

# Fort Worth Transportation Authority

Financial Report  
September 30, 2024



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## Independent Auditor's Report

The Board of Directors of the  
Fort Worth Transportation Authority

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying statements of net position of the Fort Worth Transportation Authority (Authority) as of September 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of September 30, 2024, and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Board of Directors of the  
Fort Worth Transportation Authority

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Revenues and Expenses – Budget and Actual and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Schedule of Revenues and Expenses – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Schedule of Expenditures of Federal Awards and the Schedule of Revenues and Expenses – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
February 18, 2025

## Management's Discussion and Analysis

The Fort Worth Transportation Authority (the Authority) management prepared this narrative overview and analysis of its financial activities for the fiscal year ended September 30, 2024. The information presented herein should be read in conjunction with the accompanying financial statements and notes to the financial statements.

### Financial Highlights

At September 30, 2024, the Authority's assets exceeded its liabilities and deferred inflows of resources by \$1,127,101,748. Of this amount, \$38,183,637 is unrestricted and may be used to meet the Authority's ongoing obligations in accordance with its fiscal policies. Unrestricted net position was approximately 25% of the fiscal 2024 operating expenses before depreciation and amortization.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which are comprised of two components: fund financial statements and the accompanying notes. In addition to the financial statements, this report also contains other supplementary information. The Authority's activities are accounted for in a single enterprise fund; therefore, government-wide financial statements are not presented. Enterprise funds are generally used to report business-type activities of governmental entities.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information on the Authority's business activities during the year. The notes to the financial statements provide additional information that is essential to fully understand the data provided in the financial statements.

### Financial Analysis of the Authority's Net Assets

The Authority's total assets of \$1,196,876,144 at September 30, 2024 represented a decrease of \$2,952,819 or 0% from September 30, 2023. Capital assets, which includes land and construction in progress, at September 30, 2024 were \$1,099,243,782, representing an increase of \$15,244,776 or approximately 1% from September 30, 2023.

The Authority's total liabilities of \$45,266,985 at September 30, 2024 represented an increase of \$15,253,678 or 51% from September 30, 2023. Total current and non-current portions of long-term liabilities were \$4,396,532 at September 30, 2024, a decrease of \$695,578 or 14% from September 30, 2023. This decrease is due to regularly scheduled debt payments.

Total current liabilities increased by \$16,001,114 or 62%, primarily due to an increase in accounts payable.

Total deferred inflows of resources of \$24,507,411 at September 30, 2024 represented an increase of \$4,788,652 or 24%.

The Authority's net position decreased in fiscal 2024 by \$22,995,149 or 2%. The decrease in the change in net position of \$39,674,765 as compared to change in net position for fiscal 2023 of \$16,679,616 is primarily due to the following:

- A decrease in operating assistance grants of \$28,491,954;
- A decrease in fare revenue of \$133,167;
- An increase in grants for capital improvements of \$14,552,321;
- Preventative maintenance reimbursements of \$2,525, which is a decrease of \$18,801,782;
- An increase in purchased transportation expenses of \$7,841,856;
- An increase in salaries, wages and fringe benefits of \$5,703,535;
- An increase in security, maintenance and other professional services expenses of \$1,676,257;
- An increase in sales tax revenue of \$4,756,468;
- An increase in contributions from partners of \$1,032,367;
- An increase in investment income of \$672,077.

A detailed discussion of these changes is provided below in the Analysis of the Authority's Statement of Revenues, Expense and Changes in Net Position section of this document.

Condensed Summary of Assets, Liabilities, Deferred Inflows of Resources and Net Position

	<u>2024</u>	<u>2023</u>
Current assets	\$ 81,097,232	\$ 98,916,882
Non-current assets	<u>1,115,778,912</u>	<u>1,100,912,081</u>
Total assets	1,196,876,144	1,199,828,963
Current liabilities	41,665,431	25,664,317
Long-term liabilities	<u>3,601,554</u>	<u>4,348,990</u>
Total liabilities	45,266,985	30,013,307
Deferred inflows of resources	24,507,411	19,718,759
Net position		
Net investment in capital assets	1,086,918,111	1,081,903,324
Restricted	2,000,000	2,000,000
Unrestricted	<u>38,183,637</u>	<u>66,193,573</u>
<b>Total net position</b>	<b><u>\$ 1,127,101,748</u></b>	<b><u>\$ 1,150,096,897</u></b>

**Analysis of the Authority's Statements of Revenues, Expenses and Changes in Net Position**

Operating revenues for fiscal 2024 decreased by \$145,471 or 2%. Fare revenue stayed flat with a decrease of \$133,167 or 2%.

Operating expenses before depreciation increased \$14,457,355 or 11% in fiscal 2024 as compared to fiscal 2023. This increase in operating expenses is primarily due to the following:

- Salaries, wages and fringe benefits increased by \$5,703,535 or 11%;
- Purchased transportation increased by \$7,841,856 or 16%;
- An increase in professional services expenses of \$1,676,257 or 9%;

Non-operating revenue decreased by \$39,670,862 or 22% in fiscal 2024 as compared to fiscal 2023. This increase is primarily due to the following:

- An increase in sales tax revenue of \$4,756,468 or 4%;
- An increase in contributions from partners of \$1,032,367 or 7%;
- A decrease in operating assistance grants of \$28,491,954;
- A decrease in preventative maintenance reimbursements of \$18,801,782;
- An increase in investment income of \$672,077;
- An increase in other non-departmental revenue of \$321,265.

#### Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating revenue		
Fare revenue	\$ 7,609,386	\$ 7,742,553
Advertising	595,029	588,391
Other	785,814	804,756
Operating revenue	<u>8,990,229</u>	<u>9,135,700</u>
Operating expenses	<u>197,325,153</u>	<u>182,914,400</u>
Operating loss	(188,334,924)	(173,778,700)
Nonoperating revenue		
Sales Tax	115,049,958	110,293,490
Operating assistance grants	5,627,286	34,119,240
Preventive maintenance reimbursement	2,525	18,804,307
Para-transit assistance	622,647	-
Contributions from partners	16,273,490	15,241,123
Other non-operating revenue	3,325,483	2,980,587
Other non-departmental revenues	<u>1,231,302</u>	<u>364,806</u>
Net non-operating revenue	142,132,691	181,803,553
Grants for Capital Improvements	<u>23,207,084</u>	<u>8,654,763</u>
Change in net position	(22,995,149)	16,679,616
Net position, beginning of year	<u>1,150,096,897</u>	<u>1,133,417,281</u>
<b>Net position, end of year</b>	<u><u>\$ 1,127,101,748</u></u>	<u><u>\$ 1,150,096,897</u></u>



**Capital Assets**

During fiscal 2024, the Authority's net investment in capital assets increased by \$5,014,787. The Authority added \$62,152,706 in acquisitions and construction of capital assets, \$36,424,983 or 164% more than in fiscal 2023. Some of the more significant capital expenditures include:

- Commuter rail capital improvements including:
  - TRE capital maintenance of \$3,098,725;
  - TEXRail Southside extension of \$2,281,947;
  - Trinity Lakes Station Project of \$8,307,557; and
  
- Fixed route bus service and para-transit service improvements including:
  - Upgrade security cameras on entire fleet of \$5,031,428;
  - IT Improvements of \$312,683;
  - Facilities improvements of \$1,349,568.

Depreciation and amortization expense for fiscal 2024 was \$47,285,875. The following is a summary of the Authority's capital assets:

	2024	2023
Land	\$ 157,201,457	\$ 157,201,457
Buildings, net	91,365,659	91,326,797
Building improvements, net	6,257,580	7,195,177
Machinery and equipment, net	68,319,964	73,925,161
Rolling stock, net	133,657,672	141,996,316
Improvements other than buildings, net	544,686,639	566,934,328
Construction in progress	97,754,811	45,419,770
	\$ 1,099,243,782	\$ 1,083,999,006

**Debt Administration**

**Due to the City of Grapevine**

During the year ended September 30, 2018, the Authority and the City of Grapevine agreed upon a one-time payment of \$15,000,000 and annual payments of \$250,000 over 20 years to share in the construction cost of TEXRail station enhancements. The annual payments will be made through a reduction in the monthly sales tax remittances to the Authority.

The Authority has calculated and recorded the present value of the payments, noted above, as a long-term liability, using a 2.5% discount rate, consistent with other borrowings of the Authority. Annual payments will consist of a reduction of the principal balance as well as recognition of the imputed interest for the period.

## **Economic Factors and Next Year's Budget**

The operating budget for fiscal 2025 continues to recognize the importance of efficient service that meets the needs of our customers and community. Sales tax revenues increased in fiscal 2024, increasing approximately \$4.8 million or 4% compared to fiscal 2023 receipts. Sales tax revenues for fiscal 2025 are budgeted at \$119 million, an increase of approximately \$3.4 million or 2.9% as compared to fiscal 2024 actual revenue of \$115.1 million.

According to the Department of Labor, the unemployment rate for Tarrant County for September 2024 was 4%. This is an increase of 0.2% over September 2023, which had a rate of 3.8%. The Fort Worth/Arlington region is 0.1% lower compared to the national unemployment rate of 4.1% in September 2024. Fort Worth, which is the Authority's largest member city, continues to experience population growth. According to the North Central Texas Council of Governments, Fort Worth's estimated population for 2024 was 996,756, which was a 2.2% increase compared to the 2023 estimate population of 974,846.

The adopted fiscal 2025 operating budget meets key financial standards established by the Authority's Board of Directors to ensure a sound financial future. The fiscal 2025 budgeted operating expenses before depreciation totaled approximately \$163.8 million dollars, an increase of approximately \$15.6 million or 10.5% over actual fiscal 2024 total expenses before depreciation of \$148.2 million.

This budgeted increase in operating costs is primarily due to the following:

- A budgeted increase in salaries, wages and fringe benefits of \$5.1 million or 8.9%, as compared to fiscal 2024 actual results due to budgeted salary increases of 3%, bargaining unit contract increases and new positions.
- A budgeted increase in purchased transportation expenses, of approximately \$8.8 million or 15.8%, as compared to fiscal 2024 actual results due to a 3% contract rate increase for rail services, and expansions in the ON-DEMAND service areas.
- A budgeted increase in Professional Services and Insurance expenses of approximately \$1.9 million or 7.8%, as compared to fiscal 2024 actual results due to increasing contract and insurance rates.

The Authority enters fiscal 2025 recognizing the importance of efficient public transportation services that meets the needs of our customers and the community. As always, our number one goal continues to be focusing on increasing system wide ridership, balancing the demands of existing public transportation modes, while making certain that funds are available in the future to operate and maintain new and innovative modes of service.

## **Requests for Information**

The financial report is designed to provide the citizens of our member cities, customers and other interested parties with a general overview of our finances. If you have any questions regarding this report or need any additional information, contact the Chief Financial Officer at 801 Grove St, Fort Worth, Texas 76102 or by e-mail at [tmweb@ridetm.org](mailto:tmweb@ridetm.org).

# Financial Statements

# Fort Worth Transportation Authority

## Statements of Net Position September 30, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Board reserves	\$ 9,322,802	\$ 7,116,932
Restricted for rail vehicles	710,471	668,551
Unrestricted	27,673,845	31,164,965
Total cash and cash equivalents	37,707,118	38,950,448
Receivables, net	33,853,142	48,901,005
Inventory	9,141,097	8,685,885
Prepaid expenses	395,875	2,379,544
Total current assets	81,097,232	98,916,882
<b>LONG-TERM ASSETS</b>		
Right to use asset, net	16,535,130	16,913,075
Land and construction in progress	254,956,268	202,621,227
Other capital assets, net of accumulated depreciation	844,287,514	881,377,779
Total long-term assets	1,115,778,912	1,100,912,081
Total assets	1,196,876,144	1,199,828,963
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	33,335,387	17,444,787
Accrued payroll and payroll related taxes	2,217,512	2,881,127
Other accrued liabilities	3,972,658	3,308,514
Current portion of due to municipality	176,932	172,616
Current portion of due to state	618,046	570,504
Unearned revenue	1,344,896	1,286,769
Total current liabilities	41,665,431	25,664,317
<b>LONG-TERM LIABILITIES</b>		
Due to state, net of current portion	855,758	1,426,262
Due to municipality, net of current portion	2,745,796	2,922,728
Total long-term liabilities	3,601,554	4,348,990
Total liabilities	45,266,985	30,013,307
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources	24,507,411	19,718,759
Total deferred inflows of resources	24,507,411	19,718,759
<b>NET POSITION</b>		
Net investment in capital assets	1,086,918,111	1,081,903,324
Restricted	2,000,000	2,000,000
Unrestricted	38,183,637	66,193,573
<b>TOTAL NET POSITION</b>	<b>\$ 1,127,101,748</b>	<b>\$ 1,150,096,897</b>

The Notes to Financial Statements are an integral part of these statements.

**Fort Worth Transportation Authority**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended September 30, 2024 and 2023**

	2024	2023
<b>OPERATING REVENUES</b>		
Fare revenue	\$ 7,609,386	\$ 7,742,553
Advertising	595,029	588,391
Other	785,814	804,756
Total operating revenues	8,990,229	9,135,700
<b>OPERATING EXPENSES</b>		
Salaries, wages and fringe benefits	59,403,137	53,699,602
Professional services	19,555,273	17,879,016
Purchased transportation	55,817,152	47,975,296
Fuels and lubricants	1,288,364	1,759,178
Tires and tubes	485,650	464,711
Maintenance materials	3,860,962	4,386,041
Supplies and materials	1,913,636	970,901
Utilities	2,151,994	1,646,448
Casualty and liability insurance	4,876,303	5,580,398
Interest expense	77,384	81,594
Other	609,423	1,138,738
Depreciation and amortization	47,285,875	47,332,477
Total operating expenses	197,325,153	182,914,400
Operating loss	(188,334,924)	(173,778,700)
<b>NON-OPERATING REVENUES</b>		
Sales tax	115,049,958	110,293,490
Operating assistance grants	5,627,286	34,119,240
Preventative maintenance reimbursement	2,525	18,804,307
Para Transit Assistance	622,647	-
Contributions from partners	16,273,490	15,241,123
Rental income	634,003	601,764
Investment income	2,607,910	1,935,833
Oil and gas revenue	42,505	133,612
Gain (loss) on disposal of capital assets	41,065	(235,853)
Other non-departmental revenues	1,231,302	910,037
Total non-operating revenue	142,132,691	181,803,553
<b>INCOME (LOSS) BEFORE CAPITAL GRANTS</b>	(46,202,233)	8,024,853
<b>GRANTS FOR CAPITAL IMPROVEMENTS</b>	23,207,084	8,654,763
Change in net position	(22,995,149)	16,679,616
<b>NET POSITION, beginning of year</b>	1,150,096,897	1,133,417,281
<b>NET POSITION, end of year</b>	\$ 1,127,101,748	\$ 1,150,096,897

The Notes to Financial Statements are an integral part of these statements.

**Fort Worth Transportation Authority**  
**Statements of Cash Flows**  
**Years Ended September 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 6,421,538	\$ 6,849,315
Payments to suppliers	(72,552,940)	(83,413,433)
Payments to employees	(60,066,752)	(53,396,876)
Net cash used in operating activities	(126,198,154)	(129,960,994)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Sales tax received	115,549,183	109,564,071
Preventive maintenance reimbursement	2,525	18,804,307
Para-transit assistance	622,647	-
Contributions from partners	16,273,490	14,543,974
Rental income	634,003	601,764
Operating assistance grants	27,591,394	13,090,595
Oil and gas revenue	42,505	133,612
Payment of due to municipality	(172,616)	(168,406)
Proceeds from due to state	(522,962)	1,996,766
Other departmental revenue	1,231,302	910,037
Net cash provided by non-capital financing activities	161,251,471	159,476,720
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Grants for capital improvements	23,207,084	8,654,763
Acquisition and construction of capital assets	(62,152,706)	(25,727,723)
Proceeds from sale of capital improvements and land	41,065	1,319
Net cash used in capital and related financing activities	(38,904,557)	(17,071,641)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	2,607,910	1,935,833
Net cash provided by investing activities	2,607,910	1,935,833
Net change in cash and cash equivalents	(1,243,330)	14,379,918
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	38,950,448	24,570,530
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 37,707,118	\$ 38,950,448

The Notes to Financial Statements are an integral part of these statements.

**Fort Worth Transportation Authority**  
 Statements of Cash Flows – Continued  
 Years Ended September 30, 2024 and 2023

	2024	2023
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (188,334,924)	\$ (173,778,700)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	46,907,930	46,954,530
Amortization expense	377,945	377,946
Change in operating assets and liabilities		
Receivables	(7,415,470)	(1,444,210)
Inventory	(455,212)	(918,965)
Prepaid expenses	1,983,669	1,025,155
Accounts payable	15,890,600	(3,360,440)
Accrued payroll and payroll related taxes	(663,615)	302,726
Other accrued liabilities	664,144	1,723,139
Unearned revenue	58,127	(105,110)
Deferred inflows of resources	4,788,652	(737,065)
Net cash used in operating activities	\$ (126,198,154)	\$ (129,960,994)

# Fort Worth Transportation Authority

## Notes to the Financial Statements

### Years Ended September 30, 2024 and 2023

#### **Note 1. Summary of Significant Accounting Policies**

The Fort Worth Transportation Authority (the Authority) is a local transportation authority of the State of Texas providing public transportation to certain cities in Tarrant County, Texas, created pursuant to Chapter 452 of the Texas Transportation Code, and confirmed by a public referendum on November 8, 1983. Texas state law provides that the control and operation of a regional transportation authority and its property shall be vested in a Board of Directors (the Board) comprised of eleven members. Eight Board of Directors members are appointed by the City of Fort Worth (Fort Worth) City Council and three by the Tarrant County Commissioners' Court. The Board's purpose is to oversee public and general transportation services in the Authority's service area. In November 1983, the voters in the Authority's service area approved a one-quarter of one percent sales tax to fund the Authority's operations. In January 1989, the sales tax was increased to one-half of one percent as permitted by State Law.

The Board adopted resolutions on June 18, 1992, to include the City of Blue Mound (Blue Mound) in the Authority's service area. On May 8, 1992, the citizens of Blue Mound approved referendums authorizing a one-half of one percent sales tax increase. Collection of Blue Mound sales tax began October 1, 1992 and ended in September 2024.

The City of Grapevine voters approved a \$0.01 (one cent) increase in city sales tax on November 6, 2006. A portion of this tax, \$0.0038 (three-eighths of a cent) was dedicated to the construction and operation of commuter rail from Fort Worth, through the City of Grapevine and into Dallas/Fort Worth International airport. On May 30, 2007, the Authority entered into an interlocal agreement with the City of Grapevine to provide this service.

The accounting policies of the Authority, as reflected in the accompanying financial statements as of and for the years ended September 30, 2024 and 2023, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board.

#### **Estimates**

Management uses estimates and assumptions in preparing financial statements in conformity with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used. A summary of the Authority's significant accounting policies applied in the preparation of the accompanying financial statements follows.

#### **Reporting Entity**

The financial statements of the Authority include all activities of the primary government, organizations and functions as required by accounting principles generally accepted in the United States of America.

The Authority has one component unit, Metro Area Transit System, which did not have any activity in the years ended September 30, 2023 or 2024, as the entity was set up primarily to hold a collective bargaining agreement. The Authority does not meet the requirements to be included as a component unit in other governmental entities.



# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2024 and 2023

### Basis of Accounting

The activities of the Authority are similar to those of enterprise funds of local jurisdictions and, therefore, are reported as an enterprise fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of changes in net position, financial position, and cash flow. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

### Cash and Cash Equivalents

The cash, cash equivalents and investment policies of the Authority are governed by state statute. Statutes authorize the Authority to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act. During the years ended September 30, 2024 and 2023, the Authority did not own any type of securities other than those permitted by statute. Provisions of the Authority's cash and investment policies include depositories must be FDIC insured by Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits and repurchase agreements; repurchase agreements are made only through the designated central depository or primary dealers; securities collateralizing repurchase agreements and time deposits are held by independent third-party trustees. Investments are stated at fair value, absent of investment pools. Texpool and LOGIC are recorded at amortized cost, and TexStar is at net asset value (NAV).

### Inventory

Inventory is valued at average cost. Inventory generally consists of expendable supplies and vehicle parts held for consumption and is recorded as an expense when consumed.

### Prepaid Expenses

Prepaid expenses consist of certain payments to vendors reflecting costs applicable to future accounting periods and are recorded as expenses in the related future period.

### Capital Assets

Assets purchased with an original cost of \$5,000 or more which have a useful life of one year or more are capitalized at cost. Donated assets are valued at their estimated acquisition value on the date received. Depreciation is charged as expense over the estimated useful lives of the related assets using the straight-line method. Useful lives of capital assets approximate the following:

Buildings	20-50 years	Rolling stock	
Building improvements	4-10 years	Fixed route vehicles (light duty)	4 years
Machinery and equipment		Fixed route vehicles (medium duty)	7 years
Communications equipment	10 years	Fixed route vehicles (heavy duty)	12 years
Computer equipment	4 years	Commuter rail cars	25 years
Revenue equipment	8-10 years	Improvements other than buildings	
Maintenance equipment	4-10 years	Bus shelters	4 years
		Rail line improvements	25 years

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2024 and 2023

Major improvements to buildings and equipment are capitalized. Normal maintenance and repairs are charged to expense as incurred, and improvements and betterments which extend the useful lives of buildings and improvements are capitalized.

### Right-to-Use Asset

Right-to-use assets are recorded at the present value of the required payments to the municipality using a discount rate and is amortized over the life of the asset.

### Revenues and Expenses

Operating revenues are generated from activities related to providing public transportation services to the Authority's customers. The Authority's operating revenues include primarily passenger fare revenues and advertising revenues. Non-operating revenues are not directly related to the operations of the Authority's transit service. Sales tax revenues, grant revenues, contributions from partners, rental income, oil and gas revenues, and investment income are classified as non-operating revenues.

Operating expenses are incurred for activities related to providing public transportation services to the Authority's customers. Such activities include transportation, maintenance, and general and administration functions. Non-operating expenses include primarily contributions for other public projects. When both restricted and unrestricted resources are available for a specific expenditure, it is management's policy to first use restricted resources.

### Grants and Contributions

Governmental grants (including federal grants in years ended September 30, 2024 and 2023) are made available to the Authority for the acquisition of public transit facilities, buses and other transit equipment, and to subsidize certain operating expenses. Grants are recorded as federal operating and formula assistance in the period in which the assistance expense is incurred, unless grants allow "pre-award" costs. In these instances, the revenues are often recognized in a period subsequent to that of the related expenses.

### Contributions from Partners

Amounts noted as contributions from partners consist primarily of sales tax revenue levied by certain municipalities and paid to the Authority, along with state grant revenue and other local contributions.

### Unearned Revenue

Monthly tickets and passes are sold for bus operations. Unearned transit revenue is an estimate of these unused tickets and passes. As of September 30, 2024 and 2023, unearned transit revenue was \$634,425 and \$618,218, respectively. Unearned revenue also includes grant funds received, but not yet earned of \$710,471 and \$668,551 as of September 30, 2024 and 2023, respectively.

### Deferred Inflows of Resources

Deferred inflows of resources consist of amounts received in advance of earning period related to right-to-use assets of \$24,507,411 and \$19,718,759 as of September 30, 2024 and 2023, respectively.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

### Years Ended September 30, 2024 and 2023

#### Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments (including reserved assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

#### Net Position

Net position is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation and related debt.

Restricted: This consists of \$2,000,000 externally restricted by operating agreements.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

#### New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 was implemented in the Authority's fiscal year 2024 financial statements with no impact to amounts previously provided.

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the Authority's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves the information needs of financial statements users by providing users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the Authority's fiscal year 2025 financial statements and the impact has not yet been determined.

#### Note 2. Operating and Service Agreements

Prior to January 1, 2005, the Authority had a contract with McDonald Transit Associates, Inc. (MTA) to provide management services to operate the public transit system. McDonald Transit, Inc. (MTI) employed all personnel necessary to operate the Authority. The Authority was responsible for all costs incurred by McDonald Transit, Inc.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2024 and 2023

Effective January 1, 2005, the contract with MTA and MTI was renegotiated to provide only transportation services. MTI employed all operations and maintenance staff necessary to operate the fixed route and para-transit services for the Authority. Under this agreement, the Authority continued to be responsible for MTI costs and also paid MTA \$271,815 in the year ended September 30, 2023, respectively, for transit management services.

During the fiscal year 2024, the Authority entered into a contract with MATS (Metro Area Transit System) to take over transportation operations. There were no management fees paid to MATS during the fiscal year ended September 30, 2024, and the Authority continued to be responsible for the costs of all personnel necessary to operate the Authority, which were recorded as expenses in the Authority's books. MATS is a component unit of the Authority, although there are no transactions between the two entities and no transactions recorded in the MATS entity.

The Authority has also entered into service agreements with several contractors to provide demand responsive para-transit service to qualified customers. These organizations were paid \$5,655,072 and \$5,146,367 for services in the years ended September 30, 2024 and 2023, respectively.

### Note 3. Cash and Cash Equivalents

All cash equivalents during the year were money market funds, or investments in investment pools TexPool, TexStar and Texas Local Government Investment Cooperative Liquid Asset Portfolio (LOGIC) as authorized by Authority Resolution and State Statute. TexPool is duly chartered and administered by managers selected by the State Treasurer's Office with oversight by the State Treasurer. The TexPool portfolio consists of U.S. Treasury Bills, Treasury Notes, collateralized certificates of deposit and repurchase agreements. TexStar is duly chartered and administered by Hilltop Securities, Inc. and JPMorgan Chase Investment Management. The TexStar portfolio consists of government obligations and fully collateralized repurchase agreements. LOGIC is a public funds investment pool managed by Hilltop Securities, Inc., Hilltop Asset Management, LLC and JP Morgan Investment Management; Inc. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

The Authority is a voluntary participant in three external investment pools, TexPool, LOGIC and TexStar. TexPool and LOGIC uses amortized investment costs rather than market values to compute participant share values. Accordingly, the fair value of the Authority's position in TexPool and LOGIC is substantially the same as the value of the shares in each of the pools.

TexStar uses net asset value to compute share prices. Accordingly, the fair value of the Authority's position in TexStar is the same as the value of TexStar shares.

# Fort Worth Transportation Authority

## Notes to the Financial Statements Years Ended September 30, 2024 and 2023

At September 30, 2024 and 2023, the Authority had the following investments:

	2024		2023	
	Fair Value	Weighted Avg Years to Maturity	Fair Value	Weighted Avg Years to Maturity
TexPool-cash equivalent	\$ 4,478,450	1.11	\$ 15,037,387	1.11
LOGIC-cash equivalent	7,574,470	0.13	-	N/A
TexStar-cash equivalent	24,120	1.15	22,874	1.15
<b>Total portfolio</b>	<b>\$ 12,077,040</b>		<b>\$ 15,060,261</b>	

### Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three external investment pools are excluded from the fair value hierarchy.

	2024	2023
Cash and cash equivalents		
Cash deposits	\$ 1,372,833	\$ 911,298
Money market accounts	24,257,245	22,978,889
LOGIC	7,574,470	-
TexPool	4,478,450	15,037,387
TexStar	24,120	22,874
<b>Total cash and cash equivalents</b>	<b>\$ 37,707,118</b>	<b>\$ 38,950,448</b>

### Interest Rate Risk

In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 18 months.

### Credit Risk

At September 30, 2024 and 2023, the Authority's investments in TexPool, LOGIC (2024 only) and TexStar were rated AAAM by Standard & Poor's. The Authority's investments in certificates of deposit were unrated both years.

### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority complies with the State of Texas custodial risk policy which states that all bank deposits in excess of the FDIC limit be collateralized. As of September 30, 2024 and 2023, the Authority held deposits in excess of the FDIC limit of \$9,672,489 and \$11,374,086, respectively. These uninsured deposits were fully collateralized by securities held by the pledging financial institution at September 30, 2024 and 2023.

**Fort Worth Transportation Authority**  
Notes to the Financial Statements  
Years Ended September 30, 2024 and 2023

**Restricted Cash and Board Reserves**

During the year ended September 30, 2020, the Board of Directors adopted new general financial policies regarding cash reserves. The Board of Directors updated the methodology in which reserves were calculated to be based on annual sales tax revenue in the prior year. These funds are to be continually invested until required for use. At September 30, 2024 and 2023, the amounts on the accompanying statements of net position as board reserves consisted of \$9,322,802 and \$7,116,932, respectively, for operations. The Authority also has funds restricted by a grant from Regional Toll Revenues, to be used for the purchase of rail vehicles. These restricted funds totaled \$710,471 and \$668,551 at September 30, 2024 and 2023, respectively.

**Note 4. Receivables**

Receivables at September 30, 2024 and 2023 consisted of the following:

	2024	2023
Ticket, token and miscellaneous receivables	\$ 12,591,188	\$ 5,175,718
Sales tax	21,346,954	21,846,179
Grants receivable	-	21,964,108
Less allowance	(85,000)	(85,000)
<b>Total</b>	<b>\$ 33,853,142</b>	<b>\$ 48,901,005</b>

Receivables are reduced, as necessary, by an allowance for estimated uncollectible amounts. Management evaluates the adequacy of the allowance based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts, and other specific information known to management that may affect collectability. The allowance for doubtful accounts was \$85,000 as of September 30, 2024 and 2023, respectively, all of which is associated with ticket, token and miscellaneous receivables. Management writes off receivables against the allowance when accounts are deemed uncollectable. Management does not believe an allowance is necessary on grants or sales tax receivables.

**Fort Worth Transportation Authority**  
Notes to the Financial Statements  
Years Ended September 30, 2024 and 2023

**Note 5. Capital Assets**

The following table summarizes the changes in capital assets for the year ended September 30, 2024:

	Beginning of Year	Increases	Decreases	Transfers	End of Year
Capital assets, not being depreciated					
Land	\$ 157,201,457	\$ -	\$ -	\$ -	\$ 157,201,457
Construction in progress	45,419,770	59,055,047	-	(6,720,006)	97,754,811
Total capital assets not being depreciated	202,621,227	59,055,047	-	(6,720,006)	254,956,268
Capital assets, being depreciated					
Buildings	152,210,888	3,085,961	-	-	155,296,849
Building improvements	11,264,850	11,698	-	-	11,276,548
Machinery and equipment	120,155,741	-	-	2,444,976	122,600,717
Rolling stock	247,624,127	-	(131,446)	4,275,030	251,767,711
Improvements other than buildings	767,583,383	-	-	-	767,583,383
Total capital assets being depreciated	1,298,838,989	3,097,659	(131,446)	6,720,006	1,308,525,208
Less accumulated depreciation for					
Buildings	60,884,091	3,047,099	-	-	63,931,190
Building improvements	4,069,673	949,295	-	-	5,018,968
Machinery and equipment	46,230,580	8,050,173	-	-	54,280,753
Rolling stock	105,627,811	12,613,674	(131,446)	-	118,110,039
Improvements other than buildings	200,649,055	22,247,689	-	-	222,896,744
Total accumulated depreciation	417,461,210	46,907,930	(131,446)	-	464,237,694
Total capital assets, being depreciated, net	881,377,779	(43,810,271)	-	6,720,006	844,287,514
<b>Capital assets, net</b>	<b>\$ 1,083,999,006</b>	<b>\$ 15,244,776</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,099,243,782</b>

The following table summarizes the changes in capital assets for the year ended September 30, 2023:

	Beginning of Year	Increases	Decreases	Reclassifications	End of Year
Capital assets, not being depreciated					
Land	\$ 157,201,486	\$ -	\$ -	\$ (29)	\$ 157,201,457
Construction in progress	20,182,418	25,237,323	-	29	45,419,770
Total capital assets not being depreciated	177,383,904	25,237,323	-	-	202,621,227
Capital assets, being depreciated					
Buildings	152,275,513	-	(64,625)	-	152,210,888
Building improvements	10,919,970	344,880	-	-	11,264,850
Machinery and equipment	127,339,074	29,053	(7,212,386)	-	120,155,741
Rolling stock	248,507,796	116,461	(1,000,130)	-	247,624,127
Improvements other than buildings	771,567,694	6	(3,984,317)	-	767,583,383
Total capital assets being depreciated	1,310,610,047	490,400	(12,261,458)	-	1,298,838,989
Less accumulated depreciation for					
Buildings	57,907,940	3,040,775	(64,624)	-	60,884,091
Building improvements	2,942,077	1,127,596	-	-	4,069,673
Machinery and equipment	45,353,673	8,037,559	(7,160,652)	-	46,230,580
Rolling stock	94,107,994	12,334,510	(814,693)	-	105,627,811
Improvements other than buildings	182,219,282	22,414,090	(3,984,317)	-	200,649,055
Total accumulated depreciation	382,530,966	46,954,530	(12,024,286)	-	417,461,210
Total capital assets being depreciated, net	928,079,081	(46,464,130)	(237,172)	-	881,377,779
<b>Capital assets, net</b>	<b>\$ 1,105,462,985</b>	<b>\$ (21,226,807)</b>	<b>\$ (237,172)</b>	<b>\$ -</b>	<b>\$ 1,083,999,006</b>

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2024 and 2023

During year ended September 30, 2016, the Authority entered into an agreement with an entity which would provide for approximately \$40,000,000 in in-kind design and construction costs related to a new station to be used by the Authority related to TexRail. The entity retains full rights and ownership to the station, and, therefore, this is not recorded in the financial statements for year ended September 30, 2024.

### Note 6. Long-Term Liabilities

The following is a summary of the Authority's long-term liabilities for the year ended September 30, 2024:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Due to municipality	\$ 3,095,344	\$ -	\$ (172,616)	\$ 2,922,728	\$ 176,932
Due to state	<u>1,996,766</u>	<u>-</u>	<u>(522,962)</u>	<u>1,473,804</u>	<u>618,046</u>
<b>Total</b>	<u>\$ 5,092,110</u>	<u>\$ -</u>	<u>\$ (695,578)</u>	<u>\$ 4,396,532</u>	<u>\$ 794,978</u>

The following is a summary of the Authority's long-term liabilities for the year ended September 30, 2023:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Due to municipality	\$ 3,263,750	\$ -	\$ (168,406)	\$ 3,095,344	\$ 172,616
Due to state	<u>-</u>	<u>1,996,766</u>	<u>-</u>	<u>1,996,766</u>	<u>570,504</u>
<b>Total</b>	<u>\$ 3,263,750</u>	<u>\$ 1,996,766</u>	<u>\$ (168,406)</u>	<u>\$ 5,092,110</u>	<u>\$ 743,120</u>

#### Due to Municipality

During the year ended September 30, 2018, the Authority and a local municipality agreed that the Authority would pay, through a one-time payment of \$15,000,000 and annual payments of \$250,000 over 20 years, for certain rights to use. The municipality and the Authority have agreed to repayment terms, which provide for no interest and monthly payments reduced from the monthly remittances to the Authority.

The Authority has calculated and recorded the present value of the payments, noted above, as a long-term liability, using a 2.5% discount rate, consistent with other borrowings of the Authority. Monthly payments will consist of a reduction of the principal balance as well as recognition of the imputed interest for the period.



# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2024 and 2023

Reductions of future remittances to the Authority for repayment of the amount due to municipality at September 30, 2024 were scheduled as follows:

<u>Year Ending September 30,</u>	
2025	\$ 250,000
2026	250,000
2027	250,000
2028	250,000
2029	250,000
2030-2034	1,250,000
2035-2038	<u>1,000,000</u>
Total minimum payments	3,500,000
Less amount representing interest	<u>(577,272)</u>
<b>Recorded value of minimum payments</b>	<b><u>\$ 2,922,728</u></b>

The imputed interest totaled \$77,384 and \$89,709 for the years ended September 30, 2024 and 2023, and is included in interest expense.

### Due to State

During the year ended September 30, 2023, the Authority was notified by the Texas Comptroller of Public Accounts (the Comptroller) that the Comptroller had erroneously remitted approximately \$1.9 million in sales tax collections to the Authority. The Comptroller and the Authority have agreed to repayment terms, which provide for no interest and monthly payments reduced from the regular sales tax monthly remittance from the Comptroller through March 2027.

The Authority has calculated and recorded the present value of the overpayments from the state, noted above, as a long-term liability, using a 2.55% discount rate, consistent with other borrowings of the Authority. Monthly payments will consist of a reduction of the principal balance as well as recognition of the imputed interest for the period.

Reductions of future sales tax remittances from the Comptroller to the Authority for repayment of the amount due to state at September 30, 2024 were scheduled as follows:

<u>Year Ending September 30,</u>	
2025	\$ 618,046
2026	570,504
2027	285,254
2028	<u>285,254</u>
Total minimum payments	1,759,058
Less amount representing interest	<u>(285,254)</u>
<b>Recorded value of minimum payments</b>	<b><u>\$ 1,473,804</u></b>

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2024 and 2023

### Note 7. Retirement Benefits

The Authority has established the McDonald Transit, Inc. 401(k) Retirement Plan (the 401(k) Plan), which is a defined contribution plan under the Internal Revenue Code (the IRC). The 401(k) Plan has a calendar year end and is administered by an advisory committee. The provisions of the 401(k) Plan allow full time, part time and temporary employees of MTI who are age 18 or older and work at least one hour to be participants and to make voluntary contributions of up to 100% of their compensation or the IRC limitations.

Effective January 1, 2020, the Authority makes contributions to the 401(k) Plan for employees who work at least one hour or more during a calendar year as follows:

Employee Contribution as a Percent of Compensation	The Authority's Contribution
0%	3%
1.00-1.99%	4%
2.00-3.99%	5%
4.00% or greater	6%

During fiscal year ended September 30, 2023, the employee contributions to the 401(k) Plan were \$2,227,179, respectively. The Authority's contributions to the 401(k) Plan for that year were \$1,799,567.

In January 2005, several of the MTI employees were transferred to become direct employees of the Authority (see Note 2). The affected employees' vested contributions from the 401(k) Plan were transferred to the Fort Worth Transportation Authority Eligible 457(b) Plan (the 457(b) Plan), which was adopted on December 14, 2004. All employees of the Authority are eligible to participate effective on the employee's hire date with the Authority. The 457(b) Plan allows for the Authority to make a discretionary matching contribution for the employees based on a percentage of each participant's contributions to the plan.

During the year ended September 30, 2023, the employee contributions to the 457(b) Plan were \$783,384. The Authority's contributions to the 457(b) Plan for that year were \$549,036.

In October 2023, the 401(k) Plan was restated and all employees were transferred to the renamed Fort Worth Transportation Authority Retirement Plan.

During fiscal year ended September 30, 2024, the employee contributions to the Retirement Plan were \$3,536,517. The Authority's contributions to the Retirement Plan for that year were \$2,490,591.

### Note 8. Commitments and Contingencies

#### Capital Projects

The Authority has active commitments related to capital projects as of September 30, 2024. The Authority has spent \$4,904,681 on these projects and has remaining commitments of \$15,454,211 at September 30, 2024.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2024 and 2023

### Risk Management

The Authority participates in the Texas Municipal League Intergovernmental Risk Pool (the Risk Pool) to provide insurance for errors and omission and property coverage. At September 30, 2024 and 2023, the Risk Pool was self-sustaining based on premiums charged, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool's Board of Trustees for each participating political subdivision's experience.

The Risk Pool has purchased stop loss coverage to protect the assets of the pool from catastrophic losses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage during the current year.

During year ended September 30, 2022, the Authority entered into a rail liability insurance pooled insurance program with two other transportation authorities, providing coverage amount of \$323 million in coverage.

The Authority is fully self-insured for vehicle and general liability damage claims and for the first \$750,000 of any workers' compensation claims and carries excess workers' compensation insurance for claims that exceed \$750,000 per claim up to the statutory limit.

The claims liability for vehicle, general liability and workers' compensation of \$571,444 and \$722,699 reported at September 30, 2024 and 2023, respectively, is based on the requirements of Government Accounting Standards Board Statement No. 10 (GASB No. 10), which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on the Authority's experience with similar claims and is included in other accrued liabilities as of September 30, 2024 and 2023.

Changes in the reported liability for the years ended September 30, 2024 and 2023 are as follows:

	Beginning of Year Liability	Incurred Claims and Adjustments	Claim Payments	End of Year Liability
Vehicle and general liability				
Fiscal year 2024	\$ 493,209	\$ 48,946	\$ 242,044	\$ 300,111
Fiscal year 2023	13,127	671,403	191,321	493,209
Fiscal year 2022	138,500	12,948	138,321	13,127
Workers' compensation				
Fiscal year 2024	\$ 229,490	\$ 490,725	\$ 448,882	\$ 271,333
Fiscal year 2023	465,528	403,613	639,651	229,490
Fiscal year 2022	496,128	670,610	701,210	465,528

There were no significant reductions in insurance coverage from the prior year by major categories of risk, and no settlements exceeded insurance coverage for each of the past three fiscal years

# Fort Worth Transportation Authority

## Notes to the Financial Statements

### Years Ended September 30, 2024 and 2023

#### State and Federal Grants

The Authority participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectability of any related receivables at September 30, 2024 and 2023 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; accordingly, no provision has been recorded in the accompanying financial statements for such contingencies.

#### Litigation

The Authority has various pending claims and lawsuits. It is the evaluation of management and legal counsel that any liabilities related to these claims will not have a material effect on the accompanying financial statements in excess of the accrued estimated loss of \$300,111, which is included in other accrued liabilities on the statements of financial position.

#### Deferred Inflows of Resources

During the year ended September 30, 2021, the Authority and a local government agreed that the Authority would receive, through one-time payments of \$21,500,000 and \$6,000,000, payment for granting certain rights to use, which was deemed to be the fair value of the right to use provided. The government and the Authority have agreed to repayment terms which provide for no interest. As of September 30, 2024 and 2023, the Authority has recorded deferred inflows of resources of \$24,507,411 and \$19,718,759, respectively, related to this transaction, in accordance with GASB 94.

The Authority has calculated and recorded the present value of the payments, noted above, as deferred inflows of resources, using a 2.1% discount rate, consistent with other borrowings of the Authority. Revenue recognition will be recorded over the period of use, which approximates 36 years, and 8 months.

#### Note 9. Trinity Railway Express (TRE)

On July 7, 1983, the Cities of Dallas and Fort Worth, Texas (the Cities) acquired the Rock Island railroad right-of-way connecting the two Cities. In 1994, the Cities entered into an interlocal agreement (the Agreement) with the Authority and Dallas Area Rapid Transit (DART) providing access to the rail corridor for the two transit authorities. A separate agreement was also executed during the year between the Authority and DART to provide for operations of the Trinity Railway Express (TRE) commuter rail service on the corridor. On December 29, 1999, the Cities deeded the rail corridor to the Authority and DART for the development of passenger rail service between Fort Worth and Dallas. The Authority and DART each own an undivided joint interest in the rail corridor.

# Supplementary Information

**Fort Worth Transportation Authority**  
Schedule of Revenues and Expenses – Budget and Actual  
Year Ended September 30, 2024  
With Comparative Actuals for the Year Ended September 30, 2023

	2024			2023	
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
<b>OPERATING REVENUES</b>					
Fare revenue	\$ 8,247,000	\$ 8,247,000	\$ 7,609,386	\$ (637,614)	\$ 7,742,553
Advertising	550,000	550,000	595,029	45,029	588,391
Other	2,004,000	2,004,000	785,814	(1,218,186)	804,756
Total operating revenues	10,801,000	10,801,000	8,990,229	(1,810,771)	9,135,700
<b>OPERATING EXPENSES</b>					
Salaries, wages and fringe benefits	55,059,000	55,059,000	59,403,137	(4,344,137)	53,699,602
Professional services	26,285,000	26,285,000	19,555,273	6,729,727	17,879,016
Purchased transportation	57,182,000	57,182,000	55,817,152	1,364,848	47,975,296
Fuels and lubricants	1,725,000	1,725,000	1,288,364	436,636	1,759,178
Tires and tubes	376,000	376,000	485,650	(109,650)	464,711
Maintenance materials	4,310,000	4,310,000	3,860,962	449,038	4,386,041
Supplies and materials	678,000	678,000	1,913,636	(1,235,636)	970,901
Utilities	2,118,000	2,118,000	2,151,994	(33,994)	1,646,448
Casualty and liability insurance	5,509,000	5,509,000	4,876,303	632,697	5,580,398
Taxes and fees	7,000	7,000	-	7,000	-
Interest expense	-	-	77,384	(77,384)	81,594
Depreciation	48,410,000	48,410,000	47,285,875	1,124,125	47,332,477
Other	1,456,000	1,456,000	609,423	846,577	1,138,738
Total operating expenses	203,115,000	203,115,000	197,325,153	5,789,847	182,914,400
Operating loss	(192,314,000)	(192,314,000)	(188,334,924)	3,979,076	(173,778,700)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Sales tax	119,199,000	119,199,000	115,049,958	(4,149,042)	110,293,490
Operating assistance grants	169,580,000	169,580,000	5,627,286	(163,952,714)	34,119,240
Preventive maintenance reimbursement	-	-	2,525	2,525	18,804,307
Para-transit assistance	-	-	622,647	622,647	-
Contributions from partners	18,287,000	18,287,000	16,273,490	(2,013,510)	15,241,123
Rental income	628,000	628,000	634,003	6,003	601,764
Investment income	2,250,000	2,250,000	2,607,910	357,910	1,935,833
Oil and gas revenue	-	-	42,505	42,505	133,612
Gain (loss) on disposal of capital assets	-	-	41,065	41,065	(235,853)
Other non-operating revenue (expense)	2,259,000	2,259,000	1,231,302	(1,027,698)	910,037
Total non-operating revenue (expenses)	312,203,000	312,203,000	142,132,691	(170,070,309)	181,803,553
Income before capital grants	119,889,000	119,889,000	(46,202,233)	(166,091,233)	8,024,853
Grants for capital improvements	74,207,000	74,207,000	23,207,084	(50,999,916)	8,654,763
<b>CHANGE IN NET POSITION</b>	<b>\$ 194,096,000</b>	<b>\$ 194,096,000</b>	<b>\$ (22,995,149)</b>	<b>\$ (217,091,149)</b>	<b>\$ 16,679,616</b>

# Federal Awards Section

# Fort Worth Transportation Authority

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Grantor ID Number	Federal Assistance Listing Number	Federal Expenditures
FEDERAL AWARDS			
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Federal Transit Cluster			
Direct Award			
FTA/49 USC 5309 - New Starts	TX-2017-001	20.500	\$ 1,691,241
FTA/FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2018-084-01	20.507	441,923
FTA/FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2018-085	20.507	1,170,052
FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2018-085-01	20.507	253,348
Urbanized Area Formula Grants (CARES Act)	TX-2020-090	20.507	1,195,801
FTA/Urbanized Area Formula Grants (2013 & forward)	TX-2020-159	20.507	625,172
FTA/FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2020-170-01	20.507	1,100,202
FY21 ARP Additional Assistance Section 5307 Trinity Metro			
Operating Assistance Grant/Security expenses	TX-2023-007	20.507	375,000
State of Good Repair Grants	TX-2023-089-01	20.507	4,039,608
FTA/Urbanized Area Formula (FY2013 & forward)	TX-2023-099-01	20.507	2,159,002
Urbanized Area Formula Grants (2013 and forward)	TX-2023-099-03	20.507	211,751
Trinity Railway Express (TRE) Station at Trinity Lakes			
Construction/FHWA CMAQ Transfer	TX-2024-028 5307	20.507	9,673,563
Trinity Railway Express (TRE) Station at Trinity Lakes			
Construction/FHWA CMAQ Transfer	TX-2024-028-01 CMAQ Capital	20.507	<u>6,260,374</u>
Total Federal Transit Cluster			29,197,037
Passed through North Central Texas Council of Governments			
FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2020-137-02	20.513	<u>149,204</u>
Total Transit Services Program Cluster			<u>149,204</u>
U.S. Department of Transportation			29,346,241
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed through Department of Homeland Security			
Transit Security Grant Program FEMA	EMS-2021-RA-0038 TS GP	97.075	<u>245,758</u>
Total Federal Assistance Listing Number 97.075			<u>245,758</u>
Total Federal Emergency Management Agency			<u>245,758</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 29,591,999</u></b>

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement



# Fort Worth Transportation Authority

## Notes to Schedule of Expenditures of Federal Awards

### Note 1. Summary of Significant Accounting Policies

#### General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Fort Worth Transportation Authority (the Authority). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements.

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Because the SEFA presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

#### Basis of Accounting

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

During the fiscal year ended September 30, 2024, the Authority was awarded grants under Federal Assistance Listing Number 20.500, 20.507, and 20.513, which included reimbursement for expenditures incurred in previous fiscal years. The total amount of expenditures incurred in a prior year reported on the fiscal year SEFA under these grants is \$20,592,010.

#### De Minimis Cost Rate

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### Reconciliation

Grant revenue per the accompanying SEFA is recorded the statement of revenue, expenses and changes in net position for year ended September 30, 2024 as follows:

Federal assistance per SEFA	\$ 29,591,999
Other Adjustments	<u>(132,457)</u>
Reconciled revenue	<u>\$ 29,459,542</u>
Operating assistance grants	\$ 5,627,286
Preventative maintenance reimbursement	2,525
Para-transit assistance	622,647
Grants for capital improvements	<u>23,207,084</u>
Total grant revenue - FY 2024	<u>\$ 29,459,542</u>

**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The Board of Directors of the  
Fort Worth Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fort Worth Transportation Authority (the Authority), as of and for the year ended September 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 18, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Directors of the  
Fort Worth Transportation Authority

***The Authority's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on their response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
February 18, 2025

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and Report on  
Internal Control over Compliance  
Required by the Uniform Guidance**

The Board of Directors of the  
Fort Worth Transportation Authority

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Fort Worth Transportation Authority's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Board of Directors of the  
Fort Worth Transportation Authority

### Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be significant deficiency.

*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. A *material weakness in internal control over compliance* is a deficiency, or 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. 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2024-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
February 18, 2025

**Fort Worth Transportation Authority**  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2024

**Section I. Summary of the Auditor's Results:**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(s) identified that are not considered a material weakness \_\_\_\_\_ X Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted \_\_\_\_\_ Yes      X   No

Federal Awards

Internal control over major programs

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(s) identified that are not considered a material weakness \_\_\_\_\_ X Yes    \_\_\_\_\_ None reported

An unmodified opinion was issued on compliance for major programs

Any audit findings disclosed that were required to be reported in accordance with section 200.516 of the Uniform Guidance \_\_\_\_\_ X Yes    \_\_\_\_\_ No

Identification of major programs:

<u>Federal Assistance Listing Numbers</u> 20.500; 20.507	<u>Name of Federal Program or Cluster</u> Federal Transit Cluster
---	--

The dollar threshold used to distinguish between Type A and Type B programs \$887,760

Auditee qualified as a low-risk auditee. \_\_\_\_\_ X Yes    \_\_\_\_\_ No

**Fort Worth Transportation Authority**  
Schedule of Findings and Questioned Costs - Continued  
Year Ended September 30, 2024

**Section II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards:**

**Finding 2024-001: Reconciliation**

**Criteria:** Audit procedures identified that certain costs were improperly excluded from the Authority's financial statements.

**Condition:** Invoices of \$5,376,393 as of September 30, 2024 were not properly accrued as of year end.

( ) Compliance Finding ( X ) Significant Deficiency ( ) Material Weakness

**Context/Cause:** Accounts payable balances and invoices paid subsequent to year-end were not reviewed in enough detail to ensure proper accrual of costs as of September 30, 2024.

**Effect or Potential Effect:** Correcting entries were posted in order to properly recognize the related costs in the September 30, 2024 fiscal year.

**Recommendation:** The Authority should review invoices and agreements entered into to determine the amounts to be recorded to the current fiscal year and to determine if costs incurred should be capitalized or recorded as of the financial statement date.

**Responsible Official's Response:** See Corrective Action Plan

**Section III. Findings and Questioned Costs for Federal Awards**

**Finding 2024-002: Matching**

**Major Federal Program** – Federal Transit Cluster

**Compliance Requirements:** Allowable Costs and Cost Principles, Cash Management, Matching

**Criteria:** In accordance with the grant agreement and Uniform Guidance, effective internal controls must be in place to prevent and detect noncompliance. This requirement extends to costs requested for reimbursement under federal grants.

**Condition:** (X) Compliance Finding (X) Significant Deficiency ( ) Material Weakness

**Context/Cause:** Grant agreements were not reviewed in enough detail to assess appropriateness of rate being charged to the major program prior to submission of request for reimbursement. Request for reimbursement was up to 51% of total expenses incurred but instead a reimbursement rate of 80% was used for grant 2017-001.

**Effect and Questioned Costs:** The absence of detailed review related to cost reimbursement rates significantly increases the risk that misstatements due to error or fraud may occur and not be detected timely. Known questioned costs are \$613,075. Likely questioned costs are indeterminable.

**Recommendation:** Management should reinforce the internal controls in place to ensure all reimbursement rates are reviewed on a monthly basis as part of the month end close process prior to grant billing.

**Responsible Official's Response:** See Corrective Action Plan



# Fort Worth Transportation Authority

Status of Prior Year Findings  
Year Ended September 30, 2024

None noted.

# Fort Worth Transportation Authority

## Corrective Action Plan

### Year Ended September 30, 2024

#### **Finding 2024-001: Reconciliation**

Response: Concur: Trinity Metro Accounting Department is committed to accurate financial records through sound procedures and controls. Trinity Metro will implement a process to review all invoices and documentation. This review will ensure amounts recorded in the financial statements reflect the actual obligations and transactions for that period. The corrective actions, including both manual processes and the integration of technology, which will enhance the review processes, reduce errors, and ensure that costs are properly reported.

#### Corrective Actions:

- Leverage existing technology: Trinity Metro will modify the Laser Fiche form for invoice submittals to clearly identify the point in time at which the good or service was received.
- Accrual Guidelines: We will document a set of guidelines for identifying and recording accruals at year-end. These guidelines will include a comprehensive review of expected invoices and expenses that should be accrued.
- Pre-Year-End Review: Prior to year-end, conduct a review to identify invoices and expenses prior fiscal period to ensure there are no missed accruals.

#### Date of Completion:

This action plan will go into effect immediately.

#### Person Responsible to Ensure Completion:

Contact Person: Greg Jordan, Chief Financial Officer

Contact Person: Kimberly Aron, Accounting Manager

# Fort Worth Transportation Authority

## Corrective Action Plan

Year Ended September 30, 2024

### Finding 2024-002: Matching

Major Federal Program: Federal Transit Cluster

Compliance Requirements: Allowable Costs and Cost Principles, Cash Management, Matching

Response: Concur: An inaccurate reimbursement rate was applied causing overpayment of \$613,075. Due to the inaccuracy of the percentage rate applied in this drawdown, Trinity Metro will actively reinforce its internal control processes to ensure detailed reviews related to cost reimbursement rates are accurately identified monthly by those who are authorized to process drawdowns. Implementation will take place immediately.

Steps that will be taken include:

- Dual-Approval Process for Reimbursement Requests: Both the Grants Department and Accounting will confirm the accuracy of the reimbursement rate before submission.
- Grant Agreement Review Process: Both the Grants Department and Accounting will jointly review grant agreements before submitting reimbursement requests to ensure that the correct rate is applied.

### Date of Completion:

This action plan will go into effect immediately.

### Person Responsible to Ensure Completion:

Contact Person: Greg Jordan, Chief Financial Officer

Contact Person: Eva Williams, Director of Budget and Grants, Finance