

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Years Ended September 30, 2022 and 2021

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 30, 2023

Dear Central Texas Community,

On behalf of the board of directors of Capital Metropolitan Transportation Authority (CapMetro), I am pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the year ending September 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The internal control is designed to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. We believe the data, as presented, is accurate in all material respects and that 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 local government units and 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.

During Fiscal Year 2022, while CapMetro still dealt with the continuing local effects of the COVID-19 pandemic, the agency sized up a changed landscape and began to move forward. A crucial aspect of this new reality was a shrunken workforce insufficient to meet the demands of our current service levels much less what will be needed as the Project Connect program is implemented. We have made great progress in growing our team and remain committed to hiring, training and retaining a first-class workforce. As a result, we've been able to return to most of our pre-pandemic service levels and ridership is on the rise once again.

CapMetro Profile

CapMetro continues to deliver on its promise to connect people, jobs and communities with quality transportation options. In FY2022, CapMetro provided 20.5 million rides on the agency's buses, trains and vans, an increase of 21% over the previous year though still about two-thirds of ridership at the end of FY2019.

With a fleet of 425 buses, 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 in its 10 discrete zones and another 181 for parallel door-to-door service for eligible riders with disabilities.

CapMetro Rail's Red Line is a 32-mile regional rail service operating with 10 trains between Leander and downtown Austin; it launched in 2010. FY2022 saw a return to higher ridership levels as the region emerged from the pandemic, with nearly 475,000 riders served, an increase of almost 85% over the previous year. We also broke ground at two rail stations that will enable CapMetro to better serve the burgeoning area near the Domain and Austin FC's Q2 Stadium. Though situated in North Austin, the stations will help improve service all along the rail line, giving customers more reason to use CapMetro Rail than solely to commute to their jobs.

The agency operates a vanpool program called CapMetro RideShare, which served 138 groups and 802 participants as FY2022 ended, each figure representing about a 40% increase over the previous year. While still significantly smaller than the program's pre-pandemic heights, RideShare joins our other services in rebounding from its loss of ridership. Even at its reduced number, RideShare replaced what would have been almost 225,000 solo commuting trips and accounted for more than 7.75 million metric tons in reduced

CO₂ emissions. CapMetro also works in partnership with the Capital Area Rural Transportation System (CARTS) to offer transportation to select outlying areas surrounding Austin.

Beyond its regional rail service, CapMetro moves freight along its own 162-mile railroad line between Llano and Giddings. In FY2022, the freight rail operation shipped cargo on more than 58,793 rail cars, removing 235,172 freight trucks from our roadways.

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 1.3 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.

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 2022, CapMetro President and CEO Randy Clarke took a job at Washington Metro. Board members appointed Deputy CEO Dottie Watkins as his interim replacement, 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 service, including bus, rail, and paratransit service. In FY2022 CapMetro took control over the agency's MetroBike service from BCycle. Our service providers during the year were, MV Transportation, CARTS, Herzog Contracting Corporation and MTM Transit.

Our Workforce

CapMetro helps the local economy by employing and contracting a diverse workforce of more than 2,100. 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' well-being.

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; leadership training, professional development and career advancement programs; and a top notch, on-site childcare facility.

The onset of the pandemic saw labor shortages affect CapMetro service and operations. CapMetro responded by temporarily adjusting schedules to ensure CapMetro was able to reliably meet service commitments to its customers. Most of those services have returned to pre-pandemic levels, and our agreements with service providers and the transit union have implemented a more attractive and rewarding compensation package for operators, mechanics and other frontline team members. Combined with a reinvigorated recruitment effort, our staffing levels have risen consistently throughout FY2022.

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 will 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 has always posted detailed financial information on its website but now also features performance dashboards on the site as well. These make public in unprecedented detail the agency's ridership, operational, safety and financial performance levels.

CapMetro's five-year capital improvement plan and improved financial reporting and budget development processes help ensure the appropriate level of accountability and oversight.

Local Economic Outlook

Continuing the growth experienced over the past several years, Austin led the nation's top 50 metro areas in terms of jobs gained relative to pre-pandemic levels as FY2022 closed out. The region's job level was 9.2% higher at the end of September 2022 compared to February 2020. Its year-over-year increase of 5.4% in total jobs gained also ranked in the top 10 nationwide.

Even with such a hot job market, Austin's growing affordability issues have seen increased public awareness and begun to affect its national reputation. Austin slipped out of the top 10 of U.S. News & World Report's "Best Places to Live" list for 2022-23. The magazine's report cited affordability as negatively affecting the quality of life that had fed into Austin's high rankings in previous years.

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. After the successful 2020 election and the formation of the local government corporation the Austin Transit Partnership (ATP) the following year, CapMetro and our local partners began work on the long-term program, which includes substantial initiatives for housing and land development in addition to the planned transportation services. Fiscal Year 2022 saw the groundbreaking of two new rail stations and advancement on several other projects. While the post-pandemic economic climate is providing some challenges to both cost estimates and project timelines, 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, which is increasing ridership once again after pandemic-induced declines. Ridership exceeded 2 million trips in September 2021 for the first time since February 2020.

The agency has also worked with local governments outside CapMetro's current service area through interlocal agreements to provide much-needed transportation service to some of the fastest growing areas in the region, including Georgetown, Pflugerville, Round Rock, Buda and Travis County. In recent years, that initiative has brought transit service to Pflugerville, Round Rock and parts of Travis County that are outside of the CapMetro service area.

The on-demand Pickup service operates in 10 neighborhood zones, all within the CapMetro service area. We operated another zone in Pflugerville, initiated through an interlocal agreement between CapMetro and the City of Pflugerville, but the City decided to discontinue that service toward the end of FY2022.

The region saw a gradual return to more live events during the year, and 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 second season in 2022 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.

Certificate of Achievement for Financial Reporting

CapMetro has again received the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 2021 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.

Acknowledgements

The preparation of this report on a timely basis could not be 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 2023-03-30 21:05:38 GMT

Dottie Watkins
CapMetro President & Chief Executive Officer

E-SIGNED by Catherine Walker
on 2023-03-30 21:05:19 GMT

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, 2021

Christopher P. Morrill

Executive Director/CEO

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

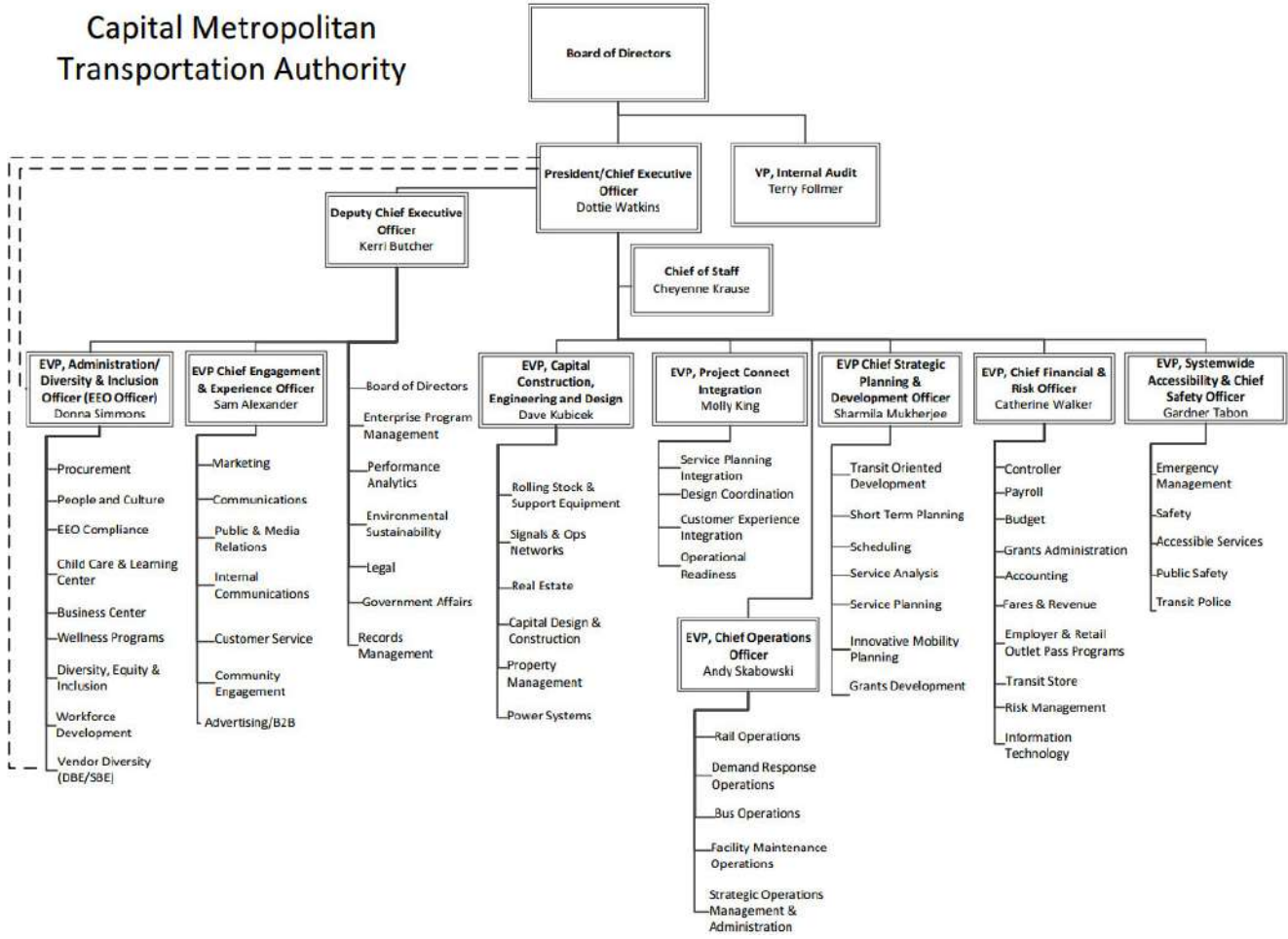
Molly King Executive Vice President, Project Connect Integration

Dave Kubicek Executive Vice President, Capital Construction, Engineering and Design

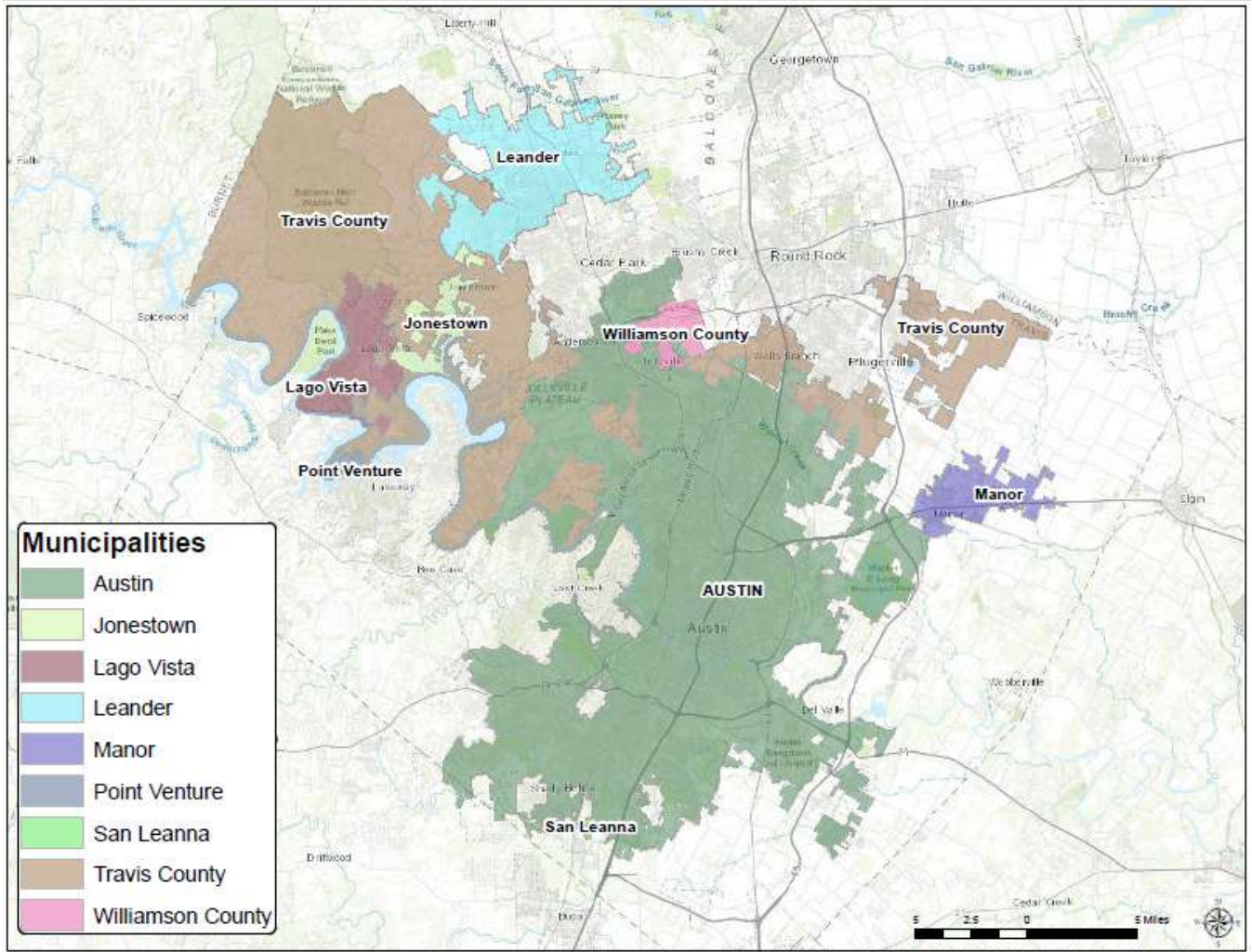
Capital Metropolitan Transportation Authority

Organization Chart

Capital Metropolitan Transportation Authority



Service Area Map



CapMetro

Annual Comprehensive Financial Report Financial Section

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RSM US LLP

Independent Auditor's Report

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, 2022 and 2021, 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, 2022 and 2021, 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 45% and 46% of the total assets and 49% and 50% of total additions of the fiduciary fund 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 fund 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, the Authority adopted Statement No. 87 of the Governmental Accounting Standards Board, *Leases*. 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 twelve 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 Schedules of Plan Contributions and Capital Metropolitan Transportation Authority Other Post-Employment Benefits—Schedules 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 GAAS, 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, as listed in the table of contents, 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 are 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, as listed in the table of contents, are presented for purposes of additional analysis 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 30, 2023, 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 Authority's internal control over financial reporting and compliance.

RSM US LLP

Austin, Texas
March 30, 2023

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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, 2022 and 2021. 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 \$958.2 million as of September 30, 2022, increased 31.0% from \$731.4 million as of September 30, 2021. Net position was \$731.4 million as of September 30, 2021, decreased 0.5% from \$735.6 million as of September 30, 2020 (Table A-1).
- Sales tax revenue was \$366.9 million, \$301.4 million and \$262.4 million in FY2022, FY2021 and FY2020, respectively. Transportation fares increased to \$8.8 million in FY2022 from \$7.0 million in FY2021, an increase of 25.9%. Transportation fares decreased to \$7.0 million in FY2021 from \$9.9 million in FY2020, a decrease of 29.4%. Rail freight revenue increased to \$6.8 million in FY2022 from \$5.8 million in FY2021 and increase of 17.7%. Rail freight revenue decreased to \$5.8 million in FY2021 from \$6.5 million in FY2020 and decrease of 13.7% (Table A-2).
- Operating expenses (including depreciation) were \$339.7 million for FY2022 compared to \$304.0 million for FY2021, an increase of 11.7% (Table A-3).
- Expenses of approximately \$0.6 million in FY2022 and \$18.2 million in FY2021 were made for capital contributions-other jurisdictions. Expenses of \$1.3 million in FY 2022 and \$1.9 million were made for mobility projects. The decrease is attributable to contributions made to the City of Austin in FY2021 for utility improvements as part of the Downtown Station (Table A-4).
- Expenses were made for preliminary costs for long term mobility planning project also known as Project Connect for FY2020, FY2021 and FY2022 in the amounts of \$6.7 million, \$66.8 million and \$23.4 million, respectively (Table A-4).
- Capital assets (net of depreciation) decreased by \$6 million to \$480.6 million as of September 30, 2022 from \$486.6 million as of September 30, 2021 (Table A-5).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to CapMetro's financial statements. The financial statements are 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 59.3% of all revenues in FY2022, and 77.7% of all revenues in FY2021, 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 for regional mobility projects and includes contributions to Project

Connect in the amount of \$23.4 million in accordance with Interlocal Agreement with Austin Transit Partnership. CapMetro and City of Austin entered into an Interlocal Cooperation Agreement for the Metrobike Program in August 2020 which was later amended in August 2022. The associated net asset for the Metrobike program as of December 2021 is \$250k.

The Statements of Cash Flows reports cash and cash equivalents activities for the fiscal year resulting from operating activities, non-capital financing activities, capital and related 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 funding CapMetro's obligation to provide pension benefits to its former employees and to its administrative employees and is required by accounting principles generally accepted in the United States of America (GAAP).

The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position report the combined assets and liabilities and plan activity associated with the Capital Metro Retirement Plan for Administrative Employees and 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. The Pension Plans apply all applicable Governmental Accounting Standards Board (GASB) pronouncements.

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 \$226.8 million, from \$731.4 million in FY2021 to \$958.2 million in FY2022, primarily due to an increase of \$65.0 million in sales and use tax receipts and an increase in \$160.8 million in grant revenue and capital contributions.

The total net position of CapMetro decreased \$3.2 million from \$735.6 million in FY2020 to \$731.4 million in FY2021, primarily due to an increase of \$39.0 million in sales and used tax receipts, offset by increases in mobility program expenses of \$60.1 million due to contributions made as part of the Interlocal Agreement with Austin Transit Partnership for Project Connect.

Total assets and deferred outflows increased \$224.6 million, in FY2022 at \$1.1 billion compared to \$937.1 million in FY2021. Total current period capital asset additions are \$66.1 million in project costs. The capital asset additions are offset by depreciation expense of \$44.4 million for a net increase in capital assets of \$16.7 million, an increase of \$215.7 million in current assets. Total assets and deferred outflows increased \$69.2 million from \$867.9 million in FY2020 to \$937.1 million in FY2021 due primarily 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 values reflect the restatement due to implementation of Statement No. 87 Leases as disclosed at footnote 6.

Total liabilities and deferred inflows decreased from \$205.7 million in FY2021 to \$204.1 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 Capital Metro sponsored pension plans. An additional deferred gain of \$4.8 million is reported in FY2021 for the outstanding fuel contracts

Capital Metropolitan Transportation Authority
Management’s Discussion and Analysis—(Unaudited)—September 30, 2022 and 2021

under Capital Metro’s Energy Price Risk Management Program which seeks to decrease the volatility of diesel fuel cost.

Total liabilities and deferred inflows increased \$73.4 million to \$205.7 million in FY2021 from \$132.3 million in FY2020 due primarily to the implementation of GASB Statement No. 87 Leases which resulted in a deferred inflow-receivable of \$62.2 million.

Comparative amounts for the prior year have been presented in order to provide an understanding of changes in Capital Metro’s financial position and operations.

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

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020 *</u>
Current assets	\$ 535.0	\$ 319.3	\$ 293.2
Capital assets, net	480.6	486.6	508.1
Other noncurrent assets	135.8	118.4	49.3
Total assets	<u>\$ 1,151.4</u>	<u>\$ 924.3</u>	<u>\$ 850.6</u>
Deferred outflow of resources	<u>\$ 10.8</u>	<u>\$ 12.8</u>	<u>\$ 17.3</u>
Current liabilities	\$ 75.3	\$ 68.0	\$ 68.7
Long-term liabilities	43.3	58.7	58.4
Total liabilities	<u>\$ 118.6</u>	<u>\$ 126.7</u>	<u>\$ 127.1</u>
Deferred inflows of resources	<u>\$ 85.4</u>	<u>\$ 79.0</u>	<u>\$ 5.2</u>
Net position			
Net investment in capital assets	\$ 463.3	\$ 482.8	\$ 503.9
Unrestricted	494.9	248.7	231.7
Total net position	<u>\$ 958.2</u>	<u>\$ 731.4</u>	<u>\$ 735.6</u>

* The A-1 and A-2 Tables for FY2020 do not reflect the adoption of GASB No. 87 Leases. The Authority adopted GASB No. 87 for FY2021 and FY2022.

Certain unrestricted assets are designated through the Authority’s board of directors’ directive for specific uses. As of September 30, 2022, the CapMetro Board has designations of \$43.1 million for a statutory operating reserve, \$21.5 million for a budget stabilization reserve, and \$1.4 million for self-insurance. The reserves as of September 30, 2021 were \$43.1 million for statutory operating, \$21.5 million for budget stabilization, and \$1.1 million for self-insurance.

Commitments

Capital Metro has a capital spending plan for projects for upcoming and future years. CapMetro’s contractual commitments related to its capital improvement plan are \$80.5 million and \$39.8 million as of September 30, 2022 and 2021, respectively. CapMetro has also executed contracts with various goods and services providers totaling \$320.3 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 FY2022 was an increase of \$226.3 million or 31% of total beginning net position due to an increase in sales and use tax revenue and other federal grants and capital contributions non-operating revenue as noted below. The change in net position for FY2021 was a decrease of \$4.2 million or 0.5% of total beginning net position.

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

	FY 2022	FY 2021	FY 2020 *
Operating revenue:			
Transportation fares	\$ 8.8	\$ 7.0	\$ 10.0
Contract fare revenue	8.3	7.4	6.5
Rail—freight	6.8	5.7	6.5
Total operating revenue	<u>23.9</u>	<u>20.1</u>	<u>23.0</u>
Operating expenses:			
Purchased transportation	165.5	152.6	165.2
Depreciation and amortization	51.6	51.7	45.2
Salary and wages	37.0	27.2	25.9
Professional services	37.0	29.7	23.5
Employee benefits	21.7	20.3	20.5
Materials and supplies - fuel and fluid	10.9	10.9	12.6
Leases and other	5.3	4.5	5.6
Utilities	3.5	3.4	3.1
Casualty and liability	0.4	2.7	0.4
Materials and supplies - other	6.8	1.0	1.6
Total operating expenses	<u>339.7</u>	<u>304.0</u>	<u>303.6</u>
Operating loss	<u>(315.7)</u>	<u>(283.9)</u>	<u>(280.6)</u>
Non-operating revenue (expenses):			
Sales and use tax revenue	366.9	301.4	262.4
Investment income	-	0.4	4.4
Rental income	2.6	2.5	-
Other income, net	2.6	1.8	3.9
Other federal grants	202.3	48.5	117.1
Impairment of assets	(21.8)	-	-
Long-term mobility planning	(23.4)	(66.7)	(6.7)
Build Central Texas Program	(4.9)	(0.2)	(0.1)
Mobility programs and capital contributions-other jurisdictions	(2.0)	(20.1)	(8.0)
Total non-operating revenue (expenses)	<u>522.3</u>	<u>267.6</u>	<u>373.0</u>
Income before contributions	206.6	(16.3)	92.4
Capital contributions	<u>20.2</u>	<u>13.2</u>	<u>21.4</u>
Change in net position	226.8	(3.1)	113.8
Total net position, beginning of the year, restated	<u>731.4</u>	<u>734.5</u>	<u>621.8</u>
Total net position, end of the year	<u>\$ 958.2</u>	<u>\$ 731.4</u>	<u>\$ 735.6</u>

Operating Revenue

FY2022 operating revenue increased by 18.3% to \$23.9 million. FY2021 operating revenue decreased 12.2% to \$20.2 million from \$23.0 million in FY 2020. The 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.

Operating Expenses

FY2022 operating expenses increased 11.7% to \$339.7 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. FY2021 operating expenses increased 0.6% to \$304.0 million from \$303.5 million in FY2020, primarily due to the ongoing COVID-19 pandemic which attributed to a decrease in purchased transportation expenses offset by an increase in professional services and depreciation expense.

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

	FY 2022	FY 2021	FY 2020
Purchased transportation	\$ 165.5	\$ 152.6	\$ 165.2
Depreciation and amortization	51.6	51.7	45.2
Salary and wages	37.0	27.3	25.9
Professional services	37.0	29.7	23.5
Employee benefits	21.7	20.3	20.5
Materials and supplies - fuel and fluid	10.9	10.9	12.6
Leases and other	5.3	4.4	5.6
Utilities	3.5	3.4	3.1
Casualty and liability	0.4	2.7	0.4
Materials and supplies - other	6.8	1.0	1.6
Total operating expenses	\$ 339.7	\$ 304.0	\$ 303.6

Table A-4
Information on CapMetro’s Non-Operating Revenue and Expenses
 (in millions of dollars)

	FY 2022	FY 2021	FY 2020
Sales and use tax	\$ 366.9	\$ 301.4	\$ 262.4
Other federal grants	202.3	48.5	117.1
Rental income	2.5	2.5	-
Other income, net	2.6	1.8	3.9
Investment income	-	0.4	4.4
Impairment of assets	(21.8)	-	-
Long-term mobility planning	(23.4)	(66.8)	(6.7)
Build Central Texas Program	(4.9)	(0.2)	(0.1)
Capital contributions - other jurisdictions	(0.6)	(18.2)	(4.5)
Mobility interlocal agreements	(1.3)	(1.9)	(3.5)
Total net non-operating revenue	<u>\$ 522.3</u>	<u>\$ 267.5</u>	<u>\$ 373.0</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. For FY2022 sales tax revenue of \$366.9 million increased by \$65.5 million or 21.7% from FY2021 sales tax amount of \$301.4 million, due to a continued robust economy in the Austin area. For FY2021 sales tax revenue of \$301.4 million increased by \$39.0 million or 14.9% from FY2020 sales tax amount of \$262.4 million, due to a continued robust economy in the Austin area.

In FY 2022, investment income of \$2.0 million earned on investments was offset by an unrealized loss on investments of \$2.0 million. In FY2021, investment income was \$0.4 million net of unrealized loss of approximately \$0.84 million, earned on CapMetro’s cash, cash equivalent and investment balance. Investment income of \$4.4 million for FY2020 net of unrealized gain of approximately \$0.7 million was earned on CapMetro’s cash, cash equivalent and investment balance of \$282.9 million. The lower investment income in FY2022 is due to the unrealized loss on the portfolio vs. 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 TexasTERM are overnight investment, and the balances make up the largest portion of the portfolio with a smaller portion invested in U.S. Government issues and Commercial Paper for both 2022 and 2021.

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 FY2022 was \$222.5 million which is \$160.8 million more than the \$61.7 million received in FY2021 which is \$76.8 million less than the grant revenue collected in FY2020. In FY2022, CapMetro made \$23.4 million in local contributions to the Austin Transit Partnership (ATP) compared to 66.8 million in FY2021. The significant variance in FY2020 is due

to the \$102 million in supplemental federal funds received from the CARES act to help offset revenue losses and added safety and operations costs due to the coronavirus pandemic. A similar grant was received in FY2022 (ARP Act funding to prevent, prepare for, and respond to coronavirus) in the amount of \$128.2 and CRRSAA Act funds in the amount of approximately \$66.0 million. Grants used for CapMetro’s capital improvement program totaled \$8.1 million in FY2022 and \$8.4 million in FY2021. During FY2020, these funds were used primarily for the statutorily mandated implementation of positive train control (PTC) and the completion of construction of the Downtown Station. In FY2021 capital grants were used for continuing PTC implementation costs as well as bus replacements.

Capital Assets

Capital assets consist of buildings and improvements, railroad, buses and equipment, passenger parking stations, leasehold improvements, land, and construction in progress. CapMetro’s net capital assets decreased \$6 million from \$486.6 million in FY2021 to \$480.6 million in FY2022, primarily due to reduction from project connect expenses not reimbursed, depreciation expense, offset by the construction additions plus additions to the bus fleet, equipment and the railroad capital asset category. FY2021 net capital assets represent a decrease of 4.2% from FY2020. 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 2022	FY 2021	FY 2020
Building and improvements	\$ 96.5	\$ 96.3	\$ 110.2
Leasehold improvement	0.4	0.4	0.3
Railroad	200.2	197.4	178.5
Buses and equipment	442.1	440.5	409.9
Passenger parking and stations	113.2	113.3	105.4
	<u>852.4</u>	<u>847.9</u>	<u>804.3</u>
Less accumulated depreciation	<u>(520.0)</u>	<u>(471.0)</u>	<u>(442.3)</u>
Net depreciable property/improvements	332.4	376.9	362.0
Land and improvements	79.2	71.5	75.3
Projects in progress	69.0	38.2	70.8
Capital assets, net	<u>\$ 480.6</u>	<u>\$ 486.6</u>	<u>\$ 508.1</u>

Economic Factors and Outlook for FY2022

CapMetro’s adopted FY2023 budget totaled \$781.9 million in revenue, \$387.5 million in operating expenses, \$475 million for new capital expenditures, \$30 million for contribution to the Austin Transit Partnership and \$10.3 million for Regional Mobility programs. FY2023 sales tax revenue is budgeted at an 24.8% increase from the FY2022 budget due to the reopening after COVID-19 vaccine availability in the Austin region. FY2023 budgeted operating expenses are projected to increase 44.9% from the FY2022 budget. Management anticipates that its existing resources will be adequate to satisfy its liquidity requirements for FY2022.

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, contact Capital Metropolitan Transportation Authority, Finance Department, at 2910 East 5th Street, Austin, Texas 78702, call (512) 389-7564, or e-mail nadia.nahvi@capmetro.org.

Capital Metropolitan Transportation Authority
Statements of Net Position
September 30, 2022 and 2021

	2022	2021 (as restated)
Assets		
Current assets:		
Cash and cash equivalents	\$ 133,111,730	\$ 125,738,095
Investments	296,612,404	56,634,583
Due from federal governments	982,268	23,612,613
Fuel hedge asset	1,272,452	2,125,559
Materials and supplies inventory, net	10,013,980	3,345,375
Prepaid transit expense and other	1,436,972	1,337,257
Intergovernmental receivables-Project Connect	24,784,825	46,252,317
Other receivables	2,044,661	2,627,103
Sales and use taxes receivable	64,722,393	57,583,273
Total current assets	534,981,685	319,256,175
Non-current assets:		
Investments – designated for system expansion	65,259,684	46,836,740
Capital assets:		
Land and improvements	79,160,614	71,535,284
Depreciable capital assets, net of depreciation	332,425,352	376,845,621
Projects in process	68,982,681	38,216,729
Lease assets:		
Land and buildings, net of depreciation	7,275,193	8,478,900
Lease receivables	63,344,128	63,158,702
Total non-current assets	616,447,652	605,071,976
Total assets	1,151,429,337	924,328,151
Deferred outflow of resources – OPEB	666,324	131,592
Deferred outflow of resources – pension plan	10,143,863	12,671,767
Total deferred outflows of resources	10,810,187	12,803,359
Total assets and deferred outflows of resources	\$ 1,162,239,524	\$ 937,131,510

(Continued)

Capital Metropolitan Transportation Authority
Statements of Net Position
September 30, 2022 and 2021
(continued)

	2022	2021 (as restated)
Liabilities		
Current liabilities:		
Accounts payable	\$ 408,541	\$ 32,687,467
Accrued expenses	67,417,946	29,253,709
Benefits payable	368,461	478,217
Accrued salary and wages	1,159,835	1,261,074
Accrued sick and vacation	3,757,944	3,034,380
Lease liability	1,254,404	1,203,708
Retainage	917,036	49,949
Total current liabilities	75,284,167	67,968,504
Long-term liabilities:		
Accrued sick and vacation	3,358,473	2,539,736
Other post employment liability	3,417,623	3,439,936
Lease liability	6,020,790	7,275,193
Pension liability	30,546,572	45,492,983
Total long-term liabilities	43,343,458	58,747,848
Total liabilities	118,627,625	126,716,352
Deferred inflow of resources – OPEB	1,821,847	1,028,703
Deferred inflow – fuel hedge	3,600,068	4,785,325
Deferred inflow of resources – pension plan	18,321,673	10,882,406
Deferred inflow – lease receivable	61,649,646	62,289,729
Total deferred inflows of resources	85,393,234	78,986,163
Total liabilities and deferred inflow of resources	204,020,859	205,702,515
Net position:		
Net investment in capital assets	463,299,671	482,756,290
Unrestricted	494,918,994	248,672,705
Total net position	\$ 958,218,665	\$ 731,428,995

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, 2022 and 2021

	2022	2021 (as restated)
Operating revenue:		
Transportation fares	\$ 8,840,307	\$ 7,019,405
Contract revenue	8,323,625	7,375,983
Rail – freight	6,773,719	5,757,035
Total operating revenue	23,937,651	20,152,423
Operating expenses:		
Purchased transportation	165,471,303	152,615,784
Depreciation and amortization	51,563,550	51,722,672
Salary and wages	37,038,152	27,254,302
Professional services	37,012,140	29,696,493
Employee benefits	21,653,948	20,331,991
Fuel and fluid	10,851,344	10,882,714
Leases and other	5,322,023	4,491,803
Utilities	3,546,716	3,378,981
Casualty and liability	407,338	2,663,563
Materials and supplies – other	6,771,500	989,157
Total operating expenses	339,638,014	304,027,460
Operating loss	(315,700,363)	(283,875,037)
Non-operating revenue (expenses):		
Sales and use tax revenue	366,924,492	301,419,604
Other federal grants	202,317,534	48,474,464
Rental income	2,543,687	2,530,536
Other income, net	2,552,734	1,822,144
Investment income	44,378	373,750
Impairment of assets	(21,795,475)	-
Long-term mobility planning	(23,365,670)	(66,749,749)
Build Central Texas Program	(4,946,290)	(243,000)
Capital contributions – other jurisdictions	(646,229)	(18,229,137)
Mobility interlocal agreements	(1,343,400)	(1,860,141)
Total non-operating revenue (expenses)	522,285,761	267,538,471
(Decrease) Increase in net position before capital contributions	206,585,398	(16,336,566)
Federal grants and other capital contributions	20,204,272	13,206,917
Change in net position	226,789,670	(3,129,649)
Net position at the beginning of year, restated	731,428,995	734,558,644
Net position at the end of year	\$ 958,218,665	\$ 731,428,995

See notes to the financial statements.

Capital Metropolitan Transportation Authority
Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts from customers	\$ 24,534,015	\$ 21,991,364
Payments to employees	(43,271,016)	(30,422,607)
Payments to purchased transportation service providers	(171,003,320)	(153,911,909)
Payments to suppliers of goods and services	(79,211,709)	(72,038,140)
Net cash used in operating activities	(268,952,030)	(234,381,292)
Cash flows from non-capital financing activities:		
Sales and use tax	359,785,372	287,587,218
Cash/proceeds received from operating grants	224,736,172	30,257,758
Cash/proceeds received from rental and other revenue	3,799,954	3,551,471
Payments to other jurisdictions	(646,229)	(18,229,137)
Payments from Intergovernmental Receivable-Project Connect	21,467,492	(33,892,865)
Payments for Long-term Mobility Planning	(23,365,670)	(66,749,749)
Payments for Build Central Texas Program	(4,946,290)	(243,000)
Payments for mobility projects	(1,343,400)	(1,860,141)
Net cash provided by non-capital financing activities	579,487,401	200,421,555
Cash flows from capital and related financing activities:		
Proceeds from capital grants and other capital contributions	20,204,272	13,206,917
Purchase of capital assets	(65,269,291)	(33,359,613)
Proceeds from sale of capital assets	259,668	93,749
Net cash used in capital and related financing activities	(44,805,351)	(20,058,947)
Cash flows from investing activities:		
Purchase of investments	(301,672,798)	(58,189,207)
Sale of investments	41,130,563	19,872,724
Net investment income	2,185,850	1,269,835
Net cash used in investing activities	(258,356,385)	(37,046,648)
Net change in cash and cash equivalents	7,373,635	(91,065,332)
Cash and cash equivalents at beginning of year	125,738,095	216,803,427
Cash and cash equivalents at the end of the year	\$ 133,111,730	\$ 125,738,095
Cash and cash equivalents at the end of the year:		
Restricted	\$ -	\$ -
Unrestricted	133,111,730	125,738,095
	\$ 133,111,730	\$ 125,738,095

See notes to the financial statements.

Capital Metropolitan Transportation Authority
Statement of Cash Flows
For the Years Ended September 30, 2022 and 2021
(Continued)

	2022	2021
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (315,700,363)	\$ (283,875,038)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	51,563,550	50,552,475
Changes in assets and liabilities:		
Other receivables	582,442	1,838,419
Materials and supply inventory, net	(6,668,605)	(539,006)
Fuel hedge asset	853,107	(799,289)
Other assets	1,535,702	(1,067,358)
Accounts payable	(32,278,926)	(3,861,866)
Accrued liability and expenses	39,500,443	(5,937,385)
Other liabilities	(463,689)	27,364
Deferred outflows – pension	2,527,904	479,813
Deferred inflows – pension	5,491,974	6,766,098
Deferred inflows – OPEB	258,412	(57,894)
Net pension liability	(14,946,411)	(7,091,436)
Total OPEB liability	(22,313)	320,827
Deferred outflows/inflows fuel hedge	(1,185,257)	8,862,984
Net cash used in operating activities	\$ (268,952,030)	\$ (234,381,292)
Supplemental cash flow information:		
Capital asset acquisition included in accounts payable, accrued expenses and retainage	\$ 17,268,975	\$ 5,049,949

See notes to the financial statements.

Statement of Cash Flows
For the Years Ended September 30, 2022 and 2021
(Continued)

	2022	2021
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (315,700,363)	\$ (283,875,037)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	51,563,550	51,722,672
Changes in assets and liabilities:		
Other receivables	582,442	1,838,419
Materials and supply inventory, net	(6,668,605)	(539,006)
Fuel hedge asset	853,107	(799,289)
Other assets	1,535,702	(2,818,978)
Accounts payable	(32,278,926)	(3,861,866)
Accrued liability and expenses	39,500,443	(5,937,385)
Other liabilities	(463,689)	608,786
Deferred outflows – pension	2,527,904	479,813
Deferred inflows – pension	5,491,974	6,766,098
Deferred inflows – OPEB	258,412	(57,894)
Net pension liability	(14,946,411)	(7,091,436)
Total OPEB liability	(22,313)	320,827
Deferred outflows/inflows fuel hedge	(1,185,257)	8,862,984
Net cash used in operating activities	\$ (268,952,030)	\$ (234,381,292)
Supplemental cash flow information:		
Capital asset acquisition included in accounts payable, accrued expenses and retainage	\$ 17,268,975	\$ 5,049,949

See notes to the financial statements.

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

	Pension Trust Funds 2021	Pension Trust Funds 2020
Assets		
Cash	\$ 183,115	\$ 162,098
Receivables:		
Accrued interest and other dividends	47,668	55,774
Total receivables	<u>47,668</u>	<u>55,774</u>
Investments:		
Corporate bonds and other	3,769,920	5,546,919
Government securities	5,331,116	3,779,929
Common stock	-	3,732,368
Grouped fixed annuity	4,491,381	3,451,276
Mutual funds	82,484,596	67,846,495
Money market funds	238,796	392,899
Total investments	<u>96,315,809</u>	<u>84,749,886</u>
Total assets	96,546,592	84,967,758
Liabilities		
Accounts payable	69,756	31,602
Investment trades pending payable	<u>16,337</u>	<u>16,535</u>
Total liabilities	<u>86,093</u>	<u>48,137</u>
Net Position		
Restricted for pensions	<u>\$ 96,460,499</u>	<u>\$ 84,919,621</u>

See notes to the financial statements.

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

	Pension Trust Funds 2021	Pension Trust Funds 2020
Additions		
Contributions:		
Employer	\$ 7,605,170	\$ 7,261,226
Total contributions	7,605,170	7,261,226
Investment earnings:		
Interest and dividend income	4,437,623	2,021,754
Net appreciation in fair value of investments	6,466,147	9,378,744
Total investment earnings	10,903,770	11,400,498
Less Investment expenses:		
Investment expenses	181,035	169,982
Net investment earnings	10,722,735	11,230,516
Total additions	18,327,905	18,491,742
Deductions		
Benefit payments	6,511,285	6,377,283
Administrative expenses	275,742	295,645
Total deductions	6,787,027	6,672,928
Net increase in fiduciary net position	11,540,878	11,818,814
Net position – beginning	84,919,621	73,100,807
Net position – ending	\$ 96,460,499	\$ 84,919,621

See notes to the financial statements.

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1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Capital Metropolitan Transportation Authority (CapMetro, Capital Metro, 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 Capital Metro'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 Capital Metro 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 and 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 its’ communities. 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 track 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 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 made for purposes for which both restricted and unrestricted resources are available.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition:

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

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 59.3% of revenues in FY2022 and 77.7% in FY2021.

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 Capital Metro's Investment Policy.

Accounts Receivable – 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, 2022 and 2021, 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 fuel, 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. Capital assets are recorded at cost and are depreciated over their useful lives using the straight-line method as follows:

	<u>Estimated Useful Lives</u>
Buildings and improvements	40 years
Passenger parking stations	5-20 years
Railroad/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 lives are capitalized, and maintenance and repair costs are charged to operations as incurred.

Leases– The Authority follows GASB Statement No. 87 *Leases* which defines the Authority's leasing arrangement as the right to use an underlying asset as a Lessor or Lessee.

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.

As lessee, the Authority recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. The right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The Authority calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

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

For lease contracts that are short-term, the Authority recognizes short-term lease 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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 \$4.1 million and \$3.8 million as of September 30, 2022 and 2021 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, 2022 and 2021 in the amount of \$2.9 million and \$1.7 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 Capital Metro'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 Authority implemented GASB Statement No. 75, (*Accounting Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*). 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.

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 represent 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 consist of deferred charge for pension for contributions made subsequent to the measurement date of December 31, 2020 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 valuation date of September 30, 2022 and 2021.

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 FY2022 and 2021, 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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements Issued Not Yet Adopted: 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 ("SBITAs")*, issued May 2020, will be effective for CapMetro beginning with its fiscal year ending September 30, 2023, with earlier adoption encouraged. Statement No. 96 requires the recognition of SBITAs as an intangible right-to-use subscription asset with a corresponding subscription liability. Under this statement, a lessee is required to recognize a SBITA lease liability and an intangible right-to-use SBITA lease asset, and a lessor is required to recognize a lease SBITA receivable and a deferred inflow of resources.

GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, issued June 2022, will be effective for CapMetro beginning with its fiscal year ending September 30, 2024, with earlier adoption encouraged. Statement No. 100 defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

GASB Statement No. 101, Compensated Absences, issued June 2022, will be effective for CapMetro beginning with its fiscal year ending September 30, 2025, with earlier adoption encouraged. Statement No. 101 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. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences.

CapMetro is currently evaluating the impact this pronouncement will have on the financial statements.

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 Capital Metro’s name.

	2022	2021
	Carrying Amount	Carrying Amount
TexasDAILY (investment pool)	\$ 133,276,598	\$ 125,309,622
Concentration account and other deposits	742,852	1,028,635
Less: Outstanding reconciling items	(907,720)	(600,162)
Total cash and cash equivalents	\$ 133,111,730	\$ 125,738,095
Restricted cash for system expansion and acquisition	\$ -	\$ -
Unrestricted cash	133,111,730	125,738,095
Total cash and cash equivalents	\$ 133,111,730	\$ 125,738,095

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 is 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.

2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued

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.

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 two investment options which CapMetro has historically used to invest funds: TexasDAILY and TexasTERM.

TexasDAILY follows 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 in TexasDAILY 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*). TexasDAILY's 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 TexasDAILY's securities or determination of its net asset value is not reasonably practical. TexasDAILY is rated AAmmf by Fitch Ratings. For the year ended September 30, 2022 and 2021 the Authority's investment in TexasDAILY was \$133,276,598 and \$125,309,622, respectively.

TexasTERM is a fixed-rate, fixed-term portfolio, rated AAAf by Fitch Ratings. Texas Term are short term investments in nonparticipating interest earning investment contracts which are stated NAV based on amortized cost. CapMetro reports investment in TexasTERM at their original cost until their maturity date. All of Capital Metro'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. Capital Metro's investment in TexasTERM was \$275,000,000 for 2022 and \$35,000,000 for 2021.

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, 2022, Capital Metro'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. As of September 30, 2021, Capital Metro's investment was \$36,759,536 in U.S. Treasury Notes, \$13,278,557 in Federal Agency Notes, and \$18,433,230 in commercial paper.

2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued

Deposit Risk – Deposit risk is the risk that, in the event of a bank failure, Capital Metro’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 Capital Metro’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. Capital Metro 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.

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 Capital Metro 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 Capital Metro investment advisor monitors the maturity level and makes changes as appropriate.

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

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>

Investment Maturities in 2021					
	Less Than 180 Days	From 181 Days to 360 Days	From 1 to 3 years	Greater Than 3 years	Total
Investments:					
Commercial paper	\$ 6,946,437	\$ 11,486,793	\$ -	\$ -	\$ 18,433,230
Federal agency notes	7,929,211	3,692,992	1,656,354	-	13,278,557
U.S. Treasury notes	6,656,500	7,219,121	22,883,915	-	36,759,536
Texas TERM	-	35,000,000	-	-	35,000,000
Total investments	<u>\$ 21,532,148</u>	<u>\$ 57,398,906</u>	<u>\$ 24,540,269</u>	<u>\$ -</u>	<u>\$ 103,471,323</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 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:

	2022		2021	
	Carrying Value	Rating	Carrying Value	Rating
Cash and cash equivalents:				
TexasDAILY	\$ 133,276,598	AAAmmf	\$ 125,309,622	AAAm
Outstanding deposits and reconciling item	(164,868)		428,473	
	<u>\$ 133,111,730</u>		<u>\$ 125,738,095</u>	
Investments:				
Commercial paper	\$ 25,866,003	A-1	\$ 14,686,133	A-1
Commercial paper	12,118,151	A-1+	3,747,097	A-1+
Federal agency notes	1,615,619	AA+	13,278,557	Aaa
U.S. Treasury notes	47,272,315	N/A	36,759,536	N/A
TexasTERM	275,000,000	AAAf	35,000,000	AAAm
Total investments	<u>\$ 361,872,088</u>		<u>\$ 103,471,323</u>	

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, 2022 and 2021, 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 Capital Metro 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 invests in money market investments of high quality and low risk with the objective of capital preservation. As of September 30, 2022 and 2021, Capital Metro has no unfunded commitments relating to this investment. Investments in TexasDAILY 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 Capital Metro’s assets and liabilities measured at fair value:

	2022			
	Fair Value	Level 1	Level 2	Level 3
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)	<u>275,000,000</u>			
Total Investments	<u><u>\$ 361,872,088</u></u>			
	2021			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Commercial paper	\$ 18,433,230	\$ -	\$ 18,433,230	\$ -
Federal agency notes	13,278,557	-	13,278,557	-
U.S. Treasury notes	36,759,536	-	36,759,536	-
Total	<u>\$ 68,471,323</u>	<u>\$ -</u>	<u>\$ 68,471,323</u>	<u>\$ -</u>
Texas TERM (amortized cost)	<u>35,000,000</u>			
Total Investments	<u><u>\$ 103,471,323</u></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, 2021 and 2020. 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. 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, 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	-
	\$ 21,367,686	\$ -	\$ 8,608,530	\$ 11,379,471	\$ 1,379,685

	December 31, 2020				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 11 Years
Baird Funds Core Plus Bond Instl.	\$ 3,976,597	\$ -	\$ -	\$ 3,976,597	\$ -
Lord Abbett Invt TR Shrt Duration R6	3,046,408	-	3,046,408	-	-
Nuveen Preferred Securities	1,595,473	1,595,473	-	-	-
Vanguard Group Inflation Protected Security	1,524,696	-	-	1,524,696	-
Vanguard Total Bond Index Admiral Class	1,706,716	-	-	1,706,716	-
Government securities	3,779,929	1,772,964	257,521	1,559,635	189,809
Corporate bonds	5,546,919	187,597	1,757,346	3,589,610	12,366
	\$ 21,176,738	\$ 3,556,034	\$ 5,061,275	\$ 12,357,254	\$ 202,175

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
	2021	2020		
U.S. Treasury notes	\$ 3,951,431	\$ 2,388,432	AAA	Standard's & Poor
U.S. Government agency (Mortgage-backed security)	1,379,685	1,391,497	AA+	Standard's & Poor
Corporate bonds	68,050	175,851	AA+	Standard's & Poor
Corporate bonds	386,684	432,991	A+	Standard's & Poor
Corporate bonds	1,212,836	1,832,514	A-	Standard's & Poor
Corporate bonds	80,859	39,276	AAA	Standard's & Poor
Corporate bonds	132,278	199,909	AA	Standard's & Poor
Corporate bonds	260,064	222,508	AA-	Standard's & Poor
Corporate bonds	520,857	1,083,707	A	Standard's & Poor
Corporate bonds	1,067,389	1,449,848	BBB+	Standard's & Poor
Corporate bonds	40,903	110,315	BBB	Standard's & Poor
Fixed income mutual funds	12,266,650	11,849,890	not rated	n/a
Equity mutual funds	70,217,946	55,996,605	not rated	n/a
Grouped fixed annuity	4,491,381	3,451,276	not rated	n/a
Total	<u>\$ 96,077,013</u>	<u>\$ 80,624,619</u>		

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 uses 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.

Capital Metropolitan Transportation Authority
Notes to the Financial Statements—September 30, 2022 and 2021

2 – CASH AND CASH EQUIVALENT DEPOSITS AND INVESTMENTS, continued

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

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>

Description	December 31, 2020			Amount
	Level 1	Level 2	Level 3	
Corporate bonds and other	\$ -	\$ 5,546,919	\$ -	\$ 5,546,919
Government securities	-	3,779,929	-	3,779,929
Common stock	3,732,368	-	-	3,732,368
Fixed income mutual funds	11,849,890	-	-	11,849,890
Equity mutual funds	55,996,605	-	-	55,996,605
Money market funds	392,899	-	-	392,899
Total	<u>\$ 71,971,762</u>	<u>\$ 9,326,848</u>	<u>\$ -</u>	<u>81,298,610</u>
Group fixed annuity (amortized cost)				3,451,276
Total investments				<u>\$ 84,749,886</u>

3 – RECEIVABLES

Receivables at September 30, consist of the following:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 2,218,869	\$ 2,812,182
Due from Federal and other governments	982,268	23,612,613
Intergovernmental receivables-Project Connect	24,784,825	46,252,317
Sales and use tax	64,722,393	57,583,273
Allowance for doubtful accounts	(174,208)	(185,079)
Total receivables	<u>\$ 92,534,147</u>	<u>\$ 130,075,306</u>

4 – ACCRUED EXPENSES

Accrued expenses at September 30, consist of the following:

	<u>2022</u>	<u>2021</u>
Accrued accounts payable	\$ 58,977,435	\$ 19,394,780
Worker’s compensation self-insurance	75,000	75,000
Accrued other	8,365,511	9,783,929
Total accrued expenses	<u>\$ 67,417,946</u>	<u>\$ 29,253,709</u>

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. Total accrued expenses at September 30, 2021, consists primarily of approximately \$5.0 million for capital projects, \$19.7 million related to purchased transportation services, and \$4.6 million for other services.

5 – DESIGNATED AND RESERVE POLICY

Certain asset balances are designated through Board directives for specific uses. During FY2010, Capital Metro 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 Capital Metro 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, 2022, the fiscal 2022 budget identified that \$53.1 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. As of September 30, 2021, \$43.1 million was allocated to the statutory operating reserve, \$21.5 million for a budget stabilization reserve, and \$1.4 million to the self-insurance reserve.

Capital Metropolitan Transportation Authority
Notes to the Financial Statements—September 30, 2022 and 2021

6 – LEASES

Effective October 1, 2020, CapMetro adopted GASB issued Statement No. 87, *Leases*. The primary objective of this Statement is to improve accounting and financial reporting for leases by governments. The effects of adopting GASB Statement No. 87 were as follows:

	<u>As previously Reported</u>	<u>GASB Impact</u>	<u>Restatement</u>
Prepaid transit expense and other	2,972,674	(1,635,417)	1,337,257
Lease assets:			
Land and buildings, net of depreciation	-	8,478,900	8,478,900
Lease receivables	-	63,158,702	63,158,702
Current liabilities:			
Lease liability	-	1,203,708	1,203,708
Long-term liabilities:			
Other rent liability	581,423	(581,423)	-
Lease liability	-	7,275,193	7,275,193
Deferred inflow of resources –lease receivable	-	62,289,729	62,289,729
Operating expenses:			
Depreciation and amortization	50,552,475	1,170,197	51,722,672
Leases and other	5,662,001	(1,170,198)	4,491,803
Non-operating revenue (expenses):			
Other income, net	3,483,709	(1,661,565)	1,822,144
Rental income	-	2,530,536	2,530,536
Net position at the beginning of year	735,612,638	(1,053,994)	734,558,644
Change in net position	(3,998,621)	868,972	(3,129,649)

Lessee - Based on the executed lease agreement, the total lease assets and related amortization is listed on the Statement of Net Position as follows:

	<u>10/1/2021</u>	<u>additions</u>	<u>deletions</u>	<u>9/30/2022</u>
Lease assets				
Land	\$ 3,182,915	-	-	\$ 3,182,915
Building	6,466,182	-	-	6,466,182
Total lease assets	9,649,097	-	-	9,649,097
Less accumulated amortization				
Land	(68,428)	(64,407)	-	(132,835)
Building	(1,101,769)	(1,139,300)	-	(2,241,069)
Total accumulated amortization	(1,170,197)	(1,203,707)	-	(2,373,904)
Net Lease assets being amortized	<u>\$ 8,478,900</u>	<u>(1,203,707)</u>	<u>-</u>	<u>\$ 7,275,193</u>
Lease assets				
Land	\$ 3,182,915	\$ -	\$ -	\$ 3,182,915
Building	6,466,182	-	-	6,466,182
Total lease assets	9,649,097	-	-	9,649,097
Less accumulated amortization				
Land	-	(68,428)	-	(68,428)
Building	-	(1,101,769)	-	(1,101,769)
Total accumulated amortization	-	(1,170,197)	-	(1,170,197)
Net Lease assets being amortized	<u>\$ 9,649,097</u>	<u>\$ (1,170,197)</u>	<u>\$ -</u>	<u>\$ 8,478,900</u>

6 – LEASES continued

Lessee continued - The Authority did not report outflows as of September 30, 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, 2022, the Authority has no commitments under the leases before the commencement of the lease term. As of September 30, 2022, the principal and interest requirements are as follows:

Years	Principal	Interest	Total
2023	\$ 1,254,403	\$ 134,099	\$ 1,388,502
2024	1,306,247	108,538	1,414,785
2025	622,469	86,828	709,297
2026	398,913	78,215	477,128
2027	414,049	70,099	484,148
2028 - 2032	949,107	262,139	1,211,246
2033 - 2037	417,730	212,810	630,540
2038 - 2042	461,625	168,915	630,540
2043 - 2047	510,132	120,408	630,540
2048 - 2052	563,736	66,804	630,540
2053 - 2056	376,782	12,051	388,833
	<u>\$ 7,275,193</u>	<u>\$ 1,320,906</u>	<u>\$ 8,596,099</u>

Lessor – CapMetro is reporting lease receivable of \$63 million at September 30, 2022 and 2021. For the period ending September 30, 2022 and 2021, CapMetro reported lease revenue of \$1.8 million and \$1.9 million, respectively, and interest revenue of 640 thousand and 641 thousand, 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, 2022 and 2021.

7 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

The changes in long-term liabilities for the years ended September 30, 2022 and 2021 are as follows:

	Balance as of 9/30/2021	Additions	Reductions	Balance as of 9/30/2022	Due within one year
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
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>\$ 62,985,936</u>	<u>\$ 3,586,473</u>	<u>\$ (18,216,603)</u>	<u>\$ 48,355,806</u>	<u>\$ 5,012,348</u>

	Balance as of 9/30/2020	Additions	Payments	Balance as of 9/30/2021	Due within one year
Accrued vacation	\$ 1,452,036	\$ 3,334,898	\$ (937,627)	\$ 3,849,307	\$ 2,276,611
Accrued sick leave	705,655	1,867,159	(848,005)	1,724,809	757,769
Lease liability	9,682,608	-	(1,203,707)	8,478,901	1,203,708
OPEB liability	3,119,109	-	320,827	3,439,936	-
Pension liability	52,584,419	-	(7,091,436)	45,492,983	-
Total	<u>\$ 67,543,827</u>	<u>\$ 5,202,057</u>	<u>\$ (9,759,948)</u>	<u>\$ 62,985,936</u>	<u>\$ 4,238,088</u>

8 – COMMITMENTS

The Authority has a capital spending plan for projects for upcoming and future years. The Authority’s FY2022 and capital budget has appropriations of approximately \$146.4 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 \$80.5 million and \$39.8 million as of September 30, 2022 and 2021, respectively.

The Authority has executed purchase transportation contracts with various goods and services providers that have a remaining commitment totaling approximately \$320.3 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, 2022 and 2021 was \$6.3 million and \$6.4 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.

8 – COMMITMENTS, continued

Commitments for the programs are outlined below:

	<u>2022</u>	<u>2021</u>
BCT	\$ 199,386	\$ 386,176
Suburban Communities	7,987,374	305,996
Total commitment	<u>\$ 8,186,760</u>	<u>\$ 692,172</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 Capital Metro’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 are 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.

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.

8 – COMMITMENTS, continued

The outstanding hedging derivative instruments were evaluated for effectiveness at September 30, 2022. 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, 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.

As of September 30, 2021, the Authority had a total of 171 NY Harbor futures contracts at 42,000 gallons per contract and paid approximately \$4,874 for the execution of the trades. As of September 30, 2021, the Authority was hedged 86% and 57% for FY2022 and FY2023, 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, 2022, and 2021, the outstanding fuel risk management account is approximately \$0.272 million and \$1.1 million respectively, and related unrealized market gain of \$3.6 million in FY2022 and unrealized market loss of \$4.8 million in FY2021. The amount has been reported on the Statements of Position as a deferred outflow/inflow of resources fuel hedge. Diesel fuel futures contracts, which settled during FY2022 decreased diesel fuel cost by \$7.4 million whereas in FY2021 there was a decrease to diesel fuel cost of \$.029 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 million as September 30, 2022 and 2021, with its Broker as required by its Fuel Risk Management Program. At September 30, 2022 and 2021, \$1,272,000 and \$1,125,000, 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 service are based on a different index for the same products used for the futures contracts – OPIS vs. 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 \$21.4 million as of September 30, 2022 and \$26.1 million as of September 30, 2021 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 authority to amend the plan.

Contributions from the Authority totaled \$8,200 and \$27,008 in discretionary employer contributions for the years ended September 30, 2022 and 2021, 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 noncontributory 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 Capital Metro. The following table summarizes membership of the plan at January 1:

	<u>2022</u>	<u>2021</u>
Retirees and beneficiaries currently receiving benefits	143	136
Terminated plan members entitled to but not yet receiving benefits	279	272
Active plan members	443	314
	<u>865</u>	<u>722</u>

10 – DEFINED BENEFIT RETIREMENT PLANS, continued

The most recently available financial statement of the Plan is for the year ended December 31, 2021. 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

Participants become 100% vested upon completion of five years of service. Vesting period include periods prior to the effective date of the Plan computed as if the Plan had been in effect. The Plan also allow 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 Capital Metro's Board. Currently, plan members are not required to contribute. Capital Metro is making discretionary contributions based on the advice of the actuary and consistent with funding policy for the Plan.

Net Pension Liability

Capital Metro's net pension liability was measured as of December 31, 2021 and 2020, 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, 2021 and 2020 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 2021

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

FY 2020

Actuarial cost method	Entry age normal
Discount rate	5.39%
20-year Municipal Bond rate	1.73%
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 2021:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equities:	54.5%	
U.S. broad equity		6.60%
Large cap		6.50%
Small/mid cap		6.70%
Domestic fixed income	23.0%	1.75%
International equities:	14.0%	
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	8.5%	1.00%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2021 was 6.16%. 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 until 2064. 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 until 2064. Subsequent to 2064, the 20-year municipal bond rate of 2.07% was utilized in the calculation of the 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:

	2021	2020
Total pension liability:		
Service cost	\$ 3,718,343	\$ 3,545,963
Interest on total pension liability	3,452,874	3,061,945
Difference between expected and actual experience	(1,338,527)	2,513,864
Change in assumptions	(6,739,458)	(3,616,413)
Benefit payments/refunds of contributions	(1,535,273)	(1,391,896)
Net change in total pension liability	<u>(2,442,041)</u>	<u>4,113,463</u>
Total pension liability at beginning of year	<u>64,917,298</u>	<u>60,803,835</u>
Total pension liability at end of year (a)	<u>62,475,257</u>	<u>64,917,298</u>
Fiduciary net position:		
Employer contributions	3,605,170	3,261,231
Investment income net of investment expense	5,791,530	5,928,766
Benefit payments/refunds of contributions	(1,535,273)	(1,391,896)
Administrative expenses	(73,934)	(62,527)
Net change in fiduciary net position	<u>7,787,493</u>	<u>7,735,574</u>
Fiduciary net position at beginning of year	<u>45,554,310</u>	<u>37,818,736</u>
Fiduciary net position at end of year (b)	<u>53,341,803</u>	<u>45,554,310</u>
Net pension liability at end of year = (a) - (b)	<u>\$ 9,133,454</u>	<u>\$ 19,362,988</u>

10 – DEFINED BENEFIT RETIREMENT PLANS, continued

Sensitivity Analysis

The following presents the net pension liability of Capital Metro, calculated using the discount rate of 6.16% and 5.39% as of December 31, 2021 and 2020, as well as what Capital Metro’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:

	December 31, 2021		
	1%	Current	1%
	Decrease	Discount	Increase
	5.16%	Rate	7.16%
Net pension liability	\$ 18,283,549	\$ 9,133,454	\$ 1,550,244
	December 31, 2020		
	1%	Current	1%
	Decrease	Discount	Increase
	4.39%	Rate	6.39%
Net pension liability	\$ 29,423,556	\$ 19,362,988	\$ 11,073,994

Pension Expense

For the fiscal year ended September 30, (measurement dates December 31, 2021 and 2020 respectively), Capital Metro recognized the following pension-related expense:

Pension Expense (Income)	December 31	
	2021	2020
Service cost	\$ 3,718,343	\$ 3,545,963
Interest on total pension liability	3,425,874	3,061,945
Administrative expenses	73,934	62,527
Expected investment return net of investment expenses	(3,132,550)	(2,604,903)
Recognition of deferred outflows (inflows)		
Experience	641,424	893,027
Change in assumptions	(463,405)	803,410
Investment gains or losses	(1,700,911)	(1,227,806)
Pension expense	<u>\$ 2,562,709</u>	<u>\$ 4,534,163</u>

10 – DEFINED BENEFIT RETIREMENT PLANS, continued

Deferred Inflows and Outflows of Resources

As of September 30, 2022, and 2021 (measurement date of December 31, 2021 and 2020), the deferred inflows and outflows of resources are as follows:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 1,994,185	\$ 2,949,083
Changes of assumptions	2,597,716	4,373,167
Net difference between projected and actual earnings	-	-
Contributions made subsequent to measurement date	2,551,965	2,349,520
	<u>\$ 7,143,866</u>	<u>\$ 9,671,770</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ (1,139,543)	\$ (114,489)
Changes of assumptions	(944,018)	(3,182,874)
Net difference between projected and actual earnings	(11,709,928)	(4,012,398)
	<u>\$ (13,793,489)</u>	<u>\$ (7,309,761)</u>

Capital Metro reported \$2,551,965 as deferred outflow of resources resulting from contributions made subsequent to the measurement date and which are eligible employer contributions made from January 1, 2022 through September 30, 2022. 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:

2023	\$ (1,054,829)
2024	(2,745,839)
2025	(2,865,006)
2026	(2,050,214)
2027	(485,700)
	<u>\$ (9,201,588)</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 Capital Metro. Eligible participants are covered by the StarTran Plan. The following table summarizes membership of the plan at January 1:

	<u>2022</u>	<u>2021</u>
Retirees and beneficiaries currently receiving benefits	562	548
Terminated plan members entitled to but not yet receiving benefits	286	292
Active plan members	<u>123</u>	<u>137</u>
	<u><u>971</u></u>	<u><u>977</u></u>

The most recently available financial statements of the StarTran Plan are for the year ended December 31, 2021 and 2020. 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, 2021.

- 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 2021 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 17 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, 2021 and 2020, 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, 2021 and 2020 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, 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

10 – DEFINED BENEFIT RETIREMENT PLANS, continued

Measurement date: December 31, 2020

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-2020
	Disabled: PUB-2010 Amounts-Weighed Disabled Retirement mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2020

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, 2021:

Asset Class	Asset Allocation	Long-Term Expected Rate of Return
U.S. Large Cap Equity	35.00%	6.00%
U.S. Small Cap Equity	15.00%	6.50%
REITs	0.00%	0.00%
Non U.S. Develop Equity	15.00%	6.90%
Fixed Income	30.00%	2.50%
Emerging Markets Equity	5.00%	7.50%
	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total pension liability as of December 31, 2021 and 2020 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total pension liability:		
Service cost	\$ -	\$ -
Interest on total pension liability	4,099,153	4,214,154
Differences between expected and actual experiences	61,397	164,257
Change in assumptions	(165,449)	1,235,860
Benefit payments/refunds of contributions	(4,976,012)	(4,985,498)
Net change in total pension liability	<u>(980,911)</u>	<u>628,773</u>
Total pension liability at beginning of year	<u>65,512,725</u>	<u>64,883,952</u>
Total pension liability at end of year (a)	<u>64,531,814</u>	<u>65,512,725</u>
Fiduciary net position:		
Employer contributions	4,000,000	3,999,996
Investment income net of investment expense	4,931,204	5,303,601
Benefit payments/refunds of contributions	(4,976,012)	(4,985,498)
Administrative expenses	(219,226)	(220,001)
Net change in fiduciary net position	<u>3,735,966</u>	<u>4,098,098</u>
Fiduciary net position at beginning of year	<u>39,382,730</u>	<u>35,284,632</u>
Fiduciary net position at end of year (b)	<u>43,118,696</u>	<u>39,382,730</u>
Net pension liability at end of year = (a)-(b)	<u>\$ 21,413,118</u>	<u>\$ 26,129,995</u>

Sensitivity Analysis

The following presents the net pension liability of StarTran Plan calculated using the discount rate of 6.50% for December 31, 2021 and 2020, 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, 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
	<u>December 31, 2020</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	\$ 32,376,510	\$ 26,129,995	\$ 20,806,523

10 – DEFINED BENEFIT RETIREMENT PLANS, continued

Pension Expense

For the fiscal year ended September 30, 2022 and 2021 (measurement date of December 31, 2021 and 2020), Capital Metro recognized the following pension-related expense:

Pension Expense/(Income)	December 31, 2021	December 31, 2020
Interest on total pension liability	\$ 4,099,153	\$ 4,214,154
Administrative expenses	219,226	220,001
Expected investment return net of investment expenses	(2,521,644)	(2,341,691)
Recognition of deferred inflows/outflows of resources		
Change in assumptions	(165,449)	1,235,860
Recognition of demographic differences – current year	61,397	164,257
Recognition of investment gains or losses – current year	(1,454,019)	(874,373)
Pension expense	<u>\$ 238,664</u>	<u>\$ 2,618,208</u>

Deferred Inflows and Outflows of Resources

As of September 30, 2022, and 2021 (measurement date of December 31, 2021 and 2020), the deferred inflows and outflows of resources are as follows:

	2022	2021
Deferred Outflows of Resources		
Contributions made subsequent to measurement date	\$ 2,999,997	\$ 2,999,997
Differences between expected and actual experience	-	-
	<u>\$ 2,999,997</u>	<u>\$ 2,999,997</u>
Deferred Inflows of Resources		
Net difference between expected and actual earnings	<u>\$ (4,528,184)</u>	<u>\$ (3,572,645)</u>

Capital Metro 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, 2022 through September 30, 2022. 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:

	The Authority's Retirement Plan for Administrative Employees	The Authority's Retirement Plan for Bargaining Unit Employees of StarTran, Inc	Total
September 30, 2022			
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>
	The Authority's Retirement Plan for Administrative Employees	The Authority's Retirement Plan for Bargaining Unit Employees of StarTran, Inc	Total
September 30, 2021			
Net pension liability	\$ 19,362,988	\$ 26,129,995	\$ 45,492,983
Deferred outflows of resources, pension-related amounts	9,671,770	2,999,997	12,671,767
Deferred inflows of resources, pension-related amounts	(7,309,761)	(3,572,645)	(10,882,406)
Pension expense	4,534,163	2,618,208	7,152,371
Years ending September 30:			
2022	527,322	(972,108)	(444,786)
2023	995,385	(525,456)	469,929
2024	(695,625)	(1,482,699)	(2,178,324)
2025	(814,593)	(592,382)	(1,406,975)
	<u>12,489</u>	<u>(3,572,645)</u>	<u>(3,560,156)</u>

Capital Metropolitan Transportation Authority
Notes to the Financial Statements—September 30, 2022 and 2021

11 – CAPITAL ASSETS

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

	September 30, 2021	Additions	Retirements	Completed Projects	September 30, 2022
Capital assets not being depreciated:					
Land and improvement	\$ 71,535,284	-	-	7,625,330	\$ 79,160,614
Projects in process	38,216,729	66,131,474	(21,795,475)	(13,570,047)	68,982,681
Total capital assets not being depreciated	109,752,013	66,131,474	(21,795,475)	(5,944,717)	148,143,295
Depreciable capital assets:					
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	-	-	145,133	113,490,829
Leasehold improvement	391,483	-	-	-	391,483
Total depreciable capital assets	847,870,960	-	(1,355,868)	5,944,718	852,459,810
Less accumulated depreciation:					
Building and improvements	60,028,429	3,560,381	(36,498)	-	63,552,312
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
Leasehold improvement	118,188	78,299	-	-	196,487
Total accumulated depreciation	471,025,339	50,359,840	(1,350,721)	-	520,034,458
Depreciable capital assets, net	376,845,621	(50,359,840)	(5,147)	5,944,718	332,425,352
Total capital assets	\$ 486,597,634	\$ 15,771,634	\$ (21,800,622)	\$ 1	\$ 480,568,647

Depreciation and amortization expense was \$50.3 million for the year ended September 30, 2022. Capital Metro 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, 2021 were:

	September 30, 2020	Additions	Retirements	Completed Projects	September 30, 2021
Capital assets not being depreciated:					
Land and improvement	\$ 75,328,694	\$ -	\$ -	\$ (3,793,410)	\$ 71,535,284
Projects in process	70,779,761	29,214,329	-	(61,777,361)	38,216,729
Total capital assets not being depreciated	146,108,455	29,214,329	-	(65,570,771)	109,752,013
Depreciable capital assets:					
Building and improvements	110,184,798	-	(106,493)	(13,754,968)	96,323,337
Railroad	178,461,741	-	-	18,895,080	197,356,821
Buses and equipment	409,922,836	-	(20,898,700)	51,429,487	440,453,623
Passenger parking and stations	105,449,581	-	(1,066,482)	8,962,597	113,345,696
Leasehold improvement	352,908	-	-	38,575	391,483
Total depreciable capital assets	804,371,864	-	(22,071,675)	65,570,771	847,870,960
Less accumulated depreciation:					
Building and improvements	56,681,154	3,453,768	(106,493)	-	60,028,429
Railroad	133,576,435	6,591,460	-	-	140,167,895
Buses and equipment	184,987,012	34,643,509	(20,737,332)	-	198,893,189
Passenger parking and stations	67,097,395	5,786,725	(1,066,482)	-	71,817,638
Leasehold improvement	41,174	77,014	-	-	118,188
Total accumulated depreciation	442,383,170	50,552,476	(21,910,307)	-	471,025,339
Depreciable capital assets, net	361,988,694	(50,552,476)	(161,368)	65,570,771	376,845,621
Total capital assets	\$ 508,097,149	\$ (21,338,147)	\$ (161,368)	\$ -	\$ 486,597,634

Depreciation and amortization expense were \$50.6 million for the year ended September 30, 2021.

Capital Metro owns certain real properties and a mass transit easement, which are used for current rail operations and held for future mass transit purposes. Such property is listed at cost. CapMetro incurred an impairment of certain construction projects in the amount of \$21.7 million for the period ending September 30, 2022.

12 – CONTINGENCIES

Various claims have been asserted against Capital Metro from personal injuries involving Capital Metro property. Capital Metro plans to vigorously defend all allegations and no liability is reflected in the financial statements. Certain other claims 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.

Capital Metro 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. Capital Metro’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, 2022 and 2021 for workers’ compensation are \$25,000 per occurrence. At September 30, 2022 and 2021, there are no claims exceeding Capital Metro’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:

Workers’ Compensation Claims	2022	2021
Beginning of year liability	\$ 75,000	\$ 65,000
Current year claims and/or changes in estimates	(51,960)	65,092
Claim payments	51,960	(55,092)
End of year current year liability	<u>\$ 75,000</u>	<u>\$ 75,000</u>

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

Health and Dental Self-Insurance	2022	2021
Beginning of year liability	\$ 265,000	\$ 284,000
Current year claims and/or changes in estimates	6,287,036	5,413,157
Claim payments	(6,227,036)	(5,432,157)
End of year current year liability	<u>\$ 325,000</u>	<u>\$ 265,000</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, 2022 and 2021.

14 – OTHER POST EMPLOYMENT BENEFITS

Plan description: Capital Metro’s defined benefit OPEB plan, a single-employer, health care plan provides OPEB for eligible employees of the Authority. The plan is administered by Capital Metro and Capital Metro 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: Capital Metro provides a Medicare supplement insurance stipend to all eligible retired administrative employees of Capital Metro 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):

	2022	2021
Participants:		
Actives—fully eligible	29	7
Actives—not eligible	507	317
Retirees	35	26
Total	571	350

Total OPEB Liability

The Authority's total OPEB liability of \$3,417,623 was measured as of September 30, 2022 and \$3,439,936 was measured as of September 30, 2021 and was determined by an actuarial valuation as of September 30, 2022.

14 – OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

Actuarial methods and assumptions: The total OPEB liability in the September 30, 2022 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*.

Capital Metro did not perform an actuarial experience study for the actuarial assumptions used in the September 30, 2022 valuation.

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Net OPEB obligation, beginning	\$ 3,439,936	\$ 3,119,109
Changes for the year:		
Service cost	351,659	347,410
Interest	84,592	75,751
Differences between expected and actual experience	578,111	-
Changes in assumptions or other inputs	(939,525)	(24,575)
Contributions and payments made	(97,150)	(77,759)
Net changes	<u>(22,313)</u>	<u>320,827</u>
Net OPEB Obligation, ending	<u>\$ 3,417,623</u>	<u>\$ 3,439,936</u>

The total OPEB liability as of September 30, 2022 and 2021 assumes a discount rate of 4.02% and 2.26%, respectively.

14 – OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

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:

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

	September 30, 2021		
	1% Decrease	Discount Rate	1% Increase
	1.26%	2.26%	3.26%
Total OPEB liability	\$ 3,986,000	\$ 3,440,000	\$ 2,994,000

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:

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

	September 30, 2021		
	1% Decrease	Cost Trend Current	1% Increase
	Total OPEB liability	\$ 3,440,000	\$ 3,440,000

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.

14 – OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

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

For the years ended September 30, 2022 and 2021, the Authority recognized OPEB expenses of \$333,000 and \$341,000 respectively.

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

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 545,264	\$ -
Changes of assumptions/inputs	121,060	131,592
	<u>\$ 666,324</u>	<u>\$ 131,592</u>
Deferred Inflows of Resources		
Difference between expected and actual experience	\$ (265,555)	\$ (290,581)
Changes of assumptions/inputs	(1,556,292)	(738,122)
	<u>\$ (1,821,847)</u>	<u>\$ (1,028,703)</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:

Years ending September 30:	<u>2022</u>	<u>2021</u>
2023	\$ (103,000)	\$ (82,465)
2024	(103,000)	(82,465)
2025	(103,000)	(82,465)
2026	(103,000)	(82,465)
Thereafter	(743,523)	(567,251)
	<u>\$ (1,155,523)</u>	<u>\$ (897,111)</u>

CapMetro

Annual Comprehensive Financial Report
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)

	2022	2021	2020	2019	2018	2017
Total pension liability:						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,363
Interest on total pension liability	4,099,153	4,214,154	4,322,203	4,346,270	4,287,202	4,206,646
Differences between expected and actual experiences	61,397	164,257	32,703	(213,616)	(1,769,787)	1,878,042
Change in assumptions	(165,449)	1,235,860	1,279,922	2,453,043	3,305,720	934,709
Benefits payment/refunds of contributions	(4,976,012)	(4,985,498)	(4,910,211)	(4,668,156)	(4,540,291)	(4,221,793)
Net change in total pension liability	(980,911)	628,773	724,617	1,917,541	1,282,844	3,100,967
Total pension liability at beginning of year	65,512,725	64,883,952	64,159,335	62,241,794	60,958,950	57,857,983
Total pension liability at end of year (a)	\$ 64,531,814	\$ 65,512,725	\$ 64,883,952	\$ 64,159,335	\$ 62,241,794	\$ 60,958,950
Fiduciary net position:						
Employer contributions	\$ 4,000,000	\$ 3,999,996	\$ 3,999,996	\$ 4,000,556	\$ 4,004,599	\$ 4,005,413
Member contributions	-	-	-	654	4,578	5,417
Investment income net of investment expense	4,931,204	5,303,601	6,505,803	(2,411,068)	4,420,550	1,621,196
Benefit payments/refunds of contributions	(4,976,012)	(4,985,498)	(4,910,211)	(4,668,156)	(4,540,291)	(4,221,793)
Administrative expenses	(219,226)	(220,001)	(205,491)	(227,031)	(225,052)	(216,313)
Net change in fiduciary net position	3,735,966	4,098,098	5,390,097	(3,305,045)	3,664,384	1,193,920
Fiduciary net position at beginning of year	39,382,730	35,284,632	29,894,535	33,199,580	29,535,196	28,341,276
Fiduciary net position at end of year (b)	43,118,696	39,382,730	35,284,632	29,894,535	33,199,580	29,535,196
Net pension liability/(asset) at end of year = (a) - (b)	\$ 21,413,118	\$ 26,129,995	\$ 29,599,320	\$ 34,264,800	\$ 29,042,214	\$ 31,423,754
Fiduciary net position as a % of total pension liability	66.82%	60.11%	54.38%	46.59%	53.34%	48.45%
Pensionable covered payroll*	\$ 6,135,134	\$ 6,851,646	\$ 7,612,940	\$ 8,732,490	\$ 9,672,912	\$ 9,807,345
Net pension liability as a % of covered payroll	349.0%	381.4%	388.8%	392.4%	300.2%	320.4%

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.

**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
2013	\$ 2,685,614	\$ 4,264,824	\$ (1,579,210)	\$ 21,222,724	20.1%
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	4,000,000	3,999,996	4	-	*
2022	4,000,000	4,000,000	-	-	*

Methods and Used Assumptions to Determine Contribution Rates:

Valuation Date	January 1, 2022
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-2020.
Disabled	PUB-2010 Amounts-Weighted Disabled Retirement Mortality table for General Employees with generational Improvements from 2010 using Scale MP-2020.

* 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, Capital Metro is required to make the annual required contributions. Additionally, certain employees are eligible for unreduced retirement benefits while working for Capital Metro'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 Capital Metro. Capital Metro'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 Retirement Plan for Administrative Employees
Schedules of Changes in Net Pension Liability and Related Ratios
(UNAUDITED)

	2022	2021	2020	2019	2018	2017
Total pension liability:						
Service cost	\$ 3,718,343	\$ 3,545,963	\$ 2,938,855	\$ 2,793,032	\$ 2,964,773	\$ 2,087,251
Interest on total pension liability	3,452,874	3,061,945	2,694,810	2,445,407	2,235,084	1,863,897
Changes of benefit terms	-	-	-	-	-	2,054,914
Difference between expected and actual experience	(1,338,527)	2,513,864	1,231,398	720,052	(288,769)	(86,781)
Change in assumptions	(6,739,458)	(3,616,413)	5,792,670	(920,415)	3,035,050	209,630
Benefits payment/refunds of contributions	(1,535,273)	(1,391,896)	(1,117,525)	(932,072)	(916,317)	(892,937)
Net change in total pension liability	(2,442,041)	4,113,463	11,540,208	4,106,004	7,029,821	5,235,974
Total pension liability at beginning of year	64,917,298	60,803,835	49,263,627	45,157,623	38,127,802	32,891,828
Total pension liability at end of year (a)	<u>\$ 62,475,257</u>	<u>\$ 64,917,298</u>	<u>\$ 60,803,835</u>	<u>\$ 49,263,627</u>	<u>\$ 45,157,623</u>	<u>\$ 38,127,802</u>
Fiduciary net position:						
Employer contributions	\$ 3,605,170	\$ 3,261,231	\$ 3,046,377	\$ 2,692,422	\$ 3,106,829	\$ 1,974,973
Investment income net of investment expense	5,791,530	5,928,766	6,195,576	(1,941,101)	4,081,936	1,795,013
Benefit payments/refunds of contributions	(1,535,273)	(1,391,896)	(1,117,525)	(932,072)	(916,317)	(892,937)
Administrative expenses	(73,934)	(62,527)	(76,658)	(58,478)	(74,118)	(58,222)
Net change in fiduciary net position	7,787,493	7,735,574	8,047,770	(239,229)	6,198,330	2,818,827
Fiduciary net position at beginning of year	45,554,310	37,818,736	29,770,966	30,010,195	23,811,865	20,993,038
Fiduciary net position at end of year (b)	<u>53,341,803</u>	<u>45,554,310</u>	<u>37,818,736</u>	<u>29,770,966</u>	<u>30,010,195</u>	<u>23,811,865</u>
Net pension liability/(asset) at end of year = (a) - (b)	<u>\$ 9,133,454</u>	<u>\$ 19,362,988</u>	<u>\$ 22,985,099</u>	<u>\$ 19,492,661</u>	<u>\$ 15,147,428</u>	<u>\$ 14,315,937</u>
Fiduciary net position as a % of total pension liability	85.38%	70.17%	62.20%	60.43%	66.46%	62.45%
Pensionable covered payroll	\$ 38,516,483	\$ 28,185,358	\$ 24,700,473	\$ 22,758,461	\$ 20,966,199	\$ 22,195,764
Net pension liability as a % of covered payroll	23.71%	68.70%	93.06%	85.65%	72.25%	64.50%

Note to Schedule:

Changes in Assumptions and Methods Since the Last Actuarial Valuation

The discount rate for year-end disclosure was 6.16%.

The assumed 20-year municipal bond rate was 2.07%.

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 6.16% in accordance with GASB Nos. 67 and 68. The assumed rate of return was revised due to updated expectations.

**Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees
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
2013	\$ 1,393,056	\$ 1,393,490	\$ (434)	\$ 15,021,918	9.3%
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%

Note to Schedule:

Valuation date: December 31, 2021.
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	3.5%
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 2019-26, male and female, with separate rates for annuitants and non-annuitants (as prescribed by IRC 430).

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

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

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	4.02%
2021	2.26%
2020	2.21%
2019	2.66%

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.

CapMetro

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

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

	Retirement Plan for Administrative Employees		StarTran Retirement Plan		Total Fiduciary Funds	
	2021	2020	2021	2020	2021	2020
Assets						
Cash and cash equivalents	\$ 140,317	\$ 134,378	\$ 42,798	\$ 27,720	\$ 183,115	\$ 162,098
Receivables:						
Accrued interest and other dividends	-	-	47,668	55,774	47,668	55,774
Total receivables	-	-	47,668	55,774	47,668	55,774
Investments:						
Common stock	-	-	-	3,732,368	-	3,732,368
Corporate bonds and other	-	-	3,769,920	5,546,919	3,769,920	5,546,919
Domestic equity mutual funds	29,028,588	23,243,915	-	-	29,028,588	23,243,915
Fixed income mutual funds	12,266,650	11,849,890	-	-	12,266,650	11,849,890
Government Securities	-	-	5,331,116	3,779,929	5,331,116	3,779,929
Grouped fixed annuity	4,491,381	3,451,276	-	-	4,491,381	3,451,276
International equity mutual funds	7,476,204	6,901,657	-	-	7,476,204	6,901,657
Mutual funds	-	-	33,713,154	25,851,033	33,713,154	25,851,033
Money Market funds	-	-	238,796	392,899	238,796	392,899
Total investments	53,262,823	45,446,738	43,052,986	39,303,148	96,315,809	84,749,886
Total assets	53,403,140	45,581,116	43,143,452	39,386,642	96,546,592	84,967,758
Liabilities						
Accounts payable	45,000	27,690	24,756	3,912	69,756	31,602
Investment trades pending payable	16,337	16,535	-	-	16,337	16,535
Total liabilities	61,337	44,225	24,756	3,912	86,093	48,137
Net position held in trust for retiree benefits: restricted	\$ 53,341,803	\$ 45,536,891	\$ 43,118,696	\$ 39,382,730	\$ 96,460,499	\$ 84,919,621

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

	Retirement Plan for Administrative Employees		StarTran Retirement Plan		Total Fiduciary Funds	
	2021	2020	2021	2020	2021	2020
Additions:						
Contributions:						
Employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer	3,605,170	3,261,230	4,000,000	3,999,996	7,605,170	7,261,226
Total contributions	<u>3,605,170</u>	<u>3,261,230</u>	<u>4,000,000</u>	<u>3,999,996</u>	<u>7,605,170</u>	<u>7,261,226</u>
Investment income (loss):						
Interest and dividend income	3,746,907	1,373,270	690,716	648,484	4,437,623	2,021,754
Net appreciation in fair value of investments	2,089,927	4,597,017	4,376,220	4,781,727	6,466,147	9,378,744
Total investment earnings	5,836,834	5,970,287	5,066,936	5,430,211	10,903,770	11,400,498
Less Investment expenses	45,303	43,371	135,732	126,611	181,035	169,982
Total investment income	<u>5,791,531</u>	<u>5,926,916</u>	<u>4,931,204</u>	<u>5,303,600</u>	<u>10,722,735</u>	<u>11,230,516</u>
Total additions -- net	<u>9,396,701</u>	<u>9,188,146</u>	<u>8,931,204</u>	<u>9,303,596</u>	<u>18,327,905</u>	<u>18,491,742</u>
Deductions:						
Benefit payments	1,535,273	1,391,785	4,976,012	4,985,498	6,511,285	6,377,283
Administrative expenses	56,516	75,645	219,226	220,000	275,742	295,645
Total deductions	<u>1,591,789</u>	<u>1,467,430</u>	<u>5,195,238</u>	<u>5,205,498</u>	<u>6,787,027</u>	<u>6,672,928</u>
Change in net position	7,804,912	7,720,716	3,735,966	4,098,098	11,540,878	11,818,814
Net position held in trust for retiree benefits: restricted, at beginning of year	<u>45,536,891</u>	<u>37,816,175</u>	<u>39,382,730</u>	<u>35,284,632</u>	<u>84,919,621</u>	<u>73,100,807</u>
Net position held in trust for retiree benefits: restricted, at end 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>

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CapMetro

Annual Comprehensive Financial Report

Statistical Section

This section of Capital Metro'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 Capital Metro's overall financial condition.

Financial Trends

These schedules contain trend information to help the reader understand how Capital Metro's financial performance and well-being have changed over time. (Pages 73-74)

Revenue Capacity

These schedules contain information to help the reader assess Capital Metro's most significant local revenue source. (Pages 75-77)

Debt Capacity

This schedule presents information to help the reader assess the affordability of Capital Metro's current level of outstanding debt and the ability to issue additional debt in the future. (Pages 78-79)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which Capital Metro's financial activities take place. (Pages 80-81)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in Capital Metro's financial report relates to the services Capital Metro provides and the activities it performs. (Pages 82-88)

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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Position										
Total assets	\$1,151,429,337	\$924,328,151	\$850,601,772	\$736,412,006	\$687,181,390	\$631,671,906	\$581,284,435	\$549,866,540	\$483,139,154	\$456,513,478
Deferred outflow	10,810,187	12,803,359	17,371,589	14,287,246	9,416,391	11,040,533	14,502,678	13,394,914	-	-
Total liabilities	118,627,625	126,716,352	127,147,202	118,047,916	106,423,127	121,349,555	98,573,715	100,896,496	74,546,316	79,719,171
Unearned grant revenue	-	-	-	8,797,035	17,140,344	18,828,476	41,375,065	45,450,146	-	-
Deferred Inflow	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	463,299,671	482,756,290	503,897,131	455,646,696	403,270,271	356,182,839	292,329,115	282,032,104	287,038,610	286,448,356
Unrestricted	494,918,994	248,672,705	231,715,507	166,118,857	163,922,213	144,585,830	162,220,317	134,621,584	121,554,228	90,345,951
Total net position	<u>\$958,218,665</u>	<u>\$731,428,995</u>	<u>\$735,612,638</u>	<u>\$621,765,553</u>	<u>\$567,192,484</u>	<u>\$500,768,669</u>	<u>\$454,549,432</u>	<u>\$416,653,688</u>	<u>\$408,592,838</u>	<u>\$376,794,307</u>

Unaudited - see accompanying auditor's report

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Revenue										
Transportation fares	\$7,600,092	\$6,465,925	\$8,361,017	\$11,903,616	\$12,031,326	\$13,455,755	\$14,124,211	\$13,594,470	\$12,104,556	\$11,142,027
Contract revenue and fares	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	7,425,924
Rail - freight	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	5,030,110
Commuter rail	1,240,215	553,480	1,587,322	3,281,916	2,589,108	2,541,925	2,656,212	3,301,561	3,778,188	3,358,278
Total operating revenue	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	26,956,339
Operating Expenses										
Labor/fringe benefits (1)	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	27,550,575
Professional Services	37,012,140	29,696,493	23,521,469	18,360,137	19,113,196	18,619,086	19,249,051	21,697,474	25,298,173	20,701,207
Materials, excluding taxes (fuel and fluid)	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	18,250,925
Utilities	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	2,185,680
Insurance	407,338	2,663,563	386,174	640,414	1,279,723	517,691	681,159	2,321,705	1,748,556	2,461,415
Taxes	926,654	919,906	1,081,957	1,218,503	1,107,702	1,056,256	1,045,710	1,088,166	983,295	983,894
Purchased transportation (1)	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	103,479,414
Leases and other expenses	5,322,023	4,491,803	5,561,594	4,783,567	4,537,502	3,759,197	4,385,484	2,703,674	3,198,500	2,337,366
Interest expense	-	-	-	-	252,919	369,935	480,141	589,510	697,383	800,365
Depreciation	51,563,550	51,722,672	45,204,201	46,522,354	44,010,538	39,145,873	35,561,903	33,553,776	33,742,878	31,579,554
Total operating expenses	339,638,014	304,027,460	303,516,209	292,271,116	282,230,056	268,528,696	261,462,093	239,326,186	230,472,705	210,330,395
Operating Loss	(315,700,363)	(283,875,037)	(280,561,983)	(262,892,088)	(253,188,331)	(239,856,614)	(232,639,200)	(210,532,354)	(202,206,528)	(183,374,056)
Non-Operating Revenue (Expenses)										
Sales and use tax	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	179,022,794
Investment income	44,378	373,750	4,440,688	5,659,749	1,990,000	1,395,002	1,386,061	54,646	92,949	99,480
Rental income	2,543,687	2,530,536	-	-	-	-	-	-	-	-
Other income, net	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	2,282,734
Other federal grants	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	33,747,010
Capital Contribution - other jurisdictions	(646,229)	(18,229,137)	(4,497,317)	(420,730)	(542,830)	(57,160)	-	-	-	-
Build Central Texas Program	(4,946,290)	(243,000)	(148,510)	(570,966)	(409,978)	(2,927,158)	(180,544)	(563,293)	(756,097)	(1,808,588)
Mobility interlocal agreements	(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)	(7,764,324)
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)	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	205,579,106
Income (loss) before contributions	206,585,398	(16,336,566)	92,448,640	35,374,535	41,321,306	16,305,333	20,292,439	30,159,400	16,885,867	22,205,050
Capital contributions	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	22,564,793
Change in net position	\$226,789,670	(\$3,129,649)	\$113,847,085	\$54,573,069	\$68,763,277	\$46,219,237	\$37,895,744	\$38,990,398	\$31,798,531	\$44,769,843

(1) Capital Metro 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.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue										
Operating revenue:										
Transportation fares	\$7,600,092	\$6,465,925	\$8,361,017	\$11,903,616	\$12,031,326	\$13,455,755	\$14,124,211	\$13,594,470	\$12,104,556	\$11,142,027
Contract revenue and fares	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	7,425,924
Rail freight revenue	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	5,030,110
Commuter rail revenue	1,240,215	553,480	1,587,322	3,281,916	2,589,108	2,541,925	2,656,212	3,301,561	3,778,188	3,358,278
Total operating revenue	<u>23,937,651</u>	<u>20,152,423</u>	<u>22,954,226</u>	<u>29,379,028</u>	<u>29,041,725</u>	<u>28,672,082</u>	<u>28,822,893</u>	<u>28,793,832</u>	<u>28,266,177</u>	<u>26,956,339</u>
Non-operating revenue:										
Sales tax	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	179,022,794
Investment income	44,378	373,750	4,440,688	5,659,749	1,990,000	1,395,002	1,386,061	54,646	92,949	99,480
Grant income	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	56,311,803
Other Income	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	2,282,734
Total non-operating revenue	<u>594,587,097</u>	<u>366,958,444</u>	<u>409,263,309</u>	<u>329,419,255</u>	<u>328,573,511</u>	<u>293,058,620</u>	<u>272,424,769</u>	<u>252,428,104</u>	<u>239,736,860</u>	<u>237,716,811</u>
Total revenue	<u>\$618,524,748</u>	<u>\$387,110,867</u>	<u>\$432,217,535</u>	<u>\$358,798,283</u>	<u>\$357,615,236</u>	<u>\$321,730,702</u>	<u>\$301,247,662</u>	<u>\$281,221,936</u>	<u>\$268,003,037</u>	<u>\$264,673,150</u>

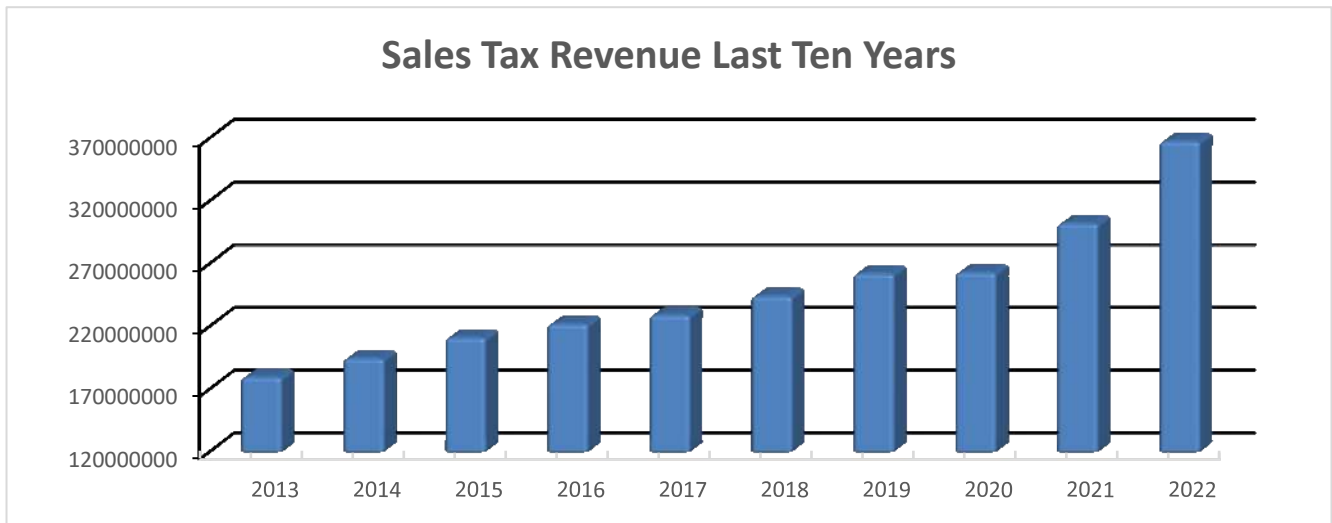
Unaudited - see accompanying auditors' report.

**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
2012	165,248,523		
2013	179,022,794	8.3%	8.3%
2014	193,818,456	17.3%	8.3%
2015	210,413,739	27.3%	8.6%
2016	221,298,639	33.9%	5.2%
2017	228,545,196	38.3%	3.3%
2018	243,571,292	47.4%	6.6%
2019	261,540,589	58.3%	7.4%
2020	262,434,630	58.8%	0.3%
2021	301,419,604	82.4%	14.9%
2022	366,924,492	122.0%	21.7%

Notes:

- (1) Sales tax revenue accounts for 59.4 % of revenue in FY 2022
- (2) Sales tax rate 1% since 1995
- (3) Base year for 2013 through 2022 is 2012



Unaudited - see accompanying auditors' report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Austin	325,799,331	\$271,427,655	\$237,947,136	\$239,726,640	\$223,315,718	\$210,339,780	\$203,818,257	\$195,031,837	\$180,714,534	\$167,830,291
Leander	10,554,918	9,567,029	7,780,850	6,037,488	5,133,277	4,575,949	4,132,318	3,443,493	2,957,311	2,586,120
Manor	2,425,038	2,044,747	1,624,939	1,344,004	1,155,286	1,068,012	998,823	818,330	716,592	526,223
Lago Vista	1,037,996	900,006	731,745	528,727	478,798	443,462	413,984	371,054	364,704	317,522
Jonestown	294,891	235,000	185,860	152,737	160,874	123,936	115,269	101,117	102,155	91,234
Volente	-	-	-	-	-	-	62,280	46,538	46,767	62,989
Point Venture	101,537	87,210	97,322	65,181	59,006	57,198	42,811	37,414	27,500	25,538
Unincorporated areas	26,710,781	17,157,957	14,066,778	13,685,812	13,268,333	11,936,859	11,714,897	10,563,956	8,888,893	7,582,877
Total	\$366,924,492	\$301,419,604	\$262,434,630	\$261,540,589	\$243,571,292	\$228,545,196	\$221,298,639	\$210,413,739	\$193,818,456	\$179,022,794

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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rail lease purchase	\$ -	\$ -	\$ -	\$ -	\$3,657,979	\$3,657,979	\$6,504,050	\$9,280,618	\$11,989,380	\$14,631,995
Long-term financing	-	-	-	-	10,550,000	10,550,000	12,525,000	14,460,000	16,355,000	18,210,000
Total debt	\$ -	\$ -	\$ -	\$ -	\$14,207,979	\$14,207,979	\$19,029,050	\$23,740,618	\$28,344,380	\$32,841,995
Per capita income (MSA)	\$ -	\$ -	\$ -	\$ -	\$53,908	\$53,908	\$51,566	\$51,014	\$49,001	\$46,241
Total debt/per capita income	\$ -	\$ -	\$ -	\$ -	\$264	\$264	\$369	\$465	\$578	\$710

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**

	Sales Tax Revenue	Operating Revenue	Operating Grants	Operating Expenses Net of Depreciation	Net Available Revenue	Principal Debt Payment	Coverage Ratio
2022	\$366,924,492	\$23,937,651	\$202,317,534	(\$288,074,464)	\$305,105,213	\$ -	-
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	(238,219,519)	87,815,845	14,207,979	6.18
2017	228,545,196	28,672,082	30,797,301	(229,382,823)	58,631,756	4,821,070	12.16
2016	221,298,639	28,822,893	29,172,453	(225,900,189)	53,393,796	4,711,568	11.33
2015	210,413,739	28,793,832	29,944,881	(205,772,410)	63,380,042	4,603,762	13.77
2014	193,818,456	28,266,177	28,569,256	(196,729,827)	53,924,062	4,497,615	11.99
2013	179,022,794	26,956,339	33,797,010	(178,750,841)	61,025,302	4,368,081	13.97
2012	165,248,523	25,381,904	15,643,959	(170,231,602)	36,042,784	2,758,158	13.07
2011	151,156,042	25,254,068	11,664,109	(160,951,327)	27,122,892	6,047,097	4.49
2010	141,867,771	28,234,434	20,119,207	(165,378,678)	24,842,734	3,431,556	7.24
2009	139,895,675	28,833,861	15,929,606	(166,631,430)	18,027,712	3,305,024	5.45
2008	154,156,602	20,572,296	12,341,231	(165,270,951)	21,799,178	3,183,158	6.85

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)
2013	841,649	1,883,901	88,950,627	47,216	5.2
2014	878,002	1,943,465	97,181,958	50,006	4.2
2015	899,119	2,002,591	103,244,100	51,555	3.4
2016	925,491	2,062,211	107,664,294	52,208	3.3
2017	946,080	2,115,230	117,458,116	55,530	3.1
2018	963,797	2,168,316	127,439,164	58,773	2.9
2019	980,880	2,187,161	138,028,065	63,393	2.6
2020	961,855	2,235,584	150,639,599	64,913	6.3
2021	975,321	2,298,224	163,778,682	71,300	3.5
2022	981,610	2,361,566	178,002,458	75,400	2.8

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

(1) Source : City Demographer, City of Austin, Planning Department based on full purpose area as of April 1 2022.

(2) Source: Bureau of Economic Analysis.

(3) Source: Bureau of Labor Statistics, United States Dept. of Labor as of September 30, 2022.

Unaudited - see accompanying auditors' report.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
PRINCIPAL EMPLOYERS**

		Fiscal Year Ended September 30						
		2022			2013			
10 Largest Employers	Industry	Rank	Employees	Percent of MSA Total (1)	Rank	Employees	Percent of MSA Total (1)	
State Government	Government	1	39,306	(2) 3.15%	1	36,948	4.14%	
The University of Texas at Austin	Education	2	29,597	(3) 2.37%	2	24,183	2.71%	
H-E-B	Retail	3	20,749	(7) 1.66%	8	11,277	1.26%	
City of Austin	Government	4	15,548	(5) 1.25%	4	12,372	1.39%	
Federal Government	Government	5	15,000	(4) 1.20%	7	10,500	1.18%	
Dell Computer Corporation	Computers	6	13,000	(7) 1.04%	3	14,000	1.57%	
Ascension Seton	Healthcare	7	12,086	(7) 0.97%	6	12,609	1.41%	
Amazon.com LLC	Retail	8	11,000	(7) 0.88%		-	0.00%	
St. David's Healthcare Partnership	Healthcare	9	10,854	(7) 0.87%	9	7,950	0.89%	
Austin Independent School District	Education	10	10,565	(6) 0.85%	5	11,465	1.29%	
IBM Corporation	Computers		-	0.00%	10	6,000	0.67%	
			<u>177,705</u>	<u>14.25%</u>		<u>147,304</u>	<u>16.51%</u>	

Notes:

- (1) Texas Workforce Commission - Total refers to a Metropolitan Statistical Area (MSA) employed work force of 1,247,000 for 2022 and 892,000 for 2013.
- (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 2022.
- (5) 2022-23 City of Austin Approved Budget, page 604 (Personnel Summary).
- (6) Texas Education Agency 2021-2022 Staff Information for AISD District Number 227901.
- (7) Austin Business Journal July 2022.

Unaudited - see accompanying auditor's report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Expenses										
Labor/fringe benefits	\$58,692,100	\$47,586,293	\$46,376,213	\$45,237,327	\$42,698,314	\$44,196,009	\$35,894,237	\$33,972,657	\$30,627,326	\$27,550,575
Services	37,013,140	29,696,493	23,521,469	18,360,137	19,113,196	18,619,086	19,249,051	21,697,474	25,298,173	20,701,207
Materials	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	18,250,925
Utilities	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	2,185,680
Insurance	407,338	2,663,563	386,174	640,414	1,279,723	517,691	681,159	2,321,705	1,748,556	2,461,415
Taxes	926,654	919,906	1,081,957	1,218,503	1,107,702	1,056,256	1,045,709	1,088,166	983,295	983,894
Purchased transportation	165,471,303	152,615,784	165,234,291	158,795,657	152,361,386	143,514,969	145,026,467	123,661,911	113,472,564	103,479,414
Other expenses	5,322,023	4,491,803	5,561,594	4,783,567	4,537,502	3,759,197	4,385,483	2,703,674	3,198,500	2,337,366
Interest expense	-	-	-	-	252,919	369,935	480,142	589,510	697,383	800,365
Depreciation	51,563,550	51,722,672	45,204,201	46,522,354	44,010,538	39,145,873	35,561,903	33,553,776	33,742,878	31,579,554
Total operating expenses	\$339,639,014	\$304,027,460	\$303,516,209	\$292,271,116	\$282,230,057	\$268,528,697	\$261,462,093	\$239,326,186	\$230,472,705	\$210,330,395
Non-Operating Expenses										
Build Central Texas	\$4,946,290	\$243,000	\$148,510	\$570,966	\$409,978	\$2,927,158	\$180,544	\$563,293	\$756,097	\$1,808,588
Mobility programs	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	7,764,324
Long-term mobility planning	23,365,670	66,749,749	6,699,699	3,895,780	-	-	-	-	-	-
Capital contributions - other jurisdictions	646,229	18,229,137	4,497,317	420,730	542,830	57,160	-	-	-	-
Impairment of assets	21,795,475	-	-	-	-	-	-	-	-	-
Total non-operating expenses	\$52,097,064	\$87,082,027	\$14,854,241	\$11,954,098	\$6,621,903	\$6,982,769	\$1,889,825	\$2,905,362	\$5,731,801	\$9,572,912

Unaudited - see accompanying auditor's report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating expenses										
Demand response directly operated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand response-purchased transportation	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	31,490,408
Demand response taxi cab	-	-	-	-	-	-	846,445	849,406	357,792	515,059
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus-purchased transportation	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	7,724,750
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus-purchased transportation	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	112,150,468
Commuter rail-purchased transportation	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	13,712,449
Vanpool-directly operated	-	-	-	-	-	-	-	-	365,156	2,137,476
Vanpool-purchased transportation	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	-
Total operating expenses**	\$282,041,553	\$236,624,615	\$229,551,099	\$234,119,569	\$226,716,324	\$217,144,248	\$216,681,388	\$195,578,018	\$185,479,257	\$167,730,610
Actual vehicle revenue miles										
Demand response directly operated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand response purch. trans.	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	4,487,043
Demand response taxi cab	-	-	-	-	-	-	146,782	149,625	111,189	122,604
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus purch. trans.	202,557	198,431	605,598	1,147,318	928,475	737,780	736,798	747,633	739,055	701,561
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus purch. trans.	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	12,801,955
Commuter rail purch. trans.	673,363	544,815	532,347	291,066	310,272	301,020	298,379	287,997	279,757	279,359
Vanpool-directly operated	-	-	-	-	-	-	-	-	338,077	1,132,983
Vanpool-purchased transportation	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	-
Total actual vehicle revenue miles	\$22,694,364	\$22,828,861	\$24,114,786	\$27,421,474	\$26,489,259	\$24,654,864	\$23,662,697	\$22,370,760	\$19,987,192	\$19,525,505

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

Unaudited - see accompanying auditors' report.

OPERATING STATISTICS LAST TEN YEARS, continued

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actual vehicle revenue hours										
Demand response directly operated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand response purch. trans.	402,807	397,986	414,642	404,492	385,547	396,660	382,088	367,735	333,772	314,473
Demand response taxi cab	-	-	-	-	-	-	6,725	7,043	5,598	5,187
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus purch. trans.	8,754	8,298	32,738	61,632	47,486	40,364	40,182	40,132	39,564	36,780
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus purch. trans.	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	1,020,612
Commuter rail purch. trans.	28,976	21,925	22,117	12,393	13,157	12,725	12,536	11,976	11,613	11,559
Vanpool-directly operated	-	-	-	-	-	-	-	-	12,754	42,089
Vanpool-purchased transportation	51,824	44,780	93,532	119,102	116,427	101,553	86,694	67,713	29,007	-
Total actual vehicle revenue hours	\$1,741,220	\$1,797,568	\$1,860,899	\$2,032,284	\$1,888,540	\$1,781,378	\$1,696,180	\$1,657,127	\$1,498,082	\$1,430,700
Annual unlinked trips										
Demand response directly operated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand response purch. trans.	748,851	487,924	550,702	706,989	694,632	650,696	656,476	647,054	613,590	592,042
Demand response taxi cab	-	-	-	-	-	-	25,902	28,678	19,730	20,144
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus purch. trans.	99,059	45,894	412,468	779,887	611,298	527,351	542,266	585,298	594,020	641,492
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus purch. trans.	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	34,124,841
Commuter rail purch. trans.	474,354	256,982	377,703	729,508	811,242	824,704	806,331	833,195	763,551	834,699
Vanpool-directly operated	-	-	-	-	-	-	-	-	65,624	219,902
Vanpool-purchased transportation	281,009	235,669	432,153	548,873	511,337	459,555	432,558	344,695	168,300	-
Total actual unlinked trips	\$20,413,810	\$16,815,879	\$22,702,466	\$31,078,414	\$29,507,786	\$29,759,398	\$29,724,895	\$34,700,250	\$34,201,334	\$36,433,120

Unaudited - see accompanying auditors' report

OPERATING STATISTICS LAST TEN YEARS, continued

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual passenger miles										
Demand response directly operated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand response purch. trans.	4,942,655	3,203,806	3,951,985	6,008,746	5,615,058	5,581,909	5,222,308	5,006,753	4,944,288	4,772,554
Demand response taxi cab	-	-	-	-	-	-	169,347	179,147	128,787	138,430
Express bus directly operated	-	-	-	-	-	-	-	-	-	-
Express bus purch. trans.	1,748,763	759,804	7,329,378	14,695,729	10,302,794	7,701,902	8,811,515	9,596,464	9,198,180	9,728,554
Motor bus directly operated	-	-	-	-	-	-	-	-	-	-
Motor bus purch. trans.	81,813,021	74,122,215	90,381,986	115,921,268	116,078,132	115,795,824	112,049,203	144,788,219	135,348,047	134,593,131
Commuter rail purch. trans.	6,415,639	3,044,287	5,491,355	11,187,645	12,269,528	13,034,972	13,241,488	13,491,230	12,006,789	13,281,938
Vanpool-directly operated	-	-	-	-	-	-	-	-	1,835,645	5,824,978
Vanpool-purchased transportation	12,859,050	11,511,477	17,430,461	20,766,873	19,572,510	16,720,887	14,763,768	10,508,902	4,485,538	-
Total actual passenger miles	\$107,779,128	\$92,641,589	\$124,585,165	\$168,580,261	\$163,838,022	\$158,835,494	\$154,257,629	\$183,570,715	\$167,947,274	\$168,339,585

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

Unaudited - see accompanying auditors' report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Capital assets not being depreciated:										
Land and Improvement	\$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	\$53,434,238
Construction in process	68,982,681	38,216,729	70,779,761	63,769,381	74,723,419	59,247,399	22,204,736	14,746,255	10,852,403	18,629,684
Total capital assets not being depreciated	148,143,295	109,752,013	146,108,455	133,658,892	134,412,964	118,414,265	78,842,326	68,180,493	64,286,641	72,063,922
Other Capital Assets:										
Building and equipment	96,456,829	96,323,337	110,184,798	105,726,911	86,079,657	84,692,633	84,264,315	86,235,633	86,388,814	84,498,819
Railroad	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	118,507,063
Buses and equipment	441,948,154	440,453,623	409,922,836	364,175,340	326,473,242	290,922,992	270,202,037	261,467,893	259,299,553	251,960,816
Passenger parking and stations	113,490,829	113,345,696	105,449,581	97,156,719	89,425,599	87,162,200	86,785,928	86,390,678	83,801,047	69,997,889
Leasehold improvements	391,483	391,483	352,908	-	-	-	-	-	-	82,198
Total other capital assets	852,459,810	847,870,960	804,371,864	734,878,189	651,007,495	602,421,634	577,174,812	557,518,705	552,010,160	525,046,785
Less: accumulated depreciation										
Building and equipment	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	38,230,502
Railroad	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	71,385,481
Buses and equipment	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	153,296,860
Passenger parking & stations	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	24,825,317
Leasehold improvements	196,487	118,188	41,174	-	-	-	-	-	-	82,196
Total accumulated depreciation	520,034,458	471,025,339	442,383,170	408,021,744	379,274,825	349,151,233	344,658,974	330,159,968	310,913,811	287,820,356
Total capital assets, net	\$480,568,647	\$486,597,634	\$508,097,149	\$460,515,337	\$406,145,634	\$371,684,666	\$311,358,164	\$295,539,230	\$305,382,990	\$309,290,351

Unaudited - see accompanying auditors' report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Employee Count										
Capital Metro - administration	565	579	503	495	504	463	428	443	447	407
Total Active Employees	565	579	503	495	504	463	428	447	407	384

Source: Capital Metro Human Resource Department.
Employee count includes 178; 187 and 122 part-time and temporary employees in 2020, 2021 and 2022, respectively

Unaudited - see accompanying auditors' report.

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

YEAR	PERCENTAGE	YEAR	PERCENTAGE
2015	9.92%	2019	9.90%
2016	10.69%	2020	6.50%
2017	10.60%	2021	5.70%
2018	9.90%	2022	5.90%

FARE STRUCTURE

	Local	Commuter	Para Transit
	MetroBus, UT Shuttle, MetroRapid, High Frequency Routes plus PickUp	MetroRail, MetroExpress	MetroAccess 1
Single Ride	\$1.25	\$3.50	\$1.75
Single Ride, Reduced ²	\$0.60	\$1.75	N/A
Grades K-12 students ⁴	FREE	FREE	FREE
Active/Reserve duty in uniform ²	FREE	FREE	FREE
Active/Reserve duty no uniform ²	Elig For reduced	Elig For reduced	Elig For reduced
Capital Metro Employees/Family	FREE	FREE	FREE
UT/ACC Students and Faculty ³	FREE	FREE	FREE
Passes and Tickets			
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 ⁵	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. The MetroAccess Single Ride tickets are not valid for any fixed route services or rail, however; the MetroAccess Monthly pass is valid for all bus and rail services.

2 To be eligible for a reduced fare, the individual must be a Senior 65+ years of age, Medicare qualified, Disability qualified, Para transit qualified. In addition, the individual is required to obtain a Capital Metro 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 Capital Metro to pay for student and faculty fares. Students and faculty are required to swipe their UT ID or 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 discount to qualified non-profit agencies. An enrollment process is required.

Unaudited - see accompanying auditors' report.