

Does the City have a minimum debt service coverage policy for its General Obligation Bonds?

Such minimums are usually referred to as a rate covenant. A rate covenant is the minimum level of debt service coverage that must be provided by the pledged revenues on a yearly basis. This is most commonly seen in revenue bonds. General obligation (GO) bonds do not require a rate covenant because they are backed by the issuer’s pledge and its full faith, credit, and taxing power to meet interest and principal payments. However, the City of Austin does have an internal financial policy to maintain a fund balance in the GO Debt Service Fund of at least 10% of total general obligation debt service requirements to ensure the City’s ability to meet debt service payments in spite of tax revenue shortfalls or fluctuations in interest rates.

What has the City of Austin’s assessed value (AV) growth rate been for the last five years?

Fiscal Year	AV (in \$ billions)	Growth vs. prior year
2002-03	50.8	--
2003-04	49.0	-3.5%
2004-05	49.7	1.4%
2005-06	52.3	5.2%
2006-07	60.5	15.7%
2007-08	68.7	13.6%
2008-09	76.8	11.8%
2009-10	80.2	4.4%
2010-11	77.1	-3.9%
2011-12	80.1	3.9%