

AUSTIN UTILITIES
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023



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**AUSTIN UTILITIES
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YEAR ENDED DECEMBER 31, 2023**

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INTRODUCTION SECTION

**AUSTIN UTILITIES
ORGANIZATION SCHEDULE
DECEMBER 31, 2023**

Board of Commissioners

Term Expires

Kristin Johnson	President	December 31, 2024
Steve Greenman	Member	December 31, 2026
Jeanne Sheehan	Member	December 31, 2026
Tyler Hulsebus	Member	December 31, 2024
Jay Lutz	Member	December 31, 2024

Officers

Mark Nibaur	General Manager
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Austin Utilities
Austin, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Austin Utilities (the Utilities), a component unit of the City of Austin, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Utilities' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utilities as of December 31, 2023, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utilities 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 opinion.

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 Utilities' 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.

Auditors' 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 auditors' report that includes our opinion. 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 Utilities' 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 Utilities' 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.

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 Changes in the Utilities' Total OPEB Liability and Related Ratios, the Schedule of the Utilities' Proportionate Share of the Net Pension Liability, the Schedule of Utilities' Pension Contributions, and Note to Required Supplementary Information, as listed in the table of contents, 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 an opinion on the financial statements that collectively comprise the Utilities' basic financial statements. The Supplementary Combining Schedules of Revenues and Expenses and Supplementary Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 GAAS. In our opinion, the Supplementary Combining Schedules of Revenues and Expense, and Supplementary Schedules of Operating Expenses 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 report. The other information comprises introductory section, the Eight-Year Summary of Operations and Statistics, and the Utilities' annual report but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 April 4, 2024, on our consideration of the Utilities' 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 Utilities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utilities' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
April 4, 2024

REQUIRED SUPPLEMENTARY INFORMATION

**AUSTIN UTILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

FINANCIAL STATEMENTS OVERVIEW

This discussion and analysis of Austin Utilities' (the Utilities) performance provides an overview of the Utilities' activities for the year ended December 31, 2023. The information presented should be read in conjunction with the financial statements and the accompanying notes to the financial statements.

Austin Utilities follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

The statement of net position provides information about the nature of assets, deferred outflows of resources, obligations (liabilities), deferred inflows of resources, and net position of Austin Utilities as of the end of the year. The statement of revenues, expenses, and changes in net position reports revenues and expenses for the current year. The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, noncapital related, capital, and related financing activities, and investing activities.

FINANCIAL HIGHLIGHTS

- The net position of Austin Utilities at the close of 2023 was \$63,613,894. This is an increase of \$4,751,731 over net position balance at the close of 2022.
- By far the largest portion of Austin Utilities net position reflects its investment in capital assets (e.g., buildings, structures and improvements, station equipment, distribution lines and distribution mains, meters, furniture and equipment, transportation equipment, power operated equipment, and communication equipment), less the related debt used to acquire those assets that is still outstanding. Austin Utilities uses the capital assets to provide services to our customers: consequently, these assets are not available for future spending.
- Cash flows from operations covered plant needs whereas capital outlay for 2023 totaled \$5,872,763, including construction work in progress completed in 2023. The electric department had capital outlay of \$3,029,659 which included outlays for substation improvements, line transformers, meters, load management devices, new services, developments, line extensions, and conversions. The water department had capital outlay of \$1,802,392 which included \$843,104 for main extensions, replacements, and hydrants and \$959,288 for meters. The gas department had a capital outlay of \$683,016 which included \$134,331 for mains and services, \$426,497 for meters and \$57,634 for regulating station upgrades. General Plant capital outlay was \$357,696 which included outlays for vehicles and power operated equipment, office furniture and equipment and communications equipment for the AMI system.

**AUSTIN UTILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

FINANCIAL HIGHLIGHTS (CONTINUED)

The following table summarizes the financial position of Austin Utilities as of December 31:

Condensed Statement of Net Position

	2023	2022
Capital Assets, Net	\$ 72,203,149	\$ 69,905,500
Current Assets	12,175,746	14,394,668
Other Assets	24,646,422	23,039,885
Total Assets	109,025,317	107,340,053
Deferred Outflows of Resources	3,223,491	5,509,393
Total Assets and Deferred Outflows of Resources	\$ 112,248,808	\$ 112,849,446
Current Liabilities	\$ 9,441,169	\$ 10,717,876
Long-Term Liabilities:		
Accrued Sick Leave	1,823,860	2,007,543
Long-Term Debt - Right-of-Use Lease Payable	1,532	18,378
Long-Term Debt - Bonds Payable	13,280,009	14,491,290
Net Pension Liability	5,172,496	7,539,871
OPEB Liability	14,721,861	18,787,996
Total Liabilities	44,440,927	53,562,954
Deferred Inflows of Resources	4,193,987	424,329
Net Position:		
Net Investment in Capital Assets	57,719,731	54,229,307
Unrestricted	5,894,163	4,632,856
Total Net Position	63,613,894	58,862,163
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 112,248,808	\$ 112,849,446

Condensed statement of net position highlights are as follows for the year ended December 31, 2023:

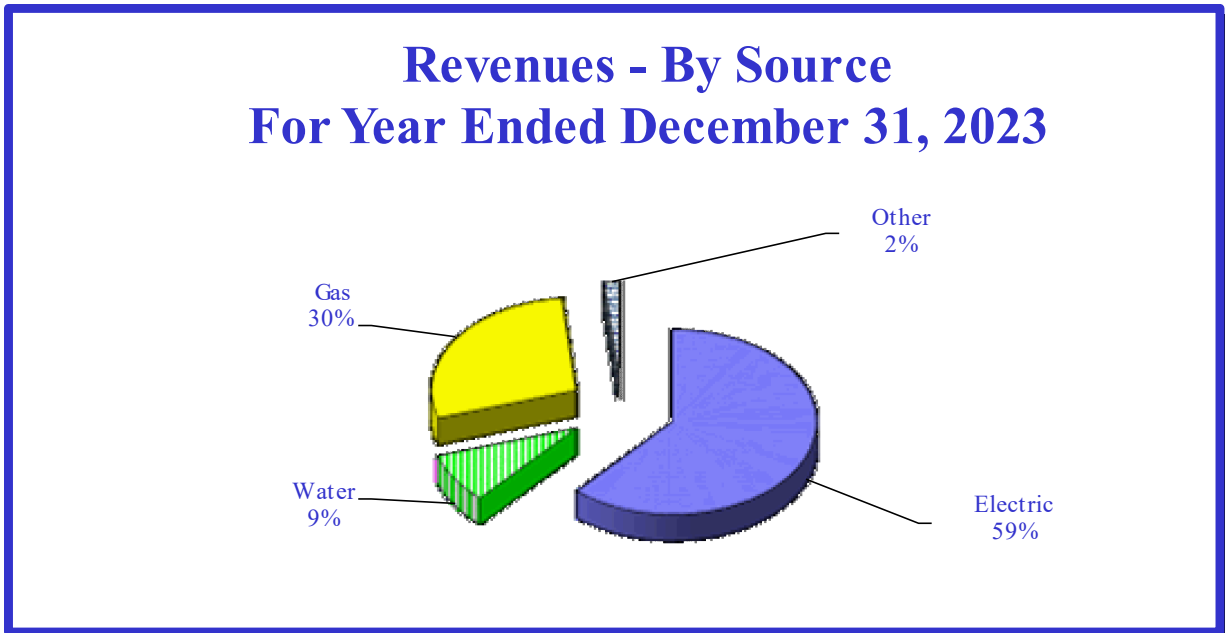
- Current assets decreased \$2,218,922. Current assets consist of cash and working funds, temporary investments (maturities of one year or less), accounts receivable, inventories, and prepayments.
- Other assets increased during 2023 in the amount of \$1,606,537. There was an increase of \$294,426 in investments restricted for Employee Sick Leave Benefits Fund and the Flexible Spending Account. Investments increased \$1,351,572. The Utilities' investments also includes \$5,555,115 designated to be used for capital improvements.

**AUSTIN UTILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

FINANCIAL HIGHLIGHTS (CONTINUED)

- Other Assets decreased \$3,538. Assets within this classification include water assessments and long term leases receivable.
- Deferred outflows of resources decreased \$2,285,902. Deferred Outflows of Resources - Pension Related decreased \$1,021,278 and Deferred Outflows of Resources - OPEB Related decreased \$1,264,624 in 2023.
- Current liabilities decreased \$1,276,707 at the end of 2023. The decrease was due to the decrease in accounts payable of \$1,381,906 a result of lower natural gas prices in December 2023. This also includes the current portion of GO Water Revenue Bonds, Series 2012A of \$400,000 and the current portion of the GO Capital Improvement Plan Bonds, Series 2015A of \$785,000.
- Accrued sick leave decreased \$183,683.
- Long-Term Debt- Right-of-Use Lease Payable decreased \$16,846.
- Long-Term Debt Bonds Payable decreased \$1,211,281.
- Net Pension Liability decreased \$2,367,375.
- Other Postemployment Benefits Liability decreased \$3,933,849.
- Deferred Inflows of Resources increased \$3,769,658.
- Net position increased \$4,751,731 at the end of 2023.

The following chart summarizes operating revenue and source by utility:



**AUSTIN UTILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

FINANCIAL HIGHLIGHTS (CONTINUED)

The following table summarizes revenues, expenses, and changes in net position of Austin Utilities for the years ended December 31:

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2023	2022
Electric		
Operating Revenues, Electric Sales	\$ 38,756,881	\$ 35,140,667
Other Electric Operating Revenues	591,825	573,828
Total Electric Operating Revenues	39,348,706	35,714,495
Operating Expenses	37,530,628	35,325,789
Total Electric Operating Income	1,818,078	388,706
Other Electric Revenues (Expenses)	533,586	(827,880)
Interest Expense	(198,409)	(175,685)
Capital Contributions in Aid of Construction	78,774	154,511
Change in Net Position, Electric	2,232,029	(460,348)
Water		
Operating Revenues, Water Sales	6,122,772	5,642,037
Other Water Operating Revenues	92,957	73,772
Total Water Operating Revenues	6,215,729	5,715,809
Operating Expenses	5,123,612	5,789,808
Total Water Operating Income	1,092,117	(73,999)
Other Water Revenues (Expenses)	270,495	(408,126)
Interest Expense	(137,973)	(122,766)
Capital Contributions in Aid of Construction	4,799	6,988
Change in Net Position, Water	1,229,438	(597,903)
Gas		
Operating Revenues, Gas Sales	19,966,637	23,498,613
Other Gas Operating Revenues	111,854	96,187
Total Gas Operating Revenues	20,078,491	23,594,800
Operating Expenses	19,042,710	24,304,170
Total Gas Operating Income	1,035,781	(709,370)
Other Gas Revenues (Expenses)	376,341	(587,156)
Interest Expense	(144,308)	(125,044)
Capital Contributions in Aid of Construction	22,450	55,697
Change in Net Position, Gas	1,290,264	(1,365,873)
Total Change in Net Position	\$ 4,751,731	\$ (2,424,124)
Beginning Net Position	\$ 58,862,163	\$ 61,286,287
Change in Net Position	4,751,731	(2,424,124)
Ending Net Position	\$ 63,613,894	\$ 58,862,163

**AUSTIN UTILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

FINANCIAL HIGHLIGHTS (CONTINUED)

Condensed Statements of revenues, expenses, and changes in net position highlights are as follows:

Electric

2023 Compared to 2022

- Revenue from electric sales increased \$3,616,214. Other electric operating revenue increased \$17,997. Total revenue per unit increased 10.68% from a unit price of \$0.1067 in 2022 to \$0.1181 in 2023. The increase in other electric revenues was a result of an increase in forfeited discounts which are charges paid by the customers for late payment of utility bills..
- Operating expenses increased \$2,204,839 in 2023. Production expenses decreased \$1,753. Power supply expenses increased \$3,610,734. Distribution expenses decreased \$201,597. Other operating expenses decreased \$1,202,545 a result of the costs for employee pension and benefits.
- Investment income of \$508,354 resulted from marking investments to market value at December 31, 2023. There was an increase in gain on disposal of property of \$19,062.
- Interest expenses increased \$22,724.
- Capital contributions in aid of construction decreased \$75,737.

Water

2023 Compared to 2022

- Revenue from the sale of water increased \$480,735. Other water revenue increased \$19,185. Total revenue per unit increased from \$2.2343 in 2022 to \$2.4420 because of the 9.0% rate increase to customers that was approved at the December 2022 board meeting. The volume of water sold was down 0.5% in 2023.
- Operating expenses decreased \$666,196. Water production expenses increased \$136,574 a result of increased maintenance of pumping equipment. Distribution expenses decreased \$380,683 as there was a decrease in meter expenses and maintenance of mains and services. Other operating expenses decreased \$422,087 as there was a decrease in employee pensions and benefits.
- There was an increase in investment income of \$686,117 and a decrease of \$19,906 in gain/(loss) on disposition of property.
- Interest expenses increased \$15,207.
- Capital contributions in aid of construction decreased \$2,189.

**AUSTIN UTILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

FINANCIAL HIGHLIGHTS (CONTINUED)

Gas

2023 Compared to 2022

- Revenue from the sale of natural gas decreased \$3,531,976 in 2023. There was no rate increase in the gas department in 2023 but there were positive purchased cost adjustments in 6 of the 12 months for the year ending December 31, 2023. Total revenue per unit decreased 7.6% from a unit price of \$8.8895 per mcf in 2022 to \$8.3012 per mcf in 2023. Other operating revenues increased \$15,667 due to collecting forfeited discounts in 2023.
- Operating expenses decreased \$5,261,460 in 2023. Purchases of natural gas decreased \$4,634,137 in 2023. Distribution expenses decreased \$7,752 as a result of decrease of mains and services expenses and customer installations expenses. Other operating expenses decreased \$619,572 as a result of an decrease in employee pension and benefits.
- Investment income increased \$954,598 and gain on disposition of property increased \$8,899.
- Interest expenses increased \$19,263.
- Capital contributions in aid of construction increased \$19,264.

The total change in net position in 2023 was an increase in the amount of \$4,751,731 as compared to a decrease of \$2,424,124 in 2022. The 2023 increase is the result of combined operating incomes in the amount of \$3,945,976, other miscellaneous income/(expenses) of \$1,180,422, reduction in capital contributions in aid of construction in the amount of \$111,173 and interest expense in the amount of \$480,690.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

- The Utilities investment in capital assets as of December 31, 2023, amounts to \$72,203,149 (net of accumulated depreciation). This investment in capital assets includes land and land rights and utility plant in service. In the electric utility the most significant increases occurred in line extensions, developments and conversions, load management switches, substation improvements and relay modifications, line transformers, and meters. In the water utility the most significant increases occurred in infrastructure installation of mains and meters. In the gas utility the most significant increases occurred in the installation of mains and services, meters, and district regulating station upgrades. The general plant increases occurred in vehicles, power-operated equipment, office equipment, and communications equipment for the AMI meter deployment.

**AUSTIN UTILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued):

**AUSTIN UTILITIES CAPITAL ASSETS
(Net of Depreciation)**

	2023	2022	Dollar Change
Land and Land Rights	\$ 734,651	\$ 735,175	\$ (524)
Electric Plant in Service	20,857,936	19,184,822	1,673,114
Water Plant in Service	23,145,172	22,106,921	1,038,251
Gas Plant in Service	9,339,091	9,140,323	198,768
General Plant in Service	18,107,382	18,689,548	(582,166)
Property Under Lease	18,917	35,132	(16,215)
Construction in Progress	-	13,579	(13,579)
	<u>\$ 72,203,149</u>	<u>\$ 69,905,500</u>	<u>\$ 2,297,649</u>
Total			

See Note 2 to the financial statements for more details related to changes in utility plant.

Long-Term Debt:

- Long-term debt decreased in the amount of \$1,211,281 in 2023. The current portion of the General Obligation Water Bonds, Series 2012A due in 2024 is \$400,000 and the current portion of the General Obligation Capital Improvement Plan Bonds, Series 2015A due in 2024 is \$785,000. The current portion of the Capital Lease Payable due in 2024 is \$1,532. See Note 7 to the financial statements for more details related to changes in debt.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

Economic factors that Austin Utilities is currently facing, and which could have an impact on our rates, are the current Climate Change Legislation (Co2 legislation) and the Renewable Energy Standard.

Austin Utilities implemented new rates in the electric and water departments in January 2024. On December 12, 2023, the Austin Utilities Board of Commissioners approved the 2024 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Austin Utilities, City of Austin, Minnesota's finances for all those expressing an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Manager, 1908 14th Street NE, Austin, Minnesota 55912.

BASIC FINANCIAL STATEMENTS

**AUSTIN UTILITIES
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Utility Plant:	
Plant in Service	\$ 127,862,397
Less: Accumulated Depreciation and Amortization	<u>(55,659,248)</u>
Net Utility Plant	72,203,149
Current Assets:	
Cash and Cash Equivalents	2,899,601
Accounts Receivable (Less Allowance for Uncollectible Accounts of \$400,000)	6,489,912
Partnering in Energy Loan Receivable	9,725
Leases Receivable - Current Portion	35,923
Other Accounts Receivable (Less Allowance for Uncollectible Accounts of \$2,000)	188,071
Inventories	2,238,000
Prepaid Expenses	314,514
Total Current Assets	<u>12,175,746</u>
Other Assets:	
Other Assets	48,339
Long-Term Leases Receivable	163,133
Investments	22,270,014
Restricted Investments	2,164,936
Total Other Assets	<u>24,646,422</u>
Total Assets	109,025,317
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	1,360,436
OPEB Related	1,863,055
Total Deferred Outflows of Resources	<u>3,223,491</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 112,248,808</u></u>

See accompanying Notes to Basic Financial Statements.

**AUSTIN UTILITIES
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

**NET POSITION, LIABILITIES, AND
DEFERRED INFLOWS OF RESOURCES**

NET POSITION

Net Investment in Utility Plant	\$ 57,719,731
Unrestricted	5,894,163
Total Net Position	63,613,894

LIABILITIES

Long-Term Liabilities

Accrued Sick Leave	1,823,860
Lease Payable	1,532
Bonds Payable	13,280,009
Net Pension Liability	5,172,496
Other Postemployment Benefits Payable	14,721,861
Total Long-Term Liabilities	34,999,758

Current Liabilities

Accounts Payable	5,244,006
Accrued Expenses	1,404,848
Current Portion of Lease Payable	16,877
Current Portion of Bonds Payable	1,185,000
Current Portion of Other Postemployment Benefits Payable	1,106,252
Other Current Liabilities	484,186
Total Current Liabilities	9,441,169

Total Liabilities	44,440,927
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DEFERRED INFLOWS OF RESOURCES

Community Solar Program Related	23,360
OPEB Related	2,202,439
Pension Related	1,769,132
Lease Receivable Related	199,056
Total Deferred Inflows of Resources	4,193,987

Total Net Position, Liabilities, and Deferred Inflows of Resources	\$ 112,248,808
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See accompanying Notes to Basic Financial Statements.

AUSTIN UTILITIES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Sales	\$ 64,846,290
Forfeited Discounts	375,413
Other Operating Revenues	421,223
Total Operating Revenues	<u>65,642,926</u>
OPERATING EXPENSES	
Purchases	41,719,727
Production	1,202,885
Distribution	5,858,133
Other Operating Expenses	12,916,205
Total Operating Expenses	<u>61,696,950</u>
OPERATING INCOME (LOSS)	3,945,976
NONOPERATING REVENUES (EXPENSES)	
Investment Income	1,129,675
Interest Expense	(480,690)
Gain on Disposal of Property	50,747
Total Nonoperating Revenues (Expenses) - Net	<u>699,732</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	4,645,708
Capital Contributions	<u>106,023</u>
CHANGE IN NET POSITION	4,751,731
Net Position - Beginning of Year	<u>58,862,163</u>
NET POSITION - END OF YEAR	<u><u>\$ 63,613,894</u></u>

See accompanying Notes to Basic Financial Statements.

**AUSTIN UTILITIES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 65,692,462
Cash Received from Others	403,848
Cash Paid to Suppliers	(49,890,066)
Cash Paid to Employees	(8,350,866)
Payments in Lieu of Property Taxes	(1,641,717)
Net Cash Provided by Operating Activities	6,213,661

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Interest Paid on Customer Deposits	(12,274)
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Construction and Acquisition of Plant	(5,858,660)
Proceeds from Sale of Assets	50,747
Proceeds from Contributions in Aid of Construction	106,023
Interest Paid	(494,267)
Principal Payments on Bonds and Leases	(1,166,494)
Net Cash Used by Capital and Related Financing Activities	(7,362,651)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(5,294,804)
Sales of Investments	4,490,195
Interest Income	266,708
Net Cash Used by Investing Activities	(537,901)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(1,699,165)

Cash and Cash Equivalents - Beginning of Year

4,598,766

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,899,601

See accompanying Notes to Basic Financial Statements.

AUSTIN UTILITIES
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 3,945,976
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	3,561,011
Decrease in Other Assets	3,538
Decrease in Deferred Outflows of Resources - Pension	1,021,278
(Increase) Decrease in Deferred Outflows of Resources - OPEB	1,264,624
Decrease in Accrued Sick Leave	(183,683)
Decrease in Other Postemployment Benefits Payable	(3,933,849)
Decrease in Net Pension Liability	(2,367,375)
Increase in Deferred Inflows of Resources - Pension	1,657,922
Increase in Deferred Inflows of Resources - OPEB	2,141,831
Increase in Deferred Inflows of Resources - Community Solar Program	3,643
(Increase) Decrease in:	
Customer Accounts Receivable	504,337
Partnering in Energy Solutions Receivable	(9,725)
Other Accounts Receivable	(20,913)
Materials and Supplies Inventory	85,032
Prepaid Expenses	(15,211)
Increase (Decrease) in:	
Accounts Payable	(1,381,906)
Accrued Expenses	(39,066)
Other Liabilities	(23,803)
Net Cash Provided by Operating Activities	\$ 6,213,661

**SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL
AND FINANCING ACTIVITES**

Change in Fair Value of Investments	\$ 841,389
Amortization of Bond Premium	\$ 26,281

See accompanying Notes to Basic Financial Statements.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Austin Utilities (the Utilities) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as GAAP for state and local governments.

B. Financial Reporting Entity

Austin Utilities is a component unit of the City of Austin, Minnesota (the City), and is thus exempt from federal and state income tax. The purpose of the Utilities is to account for the generation and distribution of electrical, gas, and water services to the residents of the City. The Utilities is governed by a five-member Board of Commissioners. Board members are elected for four-year terms.

For financial reporting purposes, the Utilities has included all funds, organizations, agencies, boards, commissions, and authorities. The Utilities has also considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Utilities are such that exclusion would cause the Utilities' financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the organization to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the organization. The Utilities has no component units which meet the GASB criteria. The Utilities is considered a part of the reporting entity of the City of Austin, Minnesota and is included in the City's financial statements as a blended component unit.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned. Expenses are recorded when the related liability is incurred. The principal operating revenues and expenses are sales and purchases, production, and distribution expenses.

AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Utility Plant and Depreciation

Capital assets are recorded on a cost basis, including cost of labor and materials used by the Utilities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The utility plant is recorded and grouped into common or like-kind assets, and depreciated on a composite basis using straight-line depreciation, except for transportation equipment and power-operated equipment which are depreciated on an item basis. The Utilities accounts for depreciation on the remaining life method using straight-line depreciation. The Utilities has estimated the remaining lives of assets and has depreciated the assets over the following extended estimated lives:

Transportation Equipment	10 Years
Power Operated Equipment	10 to 20 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposit accounts, certificates of deposit, and highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

The Utilities records its investments with a maturity greater than one year at the time of purchase at fair value. The Utilities has designated \$5,555,115 to be used for capital improvements or emergency expenses according to board policy.

G. Inventory

Stores and materials inventory and fuel oil inventory are recorded at the lower of cost or net realizable values using a moving weighted-average method. All inventories are stored by the Utilities.

H. Deferred Outflows of Resources

In addition to assets, the financial statements report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense) until that time. The Utilities has two types of items that qualifies as this reporting element, pension related, and OPEB related.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Sick Leave

Sick leave is accrued as earned by the employees and is funded by investments designated by the Utilities to fund this benefit.

J. Postemployment Benefits Other than Pensions (OPEB)

Under the provisions of the various union contracts, the Utilities provide health care coverage if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75.

K. Pension

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Inflows of Resources

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Utilities has four types of items that qualify as this reporting element, community solar program, pension related, right-of-use lease assets, and other postemployment benefits related.

M. Revenue Recognition

Meter readings are taken throughout the month for residential and small commercial accounts, with billing statements being made on the 10th, 20th, and 30th of each month. Billings for some accounts are up to 15 days after the meter is read. Large commercial accounts are read at the end of the billing cycle and billed currently. Estimated billings are made for unread meters, which are adjusted the next month when read. The Utilities' estimated unbilled revenues totaled approximately \$1,791,250 at December 31, 2023.

N. Gross Earnings Tax

The Austin Utilities is municipally owned and is exempt from property and income taxes. In lieu of property taxes, a gross earnings tax is paid to the City of Austin. Taxes expensed totaled \$1,639,084 in 2023.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the basic financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any long-term debt and lease liabilities used to build or acquire the capital assets. Net position is reported as restricted in the basic financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. It is the Utilities' policy to apply restricted resources and then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 2 DETAIL OF UTILITY PLANT

Utility plant activity was as follows for the year ended December 31, 2023:

	Beginning Balance	Additions	Retirements	Ending Balance
Land and Land Rights	\$ 735,174	\$ -	\$ (524)	\$ 734,650
Construction Work in Progress	13,579	-	(13,579)	-
Utility Plant in Service	122,713,531	5,872,763	(1,509,894)	127,076,400
Less: Accumulated Depreciation for Utility Plant in Service	(53,591,916)	(3,544,796)	1,509,894	(55,626,818)
Right-to-Use Asset - Equipment	51,347	-	-	51,347
Less: Accumulated Amortization for Right- to-Use Asset	(16,215)	(16,215)	-	(32,430)
Capital Assets, Net	<u>\$ 69,905,500</u>	<u>\$ 2,311,752</u>	<u>\$ (14,103)</u>	<u>\$ 72,203,149</u>

Assets included in land and land rights are not being depreciated.

NOTE 3 RESTRICTED INVESTMENTS

These funds represent certificates of deposit and government sponsored entities securities that are restricted to fund employee sick pay liabilities and flexible spending accounts of employees of the Utilities. Special funds consisted of the following at December 31, 2023:

Employee Sick Pay Benefits Fund	\$ 2,146,189
Flexible Spending Account	18,747
Total	<u>\$ 2,164,936</u>

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Utilities' deposits may not be returned to it in full. The Utilities has an investment policy which follows the Minnesota Statutes for deposits.

In accordance with Minnesota Statutes the Austin Utilities maintains deposits at financial institutions that are authorized by the Austin City Council.

Minnesota Statutes require that all deposits of the Utilities be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes certain U.S. government securities, state or local government obligations, and other securities authorized by Minn. Stat. 118A.03. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

The Utilities' deposits in banks at December 31, 2023, were entirely covered by federal depository insurance or by collateral in accordance with Minnesota Statutes.

B. Investments

The Utilities may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.
- Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories.
- Repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Utilities had the following investments at December 31, 2023:

Federal Home Loan Mortgage Corporate Discount Notes	\$ 5,484,460
Federal National Mortgage Association Notes	931,180
Federal Home Loan Bank Notes	11,419,343
Federal Farm Credit Bureau Notes	3,327,040
Negotiable Certificates of Deposit	2,180,404
UBS Select Treasury Institutional Fund	1,073,777
Total	<u><u>\$ 24,416,204</u></u>

Interest Rate Risk

The Utilities has a formal investment policy that addresses permissible investments, portfolio diversification, and instrument maturities. Investment maturities are scheduled to coincide with projected cash flow needs. Within these parameters, it is the Utilities' policy to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses related to rising interest rates.

Maturities for investments held by the Utilities at December 31, 2023, is as follows:

	Total	Investment Maturities in Years			
		Less Than 1	1-5 Years	6-10 Years	More than 10
Federal Home Loan Bank Notes	\$ 11,419,343	\$ -	\$ 11,419,343	\$ -	\$ -
Federal National Mortgage Association Notes	931,180	-	931,180	-	-
Federal Home Loan Mortgage Corporate Discount Notes	5,484,460	-	4,662,040	822,420	-
Federal Farm Credit Bank Notes	3,327,040	-	2,327,140	-	999,900
Negotiable Certificates of Deposit	2,180,404	2,180,404	-	-	-
UBS Select Treasury Institutional Fund	1,073,777	1,073,777	-	-	-
Total	<u><u>\$ 24,416,204</u></u>	<u><u>\$ 3,254,181</u></u>	<u><u>\$ 19,339,703</u></u>	<u><u>\$ 822,420</u></u>	<u><u>\$ 999,900</u></u>

Credit Risk

As of December 31, 2023, the Utilities' investments in Federal Farm Credit Bank Notes were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively, Federal National Mortgage Association obligations were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively; Federal Home Loan Bank obligations were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively; and the investments in Federal Home Loan Mortgage Corporate Discount Notes were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively. The negotiable certificates of deposit are not rated. As of December 31, 2023, the Utility's investment in the UBS Select Treasury Institutional Fund is rated AAAm by Standard & Poor's and Aaa-mf by Moody's Investor Services.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk

The Utilities does not place a limit on the amount of the total portfolio that may be invested in any one depository or issuer. The Finance Department is responsible for investment decisions and activities under the direction of the Austin Utilities Commission. The following is a list of investments which individually comprise more than 5% of the Utilities' total investments at December 31, 2023:

Federal Farm Credit Bank Notes	\$ 3,327,040
Federal Home Loan Bank Notes	11,419,343
Federal Home Loan Mortgage Corporate Discount Notes	5,484,460

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utilities will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Utilities does not have a formal policy regarding the holding of securities by counterparties, however, as of December 31, 2023, the Utilities did not have any such arrangements.

C. Balance Sheet Presentation

The deposits and investments are presented in the financial statements as follows at December 31, 2023:

Deposits	\$ 2,918,347
Government-Sponsored Entities	21,162,023
Negotiable Certificates of Deposit	2,180,404
UBS Select Treasury Institutional Fund	1,073,777
Total	<u>\$ 27,334,551</u>

Statement of Net Position:	
Cash and Cash Equivalents	\$ 2,899,601
Restricted Investments	2,164,936
Investments	22,270,014
Total	<u>\$ 27,334,551</u>

D. Fair Value Measurements

The Utilities uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Utilities follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurements (Continued)

In accordance with this standard, the Utilities has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

Assets of the Utilities measured at fair value on a recurring basis at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Federal Home Loan Mortgage				
Corporate Discount Notes	\$ -	\$ 5,484,460	\$ -	\$ 5,484,460
Federal National Mortgage				
Association Notes	-	931,180	-	931,180
Federal Home Loan Bank Notes	-	11,419,343	-	11,419,343
Federal Farm Credit Bureau Notes	-	3,327,040	-	3,327,040
Negotiable Certificates of Deposits	-	2,180,404	-	2,180,404
Total	<u>\$ -</u>	<u>\$ 23,342,427</u>	<u>\$ -</u>	<u>\$ 23,342,427</u>

The UBS Select Treasury Institutional Fund is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of not greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 OTHER ASSETS

Other assets consist of the following at December 31, 2023:

Unavailable Special Assessments	\$ 48,339
Total	<u>\$ 48,339</u>

Unavailable special assessments represent water improvements made to undeveloped land and the noncurrent portion of assessments made. These amounts will be written off as they are assessed to property owners and become collectible within one year.

NOTE 6 LEASES RECEIVABLE

The Utilities, acting as lessor, leases antenna space on its water towers, under long-term, noncancelable lease agreements. The leases expire at various dates through 2031 and provide for renewal options of five years. During the year ended December 31, 2023, the Utilities recognized \$19,228 and \$1,880 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 35,923	\$ 5,504
2025	38,208	4,461
2026	29,506	3,431
2027	20,169	2,742
2028-2031	75,250	3,996
Total Minimum Lease Payments	<u>\$ 199,056</u>	<u>\$ 20,134</u>

NOTE 7 LONG-TERM DEBT

A. Components of Long-Term Debt

The Utilities' long-term debt is as follows as of December 31, 2023:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
G.O. Water Revenue Bonds, Series 2012A	2.0% - 2.5%	07/12/12	12/01/27	\$ 5,600,000	\$ 1,650,000	\$ 400,000
G.O. Capital Improvement Plan Bonds, Series 2015A	2.0% - 3.625%	06/01/15	02/01/36	\$ 17,635,000	12,655,000	785,000
Total General Obligation Bonds					14,305,000	1,185,000
Bond Premium					160,009	-
Lease Payable					18,409	16,877
Accrued Sick Leave					1,823,860	-
Total					<u>\$ 16,307,278</u>	<u>\$ 1,201,877</u>

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

B. Maturities of Long-Term Debt

Annual principal and interest payments required to retire long-term debt are as follows:

<u>Year Ending December 31,</u>	General Obligation Bonds Payable		Lease Payable	
	Principal	Interest	Principal	Interest
2024	\$ 1,185,000	\$ 463,294	\$ 16,877	\$ 209
2025	1,220,000	422,769	1,532	3
2026	1,265,000	376,294	-	-
2027	1,310,000	336,163	-	-
2028	910,000	298,613	-	-
2029-2033	4,995,000	1,032,194	-	-
2034-2036	3,420,000	186,038	-	-
Total	<u>\$ 14,305,000</u>	<u>\$ 3,115,365</u>	<u>\$ 18,409</u>	<u>\$ 212</u>

C. Description of Long-Term Debt

On July 12, 2012, the Utilities issued \$5,600,000 of G.O. Water Revenue Bonds, Series 2012A. The interest rates range from 2.0% to 2.5%. The proceeds of the issue were used to finance improvements to the water system consisting of storage, pumping and main extension projects. The net revenues of the water system are pledged as security for the payment of these bonds. The Utilities also pledge to apply net revenues of the electric system and gas systems in the event that the net revenues of the water system are not sufficient to make the annual payments on the bonds. The bonds contain a provision that if the Utilities are unable to make payment, the City shall levy an ad valorem tax upon all taxable property in the City to pay such principal and interest as they become due. Pledged revenues are expected to cover future principal and interest payments of \$400,000 and \$38,206, respectively. Pledged revenue for the current year was \$2,054,858 and principal and interest paid was \$390,000 and \$46,006, respectively.

On June 1, 2015, the Utilities issued \$17,635,000 of G.O. Capital Improvement Plan Bonds, Series 2015A. The interest rates range from 2.0% to 3.625%. The proceeds of the issue were used to construct a central facility. The net revenues of the water, electric and gas systems are pledged as security for the payment of these bonds. The bonds contain a provision that if the Utilities are unable to make payment, the City shall levy an ad valorem tax upon all taxable property in the City to pay such principal and interest as they become due. Pledged revenues are expected to cover future principal and interest payments of \$785,000 and \$425,087, respectively. Pledged revenue for the current year was \$7,818,813 and principal and interest paid was \$760,000 and \$448,262, respectively.

Leases

The Utilities entered into a lease for the use of equipment. This asset was capitalized as an intangible right-to-use asset.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

C. Description of Long-Term Debt (Continued)

Accrued Sick Leave

Accrued sick leave consisted of \$1,823,860 at December 31, 2023. Employees of the Utilities can earn sick pay at the rate of eight hours per month. Sick pay not taken in the current year is accumulated and is payable upon retirement or termination of employment. The Utilities is required to maintain investments or cash balances equal to at least 80% of the accumulated sick pay benefits. At December 31, 2023, the Utilities had specifically designated investments totaling \$2,146,189, or 117% in 2023 of the accumulated benefits.

D. Changes in Long-Term Debt

The following is a summary of the changes in long-term debt for the year ended December 31, 2023:

	Beginning Balance	Additions	Payments	Ending Balance
G.O. Water Revenue				
Bonds, Series 2012A	\$ 2,040,000	\$ -	\$ (390,000)	\$ 1,650,000
Bond Premium	11,597	-	(3,679)	7,918
G.O. Capital Improvement Plan				
Bonds, Series 2015A	13,415,000	-	(760,000)	12,655,000
Bond Premium	174,693	-	(22,602)	152,091
Lease Payable	34,903	-	(16,494)	18,409
Accrued Sick Leave	2,007,543	323,433	(507,116)	1,823,860
Total	<u>\$ 17,683,736</u>	<u>\$ 323,433</u>	<u>\$ (1,699,891)</u>	<u>\$ 16,307,278</u>

NOTE 8 DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Utilities participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

All full-time and certain part-time employees of the Utilities are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023. The Utilities was required to contribute 7.50% for Coordinated Plan members. The Utilities' contributions to the General Employees Fund for the years ended December 31, 2023, was \$551,615. The Utilities' contributions were equal to the required contributions as set by state statute.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Pension Costs

At December 31, 2023, the Utilities reported a liability of \$5,172,496 for its proportionate share of the General Employees Fund's net pension liability. The Utilities' net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2023. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the Utilities totaled \$142,513 for 2023. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Utilities' proportion of the net pension liability was based on the Utilities' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The Utilities' proportionate share was 0.0925% at the end of the measurement period and 0.0952% for the beginning of the period.

Utilities' Proportionate Share of the PERA Net Pension Liability	\$ 5,172,496
State's Proportionate Share of the PERA Net Pension Liability Associated with the Utilities	142,513
Total	<u>\$ 5,315,009</u>

For the year ended December 31, 2023, the Utilities recognized pension expense of \$866,378, for its proportionate share of the General Employees Plan's pension expense. In addition, the Utilities recognized an additional \$640, as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the Utilities reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Pension Costs (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 169,866	\$ 35,633
Changes in Actuarial Assumptions	837,355	1,417,738
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	193,434
Changes in Proportion	69,028	122,327
Utility Contributions Subsequent to the Measurement Date	284,187	-
Total	<u>\$ 1,360,436</u>	<u>\$ 1,769,132</u>

The \$284,187 reported as deferred outflows of resources related to pensions resulting from the Utilities' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expenses Amount
2024	\$ 126,149
2025	(786,813)
2026	79,990
2027	(112,209)
Total	<u>\$ (692,883)</u>

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Long-Term Expected Return on Investment (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10%
International Equity	16.5	5.30%
Fixed Income	25.0	0.75%
Private Markets	25.0	5.90%
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00% (6.5% at the previous measurement date). The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the Utilities' proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Utilities' proportionate share of the net pension liability would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Measurement Date June 30, 2023	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Fund Discount Rate	6.00 %	7.00 %	8.00 %
Utilities' Proportionate Share of the General Employees Fund Net Pension Liability	\$ 9,150,562	\$ 5,172,496	\$ 1,900,387

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The Utilities defined benefit OPEB plan, Austin Utilities Retiree Benefits Plan (AURBP), provides OPEB for eligible employees and their spouses. AURBP is a single-employer defined benefit OPEB plan administered by the Utilities. Benefit and eligibility provisions are established through negotiations between the Utilities' and various unions representing the Utilities' employees and are renegotiated each bargaining period. AURBP does not issue a publicly available financial report.

Funding Policy

The Utilities has no assets accumulated in a trust that meets the criteria in GASB 75. Contribution requirements are negotiated between the Utilities and union representatives. The eligibility for, amount of, duration of, and Utilities' contribution to the cost of the benefits provided varies by contract and date of retirement. The Utilities is funding this liability on a pay-as-you-go basis.

Benefits Provided

AURBP provides healthcare benefits for retirees and their spouses. Benefits are provided through a third-party insurer. Employees hired before January 1, 1998 receive a benefit equal to the same amount the Utilities contributes for active employees toward single or family medical premiums for the lifetime of the retiree. Employees hired on or after January 1, 1998 and before January 1, 2005 receive a benefit equal to the same amount the Utilities contributes for active employees toward single or family medical premiums until Medicare eligibility. Employees hired on or after January 1, 2005, receive no benefit.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	90
Active Plan Members	74
Total	164

B. Total OPEB Liability

The Utilities' total OPEB liability for the year ended December 31, 2023, was measured as of January 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 and rolled forward to a measurement date of January 1, 2023.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

B. Total OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Investment Rate of Return	2.90%
Medical Trend Rate	6.25% in 2023 grading to 4.00% over the 48 years

Mortality rates were based on the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

Discount Rate

The discount rate used to measure the total OPEB liability at January 1, 2023 was 4.00% (2.00% at the prior measurement date), which reflects the index rate for a 20-year high quality, tax-exempt general obligation municipal bonds as of the measurement date.

C. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance - January 1, 2023	\$ 19,761,962
Changes for the Year:	
Service Cost	67,154
Interest Cost on the Total OPEB Liability	385,357
Change in Assumptions	(3,258,203)
Benefit Payments	<u>(1,128,157)</u>
Net Changes	<u>(3,933,849)</u>
Balance - December 31, 2023	<u>\$ 15,828,113</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Utilities, as well as what the Utilities' 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:

	1% Decrease	Discount Rate	1% Increase
	<u>3.00%</u>	<u>4.00%</u>	<u>5.00%</u>
Total OPEB Liability	\$ 17,349,354	\$ 15,828,113	\$ 14,521,012

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Changes in the Total OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Utilities, as well as what the Utilities' 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:

	1% Decrease (5.25% Decreasing to 3.00%)	Healthcare Cost Trend Rates (6.25% Decreasing to 4.00%)	1% Increase (7.25% Decreasing to 5.00%)
Total OPEB Liability	\$ 15,387,235	\$ 15,828,113	\$ 16,313,105

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the Utilities recognized OPEB expense of \$578,858. At December 31, 2023, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ -	\$ 2,202,439
Differences between Expected and Actual Experience	756,803	-
Utilities' Payment of Benefits Subsequent to the Measurement Date	1,106,252	-
Total	\$ 1,863,055	\$ 2,202,439

\$1,106,252 reported as deferred outflows of resources related to OPEB resulting from the Utilities payment of benefits subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	Future Recognition
2024	\$ (359,569)
2025	(1,086,067)
Total	\$ (1,445,636)

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED CONTRIBUTION PLAN

The Utilities provides eligible employees future retirement benefits through the Utilities' 457 Plan (the Plan). Employees of the Utilities are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The employee contributions were \$393,313 for the year ended December 31, 2023.

NOTE 11 FLEXIBLE BENEFIT PLAN

The Utilities has a flexible benefit plan that is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the Utilities are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the Utilities is contingently liable for claims against the total amount of participants' annual contributions for the health care portion of the plan, whether or not such contributions have been made.

Payments of health insurance premiums are made by the Utilities directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the Utilities financial statements.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

All plan property and income attributable to that property is solely the property of the Utilities, subject to the claims of the Utilities' general creditors. Participants' rights under the plan are equal to those of general creditors of the Utilities in an amount equal to eligible health care and dependent care expenses incurred by the participants. The Utilities believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 12 RISK MANAGEMENT

The Utilities is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The Utilities has purchased commercial insurance for its personal property claims. Coverage is provided on building and contents up to \$72,915,095.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 RISK MANAGEMENT (CONTINUED)

The Utilities participates in the League of Minnesota Cities Insurance Trust (LMCIT) for its workers compensation insurance. The plan is administered by Berkley Administrators. Each member of the association is required to pay a premium for coverage of claims and administrative expenses. This is a retrospectively rated policy with the premium being based primarily on the Utilities' loss experience. An aggregate excess reinsurance policy provides the group with additional funds for protection from losses not covered by the specific excess.

In addition, per occurrence coverage for claims has been purchased. Each member is jointly and severally liable for additional assessments. As of the date of this report, it is not possible to determine if any additional liability exists for the year ended December 31, 2023.

The Utilities joined together with other governmental entities in the National Joint Powers Alliance, a public entity risk pool currently operating as common risk management and insurance program for member entities. The Utilities pays an annual premium to this plan for its health insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating entities for future losses sustained is extremely remote.

Insurance coverage decreased significantly from the previous year for the Utilities' property insurance due to decreasing coverage on the Northeast Plant to only cover the cost of demolition. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13 COMMITMENTS AND CONTINGENT LIABILITIES

Power Sales Contract

The Austin Utilities purchases power from Southern Minnesota Municipal Power Agency (SMMPA) under a power sales contract, which extends to April 1, 2030. Under the terms of this contract, the Utilities is obligated to buy all the electrical power and energy needed to operate the electric utility.

Gas Purchase Commitment

The Utilities has entered into forward contracts to purchase a portion of its natural gas at a specified time in the future at a guaranteed price. The Utilities enters into these contracts to help plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity.

It is possible that the market price before or at the specified time to purchase natural gas may be lower than the price at which the Utilities is committed to buy. This would reduce the value of the contract. The Utilities is committed to purchase 1,354,512 thousand cubic feet of natural gas through October 2028 for a total commitment of \$5,372,304 at December 31, 2023.

**AUSTIN UTILITIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Economic Dependency

During the year ended December 31, 2023, net sales to Hormel Foods Corporation amounted to \$22,280,253. Sales to this customer accounted for 34% of total sales revenue of the Utilities in 2023.

REQUIRED SUPPLEMENTARY INFORMATION

AUSTIN UTILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE UTILITIES' TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT PERIODS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB Liability						
Service Cost	\$ 67,154	\$ 109,549	\$ 119,093	\$ 91,618	\$ 88,177	\$ 98,046
Interest	385,357	334,330	454,111	553,743	516,175	525,521
Changes of Benefit Terms	-	1,021,013	-	(77,857)	-	-
Difference Between Expected and Actual Experience	-	2,270,409	-	857,955	-	-
Changes of Assumptions	(3,258,203)	(90,912)	1,457,748	555,524	(793,300)	-
Benefit Payments	<u>(1,128,157)</u>	<u>(973,966)</u>	<u>(951,811)</u>	<u>(889,990)</u>	<u>(879,159)</u>	<u>(914,365)</u>
Net Change in Total OPEB Liability	<u>(3,933,849)</u>	<u>2,670,423</u>	<u>1,079,141</u>	<u>1,090,993</u>	<u>(1,068,107)</u>	<u>(290,798)</u>
Total OPEB Liability - Beginning	<u>19,761,962</u>	<u>17,091,539</u>	<u>16,012,398</u>	<u>14,921,405</u>	<u>15,989,512</u>	<u>16,280,310</u>
Total OPEB Liability - Ending	<u><u>\$ 15,828,113</u></u>	<u><u>\$ 19,761,962</u></u>	<u><u>\$ 17,091,539</u></u>	<u><u>\$ 16,012,398</u></u>	<u><u>\$ 14,921,405</u></u>	<u><u>\$ 15,989,512</u></u>
Covered Employee Payroll	\$ 6,841,990	\$ 6,642,709	\$ 6,543,875	\$ 6,337,893	\$ 5,779,485	\$ 5,611,150
Utilities' Net OPEB Liability as a Percentage of the Covered Employee Payroll	231%	297%	261%	253%	258%	285%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Utilities will present information for only those years for which information is available.

See accompanying Note to Required Supplementary Information.

**AUSTIN UTILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UTILITIES' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE YEARS**

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Utilities' Proportion of the Net Pension Liability	0.0925 %	0.0952 %	0.0931 %	0.0924 %	0.0867 %	0.0898 %	0.0937 %	0.0982 %	0.0989 %
Utilities' Proportionate Share of the Net Pension Liability	\$ 5,172,496	\$ 7,539,871	\$ 3,975,787	\$ 5,539,802	\$ 4,793,449	\$ 4,981,736	\$ 5,981,746	\$ 7,973,353	\$ 5,125,511
State's Proportionate Share of the Net Pension Liability Associated with the Utilities	<u>142,513</u>	<u>221,067</u>	<u>121,358</u>	<u>170,919</u>	<u>148,994</u>	<u>163,329</u>	<u>75,183</u>	<u>104,049</u>	<u>-</u>
Total	<u>\$ 5,315,009</u>	<u>\$ 7,760,938</u>	<u>\$ 4,097,145</u>	<u>\$ 5,710,721</u>	<u>\$ 4,942,443</u>	<u>\$ 5,145,065</u>	<u>\$ 6,056,929</u>	<u>\$ 8,077,402</u>	<u>\$ 5,125,511</u>
Utilities' Covered Payroll	\$ 7,354,867	\$ 7,130,573	\$ 6,702,333	\$ 6,593,067	\$ 6,368,951	\$ 6,035,606	\$ 5,934,560	\$ 6,099,106	\$ 6,056,621
Utilities' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	70.33 %	105.74 %	59.32 %	84.02 %	75.26 %	82.54 %	100.80 %	130.73 %	84.63 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67 %	76.67 %	79.10 %	79.10 %	80.20 %	79.50 %	75.90 %	68.91 %	78.20 %

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Utilities will present information for only those years for which information is available.

See accompanying Note to Required Supplementary Information.

**AUSTIN UTILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UTILITIES' PENSION CONTRIBUTIONS
LAST NINE YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 551,615	\$ 534,793	\$ 502,675	\$ 494,480	\$ 460,156	\$ 448,995	\$ 456,619	\$ 456,720	\$ 442,817
Contributions in Relation to the Contractually Required Contribution	<u>(551,615)</u>	<u>(534,793)</u>	<u>(502,675)</u>	<u>(494,480)</u>	<u>(460,156)</u>	<u>(448,995)</u>	<u>(456,619)</u>	<u>(456,720)</u>	<u>(442,817)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Utilities' Covered Payroll	\$ 7,354,867	\$ 7,130,573	\$ 6,702,333	\$ 6,593,067	\$ 6,135,413	\$ 5,986,595	\$ 6,089,520	\$ 6,090,354	\$ 5,915,410
Contributions as a Percentage of Covered Payroll	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.49 %

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is complied, the Utilities will present information for only those years for which information is available.

See accompanying Note to Required Supplementary Information.

**AUSTIN UTILITIES
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the plan year ended June 30:

A. General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.

**AUSTIN UTILITIES
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% joint and survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% joint and survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

AUSTIN UTILITIES
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed annual increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**AUSTIN UTILITIES
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

The following changes were reflected in the valuation performed for the Utilities' OPEB Plan for the year ended December 31:

2023 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.00% to 4.00%.

2022 Changes

Changes in Plan Provisions

- The employer contribution towards medical premiums for AFSCME and non-contract employees was raised from \$800 per month to \$1,200 per month for single coverage beginning in 2022.

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

AUSTIN UTILITIES
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2021 Changes

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- The discount rate was changed from 2.9% to 2.00%.

2020 Changes

Changes in Plan Provisions

- The maximum monthly employer contribution for AFSCME and noncontract employees was changed from \$1,150 for either single or family coverage to \$800 for single coverage and \$1,200 for family coverage.
- The maximum monthly employer contribution for UAW and UFCW employees was changed from \$1,150 for either single or family coverage to \$800 (\$1,000 in 2021 and \$1,200 in 2022) for single coverage and will change to \$1,175 for family coverage in 2021 (\$1,200 in 2022).

Changes in Actuarial Assumptions

- The discount rate was changed from 3.80% to 2.90%
- Medical trend rates were changed from RPH-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2017 Generational Improvement Scale.

2019 Changes

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- The discount rate was changed from 3.30% to 3.80%.

2018 Changes

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- Medical trend rates were changed from RPH-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RPH-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The percentage of future spouses of retirees eligible for a subsidy who are assumed to continue on one of the Utilities' medical plans postemployment was reduced from 80% to 50%.
- The discount rate was changed from 3.50% to 3.30%.

SUPPLEMENTARY INFORMATION

AUSTIN UTILITIES
SUPPLEMENTARY COMBINING SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Electric	Water	Gas	Total
OPERATING REVENUES				
Sales:				
Commercial and Residential	\$ 38,045,274	\$ 6,032,089	\$ 19,903,744	\$ 63,981,107
Public Street and Highway Lighting	136,260	-	-	136,260
Interdepartmental	546,272	5,651	62,893	614,816
Other Sales	29,075	85,032	-	114,107
Total Sales Revenue	<u>38,756,881</u>	<u>6,122,772</u>	<u>19,966,637</u>	<u>64,846,290</u>
Forfeited Discounts	233,407	34,669	107,337	375,413
Other Operating Revenues	358,418	58,288	4,517	421,223
Total Operating Revenues	<u>39,348,706</u>	<u>6,215,729</u>	<u>20,078,491</u>	<u>65,642,926</u>
OPERATING EXPENSES				
Purchases	28,448,026	-	13,271,701	41,719,727
Production	-	1,202,885	-	1,202,885
Distribution	2,568,035	1,238,650	2,051,448	5,858,133
Other Operating Expenses	6,514,567	2,682,077	3,719,561	12,916,205
Total Operating Expenses	<u>37,530,628</u>	<u>5,123,612</u>	<u>19,042,710</u>	<u>61,696,950</u>
OPERATING INCOME	1,818,078	1,092,117	1,035,781	3,945,976
OTHER REVENUES (EXPENSES)				
Capital Grant	-	-	-	-
Investment Income	508,354	259,825	361,496	1,129,675
Interest Expense	(198,409)	(137,973)	(144,308)	(480,690)
Gain on Disposal of Property	25,232	10,670	14,845	50,747
Total Other Revenues (Expenses)	<u>335,177</u>	<u>132,522</u>	<u>232,033</u>	<u>699,732</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,153,255	1,224,639	1,267,814	4,645,708
Capital Contributions	78,774	4,799	22,450	106,023
CHANGE IN NET POSITION	<u>\$ 2,232,029</u>	<u>\$ 1,229,438</u>	<u>\$ 1,290,264</u>	<u>\$ 4,751,731</u>

**AUSTIN UTILITIES
SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2023**

PURCHASES

Purchased Power	\$ 28,285,540
System Control and Load Dispatching	<u>162,486</u>
Total Purchases	<u>28,448,026</u>

DISTRIBUTION

Operation, Supervision, and Engineering	297,101
Station Expenses	74,648
Overhead Lines	41,418
Underground Lines	21,733
Street Lighting and Signal System	963
Meters	195,472
Customer Installations	31,010
Maintenance	1,292,338
Miscellaneous	<u>613,352</u>
Total Distribution	<u>2,568,035</u>

OTHER OPERATING EXPENSES

Customer Accounts	850,924
Administrative and General	2,807,425
Depreciation	1,593,092
Taxes Other than Income Taxes	<u>1,263,126</u>
Total Other Operating Expenses	<u>6,514,567</u>

TOTAL OPERATING EXPENSES

\$ 37,530,628

**AUSTIN UTILITIES
SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES
WATER UTILITY
YEAR ENDED DECEMBER 31, 2023**

PRODUCTION

Operation, Supervision, and Engineering	\$ 16,756
Operating Labor and Expenses	313,425
Power Purchased for Pumping	435,492
Chemicals	241,533
Maintenance	156,223
Miscellaneous	39,456
Total Production	1,202,885

DISTRIBUTION

Operation, Supervision, and Engineering	261,805
Distribution Lines	31,020
Meters	11,526
Customer Installations	4,571
Maintenance	719,867
Miscellaneous	209,861
Total Distribution	1,238,650

OTHER OPERATING EXPENSES

Customer Accounts	276,679
Administrative and General	1,421,831
Depreciation	901,867
Taxes Other than Income Taxes	81,700
Total Other Operating Expenses	2,682,077

TOTAL OPERATING EXPENSES

\$ 5,123,612

AUSTIN UTILITIES
SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES
GAS UTILITY
YEAR ENDED DECEMBER 31, 2023

PURCHASES

Natural Gas	\$ 13,257,347
Other Gas	14,354
Total Purchases	13,271,701

DISTRIBUTION

Operation, Supervision, and Engineering	394,089
Local Storage	12,382
Mains and Service	293,462
Measuring and Regulation Station Expenses	183,594
Meter and House Regulator Expense	48,845
Customer Installations	350,965
Maintenance	435,448
Miscellaneous	332,663
Total Distribution	2,051,448

OTHER OPERATING EXPENSES

Customer Accounts	605,827
Administrative and General	2,152,718
Depreciation	666,758
Taxes Other than Income Taxes	294,258
Total Other Operating Expenses	3,719,561

TOTAL OPERATING EXPENSES

\$ 19,042,710

**OTHER SUPPLEMENTARY INFORMATION
(UNAUDITED)**

AUSTIN UTILITIES
EIGHT-YEAR SUMMARY OF OPERATIONS AND STATISTICS
ELECTRIC UTILITY
YEARS ENDED DECEMBER 31, 2016 THROUGH 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUES			
Sales of Electric	\$ 38,756,881	\$ 35,140,667	\$ 35,166,827
Other Operating Revenues	591,825	573,828	362,007
Total Operating Revenues	<u>39,348,706</u>	<u>35,714,495</u>	<u>35,528,834</u>
OPERATING EXPENSES			
Steam Generation	-	1,753	12,347
Purchased Power	28,448,026	24,837,292	24,752,132
Total Cost of Power	<u>28,448,026</u>	<u>24,839,045</u>	<u>24,764,479</u>
Distribution-Electric	2,568,035	2,769,632	2,558,176
Other Operating Expense-Electric	6,514,567	7,717,112	6,884,648
Total Operating Expenses	<u>37,530,628</u>	<u>35,325,789</u>	<u>34,207,303</u>
TOTAL OPERATING INCOME (LOSS)	<u>\$ 1,818,078</u>	<u>\$ 388,706</u>	<u>\$ 1,321,531</u>
PERCENT OF CHANGE			
Sales	10.3 %	(0.1)%	(0.5)%
Other Operating Revenues	3.1 %	58.5 %	(3.7)%
Cost of Power	14.5 %	0.3 %	(0.6)%
Distribution	(7.3)%	8.3 %	9.9 %
Other Operating Expenses	<u>(15.6)%</u>	<u>12.1 %</u>	<u>12.4 %</u>
PERCENT OF REVENUES			
Cost of Power	72.3 %	69.5 %	69.7 %
Distribution Expense	6.5 %	7.8 %	7.2 %
Other Operating Expense	16.6 %	21.6 %	19.4 %
Operating Income (Loss)	<u>4.6 %</u>	<u>1.1 %</u>	<u>3.7 %</u>
KWHs Purchased	335,524,716	334,881,096	347,064,261
KWHs Sold	328,524,577	328,085,542	341,214,247
Line Loss	<u>7,000,139</u>	<u>6,795,554</u>	<u>5,850,014</u>
Percent of Line Loss	<u>2.1 %</u>	<u>2.0 %</u>	<u>1.7 %</u>
REVENUE PER KWH SOLD	<u>0.11797</u>	<u>0.10711</u>	<u>0.10306</u>
COST PER KWH PURCHASED	<u>0.08479</u>	<u>0.07417</u>	<u>0.07132</u>
NUMBER OF CUSTOMERS	<u>14,603</u>	<u>14,470</u>	<u>14,451</u>

AUSTIN UTILITIES
EIGHT-YEAR SUMMARY OF OPERATIONS AND STATISTICS
ELECTRIC UTILITY (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 THROUGH 2023
(UNAUDITED)

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 35,353,345	\$ 35,364,247	\$ 36,477,798	\$ 35,895,162	\$ 36,080,194
375,730	745,654	848,282	829,036	544,773
<u>35,729,075</u>	<u>36,109,901</u>	<u>37,326,080</u>	<u>36,724,198</u>	<u>36,624,967</u>
11,046	39,940	19,690	182,306	492,762
24,900,387	25,923,884	27,015,819	26,660,802	26,428,998
<u>24,911,433</u>	<u>25,963,824</u>	<u>27,035,509</u>	<u>26,843,108</u>	<u>26,921,760</u>
2,328,500	2,536,869	2,148,243	2,362,386	2,241,083
6,123,061	5,735,136	9,443,412	6,627,396	6,493,927
<u>33,362,994</u>	<u>34,235,829</u>	<u>38,627,164</u>	<u>35,832,890</u>	<u>35,656,770</u>
<u>\$ 2,366,081</u>	<u>\$ 1,874,072</u>	<u>\$ (1,301,084)</u>	<u>\$ 891,308</u>	<u>\$ 968,197</u>
(0.0)%	(3.1)%	1.6 %	(0.5)%	4.9 %
(49.6)%	(12.1)%	2.3 %	52.2 %	(38.8)%
(4.1)%	(4.0)%	0.7 %	(0.3)%	8.4 %
(8.2)%	18.1 %	(9.1)%	5.4 %	2.7 %
<u>6.8 %</u>	<u>(39.3)%</u>	<u>42.5 %</u>	<u>2.1 %</u>	<u>3.4 %</u>
69.7 %	71.9 %	72.4 %	73.1 %	73.5 %
6.5 %	7.0 %	5.8 %	6.4 %	6.1 %
17.1 %	15.9 %	25.3 %	18.0 %	17.7 %
<u>6.6 %</u>	<u>5.2 %</u>	<u>(3.5)%</u>	<u>2.4 %</u>	<u>2.6 %</u>
344,260,900	341,869,722	345,444,402	342,557,821	349,181,120
336,407,628	335,157,365	337,602,722	335,916,934	338,849,641
<u>7,853,272</u>	<u>6,712,357</u>	<u>7,841,680</u>	<u>6,640,887</u>	<u>10,331,479</u>
<u>2.3 %</u>	<u>2.0 %</u>	<u>2.3 %</u>	<u>1.9 %</u>	<u>3.0 %</u>
<u>0.10509</u>	<u>0.10552</u>	<u>0.10805</u>	<u>0.10686</u>	<u>0.10648</u>
<u>0.07233</u>	<u>0.07583</u>	<u>0.07821</u>	<u>0.07783</u>	<u>0.07569</u>
<u>14,428</u>	<u>14,346</u>	<u>14,592</u>	<u>14,450</u>	<u>14,431</u>

AUSTIN UTILITIES
EIGHT-YEAR SUMMARY OF OPERATIONS AND STATISTICS
WATER UTILITY
YEARS ENDED DECEMBER 31, 2016 THROUGH 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUES			
Sales of Water	\$ 6,122,772	\$ 5,642,037	\$ 5,381,220
Other Operating Revenues	92,957	73,772	60,190
Total Sales Revenue	<u>6,215,729</u>	<u>5,715,809</u>	<u>5,441,410</u>
OPERATING EXPENSES			
Source of Supply	57,505	54,862	53,229
Pumping	834,934	730,603	738,471
Water Treatment	310,446	280,846	284,957
Total Cost of Water	<u>1,202,885</u>	<u>1,066,311</u>	<u>1,076,657</u>
Distribution-Water	1,238,650	1,619,333	1,259,038
Other Operating Expenses	2,682,077	3,104,164	2,287,353
Total Operating Expenses	<u>5,123,612</u>	<u>5,789,808</u>	<u>4,623,048</u>
TOTAL OPERATING INCOME (LOSS)	<u>\$ 1,092,117</u>	<u>\$ (73,999)</u>	<u>\$ 818,362</u>
PERCENT OF CHANGE			
Sales	8.5 %	4.8 %	1.2 %
Other Operating Revenues	26.0 %	22.6 %	42.3 %
Cost of Water	12.8 %	(1.0)%	(5.7)%
Distribution	(23.5)%	28.6 %	(13.6)%
Other Operating Expenses	<u>(13.6)%</u>	<u>35.7 %</u>	<u>8.6 %</u>
PERCENT OF REVENUES			
Cost of Water	19.4 %	18.7 %	19.8 %
Distribution Expense	19.9 %	28.3 %	23.1 %
Other Operating Expense	43.1 %	54.3 %	42.0 %
Operating Income (Loss)	<u>17.6 %</u>	<u>(1.3)%</u>	<u>15.0 %</u>
Hundred CU Ft. Water Pumped	2,518,978	2,460,382	2,674,547
Hundred CU Ft. Water Sold	2,508,233	2,518,648	2,449,538
Line (Gain) Loss	<u>10,745</u>	<u>(58,266)</u>	<u>225,009</u>
Percent of Line (Gain) Loss	<u>0.4 %</u>	<u>(2.4)%</u>	<u>8.4 %</u>
REVENUE PER HUNDRED CU FT. SOLD	<u>2.4411</u>	<u>2.2401</u>	<u>2.1968</u>
COST PER HUNDRED CU FT. PUMPED	<u>0.4775</u>	<u>0.4334</u>	<u>0.4026</u>
NUMBER OF CUSTOMERS	<u>9,071</u>	<u>9,075</u>	<u>9,064</u>

AUSTIN UTILITIES
EIGHT-YEAR SUMMARY OF OPERATIONS AND STATISTICS
WATER UTILITY (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 THROUGH 2023
(UNAUDITED)

2020	2019	2018	2017	2016
\$ 5,317,107	\$ 4,983,147	\$ 4,794,717	\$ 4,738,228	\$ 4,463,570
42,309	76,091	55,801	63,064	50,221
<u>5,359,416</u>	<u>5,059,238</u>	<u>4,850,518</u>	<u>4,801,292</u>	<u>4,513,791</u>
52,482	54,743	47,807	46,265	55,403
826,099	714,123	767,759	740,177	682,595
263,160	267,205	266,214	273,752	268,015
<u>1,141,741</u>	<u>1,036,071</u>	<u>1,081,780</u>	<u>1,060,194</u>	<u>1,006,013</u>
1,457,791	1,265,440	1,195,172	1,282,896	1,101,994
2,105,428	1,715,363	1,742,887	1,845,618	1,874,656
<u>4,704,960</u>	<u>4,016,874</u>	<u>4,019,839</u>	<u>4,188,708</u>	<u>3,982,663</u>
<u>\$ 654,456</u>	<u>\$ 1,042,364</u>	<u>\$ 830,679</u>	<u>\$ 612,584</u>	<u>\$ 531,128</u>
6.7 %	3.9 %	1.2 %	6.2 %	6.1 %
(44.4)%	36.4 %	(11.5)%	25.6 %	(32.6)%
10.2 %	(4.2)%	2.0 %	5.4 %	(6.6)%
15.2 %	5.9 %	(6.8)%	16.4 %	4.3 %
<u>22.7 %</u>	<u>(1.6)%</u>	<u>(5.6)%</u>	<u>(1.5)%</u>	<u>13.1 %</u>
21.3 %	20.5 %	22.3 %	22.1 %	22.3 %
27.2 %	25.0 %	24.6 %	26.7 %	24.4 %
39.3 %	33.9 %	35.9 %	38.4 %	41.5 %
<u>12.2 %</u>	<u>20.6 %</u>	<u>17.1 %</u>	<u>12.8 %</u>	<u>11.8 %</u>
2,547,961	2,437,246	2,395,950	2,516,285	2,471,597
2,527,243	2,428,685	2,372,711	2,553,297	2,555,104
<u>20,718</u>	<u>8,561</u>	<u>23,239</u>	<u>(37,012)</u>	<u>(83,507)</u>
<u>0.8 %</u>	<u>0.4 %</u>	<u>1.0 %</u>	<u>(1.5)%</u>	<u>(3.4)%</u>
<u>2.1039</u>	<u>2.0518</u>	<u>2.0208</u>	<u>1.8557</u>	<u>1.7469</u>
<u>0.4481</u>	<u>0.4251</u>	<u>0.4515</u>	<u>0.4213</u>	<u>0.4070</u>
<u>9,034</u>	<u>9,037</u>	<u>9,014</u>	<u>8,979</u>	<u>8,963</u>

AUSTIN UTILITIES
EIGHT-YEAR SUMMARY OF OPERATIONS AND STATISTICS
GAS UTILITY
YEARS ENDED DECEMBER 31, 2016 THROUGH 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUES			
Sales of Gas	\$ 19,966,637	\$ 23,498,613	\$ 23,065,055
Other Operating Revenues	111,854	96,187	32,554
Total Sales Revenue	<u>20,078,491</u>	<u>23,594,800</u>	<u>23,097,609</u>
OPERATING EXPENSES			
Gas Supply Expense	13,271,701	17,905,837	19,319,062
Gas Storage Expense	12,382	14,899	55,219
Total Cost of Gas	<u>13,284,083</u>	<u>17,920,736</u>	<u>19,374,281</u>
Distribution-Gas	2,039,066	2,044,301	1,889,635
Other Operating Expenses	3,719,561	4,339,133	3,262,842
Total Operating Expenses	<u>19,042,710</u>	<u>24,304,170</u>	<u>24,526,758</u>
TOTAL OPERATING INCOME (LOSS)	<u>\$ 1,035,781</u>	<u>\$ (709,370)</u>	<u>\$ (1,429,149)</u>
PERCENT OF CHANGE			
Sales	(15.0)%	1.9 %	63.9 %
Other Operating Revenues	16.3 %	195.5 %	(32.3)%
Cost of Gas	(25.9)%	(7.5)%	130.6 %
Distribution	(0.3)%	8.2 %	(3.6)%
Other Operating Expenses	<u>(14.3)%</u>	<u>33.0 %</u>	<u>0.1 %</u>
PERCENT OF REVENUES			
Cost of Gas	66.2 %	76.0 %	83.9 %
Distribution Expense	10.2 %	8.7 %	8.2 %
Other Operating Expense	18.5 %	18.4 %	14.1 %
Operating Income (Loss)	<u>5.2 %</u>	<u>(3.0)%</u>	<u>(6.2)%</u>
Thousand CU Ft. Gas Purchased	2,395,824	2,646,880	2,356,072
Thousand CU Ft. Gas Sold	2,458,988	2,608,450	2,375,598
Line (Gain) Loss	<u>63,164</u>	<u>(38,430)</u>	<u>19,526</u>
Percent of Line (Gain) Loss	<u>2.6 %</u>	<u>(1.5)%</u>	<u>0.8 %</u>
REVENUE PER THOUSAND CU FT. SOLD	<u>8.1199</u>	<u>9.0086</u>	<u>9.7092</u>
COST PER THOUSAND CU FT. PURCHASED	<u>5.5447</u>	<u>6.7705</u>	<u>8.2231</u>
NUMBER OF CUSTOMERS	<u>10,421</u>	<u>10,402</u>	<u>10,398</u>

AUSTIN UTILITIES
EIGHT-YEAR SUMMARY OF OPERATIONS AND STATISTICS
GAS UTILITY (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 THROUGH 2023
(UNAUDITED)

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 14,072,838	\$ 16,253,117	\$ 17,071,775	\$ 16,409,720	\$ 15,334,410
48,119	82,301	75,285	70,112	64,081
<u>14,120,957</u>	<u>16,335,418</u>	<u>17,147,060</u>	<u>16,479,832</u>	<u>15,398,491</u>
8,369,931	9,956,976	10,701,640	11,052,576	9,633,321
31,324	15,043	33,110	7,469	30,672
<u>8,401,255</u>	<u>9,972,019</u>	<u>10,734,750</u>	<u>11,060,045</u>	<u>9,663,993</u>
1,960,399	1,977,422	1,735,038	1,792,671	1,874,505
3,258,651	3,170,864	3,247,977	3,471,942	3,643,910
<u>13,620,305</u>	<u>15,120,305</u>	<u>15,717,765</u>	<u>16,324,658</u>	<u>15,182,408</u>
<u>\$ 500,652</u>	<u>\$ 1,215,113</u>	<u>\$ 1,429,295</u>	<u>\$ 155,174</u>	<u>\$ 216,083</u>
(13.4)%	(4.8)%	4.0 %	7.0 %	(3.0)%
(41.5)%	9.3 %	7.4 %	9.4 %	(24.9)%
(15.8)%	(7.1)%	(2.9)%	14.4 %	(6.6)%
(0.9)%	14.0 %	(3.2)%	(4.4)%	7.7 %
<u>2.8 %</u>	<u>(2.4)%</u>	<u>(6.5)%</u>	<u>(4.7)%</u>	<u>22.1 %</u>
59.5 %	61.0 %	62.6 %	67.1 %	62.8 %
13.9 %	12.1 %	10.1 %	10.9 %	12.2 %
23.1 %	19.4 %	18.9 %	21.1 %	23.7 %
<u>3.5 %</u>	<u>7.4 %</u>	<u>8.3 %</u>	<u>0.9 %</u>	<u>1.4 %</u>
2,391,912	2,537,743	2,447,233	2,339,779	2,277,673
2,413,951	2,552,211	2,436,517	2,322,791	2,246,544
<u>22,039</u>	<u>14,468</u>	<u>(10,716)</u>	<u>(16,988)</u>	<u>(31,129)</u>
<u>0.9 %</u>	<u>0.6 %</u>	<u>(0.4)%</u>	<u>(0.7)%</u>	<u>(1.4)%</u>
<u>5.8298</u>	<u>6.3682</u>	<u>7.0066</u>	<u>7.0647</u>	<u>6.8258</u>
<u>3.5124</u>	<u>3.9295</u>	<u>4.3865</u>	<u>4.7270</u>	<u>4.2429</u>
<u>10,375</u>	<u>10,357</u>	<u>10,300</u>	<u>10,260</u>	<u>10,250</u>



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