

City of Austin, Texas

Results of the Audits

As of April 23, 2026

Meeting Date: May 20, 2026

Tracey Guidry Cooley, Managing Director

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April 23, 2026

Audit and Finance Committee of the City of Austin
301 W. Second Street
Austin, Texas, 78701

Dear Audit and Finance Committee:

We have performed an audit of the financial statements of the City of Austin, Texas (the "City") as of and for the year ended September 30, 2025 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and have issued our reports thereon dated March 6, 2026. We previously communicated the results of the audit in your meeting on April 15, 2026. This is a continuation of our communications on the results of our audits and is intended to cover the results of the Federal and State Single Audits and the Passenger Facility Charges compliance audit.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the City is responsible.

This report is intended solely for the information and use of management, the Audit and Finance Committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve the City and hope the accompanying information will be useful to you.

Yours truly,

A handwritten signature in black ink that reads "Deloitte & Touche LLP".

cc: The Management of the City of Austin, Texas

Single Audit Report –Federal and State Programs

Federal Programs

- \$147,075,964 in Federal Program Expenditures During FY25
- Major Programs Selected For Testing During FY25:

ALN #	Title	FY 2025 Expenditures
10.557	Women/Infants/Children	\$7,768,566
12.U00	Waterloo Greenway-Design and Construction Assistance	\$3,526,051
14.239	Home Grant	\$6,000,600
14.241	Housing Opportunity Persons W/Aids (HOPWA)	\$3,475,672
15.916	Outdoor Recreation Legacy Partnership	\$2,248,314
20.106	ABIA FAA Airport Improvement Program	\$31,452,762
93.686	Ending the HIV Epidemic: A Plan for America – Ryan White HIV/AIDS	\$3,456,453
93.967	Public Health Infrastructure	\$2,596,684

Single Audit Report –Federal and State Programs (continued)

State Programs

- \$4,304,341 in State Program Expenditures During FY25
- Major Programs Selected For Testing During FY25:

Contract #	Title	FY 2025 Expenditures
HHS000841700001, HHS000841700002	Community Youth Development	\$464,065
608-24-2270100, 608-25-2270100, 608-26-2270100	APD Auto Burglary and Theft Interdiction Project	\$523,458

Single Audit Report - Significant Deficiencies

Single Audit Report –Federal Programs

- Report on compliance with requirements that could have a direct and material effect on each major federal program and on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Significant deficiencies reported for the following programs:
 - **93.686 Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS (“Ryan White”)** – required reports related to subrecipient funding under the Federal Funding Accountability and Transparency Act (FFATA) were not appropriately filed
 - **20.106 Airport Improvement Program** – required performance reports and construction progress/inspection reports were not appropriately filed with the grantor
 - **14.241 Housing Opportunities for Persons with AIDS (HOPWA) and Ryan White** - lack of robust subrecipient monitoring related to reviewing single audit reports of the subrecipients to follow up on any findings and to ensure the subrecipients are including the City’s pass-through grants as part of the subrecipients’ single audits

Single Audit Report - Significant Deficiencies

Single Audit Report –State Programs

- Report on compliance with requirements that could have a direct and material effect on each major state program and on internal control over compliance in accordance with the Texas Grant Management Standards (TxGMS). A significant deficiency was reported for the following program:
 - **Texas Department of Family and Protective Services – Community Youth Development Program** - Students who did not meet the eligibility criteria were enrolled in the program for several months before being identified as ineligible and subsequently discharged. Additionally, enrollment forms were not consistently completed in accordance with requirements as evidenced by missing reviewer approvals and incomplete student identification information.

The definitions of a deficiency, a material weakness, and a significant deficiency related to internal controls over compliance are also set forth in Appendix A.

Passenger Facility Charges - Compliance Audit

We concluded this audit on April 17, 2026.

Our responsibility was to audit the City's compliance with the types of compliance requirements identified as subject to audit in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on its passenger facility charge program.

The Schedule of Revenues and Expenditures of Passenger Facility Charges, considered supplementary information, for the year ended September 30, 2025, is presented in this PFC reporting package for purposes of additional analysis as required by the Guide and is not a required part of the City's 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures of passenger facility charges collected and expended is fairly stated in all material respects in relation to the financial statements as a whole.

Appendix A – Control-Related Matters – Definitions

Definitions

The definitions of a deficiency in internal control over compliance, material weakness in internal control over compliance, and significant deficiency in internal control over compliance are as follows:

Deficiency in internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

Material weakness in internal control over compliance

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Significant deficiency in internal control over compliance

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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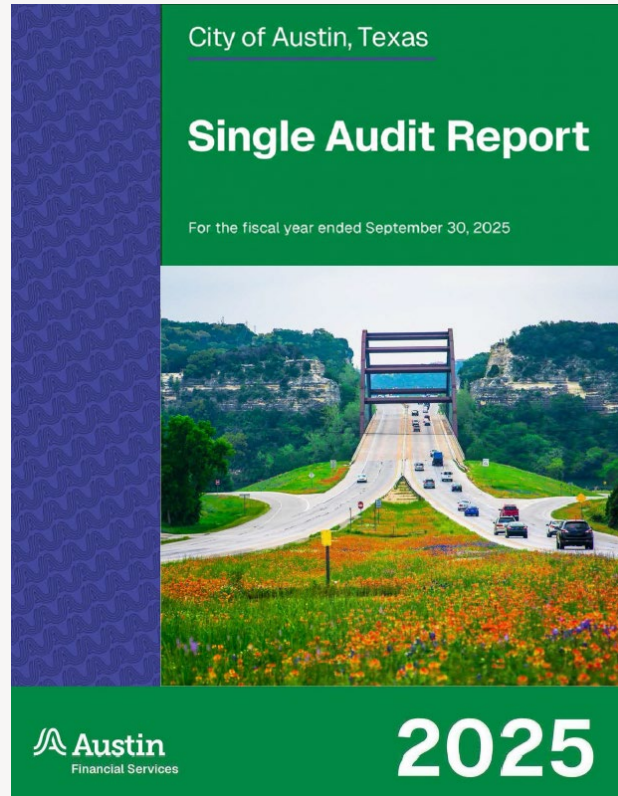
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City of Austin Single Audit Presentation

Austin Financial Services | May 20, 2026

Single Audit



- Covers the City’s compliance with federal and state grant requirements.
- Issued April 23, 2026.
- Link:
<https://austin.widen.net/s/xjwxrvkjqx/fy25-single-audit-report>

Findings & Management Responses

Finding 2025-002: 93.686 Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS (“Ryan White”)



Finding – Required reports related to subrecipient funding under the Federal Funding Accountability and Transparency Act (FFATA) were not appropriately filed.

Management Response – Contact Person – Adrienne Stirrup, Director, Austin Public Health.

Concur. Management has taken the following steps to address this finding:

1. Submission Completed: The required FFATA subaward has since been submitted to Sam.gov as of March 3, 2026.
2. Process Improvement: Austin Public Health has established/updated procedures for FFATA reporting, including a clearly assigned responsibility to the appropriate staff for monitoring and submitting grant-required reports.
3. Internal Control: APH will be adding more staff to the authorized list, which now includes the program's Financial Analyst. This analyst will be able to submit and upload documentation to SAM.gov. He/she will also coordinate with the Admin Support Finance team to ensure the accuracy of FFATA information before uploading any documents.

Estimated Completion: June 30, 2026.



Finding 2025-003: 20.106 Airport Improvement Program

Finding – Required performance reports and construction progress/inspection reports were not appropriately filed with the grantor.

Management Response – Contact Person – Lyn Estabrook, Deputy Chief, Airport.

Concur. The Aviation Department has completed a thorough internal review of its FAA Airport Improvement Program (AIP) and other FAA grant reporting practices in response to the audit’s draft finding. This evaluation saw gaps in documentation and deadline management that contributed to delays and inconsistencies in required FAA performance reporting. While project updates were regularly communicated during monthly ADO coordination meetings and with Airport program wide written monthly reports these updates did not meet the FAA’s formal submission requirement for their written performance reports within 30 days of the close of each reporting period.

To address these issues comprehensively and sustainably, the Department has already implemented significant process improvements, including the assignment of a dedicated Project Coordinator, formalization of reporting workflows, and establishment of a centralized reporting repository. The Division has also issued a fully documented FAA Grant Reporting Procedure and implemented annual mandatory training to ensure staff knowledge, consistency, and long-term compliance. These corrective actions are designed to prevent recurrence, enhance accountability, and ensure all future performance reports are completed, submitted, and documented in accordance with FAA requirements.

Estimated Completion: June 30, 2026.

Finding 2025-004: 14.241 Housing Opportunities for Persons with AIDS (HOPWA) and Ryan White



Finding – Lack of robust subrecipient monitoring related to reviewing single audit reports of the subrecipients to follow up on any findings and to ensure the subrecipients are including the City’s pass-through grants as part of the subrecipients’ single audits.

Management Response – Contact Person – Adrienne Stirrup, Director, Austin Public Health.

Concur. Management has taken the following steps to address this finding:

1. Process Improvement:

- Reviewing the interlocal agreement to update language for greater clarity on requirements.
- Mapping the process for requesting, receiving and requiring financial audits and single audits.
- Identifying the appropriate party to review and follow-up on areas of concern identified in Single Audits.

2. Internal Control: Periodic supervisory verification that audits are obtained and reviewed.

3. Additional Training:

- After mapping out the process for tracking and requiring financial and single audits, training will be provided to staff and vendors.
- If department staff will be reviewing and following-up on financial and single audits, appropriate level of staff and aligned trainings will be identified and provided.

Estimated Completion: June 30, 2026.

Finding 2025-005: Texas Department of Family and Protective Services – Community Youth Development Program



Finding – Required performance reports and construction progress/inspection reports were not appropriately filed with the grantor.

Management Response – Contact Person – Adrienne Stirrup, Director, Austin Public Health.

Concur. Management will take the following steps to address this finding:

1. Process Improvement:

- Develop random monthly checks of a sample of newly registered client files entered into the state database and ensure that data from the assigned Service Providers are entered timely and accurately.
- The Program Supervisor will develop and implement a standardized checklist/ procedure to ensure file organization and documentation are accurate and consistent.
- The Program Manager and Supervisor will develop and implement a Standard Operating Procedure (SOP) outlining step-by-step processes for participant eligibility verification, data entry, and file management. The SOP and checklist will be incorporated into staff onboarding and ongoing staff training.

2. Internal Control:

- Implementation of a standardized Client File Checklist to verify that all required documentation is complete prior to final enrollment (e.g., eligibility documentation, enrollment forms, pre/post assessments, and sign-in sheets).
- Establishment of a pre-entry verification step, requiring staff to confirm eligibility and all required documentation before data entry into the state database.
- Quarterly review of files (both physical and electronic) to ensure they are consistently labeled, organized alphabetically, and securely maintained.
- Continue management’s annual year-end review of 100% of files and the state database for accuracy.
- Quarterly review of training documentation to ensure all staff are trained.
- Clear assignment of roles and accountability for data entry, review, and approval to ensure separation of duties and reduce risk of error.

Estimated Completion: June 30, 2026.