash equivalents	(1,143)	(439)	(14,757)	19,211	(1,585)
Cash and cash equivalents, October 1	1,143	1,707	50,905	13,593	7,171
<b>Cash and cash equivalents, September 30</b>	<b>\$ --</b>	<b>1,268</b>	<b>36,148</b>	<b>32,804</b>	<b>5,586</b>

	<u>Liability Reserve</u>	<u>Support Services</u>	<u>Wireless Communication</u>	<u>Workers' Compensation</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	3	1,329	2,375	--	47,057
Cash received from other funds	3,999	100,086	12,940	15,917	391,530
Cash payments to suppliers for goods and services	(1,076)	(9,607)	(4,702)	(11,283)	(84,711)
Cash payments to other funds	(464)	(5,858)	(290)	(1,391)	(14,850)
Cash payments to employees for services	--	(83,346)	(4,277)	--	(153,878)
Cash payments to claimants/beneficiaries	(5,908)	--	--	2,784	(151,002)
<b>Net cash provided (used) by operating activities</b>	<u>(3,446)</u>	<u>2,604</u>	<u>6,046</u>	<u>6,027</u>	<u>34,146</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	--	--	--	--	7,884
Transfers out	--	(4,748)	(5,657)	--	(24,634)
Loan repayments to other funds	--	(15)	--	--	(15)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>--</u>	<u>(4,763)</u>	<u>(5,657)</u>	<u>--</u>	<u>(16,765)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on long-term debt	--	(27)	--	--	(352)
Interest paid on revenue bonds and other debt	--	(9)	--	--	(154)
Acquisition and construction of capital assets	--	(79)	--	--	(15,031)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>--</u>	<u>(115)</u>	<u>--</u>	<u>--</u>	<u>(15,537)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	10	45	3	27	224
<b>Net cash provided (used) by investing activities</b>	<u>10</u>	<u>45</u>	<u>3</u>	<u>27</u>	<u>224</u>
Net increase (decrease) in cash and cash equivalents	(3,436)	(2,229)	392	6,054	2,068
Cash and cash equivalents, October 1	14,472	21,493	223	23,915	134,622
<b>Cash and cash equivalents, September 30</b>	<u>11,036</u>	<u>19,264</u>	<u>615</u>	<u>29,969</u>	<u>136,690</u>

(Continued)

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2015**  
**(In thousands)**

	<b>Capital Projects Management</b>	<b>CTECC</b>	<b>Employee Benefits</b>	<b>Fleet Maintenance</b>	<b>Information Systems</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>					
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (1,602)	1,834	(14,126)	21,729	4,769
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	163	3,603	--	656	2,289
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	(541)	(1,673)	1	131
Increase in due from other funds	--	--	--	--	--
(Increase) decrease in inventory	--	--	--	(65)	--
(Increase) decrease in prepaid expenses and other assets	--	(1)	--	--	(2)
Increase in deferred outflows related to operations	--	--	--	32	--
Decrease in advance to other funds	--	--	--	44	--
Increase (decrease) in accounts payable	(129)	158	(670)	3,359	134
Increase (decrease) in accrued payroll and compensated absences	(78)	99	--	290	163
Increase (decrease) in claims payable	--	--	1,587	--	--
Increase in advances from other funds	670	--	--	--	--
Increase (decrease) in other liabilities	--	--	94	(3)	--
<b>Total adjustments</b>	<b>626</b>	<b>3,318</b>	<b>(662)</b>	<b>4,314</b>	<b>2,715</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (976)</b>	<b>5,152</b>	<b>(14,788)</b>	<b>26,043</b>	<b>7,484</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Capital assets contributed from other funds	\$ 33	3,694	--	--	3,116
Amortization of bond discounts and premiums	--	--	--	115	--
Amortization of deferred loss on refundings	--	--	--	(32)	--
Gain (loss) on disposal of assets	--	--	--	(7,962)	--
Transfers (to) from other funds	--	--	--	(217)	--

(Continued)

	<b>Liability Reserve</b>	<b>Support Services</b>	<b>Wireless Communication</b>	<b>Workers' Compensation</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>					
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	(1,974)	1,928	1,786	2,648	16,992
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	--	558	3,945	--	11,214
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	--	(17)	--	(2,099)
Increase in due from other funds	--	(670)	--	--	(670)
(Increase) decrease in inventory	--	--	89	--	24
(Increase) decrease in prepaid expenses and other assets	--	20	--	--	17
Increase in deferred outflows related to operations	--	--	--	--	32
(Increase) decrease in advance to other funds	--	--	--	--	44
Increase (decrease) in accounts payable	(228)	(325)	(106)	64	2,257
Increase (decrease) in accrued payroll and compensated absences	--	609	(29)	--	1,054
Increase (decrease) in claims payable	(1,244)	--	--	3,315	3,658
Increase in advances from other funds	--	--	--	--	670
Increase (decrease) in other liabilities	--	484	378	--	953
<b>Total adjustments</b>	<b>(1,472)</b>	<b>676</b>	<b>4,260</b>	<b>3,379</b>	<b>17,154</b>
<b>Net cash provided (used) by operating activities</b>	<b>(3,446)</b>	<b>2,604</b>	<b>6,046</b>	<b>6,027</b>	<b>34,146</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>					
Capital assets contributed from other funds	--	16	2,146	--	9,005
Amortization of bond discounts and premiums	--	(9)	--	--	106
Amortization of deferred loss on refundings	--	--	--	--	(32)
Gain (loss) on disposal of assets	--	--	--	--	(7,962)
Transfers (to) from other funds	--	--	329	--	112







## FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for other agencies, individuals, private organizations, or governmental units. The City utilizes private-purpose trust funds and agency funds which are considered fiduciary funds.

Private-purpose trust funds account for and report trust arrangements under which principal and interest income benefits individuals, private organizations, or other governments. Agency funds are purely custodial and thus do not involve measurement of results of operations. The City reports the following private-purpose trust funds and agency funds:

### **Private-Purpose Trust Funds**

#### General Government

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

#### Transportation, Planning, and Sustainability

*Public School Energy Assistance Fund* - Accounts for and reports contributions for the benefit of public schools energy bills. Contributions are received with electric bill payments.

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

#### Public Recreation and Culture

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

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

#### Urban Growth Management

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

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

### **Agency Funds**

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

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

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



Fiduciary Funds  
Private-purpose Trust Funds  
Combining Statement of Fiduciary Net Position  
September 30, 2015  
(In thousands)

City of Austin, Texas  
Exhibit H-1

	Assets			Liabilities			Net Position Held in Trust
	Pooled Investments and Cash	Other Assets	Total Assets	Accounts Payable	Other Liabilities	Total Liabilities	
<b>General government</b>							
Unclaimed Property	\$ 1,360	--	1,360	--	1,260	1,260	100
<b>Total general government</b>	<b>1,360</b>	<b>--</b>	<b>1,360</b>	<b>--</b>	<b>1,260</b>	<b>1,260</b>	<b>100</b>
<b>Transportation, planning, and sustainability</b>							
Public School Energy Assistance	9	--	9	9	--	9	--
Voluntary Utility Assistance	337	--	337	--	--	--	337
<b>Total transportation, planning, and sustainability</b>	<b>346</b>	<b>--</b>	<b>346</b>	<b>9</b>	<b>--</b>	<b>9</b>	<b>337</b>
<b>Public recreation and culture</b>							
First Step - A Community Project	14	--	14	--	--	--	14
Science Fest	--	--	--	--	--	--	--
<b>Total public recreation and culture</b>	<b>14</b>	<b>--</b>	<b>14</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>14</b>
<b>Urban growth management</b>							
Leveraged Loan Pool	443	121	564	--	--	--	564
Telecommunity Partnership	16	--	16	--	--	--	16
<b>Total urban growth management</b>	<b>459</b>	<b>121</b>	<b>580</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>580</b>
<b>Total</b>	<b>\$ 2,179</b>	<b>121</b>	<b>2,300</b>	<b>9</b>	<b>1,260</b>	<b>1,269</b>	<b>1,031</b>

**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the year ended September 30, 2015**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit H-2**

	<u>Additions</u>			<u>Deductions</u>		<u>Net Position at Beginning of Year</u>	<u>Net Position at End of Year</u>
	<u>Contributions</u>	<u>Interest and Other</u>	<u>Total Additions</u>	<u>Benefit Payments</u>	<u>Net Increase (Decrease)</u>		
<b>General government</b>							
Unclaimed Property	\$ --	3	3	1	2	98	100
<b>Total general government</b>	<b>--</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>98</b>	<b>100</b>
<b>Transportation, planning, and sustainability</b>							
Public School Energy Assistance	18	--	18	18	--	--	--
Voluntary Utility Assistance	1,482	--	1,482	1,188	294	43	337
<b>Total transportation, planning, and sustainability</b>	<b>1,500</b>	<b>--</b>	<b>1,500</b>	<b>1,206</b>	<b>294</b>	<b>43</b>	<b>337</b>
<b>Public recreation and culture</b>							
First Step - A Community Project	--	--	--	--	--	14	14
Science Fest	69	--	69	69	--	--	--
<b>Total public recreation and culture</b>	<b>69</b>	<b>--</b>	<b>69</b>	<b>69</b>	<b>--</b>	<b>14</b>	<b>14</b>
<b>Urban growth management</b>							
Leveraged Loan Pool	--	1	1	--	1	563	564
Telecommunity Partnership	--	--	--	--	--	16	16
<b>Total urban growth management</b>	<b>--</b>	<b>1</b>	<b>1</b>	<b>--</b>	<b>1</b>	<b>579</b>	<b>580</b>
<b>Total</b>	<b>\$ 1,569</b>	<b>4</b>	<b>1,573</b>	<b>1,276</b>	<b>297</b>	<b>734</b>	<b>1,031</b>

**Fiduciary Funds**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the year ended September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
Exhibit H-3

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
<b><u>Campaign Financing Fund</u></b>				
<b>Assets</b>				
Pooled investments and cash	\$ 81	35	84	32
Total assets	81	35	84	32
<b>Liabilities</b>				
Deposits and other liabilities	81	77	126	32
Total liabilities	81	77	126	32
<b><u>Municipal Courts</u></b>				
<b>Assets</b>				
Pooled investments and cash	2,718	10,684	11,167	2,235
Total assets	2,718	10,684	11,167	2,235
<b>Liabilities</b>				
Accounts payable	--	10,327	10,327	--
Due to other governments	2,330	18,393	18,838	1,885
Deposits and other liabilities	388	2,644	2,682	350
Total liabilities	2,718	31,364	31,847	2,235
<b><u>Neighborhood Revitalization</u></b>				
<b>Assets</b>				
Pooled investments and cash	236	--	--	236
Total assets	236	--	--	236
<b>Liabilities</b>				
Deposits and other liabilities	236	--	--	236
Total liabilities	236	--	--	236
<b><u>Total Agency Funds</u></b>				
<b>Assets</b>				
Pooled investments and cash	3,035	10,719	11,251	2,503
Total assets	3,035	10,719	11,251	2,503
<b>Liabilities</b>				
Accounts payable	--	10,327	10,327	--
Due to other governments	2,330	18,393	18,838	1,885
Deposits and other liabilities	705	2,721	2,808	618
Total liabilities	\$ 3,035	31,441	31,973	2,503





**SUPPLEMENTAL SCHEDULES**





**Budgetary General Fund  
Supplementary Schedule of Revenues, Expenditures, and Changes in  
Fund Balances--Budget and Actual-Budget Basis  
For the year ended September 30, 2015  
(In thousands)**

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

The General Fund, as reported in the financial statements, is comprised of six separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document) plus the Economic Development, Economic Incentives Reserve, Long Center Capital Improvements, the Music Venue Assistance Program, and the Neighborhood Housing and Community Development funds. RSI reflects the budgetary comparison for the consolidated General Fund. Below are the budgetary comparisons for each of the five funds.

Budgetary General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Taxes	\$ 572,640	100	572,740	565,469	565,469	7,271
Franchise fees	37,842	--	37,842	36,634	36,634	1,208
Fines, forfeitures and penalties	17,305	(1)	17,304	16,572	16,572	732
Licenses, permits and inspections	39,006	(9)	38,997	29,610	29,610	9,387
Charges for services/goods	58,297	(5)	58,292	57,693	57,693	599
Interest and other	11,636	(7,764)	3,872	3,105	3,105	767
<b>Total revenues</b>	<b>736,726</b>	<b>(7,679)</b>	<b>729,047</b>	<b>709,083</b>	<b>709,083</b>	<b>19,964</b>
<b>EXPENDITURES</b>						
General government						
Municipal Court	19,246	(56)	19,190	19,677	19,677	487
Public safety						
Police	320,759	32,809	353,568	355,412	355,412	1,844
Fire	156,426	12,559	168,985	166,619	166,619	(2,366)
Emergency Medical Services	66,524	6,600	73,124	74,698	74,698	1,574
Transportation, planning, and sustainability						
Transportation, planning, and sustainability	4	(4)	--	--	--	--
Public health:						
Health	61,247	5,059	66,306	66,917	66,917	611
Public recreation and culture						
Parks and Recreation	64,104	6,893	70,997	71,567	71,567	570
Austin Public Library	34,138	3,074	37,212	37,188	37,188	(24)
Urban growth management						
Neighborhood Planning and Zoning	30,617	5,781	36,398	36,923	36,923	525
Other Urban Growth Management	4	35	39	--	--	(39)
General city responsibilities (4)(5)	93,349	(90,139)	3,210	2,196	3,296	86
<b>Total expenditures</b>	<b>846,418</b>	<b>(17,389)</b>	<b>829,029</b>	<b>831,197</b>	<b>832,297</b>	<b>3,268</b>
Excess (deficiency) of revenues over expenditures	(109,692)	9,710	(99,982)	(122,114)	(123,214)	23,232
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	143,857	32,638	176,495	177,692	177,692	(1,197)
Transfers out (5)	(29,132)	(68,491)	(97,623)	(87,525)	(86,425)	(11,198)
<b>Total other financing sources (uses)</b>	<b>114,725</b>	<b>(35,853)</b>	<b>78,872</b>	<b>90,167</b>	<b>91,267</b>	<b>(12,395)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	5,033	(26,143)	(21,110)	(31,947)	(31,947)	10,837
Special items - land sale	11,983	--	11,983	--	--	11,983
Fund balance at beginning of year	234,524	(58,216)	176,308	40,716	63,168	113,140
<b>Fund balance at end of year</b>	<b>\$ 251,540</b>	<b>(84,359)</b>	<b>167,181</b>	<b>8,769</b>	<b>31,221</b>	<b>135,960</b>

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.
- (5) Includes variance in original and final budget due to movement of a transfer out to general city responsibilities.

**Budgetary General Fund**  
**Supplementary Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2015**  
**(In thousands)**

City of Austin, Texas  
Exhibit I-1

(Continued)

**Economic Development**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other	\$ 163	--	163	133	133	30
<b>Total revenues</b>	163	--	163	133	133	30
<b>EXPENDITURES</b>						
Other Urban Growth Mangement	13,454	(1,409)	12,045	12,390	12,390	345
<b>Total expenditures</b>	13,454	(1,409)	12,045	12,390	12,390	345
Excess (deficiency) of revenues over expenditures	(13,291)	1,409	(11,882)	(12,257)	(12,257)	375
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10,079	2,289	12,368	12,368	12,368	--
Transfers out	(35)	(1,620)	(1,655)	(1,620)	(1,620)	(35)
<b>Total other financing sources (uses)</b>	10,044	669	10,713	10,748	10,748	(35)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,247)	2,078	(1,169)	(1,509)	(1,509)	340
Fund balance at beginning of year	1,235	(72)	1,163	247	247	916
<b>Fund balance at end of year</b>	<b>\$ (2,012)</b>	<b>2,006</b>	<b>(6)</b>	<b>(1,262)</b>	<b>(1,262)</b>	<b>1,256</b>

**Economic Incentives Reserve**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other	\$ 30	--	30	--	--	30
<b>Total revenues</b>	30	--	30	--	--	30
<b>EXPENDITURES</b>						
Other Urban Growth Management	13,876	(583)	13,293	13,750	13,750	457
<b>Total expenditures</b>	13,876	(583)	13,293	13,750	13,750	457
Excess (deficiency) of revenues over expenditures	(13,846)	583	(13,263)	(13,750)	(13,750)	487
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	14,115	14,115	14,115	14,115	--
Transfers out	(986)	--	(986)	(986)	(986)	--
<b>Total other financing sources (uses)</b>	(986)	14,115	13,129	13,129	13,129	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(14,832)	14,698	(134)	(621)	(621)	487
Fund balance at beginning of year	(40,774)	53,481	12,707	12,102	9,941	2,766
<b>Fund balance at end of year</b>	<b>\$ (55,606)</b>	<b>68,179</b>	<b>12,573</b>	<b>11,481</b>	<b>9,320</b>	<b>3,253</b>

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.

**Budgetary General Fund  
Supplementary Schedule of Revenues, Expenditures, and Changes in  
Fund Balances--Budget and Actual-Budget Basis  
For the year ended September 30, 2015  
(In thousands)**

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

**(Continued)**

**Long Center Capital Improvements**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>EXPENDITURES</b>						
Other Urban Growth Management	\$ 281	14	295	300	300	5
<b>Total expenditures</b>	<b>281</b>	<b>14</b>	<b>295</b>	<b>300</b>	<b>300</b>	<b>5</b>
Excess (deficiency) of revenues over expenditures	(281)	(14)	(295)	(300)	(300)	5
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	300	300	300	300	--
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>--</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(281)	286	5	--	--	5
Fund balance at beginning of year	--	--	--	--	--	--
<b>Fund balance at end of year</b>	<b>\$ (281)</b>	<b>286</b>	<b>5</b>	<b>--</b>	<b>--</b>	<b>5</b>

**Music Venue Assistance Program**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other	\$ 1	29	30	43	43	(13)
<b>Total revenues</b>	<b>1</b>	<b>29</b>	<b>30</b>	<b>43</b>	<b>43</b>	<b>(13)</b>
<b>EXPENDITURES</b>						
Other Urban Growth Management	36	13	49	250	250	201
<b>Total expenditures</b>	<b>36</b>	<b>13</b>	<b>49</b>	<b>250</b>	<b>250</b>	<b>201</b>
Excess (deficiency) of revenues over expenditures	(35)	16	(19)	(207)	(207)	188
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	100	100	100	100	--
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>--</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(35)	116	81	(107)	(107)	188
Fund balance at beginning of year	134	165	299	(71)	(71)	370
<b>Fund balance at end of year</b>	<b>\$ 99</b>	<b>281</b>	<b>380</b>	<b>(178)</b>	<b>(178)</b>	<b>558</b>

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.

**Budgetary General Fund  
Supplementary Schedule of Revenues, Expenditures, and Changes in  
Fund Balances--Budget and Actual-Budget Basis  
For the year ended September 30, 2015  
(In thousands)**

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

**(Continued)**

Neighborhood Housing and Community Development	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other	\$ 1	--	1	--	--	1
<b>Total revenues</b>	<b>1</b>	<b>--</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>1</b>
<b>EXPENDITURES</b>						
Other Urban Growth Mangement	4,804	(1,204)	3,600	3,920	3,920	320
<b>Total expenditures</b>	<b>4,804</b>	<b>(1,204)</b>	<b>3,600</b>	<b>3,920</b>	<b>3,920</b>	<b>320</b>
Excess (deficiency) of revenues over expenditures	(4,803)	1,204	(3,599)	(3,920)	(3,920)	321
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	4,711	4,711	5,314	5,314	(603)
Transfers out	(151)	(1,348)	(1,499)	(1,394)	(1,394)	(105)
<b>Total other financing sources (uses)</b>	<b>(151)</b>	<b>3,363</b>	<b>3,212</b>	<b>3,920</b>	<b>3,920</b>	<b>(708)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,954)	4,567	(387)	--	--	(387)
Fund balance at beginning of year	(11,623)	11,989	366	(292)	(292)	658
<b>Fund balance at end of year</b>	<b>\$ (16,577)</b>	<b>16,556</b>	<b>(21)</b>	<b>(292)</b>	<b>(292)</b>	<b>271</b>

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.

**Enterprise Related Grants  
Combining Balance Sheet  
September 30, 2015  
(In thousands)**

City of Austin, Texas  
Exhibit I-2

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	Liabilities and Fund Balances					
	Receivables from Other Governments	Total Assets	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
<b>AUSTIN ENERGY RELATED</b>						
U.S. Department of Energy	\$ 72	72	72	72	--	72
U.S. National Endowment of the Arts	3	3	3	3	--	3
American Public Power Association	12	12	12	12	--	12
<b>Total Austin Energy</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>--</b>	<b>87</b>
<b>AUSTIN WATER UTILITY RELATED</b>						
U.S. Environmental Protection Agency	64	64	64	64	--	64
<b>Total Austin Water Utility</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>--</b>	<b>64</b>
<b>AIRPORT RELATED</b>						
U.S. Department of Homeland Security	168	168	168	168	--	168
U.S. Department of Transportation	1,155	1,155	1,155	1,155	--	1,155
Federal Bureau of Investigation	1	1	1	1	--	1
<b>Total Airport</b>	<b>1,324</b>	<b>1,324</b>	<b>1,324</b>	<b>1,324</b>	<b>--</b>	<b>1,324</b>
<b>DRAINAGE RELATED</b>						
U.S. Department of Agriculture	25	25	25	25	--	25
U.S. Department of Homeland Security	1,538	1,538	1,538	1,538	--	1,538
U.S. Department of Interior	3	3	3	3	--	3
U.S. Environmental Protection Agency	--	--	--	--	--	--
Texas Water Development Board	23	23	23	23	--	23
<b>Total Drainage</b>	<b>1,589</b>	<b>1,589</b>	<b>1,589</b>	<b>1,589</b>	<b>--</b>	<b>1,589</b>
<b>AUSTIN RESOURCE RECOVERY RELATED</b>						
U.S. Environmental Protection Agency	--	--	--	--	--	--
<b>Total Solid Waste Services</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total grants, enterprise related</b>	<b>\$ 3,064</b>	<b>3,064</b>	<b>3,064</b>	<b>3,064</b>	<b>--</b>	<b>3,064</b>

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

**Enterprise Related Grants  
Combining Schedule of Expenditures  
From Inception to September 30, 2015  
(In thousands)**

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

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	In-Kind		Total	In-Kind		In-Kind		Total	In-Kind		Total
	Grant	Match		Grant	Match	Grant	Match		Grant	Match	
<b>AUSTIN ENERGY RELATED</b>											
U.S. Department of Energy	\$ 29,279	1,122	30,401	297	75	29,576	1,197	30,773	29,753	1,364	31,117
U.S. National Endowment of the Arts	34	--	34	--	--	34	--	34	35	--	35
American Public Power Association	--	--	--	12	--	12	--	12	15	--	15
<b>Total Austin Energy</b>	<b>29,313</b>	<b>1,122</b>	<b>30,435</b>	<b>309</b>	<b>75</b>	<b>29,622</b>	<b>1,197</b>	<b>30,819</b>	<b>29,803</b>	<b>1,364</b>	<b>31,167</b>
<b>AUSTIN WATER UTILITY RELATED</b>											
U.S. Environmental Protection Agency	--	--	--	64	53	64	53	117	776	635	1,411
<b>Total Austin Water Utility</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>64</b>	<b>53</b>	<b>64</b>	<b>53</b>	<b>117</b>	<b>776</b>	<b>635</b>	<b>1,411</b>
<b>AIRPORT RELATED</b>											
U.S. Department of Homeland Security	8,555	--	8,555	3,793	--	12,348	--	12,348	14,754	--	14,754
U.S. Department of Transportation	68,717	20,638	89,355	4,627	1,538	73,344	22,176	95,520	100,221	29,100	129,321
Federal Bureau of Investigation	23	--	23	(1)	--	22	--	22	25	--	25
<b>Total Airport</b>	<b>77,295</b>	<b>20,638</b>	<b>97,933</b>	<b>8,419</b>	<b>1,538</b>	<b>85,714</b>	<b>22,176</b>	<b>107,890</b>	<b>115,000</b>	<b>29,100</b>	<b>144,100</b>
<b>DRAINAGE RELATED</b>											
U.S. Department of Agriculture	50	50	100	--	--	50	50	100	50	50	100
U.S. Department of Homeland Security	6,518	2,948	9,466	1,479	538	7,997	3,486	11,483	18,367	6,944	25,311
U.S. Department of Interior	17	6	23	--	--	17	6	23	25	9	34
U.S. Environmental Protection Agency	1,093	166	1,259	38	--	1,131	166	1,297	1,203	168	1,371
Texas Water Development Board	99	--	99	--	--	99	--	99	401	198	599
<b>Total Drainage</b>	<b>7,777</b>	<b>3,170</b>	<b>10,947</b>	<b>1,517</b>	<b>538</b>	<b>9,294</b>	<b>3,708</b>	<b>13,002</b>	<b>20,046</b>	<b>7,369</b>	<b>27,415</b>
<b>AUSTIN RESOURCE RECOVERY RELATED</b>											
U.S. Environmental Protection Agency	--	--	--	41	--	41	--	41	400	--	400
<b>Total Austin Resource Recovery</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>41</b>	<b>--</b>	<b>41</b>	<b>--</b>	<b>41</b>	<b>400</b>	<b>--</b>	<b>400</b>
<b>Total grants, enterprise related</b>	<b>\$ 114,385</b>	<b>24,930</b>	<b>139,315</b>	<b>10,350</b>	<b>2,204</b>	<b>124,735</b>	<b>27,134</b>	<b>151,869</b>	<b>166,025</b>	<b>38,468</b>	<b>204,493</b>

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

**Schedule of General Obligation Bonds  
Authorized and Unissued  
Year ended September 30, 2015  
(In thousands)**

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

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2015</b>
10-22-83	Brackenridge 2000	\$ 50,000	40,785	--	9,215
09-08-84	Parks improvements	9,975	9,648	--	327
01-19-85	Cultural arts	20,285	14,890	--	5,395
11-07-06	Parks improvements	84,700	83,700	1,000	--
11-07-06	Cultural arts	31,500	27,500	--	4,000
11-07-06	Central library	90,000	26,800	20,000	43,200
11-07-06	Public safety facility	58,100	53,100	--	5,000
11-02-10	Mobility Transportation	90,000	75,305	14,695	--
11-6-12	Transportation and Mobility	143,299	11,895	40,210	91,194
11-6-12	Open Space and Watershed Protection	30,000	20,000	10,000	--
11-6-12	Park and Recreation Improvements	77,680	550	7,310	69,820
11-6-12	Public safety facility Improvements	31,079	1,500	6,720	22,859
11-6-12	Health and Human Service facility improvements	11,148	235	1,705	9,208
11-6-12	Library, museum, and cultural arts facility improvements	13,442	820	2,980	9,642
11-5-13	Affordable housing	65,000	--	10,000	55,000
		<u>\$ 806,208</u>	<u>366,728</u>	<u>114,620</u>	<u>324,860</u>

Source: Bond Sale Official Statements

- (1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding or refunding bonds. It includes general obligation bonds reported in the government-wide governmental activities and in proprietary funds.

**Schedule of Revenue Bonds Authorized,  
Deauthorized and Unissued  
Year ended September 30, 2015  
(In thousands)**

**City of Austin, Texas  
Exhibit I-5**

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Deauthorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2015</b>
<b>AUSTIN ENERGY</b>						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
<b>Total Austin Energy</b>		<b>1,124,021</b>	<b>--</b>	<b>561,633</b>	<b>--</b>	<b>562,388</b>
<b>AUSTIN WATER UTILITY (Water)</b>						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvement	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
<b>Total Austin Water Utility (Water)</b>		<b>\$ 802,275</b>	<b>41,000</b>	<b>225,688</b>	<b>--</b>	<b>535,587</b>

(Continued)

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.



**Schedule of Revenue Bonds Authorized,  
Deauthorized and Unissued  
Year ended September 30, 2015  
(In thousands)**

**City of Austin, Texas  
Exhibit I-5**

**(Continued)**

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Deauthorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2015</b>
<b>AUSTIN WATER UTILITY (Wastewater)</b>						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
05-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
<b>Total Austin Water Utility (Wastewater)</b>		<b>741,960</b>	<b>38,011</b>	<b>309,281</b>	<b>--</b>	<b>394,668</b>
<b>Total Utility</b>		<b>2,668,256</b>	<b>79,011</b>	<b>1,096,602</b>	<b>--</b>	<b>1,492,643</b>
<b>AIRPORT</b>						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
<b>Total Airport</b>		<b>1,128,000</b>	<b>--</b>	<b>392,205</b>	<b>--</b>	<b>735,795</b>
<b>CONVENTION CENTER</b>						
07-29-89	New convention center	69,000	--	68,240	--	760
<b>Total Convention Center</b>		<b>69,000</b>	<b>--</b>	<b>68,240</b>	<b>--</b>	<b>760</b>
<b>Total revenue bonds</b>		<b>\$ 3,865,256</b>	<b>79,011</b>	<b>1,557,047</b>	<b>--</b>	<b>2,229,198</b>

Source: Bond sale official statements

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.





## **STATISTICAL SECTION - UNAUDITED**

This section of the City of Austin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Tables 1 - 5)

#### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Tables 6 - 12)

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Tables 13 - 17)

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (Tables 18 - 19)

#### **Operating Information**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Tables 20 - 22)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**Net Position by Component**  
**Last Ten Fiscal Years (In thousands)**  
*(Accrual basis of accounting)*

City of Austin, Texas  
**Table 1**

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities										
Net investment in capital assets	1,399,316	1,530,124	1,526,481	1,545,216	1,544,834	1,562,046	1,666,653	1,649,431	1,621,208	1,645,359
Restricted	84,218	69,982	76,478	95,641	71,716	92,650	82,916	103,246	118,335	133,984
Unrestricted (deficit)	77,564	28,115	1,553	(56,971)	(58,002)	(164,152)	(334,332)	(397,244)	(431,349)	(1,117,293)
Total governmental activities net position	<u>1,561,098</u>	<u>1,628,221</u>	<u>1,604,512</u>	<u>1,583,886</u>	<u>1,558,548</u>	<u>1,490,544</u>	<u>1,415,237</u>	<u>1,355,433</u>	<u>1,308,194</u>	<u>662,050</u>
Business-type activities										
Net investment in capital assets	1,538,572	1,648,758	1,825,599	1,902,398	1,998,753	2,048,964	2,104,623	2,195,358	2,216,347	2,223,964
Restricted	469,238	492,356	497,927	488,413	502,211	550,516	554,215	535,490	524,653	642,052
Unrestricted	551,838	562,899	558,625	495,318	403,346	438,240	392,904	466,167	587,362	560,321
Total business-type activities net position	<u>2,559,648</u>	<u>2,704,013</u>	<u>2,882,151</u>	<u>2,886,129</u>	<u>2,904,310</u>	<u>3,037,720</u>	<u>3,051,742</u>	<u>3,197,015</u>	<u>3,328,362</u>	<u>3,426,337</u>
Primary government										
Net investment in capital assets	2,937,888	3,178,882	3,352,080	3,447,614	3,543,587	3,611,010	3,771,276	3,844,789	3,837,555	3,869,323
Restricted	553,456	562,338	574,405	584,054	573,927	643,166	637,131	638,736	642,988	776,036
Unrestricted (deficit)	629,402	591,014	560,178	438,347	345,344	274,088	58,572	68,923	156,013	(556,972)
Total primary government net position	<u>4,120,746</u>	<u>4,332,234</u>	<u>4,486,663</u>	<u>4,470,015</u>	<u>4,462,858</u>	<u>4,528,264</u>	<u>4,466,979</u>	<u>4,552,448</u>	<u>4,636,556</u>	<u>4,088,387</u>

Note: The City implemented GASB Statement No. 68 in fiscal year 2015, which significantly impacted the net position of the governmental activities.

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

City of Austin, Texas  
Table 2

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>										
Governmental activities:										
General government	84,693	76,136	97,945	80,819	89,315	99,780	124,735	97,675	118,074	131,993
Public safety	373,361	397,583	440,345	442,690	455,760	485,611	536,132	580,074	576,118	601,112
Transportation, planning, and sustainability	25,426	48,758	49,426	79,840	65,565	74,835	64,247	78,594	83,971	77,349
Public health	94,697	94,158	102,188	81,773	63,215	61,865	75,799	73,186	80,796	85,326
Public recreation and culture	65,453	72,082	87,975	90,307	91,732	106,488	104,026	104,951	117,441	134,567
Urban growth management	81,439	93,185	123,115	121,237	143,884	129,258	93,593	137,478	136,110	135,386
Unallocated depreciation expense	35,357	--	--	--	--	--	--	--	--	--
Interest on debt	38,766	39,166	40,954	42,435	44,889	45,154	46,417	48,400	49,617	55,855
Total governmental activities expenses	<u>799,192</u>	<u>821,068</u>	<u>941,948</u>	<u>939,101</u>	<u>954,360</u>	<u>1,002,991</u>	<u>1,044,949</u>	<u>1,120,358</u>	<u>1,162,127</u>	<u>1,221,588</u>
Business-type activities:										
Electric	918,369	929,057	1,070,999	1,089,632	1,086,470	1,136,850	1,133,951	1,132,476	1,251,599	1,203,729
Water	161,516	162,158	202,900	200,162	169,708	178,712	223,228	231,774	232,778	294,624
Wastewater	132,005	144,573	147,059	160,962	166,979	170,514	194,650	214,580	221,216	219,320
Airport	78,487	80,368	91,557	98,403	92,780	102,774	101,991	107,389	108,291	120,015
Convention	41,992	43,956	52,911	52,219	51,818	54,231	56,142	62,884	58,763	65,657
Environmental and health services	50,290	55,386	69,805	67,097	66,380	91,151	87,450	81,544	92,997	97,690
Public recreation	9,225	9,800	10,169	10,274	9,715	5,209	5,624	7,185	6,765	8,824
Urban growth management	63,981	69,293	84,886	89,306	106,618	110,996	114,270	129,583	125,983	135,360
Total business-type expenses	<u>1,455,865</u>	<u>1,494,591</u>	<u>1,730,286</u>	<u>1,768,055</u>	<u>1,750,468</u>	<u>1,850,437</u>	<u>1,917,306</u>	<u>1,967,415</u>	<u>2,098,392</u>	<u>2,145,219</u>
Total primary government expenses	<u>2,255,057</u>	<u>2,315,659</u>	<u>2,672,234</u>	<u>2,707,156</u>	<u>2,704,828</u>	<u>2,853,428</u>	<u>2,962,255</u>	<u>3,087,773</u>	<u>3,260,519</u>	<u>3,366,807</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	9,718	2,633	9,572	11,319	7,902	8,126	17,285	15,223	17,890	15,434
Public safety	40,314	40,529	45,880	51,710	47,530	52,998	51,009	53,826	62,832	65,221
Transportation, planning, and sustainability	3,186	3,260	3,531	3,960	3,792	3,823	4,158	4,431	5,214	5,006
Public health	45,610	40,238	43,122	25,181	7,561	7,592	5,106	9,510	9,720	10,351
Public recreation and culture	3,339	2,998	3,749	3,819	3,456	7,891	7,576	8,753	8,205	8,330
Urban growth management	37,609	43,012	43,840	45,000	38,895	21,305	28,613	32,917	37,848	56,366
Operating grants and contributions	77,923	57,331	65,782	54,022	66,831	66,348	57,818	48,567	50,333	45,470
Capital grants and contributions	1,111	2,942	3,652	85,085	50,546	51,182	35,880	64,781	66,856	70,484
Total governmental activities program revenues	<u>218,810</u>	<u>192,943</u>	<u>219,128</u>	<u>280,096</u>	<u>226,513</u>	<u>219,265</u>	<u>207,445</u>	<u>238,008</u>	<u>258,898</u>	<u>276,662</u>
Business-type activities:										
Charges for services:										
Electric	1,070,606	1,056,488	1,217,735	1,162,286	1,147,676	1,249,139	1,179,872	1,288,259	1,367,155	1,351,436
Water	164,561	138,350	181,515	195,480	171,457	243,382	229,454	240,081	240,526	277,180
Wastewater	141,676	154,118	183,608	196,416	189,192	204,666	213,253	236,700	232,067	239,811

(Continued)

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

**City of Austin, Texas**  
**Table 2**  
**(Continued)**

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Airport	87,473	96,562	102,519	96,618	100,223	106,978	114,318	123,021	128,766	142,353
Convention	14,692	14,577	17,572	16,258	14,784	18,486	19,200	22,783	25,087	28,657
Environmental and health services	45,078	46,310	49,190	65,940	74,399	75,981	75,499	81,833	84,655	96,622
Public recreation	8,968	8,784	9,760	10,119	8,864	5,260	5,239	6,069	5,849	5,736
Urban growth management	77,381	79,252	83,779	90,739	108,312	115,850	123,477	131,561	141,755	154,337
Operating grants and contributions	--	--	--	--	--	--	10,950	3,749	1,489	1,039
Capital grants and contributions	69,804	50,898	76,881	71,819	31,703	47,850	50,064	64,124	65,550	110,580
Total business-type revenues	<u>1,680,239</u>	<u>1,645,339</u>	<u>1,922,559</u>	<u>1,905,675</u>	<u>1,846,610</u>	<u>2,067,592</u>	<u>2,021,326</u>	<u>2,198,180</u>	<u>2,292,899</u>	<u>2,407,751</u>
Total primary government revenues	<u>1,899,049</u>	<u>1,838,282</u>	<u>2,141,687</u>	<u>2,185,771</u>	<u>2,073,123</u>	<u>2,286,857</u>	<u>2,228,771</u>	<u>2,436,188</u>	<u>2,551,797</u>	<u>2,684,413</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(580,382)	(628,125)	(722,820)	(659,005)	(727,847)	(783,726)	(837,504)	(882,350)	(903,229)	(944,926)
Business-type activities	224,374	150,748	192,273	137,620	96,142	217,155	104,020	230,765	194,507	262,532
Total primary government net expense	<u>(356,008)</u>	<u>(477,377)</u>	<u>(530,547)</u>	<u>(521,385)</u>	<u>(631,705)</u>	<u>(566,571)</u>	<u>(733,484)</u>	<u>(651,585)</u>	<u>(708,722)</u>	<u>(682,394)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	236,146	258,943	268,802	309,888	341,812	355,185	381,582	420,000	448,083	476,439
Sales tax	139,289	153,098	154,445	139,795	144,710	151,125	164,193	176,198	189,464	204,029
Franchise fees and gross receipts tax	79,755	87,180	93,236	85,183	87,996	95,029	99,011	114,147	128,032	141,368
Grants and contributions not restricted to specific programs (1)	90,083	73,711	80,178	--	--	--	--	--	--	--
Interest and other	35,315	54,963	29,287	20,827	31,960	19,364	15,884	23,888	21,275	21,951
Special items	--	--	--	--	--	--	--	--	15,830	11,983
Transfers	65,974	67,353	73,163	82,686	96,031	97,100	101,527	87,761	62,215	70,865
Total general revenues and transfers	<u>646,562</u>	<u>695,248</u>	<u>699,111</u>	<u>638,379</u>	<u>702,509</u>	<u>717,803</u>	<u>762,197</u>	<u>821,994</u>	<u>864,899</u>	<u>926,635</u>
Business-type activities:										
Interest and other	47,905	60,970	59,028	27,938	13,935	11,274	11,529	2,269	5,717	10,498
Transfers	(65,974)	(67,353)	(73,163)	(82,686)	(96,031)	(97,100)	(101,527)	(87,761)	(62,215)	(70,865)
Total business-type activities	<u>(18,069)</u>	<u>(6,383)</u>	<u>(14,135)</u>	<u>(54,748)</u>	<u>(82,096)</u>	<u>(85,826)</u>	<u>(89,998)</u>	<u>(85,492)</u>	<u>(56,498)</u>	<u>(60,367)</u>
Total primary government	<u>628,493</u>	<u>688,865</u>	<u>684,976</u>	<u>583,631</u>	<u>620,413</u>	<u>631,977</u>	<u>672,199</u>	<u>736,502</u>	<u>808,401</u>	<u>866,268</u>
<b>Change in Net Position</b>										
Governmental activities	66,180	67,123	(23,709)	(20,626)	(25,338)	(65,923)	(75,307)	(60,356)	(38,330)	(18,291)
Business-type activities	206,305	144,365	178,138	82,872	14,046	131,329	14,022	145,273	138,009	202,165
Total primary government	<u>272,485</u>	<u>211,488</u>	<u>154,429</u>	<u>62,246</u>	<u>(11,292)</u>	<u>65,406</u>	<u>(61,285)</u>	<u>84,917</u>	<u>99,679</u>	<u>183,874</u>

Note:

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

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

City of Austin, Texas  
**Table 3**

Function/Program	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities:										
General government	10,933	5,678	13,338	15,524	11,831	17,491	31,179	29,603	29,150	24,715
Public safety	62,287	52,317	53,565	64,997	57,135	63,617	59,997	60,221	74,805	71,035
Transportation, planning, and sustainability	3,246	3,260	3,531	57,178	17,928	42,282	24,942	51,095	55,324	61,405
Public health	67,839	61,221	66,680	42,750	34,369	31,185	28,122	30,307	29,390	29,524
Public recreation and culture	4,849	4,505	5,253	7,846	9,536	11,544	13,145	14,343	17,233	15,390
Urban growth management	69,656	65,962	76,761	91,801	95,714	53,146	50,060	52,439	52,996	74,593
Subtotal governmental activities	<u>218,810</u>	<u>192,943</u>	<u>219,128</u>	<u>280,096</u>	<u>226,513</u>	<u>219,265</u>	<u>207,445</u>	<u>238,008</u>	<u>258,898</u>	<u>276,662</u>
Business-type activities:										
Electric	1,083,758	1,065,001	1,228,542	1,168,242	1,152,532	1,259,400	1,201,722	1,303,299	1,381,040	1,374,895
Water	182,801	153,148	216,654	225,881	180,918	257,346	241,205	262,212	264,265	312,102
Wastewater	157,973	167,851	189,823	211,080	190,625	213,339	221,561	249,564	246,569	261,680
Airport	103,490	104,462	113,368	112,804	108,022	112,457	124,042	128,301	134,208	151,368
Convention	14,968	14,577	17,572	16,258	14,784	18,499	19,234	23,149	25,138	28,657
Environmental and health services	46,350	46,640	50,311	66,592	75,033	77,008	78,694	83,080	84,807	96,674
Public recreation	9,225	9,073	11,134	11,268	12,809	5,410	5,404	6,776	6,626	6,206
Urban growth management	81,674	84,587	95,155	93,550	111,887	124,133	129,464	141,799	150,246	176,169
Subtotal business-type activities	<u>1,680,239</u>	<u>1,645,339</u>	<u>1,922,559</u>	<u>1,905,675</u>	<u>1,846,610</u>	<u>2,067,592</u>	<u>2,021,326</u>	<u>2,198,180</u>	<u>2,292,899</u>	<u>2,407,751</u>
Total primary government	<u><u>1,899,049</u></u>	<u><u>1,838,282</u></u>	<u><u>2,141,687</u></u>	<u><u>2,185,771</u></u>	<u><u>2,073,123</u></u>	<u><u>2,286,857</u></u>	<u><u>2,228,771</u></u>	<u><u>2,436,188</u></u>	<u><u>2,551,797</u></u>	<u><u>2,684,413</u></u>



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

**City of Austin, Texas  
Table 4**

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund										
Reserved	6,761	9,458	3,566	4,510	4,135	N/A	N/A	N/A	N/A	N/A
Unreserved	105,043	97,352	85,124	87,651	104,575	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	1,109	862	774	950	949
Assigned	N/A	N/A	N/A	N/A	N/A	14,109	16,255	18,459	25,887	26,123
Unassigned	N/A	N/A	N/A	N/A	N/A	119,035	113,046	127,859	156,659	150,091
Total general fund	<u>111,804</u>	<u>106,810</u>	<u>88,690</u>	<u>92,161</u>	<u>108,710</u>	<u>134,253</u>	<u>130,163</u>	<u>147,092</u>	<u>183,496</u>	<u>177,163</u>
All Other Governmental Funds										
Reserved	83,065	108,338	106,399	134,194	174,820	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	50,020	48,916	56,008	56,385	57,694	N/A	N/A	N/A	N/A	N/A
Capital projects funds	104,209	46,054	77,469	168,328	28,447	N/A	N/A	N/A	N/A	N/A
Permanent funds	443	660	844	819	764	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	1,040	1,040	1,040	1,052	1,070
Restricted	N/A	N/A	N/A	N/A	N/A	175,522	174,773	160,483	162,000	175,977
Committed	N/A	N/A	N/A	N/A	N/A	18,139	19,716	22,921	27,486	40,196
Assigned	N/A	N/A	N/A	N/A	N/A	76,956	82,511	80,219	64,142	75,821
Unassigned	N/A	N/A	N/A	N/A	N/A	(36,582)	(38,012)	(47,512)	(70,581)	(51,622)
Total all other governmental funds	<u>237,737</u>	<u>203,968</u>	<u>240,720</u>	<u>359,726</u>	<u>261,725</u>	<u>235,075</u>	<u>240,028</u>	<u>217,151</u>	<u>184,099</u>	<u>241,442</u>

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

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

**City of Austin, Texas**  
**Table 5**

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Property taxes	234,555	251,470	277,886	308,292	340,804	355,262	381,611	419,965	446,876	474,704
Sales taxes	139,289	153,098	154,445	139,795	144,710	151,125	164,193	176,198	189,464	204,029
Franchise fees and other taxes	79,755	87,180	93,236	85,183	88,321	94,920	98,903	114,039	128,032	141,368
Fine, forfeitures, and penalties	23,697	20,959	24,574	25,380	24,571	24,077	20,251	21,128	22,520	22,884
Licenses, permits, and inspections	22,131	25,635	24,268	20,531	15,716	18,653	22,664	28,669	33,719	39,805
Charges for services/goods	88,789	87,936	96,076	84,905	64,594	55,170	56,397	63,568	72,924	86,576
Intergovernmental	94,955	73,886	91,765	62,802	86,557	78,250	76,233	76,085	79,407	62,622
Property owners' participation and contributions	9,486	2,639	7,065	12,161	6,937	6,624	6,624	10,167	12,718	12,763
Interest and other	34,386	55,522	31,830	31,187	35,563	19,270	15,932	24,345	21,393	21,517
<b>Total revenues</b>	<b>727,043</b>	<b>758,325</b>	<b>801,145</b>	<b>770,236</b>	<b>807,773</b>	<b>803,351</b>	<b>842,808</b>	<b>934,164</b>	<b>1,007,053</b>	<b>1,066,268</b>
<b>Expenditures</b>										
General government	50,825	59,043	67,597	53,000	66,287	69,024	74,846	84,504	91,668	102,222
Public safety	359,613	383,685	399,060	409,579	421,958	449,355	483,458	497,371	528,670	565,070
Transportation, planning, and sustainability	4,839	5,559	9,370	7,675	10,634	9,983	7,556	16,007	14,053	7,032
Public health	93,725	90,719	91,863	70,762	53,229	55,508	65,861	69,418	74,310	80,630
Public recreation and culture	54,865	62,578	72,760	74,477	74,089	86,595	80,818	92,282	99,780	110,745
Urban growth management	76,565	77,928	101,492	106,149	100,218	75,865	80,021	97,840	106,715	116,912
Debt service:										
Principal	57,651	59,929	61,800	69,809	70,424	78,568	71,906	69,625	69,768	71,532
Interest	39,023	39,156	40,954	42,170	44,590	44,892	46,188	48,199	49,367	55,794
Fees and commissions	10	10	--	8	17	13	16	17	6	9
Capital outlay	87,931	94,228	119,290	96,342	166,491	160,682	178,380	214,294	257,420	186,870
<b>Total expenditures</b>	<b>825,047</b>	<b>872,835</b>	<b>964,186</b>	<b>929,971</b>	<b>1,007,937</b>	<b>1,030,485</b>	<b>1,089,050</b>	<b>1,189,557</b>	<b>1,291,757</b>	<b>1,296,816</b>
Excess (deficiency) of revenues over expenditures	(98,004)	(114,510)	(163,041)	(159,735)	(200,164)	(227,134)	(246,242)	(255,393)	(284,704)	(230,548)
<b>Other financing sources (uses)</b>										
Issuance of tax supported debt	67,735	--	104,060	191,310	15,000	118,778	145,175	131,499	154,444	159,939
Issuance of refunding bonds	--	--	156,038	--	--	79,342	58,347	--	107,923	--
Bond premiums	11	--	15,090	1,897	--	14,929	8,207	8,452	16,212	20,093
Payment to escrow agent	--	--	(171,128)	--	--	(94,271)	(66,554)	--	(113,836)	--
Transfers in	142,064	171,995	173,627	175,250	197,669	179,476	178,768	209,161	221,868	239,666
Transfers out	(71,823)	(96,248)	(96,014)	(86,245)	(93,957)	(70,146)	(76,838)	(99,667)	(114,385)	(150,123)
<b>Total other financing sources (uses)</b>	<b>137,987</b>	<b>75,747</b>	<b>181,673</b>	<b>282,212</b>	<b>118,712</b>	<b>228,108</b>	<b>247,105</b>	<b>249,445</b>	<b>272,226</b>	<b>269,575</b>
<b>Special item</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>15,830</b>	<b>11,983</b>
<b>Net change in fund balances</b>	<b>39,983</b>	<b>(38,763)</b>	<b>18,632</b>	<b>122,477</b>	<b>(81,452)</b>	<b>974</b>	<b>863</b>	<b>(5,948)</b>	<b>3,352</b>	<b>51,010</b>
Debt service as a percentage of noncapital expenditures	13.2%	12.7%	12.3%	13.6%	13.8%	13.6%	12.9%	11.5%	11.2%	11.3%

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

City of Austin, Texas  
**Table 6**

<b>Fiscal Year Ended Sept. 30</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Mixed Drink Tax</b>	<b>Franchise Fees and Gross Receipts Tax</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
2006	234,555	139,289	4,605	75,150	453,599
2007	251,470	153,098	5,186	81,994	491,748
2008	277,886	154,445	5,541	87,695	525,567
2009	308,292	139,795	5,651	79,532	533,270
2010	340,804	144,710	6,049	82,272	573,835
2011	355,262	151,125	6,367	88,553	601,307
2012	381,611	164,193	5,964	92,939	644,707
2013	419,965	176,198	6,941	107,098	710,202
2014	446,876	189,464	9,355	118,677	764,372
2015	474,704	204,029	10,352	131,016	820,101
Change 2006-2015	102.38%	46.48%	124.80%	74.34%	

**Property Appraised Value, Taxable Value, Tax Rates,  
Tax Levies, and Tax Collections  
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Taxable Value to Appraised Value %	Total Appraised Value at January 1 \$	Less Exemptions (October 1) \$	Total Taxable Value (October 1) \$	Percent of Growth In Taxable Value %	Tax Rate (per \$100 Valuation)			
							General Fund \$	Debt Service Fund \$	Total \$	Percentage Change in Tax Rate %
2006	2005	85.47	61,246,465,280	8,896,822,983	52,349,642,297	5.33	0.2841	0.1589	0.4430	0.00
2007	2006	84.61	71,515,572,939	11,003,244,050	60,512,328,889	15.59	0.2760	0.1366	0.4126	(6.86)
2008	2007	85.81	80,103,507,188	11,366,716,262	68,736,790,926	13.59	0.2730	0.1304	0.4034	(2.23)
2009	2008	86.54	88,688,319,460	11,936,311,723	76,752,007,737	11.66	0.2749	0.1263	0.4012	(0.55)
2010	2009	87.63	92,388,003,449	11,427,462,473	80,960,540,976	5.48	0.2950	0.1259	0.4209	4.91
2011	2010	88.15	88,051,834,377	10,432,484,993	77,619,349,384	(4.13)	0.3262	0.1309	0.4571	8.60
2012	2011	87.04	91,015,898,946	11,796,118,067	79,219,780,879	2.06	0.3551	0.1260	0.4811	5.25
2013	2012	87.30	95,412,581,152	12,118,044,659	83,294,536,493	5.14	0.3821	0.1208	0.5029	4.53
2014	2013	86.94	102,102,789,438	13,336,691,278	88,766,098,160	6.57	0.3856	0.1171	0.5027	(0.04)
2015	2014	84.70	116,469,347,283	17,817,167,853	98,652,179,430	11.14	0.3691	0.1118	0.4809	(4.34)
2016 (1)	2015	81.06	136,944,454,674	25,935,592,169	111,008,862,505	12.53	0.3527	0.1062	0.4589	(4.57)

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Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1) \$	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years \$	Total Collections to Date		Total Outstanding Delinquencies (2)	
			Amount \$	Percentage of Levy %		Amount \$	Percentage of Levy %	Amount \$	Percentage of Levy %
2006	2005	231,908,915	230,867,812	99.55	731,813	231,599,625	99.87	9,867,232	4.25
2007	2006	249,673,869	248,705,821	99.61	601,113	249,306,934	99.85	8,717,040	3.49
2008	2007	277,284,215	274,903,217	99.14	1,619,401	276,522,618	99.73	9,338,671	3.37
2009	2008	307,929,055	304,956,471	99.03	1,770,092	306,726,563	99.61	9,626,876	3.13
2010	2009	340,762,916	337,268,213	98.97	1,078,283	338,346,496	99.29	10,591,712	3.11
2011	2010	354,798,046	351,707,776	99.13	1,383,688	353,091,464	99.52	11,589,297	3.27
2012	2011	381,126,366	378,351,758	99.27	862,835	379,214,593	99.50	12,177,159	3.20
2013	2012	418,888,224	416,202,468	99.36	663,858	416,866,326	99.52	12,662,032	3.02
2014	2013	446,227,175	442,872,352	99.25	--	442,872,352	99.25	13,037,334	2.92
2015	2014	474,418,331	470,959,014	99.27	--	470,959,014	99.27	14,469,523	3.05
2016 (1)	2015	509,419,670	**	**	**	**	**	**	**

\*\* Information not yet available for fiscal year 2016.

Note: Appraisal district appraises property at market value.

- (1) Appraised value at January 1, 2016, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.
- (2) The total amount of outstanding delinquencies for all prior years as of fiscal year end.

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

**City of Austin, Texas  
Table 8**

<b>Fiscal Year Sept. 30</b>	<b>Single Family Property</b>	<b>Multi- Family Property</b>	<b>Land</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Total Assessed Taxable Value</b>	<b>Tax Rates (per \$100 Assessed Value)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
2006	25,951,700	6,635,199	1,352,469	12,585,937	5,880,307	52,405,612	0.4430
2007	28,790,589	7,888,961	1,532,388	15,684,225	6,333,882	60,230,045	0.4126
2008	33,316,002	8,839,048	1,524,308	17,725,306	6,779,068	68,183,732	0.4034
2009	37,453,292	9,896,356	1,389,608	19,800,799	7,915,406	76,455,461	0.4012
2010	40,713,121	10,145,319	1,419,091	19,957,214	7,942,287	80,177,032	0.4209
2011	40,652,702	9,611,968	1,367,974	18,531,700	6,932,805	77,097,149	0.4571
2012	40,599,766	9,910,886	1,646,815	18,880,729	9,051,096	80,089,292	0.4811
2013	41,050,945	11,115,108	1,599,889	20,237,454	9,575,131	83,578,527	0.5029
2014	43,262,362	12,628,999	1,543,314	21,774,725	9,280,001	88,489,401	0.5027
2015	47,675,285	15,190,842	1,600,848	24,521,122	9,744,775	98,732,872	0.4809

Source: July certified tax rolls received from Travis, Williamson, and Hays Central Appraisal Districts. Excludes exemptions and appeal adjustments made between January 1 appraisal date and July certified roll date.

Note: Does not reflect appeal adjustments between July and October 1 assessment date. See Table 7 for additional property tax information.

**Property Taxes and Tax Levies for Direct and Overlapping Governments with Applicable Percentages Over 10% Last Ten Fiscal Years**

**City of Austin, Texas  
Table 9**

Government	Tax Rates (per 000's Assessed Value) for Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4430	0.4126	0.4034	0.4012	0.4209	0.4571	0.4811	0.5029	0.5027	0.4809
Austin Community College	0.0991	0.0965	0.0958	0.0954	0.0946	0.0951	0.0948	0.0951	0.0949	0.0942
Austin Independent School District	1.6230	1.4930	1.1630	1.2020	1.2020	1.2270	1.2420	1.2420	1.2420	1.2220
Del Valle Independent School District	1.8700	1.7277	1.4800	1.4800	1.4800	1.5300	1.5300	1.5300	1.4700	1.4700
Eanes Independent School District	1.6610	1.5625	1.2025	1.2025	1.2025	1.2025	1.2125	1.2125	1.2125	1.2125
Leander Independent School District	1.7500	1.6438	1.3334	1.3792	1.4223	1.4548	1.4998	1.5119	1.5119	1.5119
Manor Independent School District	1.8000	1.7680	1.5150	1.5350	1.5150	1.5150	1.5150	1.5150	1.5150	1.5150
North Austin MUD #1	0.4500	0.4500	0.4180	0.4050	0.3801	0.3819	0.3719	0.3450	0.3450	0.3399
Northwest Austin MUD #1 (1)	0.3000	0.2900	0.2750	0.2525	0.2427	--	--	--	--	--
Northwest Travis County RD #3 (2)	0.1650	0.1300	0.1100	0.1100	0.1250	0.1450	0.1550	0.1300	0.1223	--
Pflugerville Independent School District	1.8500	1.6800	1.4700	1.4600	1.4600	1.4600	1.4800	1.5400	1.5400	1.5400
Round Rock Independent School District	1.8335	1.6406	1.3238	1.3324	1.3800	1.3800	1.3350	1.3800	1.3674	1.3375
Travis County (3)	0.4993	0.4499	0.4216	0.4122	0.4215	0.4658	0.4855	0.5001	0.4946	0.4563
Travis County Healthcare District	0.0779	0.0734	0.0693	0.0679	0.0674	0.0719	0.0789	0.0789	0.1290	0.1264

Government	Tax Levies (in 000's) for Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	231,909	249,674	277,284	307,929	340,763	354,798	381,126	418,888	446,227	474,418
Austin Community College	49,521	70,836	72,389	79,189	82,756	79,524	80,596	84,766	90,079	99,308
Austin Independent School District	636,792	702,291	732,434	704,839	735,582	730,909	746,896	775,231	834,029	918,306
Del Valle Independent School District	38,980	43,792	43,898	47,600	46,563	43,736	44,867	46,004	51,559	53,414
Eanes Independent School District	106,455	116,394	100,971	111,930	115,036	110,042	111,792	116,443	123,749	135,138
Leander Independent School District	129,115	140,287	142,085	173,078	185,502	185,883	195,248	204,896	219,988	248,089
Manor Independent School District	28,499	33,568	35,816	37,916	43,116	38,829	40,609	48,860	47,605	63,098
North Austin MUD #1	1,196	2,765	2,873	2,859	2,859	2,750	2,713	2,660	2,661	2,968
Northwest Austin MUD #1 (1)	1,105	1,226	1,230	1,216	1,173	--	--	--	--	--
Northwest Travis County RD #3 (2)	627	601	524	546	582	576	607	565	568	--
Pflugerville Independent School District	96,641	97,889	95,934	104,552	108,097	104,112	105,197	111,719	118,412	133,432
Round Rock Independent School District	268,176	268,063	247,325	272,758	284,082	273,120	268,675	287,687	288,217	332,436
Travis County (3)	320,020	339,590	361,662	391,696	417,426	441,859	466,691	503,068	529,149	543,863
Travis County Healthcare District	60,798	55,520	59,543	64,629	66,842	68,303	75,928	79,480	138,132	150,765

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

Note:

- (1) Northwest Austin MUD #1 discontinued in 2010.
- (2) Northwest Travis County RD #3 was dissolved in 2014.
- (3) Includes taxes and levies for Travis County and Farm to Market Roads.

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

		Fiscal Year Ended September 30					
		2015			2006		
Taxpayer	Type of Property	January 1, 2014 Assessed	Rank	Percent of Total Assessed Valuation of 98,652,179,430	January 1, 2005 Assessed	Rank	Percent of Total Assessed Valuation of 52,349,642,297
		Valuation		%	Valuation		%
Samsung Austin Semiconductor LLC	Manufacturing	2,479,597,057	1	2.51	458,880,201	4	0.88
Parkway San Jacinto Center LLC	Commercial	747,257,757	2	0.76	138,375,186	9	0.26
Columbia/St. Davids Health Care	Hospital/Medical	475,554,898	3	0.48			
Circuit of the Americas, LLC	Commercial	289,137,087	4	0.29			
IBM Corporation	Manufacturing	240,508,129	5	0.24	262,831,799	7	0.50
IMT Capital II Riata LP	Commercial	236,598,167	6	0.24			
Freescale Semiconductor, Inc.	Manufacturing	230,339,094	7	0.23	566,525,585	2	1.08
HEB Grocery Company LP	Retail	222,663,057	8	0.23			
Shopping Center at Gateway LP	Commercial	219,840,252	9	0.22			
Riata Holdings LP	Commercial	203,117,049	10	0.21			
Dell Computer Corp	Manufacturing				620,369,997	1	1.19
Applied Materials Inc.	Manufacturing				542,313,633	3	1.04
Southwestern Bell	Telephone Utility				314,705,200	5	0.60
Spansion LLC	Manufacturing				272,427,532	6	0.52
Crescent Real Estate	Commercial				154,968,057	8	0.30
National Instruments	Manufacturing				134,124,040	10	0.26
<b>Total Assessed Valuation</b>		<b>5,344,612,547</b>		<b>5.42</b>	<b>3,465,521,230</b>		<b>6.62</b>

Source: Travis, Williamson and Hays Central Appraisal Districts

**Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years**

<b>Fiscal Year Ended Sept. 30</b>	<b>City Direct Rate (1)</b>	<b>Capital Metro Rate (2)</b>	<b>State of Texas Rate (3)</b>
	<b>%</b>	<b>%</b>	<b>%</b>
2006	1.00	1.00	6.25
2007	1.00	1.00	6.25
2008	1.00	1.00	6.25
2009	1.00	1.00	6.25
2010	1.00	1.00	6.25
2011	1.00	1.00	6.25
2012	1.00	1.00	6.25
2013	1.00	1.00	6.25
2014	1.00	1.00	6.25
2015	1.00	1.00	6.25

Sources: Capital Metro, Comptroller of Public Accounts, and City of Austin

(1) City of Austin 1% sales tax levy effective January 1, 1968

(2) Capital Metro 1% sales tax levy effective October 1, 1995

(3) State of Texas 6.25% sales tax levy effective July 1, 1990



**Taxable Sales by Category  
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas  
Table 12**

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	4,822	6,850	7,609	6,929	5,914	4,680	4,212	4,804	5,510	6,605
Mining	10,401	8,709	6,537	4,034	2,854	2,264	6,549	15,455	19,131	3,200
Construction	358,782	436,157	452,770	352,053	368,296	389,154	471,658	551,118	632,494	670,842
Manufacturing	821,000	922,956	1,037,155	936,799	1,041,686	1,433,983	1,644,016	1,767,495	1,803,407	2,041,629
Transportation, communications, utilities	386,265	447,312	550,890	447,710	345,173	328,250	512,542	566,750	442,173	425,014
Wholesale trade	874,189	913,648	938,536	787,300	827,894	845,952	804,224	854,158	976,832	997,795
Retail trade	5,786,205	6,103,478	6,210,206	5,592,033	5,557,165	5,804,678	6,225,353	6,413,726	6,660,202	7,001,719
Finance, insurance, real estate	221,387	232,656	239,747	223,759	204,472	190,633	237,753	260,978	276,035	300,783
Services	1,144,477	1,251,260	1,355,771	1,233,310	1,189,812	1,257,576	1,395,058	1,509,783	1,589,769	1,682,669
Public administration	388,647	402,782	433,151	442,422	443,604	446,197	472,311	504,887	519,273	510,927
Other	2,287,822	2,074,431	2,170,937	2,128,184	2,150,840	2,361,381	2,659,739	2,987,366	3,334,174	3,623,671
<b>Total taxable sales by category</b>	<b>12,283,997</b>	<b>12,800,239</b>	<b>13,403,309</b>	<b>12,154,533</b>	<b>12,137,710</b>	<b>13,064,748</b>	<b>14,433,415</b>	<b>15,436,520</b>	<b>16,259,000</b>	<b>17,264,854</b>

Source: State of Texas Comptroller of Public Accounts

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

(1) For all categories other than Mining, data not available for fourth quarter FY2015. For Mining, data not available for FY2015. Figures are estimates.

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

Governmental Activities					
Fiscal Year Ended Sept. 30	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Capital Lease Obligations	Total Governmental Activities
	\$	\$	\$	\$	\$
2006	709,172	101,334	37,229	514	848,249
2007	659,761	94,919	32,227	475	787,382
2008	726,678	71,925	31,413	482	830,498
2009	845,741	78,525	28,456	468	953,190
2010	789,619	71,586	38,295	716	900,216
2011	842,708	62,426	32,994	433	938,561
2012	877,811	95,426	44,570	159	1,017,966
2013	902,750	114,798	67,788	--	1,085,336
2014	974,855	135,829	85,036	--	1,195,720
2015	1,030,680	165,350	102,396	--	1,298,426

Business-type Activities										
Fiscal Year Ended Sept. 30	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Other Tax Supported Debt	Commercial Paper Notes	Revenue Notes	Revenue Bonds	Contract Revenue Bonds	Capital Lease Obligations	Total Business-type Activities
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2006	18,796	49,760	33,514	8,405	239,958	28,000	3,197,996	3,134	5,984	3,585,547
2007	16,593	47,413	29,154	7,768	309,003	28,000	3,191,180	2,423	4,572	3,636,106
2008	24,370	34,971	29,211	7,178	213,200	28,000	3,406,897	1,683	2,782	3,748,292
2009	21,510	42,877	60,195	6,650	339,999	28,000	3,442,342	914	1,981	3,944,468
2010	16,233	40,169	50,064	18,178	299,797	28,000	3,643,111	--	1,628	4,097,180
2011	25,398	40,903	54,854	11,274	359,792	28,000	3,694,277	--	1,258	4,215,756
2012	34,661	34,456	52,298	10,605	305,026	--	3,944,795	--	1,218	4,383,059
2013	31,381	33,658	55,508	9,915	193,991	--	4,204,201	--	1,176	4,529,830
2014	33,701	27,232	65,854	9,195	241,456	--	4,298,643	--	1,135	4,677,216
2015	28,852	40,695	54,686	8,450	200,581	--	4,600,817	--	1,089	4,935,170

Fiscal Year Ended Sept. 30	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	\$	%	\$
2006	4,433,796	0.12	6,208
2007	4,423,488	0.12	6,040
2008	4,578,790	0.12	6,137
2009	4,897,658	0.13	6,358
2010	4,997,396	0.14	6,419
2011	5,154,317	0.13	6,398
2012	5,401,025	0.14	6,578
2013	5,615,166	0.12	6,672
2014	5,872,936	0.12	6,689
2015	6,233,596	0.13	6,933

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Population and personal income statistics can be found in Table 18.

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

**City of Austin, Texas  
Table 14**

Fiscal Year Ended Sept. 30	General Bonded Debt Outstanding			Resources	Net General Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Net General Bonded Debt Per Capita (2)
	General Obligation Bonds	Other Tax Supported Debt	Total	Restricted for Repayment of Outstanding Debt Principal			
	\$	\$	\$	\$	\$	%	\$
2006	727,968	230,242	958,210	14,898	943,312	1.80	1,320.73
2007	676,354	211,481	887,835	17,861	869,974	1.44	1,187.87
2008	751,048	174,698	925,746	18,079	907,667	1.32	1,216.54
2009	867,251	216,703	1,083,954	18,389	1,065,565	1.39	1,383.32
2010	805,852	218,292	1,024,144	21,958	1,002,186	1.24	1,287.23
2011	868,106	202,451	1,070,557	20,806	1,049,751	1.35	1,302.97
2012	912,472	237,356	1,149,828	17,627	1,132,201	1.43	1,379.03
2013	934,131	281,667	1,215,798	17,068	1,198,730	1.44	1,424.26
2014	1,008,556	323,146	1,331,702	18,368	1,313,334	1.48	1,495.82
2015	1,059,532	371,577	1,431,109	21,725	1,409,384	1.43	1,567.52

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 7 for property value data.

(2) Population data can be found in Table 18.

**Direct and Overlapping Governmental Activities Debt  
As of September 30, 2015**

**City of Austin, Texas  
Table 15**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2015 (in 000's) \$	Percent Applicable to City of Austin %	Amount Applicable to City of Austin (in 000's) \$
<b>Direct debt: Governmental activities debt</b>			
General obligation bonds	1,030,680		
Certificates of obligation	165,350		
Contractual obligations	102,396		
Total direct debt	<u>1,298,426</u> (1)	100.00	<u>1,298,426</u>
<b>Overlapping debt</b>			
Greater than 10%			
Austin Community College	245,489	69.75	171,229
Austin Independent School District	795,302	94.96	755,219
Avery Ranch Road District #1	9,610	99.39	9,551
Del Valle Independent School District	198,345	72.16	143,126
Leander Independent School District	1,072,980	11.94	128,114
Manor Independent School District	278,285	73.59	204,790
Pflugerville Independent School District	517,120	35.25	182,285
Round Rock Independent School District	716,040	34.55	247,392
Travis County	695,035	72.08	500,981
Williamson County	966,600	11.21	108,356
Eanes Independent School District	157,495	32.44	51,091
Northtown MUD	23,345	30.19	7,048
Travis County Healthcare	12,305	72.08	8,869
Subtotal greater than 10%	<u>5,687,951</u>		<u>2,518,051</u>
Less than 10%			
Travis County Mud #8	5,709	3.71	212
Subtotal less than 10%	<u>5,709</u>		<u>212</u>
Total overlapping debt	<u>5,693,660</u>		<u>2,518,263</u>
<b>Total direct and overlapping debt</b>	<b><u>6,992,086</u></b>		<b><u>3,816,689</u></b>

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

3.87 %

Per capita overlapping debt (3)

\$ 4,244.92

Source: Taxing jurisdictions, Travis, Williamson, and Hays Central Appraisal Districts and Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the City residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) Excludes general obligation debt reported in proprietary funds. See Footnote 6.

(2) Based on assessed valuation of \$98,652,179,430 provided by the Travis, Williamson, and Hays Central Appraisal Districts.

(3) Based on 2015 estimated population of 899,119.

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

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed taxable value (1)	\$ 97,665,658
Debt limit	14,383,428 (2)
Debt applicable to limit:	
General obligation debt	1,354,085
Less: Amount set aside for repayment of general obligation debt	<u>(21,725)</u>
Total net debt applicable to limit	<u>1,332,360</u>
Legal debt margin	<u><u>\$ 13,051,068</u></u>

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	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	7,632,549	10,330,201	10,021,785	11,190,400	11,804,005	11,316,858	11,550,204	12,144,302	12,942,046	14,383,428
Total net debt applicable to limit	936,104	846,455	878,798	1,043,671	971,250	1,020,759	1,102,536	1,163,822	1,253,012	1,332,360
Legal debt margin	6,696,445	9,483,746	9,142,987	10,146,729	10,832,755	10,296,099	10,447,668	10,980,480	11,689,034	13,051,068
Total net debt applicable to the limit as a percentage of debt limit	12.26%	8.19%	8.77%	9.33%	8.23%	9.02%	9.55%	9.58%	9.68%	9.26%

Note: Ad valorem tax limitations: The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 per assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of addressed valuation is established by referring to the State Statute and City Charter limitations

(1) Assessed value 100% of estimated market value as of January 1, 2014, of \$98,652,179,430 at a 99% collection rate.

(2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2014, for collections of \$97,665,658 results in tax revenues of \$1,464,985. This revenue could service the debt on \$14,383,428 issued as 8% - 20-year serial bonds with level debt service payments.

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

**City of Austin, Texas  
Table 17**

Fiscal Year Ended Sept. 30	Electric Revenue Bonds						Water and Wastewater Revenue Bonds					
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
				Principal	Interest					Principal	Interest	
				\$	\$					\$	\$	
2006	1,103,665	692,584	411,081	75,906	63,057	2.96	309,188	128,253	180,935	42,585	63,258	1.71
2007	1,096,869	708,007	388,862	101,312	66,674	2.31	296,475	135,979	160,496	45,208	66,252	1.44
2008	1,260,817	840,898	419,919	81,366	61,834	2.93	367,444	145,101	222,343	56,091	87,544	1.55
2009	1,179,688	851,756	327,932	78,773	93,170	1.91	393,771	181,440	212,331	59,018	88,089	1.45
2010	1,159,295	866,914	292,381	65,823	99,786	1.77	361,342	166,907	194,435	54,413	101,265	1.25
2011	1,258,871	912,651	346,220	75,084	97,547	2.01	448,467	171,833	276,634	50,660	105,221	1.77
2012	1,190,798	875,675	315,123	75,772	92,959	1.87	443,028	178,891	264,137	67,295	110,872	1.48
2013	1,295,116	927,294	367,822	105,091	71,052	2.09	477,013	209,890	267,123	75,186	113,826	1.41
2014	1,375,294	1,028,794	346,500	83,151	60,101	2.42	472,717	218,071	254,646	98,245	105,901	1.25
2015	1,359,097	978,283	380,814	47,904	59,017	3.56	517,253	208,307	308,946	97,176	124,134	1.40

Fiscal Year Ended Sept. 30	Airport Revenue Bonds						Convention Center Revenue Bonds						
	Service Charges (1)	Other Available Funds (5)(6)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	User Fees and Revenue Transfers (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
					Principal	Interest					Principal	Interest	
					\$	\$					\$	\$	
2006	77,268	4,831	45,427	36,672	8,848	10,476	1.90	49,711	22,917	26,794	2,330	9,899	2.19
2007	87,419	3,805	46,683	44,541	5,386	9,834	2.93	55,932	23,787	32,145	1,260	9,829	2.90
2008	91,271	4,550	49,965	45,856	6,545	11,654	2.52	59,951	29,791	30,160	3,440	12,047	1.95
2009	85,070	4,924	54,453	35,541	6,843	12,851	1.80	54,491	30,058	24,433	4,720	11,330	1.52
2010	85,156	3,673	57,773	31,056	7,168	7,522	2.11	51,226	30,520	20,706	8,215	9,238	1.19
2011	90,259	3,739	64,371	29,627	7,544	7,410	1.98	59,351	32,464	26,887	8,545	9,356	1.50
2012	96,344	3,594	65,689	34,249	7,473	6,902	2.38	63,345	35,640	27,705	9,450	8,423	1.55
2013	103,705	3,805	69,338	38,172	8,438	6,783	2.51	73,977	44,684	29,293	10,205	7,991	1.61
2014	109,263	3,620	73,822	39,061	8,520	5,960	2.70	82,971	41,142	41,829	10,750	7,278	2.32
2015	120,780	3,551	76,995	47,336	9,264	4,941	3.33	94,847	47,746	47,101	10,930	6,691	2.67

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Operating revenue, rental tax revenue, hotel tax revenue, and interest income.
- (2) Operating expenses other than interest on debt, depreciation, amortization, and year-end unfunded other postemployment benefit and pension expenses.
- (3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements. Airport excludes debt service amounts paid with passenger facility charge revenue and restricted bond proceeds applied to current interest payments.
- (4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior, subordinate, and separate lien bonds only. For Austin Water Utility, this methodology does not follow exactly the coverage calculation required by the master ordinance.
- (5) Pursuant to bond ordinance, Airport is authorized to use "other available funds" in the calculation of revenue bond coverage to not exceed 25% of the debt service requirements.
- (6) Includes transfer from capital fund to debt service fund to pay off variable rate note.

**Demographic and Economic Statistics  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 18**

<b>Fiscal Year Ended Sept. 30</b>	<b>City of Austin Population (1)</b>	<b>Area of Incorporation (Sq. Miles) (1)</b>	<b>Population MSA (2)</b>	<b>Income (MSA) (thousands of dollars) (2)</b>	<b>Median Household Income MSA (3)</b>	<b>Per Capita Personal Income MSA (2)</b>	<b>Unemployment Rate (MSA) (4)</b>
				\$	\$	\$	%
2006	714,237	296	1,528,958	56,105,872	40,888	36,695	4.1
2007	732,381	297	1,577,856	59,924,200	42,263	37,978	3.6
2008	746,105	298	1,633,870	65,153,669	46,340	39,877	4.3
2009	770,296	302	1,682,338	64,290,898	47,520	38,215	6.9
2010	778,560	306	1,727,743	69,124,528	48,460	40,009	7.0
2011	805,662	308	1,782,089	75,581,541	46,689	42,412	6.6
2012	821,012	319	1,836,149	83,215,532	46,818	45,321	5.7
2013	841,649	321	1,885,803	85,628,710	46,436	45,407	5.1
2014	878,002	321	1,912,746	91,385,667	49,227	47,026	4.2
2015	899,119	323	1,927,989 (6)	95,782,723 (5)	52,519 (6)	49,680	(5) 3.3
2006-2015 Change	25.89%	9.19%	26.10%	70.72%	28.45%	35.39%	

Note: Prior year statistics are subject to change as more precise numbers become available.

(1) Source : City Demographer, City of Austin, Planning and Zoning Department based on full purpose area as of September 30.

(2) Source: Bureau of Economic Analysis for all years except 2015 which will not be available until first quarter 2016.

(3) Source: Claritas, a Nielsen company.

(4) Source: Bureau of Labor Statistics, United States Dept. of Labor as of September 30.

(5) Data not available for 2015. Figures are estimated.

(6) Source: Nielsen SiteReports

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

**City of Austin, Texas  
Table 19**

		Fiscal Year Ended September 30						
		2015			2006			
10 Largest Employers	Industry	Rank	Employees	Percent	Rank	Employees	Percent	
				of MSA			of MSA	
				Total (1)			Total (1)	
				%			%	
State Government	Government	1	38,499 (2)	4.06	1	36,216	4.87	
The University of Texas at Austin	Education	2	23,131 (3)	2.44	2	22,450	3.02	
Dell Computer Corporation	Computers	3	13,000 (4)	1.37	3	17,000	2.29	
City of Austin	Government	4	12,977 (5)	1.37	4	11,425	1.54	
Federal Government	Government	5	11,800 (6)	1.24	5	10,624	1.43	
Austin Independent School District	Education	6	11,478 (7)	1.21	6	10,617	1.43	
HEB	Retail	7	11,277 (4)	1.19				
Seton Healthcare Network	Healthcare	8	10,945 (4)	1.15	7	7,538	1.01	
St. David's Healthcare Partnership	Healthcare	9	8,369 (4)	0.88	9	5,712	0.77	
IBM Corporation	Computers	10	6,000 (4)	0.63	8	6,200	0.83	
Walmart	Retail				10	5,648	0.76	
			<u>147,476</u>	<u>15.55</u>		<u>133,430</u>	<u>17.95</u>	

Notes:

- (1) Texas Workforce Commission - Total refers to a Metropolitan Statistical Area (MSA) employed work force of 948,200 for 2015 and 743,100 for 2006.
- (2) Texas State Auditor's Office: Regular and Part Time State Employees for 2015 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.
- (3) University of Texas Office of Institutional Reporting - Number of Faculty and Staff as of 01/25/2016.
- (4) Austin Chamber of Commerce - Top Employers for Austin MSA - Fall 2015.
- (5) FY2015-2016 Personnel Summary (FTE's) City of Austin Budget Volume I Page 660 Approved Budget. (2014-15 Amended Budget Column)
- (6) Bureau of Labor Statistics Federal Government employees in Austin MSA in September 2015.
- (7) Texas Education Agency 2014-2015 Texas Academic Performance Report for AISD Page 16.



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

**City of Austin, Texas  
Table 20**

Function/Program	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
General government	147	157	171	169	169	169	173	177	232	235
Public safety	3,790	3,844	3,959	3,938	3,938	4,046	4,117	4,219	4,281	4,401
Transportation, planning, and sustainability	5	5	5	5	4	4	4	7	9	14
Public health	893	913	953	484	517	517	520	513	513	532
Public recreation	703	796	838	865	846	890	887	917	985	1,009
Urban growth management	314	335	373	373	378	387	378	386	411	417
<b>Total governmental employees</b>	<b>5,852</b>	<b>6,050</b>	<b>6,299</b>	<b>5,834</b>	<b>5,852</b>	<b>6,013</b>	<b>6,079</b>	<b>6,219</b>	<b>6,431</b>	<b>6,608</b>
<b>Business-type activities</b>										
Electric	1,561	1,605	1,679	1,719	1,738	1,737	1,722	1,719	1,682	1,676
Water	460	461	481	521	530	535	535	553	592	587
Wastewater	573	574	555	536	540	535	534	541	566	560
Airport	328	340	348	352	345	345	347	351	362	379
Convention	203	209	221	241	244	239	239	239	251	250
Environmental and health services	423	431	448	463	461	461	467	499	523	522
Public recreation	71	90	91	88	88	41	33	33	38	41
Urban growth management	631	645	661	659	632	649	681	693	767	775
<b>Total proprietary programs</b>	<b>4,250</b>	<b>4,355</b>	<b>4,484</b>	<b>4,579</b>	<b>4,578</b>	<b>4,542</b>	<b>4,558</b>	<b>4,628</b>	<b>4,781</b>	<b>4,790</b>
Internal Services (1)	1,323	1,390	1,453	1,502	1,450	1,482	1,487	1,524	1,570	1,579
<b>Total full-time equivalent employees</b>	<b>11,425</b>	<b>11,795</b>	<b>12,236</b>	<b>11,915</b>	<b>11,880</b>	<b>12,037</b>	<b>12,124</b>	<b>12,371</b>	<b>12,782</b>	<b>12,977</b>

Source: Budget Office

Notes:

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

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

**City of Austin, Texas  
Table 21**

		<b>Fiscal Year Ended September 30</b>									
		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Governmental activities</b>											
<b>General government</b>											
	Municipal court cases filed	414,018	346,223	425,175	446,777	369,053	341,036	323,513	364,930	369,906	351,757
	Central booking cases magistrated/arraigned	86,067	98,892	92,764	101,649	114,334	106,974	96,898	89,162	88,887	84,868
	Warrants issued	118,949	121,704	139,831	159,038	158,597	140,820	115,939	115,545	116,025	109,628
	Number of warrants prepared	77,687	70,651	109,239	140,668	138,379	134,038	89,969	88,401	88,400	82,311
	Jail cases prepared	106,379	113,811	119,140	125,406	134,018	122,279	103,126	93,949	96,744	92,765
<b>Public safety</b>											
	Number of law offenses	160,316	189,581	173,180	161,167	148,479	146,277	144,949	137,317	119,903	117,606
	Physical arrests	58,759	60,983	59,000	46,762	45,783	42,220	55,542	41,227	36,757	33,210
	Traffic violations	231,169	179,505	239,781	262,700	225,924	165,757	149,257	182,383	154,764	172,309
	Fire emergency responses	68,335	75,748	76,347	74,211	75,676	81,982	84,473	86,641	89,538	89,563
	Fire responses	2,799	2,241	2,767	2,816	2,172	3,208	2,086	2,404	2,129	2,066
	Fire inspections	26,663	25,728	26,834	25,523	25,622	25,368	23,837	29,602	32,619	35,154
	EMS response units dispatched	107,162	116,850	116,897	113,410	115,637	122,701	128,334	133,160	138,881	157,827
	EMS 911 calls received	100,796	101,787	108,478	106,477	110,703	114,625	117,310	127,772	126,638	140,212
	EMS ground patient transports	50,631	56,378	55,738	56,127	61,267	71,577	75,510	75,123	76,791	82,987
<b>Transportation, planning, and sustainability</b>											
	Number of school zone signals that rec'd preventive maintenance (1)	N/A	N/A	N/A	N/A	N/A	N/A	218	723	61	316
	Number of children receiving safety training	45,028	47,019	49,077	44,480	44,582	44,468	46,790	52,862	49,627	50,165
	Injuries to children in school zones	--	1	--	--	--	--	--	--	--	--
<b>Public health</b>											
	Number of permits issued (food, pool and temporary establishments)	N/A	9,805	10,858	10,586	12,464	12,335	14,805	15,936	14,498	14,652
	Number of animals sheltered	24,357	27,163	24,663	22,150	24,026	19,752	19,392	19,760	19,137	18,630
	Birth and death certificates	130,526	134,229	121,787	96,421	84,017	63,979	57,841	61,918	69,678	71,293
	STD patient clinic visits	13,046	12,856	12,696	13,248	13,869	14,187	13,033	12,927	12,956	13,772
	Number of Shots for Tots Clinics vaccine visits (ages 0-18)	N/A	N/A	15,628	12,380	17,084	9,934	7,960	6,994	7,583	7,541
	Women and children service encounters	352,540	363,624	375,008	433,675	458,032	439,316	421,637	406,774	389,071	365,230
	Participants receiving basic needs services	7,587	7,965	8,291	7,592	7,635	9,016	7,531	10,320	11,037	10,536
	Food establishment permits issued	4,634	5,016	5,355	5,783	5,909	9,452	10,137	13,968	12,445	12,779
	HIV clients	3,732	3,950	4,110	4,299	4,413	4,352	4,676	5,084	5,254	5,480
<b>Public recreation and culture</b>											
	Volumes in library collection	1,705,805	1,490,814	1,469,288	1,455,793	1,465,765	1,454,103	1,480,479	1,464,512	1,425,914	1,725,535
	Library volumes borrowed	3,373,408	3,552,013	3,791,515	4,197,963	4,316,785	4,663,483	4,845,067	5,129,759	5,392,446	5,572,268
	Registered library borrowers	456,009	489,649	494,757	561,112	483,099	519,788	494,015	497,527	508,397	542,358
	Meals served to senior citizens	114,770	107,101	119,224	64,821	64,032	63,299	65,965	62,053	63,718	78,183
	Visits to educational and cultural facilities (1)	N/A	N/A	N/A	N/A	N/A	N/A	388,650	302,778	329,734	256,526
	Pool visits (1)	N/A	N/A	N/A	N/A	N/A	N/A	1,098,545	1,312,941	1,202,587	1,253,624

(Continued)

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

**City of Austin, Texas  
Table 21**

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Urban growth management</b>										
One-stop shop customers served development assistance	20,702	23,534	30,447	26,531	26,597	28,983	32,362	31,477	33,116	32,273
Neighborhood plans adopted	9	5	2	2	4	2	2	--	--	3
Zoning applications processed	268	222	232	101	145	137	129	140	149	169
Building inspections performed-development and regulation	207,389	213,799	226,841	177,854	150,228	161,519	186,737	220,881	228,576	240,632
One-stop shop building permits issued	98,827	75,078	111,735	92,396	91,996	96,205	108,494	109,492	101,012	70,432
Households served by community development activities	11,325	11,166	5,574	3,162	8,573	6,621	6,461	6,087	2,901	2,836
Renters assisted through S.M.A.R.T. construction/rehabilitation units	270	294	2,110	1,026	273	609	392	830	1,272	501
Homebuyers assisted through S.M.A.R.T. housing	135	66	109	119	118	338	561	635	477	382
S.M.A.R.T. housing units completed	1,692	1,470	3,473	1,341	673	947	953	1,465	1,749	883
Owner-occupied homes retained through rehabilitation/construction	903	917	833	904	839	818	708	529	692	622
<b>Business-type activities</b>										
<b>Electric</b>										
Electric sales (in millions of KWH)	11,297	11,325	12,184	12,103	11,976	12,779	12,534	12,305	12,572	12,674
Number of metered customers	380,697	388,620	397,100	407,926	413,870	417,865	422,375	430,582	439,403	450,479
<b>Water</b>										
Actual water pumpage (in millions of gallons)	56,603	45,867	53,921	53,331	43,827	54,923	49,192	47,750	43,239	43,481
Average daily consumption (thousands of gallons)	135,537	112,394	145,386	129,600	108,600	135,576	120,438	114,631	118,464	119,084
Average daily consumption per capita	165	151	170	167	135	162	142	136	125	122
Peak daily capacity (thousands of gallons)	260,000	310,000	285,000	286,000	286,000	286,000	285,000	285,000	285,000	285,000
<b>Wastewater</b>										
Average daily sewage treatment (millions of gallons)	77.805	97.598	83.000	82.038	98.854	84.135	104.287	95.379	102.187	105.411
Combined daily capacity (thousands of gallons)	135,000	150,000	150,000	135,000	135,000	135,000	150,000	150,000	150,000	150,000
<b>Airport</b>										
Enplanements	3,981,081	4,473,001	4,671,819	4,150,710	4,257,715	4,524,641	4,662,738	4,928,979	5,275,464	5,792,387
Deplanements	3,984,640	4,259,696	4,463,154	4,111,620	4,240,086	4,510,247	4,654,823	4,928,279	5,244,569	5,769,778
Cargo (in millions of pounds) (2)	230	211	202	156	153	153	156	159	155	158
<b>Convention</b>										
Convention contracts executed	308	263	285	281	251	307	303	306	353	292
Vehicles parked	345,896	335,551	488,916	539,098	429,993	467,908	509,313	548,221	648,970	726,759
<b>Environmental and health services</b>										
Tons of garbage collected	132,458	138,801	143,950	128,519	130,851	126,497	129,653	124,183	127,924	130,784
Tons of recyclables collected	30,058	31,877	34,691	49,811	52,479	52,236	54,009	53,702	55,494	57,324
Tons of brush collected	5,938	6,614	7,380	7,683	7,350	6,853	7,720	7,359	6,692	7,776
Tons of bulk items collected	8,035	7,434	7,792	8,219	7,710	7,503	7,844	8,681	9,274	9,672
Tons of yard trimmings collected	20,697	20,315	24,027	19,497	22,456	24,777	21,712	25,898	27,357	28,680
<b>Public recreation</b>										
Golf rounds played	226,172	194,289	231,231	230,852	200,446	216,789	195,000	201,086	190,244	181,285
Adult sports participants	1,813	2,133	2,379	2,051	2,204	1,890	2,257	1,714	22,350	26,010

(Continued)

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

**City of Austin, Texas  
Table 21**

	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Urban growth management</b>										
Storm Water Discharge permits issued to businesses	1,165	1,144	1,123	1,183	1,087	1,083	1,086	1,068	1,032	1,008
Number of City maintained ponds provided vegetation control	500	515	519	522	533	539	547	592	596	648
Number of City maintained ponds identified for routine inspections	N/A	612	622	786	800	820	826	858	866	873
Acres treated with stormwater improvements (cumulative)	4,868	5,283	5,327	5,947	6,489	6,733	6,737	7,057	7,159	7,179
Litter and debris collection on Lady Bird Lake (in tons)	222	243	209	270	374	230	234	144	121	148
Miles of creek maintained	64	64	64	64	65	87	80	86	82	89
Stormwater sites successfully sampled and analyzed	871	1,503	1,312	903	1,370	731	905	1,041	1,285	1,594
Feet of pipeline cleaned	87,770	75,554	77,283	74,164	51,627	70,235	61,099	72,669	69,380	83,716
Potholes repaired	672	1,073	784	638	1,828	1,632	1,033	1,162	1,744	3,225
Signal studies	270	280	281	281	280	280	286	169	153	162
Traffic sign installations	33,709	30,820	28,002	23,144	31,754	1,812	3,834	4,308	2,037	2,025
Parking tickets	130,267	118,663	126,941	115,837	89,851	103,698	147,419	150,781	205,663	285,637
<b>Internal services activities (3)</b>										
<b>Internal services</b>										
Vehicles sold	224	344	326	306	473	247	340	319	379	491
Rental units	1,580	1,426	1,537	1,436	1,292	1,254	1,506	1,585	1,955	1,942
Payment transactions processed	306,783	259,527	243,338	216,340	218,778	200,605	158,413	170,450	185,463	187,938
Payroll payments	492,843	420,985	434,578	435,034	425,679	444,255	432,216	438,945	453,686	466,928
Units of mail processed	2,003,607	2,003,607	2,251,672	1,939,554	1,849,811	1,838,809	1,840,326	1,891,966	1,965,527	2,027,927
Employees enrolled in medical benefit plans	10,095	7,288	7,730	7,693	10,770	10,916	11,049	11,219	11,551	11,873
Requests for council action processed	2,300	2,344	2,536	2,025	2,024	2,133	2,398	2,464	2,563	2,632
Active construction projects managed in-house	338	319	300	312	366	418	380	387	357	336
Land parcels acquired	148	239	242	218	244	169	104	135	160	264

Source: Various city departments; budget documents and performance reports

N/A: Information not available

(1) Newly implemented performance measure.

(2) Data provided is based on a calendar year versus a fiscal year.

(3) Internal service activities are allocated to other programs and functions on a government-wide basis.

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

**City of Austin, Texas  
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
<b>Public safety</b>										
Police stations	4	4	5	8	5	5	5	5	5	5
Police zones	9	9	9	9	9	9	9	9	9	9
Patrol units	351	352	355	355	359	349	349	345	372	360
Fire stations	43	44	44	44	45	45	45	45	45	45
EMS stations	30	31	33	33	35	35	35	37	37	37
<b>Public health</b>										
Health facilities (sq. ft.)	318,462	331,462	331,462	331,726	400,426	404,059	381,806	383,306	383,306	383,306
Program vehicles	61	61	76	76	76	76	82	83	90	85
<b>Public recreation and culture</b>										
Libraries	22	22	22	22	23	23	23	23	22	22
District parks	11	11	11	13	13	13	14	15	15	15
Metropolitan parks	11	11	11	12	11	12	11	11	11	11
Natural preserves	13	13	13	13	15	15	15	15	15	15
Greenbelts	26	26	26	29	40	40	39	39	40	43
Neighborhood parks	90	90	90	96	96	79	79	82	84	85
Special parks (museums, etc.)	30	27	28	28	39	39	38	40	40	42
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	1
Recreation centers	17	18	18	20	20	20	20	20	22	23
Open fields	90	90	90	89	93	103	105	100	101	101
Senior activity centers	3	3	3	3	3	3	3	3	3	3
Veloway (miles)	3	3	3	3	3	3	3	3	3	3
Hike and bike trails (miles)	117	117	117	117	193	199	199	185	203	208
Tennis courts	102	102	102	114	110	110	115	116	124	124
Swimming pools	47	46	46	50	51	52	52	52	51	51
<b>Business-type activities</b>										
<b>Electric</b>										
Overhead distribution (miles)	5,540	5,527	5,489	5,493	5,475	5,450	5,403	5,361	5,263	5,104
Underground distribution (miles)	5,236	5,429	5,700	5,786	5,844	5,912	5,995	6,068	6,167	6,338
<b>Water</b>										
Treatment plants	3	3	2	2	2	2	2	2	2	3
Water mains (miles)	3,449	3,514	3,594	3,626	3,634	3,657	3,682	3,711	3,713	3,807
Booster pumps	45	44	45	45	46	45	41	41	39	40
Fire hydrants	29,204	30,479	31,348	32,232	32,576	33,533	33,839	34,041	36,217	37,518
<b>Wastewater</b>										
Sanitary sewers (miles)	2,490	2,544	2,607	2,634	2,650	2,650	2,664	2,692	2,692	2,776
Connections	181,330	186,675	191,297	196,842	198,116	199,005	202,444	202,690	204,378	212,760

(Continued)

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

**City of Austin, Texas  
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities, continued</b>										
<b>Airport</b>										
Buildings maintained (sq. ft.)	2,288,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,361,831
Facility (terminal) maintained (sq. ft.)	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000	687,940	687,940	687,940	743,641
Acres I air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
<b>Convention</b>										
Convention facilities (sq. ft.)	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222
<b>Environment and health services</b>										
Refuse collection trucks	93	108	64	62	89	67	69	66	64	66
Recycle collection trucks	30	34	53	31	38	36	36	38	41	43
<b>Public recreation</b>										
Golf courses	6	5	5	5	5	5	5	5	6	6
Athletic fields	176	176	176	185	174	174	176	169	172	172
Softball fields	16	16	16	35	37	32	32	34	35	35
<b>Urban growth management</b>										
Residential ponds	599	612	630	710	803	820	840	860	865	873
Street (miles)	7,037	7,266	7,349	7,626	7,348	7,550	7,435	7,498	7,618	7,582
Bridges	323	337	366	424	427	438	438	438	447	450
Traffic signals	827	836	852	865	902	925	954	975	1,000	1,016
Metered parking spaces	3,859	3,865	3,772	4,017	5,026	5,076	5,508	6,015	6,072	7,300
<b>Internal Services (1)</b>										
Fleet facilities (sq. ft.)	123,117	123,117	123,117	123,117	127,916	127,916	127,916	127,916	127,916	127,916
Secured computer workstations	7,700	8,963	5,614	8,000	6,200	8,146	8,042	10,795	14,038	15,295
Number of network end use devices (2)	6,030	6,031	11,654	10,021	18,000	17,571	20,385	20,905	23,611	27,012
City facilities insured	1,074	1,111	1,101	1,129	1,193	1,040	1,052	1,060	1,134	1,134
Facilities maintained (sq. ft.)	1,621,921	1,621,921	1,621,921	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244

Source: Various city departments; budget documents and performance reports

N/A - Information not available

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

(2) This statistic includes all network devices, including secured computer workstations shown above.





Photograph provided by City of Austin.





CITY OF AUSTIN  
**Financial Services Department**

P.O. Box 2920, Austin, Texas 78768 • 512-974-2600 • [www.austintexas.gov](http://www.austintexas.gov)

*The City of Austin is in compliance with the Americans with Disabilities Act.  
Reasonable modifications and equal access to communications  
will be provided upon request.*



**AUSTIN WATER UTILITY FUND**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Three Months Ended December 2015**  
**(in thousands)**

**City Of Austin, Texas**  
**Unaudited**

	<u>December 2015</u>
<b>OPERATING REVENUES</b>	
Utility services	140,066
<b>Total operating revenues</b>	<u>140,066</u>
<b>OPERATING EXPENSES</b>	
Operating expenses before depreciation	51,783
Depreciation and amortization	26,499
<b>Total operating expenses</b>	<u>78,282</u>
<b>Operating income</b>	<u>61,784</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and other revenues	172
Interest on revenue bonds and other debt	(27,222)
Amortization of bond issue cost	-
Costs to be recovered	(7,498)
Other nonoperating revenue (expense)	935
<b>Total nonoperating revenues (expenses)</b>	<u>(33,613)</u>
<b>Income (loss) before contributions and transfers</b>	<u>28,171</u>
Capital contributions	6,439
Transfers in	-
Transfers out	(10,779)
<b>Change in net position</b>	<u>23,831</u>
<b>Total net position - beginning</b>	<u>718,121</u>
<b>Total net position - ending</b>	<u>741,952</u>

Austin SWIFT Loan Application  
 Part C, Item 47  
 Interim Financial Information

**Austin Water Utility Fund**  
**Statement of Net Position**  
**Three Months Ended December 2015**  
(in thousands)

**City Of Austin, Texas**  
**Unaudited**

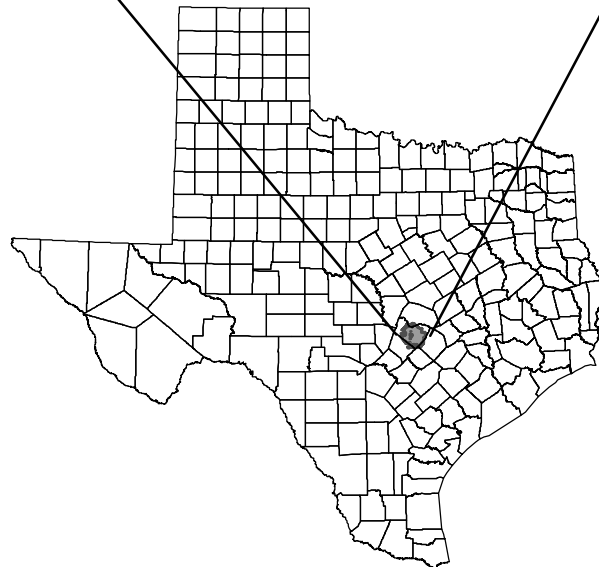
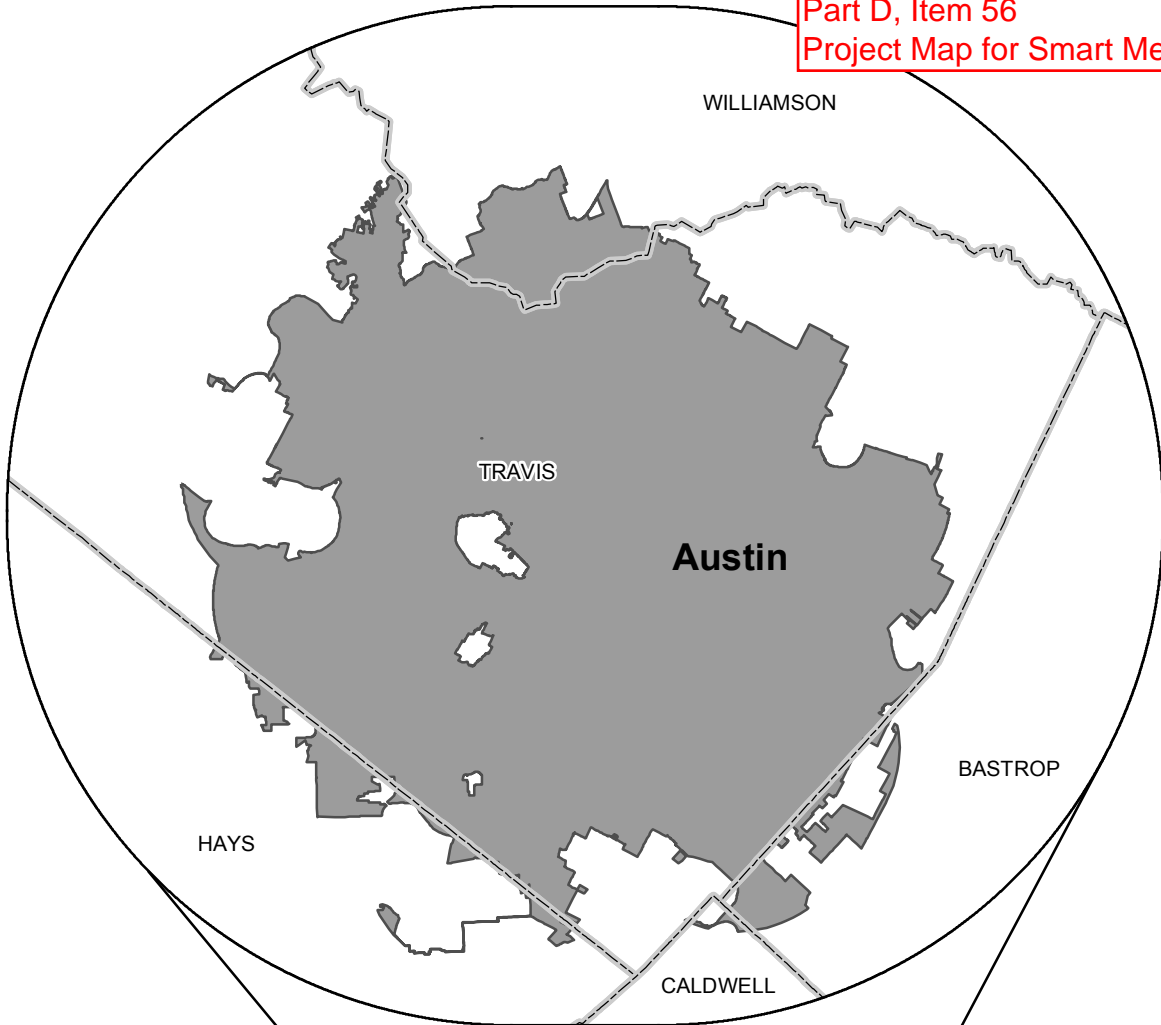
	<u>December 2015</u>
<b>ASSETS</b>	
Current assets:	
Cash	5
Pooled investments and cash	73,680
Pooled investments and cash - restricted	115,550
Total pooled investments and cash	<u>189,230</u>
Investments, at fair value - restricted	19,719
Cash held by trustee - restricted	-
Accounts receivable	66,584
Less allowance for doubtful accounts	<u>(3,972)</u>
Net accounts receivable	62,612
Due from other funds - restricted	-
Due from other funds	301
Inventories, at cost	2,154
Prepaid expenses	3
Other assets	-
Regulatory assets, net of accumulated amortization	6,008
Other receivables - restricted	<u>64</u>
Total current assets	280,096
Noncurrent assets:	
Pooled investments and cash - restricted	-
Advances to other funds	2,574
Investments, at fair value - restricted	58,421
Investments held by trustee - restricted	14,577
Cash held by trustee - restricted	-
Depreciable capital assets	3,145,100
Nondepreciable capital assets	360,816
Regulatory assets, net of accumulated amortization	<u>267,126</u>
Total noncurrent assets	3,848,614
<b>Total assets</b>	<u>4,128,710</u>
<b>Deferred Outflow of Resources</b>	99,214

**Austin Water Utility Fund**  
**Statement of Net Position**  
**Three Months Ended December 2015**  
**(in thousands)**

	<u>December 2015</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	72
Accounts and retainage payable from restricted assets	422
Accrued payroll	2,686
Accrued compensated absences	5,472
Claims payable	-
Due to other funds payable from restricted assets	441
Accrued interest payable from restricted assets	18,865
Interest payable on other debt	27
Commercial paper notes payable - ST	-
Bonds payable	-
Bonds payable from restricted assets	100,762
Capital lease obligations payable	-
Customer and escrow deposits payable from restricted assets	5,883
Other liabilities	1,268
Total current liabilities	<u>135,898</u>
Noncurrent liabilities, net of current portion:	
Accrued compensated absences	-
Claims payable	-
Advances from other funds	1,340
Advances from other funds payable from restricted assets	16,587
Capital appreciation bond interest payable	94,847
Commercial paper notes payable, net of discount	168,535
Bonds payable	2,304,709
Capital lease obligations payable	-
Pension Obligation Payable	98,608
Other post employment benefits payable	75,008
Derivative instruments - interest rate swaps	21,597
Deferred credits and other liabilities	-
Other liabilities	-
Total noncurrent liabilities	<u>2,781,231</u>
<b>Total liabilities</b>	<u>2,917,129</u>
Deferred Inflows of Resources	568,843
<b>NET POSITION</b>	
Net investment in capital assets	536,739
Restricted for:	
Debt service	853
Bond reserve	20,584
Capital projects	29,173
Unrestricted	154,603
<b>Total net position</b>	<u>741,952</u>

# City of Austin, Travis, Williamson, Hays, Bastrop, and Caldwell Counties

Austin SWIFT Loan Application  
Part D, Item 56  
Project Map for Smart Meters



Austin SWIFT Loan, Part D #57

Austin Water - Drinking Water and Wholesale Service Area Census Tracts				
Census Tract 1.01	Census Tract 17.51	Census Tract 18.41	Census Tract 204.04	Census Tract 24.09
Census Tract 1.02	Census Tract 17.52	Census Tract 18.42	Census Tract 204.05	Census Tract 24.10
Census Tract 10	Census Tract 17.53	Census Tract 18.43	Census Tract 204.06	Census Tract 24.11
Census Tract 109.01	Census Tract 17.54	Census Tract 18.44	Census Tract 204.08	Census Tract 24.12
Census Tract 11	Census Tract 17.55	Census Tract 18.45	Census Tract 204.09	Census Tract 24.13
Census Tract 12	Census Tract 17.56	Census Tract 18.46	Census Tract 204.10	Census Tract 24.19
Census Tract 13.03	Census Tract 17.57	Census Tract 18.47	Census Tract 204.11	Census Tract 24.21
Census Tract 13.04	Census Tract 17.60	Census Tract 18.48	Census Tract 205.03	Census Tract 24.22
Census Tract 13.05	Census Tract 17.61	Census Tract 18.49	Census Tract 205.04	Census Tract 24.23
Census Tract 13.07	Census Tract 17.65	Census Tract 18.50	Census Tract 205.08	Census Tract 24.24
Census Tract 13.08	Census Tract 17.68	Census Tract 18.51	Census Tract 205.09	Census Tract 24.25
Census Tract 14.01	Census Tract 17.69	Census Tract 18.53	Census Tract 205.10	Census Tract 24.26
Census Tract 14.02	Census Tract 17.70	* Census Tract 18.55 *	* Census Tract 207.03	Census Tract 24.27
Census Tract 14.03	Census Tract 17.72	Census Tract 18.56	Census Tract 21.04	Census Tract 24.28
Census Tract 15.01	Census Tract 17.74	Census Tract 18.57	Census Tract 21.05	Census Tract 24.29
Census Tract 15.03	Census Tract 17.75	Census Tract 18.60	Census Tract 21.06	Census Tract 24.30
Census Tract 15.04	Census Tract 17.76	* Census Tract 18.61	Census Tract 21.07	Census Tract 24.31
Census Tract 15.05	Census Tract 17.77	* Census Tract 18.62	Census Tract 21.08	Census Tract 24.32
Census Tract 16.02	Census Tract 17.81	Census Tract 18.63	Census Tract 21.09	Census Tract 24.33
Census Tract 16.03	Census Tract 17.82	Census Tract 18.64	Census Tract 21.10	Census Tract 24.35
Census Tract 16.04	Census Tract 17.85	Census Tract 19.01	Census Tract 21.11	Census Tract 24.36
Census Tract 16.05	Census Tract 17.86	Census Tract 19.08	Census Tract 21.12	Census Tract 25
Census Tract 16.06	Census Tract 18.04	Census Tract 19.10	Census Tract 21.13	Census Tract 3.02
Census Tract 17.05	Census Tract 18.05	Census Tract 19.11	Census Tract 22.01	Census Tract 3.04
Census Tract 17.06	Census Tract 18.06	Census Tract 19.12	Census Tract 22.02	Census Tract 3.05
Census Tract 17.07	Census Tract 18.11	Census Tract 19.13	Census Tract 22.07	Census Tract 3.06
Census Tract 17.12	Census Tract 18.12	Census Tract 19.14	Census Tract 22.08	Census Tract 3.07
Census Tract 17.13	Census Tract 18.13	Census Tract 19.15	Census Tract 22.09	Census Tract 4.01
Census Tract 17.14	Census Tract 18.17	* Census Tract 19.16	Census Tract 22.11	Census Tract 4.02
Census Tract 17.16	Census Tract 18.18	Census Tract 19.17	Census Tract 22.12	Census Tract 5
Census Tract 17.18	Census Tract 18.19	Census Tract 19.18	Census Tract 23.04	Census Tract 6.01
Census Tract 17.19	Census Tract 18.20	Census Tract 19.19	Census Tract 23.07	Census Tract 6.03
Census Tract 17.22	Census Tract 18.21	Census Tract 2.03	Census Tract 23.08	Census Tract 6.04
Census Tract 17.28	Census Tract 18.22	Census Tract 2.04	Census Tract 23.10	Census Tract 7
Census Tract 17.29	Census Tract 18.23	Census Tract 2.05	Census Tract 23.12	Census Tract 8.01
Census Tract 17.33	Census Tract 18.24	Census Tract 2.06	Census Tract 23.13	Census Tract 8.02
Census Tract 17.37	Census Tract 18.26	Census Tract 20.02	Census Tract 23.14	Census Tract 8.03
Census Tract 17.38	Census Tract 18.28	Census Tract 20.03	Census Tract 23.15	Census Tract 8.04
Census Tract 17.40	Census Tract 18.29	Census Tract 20.04	Census Tract 23.16	Census Tract 9.01
Census Tract 17.45	Census Tract 18.32	Census Tract 20.05	Census Tract 23.17	Census Tract 9.02
Census Tract 17.46	Census Tract 18.33	Census Tract 203.11	Census Tract 23.18	Census Tract 9503
Census Tract 17.47	Census Tract 18.34	Census Tract 203.16	Census Tract 23.19	Census Tract 9800
Census Tract 17.48	Census Tract 18.35	Census Tract 203.17	Census Tract 24.02	
Census Tract 17.49	Census Tract 18.39	Census Tract 203.18	Census Tract 24.03	
Census Tract 17.50	Census Tract 18.40	Census Tract 204.03	Census Tract 24.07	

\*Yellow highlights indicate census tracts located solely in Austin Water wholesale customer service areas

**Table 2.21 Projected Municipal and Manufacturing Water Demands for City of Austin Service Area (ac-ft/yr)**

County/WUG	2020	2030	2040	2050	2060	2070
<b>Hays County</b>						
Austin	13	127	249	631	1,519	2,749
<b>Travis County</b>						
Austin	157,445	182,933	209,973	229,887	246,590	266,411
Wholesale Commitments <sup>1</sup>	10,126	4,309	4,350	4,436	4,529	4,620
County-Other <sup>2</sup>	4,520	4,108	3,740	3,138	2,298	1,555
Manufacturing	35,430	48,350	63,498	72,631	81,421	91,270
<b>Williamson County</b>						
Austin	7,697	9,541	11,841	14,317	17,126	20,208
Wholesale Commitments <sup>3</sup>	892	863	839	826	823	823
County-Other <sup>4</sup>	2,586	3,504	3,467	3,451	3,444	3,441
<b>Total</b>	<b>218,709</b>	<b>253,735</b>	<b>297,957</b>	<b>329,317</b>	<b>357,750</b>	<b>391,077</b>

<sup>1</sup> The wholesale commitments in Travis County include the following WUGs: Creedmoor-Maha WSC, Lost Creek MUD, Manor, a portion of North Austin MUD #1, Northtown MUD, Rollingwood, Shady Hollow MUD, Sunset Valley, Travis County WCID #10, and a portion of Wells Branch MUD.

<sup>2</sup> County-Other in Travis County consists of several small communities, which are too small to be considered WUGs.

<sup>3</sup> The wholesale commitments in Williamson County include the following WUGs: a portion of North Austin MUD #1, and a portion of Wells Branch MUD.

<sup>4</sup> County-Other in Williamson County consists of several small communities, which are too small to be considered WUGs.

Travis County-Other water demands decrease due to annexations by the City, which correspondingly increase the City's water demand. The City is responsible for supplying a significant portion of the County-Other water in Travis County. This County-Other demand consists of demand for both individual service connections that are outside the city limits and demands for other public water systems served by the City.

Table 2.22 presents the City of Austin's proposed steam-electric water demands in Fayette and Travis Counties. The City's portion of the South Texas Project (STP) demand is included in the STP total steam-electric demand in Matagorda County.

**Table 2.22 Projected Steam-Electric Water Demands for City of Austin Service Area (ac-ft/yr)**

County/WUG	2020	2030	2040	2050	2060	2070
<b>Fayette County</b>						
Steam Electric <sup>1</sup>	14,702	14,702	14,702	18,702	20,702	22,702
<b>Travis County</b>						
Steam Electric	18,500	22,500	22,500	23,500	24,500	26,500
<b>Total</b>	<b>33,202</b>	<b>37,202</b>	<b>37,202</b>	<b>42,202</b>	<b>45,202</b>	<b>49,202</b>

<sup>1</sup> City of Austin portion - based on estimated current supply levels and approved projections.

Data Source: 2016 Approved Region K Plan  
 Water User Group (WUG) Population Table  
 PDF page 199 of Volume 1

**Austin's Retail Customers - for Direct Reuse Strategy**

WUG County	WUG Name	2020	2030	2040
Hays	Austin	71	760	1,489
Travis	Austin	930,842	1,096,053	1,258,060
Williamson	Austin	45,505	57,164	70,943
Travis	Lost Creek MUD (now a retail customer of Austin due to annexation)	4,369	4,369	4,369
<b>Totals</b>		<b>980,787</b>	<b>1,158,346</b>	<b>1,334,861</b>

figures above do not include customers that Austin Water serves in Travis and Williamson "County Other" categories

**Austin's Wholesale Customers**

(blank fields are wholesale customers not included in Region K 2016 Plan population tables)

Customer Name (some of these customers receive water from other sources in addition to Austin)	2020	2030	2040
Creedmoor-Maha Water Supply Corp	5,093	5,881	6,624
High Valley Water Supply Corp			
Manor, City of	8,884	12,343	15,605
Marsha Water Supply Corp			
Mid-Tex Utilities			
Morningside Subdivision			
Nighthawk Water Supply Corp			
North Austin MUD #1 - Travis County	780	780	780
North Austin MUD #1 - Williamson County	7,442	7,442	7,442
Northtown MUD	10,272	11,860	13,359
Rivercrest Water Supply			
Rollingwood, City of	1,421	1,429	1,436
Shady Hollow MUD	4,889	4,889	4,889
Southwest Water Company			
Sunset Valley, City of	1,134	1,480	1,806
Travis County WCID #10	6,139	7,088	7,984
Village of San Leanna			
Wells Branch MUD - Travis County	14,989	14,989	14,989
Wells Branch MUD - Williamson County	1,073	1,073	1,073
<b>Totals</b>	<b>62,116</b>	<b>69,254</b>	<b>75,987</b>

**Combined Totals Retail and Wholesale - for Conservation Strategy (Advanced Meter Infrastructure)**

	2020	2030	2040
<b>Totals</b>	<b>1,042,903</b>	<b>1,227,600</b>	<b>1,410,848</b>

PROJECT 51042 BUDGET - Austin Smart Meters (AMI) - June 1, 2016 Revised Version				
Uses	TWDB Funds Series 1	Total TWDB Cost	Other Funds	Total Cost
<b>Construction</b>				
Construction	\$58,160,000	\$58,160,000	\$0	\$58,160,000
<b>Subtotal Construction</b>	<b>\$58,160,000</b>	<b>\$58,160,000</b>	<b>\$0</b>	<b>\$58,160,000</b>
<b>Basic Engineering Fees</b>				
Planning +	\$1,000,000	\$1,000,000	\$0	\$1,000,000
Design	\$2,000,000	\$2,000,000	\$0	\$2,000,000
Construction Engineering	\$0	\$0	\$0	\$0
<b>Basic Engineering Other</b>				
**	\$0	\$0	\$0	\$0
<b>Subtotal Basic Engineering Fees</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$0</b>	<b>\$3,000,000</b>
<b>Special Services</b>				
Application	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$500,000	\$500,000	\$0	\$500,000
Pilot Testing	\$10,000,000	\$10,000,000	\$0	\$10,000,000
Water Distribution Modeling	\$0	\$0	\$0	\$0
<b>Special Services Other</b>				
**	\$0	\$0	\$0	\$0
<b>Subtotal Special Services</b>	<b>\$10,500,000</b>	<b>\$10,500,000</b>	<b>\$0</b>	<b>\$10,500,000</b>
<b>Other</b>				
Administration	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0
<b>Other **</b>	\$0	\$0	\$0	\$0
<b>Subtotal Other Services</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Fiscal Services</b>				
Financial Advisor	\$99,627	\$99,627	\$0	\$99,627
Bond Counsel	\$80,195	\$80,195	\$0	\$80,195
Issuance Cost	\$9,500	\$9,500	\$0	\$9,500
Bond Insurance/Surety	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$4,840,000	\$4,840,000	\$0	\$4,840,000
Loan Origination Fee	\$0	\$0	\$0	\$0
<b>Other **</b>		\$0	\$0	\$0
<b>Subtotal Fiscal Services</b>	<b>\$5,029,322</b>	<b>\$5,029,322</b>	<b>\$0</b>	<b>\$5,029,322</b>
<b>Contingency</b>				
Contingency	\$3,505,678	\$3,505,678	\$0	\$3,505,678
<b>Subtotal Contingency</b>	<b>\$3,505,678</b>	<b>\$3,505,678</b>	<b>\$0</b>	<b>\$3,505,678</b>
<b>TOTAL COSTS</b>	<b>\$80,195,000</b>	<b>\$80,195,000</b>	<b>\$0</b>	<b>\$80,195,000</b>

**Other \*\* description must be entered**

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A				0
Category B				0
Category C				0
Category D				0
<b>Total Planning Costs</b>		0	0	0



**Austin SWIFT Loan Application  
Part D, Item 61  
Smart Meter (AMI) Project**

WRD-253d  
05/18/2010

Texas Water Development Board Water Project Information							
A. Project Name		B. Project No.		C. County		D. Regional Planning Group (A-P)	
E. Program(s)		F. Loan <input type="checkbox"/> / Grant <input type="checkbox"/> Amount:		G. Loan Term:			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc)							
Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input type="checkbox"/> No <input type="checkbox"/>			
K. Projected Population from application for at least a 20 year period. Attach justification and list service area populations if different from Planning Area.	Year	Reference Year	2010	2020	2030	2040	
	Population Projection						
Project Design Year				Design Population			
L. Is the proposed project included in a current Regional Water Plan? Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: _____)							
M. What type of water source is associated directly with the proposed project? Surface Water <input type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? _____ Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		

STATE OF TEXAS

§

§

Part D, Item 63

COUNTY OF Travis

§

**SURFACE WATER  
AFFIDAVIT**

Before me, the undersigned notary, on this day personally appeared **Greg Meszaros**, a person whose identity is known to me. After I administered an oath to him/her, upon his/her oath he/she said:

1. I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
2. I am an authorized representative of **the City of Austin**, an entity that has filed an application for financial assistance with the Texas Water Development Board for a project that proposes the development of a new surface water supply source.
3. Does the applicant possess a Certificate of Adjudication and/or Water Rights Permit(s) issued by the Texas Commission on Environmental Quality or a predecessor agency authorizing the appropriation and use of the surface water needed for the Project?

Yes

No

Please attach a copy of the Certificate(s) of Adjudication and Water Rights Permit(s).

**Item attached:** Yes

No

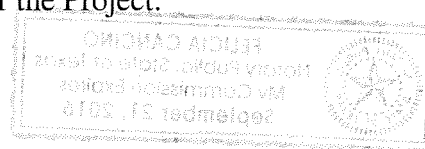
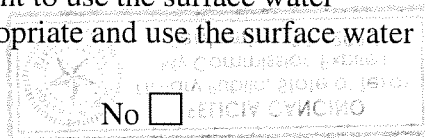
Certificates of Adjudication: 14-5471, 14-5471D

4. Does the applicant have the contractual right to use the surface water from an entity that enjoys the right to appropriate and use the surface water needed for the project?

Yes

No

Please attach a copy of any draft or executed water supply contract, lease or other legal instrument providing contractual authorization to use the surface water needed for the Project.



Item attached: Yes  No

Please identify the Certificate of Adjudication(s) and Water Rights Permit(s) possessed by the wholesale water provider pursuant to which the contract, lease or other legal instrument has been or will be executed.

Certificates of Adjudication: 14-5478C, 14-5482C

Item attached: Yes  No

Water Rights Permit(s): 1772 (reference number)

(See attached Certificates of Adjudication noted above)

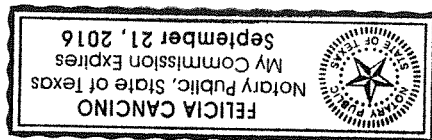
Item attached: Yes  No

1999 Amendment to 1987 Comprehensive Water Settlement Agreement Between:  
City of Austin and Lower Colorado River Authority

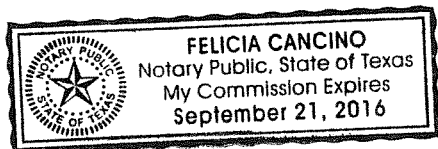
Signed the 10 day of May, 2016.

[Signature]  
Name  
Director  
Title

Sworn to and subscribed before me by Greg Meszaros on May 10,  
2016.

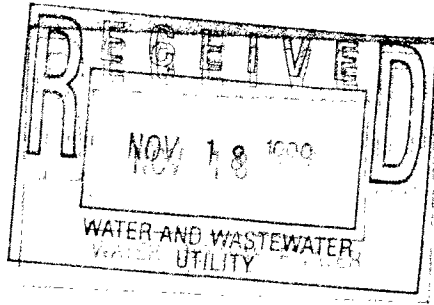


[SEAL]



[Signature]  
Notary Public in and for the State of Texas

My Commission expires: Sept. 21, 2016



**RECEIVED**  
NOV 15 1999  
CITY CLERK'S OFFICE

Austin SWIFT Loan Application  
Part D, Item 63  
Surface Water Affidavit - TWDB Form WRD-208a  
Attachment 1 of 5

**FIRST AMENDMENT TO DECEMBER 10, 1987  
COMPREHENSIVE WATER SETTLEMENT AGREEMENT**

**BETWEEN**

**CITY OF AUSTIN**

**AND**

**LOWER COLORADO RIVER AUTHORITY**

**OCTOBER 7, 1999**

**FIRST AMENDMENT TO DECEMBER 10, 1987  
COMPREHENSIVE WATER SETTLEMENT AGREEMENT  
BETWEEN CITY OF AUSTIN AND LOWER COLORADO  
RIVER AUTHORITY**

This First Amendment to the December 10, 1987 Comprehensive Water Settlement Agreement (this "First Amendment") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 1999, "Effective Date," by and between the LOWER COLORADO RIVER AUTHORITY ("LCRA") and the CITY OF AUSTIN (the "City").

**RECITALS**

**WHEREAS**, the City and LCRA are parties to a set of agreements including a Comprehensive Water Settlement Agreement Between City of Austin and Lower Colorado River Authority dated as of December 10, 1987 (the "1987 Agreement") and an Agreement dated December 15, 1966 (the "1966 Agreement") concerning various water-related matters of mutual concern to the City and LCRA;

**WHEREAS**, the 1987 Agreement is in full force and effect to and including December 31, 2020, and thereafter until terminated at any time by either party giving to the other not less than three (3) years' prior written notice, and the 1987 Agreement amends the terms of the 1966 Agreement to extend to and including December 31, 2020, until terminated at any time thereafter by either party giving to the other not less than three (3) years' prior written notice, provided, however, the provisions in Section 1.2 of the 1987 Agreement concerning the priority date of the City's rights concerning Lake Austin under Certified Filing No. 330 shall survive the termination of the 1987 Agreement;

**WHEREAS**, in the 1966 Agreement as amended by the 1987 Agreement, LCRA agreed to make available to the City 250,000 acre-feet per year of stored water from Lakes Travis and

Buchanan to firm up and/or supplement the water available under the City's independent water rights for the City's diversion and use for municipal water supply;

**WHEREAS**, in the 1966 Agreement as amended by the 1987 Agreement, the LCRA agreed to impose no charge upon the City for any calendar year during which the water diverted by the City is less than or equal to 150,000 acre-feet, regardless whether the water is diverted by the City pursuant to the City's run-of-river water rights or is from dependable water supplied by LCRA pursuant to LCRA's water right, and to charge no reservation fee for all use up to 250,000 acre-feet per year;

**WHEREAS**, in the 1966 Agreement as amended by the 1987 Agreement, the City agreed to pay LCRA, in addition to the other consideration given by the City to LCRA pursuant to the 1966 Agreement and the 1987 Agreement, for all municipal, industrial and/or irrigation use described in pp. 67-70 of the 1987 Agreement, amending Paragraphs A through C, Article IV of the 1966 Agreement, above 150,000 acre feet per year at LCRA's then current water rate, up to 250,000 acre-feet, regardless whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water supplied by LCRA pursuant to LCRA's water rights;

**WHEREAS**, in the 1987 Agreement the City granted to LCRA an option to purchase from the City an ownership interest in Water Treatment Plant 4 to be built within a reasonable time by the City, near the intersection of RR 2222 and State Highway 620; however, the option will lapse without Water Treatment Plant 4 being built and will be of no further force and effect on January 1, 2000, pursuant to the terms of the 1987 Agreement, and the LCRA believes that it may have certain claims or causes of action related thereto;

**WHEREAS**, on September 17, 1998, the City and LCRA entered into another agreement concerning water issues entitled "City of Austin-LCRA Agreement", the terms of which will remain in full force and effect;

**WHEREAS**, the City and LCRA both agree that it is desirable to resolve certain matters regarding the 1966 Agreement and 1987 Agreement (collectively, the “Agreements”) by modifying the Agreements; and

**WHEREAS**, in addition, the City and LCRA both desire that an additional 75,000 acre-feet of firm dependable water annually (“First Amendment Additional Amount”) be made available to help satisfy the City’s projected municipal water supply demands to January 1, 2051;

**NOW, THEREFORE**, in consideration of the foregoing recitals and of the mutual benefits, covenants, and provisions hereinafter contained in this First Amendment, the City and LCRA hereby agree that the 1987 Agreement is amended as follows:

- (1) The phrase “, and that LCRA be given a reasonable opportunity to acquire an undivided interest in the plant” is hereby deleted from the fourth sentence in Paragraph 2, Page 1.
- (2) All of Sections 2.1, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 2.14, 2.15, 2.16, and 2.17 of Article II are hereby deleted.
- (3) Section 2.2 of the 1987 Agreement is stricken and this new Section 2.2 is substituted to read as follows:

“LCRA Permit. LCRA issued to the City the permit concerning Lake Travis intake facility attached hereto as Exhibit “C” on December 10, 1987. Acceptance of the permit by the City is not to be construed as an agreement or admission by the City that the permit was required prior to establishment of the Lake Travis intake facility. LCRA agrees that no further authorizations are required to be obtained by the City from LCRA prior to the establishment of such Lake Travis intake facility as contemplated herein. Should the City desire, subsequent to the Effective Date of this First Amendment, to construct, operate, and maintain a water treatment plant with a Lake Travis intake facility other than that contemplated in Exhibit C, the City agrees to request a new permit from LCRA

prior to the construction of a Lake Travis intake facility, and the LCRA agrees that such permit will not be unreasonably withheld.

- (4) Section 2.18 of the 1987 Agreement is stricken and this new Section 2.18 is substituted to read as follows:

“ No Inferences Regarding Additional Water. The right of the City to expand or modify the Lake Travis intake structure or any other intake facility located on Lake Travis does not create, directly or inferentially, any right in the City to divert water from Lake Travis beyond the amount which LCRA agrees to make available to the City under Paragraph A of Article IV of the 1966 Agreement, as amended by Subsection 3.2(c) of this Agreement.”

- (5) Section 3.2 of the 1987 Agreement is stricken and this new Section 3.2 is substituted to read as follows:

“3.2(a) LCRA and the City agree that the term of the 1966 Agreement, as set forth in Article III of the 1966 Agreement and as it pertains to the several contracts and agreements between the parties set forth and amended therein, is amended to extend to January 1, 2051. The City is granted an option to renew and extend appropriate sections of the 1966 Agreement regarding LCRA making available a firm water supply to the City for an additional fifty-year period to January 1, 2101. If the City elects to exercise this option, LCRA shall have an option to renew and extend appropriate sections of the 1966 Agreement regarding electric power, use of City property, Tom Miller Dam, and the use of water for the generation of hydroelectric power at Tom Miller Dam for an additional fifty-year period to January 1, 2101.



3.2(b) The City and LCRA agree that the first two sentences of Paragraph A of Article III of the 1966 Agreement are stricken and the following is substituted:

The 1938 Agreement, 1940 Lease, the 1944 Modifying Agreement, the 1947 Land Lease Agreement, the 1954 Agreement, this 1966 Agreement, the March 6, 1981 Letter Agreement, and the 1990 Amendment to Leases shall be in full force and effect until January 1, 2051 , with an option by the City to renew appropriate sections of the 1966 Agreement relating to LCRA making available a firm water supply to the City for an additional fifty-year period until January 1, 2101 and, if the City elects to exercise this option, LCRA shall have an option to renew appropriate sections of the 1966 Agreement relating to electric power, use of City property, Tom Miller Dam, and the use of water for the generation of hydroelectric power at Tom Miller Dam for an additional fifty-year period until January 1, 2101 .

Section 3.2(c) The City and LCRA agree that Article IV of the 1966 Agreement is stricken and the following is substituted:

#### ARTICLE IV

##### WATER

- A. Lake Travis Diversions. The “Lake Travis Point of Diversion” is that point of diversion on Lake Travis, such point being within a segment bordering on Lake Travis described

and depicted in Exhibit "E" attached hereto, said Exhibit depicting the segment by reference to a corner of an original land survey and/or other survey point, giving both course and distance. LCRA agrees to make available to the City for diversion by the City at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City not to exceed 170,000 acre-feet per year of stored water under Certificate Nos. 14-5482, as amended, and 14-5478, as amended, from Lakes Travis and Buchanan respectively, for municipal use. The City may divert such water at a maximum daily peak day diversion rate of 150 MGD; provided, however, that the City may divert such water at higher rates in light of fluctuations in the level of Lake Travis, utilizing pumping facilities that have a rated capacity, with one pump not pumping, of 150 MGD with Lake Travis at 667 feet MSL; and, provided further, however, if the City desires to increase its diversion rate hereunder, the City may demonstrate its need for the higher diversion rate and how the Lake Travis Point of Diversion will be operated in relation thereto, and LCRA may allow the higher diversion rate without amending this First Amendment. LCRA presently believes that the maximum amount of water that can be supplied on a dependable basis from Lakes Travis and Buchanan to the City for the City's use at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City without impeding LCRA's overall water management responsibilities, is 170,000 acre-feet per year, at the diversion rate set forth above in this Paragraph A. LCRA hereby commits to make available up to 170,000 acre-feet per year to the City for the City's use, but LCRA makes no commitment, expressed or implied, to make available additional water above 170,000 acre-feet to the City for the City's use. Notwithstanding any other provisions of this 1966 Agreement, both LCRA and the City may seek additional water or rights to water from Lakes Travis and Buchanan under the laws of Texas that then exist, and each party reserves its right to

oppose any such effort by the other. LCRA shall bear all transportation and evapotranspiration losses in the delivery of the stored water to the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City and permitted by LCRA as provided herein.

B. Downstream Municipal Water Supply. The “Downstream Points of Diversion” are: (1) those three points of diversion presently designated by the Texas Natural Resource Conservation Commission as D-0160 (Davis WTP), D-0180 (Ullrich WTP), and D-0320 (Green WTP) at which the City currently diverts water from Lake Austin and Town Lake for municipal use; (2) such other points of diversion on Lake Austin and Town Lake which the City may so designate from time to time; and (3) such other points of diversion on the Colorado River downstream of Longhorn Dam that the City may so designate from time to time, provided that any such point downstream of Longhorn Dam must be either approved by LCRA, or authorized under independent water rights that are held by the City at such time. LCRA agrees to make available to the City at the Downstream Points of Diversion sufficient firm and/or stored water lawfully available under LCRA’s independent adjudicated water rights, Certificates 14-5482, as amended, and Certificate 14-5478, as amended, for Lakes Travis and Buchanan respectively, or from any other source made available in the Colorado River and its tributaries to LCRA, as may be required from time to time to firm up and/or supplement the water available under the City’s independent water rights (regardless of what those rights may be), to allow the City to divert at the Downstream Points of Diversion and use for municipal use each year the Downstream Firm Amount (hereinafter defined). The “Downstream Firm Amount” for any year is the difference between 325,000 acre-feet of water, consisting of 250,000 acre-feet plus the First Amendment Additional Amount of 75,000 acre-feet, and the amount of water, if any, actually diverted from Lake Travis by the City during that year

at the Lake Travis Point of Diversion. LCRA and the City agree that the firm and/or stored water to be made available by LCRA below Mansfield Dam hereunder for municipal use is to be made available by LCRA only when there is insufficient water available for the City to divert for such use under independent water rights that are held by the City at such time. LCRA and the City further agree that the aggregate amount of water diverted by the City in any year at the Downstream Points of Diversion and used for municipal use may exceed the Downstream Firm Amount for that year because of additional diversions by the City for such use under independent water rights that are held by the City at such time; provided, however, LCRA does not make any commitment under this Agreement, except pursuant to Paragraphs D, E and F, below, to make available any additional firm and/or stored water during any year after the City has diverted 325,000 acre-feet of water for municipal use from the Colorado River under any water right during that year. LCRA shall bear all transportation and evapotranspiration losses in the delivery of firm and/or stored water to the Downstream Points of Diversion.

- C. Other Uses. The “Other Use Points of Diversion” are (1) any Point of Diversion used by the City for municipal use (as defined above) which the City may so designate from time to time; (2) such other points of diversion on Lake Austin and Town Lake which the City may so designate from time to time; and (3) except for the points of diversion designated by the City to supply the City’s share of water to the Fayette Power Project, such other points of diversion on the Colorado River downstream of Longhorn Dam that the City may so designate from time to time provided that any such point downstream of Longhorn Dam must be either approved by LCRA or authorized under independent water rights that are held by the City at such time. LCRA agrees to make available to the City for diversion by the City at the Other Use Points of Diversion the Remaining Amount (hereinafter defined) of firm and/or stored water each year under LCRA’s independent

adjudicated water rights, Certificates 14-5482, as amended, and 15-5478, as amended, for Lakes Travis and Buchanan, respectively, or from any other source made available in the Colorado River and its tributaries to LCRA for industrial and irrigation use. The “Remaining Amount” for any year is the difference between 325,000 acre-feet and the total amount of water which was diverted by the City during that year at the Lake Travis Point of Diversion or another point of diversion on Lake Travis pursuant to Paragraph A above and the Downstream Points of Diversion (together, the “Points of Diversion”) and used by the City for municipal use. LCRA and the City specifically agree that the aggregate amount of water diverted by the City in any year at the Other Use Points of Diversion for industrial use and irrigation may exceed the Remaining Amount for that year because of additional diversions for such uses by the City under its independent water rights, as such rights exist at the time. LCRA shall bear all transportation and evapotranspiration losses in the delivery of firm and/or stored water to the Other Use Points of Diversion.

- D. Lake Austin Level. LCRA agrees to pass through such inflows and release such stored water from Lake Travis as necessary to maintain the level of water in Lake Austin at not lower than three (3) feet below the crest of the dam, except in cases of emergency when the water level may be five (5) feet below the crest of the dam as currently constructed; provided, however, that the City shall not divert water from Lake Austin at any time in excess of the amounts set forth in this Agreement and the amounts that the City is authorized to divert pursuant to independent water rights that are held by the City at such time. The stored water made available by LCRA under this Paragraph D is in addition to the amounts made available under Paragraphs A, B, and C, above. The parties recognize that the City will need periodically to have the level of Lake Austin lowered for periods of time for various purposes including, without limitation, for maintenance of docks and

other structures and for control of aquatic vegetation. LCRA and the City agree to cooperate with each other to establish reasonable guidelines for any such lowering of Lake Austin.

- E. Town Lake Cooling Water. During periods when LCRA is releasing stored water from Lake Travis for any reason and such stored water flows into Town Lake, the City may divert, circulate, and recirculate such water from Town Lake for industrial (cooling) purposes, with no limitation as to amount or rate of diversion or the number or location of points of diversion on Town Lake, provided that not more than 24,000 acre-feet of water may be consumptively used by such use in any year. The City agrees that it will call on the inflow of the Colorado River and its tributaries to be passed through the Highland Lakes to honor the City's industrial (cooling) rights under Certified Filing No. 330, only to the extent that such inflow is needed to be impounded in Town Lake, and/or to the extent that it is necessary to pass such flow through Town Lake to reduce the temperature of the water in Town Lake, to allow the City to divert and use such water for industrial (cooling) purposes at all times to the full extent authorized under Certified Filing No. 330. LCRA agrees that during periods when it is not otherwise releasing sufficient stored water from Lake Travis, it will release such additional amounts of stored water requested by the City and deliver such water to Town Lake, in addition to releases of inflows and other stored water, to the extent that such additional stored water is needed to be impounded in Town Lake, and/or to the extent that it is necessary to pass such additional flow through Town Lake to reduce the temperature of the water in Town Lake, to allow the City to divert and use such water for industrial (cooling) purposes at all times to the full extent authorized under Certified Filing No. 330. The stored water made available by LCRA under this Paragraph E is in addition to the amounts made available under Paragraphs A, B, and C, above.

- F. Decker Lake Makeup. LCRA agrees to make available to the City for diversion by the City at the City's diversion point D-0470 (Decker Lake) on the Colorado River, up to 16,156 acre-feet of such water per year to the extent needed to firm up and/or supplement the City's independent water rights, and impound such water in Decker Lake for subsequent use therefrom for industrial (cooling) purposes. The City agrees to give LCRA prior notice of the duration and rate of the City's projected diversions of such water. The stored water made available under this Paragraph F is in addition to the amounts made available under Paragraphs A, B, and C, above, and is not subject to charges of the Water Rate by LCRA pursuant to Paragraph H(3).
- G. City's Service Area and Interbasin Transfers. The City agrees that all firm and/or stored water made available by LCRA to the City for municipal use, industrial use, and/or irrigation use pursuant to Paragraphs A, B, and C hereof shall only be used within the area described/depicted in Exhibit F, attached hereto and incorporated by reference, which includes (1) those areas on the Effective Date located within the City's municipal boundaries and the City's extraterritorial jurisdiction; (2) those areas outside the City's extraterritorial jurisdiction receiving retail service; and (3) those areas served by all customers having the right to water from the City under wholesale contracts in existence on the Effective Date. LCRA agrees that the City may, without prior written consent of LCRA, revise Exhibit F from time to time to reflect expansion of the City's municipal boundaries by annexation and changes in the City's extraterritorial jurisdiction. The City agrees that, if it intends subsequent to the Effective Date to provide retail service to additional areas outside the City's extraterritorial jurisdiction not described/depicted in Exhibit F, the City shall provide notice to LCRA of the City's intention to use the firm and/or stored water made available by LCRA to the City for municipal use, industrial use, and/or irrigation use pursuant to paragraphs A, B, and C hereof to provide retail service

to such areas. LCRA agrees that it will take no action to prevent the City from taking such action. The City agrees that, if it intends to provide treated water outside the City's extraterritorial jurisdiction under a wholesale contract to be entered into subsequent to the Effective Date, it may require the customer party to the contract to provide its own raw water purchased by the customer from the LCRA or some other source, and the City will revise Exhibit F to reflect the additional customer. Unless otherwise required by law, the City agrees to provide reasonable notice to LCRA if the City intends to take action subsequent to the Effective Date, whether by annexation, changes to the City's extraterritorial jurisdiction, or by entering into a wholesale contract to provide treated water under a wholesale contract, that will affect the City's service area described/depicted in Exhibit F and the City will revise Exhibit F and shall submit to LCRA the revised Exhibit F within thirty (30) days of such action. Failure by the City to notify LCRA of an annexation shall not (1) invalidate that annexation or (2) breach this First Amendment, the 1987 Agreement, or the 1966 Agreement. The City can cure failure to notify by providing a revised Exhibit F. The City may not extend its service area in accordance with that annexation until the City provides notice to LCRA of the annexation and submits a revised Exhibit F. To the extent allowed by the Texas Natural Resource Conservation Commission, all water transferred and used by the City outside of the Colorado River Basin or outside of the boundaries of LCRA's ten-county statutory district shall be deemed to be transferred and used under the City's independent water rights and so reported by the City, in which case no approval by LCRA shall be required.

- H. Additional Consideration. In addition to the other consideration given by the City to LCRA pursuant to the terms of this Agreement and pursuant to the terms of the 1987 Comprehensive Water Settlement Agreement by and between the City and LCRA, the



City shall pay LCRA for firm and/or stored water made available by LCRA to the City pursuant to the terms of this Agreement as follows:

- (1) As shown in Exhibit G attached hereto, LCRA agrees to impose no charge upon the City during the term of this Agreement and during the following fifty-year period, should the City elect to exercise its option to extend the 1987 Agreement to January 1, 2101, for the first 150,000 acre-feet of water diverted by the City in any calendar year for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof, regardless whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water made available by LCRA under this Agreement.
- (2) As shown in Exhibit G attached hereto, LCRA agrees to impose no reservation fee during the term of this Agreement and during the following fifty-year period should the City elect to exercise its option to renew and extend appropriate sections of the 1966 Agreement for any portion of the first 250,000 acre-feet of firm and/or stored water made available by the LCRA to firm up and/or supplement the water diverted under the City's independent water rights by the City for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof. LCRA agrees to require no additional payment as reservation fee for any portion of the First Amendment Additional Amount during the term of the Agreement and during the following fifty-year period should the City elect to exercise its option to renew and extend appropriate sections of the 1966 Agreement.

- (3) Except as otherwise provided in Paragraph H(4) below, the City agrees to pay LCRA an amount of money equal to the Water Rate (hereinafter defined) applicable for the previous year multiplied by the amount of water, if any, by which the Payment Amount (hereinafter defined) for the previous year exceeds 150,000 acre-feet regardless of whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water made available by LCRA under this Agreement. The "Water Rate" applicable for any year is that rate determined by the Board of Directors of LCRA to be in effect on January 1 of that year for LCRA's sales of firm and/or stored water under this Agreement for municipal use, which rate shall be just and reasonable as required by law. The Water Rate currently in effect for such sales is \$105.00 per acre-foot of water diverted. The "Payment Amount" for any year is the sum of the following:
- (a) the total amount of water diverted by the City during that year at the Points of Diversion for municipal use pursuant to Paragraphs A and B hereof; plus
  - (b) the net amount of water diverted by the City during that year at the Other Use Points of Diversion for industrial use and irrigation pursuant to Paragraph C hereof, such amount specifically not to include any water diverted by the City for such purposes of use under independent water rights that are held by the City at such time.

The Payment Amount shall not include any firm and/or stored water diverted or used by the City or otherwise made available by LCRA pursuant to Paragraphs D, E, and F hereof.

- (4) To postpone the date when the City will be required to make payments to LCRA in accordance with Paragraph H(3) above, the City in accordance with Paragraph H(5) below, agrees to make to LCRA, and LCRA agrees to accept, a payment for the right to divert in any calendar year amounts of water in excess of the 150,000 acre-feet and up to and including 201,000 acre-feet for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof. The parties agree that when the annual average amount of water diverted by the City during any calendar period of two consecutive years exceeds 201,000 acre-feet per year for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof, the City will pay LCRA for all of the water in excess of 150,000 acre-feet diverted by the City in all subsequent calendar years for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof with said amount of money to be determined by LCRA in accordance with Paragraph H(3) above, regardless of whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water made available by LCRA under this Agreement . Should the City decide to exercise its option to extend the term of the 1987 Agreement to January 1, 2101, the rate charged by the LCRA for any and all amounts of water in excess of 150,000 acre-feet will be the Water Rate as defined in Paragraph H(3), above, in effect at that time and as may be amended from time to time.

- (5) The parties recognize that simultaneously with the execution of this First Amendment, the City has paid the LCRA \$100 million. The payment of \$100 million made by the City in accordance with this Paragraph H(5) is as follows: \$27,337,448 for the right to divert and use for municipal use, industrial uses, and/or irrigation pursuant to Paragraphs A, B, and C hereof, the amounts of water above 150,000 acre-feet and up to and including 201,000 acre-feet for the period beginning on the Effective Date and ending at the end of any calendar period of two consecutive years during which the City's use for municipal, industrial and irrigation purposes pursuant to Paragraphs A, B and C hereof exceeds 201,000 acre-feet per year, as discussed in Paragraph H(4), above, and \$72,662,552 in payment of a reservation fee for the First Amendment Additional Amount.

Subject to the provisions of the LCRA Act and any other applicable law and the Master Resolution authorizing the LCRA financing program adopted by the LCRA Board of Directors on September 22, 1999, and any future changes, supplements, additions or replacements of same, the LCRA intends to utilize the \$100 million received from the City in accordance with this Paragraph H(5) for improvements to dams and hydroelectric facilities on the Colorado River; for the purchase of water rights; for expansion of LCRA's Hydromet system; for flood management projects; for water quality management and other river management costs; and for other general and administrative costs of the LCRA's WaterCo line of business related to river management functions and the repayment of any debt associated with any such purposes. The LCRA will not

dedicate any of the \$100 million received from the City in accordance with this Paragraph H(5) for purposes of funding the costs of the water transmission line expansion of the West Travis County Regional Water System into western Travis and northern Hays counties. LCRA agrees to separately account for the \$100 million paid by the City to LCRA pursuant to this Paragraph H(5). The LCRA further agrees that such separate accounting will be audited on an annual basis and a copy of the auditor's annual report will be provided to the City showing the use of the funds pursuant to this Paragraph H(5).

- (6) The City agrees to pay LCRA an amount of money equal to the Additional Charge (hereinafter defined), if any, multiplied by the number of acre-feet of water diverted by the City at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City during the immediately preceding calendar year up to a maximum payment of \$1,000,000 in any year. The "Additional Charge" is a fixed rate of \$20.00 per acre-foot. LCRA agrees that the Additional Charge shall not be increased and that the maximum charge upon the City under this Paragraph H(6) shall not exceed \$1,000,000 in any year. There shall be no charge imposed upon the City under this Paragraph H(6) for any calendar year during which no water was diverted by the City at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City. In each year that the City is obligated to make payments to LCRA pursuant to the requirements of Paragraph H(3) and H(4) above and pursuant to this Paragraph H(6), the City shall pay LCRA the greater of the amounts owed as determined under

Paragraphs H(3) and H(4) as compared to the payments owed under this Paragraph H(6).

- I. Appeal of LCRA's Water Rate. At any time, the City has the right to appeal or otherwise challenge in a legal or regulatory proceeding the Water Rate as defined in Paragraph H(3).
- J. Reduction of First Amendment Additional Amount by City. After the tenth (10<sup>th</sup>) anniversary of the Effective Date of this First Amendment, and every ten (10) years thereafter throughout the term of the Agreement, the City may notify LCRA that the City intends to permanently reduce the First Amendment Additional Amount by up to 25,000 acre-feet a year. Provided, however, the aggregate amount by which the City may permanently reduce the First Amendment Additional Amount shall not exceed 25,000 acre-feet. After the City gives LCRA one (1) year's written notification of the City's intent to reduce the First Amendment Additional Amount, LCRA and the City agree to negotiate such a reduction in the First Amendment Additional Amount and (1) any related offsetting credit based upon the value of the water at the time of such reduction, to the City of a prorated portion of any future payments otherwise due to LCRA with the credit to be applied to future payment otherwise due to LCRA by the City pursuant to Paragraph H(4) and/or (2) an increase above 201,000 acre-feet in the amount of water for which the City has paid pursuant to Paragraph H(4).
- K. Water Rights. Nothing in this Agreement shall in any way be construed as a waiver or abandonment by the City or by LCRA of any of their respective water rights, or as a reduction, limitation or restriction of those rights. Nothing in this 1966 Agreement shall be construed as constituting an undertaking by LCRA to furnish water to the City except pursuant to the terms of this Agreement. Nothing in this Agreement shall in any way be construed to limit the City or LCRA in hereafter seeking the grant of amendments to their

respective water rights, the grant of additional rights to water from any source or at any location, or the acquisition of existing rights from third parties, or to limit the parties in opposing the grant of any such amendments or additional rights.

- L. Billing and Payment. In addition to the payment requirement set forth in Paragraph H(5) above, LCRA shall submit one bill for the amount, if any, due under Paragraphs H(3), H(4), and H(6) hereof for each year, on or before January 15 of the following year. Each such bill shall be paid by the City at LCRA's office in Austin, Texas, by check or bankwire on or before sixty (60) days from the date of receipt of the bill. Without limiting LCRA's rights in such event, if the City fails to pay the full amount due LCRA when the same is due, as herein provided, interest on the unpaid amount shall accrue at the maximum rate of interest allowed by law, such interest to apply from the date when such payment was due until such payment is made. In addition, the City shall be required to reimburse LCRA for all costs incurred by LCRA in seeking to collect any such payment, including, without limitation, reasonable attorneys fees. If the City should dispute its obligation to pay all or any part of the amount stated in any bill, in addition to all other rights that the City may have under law, the City may pay such amount under protest, in which case the amount in dispute shall be deposited by LCRA in an interest bearing account acceptable to both the LCRA and the City pending final resolution of such dispute.
- M. Metering of Diverted Water. To measure the amount of water withdrawn from each Point of Diversion for municipal use, and to measure the amount of firm and/or stored water withdrawn from each Other Use Point of Diversion for industrial use or irrigation, the City agrees at the City's expense to install (if such facilities are not already installed)

such flow meters and recording devices as are approved by LCRA, such meters to permit, within five percent (5%) accuracy, determination of quantities of water withdrawn in units of 1,000 gallons at such points of diversion for such purposes of use; provided, however, that the City shall not be obligated hereunder to install or maintain any flow meter to measure any water diverted pursuant to Paragraph E above. Such meters may be calibrated at any reasonable time by either party to this agreement, provided that the party making the calibration shall notify the other party at least two (2) weeks in advance and allow the other party to witness the calibration. LCRA may install, at its expense, check meters in or to any of the City's metering equipment at any time and may leave such check meters installed for such periods as is reasonably necessary to determine the accuracy of the City's metering equipment. On or before the first day of each month, LCRA shall have the right to make a reading of the meters installed by the City at each Point of Diversion. The City shall provide reasonable means of access to the meters for the representatives of LCRA.

Further, such meters shall be tested for accuracy by and at the expense of the City at least once each calendar year at intervals of approximately twelve (12) months and a report of such tests shall be furnished to LCRA. However, in the event any question arises at any time as to the accuracy of any such meter, such meter shall be tested promptly upon the demand of LCRA, the expense of such test to be borne by LCRA if the meter is found to be correct and by the City if it is found to be incorrect. Readings within five percent (5%) of accuracy shall be considered correct. If, as a result of any test, any meter is found to be registering inaccurately (i.e., in excess of five percent (5%) of accuracy), the readings of such meter shall be corrected at the rate of its inaccuracy for any period



which is definitely known and agreed upon or, if no such period is known and agreed upon, the shorter of the following periods shall be used as the basis for correction:

(1) a period extended back either sixty (60) days from the date of demand for the test, or if no demand for the test was made, sixty (60) days from the date of the test; and

(2) a period extending back half of the time elapsed since the last previous test; and the records of readings shall be adjusted accordingly.

Following each test of a meter, the same shall be adjusted by the City to register accurately. The City shall notify LCRA prior to making each test of any of the City's meters and LCRA shall have the right to have a representative present at each test to observe the same and any meter adjustments found to be necessary.

If the records of meter readings are adjusted pursuant to this Paragraph M, LCRA shall correct any bill submitted pursuant to Paragraph L above that includes charges for the period for which records of readings were adjusted, LCRA shall issue a corrected statement ("Corrected Statement"). If the City was charged and paid to LCRA more than the amounts shown on the Corrected Statement, the LCRA shall refund to the City the difference between the amount shown on the Corrected Statement and the amount paid by the City, or at LCRA's option credit the difference to the City's next annual statement submitted pursuant to Paragraph L above. If the City was charged and paid to LCRA less than the amounts shown on the Corrected Statement, the City shall pay to the LCRA the difference between the amount shown on the Corrected Statement and the amount previously paid by the City. Such refund or payment shall be paid or credited by one

party to the other by check or bankwire on or before ninety (90) days from the date of mailing of the Corrected Statement.

- N. Availability of Water. Notwithstanding any other provisions herein, LCRA does not represent or warrant that water will be available at any particular time or place or that Lakes Buchanan and Travis will be retained at any specific level at any particular time. It is fully understood by the parties hereto that the level of said lakes will vary as a result of LCRA's operation of its dams on the Colorado River and that this instrument is merely an agreement to require LCRA to make water available when and if water is present in said lakes or other sources made available in the Colorado River and its tributaries to LCRA, and to allow the City to make withdrawals of such water subject to applicable laws respecting the distribution and allocation of water during shortages of supply. If LCRA is unable to make water available at any time during the calendar period when the City is exercising its right to divert amounts of water in excess of 150,000 acre-feet and up to and including 201,000 acre-feet and for which the City has paid LCRA pursuant to Paragraph H(5) above, LCRA shall refund to the City a portion of the payment proportional to the amount of water not available.
- O. Pumping Facilities. The City's pumping and related facilities shall be installed, operated and maintained by the City at the City's sole expense and risk.
- P. Quality. LCRA makes no representation as to the quality of the water in Lakes Travis and Buchanan or from any other sources made available in the Colorado River and its tributaries to LCRA.
- Q. Impact Committee. The City and LCRA agree to establish, commencing within six (6) months after the Effective Date of this Agreement, a joint committee to discuss the

impact on the environment of water supply decisions by the City and the LCRA regarding the provision of water and wastewater services within Bastrop, Hays, Travis and Williamson Counties that affect the quality of water of the City or LCRA. The committee shall consist of three (3) members appointed by the City Council of the City and three (3) members appointed by the Board of the LCRA. The committee shall submit regular reports to the City Council and the Board of the LCRA for so long as the parties hereto deem it appropriate. After five (5) years, the committee is dissolved unless the parties mutually agree otherwise.

- R. Notice. Each notice under this agreement shall be mailed by certified mail, return receipt requested, and shall be effective on the date actually received. All notices and bills to the City shall be addressed to:  
Director, Water and Wastewater Utility  
City of Austin, Texas  
P.O. Box 1088  
Austin, Texas 78767

and all notices and payment to LCRA shall be addressed to:

General Manager  
Attention: WaterCo  
Lower Colorado River Authority  
P.O. Box 220  
Austin, Texas 78767

Either party may change its address by giving written notice of such change to the other party.

- S. No Third Party Beneficiary. The parties are entering into this agreement solely for the benefit of themselves and agree that nothing herein is intended to confer nor shall be

construed to confer any right, privilege or benefit on any person or entity other than the parties hereto.

- T. Captions. The captions and headings appearing in this Agreement are inserted merely to facilitate reference and shall have no bearing upon the interpretation thereof.
  - U. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.
  - V. Waiver. Any waiver at any time by either party with respect to a default or any other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.
- (6) Section 3.3 of the 1987 Agreement is stricken and this new Section 3.3 is substituted to read as follows:

“Continued Effectiveness. Except and to the extent that the 1966 Agreement and the contracts and agreements referred to in Section 3.2(b) above are modified, amended, and/or changed herein, said in full force and effect in accordance with the provisions contained therein until terminated as provided therein and as may be amended herein.”

- (7) Section 6.2 of the 1987 Agreement is stricken and this new Section 6.2 is substituted to read as follows:

“Term. This Agreement shall be in full force and effect to January 1, 2051. In the event that the City exercises its option pursuant to Section 3.2 to renew applicable sections of the 1966 Agreement relating to LCRA making available a firm water supply to the City

for an additional fifty-year period or if LCRA elects to exercise its option to renew applicable sections of the 1966 Agreement relating to electric power, use of City property, Tom Miller Dam, and the use of water for the generation of hydroelectric power at Tom Miller Dam for an additional fifty-year period, then this Agreement shall be in full force and effect until January 1, 2101.”

- (8) New Section 6.11 is hereby added to read as follows:

“Force Majeure. In the event that either the City or LCRA shall be prevented from performing any of its obligations due under the terms of the First Amendment as a result of some act, decision, or order of the Legislature or a court of the State of Texas, which by the exercise of due diligence neither the City nor LCRA was able to prevent or overcome, the City and LCRA shall each be excused from any further performance of the obligations and undertakings to make payments and to provide the First Amendment Additional Amount, and the LCRA shall refund a proportional amount of the monies by the City previously paid by the City as a reservation fee for the First Amendment Additional Amount and for any amount of water above 150,000 acre-feet and up to and including 201,000 acre-feet not yet used, nor to be used in the future, by the City.”

- (9) New Section 6.12 is hereby added to read as follows:

“Short Term Sales of Firm Water to Third Parties. In accordance with applicable LCRA Board Policies as amended from time to time, and consistent with the intent of the parties expressed in the

Memorandum of Understanding (MOU), dated June 8, 1999, LCRA agrees to adopt procedures to implement such policies as well as the parties' intent expressed in the June 8, 1999 MOU. LCRA agrees that the City shall be a party to any agreement with a third party for purchase on a short-term basis of any portion of the water reserved by the City pursuant to this First Amendment."

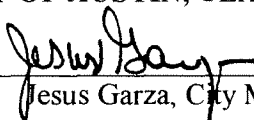
(10) New Section 6.13 is hereby added to read as follows:

"Mutual Release. The parties hereby mutually release each other from any claims or causes of action, if any, accruing prior to the Effective Date and arising out of, and directly related to, the provisions of Section 2 of the 1987 Agreement related to proposed construction of Water Treatment Plant No. 4 by the City."


All Sections of the 1987 Agreement not amended hereby shall remain in full force and effect.

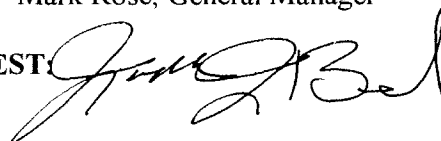
IN WITNESS WHEREOF, this First Amendment to the December 10, 1987 Comprehensive Water Settlement Agreement Between the City of Austin and the Lower Colorado River Authority is executed as of the date first written above on behalf of the City and LCRA by their respective authorized officers, in multiple counterparts, each of which shall constitute an original.

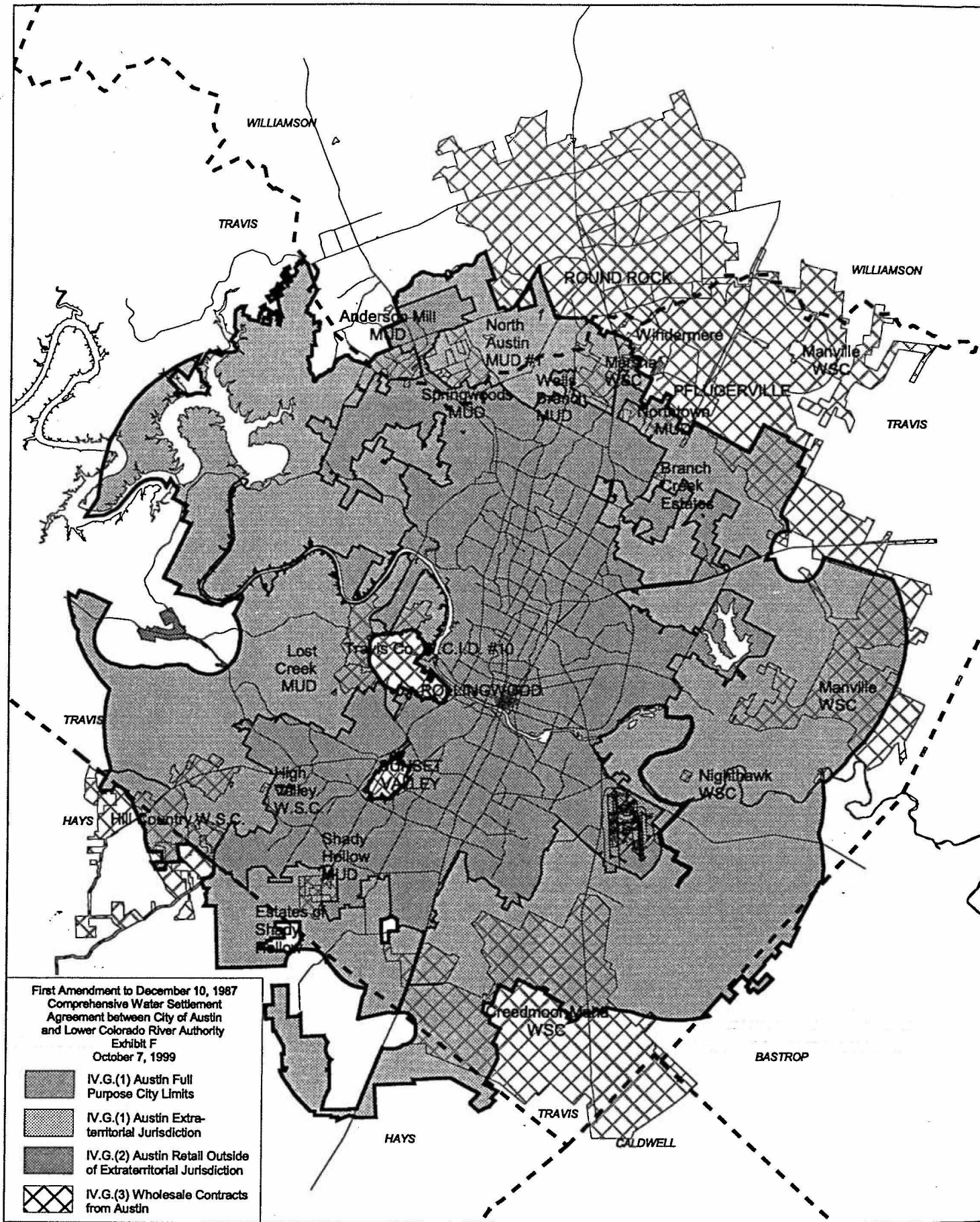
**CITY OF AUSTIN, TEXAS**

By:  \_\_\_\_\_  
Jesus Garza, City Manager

ATTEST: 

**LOWER COLORADO RIVER AUTHORITY**  
By:  \_\_\_\_\_  
Mark Rose, General Manager

ATTEST: 



First Amendment to December 10, 1987  
 Comprehensive Water Settlement  
 Agreement between City of Austin  
 and Lower Colorado River Authority  
 Exhibit F  
 October 7, 1999

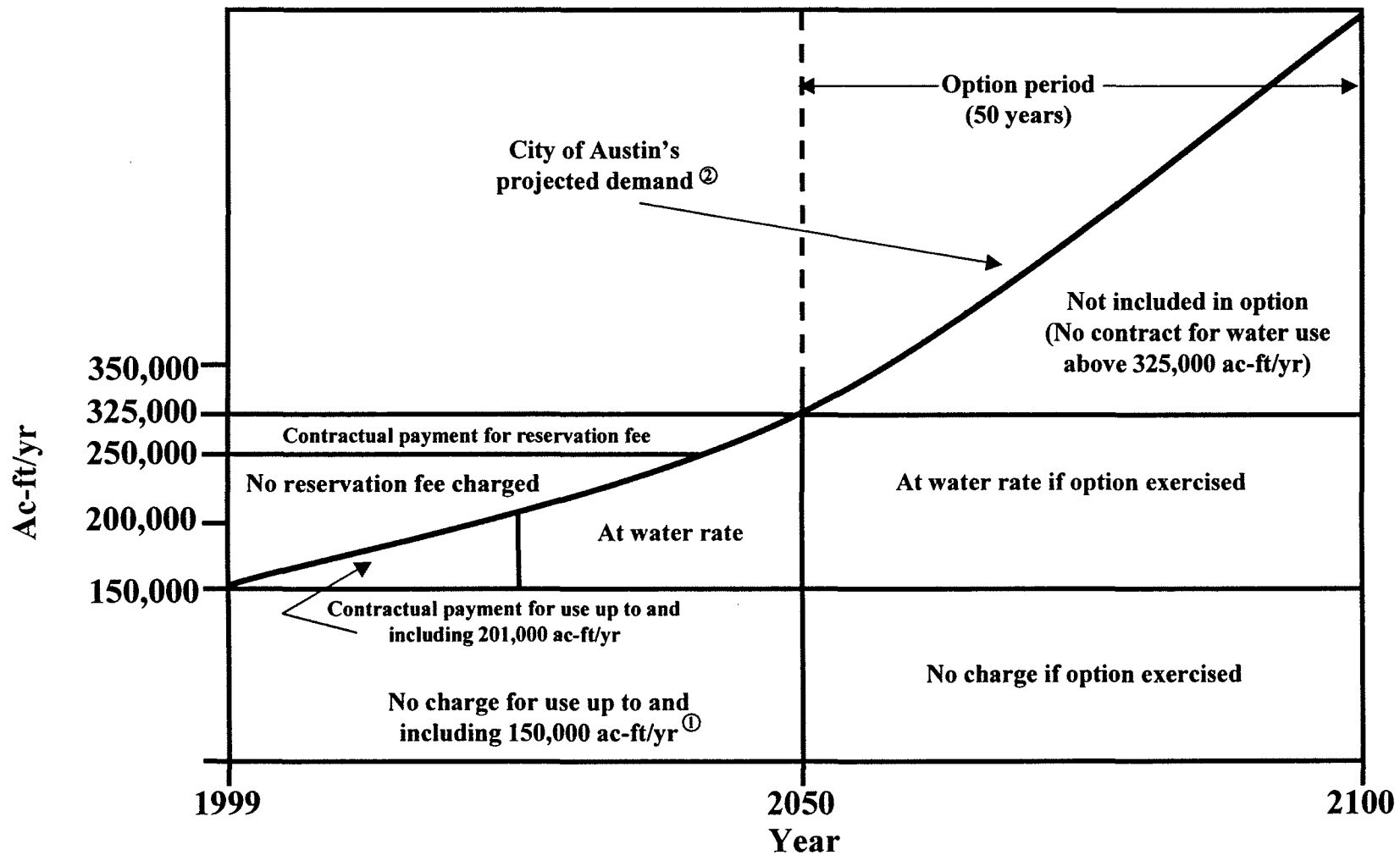
- IV.G.(1) Austin Full Purpose City Limits
- IV.G.(1) Austin Extraterritorial Jurisdiction
- IV.G.(2) Austin Retail Outside of Extraterritorial Jurisdiction
- IV.G.(3) Wholesale Contracts from Austin

EXHIBIT F



# Exhibit G

(Illustrative purposes only)



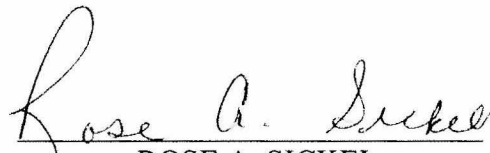
① Consists of City of Austin's independent run-of-river water rights firmed up and/or supplemented with water from the LCRA.

② Based on 1999 projections. Actual demand curve may vary. Dates are approximate. Annual water use volumes, not dates, control changes in payment requirements.

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Rose A. Sickel, Associate City Clerk of the City of Austin, do hereby certify that the foregoing instrument is a true and correct copy of the First Amendment to December 10, 1987 Comprehensive Water Settlement Agreement between the City of Austin and Lower Colorado River Authority, executed the 7<sup>th</sup> day of October, 1999, consisting of 30 pages, as on file in the City Clerk's Office, this 17<sup>th</sup> day of November, 1999.

  
ROSE A. SICKEL  
ASSOCIATE CITY CLERK  
CITY OF AUSTIN



CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 14-5471      OWNER: City of Austin  
Attn: Director Water and  
Wastewater Utility  
P. O. Box 1088  
Austin, Texas 78767

COUNTY: Travis      PRIORITY DATE: June 30, 1913

WATERCOURSE: Colorado River (Lake      BASIN: Colorado River  
Austin)

WHEREAS, by final judgment and decree of the 264th Judicial District Court of Bell County, Texas, in Cause No. 115,414-A-1, In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the adjudication of water rights in the Lower Colorado River Segment of the Colorado River Basin dated April 20, 1988, certain rights with respect to Lake Austin were recognized under Certified Filing 330 authorizing the City of Austin to appropriate waters of the State of Texas as set forth below:

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the Colorado River Basin is issued to the City of Austin, subject to the following terms and conditions:

1. IMPOUNDMENT

Owner is authorized to maintain an existing dam and reservoir on the Colorado River (Tom Miller Dam and Lake Austin) and to impound therein not to exceed 21,000 acre-feet of water. The dam is located in the Wilkinson Sparks Grant, Abstract 21 and the Daniel J. Gilbert Survey, Abstract 313, Travis County, Texas.

2. USE

- A. Owner is authorized to divert and use not to exceed 250,000 acre-feet of water per annum from Lake Austin for municipal purposes.
- B. Owner is authorized to divert and use not to exceed 150 acre-feet of water per annum from Lake Austin for irrigation purposes.
- C. Owner is authorized to use the water impounded in the aforesaid reservoir for recreation purposes.

Certificate of Adjudication 14-5471

D. Owner is further authorized to divert and use water through Tom Miller Dam for the generation of hydroelectric power, subject to the following conditions:

- (1) Owner shall not release water through Tom Miller Dam solely for the purpose of hydroelectric generation, except during emergency shortages of electricity, and during other times to the extent that such releases will not impair the Lower Colorado River Authority's ability to satisfy all existing and projected demands for water from Lake Travis and Lake Buchanan under Certificates of Adjudication 14-5482 and 14-5478 pursuant to all firm, uninterruptible commitments and all non-firm, interruptible commitments.
- (2) To the extent that water is released through Tom Miller Dam solely for the purpose of hydroelectric generation, such right is specifically subordinated, as to priority, to all present and future upstream rights to use the waters of the Colorado River and its tributaries for municipal, domestic, industrial, irrigation and/or mining purposes, except during emergency shortages of electricity, and during other times to the extent that the holder of any such upstream right has agreed, or in the future agrees, otherwise.
- (3) The extent to which additional water is made available for purposes other than hydroelectric generation from Lake Travis and Lake Buchanan under Certificates of Adjudication 14-5482 and 14-5478 because of owner's acceptance of the two conditions set out above, shall, together with other consideration, if any, be taken into account in any evaluation or determination of the consideration given, or to be given, by Austin for water from such lakes under such certificates.

3. DIVERSION

A. Location:

- (1) No limitation as to the number or locations of points of diversion on Lake Austin for purposes other than hydroelectric generation.
- (2) Releases through Tom Miller Dam for hydroelectric generation.

Certificate of Adjudication 14-5471

B. Maximum rate:

- (1) No limitation as to rate of diversion for purposes other than hydroelectric generation.
- (2) 3045.00 cfs (1,370,250 gpm) for hydroelectric generation.

4. INTERBASIN TRANSFER

Owner is authorized to transfer treated water from the Colorado River Basin for municipal use in areas outside of said Colorado River Basin.

5. PRIORITY

A. The time priority of Owner's rights under Paragraphs 1, 2 and 3, above, (such rights being hereinafter referred to as "Owner's Lake Austin Rights") is June 30, 1913, subject to the following conditions:

- (1) Any existing water right with a priority date junior to November 15, 1900 that is presently owned by the Lower Colorado River Authority is specifically subordinated as to priority, to Owner's Lake Austin Rights. ←
- (2) Any existing water right with a priority date junior to November 15, 1900 that may in the future be acquired by the Lower Colorado River Authority shall, upon acquisition by LCRA and thereafter, be specifically subordinated, as to priority, to Owner's Lake Austin Rights. ←
- (3) Any evaluation or determination of the consideration give, or to be given, by the City of Austin for stored water from Lake Travis and Lake Buchanan under Certificates of Adjudication 14-5482 and 14-5478 shall be based upon studies which assume that Owner's Lake Austin Rights have a priority date of November 15, 1900. ←

B. No time priority applies to any interbasin transfer of water made pursuant to Paragraph 4, above.

6. SPECIAL CONDITIONS

- A. Owner shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that Owner is not entitled to divert or impound.
- B. All water supplied by Owner for use in areas outside of the Colorado River Basin shall be deemed to be transferred and used under Owner's interbasin transfer rights set forth in paragraph 4, above, and so reported by Owner under this right.

Certificate of Adjudication 14-5471

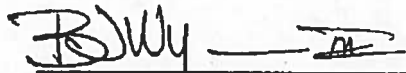
The location of pertinent features related to this certificate are shown on Page 1 of the Lower Colorado River Segment Certificates of Adjudication Maps, copies of which are located in the office of the Texas Water Commission, Austin, Texas.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final judgment and decree of the 264th Judicial District Court of Bell County, Texas, in Cause No. 115,414-A-1, In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the adjudication of water rights in the Lower Colorado River Segment of the Colorado River Basin dated April 20, 1988 and supersedes all rights of the Owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the Colorado River Basin.

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

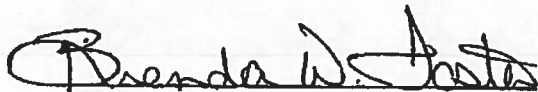
TEXAS WATER COMMISSION

  
B. J. Wynne, III, Chairman

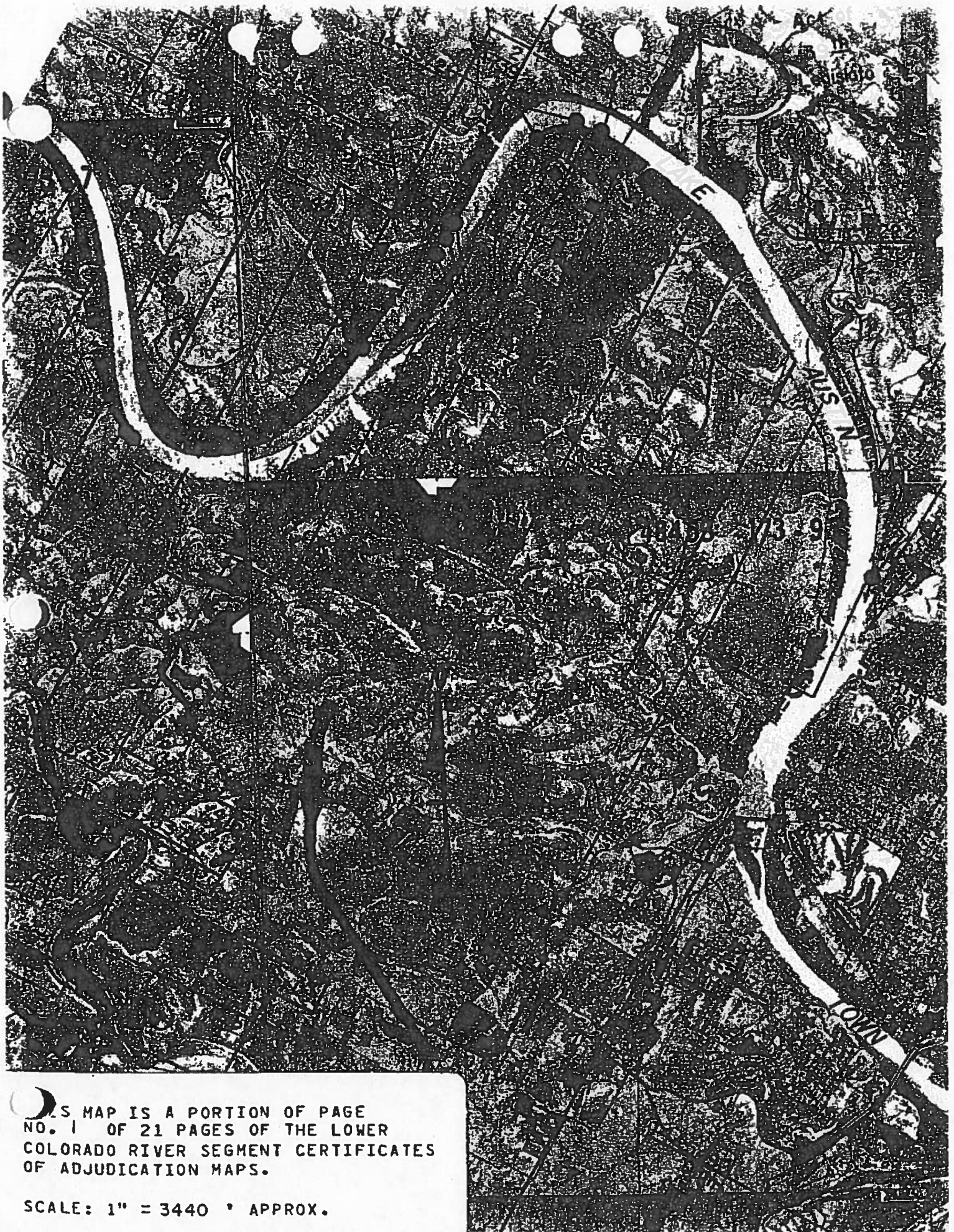
DATE ISSUED:

JUN 28 1989

ATTEST:

  
Brenda W. Foster, Chief Clerk





THIS MAP IS A PORTION OF PAGE  
NO. 1 OF 21 PAGES OF THE LOWER  
COLORADO RIVER SEGMENT CERTIFICATES  
OF ADJUDICATION MAPS.

SCALE: 1" = 3440 ' APPROX.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



Austin SWIFT Loan, Part D, #63  
Surface Water Affidavit (WRD-208a)  
Attachment 3 of 5

AMENDMENT TO A  
CERTIFICATE OF ADJUDICATION

CERTIFICATE NO. 14-5471D

TYPE §11.122

Owner: City of Austin

Address: P.O. Box 1088  
Austin, Texas 78767

Filed: October 18, 2013

Granted: May 6, 2014

Purpose: Agricultural and Municipal

County: Travis County

Watershed: Colorado River Basin

Watercourse: Barton Creek, tributary of the  
Colorado River and Colorado River

WHEREAS, the City of Austin (Owner) owns Certificate of Adjudication No. 14-5471 (Certificate) which authorizes the maintenance of three existing dams and reservoirs being Barton Springs Pool on Barton Creek, tributary of the Colorado River; Tom Miller Dam and Lake Austin on the Colorado River; and Longhorn Dam and Lady Bird Lake (formerly known as Town Lake) on the Colorado River with a maximum combined capacity of 24,530.7 acre-feet of water for recreation purposes in Travis County; and

WHEREAS, the Certificate also authorizes the diversion and use of up to 271,403 acre-feet of water per year for municipal purposes and 150 acre-feet of water per year for agricultural purposes from Lady Bird Lake, Lake Austin, and Barton Springs Pool in Travis County, and the diversion, circulation, and re-circulation of a maximum consumptive use not to exceed 24,000 acre-feet of water per year from the perimeter of Lady Bird Lake, Cedar Creek Reservoir on Cedar Creek, tributary of the Colorado River, and multiple points on the Colorado River for industrial (cooling) purposes in Travis and Fayette Counties; and

WHEREAS, Owner is further authorized to release water from the Tom Miller Dam for hydroelectric generation purposes; and

WHEREAS, multiple diversion rates, diversions points, time priorities, and special conditions exist; and



WHEREAS, Owner seeks to amend Certificate of Adjudication No. 14-5471 to correct a typographical error (authorization to divert and use an additional 1,000 acre-feet of water was inadvertently omitted) made in the preparation of Certificate of Adjudication No. 14-5471A; and

WHEREAS, correcting the typographical error will result in the City of Austin being authorized to divert and use up to 272,403 acre-feet of water per year for municipal purposes; and

WHEREAS, Owner also seeks to amend Certificate of Adjudication No. 14-5471 to add agricultural (irrigation) use to 1,000 acre-feet of water out of the currently authorized 272,403 acre-feet for municipal use; and

WHEREAS, no requests for a contested case hearing were received for this application; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 14-5471, designated Certificate of Adjudication No. 14-5471D, is issued to the City of Austin subject to the following terms and conditions:

1. USE

In lieu of USE paragraph 2. A. and B. of Certificate of Adjudication No. 14-5471A, Owner is now authorized to divert and use:

- A. 271,403 acre-feet of water per year from Lake Austin and Lady Bird Lake for municipal purposes.
- B. 1,000 acre-feet of water per year from Lake Austin, Lady Bird Lake, and Barton Springs Pool for municipal and agricultural purposes.

2. CONSERVATION

Owner shall implement water conservation plans that provide for the utilization of those practices, techniques, and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses. Such plans shall include a requirement that in every water supply contract entered into, on or after the effective date of this amendment, including any contract extension or renewal, that each successive wholesale customer develop and implement conservation measures. If the

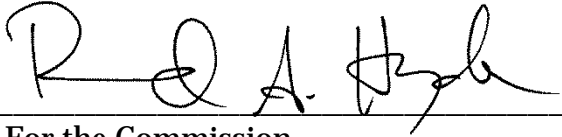
customer intends to resell the water, then the contract for resale of the water shall have water conservation requirements so that each successive customer in the resale of the water will be required to implement water conservation measures.

This amendment is issued subject to all terms, conditions, and provisions contained in Certificate of Adjudication No. 14-5471, as amended, except as specifically amended herein.

This amendment is issued subject to all superior and senior water rights in the Colorado River Basin.

Owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of state water resources exercised by the Commission.

  
\_\_\_\_\_  
For the Commission

DATE ISSUED: **May 6, 2014**

AMENDMENT TO  
CERTIFICATE OF ADJUDICATION

CERTIFICATE NO. <sup>147</sup> 12-5482C TYPE: AMENDMENT

Name: Lower Colorado River Authority Address: PO BOX 220  
AUSTIN TX 78767-0220

Filed: September 17, 1991 Granted: October 9, 1991

Purposes: Industrial and Irrigation County: Travis

Watercourse: Colorado River Watershed: Colorado River Basin

WHEREAS, Certificate No. 14-5482, as amended, was issued to Lower Colorado River Authority (LCRA) and authorized the certificate owner to maintain Mansfield Dam and Lake Travis on Colorado River in Travis County and the diversion and use of water from Lake Travis and Lake Buchanan (included in LCRA's Certificate No. 14-5478) for municipal, industrial, irrigation, mining, domestic, recreation, instream flows, bay/estuary, livestock and recharge purposes; and

WHEREAS, applicant seeks to amend Certificate No. 14-5482, as amended, to establish a diversion point and maximum diversion rate on Lake Austin (authorized by Certificate No. 14-5471 and owned by the City of Austin) for the purposes of diverting water released from Lake Travis for (industrial use) heat transfer or cooling purposes and for irrigation of landscaped areas surrounding LCRA's proposed office complex; and

WHEREAS, the Texas Water Commission finds that jurisdiction over the application is established; and

WHEREAS, no person protested the granting of this application; and

*WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Water Commission in issuing this amendment.*

*NOW, THEREFORE, this amendment to Certificate No. 14-5482 is issued to the Lower Colorado River Authority, as follows:*

**1. USE**

*Certificate owner is authorized to divert and use 1470 acre-feet of water per annum for industrial and irrigation purposes at the certificate owner's proposed office complex.*

**2. DIVERSION**

*In addition to the authorized points of diversion in Certificate No. 14-5482, as amended, certificate owner is authorized to use the following point of diversion:*

**A. Location:**

- (3) *At a point on the eastern end of Tom Miller Dam on the Colorado River, Travis County, the same being S 79° E, 1135 feet from the north corner of the Henry P. Hill Grant, Abstract No. 14.*

**B. Maximum rate:**

- (3) *4.0 cfs (1800 gpm).*

**3. POINT OF RETURN**

*At a point S 74° E, 1170 feet from the aforesaid survey corner.*

**4. SPECIAL CONDITION**

*Certificate owner shall maintain annual records indicating that water used under this amendment conforms to Article 5.1.2.(b) and 5.1.3.(b) of LCRA's Water Conservation Rules and the records shall be made available to representatives of the Executive Director of the Texas Water Commission upon reasonable request.*

*This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 14-5482, except as specifically amended herein.*

*This amendment is issued subject to all superior and senior water rights in the Colorado River Basin.*

*Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.*

*All other matters requested in the application which are not specifically granted by this amendment are denied.*

*Certificate owner shall use those practices, techniques and technologies that will reduce the loss or waste of water and improve the efficiency and use of water so that only so much water as can be beneficially used will be diverted. Furthermore, diversion and use will occur only when reasonably necessary because of prevailing climatic conditions and subject to the terms and conditions of this amendment.*

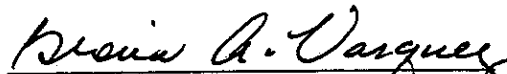
*This amendment is issued subject to the Rules of the Texas Water Commission and to the right of continuing supervision of State water resources exercised by the Commission.*

TEXAS WATER COMMISSION

  
\_\_\_\_\_  
John Hall, Chairman

DATE ISSUED: OCT 3 1 1991

ATTEST:

  
\_\_\_\_\_  
Gloria A. Vasquez, Chief Clerk

AMENDMENT TO  
CERTIFICATE OF ADJUDICATION

CERTIFICATE NO.	14-5482B	TYPE:	AMENDMENT
Name:	Lower Colorado River Authority	Address:	P.O. Box 220 Austin, Texas 78767
Filed:	February 6, 1990	Granted:	February 21, 1990
Purposes:	Livestock and Recharge	County:	Travis
Watercourse:	Colorado River	Watershed:	Colorado River Basin

WHEREAS, Certificate of Adjudication No. 14-5482 was issued to Lower Colorado River Authority on June 28, 1989 and authorized certificate owner to maintain Mansfield Dam and Lake Travis on the Colorado River in Travis County and the diversion and use of water from Lake Travis and Lake Buchanan (included in the Authority's Certificate No. 14-5478) for municipal, industrial, irrigation and mining purposes; and

WHEREAS, Certificate No. 14-5482A as issued on October 12, 1989 which authorized certificate owner to divert, use and release waters from Lake Travis for domestic, recreation, instream flows and bay/estuary purposes in addition to uses listed above; and

WHEREAS, certificate owner has requested an amendment to Certificate No. 14-5482, as amended, to add authority to divert, use and release the waters in Lake Travis for livestock and recharge purposes; and

WHEREAS, the Texas Water Commission finds that jurisdiction over the application is established; and

WHEREAS, no person protested the granting of this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Water Commission in issuing this amendment; and

NOW, THEREFORE, this amendment to Certificate No. 14-5482, as amended, is issued to the Lower Colorado River Authority, subject to the following provisions:

USE

In addition to the authorizations included in Certificate No. 14-5482, as amended, to divert and use water from Lake Travis for municipal, industrial, irrigation, mining, domestic, recreation, instream flows and bay/estuary purposes, certificate owner is authorized to divert, use and release the waters in Lake Travis for livestock and recharge purposes.

This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 14-5482, as amended, except as specifically amended herein.

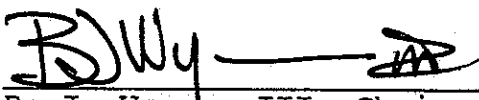
This amendment is issued subject to all superior and senior water rights in the Colorado River Basin.

Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

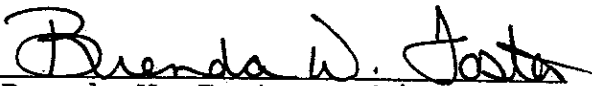
This amendment is issued subject to the Rules of the Texas Water Commission and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS WATER COMMISSION

  
B. J. Wynne, III, Chairman

DATE ISSUED: MAR 08 1990

ATTEST:

  
Brenda W. Foster, Chief Clerk

AMENDMENT TO  
CERTIFICATE OF ADJUDICATION

CERTIFICATE NO.	14-5482A	TYPE:	AMENDMENT
Name:	Lower Colorado River Authority	Address:	P.O. Box 220 Austin, Texas 78767
Filed:	September 6, 1989	Granted:	September 7, 1989
Purposes:	Domestic, Recreation, Instream Flows and Bay/Estuary Use	County:	Travis
Watercourse:	Colorado River	Watershed:	Colorado River Basin

WHEREAS, Certificate of Adjudication No. 14-5482 was issued to Lower Colorado River Authority on June 28, 1989, and authorized the certificate owner to maintain Mansfield Dam and Lake Travis on the Colorado River in Travis County and the diversion and use of water from Lake Travis and Lake Buchanan (included in the authority's Certificate No. 14-5478) for municipal, industrial, irrigation and mining purposes; and

WHEREAS, in conjunction with submittal of the Water Management Plan required by the Final Judgement and Decree in Cause No. 155, 414-A-1 of the 264<sup>th</sup> Judicial District Court of Bell County, certificate owner has also requested an amendment to Certificate No. 14-5482 to add authority to divert, use and release the waters of Lake Travis for domestic, recreation, instream flow and bay/estuary inflow purposes; and

WHEREAS, the Texas Water Commission finds that jurisdiction over the application is established; and

WHEREAS, no person protested the granting of this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Water Commission in issuing this amendment.



NOW, THEREFORE, this amendment to Certificate No. 14-5482 is issued to the Lower Colorado River Authority, subject to the following provisions:

1. USE

a. In addition to the authorizations included in Paragraph 2.B., USE of Certificate No. 14-5482 to divert and use water from Lake Travis for municipal, industrial, irrigation and mining purposes, certificate owner is authorized to divert, use and release waters from Lake Travis for domestic, recreation, instream flows and bay/estuary purposes.

b. The combined firm yield for Lakes Travis and Buchanan is as found by the Commission by Order approved on September 7, 1989, approving the Water Management Plan as may be modified by the Commission from time to time.

2. SPECIAL CONDITIONS

a. For purposes of perfection, use of water for recreation purposes is limited to that quantity of water actually sold for that purpose whether used in, or released or diverted from, Lakes Buchanan or Travis.

b. Certificate owner shall follow the provisions of the Water Management Plan as approved by Order of the Commission on September 7, 1989, and the terms and conditions of that Order.

This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 14-5482, except as specifically amended herein.

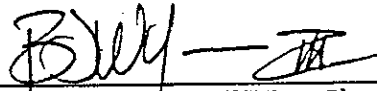
This amendment is issued subject to all superior and senior water rights in the Colorado River Basin.

Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Water Commission and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS WATER COMMISSION

  
\_\_\_\_\_  
B. J. Wynne, III, Chairman

DATE ISSUED: October 12, 1989

ATTEST:

  
\_\_\_\_\_  
Brenda W. Foster, Chief Clerk

Ag 5482

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 14-5482 OWNER: Lower Colorado River Authority  
P. O. Box 220  
Austin, Texas 78767

COUNTY: Travis PRIORITY DATES: March 29, 1926 and  
March 7, 1938

WATERCOURSE: Colorado River BASIN: Colorado River

WHEREAS, by final judgment and decree of the 264th Judicial District Court of Bell County, Texas, in Cause No. 115,414-A-1, In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the adjudication of water rights in the Lower Colorado River Segment of the Colorado River Basin dated April 20, 1988, a right was recognized under Permit 951, Permit 952, Permit 1259 and Permit 1260 authorizing the Lower Colorado River Authority to appropriate waters of the State of Texas as set forth below:

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the Colorado River Basin is issued to the Lower Colorado River Authority (hereinafter called LCRA), subject to the following terms and conditions:

1. IMPOUNDMENT

LCRA is authorized to maintain an existing dam and reservoir on the Colorado River (Mansfield Dam and Lake Travis) and impound therein not to exceed 1,170,752 acre-feet of water. The dam is located in the John S. Choate Survey 461, Abstract 186 and the C. B. Townsend Survey 192, Abstract 2640, Travis County, Texas.

2. USE

A. LCRA is authorized to use the water impounded in the aforesaid Lake Travis for recreation purposes with no right of diversion or release for this purpose.

B. LCRA is authorized to divert and use not to exceed 1,500,000 acre-feet of water per annum from the aforesaid reservoir and Lake Buchanan (Certificate of Adjudication 14-5478) for municipal, industrial, irrigation and mining purposes, subject to the following conditions:

- (1) LCRA shall prepare and submit to the Commission, on or before December 31, 1988, a proposed reservoir operation plan, which shall include such studies and other information as may be required by the Commission to determine the Combined Firm Yield of Lakes Travis and Buchanan (as

Certificate of Adjudication 14-5482

defined By Fact Finding No. 29 for Lake Travis in the "Modified Findings and Conclusions Defining LCRA's Water Rights with Respect to the Highland Lakes", Attachment No. 2 to Judgment in Cause No. 115,414-A-1) and demonstrate LCRA's compliance with, and its ability to comply with, these conditions (the "Management Plan"). In making its decision on the adoption of a Management Plan, the Commission shall consider all relevant public policies including, without limitation, the following:

- (a) Recognition of the necessity of beneficial inflows from the Colorado River into the Lavaca-Tres Palacios Estuary consistent with §11.147 of the Texas Water Code;
- (b) Protection of fish and wildlife habitats consistent with §11.147 of the Texas Water Code;
- (c) Consideration of the effects, if any, on existing instream uses and water quality consistent with §11.147 of the Texas Water Code;
- (d) Mitigation of adverse impacts, if any, on wildlife habitats inundated by new reservoir construction;
- (e) Mitigation of adverse environmental impacts, if any, caused by new projects taking, storing or diverting in excess of 5,000 acre-feet per year consistent with §11.152 of the Texas Water Code; and
- (f) Recognition of the Commission's statutory authority to require water conservation under §11.134(b)(4).

The Commission shall consider LCRA's proposal prior to adopting the initial Management Plan. The Management Plan may be amended from time to time upon the request of LCRA or on the Commission's own motion. The initial proceeding to consider the adoption of the Management Plan, and any major amendment thereof, shall be pursuant to contested case procedures. Any proceeding to consider the adoption or major amendment of the Management Plan shall be preceded by notice and opportunity to request a hearing in accordance with the Commission's regulations applicable to water rights permitting proceedings. The Texas Parks and Wildlife Department, at its option, may be a party in any such proceeding, in the same manner as it would be a party to a proceeding before the Commission incident to an application for a permit governed by §11.147 of the Texas Water Code. The Commission shall name as other parties persons who establish a justiciable interest in the

Certificate of Adjudication 14-5482

proceeding. In making a final decision on the adoption of a Management Plan and any amendment thereof, the Commission, in addition to other information, evidence, and testimony presented, shall consider all information, evidence, and testimony presented by the Texas Parks and Wildlife Department, including, without limitation, any memorandum of understanding between LCRA and Texas Parks and Wildlife Department relating to the management of the Highland Lakes.

- (2) LCRA shall prepare and submit to the Commission, on or before March 1 of each year beginning with March 1, 1990, a report which documents compliance with the Management Plan and these conditions during the previous year. Such report shall be in a form approved by the Executive Director of the Commission.
- (3) Except as provided in Paragraph (9) below, LCRA shall not supply or commit to supply any water under this certificate or under Certificate of Adjudication 14-5478 to any other party except pursuant to a written contract between LCRA and such party that defines such commitment.
- (4) LCRA shall not supply or commit to supply any water under this certificate or under Certificate of Adjudication 14-5478 to itself for use by itself or other parties except pursuant to resolution adopted by LCRA's Board of Directors that defines such commitment.
- (5) Each commitment by LCRA to supply water under this certificate or under Certificate of Adjudication 14-5478 shall be considered to be on a firm, uninterruptible basis unless the contract, resolution or special condition defining such commitment specifically provides that such commitment "is subject to interruption or curtailment".
- (6) LCRA shall not commit to supply water under this certificate or under Certificate of Adjudication 14-5478 on a firm, uninterruptible basis in excess of the Combined Firm Yield of Lakes Travis and Buchanan. During the period beginning as of January 1, 1988 until such time as the Management Plan is submitted and approved by the Commission, LCRA shall not enter into any contract or adopt any resolution by which it commits to supply any water under this certificate or under Certificate of Adjudication 14-5478 on a firm, uninterruptible basis, unless:
  - (a) The aggregate of all firm, uninterruptible commitments of water under this certificate or under Certificate of Adjudication 14-5478, including the

Certificate of Adjudication 14-5482

commitment made pursuant to such contract or resolution, does not exceed 2,500,000 acre-feet of water over any five consecutive calendar-year period; or

- (b) The commitment made pursuant to such contract or resolution is for municipal use, and such commitment does not exceed 10,000 acre-feet of water per annum; or
  - (c) Such contract or resolution is specifically approved by either the Executive Director of the Commission or the Commission pursuant to the condition contained in this Paragraph (6).
- (7) LCRA shall interrupt or curtail the supply of water under this certificate or under Certificate of Adjudication 14-5478 pursuant to commitments that are specifically subject to interruption or curtailment, to the extent necessary to allow LCRA to satisfy all demands for water under such certificates pursuant to all firm, uninterruptible commitments. Commitments to supply water on a non-firm, interruptible basis may be interrupted or curtailed as necessary either on a pro rata basis or in accordance with a system of priorities, as may be set forth in various contracts and resolutions that define such commitments.
- (8) LCRA shall not impose its priority under this certificate or under Certificate of Adjudication 14-5478 against any junior permanent water right with a priority date senior to November 1, 1987, except to the extent that:
- (a) LCRA would have the right to impose such priority against such water right if LCRA's right under this certificate or under Certificate of Adjudication 14-5478 to divert and use water from Lakes Travis and Buchanan were limited to the Combined Firm Yield of such lakes; or
  - (b) The holder of such water right has agreed, or in the future agrees, otherwise.
- (9) LCRA shall supply water under this certificate or under Certificate of Adjudication 14-5478 to or for the benefit of any downstream water right with a priority date junior to December 1, 1900 and senior to November 1, 1987 that authorizes the diversion of not more than 3000 acre-feet of water per annum, to the extent that:

Certificate of Adjudication 14-5482

- (a) The holder of such water right applies to the Commission for release of such water; and
- (b) The Commission finds that, but for the exercise of priority claims under Certificates of Adjudication 14-5471, 14-5472 (as pertains to rights recognized pursuant to CF-330), 14-5475, 14-5476 and 14-5477.

[1] Water would be available for diversion from the natural flow of the Colorado River or tributary thereof at an authorized point of diversion under such water right; and

[2] Applicant's water right would entitle him to divert such water;

provided, however, that LCRA shall not be obligated to supply more than 20,000 acre-feet of water in any year pursuant to this condition (9); that this commitment is subject to interruption or curtailment pro rata with other long-term interruptible commitments of LCRA; and that LCRA shall not be obligated to supply water under this condition to or for the benefit of a temporary or term permit beyond the initial term thereof.

- (10) LCRA may from time to time apply to the Commission for amendment of the conditions outlined in paragraph 2B(1) through 2B(9) above pursuant to Commission rules.
- (11) The rights recognized in Paragraph 2B, are duplicative of, and not in addition to, those rights recognized under Certificate of Adjudication 14-5478 relating to LCRA's rights in Lake Buchanan.

C. LCRA is authorized to use the bed and banks of the Colorado River below the aforesaid dam to convey water released from Lake Travis for use by LCRA or others entitled to use such water in the amounts and for the purposes authorized herein.

D. LCRA is authorized to divert and use water through Mansfield Dam for the purpose of hydroelectric power generation, subject to the following conditions:

- (1) Such right is subordinated to the extent set forth in TEX. REV. CIV. STAT. ANN. art. 8280-107, as amended, Tex. Laws 1975, ch. 74 at 179, as such act may be amended from time to time (the "LCRA Act").

Certificate of Adjudication 14-5482

- (2) Such right is further subordinated, to the extent that it may not be subordinated pursuant to the LCRA Act, as follows:
  - (a) LCRA shall not release water through Mansfield Dam solely for the purpose of hydroelectric generation, except during emergency shortages of electricity, and during other times to the extent that such releases will not impair LCRA's ability to satisfy all existing and projected demands for water from Lakes Travis and Buchanan under this certificate and under Certificate of Adjudication 14-5478 pursuant to all firm, uninterruptible commitments and all non-firm, interruptible commitments; and
  - (b) To the extent that water is released through Mansfield Dam solely for the purpose of hydroelectric generation, such right is specifically subordinated, as to priority, to all present and future upstream rights to use the waters of the Colorado River and its tributaries for municipal, domestic, industrial, irrigation and/or mining purposes, except during emergency shortages of electricity, and during other times to the extent that the holder of any such upstream right has agreed, or in the future agrees, otherwise.

3. DIVERSION

A. Location:

- (1) On the perimeter of the aforesaid reservoir.
- (2) Releases through the dam.

B. Maximum rate:

- (1) Unspecified from the perimeter of said reservoir.
- (2) 5530.00 cfs (2,488,500 gpm) for hydroelectric generation.

4. PRIORITY

- A. The time priority of LCRA's right is March 29, 1926 for the impoundment of water in the aforesaid reservoir, the use of the impounded water for recreation and the use of released water for hydroelectric generation.
- B. The time priority of LCRA's right is March 7, 1938 for the diversion and use of water for all other purposes authorized.



Certificate of Adjudication 14-5482

5. SPECIAL CONDITION

Owner shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that Owner is not entitled to divert or impound.

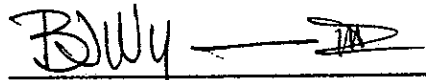
The location of pertinent features related to this certificate are shown on Page 31 of the Middle Colorado River Segment Certificates of Adjudication Maps and Page 1 of the Lower Colorado River Segment Certificates of Adjudication Maps, copies of which are located in the office of the Texas Water Commission, Austin, Texas.

This certificate of adjudication is issued subject to all terms conditions and provisions in the final judgment and decree of the 264th Judicial District Court of Bell County, Texas, in Cause No. 115,414-A-1, In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the adjudication of water rights in the Lower Colorado River Segment of the Colorado River Basin dated April 20, 1988 and supersedes all rights of the Owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the Colorado River Basin.

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

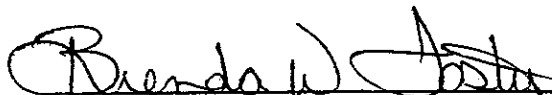
TEXAS WATER COMMISSION

  
B. J. Wynne, III, Chairman

DATE ISSUED:

JUN 28 1989

ATTEST:

  
Brenda W. Foster, Chief Clerk

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION



Austin SWIFT Loan Application  
Part D, Item 63  
Surface Water Affidavit (WRD-208a)  
Attachment 5 of 5

AMENDMENT TO  
CERTIFICATE OF ADJUDICATION

APPLICATION NO. 14-5478C

CERTIFICATE NO. 14-5478C

Name	: Lower Colorado River Authority	Address	: 3701 Lake Austin Blvd. Austin, Texas 78703
Filed	: December 12, 1995	Granted	: MAR 29 1996
Purpose	: Municipal, Industrial, Irrigation, Mining, Domestic, Recreation, Instream Flows, Bay/Estuary, Livestock, Hydroelectric, and Recharge	County	: Llano and Burnet
Watercourse	: Colorado River	Watershed	: Colorado River

WHEREAS, Certificate of Adjudication No. 14-5478, as amended, includes authorization for the Lower Colorado River Authority (LCRA) to maintain an existing dam and 992,475 acre-foot capacity reservoir on the Colorado River (Buchanan Dam and Lake Buchanan) for in-place recreational purposes and to divert and use not to exceed 1,500,000 acre-feet of water per annum from the reservoir and Lake Travis (included in Certificate No. 14-5482) for municipal, industrial, irrigation, mining, and hydroelectric generation purposes; and

WHEREAS, the certificate included a time priority of March 29, 1926 for the impoundment of water in the aforesaid reservoir, the use of the impounded water for recreation, and the use of released water for hydroelectric generation, and a time priority of March 7, 1938 was assigned to the diversion and use of water for all other authorized purposes; and

WHEREAS, the certificate was amended to authorize the diversion, use, and release of the waters in Lake Buchanan for domestic, recreation, instream flows, bay/estuary inflows; and

WHEREAS, the certificate was amended a second time to authorize the diversion, use, and release of the waters in Lake Buchanan for livestock and recharge purposes; and

WHEREAS, Certificate No. 14-2564 was issued on August 31, 1983 to Palladian Capital Corporation and authorized the diversion and use of not to exceed 1100 acre-feet and the use of 1035 acre-feet of water per annum from the Colorado River to irrigate a maximum of 352 acres of land out of an 825.6 acre tract located in the William Seckatz Survey No. 535, Abstract No. 1046, San Saba County, Texas; and

WHEREAS, Commission records show ownership of Certificate No. 14-2564 as follows:

1. Haskel G. Hudson & Norma Jeanne Hudson - Diversion of 626 acre-feet per annum and use of 589 acre-feet for irrigation of 200.34 acres out of a 435.74 acre tract; and
2. Luther W. Simpson & Irma Nell Simpson - Diversion of 474 acre-feet per annum and use of 446 acre-feet for irrigation of 151.66 acres out of 329.86 acre tract; and

WHEREAS, William J. Maddux holds an option to purchase the right to divert 532 acre-feet and use 500 acre-feet per annum of the water rights owned by Haskel G. Hudson and Norma Jeanne Hudson authorized by Certificate No. 14-2564; and

WHEREAS, pursuant to an agreement between William J. Maddux and the LCRA (applicants), an application to amend Certificate No. 14-5478 has been submitted and requests the Commission to amend the Certificate by:

1. Changing the place of diversion of 532 acre-feet of water and place of consumptive use for 500 acre-feet of water from the current location in San Saba County to a location approximately 35 miles downstream to Lake Buchanan to be used in the LCRA's authorized service area; and
2. Severing the diversion of 532 acre-feet and consumptive use of 500 acre-feet of water from Certificate No. 14-2564 and combine it with Certificate No. 14-5478, as amended, thereby assigning all current authorizations under Certificate No. 14-5478, as amended, to the additional water; and

WHEREAS, the Texas Natural Resource Conservation Commission finds that jurisdiction over the application is established; and

WHEREAS, the Texas Natural Resource Conservation Commission is of the opinion and so finds the proposed changes will not impair the rights of any person entitled to the use of a portion of the waters of the Colorado River Basin; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Natural Resource Conservation Commission in issuing this amendment.

NOW, THEREFORE, this amendment to Certificate No. 14-5478, as amended, is issued to the Lower Colorado River Authority, subject to the following provisions:

1. USE

In addition to the existing authorizations under Certificate No. 14-5478, as amended, certificate owner is authorized to divert 532 acre-feet and consumptively use not to exceed 500 acre-feet of water per annum from Lake Buchanan on the Colorado River with current purpose and place of use authorizations as delineated in Certificate No. 14-5478, as amended.

2. DIVERSION

Diversions will occur on the Colorado River from Lake Buchanan at currently authorized locations and diversion rates authorized in Certificate No. 14-5478, as amended.

3. SPECIAL CONDITIONS

This amendment is conditional upon the purchase and sale of the 532 acre-feet of water from Haskel G. and Norma Jeanne Hudson and the subsequent transfer of that portion of Certificate No. 14-2564 from William J. Maddux to the LCRA.

4. PRIORITY

This amendment is junior in time priority to all the water rights in the Colorado River watershed between the diversion points included in Certificate No. 14-2564 and Certificate No. 14-5478. The time priority of this amendment as it relates to all other water rights is December 31, 1929.

This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 14-5478, as amended, except as specifically amended herein.

This amendment is issued subject to all superior and senior water rights in the Colorado River Basin.

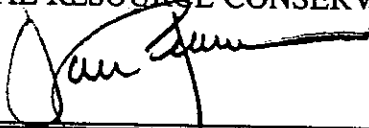
The Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

The right to use State water appropriated hereunder is limited to that amount which can be beneficially used by the water use permit owner for the authorized purpose but not to exceed the amount specifically authorized. Non-beneficial use or waste of water is a violation of this amendment.

This amendment is issued subject to the Rules of the Texas Natural Resource Conservation Commission and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

  
\_\_\_\_\_  
For the Commission

DATE ISSUED: **MAR 29 1996**

ATTEST:

  
\_\_\_\_\_  
Gloria A. Vasquez, Chief Clerk

AMENDMENT TO  
CERTIFICATE OF ADJUDICATION

CERTIFICATE NO. 14-5478B

TYPE: AMENDMENT

Name: Lower Colorado River  
Authority

Address: P.O. Box 220  
Austin, Texas 78767

Filed: February 6, 1990

Granted: February 21, 1990

Purposes: Livestock and Recharge

Counties: Llano and Burnet

Watercourse: Colorado River

Watershed: Colorado River Basin

WHEREAS, Certificate of Adjudication No. 14-5478 was issued to Lower Colorado River Authority on June 28, 1989 and authorized certificate owner to maintain Buchanan Dam and Lake Buchanan on the Colorado River in Llano and Burnet Counties and the diversion and use of water from Lake Buchanan and Lake Travis included in the Authority's Certificate No. 14-5482) for municipal, industrial, irrigation and mining purposes; and

WHEREAS, Certificate No. 14-5478A was issued on October 12, 1989 which authorized certificate owner to divert, use and release waters from Lake Buchanan for domestic, recreation, instream flows and bay/estuary purposes in addition to uses listed above; and

WHEREAS, certificate owner has requested an amendment to Certificate No. 14-5478, as amended, to add authority to divert, use and release the waters in Lake Buchanan for livestock and recharge purposes; and

WHEREAS, the Texas Water Commission finds that jurisdiction over the application is established; and

WHEREAS, no person protested the granting of this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Water Commission in issuing this amendment; and

NOW, THEREFORE, this amendment to Certificate No. 14-5478, as amended, is issued to the Lower Colorado River Authority, subject to the following provisions:

USE

In addition to the authorizations included in Certificate No. 14-5478, as amended, to divert and use water from Lake Buchanan for municipal, industrial, irrigation, mining, domestic, recreation, instream flows and bay/estuary purposes, certificate owner is authorized to divert, use and release the waters in Lake Buchanan for livestock and recharge purposes.

This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 14-5478, as amended, except as specifically amended herein.


This amendment is issued subject to all superior and senior water rights in the Colorado River Basin.

Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Water Commission and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS WATER COMMISSION

  
\_\_\_\_\_  
B. J. Wynne, III, Chairman

DATE ISSUED: MAR 08 1990

ATTEST:

  
\_\_\_\_\_  
Brenda W. Foster, Chief Clerk

# TEXAS NATURAL RESOURCE CONSERVATION COMMISSION



AN ORDER severing a portion of the water rights authorized by Certificate No. 14-2564 and combine it with all of the water rights authorized by Certificate No. 14-5478, as amended, and amending Certificate No. 14-5478, as amended, under Certificate No. 14-5478, as amended, designating such as Certificate No. 14-5478C.

An application by the Lower Colorado River Authority and William J. Maddux was presented to the Executive Director of the Texas Natural Resource Conservation Commission for consideration of approval. The applicants request authorization to sever and combine a 532 acre-foot portion the water rights authorized by Certificate No. 14-2564, with the water rights authorized by Certificate No. 14-5478, as amended, under Certificate No. 14-5478, as amended.

The Commission has jurisdiction to consider this matter and after hearing all of the evidence pertaining to the matter, the Commission is of the opinion and so finds that the 532 acre-foot portion water rights authorized by Certificate No. 14-2564 should be severed from said certificate and combined with the water rights authorized by Certificate No. 14-5478, as amended, designating such combination as Certificate No. 14-5478C.

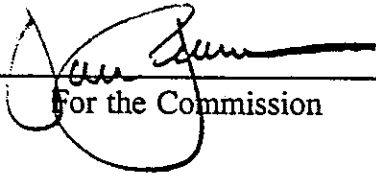
NOW THEREFORE, BE IT ORDERED BY THE TEXAS NATURAL RESOURCE CONSERVATION COMMISSION that the 532 acre-foot portion of water rights authorized by Certificate No. 14-2564 is hereby severed from Certificate No. 14-2564 and combined with the water rights authorized by Certificate No. 14-5478, as amended, by amendment to be so designated as Certificate No. 14-5478C.

All other terms and conditions contained in Certificate No. 14-5478, as amended, which are not specifically contrary to the terms of Certificate No. 14-5478, as herein combined, and to be so designated as Certificate No. 14-5478C by amendment, shall remain in full force and effect.

The Chief Clerk of the Commission is directed to forward a certified copy of this order to Mr. Gene Richardson, of the Lower Colorado River Authority, to Mr. William J. Maddux, to the County Clerk of Llano and Burnet County, and to the Commission Records Systems file of both of the certificates herein combined.

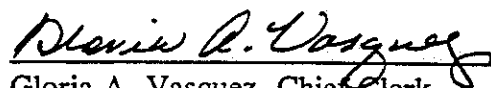


TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

  
\_\_\_\_\_  
For the Commission

DATE ISSUED: **MAR 29 1996**

ATTEST:

  
Gloria A. Vasquez, Chief Clerk

AMENDMENT TO  
CERTIFICATE OF ADJUDICATION

CERTIFICATE NO.	14-5478A	TYPE:	AMENDMENT
Name:	Lower Colorado River Authority	Address:	P.O. Box 220 Austin, Texas 78767
Filed:	September 6, 1989	Granted:	September 7, 1989
Purposes:	Domestic, Recreation, Instream Flows and Bay/Estuary Use	Counties:	Llano and Burnet
Watercourse:	Colorado River	Watershed:	Colorado River Basin

WHEREAS, Certificate of Adjudication No. 14-5478 was issued to Lower Colorado River Authority on June 28, 1989, and authorized the certificate owner to maintain Buchanan Dam and Lake Buchanan on the Colorado River in Llano and Burnet Counties and the diversion and use of water from Lake Buchanan and Lake Travis (included in the authority's Certificate No. 14-5482) for municipal, industrial, irrigation and mining purposes; and

WHEREAS, in conjunction with submittal of the Water Management Plan required by the Final Judgement and Decree in Case No. 155, 414-A-1 of the 264<sup>th</sup> Judicial District Court of Bell County, certificate owner has also requested an amendment to Certificate No. 14-5478 to add authority to divert, use and release the waters in Lake Buchanan for domestic, recreation, instream flow and bay/estuary inflow purposes; and

WHEREAS, the Texas Water Commission finds that jurisdiction over the application is established; and

WHEREAS, no person protested the granting of this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Water Commission in issuing this amendment.

NOW, THEREFORE, this amendment to Certificate No. 14-5478 is issued to the Lower Colorado River Authority, subject to the following provisions:

1. USE

a. In addition to the authorizations included in Paragraph 2.B., USE of Certificate No. 14-5478 to divert and use water from Lake Buchanan for municipal, industrial, irrigation and mining purposes, certificate owner is authorized to divert, use and release waters from Lake Buchanan for domestic, recreation, instream flows and bay/estuary purposes.

b. The combined firm yield for Lakes Travis and Buchanan is as found by the Commission by Order approved on September 7, 1989, approving the Water Management Plan as may be modified by the Commission from time to time.

2. SPECIAL CONDITIONS

a. For purposes of perfection, use of water for recreation purposes is limited to that quantity of water actually sold for that purpose whether used in, or released or diverted from, Lakes Buchanan or Travis.

b. Certificate owner shall follow the provisions of the Water Management Plan as approved by Order of the Commission on September 7, 1989, and the terms and conditions of the Order.

This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 14-5478, except as specifically amended herein.

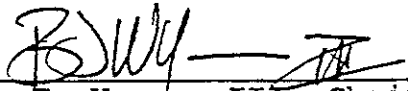
This amendment is issued subject to all superior and senior water rights in the Colorado River Basin.

Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Water Commission and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS WATER COMMISSION

  
B. J. Wynne, III, Chairman

DATE ISSUED: October 12, 1989

ATTEST:

  
Brenda W. Foster, Chief Clerk

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 14-5478

OWNER: Lower Colorado River  
Authority  
P. O. Box 220  
Austin, Texas 78767

COUNTIES: Llano and Burnet

PRIORITY DATES: March 29, 1926 and  
March 7, 1938

WATERCOURSE: Colorado River

BASIN: Colorado River

WHEREAS, by final judgment and decree of the 264th Judicial District Court of Bell County, Texas, in Cause No. 115,414-A-1, In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the adjudication of water rights in the Lower Colorado River Segment of the Colorado River Basin dated April 20, 1988, a right was recognized under Permit 954, Permit 1259 and Permit 1260 authorizing the Lower Colorado River Authority to appropriate waters of the State of Texas as set forth below:

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the Colorado River Basin is issued to the Lower Colorado River Authority (hereinafter called LCRA), subject to the following terms and conditions:

1. IMPOUNDMENT

LCRA is authorized to maintain an existing dam and reservoir on the Colorado River (Buchanan Dam and Lake Buchanan) and impound therein not to exceed 992,475 acre-feet of water. The dam is located in the Carl Conrad Mertz Survey, Abstract 510 and the Johann L. Henne Survey, Abstract 326 in Llano County and the Abraham Large Survey, Abstract 532; the F.H.R. Day Survey, Abstract 262 and the D. R. Banta Survey, Abstract 1215, in Burnet County, Texas.

2. USE

A. LCRA is authorized to use the water impounded in the aforesaid Lake Buchanan for recreation purposes with no right of diversion or release for this purpose.

B. LCRA is authorized to divert and use not to exceed 1,500,000 acre-feet of water per annum from the aforesaid reservoir and Lake Travis (Certificate of Adjudication 14-5482) for municipal, industrial, irrigation and mining purposes, subject to the following conditions:

(1) LCRA shall prepare and submit to the Commission, on or before December 31, 1988, a proposed reservoir operation

plan which shall include such studies and other information as may be required by the Commission to determine the Combined Firm Yield of Lakes Travis and Buchanan (as defined by Fact Finding No. 22 for Lake Buchanan in the "Modified Findings and Conclusions Defining LCRA's Water Rights with Respect to the Highland Lakes", Attachment No. 2 to Judgment in Cause No. 115,414-A-1) and demonstrate LCRA's compliance with, and its ability to comply with, these conditions (the "Management Plan"). In making its decision on the adoption of a Management Plan, the Commission shall consider all relevant public policies including, without limitation, the following:

- (a) Recognition of the necessity of beneficial inflows from the Colorado River into the Lavaca-Tres Palacios Estuary consistent with §11.147 of the Texas Water Code;
- (b) Protection of fish and wildlife habitats consistent with §11.147 of the Texas Water Code;
- (c) Consideration of the effects, if any, on existing instream uses and water quality consistent with §11.147 of the Texas Water Code;
- (d) Mitigation of adverse impacts, if any, on wildlife habitats inundated by new reservoir construction;
- (e) Mitigation of adverse environmental impacts, if any, caused by new projects taking, storing or diverting in excess of 5,000 acre-feet per year consistent with §11.152 of the Texas Water Code; and
- (f) Recognition of the Commission's statutory authority to require water conservation under §11.134(b)(4).

The Commission shall consider LCRA's proposal prior to adopting the initial Management Plan. The Management Plan may be amended from time to time upon the request of LCRA or on the Commission's own motion. The initial proceeding to consider the adoption of the Management Plan, and any major amendment thereof, shall be pursuant to contested case procedures. Any proceeding to consider the adoption or major amendment of the Management Plan shall be preceded by notice and opportunity to request a hearing in accordance with the Commission's regulations applicable to water rights permitting proceedings. The Texas Parks and Wildlife Department, at its option, may be a party in any such proceeding, in the same manner as it would be a party to a proceeding before the Commission incident to an

Certificate of Adjudication 14-5478

application for a permit governed by §11.147 of the Texas Water Code. The Commission shall name as other parties persons who establish a justiciable interest in the proceeding. In making a final decision on the adoption of a Management Plan and any amendment thereof, the Commission, in addition to other information, evidence, and testimony presented, shall consider all information, evidence, and testimony presented by the Texas Parks and Wildlife Department, including, without limitation, any memorandum of understanding between LCRA and Texas Parks and Wildlife Department relating to the management of the Highland Lakes.

- (2) LCRA shall prepare and submit to the Commission, on or before March 1 of each year beginning with March 1, 1990, a report which documents compliance with the Management Plan and these conditions during the previous year. Such report shall be in a form approved by the Executive Director of the Commission.
- (3) Except as provided in Paragraph (9) below, LCRA shall not supply or commit to supply any water under this certificate or under Certificate of Adjudication 14-5482 to any other party except pursuant to a written contract between LCRA and such party that defines such commitment.
- (4) LCRA shall not supply or commit to supply any water under this certificate or under Certificate of Adjudication 14-5482 to itself for use by itself or other parties except pursuant to resolution adopted by LCRA's Board of Directors that defines such commitment.
- (5) Each commitment by LCRA to supply water under this Certificate or under Certificate of Adjudication 14-5482 shall be considered to be on a firm, uninterrupted basis unless the contract, resolution or special condition defining such commitment specifically provides that such commitment "is subject to interruption or curtailment".
- (6) LCRA shall not commit to supply water under this certificate or under Certificate of Adjudication 14-5482 on a firm, uninterrupted basis in excess of the Combined Firm Yield of Lakes Travis and Buchanan. During the period beginning as of January 1, 1988 until such time as the Management Plan is submitted and approved by the Commission, LCRA shall not enter into any contract or adopt any resolution by which it commits to supply any water under this certificate or under Certificate of Adjudication 14-5482 on a firm, uninterrupted basis, unless:

Certificate of Adjudication 14-5478

- (a) The aggregate of all firm, uninterruptible commitments of water under this certificate or under Certificate of Adjudication 14-5482, including the commitment made pursuant to such contract or resolution, does not exceed 2,500,000 acre-feet of water over any five consecutive calendar-year period; or
  - (b) The commitment made pursuant to such contract or resolution is for municipal use, and such commitment does not exceed 10,000 acre-feet of water per annum; or
  - (c) Such contract or resolution is specifically approved by either the Executive Director or the Commission pursuant to the Special Condition contained in this paragraph (6).
- (7) LCRA shall interrupt or curtail the supply of water under this certificate or under Certificate of Adjudication 14-5482 pursuant to commitments that are specifically subject to interruption or curtailment, to the extent necessary to allow LCRA to satisfy all demands for water under such certificates pursuant to all firm, uninterruptible commitments. Commitments to supply water on a non-firm, interruptible basis may be interrupted or curtailed as necessary either on a pro rata basis or in accordance with a system of priorities, as may be set forth in various contracts and resolutions that define such commitments.
- (8) LCRA shall not impose its priority under this certificate or under Certificate of Adjudication 14-5482 against any junior permanent water right with a priority date senior to November 1, 1987, except to the extent that:
- (a) LCRA would have the right to impose such priority against such water right if LCRA's right under this certificate or under Certificate of Adjudication 14-5482 to divert and use water from Lakes Travis and Buchanan were limited to the Combined Firm Yield of such lakes; or
  - (b) The holder of such water right has agreed, or in the future agrees, otherwise.



Certificate of Adjudication 14-5478

(9) LCRA shall supply water under this certificate or under Certificate of Adjudication 14-5482 to or for the benefit of any downstream water right with a priority date junior to December 1, 1900 and senior to November 1, 1987 that authorizes the diversion of not more than 3000 acre-feet of water per annum, to the extent that:

(a) The holder of such water right applies to the Commission for release of such water; and

(b) The Commission finds that, but for the exercise of priority claims under Certificates of Adjudication 14-5471, 14-5472 (as pertains to rights recognized pursuant to CF-330), 14-5475, 14-5476 and 14-5477.

[1] Water would be available for diversion from the natural flow of the Colorado River or tributary thereof at an authorized point of diversion under such water right; and

[2] Applicant's water right would entitle him to divert such water;

provided, however, that LCRA shall not be obligated to supply more than 20,000 acre-feet of water in any year pursuant to this condition (9); that this commitment is subject to interruption or curtailment pro rata with other long-term interruptible commitments of LCRA; and that LCRA shall not be obligated to supply water under this condition to or for the benefit of a temporary or term permit beyond the initial term thereof.

(10) LCRA may from time to time apply to the Commission for amendment of the conditions outlined in paragraph 2B(1) through 2B(9) above pursuant to Commission rules.

(11) The rights recognized in Paragraph 2B are duplicative of, and not in addition to, those rights recognized under Certificate of Adjudication 14-5482 relating to LCRA's rights in Lake Travis.

C. LCRA is authorized to use the bed and banks of the Colorado River, below the aforesaid dam to convey water released from Lake Buchanan for use by LCRA or others entitled to use such water in the amounts and for the purposes authorized herein.

Certificate of Adjudication 14-5478

D. LCRA is authorized to divert and use water through Buchanan Dam for the purpose of hydroelectric power generation, subject to the following conditions:

(1) Such right is subordinated to the extent set forth in TEX. REV. CIV. STAT. ANN. art. 8280-107, as amended, Tex. Laws 1975, ch. 74 at 179, as such act may be amended from time to time (the "LCRA Act").

(2) Such right is further subordinated, to the extent that it may not be subordinated pursuant to the LCRA Act, as follows:

(a) LCRA shall not release water through Buchanan Dam solely for the purpose of hydroelectric generation, except during emergency shortages of electricity, and during other times to the extent that such releases will not impair LCRA's ability to satisfy all existing and projected demands for water from Lakes Travis and Buchanan under this certificate and under Certificate of Adjudication 14-5482 pursuant to all firm, uninterruptible commitments and all non-firm, interruptible commitments; and

(b) To the extent that water is released through Buchanan Dam solely for the purpose of hydroelectric generation, such right is specifically subordinated, as to priority, to all present and future upstream rights to use the waters of the Colorado River and its tributaries for municipal, domestic, industrial, irrigation and/or mining purposes, except during emergency shortages of electricity, and during other times to the extent that the holder of any such upstream right has agreed, or in the future agrees, otherwise.

E. LCRA is authorized to maintain and operate its existing pump-back unit, located below the aforesaid dam on Inks Lake, as an aid in utilizing the water authorized herein for hydroelectric generation purposes.

3. DIVERSION

A. Location:

(1) On the perimeter of the aforesaid reservoir.

(2) Releases through the dam.

B. Maximum rate:

(1) Unspecified from the perimeter of reservoir.

(2) 3630.00 cfs (1,633,500 gpm) for hydroelectric generation.

4. PRIORITY

- A. The time priority of LCRA's right is March 29, 1926 for the impoundment of water in the aforesaid reservoir, the use of the impounded water for recreation and the use of released water for hydroelectric generation.
- B. The time priority of LCRA's right is March 7, 1938 for the diversion and use of water for all other purposes authorized herein.

5. SPECIAL CONDITION

Owner shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that Owner is not entitled to divert or impound.

The location of pertinent features related to this certificate are shown on Pages Nos. 21 and 25 of the Middle Colorado River Segment Certificates of Adjudication Maps, copies of which are located in the office of the Texas Water Commission, Austin, Texas.

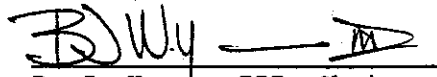
This certificate of adjudication is issued subject to all terms, conditions and provision in the final judgment and decree of the 264th Judicial District Court of Bell County, Texas, in Cause No. 115,414-A-1, In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the adjudication of water rights in the Lower Colorado River Segment of the Colorado River Basin dated April 20, 1988 and supersedes all rights of the Owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the Colorado River Basin.

Certificate of Adjudication 14-5478

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

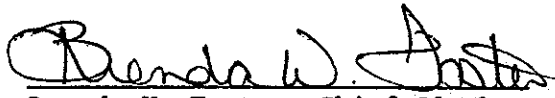
TEXAS WATER COMMISSION

  
B. J. Wynne, III, Chairman

DATE ISSUED:

JUN 28 1989

ATTEST:

  
Brenda W. Foster, Chief Clerk

**Austin SWIFT Loan Application  
for Smart Meters (AMI)**

**Part D, Item 64**

ED-101  
Revised 11/1/2011

**STATE OF TEXAS**

§

§

**COUNTY OF Travis**

§

**SITE CERTIFICATE**

Before me, the undersigned notary, on this day personally appeared **Greg Meszaros**, a person whose identify is known to me or who has presented to me a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is **Greg Meszaros**. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this certificate are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of City of Austin, an entity that has filed an application for financial assistance with the Texas Water Development Board for a (water) (wastewater) project.

**LEGAL CERTIFICATION – OWNERSHIP INTEREST**

This is to certify that **City of Austin** (Legal Name of Applicant, i.e., City, District, etc.)

has acquired or is in the process of acquiring the necessary real property interest, as evidenced by fee simple purchase or fully executed earnest money contracts, firm option agreements to purchase the subject property or the initiation of eminent domain procedures, that such acquisition will guarantee access and egress and such interest will contain the necessary easements, rights of way or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below:

(Location and Description of Property Interests acquired for Project)

**The City of Austin has over 230,000 water meters that are generally located in the City's right of way. The City has the authority to install and maintain all water meters for all of its water customers, in accordance with the Austin City Code, Section 15-9-151.**

Any deeds or other instruments required to be recorded to protect the title(s) held by

**City of Austin**  
(Legal Name of Applicant)

have been recorded or filed for the record in the County deed records or other required location.

**LEGAL CERTIFICATION – LEASE/CONTRACT**

In the alternative, I certify that \_\_\_\_\_  
(Legal Name of Applicant, i.e., City, District, etc.)

has executed a written lease or other contractual agreement to use the property needed for this (water) (wastewater) project that extends through \_\_\_\_\_ the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

**LEGAL CERTIFICATION – PROPERTY EASEMENT**

In the alternative, I certify that \_\_\_\_\_  
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through \_\_\_\_\_, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of the express easement agreement is attached hereto.

EXECUTED this 18 day of May, 2016.

[Signature]  
(Signature)

Greg Meszaros  
(Print Name)

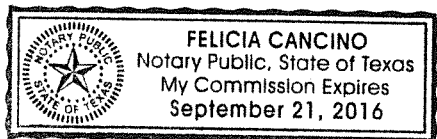
Director, Austin Water  
(Title)

Sworn to and subscribed before me by Greg Meszaros on May 18, 2016.

Felicia Cancino  
Notary Public in and for the State of Texas

My Commission expires: Sept. 21, 2016

[SEAL]



**City of Austin SWIFT Loan Applications, Part E, #69 - Projects 51041 and 51042**

**Requested Loan Closing Schedule for Multi-Year Commitments - June 2, 2016 REVISED  
Direct Reuse and Conservation Strategies**

<b>Direct Reuse Strategy Projects (51041)</b>		<b>Calendar</b>	<b>Calendar</b>	<b>Calendar</b>	<b>Calendar Year</b>	<b>Calendar</b>	<b>Calendar</b>	<b>Calendar</b>		
		<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>	<b>2019</b>	<b>Year 2020</b>	<b>Year 2021</b>	<b>Year 2022</b>		
<b>Direct Reuse Project Name</b>	<b>Austin ID #</b>	<b>Austin FY 17</b>	<b>Austin FY18</b>	<b>Austin FY19</b>	<b>Austin FY20</b>	<b>Austin FY21</b>	<b>Austin FY22</b>	<b>Austin FY23</b>	<b>Reuse Totals</b>	
Walnut Creek WWTP Tertiary Filter Rehabilitation	3023.025	5,075,547	6,000,000	4,900,000	2,525,000	1,500,000			20,000,547	
South Austin Regional WWTP Tertiary Filter Improvements	3333.015	4,402,453	6,000,000	6,000,000	6,000,000	5,930,000			28,332,453	
Onion Creek Reclaimed Water Main Phase 1	5267.025	530,000	1,155,000	1,835,000	1,610,000				5,130,000	
Montopolis Reclaimed Water Reservoir and Pump Station	5267.035	5,285,000	4,695,000	1,050,000	120,000				11,150,000	
Burleson Road Reclaimed Water Pressure Conversion	5267.036	3,970,000	1,360,000	240,000					5,570,000	
Cemetery Reclaimed Water Main	5267.037	150,000	625,000	1,620,000	1,570,000	560,000			4,525,000	
Decker Lane Reclaimed Main Phase 1	5267.049	1,015,000	2,755,000	2,402,000	300,000				6,472,000	
Onion Creek Reclaimed Water Main Phase 2	5267.061	-		95,000	435,000	1,120,000	1,925,000	2,225,000	5,800,000	
<b>TOTALS</b>		<b>20,428,000</b>	<b>22,590,000</b>	<b>18,142,000</b>	<b>12,560,000</b>	<b>9,110,000</b>	<b>1,925,000</b>	<b>2,225,000</b>	<b>86,980,000 Direct Reuse Total</b>	
<b>Conservation Strategy - Advanced Meter Infrastructure (AMI) Project (51042)</b>		<b>Calendar</b>	<b>Calendar</b>	<b>Calendar</b>	<b>Calendar Year</b>	<b>Calendar</b>	<b>Calendar</b>	<b>Calendar</b>		
		<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>	<b>2019</b>	<b>Year 2020</b>	<b>Year 2021</b>	<b>Year 2022</b>		
<b>Austin ID #</b>	<b>Austin FY 17</b>	<b>Austin FY18</b>	<b>Austin FY19</b>	<b>Austin FY20</b>	<b>Austin FY21</b>	<b>Austin FY22</b>	<b>Austin FY23</b>	<b>AMI Total</b>		
6935.057	-	5,195,000	10,000,000	10,000,000	10,000,000	25,000,000	20,000,000	80,195,000	AMI Total	
<b>Combined Totals (Reuse &amp; AMI)</b>		<b>TOTALS</b>	<b>20,428,000</b>	<b>27,785,000</b>	<b>28,142,000</b>	<b>22,560,000</b>	<b>19,110,000</b>	<b>26,925,000</b>	<b>22,225,000</b>	<b>167,175,000 Combined Total</b>
<b>Requested Loan Closing Dates</b>		<b>Dec 2016</b>	<b>Dec 2017</b>	<b>Dec 2018</b>	<b>Dec 2019</b>	<b>Dec 2020</b>	<b>Dec 2021</b>	<b>Dec 2022</b>		

This proposed schedule is based on the assumption that the City of Austin will borrow a total of \$167 million through Calendar Year 2022 (Austin's Fiscal Year 2023) for the AMI project and all of the Direct Reuse projects listed on this spreadsheet. If the total loan amount will be lower, adjustments may be needed to this schedule.

Austin's Fiscal Year starts on October 1 and ends on September 30. Austin is assuming that loan closings will occur between October 1 and December 31 of each year.

**ORDINANCE NO. 2016 \_\_\_\_ - \_\_\_\_**

**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2016A**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**SECTION 1: DEFINITIONS AND FINDINGS.** The following terms shall have the meanings set forth below, unless the text specifically indicates otherwise:

“Authorized Denomination” means any integral multiple of \$5,000.

“Beneficial Owner” shall have the meaning given in Section 7 of the Twenty-Seventh Supplement.

“Board Resolution” means Resolution No. \_\_\_\_ adopted by the Texas Water Development Board on \_\_\_\_\_, 2016, approving the purchase of the Bonds from the City.

“Bonds” means the “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2016A” authorized for issuance by the Twenty-Seventh Supplement.

“Business Day” means a day other than a Sunday, Saturday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

“Chapter 9” means V.T.C.A., Business & Commerce Code, Chapter 9.

“Chapter 551” means V.T.C.A., Government Code, Chapter 551.

“Chapter 1201” means V.T.C.A., Government Code, Chapter 1201.

“Chapter 1206” means V.T.C.A., Government Code, Chapter 1206.

“Chapter 1208” means V.T.C.A., Government Code, Chapter 1208.

“Chapter 1502” means V.T.C.A., Government Code, Chapter 1502.



“Chapter 2256” means V.T.C.A., Government Code, Chapter 2256.

“Chapter 2257” means V.T.C.A., Government Code, Chapter 2257.

“Code” means the Internal Revenue Code of 1986.

“Holders” means the registered owners or holders of the Bonds.

“Initial Bonds” shall have the meaning given in Section 5 of the Twenty-Seventh Supplement.

“Master Ordinance” means Ordinance No. 000608-56A passed by council on June 8, 2000.

“Paying Agent/Registrar” means \_\_\_\_\_.

“Previously Issued Parity Water/Wastewater Obligations” means the outstanding (1) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2002A”, (2) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2004A”, (3) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006”, (4) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006A”, (5) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2007”, (6) “City of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008”, together with certain regularly scheduled payments under the Series 2008 Interest Rate Management Agreement and the Series 2008 Liquidity Agreement (as these terms are defined in Ordinance No. 20080306-053), (7) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2009”, (8) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2009A”, (9) “City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2010”, (10) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2010A”, (11) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2010B (Direct Subsidy-Build America Bonds)”, (12) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2011”, (13) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2012”, (14) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2013A”, (15) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2014”, (16) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2015A”, (17) “City of Austin, Texas, Water and Wastewater System Revenue Refunding

Bonds, Taxable Series 2015B” and (18) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2016”.

“Prior Supplements” mean Ordinances Nos. 030206-35, 040930-83, 20051117-060, 20061116-051, 20071108-081, 20080306-052, 20080306-053, 20081211-77, 20091105-051, 20091217-004, 20101118-074, 20111103-051, 20120628-101, 20130620-074, 20140522-040, 20150604-038, 20150604-039 and 20160421-011, authorizing the issuance of the Previously Issued Parity Water/Wastewater Obligations.

“Project Fund” shall have the meaning given in Section 36 of the Twenty-Seventh Supplement.

“Purchaser” means the Texas Water Development Board.

“Security Register” shall have the meaning given in Section 5 of the Twenty-Seventh Supplement.

“State” means the State of Texas.

“State Water Plan” means the State’s comprehensive water plan prepared, developed, formulated and adopted by the Texas Water Development Board under authority of Subchapter C of Chapter 16, Texas Water Code.

“TWDB” means the Texas Water Development Board.

“Twenty-Seventh Supplement” means this Ordinance No. 2016\_\_\_\_-\_\_\_\_ authorizing the issuance of the Bonds.

The terms used in the Twenty-Seventh Supplement and not otherwise defined shall have the meanings given in the Master Ordinance or the Prior Supplements.

The Bonds shall be secured by a lien on, and pledge of, the Net Revenues on parity with the outstanding “Parity Water/Wastewater Obligations” issued in accordance with and under the terms and provisions of the Master Ordinance and the Prior Supplements. There are no Previously Issued Separate Lien Obligations outstanding. Council affirms that the Master Ordinance provides that no additional revenue obligations shall be issued on parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations.

**SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are authorized

to be issued in the aggregate principal amount of \$\_\_\_\_\_ and designated the “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2016A” (the “Bonds”), for the purpose of improving and extending the Water/Wastewater System by financing projects that are part of the State Water Plan, and paying costs of issuance, in conformity with the Constitution and laws of the State, including Chapter 1502.

**SECTION 3: FULLY REGISTERED OBLIGATIONS—AUTHORIZED DENOMINATIONS – STATED MATURITIES - DATE.** The Bonds shall be issued as fully registered obligations, without coupons, shall be dated as provided in the Bond Purchase Agreement (the “Dated Date”) and shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), shall be numbered consecutively from R-1 upward (except as provided in Section 9 of the Twenty-Seventh Supplement). The Bonds shall bear interest on the unpaid principal amounts from the date and at the rate(s) per annum as specified in Section 4 below (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on May 15 and November 15 in each year, commencing on \_\_\_\_\_, 201\_, until maturity or prior redemption, as provided in the FORM OF BOND.

**SECTION 4: PRINCIPAL PAYMENTS AND INTEREST RATES; REDEMPTION.**

(a) The Bonds shall be dated \_\_\_\_\_, 2016, shall be in any Authorized Denomination, shall bear interest from their date of delivery in the manner described in the FORM OF BOND at the rates per annum, and the principal on the Bonds shall mature on \_\_\_\_\_ in each of the years and in the amounts, respectively, set forth in the following schedule:

<u>YEARS</u>	<u>PRINCIPAL AMOUNTS</u>	<u>INTEREST RATES (%)</u>
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(b) The City may redeem Bonds prior to their scheduled maturity on the dates and in the manner set forth in the FORM OF BOND. If less than all of the maturities of the Bonds are redeemed by the City, the City shall determine the maturities and amounts to be redeemed and shall direct the Paying Agent/Registrar to call Bonds by lot within a maturity and in a principal amount for redemption. Notice of any redemption shall be given in the manner set forth in the FORM OF BOND. Notice of any redemption also shall be given by United States mail, first class postage prepaid, (i) at least 30 days prior to the scheduled redemption date to the MSRB and to any national information service that disseminates redemption notices, and (ii) in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the MSRB and to any national information service that disseminates redemption notices at least 30 days but not more than 90 days prior to the redemption date. Any notice sent to the MSRB and to any national information service that disseminates redemption notices must be sent so that the notice is received at least two days prior to the general mailing of notice as set forth in the FORM OF BOND.

(c) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Twenty-Seventh Supplement, shall contain a description of the Bonds to be redeemed, including the complete name of the Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts called for redemption, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bond may be redeemed including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

**SECTION 5: TERMS OF PAYMENT - PAYING AGENT /REGISTRAR.** The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the Holders appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of the Paying Agent/Registrar for the Bonds is approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided in the Twenty-Seventh Supplement, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form of paying agent agreements previously approved by council in connection with the issuance of public securities, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice of the change to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

If required by law, the City shall not execute the Paying Agent/Registrar Agreement unless the Paying Agent/Registrar has confirmed to the City that it has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code. Within 30 days of receipt of the disclosure filings from the Paying Agent/Registrar, the City will submit a copy of the disclosure filings to the Texas Ethics Commission.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or redemption of the Bonds, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated office in Houston, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last Business Day of the month next preceding each interest payment date), and interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds is a day other than a Business Day, then the date for payment shall be the next succeeding Business Day; and payment on that date shall have the same force and effect as if made on the original date payment was due. If TWDB is the Beneficial

Owner of 100% in aggregate principal amount of the Bonds then Outstanding, principal shall be paid to TWDB by wire transfer, at no expense to TWDB.

In the event of a non-payment of interest on one or more maturities on a scheduled payment date, and for 30 days thereafter, a new record date for the interest payment for the maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last Business Day next preceding the date of mailing of the notice.

**SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS - PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each registered owner of the Bonds issued under the provisions of the Twenty-Seventh Supplement. Any Bond may, in accordance with its terms and the terms of the Twenty-Seventh Supplement, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or the Holder's authorized agent, upon surrender of the Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange executed by the Holder or the Holder's authorized agent, in form satisfactory to the Paying Agent/ Registrar.

Upon surrender for transfer of any Bond (other than the Initial Bonds authorized in Section 9 of the Twenty-Seventh Supplement) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee(s), one or more new Bonds executed on behalf of, and furnished by, the City of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bonds authorized in Section 9 of the Twenty-Seventh Supplement) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever

any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States Mail, first class postage prepaid, to the Holder and, upon the delivery, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under the Twenty-Seventh Supplement, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds under this Section shall be made without expense or service charge to the Holder, except as otherwise provided in the Twenty-Seventh Supplement, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer under the provisions of the Twenty-Seventh Supplement are defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered under Section 19 of the Twenty-Seventh Supplement and the new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption of the Bond; provided, however, this limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

The Paying Agent/Registrar for the Bonds shall act as the closing agent for the delivery of the Bonds to the TWDB, and in connection therewith, the Paying Agent/Registrar understands the Bonds are to be delivered to the TWDB using the book-entry only system provided by DTC.

The City agrees to deliver to the Paying Agent/Registrar one initial Bond for each maturity, numbered consecutively from T-1 upward (the "Initial Bonds") and

registered to the TWDB following the approval by the Attorney General of the State and the registration by the Comptroller of Public Accounts. Proceeds from the Bonds will be held in escrow and disbursed to the City in accordance with procedures approved by the TWDB.

**SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANSACTIONS.** Notwithstanding the provisions contained in Sections 4, 5 and 6 of the Twenty-Seventh Supplement relating to the payment, and transfer/exchange of the Bonds, the City approves and authorizes the use of the “Book-Entry-Only” securities clearance, settlement and transfer system provided by The Depository Trust Company (“DTC”), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representation, by and between the City and DTC (the “Depository Agreement”).

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC, who shall hold the Bonds for its participants (the “DTC Participants”). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the “Beneficial Owners”) being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. The Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of the Bonds not held by DTC under the Depository Agreement shall be made in accordance with the provisions of Sections 4, 5 and 6 of the Twenty-Seventh Supplement.

**SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed on the Bonds and countersigned by the City Clerk. The signature of the officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper



officers of the City on the Dated Date shall be deemed to be executed on behalf of the City, notwithstanding that those individuals or either of them shall cease to hold the offices at the time of delivery of the Bonds to the Purchaser and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201.

No Bond shall be entitled to any right or benefit under the Twenty-Seventh Supplement, or be valid or obligatory for any purpose, unless there appears on the Bond either a certificate of registration substantially in the form provided in the FORM OF BOND, manually executed by the Comptroller of Public Accounts of the State or his or her authorized agent, or a certificate of registration substantially in the form provided in the FORM OF BOND, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either certificate upon any Bond signed shall be conclusive evidence, and the only evidence, that the Bond has been certified, registered and delivered.

**SECTION 9: INITIAL BONDS.** The Bonds shall be initially issued as multiple fully registered bonds, being one bond for each stated maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the "Initial Bonds"). In either case, the Initial Bonds shall be registered in the name of the Purchaser or its designee. The Initial Bonds shall be the Bonds submitted to the Office of the Attorney General of the State for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State and delivered to the Purchaser. Any time after the delivery of the Initial Bonds, the Paying Agent/Registrar, pursuant to written instructions from the Purchaser, or its designee, shall cancel the Initial Bonds delivered and exchange for the Initial Bonds definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified for the Holders; all pursuant to and in accordance with such written instructions from the Purchaser, or its designee, and any other information and documentation as the Paying Agent/Registrar may reasonably require.

**SECTION 10: FORMS.** The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in the FORM OF BOND set forth in **Exhibit A** to the Twenty-Seventh Supplement, with appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Twenty-Seventh Supplement, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities

Identification Procedures of the American Bankers Association) and any other legends and endorsements (including insurance legends in the event the Bonds, or any maturities of the Bonds, are purchased with insurance and any reproduction of an opinion of counsel) as may be established by the City or determined by the officers executing the Bonds as evidenced by their execution of the Bonds. Any portion of the text of any Bond may be set forth on the reverse of the Bond, with an appropriate reference on the face of the Bond.

The definitive Bonds and the Initial Bonds shall be printed, lithographed, or engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing the Bonds as evidenced by their execution of the Bonds.

**SECTION 11: CRITERIA FOR ISSUANCE OF PARITY WATER/WASTEWATER OBLIGATIONS.** The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Water/Wastewater Obligations of the Water/Wastewater System pursuant to the Master Ordinance and Prior Supplements. The Twenty-Seventh Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment, and security of the Bonds which are Parity Water/Wastewater Obligations. The Master Ordinance is incorporated by reference and made a part of the Twenty-Seventh Supplement for all purposes, except to the extent modified and supplemented by the Prior Supplements and the Twenty-Seventh Supplement, and the Bonds are declared to be Parity Water/Wastewater Obligations under the Master Ordinance and Prior Supplements. The City determines that it will have sufficient funds to meet the financial obligations of the Water/Wastewater System, including sufficient Net Revenues to pay the Annual Debt Service Requirements of the Bonds and the Previously Issued Parity Water/Wastewater Obligations and to meet all financial obligations of the City relating to the Water/Wastewater System.

**SECTION 12: PLEDGE.** Subject to the prior claim and lien on the Net Revenues of the Water/Wastewater System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of the Prior First Lien Obligations, the Net Revenues of the Water/Wastewater System are pledged to the payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien Obligations and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of the Master

Ordinance and the Twenty-Seventh Supplement. Additionally, the Bonds and the Previously Issued Parity Water/Wastewater Obligations shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Master Ordinance, the Prior Supplements and the Twenty-Seventh Supplement. The Parity Water/Wastewater Obligations, and the interest on the Parity Water/Wastewater Obligations, shall constitute a lien on the Net Revenues of the Water/Wastewater System and be valid and binding and fully perfected from and after the date of adoption of the Twenty-Seventh Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Twenty-Seventh Supplement or any other act, all as provided in Chapter 1208. The owners of the Parity Water/Wastewater Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Master Ordinance, the Prior Supplements and the Twenty-Seventh Supplement.

Chapter 1208 applies to the issuance of the Bonds and the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12, and the pledge is valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, then to preserve to the registered owners of the Bonds the perfection of the security interest in the pledge, the City agrees to take measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, and enable a filing to perfect the security interest in the pledge to occur.

**SECTION 13: DEBT SERVICE FUND.** By reason of the issuance of the Bonds, the City need not establish any special accounts within the Debt Service Fund and following the delivery of the Bonds, the City agrees and covenants that in addition to the deposits for the payment of the Previously Issued Parity Water/Wastewater Obligations there shall be deposited to the credit of the Debt Service Fund an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and principal of the Bonds falling due on or before each maturity, mandatory redemption date and interest payment date, and such deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bonds are delivered to the Purchaser.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bonds shall continue to be made in the manner

provided in this Section until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Parity Water/Wastewater Obligations then Outstanding or (ii) the Bonds are no longer outstanding, *i.e.*, fully paid as to principal and interest or all the Bonds have been refunded.

Any accrued interest received from the Purchaser shall be deposited in the Debt Service Fund, and shall be taken into consideration and reduce the amount of the monthly deposits that would otherwise be required to be deposited to the credit of the Debt Service Fund from the Net Revenues of the Water/Wastewater System.

**SECTION 14: RESERVE FUND.** In accordance with the provisions of the Prior Supplements authorizing the issuance of certain of the Previously Issued Water/Wastewater Obligations, the Required Reserve Amount is funded with cash and Credit Facilities originally issued by MBIA Insurance Corporation, Financial Security Assurance Inc., Ambac Assurance Corporation and XL Capital Assurance Inc.

The Reserve Fund shall be funded with proceeds of the Bonds, in the amount described in the letter of instructions executed in accordance with Section 26 of the Twenty-Seventh Supplement.

Furthermore, in accordance with Section 10(d) of the Master Ordinance, council finds that the Gross Revenues will be sufficient to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water/Wastewater Obligations currently Outstanding and the financial obligations of the City under any Credit Facility entered into with the Credit Facility providers.

**SECTION 15: PAYMENT OF BONDS.** On or before the first scheduled interest payment date, and on or before each subsequent interest payment date and principal payment date while any Bond is Outstanding, the City shall cause an amount to be transferred to the Paying Agent/Registrar in immediately available funds from the Debt Service Fund sufficient to pay the interest on and the principal amount of the Bonds, as shall become due on each payment date, respectively, at maturity or by redemption prior to maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the City with an appropriate certificate of cancellation or destruction.

**SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT STATUS.**

The City covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(a) of the Code;

(e) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(1) proceeds of the Bonds invested for a reasonable temporary period, until such proceeds are needed for the purpose for which the Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "excess earnings", within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the understanding of the City that these covenants are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained in this Section to the extent that the failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the

foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City, any Deputy Financial Officer of the City and the City Treasurer may execute any certificates or other reports required by the Code and make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. In order to facilitate compliance with the above clause (h), a "Rebate Fund" is established by the City for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

**SECTION 16A: ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE BOND-FINANCED PROPERTY; DISPOSITION OF BOND-FINANCED PROPERTY.**

The City covenants to account for on its books and records the expenditure of proceeds from the sale of the Bonds and any investment earnings thereon to be used for the improvement and extension of the System (referred to in this Section as a "Project") by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed. The foregoing notwithstanding, the City shall not expend such proceeds or investment earnings more than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Bonds or (b) the date the Bonds are retired, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

The City covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that the sale or other disposition will not adversely affect the tax-exempt status of the Bonds. The portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. The City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that the

failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

**SECTION 17: AMENDMENT OF TWENTY-SEVENTH SUPPLEMENT.**

(a) Required Owner Consent for Amendments. The owners of a majority in Outstanding Principal Amount of the Bonds shall have the right from time to time to approve any amendment to the Twenty-Seventh Supplement which may be deemed necessary or desirable by the City; provided, however, nothing contained in the Twenty-Seventh Supplement shall permit or be construed to permit the amendment of the terms and conditions in the Twenty-Seventh Supplement so as to:

- (1) Make any change in the maturity of any of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Bonds;
- (4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Bonds or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds then Outstanding;
- (6) Amend this subsection (a) of this Section; or
- (7) Change the minimum percentage of the principal amount of Bonds necessary for consent to any amendment;

unless such amendment or amendments be approved by the owners of all of the Bonds affected by the change or amendment then Outstanding.

(b) Notice of Amendment Requiring Consent. If at any time the City shall desire to amend the Twenty-Seventh Supplement under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the notice is on file with the Paying Agent/Registrar for the Bonds. Publication is not required, however, if notice in writing is given by United States Mail, first class postage prepaid, to each owner of the Bonds.



(c) Time Period for Obtaining Consent. If within one year from (i) the date of the first publication of notice or (ii) the date of the mailing by the Paying Agent/Registrar of written notice to the owners of the Bonds, whichever date first occurs if both methods of giving notice are used, the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Bonds consenting to and approving such amendment in substantially the form of the copy of such instrument on file with each Paying Agent/Registrar, the governing body of the City may pass the amendatory ordinance in substantially the same form.

(d) Revocation of Consent. Any consent given by the owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Bonds during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, consent may be revoked by the owner who gave the consent, or by a successor in title, by filing written notice with the Paying Agent/Registrar for the Bonds and the City, but revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Bonds as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

(e) Implementation of Amendment. Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, the Twenty-Seventh Supplement shall be deemed to be amended, and the respective rights, duties and obligations of the City under the Twenty-Seventh Supplement and all the owners of then Outstanding Bonds shall be determined, exercised and enforced in all respects in accordance with the amendment.

(f) Amendment without Consent. The preceding provisions of this Section notwithstanding, the City by action of its governing body may amend the Twenty-Seventh Supplement for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City contained in the Twenty-Seventh Supplement, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Bonds or to surrender, restrict or limit any right or power reserved in the Twenty-Seventh Supplement to or conferred upon the City;

(2) To make provision for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Twenty-Seventh Supplement, or in regard to clarifying matters or questions arising under the Twenty-Seventh Supplement, as are necessary or desirable and not contrary to or inconsistent with the Twenty-Seventh Supplement and which shall not adversely affect the interests of the owners of the Bonds then Outstanding;

(3) To modify any of the provisions of the Twenty-Seventh Supplement in any other respect whatever, provided that any modification shall be, and be expressed to be, effective only after all the Bonds outstanding at the date of the adoption of the modification shall cease to be outstanding;

(4) To make amendments to the Twenty-Seventh Supplement as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated under and applicable to those sections and regulations;

(5) To make changes, modifications or amendments as may be necessary or desirable to allow the owners of the Bonds to avail themselves of a book-entry system for payments, transfers and other matters relating to the Bonds, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of the Twenty-Seventh Supplement and which shall not adversely affect the interests of the owners of the Bonds;

(6) To make amendments to the Twenty-Seventh Supplement as permitted by Section 21(e) of the Twenty-Seventh Supplement;

(7) To make changes, modifications or amendments as may be necessary or desirable to obtain the approval of the Bonds from the Attorney General of Texas, to obtain or maintain the granting of a rating on the Bonds by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(8) To make changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Bonds, in order, to the extent permitted by law, to

facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Bonds.

Notice of an amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of a notice shall not constitute a condition precedent to the adoption of an amendatory ordinance and the failure to publish a notice shall not adversely affect the implementation of an amendment as adopted pursuant to the amendatory ordinance.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds shall be established by the Security Register maintained by the Paying Agent/Registrar. Furthermore, the owner of any Bonds insured as to the payment of principal of and interest shall be deemed to be the insurance company providing the insurance coverage on the Bonds; provided, the amendment to the Twenty-Seventh Supplement is an amendment that can be made with the consent of a majority in Outstanding Principal Amount of the Bonds and the insurance company is not in default with respect to its obligations under its insurance policy, if any.

**SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.**

All or any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the meaning of the Twenty-Seventh Supplement when payment of the principal of, and redemption premium, if any, on the Bonds, plus interest on the Bonds to the due date (whether the due date is by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of the Bonds, or (ii) shall have been provided by irrevocably depositing with, or making available to, the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for this payment, (1) money sufficient to make the payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in amounts and at the times as will insure the availability, without reinvestment, of sufficient money to make this payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar with respect to which the deposit is made shall have been paid or the payment provided for the satisfaction of the Paying Agent/Registrar. Once a Bond shall be deemed to be paid under the Twenty-Seventh Supplement, it shall no longer be secured by or entitled to the benefit of the Twenty-Seventh Supplement, the Master Ordinance or a lien on and pledge of the Net Revenues of the Water/Wastewater System, and shall be entitled to payment solely from the money or Government Obligations.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, may at the direction of the City also be invested in Government Obligations, maturing in the amounts and at the times as set forth in this Section, and all income from all Government Obligations not required for the payment of the Bonds, the redemption premium, if any, and interest on the Bonds, with respect to which the money has been so deposited, shall be turned over to the City or deposited as directed by the City. The City covenants that no deposit will be made or accepted under clause (ii) of this Section and no use made of any deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code.

Notwithstanding any other provisions of the Twenty-Seventh Supplement, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the Bonds, the redemption premium, if any, and interest on the Bonds, shall be applied to and used for the payment of the Bonds, the redemption premium, if any, and interest on the Bonds and the income on the money or Government Obligations shall not be considered to be "Gross Revenues" under the Twenty-Seventh Supplement.

**SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** In the event any Outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for the Bond in the manner provided in this Section. An application for the replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of the Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of the Bond with all legal, printing, and other expenses in connection with this issuance. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether the lost, stolen, or destroyed

Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Twenty-Seventh Supplement equally and proportionately with any and all other Bonds issued under the Twenty-Seventh Supplement.

Notwithstanding the preceding provisions of this Section, in the event any Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender of the Bond except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section. Furthermore, in accordance with Chapter 1206 (specifically Section 1206.022), this Section shall constitute authority for the issuance of any replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of Bonds is authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver replacement bonds in the form and manner and with the effect, as provided in Section 6 of the Twenty-Seventh Supplement for Bonds issued in exchange for other Bonds.

**SECTION 20: TWENTY-SEVENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds by the Holders from time to time, the Twenty-Seventh Supplement shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds and the pledge made in the Twenty-Seventh Supplement by the City and the covenants and agreements set forth in the Twenty-Seventh Supplement to be performed by the City shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized under the Twenty-Seventh Supplement over any of the others by reason of time of issuance, sale, or maturity or otherwise for any cause whatsoever, except as expressly provided in or permitted by the Twenty-Seventh Supplement.

**SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.**

(a) Definitions. As used in this Section, the following terms have the meanings ascribed below:

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2016, financial information and operating data with respect to the City of the general type included in the final Official Statement and which is described in **Exhibit B** to the Twenty-Seventh Supplement, and (2) if not provided as part of the financial information and operating data, audited financial statements of the City, when and if available. Any financial statements provided shall be prepared in accordance with the accounting principles described in **Exhibit B** to the Twenty-Seventh Supplement, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of the statements and the audit is completed within twelve months after the end of each fiscal year ending in or after 2016. If audited financial statements of the City are not available by the end of the 12 month period, the City will provide notice that the audited financial statements are not available, and will provide unaudited financial statements by the end of the 12 month period and audited financial statements for the applicable fiscal year when and if the audited financial statements become available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 Business Days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by this Section.

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section with respect to the City and the Bonds while, but only while, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) of this Section of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not undertake to provide any other information that may be relevant or material to a complete presentation of the financial results, condition, or prospects of the City or the State or undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided in this Section. The City does not make any representation or warranty concerning the information or its usefulness to a decision to invest in or sell Bonds at any future date.

**UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.**

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under the Twenty-Seventh Supplement for purposes of any other provision of the Twenty-Seventh Supplement.



Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake the obligation in accordance with the Rule as amended.

Notwithstanding any provisions in the Twenty-Seventh Supplement to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of the amendment, as well as the changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Twenty-Seventh Supplement that authorizes the amendment) of the Outstanding Bonds consent to the amendment or (b) a Person that is unaffiliated with the City and the State (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that the provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in the offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

**SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all rights and remedies provided by the laws of the State, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Debt Service Fund as required by the Twenty-Seventh Supplement or the Master Ordinance, (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Twenty-Seventh Supplement or the Master Ordinance or (c) the City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of mandamus issued by a

court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in the Twenty-Seventh Supplement or the Master Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence in such default, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy provided in this Section shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

**SECTION 23: SALE OF BONDS.** The Bonds are to be sold by the City to the Purchaser for the price of par. The Bonds have been purchased by the Purchaser pursuant to the Board Resolution. The Initial Bonds shall be registered in the name of the Texas Water Development Board. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the Purchaser, in substantially the form attached to the Twenty-Seventh Supplement, is approved. The City has determined, based upon the advice provided by its financial advisor, that acceptance of the purchase price for the Bonds is on terms advantageous to, and in the best interests of, the City.

It is the intent of the parties to the sale of the Bonds that if TWDB ever determines to sell all or a part of the Bonds, it shall notify the City at least 60 days prior to the sale of the Bonds of the decision to sell the Bonds.

Payment of amounts due and owing on the Bonds to the TWDB shall be made by wire transfer, at no expense to the TWDB, as provided in the FORM OF BOND.

By agreeing to the purchase the Bonds, the TWDB agrees that the bond proceeds shall be deposited into the escrow fund established in the Escrow Agreement between the City and \_\_\_\_\_, and that the procedures set forth in Section 5 of the Twenty-Seventh Supplement satisfy the Board Resolution.

Proceeds from the sale of the Bonds shall be held at a designated state depository or other properly chartered and authorized institution in accordance with Chapter 2256 and Chapter 2257.

**SECTION 24: ADDITIONAL COVENANTS.** In connection with the sale of the Bonds to the TWDB, the City covenants as follows:

(a) Compliance with TWDB Rules and Regulations. The City covenants to comply with the rules and regulations of the TWDB, and to maintain insurance on the Water/Wastewater System in an amount as may be required by TWDB, as further addressed in this Section.

(b) Audits. For so long as the State owns any Bond, the City shall mail a copy of the audit required by the Master Ordinance to the TWDB. In addition, monthly operating statements for the Water/Wastewater System shall be maintained by the City and made available, on request, to the TWDB as long as the State owns any Bond, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the TWDB until the Development Fund Manager of the TWDB waives this requirement.

(c) Final Accounting. The City shall render a final accounting to the TWDB in reference to the total cost incurred by the City for improvements and extensions to the Water/Wastewater System which were financed by the issuance of the Bonds, together with a copy of "as built" plans of the improvements and extensions upon completion.

(d) Defeasance. Should the City exercise its right under the Master Ordinance to effect the defeasance of the Bonds, the City agrees that it will provide the TWDB with written notice of any defeasance.

(e) Segregation of Funds. The City covenants that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the TWDB commitment through costing and final disbursement.

(f) Environmental Indemnity. Proceeds from the Bonds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. To the extent permitted by law, the City agrees to indemnify, hold harmless, and protect the TWDB from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) Environmental Determination. In connection with the project financed with the Bonds, the City agrees to implement any environmental

determination issued by the Executive Administrator of TWDB to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) Insurance. The City agrees that it will maintain insurance on the Water/Wastewater System in an amount sufficient to protect TWDB's interest in the project financed with the proceeds of the Bonds. The City may self-insure in respect to satisfying this covenant.

(i) Water Conservation Program. The City has implemented or will implement an approved water conservation program in compliance with 31 Texas Administrative Code 371.71(a)(2)(F).

(j) City will not Purchase TWDB Bonds. The City agrees that it or any related party to the City will not purchase, as an investment or otherwise, bonds issued by TWDB including, without limitation, bonds issued by TWDB, the proceeds of which were used by TWDB to purchase the Bonds.

(k) Compliance with Federal Contracting Law. The City acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises, and the City shall report to the TWDB the amount of Bond proceeds, if any, that were used to compensate historically underutilized businesses that worked on the project, in accordance with 31 TAC § 363.1312.

(l) Compliance with State Contracting Law. The City acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses.

**SECTION 25: CONTROL AND CUSTODY OF BONDS.** The City Manager of the City shall be and is authorized to take and have charge of all necessary orders and records pending the sale of the Bonds, and shall take and have charge and control of the Initial Bonds pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchaser.

Furthermore, the Mayor, Mayor Pro Tem, City Manager, any Assistant City Manager, Chief Financial Officer, any Deputy Financial Officer, City Clerk, City Treasurer and City Attorney, any one or more of these officials, are authorized and directed to furnish and execute any documents relating to the City and its financial affairs as may be necessary for the sale of the Bonds, the approval of the Attorney

General and registration by the Comptroller of Public Accounts and, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for their delivery to the Purchaser following the sale.

**SECTION 26: PROCEEDS OF SALE.** The proceeds from the sale of the Bonds shall be used in the manner described in the letter of instructions executed by the City.

**SECTION 27: LEGAL OPINION.** The obligation of the Purchaser to accept delivery of the Bonds is subject to being furnished a final opinion of McCall, Parkhurst & Horton L.L.P., approving the Bonds as to their validity, the opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of the opinion is authorized to be printed on the definitive Bonds or an executed counterpart of the opinion shall accompany the global Bonds deposited with DTC.

**SECTION 28: CUSIP NUMBERS.** CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

**SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Whenever under the terms of the Twenty-Seventh Supplement or the Bonds, the performance date of any provision of the Twenty-Seventh Supplement or the Bonds, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then performance, including the payment of principal of and interest on the Bonds, need not be made on that day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

**SECTION 30: LIMITATION OF BENEFITS WITH RESPECT TO THE TWENTY-SEVENTH SUPPLEMENT.** With the exception of the rights or benefits expressly conferred in the Twenty-Seventh Supplement, nothing expressed or contained in the Twenty-Seventh Supplement or implied from the provisions of the Twenty-Seventh Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the City, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to the Twenty-Seventh Supplement or any

covenant, condition, stipulation, promise, agreement, or provision contained in the Twenty-Seventh Supplement. The Twenty-Seventh Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions of the Twenty-Seventh Supplement are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders, and the Paying Agent/Registrar as provided in the Twenty-Seventh Supplement and in the Bonds.

**SECTION 31: NOTICES TO HOLDERS - WAIVER.** Wherever the Twenty-Seventh Supplement provides for notice to Holders of any event, the notice shall be sufficiently given (unless otherwise expressly provided in the Twenty-Seventh Supplement) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the Business Day next preceding the mailing of the notice.

In any case where notice to Holders is given by mail, neither the failure to mail the notice to any particular Holders nor any defect in any notice so mailed shall affect the sufficiency of the notice with respect to all other Bonds. Where the Twenty-Seventh Supplement provides for notice in any manner, the notice may be waived in writing by the Holder entitled to receive the notice, either before or after the event with respect to which notice is given, and the waiver shall be the equivalent of the notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but a filing shall not be a condition precedent to the validity of any action taken in reliance upon the waiver.

**SECTION 32: GOVERNING LAW.** The Twenty-Seventh Supplement shall be construed and enforced in accordance with the laws of the State and the United States of America.

**SECTION 33: EFFECT OF HEADINGS.** The Section headings in the Twenty-Seventh Supplement are for convenience of reference only and shall not affect the construction of the Twenty-Seventh Supplement.

**SECTION 34: CONSTRUCTION OF TERMS.** If appropriate in the context of the Twenty-Seventh Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders. References to any named person shall mean that person and his or her successors and assigns. References to any constitutional, statutory or regulatory provision means the provision as it exists on the date the Twenty-Seventh Supplement is adopted by council. Any reference to

the payment of principal in the Twenty-Seventh Supplement shall include the payment of any mandatory sinking fund redemption payments as described in the Twenty-Seventh Supplement. Any reference to "FORM OF BOND" refers to the form of the Bonds in **Exhibit A** to the Twenty-Seventh Supplement.

**SECTION 35: SEVERABILITY.** If any provision of the Twenty-Seventh Supplement or its application to any circumstance shall be held to be invalid, the remainder of the Twenty-Seventh Supplement and its application to other circumstances shall nevertheless be valid, and council declares that the Twenty-Seventh Supplement would have been enacted without such invalid provision.

**SECTION 36: PROJECT FUND.** A fund entitled the "City of Austin, Texas Water and Wastewater System Series 2016A Revenue Bonds Project Fund (the "Project Fund") is created. Money in the Project Fund shall be maintained at an official depository bank of the City.

The proceeds of the Bonds shall be deposited into the Project Fund and used by the City for payment of the costs of funding projects that are part of the State Water Plan to extend and improve the Water/Wastewater System, including any costs for engineering, financing, financial consultation, administrative, auditing and legal expenses. Amounts in the Project Fund shall be used to pay costs timely, in compliance with applicable federal and State law.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Bonds remaining on deposit in the Project Fund after completing the improvements and extensions to the System and upon the completion of the final accounting as described in Section 24 of the Twenty-Seventh Supplement, shall be transferred to the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by TWDB, unless the Executive Administrator of TWDB approves the use of the surplus proceeds to pay eligible costs of improving or extending the System by funding projects that are a part of the State Water Plan.

**SECTION 37: PUBLIC MEETING.** It is officially found that the meeting at which the Twenty-Seventh Supplement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including the Twenty-Seventh Supplement, was given; all as required by Chapter 551.

SECTION 38: **EFFECTIVE DATE.** This Twenty-Seventh Supplement is passed on one reading as authorized by Chapter 1201 (specifically Section 1201.028), and shall be effective immediately upon its passage and adoption.

**PASSED AND APPROVED**

CITY OF AUSTIN, TEXAS

\_\_\_\_\_, 2016

§  
§  
§

\_\_\_\_\_  
STEVE ADLER  
Mayor

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
ANNE L. MORGAN  
City Attorney

\_\_\_\_\_  
JANNETTE S. GOODALL  
City Clerk

(City Seal)



EXHIBIT A  
FORM OF BOND

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,  
WATER AND WASTEWATER SYSTEM  
REVENUE BOND,  
SERIES 2016A

Dated Date: \_\_\_\_\_, 2016      Interest Rate: \_\_\_\_\_      Stated Maturity: \_\_\_\_\_      CUSIP NO: \_\_\_\_\_

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received promises to pay to the registered owner named above, or their registered assigns (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much of the Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the dated date at the per annum rate of interest specified above; such interest being payable on \_\_\_\_\_ 15, 201\_ and on each succeeding \_\_\_\_\_ 15 and \_\_\_\_\_ 15 until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of

this Bond may be accomplished without presentation and surrender of this Bond. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Twenty-Seventh Supplemental Ordinance to the Master Ordinance (the "Twenty-Seventh Supplement")) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The foregoing notwithstanding, so long as the Texas Water Development Board ("TWDB") is the beneficial owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal of the Bonds shall be made thereto by wire transfer, at no expense to the TWDB. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner of this Bond and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$\_\_\_\_,000,000 (the "Bonds") for the purpose of (i) extending and improving the City's combined water and wastewater system through the financing of projects that are part of the State of Texas' comprehensive water plan approved pursuant to Subchapter C of Chapter 16, Texas Water Code, (ii) funding a reserve fund for the Bonds, and (iii) paying the costs of issuance associated with the Bonds. The Bonds shall be issued in any denomination or denominations in any integral multiple of \$5,000 within a maturity (an "Authorized Denomination"). All capitalized terms not defined herein shall have the same meaning as given said terms in the Master Ordinance or the Twenty-Seventh Supplement.

The Bonds maturing on and after \_\_\_\_\_ 15, 202\_, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part, and if in part, in inverse order of maturity, in principal amounts of \$5,000 or any integral

multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on \_\_\_\_\_ 15, 202\_, or on any date thereafter at the redemption price of par plus accrued interest thereon to the redemption date.

Not less than thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Twenty-Seventh Supplement. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any Authorized Denomination for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within forty-five days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying

Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Prior Subordinate Lien Obligations and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Water/Wastewater System in the manner provided in the Master Ordinance and the Twenty-Seventh Supplement. Additionally, the Bonds and Previously Issued Parity Water/Wastewater Obligations referenced above shall be equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Master Ordinance and the Twenty-Seventh Supplement. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Water/Wastewater System, except with respect to the Net Revenues. The Holder of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the related terms and conditions, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System, in the same manner and to the same extent as the Bonds.

Reference is made to the Master Ordinance and the Twenty-Seventh Supplement, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance of this Bond assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the Water/Wastewater System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which either the Master Ordinance or the Twenty-Seventh Supplement may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made in the Master Ordinance and the Twenty-Seventh Supplement may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding under the Master Ordinance and the

Twenty-Seventh Supplement; and for the other terms and provisions contained in the Master Ordinance and the Twenty-Seventh Supplement. Capitalized terms used in this Bond have the same meanings assigned in the Master Ordinance and the Twenty-Seventh Supplement.

This Bond, subject to certain limitations contained in the Ordinances, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by the Registered Owner, or the authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the Registered Owner of this Bond whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest on this Bond, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal of this Bond at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on a scheduled payment date and for thirty days after such event, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been

performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, the Master Ordinance and the Twenty-Seventh Supplement; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Net Revenues of the Water/Wastewater System. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired. The terms and provisions of this Bond, the Master Ordinance and the Twenty-Seventh Supplement shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

CITY OF AUSTIN, TEXAS

---

Steve Adler  
Mayor

COUNTERSIGNED:

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Jannette S. Goodall  
City Clerk

(SEAL)



Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinances; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar in \_\_\_\_\_, \_\_\_\_\_ is the Designated Payment/Transfer Office for this Bond.

\_\_\_\_\_, as Paying  
Agent/Registrar

Registration date:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature



FORM OF ASSIGNMENT.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee):

\_\_\_\_\_

\_\_\_\_\_  
(Social Security or other identifying number ( \_\_\_\_\_  
\_\_\_\_\_) the within Bond and all rights under this Bond, and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration of the Bonds, with full power of substitution in the premises.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Signature guaranteed:

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

## **Exhibit B**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 21 of the Twenty-Seventh Supplement.

#### **Annual Financial Information and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with Section 21 are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City within: (i) Tables One through Thirteen in the main text of the Official Statement relating to the sale of the City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2016 (the “Official Statement”); (ii) “ELECTRIC SYSTEM – Customer Base – Average Monthly Number of Customers”; (iii) “ELECTRIC SYSTEM – Fuel Supply”; (iv) “CUSTOMER RATES – Typical Residential Electric Bills of Large Texas Cities”; (v) Austin Energy’s approved rate schedules incorporated by reference into the Official Statement as described in “CUSTOMER STATISTICS – Electric Rates”; (vi) “CUSTOMER STATISTICS – GreenChoice Energy Rider”; (vii) “COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM OPERATIONS”, (viii) “OPERATING STATEMENT ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM”; (ix) the table of annual results of the City’s annexations in “THE CITY – Annexation Program”; and (x) “INVESTMENTS – Current Investments”.

The financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

#### **Accounting Principles**

The accounting principles referred to in Section 21 are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.

DRAFT

**PRIVATE PLACEMENT MEMORANDUM DATED \_\_\_\_\_, 2016**

**NEW ISSUE BOOK-ENTRY-ONLY**

*On the date of initial delivery of the Bonds (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.*

\$ \_\_\_\_\_  
**CITY OF AUSTIN, TEXAS**  
**(Travis, Williamson and Hays Counties)**

**Water and Wastewater System Revenue Bonds**  
**Series 2016A (The "Bonds")**

**Dated:** \_\_\_\_\_, 2016

**Due:** \_\_\_\_\_

Interest Date:	Interest on the Bonds will be payable on _____ 15, 2017, and on each _____ 15 and _____ 15 each year thereafter until maturity or prior redemption (each an "Interest Payment Date"). The Bonds will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."
Record Date:	The close of business on the last business day of the calendar month immediately preceding the applicable Interest Payment Date.
Date Interest Accrues:	Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth for such maturity.
Redemption:	The Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS - Redemption Provisions" herein.
Authorized Denominations:	The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.
Paying Agent/Registrar/Registrar:	The paying agent ("Paying Agent/Registrar/Registrar") for the Bonds is <b>[NAME OF BANK]</b> .
Book-Entry-Only System	Upon initial issuance, the ownership of the Bonds will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Bonds will be made. The purchasers of the Bonds will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Bonds will be payable at the designated office of the Paying Agent/Registrar in _____, Texas as the same become due and payable.
Issuer:	City of Austin, Texas
Official Action:	Twenty-Seventh Supplemental Ordinance adopted _____, 2016.
Purpose:	See "APPENDIX B - OFFICIAL ACTION."
Security for the Bonds:	See APPENDIX B - OFFICIAL ACTION."
Ratings:	See "OTHER INFORMATION - Ratings"
Delivery Date:	_____, 20__.

\_\_\_\_\_  
See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers  
\_\_\_\_\_

**CITY OF AUSTIN**

**Elected Officials**

		<u>Term Expires Jan. 5</u>
Steve Adler .....	Councilmember District 1	2019
Ora Houston .....	Councilmember District 1	2019
Delia Garza .....	Councilmember District 2	2017
Sabino "Pio" Renteria .....	Councilmember District 3	2019
Gregorio "Greg" Casar .....	Councilmember District 4	2017
Ann Kitchen .....	Councilmember District 5	2019
Don Zimmerman .....	Councilmember District 6	2017
Leslie Pool .....	Councilmember District 7	2017
Ellen Troxclair .....	Councilmember District 8	2019
Kathryne B. Tovo, Mayor Pro Tem .....	Councilmember District 9	2019
Sheri Gallo .....	Councilmember District 10	2017

**Appointed Officials**

Marc A. Ott.....	City Manager
Robert Goode.....	Assistant City Manager
Sue Edwards .....	Assistant City Manager
Bert Lumbreras.....	Assistant City Manager
Ray Arellano.....	Assistant City Manager
Mark Washington.....	Acting Assistant City Manager
Elaine Hart, CPA .....	Chief Financial Officer
Greg Canally.....	Deputy Chief Financial Officer
Ed Van Eenoo.....	Deputy Chief Financial Officer
Anne Morgan.....	City Attorney
Jannette S. Goodall .....	City Clerk

**BOND COUNSEL**

McCall, Parkhurst & Horton L.L.P.  
Austin and Dallas, Texas

**DISCLOSURE COUNSEL FOR THE CITY**

Norton Rose Fulbright US LLP  
Austin and Dallas, Texas

**FINANCIAL ADVISOR**

Public Financial Management, Inc.  
Austin, Texas

**INDEPENDENT AUDITORS**

Deloitte & Touche LLP  
Austin, Texas

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# PRIVATE PLACEMENT MEMORANDUM

Relating to

\$ \_\_\_\_\_

## CITY OF AUSTIN, TEXAS

(Travis, Williams and Hays Counties)

Water and Wastewater System Revenue Bonds, Series 2016A

### INTRODUCTION

This Private Placement Memorandum, which includes the cover page and the appendices, is being furnished in connection with the proposed issuance by the City of Austin, Texas (the “City” or the “Issuer”) of its \$ \_\_\_\_\_ City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2016A (the “Bonds”). This Private Placement Memorandum contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the Bonds pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Bonds. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Bonds. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Bonds. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

### THE BONDS

#### General Description

The Bonds are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described in Appendix A. The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Bonds is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Bonds will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

#### Purpose

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

#### Authority for Issuance

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1502, Texas Government Code, and the terms of the Ordinance.

#### Security for the Bonds

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

#### Redemption Provisions

On \_\_\_\_\_, 20\_\_, or on any date thereafter, the Bonds maturing on and after \_\_\_\_\_, 20\_\_ may be redeemed prior to their scheduled maturities, upon the written direction of the City, with funds provided by the City, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of the Bonds of a stated maturity are to be redeemed the Paying Agent/Registrar will determine by lot the Bonds, or portions thereof

within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

### **Notice of Redemption; Selection of Obligations to Be Redeemed**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of any proposed amendment to the Official Action or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

### **Book-Entry-Only System**

DTC will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Direct Participants and Indirect Participants are referred to collectively as “Participants”. DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.



Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered. Subject to DTC's policies and guidelines, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City and Public Financial Management, Inc. each believes to be reliable, but neither the City nor Public Financial Management, Inc. takes any responsibility for the accuracy thereof.**

## **TAX MATTERS**

### **Opinion**

Bond Counsel will deliver its opinion on the date of delivery of the Bonds substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

## **OTHER INFORMATION**

### **Forward Looking Statements**

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders

and beneficial owners of the Bonds have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

## Ratings

The existing outstanding water and sewer separate lien revenue bonds of the City are rated "Aa2" (stable outlook) by Moody's, "AA" (stable outlook) by S&P and "AA-" (stable outlook) by Fitch. An explanation of the significance of such ratings may be obtained from the organization furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of one or more companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. **No application has been made to any ratings agency or municipal bond insurance company for qualification of the Bonds for ratings or municipal bond insurance, respectively.**

## LITIGATION

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Bonds, the security for, or the validity of, the Bonds or the financial condition of the Issuer. On the date of initial delivery of the Bonds, the Issuer will execute and deliver a certificate of like effect to the purchaser of the Bonds.

## CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made ~~a continuing disclosure undertaking the following~~ agreement for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe ~~this~~ agreement for so long as it remains obligated to advance funds to pay the Bonds. Under ~~this~~ agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION - ~~Section 21: Continuing Disclosure Undertaking.~~"

### Compliance with Prior Undertakings

During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements except as follows. The City did not file its unaudited or audited financial statements for the Fiscal Year ended September 30, 2011 by the required deadline of March 31, 2012. The audited financial statements of the City for such Fiscal Year were filed on April 2, 2012. Annual financial information and operating data of the City were filed by the required time in accordance with the City's continuing disclosure agreements in the above-cited year in which the audited financial statements were filed after March 31. The City has filed an event notice in connection with the late filing. In addition, multiple rating changes occurred with respect to certain obligations of the City between 2009 and 2013, and the City did not file event notices with respect to certain of such rating changes. The City has filed event notices with respect to the current ratings of certain of its outstanding obligations. In its annual financial information and operating data filings for the City's electric system and water and wastewater system revenue bonds, for the years 2009, 2010, and 2011, the City omitted a table relating to the City's equity in its electric utility and water and wastewater systems. While the information contained in such table was generally obtainable from its audited financial statements for such years, the City has, since its Fiscal Year 2012 filing, included this table in its annual financial information and operating data filings for the City's electric system and water and wastewater system revenue bonds. Also, the City inadvertently omitted several tables from the annual financial information and operating data filing for the March 31, 2013 continuing disclosure report relating to certain obligations of the City. The City filed the omitted information on May 14, 2014. The City determined that a table in its continuing disclosure regarding its outstanding Airport System Revenue Bonds had transposed years in the presentation of data. The City filed corrected information on May 8, 2015. On April 25, 2016, the City filed updated financial information and operating data to reflect audited financial information as well as updated information in the "Comparative Analysis of Electric Utility System and Water and Wastewater System Operations," "Operating Statement Electric Utility System and Water and Wastewater System" and "The Electric Utility System and Water and Wastewater System (Plant Cost and Equity in Utility Systems)" tables

previously filed. The City has implemented procedures to ensure timely filing of all future financial information and event notices.

#### **MISCELLANEOUS**

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The information contained above is neither guaranteed as to accuracy or completeness nor shall be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, in whole or in part, for any other purpose.

#### **ADDITIONAL INFORMATION**

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Bonds and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

**APPENDIX A**  
**MATURITY SCHEDULE**

[MATURITY SCHEDULE to include Principal Amounts, Maturities, Interest Rates,  
Prices or Yields, and Initial CUSIP Numbers]

DRAFT

**APPENDIX B**  
**FORM OF OFFICIAL ACTION**  
**[ATTACH COPY OF OFFICIAL ACTION]**

**DRAFT**

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

**DRAFT**

## Proposed Form of Opinion of Bond Counsel

*An opinion in substantially the following form will be delivered by  
McCall, Parkhurst & Horton L.L.P., Bond Counsel,  
upon the delivery of the Bonds,  
assuming no material changes in facts or law.*

City of Austin, Texas  
301 West Second Street  
Austin, Texas 78701

Texas Water Development Board  
1700 N. Congress Avenue  
Austin, Texas 78701

CITY OF AUSTIN, TEXAS  
WATER AND WASTEWATER SYSTEM  
REVENUE BONDS, SERIES 2016A

\$ \_\_\_\_\_

Ladies and Gentlemen:

As Bond Counsel for the City of Austin, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the record of proceedings relating to the issuance of the Bonds. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the master ordinance (the "Master Ordinance") and the twenty-sixth supplemental ordinance to the Master Ordinance of the City authorizing the issuance of the Bonds (the "Twenty-Seventh Supplement", and together with the Master Ordinance, the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

We have examined the Constitution and statutes of the State of Texas, the Charter of said City, certified copies of the proceedings of the City Council of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. R-1).

In our opinion, under existing laws, such record of proceedings shows lawful authority for the issuance and sale of the Bonds in accordance with the provisions, terms and conditions of the Ordinance, which was duly adopted by the City. We are further of the opinion that, under existing laws, the Ordinance and the Bonds constitute valid and legally binding special obligations of the City, and, except as may be limited by laws applicable to the City relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, that the interest on and principal of the Bonds, together with outstanding Previously Issued Parity Water/Wastewater Obligations and Prior Subordinate Lien Obligations, are payable from, and secured by a parity lien on and pledge of, the Net Revenues of the System in the manner

provided in the Ordinance. The Bonds are secured ratably by such pledge of revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. The holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by taxation.

The City has reserved the right, subject to certain restrictions, to issue additional revenue obligations in all things on parity with the Bonds and payable from and equally secured by a lien on and pledge of the Net Revenues of the System in the same manner and to the same extent as the Bonds.

It is further our opinion, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

We express no opinion as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

Our sole engagement in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or



the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the availability and sufficiency of the Net Revenues of the System.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

This opinion is furnished solely for your benefit and may be relied upon only by the addressees hereof or anyone to whom specific permission is given in writing by us.

Respectfully,

**CITY OF AUSTIN**  
**\$80,195,000 TWDB Loan, Fall 2016 Close**  
**20 year Debt Service - ESTIMATE\***

City of Austin - Austin Water  
 SWIFT Loan Application for AMI  
 (Smart Meters) - Project 51042  
 Principal Maturity Schedule

<u>Payment Date</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total</u>	<u>Fiscal Year Total</u>
05/15/17	\$ -	\$ 647,194	\$ 647,194	\$ 647,194
11/15/17	3,608,775	647,194	4,255,969	
05/15/18	-	635,465	635,465	4,891,434
11/15/18	3,608,775	635,465	4,244,240	
05/15/19	-	622,293	622,293	4,866,533
11/15/19	3,608,775	622,293	4,231,068	
05/15/20	-	607,858	607,858	4,838,926
11/15/20	3,608,775	607,858	4,216,633	
05/15/21	-	591,619	591,619	4,808,252
11/15/21	3,608,775	591,619	4,200,394	
05/15/22	-	573,394	573,394	4,773,788
11/15/22	3,849,360	573,394	4,422,754	
05/15/23	-	552,223	552,223	4,974,977
11/15/23	3,849,360	552,223	4,401,583	
05/15/24	-	529,319	529,319	4,930,902
11/15/24	3,849,360	529,319	4,378,679	
05/15/25	-	504,491	504,491	4,883,170
11/15/25	3,849,360	504,491	4,353,851	
05/15/26	-	478,315	478,315	4,832,166
11/15/26	4,009,750	478,315	4,488,065	
05/15/27	-	449,645	449,645	4,937,710
11/15/27	4,009,750	449,645	4,459,395	
05/15/28	-	416,966	416,966	4,876,361
11/15/28	4,009,750	416,966	4,426,716	
05/15/29	-	381,480	381,480	4,808,195
11/15/29	4,009,750	381,480	4,391,230	
05/15/30	-	343,387	343,387	4,734,617
11/15/30	4,170,140	343,387	4,513,527	
05/15/31	-	301,686	301,686	4,815,213
11/15/31	4,250,335	301,686	4,552,021	
05/15/32	-	257,057	257,057	4,809,078
11/15/32	4,410,725	257,057	4,667,782	
05/15/33	-	208,980	208,980	4,876,762
11/15/33	4,490,920	208,980	4,699,900	
05/15/34	-	158,457	158,457	4,858,357
11/15/34	4,490,920	158,457	4,649,377	
05/15/35	-	106,587	106,587	4,755,964
11/15/35	4,490,920	106,587	4,597,507	
05/15/36	-	53,370	53,370	4,650,877
11/15/36	4,410,725	53,370	4,464,095	4,464,095
	<u>\$ 80,195,000</u>	<u>\$ 16,839,571</u>	<u>\$ 97,034,571</u>	<u>\$97,034,571</u>

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2015**  
**(In thousands)**

**City of Austin - Austin Water**  
**SWIFT Loan Application for AMI (Smart**  
**Meters) and Reuse Loan - Projects**  
**51042 and 51041**  
**Five Year Comparative Statement**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,351,436	516,991	--
User fees and rentals	--	--	119,969
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<b>1,351,436</b>	<b>516,991</b>	<b>119,969</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	993,793	221,724	80,182
Depreciation and amortization	152,544	115,271	20,690
<b>Total operating expenses</b>	<b>1,146,337</b>	<b>336,995</b>	<b>100,872</b>
<b>Operating income (loss)</b>	<b>205,099</b>	<b>179,996</b>	<b>19,097</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	8,127	434	1,225
Interest on revenue bonds and other debt	(55,680)	(111,030)	(18,924)
Interest capitalized during construction	--	--	1,284
Passenger facility charges	--	--	22,384
Cost (recovered) to be recovered in future years	12,276	(71,466)	--
Other nonoperating revenue (expense)	(13,696)	4,608	(686)
<b>Total nonoperating revenues (expenses)</b>	<b>(48,973)</b>	<b>(177,454)</b>	<b>5,283</b>
<b>Income (loss) before contributions and transfers</b>	<b>156,126</b>	<b>2,542</b>	<b>24,380</b>
Capital contributions	23,151	57,530	8,405
Transfers in	7,133	31	--
Transfers out	(113,770)	(39,979)	(52)
<b>Change in net position</b>	<b>72,640</b>	<b>20,124</b>	<b>32,733</b>
<b>Total net position - beginning, as restated (See Note 18)</b>	<b>1,682,358</b>	<b>656,076</b>	<b>517,020</b>
<b>Total net position - ending</b>	<b>\$ 1,754,998</b>	<b>676,200</b>	<b>549,753</b>
Reconciliation to government-wide Statement of Activities			
Change in net position	72,640	20,124	32,733
Adjustment to consolidate internal service activities	16	939	(207)
<b>Change in net position - Business-type activities</b>	<b>\$ 72,656</b>	<b>21,063</b>	<b>32,526</b>

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2014**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,367,155	472,593	--
User fees and rentals	--	--	108,960
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<b>1,367,155</b>	<b>472,593</b>	<b>108,960</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	1,039,830	226,349	76,042
Depreciation and amortization	152,450	103,443	21,151
<b>Total operating expenses</b>	<b>1,192,280</b>	<b>329,792</b>	<b>97,193</b>
<b>Operating income (loss)</b>	<b>174,875</b>	<b>142,801</b>	<b>11,767</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	5,191	82	221
Interest on revenue bonds and other debt	(63,288)	(112,214)	(11,794)
Interest capitalized during construction	--	--	1,409
Passenger facility charges	--	--	19,806
Cost (recovered) to be recovered in future years	(5,551)	(13,903)	--
Other nonoperating revenue (expense)	9,483	(1,273)	(312)
<b>Total nonoperating revenues (expenses)</b>	<b>(54,165)</b>	<b>(127,308)</b>	<b>9,330</b>
<b>Income (loss) before contributions and transfers</b>	<b>120,710</b>	<b>15,493</b>	<b>21,097</b>
Capital contributions	13,030	38,241	4,808
Transfers in	1,979	17,980	3
Transfers out	(116,835)	(44,122)	(793)
<b>Change in net position</b>	<b>18,884</b>	<b>27,592</b>	<b>25,115</b>
<b>Total net position - beginning, as restated (See Note 18)</b>	<b>1,663,474</b>	<b>628,484</b>	<b>512,535</b>
<b>Total net position - ending</b>	<b>\$ 1,682,358</b>	<b>656,076</b>	<b>537,650</b>
Reconciliation to government-wide Statement of Activities			
Change in net position	18,884	27,592	25,115
Adjustment to consolidate internal service activities	727	356	233
Change in net position - Business-type activities	<b>\$ 19,611</b>	<b>27,948</b>	<b>25,348</b>

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2013**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,288,259	476,781	--
User fees and rentals	--	--	103,515
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<b>1,288,259</b>	<b>476,781</b>	<b>103,515</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	937,541	216,369	70,148
Depreciation and amortization	150,031	97,186	21,121
<b>Total operating expenses</b>	<b>1,087,572</b>	<b>313,555</b>	<b>91,269</b>
<b>Operating income (loss)</b>	<b>200,687</b>	<b>163,226</b>	<b>12,246</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	1,788	88	190
Interest on revenue bonds and other debt	(70,918)	(107,164)	(12,801)
Interest capitalized during construction	--	--	843
Passenger facility charges	--	--	19,506
Amortization of bond issue cost	(625)	(1,187)	(207)
Cost (recovered) to be recovered in future years	27,780	(19,227)	--
Other nonoperating revenue (expense)	(810)	(1,446)	(3,704)
<b>Total nonoperating revenues (expenses)</b>	<b>(42,785)</b>	<b>(128,936)</b>	<b>3,827</b>
<b>Income (loss) before contributions and transfers</b>	<b>157,902</b>	<b>34,290</b>	<b>16,073</b>
Capital contributions	12,172	34,995	4,598
Transfers in	1,849	87	--
Transfers out	(105,333)	(41,614)	(72)
<b>Change in net position</b>	<b>66,590</b>	<b>27,758</b>	<b>20,599</b>
<b>Total net position - beginning</b>	<b>1,596,884</b>	<b>600,726</b>	<b>494,349</b>
<b>Total net position - ending</b>	<b>\$ 1,663,474</b>	<b>628,484</b>	<b>514,948</b>
Reconciliation to government-wide Statement of Activities			
Change in net position	66,590	27,758	20,599
Adjustment to consolidate internal service activities	2,537	1,606	429
Change in net position - Business-type activities	<b>\$ 69,127</b>	<b>29,364</b>	<b>21,028</b>

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the year ended September 30, 2012**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water Utility</b>	<b>Airport</b>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,179,872	442,707	--
User fees and rentals	--	--	95,904
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<b>1,179,872</b>	<b>442,707</b>	<b>95,904</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	896,396	190,987	69,201
Depreciation and amortization	144,909	95,392	20,398
<b>Total operating expenses</b>	<b>1,041,305</b>	<b>286,379</b>	<b>89,599</b>
<b>Operating income (loss)</b>	<b>138,567</b>	<b>156,328</b>	<b>6,305</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	10,248	313	395
Interest on revenue bonds and other debt	(75,310)	(102,644)	(12,933)
Interest capitalized during construction	--	--	512
Passenger facility charges	--	--	18,414
Amortization of bond issue cost	(714)	(869)	(220)
Cost (recovered) to be recovered in future years	(4,607)	(32,509)	--
Other nonoperating revenue (expense)	(5,708)	3,466	537
<b>Total nonoperating revenues (expenses)</b>	<b>(76,091)</b>	<b>(132,243)</b>	<b>6,705</b>
<b>Income (loss) before contributions and transfers</b>	<b>62,476</b>	<b>24,085</b>	<b>13,010</b>
Capital contributions	12,360	20,059	9,030
Transfers in	319	6,505	--
Transfers out	(105,428)	(37,237)	(6,395)
<b>Change in net assets</b>	<b>(30,273)</b>	<b>13,412</b>	<b>15,645</b>
<b>Total net assets - beginning</b>	<b>1,627,157</b>	<b>587,314</b>	<b>478,704</b>
<b>Total net assets - ending</b>	<b>\$ 1,596,884</b>	<b>600,726</b>	<b>494,349</b>
Reconciliation to government-wide Statement of Activities			
Change in net assets	(30,273)	13,412	15,645
Adjustment to consolidate internal service activities	2,342	1,272	406
Change in net assets - Business-type activities	<b>\$ (27,931)</b>	<b>14,684</b>	<b>16,051</b>

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

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

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

(1) Prior to 2011, reported as Electric

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

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