Annual Financial Report

AUSTIN TRANSIT PARTNERSHIP

September 30, 2024

A Component Unit of the City of Austin, Texas

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Board of Directors

Veronica Castro de Barrera, Board Chair

Mayor Kirk Watson, Board Member

John Langmore, Board Member

Juan Garza, Board Member

Jeffrey Travillion, Board Member

Dottie Watkins, Ex-Officio

Robert Goode, Ex-Officio

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
Austin Transit Partnership

Opinions
We have audited the financial statements of the governmental activities and each major fund of Austin Transit Partnership (ATP), a component unit of the City of Austin, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise ATP'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 governmental activities and each major fund of ATP, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ATP, 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.

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 ATP's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 ATP'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 ATP'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 Schedule of Revenues, Expenditures and Changes in Fund Balance–Budget to Actual–General Fund and the Schedule of Revenues, Expenditures and Changes in Fund Balance–Budget to Actual–Anti-Displacement Special Revenue Fund, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Austin, Texas
February 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

ATP Management's Discussion and Analysis ("MD&A") is designed to provide a narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2024. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished, as listed on the table of contents, financial statements, related footnotes and other supplementary information that is provided in addition to this MD&A.

Financial Highlights

ATP achieved several significant milestones in Fiscal Year 2024 to advance Austin Light Rail Phase 1. On January 19, the Federal Transit Administration (FTA) issued a Notice of Intent to prepare an Environmental Impact Statement (EIS), launching a 45-day public scoping period to gather input and assess potential impacts. ATP was recognized as an eligible and active grantee/direct recipient by the FTA in April 2024, and was granted entry into the Project Development phase of the Capital Investment Grant program by the FTA in May 2024. ATP submitted the construction in progress Grant preliminary evaluation and ratings package in accordance with FTA New Starts guidance in August 2024 demonstrating its continued commitment to advancing its projects. Another key milestone in FY24, was the successful solicitation of a Delivery Partner, an important step to successfully deliver the first phase of Austin Light Rail. The services provided by the Delivery Partner will support critical areas of the project, including project management, third-party management, and design and construction management.

- Assets exceeded liabilities at the close of the most recent fiscal year by $547.2 million as net position. $344.7 million of this amount is unrestricted, and may be used to meet ATP's ongoing obligations to citizens and creditors, in accordance with ATP's fund designation and fiscal policies (Table A-1).

- Total net position increased by $90.6 million from fiscal year 2023 operations (Table A-2).
- Operating expenses were $97.5 million for the year ended September 30, 2024 (Table A-2).
- Capital assets (depreciable and nondepreciable), net of depreciation, increased from $126.3 million to $155.3 million as of September 30, 2024 (Table A-1).
- Governmental funds reported combined ending fund balances of $397.8 million.
- The general fund unassigned fund balance is $108.8 million, or 132% of the general fund's expenditures. The special revenue restricted fund balance is $50.1 million or 111% of the special revenue fund's expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to ATP's basic financial statements. ATP's basic financial statements are comprised of 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-wide financial statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of ATP's financial status in a manner similar to a private-sector business. Both of these statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Statement of Net Position presents information on all of ATP's assets and liabilities, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, increases or decreases in net position could be one indicator of whether its financial health is improving or deteriorating. Other indicators of ATP's financial position should be taken into consideration, including the change in City of Austin's property tax base, as it directly affects ATP's Proposition A revenues, in order to more accurately assess ATP's overall financial condition.

The Statement of Activities presents information showing how ATP's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, like earned but unused compensated absences. The statement includes all current year revenues and expenses, and it focuses on both the gross and net costs of the ATP's various activities and, thus, summarizes the cost of providing specific programs.

The Statement of Net Position and Statement of Activities are prepared using the accrual basis of accounting, as opposed to the modified accrual basis, and include capital assets, accounts receivable and payable and long-term liabilities activity, which should be considered to assess the financial health of ATP.

The government-wide financial statements distinguish functions that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Interlocal Agreement revenues with the City of Austin (Proposition A funds) make up a majority of the local funding being used by ATP to fund the Austin Light Rail project.

Fund Financial Statements

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. ATP, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements, such as state law or bond covenants.

In fiscal year 2024, ATP had two governmental funds and no proprietary or fiduciary funds;

- **General Operating Fund:** ATP, as an entity, was created with a specific purpose: to oversee and finance the acquisition, construction, equipping and operations and maintenance for the rapid transit system; and finance the transit-supporting anti-displacement strategies related to Project Connect. This fund is used to track ATP's operating costs, including general and administrative costs directly related to the corporate office, and costs associated with the management and overseeing of the Project Connect rapid transit projects. They include labor, rent, utilities, computer software and maintenance, supplies, equipment, staff development and professional services. Also included are reimbursements to Capital Metro for certain reimbursable costs agreed to pursuant to Interlocal Agreements that have been entered into and reimbursements to the City of Austin for services provided through the Project Connect Office.
- **Anti-Displacement Fund:** This fund is a special revenue fund used to track monies dedicated to Project Connect's anti-displacement efforts. ATP funding approved on November 3, 2020, via Proposition A, included $300 million to prevent transportation investment-related displacement, and ensure people of different incomes can benefit from the transportation investment. Per an ILA between ATP and the City, funds will be provided to the City in the form of a Grant Agreement to provide funding on a reimbursement basis to administer and implement the Project Connect Anti-Displacement Programs. The City will use the funds:

- To acquire real property for transit supportive development that will preserve and/or increase the amount of affordable housing proximate to the transit corridors, or
- For financing tools and other anti-displacement strategies related to the implementation of Project Connect.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements—the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance—emphasize short-term financing of activities and the resources available for future spending. Such information may be useful in assessing a government’s near-term financing requirements. Capital assets and long-term liabilities are not reported in the governmental fund statements, as they are not current resources and uses of funds, nor are unavailable general revenues. Such information may be useful in evaluating a government’s near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions.

Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to Financial Statements

The notes to financial statements are an integral part of the government-wide and fund financial statements, and provide essential information necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

This MD&A, the Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget to Actual–General Fund, and the Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget to Actual–Anti-Displacement Special Revenue Fund represents financial information which provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Change In Net Position

As noted earlier, net position may serve, over time, as a useful indicator of an entity's financial position. The total net position of ATP increased $90.6 million for the year ended September 30, 2024.

Total asset balance is $562.3 million as of September 30, 2024, due primarily to general revenue from interlocal agreements and the construction-related activity, which includes the design phase of the Austin Light Rail project, along with the related project management of the projects.

Total liabilities balance is $15.1 million as of September 30, 2024, due primarily to accrued liabilities related to the ongoing construction in the amount of $10.0 million plus compensated absences and right to use assets in the amount of $4.9 million.

Statement of Net Position (Table A-1)

September 30, 2024

Assets	**2024**	**2023**
Current and other assets	$ 406,902,920	$ 361,373,352
Capital assets–nondepreciable	148,177,271	117,749,322
Capital assets–depreciable	7,194,190	8,582,864
Total assets	562,274,381	487,705,538
Liabilities:		
Accounts payable	10,090,234	20,543,656
Intergovernmental payable	-	5,704,573
Noncurrent liabilities	4,970,180	4,875,205
Total liabilities	15,060,414	31,123,434
Net position		
Net investment in capital assets	152,337,468	122,807,281
Restricted for anti-displacement activities	50,168,786	75,140,727
Unrestricted	344,707,713	258,634,096
Total net position	$ 547,213,967	$ 456,582,104

The following table represents the Statement of Activities, and reflects the change in net position for the year ended September 30, 2024. The change in net position is primarily due to intergovernmental revenue. The intergovernmental revenue is made up of an interlocal agreement with the City of Austin, which governs the transfer of the Proposition A funds, which provided for $146.7 million (net of the appropriated Anti-Displacement current fiscal year funding) for the General Fund. The interlocal agreement revenue listed in the agreement is inclusive of interest income. The total revenue was offset by expenses of $97.6 million.

Statements of Activities (Table A-2)
Year Ended September 30, 2024

Revenue	2024	2023
Program revenues	$ 20,000,000	$ 35,000,000
General revenues		
Interlocal agreement revenue	146,691,784	125,095,493
Investment income	20,993,607	14,694,299
Other service income	523,989	340,538
Total operating revenue	188,209,380	175,130,330
Expenses		
Austin Transit Partnership Services	32,114,132	28,659,020
Anti-displacement services	44,971,941	24,859,273
MetroRapid Pleasant Valley	4,202,110	12,632,190
Redline improvements	15,476,668	3,750,645
MetroRapid Expo Center	812,666	-
Total expenses	97,577,517	69,901,128
Change in net position	90,631,863	105,229,202
Net position at the beginning of year	456,582,104	351,352,902
Net position at the end of year	$ 547,213,967	$ 456,582,104

GOVERNMENTAL FUND FINANCIAL ANALYSIS

The focus of the ATP's general fund is to provide information on near-term inflows, outflows and balances of spendable resources.

As of the end of the current fiscal year, ATP's governmental fund reported ending fund balance of $397.8 in support of its overall mission. The General fund account for all financial resources for use by ATP, except for the dedicated funds for Anti-displacement. General Fund and the Special Revenue Fund total revenue exceeded total expenditures by $86.0 million and ($24.9) million, respectively. The increase in General Fund funds is attributable to lower-than-expected capital outlay, and Special Revenue Fund expenditures exceeded revenue due to the implementation of the anti-displacement program. The funding provided to the General Fund and Special Revenue Fund is generated through an interlocal agreement with the City. The fund balance includes $50.1 million as restricted for anti-displacement program, as required by the Interlocal Grant

Agreement between the City and ATP related to Project Connect Anti-Displacement Program Expenditures.

BUDGETARY HIGHLIGHTS

In the table below, budgeted revenues and expenditures are compared with actual figures (budgetary basis) for the current fiscal year. Revenue realized for fiscal year 2024 was slightly higher than budget. The majority of the variance between budget and actual for expenditures was due to spending on capital projects not occurring as quickly as anticipated.

Schedule of Revenues, Expenditures and Changes in Fund Balances–
Budget to Actual–General Fund
Year Ended September 30, 2024

	Final Budget	Actual Amounts	Variance
Total revenue	$ 167,000,000	$ 167,570,456	$ 570,456
Total expenditures	(211,093,382)	(82,531,402)	128,561,980
Change in fund balances	$ (44,093,382)	$ 85,039,054	$ 129,132,436

CAPITAL ASSETS

At the end of 2024, the ATP reported $148.2 million in construction in progress. See Note 5 for additional capital asset information. During the year ended September 30, 2024, ATP continued the design for the Austin Light Rail project.

LONG-TERM LIABILITIES

As of September 30, 2024, ATP's total outstanding liabilities of $4.9 million, consisted of lease payable and compensated absences of $3.0 million and $1.9 million, respectively. See Note 6 for additional long term liabilities information

FUTURE ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY2025 Budget reflects the continued effort of ATP's total commitment to advance the Austin Light Rail project, with a focus towards advancing design and engineering, collaborating with the community to ensure public input is incorporated into the design principles of the project and working with the Federal Transit Administration towards solidifying our partnership. ATP will continue to advance an integrated approach to Austin Light Rail design to advance the National Environmental Policy Act (NEPA) and Capital Investment Grant application process. The FY2025 Budget included expected revenue received through the interlocal agreement with the City of $172 million, of which 11.6%, or $20 million, was appropriated for transit-supportive anti-displacement investments. The FY2025 Budget included a capital spend plan of $116 million, of which 32.4%, or $37.6 million, was designated for administrative expenses associated with supporting the Austin Light Rail project and the other 67.6%, or $78.4 million, was designated for design, engineering and project management expenses associated with the advancement of the Austin Light Rail project.

CONTACTING ATP'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of ATP's finances, comply with finance-related laws and regulations and demonstrate ATP's commitment to public accountability. If you have any questions about this report, or would like to request additional information, contact the Austin Transit Partnership at 203 Colorado Street, Austin, Texas 78701.

BASIC FINANCIAL STATEMENTS

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Statement of Net Position
September 30, 2024

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	$ 42,382
Intergovernmental and other receivables	1,766,215
Prepaid expenses	112,480
Noncurrent assets:	
Investments	404,981,843
Capital assets–nondepreciable	
Construction in Progress	148,177,271
Capital assets–depreciable, net	
Furniture and fixtures	479,469
Intangible right to use-building lease	3,652,143
Leasehold improvements	1,304,172
Right-of-use asset–software	1,758,406
Total assets	$ 562,274,381
Liabilities	
Current liabilities:	
Accounts payable	$ 10,090,234
Noncurrent liabilities	
Due within one year	2,419,645
Due more than one year	2,550,535
Total liabilities	15,060,414
Net position	
Net investment in capital assets	$ 152,337,468
Restricted for anti-displacement activities	50,168,786
Unrestricted	344,707,713
Total net position	$ 547,213,967

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

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Statement of Activities
Year Ended September 30, 2024

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue and Change in Net Position
Functions/Programs					
Austin Transit Partnership Services	$ 32,114,132	$ -	$ -	$ -	$ (32,114,132)
Anti-displacement services	44,971,941	-	20,000,000	-	(24,971,941)
MetroRapid Pleasant Valley	4,202,110	-	-	-	(4,202,110)
Redline improvements	15,476,668	-	-	-	(15,476,668)
MetroRapid Expo Center	812,666	-	-	-	(812,666)
Total	$ 97,577,517	$ -	$ 20,000,000	$ -	(77,577,517)
General revenues					
Interlocal agreement revenue					146,691,784
Investment income					20,993,607
Other service income					523,989
Total general revenues					168,209,380
Change in net position					90,631,863
Net position at the beginning of year					456,582,104
Net position at the end of year					$ 547,213,967

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

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Governmental Funds Balance Sheet
September 30, 2024

	Major Funds		
	General Fund	**Special Revenue Fund**	**Total Governmental Funds**
Assets			
Cash and cash equivalents	$ 42,382	$ -	$ 42,382
Investments	354,202,253	50,779,590	404,981,843
Intergovernmental and other receivables	1,766,211	-	1,766,211
Prepaid expenses	1,406,670	-	1,406,670
Deposits held by others	112,480	-	112,480
Total assets	357,529,996	50,779,590	408,309,586
Liabilities			
Current liabilities:			
Accounts payable	9,479,430	610,804	10,090,234
Total current liabilities	9,479,430	610,804	10,090,234
Deferred Inflows of Resources			
Unavailable–other revenue	376,251	-	376,251
Fund Balances			
Nonspendable:			
Prepaids	1,406,670	-	1,406,670
Restricted for anti-displacement activities	-	50,168,786	50,168,786
Committed for Project Connect	83,779,809	-	83,779,809
Unassigned	262,487,836	-	262,487,836
Total fund balances	**347,674,315**	**50,168,786**	**397,843,101**
Total liabilities, deferred inflows of resources and fund balances	**$ 357,529,996**	**$ 50,779,590**	**$ 408,309,586**

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

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Reconciliation of the Governmental Funds Balance Sheet
to Governmental Activities Statement of Net Position
September 30, 2024

Total fund balances–governmental funds		$ 397,843,101
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Construction in Progress	148,177,271	
Furniture and fixtures	700,918	
Intangible right to use-building lease	7,383,746	
Leasehold improvements	3,741,440	
Right-of-use asset-software	3,503,614	
Accumulated depreciation/amortization	(8,135,528)	
		155,371,461
Adjustment to right-of-use asset for prepayment of the final year of lease payments		(1,406,666)
Unavailable revenues that meet the criteria for recognition in the Statement of Activities.		376,251
In governmental funds, long term liabilities are not reported because they are applicable to future periods. In the statement of net position, long term liabilities are reported.		
Lease and SBITA payable		(3,033,993)
Compensated absences		(1,936,187)
Total net position–governmental activities		$ 547,213,967

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

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances
Year Ended September 30, 2024

	Major Funds		
	General Fund	Special Revenue Fund	2024
Revenues			
City of Austin interlocal agreement	$ 146,388,368	$ 20,000,000	$ 166,388,368
Investment income	20,993,607	-	20,993,607
Other services	188,481	-	188,481
Total revenue	167,570,456	20,000,000	187,570,456
Expenditures			
ATP services:			
Professional services	14,698,106	-	14,698,106
Salary and benefits	10,923,522	-	10,923,522
Facilities	501,590	-	501,590
Materials and supplies	930,722	-	930,722
Other operating	1,103,579	-	1,103,579
Casualty and liability	52,373	-	52,373
Debt service:			
Principal on leases	1,472,434	-	1,472,434
Interest on leases	24,743	-	24,743
Anti-displacement services	-	44,971,941	44,971,941
MetroRapid Pleasant Valley	4,202,110	-	4,202,110
Redline improvements	15,476,668	-	15,476,668
MetroRapid Expo Center	812,666	-	812,666
Capital outlay	32,332,889	-	32,332,889
Total expenditures	82,531,402	44,971,941	127,503,343
Excess (deficiency) of revenues over (under) expenditures	85,039,054	(24,971,941)	60,067,113
Other financing sources			
Issuance of software agreements	981,522	-	981,522
Net change in fund balances	86,020,576	(24,971,941)	61,048,635
Fund balances at the beginning of the year	261,653,739	75,140,727	336,794,466
Fund balances at the end of year	$ 347,674,315	$ 50,168,786	$ 397,843,101

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

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities Change in Net Position
Year Ended September 30, 2024

Net change in fund balances–governmental funds		$ 61,048,635
Governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the current period.		
Capital outlay–Project Connect	30,427,949	
Capital outlay–Property and Equipment	1,904,940	
Depreciation expense	(102,573)	
Amortization expenses–leases	(1,398,052)	
Amortization expense leasehold improvements	(847,118)	
Amortization expense right to use–software	(945,871)	
		29,039,275
Leases provide current financial resources to governmental funds while the repayments of the principal consumes the current financial resources of the governmental funds. The amounts of the net effect of these differences in the treatment of leases and related items.		
Principal payments on lease		1,472,434
Prepaid lease payments for right to use asset		508,097
Lease proceeds		(981,522)
Change in unavailable revenues that meet the criteria for recognition in the statement of activities		130,831
The effect of long term obligations including compensated absences		(585,887)
Change in net position–governmental activities		$ 90,631,863

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Organization

Reporting Entity: Austin Transit Partnership (ATP), a component unit of the City of Austin, Texas (the City), was created on December 18, 2020, pursuant to action taken by the City and the Capital Metropolitan Transportation Authority (Capital Metro). ATP was incorporated under the provisions of Subchapter D, Chapter 431, of the Texas Transportation Code, Chapter 394, of the Texas Local Government Code and Chapter 22, of the Business Organizations Code. ATP was established to complete Project Connect, a high-capacity transit system that ATP will design, construct and implement in a manner independent of the City of Austin and Capital Metro. ATP will contract with the Capital Metro to operate and maintain assets funded by ATP. As reflected in Article IV (1-8) of the Articles of Incorporation, ATP has broad authority to accomplish the functions discussed above. Further, as provided by Resolution 20201218-002 approved by the City Council and Resolution AI-2020-1399 as approved by the Capital Metro board of directors, ATP and its corporate existence shall continue until the ATP board has determined by resolution that all its liabilities and bonds have been paid in full, or such liabilities and bonds have otherwise been discharged, and the purpose for which ATP was formed has been substantially met.

ATP is governed by a five-member board of directors, consisting of one representative each from the City Council and Capital Metro board of directors, and three community expert members appointed jointly by the City and Capital Metro.

ATP is presented as a discretely presented component unit of the City (legally separate from the City).

Note 2. Summary of Significant Accounting Policies

This summary of significant accounting policies of ATP is presented to assist in understanding ATP's financial statements. The financial statements and notes are representations of ATP's management, who is responsible for its integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB).

Basis of presentation: The government-wide financial statements (Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of ATP. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include anti-displacement program (1) revenue generated through an interlocal agreement with the City and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The interlocal agreement revenues with the City which is not restricted for a specific program, Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement focus/basis of accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, ATP considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures, such as compensated absences, claims and judgments ,are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Intergovernmental revenue associated with the current fiscal period are considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period, except to the extent amounts are not collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by ATP. Charges for services consist of rental revenue and security services revenue which are recognized when earned.

Intergovernmental revenue–As part of an Interlocal Agreement between the City and ATP, and pursuant to the Ballot Proposition put forth before the voters on November 3, 2020, $0.0875 of the fiscal year 2021 voter approved tax rate of $0.5335, per $100 value, was appropriated and transferred to ATP to be used as a dedicated funding source for the ATP (such revenue is hereinafter referred to as the “Project Connect Tax Revenue”). Future year Project Connect Tax Revenue allocations are determined pursuant to the Interlocal Agreement entered into with the City and are subject to appropriation by the Austin City Council. The Project Connect Tax Revenue is for the development and implementation of Project Connect, including funding for transit-supportive anti-displacement strategies, and for the purpose of providing funding for a fixed rail system. The amount of intergovernmental revenue from the City totaled $166.4 million for 2024. Subject to the Interlocal agreement between the City and ATP, ATP is required and funded $20 million for support of the anti-displacement program consistent with the Plan Allotment Schedule outlined In the interlocal agreement .

Interlocal agreement expenditures–As part of an Interlocal Agreement executed with the City of Austin, the City has agreed to provide ATP with professional technical services, as necessary, to assist with the execution and implementation of Project Connect through their Project Connect Office. At September 30, 2024, ATP Interlocal Agreement expenditures with the City totaled $3.3 million for General Fund operations and $45 million for anti-displacement strategies.

Governmental funds: The accounts of ATP are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions or commitments for which they are to be spent and the means by which spending activities are controlled.

ATP has the following major governmental funds:

General Fund – the general fund is the general operating fund of ATP, and its mission is to execution and implementation of Project Connect. The fund is used to account for all financial resources that have been committed to Project Connect, except those required to be accounted for in another fund.

Special Revenue Fund – the special revenue fund is used to account for financial resources restricted for transit supportive anti-displacement activities. The City began requesting reimbursement pursuant to the executed Grant Agreement in Fiscal Year 2024, which totaled $44.9 million.

Cash and cash equivalents: For financial statement purposes, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

Investments: ATP reports its investments at either fair value or amortized cost. Investments in local government investment pools are carried at fair value using net asset value (NAV). ATP carries all of its investments in U.S. government and agency debt securities at fair value unless the securities mature within 12 months of the date of purchase (short term securities). The short term securities are reported at amortized cost.

ATP participates in TexPool and the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS). Texas CLASS was created as a local government investment pool (LGIP), pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust), as Program Administrator, and UMB Bank, N.A., as Custodian.

The Texas Legislature authorized the State Treasurer to incorporate a special-purpose trust corporation in 1986, called the Texas Treasury Safekeeping Trust Company (Texas Trust). The Texas Trust created the Texas Local Government Investment Pool Prime (TexPool Prime) as a public funds investment pool. The operations of the State Treasury, including the Texas Trust, were merged with the State Comptroller of Public Accounts (State Comptroller). The administrative and investment services to TexPool Prime are provided by Federated Hermes, Inc. (Federated Hermes) under an agreement with the Texas Trust. ATP invests in TexPool, TexPool Prime and Texas CLASS to provide its liquidity needs. The external investment pools were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. The external investment pools are structured like money market mutual funds, and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are adjusted on a daily basis, and the funds seek to maintain a constant NAV of $1.00, although this cannot be fully guaranteed. The external investment pools are rated AAAm, and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2024, TexPool Prime, TexPool, Texas CLASS and Texas CLASS Government had a weighted average maturity of 38 days, 27 days, 34 days and 9 days, respectively. The external investment pools are not subject to limitations, penalties, or restrictions on withdrawals outside emergency conditions that make the sale of assets or determination of fund NAV not reasonably practical and, therefore, ATP considers holdings in these funds to have an effective weighted average maturity of one day.

In accordance with the Governmental Accounting Standard Board (GASB) Statement No. 79 *Accounting Standards Codification on Accounting and Financial Reporting for Certain Investments for External Investment Pools,* pool participants have the option to measure these investment pools at amortized cost rather than fair value if certain criteria are met. TexPool opted to report at amortized cost and Texas CLASS measure their investments at fair value using NAV.

Intergovernmental and other receivables: Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as accrued interest income, and balances due from intergovernmental revenues. Funds generated as part of an Interlocal Agreement between the City and ATP, and pursuant to the Ballot Proposition put forth before the voters on November 3, 2020, are restricted for use by ATP, and are all considered collectible by management. The City must remit designated interlocal revenue, as defined in the Agreement, to ATP by November

20, and the Agreement encompasses the designated ad valorem taxes collected through September 30 for the current fiscal year. As of September 30, 2024, intergovernmental receivables, accrued Interest receivable and other receivables totaled $393,791, $1,271,614 and $100,810, respectively.

Prepaid expenses: Prepaid expenses include prepaid rent and other miscellaneous prepaid expenses under operating agreements.

Capital assets: ATP's mission is to implement the Project Connect System Plan, as more particularly described in the City's Resolution No. 20200610-02, Capital Metro's Resolution No. AI-2020-1273, and further clarified as part of the Supplemental Agreement to the Joint Powers Agreement. To accomplish its mission, ATP may apply for grants and issue bonds to finance various activities related to the construction and renovation projects for Project Connect to which ATP will construct. All Project Connect construction projects are recorded and reflected on the Statement of Net Position.

Other capital assets purchased or acquired by ATP (equipment and vehicles) with a value over $5,000 are recorded at historical cost. Contributed assets are recorded at estimated acquisition value, as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred, including improvements, renovations and personal property included in lease agreements.

Subscription Based Information Technology Arrangements (SBITAs): SBITAs are defined as a contractual agreement that conveys control of the right-of-use (ROU) another entity's IT software (the underlying asset), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription for a SBITA is defined as the period during which a government has a noncancelable ROU an underlying asset, plus any applicable periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are not reasonably certain to be exercised.

SBITAs that have a maximum term of less than 12 months are considered short-term SBITAs. Short-term SBITA payments are recognized in the period of payment.

For long term SBITA, ATP recognizes a SBITA payable and an intangible ROU asset. At the commencement of the subscription term of a SBITA, the payable is recorded at the net present value of the future fixed payments, discounted at either the explicit interest rate in the agreement or ATP's incremental borrowing rate at contract inception. The ROU asset is initially recorded at the amount of the SBITA liability, plus any prepayments, less incentives received prior to contract/subscription commencement. The ROU asset is amortized on a straight-line basis over the term of the subscription term.

Leases: In accordance with GASB Statement No. 87, *Leases,* which defines ATP's criteria for the reporting of leasing arrangement as the ROU an underlying asset as a Lessor or Lessee.

As lessee, ATP recognizes a lease liability and an intangible ROU lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset as defined by the Standard. The ROU 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. ATP calculates the amortization of the discount on the lease liability and report that amount as outflows of resources.

As a lessee or lessor, ATP 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, ATP recognizes short-term lease payments as outflows of resources (expenses) 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.

Depreciation and amortization on capital assets and ROU asset will be calculated on the straight-line method over the following estimated useful lives.

Assets	Governmental Activities
Furniture, fixtures and equipment	5-7
Leases and improvements	4-5
Right-of-use assets	2-3

Deferred outflows/inflows of resources: In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until then. ATP does not have any qualified items that should be reported in this category in the government-wide Statement of Net Position for fiscal year 2024.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s), and so will not be recognized as an inflow of resources (revenue) until that time. ATP balances that qualified as deferred inflows at the Governmental Fund Balance Sheet are Intergovernmental revenues in the amount of $304,000 and $72,000 in miscellaneous revenue and no Items In this category in the government-wide Statement of Net Position for fiscal year 2024.

Long-term obligations: In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. As of fiscal year 2024, outstanding long-term liabilities consist of lease and SBITA payable and compensated absences. As stipulated in ATP's Articles of Incorporation, ATP will be issuing bonds to finance the various cost with implementing the Austin Light Rail project of Project Connect.

Compensated leave: Substantially all employees of ATP 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 government-wide statements. Earned and vested sick leave for ATP administrative employees has been accrued at a maximum of 240 hours for those employees with five continuous years of service. The liabilities and expenditures are reported on the modified accrual basis in the governmental fund financial statements.

Defined Contribution Plans: Effective June 25, 2024, a spinoff occurred and a portion of the Capital Metropolitan Transportation Authority Retirement and Savings Plan, originally effective April 1, 1985, in which Austin Transit Partnership Local Government Corporation began participating effective February 12, 2021, representing the accounts of the Participants who are Employees of Austin Transit Partnership Local Government Corporation, was transferred to the Austin Transit Partnership Retirement and Savings Plan (401k Plan). This 401k Plan is a Grandfathered Profit Sharing/401(k) Plan.

Effective June 25, 2024, ATP also adopted the Austin Transit Partnership 457(b) Plan ("the 457 Plan"), an eligible deferred compensation plan within the meaning of Section 457(b) of the Internal Revenue Code of 1986, as amended, of a State or local government as described in Code Section 457(e)(1)(A), that meets the requirements of Code Section 401(a)(37), originally by Austin Transit Partnership Local Government Corporation.

ATP's 401(k) Plan covers all full time employees and certain part time employees as defined by the Plan document. All full time employee shall be eligible to participate in the 457 Plan and defer compensation immediately upon becoming employed by ATP.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments' earnings. ATP provides for discretionary employer contribution to the 401k Plan and the 457 Plan. The 401k Plan also allows for an executive employer contribution as a specified dollar amount as required by the Participant's employment agreement. The employer discretionary contributions are required to be applied in a uniform manner for all eligible Participants for the Plan Year.

The 401k Plan allows loans to participants. All current participants matching contributions and employer contributions made to the 401k Plan vest over a three years at 33% per year, or the employee's vesting percentage increases to 100% if, while employed with the employer, the employee become disabled or death. Under the 457 Plan vested interest in account balance shall be at all times 100%.

The Authority's designated Plan Administrator administers the 401k Plan and 457 Plan. ATP maintains the right to amend the plans. Contributions from ATP totaled $797,718 in discretionary employer contributions for the year ended September 30, 2024

Income taxes: ATP is an instrumentality of the state of Texas. As such, income earned in the exercise of its essential government functions is exempt from federal income taxes. However, ATP has been established as public charity under the Internal Revenue Code (IRC) Section 501(c) (3), and is required to annually file with the Internal Revenue Service.

Net position: In the government-wide financial statements, net position represents the difference between total assets and total deferred outflows of resources and total liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

> *Net Investment in Capital Assets* – is intended to reflect the portion of net position which are associated with capital assets net of accumulated depreciation, right-to-use assets net of accumulated amortization, less outstanding capital assets related debt, net of unspent bond and issuance of debt and deferred refunding losses and gains.
>
> *Unrestricted Net Position* – have no third-party limitations on their use. While ATP management may have categorized and segmented portions for various purposes, the ATP board has the unrestricted authority to revisit or alter these managerial decisions.
>
> *Restricted net position***:** Restricted net position consists of net position with constraints placed on their use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net position is a balance that is not restricted or part of net investment in capital assets.

Fund balance: As prescribed by (GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance classifications are based primarily on the extent to which ATP is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances are classified as follows:

> *Nonspendable:* Assets that are legally or contractually required to be maintained or are not in spendable form, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
>
> *Restricted*: Assets with externally imposed constraints, such as those mandated by creditors, grantors, contributors, or laws and regulations. Restricted fund balance as of September 30, 2024, includes the funds for transit supportive anti-displacement strategies to be implemented by the City's Housing and Planning

Department, as required per the ballot language approved by voters, and the funds to be used for construction of Project Connect capital projects.

Committed: Amounts that can be used only for the specific purposes determined by a formal action, by way of board resolution, of ATP board of directors (ATP's highest level of decision-making authority).

Assigned: Comprises amounts that are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed. The Board of Directors have the authority to assign specific amounts for specific purposes.

Unassigned: This is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

ATP's policy is to fund outlays for a particular purpose from unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. ATP considers committed fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Interfund Revenues, Expenditures: Transactions between funds are treated as revenues, or expenditures if they involved external parties external in the funds involved. Transactions between funds that constitute reimbursements for expenditures are recorded as expenditures in the reimbursing fund and as reductions of the expenditure in the fund that is reimbursed. In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements.

Use of estimates: Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates employed.

Note 3. Cash and Cash Equivalents

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes ATP to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal and liquidity; addresses investment diversification, yield and maturity; and addresses the quality and capability of investment personnel. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code. ATP's Investment Policy was approved by the board of directors on December 13, 2023. As of September 30, 2024, the cash, cash equivalents and investments held consisted of cash deposits of approximately $42,000 .

Note 4. Investments

GASB Statement No. 72, addresses the accounting and financial reporting issues related to fair value measurements and defines fair value as the price that would be received when an asset is sold. ATP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other observable inputs; Level 3 inputs are unobservable inputs.

For U.S. Government and agency securities, ATP valued the securities using quoted prices in active markets for identical financial assets which ATP can access at September 30, 2024, or using other observable inputs provided by an independent third-party pricing service which utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. For the fixed income securities that do not trade on a daily basis, pricing applications apply available information as applicable through processes, such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing, to prepare evaluations. Certain external investment pools measure their investment at amortized cost which allows ATP to measure its investments in the pools at NAV per share provided by the Pool rather than fair value if certain criteria are met. Investment measured at NAV are excluded from fair value hierarchy reporting.

		Fair Value Measurements Using		
Investments at FV	Carrying Value	Level 1	Level 2	Level 3
Debt securities:				
United States government agencies	$ 88,877,900	$ -	$ 88,877,900	$ -
United States government treasuries	30,009,375	-	30,009,375	-
Total at FV	118,887,275	-	118,887,275	-

Investments measured at NAV	Carrying Value
TexPool	$ 60,195,371
TexPool Prime	84,477,109
TexasClass	14,340,071
TexasClass Government	37,861,210
Investment measured at amortized cost:	
United States government agencies	5,144,919
United States government treasuries	84,075,888
Total investments at amortized cost	286,094,568
	$ 404,981,843

Custodial credit risk and Concentration of credit risk: The custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its deposits, investment or collateral securities that are in the possession of an outside party. Concentration of credit risk is the loss attributed to the magnitude of a government's investment in a single issuer. ATP's Investment Policy requires diversification of its portfolio by investment types and requires any institution serving as a depository and/or safekeeping agent to enter into an agreement with ATP documenting the rights to the collateral in the event of default, bankruptcy, or closure. As of September 30, 2024, ATP's deposits are collateralized, and investments are held in trust and registered in the name of ATP. The Investment Pools are not subject to custodial credit risk. As of September 30, 2024, ATP held investments with more than 5% of the total portfolio in securities of the following issuers: Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and the United Stated Department of Treasury, which totaled 10.9%, 6.2% and 28.2%%, respectively, of the investment portfolio.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. ATP's policy indicates that a public funds investment pool must be continuously rated no lower than AAA, AAA-m, or at an equivalent rating by at least one nationally recognized rating service. At September 30, 2024, ATP balances held in TexPool, TexPool Prime and Texas CLASS are rated AAAm by Standard & Poor's. ATP investments in Federal Home Loan; Freddie MAC, Fannie Mae and Federal Farm Credit Bank are rated A-1+ and AAA.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. ATP's policy is to maintain its investment in external investment pools to allow for its liquidity needs. At September 30, 2024, TexPool Prime, TexPool; Texas CLASS; Texas CLASS Government have a dollar weighted average maturity of 38, 27, 34 and 9 days, respectively. The weighted average maturity of Treasury Obligations and Agency Securities is 285 days.

Note 5. Capital Assets

The non-depreciable capital assets reported on the Statement of Net Position reflects work-in-progress for the Orange and Blue light rail lines, as defined in the Project Connect System Plan. Capital Assets and work-in-progress are as follows as of September 30, 2024:

Capital Assets	October 1, 2023	Additions	Transfers Retirements	September 30, 2024
Capital assets not being depreciated:				
Land and Improvement	$ -	$ -	$ -	$ -
Construction in progress	117,749,322	30,427,949	-	148,177,271
Total capital assets not being depreciated	117,749,322	30,427,949	-	148,177,271
Depreciable Capital Assets:				
Furniture, fixtures and equipment	700,918	-	-	700,918
Intangible right-of-use-building lease	7,383,746	-	-	7,383,746
Leasehold improvements	3,741,440	-	-	3,741,440
Right-of-use asset–software	1,598,674	1,904,940	-	3,503,614
Total depreciable capital assets	13,424,778	1,904,940	-	15,329,718
Less: accumulated depreciation and amortization				
Accumulated depreciation furniture and fixtures	(118,876)	(102,573)	-	(221,449)
Accumulated amortization intangible leases	(2,333,551)	(1,398,052)	-	(3,731,603)
Accumulated amortization leasehold improvements	(1,590,150)	(847,118)	-	(2,437,268)
Accumulated amortization right-of-use–software	(799,337)	(945,871)	-	(1,745,208)
Total accumulated depreciation and amortization	(4,841,914)	(3,293,614)	-	(8,135,528)
Total depreciable capital assets, net	8,582,864	(1,388,674)	-	7,194,190
Total capital assets	$ 126,332,186	$ 29,039,275	$ -	$ 155,371,461

As part of providing the Austin Transit Partnership services function, the total depreciation and amortization for the year ended September 30, 2024, is $3.3 million.

Note 6. Long-Term Liabilities

The following schedule summarizes total long-term liabilities for the year ended September 30, 2024:

Description	October 1, 2023	Additions	Retirements	September 30, 2024	Due Within One Year
Governmental Activities					
Lease payable	$ 3,524,905	$ -	$ (1,472,434)	$ 2,052,471	$ 1,517,162
Right-of-use–software payable	-	981,522	-	981,522	340,989
Compensated absences	1,350,300	585,887	-	1,936,187	561,494
Total long term liabilities	$ 4,875,205	$ 1,567,409	$ (1,472,434)	$ 4,970,180	$ 2,419,645

Note 7. Leases and Subscription-Based Information Technology Arrangements

ATP entered into sublease agreements for administrative space that have term dates through December 2026. Additionally, ATP entered into a SBITA for noncancellable software subscription to support its operations. As of September 30, 2024, the future minimum payment on these leases and SBITA agreements with related interest payments are as follows:

Fiscal year	Principal	Interest
2025	$ 1,783,244	$ 8,839
2026	925,972	25,954
2027	324,775	16,214
	$ 3,033,991	$ 51,007

As disclosed in the capital asset footnote, the total amount of intangible ROU assets on September 30, 2024, is $10,887,360, with the related accumulated amortization of

$5,476,811. As of September 30, 2024, ATP did not report outflows attributable to variable payments, residual value guarantees, or termination penalties payments not previously included in the measurement of the liability.

Note 8. Risk Management

ATP is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. ATP maintains separate policies for directors and officers, employment practice liability, crime and property.

ATP is listed as an additional covered party under Capital Metro's General Liability and Workers' Compensation policies. Any coverage/claim expenses will apply to Capital Metro as the named covered party. The policy is provided by a commercial insurer purchased from independent third parties and through the Texas Municipal League ("TML") Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool (the "Pool") is considered a self-sustaining risk pool that provides coverage for its members. The self-insurance retention levels provide up to $25,000 per occurrence for workers' compensation risks and up to $3,000,000 per occurrence for general liability risks.

Note 9. Governmental Accounting Standards

GASB Statement No. 100*, Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, issued June 2022, will be effective for ATP beginning with its fiscal year ending September 30, 2024, with earlier adoption encouraged. GASB 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. The adoption of this statement did not impact the financial statements.

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for ATP beginning with its fiscal year ending September 30, 2025, with earlier adoption encouraged. GASB 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. ATP is currently evaluating the impact the pronouncements will have on the financial statements.

GASB Statement No. 102 *Certain Risk Disclosures*, issued December 2023, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Based on the criteria outlined within the Statement, a government should disclose the information as required, which includes concentration or constraints or event associated with concentration of constraints that could have a substantial impact within 12 months of the date of issuance of the financial statements. The requirements are effective for fiscal years beginning after June 15, 2024. ATP is currently evaluating the impact the pronouncements will have on the financial statements.

Note 10. Commitments and Contingent Liabilities

Capital Metro and City of Austin Interlocal Agreement (ILA): ATP is designated as a joint local government corporation tasked with the responsibility to finance, design, build and implement the Project Connect System (Project Connect). To allow for the execution of Project Connect, ATP has executed various Interlocal Agreements with the City of Austin and Capital Metro.

Capital Metro ILA: In addition to the Pleasant Valley and Expo Center MetroRapid Line Interlocal Agreements previously entered into, in Fiscal Year 2023, ATP entered into a separate Interlocal Agreement with Capital Metro for the Red Line Improvements included in the Project Connect program, more specifically the Mckalla Station project which was completed in FY2024. ATP has an associated payable to Capital Metro of $2.1 million as of September 30, 2024.

City of Austin Anti-Displacement ILA: As listed in the Ballot measure approved by the voters, a major task of the project was to "…finance transit-supportive anti-displacement strategies related to Project Connect." An ILA was entered into with the City of Austin which requires for ATP to provide the City with $300 million for Project Connect Anti-displacement programs. The IAL allows for funds to be used on projects consistent with the Ballot measure approved by the voters which include, but are not limited to, implementing a displacement mitigation strategy, creating an Equity Assessment Tool and acquiring land in gentrifying areas to preserve and expand affordable housing. The funding is to be provided over the next 13 years as follows: in increments of $100 million in years 1-3, years 4-8 and years 9-13. ATP has a restricted fund balance of $50.2 million for its commitment to the Anti Displacement Program as of September 30, 2024. The City and ATP finalized the Project Connect Anti-Displacement Program Grant Reimbursement Procedures in FY24, and reimbursements totaled $44.9 million in FY2024.

City of Austin Project Connect Office ILA: In addition to the Anti-Displacement ILA that was entered into with the City, an additional ILA was entered with the City to provide support functions to ATP. The City agreed to provide ATP with the professional technical services necessary to assist with the design review and permitting for the Project Connect System Plan as part of the National Environmental Policy Act ("NEPA") environmental review process. The professional services covered the following areas: permitting, utility coordination, design, equity, real east and environmental in lieu of standard City permitting procedure. Throughout FY2024, a total of $3.3 million in professional services were incurred.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Schedule of Revenues, Expenditures and Changes in Fund Balance–
Budget to Actual–General Fund
Year Ended September 30, 2024

	Budget (Unaudited)			
	Original	Final	Actual Amounts	Variance
Revenue				
City of Austin interlocal agreement	$ 146,000,000	$ 146,000,000	$ 146,388,368	$ 388,368
Capital Metropolitan Transit Authority interlocal agreement	-	-	-	-
Other income	21,000,000	21,000,000	21,182,088	182,088
Total revenue	167,000,000	167,000,000	167,570,456	570,456
Expenditures				
ATP services				
Professional services	79,901,229	79,901,229	14,698,106	65,203,123
Salary and benefits	16,134,241	16,134,241	10,923,522	5,210,719
Facilities	602,823	602,823	501,590	101,233
Materials and supplies	1,102,760	1,102,760	930,722	172,038
Other operating	4,761,770	4,761,770	1,103,579	3,658,191
Casualty and liability	-	-	52,373	(52,373)
Debt service	-	-		
Principal	1,472,434	1,472,434	1,472,434	-
Interest	24,743	24,743	24,743	-
MetroRapid Pleasant Valley	9,790,673	9,790,673	4,202,110	5,588,563
Redline improvements	15,476,668	15,476,668	15,476,668	-
MetroRapid Expo Center	5,826,041	5,826,041	812,666	5,013,375
Neighborhood circulators	-	-	-	-
Capital outlay	76,000,000	76,000,000	32,332,889	43,667,111
Total expenditures	211,093,382	211,093,382	82,531,402	128,561,980
Change in fund balance	(44,093,382)	(44,093,382)	85,039,054	129,132,436
Fund balance at the beginning of the year	261,653,739	261,653,739	261,653,739	-
Fund balance at the end of year	$ 217,560,357	$ 217,560,357	$ 346,692,793	$ 129,132,436

Budgetary Information

ATP’s annual budget is prepared on a modified accrual basis and adopted by the Board of Directors each fiscal year. For the operating budget of the General Fund and the Antidisplacement Special Revenue Fund, budgetary control is set at the total annual appropriated budget. Operationally, the annual budget is segmented into smaller cost pools with individual appropriation controls in place to provide a greater level of budgetary checks. With respect to capital budgets, budgetary control is set at the total aggregate appropriation by project. In addition, project contingency accounting is used to control expenditures within available project funding limits. Prior to adoption, the proposed budget is presented to the Board of Directors, the Finance and Risk Advisory Committee, and posted on ATP's website. Adoption of the budget must be on or before September 30 of each year.

Austin Transit Partnership
(A Component Unit of the City of Austin, Texas)
Schedule of Revenues, Expenditures and Changes in Fund Balance–
Budget to Actual–Anti-Displacement Special Revenue Fund
Year Ended September 30, 2024

	Budget (Unaudited)			
	Original	**Final**	**Actual**	**Variance**
Revenue				
City of Austin interlocal agreement	$ 20,000,000	$ 20,000,000	$ 20,000,000	$ -
Total revenue	20,000,000	20,000,000	20,000,000	-
Expenditures				
Anti-displacement initiatives	51,500,000	51,500,000	44,971,941	6,528,059
Total expenditures	51,500,000	51,500,000	44,971,941	6,528,059
Change in fund balance	(31,500,000)	(31,500,000)	(24,971,941)	(6,528,059)
Fund balance at the beginning of the year	54,000,000	54,000,000	75,140,727	(21,140,727)
Fund balance at the end of year	$ 22,500,000	$ 22,500,000	$ 50,168,786	$ (27,668,786)

Budgetary Information

ATP's annual budget is prepared on a modified accrual basis and adopted by the Board of Directors each fiscal year. For the operating budget of the General Fund and the Antidisplacement Special Revenue Fund, budgetary control is set at the total annual appropriated budget. Operationally, the annual budget is segmented into smaller cost pools with individual appropriation controls in place to provide a greater level of budgetary checks. With respect to capital budgets, budgetary control is set at the total aggregate appropriation by project. In addition, project contingency accounting is used to control expenditures within available project funding limits. Prior to adoption, the proposed budget is presented to the Board of Directors, the Finance and Risk Advisory Committee, and posted on ATP's website. Adoption of the budget must be on or before September 30 of each year.