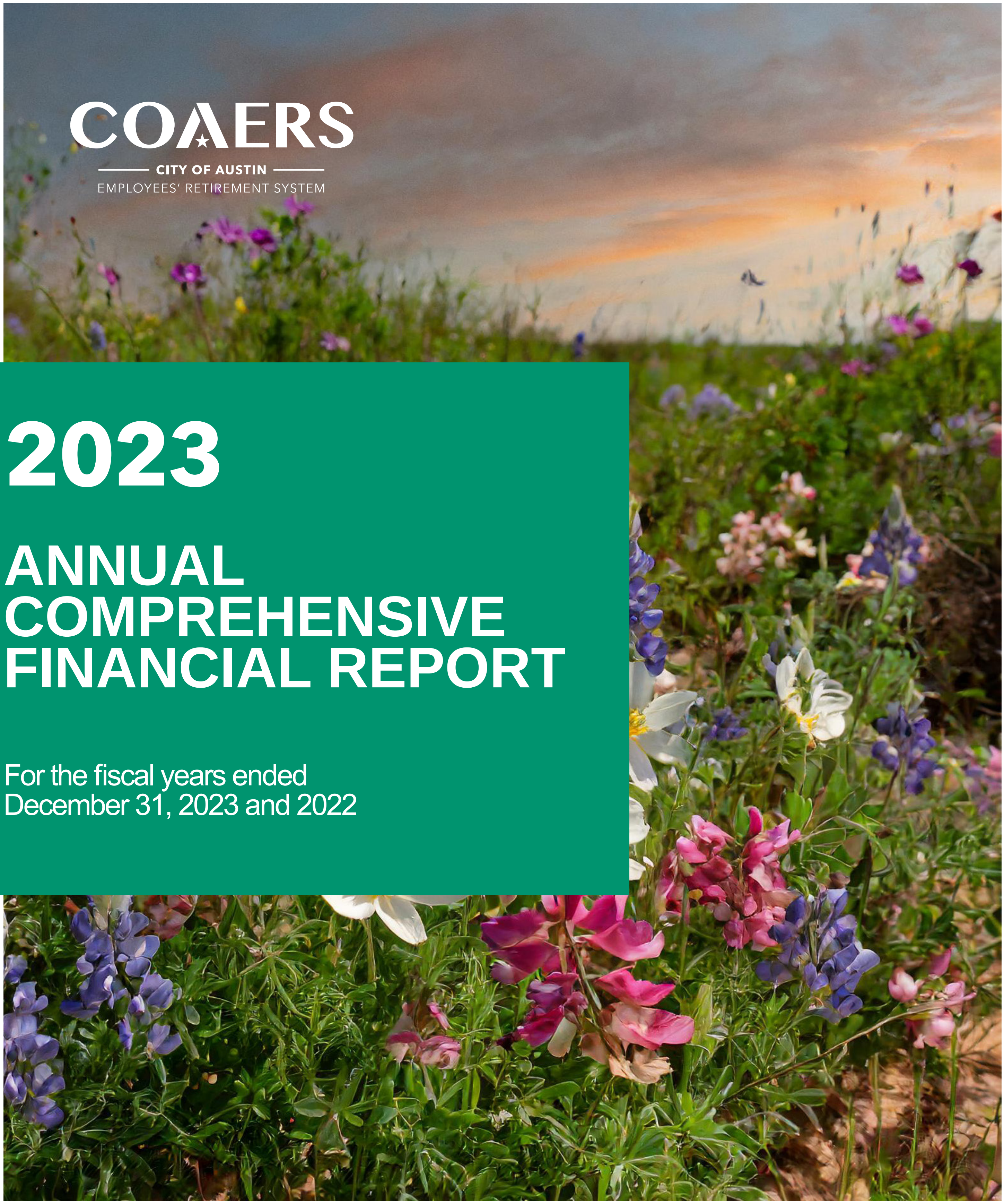
COAERS
CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

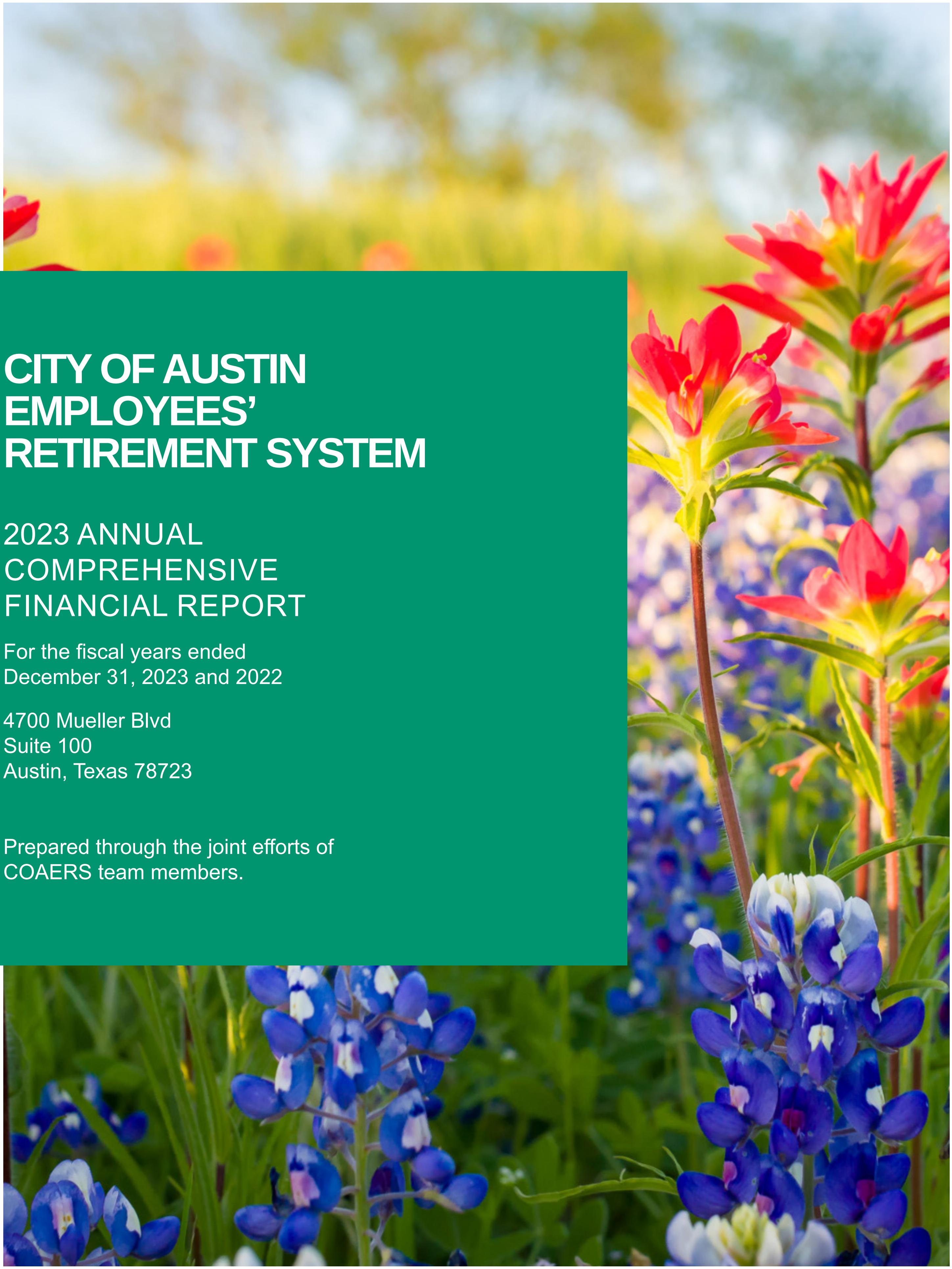


2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal years ended
December 31, 2023 and 2022

CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
AUSTIN, TEXAS



CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal years ended
December 31, 2023 and 2022

4700 Mueller Blvd
Suite 100
Austin, Texas 78723

Prepared through the joint efforts of
COAERS team members.

Our Mission:

The mission of the City of Austin Employees’ Retirement System is to provide our members their promised benefits.

We Value:

Accessibility

Accountability

Cooperation

Ethical Behavior

Fairness

Innovation

Integrity

Open Communication

Respect

Responsiveness

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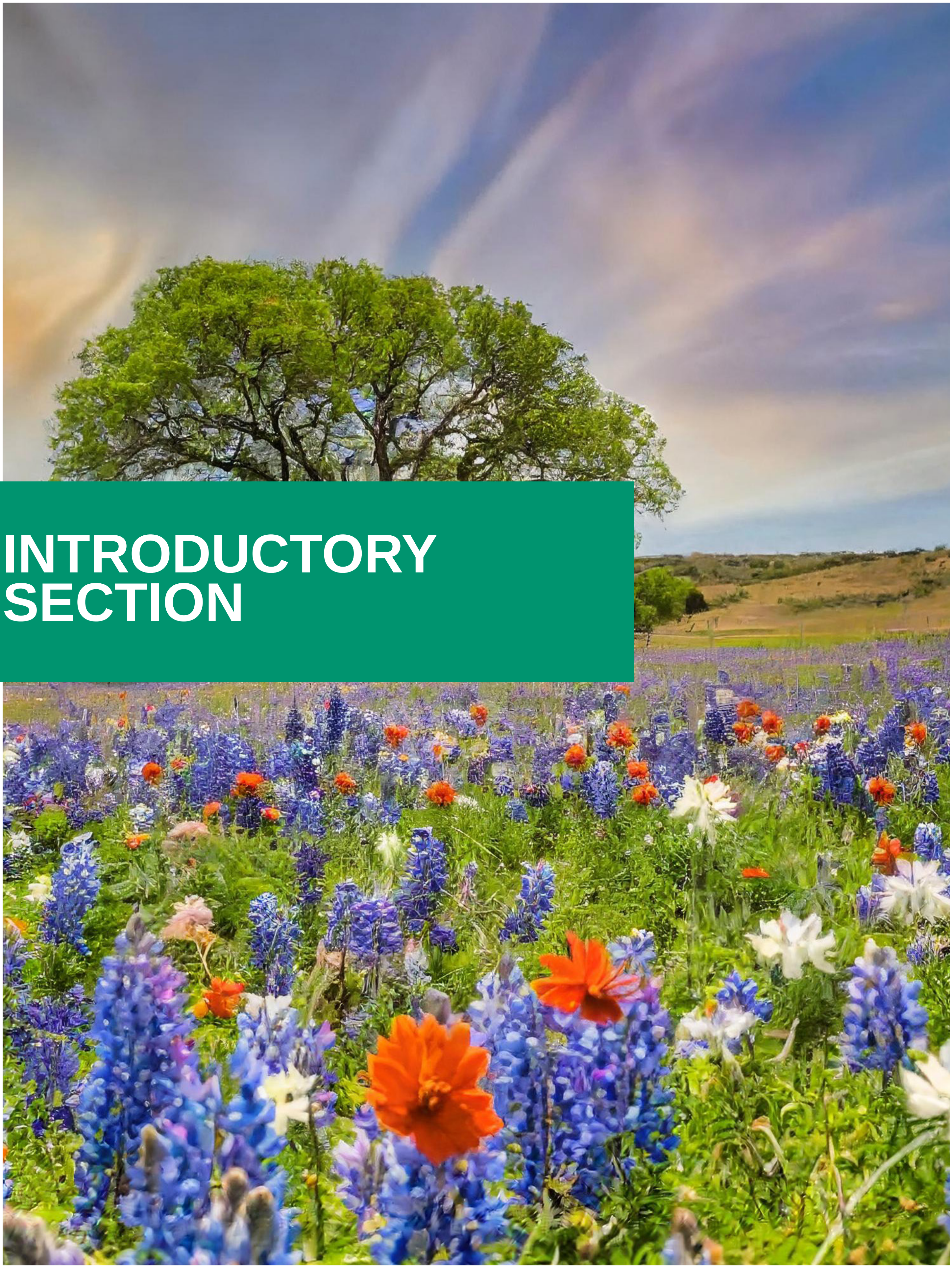


COAERS
CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

June 13, 2024

Board of Trustees
City of Austin Employees' Retirement System
Austin, Texas

Ladies and Gentlemen:

It is our pleasure to submit the Annual Comprehensive Financial Report of the City of Austin Employees' Retirement System (COAERS or System) for the year ended December 31, 2023. The management of COAERS assumes full responsibility for the accuracy, completeness, and fair presentation of information as well as all disclosures in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Plan Profile

COAERS was established in 1941 and has provided retirement benefits to eligible City of Austin employees since that time. Though originally created by City ordinance, COAERS is now governed by State law and administered by an eleven-member Board of Trustees.

The Plan provides retirement, disability, and death benefits to eligible employees of the City of Austin. Both the City of Austin, as the employer, and its employees make contributions to COAERS. Retirement benefits are determined by a formula that considers final average compensation multiplied by the number of years of creditable service. Disability retirement is available pursuant to specific criteria established by statute. A death benefit of $10,000 is payable upon the death of a retired member of COAERS. Vesting occurs at five years of creditable service.

Additional information concerning current COAERS plan provisions is contained in the Membership and Benefits Overview report in this section.

Audited Financial Statements

The financial statements included in this Annual Comprehensive Financial Report have been prepared by the management of COAERS in accordance with Generally Accepted Accounting Principles (GAAP) and presented in accordance with guidelines established by the Governmental Accounting Standards Board (GASB). The governing statute requires an annual audit of COAERS' accounts by a Certified Public Accountant. The Board of Trustees has retained CliftonLarsonAllen (CLA) as the System's independent external auditor.

CLA's December 31, 2023 financial statement audit was conducted in accordance with Generally Accepted Auditing Standards (GAAS) and resulted in an unmodified opinion on the financial statements. The Financial Section contains CLA's audit opinion letter and additional information including Management's Discussion and Analysis (MD&A) that provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Internal Controls

The concept of reasonable assurance recognizes first that the cost of a control should not exceed the benefits likely to be derived, and second, that the valuation of costs and benefits requires estimates and judgments by management. A framework of internal controls has been established by the management of COAERS to provide reasonable assurance that assets are properly safeguarded, that financial records are fairly and accurately maintained, and that the governing statute and policies are correctly followed.

Investments

Essential to the mission of COAERS is the responsibility to ensure that System assets will be sufficient over the long term to fulfill its liabilities. A key foundation of this duty is the prudent pursuit of investment returns by the Fund, which over the long term provide for most of the retirement and other benefits promised to current and future members.

Investments are made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. COAERS funds are invested solely in the interest of the membership and their beneficiaries, and for the exclusive purpose of providing benefits to such membership and their beneficiaries while defraying reasonable expenses of administering COAERS.

The Board of Trustees has established an Investment Policy Statement, Investment Implementation Policy, and other guidelines which provide objectives, guidelines, and reporting requirements for Staff and professional investment advisors. COAERS employs professional staff to oversee and guide the day-to-day management to the Fund and assist the Board in devising and implementing strategic investment decisions. The Board also retains RVK, Inc. to provide independent investment consulting services and long-range asset/liability analyses.

The investments of the Fund are strategically allocated to maximize returns relative to risk by using a highly diversified and cost-effective portfolio structure. COAERS has consistently followed an investment philosophy that employs a long-term time horizon, which is consistent with the nature of the System's liabilities.

During 2023, the return on Fund investments totaled 12.3% net of fees. Additional information regarding the investments of the pension trust fund can be found in the Investment Section of this report.

Funding

COAERS is funded by investment income and employer and employee contributions. For fiscal year 2023, City employees contributed 8% of base compensation and the City of Austin contributed 19% of base compensation. As of December 31, 2023, the System's funded position is 62.1% and the amortization period for the Unfunded Actuarial Accrued Liability (UAAL) is 30 years. The actuarial accrued liability and the actuarial value of assets of COAERS, as of December 31, 2023, amounted to $5.617 billion and $3.486 billion, respectively. A detailed discussion of funding is provided in the Actuarial Section of this report.

Major Initiatives

In 2023, the COAERS Board of Trustees and the City of Austin proposed an amendment to the COAERS governing statute to ensure the long-term financial sustainability of the System. The collaborative effort between COAERS and its plan sponsor resulted in Senate Bill 1444 introduced during the 88th Texas legislative session. The bill was approved and signed into law on May 29, 2023. The legislation included several policy areas, such as contributions, benefits, and governance. The key concepts proposed included:

- Moving to a flexible actuarially determined employer contribution (ADEC) rate, which can increase to keep the plan on a steady path toward full-funding;
- Implementing a fixed payment schedule for the City of Austin to pay off the Unfunded Actuarial Accrued Liability, or “legacy liability,” within a 30-year period;
- Increasing employee contributions by 2%, from 8% to 10%, over a two-year period;
- Modifying the provisions of service purchases and sick-leave conversions to reduce the financial risks to the System;
- Converting one elected active member COAERS board position to a City of Austin appointed position; and
- Codifying the process for future cost-of-living adjustments (COLAs) which requires certification by the System’s actuary that the COLA can be provided within actuarial guidelines, approval by the Board of Trustees, and approval by the City Council.

Also during 2023, COAERS expanded its customer outreach with new event offerings such as a financial wellness forum, and continued information security maturity efforts, and focused on improved employee engagement through industry education, professional development, and innovation initiatives. COAERS also continued efforts related to its Enterprise Risk Management program report for oversight of organization-wide risks, developed a Board Governance Manual, and created educational programming dedicated to COAERS retirees.

Finally, COAERS announced the opening of its new headquarters in the Mueller District of Austin, Texas. The decision followed an evaluation of the System’s long-term needs to serve members, enhance operations, and reduce operating costs. The new facility provides expanded retirement planning and counseling space and consolidated the System staff into one location. The acquisition did not create any material impact on the actuarial valuation of the System’s assets, and it transitioned COAERS from a rent-paying, negative cash-flow position to a positive cash-flow position as an owner.

Awards

For the 25th consecutive year, COAERS was awarded a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022, by the Government Finance Officers’ Association of the United States and Canada (GFOA). COAERS is pleased to have achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

For 2023, COAERS has again earned the Public Pension Coordinating Council Recognition Award for Administration and has also received the Council’s award for funding for the implementation of Senate Bill 1444.

Acknowledgments

This report reflects the combined efforts of COAERS Staff under the leadership of the Board of Trustees. We express our gratitude to the staff, advisors, and members of the Board who have contributed to the preparation of this report and to the continued successful operation of the City of Austin Employees’ Retirement System

Respectfully Submitted,

Yuejiao Liu	Christopher D. Hanson
Board Chair	Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Austin Employees' Retirement System
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2023

Presented to

City of Austin Employees Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

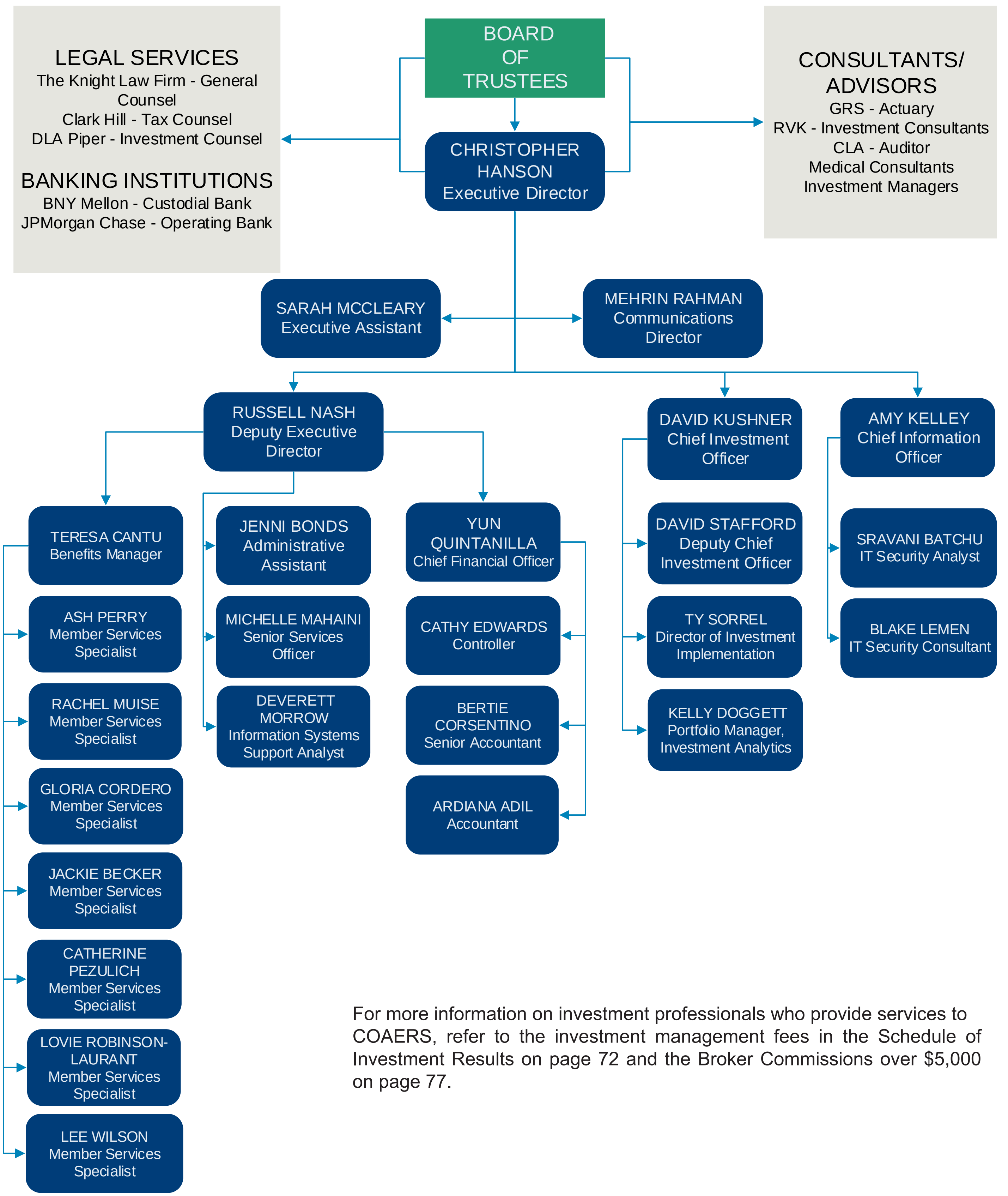
Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

ORGANIZATIONAL CHART AS OF DECEMBER 31, 2023



For more information on investment professionals who provide services to COAERS, refer to the investment management fees in the Schedule of Investment Results on page 72 and the Broker Commissions over $5,000 on page 77.

Investment Consultant
RVK Inc

General Counsel
The Knight Law Firm

Custodial Bank
BNY MELLON

Tax Counsel
Clark Hill PLC

Independent Auditors
CliftonLarsonAllen LLP

Investments Counsel
Jackson Walker LLP
DLA Piper LLP

Actuary
GRS Retirement Consulting Group

Operating Bank
JPMorgan Chase Bank

A list of investment managers can be found in the Investment Section of this report.

INTRODUCTION

This is a general overview of the City of Austin Employees' Retirement System (COAERS) membership and benefits. In the event of any inconsistency between this general overview and state or federal law as modified, interpreted, and applied from time to time, the state or federal law will govern and control.

COAERS is an IRS tax-qualified 401(a) defined benefit plan governed by Texas state law.

Membership Requirements

City of Austin regular employees working 30 or more hours per week become members of COAERS on the date of employment as mandated by Statute. Members do not include:

- Temporary employees
- Part-time employees working less than 30 hours per week
- Civil service employees of the Fire Department and the Police Department
- The Mayor and members of the City Council

Contributions

Employee: For 2023, members of COAERS contribute 8% of their base compensation calculated on a 40-hour work week. Contributions are made through payroll deduction each pay period (every two weeks). Overtime and special pay are not included. For 2024, member contributions increase to 9% and then to 10% for 2025.

Employer: By state statute, the employer contributes an amount equal to 8% of the employee's base compensation or a higher rate established by the employer. For the calendar year 2020, the employer contribution, established by a City Council Resolution, was 18% of compensation. Effective January 1, 2021, the City increased the employer contribution to 19% of base compensation. For 2024 and beyond, the employer contribution is comprised of an actuarially determined contribution rate and a legacy liability payment.

RETIREMENT BENEFITS

Retirement Eligibility

Members are eligible for retirement when they meet one of the following age and service requirements for the membership group to which they belong:

Group A Members (Normal Retirement)
- Age 62, with 5 years of Creditable Service
- Age 55 with 20 years of Creditable Service, or
- Any age with 23 years of Creditable Service

Group B Members (Normal Retirement)
- Age 65 with 5 years of Creditable Service (excluding Supplementary Service Credit), or
- Age 62 with 30 years of Creditable Service (excluding Supplementary Service Credit)

Group B Members (Early Retirement – Reduced Benefits)
- Age 55 with at least 10 years of Creditable Service (excluding Supplementary Service Credit)

Vesting

Members become vested with COAERS when they have five years of Creditable Service. Members who leave active membership before attaining retirement eligibility must have five years of Creditable Service to be considered vested. Verified service credit with a participating proportionate retirement system(s) or in the limited proportionate service arrangement between COAERS and the Travis County Healthcare District may also be combined with COAERS service credit in determining vested status and eligibility to receive a future benefit. The member is not entitled to receive the employer contribution at any time. Instead, vesting means that a member is entitled to receive a lifetime benefit as long as their contributions are on deposit in the System upon reaching retirement eligibility. COAERS refers to vested members as either having a “Deferred” or “Deferred Reciprocal” status.

Creditable Service

Creditable Service is a combination of membership service and other types of Creditable Service described below.

Current active-contributing/vested members, as of October 1, 1995, were granted service credit for the period between their date of hire and their date of participation, up to six months. All members hired after October 1, 1995 become members on their date of hire or on their date of regular employment at 30 or more hours per calendar week.

Types of Creditable Service

Membership Service – The employment period during which a member makes payroll contributions to the System is considered the “Membership Service” period.

Reinstated Membership Service (Prior City of Austin Service) – When members leave City employment, withdraw their deposits, and later return to City employment or employment with a participating proportionate system, they may purchase and reinstate the earlier time with the City. To purchase this service, they must become a member of COAERS or another proportionate system. The cost to purchase prior service credit is based on the amount previously withdrawn, plus interest, as required by law.

Non-Contributory Service Credit – Effective January 1, 2024, members may purchase service credit for the following non-contributory categories, but may only do so at retirement:

- Temporary or part-time employment (less than 30 hours per week)
- Approved leave of absence
- Workers’ compensation leave because of an injury sustained in the course and scope of employment with the employer

Credit for Federal Active Duty Military Service

Prior Federal Active Duty Military Service – Effective January 1, 2024, members may establish up to 48 months of Creditable Service for prior military service through making a service purchase, but may only do so at retirement. Military service eligible for purchase is full-time active duty service in the armed forces of the United States performed before the first day of the most recent period of active membership in COAERS. Military service in the reserves, a service academy, or for less than 90 consecutive days is not eligible for purchase. To purchase prior military service, members must present an original DD214 showing honorable discharge.

Military Leave of Absence – Members may establish Creditable Service for an authorized leave of absence from employment for military service. The member may establish such Creditable Service during the authorized leave of absence by continuing to make retirement contributions during the period of service. Alternatively, if the member returns to employment within the applicable period (that varies from 14 to 90 days, depending on the length of service) after the completion of the military service, the member and the employer may secure such Creditable Service by making a lump-sum payment within five years of the date the member returns to employment and active-contributing member status.

Supplementary Service Credit – Effective January 1, 2024 Group A and B members may only purchase Supplementary Service Credit at retirement. Group A members may purchase up to five years of Creditable Service to advance their retirement eligibility date and/or increase the amount of their monthly annuity upon retirement. Group B members may purchase up to five years of Creditable Service at retirement only to increase the amount of their annuity but not to advance their retirement eligibility.

Sick Leave Conversion – Retiring members may convert unused sick leave hours to increase Creditable Service time. Employees eligible to be paid by the City of Austin for up to 720 hours of sick leave upon retirement cannot convert the eligible hours to Creditable Service. Converted sick leave hours cannot be used to reach retirement eligibility. Sick leave must be converted in pay period (80-hour) increments. The member must pay the current contribution rate at the time of retirement to convert unused sick leave hours.

2023 Limited Transitional Service Purchase Election – Members were given a limited time in 2023 to preserve the right to make a supplementary service purchase prior to retirement. In order to receive this right, the member must have made a written election prior to December 31, 2023. Members making a timely election have the right to make supplementary service purchases up to the maximum allowed by the plan as of the earlier of December 31, 2028 or the member's actual retirement date whichever occurs first.

Proportionate Service

In 1991 the Texas Legislature established a Proportionate Retirement Program for the benefit of members of participating public retirement systems. A member of two or more of the following participating retirement systems may be eligible for proportionate benefits:

- City of Austin Employees' Retirement System
- City of Austin Police Retirement System
- City of El Paso Employees Retirement Trust
- El Paso Firemen and Policemen's Pension Fund
- Employees Retirement System of Texas
- Judicial Retirement System of Texas I & II
- Texas Municipal Retirement System
- Texas County and District Retirement System
- Teacher Retirement System of Texas
- Other Texas retirement systems covering municipal employees who have qualified plans and have elected to participate in the Proportionate Retirement Program

Participating systems recognize service from other participating systems upon proper notice. A member with service credit in more than one participating retirement system may be eligible to retire in another system based on the combined service of two or more systems in order to satisfy the length of service requirements used to determine eligibility for service retirement.

Members must qualify for retirement eligibility independently in each system. Retirement benefits will be paid separately from each system and will be determined based on the actual amount of Creditable Service earned and the benefit structure of each plan. Military service may only be used once in determining the amount of the member's combined service credit. Proportionate participation is generally based on funded service.

A limited proportionate service arrangement was also established in 2007 for individuals who have membership in COAERS and a retirement system within the Travis County Healthcare District (District) organization. This arrangement, effective with employees transitioning into the District effective March 1, 2009, is similar to the general proportionate program except that it applies only between these two retirement systems. Participation in the District retirement system can be used to establish retirement eligibility with COAERS.

Calculation of Retirement Benefits

Factors used to calculate COAERS retirement benefits:

Total Creditable Service – Total years and months of Creditable Service, including:

- Regular membership service
- Reinstated membership service
- Military service purchased
- Non-contributory service purchased
- Supplementary service purchased
- Converted sick leave
- Up to one six-month probationary period granted at retirement to active-contributing/vested members hired on or before October 1, 1995
- Note: Proportionate service is only used to reach eligibility; it is not used to calculate retirement benefits.

Multiplier for Group A Members – 3.0% Multiplier for Group B Members – 2.5%

Average Final Compensation – The average base salary for the highest 36 months of contributory service during the last 10 years of salary prior to retirement.

Retirement Options

COAERS provides several options for payment of monthly benefits. All payment options are actuarially equivalent to the basic Member Only Life Annuity benefit.

The options that include benefits to a survivor are calculated according to the ages of both the member and the surviving beneficiary. The member's benefits are reduced if an option is chosen that provides survivor benefits. This reduction is applied to the member's basic Life Annuity benefit according to the option the member chooses. Some restrictions may apply to non-spouse survivor benefits.

If the member is married, spousal consent is required. A member cannot change options or the survivor beneficiary after retirement. Even if a retiree and the beneficiary spouse later divorce, the survivor beneficiary cannot be changed. Only the survivor beneficiary named at retirement will receive survivor benefits.

Life Annuity – A basic monthly benefit payable for the life of the retiree.

Option I: 100% Joint and Survivor – A reduced monthly benefit payable throughout the retiree's life. At the retiree's death, the survivor beneficiary will continue to receive the retiree's benefit for the remainder of his/her life.

Option II: 50% Joint and Survivor – A reduced monthly benefit payable throughout the retiree's life. At the retiree's death, the survivor beneficiary will continue to receive 50% of the retiree's benefit for the remainder of his/her life.

Option III: 66 ⅔ Joint and Survivor – A reduced monthly benefit payable throughout the retiree's life. At the retiree's death, the survivor beneficiary will continue to receive 66 2/3% of the retiree's benefit for the remainder of his/her life.

Option IV: Joint and 66 ⅔ Last Survivor – A reduced monthly benefit payable until the death of either the retiree or the survivor beneficiary. After death of the retiree or the survivor beneficiary, the last survivor of the two will receive 66 2/3% of the retiree's benefit for the remainder of his/her life.

Option V: Fifteen Year Certain and Life Annuity (180 payments) – A monthly benefit payable to the Retiree. If the retiree's death occurs before 180 payments are made, the retiree's beneficiary, spouse (if applicable), or estate will receive remaining monthly payments until all 180 payments have been made. If the retiree is still living after receiving 180 payments, payments to the retiree will continue until the retiree's death.

Option VI: Actuarial Equivalent of Life Annuity – This option allows members to develop their own benefit payment plan with the assistance and approval of the System's actuary. Members have flexibility to design a retirement benefit that is most appropriate for the needs of both the member and the member's beneficiary, subject to limitations established in Board policy. All options are subject to approval by the Board of Trustees.

A "Pop-up" benefit is provided for retirees choosing Options I, II, or III as well as retirees who selected any Joint and Survivor option other than Joint and Last Survivor option. The "Pop-up" increases the retiree's benefits to the Member Only Life Annuity level if the survivor beneficiary predeceases the retiree. Benefits are increased only after COAERS is properly notified of the death of the survivor.

Lump-Sum Payments

Backward DROP Program – The Backward Deferred Retirement Option Program (Back DROP) allows a member to receive a lump-sum payment in addition to receiving a monthly annuity.

Members who have already reached retirement eligibility, excluding proportionate service, and who continue to work and contribute to COAERS beyond retirement eligibility, may elect to receive a lump-sum amount and have their retirement calculated as though they had retired at an earlier date.

The Back DROP period can be no earlier than:

- The day of first retirement eligibility,
- The date of the last purchase of Creditable Service of any type other than Sick Leave Conversion, or
- 60 months (in one-month increments) prior to the retirement date.

The lump-sum amount is 90% of the sum of the monthly annuity payments and is based on the Member Only Life Annuity benefit the participant would have received had the Member retired at the earlier date. The lump-sum amount may be rolled over to other qualified plans, paid in one lump-sum to the member, or a combination of both.

Cost-of-living adjustments, interest, and member or employer contributions do not increase the amount credited to the Back DROP.

Partial Lump-Sum Payment – As an alternative to the Back DROP, a member may select a retirement option and request a one-time, lump-sum payment to be paid at the same time as the member's first annuity payment. The member's annuity amount will be actuarially reduced for the lump-sum payment. The partial lump sum amount cannot exceed the equivalent of 60 monthly annuity payments.

IRS Section 415 Restoration of Retirement Income Plan

Certain highly compensated members may have their retirement annuity limited because of Section 415(b)(1) of the Internal Revenue Code. A plan amendment, effective January 1, 2000, provides for COAERS to pay a benefit that exceeds the limitation imposed by the Internal Revenue Code from a separate, non-qualified, and unfunded "Restoration of Retirement Income Plan." Additional details are made available to affected members during the retirement process.

Retirees Returning to Work

The retirement allowance of a retired member who resumes employment with an employer within 90 days after retirement and has not attained age 55, or who resumes employment after retirement as a regular full-time employee of an employer is subject to suspension. Suspension also occurs if a retired member resumes employment with an employer in a position that is not required to participate in another retirement system maintained by an employer, and works for, or is compensated by, an employer for more than 1,508 hours in any rolling 12-month period after the member resumes employment with the employer.

DISABILITY RETIREMENT BENEFITS

Disability Retirement Requirements

Members may apply for disability retirement benefits if:

- They are mentally or physically incapacitated for the performance of all employment duties; AND
- The incapacity is likely to be permanent.

Disability Retirement Eligibility

Active-contributing members with less than five years Creditable Service may only apply for disability retirement if the disability is a result of an on-the-job accident or injury. Active-contributing members with five or more years of Creditable Service may apply for disability retirement even if the disability is not job-related. Members who are already eligible to retire may not apply for disability retirement.

Members are considered to remain in the same membership category in effect on the date of termination for 90 days following termination. Members are allowed to apply for disability retirement for up to 90 days following termination for inability to perform all employment duties.

Disability retirees are periodically required to provide proof of continued disability and are annually required to provide employment and income documentation to the COAERS Board of Trustees.

Disability Retirement Options

A member approved for disability retirement may choose a Member Only Life Annuity benefit or a benefit described in Options I, II, III, or IV. Disability retirees are not eligible for any type of lump-sum payment.

DEATH AND SURVIVOR BENEFITS

Retired Members

Upon the death of a retiree, a death benefit of $10,000 is paid by COAERS to the designated beneficiary(ies) of the deceased. This $10,000 death benefit is paid to the beneficiary(ies) in addition to any of the following benefits that are applicable:

If the retired member chose the Member Only Life Annuity option, the monthly benefit stops the month following the death of the retiree. However, if death occurs before the retiree's accumulated deposits have been paid out, the retiree's remaining deposits will be paid in a lump-sum to the retiree's designated beneficiary(ies), spouse (if applicable), or estate.

If the retired member chose an option providing benefits to a survivor beneficiary, upon the retiree's death, such benefits will be paid to the designated survivor. If the survivor beneficiary does not survive the retiree, monthly benefits cease. However, if the survivor beneficiary does not survive the retiree, and the retiree's deposits have not been paid out, the retiree's remaining deposits will be paid in a lump-sum to the retiree's designated beneficiary(ies), spouse (if applicable), or estate.

Active Members

Not Eligible to Retire

Upon the death of an active member who was not yet eligible for retirement, the designated beneficiary(ies) is entitled to a lump-sum payment of the member's accumulated deposits (contributions and interest) plus a death benefit from COAERS equal to the member's deposits (excluding any purchases for non-contributory time, prior military service purchases, or Supplementary Service Credit).

Eligible to Retire

If the active member was eligible for retirement prior to death and had not yet retired:

- A surviving spouse may choose any retirement option that would have been available to the member, except for Member Only Life Annuity, and receive the $10,000 death benefit. Alternatively, a surviving spouse may choose to receive a one-time lump-sum payment of the member's accumulated deposits and a death benefit from COAERS equal to the member's deposits (excluding any purchases for non-contributory time, prior military service purchases, or Supplementary Service Credit).

- If there is no spouse, the deceased member's designated beneficiary may elect to receive payments under Option V, Fifteen Year Certain and Life Annuity, and receive the $10,000 death benefit. The non-spouse beneficiary may otherwise choose to receive a one-time lump-sum payment as described above.
- The $10,000 death benefit is not paid to beneficiaries electing a one-time lump-sum payment.

Inactive Vested Members

Beneficiaries of inactive vested members receive the same death benefits as beneficiaries of active members as described above.

OTHER INFORMATION

Compliance with Applicable Law

Article 6243n of Vernon's Texas Civil Statutes, the Internal Revenue Code, and other state and federal laws are applicable to the operation and management of, and the benefits provided by, the System. Such laws place restrictions and limitations on retirement systems, including COAERS, and directly or indirectly affect member benefits and options. Deposits or retirement benefits may not be transferred or assigned except pursuant to a Qualified Domestic Relations Order (QDRO). All QDROs are subject to approval and must meet all statutory requirements. In addition, funds actually due and payable to a member, beneficiary, or alternate payee may be subject to IRS levy. The Internal Revenue Code also sets limits that affect purchases of service credit, final average salary, and monthly benefits for certain individuals.

Determining Interest on Member Contributions

The Board of Trustees annually determines the amount of interest paid on member accumulated deposits, taking into consideration the average yield of the 10-year U.S. Treasury note during the 12-month period ending on October 31st and recommendations of the System's actuary. Retirement interest is accrued on the last day of the calendar year based on the amount that each member had in the System on the first day of the calendar year. The money must remain on deposit for the entire calendar year in order to accrue interest.

Prohibition on COAERS Loans and Withdrawals

Plan provisions do not allow active members to make a partial withdrawal of deposits or to receive loans from their retirement funds.

Appeal Rights

A member or beneficiary directly affected by a decision of the Executive Director of the City of Austin Employees' Retirement System may appeal to the Board of Trustees. The member or beneficiary must appeal the decision within 30 days of notification of denial by the Executive Director or their designee.

FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Audit and Risk Committee of the Board of Trustees
City of Austin Employees' Retirement System
Austin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Austin Employees' Retirement System as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City of Austin Employees' Retirement System's 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 fiduciary net position of the City of Austin Employees' Retirement System as of December 31, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 City of Austin Employees' Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 City of Austin Employees' Retirement System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Audit and Risk Committee of the Board of Trustees
City of Austin Employees' Retirement System

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Austin Employees' Retirement System's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Austin Employees' Retirement System's ability to continue as a going concern for a reasonable period of time.

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

Audit and Risk Committee of the Board of Trustees
City of Austin Employees' Retirement System

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 Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Investment Returns 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 audits 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 City of Austin Employees' Retirement System's basic financial statements. The Other Supplementary Information – Investment, Professional Services and Consultant, and General and Administrative Expenses (as referenced in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information (as referenced in the table of contents) comprises the Introductory Section, the Investment Section, the Actuarial Section, and the Statistical Section 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 audits 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Texas
May 31, 2024

This section of the City of Austin Employees' Retirement System's (COAERS, or the System) financial report presents our discussion and analysis of the System's financial performance during fiscal years 2023 and 2022. We encourage readers to consider the information presented here in conjunction with our financial statements that follow.

FINANCIAL HIGHLIGHTS

The net position held in trust by the System increased by $318.9 million, or 10.8%, in 2023, and decreased by $605.4 million, or 17.0%, in 2022. The changes in net position are due primarily to changes in investment returns.

Contributions increased by $28.5 million, or 13.2%, in 2023, and by $7.8 million, or 3.7%, in 2022. The 2023 increase was due to a $17.1 million increase in employer contributions, an increase of $7.1 million in employee contributions, and a $4.3 million increase in employee creditable service purchases. The 2022 increase was due to a $5.4 million increase in employer contributions, an increase of $2.4 million in employee contributions.

The amount of benefits paid to retired members and beneficiaries, and refunded to terminating employees, increased by approximately $9.7 million, or 3.7% during 2023, and by approximately $17.2 million, or 6.9% during 2022. This is the result of increases in the number of System retirees and the average annuity payment. Benefit payments exceeded employee and City contributions by $29.6 million in 2023, and by $48.5 million in 2022.

The System's time-weighted rate of return on investments for the year ended December 31, 2023, was 12.5% gross of fees, and 12.3% net of fees, on a fair value basis, which was an increase from the return of -15.5% gross of fees, and -15.6% net of fees for the year ended December 31, 2022. The actuarial investment return assumption is 6.75%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to assist the reader's understanding of the purpose and meaning of each of the key components of COAERS' financial statements, which are comprised of the following:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Collectively, this information presents the net position held in trust for pension benefits as of the end of each year and summarizes the changes in net position held in trust for pension benefits for the year. The information available in each of these components is briefly summarized below:

Financial Statements

- The *Statement of Fiduciary Net Position* presents the System's assets and liabilities and the resulting net position, which is held in trust for pension benefits. This statement reflects a year-end comparison of the Plan's investments, at fair value, along with cash and short-term investments, receivables, and other assets and liabilities to the previous year.
- The *Statement of Changes in Fiduciary Net Position* provides a view of current year additions to and deductions from the plan.

These two statements report the System's net fiduciary position held in trust for pension benefits (net position restricted for pensions), the difference between assets and liabilities, as one way to measure COAERS' financial position. Over time, increases and decreases in net position are one indicator of whether the System's financial health is improving or deteriorating.

- Notes to the Financial Statements provide important background and detailed information about COAERS, the plan, and the financial statements.

FINANCIAL ANALYSIS

Summary of Fiduciary Net Position
Years Ended December 31, 2023, 2022, 2021

Assets		2023	2022	2021
Cash and receivables	$	81,885,874	72,077,402	33,705,576
Other current assets		-	343,578	-
Investments		3,218,572,684	2,940,262,105	3,535,433,558
Capital assets, net		32,527,687	3,403,389	4,125,172
Total assets		3,332,986,245	3,016,086,474	3,573,264,306
Liabilities				
Total liabilities		54,273,929	56,290,713	8,104,462
Net position restricted for pensions	**$**	3,278,712,316	2,959,795,761	3,565,159,844

Assets

As shown in the table above, assets increased by $316.9 million in 2023 and decreased by $557.2 million in 2022, due primarily to the changes in the value of investments.

- During 2023, there was a $9.8 million increase in the net amount of cash and receivables; this resulted from a $8.7 million strategic increase in the amount of cash, which was offset by a $0.1 million decrease in investment receivables and an increase of $1.2 million in contributions and other receivables.
- During 2022, there was a $38.4 million increase in the net amount of cash and receivables; this resulted from a $8.4 million decrease in the amount of cash, which was offset by a $45.6 million increase in investment receivables and an increase of $1.2 million in contributions and other receivables.
- In 2023, investments increased by $278.3 million; in 2022, investments decreased by $595.2 million, reflective of the changes in the financial markets.
- In 2023, capital assets increased by $29.1 million attributed to the acquisition of the System's office facility. In 2022, the decrease in capital assets reflects depreciation of furniture and equipment.

(CONTINUED)

Liabilities

Liabilities decreased by $2.0 million in 2023 and increased by $48.2 million in 2022. These fluctuations were primarily due to changes in trades pending settlement.

Summary of Changes in Fiduciary Net Position
Years Ended December 31, 2023, 2022, 2021

	2023	2022	2021
Additions:			
Contributions	$ 244,509,559	215,988,408	208,237,660
Investment appreciation (depreciation)	360,418,271	(544,614,281)	417,958,864
Investment expenses	5,315,186	5,599,635	6,749,253
Net investment appreciation (depreciation)	355,103,085	(550,213,916)	411,209,611
Other income	2,010,379	126,935	962
Total additions (deductions)	601,623,023	(334,098,573)	619,448,233
Deductions:			
Benefit payments and contribution refunds	274,157,183	264,501,872	247,326,473
General and administrative expenses	8,549,285	6,763,638	6,528,499
Total deductions	282,706,468	271,265,510	253,854,972
Net increase (decrease) in net position	318,916,555	(605,364,083)	365,593,261
Net position restricted for pensions:			
Beginning of year	2,959,795,761	3,565,159,844	3,199,566,583
End of year	$ 3,278,712,316	2,959,795,761	3,565,159,844

Additions

Additions needed to fund benefits are accumulated through contributions and returns on investments. Contributions from COAERS members and the City of Austin for 2023 and 2022 totaled $244.5 million and $216.0 million, respectively. The 2023 contributions represent an increase of $28.5 million, or 13.2% above 2022. The 2022 contributions represent an increase of $7.8 million, or 3.7% above 2021. The 2023 increase was due to the City’s hiring growth, an increase in base salaries on which employee and employer contributions were made, and employee service purchases. The increase in 2022 was due to an increase in base salaries on which employee and employer contributions were made.

In 2023, COAERS had a net investment appreciation on the fair value of its securities of $355.1 million, an increase of $905.3 million from 2022. In 2022, COAERS had a net investment depreciation on the fair value of its securities of $550.2 million, a decrease of $961.4 million from 2021. The appreciation and depreciation of the investments are due to the fluctuation in the financial markets. In 2023, interest and dividend income generated income of $53.3 million, an increase of $5.4 million from the 2022 income due primarily to higher interest rates. In 2023, investment expenses decreased by $0.3 million; in 2022, investment expenses decreased by $1.1 million. The total rate of return (net of fees) for the System’s investment portfolio in 2023 was 12.3%; in 2022 it was -15.6%.

(CONCLUDED)

Deductions

The expenses paid by COAERS include benefit payments, refunds of member contributions, and administrative expenses.

Benefits paid in 2023 were $270.1 million, an increase of $10.7 million from payments made in 2022, which is consistent with an increase in the number of retirees to 7,802 in 2023. Refunds to terminating employees were $4.0 million in 2023, a decrease of $1.1 million from 2022. Administrative expenses in 2023 were $8.5 million, an increase of $1.8 million, or 26.4% from 2022. This increase was largely driven by additional expenses associated with the office building acquired during 2023.

Benefits paid in 2022 were $259.4 million, an increase of $16.3 million from payments made in 2021, which is consistent with an increase in the number of retirees to 7,530 in 2022. Refunds to terminating employees were $5.1 million in 2022, an increase of $0.8 million from 2021. Administrative expenses in 2022 were $6.8 million, an increase of $0.2 million, or 3.6% from 2021.

Overall Analysis

Overall, as of December 31, 2023, net position increased by $318.9 million, or 10.8%, from the prior year; over the three-year period ending December 31, 2023, net position increased by 2.5%.

CONTRIBUTIONS AND FUNDING INFORMATION

Senate Bill 1444, enacted on May 29, 2023, amended Article 6243n and introduced significant changes related to funding, contributions, benefits, and governance. These changes included transitioning to a flexible actuarially determined employer contribution rate, implementing a fixed payment schedule for the City of Austin to address the Unfunded Actuarial Accrued Liability (UAAL) within a 30-year period, and gradually increasing employee contributions to 9% in 2024 and 10% in 2025. The provisions of the bill will have a significantly positive impact on the funding of the System in future years.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the City of Austin Employees' Retirement System for all parties with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Austin Employees' Retirement System, 4700 Mueller Boulevard, Suite 100, Austin, Texas 78723.

	Retirement Plan	Restoration Plan	Total
Assets			
Cash and cash equivalents (note 3)	$ 19,537,740	20,000	19,557,740
Receivables			
Interest and dividends receivable	6,692,763	-	6,692,763
Trades pending settlement	45,989,836	-	45,989,836
Employer contributions receivable	6,737,379	-	6,737,379
Employee contributions receivable	2,823,423	-	2,823,423
Other	84,733	-	84,733
Total receivables	62,328,134	-	62,328,134
Investments, at fair value (note 3):			
US Equities	1,121,394,436	-	1,121,394,436
DM Equities	468,612,797	-	468,612,797
EM Equities	213,962,996	-	213,962,996
Fixed income	527,180,065	-	527,180,065
Real assets	443,223,702	-	443,223,702
Multi-asset	130,739,028	-	130,739,028
Cash and equivalents	313,459,660	-	313,459,660
Total investments	3,218,572,684	-	3,218,572,684
Capital assets, net (note 7)	32,527,687	-	32,527,687
Total assets	3,332,966,245	20,000	3,332,986,245
Liabilities			
Payables			
Accrued expenses	2,178,199	-	2,178,199
Trades pending settlement	47,685,678	-	47,685,678
Refunds and death benefits payable	4,410,052	-	4,410,052
Total liabilities	54,273,929	-	54,273,929
Net position restricted for pensions	**$ 3,278,692,316**	**20,000**	**3,278,712,316**

See accompanying notes to financial statements.

		Retirement Plan	Restoration Plan	Total
Assets				
Cash and cash equivalents (note 3)	$	10,796,741	20,000	10,816,741
Receivables				
Interest and dividends receivable		6,231,596	-	6,231,596
Trades pending settlement		46,550,842	-	46,550,842
Employer contributions receivable		5,911,143	-	5,911,143
Employee contributions receivable		2,486,343	-	2,486,343
Other		80,737	-	80,737
Total receivables		61,260,661	-	61,260,661
Other current assets		343,578	-	343,578
Investments, at fair value (note 3):				
US Equities		999,889,324	-	999,889,324
DM Equities		389,416,637	-	389,416,637
EM Equities		190,635,724	-	190,635,724
Fixed income		559,723,475	-	559,723,475
Real assets		465,255,669	-	465,255,669
Multi-asset		143,059,844	-	143,059,844
Cash and equivalents		192,281,432	-	192,281,432
Total investments		2,940,262,105	-	2,940,262,105
Capital assets, net (note 7)		3,403,389	-	3,403,389
Total assets		3,016,066,474	20,000	3,016,086,474
Liabilities				
Payables				
Accrued expenses		1,614,035	-	1,614,035
Trades pending settlement		50,811,224	-	50,811,224
Refunds and death benefits payable		3,865,454	-	3,865,454
Total liabilities		56,290,713	-	56,290,713
Net position restricted for pensions	**$**	**2,959,775,761**	**20,000**	**2,959,795,761**

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED DECEMBER 31, 2023

		Retirement Plan	Restoration Plan	Total
Additions:				
Contributions:				
Employer contributions (note 6)	$	163,839,285	97,305	163,936,590
Employee contributions (note 6)		80,572,969	-	80,572,969
Total contributions		244,412,254	97,305	244,509,559
Investment income:				
Net appreciation in fair value of investments		307,153,542	-	307,153,542
Interest		20,056,394	-	20,056,394
Dividends		33,208,335	-	33,208,335
Less: Investment expense		(5,315,186)	-	(5,315,186)
Net investment appreciation (depreciation)		355,103,085	-	355,103,085
Other income		2,010,379	-	2,010,379
Total additions (deductions)		601,525,718	97,305	601,623,023
Deductions:				
Retirement annuities		262,203,404	97,305	262,300,709
Contributions refunded to terminating employees		4,033,161	-	4,033,161
DROP disbursements		2,541,362	-	2,541,362
Retiree lump-sum annuity		1,464,957	-	1,464,957
Death benefits		3,816,994	-	3,816,994
Total benefit payments, including refunds of member contributions		274,059,878	97,305	274,157,183
General and administrative expenses		8,549,285	-	8,549,285
Total deductions		282,609,163	97,305	282,706,468
Net increase (decrease) in net position		318,916,555	-	318,916,555
Net position restricted for pensions:				
Beginning of year		2,959,775,761	20,000	2,959,795,761
End of year	**$**	**3,278,692,316**	**20,000**	**3,278,712,316**

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED DECEMBER 31, 2022

		Retirement Plan	Restoration Plan	Total
Additions:				
Contributions:				
Employer contributions (note 6)	$	146,618,486	180,910	146,799,396
Employee contributions (note 6)		69,189,012	-	69,189,012
Total contributions		215,807,498	180,910	215,988,408
Investment income:				
Net depreciation in fair value of investments		(592,519,486)	-	(592,519,486)
Interest		13,503,542	-	13,503,542
Dividends		34,401,663	-	34,401,663
Less: Investment expense		(5,599,635)	-	(5,599,635)
Net investment appreciation (depreciation)		(550,213,916)	-	(550,213,916)
Other income		126,935	-	126,935
Total additions (deductions)		(334,279,483)	180,910	(334,098,573)
Deductions:				
Retirement annuities		247,862,193	180,910	248,043,103
Contributions refunded to terminating employees		5,075,851	-	5,075,851
DROP disbursements		4,166,660	-	4,166,660
Retiree lump-sum annuity		3,253,220	-	3,253,220
Death benefits		3,963,038	-	3,963,038
Total benefit payments, including refunds of member contributions		264,320,962	180,910	264,501,872
General and administrative expenses		6,763,638	-	6,763,638
Total deductions		271,084,600	180,910	271,265,510
Net increase (decrease) in net position		(605,364,083)	-	(605,364,083)
Net position restricted for pensions:				
Beginning of year		3,565,139,844	20,000	3,565,159,844
End of year	**$**	**2,959,775,761**	**20,000**	**2,959,795,761**

See accompanying notes to financial statements.

NOTE 1: PLAN DESCRIPTION

Plan Administration

The City of Austin Employees' Retirement System (COAERS, or the System) administers the Plan, a single employer defined benefit pension plan that provides pensions for eligible employees of the City of Austin.

The System was created under Article 6243n, Vernon's Texas Civil Statutes (the Pension Statute), as amended. The Pension Statute grants the authority to establish and amend the benefit terms to the Texas State Legislature. Management of the Plan is vested in the eleven-member COAERS Board of Trustees, which is composed of:

- 4 Active members elected by the active membership
- 2 Retired members elected by the retired membership
- 2 City Council appointed citizen members
- 1 Board appointed citizen member
- 1 City Manager of the City of Austin or designee
- 1 City Council Member

As a result of the legislative change pursuant to SB1444, one of the elected active member positions was converted to the Chief Financial Officer of the City of Austin or designee effective January 1, 2024.

Plan Membership

Participating employees include all regular, full-time employees who work at least 30 hours per week, except for civil service firefighters and civil service police officers. On December 31, 2023, 2022, and 2021 membership consisted of the following:

	2023	2022	2021
Inactive plan members or beneficiaries currently receiving benefits	7,802	7,530	7,221
Inactive plan members entitled to but not yet receiving benefits	4,280	3,934	3,459
Active plan members	11,197	10,438	10,228
Total plan members	**23,279**	**21,902**	**20,908**

Benefits Provided

The System provides service retirement, death, disability, and withdrawal benefits. Benefits vest with five years of creditable service.

Membership in the System is comprised of two benefit tiers: Group A and Group B.

Group A members continue under the plan originated in 1941. Participants may retire at age 62 with 5 years of service credit, at age 55 with 20 years of service, or at any age with 23 years of service. Effective January 1, 2002 the monthly benefit was equal to 3.0% of the highest 36-month average annual salary of the last ten years multiplied by years and months of service.

Group B members are employees who were hired on and after January 1, 2012, with the following provisions:

- Normal retirement eligibility at age 65 with 5 years of service credit; or at age 62 with 30 years of service credit;
- Early reduced retirement eligibility at age 55 with 10 years of service credit;
- An annuity formula multiplier of 2.5%;
- The purchase of nonqualified permissive service (supplementary service credit) for annuity calculations only, not for eligibility purposes.

The following apply to both Group A and Group B:

- Effective in 2002, a member may elect to retroactively participate in the System's Backward DROP (Deferred Retirement Option Program). This program benefits retiring employees by allowing a lump-sum payment in lieu of additional creditable service time after reaching retirement eligibility. The Member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. While the nomenclature used in the Pension Statute resembles that of an arrangement requiring additional disclosures under GASB 67, the COAERS Backward Drop benefit is technically different.
- The lump sum death benefit payable upon the death of a retiree is $10,000.
- There is no guaranteed cost of living increase.

Contributions

Section 10 of Article 6243n of the Texas Civil Statutes sets the minimum contribution requirements of the City of Austin and active plan members. For the year ended December 31, 2023 the active employee contribution rate was 8% of base compensation and the City of Austin's contribution rate was 19% of base compensation. The City of Austin's 19% employer contribution rate became effective January 1, 2021. More detailed information about contributions can be found in Note 6.

Under the terms of the Plan, the System's employees obtain membership and contribute to the Plan on the same basis as City employees. Since there is only one Plan, all actuarial calculations are provided on an aggregate basis.

The System participates in the Proportionate Retirement Program through which a member of the System may meet requirements for service retirement eligibility by combining COAERS membership service with service credit from the following participating entities: City of Austin Police Retirement System, the City of El Paso Employees' Pension Fund and Firemen and Policemen's Pension Fund, Employees Retirement System of Texas, Judicial Retirement System of Texas I & II, Texas Municipal Retirement System, Texas County and District Retirement System, Teacher Retirement System of Texas, or any other Texas retirement systems covering municipal employees that have qualified plans and have elected to participate in the Proportionate Retirement Program. A limited proportionate service arrangement was established in 2007 between COAERS and individuals who have membership in a retirement system within the Travis County Healthcare District.

Restoration Plan

On November 23, 1999, the Board adopted a resolution to establish a "Restoration of Retirement Income Plan for Certain Participants in the City of Austin Employees' Retirement System" (Restoration Plan).

This Restoration Plan was effective as of January 1, 2000 and is intended to be a "qualified governmental excess benefit arrangement" within the meaning of Section 415(m) of the Internal Revenue Code, and shall be construed, interpreted, and administered in accordance with such provision. The Restoration Plan shall be administered as an unfunded plan which is not intended to meet the qualification requirements of Section 401 of the Internal Revenue Code. Eligible members are those who are members in the Plan whose pension or pension related benefits under the Plan are limited due to the provision of Section 415(m) of the Internal Revenue Code.

All benefits payable under this Restoration Plan shall be paid by the City of Austin Employees' Retirement System from contributions provided by the employer and not from the Fund or any other trust unless such trust is maintained solely for the purpose of providing benefits from this Restoration Plan. No contribution receivable is due for the years ended December 31, 2023, and 2022 for the Restoration Plan. Assets remaining in this plan as of December 31, 2023, and 2022, were $20,000.

On December 31, 2023, 2022, and 2021, membership in the Restoration Plan included the following:

	2023	2022	2021
Retirees and beneficiaries currently receiving benefits	**15**	**17**	**19**

Other Information

The System is required by the state statute to maintain two separate funds in its internal accounting records. The first fund, defined in the statute as "Fund 1", shall be maintained to account for all accumulated deposits (contributions and interest) of Members who have not withdrawn from the System. The second fund, defined as "Fund 2", shall be maintained to account for all other net position of the System less the amount held in "Fund 3"; the third fund is maintained to account for accumulated contributions by the employer for the Internal Revenue Code Section 415 Restoration Plan as adopted by Board Resolution on November 23, 1999. On December 31, 2023, the balances of Fund 1, Fund 2, and Fund 3 were $684,851,187, $2,593,841,129, and $20,000, respectively. On December 31, 2022, the balances of Fund 1, Fund 2, and Fund 3 were $637,967,531, $2,321,808,230, and $20,000, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SYSTEM ASSET MATTERS

The System is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB). The System has no component units and is not a component unit of any other entity.

a. Basis of Accounting

The System's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements; accordingly, contributions are recognized as revenues in the period in which the employer reports compensation for their employees. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

b. Cash and Cash Equivalents

Cash and cash equivalents are held in demand deposit accounts. As of December 31, 2023 and 2022, the book balances of the demand deposit accounts totaled $19,557,740 and $10,816,741, respectively.

c. Method Used to Value Investments

Plan investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Refer to Note 5(c) for more detail regarding the System's policy on accounting for investments.

d. Contributions Receivable

The employee and City contributions for the years ended December 31, 2023 and 2022 that were not deposited with the System by year end are shown as contributions receivable.

e. Capital Assets

Capital assets are recorded at cost. The System capitalizes all assets purchased with a cost greater than $5,000. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Furniture and Equipment are scheduled with a useful life from three to ten years, while Building and Building Improvements are scheduled with a useful life from 20 to 40 years.

f. System Expenses

Substantially, all System administrative costs are the responsibility of the System. The administrative costs are funded through the investment income.

g. Use of Estimates

The preparation of financial statements in conformity with United States Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSIT AND INVESTMENT RISK DISCLOSURE

Bank deposits and investments are exposed to risks that have the potential to result in losses that could impact delivery of System services. The Board has adopted an Investment Policy Statement and Investment Implementation Policy to set forth the processes and procedures to be used in the management of investment assets for the System. These policies are incorporated by reference into every investment management agreement. These documents are designed to mitigate risk by requiring that investment activities be conducted in compliance with these policy guidelines by ensuring portfolio diversification, qualifying counterparties, establishing sufficient collateralization, and limiting maturity. The System's Board, in accordance with the power and authority conferred under the Texas Statutes, has employed The Bank of New York Mellon as the master custodian of the investment assets of the System.

The following summary of total investments by type presents the System's investment mix as of December 31, 2023 and 2022.

	2023	2022
Global equities:		
US equities	$ 1,486,425,575	1,321,385,448
Developed markets equities	317,544,654	258,556,237
	1,803,970,229	1,579,941,685
Fixed income:		
Corporate bonds	84,561,188	106,171,553
Government bonds	371,221,110	355,999,358
Government mortgage-backed securities	71,397,767	97,552,564
	527,180,065	559,723,475
Real assets:		
Real estate equity		
US REITs	116,519,339	130,664,601
Real estate institutional collective trust	164,470,378	184,237,745
	280,989,717	314,902,346
Infrastructure:		
US equities	34,649,622	32,872,086
Developed markets equities	31,894,495	29,186,315
Limited partnership	95,689,868	88,294,922
	162,233,985	150,353,323
Multi-asset:		
Asset allocation	90,193,941	106,087,904
Commodities & other	40,545,087	36,971,940
	130,739,028	143,059,844
Short-term investments:		
US Dollar	262,663,737	141,043,946
Foreign currency	50,795,923	51,237,486
	313,459,660	192,281,432
Investments at fair value on balance sheet	3,218,572,684	2,940,262,105
Receivables, payables and pending trades, net	4,043,135	989,054
Total investments (per investment consultant)	**$ 3,222,615,819**	**2,941,251,159**

The asset allocation noted in the table above shows the composition to reflect the classification of investments for GASB 40 presentation purposes. Certain amounts have been reclassified from international to US equities as they are denominated in U.S. dollars.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. COAERS' operating bank account deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured amounts are backed by US government, treasury and agency securities, repurchase agreements, and pledged securities held as collateral. As of December 31, 2023 and 2022, the System's operating bank balances of $19,557,740, and $10,816,741, respectively, were not exposed to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and/or are not held by the counterparty in the System's name. The System's investment securities are not exposed to custodial credit risk because all securities are held by the System's custodial bank in the System's name. Additionally, as of December 31, 2023 and 2022, the System held liquidity reserve balances at BNYM of $1,019,537, and $1,005,060, respectively. The account is not backed with collateral securities and is exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The following restrictions apply to System investments by asset class as of December 31, 2023:

Asset Class	Minimum	Maximum
Global Equity (a)	46%	66%
US Equity	22%	47%
Developed Market Equity	11%	20%
Emerging Market Equity	2%	13%
Fixed Income (b)	16%	33%
US Treasuries	9%	25%
US Mortgages	2%	8%
US Credit	1%	10%
Real Assets	10%	20%
Real Estate Equity	5%	15%
Infrastructure Equity	0%	10%
Multi-Asset	2.5%	15%
Asset Allocation	2.5%	10%
Commodities & Other	0%	10%
Cash & Equivalents	-10%	10%

(Restrictions continued on next page)

a. Global Equity

- No single company's securities shall represent more than 6% of the fair value of any manager's portfolio.

b. Fixed Income

- No single issuer's securities shall represent more than 6% of the Portfolio at market. This restriction also applies to asset-backed securities, non-agency mortgage-backed securities (including commercial mortgage-backed securities) and taxable municipal securities. This restriction does not apply to any agency mortgage-backed securities (including agency commercial mortgage-backed securities).
- The total holdings of a federal agency issued mortgage-backed security of the same coupon and maturity series of the same agency (i.e., issuance by issuance as identified by the same CUSIP) shall not exceed 20% of the Portfolio at fair value. Such securities include, but are not limited to, those issued by Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHMLC).
- The direct debt of the U.S. government (Treasury bonds, TIPS, bills, and notes) and its agencies (including any mortgage-backed securities issued or guaranteed by GNMA, FNMA and FHLMC) shall not be restricted as a percentage of the Portfolio.
- SEC Rule 144(a) securities shall be limited to no more than 5% of the portfolio at market value of any manager's portfolio.

c. Other Investment Information

- As of December 31, 2023 and 2022, the following was the composition of the System's portfolio:

	2023	2022
US equities	46.18%	44.94%
Developed markets equities	9.87%	8.79%
Fixed income		
Corporate bonds	2.63%	3.61%
Government bonds	11.53%	12.11%
Government mortgage-backed securities	2.22%	3.32%
Real estate equity		
US REITs	3.62%	4.44%
Real estate institutional collective trust	5.11%	6.27%
Infrastructure		
US equities	1.08%	1.12%
International equities	0.99%	0.99%
Limited partnership	2.97%	3.00%
Multi-asset	2.80%	3.61%
Commodities & other	1.26%	1.26%
Short-term investments		
US Dollar	8.16%	4.80%
Foreign currency	1.58%	1.74%
	100.00%	100.00%

The asset allocation noted in the table above shows the composition percentages to reflect the classification of investments for GASB 40 presentation purposes. Certain amounts have been reclassified from international to US equities as they are denominated in U.S. dollars.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's policies regarding interest rate risk do not explicitly limit maturities of investments by type but do require fixed income managers to disclose the credit exposure and portfolio duration of their portfolios in their quarterly reports. The System monitors the Fund level interest rate risk primarily using duration, which is a widely used measure of interest rate sensitivity. Mortgage obligations are sensitive to changes in prepayments that may arise from a change in interest rates.

As of December 31, 2023, the System held the following investments and duration:

Investment type	Fair value	Effective Duration
Corporate Bonds	$ 84,561,188	6.82
Government Bonds	371,221,110	5.38
Government mortgage-backed Securities	71,397,767	5.94
	$ 527,180,065	5.67

As of December 31, 2022, the System held the following investments and duration:

Investment type	Fair value	Effective Duration
Corporate Bonds	$ 106,171,553	7.31
Government Bonds	355,999,358	8.01
Government mortgage-backed Securities	97,552,564	6.52
	$ 559,723,475	7.63

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. To control credit risk, credit quality guidelines are incorporated into the Investment Policy Statement and Investment Implementation Policy as follows:

- Fixed income securities shall not be rated lower than investment grade (Baa3 by Moody's or BBB by Standard & Poor's or Fitch) by any of the three designated rating agencies unless authorization is granted to a Manager by the Board, or the mandate provided to a Manager specifies otherwise.
- Split rated securities in which the middle rating is below investment grade shall not comprise more than 5% of the fair value of any manager's portfolio unless specific authority has been granted.
- The issues of individual entities rated AAA to Aa3 (Moody's) or AA- (Standard & Poor's and Fitch) may have a 7% position at market value.
- Issues of individual entities rated below Aa3 (Moody's) or AA- (Standard & Poor's and Fitch) may have a 3% position at fair value.
- The ratings criteria and percentage limit requirements do not apply to direct obligations of the US Government and its agencies (including GNMA, FNMA and FHLMC) as defined in the Permissible Investments section of Investment Implementation Policy, but the securities issued by any one issuer shall not otherwise, in the aggregate, exceed the foregoing limitations.

- If specific managers are given latitude to invest in securities issued by non-U.S. entities, the same quality restrictions apply.
- Money market instruments shall have a minimum quality rating comparable to an A3 (Moody's) or A- (Standard & Poor's and Fitch) bond rating and commercial paper shall be rated A1/P1 unless held in a diversified short term commingled fund.

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations on December 31, 2023, are as follows:

Standard & Poor's Quality Rating		Total fair value	Corporate bonds	Government mortgage-backed securities
AAA	$	71,397,767	-	71,397,767
BBB		84,561,188	84,561,188	-
Total credit risk of debt securities		155,958,955	84,561,188	71,397,767
US govt. & agencies*		371,221,110		
	$	**527,180,065**		

*Obligations of the US government or obligations explicitly guaranteed by the US government are not considered to have credit risk and do not have purchase limitations.

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations on December 31, 2022, are as follows:

Standard & Poor's Quality Rating		Total fair value	Corporate bonds	Government mortgage-backed securities
AAA	$	97,552,564	-	97,552,564
BBB		106,171,553	106,171,553	-
Total credit risk of debt securities		203,724,117	106,171,553	97,552,564
US govt. & agencies*		355,999,358		
	$	**559,723,475**		

*Obligations of the US government or obligations explicitly guaranteed by the US government are not considered to have credit risk and do not have purchase limitations.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The System's exposure to currency risk, or exchange rate risk, primarily resides within the System's international equity investment holdings. The System's Investment Policy is to allow its active managers to decide whether to hedge the currency risk in their respective portfolios.

The System's exposure to foreign currency risk includes the following international investments (short-term investments and equity) as of December 31, 2023 and 2022:

Currency		Cash & Cash Equivalents	Equity	2023 Fair value
Australian Dollar	$	238,786	18,267,138	18,505,924
Canadian Dollar		41,299	21,479,416	21,520,715
Danish Krone		-	12,155,977	12,155,977
Euro		2,081,382	95,290,280	97,371,662
Hong Kong Dollar		368	9,308,892	9,309,260
Japanese Yen		46,467,209	46,699,332	93,166,541
New Zealand Dollar		350	428,276	428,626
Norwegian Krone		120,285	1,557,500	1,677,785
UK Pound Sterling		1,845,421	112,231,094	114,076,515
Singapore Dollar		211	3,992,210	3,992,421
Swedish Krona		-	3,427,445	3,427,445
Swiss Franc		612	24,601,589	24,602,201
Total	$	**50,795,923**	**349,439,149**	**400,235,072**

Currency		Cash & Cash Equivalents	Equity	2022 Fair value
Australian Dollar	$	37,302	13,779,106	13,816,408
Canadian Dollar		9,365	17,861,238	17,870,603
Danish Krone		-	18,121,346	18,121,346
Euro		2,717,418	70,260,066	72,977,484
Hong Kong Dollar		2,399	11,193,884	11,196,283
Japanese Yen		44,725,181	36,381,946	81,107,127
New Zealand Dollar		1,906	334,612	336,518
Norwegian Krone		2,388	-	2,388
UK Pound Sterling		3,736,321	92,983,523	96,719,844
Singapore Dollar		3,041	3,550,631	3,553,672
Swedish Krona		-	1,821,189	1,821,189
Swiss Franc		2,165	21,455,011	21,457,176
Total	$	**51,237,486**	**287,742,552**	**338,980,038**

The System's exposure to foreign currency risk also includes the following trades pending settlement as of December 31, 2023 and 2022:

Currency	Investment type		2023 Fair value	2022 Fair value
Japanese Yen	Currency forward	$	46,668,292	44,933,128

Foreign Currency Forwards

The System periodically invests in foreign currency forwards to hedge the value of a portion of its investments denominated in foreign currencies. Currency forwards are an agreement between the System and a counterparty to exchange a specific amount of currency, at a specific rate, and specific date. Beginning in 2022, COAERS implemented a cash enhancement strategy that utilizes both foreign sovereign short-term debt and currency forwards. The System's forward contracts are classified as pending trades on the Statement of Fiduciary Net Position, and the changes in their fair value are classified as investment appreciation/depreciation on the Statement of Changes in Fiduciary Net Position. As of December 31, 2023, the fair value of the payable for forward foreign exchange contracts was $46,668,292, an increase of $1,735,164 and related contracts receivable was $ 45,055,175, an increase of $2,226,852 from December 31, 2022. The fair value of the payable for forward foreign exchange contracts was $44,933,128, and related contracts receivable was $42,828,323 as of December 31, 2022. The forward contracts had no notional amount.

NOTE 4: FAIR VALUE MEASUREMENT

In accordance with GASB 72, COAERS categorizes the fair value measurements of its investments within a fair value hierarchy as established by Generally Accepted Accounting Principles. Fair value measurements are classified as Level 1, Level 2, or Level 3, based on the inputs utilized to establish fair value:

Level 1 inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that an entity can access at the measurement date.

Level 2 inputs (other than quoted prices included within Level 1) are observable for similar assets or liabilities, either directly or indirectly. These include quoted prices of securities that are comparable in coupon, rating, maturity and industry. Inputs other than observable quoted prices take into account operational, market, financial and non-financial factors (interest rates, yield curves, credit risk, and default rates) or other market corroborated inputs that are observable at commonly quoted intervals for the full term of the investment.

Level 3 inputs are developed by the reporting entity based on unobservable inputs for an asset or liability.

For investments in certain entities that calculate net asset value and do not have a readily determinable fair value, fair value reporting is permitted based on the NAV per share (or its equivalent) as a practical expedient, where certain conditions are met. These investments are not included in the leveling hierarchy.

The categorization of investments described above is based solely upon the objectivity of the inputs used, to reflect their relative reliability in the measurement of an investment's fair value and does not reflect the level of risk associated with the investment.

All equities securities, which include U.S., International, Emerging Markets, Real Estate Investment Trusts, and Infrastructure, are classified in Level 1 of the fair value hierarchy as these are valued using quoted prices in active markets for those investments.

The investments classified in Level 2 of the fair value hierarchy have available prices but are not traded in an active market. Short-term investment funds, and domestic fixed income, all fall into this category based on this criteria. Collective Trusts have daily liquidity available at a single NAV are classified as Level 2.

COAERS investments have the following fair value measurements as of December 31, 2023 and 2022, respectively.

		2023 Fair value measurements using			
Investments at fair value:	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Net asset value (NAV)
Short-term investments					
US Dollar	$ 262,663,737	65,589,415	197,074,322	-	-
Foreign currency	50,795,923	4,328,991	46,466,932	-	-
	313,459,660	**69,918,406**	**243,541,254**		
Fixed income					
Corporate bonds	84,561,188	-	84,561,188	-	-
Government bonds	371,221,110	60,536,645	310,684,465	-	-
Government mortgage-backed securities	71,397,767	-	71,397,767	-	-
	527,180,065	**60,536,645**	**466,643,420**	**-**	**-**
Global equities					
US equities					
US equities	895,909,683	895,909,683	-	-	-
US equity collective trust	225,484,753	-	225,484,753	-	-
	1,121,394,436	**895,909,683**	**225,484,753**	**-**	**-**
Developed markets equities					
Developed markets equities	393,395,806	393,395,806	-	-	-
Developed markets equity collective trust	75,216,991	-	75,216,991	-	-
	468,612,797	**393,395,806**	**75,216,991**	**-**	**-**
Emerging markets equities					
Emerging markets equities	8,129,205	8,129,205	-	-	-
Emerging markets collective trust	76,297,605	-	76,297,605	-	-
Emerging markets equity mutual fund	129,536,186	129,536,186	-	-	-
	213,962,996	**137,665,391**	**76,297,605**	**-**	**-**
Real assets					
Real estate equity					
US REITS	116,519,339	116,519,339	-	-	-
Real estate institutional collective trust	164,470,378	-	164,470,378	-	-
	280,989,717	**116,519,339**	**164,470,378**	**-**	**-**
Infrastructure & other					
US equities	34,649,622	34,649,622	-	-	-
International equities	31,894,495	31,894,495	-	-	-
	66,544,117	**66,544,117**	**-**	**-**	**-**
Multi-asset					
Asset allocation	90,193,941	90,193,941	-	-	-
Commodities & other	40,545,087	40,545,087	-	-	-
	130,739,028	**130,739,028**	**-**	**-**	**-**
Total investments by fair value level	**3,122,882,816**	**1,871,228,415**	**1,251,654,401**	**-**	**-**
Investments measured at NAV:					
Infrastructure					
Infrastructure limited partnership	**95,689,868**	**-**	**-**	**-**	95,689,868
Total investments	**$ 3,218,572,684**				
Foreign exchange contracts (liabilities)	**$ (46,668,292)**				

Investments measured at the net asset value (NAV)					
2023	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice**
Infrastructure limited partnership	95,689,868	-	Quarterly	90 days

IFM's Global Infrastructure Fund invests in core infrastructure assets in developed markets. The investment in the fund is through a Delaware limited partnership, which offers quarterly redemptions given 90 days notice.

		2022 Fair value measurements using			
Investments at fair value:	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Net asset value (NAV)
Short-term investments					
US Dollar	$ 141,043,946	21,317,382	119,726,564	-	-
Foreign currency	51,237,486	6,514,217	44,723,269	-	-
	192,281,432	**27,831,599**	**164,449,833**		
Fixed income					
Corporate bonds	106,171,553	-	106,171,553	-	-
Government bonds	355,999,358	59,804,325	296,195,033	-	-
Government mortgage-backed securities	97,552,564	-	97,552,564	-	-
	559,723,475	**59,804,325**	**499,919,150**	**-**	**-**
Global equities					
US equities					
US equities	775,833,445	775,833,445	-	-	-
US equity collective trust	224,055,879	-	224,055,879	-	-
	999,889,324	**775,833,445**	**224,055,879**	**-**	**-**
Developed markets equities					
Developed markets equities	323,119,870	323,119,870	-	-	-
Developed markets equity collective trust	66,296,767	-	66,296,767	-	-
	389,416,637	**323,119,870**	**66,296,767**	**-**	**-**
Emerging markets equities					
Emerging markets equities	7,442,687	7,442,687	-	-	-
Emerging markets collective trust	69,958,437	-	69,958,437	-	-
Emerging markets equity mutual fund	113,234,600	113,234,600	-	-	-
	190,635,724	**120,677,287**	**69,958,437**	**-**	**-**
Real assets					
Real estate equity					
US REITS	130,664,601	130,664,601	-	-	-
Real estate institutional collective trust	184,237,745	-	184,237,745	-	-
	314,902,346	**130,664,601**	**184,237,745**	**-**	**-**
Infrastructure & other					
US equities	32,872,086	32,872,086	-	-	-
International equities	29,186,315	29,186,315	-	-	-
	62,058,401	**62,058,401**	**-**	**-**	**-**
Multi-asset					
Asset allocation	106,087,904	106,087,904	-	-	-
Commodities & other	36,971,940	36,971,940	-	-	-
	143,059,844	**143,059,844**	**-**	**-**	**-**
Total investments by fair value level	**2,851,967,183**	**1,643,049,372**	**1,208,917,811**	**-**	**-**
Investments measured at NAV:					
Infrastructure					
Infrastructure limited partnership	**88,294,922**	**-**	**-**	**-**	88,294,922
Total investments	**$ 2,940,262,105**				
Foreign exchange contracts (liabilities)	**$ (44,933,128)**				

Investments measured at the net asset value (NAV)				
2022	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice**
Infrastructure limited partnership	88,294,922	-	Quarterly	90 days

IFM's Global Infrastructure Fund invests in core infrastructure assets in developed markets. The investment in the fund is through a Delaware limited partnership, which offers quarterly redemptions given 90 days notice.

NOTE 5: PENSION PLAN INVESTMENTS

a. Investment Policy

The Board has the authority to establish the investment policy and the asset allocation policy. The general investment objective is to obtain a reasonable long-term total return consistent with the degree of risk assumed, while emphasizing the preservation of capital. There were no significant investment policy changes during the period ending December 31, 2023.

b. Asset Allocation

The System's strategic asset allocation neutral weights as of December 31, 2023 and 2022, as adopted by the Board of Trustees, are as follows:

	2023	2022
US equities	34.0%	34.0%
Developed markets equities	16.0%	16.0%
Emerging markets equities	6.0%	6.0%
Fixed income	21.0%	21.0%
Real estate	10.0%	10.0%
Infrastructure	5.0%	5.0%
Multi-asset	5.0%	5.0%
Commodities & other	2.0%	2.0%
Cash & equivalents	1.0%	1.0%
	100.0%	100.0%

c. Method Used to Value Investments

- The System's equity and fixed income investments are reported at fair value based on independent pricing services.
- Short-term cash investments are reported at cost, which approximates fair value.
- International securities are reported at fair value in US dollars converted at current exchange rates.
- Investments that do not have an established market are valued based on the net asset value provided by independent audits.
- The System's pooled investments include collective investment trusts, mutual funds, and limited partnerships. The investments are priced at the net asset value per share by the fund administrators or general partners, and pricing of securities and financial instruments is according to each fund's established framework to ensure a fair, accurate and consistent valuation.
- The System's derivative instruments include futures, options, warrants and forwards. Futures, options, and warrants are executed on an exchange, priced at the last sale price in their respective active markets. Forwards' pricing is negotiated between the investment manager and the respective counterparty.
- Investment income is recognized in the period earned, and purchases and sales of investments are recorded on a trade date basis. Net appreciation/depreciation in Plan investments includes both realized and unrealized gains and losses.

d. Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on System investments net of pension plan investment expense was 12.31%, an increase from -15.63% on December 31, 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

e. Concentrations

If the pension plan held investments (other than those issued or explicitly guaranteed by the U.S. government, commingled funds, and other pooled investments) in any one organization representing 5% or more of the pension plan's fiduciary net position, the pension plan should disclose this information. On December 31, 2023 and 2022, there were no holdings that exceeded this disclosure trigger.

NOTE 6: CONTRIBUTIONS AND FUNDING POLICY

As of December 31, 2023, and 2022, state law required contributions equal to 8% of base compensation by the participants. Employers contributed 19% of base compensation.

In 2005, the City of Austin City Council approved a Supplemental Funding Plan (SFP) relating to the System. The basic elements of this plan provided for an initial 1% contribution from the City beginning in October 2006 and increasing 1% each year until reaching a cap of 4%. This additional funding would continue as long as necessary, and in an amount necessary, up to 4%, to sustain a 25-year funding period. While compliance with the SFP continued into 2010, the negative impact of 2008 capital markets on the Plan rendered the effect of SFP, the contributions of which had reached the 4% maximum, inadequate to achieve the System's funding goal.

An Amended Supplemental Funding Plan, adopted by the City Council in October 2010, increased the total employer contribution to the System to 14% of base compensation effective October 1, 2010. The Amended Supplemental Funding Plan also increased future employer contributions as follows: 16% of base compensation effective October 1, 2011 for fiscal year 2011-12; and 18% of base compensation effective October 1, 2012 for fiscal year 2012-13, and each fiscal year thereafter. Effective January 1, 2021, the City increased its supplemental employer contribution to 19% of base compensation.

The provisions of Senate Bill 1444, enacted on May 29, 2023 will require the annual calculation of the employer's actuarially determined contribution rate based on the normal cost, as well as gains and losses of the System amortized over the period of time established in SB 1444. Additionally, the City of Austin will make an annual payment on the legacy liability until it is exhausted in 2054.

NOTE 7: CAPITAL ASSETS

The following summarizes the capital asset account balances as of December 31, 2023 and December 31, 2022, and changes to the accounts during the years then ended:

		Balance 12/31/2021	Additions	Disposals	Balance 12/31/2022	Additions	Disposals	Balance 12/31/2023
Capital assets not being depreciated:								
Land	$	-	-	-	-	**8,625,000**	-	**8,625,000**
Capital assets being depreciated:								
Furniture and equipment		6,774,866			6,774,866	117,014		6,891,880
Building and improvements		-			-	21,483,768		21,483,768
Total		**6,774,866**	**-**	**-**	**6,774,866**	**21,600,782**	**-**	**28,375,648**
Less accumulated depreciation:								
Furniture and equipment		2,649,694	721,783		3,371,477	662,129		4,033,606
Building and improvements		-				439,355		439,355
Total		**2,649,694**	**721,783**	**-**	**3,371,477**	**1,101,484**	**-**	**4,472,961**
Total capital assets, net of accumulated depreciation	**$**	**4,125,172**	**(721,783)**	**-**	**3,403,389**	**29,124,298**	**-**	**32,527,687**

NOTE 8: FEDERAL INCOME TAXES

The Plan is a Public Employee Retirement System and is exempt from federal income taxes. A favorable determination letter from the Internal Revenue Service was issued in February 2014.

NOTE 9: RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; errors; omission; theft of, damage to, and destruction of assets; and natural disasters. The risk of loss for such events is transferred through the purchase of various commercial insurance policies. Insurance for workers compensation is maintained in accordance with Texas state law. Management has in place a system of managing risk and reporting mitigation activities to the Board periodically.

NOTE 10: NET PENSION LIABILITY

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the fair value of assets. The components of COAERS' net pension liability on December 31, 2023 and December 31, 2022 was as follows:

Schedule of Net Pension Liability

FY Ending December 31	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
2023	$5,617,502,302	$3,278,692,316	$2,338,809,986	58.37%
2022	$5,884,128,584	$2,959,775,761	$2,924,352,823	50.30%

In addition to the above, this information is presented in the Required Supplementary Information section. The Schedule of Changes in Net Pension Liability and Related Ratios presents multi-year trend information (beginning with FY 2014) to illustrate changes in the plan's fiduciary net positions over time, relative to the total pension liability.

a. **Actuarial Methods and Assumptions Used to Determine Total Pension Liability** The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions:

Summary of Actuarial Assumptions

Valuation date:	December 31, 2023
Notes	Members and employers contribute based on statutorily fixed or negotiated rates. A funding period is solved for through open group projections. The actuarially determined contribution is determined by applying the contribution rate from the funding valuation based on the Board's Funding Policy to the calendar year payroll following the valuation date. In other words, the contribution rate determined by the December 31, 2022 valuation is used to determine the actuarially determined contribution amount for the period January 1, 2023 through December 31, 2023.

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost method	Entry Age Normal
Inflation	2.50%
Salary increases	3.50% to 5.75%
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are gender specific. Last updated for December 31, 2019 valuation pursuant to an experience study of the 5-year period ending December 31, 2018.
Mortality	PubG-2010 Healthy General Tables with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2018, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010.
Other Information:	
Notes	There were no benefit changes reflected in the Actuarially Determined Employer Contribution (ADEC) for 2023. SB 1444 which was enacted in 2023 will impact the ADEC for calendar year 2024

The Plan does not require regular ad hoc post-employment benefits, and none have been made since 2002.

b. Single Discount Rate

In fiscal year 2023, the single discount rate was 6.75%. This single discount rate was based on the actuarial assumed long-term expected rate of return of 6.75% and the municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions and employer contributions will be made in accordance with the actuarial determined contributions as specified by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be sufficient to finance the projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments.

In fiscal year 2022, the single discount rate was 5.87%. This single discount rate was based on the actuarial assumed long-term expected rate of return of 6.75% and the municipal bond rate of 4.05%. The 6.75% actuarial assumed long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2057 fiscal year, and the municipal bond rate of 4.05% was applied to all benefit payments after that date.

Long-Term Expected Real Rate of Return

Asset Class	2023	2022
Global equities	5.35%	4.30%
Fixed income	1.50%	-0.19%
Real assets	4.58%	4.00%
Multi-asset	4.37%	3.20%
Cash & equivalents	0.00%	-1.00%

Estimates are arithmetic as provided by RVK. The real rate of return of an investment is defined as the rate of return after adjustment to eliminate inflation. RVK's inflation expectation was 2.50% for 2023 and 2022.

c. **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**
Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
$ 3,061,388,682	$ 2,338,809,986	$ 1,745,894,787

NOTE 11: SUBSEQUENT EVENTS

On May 29, 2023, SB 1444 was signed into law, which instituted future contribution changes beginning January 2024 and beyond to include: transitioning to a flexible actuarially determined employer contribution rate; establishing a fixed payment schedule for the City of Austin to pay off the UAAL (Unfunded Actuarial Accrued Liability) within a 30-year fixed period (known as the "legacy liability"); and incrementally raising employee contributions to 9% in 2024 and 10% in 2025. The employer's actuarially determined contribution rate for 2024 is 8.68% and, in addition, the City of Austin's UAAL payment is $98,896,162.

Schedule of Changes in the Net Pension Liability and Related Ratios

Fiscal year ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 175,911,653	$ 132,573,978	$ 122,860,286	$ 121,881,354	$ 117,635,215	$ 111,438,032	$ 107,767,510	$ 107,111,330	$ 93,506,590	$ 89,235,267
Interest on the Total Pension Liability	342,517,697	335,216,455	324,735,713	310,318,953	295,341,490	281,403,651	266,257,048	251,684,051	236,843,912	222,709,911
Benefit Changes	(5,148,592)	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	122,135,399	60,429,133	(11,910,396)	12,524,483	23,671,597	1,882,436	22,754,618	19,913,690	13,413,789	33,911,010
Assumption Changes	(627,982,561)	588,186,779	142,269,829	-	279,897,169	-	-	-	123,493,165	-
Benefit Payments	(270,026,717)	(259,245,111)	(242,860,638)	(227,737,284)	(213,956,372)	(198,846,376)	(186,286,855)	(175,218,095)	(165,464,616)	(157,563,807)
Refunds	(4,033,161)	(5,075,851)	(4,266,759)	(3,656,402)	(4,265,174)	(4,140,909)	(4,045,324)	(3,910,786)	(4,052,436)	(4,154,419)
Net Change in Total Pension Liability	(266,626,282)	852,085,383	330,828,035	213,331,104	498,323,925	191,736,834	206,446,997	199,580,190	297,740,404	184,137,962
Total Pension Liability - Beginning	5,884,128,584	5,032,043,201	4,701,215,166	4,487,884,062	3,989,560,137	3,797,823,303	3,591,376,306	3,391,796,116	3,094,055,712	2,909,917,750
Total Pension Liability - Ending (a)	$ 5,617,502,302	$ 5,884,128,584	$ 5,032,043,201	$ 4,701,215,166	$ 4,487,884,062	$ 3,989,560,137	$ 3,797,823,303	$ 3,591,376,306	$ 3,391,796,116	$ 3,094,055,712
Plan Fiduciary Net Position										
Employer Contributions	$ 163,839,285	$ 146,618,486	$ 141,218,720	$ 130,742,811	$ 123,609,683	$ 116,485,749	$ 110,846,582	$ 104,272,794	$ 100,484,694	$ 93,331,482
Employee Contributions	80,572,969	69,189,012	66,819,864	71,469,702	63,626,285	58,713,327	56,193,592	60,801,253	54,065,793	50,489,091
Pension Plan Net Investment Income	357,113,464	(550,086,981)	411,209,611	307,289,216	503,853,505	(157,242,103)	376,820,025	171,640,015	(47,607,661)	99,704,100
Benefit Payments	(270,026,717)	(259,245,111)	(242,860,638)	(227,737,284)	(213,956,372)	(198,846,376)	(186,286,855)	(175,218,096)	(165,464,616)	(157,563,807)
Refunds	(4,033,161)	(5,075,851)	(4,266,759)	(3,656,402)	(4,265,174)	(4,140,909)	(4,045,324)	(3,910,786)	(4,052,436)	(4,154,419)
Pension Plan Administrative Expense	(8,549,285)	(6,763,638)	(6,528,499)	(6,594,536)	(6,218,288)	(4,024,367)	(2,778,290)	(2,700,916)	(2,421,331)	(2,631,218)
Other	-	-	962	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	318,916,555	(605,364,083)	365,593,261	271,513,507	466,649,639	(189,054,679)	350,749,730	154,884,264	(64,995,557)	79,175,229
Plan Fiduciary Net Position - Beginning	2,959,775,761	3,565,139,844	3,199,546,583	2,928,033,076	2,461,383,437	2,650,438,116	2,299,688,386	2,144,804,122	2,209,799,679	2,130,624,450
Plan Fiduciary Net Position - Ending (b)	$ 3,278,692,316	$ 2,959,775,761	$ 3,565,139,844	$ 3,199,546,583	$ 2,928,033,076	$ 2,461,383,437	$ 2,650,438,116	$ 2,299,688,386	$ 2,144,804,122	$ 2,209,799,679
Net Pension Liability - Ending (a) - (b)	2,338,809,986	2,924,352,823	1,466,903,357	1,501,668,583	1,559,850,986	1,528,176,700	1,147,385,187	1,291,687,920	1,246,991,994	884,256,033
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.37%	50.30%	70.85%	68.06%	65.24%	61.70%	69.79%	64.03%	63.24%	71.42%
Covered Payroll	$ 862,312,026	$ 771,676,242	$ 743,256,421	$ 726,348,950	$ 686,720,461	$ 647,143,050	$ 615,814,344	$ 579,293,294	$ 558,248,300	$ 518,508,233
Net Pension Liability as a Percentage of Covered Payroll	271.23%	378.96%	197.36%	206.74%	227.14%	236.14%	186.32%	222.98%	223.38%	170.54%

Notes to Schedule:

1. Covered payroll is imputed from the actual employer contributions during the calendar year.
2. Actuarial Assumption History. For 2014, there were no actuarial assumption changes. For 2015, changes in assumptions included a decrease in the investment rate of return to 7.5%; inflation decrease to 2.75%; rate of salary increase range changed to 4.00% - 6.25%; retirement age experience-based table updated; mortality changed to the RP-2014 Mortality Table with Blue Collar adjustments and generational mortality improvements. For 2018, 2017 and 2016 there were no changes in assumptions. For 2019, changes in assumptions included a decrease in the investment return to 7%, a decrease in inflation to 2.5%, the salary increase range set at 3.5% - 5.75%, retirement age experience-based table updated; and a change in mortality tables to the PubG-2010 Healthy Retiree Mortality Table with full generational projection. For 2020, there were no assumption changes. For 2021, investment return was decreased to 6.75% while keeping the inflation assumption at 2.5%. For 2022, the actuarial assumption of 6.75% remained, however, because the pension plan's fiduciary net position was only expected to be available through 2057, the actuarial assumed rate of return was blended with the municipal bond rate of 4.05% to produce a Single Discount Rate of 5.87%. For 2023, the actuarial assumption of 6.75% was applied to all projected benefit payments.

See accompanying Independent Auditors' report

Schedule of Contributions

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 94,627,753	$ 93,331,482	$ 1,296,271	$ 518,508,233	18.00%
2015	98,419,175	100,484,694	(2,065,519)	558,248,300	18.00%
2016	114,931,790	104,272,793	10,658,997	579,293,294	18.00%
2017	120,761,193	110,846,582	9,914,611	615,814,344	18.00%
2018	125,092,752	116,485,749	8,607,003	647,143,050	18.00%
2019	133,017,753	123,609,683	9,408,070	686,720,461	18.00%
2020	156,528,199	130,742,811	25,785,388	726,348,950	18.00%
2021	156,232,500	141,218,720	15,013,780	743,256,421	19.00%
2022	168,842,762	146,618,486	22,224,276	771,676,242	19.00%
2023	197,555,685	163,839,285	33,716,400	862,312,026	19.00%

Schedule of Investment Returns

Year	Annual Return *
2023	12.31%
2022	-15.63%
2021	13.01%
2020	10.65%
2019	20.70%
2018	-5.97%
2017	16.61%
2016	8.08%
2015	-2.19%
2014	4.75%

** Annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of investment expenses*

See accompanying Independent Auditors' report

Investment Expenses

		2023
Custodial & Transaction Fees		
The Bank of New York Mellon	$	260,000
Transaction and other fees		52,288
		312,288
Investment Manager Fees		**4,214,349**
Other Investment-related Expenses		
Consultant Fees - RVK		384,544
Investment Research		94,475
Reporting and Monitoring		34,875
Investment Systems		184,990
Investment Legal Counsel		30,713
Staff Professional Development		18,585
Due Diligence Site Visits		15,330
Other		25,037
		788,549
Total	$	**5,315,186**

Note: Investment Manager Fees are presented on an accrual basis and do not include fees directly charged against commingled funds. For more information, please refer to the Investment Section.

General & Administrative Expenses

		2023
Actuarial	$	116,125
Legal		77,747
Audit		66,000
Consultants		638,348
Information Technology		210,751
Administrative		5,970,934
Depreciation		1,101,484
Insurance		173,236
Member Communications		92,948
Professional Development		101,712
Total	$	**8,549,285**

Professional Services and Consultant Expenses

Actuarial		
GRS Retirement Consulting Group	$	**116,125**
Legal		
Clark Hill Strasburger		20,092
Dubois, Bryant, & Campbell		2,661
Jackson Walker		28,578
The Knight Law Firm		26,416
		77,747
Audit		
CLA LLP		**66,000**
Consultants		
Levi, Ray & Shoup		133,344
Express Information Systems		14,958
Freeit Data Solutions		44,989
Gartner		100,283
Hillco Partners LLC		84,000
Kudelski Security		73,314
Ntirety		71,145
Security Pursuit		17,000
Whitehat Virtual Technologies		99,315
		638,348
Total	$	**898,220**

See accompanying Independent Auditors' report

INVESTMENT SECTION

Trustees:

It is our pleasure to update you on the progress we have achieved towards our strategic goal of becoming a best-in-class investment program by implementing what is known internally as the "Austin model" for investment management. The Austin model seeks to contribute meaningfully to the sustainability of the valuable benefit we share by focusing the investment program on the key drivers of long-term investment value. Additionally, the model seeks to build upon a long tradition of strong stewardship at COAERS that is grounded in exemplary fiduciary principles. As the graphic below indicates, the significant progress seen in recent years has carried over into 2023.

Year	2021	2022	2023
	Custodian Transition	Revisit Investment Beliefs	A/L Study Completed
	Refine Strategic Asset Allocation	Cash Portfolio Structure	Refine Strategic Asset Allocation
	Optimize Resources	Review of Horizon Issues	Private Credit Inaugural Investment
	Investment Program Costs including Investment Manager Fees		
	32 bps	34 bps	32 bps

Strategic focus, internal capabilities, and alignment increasing.

During 2023, this continuing commitment to best-in-class stewardship of the Fund led us to undertake several important strategic initiatives with respect to the investment program following formal adoption and implementation of the System's Actuarially Determined Employer Contribution Rate ("ADEC"):

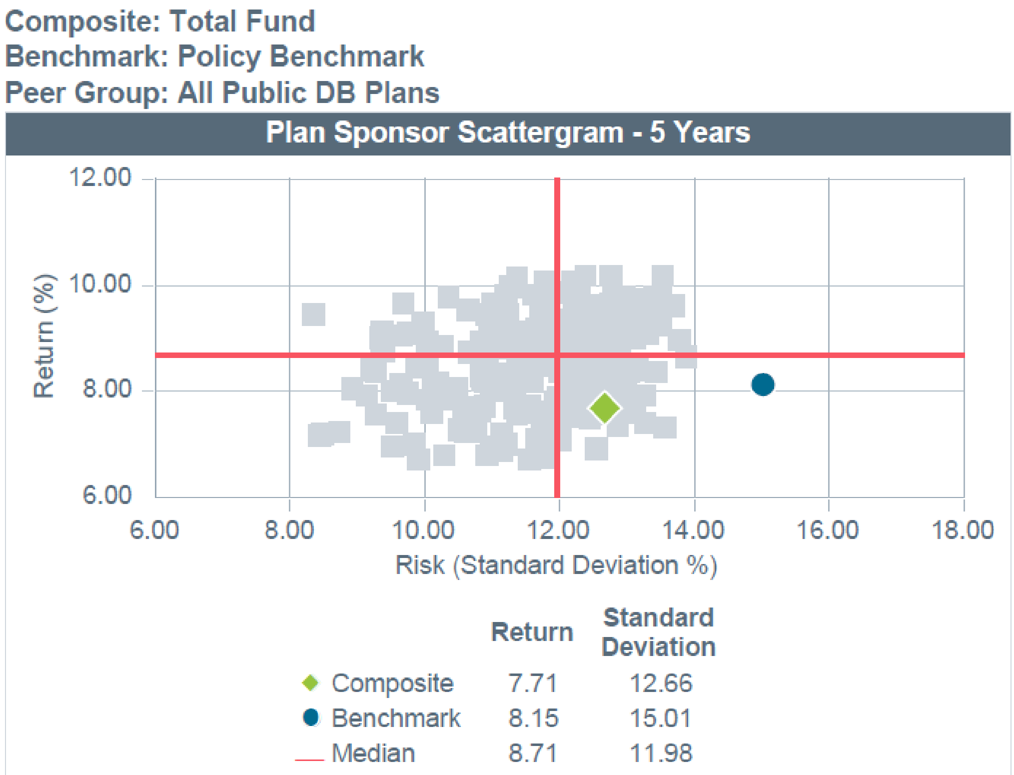
- An expanded view of available asset classes based on the results of a new Asset/Liability Study which incorporated the recently approved ADEC indicating reduced liquidity needs of the Plan's investment program.
- A renewed focus on long-term asset returns and risk management across the portfolio led to new revised Strategic Asset Allocation parameters, which expanded the Fund's allowable investments to include private market assets such as Private Credit.
- A renewed focus on diversification of the Fund due to the increasing level of concentration across equity markets and the continued lack of diversification benefits provided by public market fixed income securities.
- An evaluation of private market investment opportunities available to the Fund including the development of a private credit investment strategy and approval of COAERS inaugural investment into a private credit direct lending strategy.
- A formal Investment Practices and Performance Evaluation, as required by the Texas Pension Review Board, was conducted by outside consultants, and provided constructive recommendations for meaningful refinements to COAERS' investment program.

As a long-term investor, the Fund maintains sound investment processes across investment cycles. Recall that during 2020 and 2021, nearly all asset classes saw particularly healthy gains following significant monetary and fiscal stimulus during the COVID-19 disruption. These constructive years were followed by a highly unusual and challenging investment environment in 2022 where most traditional asset classes declined significantly. Fiscal year 2023 saw an unexpectedly strong performance across major asset classes and across global markets. The markets recovered as the Federal Reserve paused their rate hike cycle, which began in 2022 in anticipation of slower inflation and caused recession fears to abate as the year progressed. Demand for US treasuries and gold increased due to rising geopolitical fears including expansion of Russian-Ukraine war into other border states, increased angst over Taiwan, and a resurgence in Middle Eastern tensions following a surprise October attack on Israel. Equity Markets, particularly in the US, recovered as recession fears waned and growth opportunities re-emerged led by the "Magnificent 7", which include growth-oriented technology companies in the Artificial Intelligence, Clean Energy and Digital Transformation industries. As a result, the indices for almost every major COAERS asset and sub-asset class finished the year in positive territory.

Index	Asset Class	1 Year	3 Year	5 Year	10 Year
MSCI ACWI IMI	Global All-Cap Equities	21.6%	5.5%	11.5%	7.8%
MSCI USA	US Equities	26.5%	8.6%	15.2%	11.4%
MSCI World ex-US	Developed Market Equities	17.9%	4.4%	8.5%	4.3%
MSCI Emerging Markets	Emerging Market Equities	9.8%	(5.1%)	3.7%	2.7%
FTSE All Equity REIT	US Real Estate Investment Trusts	13.7%	7.2%	7.4%	7.6%
S&P Global Infrastructure	Global Infrastructure	5.8%	5.2%	6.5%	4.8%
BB Global Aggregate	Global Investment Grade Bonds	5.7%	(5.5%)	(.3%)	.4%
BB Corporate Credit	US Investment Grade Credit	8.5%	(3.3%)	2.6%	3.0%
BB U.S. MBS	US Mortgages	5.0%	(2.9%)	.3%	1.4%
BB U.S. Treasury Bonds	US Treasury Bonds	4.1%	(3.8%)	.5%	1.3%
BB U.S. Treasury Bills	US Treasury Bills	5.1%	2.2%	1.9%	1.2%
BB Commodity	Global Commodities	(7.9%)	10.8%	7.2%	(1.1%)

With the global market environment supporting Plan returns, the Fund ended the year at $3.22 billion, up 12.54% gross of fees for the full year 2023 compared to the Policy Benchmark which gained 16.02%. The deviation between Fund and Policy Benchmark returns was driven primarily by diversification efforts undertaken to offset extraordinarily high concentration levels in US Equity markets throughout the year.

Five-year gross returns on Fund investments totaled +7.71% which is above the COAERS actuarial assumed rate of return of 6.75%. This figure represents better risk-adjusted returns than the Policy Benchmark by experiencing much less risk for comparable return levels. COAERS believes this is a strong testament to the value that well-aligned and professional management of the Fund can contribute.

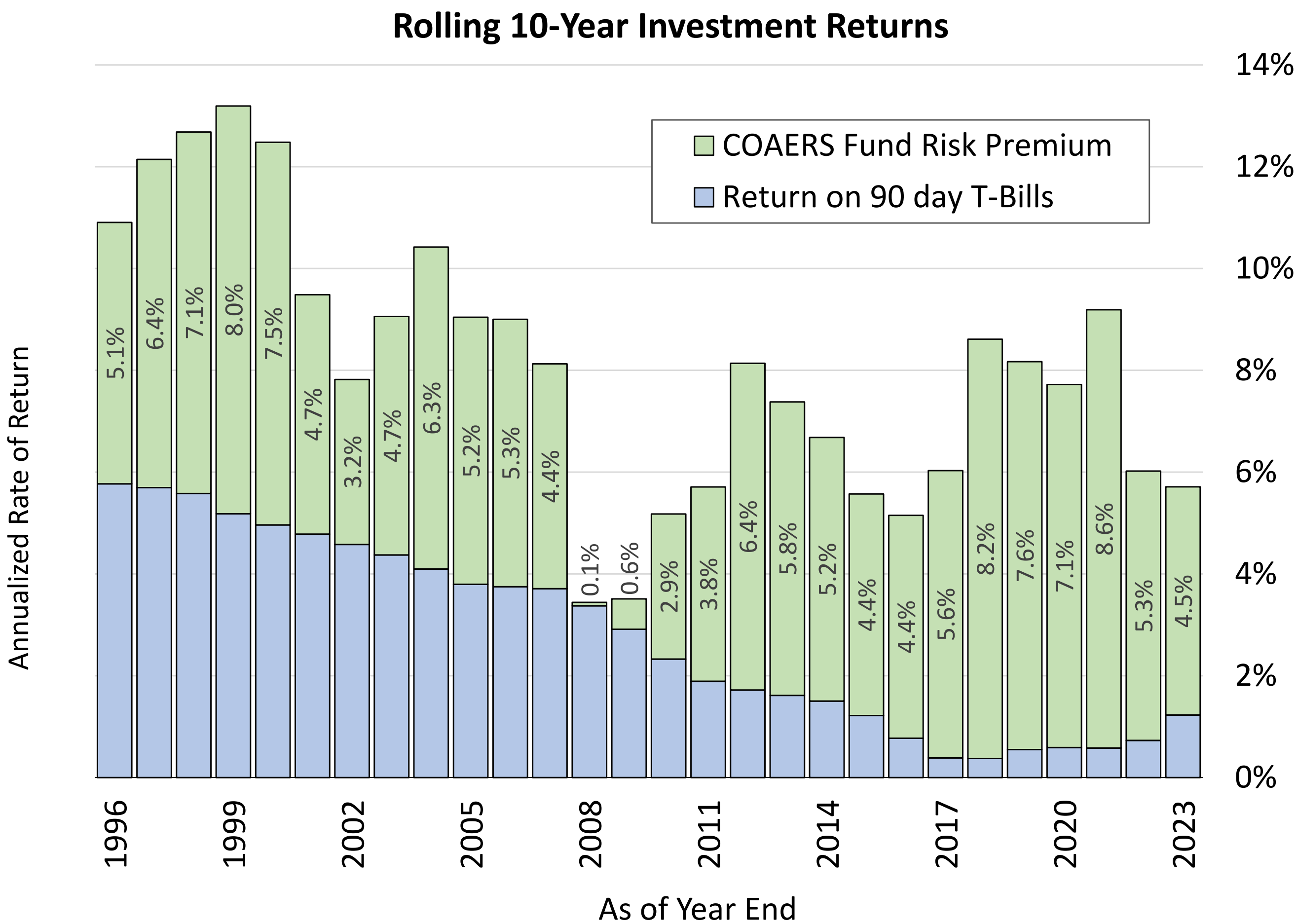


Source: RVK Q4 2023 Quarterly Investment Performance Analysis report, performance is shown gross of fees

During the year, the Fund remained invested across a wide range of assets as shown in the allocation table below. At the end of 2023, all of the allocations were within the designated strategic ranges which provided the Fund with broad market exposure throughout the year.

FUND POSITIONING VS. KEY STRATEGIC ASSET ALLOCATION PARAMETERS				
ASSET CLASS/SUB-ASSET CLASS	**12/31/23**	**Minimum[S]**	**Neutral**	**Maximum[S]**
GLOBAL EQUITIES	**57.30%**	**46.0%**	**56.0%**	**66.0%**
US Equity	34.64%	22.0%	34.0%	47.0%
Intl Developed Markets Equity	16.02%	11.0%	16.0%	20.0%
Intl Emerging Markets Equity	6.64%	2.0%	6.0%	13.0%
REAL ASSETS	**13.80%**	**10.0%**	**15.0%**	**20.0%**
Real Estate Equity	8.75%	5.0%	10.0%	15.0%
Infrastructure Equity	5.05%	0.0%	5.0%	10.0%
FIXED INCOME	**16.45%**	**16.0%**	**21.0%**	**33.0%**
US Treasuries	11.57%	9.0%	13.0%	25.0%
US Mortgages	2.25%	2.0%	4.0%	8.0%
US Credit	2.62%	1.0%	4.0%	10.0%
MULTI-ASSET	**4.13%**	**2.5%**	**7.0%**	**15.0%**
Asset Allocation	2.84%	2.5%	5.0%	10.0%
Commodities & Other	1.29%	0.0%	2.0%	10.0%
CASH & EQUIVALENTS	**8.33%**	**-10.0%**	**1.0%**	**10.0%**
US Dollar Instruments	6.78%	-10.0%	1.0%	10.0%
Other Currencies	1.54%	0.0%	0.0%	2.0%

Over the last 10 years, returns for the Fund have compounded at +5.71% annually net of manager fees. The chart below illustrates that over the long-term, the Fund has earned an average of over +5% annually above the risk-free return provided by US Treasury bills. For the period ending in 2023, 10-year annualized returns for the Fund were 4.5% over the meager 1.2% return of risk-free investments.



We invest according to sound investment principles and believe effective diversification across stocks, bonds, and other assets will deliver steady growth in the Fund's principal balance to meet its obligations to both current and future generations. The Fund continues to be managed in a highly professional and principled manner amid an increasingly unpredictable market environment. This high level of stewardship will continue to improve in the years ahead as we remain committed to providing best-in-class performance that enhances the long-term sustainability of the System.

Sincerely,

David Kushner, CFA
Chief Investment Officer

Memorandum

To	Board of Trustees
From	RVK, Inc.
Subject	2023 Annual Report
Date	April 25, 2024

Dear Trustees:

This letter provides an overview of the capital markets and the City of Austin Employees' Retirement System (the "System") portfolio's positioning for the fiscal year ended December 31, 2023.

2023 was a strong year for global markets, bolstered by the combination of receding global inflation and the resulting pause in the Federal Reserve's interest rate hikes after their July meeting. The outbreak of the Israel-Hamas war added to uncertainty and volatility to global markets in October, as investors worried over the impact on energy prices and inflation, and that a wider conflict could lead to further economic impacts and disruptions. Forecasts by the World Bank indicate slowing global GDP growth in 2024, which would mark the third consecutive year of waning economic activity. Specifically, global GDP growth was forecasted at 2.4% for 2024, compared to growth of 2.6% in 2023 and 3.0% in 2022. Macroeconomic and geopolitical risks, combined with persistent above-target inflation levels, are being cited as headwinds to growth prospects.

Inflation levels and trends continue to garner investor attention as well. After peaking in 2022, inflation has declined to levels closer to target ranges during 2023. The December US Consumer Price Index (CPI) report showed a higher than expected uptick in monthly inflation and annual inflation of 3.4%. The annual level represents a significant drop compared to the CPI measure of 6.5% in December 2022. Members of the US Federal Open Market Committee (FOMC) anticipate further progress in bringing inflation down to target levels.

Global stocks increased broadly during 2023 after experiencing a sharp drawdown in 2022. Performance was driven by a group of the largest, growth-oriented companies commonly referred to as the "Magnificent 7." These stocks provided substantial returns after a generally negative 2022. U.S. equity markets, as measured by the S&P 500 Index, returned 26.3% in 2023. International developed equity markets also posted strong results but underperformed their U.S. counterparts. Developed non-U.S. equity markets, as measured by the MSCI EAFE Index, returned 18.2% in 2023, while emerging markets, as measured by the MSCI Emerging Markets Index, returned 9.8%.

The Federal Funds rate increased moderately to a target range of 5.25%-5.50% at the end of 2023 in a continued effort to combat inflation. Treasury yields on the shorter end of the curve moved higher during 2023, with intermediate and longer dated notes remaining flat year-over-year. The Bloomberg U.S. Aggregate Bond Index returned 5.5%. Global fixed income was also positive during the year as measured by the Bloomberg Global Aggregate Index.

RVK

The price of oil decreased moderately from $80 per barrel to $72 per barrel during the year, contributing to the Bloomberg Commodity Index returning -7.9%. After a positive year in 2022, private real estate assets, as measured by the NCREIF ODCE Index, returned -12.0% on a gross of fees basis in 2023. Despite the weak year for private real estate assets, public market real estate outperformed private markets significantly as the FTSE NAREIT Equity REITs (TR) index returned 13.7% during 2023.

The market value of the System's investments increased from $2.94 billion to $3.22 billion in the year ended December 31, 2023. The System's overall investment return over the past year was 12.3% while the three-year annualized return was 2.3%. The five-year annualized return for System investments was 7.4% and the ten-year annualized return was 5.7%.[1] At year end, all major asset classes were within the strategic rebalancing ranges outlined within the System's Investment Policy Statement.

During 2023, Staff, the Board, and RVK, Inc. ("RVK") conducted an asset/liability study, the Board approved revisions to the Strategic Asset Allocation targets of the Fund including a new target allocation to private credit, and revised language within the existing investment policies. The Board also approved several changes to the current and proposed manager lineup.

The System's investment policies, goals, objectives, performance, and costs are regularly monitored by Staff, the Board, and by RVK. These evaluations include analysis of the investment managers and the custodial bank that serve the System. Staff, the Board, and RVK will continue to monitor the portfolio, recommending changes as deemed appropriate to improve potential risk-adjusted return and/or diversification.

The System's publicly traded assets managed through separate accounts, commingled vehicles, and mutual funds were held in custody at The Bank of New York (BNY) Mellon during the fiscal year ending December 31, 2023. Market values and returns referenced above are based upon statements prepared by The Bank of New York (BNY) Mellon. Their statements are, to the best of our knowledge, reliable and accurate. Investment performance is calculated using a time-weighted rate of return methodology (net of fees) based upon market values and cash flows.

We look forward to continuing to work with Staff and the Board to monitor, review, and attempt to position the System's portfolio to meet its long-term goals and objectives.

Sincerely,

Rebecca A. Gratsinger

Rebecca Gratsinger
Chief Executive Officer
RVK, Inc.

[1] All stated returns are net of fees.

INVESTMENT RESPONSIBILITIES

The COAERS Board of Trustees has the fiduciary duty of overseeing the Fund and the associated investment process. To assist in the fulfillment of its duties in this regard, the Board will select, engage, monitor, and evaluate a number of parties including the Professional Staff, Investment Consultant, Investment Managers, and Global Custodian.

To establish long-term goals of the investment program, provide a framework for the investment process, and to guide the efforts of parties; the Board has adopted two key policies:

- The Investment Policy Statement, which sets out specific duties and responsibilities for each party as a means to achieve the objectives of the Fund, and the Board requires compliance from all parties.
- The Investment Implementation Policy, which provides the basis for selecting, contracting, monitoring, and retaining investment managers.

The major elements of these documents, which are reviewed annually and are available in their entirety upon request and also on the website, are summarized in this section.

INVESTMENT GOALS

The purpose of the COAERS Trust Fund (the Fund) is to accumulate the financial reserves necessary to provide benefits to eligible members of the System and their beneficiaries. To achieve this outcome consistently and sustainably, the Fund will be structured and managed to maximize, in rank order of importance, net of all fees and expenses, the probability of achieving:

1. A long-term, annualized nominal rate of return that meets or exceeds the actuarially assumed rate of return for the System;
2. A long-term, risk-adjusted relative rate of return that meets or exceeds the Passive Benchmark (i.e., the Reference Portfolio);
3. A long-term, risk-adjusted relative rate of return that meets or exceeds the Policy Benchmark (i.e., the Strategic Benchmark); and
4. A long-term, risk-adjusted relative rate of return that ranks in the top quartile of comparable peers consistently

The Fund will pursue achievement of these strategic objectives via fiduciary best practices that:

- Ensure proper diversification of asset classes and factor exposures;
- Maintain appropriate long-term risk and return expectations; and
- Adapt the Fund's positioning to changing market conditions

The Board, with consultation, advice and assistance from the System's Staff and Investment Consultant(s), will use the Fund's strategic asset allocation process and its effective implementation as the primary tools to achieve these goals. A primary emphasis of the management of the Fund is consistency of growth by seeking to avoid both the permanent impairment of capital and the risk of inadequate long-term returns.

INVESTMENT BELIEFS

The COAERS Board of Trustees, in fulfilling its responsibility of ensuring that these assets are invested in a manner consistent with high fiduciary standards, has adopted the following investment beliefs to guide its asset allocation and investment implementation decisions:

- The Fund is a permanent entity with long-lived liabilities and, as such, it should strive to be a thoughtful, analytical, and patient investor that is focused on achieving successful outcomes.
- Clear governance and decision-making structures that promote decisiveness, simplicity, efficiency, and accountability are effective and add value to the Fund.
- To the extent possible, investment decision-making should be driven by data and analysis, including the findings of relevant research on financial markets and investment management.
- Strategic asset allocation is the most critical aspect of the investment process, with the level of risk assumed by the Fund driven primarily by its allocation to equity investments.
- The Fund should seek to be well-compensated for the investment risks it chooses to bear, risks that should be articulated at the time of investment and revisited regularly.
- Diversification across asset classes and risk factors is integral to the Fund’s design and investments that may improve the Fund’s risk/return profile will be considered.
- Equities are the most prudent investment vehicle for long-term growth of real values, and the associated drawdown risk should be carefully managed in light of the Fund’s liabilities.
- Costs can significantly reduce net returns and therefore must be carefully measured and managed when making decisions regarding investment strategy and implementation.
- Implementation should occur passively and in public markets unless a high likelihood of success on a risk-adjusted, net-of-fees basis can be expected from other approaches.

RISK MANAGEMENT

The Board recognizes that bearing prudent levels of compensated investment risk is critical in meeting the Fund’s long-term return objectives, which are in turn essential to the sustainable provision of adequate benefits. The Board uses a risk budgeting framework to define its tolerance for volatility and tracking error at the Fund level and to provide a transparent, measurable methodology for allocating risk to implementation efforts in pursuit of the System’s investment objectives.

Given the System’s purpose, liquidity requirements, absolute return objective, and predictability of contributions, the Board elects to assume levels of market risk, defined as realized long-term volatility, of approximately 10%-12% on an annualized basis. Based on this philosophy, the Board expects that market risk will likely rank in the second or third quartile of its comparable peers over the long term, but notes that differences in asset mix and risk regimes may cause risk to be higher or lower than these peer rankings.

Active risk refers to the amount of risk in the portfolio that is attributable to the management decisions made by its fiduciaries. A common measure of active risk is commonly called tracking error, which can be best estimated within portfolios of tradable liquid securities. Tracking error budgets relative to the assigned benchmarks are established for the total Fund (neutral at 150 bps and maximum at 300 bps) and its actively managed public market portfolios.

To ensure that this risk budget continues to be appropriate, it will be reviewed at least annually concurrent with the Strategic Asset Allocation review and formal Asset Allocation studies. A more in-depth review will be done at least every five years and coincide with the formal Asset/Liability Study.

ASSET ALLOCATION

Asset allocation refers to the process by which the Fund is allocated among various types of investments that share certain fundamental and risk-based characteristics. The Board, in conjunction with advice from Staff and the Investment Consultant, is responsible for establishing and reviewing the Strategic Asset Allocation (SAA) process for the Fund. This oversight includes the selection of well-aligned strategic advisors, the use of a diverse range of forecasting approaches, the determination of appropriate risk budgets, and appropriate levels of delegated authority.

Asset/Liability Studies provide the primary basis for changes to the target allocations of the SAA and are conducted at least every five years. Relevant policies are amended when a proposed investment strategy is adopted. The Board may review its target allocations more frequently if necessary due to material changes in either the liability structure of the plan or the capital markets.

Based on its determination of the appropriate risk tolerance of the Fund and its long-term return expectations, the Board in consultation with the Staff and Investment Consultant establishes the following SAA parameters as percentages of the Fund's asset classes and sub-asset classes:

- Strategic Neutral Allocations that represent neutral weights to asset classes and sub-asset classes selected to play a distinct and purposeful role within the Fund.
- Tactical Rebalancing Ranges reflect the diversity of asset mix among peers and delineate the typical operating range of the actual positioning of the Fund under normal market.
- Strategic Rebalancing Ranges reflect the diversity of asset mix among peers and delineate the less typical operating range of the actual positioning of the Fund under unusual market conditions as well as establish the minimum and maximum allocations of the Fund allowing for flexibility during times of market stress or dislocation.

Rebalancing activities ensure that the long-term investment objectives of the System are achieved by allowing Investment Staff the flexibility to adjust for market movements and to incorporate current market conditions into the asset allocation. The Board has chosen to adopt a rebalancing policy that allows Investment Staff to rebalance the portfolio between major asset classes as well as within the sub-asset classes, a framework that is governed by the Board approved ranges rather than fixed time periods. The Investment Staff uses an analytical framework referred to as the Investment Risk Framework (IRF) to make determinations about positioning the Fund appropriately to achieve the Board's strategic goals.

MANAGER SELECTION

The Board believes that developing long-term relationships with a small group of high-potential managers allows for a more thoughtful and robust evaluation of potential candidates than starting every search from scratch. As such, the Investment Staff is required to develop and maintain a "Premier List" of 3-4 viable managers (including at least one passive index option) for potential inclusion within each allocation of the Fund. Doing so is intended to allow for (1) ongoing competitive benchmarking of existing managers and (2) rapid, effective replacement of any manager deemed no longer able to accomplish its mandate.

The Premier List for each allocation is presented to the Investment Committee for ongoing review at least annually. Investment Staff proposes candidates for the Premier List to the Investment Committee for potential recommendation to the Board, with all proposals including a proposed neutral and maximum allocation. Since manager retention decisions have the same potential impact on returns as do the initial selection of the manager, Investment Staff shall also propose any removals from the Premier List to the Investment Committee for potential recommendation to the Board.

PERMISSIBLE INVESTMENTS

The Investment Implementation Policy includes a list of investment vehicles that are specifically permitted for the Fund. They are categorized according to asset class to indicate how they are classified for purposes of the SAA guidelines. Unless given authorization in writing, managers are allowed to invest only in the security types listed for the asset classes for which they have been hired and, when included in the Investment Policy or the IMA, the assigned benchmark. Permissible assets may be held in separately managed accounts as well as commingled funds.

ASSET CLASS/SUB-ASSET CLASS	STYLE	VEHICLE*	12/31/2023 VALUE	% OF FUND	ASSET ALLOCATION NEUTRAL $	ASSET ALLOCATION NEUTRAL %	VARIANCE FROM NEUTRAL AMOUNT	VARIANCE FROM NEUTRAL %
Global Equity			**$ 1,846,600,385**	**57.30%**	**$ 1,804,664,859**	**56.00%**	**$ 41,935,526**	**1.30%**
US Equities			**1,116,277,928**	**34.64%**	**1,095,689,379**	**34.00%**	**20,588,549**	**0.64%**
MELLON CAPITAL - DYNAMIC US EQUITY	ACTIVE	SMA	259,073,596	8.04%				
SSGA - MSCI USA EW INDEX	PASSIVE	SMA	207,899,036	6.45%				
LGIMA - MSCI USA INDEX FUND	PASSIVE	FUND	176,598,608	5.48%				
MELLON CAPITAL - SCIBETA US MAX DECORRELATION	PASSIVE	SMA	145,360,135	4.51%				
MELLON CAPITAL - INFLATION PLUS	PASSIVE	SMA	104,501,115	3.24%				
TOBAM - MAX DIVERSIFICATION USA	PASSIVE	SMA	99,289,261	3.08%				
NISA - S&P 500 INDEX FUTURES	PASSIVE	SMA	74,623,457	2.32%				
SSGA - MSCI SMALL CAP INDEX FUND	PASSIVE	FUND	48,867,640	1.52%				
NISA SP 500 INDEX OP	PASSIVE	SMA	65,081	0.00%				
Developed Market Equities			**516,343,438**	**16.02%**	**515,618,531**	**16.00%**	**724,907**	**0.02%**
WALTER SCOTT & PARTNERS LTD - INT'L EQUITIES	ACTIVE	SMA	206,821,410	6.42%				
1607 CAPITAL PARTNERS LLC - INT'L EQUITIES	ACTIVE	SMA	158,175,553	4.91%				
NTAM - MSCI WORLD EX-US SMALL CAP INDEX FUND	PASSIVE	FUND	45,812,879	1.42%				
NISA - FX HEDGED EAFE FUT	PASSIVE	SMA	40,044,078	1.24%				
NISA - EAFE INDEX FUTURES	PASSIVE	SMA	36,115,941	1.12%				
MELLON CAPITAL - DYNAMIC GLOBAL EX-US EQUITY FUND	ACTIVE	FUND	29,373,577	0.91%				
Emerging Market Equities			**213,979,019**	**6.64%**	**193,356,949**	**6.00%**	**20,622,070**	**0.64%**
BAILLIE GIFFORD - EMERGING MARKETS FUND	ACTIVE	FUND	129,536,186	4.02%				
LGIMA - MSCI EM INDEX FUND	PASSIVE	FUND	76,279,507	2.37%				
NISA - EM INDEX FUTURES	PASSIVE	SMA	8,163,326	0.25%				
Real Assets			**$ 444,758,625**	**13.80%**	**$ 483,392,373**	**15.00%**	**$ (38,633,748)**	**-1.20%**
Real Estate Equity			**281,925,297**	**8.75%**	**322,261,582**	**10.00%**	**(40,336,285)**	**-1.25%**
PRINCIPAL GLOBAL INVESTORS - US PROPERTY ACCOUNT	ACTIVE	FUND	164,470,378	5.10%				
FIDELITY - US REITS COMPLETION INDEX	PASSIVE	SMA	106,545,999	3.31%				
AGINCOURT FTSE NAREIT EQUITY REITs	PASSIVE	SMA	10,908,919	0.34%				
Infrastructure Equity			**162,833,328**	**5.05%**	**161,130,791**	**5.00%**	**1,702,537**	**0.05%**
IFM GLOBAL - GLOBAL INFRASTRUCTURE FUND	ACTIVE	FUND	95,689,868	2.97%				
FIDELITY - GLOBAL INFRASTRUCTURE INDEX	PASSIVE	SMA	67,143,460	2.08%				
Fixed Income			**$ 529,979,275**	**16.45%**	**$ 676,749,322**	**21.00%**	**$ (146,770,047)**	**-4.55%**
US Treasuries			**372,998,078**	**11.57%**	**418,940,056**	**13.00%**	**(45,941,979)**	**-1.43%**
AGINCOURT - 1-3 YEAR TREASURY INDEX	PASSIVE	SMA	216,242,463	6.71%				
AGINCOURT - 1-5 YEAR US TIPS	PASSIVE	SMA	65,139,129	2.02%				
NISA - 30 YEAR TREASURY INDEX FUTURES	PASSIVE	SMA	60,783,503	1.89%				
HOISINGTON - MACROECONOMIC FIXED INCOME	ACTIVE	SMA	30,832,983	0.96%				
NISA - 10 YEAR TREASURY INDEX FUTURES	PASSIVE	SMA	0	0.00%				
AGINCOURT - 10 YEAR TREASURY INDEX	PASSIVE	SMA	0	0.00%				
LGIMA - 5-15 YEAR US TIPS	PASSIVE	SMA	0	0.00%				
US Mortgages			**72,420,010**	**2.25%**	**128,904,633**	**4.00%**	**(56,484,623)**	**-1.75%**
DOUBLELINE CAPITAL LP - AGENCY MBS	ACTIVE	SMA	72,420,010	2.25%				
US Credit			**84,561,188**	**2.62%**	**128,904,633**	**4.00%**	**(44,343,445)**	**-1.38%**
PGIM - US INVESTMENT GRADE CREDIT FUND	ACTIVE	FUND	84,561,188	2.62%				
Multi-Asset			**$ 132,974,749**	**4.13%**	**$ 225,583,107**	**7.00%**	**$ (92,608,358)**	**-2.87%**
Asset Allocation			**91,479,387**	**2.84%**	**161,130,791**	**5.00%**	**(69,651,404)**	**-2.16%**
AGINCOURT - 60/40 PASSIVE INDEX	PASSIVE	SMA	91,479,387	2.84%				
Commodities & Other			**41,495,362**	**1.29%**	**64,452,316**	**2.00%**	**(22,956,955)**	**-0.71%**
NISA - GOLD FUTURES	PASSIVE	SMA	41,495,362	1.29%				
Cash & Equivalents			**$ 268,302,785**	**8.33%**	**$ 32,226,158**	**1.00%**	**$ 236,076,627**	**7.33%**
US Dollar Instruments			**218,561,114**	**6.78%**	**32,226,158**	**1.00%**	**186,334,956**	**5.78%**
AGINCOURT - 1-3 MONTH TREASURY BILLS	PASSIVE	SMA	105,968,609	3.29%				
NISA CASH AND CARRY	PASSIVE	FUND	67,769,065	2.10%				
BNYMellon - GOVERNMENT SHORT TERM INVESTMENT FUND	PASSIVE	FUND	41,677,991	1.29%				
BNYMellon - MONEY MARKET FUND(S)	PASSIVE	SMA	2,125,913	0.07%				
COAERS USD ACCOUNT	PASSIVE	SMA	1,019,537	0.03%				
Other Currencies			**49,741,671**	**1.54%**	**0**	**0.00%**	**49,741,671**	**1.54%**
NISA - SHORT TERM SOVEREIGNS	ACTIVE	SMA	49,741,671	1.54%				
TOTAL			**$ 3,222,615,819**	**100.00%**	**$ 3,222,615,819**	**100.00%**		

Reconciliation to Statement of Net Position:

Investments	**$ 3,218,572,684**
Interest and dividends receivable	**$ 6,692,763**
Trades pending settlement (net)	**$ (1,695,842)**
Investment Manager Fee Payable	**$ (953,787)**
Total investments (per global custodian)	**$ 3,222,615,819**

** SMA means separately managed account; Fund means mutual fund, collective investment trust, or other pooled investment structure*

SCHEDULE OF INVESTMENT RESULTS

	Balance 12/31/2022	Balance 12/31/2023	CY 2023 Gross Return (%)	CY 2023 Mgmt Fees (Cash Basis)	Annualized Net Return (%) 1 Year	3 Years	5 Years
US EQUITY	$ 991,544,324	$ 1,116,277,928	20.3 %	$ 1,491,755	20.1 %	7.0 %	12.8 %
MELLON CAPITAL - DYNAMIC US EQUITY	$ 208,795,393	$ 259,073,596	24.5 %	$792,078	24.1 %	8.2 %	15.8 %
S&P 500 Index			*26.3 %*		*26.3 %*	*10.0 %*	*15.7 %*
SSGA - MSCI USA EW INDEX	$ 176,778,931	$ 207,899,036	17.6 %	$45,699	17.6 %	7.0 %	N/A
MSCI USA Equal Weighted Index			*17.0 %*		*17.0 %*	*6.5%*	*N/A*
LGIMA - MSCI USA INDEX FUND	$ 182,777,494	$ 176,598,608	27.1 %	$54,825	27.0 %	9.2 %	N/A
MSCI USA Index			*26.5 %*		*26.5 %*	*8.6%*	*N/A*
MELLON CAPITAL - SCIBETA US MAX DECORRELATION	$ 125,653,986	$ 145,360,135	15.8 %	$163,257	15.7 %	7.5 %	N/A
SciBeta United States Maximum Decorrelation Index			*15.7 %*		*15.7 %*	*7.7%*	*N/A*
MELLON CAPITAL - INFLATION PLUS	(1)	$ 104,501,115	N/A	$21,033	N/A	N/A	N/A
SciBeta Inflation Plus Index			*N/A*		*N/A*	*N/A*	*N/A*
LGIMA - INFLATION PLUS	$ 84,650,189	(2)	N/A	$73,145	N/A	N/A	N/A
SciBeta Inflation Plus Index			*N/A*		*N/A*	*N/A*	*N/A*
TOBAM - MAX DIVERSIFICATION USA	$ 111,731,830	$ 99,289,261	7.3 %	$284,047	7.1 %	(0.2)%	N/A
TOBAM Max Diversification Index			*7.3 %*		*7.3 %*	*0.0%*	*N/A*
NISA - S&P 500 INDEX FUTURES	$ 59,834,839	$ 74,623,457	24.8 %	$38,370	24.7 %	9.5 %	N/A
S&P 500 Index			*26.3 %*		*26.3 %*	*10.0 %*	*N/A*
SSGA - MSCI SMALL CAP INDEX FUND	$ 41,259,739	$ 48,867,640	18.4 %	$19,301	18.4 %	5.4 %	N/A
MSCI USA Small Cap Index			*18.4 %*		*17.9 %*	*5.0%*	*N/A*
NISA - S&P 500 INDEX OPTIONS	$ 61,923	$ 65,081	5.1 %	$0	5.1 %	N/A	N/A
S&P 500 Index			*26.3 %*		*5.1 %*	*N/A*	*N/A*
DM EQUITY	$ 441,380,450	$ 516,343,438	17.3 %	$ 1,589,068	17.0 %	1.6 %	8.8 %
WALTER SCOTT - INTERNATIONAL EQUITIES	$ 172,757,769	$ 206,821,410	20.2 %	$803,342	19.7 %	1.4 %	10.1 %
MSCI EAFE Index			*18.2 %*		*18.2 %*	*4.0%*	*8.2 %*
1607 CAPITAL - INTERNATIONAL EQUTIES	$ 137,618,330	$ 158,175,553	15.3 %	$608,840	14.9 %	1.1 %	8.3 %
90% MSCI EAFE/10% MSCI EM Indexes			*17.4 %*		*17.4 %*	*3.1%*	*7.8 %*
NTAM - MSCI WORLD EX-US SMALL CAP INDEX FUND	$ 40,677,442	$ 45,812,879	12.6 %	$24,192	12.6 %	0.1 %	7.4 %
MSCI World ex US Small Cap Index			*12.6 %*		*12.6 %*	*(0.2)%*	*7.1 %*
NISA - FX HEDGED EAFE FUT	$ 33,953,216	$ 40,044,078	18.1 %	$39,414	17.9 %	N/A	N/A
MSCI ACW Ex US Index HEDGED			*15.6 %*		*20.0 %*	*N/A*	*N/A*
NISA - EAFE INDEX FUTURES	$ 30,781,502	$ 36,115,941	17.4 %	$18,947	17.3 %	3.8 %	N/A
MSCI EAFE Index			*18.2 %*		*18.2 %*	*4.0%*	*N/A*
MELLON CAPITAL - DYNAMIC GLOBAL EX-US EQUITY	$ 25,592,192	$ 29,373,577	14.8 %	$94,334	14.4 %	0.0 %	N/A
MSCI ACW Ex US Index			*15.6 %*		*15.6 %*	*1.6%*	*N/A*
EM EQUITY	$ 190,675,942	$ 213,979,019	12.2 %	$ 853,664	12.2 %	(7.1)%	2.6 %
BAILLIE GIFFORD - EMERGING MARKETS FUND	$ 113,234,600	$ 129,536,186	14.4 %	$775,683	14.4 %	(8.5)%	4.9 %
MSCI Emerging Markets Index			*9.8 %*		*9.8 %*	*(5.1)%*	*3.7 %*
LGIMA - MSCI EM INDEX FUND	$ 69,941,547	$ 76,279,507	9.1 %	$71,609	9.0 %	(5.4)%	N/A
MSCI Emerging Markets Index			*9.8 %*		*9.8 %*	*(5.1)%*	*N/A*
NISA - EM INDEX FUTURES	$ 7,499,795	$ 8,163,326	8.9 %	$6,373	8.9 %	(5.6)%	N/A
MSCI Emerging Markets Index			*9.8 %*		*9.8 %*	*(5.1)%*	*N/A*
REAL ESTATE EQUITY	$ 315,913,645	$ 281,925,297	(1.4)%	$ 1,485,817	(1.4)%	4.7 %	4.2 %
PRINCIPAL GLOBAL - US PROPERTY ACCOUNT	$ 184,237,746	$ 164,470,378	(10.7)%	$1,402,611	(10.7)%	4.5 %	4.1 %
NCREIF NFI-ODCE Index			*(12.7)%*		*(12.7)%*	*4.0%*	*3.3 %*
FIDELITY - US REITS INDEX	$ 122,051,629	$ 106,545,999	14.4 %	$79,308	14.3 %	6.6 %	N/A
FTSE NAREIT REITs Completion Index			*14.4 %*		*14.4 %*	*6.7%*	*N/A*
AGINCOURT FTSE NAREIT EQ REITs	$ 9,624,271	$ 10,908,919	13.4 %	$3,898	13.4 %	N/A	N/A
FTSE NAREIT ALL EQUITY REITs			*11.4 %*		*13.7 %*	*N/A*	*N/A*
INFRASTRUCTURE EQUITY	$ 150,898,409	$ 162,833,328	8.0 %	$ 766,768	7.9 %	8.5 %	2.3 %
IFM GLOBAL - GLOBAL INFRASTRUCTURE FUND	$ 88,294,922	$ 95,689,868	8.4 %	$709,507	8.4 %	11.3 %	N/A
S&P Global Infrastructure Index			*5.8 %*		*5.8 %*	*5.2%*	*N/A*
FIDELITY - GLOBAL INFRASTRUCTURE INDEX	$ 62,603,487	$ 67,143,460	7.4 %	$57,261	7.3 %	7.4 %	N/A
Dow Jones Brookfield Global Infrastructure			*6.2 %*		*6.2 %*	*6.7%*	*N/A*
US TREASURIES	$ 358,647,392	$ 372,998,078	4.1 %	$ 367,352	4.0 %	(5.2)%	N/A
AGINCOURT - 1-3 YEAR TREASURY	$ 153,904,151	$ 216,242,463	4.3 %	$67,753	4.2 %	(0.2)%	N/A
BB Barclays US Treasury 1-3Y Index			*4.3 %*		*4.3 %*	*(0.1)%*	*N/A*
AGINCOURT - 1-5 YEAR TIPS	$ 62,359,008	$ 65,139,129	4.5 %	$25,289	4.5 %	2.0 %	N/A
BB Barclays US TIPS 1-5Y Index			*4.5 %*		*4.5 %*	*1.9%*	*N/A*
NISA - 30 YEAR TREASURY FUTURES	$ 59,914,521	$ 60,783,503	1.5 %	$29,800	1.5 %	(12.3)%	N/A
BB Barclays US Treasury Bellwether 30Y Index			*1.9 %*		*1.9 %*	*(13.4)%*	*N/A*
HOISINGTON - LONG TREASURY	$ 82,400,517	$ 30,832,983	4.8 %	$234,594	4.7 %	(12.6)%	N/A
BB Barclays US Treasury Bonds Index			*4.1 %*		*4.1 %*	*(3.8)%*	*N/A*
NISA - 10 YEAR TREASURY FUTURES	$ 68,229	(2)	N/A	$4,384	N/A	N/A	N/A
BB Barclays US Treasury Bellwether 10Y Index			*N/A*		*N/A*	*N/A*	*N/A*
AGINCOURT - 10 YEAR TREASURY	$ 956	(2)	N/A	$4,239	N/A	N/A	N/A
BB Barclays US Treasury Bellwether 10Y Index			*N/A*		*N/A*	*N/A*	*N/A*
LGIMA - 5-15 YR US TIPS	$ 10	(2)	N/A	$1,292	N/A	N/A	N/A
Bloomberg U.S. TIPS 5-10yr Index			*N/A*		*N/A*	*N/A*	*N/A*
US MORTGAGES	$ 97,653,353	$ 72,420,010	5.7 %	$ 169,920	5.7 %	(2.8)%	N/A
DOUBLELINE CAPITAL LP - AGENCY MBS	$ 97,653,353	$ 72,420,010	5.7 %	$169,920	5.7 %	(2.8)%	N/A
BB Barclays US MBS Index			*5.1 %*		*5.1 %*	*(2.9)%*	*N/A*

	Balance 12/31/2022	Balance 12/31/2023	CY 2023 Gross Return (%)	CY 2023 Mgmt Fees (Cash Basis)	Annualized Net Return (%) 1 Year	3 Years	5 Years
US CREDIT	$ 106,171,553	$ 84,561,188	9.6 %	$ 223,694	9.3 %	(3.1)%	N/A
PRUDENTIAL - US INVESTMENT GRADE CREDIT FUND	$ 106,171,553	$ 84,561,188	9.6 %	$223,694	9.3 %	(3.1)%	N/A
BB Barclays US IG Credit Index			*8.2 %*		*8.2 %*	*(3.2)%*	*N/A*
ASSET ALLOCATION	$ 107,220,489	$ 91,479,387	16.1 %	$ 39,473	15.9 %	2.5 %	N/A
AGINCOURT - 60/40 PASSIVE INDEX	$ 107,220,489	$ 91,479,387	16.1 %	$39,473	15.9 %	2.5 %	N/A
COAERS Passive Benchmark			*15.4 %*		*15.4 %*	*1.3%*	*N/A*
COMMODITIES & OTHER	$ 37,936,570	$ 41,495,362	9.4 %	$ 22,967	9.4 %	2.3 %	N/A
NISA - GOLD FUTURES	$ 37,936,570	$ 41,495,362	9.4 %	$22,967	9.4 %	2.3 %	N/A
Bloomberg Gold Sub Index			*12.8 %*		*12.8 %*	*2.4%*	*N/A*
US DOLLAR INSTRUMENTS	$ 95,920,682	$ 218,561,114	5.1 %	$ 96,281	5.0 %	2.2 %	1.9 %
AGINCOURT - 1-3 MONTH TREASURY	$ 75,507,296	$ 105,968,609	5.1 %	$33,295	5.0 %	2.1 %	N/A
BB Barclays US Treasury 1-3M Index			*5.1 %*		*5.1 %*	*2.2%*	*N/A*
NISA CASH AND CARRY	$ 15,351,395	$ 67,769,065	5.4 %	$61,977	5.2 %	N/A	N/A
BB Barclays US Treasury 1-3M Index			*5.1 %*		*5.1 %*	*N/A*	*N/A*
BNYMELLON - GOVERNMENT ST INVESTMENT FUND	$ 2,028,697	$ 41,677,991	6.5 %	$1,009	5.0 %	N/A	N/A
BB Barclays US Treasury 1-3M Index			*5.1 %*		*5.1 %*	*N/A*	*N/A*
BNYMELLON - MONEY MARKET FUND(S)	$ 2,028,234	$ 2,125,913	4.8 %	$0	4.8 %	N/A	N/A
BB Barclays US Treasury 1-3M Index			*5.1 %*		*5.1 %*	*N/A*	*N/A*
COAERS USD ACCOUNT	$ 1,005,060	$ 1,019,537	1.4 %	$0	1.4 %	0.7 %	N/A
BB Barclays US Treasury 1-3M Index			*5.1 %*		*5.1 %*	*2.2%*	*N/A*
OTHER CURRENCIES	$ 47,288,349	$ 49,741,671	5.3 %	$ 24,771	5.2 %	N/A	N/A
NISA - ST SOVEREIGNS	$ 47,288,349	$ 49,741,671	5.3 %	$24,771	5.2 %	N/A	N/A
BB Barclays US Treasury 1-3M Index			*5.1 %*		*5.1 %*	*N/A*	*N/A*
Total Fund	$ 2,941,251,159	$ 3,222,615,819	12.5 %	$ 7,131,531	12.3 %	2.3 %	7.4 %
***COAERS Policy Index**			**16.0 %**		**16.0 %**	**3.1 %**	**8.2 %**

Returns calculated using time-weighted rate of return based on market values.

<u>* Historical Composition of Policy Benchmarks as of Year End:</u>

YE 2023: 56% MSCI ACW IM Index (USD) (Net), 10% FTSE NAREIT Eq REITs Index (TR), 5% S&P Gbl Infrastructure Index (Net), 21% Bloomberg Gbl Agg Bond Index, 7% Multi-Asset Benchmark, and 1% Bloomberg US T-Bills 1-3 Mo Index.

YE 2022: 56% MSCI ACW IM Index (USD) (Net), 10% FTSE NAREIT Eq REITs Index (TR), 5% S&P Gbl Infrastructure Index (Net), 21% Bloomberg Gbl Agg Bond Index, 7% Multi-Asset Benchmark, and 1% Bloomberg US T-Bills 1-3 Mo Index.

(1) Investment initiated during 2023.

(2) Investment terminated during 2023.

TOP TEN DIRECT HOLDINGS - EQUITIES

SHARES	DESCRIPTION	FAIR VALUE		% of FUND
16,488	EQUINIX INC	$	13,279,270	0.41%
109,039	WELLTOWER INC	$	9,832,047	0.31%
110,475	GROUPE BRUXELLES LAMBERT NV	$	8,691,419	0.27%
28,018	PUBLIC STORAGE	$	8,545,490	0.27%
81,900	NOVO NORDISK A/S	$	8,472,351	0.26%
57,927	DIGITAL REALTY TRUST INC	$	7,795,816	0.24%
181,500	SHIN-ETSU CHEMICAL CO LTD	$	7,617,645	0.24%
129,922	REALTY INCOME CORP	$	7,460,121	0.23%
38,168	APPLE INC	$	7,348,485	0.23%
652,653	EUROPEAN OPPORTUNITIES TRUST	$	7,288,338	0.23%
	Top 10 Direct Holdings - Equities	**$**	**86,330,981**	**2.68%**
	Total COAERS Investment Portfolio as of 12/31/2023	**$**	**3,222,615,819**	**100.00%**

Full listing available upon request.

TOP TEN DIRECT HOLDINGS - FIXED INCOME

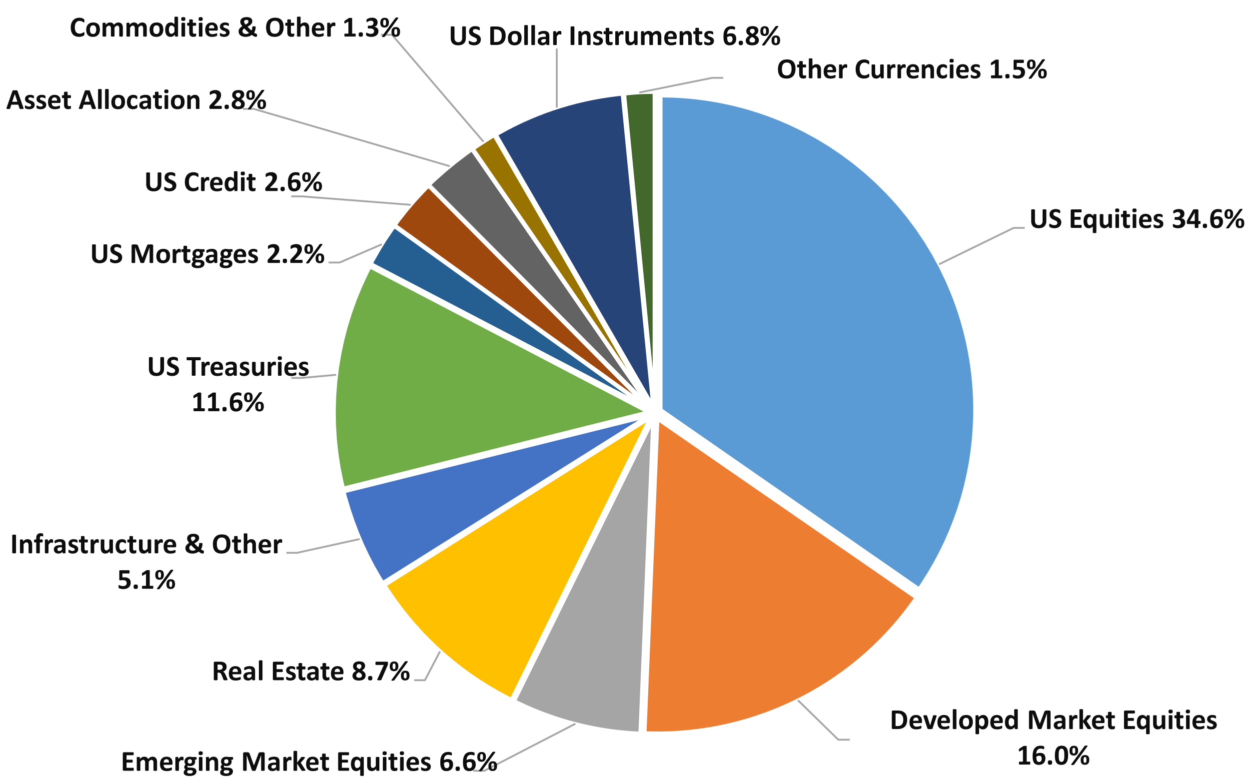
PAR	DESCRIPTION	FAIR VALUE		% of FUND
128,660,000	U S TREASURY NOTE; 2.125% 05/15/2025 DD 05/15/15	$	124,573,758	3.87%
65,505,000	U S TREASURY NOTE; 2.000% 11/15/2026 DD 11/15/16	$	61,958,559	1.92%
26,911,360	US TREAS-CPI INFLAT; 0.500% 01/15/2028 DD 01/15/18	$	25,491,517	0.79%
26,000,000	U S TREASURY NOTE; 1.375% 01/31/2025 DD 01/31/20	$	25,085,840	0.78%
25,000,000	U S TREASURY BILL; 0.000% 04/18/2024 DD 04/20/23	$	24,614,240	0.76%
426,660	ISHARES INTL AGGREGATE BOND	$	21,247,668	0.66%
17,625,000	U S TREASURY BILL; 0.000% 04/23/2024 DD 12/26/23	$	17,340,004	0.54%
2,400,000,000	JAPAN TREASURY DISCOUNT BILL; 0.000% 02/05/2024	$	17,026,388	0.53%
16,250,000	U S TREASURY BILL; 0.000% 03/26/2024 DD 11/28/23	$	16,052,725	0.50%
16,112,305	US TREAS-CPI INFLAT; 0.375% 01/15/2027 DD 01/15/17	$	15,321,674	0.48%
	Top 10 Direct Holdings - Fixed Income	**$**	**348,712,374**	**10.82%**
	Total COAERS Investment Portfolio as of 12/31/2023	**$**	**3,222,615,819**	**100.00%**

Full listing available upon request.

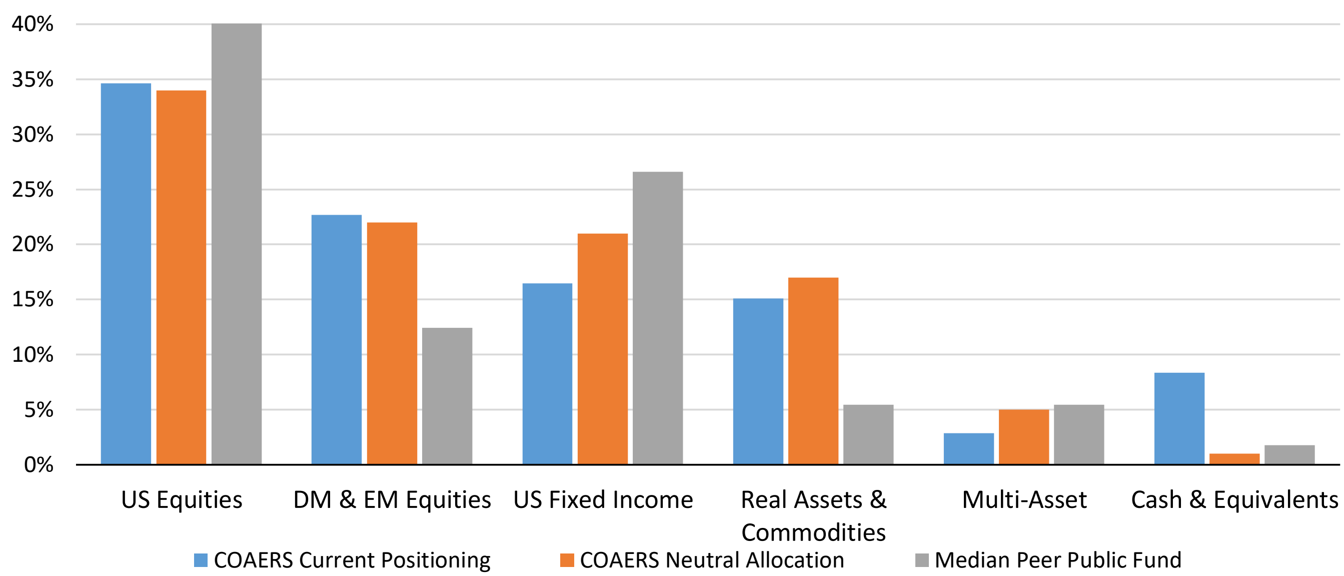
COAERS INVESTMENT PORTFOLIO

Asset Class/Sub-Asset Class	12/31/2023 Fair Value	Percentage of Total
Global Equities		
US Equities	1,116,277,928	34.6%
Developed Market Equities	516,343,438	16.0%
Emerging Market Equities	213,979,019	6.6%
Real Assets		
Real Estate	281,925,297	8.7%
Infrastructure & Other	162,833,328	5.1%
Fixed Income		
US Treasuries	372,998,078	11.6%
US Mortgages	72,420,010	2.2%
US Credit	84,561,188	2.6%
Multi-Asset		
Asset Allocation	91,479,387	2.8%
Commodities & Other	41,495,362	1.3%
Cash & Equivalents		
US Dollar Instruments	218,561,114	6.8%
Other Currencies	49,741,671	1.5%
TOTAL	**$ 3,222,615,819**	**100.0%**

COAERS INVESTMENT ALLOCATION BY SUB-ASSET CLASS



COAERS INVESTMENT ALLOCATION VS. PEERS



BROKER COMMISSIONS OVER $5,000

Broker Name	# of Shares / Par Traded	Commission Paid	Cost per Share
MORGAN J P SECS INC, NEW YORK	9,739	$ 37,736	$ 3.87 (1)
NUMIS SECURITIES INC., NEW YORK	2,497,915	15,336	0.01
WINTERFLOOD SECS, LONDON	2,434,689	10,437	0.00
JEFFERIES & CO LTD, LONDON	1,192,893	9,487	0.01
MORGAN INTL/MSBAG, NEW YORK	764,536	9,406	0.01
BNY CAPITAL MARKETS INC, NEW YORK	598,225	8,973	0.02
J P MORGAN SECS LTD, LONDON	864,769	8,106	0.01
BNYMELLON/RE BARCLAYS BANK IRE, NEW YORK	492,973	8,024	0.02
PEEL HUNT LLP, LONDON	2,349,919	7,944	0.00
PANMURE GORDON & CO LTD, LONDON	1,970,526	7,870	0.00
TAYLOR COLLISON LTD, ADELAIDE	2,412,952	7,757	0.00
BANQUE PARIBAS, PARIS	2,191,402	7,088	0.00
INVESTEC SECURITIES (331), LONDON	1,132,902	6,255	0.01
MORGAN STANLEY AND CO., LLC, NEW YORK	783,703	5,547	0.01
PERSHING SECURITIES LTD, LONDON	438,484	5,318	0.01
COMBINED - 83 Brokers with Commissions < $5,000	7,429,811	43,667	0.01
Total Broker Commissions	**27,565,438**	**$ 198,952**	**$ 0.007**

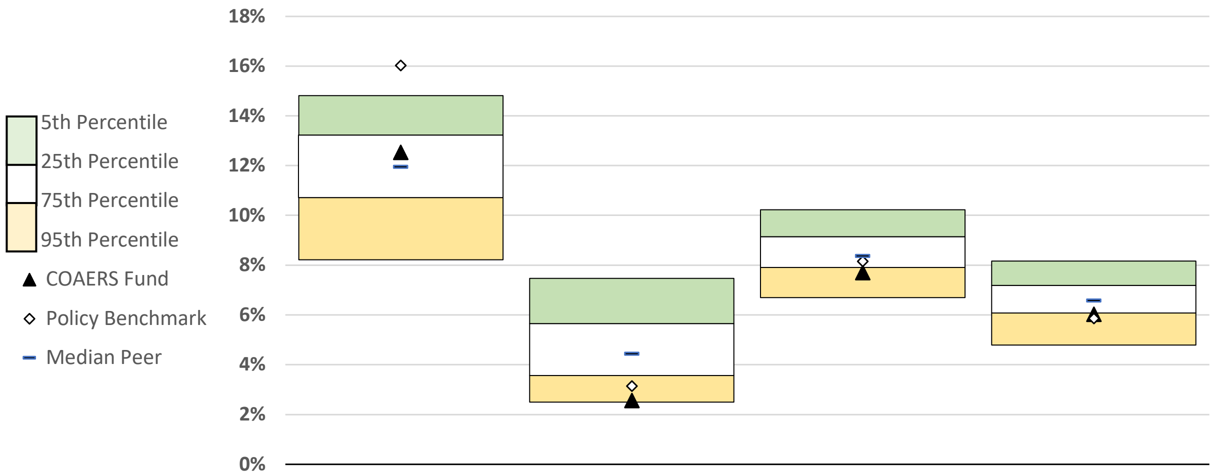
(1) *MORGAN J P SECS INC, NEW YORK acted as a futures broker and commissions were paid for futures contracts totaling $40,767,303 in notional value.*

TOTAL MANAGER FEES AND BROKER COMMISSIONS*

Asset Class	Manager Fees Direct	Manager Fees Indirect	Commissions Paid	Total Cost
Global Equities				
US Equities	$ 1,491,755	$ -	$ 38,492	$ 1,530,247
Developed Market Equities	$ 1,589,068	$ -	$ 130,922	$ 1,719,990
Emerging Market Equities	$ 77,982	$ 775,683	$ 2,057	$ 855,721
Fixed Income				
US Treasuries	$ 367,352	$ -	$ 5,939	$ 373,291
US Mortgages	$ 169,920	$ -	$ -	$ 169,920
US Credit	$ -	$ 223,694	$ -	$ 223,694
Real Assets				
Real Estate	$ 83,206	$ 1,402,611	$ 5,903	$ 1,491,720
Infrastructure	$ 57,261	$ 709,507	$ 380	$ 767,148
Multi-Asset				
Asset Allocation	$ 39,473	$ -	$ 8,848	$ 48,321
Commodities & Other	$ 22,967	$ -	$ -	$ 22,967
US Dollar & Cash Equivalents				
US Dollar Instruments	$ 95,272	$ 1,009	$ 6,411	$ 102,692
Other Currencies	$ 24,771	$ -	$ -	$ 24,771
Total Manager Fees and Broker Commissions	**$ 4,019,027**	**$ 3,112,503**	**$ 198,952**	**$ 7,330,483**

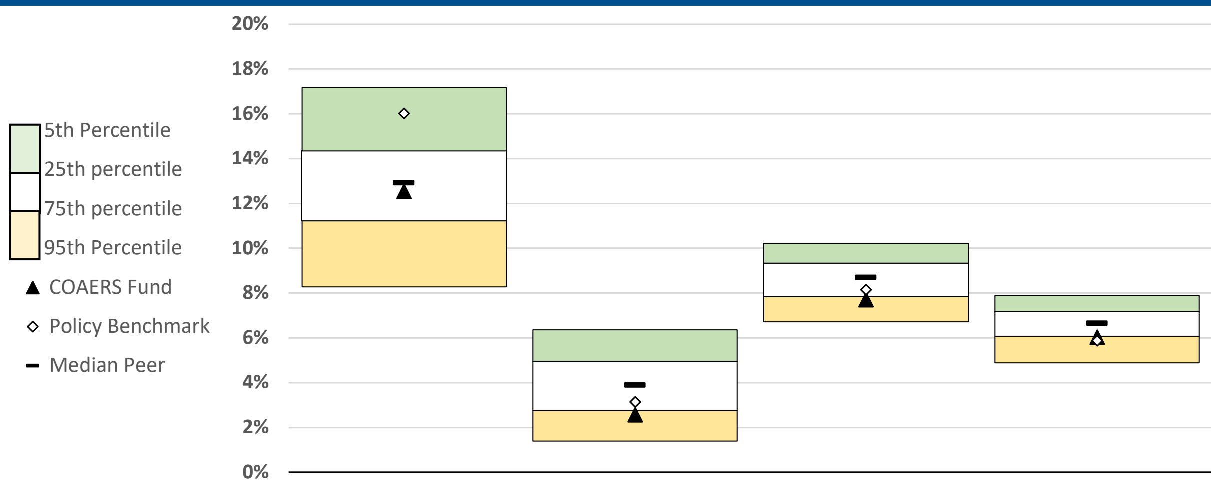
** Information provided in accordance with Texas Government Code 802.103(a)(3)*

COAERS FUND VS. $1-5B PEERS



As of 12/31/2023	1 Year	3 Years	5 Years	10 Years
COAERS Fund	12.54%	2.57%	7.71%	6.03%
Policy Benchmark	16.02%	3.14%	8.15%	5.87%
Passive Benchmark	15.43%	1.25%	7.01%	5.05%
5th Percentile	14.81%	7.47%	10.22%	8.16%
1st Quartile	13.23%	5.65%	9.14%	7.18%
Median	11.96%	4.45%	8.38%	6.59%
3rd Quartile	10.72%	3.57%	7.91%	6.08%
95th Percentile	8.22%	2.50%	6.69%	4.79%
Observations	70	69	69	68

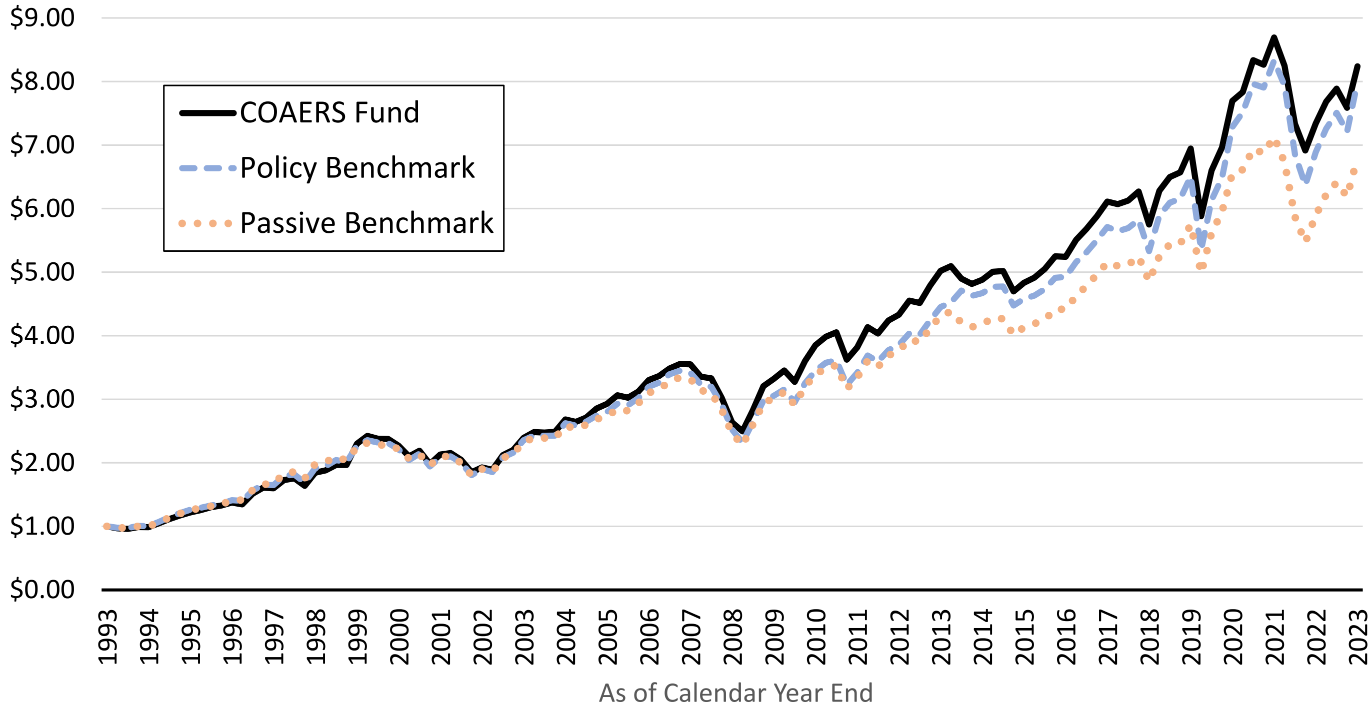
COAERS FUND VS. ALL PEERS



As of 12/31/2023	1 Year	3 Years	5 Years	10 Years
COAERS Fund	12.54%	2.57%	7.71%	6.03%
Policy Benchmark	16.02%	3.14%	8.15%	5.87%
Passive Benchmark	15.43%	1.25%	7.01%	5.05%
5th Percentile	17.17%	6.36%	10.22%	7.89%
1st Quartile	14.35%	4.95%	9.33%	7.17%
Median	12.92%	3.90%	8.71%	6.66%
3rd Quartile	11.22%	2.75%	7.84%	6.07%
95th Percentile	8.27%	1.39%	6.71%	4.88%
Observations	486	459	441	387

All figures in the two tables above are Gross of Fees.

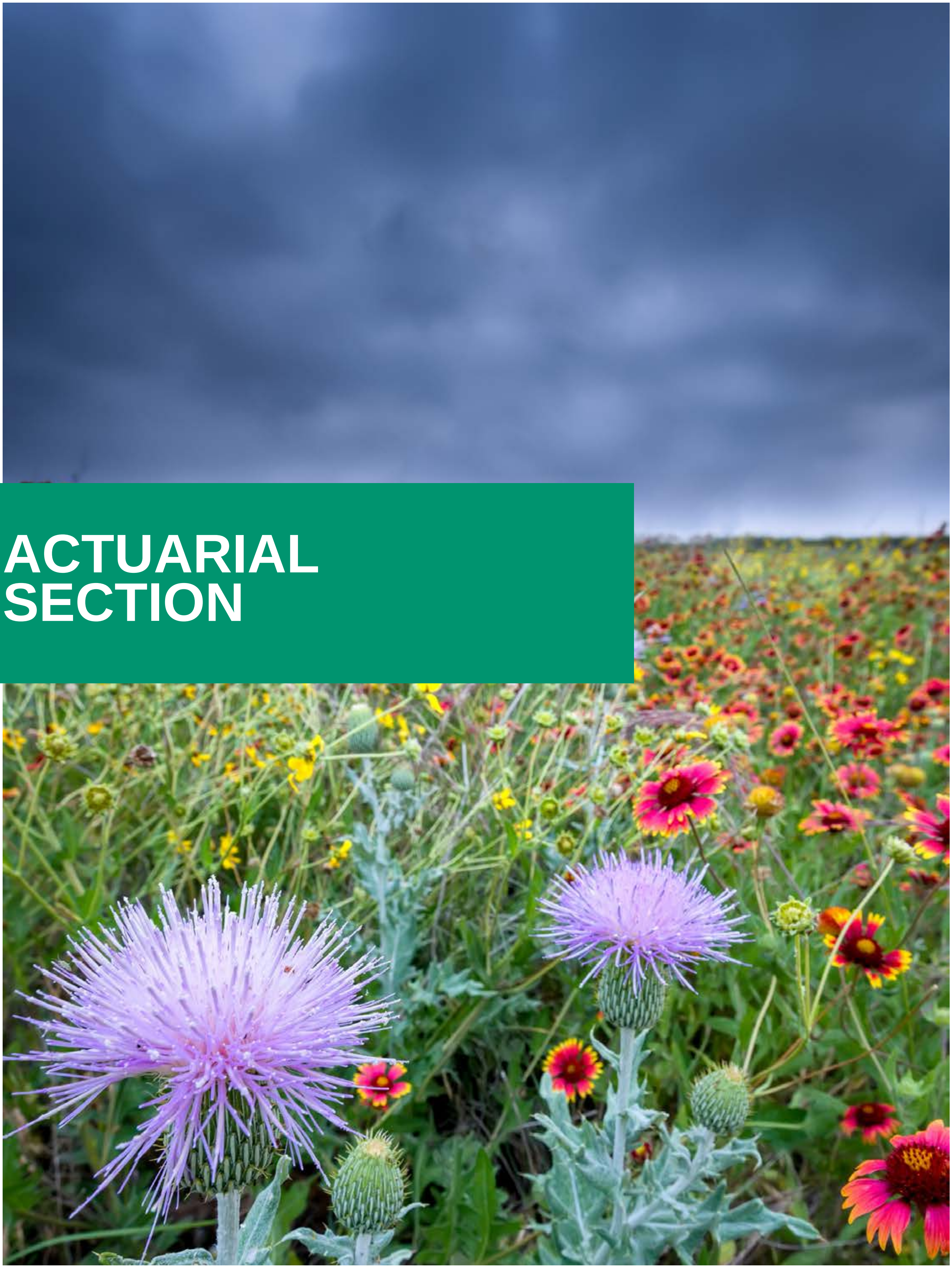
TOTAL GROWTH OF $1: COAERS FUND VS. STRATEGIC BENCHMARKS



The Passive Benchmark aims to reflect the investment mix prevailing among institutional peer portfolios as implemented via low cost passive investable indices. Outperformance versus this benchmark should represent the value added through decisions made in the strategic asset allocation process.

The Policy Benchmark aims to reflect a passive implementation of the neutral parameters of the strategic target allocations established by the Board. Outperformance versus this benchmark should represent the value added by investment implementation and rebalancing activities.

The historical composition of these benchmarks, including their current composition, are available upon request.



ACTUARIAL SECTION

P: 469.524.0000 | www.grsconsulting.com

April 12, 2024

Mr. Christopher Hanson
Executive Director
City of Austin Employees' Retirement System
4700 Mueller Blvd, Ste 100
Austin, TX 78723

Dear Mr. Hanson:

Subject: Actuarial Valuation as of December 31, 2023

We are pleased to present our report on the actuarial valuation of the City of Austin Employees' Retirement System (COAERS or the System). This report describes the current actuarial condition of COAERS, determines the Member Rate and the City Contribution Rate for the calendar year beginning one year after the valuation date, and determines the funded status of the System.

In addition, the report provides various summaries of the data. A separate report is issued with regard to valuation results determined in accordance with Governmental Accounting Standards Board (GASB) Statements 67 and 68. Results of this report should not be used for any other purpose without consultation with the undersigned. Valuations are prepared annually as of December 31st, the last day of the COAERS plan year. This report was prepared at the request of the Board and is intended for use by the COAERS staff and those designated or approved by the Board. This report may be provided to parties other than COAERS staff only in its entirety and only with the permission of the Board except as otherwise required with applicable state law.

As you know, following the passage of SB 1444 during the 2023 Legislative Session, COAERS went from a fixed contribution rate plan to an actuarially determined contribution (ADC). The Initial Risk Sharing Valuation Study (RSVS) was performed as of December 31, 2022 and established the Legacy Liability amortization schedule (remaining balance) as well as the Legacy Liability payments for each of the next 30 years beginning with calendar year 2024. The Initial RSVS also established a corridor for the City Contribution Rate. The initial RSVS calculated the midpoint of the corridor (the expected employer normal cost as a percentage of payroll) for the next 30 years and set the minimum and maximum City Contribution Rate at 5% of pay above and 5% of pay below the midpoint.

The System's funding policy is for the System to receive contributions that would cover the System's normal cost, the Legacy Liability payment and the amortization of any new liability layers established after the Initial RSVS. The new layers will use the same amortization period as the Legacy Liability until the remaining period for the Legacy Liability is less than 20 years. When the remaining amortization period of the Legacy Liability is less than 20 years, new layers will be amortized over a closed 20-year period. Furthermore, should the City Contribution Rate be less than the corridor midpoint, the City Contribution Rate will be set to the corridor midpoint if the System is less than 90% funded.

5605 North MacArthur Boulevard | Suite 870 | Irving, Texas 75038-2631

If the ADC would cause the City Contribution Rate to exceed the maximum contribution rate then the member rate will increase up to an additional 2% of payroll to cover the shortfall. If a 2% increase in the member rate is insufficient then the System will enter into discussions with the City to come up with a plan to restore the funding of the System to a satisfactory level.

The first of 30 payments on the Legacy Liability will occur in calendar year 2024. As noted above the new liability layer established by this valuation will also have the same amortization period (fully paid off by 2053). However, because the first payment is one year after the valuation date, there will only be 29 payments in the new liability layer amortization schedule.

As noted in the Initial RSVS, the increase in the total City contribution as a result of moving from a fixed rate to an actuarially determined contribution is being phased in over a two-year period. This phase-in was factored into the Legacy Liability amortization schedule and the Legacy Liability payment schedule. After the two-year phase-in is completed the dollar amount of the Legacy Liability payments will increase at 3% each year.

If the contributions made are equal to the ADC, and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the original closed 30-year Legacy Liability amortization schedule. Accordingly, the ADC under the funding policy can be considered a “Reasonable Actuarially Determined Contribution” as required by the Actuarial Standards of Practice.

All of the supporting schedules and tables contained in this actuarial valuation report were prepared by Gabriel, Roeder, Smith and Company (GRS), including various accounting and statistical tables which should help you compare the results of this plan year with prior years. The information presented in the trend data schedules of this report has been prepared by GRS.

The following schedules in the actuarial section of the COAERS Annual Comprehensive Financial Report were prepared by GRS: Summary of Cost Items, Analysis of Normal Cost by Component, Actuarial Present Value of Future Benefits and Calculation of Actuarial Accrued Liability, Development of Actuarial Value of Assets, Change in Net Position, Change in Unfunded Actuarial Accrued Liability, Relative Size of Unfunded Actuarial Accrued Liability, Schedule of Active Member Valuation Data, Schedule of Retirees and Beneficiaries Added to and Removed from Rolls, Solvency Test, Schedule of Funding Progress.

GRS provided COAERS with the information used in preparing the following trend schedules in the financial section of the Annual Comprehensive Financial Report: Notes to the Financial Statements - Schedule of Net Pension Liability, and Sensitivity of the Net Pension Liability to Changes in the Discount Rate; Required Supplementary Information - Schedule of Changes in the Net Pension Liability and Related Ratios. GRS provided no additional assistance in the preparation of any other schedules in the financial section of the Annual Comprehensive Financial Report. These schedules were provided to COAERS in a separate GASB report.

As authorized under Article 6243n of the Vernon's Civil Statutes of the State of Texas, actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary. An experience investigation was performed for the five-year period ending December 31, 2018. As a result of that study, revised assumptions were adopted by the Board effective with the valuation as of December 31, 2019. The investment return assumption was decreased from 7.00% to 6.75% effective with the December 31, 2021 actuarial valuation. The assumptions and methods used in this valuation are the same as used in the prior valuation.

We believe the assumptions are internally consistent, reasonable, and, where appropriate, based on the actual experience of COAERS. All of the assumptions and methods used in this valuation for funding purposes meet the parameters set by the Actuarial Standards of Practice. Additional information about the assumptions and methods is included in the Section of this report titled Statement of Actuarial Assumptions and Methods.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates, and funding periods. Due to the limited scope of this assignment, GRS did not perform an analysis of the potential range of such possible future differences. The actuarial calculations are intended to provide information for rational decision making.

Member data for retired, active, and inactive participants was supplied as of December 31, 2023 by the COAERS staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was also supplied by the COAERS staff.

The last actuarial valuation of COAERS was prepared as of December 31, 2022 by GRS. Valuations are prepared annually as of December 31st. Following the passage of SB 1444 the Initial Risk Sharing Valuation was performed. However, all prior year comparisons in this report are with the valuation report issued last April prior to the passage of SB 1444.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. We certify that the information presented herein is accurate and fairly portrays the actuarial position of COAERS as of December 31, 2023. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable governing statutes.

The undersigned are independent actuaries and consultants. Ms. Shaw is an Enrolled Actuary and a Member of the American Academy of Actuaries and she meets the Qualification Standards of the American Academy of Actuaries. Both Ms. Shaw and Mr. Ward are experienced in performing valuations for large public retirement systems.

GRS

We would like to thank you and your staff for your assistance in providing all necessary information to complete this valuation. Your courteous help is very much appreciated. We look forward to discussing this actuarial valuation report with you at your convenience. Please do not hesitate to let us know if you have any questions or need additional information.

Sincerely,
Gabriel, Roeder, Smith & Company

Lewis Ward	Janie Shaw, ASA, EA, MAAA
Consultant	Consultant

TABLE OF CONTENTS

RSVS Discussion

The primary purpose of a Risk Sharing Valuation Study (RSVS) is to determine the City Contribution Rate for the COAERS fiscal year beginning one year after the valuation date.

The exhibit on page RSVS-2 shows the City Contribution Rate Corridor which was created in the initial RSVS. Column 3 shows the Corridor Midpoint for each fiscal year. Columns 2 and 4 show the Corridor Minimum and Corridor Maximum, respectively. Column 5 shows the actual City Contribution Rate for the applicable fiscal year. As shown in the table, the actual City Contribution Rate for FY2025 is 8.47% of pay.

The exhibit on page RSVS-3 shows the individual pieces of the calculated City Contribution Rate. As shown in the table, the calculated City Contribution Rate from this valuation for fiscal year 2025 is 8.47% of pay. Because the System is less than 90% funded, the actual City Contribution Rate is set to the greater of the calculated City Contribution Rate (8.47% of pay) and the Corridor Midpoint for fiscal year 2025 (7.44% of pay, as shown on RSVS-2). Therefore, the actual City Contribution Rate for fiscal year 2025 is 8.47% of pay.

The exhibit on page RSVS-4 shows the Liability (Gain)/Loss Layers established each year. Columns 2 and 3 show the original liability layer and any remaining liability layer, respectively. Column 4 is the payment on that particular layer for the fiscal year beginning one year after the valuation date. The payment is determined using a level percentage of payroll and the remaining amortization period as shown in Column 5. The payments reflect the one-year delay between the determination of the payment and the beginning of the fiscal year in which the payment is made. The dollar amounts of the payments are summed and then converted to a percentage of payroll based on the projected payroll for the fiscal year beginning one year after the valuation date. As shown in the table, the current year's payment is positive, which means it is an additional payment to the System's Normal Cost. The layers payment for fiscal year 2025 is determined to be 1.16% of projected fiscal year 2025 payroll.

The exhibit on page RSVS-5 is the Legacy Liability schedule. This table shows the amortization schedule of the remaining Legacy Liability for each of the 30 years over which it is scheduled to be paid. Column 2 shows the remaining Legacy Liability as of that measurement date while Column 3 shows the payment on the Legacy Liability for the fiscal year in which it is contributed.

The unfunded actuarial accrued liability is equal to the sum of the remaining legacy liability shown on page RSVS-5 ($1,947,696,801 as of December 31, 2023) and the amortization layers established after 2022 shown on page RSVS-4 ($183,666,581 as of December 31, 2023). These exhibits illustrate that there is a schedule to pay off every dollar of the current unfunded actuarial accrued liability.

Actuarially Determined Contribution Corridor

Fiscal Year Ending	Corridor Minimum	Corridor Midpoint	Corridor Maximum	Actual City Contribution Rate
(1)	(2)	(3)	(4)	(5)
December 31, 2024	3.68%	8.68%	13.68%	8.68%
December 31, 2025	2.44%	7.44%	12.44%	8.47%
December 31, 2026	2.21%	7.21%	12.21%	
December 31, 2027	2.00%	7.00%	12.00%	
December 31, 2028	1.80%	6.80%	11.80%	
December 31, 2029	1.61%	6.61%	11.61%	
December 31, 2030	1.42%	6.42%	11.42%	
December 31, 2031	1.25%	6.25%	11.25%	
December 31, 2032	1.09%	6.09%	11.09%	
December 31, 2033	0.95%	5.95%	10.95%	
December 31, 2034	0.82%	5.82%	10.82%	
December 31, 2035	0.70%	5.70%	10.70%	
December 31, 2036	0.61%	5.61%	10.61%	
December 31, 2037	0.53%	5.53%	10.53%	
December 31, 2038	0.46%	5.46%	10.46%	
December 31, 2039	0.41%	5.41%	10.41%	
December 31, 2040	0.36%	5.36%	10.36%	
December 31, 2041	0.32%	5.32%	10.32%	
December 31, 2042	0.28%	5.28%	10.28%	
December 31, 2043	0.25%	5.25%	10.25%	
December 31, 2044	0.23%	5.23%	10.23%	
December 31, 2045	0.21%	5.21%	10.21%	
December 31, 2046	0.19%	5.19%	10.19%	
December 31, 2047	0.18%	5.18%	10.18%	
December 31, 2048	0.17%	5.17%	10.17%	
December 31, 2049	0.16%	5.16%	10.16%	
December 31, 2050	0.15%	5.15%	10.15%	
December 31, 2051	0.15%	5.15%	10.15%	
December 31, 2052	0.15%	5.15%	10.15%	
December 31, 2053	0.15%	5.15%	10.15%	

Calculated Actuarially Determined City Contribution Rate

Fiscal Year Ending	Employer Normal Cost[1]	Amortization Payment	Calculated City Contribution Rate
(1)	(2)	(3)	(4)
December 31, 2024	8.68%	0.00%	8.68%
December 31, 2025	7.31%	1.16%	8.47%

[1] Normal Cost for Actuarially Determined City Contribution Rate is projected from valuation date one year prior to the applicable fiscal year.

Risk Sharing Valuation - Liability (Gain)/Loss Layers

Valuation Date Base Established	Original Layer	Remaining Layer	Payment for 2025 Fiscal Year [1]	Remaining Payments
(1)	(2)	(3)	(4)	(5)
December 31, 2023	$ 183,666,581	$ 183,666,581	$ 10,717,931	29
Total		$ 183,666,581	$ 10,717,931	
Projected Payroll for Fiscal Year +1			$ 919,273,125	
Amortization Payments as % of Projected Pay			1.16%	
Single Equivalent Amortization Period from the Valuation Date [2]			30.0	

[1] The first payment for each new layer will be made during the fiscal year beginning one year after the valuation date.

[2] The single equivalent amortization period includes all liability layers including the Legacy Liability.

Projection of Remaining Legacy Liability and Legacy Liability Payments

Fiscal Year Ending	Remaining Legacy Liability	Fiscal Year Payment
(1)	(2)	(3)
December 31, 2022	$ 1,895,804,234	$ -
December 31, 2023	1,947,696,801	-
December 31, 2024	1,976,986,927	98,896,162
December 31, 2025	1,995,582,254	111,160,870
December 31, 2026	2,011,987,227	114,495,696
December 31, 2027	2,025,950,631	117,930,567
December 31, 2028	2,037,201,193	121,468,484
December 31, 2029	2,045,446,134	125,112,539
December 31, 2030	2,050,369,624	128,865,915
December 31, 2031	2,051,631,127	132,731,892
December 31, 2032	2,048,863,627	136,713,849
December 31, 2033	2,041,671,744	140,815,264
December 31, 2034	2,029,629,703	145,039,722
December 31, 2035	2,012,279,178	149,390,914
December 31, 2036	1,989,126,977	153,872,641
December 31, 2037	1,959,642,571	158,488,820
December 31, 2038	1,923,255,453	163,243,485
December 31, 2039	1,879,352,314	168,140,790
December 31, 2040	1,827,274,026	173,185,014
December 31, 2041	1,766,312,417	178,380,564
December 31, 2042	1,695,706,822	183,731,981
December 31, 2043	1,614,640,399	189,243,940
December 31, 2044	1,522,236,193	194,921,258
December 31, 2045	1,417,552,930	200,768,896
December 31, 2046	1,299,580,521	206,791,963
December 31, 2047	1,167,235,257	212,995,722
December 31, 2048	1,019,354,679	219,385,594
December 31, 2049	854,692,093	225,967,162
December 31, 2050	671,910,712	232,746,177
December 31, 2051	469,577,395	239,728,562
December 31, 2052	246,155,960	246,920,419
December 31, 2053	-	254,328,071

Executive Summary

The key results from the valuation of the City of Austin Employees' Retirement System as of December 31, 2023 may be summarized as follows:

	December 31, 2023 (1)	December 31, 2022 (2)
• Members		
— Actives	11,197	10,438
— Retirees (including disabled) and beneficiaries	7,802	7,530
— Vested - terminated	1,585	1,529
— Total	20,584	19,497
• Covered payroll	$ 914,111,384	$ 810,041,877
• Normal cost as % of payroll[1]	17.56%	17.39%
• Actuarial accrued liability	$ 5,617,502,302	$ 5,295,941,805
• Actuarial value of assets	$ 3,486,138,920	$ 3,394,988,979
• Unfunded actuarial accrued liability (UAAL)	$ 2,131,363,382	$ 1,900,952,826
• Estimated yield on assets		
— Actuarial value basis	3.83%	3.95%
— Market value basis	12.14%	-15.55%
• Benefit and refund payments	$ 274,059,878	$ 264,320,962
• Market Value of Assets	$ 3,278,692,316	$ 2,959,775,761
• Funded ratio using actuarial value of assets	62.1%	64.1%
• Funded ratio using market value of assets	58.4%	55.9%
Contributions for Fiscal Year	2025	2024
• Member Contribution Rate	10.00%	9.00%
• City Contribution Rate	8.47%	8.68%
• Estimated RSV Total City Contribution		
— Estimated City Contribution Rate Payment	$ 77,862,434	$ 77,281,266
— Legacy Liability Payment	$ 111,160,870	$ 98,896,162
— Total	$ 189,023,304	$ 176,177,428
— Contribution as % of Projected Payroll[2]	20.56%	19.79%

[1] Includes 0.51% of payroll for administrative expenses.

[2] Based on actual payroll for the calendar year ending on the valuation date, but projected two years forward.

Introduction

This December 31, 2023 actuarial valuation of the City of Austin Employees' Retirement System has been prepared by GRS. The primary purpose of the valuation is to value the liabilities of the System as of December 31, 2023, determine the funding period of any unfunded liability for the plan year beginning January 1, 2024, and to provide certain required disclosure information. We are pleased to have the privilege of working for the Board, and look forward to discussing the results with you at your convenience.

Pages 93 and 94 of this report provide the current funded status of the plan and review the valuation results. Assets are discussed on page 95, while page 96 contains an analysis of the actuarial gains and losses during the past year.

Page 97 discusses some of the historical comparisons and statistical summaries for the plan. Pages 98 through 101 provide an assessment and disclosure of risk associated with measuring pension obligations and determining pension plan contributions. Page 103 provides a summary of the valuation results along with other comments.

Various tables supporting the report are contained in the Actuarial and Statistical tables. The Statement of Actuarial Methods and Assumptions describes the actuarial methods and assumptions used in the valuation and Summary of Benefit Provisions outlines the Plan's benefit provisions, including any changes since the last valuation. Finally, the Definition of Terms provides definitions of terms used throughout this report.

Funded Status of the Plan

The funded status of the plan is shown in Table 1, Table 2, and Table 3. Table 1 summarizes the various cost items from the current year's and prior year's actuarial valuations, while Table 2 provides an allocation of the normal cost by its various components. Table 3 shows the components of the actuarial liability (including the impact of the change in assumptions).

Reviewing the composition of normal cost of the System, Table 2 indicates that the normal cost as of December 31, 2023 is 17.56% of pay. This compares with 17.39% of pay as of the prior valuation on December 31, 2022. This normal cost is developed based on the Individual Entry Age Normal (EAN) actuarial cost method. As may be seen in Item 1, the normal cost for the retirement benefits is 13.12% of pay. Similarly, the normal cost is 0.85% for the deferred termination benefits, 2.59% for refunds of terminated employees (both vested and non-vested), 0.21% for disability benefits, and 0.28% for death benefits. In addition, the cost of anticipated administrative expenses is being added to the normal cost rate. This adds 0.51% of pay to the normal cost rate as of December 31, 2023. The decline in the average normal cost reflects the continued shift in the active membership from Group A to Group B. We expect this pattern of declining normal costs (as a percentage of payroll) to continue until the active population is mostly Group B.

Table 1 illustrates a number of the key actuarial items for the 2023 valuation. As mentioned above, the total normal cost rate is 17.56% of covered payroll. The actuarial accrued liability is $5,617.5 million as shown in Item 5 and as detailed in Table 1. The actuarial value of assets equals $3,486.1 million, as shown in Item 6. Item 7 of Table 1 shows that the plan has a $2,131.4 million unfunded liability (i.e. liabilities exceed plan assets) as of the valuation date. As of the last valuation (December 31, 2022), the System was underfunded by $1,901.0 million. The increase in the unfunded liability is described in greater detail on page B-5 and in Table 7.

The valuation determines the City Contribution Rate and the Member Contribution Rate for the calendar year beginning one year after the valuation date. This valuation has determined that the City Contribution Rate will be 8.47% of payroll and that the Member Contribution Rate will be 10.00% of payroll in fiscal year 2025. The City Contribution Rate is comprised of the projected employer normal cost of 7.31% of payroll for fiscal year 2025 (total projected normal cost for fiscal year 2025 of 17.31% less the member contribution rate of 10.00%) and a liability layer payment of 1.16% of projected payroll for a total City Contribution Rate of 8.47% if payroll. The member rate is set at the statutory 10.00% of payroll. As long as the City Contribution Rate is less than the Corridor Maximum then the member rate will be 10.00% of payroll. The Legacy liability and the current liability layers are expected to be fully amortized by the end of 2053 which is 30 years from the current valuation date. See the RSVS section of the report for additional details.

Funded Status of the Plan
(Continued)

The actuarial valuation report as of December 31, 2023 reveals that the funded ratio (the ratio of actuarial assets to actuarial accrued liability) is 62.1%. On a market value of asset basis, the funded status is 58.4%. The funded status is one of many metrics used to show trends and develop future expectations about the health of the System. The funded status measure itself is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations or assessing the need for or the amount of future contributions since it does not reflect normal cost contributions, the timing of amortization payments, or future experience other than expected.

The normal cost was determined using the Individual Entry Age Normal (EAN) actuarial cost method. This method determines the normal cost for all employees on an individual basis, based on the benefits applicable to each individual member. Because employees hired on or after January 1, 2012 (Group B) have a less valuable benefit tier than employees hired prior to that date (Group A), the normal cost for Group B is less than the normal cost of Group A. With the application of the Individual EAN method, the normal cost is equal to the average of the individual members' normal costs. Since the current group of employees is still approximately 30% Group A, the average normal costs for the System will continue to decline over time as Group B employees replace Group A employees.

Change in Assets

Table 4 shows the development of the actuarial value of assets. Item 11 of Table 4 shows that the actuarial value of assets as of December 31, 2023 is $3,486.1 million. Table 4 also shows the development of the gain/(loss) on the actuarial value of assets for the prior plan year. As shown in Item 12, the System had a loss on an actuarial asset basis of $98.5 million in 2023. This compares to the $92.3 million loss in 2022.

The method for determining the actuarial value of assets offsets excesses or shortfalls in the current year's investment income dollar for dollar against prior years' deferred excesses or shortfalls. Any remaining amounts from the current or prior years continue to be recognized over a five-year period. The investment income exceeded the prior year's assumed 6.75% rate of return on a market value of assets (MVA) basis, by $158.6 million. As shown in column 2 of Table 4, this year's excess investment income was offset against the prior year's deferred investment losses, after which, $276.6 million in income shortfall remained, 20% of which ($69.1 million) is recognized in this year's actuarial value of assets with the remainder deferred for future valuations. The total deferral of all Excess/(Shortfall) investment income for all prior years (shown in Table 4, Column 6 of Item 8) is ($207.4 million).

An analysis of the change in the System's market value of assets for the last two plan years and an estimate of the return on assets for the System are included in Table 6. The estimated average annual rate of return for the year ending December 31, 2023 assuming that income, revenue, and expenditures are evenly distributed throughout the year is 12.14% on a market value of assets basis. The rate of return for the year ending December 31, 2023 on an actuarial value basis was 3.83% . This compares with the actuarial assumed investment return at the beginning of the year of 6.75%. Since the return on an actuarial basis was less than 6.75%, an actuarial loss has occurred as shown in Item 12 on Table 4.

Actuarial Gains and Losses

An important part of the change in unfunded actuarial accrued liability from year to year is due to the impact of actuarial gains and losses of the System. This section summarizes the combined asset and liability experience changes since the prior valuation on December 31, 2022.

As can be seen in Item 7 of Table 7, the expected value of the unfunded actuarial accrued liability as of December 31, 2023 was an underfunded position of $1,948.5 million. This expected value reflects the prior year's assumed investment return assumption of 6.75% applied to the beginning of year unfunded actuarial accrued liability, normal cost, and contributions during 2023.

Since the actual unfunded actuarial accrued liability as of December 31, 2023 is $2,131.4 million, it represents a total unexpected net increase for the period of $182.9 million, as shown in Item 9 of Table 7. That is, the unfunded actuarial accrued liability is greater than expected. The net increase in the unfunded actuarial accrued liability includes an asset experience loss of $98.5 million as shown in Table 4 and an unanticipated increase on the liability equal to $84.3 million, which is broken out by source in Items 16-23 of Table 7.

Please see the Statement of Actuarial Menthods and Assumptions for a more detailed description.

Historical Comparisons and Statistical Summaries

Various statistical data on the System is shown in the tables contained in the Statistical Tables. In addition, Tables 8 through 11 of the Actuarial Tables contain certain actuarial trend information which may be of interest.

Table 8 relates the size of the unfunded actuarial accrued liability (UAAL) to three different measurements. In Columns 3 and 4, the UAAL is related to the covered payroll of the System. Columns 5 and 6 relate the UAAL to the actuarial value of assets, while Columns 7 and 8 relate the UAAL to the total actuarial liabilities of the System.

Tables 9 through 11 provide information which should be included in your annual report. Table 9 provides a schedule of active member valuation data. Table 10 provides a schedule of retirees and beneficiaries added to and removed from payment rolls. Solvency test results are presented in Table 11.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions

The determination of the accrued liability and an actuarially determined contribution (or funding period) requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and an actuarially determined contribution (or funding period) that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;
2. Asset/Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. Other demographic risks – members may terminate, retire, or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions (Continued)

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The Funding Policy employer contribution rate shown on the Executive Summary may be considered as a minimum contribution rate that complies with the Board's funding policy. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Several generally accepted plan maturity measures are described below and are followed by a table showing a 10-year history of the measurements for COAERS.

RATIO OF MARKET VALUE OF ASSETS TO PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions (Continued)

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll (5 to 2 ratio), a change in liability of 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

DURATION OF ACTUARIAL ACCRUED LIABILITY

The duration of the actuarial accrued liability may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the liability would increase approximately 10% if the assumed rate of return were lowered 1%.

ADDITIONAL RISK ASSESSMENT

Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability. A robust measurement of additional risk assessment is outside the scope of the annual actuarial valuation.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions (Continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Ratio of the market value of assets to payroll	3.59	3.65	4.74	4.39	4.14	3.71	4.21	3.84	3.83	4.10	4.34
Ratio of actuarial accrued liability to payroll	6.15	6.54	6.69	6.45	6.34	6.01	6.03	5.99	6.06	5.74	5.93
Ratio of actives to retirees and beneficiaries	1.43	1.39	1.42	1.46	1.51	1.53	1.54	1.58	1.60	1.67	1.68
Ratio of net cash flow to market value of assets	-1.2%	-1.9%	-1.3%	-1.1%	-1.3%	-1.3%	-1.0%	-0.7%	-0.8%	-0.9%	-0.9%
Duration of the actuarial accrued liability*	14.18	14.12	14.12	13.89	14.01	13.81	NA	NA	NA	NA	NA

*Duration measure not available prior to 2018

Low-Default-Risk Obligation Measure

Actuarial Standards of Practice No. 4 (ASOP No. 4) was revised and reissued in December 2021 by the Actuarial Standards Board (ASB). It includes a new calculation called a low-default-risk obligation measure (LDROM) to be prepared and issued annually for defined benefit pension plans. The transmittal memorandum for ASOP No. 4 includes the following explanation:

"The ASB believes that the calculation and disclosure of this measure provides appropriate, useful information for the intended user regarding the funded status of a pension plan. The calculation and disclosure of this additional measure is not intended to suggest that this is the "right" liability measure for a pension plan. However, the ASB does believe that this additional disclosure provides a more complete assessment of a plan's funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date."

The LDROM estimates the amount of money the plan would need to invest in low risk securities to provide the benefits with greater certainty. The current model expects lower costs but with higher investment risk, which creates less certainty and a possibility of higher costs. Thus, the difference between the two measures (Valuation and LDROM) is one illustration of the possible costs the sponsor could incur if there was a reduction in the investment risk in comparison to the current diversified portfolio. However, the downside risk would be limited in the scenarios where the current portfolio would fail to achieve returns in excess of the low-default-risk discount, in this case 4.80%.

The following information has been prepared in compliance with this new requirement. Unless otherwise noted, the measurement date, actuarial cost methods, and assumptions used are the same as for the funding valuation covered in this actuarial valuation report.

Valuation Accrued Liability	LDROM
$5,617,502,302	$7,177,357,982

Again, the difference between the two measures, or $1,559,855,680, is one illustration of the savings the sponsor anticipates by assuming investment risk in a diversified portfolio.

Disclosures: Discount rate used to calculate LDROM: 4.80% Intermediate FTSE Pension Discount Curve as of December 31, 2023. This measure may not be appropriate for assessing the need for or amount of future contributions as the current portfolio is expected to generate significantly more investment earnings than the low-default-risk portfolio. This measure is also not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligation as this measure includes projections of salary increases and the ability for current members to continue to accrue eligibility and vesting service.

Summary and Closing Comments

It is our opinion that the results of this valuation provide a reasonable reflection of the funded status of the System as of the valuation date. With the passage of SB 1444 during the 2023 Legislative Session, COAERS went from a fixed contribution rate plan to an actuarially determined contribution (ADC). The required City Contributions provided in this actuarial valuation are sufficient to fund the System's normal cost and amortization the unfunded liability of the System by December 31, 2053.

The overall funded position of the System decreased from 64.1% at the prior valuation to 62.1% at this valuation. The decrease in the funded ratio of the System is primarily due to the recognition of deferred asset losses from calendar year 2022, as well as higher than expected actuarial accrued liabilities due to higher than expected salary increases for active members.

The unfunded liability increased from $1,901.0 million as of December 31, 2022 to $2,131.4 million as of December 31, 2023, which was $182.9 million more than expected. While the current unfunded liability is expected to be fully paid by December 31, 2053, because the Legacy Liability payments are expected to increase by 3% each year, the unfunded actuarial accrued liability of the System is still expected to increase as a dollar amount for approximately a decade, even if all assumptions are exactly met.

ACTUARIAL TABLES

Table 1
Summary of Cost Items

	December 31, 2023			December 31, 2022		
	Cost Item		Cost as % of Pay	Cost Item		Cost as % of Pay
	(1)		(2)	(3)		(4)
1. Participants						
a. Active		11,197			10,438	
b. Terminated vested		1,585			1,529	
c. Retired participants and beneficiaries		7,700			7,429	
d. Disabled		102			101	
e. Total		20,584			19,497	
2. Covered Payroll	$	914,111,384		$	810,041,877	
3. Averages for Active Participants						
a. Average age		44.9			45.4	
b. Average years of service		9.4			9.8	
c. Average pay	$	81,639		$	77,605	
4. Total Normal Cost						
a. Normal Cost Rate		17.05%			16.88%	
b. Administrative Expenses		0.51%			0.51%	
c. Total		17.56%			17.39%	
5. Actuarial Accrued Liability						
a. Active participants	$	2,424,712,368		$	2,265,283,789	
b. Terminated vested participants		122,191,011			115,089,494	
c. Refunds of terminated nonvested participants		18,173,405			15,736,472	
d. Retired participants and beneficiaries		3,032,056,019			2,879,848,109	
e. Disabled participants		20,369,499			19,983,941	
f. Total	$	5,617,502,302	614.53%	$	5,295,941,805	653.79%
6. Actuarial Value of Assets	$	3,486,138,920	381.37%	$	3,394,988,979	419.11%
7. Unfunded Actuarial Accrued Liability (UAAL)	$	2,131,363,382	233.16%	$	1,900,952,826	234.67%
8. Relative Size of UAAL						
a. As percent of actuarial value of assets		61.14%			55.99%	
b. As percent of covered payroll		233.16%			234.67%	

Table 2
Analysis of Normal Cost by Component

Benefit Component	Cost as % of Pay	
	December 31, 2023	December 31, 2022
(1)	(2)	(3)
1. Retirement Benefits	13.12%	13.47%
2. Termination - Deferred Benefits	0.85%	1.24%
3. Termination - Refund Benefits	2.59%	1.69%
4. Disability Benefits	0.21%	0.21%
5. Death Benefits	0.28%	0.27%
6. Administrative Expenses	0.51%	0.51%
7. Normal Cost	17.56%	17.39%

Table 3
Actuarial Present Value of Future Benefits and Calculation of Actuarial Accrued Liability

	December 31, 2023 (1)	December 31, 2022 (2)
A. Present Value of Future Benefits		
1. Active participants		
a. Retirement benefits	$ 3,265,123,338	$ 3,009,036,592
b. Deferred termination benefits	117,180,292	125,694,750
c. Refund of contributions terminations	152,648,693	90,466,645
d. Disability benefits	26,440,090	22,878,968
e. Death benefits	46,091,315	41,053,041
f. Total	$ 3,607,483,728	$ 3,289,129,996
2. Retired participants		
a. Service retirements and beneficiaries	$ 3,032,056,019	$ 2,879,848,109
b. Disability retirements	20,369,499	19,983,941
c. Total	$ 3,052,425,518	$ 2,899,832,050
3. Inactive participants		
a. Vested terminations with deferred benefits	$ 122,191,011	$ 115,089,494
b. Nonvested terminations with refunds payable	18,173,405	15,736,472
c. Total	$ 140,364,416	$ 130,825,966
4. Total actuarial present value of future benefits	$ 6,800,273,662	$ 6,319,788,012
B. Normal Cost Rate (including administrative expenses)	17.56%	17.39%
C. Present Value of Future Normal Costs	$ 1,182,771,360	$ 1,023,846,207
D. Actuarial Accrued Liability for Active Members		
1. Present value of future benefits (Item A.1.f)	$ 3,607,483,728	$ 3,289,129,996
2. Less present value of future normal costs (Item C)	1,182,771,360	1,023,846,207
3. Actuarial accrued liability	$ 2,424,712,368	$ 2,265,283,789
E. Total Actuarial Accrued Liability (Item A.2.c + Item A.3.c + Item D.3)	$ 5,617,502,302	$ 5,295,941,805

Table 4
Development of Actuarial Value of Assets

		Year Ending December 31, 2023
1.	Market value of assets at beginning of year	$ 2,959,775,761
2.	Net new investments	
	a. Contributions	$ 244,412,254
	b. Benefits and refunds paid	(274,059,878)
	c. Administrative expenses	(8,549,285)
	d. Subtotal	$ (38,196,909)
3.	Assumed investment return rate for fiscal year	6.75%
4.	Expected net investment income	$ 198,495,718
5.	Expected market value at end of year (Item 1+ Item 2 + Item 4)	$ 3,120,074,570
6.	Market value of assets at end of year	$ 3,278,692,316
7.	Excess or Shortfall in Investment Income (Item 6 - Item 5)	$ 158,617,746

8. Development of amounts to be recognized as of December 31, 2023:

Fiscal Year End	Remaining Deferrals of Excess (Shortfall) of Investment Income	Offsetting of Excesses/ (Shortfalls)	Net Deferrals Remaining	Years Remaining	Recognized for this Valuation	Remaining after this Valuation
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) / (4)	(6) = (3) - (5)
2019	$ 0	$ 0	$ 0	1	$ 0	$ 0
2020	0	0	0	2	0	0
2021	0	0	0	3	0	0
2022	(435,213,218)	158,617,746	(276,595,472)	4	(69,148,868)	(207,446,604)
2023	158,617,746	(158,617,746)	0	5	0	0
Total	$ (276,595,472)	$ 0	$ (276,595,472)		$ (69,148,868)	$ (207,446,604)

9.	Preliminary actuarial value of plan assets, end of year (Item 6 - Item 8: Column 6)	$ 3,486,138,920
10.	Actuarial value of assets corridor	
	a. 80% of market value, end of year	$ 2,622,953,853
	b. 120% of market value, end of year	$ 3,934,430,779
11.	Final actuarial value of plan net assets, end of year (Item 9, but recognize 1/3 of any deferred gains or losses outside of Item 10)	$ 3,486,138,920
12.	Actuarial Asset gain (loss) for year (Item 11 - Item 5)	
	a. Expected Actuarial Value of Assets	$ 3,584,664,680
	b. Actuarial gain (loss) in actuarial value of assets (Item 11 - Item 12.a)	$ (98,525,760)
13.	Asset gain (loss) as % of final actuarial value of assets	(2.83%)
14.	Ratio of actuarial value to market value	106.33%

Notes: Remaining deferrals in Column (1) for prior years are from Column (5) in last year's report.
Column (2) is a direct offset of the current year's excess/(shortfall) return against prior years' excess/(shortfall) of the opposite type.

Table 5
Open Group Projection

Valuation as of December 31,	Compensation Year Following Valuation (in Millions)	City Contributions Year Following Valuation (in Millions)	Member Contributions Year Following Valuation (in Millions)	Benefit Payments Year Following Valuation (in Millions)	Unfunded Actuarial Accrued Liability (UAAL, in Millions) On Valuation Date
(1)	(2)	(3)	(4)	(5)	(5)
2023	$890	$176	$80	$308	$2,131
2024	919	189	92	315	2,173
2025	949	193	95	339	2,194
2026	980	196	98	362	2,212
2027	1,012	200	101	385	2,228
2028	1,045	205	104	408	2,241
2029	1,079	209	108	431	2,250
2030	1,114	214	111	454	2,256
2031	1,150	218	115	476	2,257
2032	1,187	223	119	497	2,255
2033	1,226	229	123	517	2,247
2034	1,266	234	127	535	2,234
2035	1,307	240	131	552	2,215
2036	1,349	247	135	567	2,190
2037	1,393	253	139	581	2,158
2038	1,438	260	144	593	2,118
2039	1,485	268	149	605	2,070
2040	1,534	275	153	617	2,013
2041	1,583	283	158	628	1,946
2042	1,635	292	163	641	1,868
2043	1,688	300	169	654	1,779
2044	1,743	309	174	668	1,678
2045	1,799	318	180	683	1,563
2046	1,858	328	186	698	1,433
2047	1,918	338	192	714	1,287
2048	1,981	348	198	731	1,124
2049	2,045	359	205	748	943
2050	2,111	370	211	766	741
2051	2,180	381	218	785	518
2052	2,251	393	225	805	272
2053	2,324	116	232	827	0

Projection assumes all assumptions are exactly met, including a 6.75% annual return on the current actuarial value of assets.

Table 6
Change in Net Position

		Valuation Period Ending December 31, 2023 (1)	2022 (2)
1.	Assets in plan at beginning of year **(A)**	$ 2,959,775,761	$ 3,565,139,844
2.	Employer contributions	163,839,285	146,618,486
3.	Employee contributions	80,572,969	69,189,012
4.	Benefit payments made*	270,026,717	259,245,111
5.	Refunds of contributions	4,033,161	5,075,851
6.	Expenses paid from trust	8,549,285	6,763,638
7.	Investment expense	5,315,186	5,599,635
8.	Investment return	362,428,650	(544,487,346)
9.	Assets in plan at end of year **(B)** (1 + 2 + 3 - 4 - 5 - 6 - 7 + 8)	$ 3,278,692,316	$ 2,959,775,761
10.	Approximate rate of return on average invested assets		
	a. Net investment income (8 - 7 = **I**)	$ 357,113,464	$ (550,086,981)
	b. Estimated yield based on **(2I/(A + B - I))**	12.14%	-15.55%

* Benefit payments exclude any distributions from the 415 Restoration Plan

Table 7
Change in Unfunded Actuarial Accrued Liability as of December 31, 2023

CALCULATION OF TOTAL ACTUARIAL GAIN OR LOSS	2023	2022
1. Unfunded actuarial accrued liability (UAAL) as of prior year	$ 1,900,952,826	$ 1,711,755,152
2. Actual normal cost paid during year (includes service purchases)	166,280,060	146,934,159
3. Subtotal (1 + 2)	$ 2,067,232,886	$ 1,858,689,311
4. Interest at prior year assumption of 6.75%	133,926,268	120,502,501
5. Contributions during year	(244,412,254)	(215,807,498)
6. Interest on contributions for one-half year	(8,248,914)	(7,283,503)
7. Expected UAAL as of December 31st (3 + 4 + 5 + 6)	1,948,497,986	1,756,100,811
8. Actual UAAL as of December 31st	2,131,363,382	1,900,952,826
9. Unexpected Change in UAAL for the period (8 - 7)	182,865,396	144,852,015
SOURCE OF CHANGE IN UAAL		
10. Asset (gain)/loss (See Table 4)	$ 98,525,760	$ 92,275,809
11. Actuarial Value of Asset Method change	0	0
12. Increase/(decrease) due to assumption & method changes	0	0
13. Increase/(decrease) due to benefit changes	(5,148,592)	0
14. Total unanticipated increase/(decrease) in liabilities for the period (9-10-11-12-13)	89,488,228	52,576,206
15. Total liability changes (12 + 13 + 14)	$ 84,339,636	$ 52,576,206
SOURCE OF LIABILITY EXPERIENCE (GAINS) AND LOSSES		
16. Salary Increases	$ 84,398,293	$ 55,561,666
17. Service Retirement	(12,124,622)	(6,317,010)
18. Withdrawal	(144,458)	(5,652,679)
19. Disability Retirement	(49,833)	56,348
20. Active Mortality	(479,985)	(452,385)
21. Retiree Mortality	3,759,539	(2,790,909)
22. Rehires with past service	3,324,378	1,668,166
23. Other (Data) including proportionate program	10,804,916	10,503,009
24. Total Liability Experience (Gain)/Loss	$ 89,488,228	$ 52,576,206

Table 8
Relative Size of Unfunded Actuarial Accrued Liability

		Relative to Covered Payroll		Relative to Actuarial Value of Present Assets		Relative to Total Actuarial Accrued Liability	
Valuation as of December 31,	Unfunded/ (Overfunded) Actuarial Accrued Liability	Covered Payroll	Percent of Covered Payroll	Present Assets	Percent of Present Assets	Actuarial Accrued Liability	Percent of Actuarial Accrued Liability
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2003	$ 203,040,300	$ 312,790,966	64.9%	$ 1,348,790,502	15.1%	$ 1,551,830,802	13.1%
2004	321,383,795	326,590,164	98.4%	1,356,797,448	23.7%	1,678,181,243	19.2%
2005	395,382,953	348,619,141	113.4%	1,398,798,722	28.3%	1,794,181,675	22.0%
2006	476,226,660	390,963,991	121.8%	1,497,783,958	31.8%	1,974,010,618	24.1%
2007	459,277,808	417,450,797	110.0%	1,653,533,484	27.8%	2,112,811,292	21.7%
2008	765,526,422	448,740,469	170.6%	1,481,377,439	51.7%	2,246,903,861	34.1%
2009	658,466,636	422,539,199	155.8%	1,672,470,344	39.4%	2,330,936,980	28.2%
2010	749,087,565	438,877,002	170.7%	1,711,577,229	43.8%	2,460,664,794	30.4%
2011	932,942,173	451,831,198	206.5%	1,790,902,641	52.1%	2,723,844,815	34.3%
2012	1,070,656,825	470,231,969	227.7%	1,897,722,867	56.4%	2,968,379,692	36.1%
2013	861,988,246	490,553,170	175.7%	2,047,929,504	42.1%	2,909,917,750	29.6%
2014	900,174,491	539,158,693	167.0%	2,193,881,221	41.0%	3,094,055,712	29.1%
2015	1,083,708,976	559,829,504	193.6%	2,308,087,140	47.0%	3,391,796,116	32.0%
2016	1,168,107,291	599,574,934	194.8%	2,423,269,015	48.2%	3,591,376,306	32.5%
2017	1,205,362,672	629,943,122	191.3%	2,592,460,631	46.5%	3,797,823,303	31.7%
2018	1,294,171,745	664,335,027	194.8%	2,695,388,392	48.0%	3,989,560,137	32.4%
2019	1,638,934,062	707,534,152	231.6%	2,848,950,000	57.5%	4,487,884,062	36.5%
2020	1,631,981,669	729,252,035	223.8%	3,069,233,497	53.2%	4,701,215,166	34.7%
2021	1,711,755,152	752,180,499	227.6%	3,320,288,049	51.6%	5,032,043,201	34.0%
2022	1,900,952,826	810,041,877	234.7%	3,394,988,979	56.0%	5,295,941,805	35.9%
2023	2,131,363,382	914,111,384	233.2%	3,486,138,920	61.1%	5,617,502,302	37.9%

Table 9
Schedule of Active Member Valuation Data

Year Ending December 31, (1)	Active Participants (2)	Percent Change (3)	Covered Payroll (4)	Percent Change (5)	Average Salary (6)	Percent Change (7)
2003	7,432	-2.8%	$ 312,790,966	-2.9%	$ 42,087	-0.1%
2004	7,489	0.8%	326,590,164	4.4%	43,609	3.6%
2005	7,638	2.0%	348,619,141	6.7%	45,643	4.7%
2006	8,055	5.5%	390,963,991	12.1%	48,537	6.3%
2007	8,358	3.8%	417,450,797	6.8%	49,946	2.9%
2008	8,643	3.4%	448,740,469	7.5%	51,920	4.0%
2009	8,142	-5.8%	422,539,199	-5.8%	51,896	0.0%
2010	8,270	1.6%	438,877,002	3.9%	53,069	2.3%
2011	8,348	0.9%	451,831,198	3.0%	54,124	2.0%
2012	8,387	0.5%	470,231,969	4.1%	56,067	3.6%
2013	8,592	2.4%	490,553,170	4.3%	57,094	1.8%
2014	9,028	5.1%	539,158,693	9.9%	59,721	4.6%
2015	9,063	0.4%	559,829,504	3.8%	61,771	3.4%
2016	9,364	3.3%	599,574,934	7.1%	64,030	3.7%
2017	9,612	2.6%	629,943,122	5.1%	65,537	2.4%
2018	9,838	2.4%	664,335,027	5.5%	67,527	3.0%
2019	10,149	3.2%	707,534,152	6.5%	69,715	3.2%
2020	10,138	-0.1%	729,252,035	3.1%	71,933	3.2%
2021	10,228	0.9%	752,180,499	3.1%	73,541	2.2%
2022	10,438	2.1%	810,041,877	7.7%	77,605	5.5%
2023	11,197	7.3%	914,111,384	12.8%	81,639	5.2%

Table 10

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ending December 31,	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2003	271	$ 7,706,066	59	$ 1,502,757	2,995	$ 78,596,302	8.4%	$ 26,243
2004	227	5,619,478	85	1,741,624	3,137	82,121,249	4.5%	26,178
2005	258	6,699,023	98	2,438,555	3,297	85,324,686	3.9%	25,879
2006	259	6,788,190	89	1,883,938	3,467	90,312,037	5.8%	26,049
2007	289	8,523,459	123	2,262,126	3,633	96,071,149	6.4%	26,444
2008	290	8,299,468	88	2,056,217	3,835	101,840,870	6.0%	26,556
2009	331	9,953,411	80	1,630,148	4,086	109,656,152	7.7%	26,837
2010	341	10,495,807	92	2,029,423	4,335	117,954,059	7.6%	27,210
2011	324	9,851,119	117	2,785,375	4,542	124,748,580	5.8%	27,466
2012	405	13,035,228	116	3,011,032	4,831	134,653,163	7.9%	27,873
2013	387	12,451,142	98	2,176,950	5,120	144,755,297	7.5%	28,273
2014	397	12,737,257	121	2,568,479	5,396	154,937,553	7.0%	28,713
2015	411	13,547,663	128	2,980,334	5,679	165,579,191	6.9%	29,156
2016	385	12,920,841	130	3,199,901	5,934	175,327,721	5.9%	29,546
2017	422	14,942,887	131	2,979,178	6,225	187,304,849	6.8%	30,089
2018	338	12,352,947	149	3,496,334	6,414	196,302,394	4.8%	30,605
2019	434	17,128,087	145	3,358,432	6,703	210,148,047	7.1%	31,351
2020	453	17,927,288	193	4,828,468	6,963	223,247,694	6.2%	32,062
2021	432	17,816,028	174	4,378,064	7,221	236,613,025	6.0%	32,767
2022	480	19,660,962	171	3,968,030	7,530	252,345,484	6.6%	33,512
2023	447	18,736,767	175	4,283,533	7,802	266,934,832	5.8%	34,214

Table 11
Solvency Test

Valuation Date	Aggregated Accrued Liabilities for: Active and Inactive Members Contributions	Retirees and Beneficiaries	Active and Inactive Members (Employer Financed Portion)	Reported Assets	Portions of Accrued Liabilities Covered by Reported Assets: (5)/(2)	[(5)-(2)]/3	[(5)-(2)-(3)]/(4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2003	$ 252,182,701	$ 777,100,825	$ 522,547,276	$ 1,348,790,502	100.0%	100.0%	61.1%
December 31, 2004	261,905,526	812,266,336	604,009,381	1,356,797,448	100.0%	100.0%	46.8%
December 31, 2005	280,994,642	848,185,652	665,001,381	1,398,798,722	100.0%	100.0%	40.5%
December 31, 2006	295,166,238	904,166,079	774,678,301	1,497,783,958	100.0%	100.0%	38.5%
December 31, 2007	333,340,167	968,493,997	810,977,128	1,653,533,484	100.0%	100.0%	43.4%
December 31, 2008	357,423,035	1,025,407,475	864,073,351	1,481,377,439	100.0%	100.0%	11.4%
December 31, 2009	362,288,592	1,109,773,550	858,874,838	1,672,470,344	100.0%	100.0%	23.3%
December 31, 2010	377,651,365	1,195,328,215	887,685,214	1,711,577,229	100.0%	100.0%	15.6%
December 31, 2011	413,944,399	1,267,467,354	1,042,433,062	1,790,902,641	100.0%	100.0%	10.5%
December 31, 2012	417,481,360	1,375,244,710	1,175,653,622	1,897,722,867	100.0%	100.0%	8.9%
December 31, 2013	436,164,975	1,478,146,019	995,606,756	2,047,929,504	100.0%	100.0%	13.4%
December 31, 2014	453,220,166	1,580,320,342	1,060,515,204	2,193,881,221	100.0%	100.0%	15.1%
December 31, 2015	471,000,910	1,771,674,810	1,149,120,396	2,308,087,140	100.0%	100.0%	5.7%
December 31, 2016	497,752,958	1,873,037,310	1,220,586,038	2,423,269,015	100.0%	100.0%	4.3%
December 31, 2017	517,234,871	2,007,105,437	1,273,482,995	2,592,460,631	100.0%	100.0%	5.3%
December 31, 2018	549,887,200	2,096,091,332	1,343,581,605	2,695,388,392	100.0%	100.0%	3.7%
December 31, 2019	572,708,759	2,378,309,300	1,536,866,003	2,848,950,000	100.0%	95.7%	0.0%
December 31, 2020	594,832,013	2,522,531,880	1,583,851,273	3,069,233,497	100.0%	98.1%	0.0%
December 31, 2021	606,219,719	2,729,154,314	1,696,669,168	3,320,288,049	100.0%	99.4%	0.0%
December 31, 2022	637,753,724	2,899,832,050	1,758,356,031	3,394,988,979	100.0%	95.1%	0.0%
December 31, 2023	684,547,927	3,052,425,518	1,880,528,857	3,486,138,920	100.0%	91.8%	0.0%

Table 12
Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
December 31, 2003	$ 1,348.8	$ 1,551.8	$ 203.0	86.9%	$ 312.8	64.9%
December 31, 2004	1,356.8	1,678.2	321.4	80.8%	326.6	98.4%
December 31, 2005	1,398.8	1,794.2	395.4	78.0%	348.6	113.4%
December 31, 2006	1,497.8	1,974.0	476.2	75.9%	391.0	121.8%
December 31, 2007	1,653.5	2,112.8	459.3	78.3%	417.5	110.0%
December 31, 2008	1,481.4	2,246.9	765.5	65.9%	448.7	170.6%
December 31, 2009	1,672.5	2,330.9	658.5	71.8%	422.5	155.8%
December 31, 2010	1,711.6	2,460.7	749.1	69.6%	438.9	170.7%
December 31, 2011	1,790.9	2,723.8	932.9	65.7%	451.8	206.5%
December 31, 2012	1,897.7	2,968.4	1,070.7	63.9%	470.2	227.7%
December 31, 2013	2,047.9	2,909.9	862.0	70.4%	490.6	175.7%
December 31, 2014	2,193.9	3,094.1	900.2	70.9%	539.2	167.0%
December 31, 2015	2,308.1	3,391.8	1,083.7	68.0%	559.8	193.6%
December 31, 2016	2,423.3	3,591.4	1,168.1	67.5%	599.6	194.8%
December 31, 2017	2,592.5	3,797.8	1,205.4	68.3%	629.9	191.3%
December 31, 2018	2,695.4	3,989.6	1,294.2	67.6%	664.3	194.8%
December 31, 2019	2,849.0	4,487.9	1,638.9	63.5%	707.5	231.6%
December 31, 2020	3,069.2	4,701.2	1,632.0	65.3%	729.3	223.8%
December 31, 2021	3,320.3	5,032.0	1,711.8	66.0%	752.2	227.6%
December 31, 2022	3,395.0	5,295.9	1,901.0	64.1%	810.0	234.7%
December 31, 2023	3,486.1	5,617.5	2,131.4	62.1%	914.1	233.2%

Note: Dollar amount in millions.

Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2023)

The most recent experience study was completed based on data collected through December 31, 2018. Except as noted below, the Board adopted the assumptions outlined below to be effective with the December 31, 2019 actuarial valuation. Please see our Experience Study report to see more detail of the rationale for the current assumptions. As authorized under Article 6243n of the Vernon's Civil Statutes of the State of Texas, actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary.

A. <u>ACTUARIAL ASSUMPTIONS</u>

1. <u>Investment Return Rate</u> (adopted effective December 31, 2021)

   6.75% per annum, compounded annually, composed of an assumed inflation rate of 2.50% and a real rate of return of 4.25%, net of investment expenses.

2. <u>Mortality</u>

   a. <u>Nondisabled annuitants</u> (adopted effective December 31, 2019)

      Healthy retirees and beneficiaries – The PubG-2010 Healthy Retiree Mortality Table (for General employees) for males and females with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2018, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010.

   b. <u>Disabled annuitants</u> (adopted effective December 31, 2019)

      Disabled annuitants – The PubG-2010 Healthy Retiree Mortality Table (for General employees) for males and females, set forward three years with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2018, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010. A minimum 3% rate of mortality applies at all ages.

   c. <u>Active members</u> (adopted effective December 31, 2019)

      Active employees – The PubG-2010 Employee Mortality Table (for General employees) for males and females with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2018, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010.

   <u>Note regarding mortality table extensions</u>:

   Pub-2010 mortality tables are not inclusive of all ages. Mortality rates for active members were extended above age 80 by a constant exponential rate to the Healthy Retiree rate at age 100. Mortality rates for nondisabled annuitants below age 50 were extended using a constant exponential rate to the Juvenile rates.

Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2023)
(Continued)

3. Retirement Rates: (adopted effective December 31, 2019)
   The following rates of retirement are assumed for members eligible for normal retirement.

Age	Rates of Retirement	
	Males	Females
44 & under	22.0%	25.0%
45	20.0%	20.0%
46	20.0%	20.0%
47	20.0%	20.0%
48	20.0%	20.0%
49	20.0%	20.0%
50	22.0%	24.0%
51	22.0%	24.0%
52	22.0%	24.0%
53	22.0%	24.0%
54	22.0%	24.0%
55	21.0%	26.0%
56	21.0%	26.0%
57	21.0%	26.0%
58	21.0%	26.0%
59	21.0%	26.0%
60	22.0%	21.0%
61	22.0%	21.0%
62	27.0%	24.0%
63	18.0%	16.0%
64	18.0%	16.0%
65	18.0%	24.0%
66	30.0%	24.0%
67	30.0%	26.0%
68	22.0%	26.0%
69	22.0%	26.0%
70	30.0%	26.0%
71	22.0%	24.0%
72	22.0%	24.0%
73	22.0%	24.0%
74 & older	100.0%	100.0%

Group B members are assumed to retire at twice the applicable rate upon the first year they attain eligibility for normal retirement. Early retirement rates (of 1% at age 55 increasing by 1% every two years to 5% at ages 63 and 64) apply for Group B members.

Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2023)
(Continued)

4. Rates of Decrement Due to Withdrawal (adopted effective December 31, 2019)

   Rates of withdrawal are comprised of a select period for the first 5 years of employment and ultimate rates based on years of service from retirement after the end of the select period. The following rates during the select period apply at all ages during the applicable year of employment:

Years of Employment	Males	Females
1	0.1100	0.1600
2	0.1050	0.1500
3	0.0925	0.1275
4	0.0675	0.1000
5	0.0600	0.0850

   After the select period ends, rates of withdrawal are based on the number of years from retirement. The rates are shown below for males and females:

Years from Eligibility for Unreduced Retirement	Rates of Withdrawal After Select Period	
	Males	Females
1	0.0120	0.0080
2	0.0120	0.0175
3	0.0120	0.0175
4	0.0120	0.0200
5	0.0150	0.0200
6	0.0200	0.0200
7	0.0200	0.0250
8	0.0200	0.0250
9	0.0200	0.0250
10	0.0250	0.0300
11	0.0300	0.0350
12	0.0350	0.0375
13	0.0400	0.0400
14	0.0450	0.0700
15+	0.0560	0.0825

Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2023)
(Continued)

5. Disability Rates* (adopted effective December 31, 2015)

   Sample rates are shown below:

Age	Rates of Decrement Due to Disability Males and Females
20	0.000004
25	0.000025
30	0.000099
35	0.000259
40	0.000494
45	0.000804
50	0.001188
55	0.001647
60	0.002180

* Rates are for disability due to all causes. Occupational disability rates are assumed to be 10% of all causes.

6. Rates of Salary Increase (adopted effective December 31, 2019)

Years of Service	Promotional Rate of Increase	Total Annual Rate of Increase Including 2.50% Inflation Component and 1.00% Productivity Component
1 - 3	2.25%	5.75%
4 - 5	2.00%	5.50%
6	1.75%	5.25%
7	1.50%	5.00%
8	1.25%	4.75%
9 - 10	1.00%	4.50%
11 - 12	0.75%	4.25%
13 – 14	0.50%	4.00%
15 - 16	0.25%	3.75%
17 or more	0.00%	3.50%

7. DROP Participation: (adopted effective December 31, 2019)

   It was assumed that 15% of retiring active members with at least 20 years of service would elect a “Backward” DROP. Additionally, it was assumed that all members who Back Drop would elect to DROP back to the date that would provide the greatest actuarial value to the member.

Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2023)
(Continued)

8. Married Percentage: (adopted effective December 31, 1997)

   100% of the active members are assumed to be married.

9. There will be no recoveries once disabled: (adopted effective December 31, 1997)

10. Spousal Age Difference: (adopted effective December 31, 2012)

    Males are assumed to be three years older than females.

11. Normal Form of Payment: (adopted effective December 31, 1997)

    It is assumed that all retiring members will elect the Life only form of payment with a guaranteed return of accumulated employee contributions.

12. Crediting Rate on Employee Contributions: (adopted effective December 31, 2002)

    It is assumed that the interest credit rate on employee contributions will be 6.0%.

13. Individual salaries used to project benefits: (adopted effective December 31, 1997)

    Rates of pay as of the valuation date are reported for all employees.

14. Pay increase timing: (adopted effective December 31, 1997)

    Middle of calendar year.

15. Decrement timing: (adopted effective December 31, 1997)

    Decrements of all types are assumed to occur mid-year.

16. Eligibility testing: (adopted effective December 31, 2002)

    Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur

17. Decrement relativity: (adopted effective December 31, 2002)

    Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2023)
(Continued)

18. Incidence of Contributions: (adopted effective December 31, 2002)

    Contributions are assumed to be received continuously throughout the year based upon the contribution rates as a percent of payroll (established in statute or agreed upon under the Supplemental Funding Plan) shown in this report and the actual payroll payable at the time contributions are made.

19. Benefit Service: (adopted December 31, 1997)

    All members are assumed to accrue one year of eligibility service each year.

20. Service Purchases (military, permissive, and sick leave conversion):

    No service purchases of any type are assumed. Any gains or losses due to these purchases are recognized in the valuation following the purchase.

21. Cost of Living Adjustments and One-time Payments:

    No future cost of living adjustments are assumed. In addition, no one-time payments (13^{th} checks) are assumed.

B. ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the Excess (Shortfall) between expected investment return and actual income. The expected investment return each year is calculated based on the market value of assets with the difference from actual income smoothed in over five years in 20% increments. If the current year's difference is opposite sign of the prior years' deferred excesses/(shortfalls), then the prior years' bases (starting with the oldest) are reduced dollar for dollar along with the current year's base. Any remaining bases are then recognized over five years (20% per year) from their initial creation. This can and will result in some bases being recognized in a period shorter than five years.

If the resulting preliminary asset value is less than 80% or more than 120% of the market value of assets, then 1/3 of the amount outside of the 80% to 120% corridor is recognized in the final actuarial value of assets. In extreme market conditions, this could result in an actuarial value of assets outside of the 80% to 120% market value of assets corridor.

Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2023)
(Continued)

C. ACTUARIAL FUNDING METHOD

The actuarial accrued liability is determined using the Individual Entry Age Normal actuarial cost method. This method assigns the System's total actuarial present value of future benefits to various periods. The actuarial accrued liability is assigned to years prior to the valuation and the normal cost is assigned to the year following the valuation. The remaining costs are assigned to future years.

The normal cost is determined on an individual basis using the Individual Entry Age Normal Cost method. The actuarial accrued liability is the difference between the total present value of future benefits and the actuarial present value of future normal costs where future normal costs are based on the benefit provisions that are applicable to each individual member. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of assets.

D. FUNDING PERIOD

The funding period is determined using an open group projection. In the open group projection, the demographic assumptions are applied to the current active employees and any employees that are assumed to leave employment are replaced one for one with a new employee. Over time this results in the change of the employee group from mostly Group A members to Group B members. The projection is built to assume no gains or losses on the actuarial accrued liability or the actuarial value of assets. The funding period is the length of time it takes in the open group projection for the actuarial value of assets to exceed the actuarial accrued liability.

In the projection, new members' pay are assumed to increase at 3.50% year over year (i.e. a new employee in 2023 is assumed to be hired at a salary that is 3.50% greater than a new employee hired in 2022). The 3.50% growth rate is equal to our wage inflation assumption of 3.50% (ultimate salary increase assumption shown in Item A.6.). Note that this is not an assumption that payroll will grow at 3.50% per year. Payroll could grow more slowly in the near-term due to membership demographics.

E. ACTUARIAL MODEL

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

F. CHANGES IN ASSUMPTIONS AND METHODS

No changes in the actuarial assumptions and methods since the prior valuation.

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023

A. EFFECTIVE DATE

January 1, 1941.

B. ELIGIBILITY AND PARTICIPATION

Any regular and permanent employee of the City of Austin, excluding all civil service commissioned police officers and firefighters, the Mayor and members of the City Council and all part-time employees who work less than 75 percent of a normal work week.

Members originally hired prior to January 1, 2012 are classified as Group A members and members hired on or after January 1, 2012 are classified as Group B members.

Unless noted otherwise, the provisions for Group A and Group B are the same.

C. MEMBERSHIP SERVICE

The period of time during which an eligible employee pays into and keeps on deposit the contribution prescribed to be paid by the employee into the System.

D. AVERAGE FINAL COMPENSATION

The average of the monthly compensation for the 36 calendar months of highest compensation during the last 120 months prior to termination. The compensation used in the determination of benefits cannot exceed the compensation limits of Internal Revenue Code §401(a)(17) for the applicable period. The limit for 2020 is up to $285,000 for persons who first become members after 1995 (members hired prior to 1996 have no limit on their compensation).

E. CITY AND MEMBER CONTRIBUTION RATES

The City currently contributes a base rate of 8.00% of pay for each active member. Under the Amended Supplemental Funding Plan, the City is providing an additional contribution for each active member. Beginning January 1, 2021, this additional contribution increased to 11% of pay, for a total City contribution rate of 19% of pay. Each active member contributes 8.00% of pay. The member contributions are made under a pre-tax 401(h) pick-up arrangement.

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

F. RETIREMENT BENEFITS

1. Normal Retirement

a. Eligibility:

Group A – A participant may retire upon attaining age 62, or any age with 23 years of service, or attaining age 55 with 20 years of service.

Group B – A participant may retire upon attaining age 62 with 30 years of service, or at age 65 with 5 years of service.

b. Monthly Benefit:

Group A – 3.00% of average final compensation times years of service.

Group B – 2.50% of average final compensation times years of service.

c. Payment Form: Benefits are paid as a monthly life annuity to the participant, with a provision that should the participant die prior to receiving monthly payments whose sum is greater than or equal to the participant's accumulated employee contributions, then the participant's beneficiary shall receive a lump-sum equal to the excess of the participant's accumulated employee contributions with interest over the sum of the monthly payments received.

d. Optional Forms of Payment:

i) Joint and contingent annuity with either 100%, 66 2/3%, or 50% of the reduced retirement income payable for the life of the contingent annuitant upon the death of the retiring participant, with the provision that, should the contingent annuitant predecease the participant, the monthly annuity will revert to the amount that would have been payable under the normal form of payment,

ii) Joint and 66 2/3% last survivor provides a reduced retirement income payable as long as both the member and the joint annuitant are alive, and upon the death of either the member or the joint annuitant, the benefit reduces to 2/3 of such amount for the remainder of the life of the last survivor,

iii) Period certain and life annuity with 15 years of payments guaranteed, or

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

e. Deferred Retirement Option Program (DROP): A member may elect to retroactively participate in the System's DROP (i.e. a Backward DROP). The member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. No COLAs are included but changes in the benefit multiplier are reflected. The maximum period a member may retroactively elect under the DROP is 60 months.

2. Early Retirement:

a. Eligibility:

Group A – Currently there are no reduced retirement benefits under the plan.

Group B – A participant may retire with a reduced benefit upon attaining age 55 with 10 years of service.

b. Monthly Benefit:

Group A – Not applicable.

Group B – the same formula benefit as determined under normal retirement multiplied by an actuarial equivalent early retirement reduction factor.

G. DISABILITY RETIREMENT

1. Eligibility: If the employee is terminated by reason of a total and permanent disability which prevents the employee from engaging in any employment duties. If the employee has less than five years of service, the disability must be job related.

2. Monthly Benefit: Same as Normal Retirement benefit using pay and service at date of disability.

3. Form of Payment: The normal form of payment that is available to a member taking normal retirement and the optional forms of payments described in F.1.d.i) and F.1.d.ii) above.

Summary of Benefit Provisions
of the Retirement Plan as of December 31, 2023
(Continued)

H. VESTING OF BENEFITS

1. Vesting

An employee is vested according to the following schedule:

Years of Vesting Service	Vested Percentage
Less than 5	0%
5 or more	100%

Benefits Upon Vesting

A vested participant is entitled to the retirement benefit payable at normal retirement earned to the date of participant's termination multiplied by his/her vested percentage, or a refund of the employee's accumulated employee contributions with interest.

I. DEATH IN SERVICE

1. Eligibility: All active members.

2. Benefit: The amount of the benefit payable to the beneficiary is:

   a. Employee eligible for retirement at date of death:

   The surviving spouse if any may elect to receive an annuity equal to the monthly benefit as if the member had retired under any retirement option that would have been available to the member at the end of the month in which the member died. If there is no surviving spouse, then the beneficiary may elect to receive a 15 years certain and life annuity. The surviving spouse or beneficiary instead of electing the annuity may elect to receive a death benefit equal to twice the member's accumulated employee contributions with interest.

   b. Employee not eligible for retirement at date of death:

   A refund of the member’s accumulated deposits (with interest) plus a death benefit from COAERS equal to the member's accumulated deposits (with interest), but excluding any purchases for Non-contributory time, prior military service purchases, or Supplementary Service Credit.

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

J. RETIREE LUMP-SUM DEATH BENEFIT

Upon death of a retired member, a $10,000 lump-sum death benefit is payable. This benefit is also payable upon the death of an active member eligible for retirement whose surviving spouse or beneficiary elects to receive an annuity.

K. COST-OF-LIVING ADJUSTMENT (COLA)

On January 1 of each year the Board may approve a cost-of-living adjustment for those retirees who retired on or before December 31 of the previous year. The maximum adjustment which can be approved is 6%. The amount of the adjustment is set by the Board upon recommendation by the System's actuary that such an adjustment will not make the Fund financially unsound, and the adjustment is not inconsistent with the Code. The adjustment is prorated for any benefit which has been in effect for less than a year, with the proration being 1/12 for each monthly payment received during the prior year.

L. LUMP-SUM ADDITIONAL BENEFIT PAYMENT

Once each year the Board may approve a lump-sum additional benefit payment to be paid to those members and beneficiaries currently in payment status. The additional payment would be equal to a percentage of the member's monthly annuity with a maximum percentage of 100%.

M. LEGISLATED PLAN CHANGES ENACTED BY 1995 LEGISLATURE

1. 2.3% Multiplier

   The benefit multiplier was increased from 2.2% per year of service to 2.3% per year of service effective October 1995.

2. 2.3% Retiree Gross-up

   Effective October 1995, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.3% multiplier.

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

3. $10,000 Retiree Lump-Sum Death Benefit

   The lump-sum death benefit payable upon the death of a retiree was increased from $2,000 to $10,000.

4. Plan Participation Begins at Date of Hire

   The six-month service requirement for participation was eliminated. Current active members were granted service for the period between their date of hire and their date of participation, up to six months.

N. LEGISLATED PLAN CHANGES ENACTED BY 1997 LEGISLATURE

1. 2.6% Multiplier

   The benefit multiplier was increased from 2.3% per year of service to 2.6% per year of service effective October 1997.

2. 2.6% Retiree Gross-up

   Effective October 1997, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.6% multiplier.

3. Military Service Purchase

   Increased the number of months of military service that may be purchased from 24 to 48.

4. Noncontributory Service Purchase

   Allowed an employee to purchase noncontributory service for the following periods of time: (1) while employee was on workers' compensation leave, (2) while employee was on an authorized leave of absence, and (3) while employee performed service for the employer in a position for which the service was not otherwise creditable. The employee pays the full actuarial cost of the service purchase.

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

5. Employer Purchase of Creditable Service

   Allowed the employer to purchase the amount of service required to qualify an employee for an unreduced retirement benefit at age 55. To be eligible for the purchase, the employee must never have been a highly compensated employee within the meaning of IRC Section 414(q). The cost of the service purchase is the full actuarial cost of both the benefit and the retirement eligibility.

O. LEGISLATED PLAN CHANGES ENACTED BY 1999 LEGISLATURE

1. 2.7% Multiplier

   The benefit multiplier was increased from 2.6% per year of service to 2.7% per year of service effective October 1999.

2. 2.7% Retiree Gross-up

   Effective October 1999, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.7% multiplier.

3. 23 & Out Provision

   The service requirement at which a participant may retire with an unreduced retirement benefit was decreased from 25 years of Creditable Service to 23 years of Creditable Service.

4. Pop-Up Provisions for Certain Joint and Survivor Payment Options

   Certain optional forms of payment which extend coverage to a joint annuitant (Options I, II, and III) were amended so that, should the contingent annuitant predecease the participant, the monthly annuity will revert to the amount that would have been payable under the normal form of payment.

5. LUMP-SUM ADDITIONAL BENEFIT PAYMENT

   The Board was given the ability to make an additional payment to members and beneficiaries in payment status in the form of a lump-sum additional benefit payment. The additional payment would be a percentage of the current monthly payment with a maximum percentage of 100%.

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

6. EMPLOYER PURCHASE OF CREDITABLE SERVICE

   Limitations on employer purchases of Creditable Service for a Member before actual retirement were removed.

P. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2000

1. "415 Restoration of Retirement Income Plan"

   Certain highly compensated members may have their retirement annuity limited because of Section 415(b)(1) of the Internal Revenue Code. A plan amendment effective January 1, 2000, provides for COAERS to pay a benefit payment that exceeds the maximum benefit limitation imposed by the Internal Revenue Code from a separate, non-qualified, pay-as-you-go "Restoration of Retirement Income Plan."

2. 2.98% Multiplier

   The benefit multiplier was increased from 2.7% per year of service to 2.98% per year of service effective April 2000.

3. 2.98% Retiree Gross-up

   Effective April 2000, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.98% multiplier.

4. "Pop-up" Benefit Amendment

   The "pop-up" benefit is extended to retirees who selected the actuarial equivalent of Life Annuity option with underlying options of I, II, or III.

Q. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2001

None

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

R. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2002

1. 3.00% Multiplier

   Benefit multiplier was increased from 2.98% per year of service to 3.00% per year of service effective January 2002.

2. 3.00% Retiree Gross-up

   Effective January 2002, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 3.00% multiplier.

3. Deferred Retirement Option Program

   A "Backward" DROP was added as an optional benefit effective in 2002. The retiring member may elect to retroactively participate in a DROP. The member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. No COLAs are included but changes in the benefit multiplier are reflected.

4. Purchase of Permissive Time

   A member may purchase up to five years of Permissive Time. The purchase price charged to the member is the anticipated actuarial cost to the System for the additional service. Minimum purchase is one month with a maximum of 60 months (5 years) or the number of months needed to reach first eligibility for retirement whichever is less.

5. Conversion of Unused Sick Leave

   At retirement an employee may elect to purchase Creditable Service for unused sick leave. The Board requires payment by the Member, and then by the City of the equivalent amount of retirement contributions that would have been made had the sick hours been exercised as sick hours. An employee must already be eligible for retirement to purchase the service.

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

S. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2003

1. “Pop-up” Benefit Amendment

   “Pop-up” benefit was extended to any Joint and Survivor option (including level income options), other than Joint and Last Survivor.

2. Permissive Time Amendment

   Permissive Time resolution was amended removing the provision that restricts members from purchasing Permissive Time in excess of the amount needed to reach first retirement eligibility.

T. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2004

None

U. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2005

None

V. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2006

None

W. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2007

None

X. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2008

None

Y. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2009

None

Z. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2010

None

Summary of Benefit Provisions of the Retirement Plan as of December 31, 2023 (Continued)

AA. LEGISLATED PLAN CHANGES ENACTED BY THE 2011 LEGISLATURE

1. Retirement Provisions

   For members hired on after January 1, 2012 (Group B members), changed the eligibility for normal retirement to age 65 with 5 years of service, or age 62 with 30 years of service. Also for members hired on or after January 1, 2012, added an eligibility for early retirement upon age 55 with 10 years of service.

2. Benefit Multiplier

   For members hired on after January 1, 2012, the benefit multiplier was changed to 2.5% per year of service. Early retirement benefits would be reduced on an actuarially equivalent basis.

BB. BENEFIT ENHANCEMENTS ENACTED IN 2012-2023

There were no changes to the benefit provisions of the Plan between January 1, 2012 and December 31, 2023.

CC. LEGISLATED PLAN CHANGES ENACTED BY THE 2023 LEGISLATURE

1. Member Contribution Provisions

   The member contribution rate increased to 9.00% effective January 1, 2024 and will increase to 10.00% effective January 1, 2025. Future increases are possible if the City Contribution Rate exceeds the Corridor Maximum.

2. City Contribution Provisions

   The City contribution will be comprised of two separate pieces. The Legacy Liability payment detailed on page RSVS-5 of this report and an actuarially determined contribution rate (City Contribution Rate) as shown on RSVS-2.

3. Service Purchases

   Following a short window period, all future permissive and military service purchases will be allowed only after eligibility for retirement is achieved. The employer’s potion of the cost for the conversion of unused sick leave to credited service will be included in the actuarially determined contribution rate.

Definition of Terms

1. ***Actuarial Cost Method***

   A method for determining the actuarial present value of future benefits and allocating such value to time periods in the form of a normal cost and an actuarial accrued liability.

2. ***Present Value of Future Benefits***

   This is computed by projecting the total future benefit cash flow from the System, using actuarial assumptions, and then discounting the cash flow to the valuation date.

3. ***Normal Cost***

   Computed differently under different actuarial cost methods, the normal cost generally represents the value of the portion of the participant's anticipated retirement, termination, and/or death and disability benefits accrued during a year.

4. ***Actuarial Accrued Liability***

   Computed differently under different actuarial cost methods. Generally actuarial accrued liability represents the value of the portion of the participant's anticipated retirement, termination, and/or death and disability benefits accrued as of the valuation date.

5. ***Entry Age Actuarial Cost Method***

   A method under which a participant's actuarial present value of future benefits is allocated on a level basis over the earnings of the participant between his/her entry into the System and his/her assumed exit.

6. ***Unfunded Actuarial Accrued Liability***

   The difference between total actuarial present value of future benefits over the sum of the tangible assets of the System and the actuarial present value of the members' future normal costs. The System is underfunded if the difference is positive and overfunded if the difference is negative.

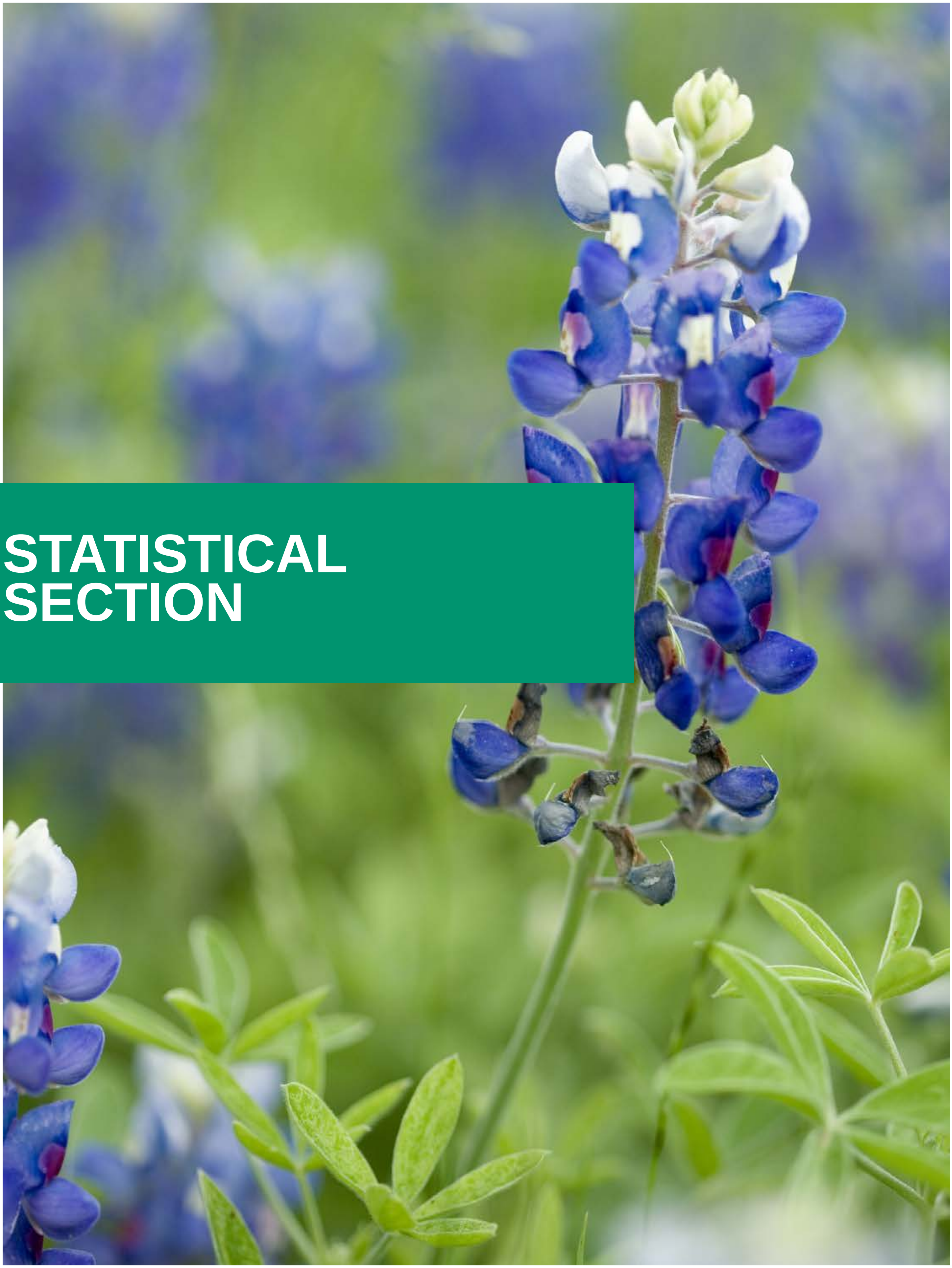
7. ***Actuarial Value of Assets***

   The value of cash, investments, and other property belonging to the System, as valued by the actuary for purposes of the actuarial valuation.

Definition of Terms
(Continued)

8. ***Actuarial Gain or Loss***

   From one valuation to the next, if the experience of the plan differs from that anticipated by the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust had a yield of 12% based on actuarial value, while the assumed yield on the actuarial value of assets was 7.50%.



STATISTICAL SECTION

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements and note disclosures to understand and assess the economic condition of the City of Austin Employees' Retirement System (COAERS). In compliance with GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, schedules are classified into the following categories: Demographic and Economic Information, Operating Information, and Financial Trends.

Sources: Schedules and data are provided by the consulting actuary, GRS Retirement Consulting, unless otherwise noted.

Table 13A
Distribution of All Active Participants by Age and Length of Service
As of December 31, 2023

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Number of Employees	Average Annual Salary
Under 25	171	74	23	8	4	1	0	0	0	0	0	0	281	$ 52,378
25-29	354	210	123	59	64	91	0	0	0	0	0	0	901	60,007
30-34	268	191	140	78	137	345	52	3	0	0	0	0	1,214	69,013
35-39	208	168	126	76	122	486	254	89	2	0	0	0	1,531	77,909
40-44	140	138	92	62	88	448	292	290	83	2	0	0	1,635	85,544
45-49	110	100	73	47	80	351	245	283	218	36	0	0	1,543	89,586
50-54	100	84	51	33	66	287	228	266	262	107	14	0	1,498	90,106
55-59	85	66	48	28	48	232	174	236	164	104	49	10	1,244	88,323
60-64	33	39	20	26	37	164	141	166	126	79	41	23	895	87,549
65 & Over	14	19	15	11	14	97	76	80	66	36	17	10	455	90,023
All Ages	1,483	1,089	711	428	660	2,502	1,462	1,413	921	364	121	43	11,197	$ 81,639

Service includes proportionate service.

Table 13B
Distribution of Group A Active Participants by Age and Length of Service as of December 31, 2023

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Number of Employees	Average Annual Salary
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	$
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0	
30-34	0	0	0	0	1	0	6	3	0	0	0	0	10	74,22
35-39	0	0	0	1	0	1	99	82	2	0	0	0	185	90,05
40-44	0	0	0	0	0	6	127	271	80	2	0	0	486	94,26
45-49	0	0	1	0	0	7	127	268	207	32	0	0	642	99,64
50-54	1	0	0	0	2	6	101	251	253	100	13	0	727	95,83
55-59	0	2	0	1	0	7	87	222	153	97	41	8	618	93,69
60-64	0	0	0	0	1	5	69	155	121	70	34	12	467	90,73
65 & Over	0	0	0	0	0	2	38	79	63	34	17	8	241	92,45
All Ages	1	2	1	2	4	34	654	1,331	879	335	105	28	3,376	$ 94,61

Service includes proportionate service.

Table 13C
Distribution of Group B Active Participants by Age and Length of Service as of December 31, 2023

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Number of Employees	Average Annual Salary
Under 25	171	74	23	8	4	1	0	0	0	0	0	0	281	$ 52,378
25-29	354	210	123	59	64	91	0	0	0	0	0	0	901	60,007
30-34	268	191	140	78	136	345	46	0	0	0	0	0	1,204	68,970
35-39	208	168	126	75	122	485	155	7	0	0	0	0	1,346	76,240
40-44	140	138	92	62	88	442	165	19	3	0	0	0	1,149	81,855
45-49	110	100	72	47	80	344	118	15	11	4	0	0	901	82,415
50-54	99	84	51	33	64	281	127	15	9	7	1	0	771	84,706
55-59	85	64	48	27	48	225	87	14	11	7	8	2	626	83,020
60-64	33	39	20	26	36	159	72	11	5	9	7	11	428	84,076
65 & Over	14	19	15	11	14	95	38	1	3	2	0	2	214	87,280
All Ages	1,482	1,087	710	426	656	2,468	808	82	42	29	16	15	7,821	$ 76,038

Service includes proportionate service.

Table 14

Distribution of All Active Participants by Service and Current Rate of Pay as of December 31, 2023

Completed Years of Service	Number of Employees	Total Average Salary
0	1,483	$ 62,424
1	1,089	66,562
2	711	72,489
3	428	78,556
4	660	77,728
5-9	2,502	82,573
10-14	1,462	90,492
15-19	1,413	92,592
20-24	921	97,936
25-29	364	98,332
30-34	121	104,274
35+	43	98,816
All Years	11,197	$ 81,639

Service includes proportionate service.

Table 15
Schedule of Average Benefit Payments

Retirement Effective Dates January 1, 2018 to December 31, 2023	Years Creditable Service 0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 01/01/2017 to 12/31/2017							
Average Monthly Benefit	$371	$925	$1,788	$3,032	$3,871	$4,630	$6,037
Average Final Salary	$50,749	$54,135	$61,636	$71,751	$73,301	$74,520	$80,261
Number of Active Retirees	21	43	63	61	114	43	28
Period 01/01/2018 to 12/31/2018							
Average Monthly Benefit	$293	$1,112	$1,772	$2,863	$3,979	$5,495	$6,080
Average Final Salary	$56,345	$69,022	$64,441	$70,931	$78,425	$87,300	$84,409
Number of Active Retirees	10	44	45	39	78	43	23
Period 01/01/2019 to 12/31/2019							
Average Monthly Benefit	$371	$1,053	$1,923	$2,916	$3,899	$5,097	$6,723
Average Final Salary	$51,792	$64,130	$68,532	$73,958	$74,027	$81,487	$91,779
Number of Active Retirees	14	37	51	46	138	64	27
Period 01/01/2020 to 12/31/2020							
Average Monthly Benefit	$209	$935	$2,103	$2,961	$4,020	$5,400	$6,620
Average Final Salary	$36,278	$59,966	$73,939	$75,450	$77,580	$86,388	$88,646
Number of Active Retirees	23	47	47	46	134	61	30
Period 01/01/2021 to 12/31/2021							
Average Monthly Benefit	$411	$1,033	$2,058	$3,085	$4,377	$5,554	$7,073
Average Final Salary	$60,936	$64,068	$73,405	$77,396	$84,850	$86,953	$95,822
Number of Active Retirees	16	42	42	43	149	49	21
Period 01/01/2022 to 12/31/2022							
Average Monthly Benefit	$336	$989	$1,952	$2,848	$4,426	$5,816	$6,889
Average Final Salary	$52,332	$63,398	$70,497	$74,090	$84,661	$93,608	$90,300
Number of Active Retirees	14	42	55	50	169	51	26
Period 01/01/2023 to 12/31/2023							
Average Monthly Benefit	$230	$960	$2,207	$3,194	$4,768	$5,766	$7,335
Average Final Salary	$59,555	$62,832	$81,047	$82,093	$88,376	$94,551	$95,996
Number of Active Retirees	19	53	42	48	141	48	19

Table 16

Retired Members by Type of Benefit (as of December 31, 2023)

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement[a] 1	2	3	4	Option Selected[b] Unmod.	1	2	3	4	5	6	7
Deferred						1,585							
Below $1	0	0	0	0	0								
$1-250	237	201	15	2	19	162	57	5	2		11		
251-500	320	260	36	11	13	185	95	16	8	2	12	1	1
501-750	384	301	57	7	19	231	110	17	12	3	11		
751-1,000	391	290	72	11	18	227	114	19	16	2	10		3
1,001-1,250	379	279	76	12	12	211	117	24	15	4	8		
1,251-1,500	414	322	69	15	8	208	141	32	21	2	6	1	3
1,501-1,750	428	345	68	13	2	214	124	31	40	4	12		3
1,751-2,000	477	407	51	12	7	228	157	45	32	4	9		2
Over $2,000	4,772	4,486	252	19	15	1,926	1,789	481	379	52	112	26	7
Total	**7,802**	**6,891**	**696**	**102**	**113**	**5,177**	**2,704**	**670**	**525**	**73**	**191**	**28**	**19**

Notes:

[a] Type of Retirement

1. Normal retirement for age and service
2. Beneficiary payment, normal retirement or death in service
3. Disability retirement
4. QDRO - alternate payee

[b] Option Selected:

Unmodified Plan: life annuity (includes Type 2 receiving survivor benefit for life)

The following options reduce the retired member's monthly benefit:

Option 1 - Beneficiary receives 100 percent of member's reduced monthly benefit
Option 2 - Beneficiary receives 50 percent of member's reduced monthly benefit
Option 3 - Beneficiary receives 66-2/3 percent of member's reduced monthly benefit
Option 4 - Survivor receives 66-2/3 percent of member's reduced monthly benefit upon first death
Option 5 - Life annuity with 15 years guaranteed
Option 6 - Other: participant created actuarial equivalent forms of payment
Option 7 - Beneficiary of Option 5 receiving payment until termination of guaranteed period

Table 17
Schedule of Participating Employers

The City of Austin and the City of Austin Employees' Retirement System are the only participating employers in the plan.

Table 18

Change in Net Position, Last Ten Fiscal Years

	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additions											
Member Contributions	$47,449	$50,489	$54,066	$60,801	$56,194	$58,713	$63,626	$71,470	$66,820	$69,189	$80,573
Employer Contributions	86,713	93,470	100,637	104,488	111,058	116,671	123,770	130,914	141,418	146,799	163,937
Investment Income (net of expenses)	287,075	99,704	(47,608)	171,641	376,819	(157,242)	503,854	307,289	411,211	(550,087)	357,113
Total additions to plan net assets	$421,237	$243,663	$107,095	$336,930	$544,071	$18,142	$691,250	$509,673	$619,449	($334,099)	$601,623
Deductions											
Benefit Payments	$141,923	$152,664	$162,085	$171,736	$183,344	$195,538	$208,828	$222,460	$235,620	$252,006	$266,118
Refunds	4,738	4,154	4,052	3,911	4,045	4,141	4,265	3,656	4,267	5,076	4,033
Administrative Expenses	2,561	2,631	2,421	2,701	2,778	4,024	6,218	6,595	6,528	6,764	8,549
Lump-sum Payments	4,858	5,039	3,532	3,697	3,154	3,494	5,288	5,449	7,439	7,420	4,006
Total deductions from plan net assets	$154,080	$164,488	$172,090	$182,045	$193,321	$207,197	$224,599	$238,160	$253,854	$271,266	$282,706
Change in net assets	$267,157	$79,175	($64,995)	$154,884	$350,750	($189,055)	$466,651	$271,513	$365,595	($605,365)	$318,917

Notes: Dollar amounts in thousands
Columns may not add due to rounding
Includes contributions to and benefit payments from 415 Restoration Plan

Table 19

Benefit and Refund Deductions from Net Position by Type, Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Type of Benefit											
Age and service benefits:											
Retirees [a]	$139,667	$150,335	$160,219	$170,031	$181,270	$192,905	$205,575	$219,582	$231,849	$248,043	$262,301
Beneficiaries [a]											
Lump-sum payments	$4,858	$5,039	$3,532	$3,697	$3,154	$3,494	$5,288	$5,449	$7,439	$7,420	$4,006
In service death benefits: [b]	$2,256	$2,329	$1,866	$1,705	$2,074	$2,633	$3,253	$2,878	$3,772	$3,963	$3,817
Disability benefits: [c]											
Total benefits	$146,781	$157,703	$165,617	$175,433	$186,498	$199,032	$214,116	$227,909	$243,060	$259,426	$270,124
Type of Refund											
Death [b]											
Separation	$4,738	$4,154	$4,052	$3,911	$4,045	$4,141	$4,265	$3,656	$4,267	$5,076	$4,033
Total refunds	$4,738	$4,154	$4,052	$3,911	$4,045	$4,141	$4,265	$3,656	$4,267	$5,076	$4,033

Notes: Dollar amounts in thousands

[a] Segregation of age benefits for beneficiaries not currently available

[b] Segregation of death benefits between refunds and in service death benefits not currently available

[c] Segregation of disability benefits from age and service benefits not currently available

Includes benefit payments from 415 Restoration Plan

Excludes administrative expenses

January 1, 1941

City Council established the City of Austin Employees' Retirement System.

Original City Ordinance provided a maximum annuity of $100 per month at age 65.

Contributions to retirement system set at 4.0%.

No survivor options, no early retirement eligibility, no vesting, no disability benefits, and no death benefits.

1951

Established two options for survivor benefits:

Option I – 100% Joint and Survivor

Option II – 66 ⅔ Joint and Survivor

Established eligibility for early retirement.

Established a provision for vested benefits after 15 years of Creditable Service.

Established disability retirement benefits.

Increased contribution rate to 5.0%.

1962

System changed from a money-purchase plan to a formula-based plan with a multiplier of 1.125%.

Established additional options for survivor benefits:

Option III – 50% Joint and Survivor

Option IV – 66 ⅔Joint and Last Survivor

1967

Multiplier increased from 1.125% to 1.25%.

Set Active Member death benefits at $2,000.

1969

Established provisions for cost-of-living adjustment (COLA).

Set Retired Member death benefits at $2,000.

1971

Increased multiplier from 1.25% to 1.5%.

Established a provision for unreduced retirement benefits at age 62 (lowered from age 65) with any number of years of service.

Provided free health insurance benefits, ages 62 - 65.

Increased contribution rate to 6.0%.

1972

Established a provision for vested eligibility after 10 years of Creditable Service.

Established a provision for regular employees working 30 or more hours per week to make retirement contributions.

Established a provision for Members eligible for early retirement benefits to choose Option I to provide survivor benefits.

1973

Increased multiplier from 1.5% to 1.75%.

Established a provision for Final Average Earnings based on highest 60 months of contributing service.

Allowed Members eligible for retirement to select option to provide survivor benefit before actually retiring.

Established disability retirement for line-of-duty disabilities regardless of Creditable Service. Disability retirement available for any disability after 10 years of service. Disability retirement benefits based on age and years of service at time of disability retirement; no penalty based on age.

December 1977

Elimination of $2,000 death benefit for Active Members; continued for Retirees.

Established a provision for Active Members' designated beneficiaries to receive contributions and interest plus an equal amount from the System if Member dies prior to retirement eligibility.

September 1978

Established additional retirement options.

December 1979

Discontinued medical insurance payment for Retirees who were ages 62 - 65.

July 1981

Established a provision for contributions to be required after age 62 until retirement. Members older than age 62 have option to make up missed contributions to benefit from higher salary averaging for retirement benefits.

Reduced Final Average Earnings period from 60 to 36 months.

October 1982

Increased contribution rate to 6.6%, matched by City.

November 1982

Established retirement benefits for Members age 55 or older with 20 years of service.

March 1984

Adopted unisex option factors. The sex of the Member and the beneficiary no longer considered in the determination of any System benefits.

December 1984

Increased Member contribution rate from 6.6% to 7.0%, matched by the City.

Increased multiplier from 1.75% to 1.85%.

Established a provision for a surviving spouse to select an optional benefit if Active Member dies who was already eligible to retire and had not yet selected a benefit option.

Implemented employer "pick up" of member contributions pursuant to 414(h)(2) of the Internal Revenue Code. Member contributions after January 1, 1985 not taxed until time when benefits are paid to the Member.

Limited "Prior Service" Purchase – Former Members who forfeited membership service by taking a refund when they left City employment may purchase their prior Creditable Service. Current Members allowed six months to reinstate former credit by repaying withdrawn deposits plus interest. Only former Members who had been reemployed by the City before December 20, 1984 are eligible.

Established that the 36 months of salary used to calculate monthly benefits need not be consecutive. Highest 36 months of salary during last 10 years of Creditable Service would be averaged to determine Final Average Earnings.

March 1985

Granted a special one-time benefit increase based on year of retirement.

October 1985

Increased multiplier from 1.85% to 2.0%.

February 1986

Change in composition of Board of Trustees; replaced Council Member position with Retired Member Trustee to be appointed by the City Council.

May 1987

Established that Members laid-off during the period from September 30, 1986 through October 1, 1989, and who were eligible for retirement would receive an unreduced current service annuity.

October 1987

Reduced Member and City contribution rates to the System temporarily from 7.0% to 6.2% of basic compensation for the period from October 1, 1987 to September 30, 1988.

March 1988

Established survivor benefit options for Disability Retirees effective March 13, 1988.

August 1988

Established vesting eligibility at five years of Creditable Service.

Extension of “Prior Service Purchases” – Former Members who forfeited membership service by taking a refund of their retirement contributions when they left City employment, who have returned to City employment, may purchase and reinstate their prior Creditable Service.

For purposes of calculating benefits and determining eligibility, three years were added to both age and service for all Members retiring between September 1, 1988 and December 31, 1988.

September 1988

Restored Member and employer contribution rates to 7.0% from 6.2% of basic earnings effective September 30, 1988.

December 1989

Amended ordinance for Retiree Member Trustee position of the Board to be elected by Retired Members to a four-year term, instead of appointment by the City Council.

January 1990

Granted a special one-time benefit increase ranging from 0.5% to 15% based on date benefit commenced.

February 1990

Established unreduced retirement benefits for Members at any age with 30 years Creditable Service.

Increased multiplier from 2.0% to 2.1%.

October 1990

Adopted limits on income of Social Security disability benefits for System Disability Retirees.

August 1991

Established System governance by Article 6243n of Texas State Law effective August 26, 1991. All changes to the System made by the Texas State Legislature.

Became a member of Proportionate Retirement Program with five other statewide retirement systems. Membership service may be combined with other participating systems for meeting service requirements for retirement eligibility.

July 1993

Increased multiplier from 2.1% to 2.2%, with commensurate increase for members retired before December 1, 1989.

Established a provision for unreduced retirement benefits for Members at any age with 25 years of service.

Allowed purchases for up to 24 months of former active duty U.S. military service.

October 1995

Increased multiplier from 2.2% to 2.3%, with commensurate increase for previous Retirees.

Established that new City of Austin employees hired after October 1, 1995 become Members of COAERS at date of employment. Current employees as of October 1, 1995 are given retirement service credit for up to one six-month probationary period at time of retirement.

Change in composition of Board of Trustees; Director of Finance Designee replaced with additional Retired Member Trustee to be elected by Retired Members.

Increased death benefit for Retirees from $2,000 to $10,000.

October 1997

Increased multiplier from 2.3% to 2.6%, with commensurate increase for previous Retirees.

Established a provision for unreduced retirement benefits for Members at age 55 with 20 years of service.

Increased purchases of former active duty U.S. military service from 24 to 48 months.

Allowed new purchase option of Creditable Service for non-contributory time including time while on workers' compensation, leaves of absence, part-time and temporary service.

Allowed for the City of Austin to purchase service credit for Members in order to qualify an employee for unreduced retirement benefit at age 55.

October 1999

Increased multiplier from 2.6% to 2.7%, with commensurate increase for previous Retirees.

Increased Member contribution rate from 7.0% to 8.0% following vote by Active Members.

Established a provision for unreduced retirement benefits for Members at any age with 23 years of service.

Set new limits on Retirees returning to work for the City.

Added “pop-up” benefit for Retirees choosing Options I, II, or III (Joint and Survivor Annuities) to increase Retiree benefits if the survivor beneficiary predeceased the Retiree on, or after, October 1, 1999.

Granted Board authority to authorize certain benefit improvements subject to statutory guidelines.

Gave Board the ability to grant an additional payment to Members receiving monthly annuity payments in the form of an additional lump-sum benefit payment. The additional payment would be a percentage of the current monthly payment with a maximum percentage of 100%.

Established a provision for disability retirement benefits for off-the-job injury/illness after five years Creditable Service (previously 10 years).

Removed limitations on employer purchases of Creditable Service for a Member.

January 2000

Established Restoration of Retirement Income Plan to restore retirement income otherwise limited by Section 415 of the Internal Revenue Code.

April 2000

Increased multiplier from 2.7% to 2.98%, with commensurate increase for previous Retirees.

Increased employer contribution rate from 7.0% to 8.0%, matching Member contribution rate.

July 2000

Extended “pop-up” benefit to Retirees who selected the actuarial equivalent of Life Annuity option with underlying options of I, II, or III.

January 2002

Increased multiplier from 2.98% to 3.0%, with commensurate increase for previous Retirees.

Established a provision for purchases of Permissive Time to Active/Inactive Vested Members, based on EGTRRA federal law with a minimum purchase of one month and a maximum of 60 months (five years) or the number of months needed to reach first eligibility for retirement, whichever is less.

Amended Proportionate Retirement Program provided by Texas Government Code 803 to allow former members of participating proportionate systems to re-establish Creditable Service previously forfeited in that system without returning to membership in that system.

April 2002

Established Sick Leave Conversion benefit. Allows Members to convert sick leave balances to Creditable Service at time of retirement with purchase paid by Member and City of Austin.

Established Backward DROP (Deferred Retirement Option Program) benefit up to five years for Members working beyond retirement eligibility.

January 2003

Extended “pop-up” benefit to any Joint and Survivor option other than Joint and Last Survivor.

Amended Permissive Time resolution removing provision which restricted Members from purchasing Permissive Time in excess of the amount needed to reach first eligibility for retirement.

May 2005

City Council adopted a Supplemental Funding Plan providing additional City contributions in Resolution No. 20050512-045. The Plan is structured to increase City contributions to achieve a 30-year amortization period as follows: 1% in fiscal year 2007, 2% in fiscal year 2008, 3% in fiscal year 2009, and 4% in fiscal year 2010 and thereafter, if necessary. If, during any calendar year, COAERS earns greater than a 12% time weighted rate of return net of fees, the increase is delayed one budget cycle. Any future benefit enhancements or cost of living adjustments require a recommendation from the City Manager and approval by the City Council. In addition, if the CPI index exceeds 3.0% in any calendar year, an actuarial study is to be performed to determine the additional subsidy needed if a cost of living adjustment were to be provided.

October 2006

City Council adopted a budget including a Supplement Funding Plan contribution subsidy of 1% for fiscal year 2007.

September 2007

Established a limited proportionate service arrangement exclusively for those individuals who have membership in COAERS and a retirement system within the Travis County Healthcare District (District) organization. This arrangement, effective with employees transitioning into the District effective March 1, 2009, is similar to the general proportionate program except that it applies only between these two retirement systems.

October 2007

Scheduled increase in City Supplemental Funding Plan contribution subsidy postponed because of time-weighted rates of investment returns (net of fees) exceeding 12%.

October 2008

City Council adopted a budget including a Supplement Funding Plan contribution subsidy of 2% for fiscal year 2009.

March 2009

City of Austin Police Retirement System joins the Proportional Retirement Program.

October 2009

City Council adopts a budget increasing Supplemental Funding Plan City contributions from 2% to 4% for fiscal year 2010.

September 2010

City Council approves an Amended Supplemental Funding Plan establishing the City's total employer contribution to the System as follows:

- 14% of compensation effective October 1, 2010 for fiscal year 2010-11.
- 16% of compensation effective October 1, 2011 for fiscal year 2011-12; and
- 18% of compensation effective October 1, 2012 for fiscal year 2012-13, and each fiscal year thereafter.

The City's total employer contribution levels remain in effect until the Amended Supplemental Funding Plan is amended or repealed.

The Amended Supplemental Funding Plan also requires any future benefit enhancements or cost of living adjustments otherwise permitted under the System's governing documents to be recommended by the City Manager and approved by the City Council. Finally, the Amended Supplemental Funding Plan stated that it was the City and the System's intention to seek legislative amendments to state law to improve the overall financial condition of the System by establishing reasonable but different benefit levels for employees of the City who became members of the System on or after January 1, 2012.

March 2011

The Board, through policy, increased the waiting period for certain retirees returning to work from 60 to 90 days.

June 2011

Article 6243n was amended establishing a new benefit tier for employees hired on and after January 1, 2012. The following provisions apply to those employees:

- Normal retirement eligibility at age 65 with 5 years of service credit; or at age 62 with 30 years of service credit;
- Early reduced retirement eligibility at age 55 with 10 years of service credit;
- An annuity formula multiplier of 2.5%; and

- The purchase of nonqualified permissive service (supplementary service credit) for annuity calculations only and not for eligibility purposes.

Unrelated to the new benefit tier, Article 6243n was amended to revise the rules for retirees returning to work. The revised rules require the Board to suspend the retirement allowance of a retired member who resumes employment with an employer in a position that is not required to participate in another retirement system maintained by an employer, and who is not a regular full-time employee of an employer, if the member works for, or is compensated by, an employer for more than 1,508 hours in any rolling 12-month period after the member resumes employment with the employer.

November 2014

The Board implemented a Funding Policy which established certain actuarial methods for funding and created long-term funding goals to ensure that COAERS is well funded into the future and to specify under what conditions future benefit enhancements would be considered.

September 2020

The Board revised its Funding Policy adding a 25-year closed period as the benchmark funding period and established criteria to modify existing benefit and contribution policies based upon the funding period.

January 2021

With the implementation of new actuarial assumptions, the Board added a 200-basis point premium on service purchases made at actuarial cost (supplementary, military, and noncontributory) effective January 1, 2021.

The City of Austin increased its employer contribution to 19% of base compensation.

May 2023

Senate Bill 1444 is enacted on May 29, 2023 amending Article 6243n. The legislation implemented key provisions for funding, contributions, benefits, and governance. The changes included the following:

- Moving to a flexible actuarially determined employer contribution rate;
- Implementing a fixed payment schedule for the City of Austin to pay off the Unfunded Actuarial Accrued Liability, or “legacy liability,” within a 30-year period;
- Increasing employee contributions to 9% in 2024 and 10% in 2025;
- Requiring non-contributory, military, and supplementary service purchases to be made only at retirement;
- Altering the City’s payment method for unused sick leave conversions;
- Converting one elected active member COAERS Board position to the City of Austin’s CFO or designee; and
- Requiring legislation to allow future cost-of-living adjustments.

December 2023

Members who made a written election prior to December 31, 2023, were given a limited time to make a supplementary service purchase prior to retirement. Members making a timely election have the right to make supplementary service purchases up to the maximum allowed by the plan as of the earlier of December 31, 2028 or the member’s actual retirement date whichever occurs first.

January 2024

January 1, 2024 was the effective date for the implementation of certain provisions of Senate Bill 1444 including employee contribution increases; service purchase changes, and the beginning of legacy liability payments.

Year	Employer Contribution Rate	Member Contribution Rate	Interest Paid on Member Deposits	Benefits Multiplier	Cost of Living Adjustment
1941	4.00%	4.00%	-	N/A	-
1942	"	"	-	"	-
1943	"	"	-	"	-
1944	"	"	-	"	-
1945	"	"	2.00%	"	-
1946	"	"	2.00%	"	-
1947	"	"	2.00%	"	-
1948	"	"	2.00%	"	-
1949	"	"	2.00%	"	-
1950	"	"	2.00%	"	-
1951	5.00%	5.00%	2.00%	"	-
1952	"	"	2.00%	"	-
1953	"	"	1.91%	"	-
1954	"	"	2.46%	"	-
1955	"	"	2.52%	"	-
1956	"	"	2.60%	"	-
1957	"	"	2.00%	"	-
1958	"	"	2.62%	"	-
1959	"	"	2.79%	"	-
1960	"	"	3.27%	"	-
1961	"	"	2.77%	"	-
1962	"	"	3.65%	1.125%	-
1963	"	"	3.76%	"	-
1964	"	"	3.31%	"	-
1965	"	"	3.25%	"	-
1966	"	"	3.56%	"	-
1967	"	"	3.68%	1.25%	-
1968	"	"	4.25%	"	-
1969	"	"	4.66%	"	0.50% [a]
1970	"	"	4.98%	"	1.50%
1971	6.00%	6.00%	5.43%	1.50%	2.00%
1972	"	"	6.04%	"	3.00%
1973	"	"	6.22%	1.75%	3.00%
1974	"	"	6.33%	"	3.00%
1975	"	"	6.82%	"	3.00%
1976	"	"	6.94%	"	3.00%
1977	"	"	6.51%	"	3.00%
1978	"	"	6.66%	"	3.00%
1979	"	"	7.84%	"	3.00%
1980	"	"	8.01%	"	3.00%
1981	6.00%	6.00%	8.14%	"	3.00%
1982	6.60%	6.60%	8.21%	"	3.00%
1983	"	"	8.39%	"	3.00%

Year	Employer Contribution Rate	Member Contribution Rate	Interest Paid on Member Deposits	Benefits Multiplier	Cost of Living Adjustment
1984	7.00%	7.00%	8.29%	1.85%	3.00%
1985	"	"	8.22%	2.00%	3.00%
1986	"	"	8.00%	"	3.00%
1987	6.20%	6.20%	8.00%	"	1.50%
1988	7.00%	7.00%	8.00%	"	3.00%
1989	"	"	8.00%	"	3.00%
1990	"	"	8.00%	2.10%	3.00%
1991	"	"	6.50%	"	3.00%
1992	"	"	6.00%	"	4.00%
1993	"	"	5.00%	2.20%	3.10%
1994	"	"	6.00%	"	6.00%
1995	"	"	6.75%	2.30%	6.00%
1996	"	"	6.75%	"	6.00%
1997	"	"	6.75%	2.60%	6.00%
1998	"	"	5.00%	"	5.00%
1999	"	8.00%	6.25%	2.70%	3.00%
2000	8.00%	"	5.75%	2.98%	0.00%
2001	"	"	4.25%	“	3.50%
2002	"	"	3.75%	3.00%	2.50%
2003	"	"	3.75%	"	0.00%
2004	"	"	3.75%	"	0.00%
2005	"	"	4.50%	"	0.00%
2006	9.00% [b]	"	4.50%	"	0.00%
2007	"	"	4.50%	"	0.00%
2008	10.00% [b]	"	4.00%	"	0.00%
2009	12.00% [b]	"	3.25%	"	0.00%
2010	12.00% [c]	"	2.75%	"	0.00%
2011	14.00% [c]	"	2.25%	3.00%/2.50% [d]	0.00%
2012	16.00% [c]	"	1.85%	"	0.00%
2013	18.00% [c]	"	2.17%	"	0.00%
2014	"	"	2.63%	"	0.00%
2015	"	"	2.14%	“	0.00%
2016	"	"	1.83%	"	0.00%
2017	"	"	2.32%	"	0.00%
2018	"	"	2.81%	"	0.00%
2019	"	"	2.32%	"	0.00%
2020	"	"	1.04%	"	0.00%
2021	19.00% [e]	"	1.35%	"	0.00%
2022	"	"	2.58%	"	0.00%
2023	"	"	3.87%	"	0.00%

a In 1969, the adjustment was 1.5% prorated for 4 months, 4/12 x 1.5% or .05%.
b Includes City of Austin subsidy payment, effective at beginning of their fiscal year, October 1, pursuant to Supplemental Funding Plan.
c Increased to 14.00% effective October 1, 2010; increased to 16.00% effective October 1, 2011; increased to 18.00% effective October 1, 2012, and thereafter; pursuant to Amended Supplemental Funding Plan.
d The multiplier was set at 2.50% for those hired on and after January 1, 2012. The multiplier remained at 3.00% for those hired before January 1, 2012.
e The City of Austin budgeted a 19% employer contribution for fiscal years 2021, 2022, and 2023.

Notes: *The System was a money purchase plan until 1962 when a formula for computing benefits was introduced with a multiplier of 1.125%. Special adjustments based on years of retirement granted by the City Council in 1985 and 1990 are not reflected in the table.*

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