

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
For the Fiscal Years Ended September 30, 2023 and 2022

# CapMetro



CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
AUSTIN, TEXAS

Prepared by the Finance Department

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# Capital Metropolitan Transportation Authority

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# CapMetro

Annual Comprehensive Financial Report  
Introductory Section

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**March 26, 2024**

Dear Central Texas Community,

On behalf of the board of directors of Capital Metropolitan Transportation Authority (CapMetro), we are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending September 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Internal control is designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The data as presented is accurate in all material respects and it is presented in a manner designed to fairly set forth the financial position and results of operations of CapMetro in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for a local government unit. The auditor's opinion on the fair presentation of the financial statements is unmodified. All disclosures necessary to enable the reader to gain an understanding of CapMetro's financial affairs have been included.

### **CapMetro Profile**

CapMetro was created in 1985, after voters in Austin and the surrounding area approved its creation in accordance with Chapter 451 of the Texas Transportation Code. CapMetro provides service to more than 1 million residents within a 542-mile service area that includes the cities of Austin, Manor, San Leanna, Jonestown, Lago Vista, Leander, Point Venture and unincorporated portions of Travis and Williamson counties. These communities contribute one percent sales tax to help fund CapMetro's services.

CapMetro continues to deliver on its promise to connect people, jobs and communities with quality transportation options. In FY2023, CapMetro provided a total of 24.5 million rides on the agency's buses, trains and vans, an increase of about 20% over the previous year.

With a fleet of 416 buses, 23 of them being electric, we provide CapMetro Bus, Rapid and Express bus service, as well as shuttle service to the University of Texas at Austin. We also use 49 vehicles to operate the on-demand Pickup service and another 181 for CapMetro Access, our parallel door-to-door service for eligible riders with disabilities.

Throughout Fiscal Year 2023, CapMetro was working towards the opening of yet another Pickup Zone, Dove Springs, which successfully launched in January 2024. CapMetro now operates 11 Pickup Zones. The Dove Springs Pickup Zone connects southeast Austin residents to frequent service and key destinations, continuing CapMetro's commitment to investing in mobility solutions for our full and complete community. In doing so, it will connect to the upcoming CapMetro Rapid Pleasant Valley Line, which made significant strides in construction progress to stay on target for in revenue service to begin in 2025.

CapMetro Rail's Red Line, which launched in 2010, is a 32-mile regional rail service operating with 10 trains between Leander and downtown Austin. FY2023 saw another increase in ridership for our rail lines, with 475,465 total riders served. In January of FY2023, we successfully completed the double-tracking project in Leander, increasing about a 15-mile section of the Red Line between Leander and Lakeline to two tracks. This improvement will help ensure on-time performance for CapMetro trains and improve service reliability.

Our new McKalla Station, which will service the North Burnet area, made significant progress throughout the year, and it is set to open at the end of February 2024, just in time for the start of the Austin FC season. The

McKalla station, which will bring customers straight to and from the Q2 Stadium, is an exciting example of the ways in which CapMetro can offer the community more reason to use rail other than solely to commute to their jobs.

The agency operates a vanpool program called CapMetro RideShare, which served 806 participants on 27,330 trips during FY2023. RideShare replaced what would have been 240,250 solo commuting trips, an 8% increase over the previous fiscal year, and accounted for more than 8 million metric tons in reduced CO<sub>2</sub> emissions.

CapMetro also works in partnership with the Capital Area Rural Transportation System (CARTS), which provides regional transportation for a 7,200-square-mile area surrounding Austin. Its district extends into Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Travis, and Williamson counties. CARTS offers fixed-route bus service, non-emergency medical transportation and other services of varying frequency.

### **Governance**

CapMetro is governed by an eight-member board of directors. The board consists of three members appointed by the Capital Area Metropolitan Planning Organization (CAMPO), including an elected official, one member representing the small cities in CapMetro's service area, a member each appointed by the commissioners of Travis and Williamson Counties and two members appointed by the Austin City Council, one of whom must be a member of the council.

The board is responsible for adopting policies relative to the operation, control, and management of the agency. In 2023, Dottie Watkins was officially appointed as President and CEO of CapMetro, with responsibility for providing leadership and direction to ensure that CapMetro meets its mission, goals and objectives.

CapMetro implemented a new business model in 2012 to streamline operations and improve its business practices. The agency now contracts with private companies to operate all passenger services, including bus, rail, and paratransit service.

In FY2023 CapMetro made the decision to contract with Keolis, a firm founded in France in 1908 and incorporated into the United States in 2012, with over 300 clients in 12 countries and 11 sites in five U.S. states. The decision was made after careful consideration and based on the following key points: Keolis has a leadership team with 10-40 years of transit experience; their history with electric fleet and BRT service start up; a dedicated Labor Relations team to work with the Union; a demonstrated understanding of CapMetro's hybrid business model; their detailed mobilization plan and transition team and good client ratings of previous experience with similar contracts at other transit agencies.

Our service providers during FY2023 were MV Transportation, CARTS, Herzog Contracting Corporation and MTM Transit, with Keolis officially transitioning into the service provider in place of MV Transportation on January 1, 2024.

### **Our Workforce**

CapMetro contributes to the local economy by employing and contracting a diverse workforce. We strive to be an employer of choice in the Austin area and the transit industry by providing competitive benefits and pay, as well as nationally recognized programs that contribute to employees' wellbeing. Our staffing levels have risen consistently throughout FY2023.

The agency's award-winning wellness program includes three 24-hour fitness centers, personal training, nutrition counseling and healthy cafeteria options, among other benefits. Since the inception of the wellness



program, employee health care costs and absenteeism rates have trended downward, while morale has improved.

CapMetro offers other benefits that contribute to a motivated workforce. These include flexible work schedules, telecommuting, professional development and career advancement programs, leadership training and a top notch on-site childcare facility.

Our agreements with service providers and the transit union have implemented an attractive and rewarding compensation package for operators, mechanics and other frontline team members.

### **Budget Control**

By state law, CapMetro's board of directors must adopt an annual budget driven by an approved strategic plan that outlines the agency's priorities. The budget must be adopted before the beginning of each fiscal year and before CapMetro conducts any business in the new fiscal year. The budget is amended if operating and/or capital expenditures exceed their budgeted amounts. To continue efforts toward fiscal responsibility, the board has approved a five-year capital improvement plan.

Control of the budget is maintained at the department level with overview responsibility exercised by the budget director. It is the responsibility of each department manager to administer operations in such a manner as to ensure that the use of funds is consistent with the goals and objectives in the strategic plan, and that the department remains within its budget.

### **Accountability and Transparency**

As a steward of public funds and public trust, CapMetro strives for both financial accountability and transparency. CapMetro's public performance dashboards feature detailed financial information directly on the website ([capmetro.org](http://capmetro.org)) that is easily accessible for public use. Our award-winning dashboards, powered by the Enterprise Data Analytics team (EDAP), make the agency's ridership, operational, safety and financial performance levels accessible to the public in unprecedented detail.

During FY 2023 CapMetro's EDAP team focused on phase B of the Performance Dashboard rollout, which includes major enhancements to the Finance Public Dashboard that make it more detailed with a wider range of robust data, faster to use and more digitally accessible to all community members, including those with disabilities. These updates enhance the data with more detail and faster processing times. But they also make crucial strides in improving our platform experience for those with disabilities, which was made possible by the close consultation and strategic involvement of our Department of Systemwide Accessibility and those in the visually impaired community.

### **Local Economic Outlook**

Continuing the growth experienced over the past several years, Austin led the nation as the seventh best performing among the top 50 metro areas in terms of job growth. Its year-over-year increase was 3.3% or 42,000 in total jobs gained in FY2023. Austin metro was the fastest-growing area in the United States for the 12<sup>th</sup> year in a row and, according to the Texas Demographic Center, the Austin region grew at the fastest rate compared to other major cities in the entire state of Texas.

However, the average cost of a home in Austin was 3.6 times greater than in 1990 and Austin's growing affordability issues have seen increased public awareness. Austin dropped to 40<sup>th</sup> place in rankings from the U.S. News & World Report on the best metro areas to live in. This was based in part on the fact that Austin was ranked 100 out of 150 for housing affordability and 113 out of 150 on the price parity index, which measures the costs of goods and services. Additionally, the Austin-San Antonio metro population is predicted to grow by more than 3 million to 8.3 million people by the year 2050, projecting it to be larger than the current metro populations of Houston and Dallas-Fort Worth.

To help address these regional affordability issues of today and be prepared for the growth and demand to come, CapMetro has joined with regional partners like the City of Austin and CAMPO on Project Connect, a plan that was voted in place by Austin residents in the 2020 election and resulted in the formation of the local government corporation, the Austin Transit Partnership (ATP) in the following year. CapMetro and our local partners continued work on the long-term program, which includes substantial initiatives for housing and land development in addition to the planned transportation services. Fiscal Year 2023 saw the completion of the double-tracking project in Leander and the advancement on several projects, including the aforementioned McKalla rail station and Dove Springs Pickup Zone. CapMetro, ATP and the City of Austin remain committed to creating a regional public transportation system that will transform Central Texas for generations to come. The Project Connect vision is being built on the strong foundation of the CapMetro transit system.

The agency also works with local governments outside CapMetro's service area, and within the urbanized area, through interlocal agreements to provide much-needed transit options to some of the fastest growing areas in the region, including Georgetown, Round Rock, Pflugerville (previously) and areas of unincorporated Travis County. The initiative continues to bring transit service to the City of Georgetown (in partnership with CARTS), the City of Round Rock and parts of Travis County that are outside of the CapMetro service area. In FY2023, CapMetro partnered with the City of Buda, the City of Pflugerville, and Travis County to update Transit Development Plans (TDPs) in those communities. An update to the City of Georgetown's Transit Development Plan is currently underway.

Austin continues to be a magnet for special events: South by Southwest; the Austin City Limits Music Festival; the United States Grand Prix at the Circuit of the Americas, attended by international race fans; and other events like the Pecan Street and Moontower Comedy Festivals bring in tourists from around the country and world. Major League Soccer's Austin FC played its third season in 2023 to great fanfare, large crowds and much success. CapMetro continued to work closely with the stadium and the club to ensure the agency was prepared to be a primary transportation option for games, and that collaboration enabled great transit service was available for thousands of fans at the more than 20 games held at Q2 Stadium. These events provide a significant positive economic impact and increased exposure for Austin on an international stage while providing CapMetro with the opportunity to serve new riders.

### **Management's Discussion and Analysis**

CapMetro's management is responsible for the accuracy, reliability and presentation of the financial information contained within the Annual Comprehensive Financial Report. The report includes all necessary disclosures and other information that enable the reader to gain an understanding of CapMetro's financial activities.

GAAP requires that management provide a narrative introduction, overview and analysis to the accompanying basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. CapMetro's MD&A can be found directly following the independent auditor's report.

### **Awards**

CapMetro has again received the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 2022 Annual Comprehensive Financial Report from the Government Finance Officers Association. This award is designed to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

We also won the award for Best Innovative Use of Data Analytics for our EDAP performance dashboards. This Best of Texas award was presented at the Texas Digital Government Summit in June of 2023. The Best of Texas awards acknowledge significant IT projects, state agencies and local entities for advancing public-sector IT.

**Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the dedicated service of Finance Department staff members. CapMetro also thanks its board of directors for their continuing support, and to the customers and taxpayers for whom we work.

Respectfully submitted,

E-SIGNED by Dottie Watkins  
on 2024-03-26 20:20:57 GMT

E-SIGNED by Catherine Walker  
on 2024-03-26 20:20:03 GMT

Dottie Watkins  
CapMetro President & Chief Executive Officer

Catherine Walker  
CapMetro EVP, Chief Financial & Risk Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Capital Metropolitan Transportation Authority  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**September 30, 2023**

**BOARD OF DIRECTORS APPOINTING BODY**

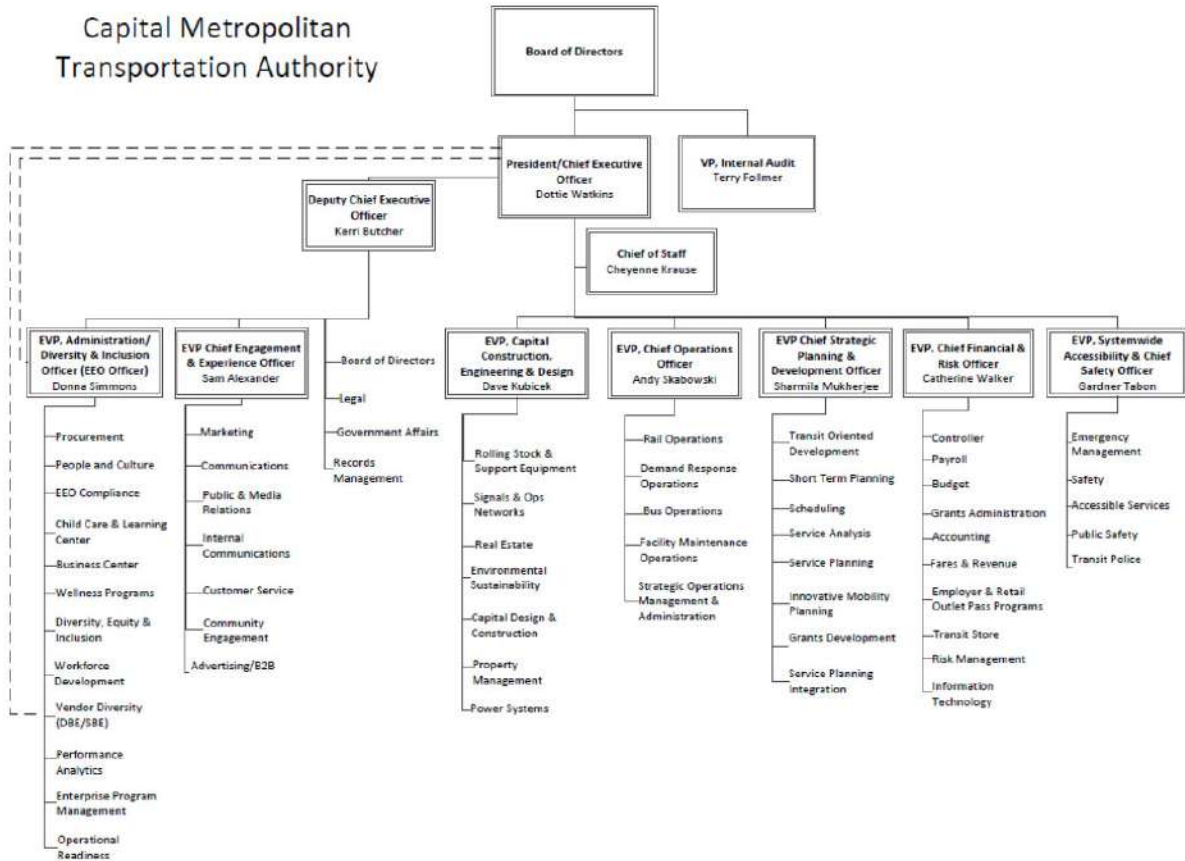
Jeffery Travillion, Chair Travis County  
Leslie Pool, Vice Chair City of Austin  
  
Becki Ross, Secretary Small Cities  
  
Dianne Bangle Capital Area Metropolitan Planning Organization  
Paige Ellis Capital Area Metropolitan Planning Organization  
William M. "Matt" Hariss Capital Area Metropolitan Planning Organization  
Chito Vela City of Austin  
Eric Stratton Williamson County

**ADMINISTRATION**

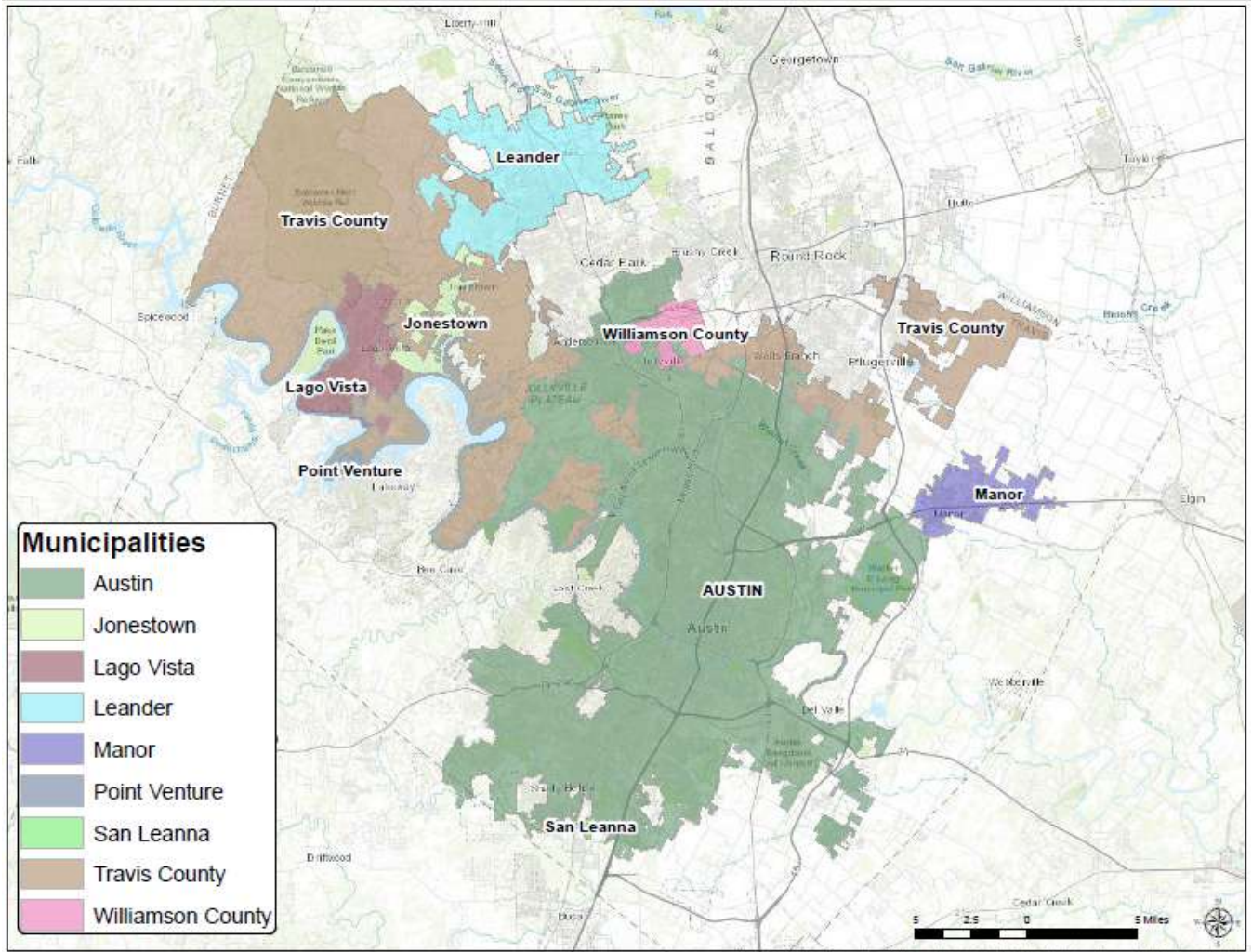
Dottie Watkins President/Chief Executive Officer  
Kerri Butcher Deputy Chief Executive Officer  
Catherine Walker Executive Vice President, Chief Financial & Risk Officer  
Sharmila Mukherjee Executive Vice President, Chief Strategic Planning and Development Officer  
Donna Simmons Executive Vice President, Administration, Diversity and Inclusion Officer  
Andrew Skabowski Executive Vice President, Chief Operating Officer  
Gardner Tabon Executive Vice President, Systemwide Accessibility and Chief Safety Officer  
Samantha Alexander Executive Vice President, Chief Engagement and Experience Officer  
Dave Kubicek Executive Vice President, Capital Construction, Engineering and Design

# Capital Metropolitan Transportation Authority

## Organization Chart



# Service Area Map





Annual Comprehensive Financial Report  
Financial Section



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**Independent Auditor's Report**

RSM US LLP

Finance, Audit, and Administration Committee  
of the Board of Directors  
Capital Metropolitan Transportation Authority

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the financial statements of the business-type activities and fiduciary activities of Capital Metropolitan Transportation Authority (the Authority), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority, as of September 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the StarTran Retirement Pension Plan which represents 41% and 45%, respectively, of the total assets and 50% and 49%, respectively, of total additions of the fiduciary activities. Those statements were audited by another auditor whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included in the fiduciary activities are based solely on the reports of the other auditor.

***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the fiduciary activities of the Authority were not audited in accordance with *Government Auditing Standards*.

***Emphasis of Matter***

As discussed in Note 6 of the financial statements, the Authority adopted Statement No. 96 of the Governmental Accounting Standards Board, *Subscription-Based Information Technology Arrangements*. The impact to the financial statements, as a result of the adoption of the pronouncement, is disclosed on Note 6. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc. Schedules of Changes in Net Position Liability and Related Ratios, Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc. Schedule of Plan Contributions, Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees Schedules of Changes in Net Pension Liability and Related Ratios, Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees Schedule of Plan Contributions and Capital Metropolitan Transportation Authority Other Post-Employment Benefits—Schedule of Changes in the Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements of fiduciary net position and the combining statements of changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, the combining statements of fiduciary net position and the combining statements of changes in fiduciary net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the accompanying Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Austin, Texas  
March 26, 2024

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This section of the financial statements of the Capital Metropolitan Transportation Authority (CapMetro, or the Authority) offers a narrative overview and analysis of the financial activities for fiscal years ended September 30, 2023 and 2022. The information contained within the Management Discussion and Analysis (MD&A) should be considered only part of a greater whole. The reader should take time to read and evaluate all sections of this report, including the footnotes and other supplementary information that is provided in addition to this MD&A.

### **Financial Highlights**

- Net position was \$1,074.8 million as of September 30, 2023, increased 12.2% from \$957.5 million as of September 30, 2022 and increased 31.0% from \$731.4 million as of September 30, 2021 (Table A-1).
- Sales tax revenue was \$382.4 million, \$366.9 million and \$301.4 million in FY2023, FY2022 and FY2021, respectively. Transportation fares increased to \$10.7 million in FY2023 from \$8.8 million in FY2022, an increase of 21.6%. Transportation fares had a similar increase of 25.9% in FY2022 from \$7.0 million in FY2021. Rail freight revenue increased to \$7.0 million in FY2023 from \$6.8 million in FY2022, an increase of 2.9%. Rail freight revenue increased to \$6.8 million in FY2022 from \$5.8 million in FY2021, an increase of 17.7%. (Table A-2).
- Operating expenses (including depreciation) were \$410.2 million for FY2023 compared to \$340.3 million for FY2022, an increase of 20.6% (Table A-3).
- Expenses for mobility interlocal agreements increased from \$1.3 million to \$2.4 million in FY2023. Of the total, approximately \$1.0 million in FY2023 and \$0.9 million in FY2022 were made for grant reimbursements for local area nonprofit organization as part of the federal pass-through funding. The Quarter Cent sales tax to the City of Austin also increased from \$0.4 million to \$1.2 million in FY2023 (Table A-4).
- Expenses incurred for preliminary costs for long term mobility planning project also known as Project Connect for FY2021 and FY2022 in the amounts of \$66.8 million and \$23.4 million, respectively (Table A-4). The contributions to Project Connect were made in accordance with the Interlocal Agreement with Austin Transit Partnership. CapMetro remains committed to Project Connect and has budget allocated to continue to support the program.
- Capital assets (net of depreciation) increased by \$163.2 million to \$657.3 million as of September 30, 2023, from \$494.1 million as of September 30, 2022 (Table A-5).

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to CapMetro's financial statements. This report is comprised of 1) financial statements, 2) notes to the financial statements and 3) the report also contains required supplementary information and other supplementary information.

The Statements of Net Position reports CapMetro's assets and deferred outflows, as well as liabilities and deferred inflows, with the difference between the two reported as net position. This is a measure of financial position, which can indicate financial condition improvement or deterioration from year to year.

The Statements of Revenue, Expenses, and Changes in Net Position present information showing how CapMetro's net position changed during the fiscal year. Operating revenue consists of transportation fares, contract fare revenue, and rail freight fees. Other non-operating revenue includes 1% sales and use tax which comprises 71.9% of all revenues in FY2023, and 59.3% of all revenues in FY2022, as well as

investment income, other income and operating contributions. Operating expenses include providing bus service, demand response, commuter rail service, maintenance, security, and administration for CapMetro. Non-operating expenses include funding in accordance with Interlocal Agreement with City of Austin to fund projects via the Quarter Cent sales tax in the amount of \$1.2 million and grant reimbursements made to subrecipients of federal awards to provide services to seniors and individuals with disabilities under Section 5310 funding. CapMetro also funded \$1.1 million to provide mobility assistance under an Interlocal Cooperation Agreement for the Metrobike Program in August 2020, which was later amended in August 2022. Revenue for the Metrobike program in FY2023 was \$669,235.

The Statement of Cash Flow reports cash and cash equivalents for the fiscal year resulting from operating activities, non-capital financing activities, capital and financing activities and investing activities.

The Notes to the Financial Statements provide additional information necessary to fully understand the data provided in the financial statements.

The Required Supplementary Information (unaudited) includes the progress in CapMetro's obligation to fund pension benefits to its former employees, its administrative employees and is required by accounting principles generally accepted in the United States of America (GAAP).

The Statement of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position report the combined assets and liabilities and plan activity associated with the CapMetro Retirement Plan for Administrative Employees as well as the Retirement Plan for Bargaining Unit Employees of StarTran, Inc. (collectively the Plans). The Plans are reported using the economic resources measurement focus and are prepared on the accrual basis of accounting in conformity with GAAP. Contributions and income are recorded when earned and benefits and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. All applicable Governmental Accounting Standards Board (GASB) pronouncements apply to the pension plans.

## **FINANCIAL ANALYSIS**

### ***Net Position***

Total net position may serve, over time, as a useful indicator of an entity's financial position. The total net position of CapMetro increased by \$117.3 million, from \$957.5 million in FY2022 to \$1,074.8 million in FY2023, primarily due to non-operating revenue in the amount of \$453.8 million plus the \$46.8 million in capital contributions offsetting operating loss of \$383.3 million. Significant changes in non-operating revenue include (1) an increase by \$15.5 million in sales and use tax receipts over FY2022 (2) a one-time charge of \$21.7 million for an asset impairment in FY2022 and (3) contributions in the amount of \$23.3 million in long term mobility projects in FY2022.

The total net position of CapMetro increased by \$226.8 million, from \$731.4 million in FY2021 to \$957.5 million in FY2022, primarily due to an increase of \$65.5 million in sales and use tax receipts and an increase in \$160.8 million in grant revenue and capital contributions.

Total assets and deferred outflows increased by \$150.1 million in FY2023 at \$1,312.3 million compared to \$1,168.5 million in FY2022. Total current period capital asset additions are \$222 million in project costs. The capital asset additions are offset by depreciation and amortization expenses of \$57.4 million for a net increase in capital assets of \$163.2 million. Total assets and deferred outflows increased by \$224.6 million in FY2022 at \$1,168.5 million compared to \$937.1 million in FY2021 primarily due to federal CARES Act funding related to the COVID 19 pandemic and capital projects, such as the construction of the Downtown Station and additions to the bus fleet. The FY2022 values in FY2023 comparative financial statements were restated due to implementation of Statement No. 96 Subscription Based Information Technology Arrangements.

Total liabilities and deferred inflows increased from \$211.0 million in FY2022 to \$237.4 million in FY2023 primarily due to the addition of a new lease and an increase in pension liability for a combined increase of \$29.4 million. Total liabilities and deferred inflows decreased from \$205.7 million in FY2021 to \$211.0 million in FY2022 primarily due to a decrease of \$14.9 million pension liability offset by an increase of \$7.4 million in deferred inflows-pension and a decrease of \$1.1 million in deferred inflow-fuel hedge which were offset. The increase in deferred inflows are deferred gains of approximately \$6.8 million due to a change in the actuarial assumptions related to the discount rate and a change in mortality for the CapMetro sponsored pension plans. An additional deferred gain of \$4.8 million is reported in FY2021 for the outstanding fuel contracts under CapMetro’s Energy Price Risk Management Program which seeks to decrease the volatility of diesel fuel cost. Comparative amounts for the prior year have been presented in order to provide an understanding of changes in CapMetro’s financial position and operations.

**Table A-1**  
**Summary Information of CapMetro’s Net Position**  
**(in millions of dollars)**

	FY 2023	FY 2022-as restated	FY 2021
Current assets	\$ 492.7	\$ 535.0	\$ 319.3
Right-to-use assets	24.5	14.7	
Capital assets, net	632.8	479.5	486.6
Other noncurrent assets	142.4	128.4	118.4
Total assets	<u>\$ 1,292.4</u>	<u>\$ 1,157.6</u>	<u>\$ 924.3</u>
Deferred outflow of resources	<u>\$ 19.8</u>	<u>\$ 10.8</u>	<u>\$ 12.8</u>
Current liabilities	\$ 85.3	\$ 77.6	\$ 68.0
Long-term liabilities	63.5	48.1	58.7
Total liabilities	<u>\$ 148.8</u>	<u>\$ 125.7</u>	<u>\$ 126.7</u>
Deferred inflows of resources	<u>\$ 88.6</u>	<u>\$ 85.4</u>	<u>\$ 79.0</u>
Net position			
Net investment in capital assets	\$ 632.7	\$ 462.5	\$ 482.8
Unrestricted	442.1	494.9	248.7
Total net position	<u>\$ 1,074.8</u>	<u>\$ 957.4</u>	<u>\$ 731.5</u>

Certain unrestricted assets are designated through the Authority’s board of directors’ directive for specific uses. As of September 30, 2023, the CapMetro Board has designations of \$48.0 million for a statutory operating reserve, \$24.0 million for a budget stabilization reserve and \$1.4 million for self-insurance. The reserves as of September 30, 2022, were \$43.1 million for statutory operating, \$21.5 million for budget stabilization and \$1.4 million for self-insurance.

**Commitments**

CapMetro has a capital spending plan for projects for upcoming and future years. CapMetro’s contractual commitments related to its capital improvement plan are \$378.9 million and \$80.5 million as of September 30, 2023 and 2022, respectively. CapMetro has also executed significant purchase transportation contracts with various goods and services providers totaling \$565.5 million extending to August 2026. CapMetro is contractually committed to the Build Central Texas Program and Mobility Programs with the City of Austin and the Suburban Communities Program. These programs are detailed in Note 8 in the Notes to the Financial Statements.



**Change in Net Position**

The change in net position for FY2023 was an increase of \$117.4 million or 12.2% of total beginning net position due to an increase in sales and use tax revenue and continued funding from other federal grants and capital contributions non-operating revenue as noted below. The change in net position for FY2022 was an increase of \$226.0 million or 31% of total beginning net position.

**Table A-2**  
**Summary Information of Changes in CapMetro's Net Position**  
**(in millions of dollars)**

	FY 2023	FY 2022-as restated	FY 2021
Operating revenue:			
Transportation fares	\$ 10.7	\$ 8.8	\$ 7.0
Contract fare revenue	9.2	8.3	7.4
Rail—freight	7.0	6.8	5.7
Total operating revenue	<u>26.9</u>	<u>23.9</u>	<u>20.1</u>
Operating expenses:			
Purchased transportation	190.8	165.5	152.6
Depreciation and amortization	57.4	53.2	51.7
Salary and wages	45.6	37.0	27.2
Professional services	45.9	36.0	29.7
Employee benefits	27.0	21.7	20.3
Materials and supplies - fuel and fluid	14.3	10.9	10.9
Leases and other	6.6	5.4	4.5
Utilities	4.3	3.5	3.4
Casualty and liability	0.6	0.4	2.7
Materials and supplies - other	17.7	6.8	1.0
Total operating expenses	<u>410.2</u>	<u>340.4</u>	<u>304.0</u>
Operating loss	<u>(383.3)</u>	<u>(316.5)</u>	<u>(283.9)</u>
Non-operating revenue (expenses):			
Sales and use tax revenue	382.4	366.9	301.4
Investment income	18.5	-	0.4
Rental income	2.8	2.6	2.5
Other income, net	2.0	2.6	1.8
Other federal grants	52.3	202.3	48.5
Impairment of assets	-	(21.8)	-
Long-term mobility planning	-	(23.4)	(66.7)
Build Central Texas Program	(0.7)	(4.9)	(0.2)
Mobility programs and transit improvements-other jurisdictions	(3.4)	(2.0)	(20.1)
Total non-operating revenue (expenses)	<u>453.9</u>	<u>522.3</u>	<u>267.6</u>
Income before contributions	70.6	205.8	(16.3)
Capital contributions	<u>46.8</u>	<u>20.2</u>	<u>13.2</u>
Change in net position	117.4	226.0	(3.1)
Total net position, beginning of the year, restated	<u>957.4</u>	<u>731.4</u>	<u>734.5</u>
Total net position, end of the year	<u>\$ 1,074.8</u>	<u>\$ 957.4</u>	<u>\$ 731.4</u>

**Operating Revenue**

The FY2023 operating revenue increased by 12.2% to \$26.9 million in FY2023 from FY2022 operating revenue of \$23.9 million. The FY2022 operating revenue increased by 18.3% to \$23.9 million from \$20.2 million in FY 2021. The FY2022 decrease in operating revenue is due to service level cutbacks, a decreased ridership beginning in March 2020 as well as the suspension of fares as a result of the COVID-19 pandemic vs. the recovery from COVID in FY2023.

**Operating Expenses**

The FY2023 operating expenses increased by 20.5% to \$410.2 million from \$340.3 million in FY2022, primarily due to the increase to pre-pandemic service levels provided by purchased transportation providers and a similar increase in professional services. The FY2022 operating expenses increased by 11.7% to \$340.3 million from \$304.0 million in FY2021, primarily due to the increase to pre-pandemic service levels provided by purchased transportation providers and a similar increase in professional services.

**Table A-3**  
**Information on CapMetro’s Total Operating Expenses (including depreciation)**  
**(in millions of dollars)**

	FY 2023	FY 2022-as restated	FY 2021
Purchased transportation	\$ 190.8	\$ 165.5	\$ 152.6
Depreciation and amortization	57.4	53.2	51.7
Salary and wages	45.6	37.0	27.3
Professional services	45.9	36.0	29.7
Employee benefits	27.0	21.7	20.3
Materials and supplies - fuel and fluid	14.3	10.9	10.9
Leases and other	6.6	5.4	4.4
Utilities	4.3	3.5	3.4
Casualty and liability	0.6	0.4	2.7
Materials and supplies - other	17.7	6.8	1.0
<b>Total operating expenses</b>	<u>\$ 410.2</u>	<u>\$ 340.4</u>	<u>\$ 304.0</u>

**Table A-4**

**Information on CapMetro’s Non-Operating Revenue and Expenses**  
**(in millions of dollars)**

	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>
Sales and use tax	\$ 382.4	\$ 366.9	\$ 301.4
Other federal grants	52.3	202.3	48.5
Rental income	2.7	2.4	2.5
Other income, net	1.9	2.5	1.8
Investment income	18.5	-	0.4
Impairment of assets	-	(21.8)	-
Long-term mobility planning	-	(23.4)	(66.8)
Build Central Texas Program	(0.7)	(4.9)	(0.2)
Transit improvements - other jurisdictions	(1.0)	(0.6)	(18.2)
Mobility interlocal agreements	(2.4)	(1.3)	(1.9)
Total net non-operating revenue	<u>\$ 453.7</u>	<u>\$ 522.1</u>	<u>\$ 267.5</u>

***Non-Operating Revenue and Expenses***

Non-operating revenue consists of a 1% sales tax levied in CapMetro’s service area, investment income, operating contributions, and other income generated primarily from advertising sales. Non-operating revenue is reduced by the costs of providing funding for infrastructure needs in the service area.

Sales tax represents the largest component of CapMetro’s revenue and due to a continued robust economy in the Austin area contributed to increases in the local area sales tax. For FY2023, sales tax revenue of \$382.4 million increased by \$15.4 million, or 4.2% from FY2022 sales tax amount of \$366.9 million. For FY2022, the sales tax revenue of \$366.9 million increased by \$65.5 million, or 21.7% from FY2021 sales tax amount of \$301.4 million.

In FY2023, investment income of \$18.5 million includes an unrealized gain on investments of \$0.85 million. In FY2022, investment income of \$2.0 million was offset by an unrealized loss on investments of \$2.0 million. Investment income was \$0.4 million for FY2021. FY2023 investment income increase is consistent with the increased market rates provided by TexasTERM and TexasDAILY. The lower investment income in FY2022 was due to the unrealized loss on the portfolio compared to the 2021 decrease in investment income is the result of a decrease in the investment portfolio balance combined with lower market rates received from TexasDAILY and TexasTERM in 2021. CapMetro investments in TexasDAILY and TexasDAILY Select are short term while TexasTERM are longer term investment. The balances in these portfolios make up the largest portion of the portfolio with a smaller portion invested in U.S. Government issues and Commercial Paper for both 2023 and 2022.

CapMetro funds programs for street maintenance, street repair, and transit capital improvements through the Build Central Texas program (formerly, Build Greater Austin). It also funds mobility projects to assist in future transportation and improve regional mobility.

***Grants and Capital Contributions***

Total federal and state grant revenue and capital contributions in FY2023 was \$99.1 of which \$77.2 million are related to federal and state awards and \$21.9 million are METRORapid and Redline contributions from Austin Transit Partnership., For the total federal and state awards, the total decreased by \$145.2 million from the \$222.5 million received in FY2022, which is \$160.8 million more than the \$61.7 million received in FY2021. There were supplemental federal funds received by CapMetro from ARP Act funding to prevent,

prepare for, and respond to coronavirus in the amount of \$128.2 in FY2022 and CRRSAA Act funds in the amount of approximately \$66.0 million in FY2022. The Grants used for CapMetro’s capital improvement program totaled \$24.9 million in FY2023 and \$8.1 million in FY2022. In FY2023 capital grants were used for continuing support of METRORapid in the amount of \$13.1 million and another \$11.8 million for its bus replacement program.

**Capital Assets**

Capital assets consist of buildings and improvements, railroads, buses and equipment, passenger parking stations, leasehold improvements, land, right to use assets, and construction in progress. CapMetro’s net capital assets increased by \$163.2 million from the restated value of \$494.1 million in FY2022 to \$657.3 million in FY2023, primarily due to the continuing effort of its bus replacement program, METRORapid and the purchase of the new administrative offices, offset by depreciation expense. The FY2022 net capital assets represent a decrease of approximately 1.6% from FY2021. For more detailed information on capital assets, see Note 11 to the financial statements.

**Table A-5**  
**CapMetro’s Capital Assets Information**  
**(in millions of dollars)**

	FY 2023	FY 2022-as restated	FY 2021
Building and improvements	\$ 94.6	\$ 96.5	\$ 96.3
Leasehold improvement	0.4	0.4	0.4
Right-to-use asset	35.2	18.7	
Railroad	210.8	200.2	197.4
Buses and equipment	454.2	442.1	440.5
Passenger parking and stations	113.2	113.2	113.3
	<u>908.4</u>	<u>871.1</u>	<u>847.9</u>
Less accumulated depreciation	<u>(579.7)</u>	<u>(524.0)</u>	<u>(471.0)</u>
Net depreciable property/improvements	328.7	347.1	376.9
Land and improvements	79.2	79.2	71.5
Projects in progress	249.4	67.8	38.2
Capital assets, net	<u>\$ 657.3</u>	<u>\$ 494.1</u>	<u>\$ 486.6</u>

**Economic Factors and Outlook for FY2023**

CapMetro’s adopted FY2023 budget totaled \$730.7 million in revenue, \$427.5 million in operating expenses, \$411.0 million for new capital expenditures, \$20.6 million for contribution to the Austin Transit Partnership and \$12.0 million for Regional Mobility programs. FY2024 sales tax revenue is budgeted at an 6.9% increase from the FY2023 budget due to favorable sales tax trends. FY2024 budgeted operating expenses are projected to increase 10.3% from the FY2023 budget. Management anticipates that its existing resources will be adequate to satisfy its liquidity requirements for FY2024.

**Request for Information**

This financial report is designed to provide our patrons and other interested parties with a general overview of the finances to demonstrate CapMetro’s accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Capital Metropolitan Transportation Authority, Finance Department, at 2910 East 5<sup>th</sup> Street, Austin, Texas 78702, call (512) 297-0392, or e-mail at [nadia.nahvi@capmetro.org](mailto:nadia.nahvi@capmetro.org).

**Capital Metropolitan Transportation Authority**  
**Statements of Net Position**  
**September 30, 2023 and 2022**

	<b>2023</b>	<b>2022- as restated</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 175,834,518	\$ 133,111,730
Investments	169,320,321	296,612,404
Due from federal governments	55,166,443	982,268
Fuel hedge asset	1,768,682	1,272,452
Materials and supplies inventory, net	11,654,109	10,013,980
Prepaid transit expense and other	534,208	1,436,972
Intergovernmental receivables-Project Connect	4,405,796	24,784,825
Other receivables	8,302,430	2,044,661
Sales and use taxes receivable	63,828,905	64,722,393
Lease receivables	1,912,850	-
<b>Total current assets</b>	492,728,262	534,981,685
Non-current assets:		
Investments – designated for system expansion	66,814,836	65,259,684
Capital assets:		
Land and improvements	79,160,614	79,160,614
Depreciable capital assets, net of depreciation	304,288,479	332,425,352
Projects in process	249,381,798	67,873,163
Leases Land and buildings, net of depreciation	8,026,795	7,275,193
Subscription right to use asset, net of amortization	16,429,137	7,468,281
Lease receivables	75,638,816	63,344,128
<b>Total non-current assets</b>	799,740,475	622,806,415
<b>Total assets</b>	1,292,468,737	1,157,788,100
Deferred outflow of resources – OPEB	622,492	666,324
Deferred outflow of resources – pension plan	19,213,943	10,143,863
<b>Total deferred outflows of resources</b>	19,836,435	10,810,187
<b>Total assets and deferred outflows of resources</b>	\$ 1,312,305,172	\$ 1,168,598,287

(Continued)

**Capital Metropolitan Transportation Authority**  
**Statements of Net Position**  
**September 30, 2023 and 2022**  
*(continued)*

	<b>2023</b>	<b>2022- as restated</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 10,310,515	\$ 408,541
Accrued expenses	60,119,558	67,417,946
Benefits payable	1,019,380	368,461
Accrued salary and wages	3,149,095	1,159,838
Accrued sick and vacation	4,906,158	3,757,944
Lease liability	1,663,488	1,254,404
Subscription liability	2,543,577	2,316,761
Retainage	885,409	917,036
Unearned revenue	654,851	-
<b>Total current liabilities</b>	<b>85,252,031</b>	<b>77,600,931</b>
Long-term liabilities:		
Accrued sick and vacation	3,090,934	3,358,473
Other post employment liability	3,881,272	3,417,623
Lease liability	6,677,483	6,020,790
Subscription liability	3,254,992	4,718,369
Pension liability	46,653,772	30,546,572
<b>Total long-term liabilities</b>	<b>63,558,453</b>	<b>48,061,827</b>
<b>Total liabilities</b>	<b>148,810,484</b>	<b>125,662,758</b>
Deferred inflow of resources – OPEB	1,707,942	1,821,847
Deferred inflow – fuel hedge	2,137,291	3,600,068
Deferred inflow of resources – pension plan	9,731,954	18,321,673
Deferred inflow – lease receivable	75,032,840	61,649,646
<b>Total deferred inflows of resources</b>	<b>88,610,027</b>	<b>85,393,234</b>
<b>Total liabilities and deferred inflow of resources</b>	<b>237,420,511</b>	<b>211,055,992</b>
Net position:		
Net investment in capital assets	632,710,271	462,475,243
Unrestricted	442,174,390	495,067,052
<b>Total net position</b>	<b>\$ 1,074,884,661</b>	<b>\$ 957,542,295</b>

See notes to the financial statements.

**Capital Metropolitan Transportation Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended September 30, 2023 and 2022**

	<b>2023</b>	<b>2022-restated</b>
Operating revenue:		
Transportation fares	\$ 10,744,252	\$ 8,840,307
Contract revenue	9,180,105	8,323,625
Rail – freight	6,952,150	6,773,719
<b>Total operating revenue</b>	<b>26,876,507</b>	<b>23,937,651</b>
Operating expenses:		
Purchased transportation	190,781,772	165,471,303
Depreciation and amortization	57,435,473	53,183,267
Salary and wages	45,631,461	37,038,152
Professional services	45,897,438	35,992,774
Employee benefits	26,976,824	21,653,948
Fuel and fluid	14,249,528	10,851,344
Leases and other	6,630,379	5,398,042
Utilities	4,263,025	3,546,716
Casualty and liability	646,828	407,338
Materials and supplies – other	17,699,083	6,771,500
<b>Total operating expenses</b>	<b>410,211,811</b>	<b>340,314,384</b>
<b>Operating loss</b>	<b>(383,335,304)</b>	<b>(316,376,733)</b>
Non-operating revenue (expenses):		
Sales and use tax revenue	382,375,243	366,924,492
Other federal grants	52,294,385	202,317,534
Rental income	2,754,739	2,543,687
Other income, net	1,957,955	2,552,734
Investment income	18,540,504	44,378
Impairment of assets	-	(21,795,475)
Long-term mobility planning	-	(23,365,670)
Build Central Texas Program	(724,280)	(4,946,290)
Transit improvements – other jurisdictions	(995,596)	(646,229)
Mobility interlocal agreements	(2,367,491)	(1,343,400)
<b>Total non-operating revenue (expenses)</b>	<b>453,835,459</b>	<b>522,285,761</b>
<b>(Decrease) Increase in net position before capital contributions</b>	<b>70,500,155</b>	<b>205,909,028</b>
Federal grants and other capital contributions	46,842,211	20,204,272
<b>Change in net position</b>	<b>117,342,366</b>	<b>226,113,300</b>
Net position at the beginning of year	957,542,295	731,428,995
<b>Net position at the end of year</b>	<b>\$ 1,074,884,661</b>	<b>\$ 957,542,295</b>

See notes to the financial statements.

**Capital Metropolitan Transportation Authority**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2023 and 2022**

	<b>2023</b>	<b>2022-as restated</b>
Cash flows from operating activities:		
Receipts from customers	\$ 20,618,887	\$ 24,534,015
Payments to employees	(50,822,889)	(43,271,016)
Payments to purchased transportation service providers	(178,399,236)	(171,003,320)
Payments to suppliers of goods and services	(114,336,921)	(79,211,709)
<b>Net cash used in operating activities</b>	<b>(322,940,159)</b>	<b>(268,952,030)</b>
 Cash flows from non-capital financing activities:		
Sales and use tax	383,268,731	359,785,372
Cash/proceeds received from operating grants	3,048,513	224,736,172
Cash/proceeds received from rental and other revenue	4,365,034	3,799,954
Payments to other jurisdictions	(995,596)	(646,229)
Payments Intergovernmental Receivable-Project Connect	20,379,029	21,467,492
Payments for Long-term Mobility Planning	-	(23,365,670)
Payments for Build Central Texas Program	(724,280)	(4,946,290)
Payments for mobility projects	(2,367,491)	(1,343,400)
<b>Net cash provided by non-capital financing activities</b>	<b>406,973,940</b>	<b>579,487,401</b>
 Cash flows from capital and related financing activities:		
Proceeds from capital grants and other capital contributions	42,558,759	20,204,272
Purchase of capital assets	(228,037,309)	(65,269,291)
Proceeds from sale of capital assets	-	259,668
<b>Net cash used in capital and related financing activities</b>	<b>(185,478,550)</b>	<b>(44,805,351)</b>
 Cash flows from investing activities:		
Purchase of investments	(35,862,772)	(301,672,798)
Sale of investments	162,450,372	41,130,563
Net investment income	17,579,957	2,185,850
<b>Net cash provided by (used) in investing activities</b>	<b>144,167,557</b>	<b>(258,356,385)</b>
 <b>Net change in cash and cash equivalents</b>	<b>42,722,788</b>	<b>7,373,635</b>
 Cash and cash equivalents at beginning of year	133,111,730	125,738,095
 Cash and cash equivalents at the end of the year	<b>\$ 175,834,518</b>	<b>\$ 133,111,730</b>
 Cash and cash equivalents at the end of the year:		
Unrestricted	\$ 175,834,518	\$ 133,111,730
	\$ 175,834,518	\$ 133,111,730

See notes to the financial statements.



**Capital Metropolitan Transportation Authority**  
**Statement of Cash Flows**  
**For the Years Ended September 30, 2023 and 2022**  
**(Continued)**

	<b>2023</b>	<b>2022-as restated</b>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (383,335,304)	\$ (316,376,733)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	57,435,473	53,183,267
Changes in assets and liabilities:		
Other receivables	(6,257,769)	582,442
Materials and supply inventory, net	(1,640,129)	(6,668,605)
Fuel hedge asset	(496,230)	853,107
Other assets	902,764	1,535,702
Accounts payable	9,901,974	(32,278,926)
Accrued liability and expenses	3,170,862	38,557,096
Other liabilities	-	(463,689)
Deferred outflows – pension	(9,070,080)	2,527,904
Deferred inflows – pension	(8,589,719)	5,491,974
Deferred inflows – OPEB	(70,073)	258,412
Net pension liability	16,107,200	(14,946,411)
Total OPEB liability	463,649	(22,313)
Deferred outflows/inflows fuel hedge	(1,462,777)	(1,185,257)
<b>Net cash used in operating activities</b>	<b>\$ (322,940,159)</b>	<b>\$ (268,952,030)</b>
Supplemental cash flow information:		
Capital asset acquisition included in accounts payable, accrued expenses and retainage	\$ 10,437,012	\$ 17,417,036
Acquisition of capital assets through lease and subscription contracts	3,560,638	14,310,325

See notes to the financial statements.

**Capital Metropolitan Transportation Authority**  
**Statements of Fiduciary Net Position**  
**As of December 31**

	<b>Pension Trust Funds 2022</b>	<b>Pension Trust Funds 2021</b>
<b>Assets</b>		
Cash	\$ 398,116	\$ 183,115
Receivables:		
Accrued interest and other dividends	63,873	47,668
Investment trades pending receivable	148,027	-
Total receivables	<u>211,900</u>	<u>47,668</u>
Investments:		
Corporate bonds and other	3,046,213	3,769,920
Government securities and US Treasury Notes	5,079,155	5,331,116
Common stock	2,153,061	-
Group fixed annuity	4,527,382	4,491,381
Mutual funds	65,620,916	82,484,596
Money market funds	699,045	238,796
Total investments	<u>81,125,772</u>	<u>96,315,809</u>
Total assets	81,735,788	96,546,592
<b>Liabilities</b>		
Accounts payable	54,544	69,756
Investment trades pending payable	22,207	16,337
Total liabilities	<u>76,751</u>	<u>86,093</u>
<b>Net Position</b>		
Restricted for pensions	<u>\$ 81,659,037</u>	<u>\$ 96,460,499</u>

See notes to the financial statements.

**Capital Metropolitan Transportation Authority**  
**Statements of Changes in Fiduciary Net Position**  
**For the Years Ended December 31**

	<b>Pension Trust Funds</b>	<b>Pension Trust Funds</b>
	<b>2022</b>	<b>2021</b>
<b>Additions</b>		
Contributions:		
Employer	\$ 8,274,500	\$ 7,605,170
Total contributions	8,274,500	7,605,170
Investment earnings (loss):		
Interest and dividend income	2,067,583	4,437,623
Net (depreciation) appreciation in fair value of investments	(17,912,226)	6,466,147
Total investment earnings (loss)	(15,844,643)	10,903,770
Less Investment expenses:		
Investment expenses	168,435	181,035
Net investment earnings (loss)	(16,013,078)	10,722,735
Total additions	(7,738,578)	18,327,905
<b>Deductions</b>		
Benefit payments	6,751,586	6,511,285
Administrative expenses	311,298	275,742
Total deductions	7,062,884	6,787,027
Net (decrease) increase in fiduciary net position	(14,801,462)	11,540,878
Net position – beginning	96,460,499	84,919,621
Net position – ending	\$ 81,659,037	\$ 96,460,499

See notes to the financial statements.

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## **1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity – Capital Metropolitan Transportation Authority (CapMetro or the Authority) is a corporate body and political subdivision of the State of Texas. CapMetro was established by a referendum on January 19, 1985, to provide mass transportation service to the greater Austin metropolitan area. CapMetro commenced operations on July 1, 1985.

CapMetro is governed by an eight-member Board of Directors (the Board) which has governance responsibilities over all activities related to CapMetro. During the year ended September 30, 2009, the Legislature of the State of Texas enacted Senate Bill 1263, effective September 1, 2009, relating to the composition of the board of directors of certain metropolitan transit authorities. As a result of the enacted legislation, all the members serving on the Board are appointed in accordance with Section 451.5021, Transportation Code.

CapMetro is not included in any other governmental reporting entity, as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. The appointed members of the Board have the authority to make decisions, possess the power to designate management, have the responsibility to significantly influence operations, and maintain primary accountability for fiscal matters.

Prior to August 19, 2012, and as required by accounting principles generally accepted in the United States of America (GAAP), these financial statements presented CapMetro (the primary government) and its active component unit, StarTran, Inc. (StarTran), a corporation organized under the Nonprofit Corporation Act of the State of Texas. Although it was legally separate from CapMetro, StarTran was reported as if it were part of CapMetro because it was incorporated for the purpose of providing employee services to operate mass transit service on behalf of CapMetro. Pursuant to the contract effective January 1, 1992, between CapMetro and StarTran, CapMetro provided all resources needed for business operations and the necessary administrative support needed for StarTran's operations. Senate Bill 1263 passed by the Texas Legislature in 2009 required the Sunset Advisory Commission to evaluate the efficiency and effectiveness of CapMetro's bus operations. In August 2012, CapMetro implemented a new business model to streamline operations and improve its business practices. CapMetro now contracts with private companies to operate passenger service, including fixed route and paratransit services. StarTran is inactive but remains a blended component unit.

The fiduciary financial statements include two fiduciary funds related to the CapMetro Retirement Plan for Administrative Employees and the Retirement Plan for Bargaining Unit Employees of StarTran, Inc. (collectively, the Plans). The financial results of the Plans are reported on a calendar year basis and included in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position. The Plans are also separately audited. Additional disclosures in accordance with GASB Statement No. 68, (*Accounting and Financial Reporting for Pensions – Amendment of GASB Statement No. 27*), are presented for the Retirement Plans in Note 10 – Defined Benefit Retirement Plans and in Required Supplementary Information (RSI).

Basis of Accounting – The financial statements of CapMetro have been prepared in conformity with GAAP as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. CapMetro accounts for its operations as a proprietary (enterprise) fund. Proprietary and the fiduciary funds are accounted for on the flow of economic resources measurement focus. An enterprise and the fiduciary funds follow the accrual basis of accounting. With this measurement focus, all assets, liabilities, deferred inflows and outflows of resources associated with the enterprise fund operations are included in the Statements of Net Position. Under the accrual basis of accounting, revenues are recorded in the period in which they are earned, expenses are recorded when a liability is incurred, regardless of the timing of related cash flows and depreciation of capital assets is recorded.

Revenue from grants are recorded when all eligibility requirements imposed by the provider are met and qualifying expenses have been incurred for reimbursement type grants.

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Net Position – Net position on the Statements of Net Position include the following:

Net Investment in Capital Assets – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt or other liabilities that are directly attributable to the acquisition, construction, or improvement of these capital assets.

Unrestricted resources consist of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Nature of Operating and Non-Operating Activities – Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services in connection with an entity’s principal ongoing operations. CapMetro’s primary activity is transit operations designed to provide high quality, customer focused, effective and efficient transportation services and systems for the communities lying within CapMetro’s service area. Transit operations include planning bus routes, customer service, special transit services, purchased transportation services, maintaining equipment, facilities and buses, and providing security, administration, and management of the transit system. CapMetro also owns and maintains a rail freight line. Operations include managing the rail freight contract and maintenance of the track and its infrastructure. In November 2004, citizens of the CapMetro service area voted in favor of allowing the agency to operate urban commuter rail service from Leander, Texas to downtown Austin, Texas. Commuter rail service became operational in March of 2010.

Non-operating revenue and expenses include:

- 1) Non-operating revenue consists of the one percent sales tax levied in the Authority’s service area, federal operating grants that are received on a reimbursement basis, investment income, rental income and other income generated primarily from advertising commissions and childcare operations.
- 2) Mobility projects and programs to help fund future transportation projects. These projects must improve regional mobility, improve mass transit, leverage federal or private funds, add to an existing program, and expedite a critical mobility project. These projects are governed by an interlocal agreement between CapMetro and the City of Austin.
- 3) Long-range system planning called Project Connect that addresses both the short- and long-term needs of Central Texas. The Austin Transit Partnership (ATP), a component unit of the City of Austin (the City), is the designated agency for the implementation and funding of the Project Connect program. The program has developed plans for a long-term high-capacity transit system capable of moving more people in the same amount of road space as cars. These new transit options will provide real ways to avoid traffic and help produce a more balanced transportation system that benefits our diverse population in Central Texas. Project Connect’s enhancements program has identified short and long-term projects that will ensure our existing transit network operates efficiently. The enhancement projects will include two light rail lines, improve MetroRail, MetroRapid and MetroExpress services, and create Mobility Hubs at sites across the region.
- 4) Programs to fund street maintenance, emergency street repair, transit corridor improvements, pedestrian and bicycle safety/access, sidewalks, transit centers, and transit capital improvements.

It is CapMetro’s policy to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available.

Revenue Recognition:

Operating Revenue – Transportation fares, contract revenue, rail-freight and transportation fares – commuter rail revenue are recorded when transit services are provided.

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Sales and Use Tax Revenue – Sales tax revenue is recorded based on information provided by the Comptroller of Public Accounts which reports when the underlying transaction occurred. Sales tax revenues account for approximately 72% of revenues in FY2023 and 59.3% in FY2022.

Other Federal Grants – Other federal grant revenue is recognized when the allowable cost is incurred, and all eligibility requirements have been met.

Capital Replacement and Improvement Grants – CapMetro funds its capital improvements with sales taxes and grants from the Federal Transit Administration (FTA). Grant revenue is recognized when all eligibility requirements have been met. The grantor retains a reversionary interest in the capital asset over the estimated useful life of that asset or upon disposal.

Federal and other capital contributions – Revenue from federal and other capital contributions are cash and noncash which include capital grants and contributions that are restricted revenue whose resources may only be used to purchase, build or use capital assets for specified programs.

Cash and Investments – For purposes of the Statements of Cash Flows, cash and cash equivalents include cash on hand, cash in banks, and investments with original maturities of less than 90 days. All non-negotiable certificates of deposits and fixed-rate time deposits are recorded at amortized cost. Investments and debt securities are recorded at fair value (See Note 2). Fair value is the price that would be received to sell an asset in an orderly transaction between market participants.

Annually, the board of directors of CapMetro reviews and adopts a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Chapter 2256, Texas Government Code). CapMetro is authorized to invest in obligations and instruments as defined in the Act. All investments held by CapMetro are made in accordance with CapMetro's Investment Policy.

Accounts Receivable Other – The allowance for uncollectible accounts is established as losses are estimated to have occurred through a provision for bad debt charged to earnings. Losses are charged against the allowance using specific identification method when management believes it is probable the receivable will be recovered. As of September 30, 2023 and 2022, management determined net accounts receivable to be fully collectible.

Intergovernmental Receivable – CapMetro executed various interlocal agreements for the sole purpose of supporting the Project Connect program. As part of the interlocal agreements, CapMetro provides administrative support and professional services including support functions in connection with the operation, implementation and maintenance of the assets funded by ATP and to perform certain other project-related services.

Inventory – Materials and supplies inventory consists of tickets and passes, fuel, revenue vehicle parts, and facilities and building maintenance supplies and is stated at cost (weighted-average method).

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Capital Assets – Capital assets include all items purchased that have a useful life of more than one year, are of a tangible nature, and have a cost of \$5,000 or more. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are recorded at cost and are depreciated over their useful lives using the straight-line method as follows:

	<b><u>Estimated Useful Lives</u></b>
Buildings and improvements	40 years
Leases buildings and improvements	40-50 years
Passenger and parking stations	5-20 years
Railroad and leasehold improvements	15 years
Buses and equipment	2-25 years
Other equipment and software	3-5 years
Office furniture and fixtures	5 years

There are no intangible assets. Depreciation is presented as an operating expense in the Statements of Revenue, Expenses, and Changes in Net Position. Construction in progress will be depreciated when the related asset is placed in service.

Expenses for renewals and betterments that increase property useful lives are capitalized, and maintenance and repair costs are charged to operations as incurred.

Leases and Subscription-Based Information Technology Arrangements (SBITAs) – The Authority recognizes a right to use an underlying asset as a Lessee and the recognition of a SBITA as an intangible right-to-use subscription asset with a corresponding lease or subscription liability.

As lessor, the Authority recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic payments are reflected as a reduction of the discounted lease receivable and as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

For both SBITAs and leases as a lessee, the Authority recognizes a subscription or lease liability and an intangible right-of-use lease asset or intangible right to use subscription asset at the beginning of a lease or SBITA term unless the lease/SBITA contract is considered a short-term lease/SBITA. The right-of-use lease assets or right to use subscription assets are measured based on the net present value of the future contract payments at inception, using the incremental borrowing rate. Remeasurement of a lease or subscription liability occurs when there is a change in the contract term and/or other changes that are likely to have a significant impact on the related liability. The Authority calculates the amortization of the discount on the lease and subscription liability and report that amount as outflows of resources.

Key estimates and judgments include how CapMetro determines the discount rate it uses to discount the expected lease or SBITA payments to present value. CapMetro uses its estimated incremental borrowing rate as the discount rate for leases or SBITAs. The lease or subscription term includes the noncancellable period of the lease or subscription contract. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.



## **1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

As a lessee or lessor or the use of SBITA contracts, the Authority does not consider variable lease payments in the lease liability, lease receivable or variable payments for subscription liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

As a lessor, for lease contracts that are short-term, the Authority recognizes short-term payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Fuel Hedge Policy – CapMetro established and maintains an energy price risk management program to decrease the volatility of diesel fuel cost and manage budgeted diesel fuel expenses. The program is not an investment and the activity from the program is reported as element of fuel expense. CapMetro maintains a futures account with Future Commission Broker that allows management to acquire, hold, and dispose of energy futures contracts in the operation of its program. The fuel hedge program allows the establishment of cost certainty in current and future budget periods and the maximum maturity of the futures contracts taken in conjunction with the program is 36 months.

The futures contracts for diesel fuel are exited evenly though time and at the appropriate times so as to correspond to the price of the actual fuel as it is purchased through time. Based on the difference between the hedge price (entry price) and the settlement price (exit price), there will be a realized gain/loss associated with that hedge that will appear in the futures account and reflected as a component of diesel expense. Futures contracts will be held to maturity (exited when the corresponding fuel is purchased) and, in the normal operation of the program.

Diesel fuel contracts are considered effective with the positive or negative fair value being reflected in the Statements of Net Position as either a deferred inflow or outflow with a related current asset or current liability. No derivatives were reclassified during the previous two years from a hedging derivative to an investment derivative. CapMetro has adequate on-site diesel fuel storage facilities, and the physical supply of diesel fuel will continue according to the current process of managing inventory.

Compensated Leave – Substantially all employees of CapMetro are eligible to receive compensation for vacations, holidays, illness and certain other qualifying leave. For certain kinds of leave, the number of days compensated is generally based on length of service. Vacation leave, which has been earned and vested but not paid, has been accrued in the accompanying financial statements in the amount of \$4.4 million and \$4.1 million as of September 30, 2023 and 2022, respectively. Earned and vested sick leave for CapMetro administrative employees has been accrued at a maximum of 240 hours for those employees with four (4) years or more of service as of September 30, 2023 and 2022, in the amount of \$3.5 million and \$2.9 million, respectively.

Pensions – The net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, and information about the fiduciary net position of CapMetro's participation in the Plans, and additions to/deductions from the 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 in the net pension liability calculation when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits – The total OPEB liability has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes measuring the total OPEB liability: deferred inflows of resources related to OPEB, OPEB expense, and information about benefit payments are recognized in the total liability calculation when due and payable in accordance with the benefit terms.

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Deferred Outflows and Inflows of Resources – The Authority has classified as deferred outflows of resources certain items that represent a consumption of resources or deferred inflow of resources which represents an acquisition of net assets by CapMetro that is applicable to a future reporting period and, therefore, will not be recognized as a revenue or expense until then. CapMetro has deferred outflows which consists of deferred charge for pension for contributions made subsequent to the measurement date of December 31, 2022 and 2021, the differences between the expected and actual experience, change in assumptions and net differences between projected and actual earnings and deferred outflows for the accumulation of gains and losses on fuel hedge. CapMetro has similar deferred outflows and inflows for the OPEB Plan which has a measurement date of September 30, 2023 and 2022.

Risk Management – CapMetro is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. During FY2023 and 2022, CapMetro was covered under a variety of insurance policies at a cost it considers to be economically justifiable.

CapMetro has commercial insurance for all other risks of loss, except workers' compensation and employee health and dental benefits, including employee life and accidental insurance. Claims have not exceeded insurance coverage in each of the past three years.

CapMetro is self-insured up to \$25,000 per occurrence for losses related to workers' compensation. (See Note 13). CapMetro has purchased excess coverage through a commercial insurer licensed in the State of Texas.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain amounts in the prior year's financial statements have been reclassified to conform to the current-year presentation but did not impact net income.

Pending and Adopted Governmental Accounting Standards Board (GASB) Pronouncements: The GASB has issued several new accounting pronouncements, which will be effective for CapMetro in future fiscal years. A description of the new accounting pronouncements are described below:

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. The impact of the adoption resulted in the restatement of certain balances as disclosed in Note 6.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement was effective for CapMetro with its year ended September 30, 2023, and did not have an impact on the financial statements.

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The GASB has issued several statements not yet implemented and CapMetro is currently evaluating the impact this pronouncement will have on the financial statements. The Statements which might impact CapMetro are as follows:

- GASB Statement No. 100, *Accounting Changes and Error Corrections- Amendment of GASB Statement No. 62*, this Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2023.
- GASB Statement No. 101, *Compensated Absences*, this Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023.
- GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government’s vulnerability to the risk of a substantial impact. This statement will be effective for CapMetro for fiscal years beginning after June 15, 2024.

**2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS**

Cash and Cash Equivalent Deposits – At September 30, deposits with financial institutions were fully insured, or collateralized by securities held by a third-party agent in CapMetro’s name.

	<u>2023</u>	<u>2022</u>
	Carrying Amount	Carrying Amount
TexasDAILY and Texas DAILY Select (investment pool)	\$ 170,190,033	\$ 133,276,598
Concentration account and other deposits	6,307,624	742,852
Less: Outstanding reconciling items	(663,139)	(907,720)
Total cash and cash equivalents	<u>\$ 175,834,518</u>	<u>\$ 133,111,730</u>
Unrestricted cash	\$ 175,834,518	\$ 133,111,730
Total cash and cash equivalents	<u>\$ 175,834,518</u>	<u>\$ 133,111,730</u>

## **2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued**

Investments – The Public Funds Investment Act authorizes CapMetro to invest its funds under a written investment policy that ensures the safety of principal, provides liquidity and optimizes return on investments with the constraints of safety and liquidity. CapMetro deposits and investments are invested pursuant to the Investment Policy, which is approved annually by the Board. The Investment Policy includes a list of authorized investments, a maximum allowable stated maturity of individual investments, and the maximum average dollar weighted maturity allowed for pooled funds. It includes an Investment Strategy Statement that addresses matching anticipated cash flows with adequate investment liquidity, and a portfolio structure which will experience minimal volatility during economic cycles.

CapMetro is authorized to invest in the following securities:

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 states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm rating of not less than A or its equivalent.
5. Bankers' Acceptances with a stated maturity of 270 days or less from the date of issuance that will be, in accordance with its terms, liquidated in full at maturity; is eligible for collateral for borrowing from a Federal Reserve Bank; and is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.
6. Commercial paper with a stated maturity of 365 days or less from the date of issuance that either is 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. Fully collateralized repurchase agreements having a defined termination date and described in more detail in the Investment Policy.
8. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
9. SEC-regulated, no load money market mutual funds.
10. Local government investment pools.

CapMetro participates in one Local Government Investment Pool.

## 2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued

**TexasTERM Local Government Investment Pool** – The TexasTERM Local Government Investment Pool (the Pool) was established by its Advisory Board pursuant to provisions of its Common Investment Contract and organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Advisory Board composed of participant and non-participant members, has oversight responsibility and reviews the investment policy and management fee structure of all investment options provided by the Pool. In September 2021, TexasTERM was rebranded as the Texas Range Investment Pool (Texas Range). Texas Range offers three investment options which CapMetro has historically used to invest funds: TexasDAILY, TexasDAILY Select and TexasTERM.

TexasDAILY and TexasDAILY Select follow the guidelines established under GASB Statement No. 79 (*Certain External Investment Pools and Pool Participants*) so that it is able to measure and reports its investments at amortized cost. As such, the Authority carries its investment using net asset value (NAV) as a practical expedient of fair value based on amortized cost as provided by GASB Statement No. 72 (*Fair Value Measurement and Application*). The bylaws permit the Advisory Board to suspend the right of withdrawal or to postpone the date of payment in the event that the Federal Reserve Bank in Dallas is closed other than for customary weekend and holiday closings or if, in the opinion of the Advisory Board, an emergency exists so the the disposal of securities or determination of its net asset value is not reasonably practical. TexasDAILY and TexasDAILY Select is rated AAmmf by Fitch Ratings. For the years ended September 30, 2023 and 2022, the Authority's investment in TexasDAILY and TexasDAILY Select was \$170,190,033 and \$133,276,598, respectively.

TexasTERM is a fixed-rate, fixed-term portfolio, rated AAaf by Fitch Ratings. Texas Term are short term investments in non-participating interest earning investment contracts which are stated at NAV based on amortized cost. CapMetro reports investment in TexasTERM at their original cost until their maturity date. All of CapMetro's investment in TexasTERM mature in one year or less and all portfolio investments made by TexasTERM are for periods of one year or less. CapMetro's investment in TexasTERM was \$146,891,043 for 2023 and \$275,000,000 for 2022.

The Authority has all of its fixed income securities held in custody by U.S. Bank and include U.S. Treasury Notes, Federal Agency Notes, and commercial paper. As of September 30, 2023, CapMetro's investment was \$30,994,237 in U.S. Treasury Notes, \$17,775,611 in Federal Agency Notes and \$40,474,266 in commercial paper. As of September 30, 2022, CapMetro's investment was \$47,272,315 in U.S. Treasury Notes, \$1,615,619 in Federal Agency Notes and \$37,984,154 in commercial paper.

**Deposit Risk** – Deposit risk is the risk that, in the event of a bank failure, CapMetro's deposits might not be recovered. CapMetro follows all requirements of Collateral for Public Funds Act, Chapter 2257 of the Texas Government Code and, therefore, requires all banks, savings banks and credit union deposits to be federally insured or collateralized with eligible securities. The Authority's deposits are all FDIC insured and are adequately collateralized.

**Custodial Credit Risk Investments** – Custodial credit risk for investment is the risk that, in the event of failure by the counterparty to a transaction, the Authority will not be able to recover the value of its investments or collateral securities that are in possession by an outside party. All of CapMetro's investments are insured, registered or held in the Authority's name by the Authority's agent; therefore, the Authority is not exposed to custodial credit risk. CapMetro has engaged U.S. Bank to hold all fixed income securities in custody in the name of the Authority.

**Foreign Currency Risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Authority's investment pools or investment securities are denominated in local currency and do not hold foreign investments. The foreign currency risk does not apply to the Authority.

**2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued**

**Interest Rate Risk** – Interest rate risk is the risk that the change in interest rates will adversely affect the fair value of an investment. As a means of minimizing risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of CapMetro funds. This is accomplished by purchasing quality, short- to medium-term securities that will complement each other in a laddered or barbell maturity structure. Maturity guidelines state that the dollar weighted average days to final stated maturity shall be 548 days or less. Securities may not be purchased that have a final stated maturity date which exceeds five years. The CapMetro investment advisor monitors the maturity level and makes changes as appropriate.

At September 30, CapMetro’s exposure to interest rate risk as measured by the segmented time distribution by investment type is summarized as follows:

Investment Maturities in 2023					
	Less Than 180 Days	From 181 Days to 360 Days	From 1 to 3 years	Greater Than 3 years	Total
Investments:					
Commercial paper	\$ 31,429,168	\$ 9,045,098	\$ -	\$ -	\$ 40,474,266
Federal agency notes	-	-	17,775,611	-	17,775,611
U.S. Treasury notes	7,090,969	7,025,508	16,877,760	-	30,994,237
Texas TERM	146,891,043	-	-	-	146,891,043
Total investments	<u>\$ 185,411,180</u>	<u>\$ 16,070,606</u>	<u>\$ 34,653,371</u>	<u>\$ -</u>	<u>\$ 236,135,157</u>
Investment Maturities in 2022					
	Less Than 180 Days	From 181 Days to 360 Days	From 1 to 3 years	Greater Than 3 years	Total
Investments:					
Commercial paper	\$ 27,152,862	\$ 10,831,292	\$ -	\$ -	\$ 37,984,154
Federal agency notes	1,615,619	-	-	-	1,615,619
U.S. Treasury notes	9,304,938	12,085,437	25,881,940	-	47,272,315
Texas TERM	-	275,000,000	-	-	275,000,000
Total investments	<u>\$ 38,073,419</u>	<u>\$ 297,916,729</u>	<u>\$ 25,881,940</u>	<u>\$ -</u>	<u>\$ 361,872,088</u>

**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Authority. The Authority’s investment policy seeks to control credit risk by investing in compliance with the policy, qualifying the broker and financial institution with whom the Authority will transact, sufficient collateralization, portfolio diversification, and limiting maturity. For the years ended September 30, the Authority’s exposure to credit risk by investment category as rated by Standard & Poor’s and Fitch Ratings is as follows:

	2023		2022	
	Carrying Value	Rating	Carrying Value	Rating
Cash and cash equivalents:				
TexasDAILY and TexasDAILY Select	\$ 170,190,033	AAAmf	\$ 133,276,598	AAAm
Outstanding deposits and reconciling item	5,644,485		(164,868)	
	<u>\$ 175,834,518</u>		<u>\$ 133,111,730</u>	
Investments:				
Commercial paper	\$ 12,481,540	A-1	\$ 25,866,003	A-1
Commercial paper	27,992,726	A-1+	12,118,151	A-1+
Federal agency notes	17,775,611	AA+	1,615,619	AA+
U.S. Treasury notes	30,994,237	N/A	47,272,315	N/A
TexasTERM	146,891,043	AAAf	275,000,000	AAAf
Total investments	<u>\$ 236,135,157</u>		<u>\$ 361,872,088</u>	

## 2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributable to the magnitude of the Authority’s investment in a single issuer. The Authority diversifies its investment portfolio so that reliance on any one issuer or broker will not place an undue financial burden on the Authority. The Authority limits its repurchase agreement exposure with a single firm to no more than 15% of the value of the Authority’s overall portfolio and its commercial paper and banker’s acceptance exposure with a single issuer to no more than 5% of the value of the Authority’s overall portfolio. Local government investment pools and U.S. Treasury Notes/Bonds/Bills are authorized at 100%. Federal Agency notes are authorized at 60%. As of September 30, 2023 and 2022, the Authority is not invested in more than 5% in a single issuer of total investments.

**Fair Value** – The Authority categorizes its fair value measurement disclosure in accordance with GASB Statement No. 72, which establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that CapMetro has the ability to access.

Level 2 – Significant other observable inputs which may include quoted prices for identical or similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; or inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Unobservable inputs which may include situations when there is minimal, if any, market activity for the asset or liability.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

TexasDAILY and TexasDAILY Select invests in money market investments of high quality and low risk with the objective of capital preservation. As of September 30, 2023 and 2022, CapMetro has no unfunded commitments relating to this investment. Investments in TexasDAILY and TexasDAILY Select are fully redeemable on any business day; there are no lockup or gate restrictions on redemption.

**2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued**

The following table summarize the inputs used as of September 30, for CapMetro’s assets and liabilities measured at fair value:

	<b>2023</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments:				
Commercial paper	\$ 40,474,266	\$ -	\$ 40,474,266	\$ -
Federal agency notes	17,775,611	-	17,775,611	-
U.S. Treasury notes	30,994,237	-	30,994,237	-
Total	<u>\$ 89,244,114</u>	<u>\$ -</u>	<u>\$ 89,244,114</u>	<u>\$ -</u>
Texas TERM (amortized cost)	146,891,043			
Total Investments	<u>\$ 236,135,157</u>			
	<b>2022</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments:				
Commercial paper	\$ 37,984,154	\$ -	\$ 37,984,154	\$ -
Federal agency notes	1,615,619	-	1,615,619	-
U.S. Treasury notes	47,272,315	-	47,272,315	-
Total	<u>\$ 86,872,088</u>	<u>\$ -</u>	<u>\$ 86,872,088</u>	<u>\$ -</u>
Texas TERM (amortized cost)	275,000,000			
Total Investments	<u>\$ 361,872,088</u>			

The Authority’s market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated.

**Fiduciary Funds’ Investments**

As mentioned previously, the fiduciary financial statements include the Plans. The Plans report their assets on a calendar year basis; therefore, information related to the Plans are as of December 31, 2022 and 2021. The tables in this section address interest rate risk exposure by investment type, concentration of credit risk, credit risk and foreign currency risk. Investments held by the Plans are recorded at fair value. All assets held by the Plans are held in irrevocable trusts.

**Investment policies.** The Plans’ allowable investments are established and amended by their respective Plan Committees. The Plan Committees ensure the Plans’ assets are invested in accordance with the investment policy of the Plans, engaging investment consultants and independent investment managers as needed.

**Custodial credit risk:** The Plans’ investment policies do not specifically address custodial credit risk. Custodial credit risk is the risk that in the event of bank or investment failure, the Plans’ deposits or investments may not be returned. Mutual funds and money market accounts are not subject to custodial credit risk. All other investments are insured, registered, or held by an agent in the retirement plans’ name.



**2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued**

**Interest rate risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plans do not have a formal policy regarding interest rate risk. The Plans monitor credit exposure using segmented time distribution by grouping cash flows into sequential time periods. The fixed income mutual funds maturities are based on the average maturity of the fund, as noted by the fund manager. The following is a listing of the Plans' investments exposed to interest rate risk and related maturity schedule (in years) as of December 31:

	December 31, 2022				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 11 Years
Baird Funds Core Plus Bond Instl	\$ 5,213,592	\$ -	\$ -	\$ 5,213,592	\$ -
Lord Abbett Invt TR Shrt Duration R6	1,628,029	-	1,628,029	-	-
Nuveen Preferred Securities	1,749,505	-	1,749,505	-	-
Vanguard Group Inflation Protected Security	1,457,373	-	-	1,457,373	-
Vanguard Total Bond Index Admiral Class	1,634,853	-	-	1,634,853	-
Government securities	2,084,356	-	-	-	2,084,356
Corporate bonds	3,046,213	-	-	3,046,213	-
U.S. Treasury Notes	2,994,799	-	-	-	2,994,799
	<u>\$ 19,808,720</u>	<u>\$ -</u>	<u>\$ 3,377,534</u>	<u>\$ 11,352,031</u>	<u>\$ 5,079,155</u>

	December 31, 2021				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 11 Years
Baird Funds Core Plus Bond Instl.	\$ 3,936,110	\$ -	\$ -	\$ 3,936,110	\$ -
Lord Abbett Invt TR Shrt Duration R6	3,081,767	-	3,081,767	-	-
Nuveen Preferred Securities	1,756,843	-	1,756,843	-	-
Vanguard Group Inflation Protected Security	1,813,666	-	-	1,813,666	-
Vanguard Total Bond Index Admiral Class	1,678,264	-	-	1,678,264	-
Government securities	1,379,685	-	-	-	1,379,685
Corporate bonds	3,769,920	-	3,769,920	-	-
U.S. Treasury Notes	3,951,431	-	-	3,951,431	-
	<u>\$ 21,367,686</u>	<u>\$ -</u>	<u>\$ 8,608,530</u>	<u>\$ 11,379,471</u>	<u>\$ 1,379,685</u>

**2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued**

**Credit risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plans. The Plans' investment policy does not specifically address the quality rating of the investments. The Committees are responsible for determining the risks and commensurate returns of its portfolio. The Plans' investments with exposure to credit risk as of December 31, are as follows:

	Fair Value		Rating	Rating Agency
	2022	2021		
U.S. Treasury notes	\$ 2,994,799	\$ 3,951,431	AAA	Standard's & Poor
U.S. Government agency (Mortgage-backed security)	2,084,356	1,379,685	AA+	Standard's & Poor
Corporate bonds	33,497	68,050	AA+	Standard's & Poor
Corporate bonds	575,345	386,684	A+	Standard's & Poor
Corporate bonds	953,084	1,212,836	A-	Standard's & Poor
Corporate bonds	80,212	80,859	AAA	Standard's & Poor
Corporate bonds	97,331	132,278	AA	Standard's & Poor
Corporate bonds	239,441	260,064	AA-	Standard's & Poor
Corporate bonds	344,165	520,857	A	Standard's & Poor
Corporate bonds	693,194	1,067,389	BBB+	Standard's & Poor
Corporate bonds	29,944	40,903	BBB	Standard's & Poor
Fixed income mutual funds	11,683,352	12,266,650	not rated	n/a
Equity mutual funds	53,937,564	70,217,946	not rated	n/a
Common stock and Mutual Fund	2,153,061	-	not rated	n/a
Money Market Funds	699,045	238,796	not rated	n/a
Grouped fixed annuity	4,527,382	4,491,381	not rated	n/a
<b>Total</b>	<b>\$ 81,125,772</b>	<b>\$ 96,315,809</b>		

**Concentration risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the Plans' investments in a single issuer. The Plan's investment policy does not specifically address concentration risk. Investments in mutual funds and other pooled investments are excluded from this requirement. There are no individual investments that represent 5% or more of either plans' total investment portfolio.

**Foreign currency risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plans' investment policy does not specifically address foreign currency risk. The Plans' investment in international mutual funds does not require disclosure of the individual investment within the fund and such fund balances are denominated in U.S. dollars.

**Fair Value**

The Plans use various methods to measure the fair value of investment on a recurring basis. GASB Statement No. 72, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are as follows:

**Level 1:** Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Plan has the ability to access.

**Level 2:** Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

**Level 3:** Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, represent the Plan's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

**2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued**

**Hierarchy:** The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Except for the Lincoln Stable Value Fund, a group fixed annuity contract valued at amortized cost, the investments of the Plan are valued at fair value based on quoted market prices.

Following is a description of the valuation techniques used for investments measured at fair value.

Money market funds, common stocks and mutual funds are valued at the net asset value of the shares held by the Plan at year end and/or quoted market prices. These investments are considered Level 1 investments.

Government securities and corporate bonds are valued using quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are considered Level 2 investments.

The following tables set forth by level, within the fair value hierarchy, the Plans' assets at fair value as of December 31:

Description	December 31, 2022			Amount
	Level 1	Level 2	Level 3	
Corporate bonds and other	\$ -	\$ 3,046,213	\$ -	\$ 3,046,213
U.S. Government securities	-	5,079,155	-	5,079,155
Common stock	2,153,061	-	-	2,153,061
Fixed income mutual funds	11,683,352	-	-	11,683,352
Equity mutual funds	53,937,564	-	-	53,937,564
Money market funds	699,045	-	-	699,045
Total	<u>\$ 68,473,022</u>	<u>\$ 8,125,368</u>	<u>\$ -</u>	<u>76,598,390</u>
Group fixed annuity (amortized cost)				<u>4,527,382</u>
Total investments				<u>\$ 81,125,772</u>

**2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued**

Description	December 31, 2021			Amount
	Level 1	Level 2	Level 3	
Corporate bonds and other	\$ -	\$ 3,769,920	\$ -	\$ 3,769,920
U.S. Government securities	-	5,331,116	-	5,331,116
Fixed income mutual funds	12,266,650	-	-	12,266,650
Equity mutual funds	70,217,946	-	-	70,217,946
Money market funds	238,796	-	-	238,796
Total	<u>\$ 82,723,392</u>	<u>\$ 9,101,036</u>	<u>\$ -</u>	<u>91,824,428</u>
Group fixed annuity (amortized cost)				4,491,381
Total investments				<u>\$ 96,315,809</u>

**3 – RECEIVABLES**

Receivables at September 30, consist of the following:

	2023	2022
Accounts receivable	\$ 8,321,106	\$ 2,218,869
Due from Federal and other governments	55,166,443	982,268
Intergovernmental receivables-Project Connect	4,405,796	24,784,825
Sales and use tax	63,828,905	64,722,393
Allowance for doubtful accounts	(18,676)	(174,208)
Total receivables	<u>\$ 131,703,574</u>	<u>\$ 92,534,147</u>

**4 – ACCRUED EXPENSES**

Accrued expenses at September 30, consist of the following:

	2023	2022
Accrued accounts payable	\$ 50,012,865	\$ 58,977,435
Worker's compensation self-insurance	75,000	75,000
Accrued other	10,031,693	8,365,511
Total accrued expenses	<u>\$ 60,119,558</u>	<u>\$ 67,417,946</u>

Total accrued expenses at September 30, 2023, consists primarily of approximately \$9.5 million for capital projects, \$41.6 million related to purchased transportation services, and \$9.0 million for other services. Total accrued expenses at September 30, 2022, consists primarily of approximately \$16.5 million for capital projects, \$30.1 million related to purchased transportation services, and \$20.8 million for other services.

**5 – DESIGNATED AND RESERVE POLICY**

As part of the total unrestricted balance, CapMetro monitors certain asset balances that are designated through Board directives for specific uses. During FY2010, CapMetro adopted a reserves policy that includes the following components: Cash flow reserve, capital projects reserve, operating reserve, and self-insurance reserve. The reserves are to be used at the discretion of the Board to fund temporary cash flow shortages, capital, operating and self-insurance costs not in the budget, and/or emergencies or shortfalls caused by economic downturns. In February 2015, the Board adopted revisions to the reserves policy to incorporate language from Section 451.134 of the Transportation Code that requires CapMetro to establish a reserve account by September 1, 2016, in an amount that is not less than two months of actual operating expenses. This new reserve is entitled the “statutory operating reserve” and replaces the cash flow reserve. The self-insurance reserve is equal to at least 25% of the prior fiscal year’s actual claim payments and the budget stabilization reserve is equal to one month of annual average operating expenses. As of September 30, 2023, the fiscal 2023 budget identified that \$48 million was allocated to the statutory operating reserve, \$24 million for a budget stabilization reserve, and \$1.4 million to the self-insurance reserve. As of September 30, 2022, the fiscal 2022 budget identified that \$43.1 million was allocated to the statutory operating reserve, \$26.6 million for a budget stabilization reserve, and \$1.3 million to the self-insurance reserve.

**6 – RIGHT-TO-USE ASSETS**

Effective October 1, 2021, CapMetro adopted GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements*. The primary objective of this Statement is to improve accounting and financial reporting for subscription based information technology arrangements which required the recognition of a right to use asset and related liability based on contracts terms. The effects of adopting GASB Statement No. 96 were as follows:

	<u>As previously Reported</u>	<u>GASB Impact</u>	<u>September 30, 2022 As Restated</u>
Projects in process	\$ 68,982,681	\$ (1,109,518)	\$ 67,873,163
Right-to-use assets:			
Subscription asset	-	7,468,281	7,468,281
Current liabilities:			
Subscription liability	-	(2,172,446)	(2,172,446)
Accrued Interest Liability	-	(144,315)	(144,315)
Long-term liabilities:			
Subscription liability	-	(4,718,370)	(4,718,370)
Operating expenses:			
Depreciation and amortization	51,563,550	1,619,717	53,183,267
Professional services	37,012,140	(1,019,366)	35,992,774
Leases and other	5,322,023	76,019	5,398,042
Change in net position	226,789,670	(676,370)	226,113,300
Net position at the beginning of year	958,218,665	(676,370)	957,542,295

**6 – RIGHT-TO-USE ASSETS, continued**

CapMetro has entered into various agreements in which the contracts convey control of the right to use information technology software. Based on the executed agreements, the total subscription assets and related amortization is listed in the statement of Net Position. The principal and interest payments related to the subscription liability are as follows:

Years	Principal	Interest	Total
2024	\$ 2,543,577	\$ 221,929	\$ 2,765,506
2025	1,627,129	129,082	1,756,211
2026	654,351	65,020	719,371
2027	334,862	39,281	374,143
2028	137,978	25,973	163,951
2029-2030	500,672	42,026	542,698
	<u>\$ 5,798,569</u>	<u>\$ 523,311</u>	<u>\$ 6,321,880</u>

Leases: In addition to the right-to-use assets and subscription liabilities related to subscription contracts, CapMetro executed various lease agreements which resulted in right-to-use assets, amortization and related liabilities as disclosed in Notes 7 and 12, respectively.

CapMetro has two (2) passenger parking lease agreements that expire in 2055 with fixed monthly payments of \$5,000 each and four (4) administrative office building lease agreements that expire between 2024 and 2030 that have monthly payments ranging from \$9,000 to \$79,000. The impact of the right-to-use assets and related liabilities is reflected on the Statement of Net Position. The Authority did not report outflows as of September 30, 2023 and 2022, attributable to variable payments, residual value guarantees, impairment losses or termination penalties payments not previously included in the measurement of the lease liability.

As of September 30, 2023, the Authority has no commitments under the leases before the commencement of the lease term. As of September 30, 2023, the principal and interest requirements are as follows:

Years	Principal	Interest	Total
2024	\$ 1,663,488	\$ 179,590	\$ 1,843,078
2025	1,115,428	152,876	1,268,304
2026	847,696	127,596	975,292
2027	900,563	101,982	1,002,545
2028	751,354	76,515	827,869
2029-2033	946,322	258,465	1,204,787
2034-2038	425,355	205,185	630,540
2039-2043	470,072	160,469	630,541
2044-2048	519,440	111,100	630,540
2049-2053	430,514	56,412	486,926
2054-2056	270,739	6,056	276,795
	<u>\$ 8,340,971</u>	<u>\$ 1,436,246</u>	<u>\$ 9,777,217</u>

**6 – RIGHT-TO-USE ASSETS, continued**

Lessor – CapMetro is reporting lease receivable of \$77.5 and \$63.3 million at September 30, 2023 and 2022. For the period ending September 30, 2023 and 2022, CapMetro reported lease revenue of \$0.75 million and \$0.64 million, respectively, and interest revenue of \$1.9 million and \$1.9 million, respectively.

Plaza Saltillo Lease – CapMetro executed a ground lease on May 24, 2017, with Plaza Saltillo TOD, LP, limited partnership as part of a development agreement of the property commonly known as Plaza Saltillo, Austin Texas. CapMetro's lease agreement has a lease term of 99 years and allows fixed and variable rental payments over the term of the lease. The base rent is set at \$1.6 million to \$1.8 million for years 1-5 and allows for base rent increase as defined in agreement but shall increase by a minimum of 2.5% per annum on a cumulative basis based on fifth lease year. Under the terms of the lease agreement, CapMetro may also receive variable rental payments based on project components (rentable square feet of space) as defined in the agreement. CapMetro did not receive any variable payments for the period ending September 30, 2023 and 2022.

BetterUp Lease – CapMetro executed a building lease on September 1, 2023 with BetterUp, Inc. CapMetro's lease agreement has a lease term of seven (7) years with one (1) and five (5) year options and allows for both fixed and variable rental payments over the term of the lease. The annual base rent is set at a range of \$738 thousand to \$1.4 million and allows for a 3% per annum increase in years 4-7. This qualifies as a triple net lease, so the variable payments are limited to Common Area Maintenance.

**7 – LONG-TERM LIABILITIES**

Changes in Long-Term Liabilities:

The changes in long-term liabilities for the years ended September 30, 2023 and 2022, are as follows:

	<u>October 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2023</u>	<u>Due within one year</u>
Accrued vacation	\$ 4,151,595	\$ 3,472,620	\$ (3,155,221)	\$ 4,468,994	\$ 3,023,881
Accrued sick leave	2,964,822	2,756,728	(2,193,452)	3,528,098	1,882,277
Lease liability	7,275,194	2,480,439	(1,414,662)	8,340,971	1,663,488
Subscription liability	7,035,130	1,080,199	(2,316,760)	5,798,569	2,543,577
OPEB liability	3,417,623	604,124	(140,475)	3,881,272	-
Pension liability	30,546,572	16,107,200	-	46,653,772	-
Total	<u>\$ 55,390,936</u>	<u>\$ 26,501,310</u>	<u>\$ (9,220,570)</u>	<u>\$ 72,671,676</u>	<u>\$ 9,113,223</u>

	<u>Restated October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Restated September 30, 2022</u>	<u>Due within one year</u>
Accrued vacation	\$ 3,849,307	\$ 1,177,628	\$ (875,340)	\$ 4,151,595	\$ 2,455,394
Accrued sick leave	1,724,809	2,088,018	(848,005)	2,964,822	1,302,550
Lease liability	8,478,901	-	(1,203,707)	7,275,194	1,254,404
Subscription liability	2,891,090	6,196,907	(2,052,866)	7,035,131	2,316,761
OPEB liability	3,439,936	320,827	(343,140)	3,417,623	-
Pension liability	45,492,983	-	(14,946,411)	30,546,572	-
Total	<u>\$ 65,877,026</u>	<u>\$ 9,783,380</u>	<u>\$ (20,269,469)</u>	<u>\$ 55,390,937</u>	<u>\$ 7,329,109</u>

**8 – COMMITMENTS**

The Authority has a capital spending plan for projects for upcoming and future years. The Authority’s FY2023 and capital budget has appropriations of approximately \$228.6 million, net of grants and contributions of \$246.3 million. Based on the approved capital improvement plan and related current period capital outlay, the Authority’s remaining contractual commitments related to its capital improvement plan are \$256.6 million and \$80.5 million as of September 30, 2023 and 2022, respectively.

The Authority has executed open purchase orders on contracts with various goods and services providers that have a remaining commitment totaling approximately \$114.6 million, with termination dates through August 2026. All contracts contain a termination for convenience clause in which such contracts may be terminated, in whole or in part, for the convenience of the Authority.

The Authority entered into an interlocal agreement with the City, as amended in April 2010, to pay the City its pro rata share of 25% of the Authority’s one-cent sales tax from 2001 to 2004 in consideration for the City to carry out transportation mobility projects as approved by the Authority. The amount is payable when the City incurs an expenditure toward an approved mobility project. The remaining balance outstanding as of September 30, 2023 and 2022 was \$4.7 million and \$6.3 million, respectively.

The Authority partnered with the City and several suburban communities to develop the Build Central Texas (BCT) program. BCT is comprised of two primary segments: The BCT Program with the City and the Suburban Communities Program with the surrounding communities.

Commitments for the programs are outlined below:

	<u>2023</u>	<u>2022</u>
Build Central Texas	\$ 199,386	\$ 199,386
Suburban Communities	11,569,611	7,987,374
Total commitment	<u>\$ 11,768,997</u>	<u>\$ 8,186,760</u>

Either the Authority or the City may terminate the BCT agreement at any time, per the provisions of Section 15 of the Build Greater Austin interlocal agreement. In no way will such termination affect CapMetro’s obligation to make payments for work completed on projects previously approved for funding. Expenses are accrued when the respective city incurs an expenditure for an approved project. Participating suburban communities have separate Interlocal agreements that require funds be used for mobility related projects.

Fuel Hedge Derivative:

The Authority developed and implemented a plan for a Fuel Risk Management Program to mitigate fuel price risk for diesel and gasoline, protect and manage budget objectives, and reduce price volatility and introduce price predictability. This may be accomplished by purchasing financial instruments known as swap and/or options and exchange-traded diesel fuel futures contracts. This program began in December 2008.

The Authority reports its derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement and disclosures related to derivative instruments. The Authority does not use derivative instruments for speculative purposes. The only derivative instruments entered are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.



## 8 – COMMITMENTS, continued

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the Statements of Net Position at fair value. The fair value of option contracts for Ultra Low Diesel Fuel is determined using New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period for Ultra Low Sulfur Diesel NY Harbor (NY Harbor). The fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures purchase price at the time the positions were established.

The outstanding hedging derivative instruments were evaluated for effectiveness at September 30, 2023. The hedge instruments utilize diesel fuel forwards contracts that are priced based on the underlying NY Harbor contract price, while the physical gas is typically purchased at prices based on Oil Price Information Service Pricing (OPIS) Gulf Coast Ultra Low Sulfur Diesel.

Therefore, effectiveness testing was based on the extent of correlation between the index for the hedge and the settlement price at OPIS with volumes matching the underlying expected physical transaction.

As of September 30, 2023, the Authority had a total of 84 NY Harbor futures contracts at 42,000 gallons per contract and paid approximately \$5,700 for the execution of the trades. As of September 30, 2023, the Authority was hedged 69% and 6% for FY2024 and FY2025, respectively, based on projected fuel consumption.

As of September 30, 2022, the Authority had a total of 70 NY Harbor futures contracts at 42,000 gallons per contract and paid approximately \$3,800 for the execution of the trades. As of September 30, 2022, the Authority was hedged 64% and 6% for FY2023 and FY2024, respectively, based on projected fuel consumption.

Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred outflows or deferred inflows of resources on the Statements of Net Position until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction. When fuel hedging contracts expire, at the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel expense.

Market values of the outstanding diesel fuel futures contracts are calculated by the counterparty based on NYMEX – NY Harbor and are based on quoted market prices (level 1 inputs). As of September 30, 2023 and 2022, the outstanding fuel risk management account is approximately \$0.77 million and \$0.27 million respectively, and related unrealized market gain of \$2.1 million in FY2023 and unrealized market loss of \$3.6 million in FY2022. The amount has been reported on the Statements of Net Position as a deferred outflow/inflow of resources for fuel hedge. The diesel fuel futures contracts, which settled during FY2023 decreased diesel fuel cost by \$3.9 million whereas, in FY2022 there was a decrease to diesel fuel cost of \$7.4 million. The amount has been included as part of current operating cost in the Statements of Revenues, Expenses, and Changes in Net Position.

**Custodial Credit Risk** – The Authority had deposits of \$1.0 million as September 30, 2023 and 2022, with its Broker as required by its Fuel Risk Management Program. At September 30, 2023 and 2022, \$768,000 and \$272,000, respectively, was exposed to custodial credit risk.

**Basis Risk** – The Authority's outstanding hedges include basis risk, since the fuel products the government physically purchases to provide services are based on a different index for the same products used for the futures contracts – OPIS versus NY Harbor.

### Termination Benefits:

In accordance with GASB Statement No. 47, *Accounting for Termination Benefits*, the Authority has provided termination benefits to former StarTran employees, and the related benefit has been recognized within the financial statements. As disclosed within Note 1, as part of the 2012 outsourcing to private companies to operate all passenger service, the Authority also remains responsible for the Pension liability attributable to former StarTran employees of approximately \$29.1 million as of September 30, 2023, and \$21.4 million as of September 30, 2022, and the liability is recorded on the Statement of Net Position. The assumptions used for the related liability are disclosed in Note 10.

**9 – 401(k) PLANS**

The Authority has retirement benefits under a 401(k) defined contribution plan for its full-time employees which covers substantially all administrative employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments’ earnings. Employees are eligible to participate after 30 days of service on the first day of the following payroll period. In January 2005, the Authority ended the employer contribution to the plan but does allow for discretionary employer contributions. The plan allows loans to participants. Participants receiving employer executive contribution are subject to terms and related vesting provision of the employment contract. All current participants are 100% vested in employer’s contributions made prior to January 1, 2005. Participants that terminated employment prior to January 1, 2009, may be partially vested. The Authority’s designated Plan Administrator administers the plan. The Authority maintains the right to amend the plan.

Contributions from the Authority totaled \$19,700 and \$8,200 in discretionary employer contributions for the years ended September 30, 2023 and 2022, respectively.

**10 – DEFINED BENEFIT RETIREMENT PLANS**

**Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees**

***Plan Description***

Effective January 1, 2005, the Authority established a pension plan, the Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees, (the Plan). The Plan is a non-contributory single employer defined benefit plan. Subject to eligibility requirements, all full-time administrative employees are eligible for participation in the Plan except for employees covered by a collective bargaining agreement and lease employees as defined by the Plan. An employee is eligible to become a participant following the first day of the month coincident with or following their date of hire. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Management of the Plan is vested in the Authority Board and advised by the Pension Plan Committee whose members are appointed by the Board.

All Plan assets are maintained under a trust agreement. Under the terms of the trust agreement, Benefit Trust (the Trustee) serves as trustee on behalf of the Plan and carries out an investment policy established by the Pension Plan Committee, consistent with the purposes of the Plan and the requirements of applicable laws and regulations. The following is a description of the Plan:

The Pension Plan Committee for the Plan is the administrator of a single employer defined benefit pension plan sponsored by CapMetro. The following table summarizes membership of the plan at January 1:

	<u>2023</u>	<u>2022</u>
Retirees and beneficiaries currently receiving benefits	163	143
Terminated plan members entitled to but not yet receiving benefits	316	279
Active plan members	498	443
	<u>977</u>	<u>865</u>

## **10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

The most recently available financial statement of the Plan is for the year ended December 31, 2022. A copy of the Plan's annual audit may be obtained from:

Capital Metropolitan Transportation Authority  
2910 East Fifth Street  
Austin, Texas 78702

### **Pension Benefits**

The participants become 100% vested upon completion of five years of service. The vesting period includes periods prior to the effective date of the Plan computed as if the Plan had been in effect. The Plan also allows for participants to recognize prior service (limited to five years) with a governmental entity or other entity related to the provision of public transportation services.

Plan participants are eligible for their Plan benefits after terminating employment with vested rights. Participants are eligible for normal retirement on the first day of the month following age 65. The Plan permits early retirement from ages 55 to 64, provided an employee has completed five years of vesting service. The amount of pension payable is computed in the same manner as for normal retirement, except that it is reduced by a reduction factor, which is graduated to reflect the number of years by which early retirement precedes age 65. Retirement benefits are paid to unmarried participants in the form of a single life annuity and to married participants in the form of a joint and 50% survivor annuity but may elect other payment options with spousal consent. Lump-sum benefits are only available if the actuarial value of the benefits is less than \$5,000.

Participants are entitled to annual pension benefits at normal retirement (age 65) equal to: (i) 1.5% of average earnings, as defined, plus (ii) 0.5% of earnings in excess of covered compensation, as defined, multiplied by (iii) the number of years of credited service, as defined by the Plan.

If an active employee dies before reaching age 65, the surviving spouse or a designated beneficiary shall receive for his or her lifetime a deferred monthly benefit equals to the amount that the participant would have received based on service to the participant's date of death had the participant elected a 50% joint and survivor annuity option and died the next day.

A participant may elect not to be covered by the deferred joint and survivor annuity option or may no longer be married when pension payments are to begin. In such instances, a single life annuity will be received by the participant.

Disability benefits may be elected at age 55 up to normal retirement age, at which time disabled participants will receive the normal retirement benefit computed as though they had been employed to age 55 or up to normal retirement age with their annual compensation, as defined, remaining the same as at the time they became disabled.

### **Contribution**

Contribution requirements of the active plan are established and may be amended by CapMetro's Board. Currently, plan members are not required to contribute. CapMetro is making discretionary contributions based on the advice of the actuary and consistent with funding policy for the Plan.

### **Net Pension Liability**

CapMetro's net pension liability was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

**Actuarial Assumptions**

The actuarial assumptions that determined the total pension liability as of December 31, 2022 and 2021, were based on the results of observed past actuarial experience, best estimate of future expectations as well as estimates inherent in related market data. The Plan had an experience study performed in 2017 related to the retirement age.

For December 31, the methods and assumptions used to determine contribution rates are as follows:

**FY 2023**

Actuarial cost method	Entry age normal
Discount rate	6.75%
20-year Municipal Bond rate	4.35%
Salary increases	4.00%
Investment rate of return	6.75%
Retirement age	Age 60-61 is 5.00%, Age 62-64 is 10.00%, Age 65 is 50.00%, Age 66-69 is 15.00% and Age 70 is 100.00%
Mortality rates	Pri-2012 White Collar Dataset Amount-Weighted Mortality Projected with Scale MP-2021 with separate rates for employees, retirees and contingent survivors

**FY 2022**

Actuarial cost method	Entry age normal
Discount rate	6.16%
20-year Municipal Bond rate	2.07%
Salary increases	3.50%
Investment rate of return	6.75%
Retirement age	Age 60-61 is 5.00%, Age 62-64 is 10.00%, Age 65 is 50.00%, Age 66-69 is 15.00% and Age 70 is 100.00%
Mortality rates	Pri-2012 White Collar Dataset Amount-Weighted Mortality Projected with Scale MP-2020 with separate rates for employees, retirees and contingent survivors

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

**Long-Term Rate of Return on Assets**

The long-term expected rate of return on Plan investments was determined using best estimate ranges of expected future real rate of return 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 information. The long-term expected geometric real rates of return for 2022:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equities:	50.6%	
U.S. broad equity		6.60%
Large cap		6.50%
Small/mid cap		6.70%
Domestic fixed income	24.7%	1.75%
International equities:	15.2%	
Global ex-U.S. equity		6.80%
International equity		6.50%
Emerging markets equity		6.90%
Non-US fixed		
Alternative:		
High yield		4.35%
Volatility hedge		5.75%
Private equity		4.00%
Inflation		8.00%
Real estate		2.00%
Cash equivalents	9.5%	1.00%
	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability as of December 31, 2022, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made equal to the actuarially determined contribution rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.75% was applied to all periods of projected benefits payment to determine the total pension liability.

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

***Changes in Net Pension Liability (Asset)***

The following presents the changes in total fiduciary net position and liabilities and plan fiduciary net position at December 31, respectively:

	<u>2022</u>	<u>2021</u>
Total pension liability:		
Service cost	\$ 4,304,099	\$ 3,718,343
Interest on total pension liability	3,792,031	3,452,874
Difference between expected and actual experience	534,159	(1,338,527)
Change in assumptions	(4,201,467)	(6,739,458)
Benefit payments/refunds of contributions	(1,594,073)	(1,535,273)
Net change in total pension liability	<u>2,834,749</u>	<u>(2,442,041)</u>
Total pension liability at beginning of year	<u>62,475,257</u>	<u>64,917,298</u>
Total pension liability at end of year (a)	<u>65,310,006</u>	<u>62,475,257</u>
Fiduciary net position:		
Employer contributions	4,274,504	3,605,170
Investment income net of investment expense	(8,135,709)	5,791,530
Benefit payments/refunds of contributions	(1,594,073)	(1,535,273)
Administrative expenses	(112,622)	(73,934)
Net change in fiduciary net position	<u>(5,567,900)</u>	<u>7,787,493</u>
Fiduciary net position at beginning of year	<u>53,341,803</u>	<u>45,554,310</u>
Fiduciary net position at end of year (b)	<u>47,773,903</u>	<u>53,341,803</u>
Net pension liability at end of year = (a) - (b)	<u>\$ 17,536,103</u>	<u>\$ 9,133,454</u>
Plans Fiduciary net position as a percentage of Total Pension liability	73.1%	85.4%

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

**Sensitivity Analysis**

The following presents the net pension liability of CapMetro, calculated using the discount rate of 6.75% and 6.16% as of December 31, 2022 and 2021, respectively, as well as what CapMetro's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>December 31, 2022</b>		
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>5.75%</b>	<b>6.75%</b>	<b>7.75%</b>
Net pension liability	\$ 26,735,934	\$ 17,536,103	\$ 9,879,909
	<b>December 31, 2021</b>		
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>5.16%</b>	<b>6.16%</b>	<b>7.16%</b>
Net pension liability	\$ 18,283,549	\$ 9,133,454	\$ 1,550,244

**Pension Expense**

For the fiscal year ended September 30, (measurement dates December 31, 2022 and 2021, respectively), CapMetro recognized the following pension-related expense:

<b>Pension Expense (Income)</b>	<b>2022</b>	<b>2021</b>
Service cost	\$ 4,304,099	\$ 3,718,343
Interest on total pension liability	3,792,031	3,425,874
Administrative expenses	97,873	73,934
Expected investment return net of investment expenses	(3,666,529)	(3,132,550)
Recognition of deferred outflows (inflows)		
Experience	723,444	641,424
Change in assumptions	(1,243,051)	(463,405)
Investment gains or losses	1,073,975	(1,700,911)
Pension expense	<u>\$ 5,081,842</u>	<u>\$ 2,562,709</u>

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

***Deferred Inflows and Outflows of Resources***

As of September 30, 2023 and 2022 (measurement date of December 31, 2022 and 2021), the deferred inflows and outflows of resources are as follows:

	<u>2023</u>	<u>2022</u>
<b>Deferred Outflows of Resources</b>		
Differences between expected and actual experience	\$ 1,500,679	\$ 1,994,185
Changes of assumptions	852,226	2,597,716
Net difference between projected and actual earnings	5,422,542	-
Contributions made subsequent to measurement date	3,450,000	2,551,965
	<u>\$ 11,225,447</u>	<u>\$ 7,143,866</u>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	\$ (835,321)	\$ (1,139,543)
Changes of assumptions	(8,896,633)	(944,018)
Net difference between projected and actual earnings	-	(11,709,928)
	<u>\$ (9,731,954)</u>	<u>\$ (13,793,489)</u>

CapMetro reported \$3,450,000 as deferred outflow of resources resulting from contributions made subsequent to the measurement date and which are eligible employer contributions made from January 1, 2023 through September 30, 2023. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized as pension expense. The amortization period for these deferrals is over a period of 5 years for investment (gains)/losses.

The remaining balance to be recognized in future years will be impacted by additional future deferred inflows and outflows of resources.

Years ending September 30:

2024	\$ (1,136,641)
2025	(1,255,810)
2026	(441,016)
2027	1,123,303
2028	(246,343)
	<u>\$ (1,956,507)</u>

**Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc.**

***Plan Description***

The Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc. (the StarTran Plan) was closed and for GASB Statement No. 68 reporting, is a “special funding situation.” Special funding situations are defined as circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The Authority is the only legal entity obligated to contribute to the StarTran Plan. The benefits were frozen for all participants as of August 18, 2012, and there are no longer any employee contributions. All future valuations will have an employer cost only.



**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

All StarTran Plan assets are maintained under a trust agreement. Under the terms of the trust agreement, Graystone Consulting (the Trustee) serves as trustee on behalf of the StarTran Plan and carries out an investment policy established by the Retirement Plan Committee, consistent with the purposes of the StarTran Plan and the requirements of applicable laws and regulations. The following is a description of the Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran Inc.

The Retirement Plan Committee for the StarTran Plan is the administrator of a single employer defined benefit pension plan sponsored by CapMetro. Eligible participants are covered by the StarTran Plan. The following table summarizes membership of the plan at January 1:

	<u>2023</u>	<u>2022</u>
Retirees and beneficiaries currently receiving benefits	573	562
Terminated plan members entitled to but not yet receiving benefits	269	286
Active plan members	<u>113</u>	<u>123</u>
	<u>955</u>	<u>971</u>

The most recently available financial statements of the StarTran Plan are for the years ended December 31, 2022 and 2021. A copy of the Plan’s annual audit may be obtained from:

Capital Metropolitan Transportation Authority  
 2910 East Fifth Street  
 Austin, Texas 78702

***Plan Benefits***

The StarTran Plan provides retirement, death and disability benefits. All participants participating as of August 18, 2012, are considered 100% vested. Participants may retire with unreduced accrued benefits at age 65, or when benefit accrual service equals or exceeds 22.5 years of Benefit Accrual Service. The monthly benefit at retirement is payable in a ten-year certain and life thereafter form of annuity. Participants are eligible for early retirement at the age of 55 with 5 years of service, such participants shall be entitled to a normal pension accrued reduced in accordance with plan provisions.

Retirement benefit payments are determined by application of a benefit formula based on the participant’s years of pension credited service. Effective July 1, 2000, the monthly retirement benefit for each year of benefit accrual service is \$60.00 per month per year of Benefit Accrual Service for years earned.

Participants with disability benefits have no age requirement must have 15 years of employment and the benefit is equal to the actuarial greater of 1) two times the participant derived benefit, or 2) the accrued benefit. The pre-retirement death benefit is equal to the present value of accrued vested benefit.

There are no automatic or guaranteed post-retirement cost-of-living adjustments, but ad hoc retiree benefits increases may be created via plan amendments. Amendments to the plan are made only with the authority of the Retirement Plan Committee.

The following plan changes, adopted as a result of the plan freeze on August 18, 2012, are reflected in the latest valuation dated December 31, 2022.

- Participants are eligible for immediate distributions.
- Service requirements for Unreduced Early Retirement Age (UERA) was changed from 25 years to 22.5 years and participants receive credit toward UERA while working for the new contractor.

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

- Lump sums are capped unless a participant is eligible for UERA.
- Effective May 11, 2015, the Plan was amended to allow 15 former Bargaining Unit participants to earn credit toward unreduced retirement eligibility while working for the new contractor.

**Contributions**

There are no participant contributions after August 18, 2012. However, make up contributions are permissible under the StarTran Plan. Interest on participant contributions is credited annually based on the 120% of the Federal Mid-term rate in effect each January 1.

The Authority makes contributions, which are actuarially determined as of each valuation date and compliant with the terms of applicable labor contracts. The actuarially determined annual contributions consist of a normal cost contribution and an amortization of the unfunded actuarial accrued liability contribution.

The 2022 plan years' employer contribution funded the normal cost and amortized the existing unfunded actuarial accrued liability on a "closed" 30-year level percent of amortization with 16 years remaining and with a 3% annual increase of the unfunded actuarial accrued liability.

**Net Pension Liability**

The StarTran Plan's net pension liability was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The actuarial assumptions that determined the total pension liability as of December 31, 2022 and 2021, is based on the results of an actuarial experience study conducted in 2017.

The total pension liability in the December 31, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Measurement date: December 31, 2022**

Actuarial cost method	Entry age Normal Cost Method
Salary increases	NA
Investment rate of return	6.50%
Discount rate	6.50%
Retirement age	Age 55-65 is 5% Age 63-64 is 10% Age 65 is 40% Age 66-70 is 25% to 100%
Mortality	Healthy: PUB-2010 Amounts-Weighted Mortality for General Employees with Generational improvements from 2010 using Scale MP-2021 Disabled: PUB-2010 Amounts-Weighed Disabled Retirement mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2021

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

**Measurement date: December 31, 2021**

Actuarial cost method	Entry age Normal Cost Method
Salary increases	NA
Investment rate of return	6.50%
Discount rate	6.50%
Retirement age	Age 55-61 is 13% to 14%
	Age 62 is 15%
	Age 63 is 17%
	Age 64-70 is 30% to 100%
Mortality	Healthy: PUB-2010 Amounts-Weighted Mortality for General Employees with Generational improvements from 2010 using Scale MP-2021
	Disabled: PUB-2010 Amounts-Weighed Disabled Retirement mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2021

**Long-Term Rate of Return on Assets**

The long-term expected 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 expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022:

December 31, 2022	Asset Allocation	Long-Term Expected Rate of Return
Large Cap U.S. Equity	35.00%	7.30%
Small U.S. Cap Equity	15.00%	7.80%
International (Non-U.S.) Equity	15.00%	7.80%
Emerging Markets Equity	5.00%	8.40%
Core U.S. Fixed Income (Market Duration)	30.00%	4.20%
	<u>100.00%</u>	

**Discount rate** – The discount rate used to measure the total pension liability as of December 31, 2022 and 2021, was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contribution will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on these assumptions, the StarTran Plan's fiduciary net position was projected to be available to make all projected benefit payments for current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

**Changes in Net Pension Liability (Asset)**

The following presents the changes in total fiduciary net position and liabilities and plan fiduciary net position at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Total pension liability:		
Service cost	\$ -	\$ -
Interest on total pension liability	4,029,588	4,099,153
Differences between expected and actual experiences	(281,271)	61,397
Change in assumptions	(132,815)	(165,449)
Benefit payments/refunds of contributions	<u>(5,157,513)</u>	<u>(4,976,012)</u>
Net change in total pension liability	(1,542,011)	(980,911)
Total pension liability at beginning of year	<u>64,531,814</u>	<u>65,512,725</u>
Total pension liability at end of year (a)	<u>62,989,803</u>	<u>64,531,814</u>
Fiduciary net position:		
Employer contributions	3,999,996	4,000,000
Investment income net of investment expense	(7,877,369)	4,931,204
Benefit payments/refunds of contributions	(5,157,513)	(4,976,012)
Administrative expenses	<u>(211,676)</u>	<u>(219,226)</u>
Net change in fiduciary net position	(9,246,562)	3,735,966
Fiduciary net position at beginning of year	<u>43,118,696</u>	<u>39,382,730</u>
Fiduciary net position at end of year (b)	<u>33,872,134</u>	<u>43,118,696</u>
Net pension liability at end of year = (a)-(b)	<u>\$ 29,117,669</u>	<u>\$ 21,413,118</u>
Plans Fiduciary net position as a percentage of Total Pension liability	46.2%	33.2%

**Sensitivity Analysis**

The following presents the net pension liability of StarTran Plan calculated using the discount rate of 6.50% for December 31, 2022 and 2021, as well as the StarTran Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>December 31, 2022</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>5.50%</u>	<u>6.50%</u>	<u>7.50%</u>
Net pension liability	\$ 34,359,445	\$ 29,117,669	\$ 24,117,634
	<u>December 31, 2021</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>5.50%</u>	<u>6.50%</u>	<u>7.50%</u>
Net pension liability	\$ 27,540,788	\$ 21,413,118	\$ 16,183,384

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

**Pension Expense**

For the fiscal year ended September 30, 2023 and 2022 (measurement date of December 31, 2022 and 2021), CapMetro recognized the following pension-related expense:

<b>Pension Expense/(Income)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Interest on total pension liability	\$ 4,029,588	\$ 4,099,153
Administrative expenses	211,676	219,226
Expected investment return net of investment expenses	(2,759,273)	(2,521,644)
Recognition of deferred inflows/outflows of resources		
Change in assumptions	(132,815)	(165,449)
Recognition of demographic differences – current year	(281,271)	61,397
Recognition of investment gains or losses – current year	1,119,957	(1,454,019)
Pension expense	\$ 2,187,862	\$ 238,664

**Deferred Inflows and Outflows of Resources**

As of September 30, 2023 and 2022 (measurement date of December 31, 2022 and 2021), the deferred inflows and outflows of resources are as follows:

	<b>2023</b>	<b>2022</b>
<b>Deferred Outflows of Resources</b>		
Net difference between expected and actual earnings	\$ 4,988,499	\$ -
Contributions made subsequent to measurement date	2,999,997	2,999,997
	\$ 7,988,496	\$ 2,999,997
<b>Deferred Inflows of Resources</b>		
Net difference between expected and actual earnings	\$ -	\$ (4,528,184)

CapMetro reported \$2,999,997 as deferred outflow of resources resulting from contributions made subsequent to the measurement date and which are eligible employer contributions made from January 1, 2023 through September 30, 2023. For the same period last year, the amount reported as deferred outflow of resources resulting from contributions was unchanged. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense. Investment (gains)/losses are recognized in pension expense over a period of five years.

**10 – DEFINED BENEFIT RETIREMENT PLANS, continued**

Aggregate pension related amounts for all plans are as follows:

	<b>The Authority's Retirement Plan for Administrative Employees</b>	<b>The Authority's Retirement Plan for Bargaining Unit Employees of StarTran, Inc</b>	<b>Total</b>
<b>September 30, 2023</b>			
Net pension liability	\$ 17,536,103	\$ 29,117,669	\$ 46,653,772
Deferred outflows of resources, pension-related amounts	11,225,447	7,988,496	19,213,943
Deferred inflows of resources, pension-related amounts	(9,731,954)	-	(9,731,954)
Pension expense	5,081,842	2,187,862	7,269,704
Years ending September 30:			
2024	(1,136,641)	162,719	(973,922)
2025	(1,255,810)	1,053,034	(202,776)
2026	(441,016)	1,645,416	1,204,400
2027	1,123,303	2,127,330	3,250,633
2028	(246,343)	-	(246,343)
	<u>(1,956,507)</u>	<u>4,988,499</u>	<u>3,031,992</u>
	<b>The Authority's Retirement Plan for Administrative Employees</b>	<b>The Authority's Retirement Plan for Bargaining Unit Employees of StarTran, Inc</b>	<b>Total</b>
<b>September 30, 2022</b>			
Net pension liability	\$ 9,133,454	\$ 21,413,118	\$ 30,546,572
Deferred outflows of resources, pension-related amounts	7,143,866	2,999,997	10,143,863
Deferred inflows of resources, pension-related amounts	(13,793,489)	(4,528,184)	(18,321,673)
Pension expense	2,562,709	238,664	2,801,373
Years ending September 30:			
2023	(1,054,829)	-	(1,054,829)
2024	(2,745,839)	(1,007,371)	(3,753,210)
2025	(2,865,006)	(1,964,609)	(4,829,615)
2026	(2,050,214)	(1,074,294)	(3,124,508)
2027	(485,700)	(481,910)	(967,610)
	<u>(9,201,588)</u>	<u>(4,528,184)</u>	<u>(13,729,772)</u>

**Capital Metropolitan Transportation Authority**  
**Notes to the Financial Statements—September 30, 2023 and 2022**

**11 – CAPITAL ASSETS**

Changes in capital assets for the year ended September 30, 2023, were:

	October 1, 2022	Additions	Retirements	Completed Projects	September 30, 2023
<b>Capital assets not being depreciated:</b>					
Land and improvement	\$ 79,160,614	\$ -	\$ -	\$ -	\$ 79,160,614
Projects in process	67,873,163	218,328,334	-	(36,819,699)	249,381,798
<b>Total capital assets not being depreciated</b>	<b>147,033,777</b>	<b>218,328,334</b>	<b>-</b>	<b>(36,819,699)</b>	<b>328,542,412</b>
<b>Depreciable capital assets:</b>					
Building and improvements	96,456,829	-	(1,881,034)	59,430	94,635,225
Railroad	200,172,515	-	-	10,618,669	210,791,184
Buses and equipment	441,948,154	-	(999,150)	13,031,728	453,980,732
Passenger parking and stations	113,490,828	-	(54,850)	52,457	113,488,435
Right -to-use-assets-SBITA	9,087,998	916,451	-	13,057,415	23,061,864
Right -to-use-assets-leases	9,649,097	2,479,620	-	-	12,128,717
Leasehold improvement	391,483	-	-	-	391,483
<b>Total depreciable capital assets</b>	<b>871,196,904</b>	<b>3,396,071</b>	<b>(2,935,034)</b>	<b>36,819,699</b>	<b>908,477,640</b>
<b>Less accumulated depreciation:</b>					
Building and improvements	63,552,311	3,500,461	(1,368,561)	-	65,684,211
Railroad	146,735,790	7,202,546	-	-	153,938,336
Buses and equipment	230,744,310	34,404,277	(983,281)	-	264,165,306
Passenger parking and stations	78,805,559	6,185,234	(54,850)	-	84,935,943
Right -to-use-assets-SBITA	1,619,717	5,013,011	-	-	6,632,728
Right -to-use-assets-leases	2,373,904	1,728,018	-	-	4,101,922
Leasehold improvement	196,487	78,296	-	-	274,783
<b>Total accumulated depreciation</b>	<b>524,028,078</b>	<b>58,111,843</b>	<b>(2,406,692)</b>	<b>-</b>	<b>579,733,229</b>
<b>Depreciable capital assets, net</b>	<b>347,168,826</b>	<b>(54,715,772)</b>	<b>(528,342)</b>	<b>36,819,699</b>	<b>328,744,411</b>
<b>Total capital assets</b>	<b>\$ 494,202,603</b>	<b>\$ 163,612,562</b>	<b>\$ (528,342)</b>	<b>\$ -</b>	<b>\$ 657,286,823</b>

Depreciation and amortization expense was \$58.1 million for the year ended September 30, 2023. CapMetro reclassified certain capital assets during the period between buses and equipment line and building and improvements. The reclass did not impact the total capital assets net of depreciation.

Changes in capital assets for the year ended September 30, 2022, were:

	October 1, 2021-restated	Additions	Retirements	Completed Projects	September 30, 2022
<b>Capital assets not being depreciated:</b>					
Land and improvement	\$ 71,535,284	\$ -	\$ -	\$ 7,625,330	\$ 79,160,614
Projects in process	38,216,729	65,021,956	(21,795,475)	(13,570,047)	67,873,163
<b>Total capital assets not being depreciated</b>	<b>109,752,013</b>	<b>65,021,956</b>	<b>(21,795,475)</b>	<b>(5,944,717)</b>	<b>147,033,777</b>
<b>Depreciable capital assets:</b>					
Building and improvements	96,323,337	-	(36,498)	169,990	96,456,829
Railroad	197,356,821	-	-	2,815,694	200,172,515
Buses and equipment	440,453,623	-	(1,319,370)	2,813,901	441,948,154
Passenger parking and stations	113,345,696	-	-	145,132	113,490,828
Right -to-use-assets-SBITA	2,891,090	6,196,908	-	-	9,087,998
Right -to-use-assets-leases	9,649,097	-	-	-	9,649,097
Leasehold improvement	391,483	-	-	-	391,483
<b>Total depreciable capital assets</b>	<b>860,411,147</b>	<b>6,196,908</b>	<b>(1,355,868)</b>	<b>5,944,717</b>	<b>871,196,904</b>
<b>Less accumulated depreciation:</b>					
Building and improvements	60,028,428	3,560,381	(36,498)	-	63,552,311
Railroad	140,167,895	6,567,895	-	-	146,735,790
Buses and equipment	198,893,189	33,165,344	(1,314,223)	-	230,744,310
Passenger parking and stations	71,817,638	6,987,921	-	-	78,805,559
Right -to-use-assets-SBITA	-	1,619,717	-	-	1,619,717
Right -to-use-assets-leases	1,170,197	1,203,707	-	-	2,373,904
Leasehold improvement	118,188	78,299	-	-	196,487
<b>Total accumulated depreciation</b>	<b>472,195,535</b>	<b>53,183,264</b>	<b>(1,350,721)</b>	<b>-</b>	<b>524,028,078</b>
<b>Depreciable capital assets, net</b>	<b>388,215,612</b>	<b>(46,986,356)</b>	<b>(5,147)</b>	<b>5,944,717</b>	<b>347,168,826</b>
<b>Total capital assets</b>	<b>\$ 497,967,625</b>	<b>\$ 18,035,600</b>	<b>\$ (21,800,622)</b>	<b>\$ -</b>	<b>\$ 494,202,603</b>

Depreciation and amortization expense were \$53.1 million for the year ended September 30, 2022.

## 12 – CONTINGENCIES

Various claims have been asserted against CapMetro from personal injuries involving CapMetro property. CapMetro plans to defend all allegations including certain other claims which have been asserted for which estimation of potential loss, if any, may be determined. Potential losses on these claims are included in the financial statements.

CapMetro receives federal grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. CapMetro's management believes such disallowances, if any, will not have a material effect on the financial statements.

## 13 – SELF-INSURANCE

Workers' compensation claims are reserved and paid in accordance with the provisions of the Texas Workers' Compensation Act. Claims that are probable and can be reasonably estimated are reported as a part of accrued expenses. The self-insurance retention levels as of September 30, 2023 and 2022, for workers' compensation are \$25,000 per occurrence. At September 30, 2023 and 2022, there are no claims exceeding CapMetro's retention limits. The following represents the workers' compensation claims activity and the end of year liability, which includes claims incurred and reported, as well as estimated claims incurred but not reported for the year ended September 30:

<b>Workers' Compensation Claims</b>	<b>2023</b>	<b>2022</b>
Beginning of year liability	\$ 75,000	\$ 75,000
Current year claims and/or changes in estimates	30,806	(51,960)
Claim payments	(30,806)	51,960
End of year current year liability	<u>\$ 75,000</u>	<u>\$ 75,000</u>

CapMetro has been self-insured for health and dental since January 1, 2003. United Health Care, Inc. administers the plan for CapMetro employees. CapMetro carries Excess Loss coverage starting at \$150,000.

<b>Health and Dental Self-Insurance</b>	<b>2023</b>	<b>2022</b>
Beginning of year liability	\$ 325,000	\$ 265,000
Current year claims and/or changes in estimates	7,032,189	6,287,036
Claim payments	(6,628,189)	(6,227,036)
End of year current year liability	<u>\$ 729,000</u>	<u>\$ 325,000</u>

Due to the types of risk associated with being self-insured, the ultimate amount to be paid out may be more or less than the amounts accrued within accrued expenses at September 30, 2023 and 2022.

## 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

**Plan description:** CapMetro's defined benefit OPEB plan, a single-employer, health care plan provides OPEB for eligible employees of the Authority. The plan is administered by CapMetro and it has the authority to establish or amend the plan provisions or contribution requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Retirees must elect within six months of becoming Medicare eligible. The plan does not issue a stand-alone financial report.



**14 – OTHER POST EMPLOYMENT BENEFITS, continued**

**Benefits:** CapMetro provides a Medicare supplement insurance stipend to all eligible retired administrative employees of CapMetro to supplement retiree health care. Employee benefits are set at a fixed amount (varies from \$1,450 up to \$2,900) per year and employees are eligible based on the following:

- Age 62-64 with at least 10 years of service at retirement
- Age 62-64 that meet the Rule of 80 at retirement
- Age 65 with 10 or more years of service at retirement

Spouses are not eligible for postemployment benefits. The Authority has eliminated benefits for all bargaining employees.

**Contributions:** The contribution requirements of plan members and the Authority are approved and may be amended by the Board. The Authority funds all obligations arising under this plan on a pay-as-you-go basis.

The following is the participant summary as of September 30 (the most recent actuarial valuation date):

	2023	2022
Participants:		
Actives—fully eligible	29	29
Actives—not eligible	507	507
Retirees	35	35
Total	571	571

**Total OPEB Liability**

The Authority’s total OPEB liability of \$3,881,272 and \$3,417,623 was measured and was determined by an actuarial valuation as of September 30, 2023, and 2022, respectively.

Actuarial methods and assumptions: The total OPEB liability in the September 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.5% per annum
Discount rate	4.02% per annum (EOY)
Health care cost trend rates	Benefit will remain constant in the future.
Actuarial cost method	Entry Age Normal based on level percentage of projected salary.
Mortality rates	PUB-2010 mortality table with generational scale MP-2019 applied on a gender-specific basis.
Plan participation percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 100% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.

The discount rate was based on *Bond Buyer 20-Bond GO index*.

**14 – OTHER POST EMPLOYMENT BENEFITS (OPEB), continued**

CapMetro did not perform an actuarial experience study for the actuarial assumptions used in the September 30, 2023, valuation.

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Net OPEB obligation, beginning	\$ 3,417,623	\$ 3,439,936
Changes for the year:		
Service cost	450,738	351,659
Interest	153,386	84,592
Differences between expected and actual experience	-	578,111
Changes in assumptions or other inputs	(34,895)	(939,525)
Contributions and payments made	(105,580)	(97,150)
Net changes	<u>463,649</u>	<u>(22,313)</u>
<b>Net OPEB Obligation, ending</b>	<u><u>\$ 3,881,272</u></u>	<u><u>\$ 3,417,623</u></u>

The total OPEB liability as of September 30, 2023 and 2022, assumes a discount rate of 4.09% and 4.02%, respectively.

**Sensitivity of the total OPEB liability to changes in the discount rate:** The following presents the total OPEB liability of the Authority, as well as what the Authority’s approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>September 30, 2023</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>3.09%</u>	<u>4.09%</u>	<u>5.09%</u>
Total OPEB liability	\$ 4,454,000	\$ 3,881,000	\$ 3,410,000

	<u>September 30, 2022</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>3.02%</u>	<u>4.02%</u>	<u>5.02%</u>
Total OPEB liability	\$ 3,923,000	\$ 3,418,000	\$ 3,003,000

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:** The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>September 30, 2023</u>		
	<u>1% Decrease</u>	<u>Cost Trend</u>	
		<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	n/a	\$ 3,881,000	n/a

	<u>September 30, 2022</u>		
	<u>1% Decrease</u>	<u>Cost Trend</u>	
		<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	n/a	\$ 3,418,000	n/a

**14 – OTHER POST EMPLOYMENT BENEFITS (OPEB), continued**

The Authority provides an fixed subsidy for health care premiums and the subsidy is not expected to change. Therefore, the health care trend rate does not apply.

**OPEB expense and deferred outflows of resources and deferred inflows of resources:**

For the years ended September 30, 2023 and 2022, the Authority recognized OPEB expenses of \$483,000 and \$333,000, respectively.

The Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>2023</u>	<u>2022</u>
<b>Deferred Outflows of Resources</b>		
Differences between expected and actual experience	\$ 512,417	\$ 545,264
Changes of assumptions/inputs	110,075	121,060
	<u>\$ 622,492</u>	<u>\$ 666,324</u>
<b>Deferred Inflows of Resources</b>		
Difference between expected and actual experience	\$ (240,515)	\$ (265,555)
Changes of assumptions/inputs	(1,467,427)	(1,556,292)
	<u>\$ (1,707,942)</u>	<u>\$ (1,821,847)</u>

Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

<b>Years ending September 30:</b>	<u>2023</u>	<u>2022</u>
2024	\$ (104,983)	\$ (103,000)
2025	(104,983)	(103,000)
2026	(104,983)	(103,000)
2027	(104,983)	(103,000)
Thereafter	(665,518)	(743,523)
	<u>\$ (1,085,450)</u>	<u>\$ (1,155,523)</u>

# CapMetro

Annual Comprehensive Financial Report  
Required Supplementary Information

**Capital Metropolitan Transportation Authority**  
**Required Supplementary Information**

**Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc.**  
**Schedules of Changes in Net Pension Liability and Related Ratios**  
**(UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,363	\$ 486,248	\$ 391,902
Interest on total pension liability	4,029,588	4,099,153	4,214,154	4,322,203	4,346,270	4,287,202	4,206,646	4,226,699	4,221,102
Differences between expected and actual experiences	(281,271)	61,397	164,257	32,703	(213,616)	(1,769,787)	1,878,042	(730,963)	-
Change in assumptions	(132,815)	(165,449)	1,235,860	1,279,922	2,453,043	3,305,720	934,709	-	302,377
Benefits payment/refunds of contributions	(5,157,513)	(4,976,012)	(4,985,498)	(4,910,211)	(4,668,156)	(4,540,291)	(4,221,793)	(4,959,966)	(4,721,559)
Net change in total pension liability	(1,542,011)	(980,911)	628,773	724,617	1,917,541	1,282,844	3,100,967	(977,982)	193,822
Total pension liability at beginning of year	64,531,814	65,512,725	64,883,952	64,159,335	62,241,794	60,958,950	57,857,983	58,835,965	58,642,143
Total pension liability at end of year (a)	\$ 62,989,803	64,531,814	\$ 65,512,725	\$ 64,883,952	\$ 64,159,335	\$ 62,241,794	\$ 60,958,950	\$ 57,857,983	\$ 58,835,965
Fiduciary net position:									
Employer contributions	\$ 3,999,996	\$ 4,000,000	\$ 3,999,996	\$ 3,999,996	\$ 4,000,556	\$ 4,004,599	\$ 4,005,413	\$ 4,010,205	\$ 3,915,395
Member contributions	-	-	-	-	654	4,578	5,417	5,760	6,322
Investment income net of investment expense	(7,877,369)	4,931,204	5,303,601	6,505,803	(2,411,068)	4,420,550	1,621,196	(98,010)	1,813,047
Benefit payments/refunds of contributions	(5,157,513)	(4,976,012)	(4,985,498)	(4,910,211)	(4,668,156)	(4,540,291)	(4,221,793)	(4,959,966)	(4,721,559)
Administrative expenses	(211,676)	(219,226)	(220,001)	(205,491)	(227,031)	(225,052)	(216,313)	(225,290)	(259,705)
Net change in fiduciary net position	(9,246,562)	3,735,966	4,098,098	5,390,097	(3,305,045)	3,664,384	1,193,920	(1,267,301)	753,500
Fiduciary net position at beginning of year	43,118,696	39,382,730	35,284,632	29,894,535	33,199,580	29,535,196	28,341,276	29,608,577	28,855,077
Fiduciary net position at end of year (b)	33,872,134	43,118,696	39,382,730	35,284,632	29,894,535	33,199,580	29,535,196	28,341,276	29,608,577
Net pension liability/(asset) at end of year = (a) - (b)	\$ 29,117,669	\$ 21,413,118	\$ 26,129,995	\$ 29,599,320	\$ 34,264,800	\$ 29,042,214	\$ 31,423,754	\$ 29,516,707	\$ 29,227,388
Fiduciary net position as a % of total pension liability	53.77%	66.82%	60.11%	54.38%	46.59%	53.34%	48.45%	48.98%	50.32%
Pensionable covered payroll*	\$ 5,508,186	\$ 6,135,134	\$ 6,851,646	\$ 7,612,940	\$ 8,732,490	\$ 9,672,912	\$ 9,807,345	\$ 10,822,123	\$ 12,270,378
Net pension liability as a % of covered payroll	528.6%	349.0%	381.4%	388.8%	392.4%	300.2%	320.4%	272.7%	238.2%

**Notes to Schedule:**

*Method changes:* There have been no method changes in the accounting valuation since the prior year.

*Assumption Changes:* The financial accounting valuation reflects the following assumption changes:

- The expected return on assets decreased from 6.75% to 6.50% to reflect target asset allocation as shown in the Investment Policy Statement and Graystone Consulting and Aon capital markets long term return expectations.
  - The funding discount rate decreased from 6.75% to 6.50% to be consistent with changes in the expected return on assets.
  - The mortality assumption for healthy lives changed from PUB-2010 Amounts-Weighted Mortality Table from General Employees with Generational Improvements from 2010 using Scale MP-2020, to the PUB-2010 Amounts-Weighted Mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2021.
  - The mortality assumption for disabled lives changed from the disabled base rates from the PUB-2010 Amounts-Weighted Disabled Retirement Mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2020 to PUB-2010 Amounts-Weighted Disable Retirement Mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2021.
- GASB Statement No. 68 requires 10 years of information to be presented in this table. CapMetro will present the information for the 10 year period as it becomes available.

**Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit of StarTran, Inc.**  
**Schedule of Plan Contributions (UNAUDITED)**

Schedule of Employer Contributions					
Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 2,750,231	\$ 4,006,229	\$ (1,255,998)	\$ -	*
2015	2,701,768	4,010,272	(1,308,504)	-	*
2016	2,680,205	4,005,412	(1,325,207)	-	*
2017	2,476,752	4,004,599	(1,527,847)	-	*
2018	2,399,389	3,999,996	(1,600,607)	-	*
2019	2,481,007	4,000,556	(1,519,549)	-	*
2020	2,633,692	3,999,996	(1,366,304)	-	*
2021	2,621,315	4,000,000	(1,378,685)	-	*
2022	2,157,510	3,999,996	(1,842,486)	-	*
2023	2,031,981	3,999,996	(1,968,015)	-	*

**Methods and Used Assumptions to Determine Contribution Rates:**

Valuation Date	January 1, 2023
Investment Rate of Return	6.50% including inflation, net of pension plan investment expenses
Actuarial Cost Method	Unit Credit Cost Method
Discount Rate	6.50%
Projected Salary Increases	N/A
Administrative Expenses	\$200,000 per annum
Decrement Timing	Middle of year decrements
Withdrawal Rates	Varies by age with age 55 at 5% withdrawal rate and up to age 70 with a 100% withdrawal rate.
Surviving Spouse Benefit	Assumed 80% have an eligible spouse and that males are 3 years older than their spouse.
Retirement age	Varies by age with 5% retirement at age 55 and with 100% of retirement at age 70.
Mortality	
Healthy	PUB-2010 Amounts-Weighted Mortality table for General Employees with generational Improvements from 2010 using Scale MP-2021.
Disabled	PUB-2010 Amounts-Weighted Disabled Retirement Mortality table for General Employees with generational Improvements from 2010 using Scale MP-2021.

\* Capital Metropolitan Transportation Plan for Bargaining Unit Employees of StarTran, Inc. was frozen to all participants in 2012 and the work previously performed by the StarTran participants was outsourced to a vendor (purchased transportation). As the Plan sponsor, CapMetro is required to make the annual required contributions. Additionally, certain employees are eligible for unreduced retirement benefits while working for CapMetro's Purchased Transportation provider. Under GASB Statement No. 68, the Plan qualifies for special funding which requires the reporting of the liability and related pensionable activity by CapMetro. CapMetro's purchased transportation provider incurred the reported pensionable covered payroll for eligible participants who are eligible for unreduced early retirement benefits upon completion of 22.5 years of credited benefit service credits.

**Capital Metropolitan Transportation Authority**  
**Required Supplementary Information**

**Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees**  
**Schedules of Changes in Net Pension Liability and Related Ratios**  
**(UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	\$ 4,304,099	\$ 3,718,343	\$ 3,545,963	\$ 2,938,855	\$ 2,793,032	\$ 2,964,773	\$ 2,087,251	\$ 2,225,673	\$ 1,453,304
Interest on total pension liability	3,792,031	3,452,874	3,061,945	2,694,810	2,445,407	2,235,084	1,863,897	1,573,679	1,538,740
Changes of benefit terms	-	-	-	-	-	-	2,054,914	-	-
Difference between expected and actual experience	534,159	(1,338,527)	2,513,864	1,231,398	720,052	(288,769)	(86,781)	1,984,816	(319,936)
Change in assumptions	(4,201,467)	(6,739,458)	(3,616,413)	5,792,670	(920,415)	3,035,050	209,630	(1,415,858)	5,067,915
Benefits payment/refunds of contributions	(1,594,073)	(1,535,273)	(1,391,896)	(1,117,525)	(932,072)	(916,317)	(892,937)	(833,716)	(717,439)
Net change in total pension liability	2,834,749	(2,442,041)	4,113,463	11,540,208	4,106,004	7,029,821	5,235,974	3,534,594	7,022,584
Total pension liability at beginning of year	62,475,257	64,917,298	60,803,835	49,263,627	45,157,623	38,127,802	32,891,828	29,357,234	22,334,650
Total pension liability at end of year (a)	\$ 65,310,006	\$ 62,475,257	\$ 64,917,298	\$ 60,803,835	\$ 49,263,627	\$ 45,157,623	\$ 38,127,802	\$ 32,891,828	\$ 29,357,234
Fiduciary net position:									
Employer contributions	\$ 4,274,504	\$ 3,605,170	\$ 3,261,231	\$ 3,046,377	\$ 2,692,422	\$ 3,106,829	\$ 1,974,973	\$ 1,882,377	\$ 1,600,160
Investment income net of investment expense	(8,135,709)	5,791,530	5,928,766	6,195,576	(1,941,101)	4,081,936	1,795,013	(11,187)	1,017,006
Benefit payments/refunds of contributions	(1,594,073)	(1,535,273)	(1,391,896)	(1,117,525)	(932,072)	(916,317)	(892,937)	(833,716)	(717,439)
Administrative expenses	(112,622)	(73,934)	(62,527)	(76,658)	(58,478)	(74,118)	(58,222)	(63,645)	(38,209)
Net change in fiduciary net position	(5,567,900)	7,787,493	7,735,574	8,047,770	(239,229)	6,198,330	2,818,827	973,829	1,861,518
Fiduciary net position at beginning of year	53,341,803	45,554,310	37,818,736	29,770,966	30,010,195	23,811,865	20,993,038	20,019,209	18,157,691
Fiduciary net position at end of year (b)	47,773,903	53,341,803	45,554,310	37,818,736	29,770,966	30,010,195	23,811,865	20,993,038	20,019,209
Net pension liability/(asset) at end of year = (a) - (b)	\$ 17,536,103	\$ 9,133,454	\$ 19,362,988	\$ 22,985,099	\$ 19,492,661	\$ 15,147,428	\$ 14,315,937	\$ 11,898,790	\$ 9,338,025
Fiduciary net position as a % of total pension liability	73.15%	85.38%	70.17%	62.20%	60.43%	66.46%	62.45%	63.82%	68.19%
Pensionable covered payroll	\$ 43,473,624	\$ 38,516,483	\$ 28,185,358	\$ 24,700,473	\$ 22,758,461	\$ 20,966,199	\$ 22,195,764	\$ 18,663,437	\$ 16,183,596
Net pension liability as a % of covered payroll	40.34%	23.71%	68.70%	93.06%	85.65%	72.25%	64.50%	63.75%	57.70%

**Note to Schedule:**

Changes in Assumptions and Methods Since the Last Actuarial Valuation The discount rate for year-end disclosure was 6.75%.

The assumed 20-year municipal bond rate was 4.35%.

For GASB determination, the accounting mortality table was Pri-2012 White Collar Dataset Amount-Weighted Mortality Projected with Scale MP-2020 with separate rates for employees, retirees, and contingent survivors.

Actuarial Assumptions The year-end disclosure discount rate was reduced to 6.75% in accordance with GASB Nos. 67 and 68. The assumed rate of return was revised due to updated expectations.

GASB Statement No. 68 requires 10 years of information to be presented in this table. CapMetro will present the information for the 10 year period as it becomes available.

**Capital Metropolitan Transportation Authority**  
**Required Supplementary Information**

**Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees**  
**Schedule of Plan Contributions (UNAUDITED)**

**Schedule of Employer Contributions**

<b>Year Ending September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 1,588,278	\$ 1,600,160	\$ (11,882)	\$ 16,183,596	9.9%
2015	1,894,044	1,863,116	30,928	17,038,110	10.9%
2016	1,971,655	1,971,655	-	18,791,825	10.5%
2017	2,166,745	2,166,745	-	19,911,349	10.9%
2018	3,243,014	3,243,014	-	20,757,338	15.6%
2019	3,065,508	3,065,508	-	25,444,856	13.5%
2020	3,483,051	3,192,712	290,339	27,851,284	12.9%
2021	3,261,231	3,261,231	-	30,335,951	10.8%
2022	3,605,170	3,605,170	-	38,516,483	9.4%
2023	3,924,504	3,924,504	-	43,473,624	9.0%

**Note to Schedule:**

Valuation date: December 31, 2022.  
Actuarially determined contribution rates are calculated as of January 1 for the respective year of contributions.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	20 years
Asset Valuation Method	Deferred recognition over 5 year period
Salary Increases	4.0%
Investment Rate of Return	6.75%
Retirement Age	Age 60 to 61 is 5% Age 62-64 is 10% Age 65 is 50%, Age 66-69 is 15% Age 70 is 100%
Mortality Rates	Mortality as provided in Notice 2020-85, male and female, with separate rates for annuitants and non-annuitants (as prescribed by IRC 430).



**Capital Metropolitan Transportation Authority**  
**Required Supplementary Information**

**Capital Metropolitan Transportation Authority**  
**Other Post-Employment Benefits –**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios (UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total OPEB liability</b>					
Service cost	\$ 450,738	\$ 351,659	\$ 347,410	\$ 273,875	\$ 256,296
Interest	153,386	84,592	75,751	82,805	150,911
Differences between expected and actual experience	-	578,111			
Changes of assumptions or other inputs	(34,895)	(939,525)	(24,575)	(39,350)	(797,538)
Benefit payments	<u>(105,580)</u>	<u>(97,150)</u>	<u>(77,759)</u>	<u>(74,626)</u>	<u>(72,364)</u>
<b>Net change in total OPEB liability</b>	463,649	(22,313)	320,827	242,704	(462,695)
Total OPEB liability—beginning	3,417,623	3,439,936	3,119,109	2,876,405	3,339,100
Total OPEB liability—ending	<u>\$ 3,881,272</u>	<u>\$ 3,417,623</u>	<u>\$ 3,439,936</u>	<u>\$ 3,119,109</u>	<u>\$ 2,876,405</u>
Covered- employee payroll	\$ 52,694,000	\$ 38,516,483	\$ 30,335,951	\$ 27,851,284	\$ 25,444,856
Total OPEB liability as a percentage of covered- employee payroll	7.37%	8.87%	11.34%	11.20%	11.30%

**Change in Actuarial Assumptions**

**Discount rate**

2023	4.09%
2022	4.02%
2021	2.26%

The mortality projection scale was updated from MP-2019 to MP-2021 to reflect a more recent projection scale.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The Plan is unfunded and does not have assets in a trust compliant with GASB Statement No. 75, paragraph 4 to pay for the related benefits of the OPEB plan.



Annual Comprehensive Financial Report  
Supplementary Information-Combining Statements  
Pension Trust Funds

**Capital Metropolitan Transportation Authority**  
**Supplementary Information-Combining Statements of Pension Trust Funds**

**Capital Metropolitan Transportation Authority**  
**Combining Statements of Fiduciary Net Position**  
**As of December 31**

	Retirement Plan for Administrative		StarTran Retirement Plan		Total Fiduciary Funds	
	Employees		2022	2021	2022	2021
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Cash and cash equivalents	\$ 372,207	\$ 140,317	\$ 25,909	\$ 42,798	\$ 398,116	\$ 183,115
Receivables:						
Accrued interest and other dividends	148,027	-	63,873	47,668	211,900	47,668
Total receivables	148,027	-	63,873	47,668	211,900	47,668
Investments:						
Common stock	-	-	2,153,061	-	2,153,061	-
Corporate bonds and other	-	-	3,046,213	3,769,920	3,046,213	3,769,920
Domestic equity mutual funds	23,932,780	29,028,588	-	-	23,932,780	29,028,588
Fixed income mutual funds	11,683,352	12,266,650	-	-	11,683,352	12,266,650
Government Securities	-	-	5,079,155	5,331,116	5,079,155	5,331,116
Grouped fixed annuity	4,527,382	4,491,381	-	-	4,527,382	4,491,381
International equity mutual funds	7,196,226	7,476,204	-	-	7,196,226	7,476,204
Mutual funds	-	-	22,808,558	33,713,154	22,808,558	33,713,154
Money Market funds	-	-	699,045	238,796	699,045	238,796
Total investments	47,339,740	53,262,823	33,786,032	43,052,986	81,125,772	96,315,809
Total assets	47,859,974	53,403,140	33,875,814	43,143,452	81,735,788	96,546,592
<b>Liabilities</b>						
Accounts payable	50,864	45,000	3,680	24,756	54,544	69,756
Investment trades pending payable	22,207	16,337	-	-	22,207	16,337
Total liabilities	73,071	61,337	3,680	24,756	76,751	86,093
Net position restricted for pensions	\$ 47,786,903	\$ 53,341,803	\$ 33,872,134	\$ 43,118,696	\$ 81,659,037	\$ 96,460,499

**Capital Metropolitan Transportation Authority**  
**Supplementary Information-Combining Statements of Pension Trust Funds**

**Capital Metropolitan Transportation Authority**  
**Combining Statements of Changes in Fiduciary Net Position**  
**For the Years Ended December 31**

	Retirement Plan for		StarTran Retirement Plan		Total Fiduciary Funds	
	Administrative Employees					
	2022	2021	2022	2021	2022	2021
Additions:						
Contributions:						
Employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer	4,274,504	3,605,170	3,999,996	4,000,000	8,274,500	7,605,170
Total contributions	<u>4,274,504</u>	<u>3,605,170</u>	<u>3,999,996</u>	<u>4,000,000</u>	<u>8,274,500</u>	<u>7,605,170</u>
Investment income (loss):						
Interest and dividend income	1,482,188	3,746,907	585,395	690,716	2,067,583	4,437,623
Net appreciation in fair value of investments	(9,574,437)	2,089,927	(8,337,789)	4,376,220	(17,912,226)	6,466,147
Total investment earnings	<u>(8,092,249)</u>	<u>5,836,834</u>	<u>(7,752,394)</u>	<u>5,066,936</u>	<u>(15,844,643)</u>	<u>10,903,770</u>
Less Investment expenses	43,460	45,303	124,975	135,732	168,435	181,035
Total investment income	<u>(8,135,709)</u>	<u>5,791,531</u>	<u>(7,877,369)</u>	<u>4,931,204</u>	<u>(16,013,078)</u>	<u>10,722,735</u>
Total additions -- net	<u>(3,861,205)</u>	<u>9,396,701</u>	<u>(3,877,373)</u>	<u>8,931,204</u>	<u>(7,738,578)</u>	<u>18,327,905</u>
Deductions:						
Benefit payments	1,594,073	1,535,273	5,157,513	4,976,012	6,751,586	6,511,285
Administrative expenses	99,622	56,516	211,676	219,226	311,298	275,742
Total deductions	<u>1,693,695</u>	<u>1,591,789</u>	<u>5,369,189</u>	<u>5,195,238</u>	<u>7,062,884</u>	<u>6,787,027</u>
Change in net position	(5,554,900)	7,804,912	(9,246,562)	3,735,966	(14,801,462)	11,540,878
Net position restricted for pensions, at beginning of year	<u>53,341,803</u>	<u>45,536,891</u>	<u>43,118,696</u>	<u>39,382,730</u>	<u>96,460,499</u>	<u>84,919,621</u>
Net position restricted for pensions, at end of year	<u>\$ 47,786,903</u>	<u>\$ 53,341,803</u>	<u>\$ 33,872,134</u>	<u>\$ 43,118,696</u>	<u>\$ 81,659,037</u>	<u>\$ 96,460,499</u>

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# CapMetro

Annual Comprehensive Financial Report

Statistical Section

This section of CapMetro's annual comprehensive 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 CapMetro's overall financial condition.

**Financial Trends**

These schedules contain trend information to help the reader understand how CapMetro's financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess CapMetro's most significant local revenue source.

**Debt Capacity**

This schedule presents information to help the reader assess the affordability of CapMetro's current level of outstanding debt and the ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which CapMetro's financial activities take place.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in CapMetro's financial report relates to the services CapMetro provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
CONDENSED STATEMENT OF NET POSITION  
LAST TEN YEARS**

	<b>2023</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Net Position</b>										
Total assets	\$ 1,292,468,737	\$ 1,157,788,100	\$ 924,328,151	\$ 850,601,772	\$ 736,412,006	\$ 687,181,390	\$ 631,671,906	\$ 581,284,435	\$ 549,866,540	\$ 483,139,154
Deferred Outflow	19,836,435	10,810,187	12,803,359	17,371,589	14,287,244	9,416,391	11,040,533	14,502,678	13,394,914	-
Total liabilities	148,810,484	125,662,758	126,716,352	127,147,202	118,047,916	106,423,127	121,349,555	98,573,715	100,896,496	74,546,316
Unearned grant revenue	-	-	-	-	8,797,035	17,140,344	18,828,476	41,375,065	45,450,146	-
Deferred Inflow	88,610,027	85,393,234	78,986,163	5,213,521	2,088,748	5,841,826	1,765,739	1,288,901	261,124	-
Net position										
Invested in capital assets	632,710,271	462,475,243	482,756,290	503,897,131	455,646,696	403,270,271	356,182,839	292,329,115	282,032,104	287,038,610
Unrestricted	442,174,390	495,067,052	248,672,705	231,715,507	166,118,857	163,922,213	144,585,830	162,220,317	134,621,584	121,554,228
Total net position	\$ 1,074,884,661	\$ 957,542,295	\$ 731,428,995	\$ 735,612,638	\$ 621,765,553	\$ 567,192,484	\$ 500,768,669	\$ 454,549,432	\$ 416,653,688	\$ 408,592,838

Unaudited - see accompanying auditor's report

\*Restated for adoption of GASB No. 96 as disclosed in Note 6.



**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
CHANGES IN NET POSITION  
LAST TEN YEARS**

	2023	2022*	2021	2020	2019	2018	2017	2016	2015	2014
<b>Operating Revenue</b>										
Transportation fares	\$ 9,269,408	\$ 7,600,093	\$ 6,465,925	\$ 8,361,017	\$ 11,903,616	\$ 12,031,326	\$ 13,455,755	\$ 14,124,211	\$ 13,594,470	\$ 12,104,556
Contract revenue and fares	9,180,105	8,323,625	7,375,983	6,519,695	9,083,445	8,968,191	8,151,879	7,286,377	6,834,345	7,263,506
Rail - freight	6,952,150	6,773,719	5,757,035	6,486,192	5,110,051	5,453,100	4,522,523	4,756,093	5,063,456	5,119,927
Commuter rail	1,474,844	1,240,214	553,480	1,587,322	3,281,916	2,589,108	2,541,925	2,656,212	3,301,561	3,778,188
Total operating revenue	26,876,507	23,937,651	20,152,423	22,954,226	29,379,028	29,041,725	28,672,082	28,822,893	28,793,832	28,266,177
<b>Operating Expenses</b>										
Labor/fringe benefits (1)	72,608,285	58,692,100	47,586,293	46,376,213	45,237,327	42,698,314	44,196,009	35,894,236	33,972,657	30,627,326
Professional services	45,897,438	35,992,774	29,696,493	23,521,469	18,360,137	19,113,196	18,619,086	19,249,051	21,697,474	25,298,173
Materials	30,611,356	16,696,190	10,951,965	13,018,975	13,696,518	14,099,827	14,564,759	16,459,622	17,141,586	18,425,437
Utilities	4,263,025	3,546,716	3,378,981	3,131,335	3,016,639	2,768,950	2,784,922	2,678,320	2,595,727	2,278,593
Insurance	646,828	407,338	2,663,563	386,174	640,414	1,279,723	517,691	681,159	2,321,705	1,748,556
Taxes	1,337,255	926,654	919,906	1,081,957	1,218,503	1,107,702	1,056,256	1,045,710	1,088,166	983,295
Purchased transportation (1)	190,781,772	165,471,303	152,615,784	165,234,291	158,795,657	152,361,385	143,514,968	145,026,467	123,661,911	113,472,564
Other expenses	6,630,379	5,398,042	4,491,803	5,561,594	4,783,567	4,537,502	3,759,197	4,385,484	2,703,674	3,198,500
Interest expense	-	-	-	-	-	252,919	369,935	480,141	589,510	697,383
Depreciation	57,435,473	53,183,267	51,722,672	45,204,201	46,522,354	44,010,538	39,145,873	35,561,903	33,553,776	33,742,878
Total operating expenses	410,211,811	340,314,384	304,027,460	303,516,209	292,271,116	282,230,056	268,528,696	261,462,093	239,326,186	230,472,705
Operating Loss	(383,335,304)	(316,376,733)	(283,875,037)	(280,561,983)	(262,892,088)	(253,188,331)	(239,856,614)	(232,639,200)	(210,532,354)	(202,206,528)
<b>Non-Operating Revenue (Expenses)</b>										
Sales and use tax	382,375,243	366,924,492	301,419,604	262,434,630	261,540,589	243,571,292	228,545,196	221,298,639	210,413,738	193,818,456
Investment income	18,540,504	44,378	373,750	4,440,688	5,659,749	1,990,000	1,395,002	1,386,061	54,646	92,949
Rental income	2,754,739	2,543,687	2,530,536	-	-	-	-	-	-	-
Other income, net	1,957,955	2,552,734	1,822,144	3,899,394	2,221,765	2,147,901	2,407,217	2,964,311	3,183,851	2,343,535
Other federal grants	52,294,385	202,317,534	48,474,464	117,090,152	40,798,618	53,422,347	30,797,301	29,172,453	29,944,881	28,569,256
Capital Contribution - Other Jurisdictions	(995,596)	(646,229)	(18,229,137)	(4,497,317)	(420,730)	(542,830)	(57,160)	-	-	-
Build Central Texas Program	(724,280)	(4,946,290)	(243,000)	(148,510)	(570,966)	(409,978)	(2,927,158)	(180,544)	(563,293)	(756,097)
Mobility interlocal agreements	(2,367,491)	(1,343,400)	(1,860,141)	(3,508,715)	(7,066,622)	(5,669,095)	(3,998,451)	(1,709,281)	(2,342,069)	(4,975,704)
Impairment of assets	-	(21,795,475)	-	-	-	-	-	-	-	-
Long-term mobility planning	-	(23,365,670)	(66,749,749)	(6,699,699)	(3,895,780)	-	-	-	-	-
Total non-operating revenue (expenses)	453,835,459	522,285,761	267,538,471	373,010,623	298,266,623	294,509,637	256,161,947	252,931,639	240,691,754	219,092,395
Income (loss) before contributions	70,500,155	205,909,028	(16,336,566)	92,448,640	35,374,535	41,321,306	16,305,333	20,292,439	30,159,400	16,885,867
Capital contributions	46,842,211	20,204,272	13,206,917	21,398,445	19,198,534	27,441,971	29,913,904	17,603,305	8,830,998	14,912,664
Change in net position	\$ 117,342,366	\$ 226,113,300	\$ (3,129,649)	\$ 113,847,085	\$ 54,573,069	\$ 68,763,277	\$ 46,219,237	\$ 37,895,744	\$ 38,990,398	\$ 31,798,531

(1) CapMetro changed its business model to one that contracted out all transit operations and collections of fares in August 2012

Unaudited - see accompanying auditor's report.

\*Restated for adoption of GASB No. 96 as disclosed in Note 6.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
REVENUE BY SOURCE  
LAST TEN YEARS**

	<b>2023</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>										
Operating Revenue										
Transportation fares	\$ 9,269,408	\$ 7,600,093	\$ 6,465,925	\$ 8,361,017	\$ 11,903,616	\$ 12,031,326	\$ 13,455,755	\$ 14,124,211	\$ 13,594,470	\$ 12,104,556
Contract revenue and fares	9,180,105	8,323,625	7,375,983	6,519,695	9,083,445	8,968,191	8,151,879	7,286,377	6,834,345	7,263,506
Rail freight revenue	6,952,150	6,773,719	5,757,035	6,486,192	5,110,051	5,453,100	4,522,523	4,756,093	5,063,456	5,119,927
Commuter rail revenue	1,474,844	1,240,214	553,480	1,587,322	3,281,916	2,589,108	2,541,925	2,656,212	3,301,561	3,778,188
<b>Total Operating Revenue</b>	<b>26,876,507</b>	<b>23,937,651</b>	<b>20,152,423</b>	<b>22,954,226</b>	<b>29,379,028</b>	<b>29,041,725</b>	<b>28,672,082</b>	<b>28,822,893</b>	<b>28,793,832</b>	<b>28,266,177</b>
Non-Operating Revenue										
Sales tax	382,375,243	366,924,492	301,419,604	262,434,630	261,540,589	243,571,292	228,545,196	221,298,639	210,413,738	193,818,456
Investment income	18,540,504	44,378	373,750	4,440,688	5,659,749	1,990,000	1,395,002	1,386,061	54,646	92,949
Grant income and capital contribution	99,136,596	222,521,806	61,681,381	138,488,597	59,997,152	80,864,318	60,711,205	46,775,758	38,775,869	43,481,920
Other Income	4,712,694	5,096,421	3,483,709	3,899,394	2,221,765	2,147,901	2,407,217	2,964,311	3,183,851	2,343,535
<b>Total Non-Operating Revenue</b>	<b>504,765,037</b>	<b>594,587,097</b>	<b>366,958,444</b>	<b>409,263,309</b>	<b>329,419,255</b>	<b>328,573,511</b>	<b>293,058,620</b>	<b>272,424,769</b>	<b>252,428,104</b>	<b>239,736,860</b>
<b>Total revenue</b>	<b>\$ 531,641,544</b>	<b>\$ 618,524,748</b>	<b>\$ 387,110,867</b>	<b>\$ 432,217,535</b>	<b>\$ 358,798,283</b>	<b>\$ 357,615,236</b>	<b>\$ 321,730,702</b>	<b>\$ 301,247,662</b>	<b>\$ 281,221,936</b>	<b>\$ 268,003,037</b>

Unaudited - see accompanying auditors' report.

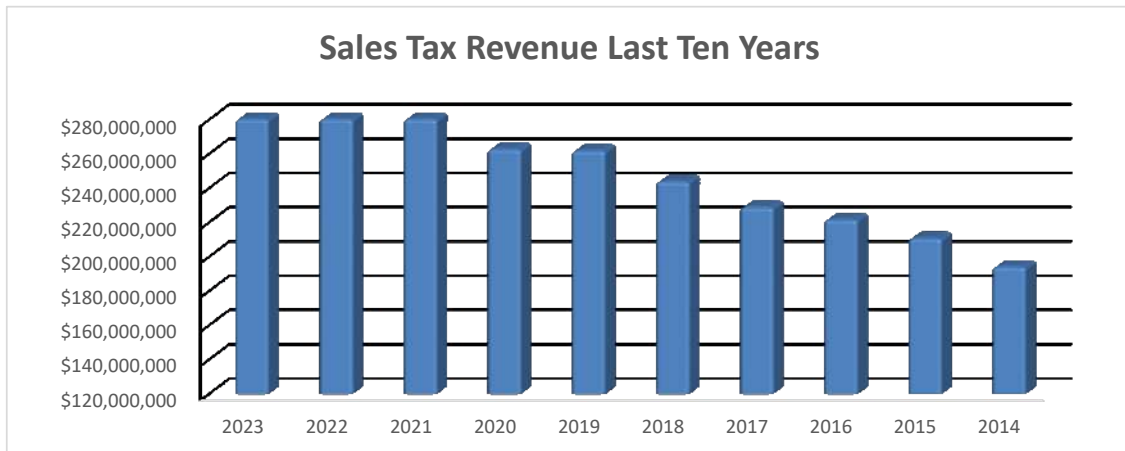
\*Restated for adoption of GASB No. 96 as disclosed in Note 6.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
SALES TAX REVENUE  
LAST TEN YEARS**

Fiscal Year	Sales Tax Revenue	Compounded Percent Change From Base Year	Percent Change From Prior Year
2023	\$382,375,243	113.6%	4.2%
2022	\$366,924,492	105.0%	21.7%
2021	\$301,419,604	68.4%	14.9%
2020	\$262,434,630	46.6%	0.3%
2019	\$261,540,589	46.1%	7.4%
2018	\$243,571,292	36.1%	6.6%
2017	\$228,545,196	27.7%	3.3%
2016	\$221,298,639	23.6%	5.2%
2015	\$210,413,738	17.5%	8.6%
2014	\$193,818,456	8.3%	8.3%

**Notes:**

- (1) Sales tax revenue accounts for 71.9% of revenue in FY 2023
- (2) Sales tax rate 1% since 1995
- (3) Base year for 2014 through 2023 is 2013



Unaudited - see accompanying auditors' report.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
ESTIMATED SALES TAX RECEIPTS BY CITY  
LAST TEN YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Austin	\$ 346,506,960	\$ 325,799,331	\$ 271,427,655	\$ 237,947,136	\$ 239,726,640	\$ 223,315,718	\$ 210,339,780	\$ 203,818,259	\$ 195,031,837	\$ 180,714,534
Leander	10,877,384	10,554,918	9,567,029	7,780,850	6,037,488	5,133,277	4,575,949	4,132,319	3,443,493	2,957,311
Manor	2,868,531	2,425,038	2,044,747	1,624,939	1,344,004	1,155,286	1,068,012	998,823	818,330	716,592
Lago Vista	1,143,658	1,037,996	900,006	731,745	528,727	478,798	443,462	413,984	371,054	364,704
Jonestown	340,104	294,891	235,000	185,860	152,737	160,874	123,936	115,269	101,117	102,155
Volente	252,216	290,777	277,932	214,248	184,213	162,702	76,700	62,279	46,538	46,767
Point Venture	109,627	101,537	87,210	97,322	65,181	59,006	57,198	42,810	37,414	27,500
Unincorporated Areas	19,979,584	26,710,781	17,157,957	14,066,778	13,685,812	13,268,333	11,936,859	11,714,898	10,563,956	8,888,893
<b>Total</b>	<b>\$ 382,078,064</b>	<b>\$ 367,215,269</b>	<b>\$ 301,697,536</b>	<b>\$ 262,648,878</b>	<b>\$ 261,724,802</b>	<b>\$ 243,733,994</b>	<b>\$ 228,621,896</b>	<b>\$ 221,298,641</b>	<b>\$ 210,413,739</b>	<b>\$ 193,818,456</b>

Source: The Comptroller of Public Accounts does not provide detailed tax receipts for MTAs by member city; therefore the numbers above are allocated based on city sales tax receipts.

Unaudited - see accompanying auditors' report.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
LONG-TERM DEBT  
LAST TEN YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Rail lease purchase	-	-	-	-	-	-	\$ 3,657,979	\$ 6,504,050	\$ 9,280,618	\$ 11,989,380
Long-term financing	-	-	-	-	-	-	10,550,000	12,525,000	14,460,000	16,355,000
<b>Total debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,207,979</b>	<b>19,029,050</b>	<b>23,740,618</b>	<b>28,344,380</b>
Per capita income (MSA)	-	-	-	-	-	-	53,908	51,566	51,014	49,001
<b>Total debt/per capita income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 264</b>	<b>\$ 369</b>	<b>\$ 465</b>	<b>\$ 578</b>

Note: Prior year statistics are subject to change as more precise numbers become available

(1) Per capita statistics not available

Unaudited - see accompanying auditors' report

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
DEBT - NET REVENUE COVERAGE RATIO**

	<b>Sales Tax Revenue</b>	<b>Operating Revenue</b>	<b>Operating Grants</b>	<b>Operating Expenses Net of Depreciation</b>	<b>Net Available Revenue</b>	<b>Principal Debt Payment</b>	<b>Coverage Ratio</b>
2023	\$ 382,375,243	\$ 26,876,507	\$ 52,294,385	\$ (352,776,338)	\$ 108,769,797	-	-
2022	366,924,492	23,937,651	202,317,534	(287,131,117)	306,048,560	-	-
2021	301,419,604	20,152,423	48,474,464	(252,304,788)	117,741,703	-	-
2020	262,434,630	22,954,226	117,090,152	(258,312,008)	144,167,000	-	-
2019	261,540,589	29,379,028	40,798,618	(245,748,762)	85,969,473	-	-
2018	243,571,292	29,041,725	53,422,347	(238,219,518)	87,815,846	\$ 14,207,979	6
2017	228,545,196	28,672,082	30,797,301	(229,382,823)	58,631,756	4,821,070	12
2016	221,298,639	28,822,893	29,172,453	(225,900,190)	53,393,795	4,711,568	11
2015	210,413,738	28,793,832	29,944,881	(205,772,410)	63,380,041	4,603,762	14
2014	193,818,456	28,266,177	28,569,256	(196,729,827)	53,924,062	4,497,615	12

Capital Metro first incurred debt in 2006 with first payment due in 2007.

Unaudited - see accompanying auditor's report.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

Year	City of Austin Population (1)	Population MSA (2)	Personal Income (MSA) (thousands of dollars) (2)	Per Capita Personal Income (MSA) (2)	Unemployment Rate (MSA) (3)
			\$	\$	%
2023	995,722	2,433,199	199,847,793	82,100	3.6
2022	981,610	2,421,115	181,870,848	75,119	2.8
2021	975,321	2,298,224	163,778,682	71,300	3.5
2020	961,855	2,235,584	150,639,599	64,913	6.3
2019	980,880	2,187,161	138,650,095	63,393	2.6
2018	963,797	2,168,316	127,439,164	58,773	2.9
2017	946,080	2,115,230	117,458,116	55,530	3.1
2016	925,491	2,062,211	107,664,294	52,208	3.3
2015	899,119	2,002,491	103,244,100	51,555	3.4
2014	878,002	1,943,409	97,181,958	50,006	4.2

Note: Prior year statistics are subject to change as more precise numbers become available.

(1) Source: City Demographer, City of Austin, Housing and Planning Department based on full purpose area as of September 30, 2023

(2) Source: Bureau of Economic Analysis

(3) Source: Bureau of Labor Statistics, United States Dept. of Labor as of September 30, 2023.

Unaudited - see accompanying auditors' report.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
PRINCIPAL EMPLOYERS**

Fiscal Year Ended September 30

10 Largest Employers	Industry	2023			2014			
		Rank	Employees	Percent of MSA Total (1)	Rank	Employees	Percent of MSA Total (1)	
State Government	Government	1	38,681	(2)	2.91%	1	37,816	4.07%
The University of Texas at Austin	Education	2	31,106	(3)	2.34%	2	24,610	2.65%
HEB	Retail	3	22,955	(6)	1.73%	7	11,277	1.21%
City of Austin	Government	4	16,029	(5)	1.21%	4	12,782	1.38%
Ascension Seton (7)	Healthcare	5	14,842	(6)	1.12%	5	12,770	1.37%
Federal Government	Government	6	14,600	(4)	1.10%	8	9,700	1.04%
Dell Computer Corporation	Computers	7	13,000	(6)	0.98%	3	14,000	1.51%
Tesla, Inc.	Manufacturing	8	12,277	(6)	0.92%			
St. David's Healthcare Partnership	Healthcare	9	11,484	(6)	0.86%	9	8,100	0.87%
Amazon.com LLC	Retail	10	11,000	(6)	0.83%			
Austin Independent School District	Education					6	11,538	1.24%
IBM Corporation	Computers					10	6,000	0.65%
			185,974		14.00%		148,593	15.99%

Notes:

- (1) Texas Workforce Commission - Total refers to a Metropolitan Statistical Area (MSA) employed work force of 1,330,2000 for 2023 and 929,600 for 2014.
- (2) Texas State Auditor's Office: Regular and Part Time State Employees for 2022 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.
- (3) The University of Texas at Austin Appointments and WD filled Positions.
- (4) Bureau of Labor Statistics Federal Government employees in Austin MSA in September 2023.
- (5) 2023-24 City of Austin Approved Budget, page 621 (Personnel Summary: 2022-23 Amended column).
- (6) Austin Business Journal July 2023.
- (7) Seton Healthcare Network changed their name to Ascension Seton on April 1, 2019.



**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
EXPENSES BY OBJECT CLASS  
LAST TEN YEARS**

	2023	2022*	2021	2020	2019	2018	2017	2016	2015	2014
<b>Operating Expenses</b>										
Labor/fringe benefits	\$ 72,608,285	\$ 58,692,100	\$ 47,586,293	\$ 46,376,213	\$ 45,237,327	\$ 42,698,314	\$ 44,196,009	\$ 35,894,236	\$ 33,972,657	\$ 30,627,326
Services	45,897,438	35,992,774	29,696,493	23,521,469	18,360,137	19,113,196	18,619,086	19,249,051	21,697,474	25,298,173
Materials	30,611,356	16,696,190	10,951,965	13,018,975	13,696,518	14,099,827	14,564,759	16,459,622	17,141,586	18,425,437
Utilities	4,263,025	3,546,716	3,378,981	3,131,335	3,016,639	2,768,950	2,784,922	2,678,320	2,595,727	2,278,593
Insurance	646,828	407,338	2,663,563	386,174	640,414	1,279,723	517,691	681,159	2,321,705	1,748,556
Taxes	1,337,255	926,654	919,906	1,081,957	1,218,503	1,107,702	1,056,256	1,045,710	1,088,166	983,295
Purchased transportation	190,781,772	165,471,303	152,615,784	165,234,291	158,795,657	152,361,385	143,514,968	145,026,467	123,661,911	113,472,564
Other expenses	6,630,379	5,398,042	4,491,803	5,561,594	4,783,567	4,537,502	3,759,197	4,385,484	2,703,674	3,198,500
Interest expense	-	-	-	-	-	252,919	369,935	480,141	589,510	697,383
Depreciation	57,435,473	53,183,267	51,722,672	45,204,201	46,522,354	44,010,538	39,145,873	35,561,903	33,553,776	33,742,878
<b>Total operating expenses</b>	<b>410,211,811</b>	<b>340,314,384</b>	<b>304,027,460</b>	<b>303,516,209</b>	<b>292,271,116</b>	<b>282,230,056</b>	<b>268,528,696</b>	<b>261,462,093</b>	<b>239,326,186</b>	<b>230,472,705</b>
<b>Non-Operating Expenses</b>										
Build Central Texas	724,280	4,946,290	243,000	148,510	570,966	409,978	2,927,158	180,544	563,293	756,097
Mobility programs	2,367,491	1,343,400	1,860,141	3,508,715	7,066,622	5,669,095	3,998,451	1,709,281	2,342,069	4,975,704
Long-term mobility planning	-	23,365,670	66,749,749	6,699,699	3,895,780	-	-	-	-	-
Capital contributions - other jurisdictions	995,596	646,229	18,229,137	4,497,317	420,730	542,830	57,160	-	-	-
Impairment of assets	-	21,795,475	-	-	-	-	-	-	-	-
<b>Total non-operating expenses</b>	<b>\$ 4,087,367</b>	<b>\$ 52,097,064</b>	<b>\$ 87,082,027</b>	<b>\$ 14,854,241</b>	<b>\$ 11,954,098</b>	<b>\$ 6,621,903</b>	<b>\$ 6,982,769</b>	<b>\$ 1,889,825</b>	<b>\$ 2,905,362</b>	<b>\$ 5,731,801</b>

Unaudited - see accompanying auditor's report.

\*Restated for adoption of GASB No. 96 as disclosed in Note 6.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
OPERATING STATISTICS  
LAST TEN YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Operating expenses</b>										
Demand reponse directly operated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand reponse-purchased transportati	68,750,979	50,817,846	45,082,917	41,344,741	38,949,933	40,844,729	42,199,986	40,362,921	37,772,056	32,953,872
Demand reponse taxi cab	-	-	-	-	-	-	-	846,445	849,406	357,792
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus-purchased transportation	2,997,141	2,189,464	1,759,661	4,671,770	8,828,809	7,750,079	6,379,211	5,688,832	5,019,117	7,722,055
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus-purchased transportation	237,092,610	195,545,919	160,166,036	158,612,670	164,620,099	153,795,357	145,368,852	144,263,239	134,770,798	127,143,429
Commuter rail-purchased transportation	34,283,119	31,686,568	28,286,746	22,536,132	19,319,510	23,182,822	21,743,560	24,246,860	14,779,117	15,810,047
Vanpool-directly operated	-	-	-	-	-	-	-	-	-	365,156
Vanpool-purchased transportation	2,083,444	1,801,756	1,329,255	2,385,786	2,401,218	1,143,337	1,452,639	1,273,091	2,387,524	1,126,906
<b>Total operating expenses**</b>	<b>\$ 345,207,293</b>	<b>\$ 282,041,553</b>	<b>\$ 236,624,615</b>	<b>\$ 229,551,099</b>	<b>\$ 234,119,569</b>	<b>\$ 226,716,324</b>	<b>\$ 217,144,248</b>	<b>\$ 216,681,388</b>	<b>\$ 195,578,018</b>	<b>\$ 185,479,257</b>
<b>Actual vehicle revenue miles</b>										
Demand reponse directly operated	-	-	-	-	-	-	-	-	-	-
Demand reponse purch. trans.	5,349,198	5,071,747	4,335,557	4,472,209	5,615,709	5,514,405	5,395,478	5,028,095	4,942,463	4,666,043
Demand response taxi cab	-	-	-	-	-	-	-	146,782	149,625	111,189
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus purch. Trans.	207,012	202,557	198,431	605,598	1,147,318	928,475	737,780	736,798	747,633	739,055
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus purch. trans.	14,671,028	13,955,659	15,285,064	14,707,589	15,950,516	15,396,804	14,473,436	14,343,211	14,001,707	12,982,104
Commuter rail purch. Trans.	666,249	673,363	544,815	532,347	291,066	310,272	301,020	298,379	287,997	279,757
Vanpool-directly operated	-	-	-	-	-	-	-	-	-	338,077
Vanpool-purchased transportation	3,086,532	2,791,038	2,464,994	3,797,043	4,416,865	4,339,303	3,747,150	3,109,432	2,241,335	870,967
<b>Total actual vehicle revenue miles</b>	<b>23,980,019</b>	<b>22,694,364</b>	<b>22,828,861</b>	<b>24,114,786</b>	<b>27,421,474</b>	<b>26,489,259</b>	<b>24,654,864</b>	<b>23,662,697</b>	<b>22,370,760</b>	<b>19,987,192</b>

\*\* Total operating expense does not include depreciation, rail freight expense, or other nonallocated expenses for NTD.  
Source: NTD report for each year

**OPERATING STATISTICS LAST TEN YEARS, continued**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Actual vehicle revenue hours</b>										
Demand reponse directly operated	-	-	-	-	-	-	-	-	-	-
Demand reponse purch. trans.	416,962	402,807	397,986	414,642	404,492	385,547	396,660	382,088	367,735	333,772
Demand response taxi cab	-	-	-	-	-	-	-	6,725	7,043	5,598
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus purch. Trans.	8,985	8,754	8,298	32,738	61,632	47,486	40,364	40,182	40,132	39,564
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus purch. trans.	1,312,824	1,248,859	1,324,579	1,297,870	1,434,665	1,325,923	1,230,076	1,167,955	1,162,528	1,065,774
Commuter rail purch. trans.	28,388	28,976	21,925	22,117	12,393	13,157	12,725	12,536	11,976	11,613
Vanpool-directly operated	-	-	-	-	-	-	-	-	-	12,754
Vanpool-purchased transportation	60,906	51,824	44,780	93,532	119,102	116,427	101,553	86,694	67,713	29,007
<b>Total actual vehicle revenue hours</b>	<b>1,828,065</b>	<b>1,741,220</b>	<b>1,797,568</b>	<b>1,860,899</b>	<b>2,032,284</b>	<b>1,888,540</b>	<b>1,781,378</b>	<b>1,696,180</b>	<b>1,657,127</b>	<b>1,498,082</b>
<b>Annual Unlinked Trips</b>										
Demand reponse directly operated	-	-	-	-	-	-	-	-	-	-
Demand reponse purch. trans.	914,983	748,851	487,924	550,702	706,989	694,632	650,696	656,476	647,054	613,590
Demand response taxi cab	-	-	-	-	-	-	-	25,902	28,678	19,730
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus purch. Trans.	121,301	99,059	45,894	412,468	779,887	611,298	527,351	542,266	585,298	594,020
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus purch. trans.	22,490,883	18,810,537	15,789,410	20,929,440	28,313,157	26,879,277	27,297,092	27,261,362	32,261,330	31,976,519
Commuter rail purch. trans.	477,322	474,354	256,982	377,703	729,508	811,242	824,704	806,331	833,195	763,551
Vanpool-directly operated	-	-	-	-	-	-	-	-	-	65,624
Vanpool-purchased transportation	327,952	281,009	235,669	432,153	548,873	511,337	459,555	432,558	344,695	168,300
<b>Total actual unlinked trips</b>	<b>24,332,441</b>	<b>20,413,810</b>	<b>16,815,879</b>	<b>22,702,466</b>	<b>31,078,414</b>	<b>29,507,786</b>	<b>29,759,398</b>	<b>29,724,895</b>	<b>34,700,250</b>	<b>34,201,334</b>

Source: NTD report for each year

Unaudited - see accompanying auditors' report.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY**  
**CAPITAL ASSETS**  
**LAST TEN YEARS**

	2023	2022*	2021	2020	2019	2018	2017	2016	2015	2014
Capital assets not being depreciated:										
Land and Improvement	\$ 79,160,614	\$ 79,160,614	\$ 71,535,284	\$ 75,328,694	\$ 69,889,511	\$ 59,689,545	\$ 59,166,866	\$ 56,637,590	\$ 53,434,238	\$ 53,434,238
Projects in process	249,381,798	67,873,163	38,216,729	70,779,761	63,769,381	74,723,419	59,247,399	22,204,736	14,746,255	10,852,403
Total capital assets not being depreciated	328,542,412	147,033,777	109,752,013	146,108,455	133,658,892	134,412,964	118,414,265	78,842,326	68,180,493	64,286,641
Other Capital Assets:										
Building and improvements	94,635,225	96,456,829	96,323,337	110,184,798	105,726,911	86,079,658	84,692,633	84,264,315	86,235,633	86,388,814
Railroad	210,791,184	200,172,515	197,356,821	178,461,741	167,819,219	149,028,997	139,643,809	135,922,532	123,424,501	122,520,746
Buses and equipment	453,980,732	441,948,154	440,453,625	409,922,836	364,175,340	326,473,242	290,922,992	270,202,037	261,467,893	259,299,553
Passenger parking and stations	113,488,435	113,490,828	113,345,695	105,449,581	97,156,719	89,425,599	87,162,200	86,785,928	86,390,678	83,801,047
Right-to-use assets - leases	23,061,864	9,087,997	-	-	-	-	-	-	-	-
Right-to-use assets - SBITA	12,128,717	9,649,097	-	-	-	-	-	-	-	-
Leashold improvements	391,483	391,483	391,482	352,908	-	-	-	-	-	-
Total other capital assets	908,477,640	871,196,903	847,870,960	804,371,864	734,878,189	651,007,496	602,421,634	577,174,812	557,518,705	552,010,160
Less: accumulated depreciation										
Building and improvements	65,684,212	63,552,312	60,028,429	56,681,154	52,306,025	49,040,930	46,826,275	44,721,335	43,285,522	41,136,061
Railroad	153,938,336	146,735,790	140,167,895	133,576,435	125,537,284	116,412,803	107,339,494	98,233,020	89,641,759	80,768,170
Buses and equipment	264,165,306	230,744,310	198,893,189	184,987,012	168,442,741	157,471,109	145,116,087	158,391,786	160,628,154	158,932,408
Passenger parking and stations	84,935,943	78,805,559	71,817,638	67,097,395	61,735,694	56,349,983	49,869,377	43,312,833	36,604,533	30,077,172
Right-to-use assets - leases	6,632,728	1,619,717	-	-	-	-	-	-	-	-
Right-to-use assets - SBITA	4,101,922	2,373,904	-	-	-	-	-	-	-	-
Leashold improvements	274,783	196,487	118,188	41,174	-	-	-	-	-	-
Total accumulated depreciation	579,733,230	524,028,079	471,025,339	442,383,170	408,021,744	379,274,825	349,151,233	344,658,974	330,159,968	310,913,811
Total capital assets, net	\$657,286,822	\$494,202,601	\$486,597,634	\$508,097,149	\$460,515,337	\$406,145,634	\$371,684,666	\$311,358,164	\$295,539,230	\$305,382,990

Unaudited - see accompanying auditors' report.

\*Restated for adoption of GASB No. 96 as disclosed in Note 6.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
TOTAL EMPLOYEES  
LAST TEN YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Employee Count</b>										
CapMetro - administration	646	565	579	503	495	504	463	428	443	447
Total Active Employees	646	565	579	503	495	504	463	428	443	447

Source: CapMetro Human Resource Department.

Employee count includes 187, 122 and 85 part-time and temporary employees in 2021, 2022, and 2023 respectively.

Unaudited - see accompanying auditors' report.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY  
FAREBOX RECOVERY PERCENTAGE LAST EIGHT YEARS (UNAUDITED)  
AND FARE STRUCTURE**

YEAR	PERCENTAGE	YEAR	PERCENTAGE
2016	10.7%	2020	6.5%
2017	10.4%	2021	5.7%
2018	9.9%	2022	6.0%
2019	9.9%	2023	5.6%

**FARE STRUCTURE**

	<b>Local</b>	<b>Commuter</b>	<b>Para Transit</b>
	MetroBus, UT Shuttle, MetroRapid, High Frequency Routes plus Pickup	MetroRail, MetroExpress	MetroAccess 1
Single Ride	\$1.25	\$3.50	\$1.75
Single Ride, Reduced <sup>2</sup>	\$0.60	\$1.75	N/A
Grades K-12 students <sup>4</sup>	FREE	FREE	FREE
Active/Reserve duty in uniform <sup>2</sup>	FREE	FREE	FREE
Active/Reserve duty no uniform <sup>2</sup>	Elig for reduced	Elig for reduced	Elig for reduced
CapMetro Employees/Family	FREE	FREE	FREE
UT/ACC Students and Faculty <sup>3</sup>	FREE	FREE	FREE
<b>Passes and Tickets</b>			
Day Pass	\$2.50	\$7.00	N/A
Day Pass, Reduced	\$1.25	\$3.50	N/A
7-Day Pass	\$11.25	\$27.50	N/A
31-Day Pass	\$41.25	\$96.25	N/A
31-Day Pass, Reduced	\$20.60	\$48.10	N/A
Monthly Pass <sup>5</sup>	N/A	N/A	\$46.50
10-Ride MetroAccess Booklet	\$17.50 (Fare: 1 Ticket-One Way. Valid for MetroAccess services only.)		

1 Para Transit Services (MetroAccess) are for individuals who, due to disability, are unable to use the fixed route system. Individuals must meet enrollment criteria. MetroAccess is a cashless based service, it requires pre-purchased MetroAccess tickets or a valid MetroAccess monthly pass.

2 To be eligible for a reduced fare, the individual must be a Senior 65+ years of age, Medicare qualified, Disability qualified, or Para transit qualified. In addition, the individual is required to obtain a CapMetro issued ID in order to ride at the reduced cash fare and to purchase reduced fare passes. Active or Reserve Duty personnel in uniform ride free. Active or Reserve Duty Military personnel not in uniform are eligible to pay a reduced fare, but must present a valid military ID and/or a reduced fare ID.

3 University of Texas and Austin Community College have agreements with CapMetro to pay for student and faculty fares. Students and faculty are required to swipe their UT ID and ACC pass to ride fixed route services and must present their ID or pass upon the request of a MetroRail conductor when riding MetroRail services.

4 Children in grades K through 12 ride for free and need to present their student IDs to the operator.

5 This is a monthly pass, not a 31-Day rolling pass.

Upon meeting certain requirements, 31 & 7-Day rolling passes, day passes, ticket booklets, and monthly Para Transit passes are available at a discount to qualified non-profit agencies. An enrollment process is required.

Unaudited - see accompanying auditors' report.