

# Fort Worth Transportation Authority

Financial Report  
September 30, 2025



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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, 2025 and 2024, 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, 2025, and 2024, 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.

**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 17, 2026, 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 17, 2026

## 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, 2025. 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, 2025, the Authority's assets exceeded its liabilities and deferred inflows of resources by \$1,137,532,441. Of this amount, \$53,703,790 is unrestricted and may be used to meet the Authority's ongoing obligations in accordance with its fiscal policies. Unrestricted net position was approximately 35% of the fiscal 2025 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, liabilities and deferred inflows of resources, with the difference between assets and liabilities and deferred inflows 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 \$1,237,300,711 at September 30, 2025 represented an increase of \$40,424,567 or 3% from September 30, 2024. Capital assets, which includes land and construction in progress, at September 30, 2025 were \$1,092,377,569, representing a decrease of \$6,866,213 or approximately 1% from September 30, 2024. Cash and cash equivalents increased \$49,394,837 or 131% primarily related to the issuance of \$28,110,000 in notes payable and \$12,055,000 in contractual obligations during the year ended September 30, 2025.

The Authority's total liabilities of \$75,997,924 at September 30, 2025 represented an increase of \$30,730,939 or 68% from September 30, 2024. Total current and non-current portions of long-term liabilities were \$43,814,096 at September 30, 2025, an increase of \$39,417,567 or 897% from September 30, 2024. This change is due to issuance in the current year of \$28,110,000 of notes payable and \$12,055,000 of contractual obligations, partially offset by regularly scheduled debt payments.

Total current liabilities decreased by \$8,682,202 or 21%, primarily due to a decrease in accounts payable and accrued liabilities.

Total deferred inflows of resources of \$23,770,346 at September 30, 2025 represented a decrease of \$737,065 or 3%.

The Authority's net position increased in fiscal 2025 by \$10,430,693 or 1%. The increase in the change in net position of \$33,425,842 as compared to change in net position for fiscal 2024 of (\$22,995,149) is primarily due to the following:

- An increase in operating assistance grants of \$45,927,556;
- A decrease in capital grants of \$12,634,967;
- An increase in purchased transportation expenses of \$5,479,195;
- A decrease in casualty and liability insurance of \$4,474,630;
- An increase in salaries, wages and fringe benefits of \$2,524,618;
- An increase in sales tax revenue of \$5,901,614;
- A decrease in other non-departmental revenues (expense) of \$824,661;
- An increase in contributions from partners of \$800,155;
- A decrease in investment income of \$902,441.

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>2025</u>	<u>2024</u>
Current assets	\$ 128,765,958	\$ 81,097,232
Non-current assets	<u>1,108,534,753</u>	<u>1,115,778,912</u>
<b>Total assets</b>	<b>1,237,300,711</b>	<b>1,196,876,144</b>
Current liabilities	32,983,229	41,665,431
Long-term liabilities	<u>43,014,695</u>	<u>3,601,554</u>
<b>Total liabilities</b>	<b>75,997,924</b>	<b>45,266,985</b>
Deferred inflows of resources	23,770,346	24,507,411
Net position		
Net investment in capital assets	1,081,828,651	1,086,918,111
Restricted	2,000,000	2,000,000
Unrestricted	<u>53,703,790</u>	<u>38,183,637</u>
<b>Total net position</b>	<u><u>\$ 1,137,532,441</u></u>	<u><u>\$ 1,127,101,748</u></u>

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

Operating revenues for fiscal 2025 increased by \$167,823 or 2%. Fare revenue stayed flat with a decrease of \$121,433 or 2%.

Operating expenses before depreciation increased \$1,759,629 or 1% in fiscal 2025 as compared to fiscal 2024. This increase in operating expenses is primarily due to the following:

- Salaries, wages and fringe benefits increased by \$2,524,618 or 4%;
- Purchased transportation increased by \$5,479,195 or 10%;
- A decrease in casualty and liability insurance of \$4,474,630, or 92%.

Non-operating revenue increased by \$50,615,778 or 36% in fiscal 2025 as compared to fiscal 2024. This increase is primarily due to the following:

- An increase in sales tax revenue of \$5,901,614 or 5%;
- An increase in contributions from partners of \$800,155 or 5%;
- An increase in operating assistance grants of \$45,927,556;
- A decrease in investment income of \$902,441;
- A decrease in other non-departmental revenue of \$824,661.

#### Changes in Net Position

	2025	2024
Operating revenue		
Fare revenue	\$ 7,487,953	\$ 7,609,386
Advertising	567,338	595,029
Other	1,102,761	785,814
Operating revenue	9,158,052	8,990,229
Operating expenses	202,047,945	197,325,153
Operating loss	(192,889,893)	(188,334,924)
Nonoperating revenue		
Sales Tax	120,951,572	115,049,958
Operating assistance grants	51,554,842	5,627,286
Preventive maintenance reimbursement	-	2,525
Para-transit assistance	-	622,647
Contributions from partners	17,073,645	16,273,490
Other non-operating revenue	2,761,769	4,191,979
Other non-departmental revenues	406,641	364,806
Net non-operating revenue	192,748,469	142,132,691
Capital grants	10,572,117	23,207,084
Change in net position	10,430,693	(22,995,149)
Net position, beginning of year	1,127,101,748	1,150,096,897
<b>Net position, end of year</b>	<b>\$ 1,137,532,441</b>	<b>\$ 1,127,101,748</b>

## Capital Assets

During fiscal 2025, the Authority's net investment in capital assets increased by \$6,866,213. The Authority added \$45,494,867 in acquisitions and construction of capital assets, \$16,657,839 or 27% less than in fiscal 2024. Some of the more significant capital expenditures include:

- Commuter rail capital improvements including:
  - TexRail capital maintenance of \$1,518,078;
  - TexRail Fleet Expansion \$13,282,095;
  - TexRail Segment One \$5,179,225;
  - TRE Vehicles \$5,710,500;
  - TRE Double Tracking Non-Grant \$1,230,898; and
- Fixed route bus service and para-transit service improvements including:
  - High-Intensity Bus Corridor \$9,510,663;
  - Blue Line \$1,254,898;

Depreciation and amortization expense for fiscal 2025 was \$50,249,038. The following is a summary of the Authority's capital assets:

	2025	2024
Land	\$ 157,394,117	\$ 157,201,457
Buildings, net	110,029,173	91,365,659
Building improvements, net	5,829,985	6,257,580
Machinery and equipment, net	73,280,116	68,319,964
Rolling stock, net	121,817,078	133,657,672
Improvements other than buildings, net	528,275,322	544,686,639
Construction in progress	95,751,778	97,754,811
	\$ 1,092,377,569	\$ 1,099,243,782

## Debt Administration

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.

In September 2025, the Authority issued Fort Worth Transportation Authority, Note, Series 2025 of \$28,110,000 and \$12,055,000 of Fort Worth Transportation Authority Public Property Finance Contractual Obligations, Series 2025 to be used for construction and capital projects. These contractual obligations will be amortized each year. Interest is payable each year. Interest rates are 3.495% for the notes and 3.83% for the contractual obligations.

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

The operating budget for fiscal year 2026 continues to recognize the importance of efficient services that meets the needs of our customers and community. Sales tax revenues increased in fiscal year 2025, increasing approximately \$5.9 million or 5% compared to fiscal 2024 receipts. Sales tax revenues for fiscal year 2026 are budgeted at \$118.9 million, a decrease of approximately 2.1 million or 1.8% as compared to fiscal 2025 actual revenue of \$121.0 million.

According to the Department of Labor, the unemployment rate for Tarrant County for September 2025 was 4.3%. This is an increase of 0.3% over September 2024, which had a rate of 4%. The Fort Worth/Arlington region is in-line with the national unemployment rate of 4.2% in September 2025. 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 2025 was 1,033,932 which was a 3.7% increase compared to the 2024 estimate population of 996,756.

The adopted fiscal year 2026 operating budget meets key financial standards established by the Authority's Board of Directors to ensure a sound financial future. The fiscal year 2026 budgeted operating expenses before depreciation totaled approximately \$174.1 million dollars, an increase of approximately \$10.3 million or 12% over actual fiscal 2025 total expenses before depreciation of \$155.5 million.

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

- A budgeted increase in salaries, wages and fringe benefits of \$4.6 million or 8%, as compared to fiscal year 2025 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 \$452 thousand or 1%, as compared to fiscal 2025 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 \$2.6 million or 14%, as compared to fiscal 2025 actual results due to increasing contract and insurance rates.

The Authority enters fiscal year 2026 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, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Board reserves	\$ 11,623,801	\$ 9,322,802
Restricted for rail vehicles	741,657	710,471
Unrestricted	74,736,497	27,673,845
Total cash and cash equivalents	87,101,955	37,707,118
Receivables, net	34,167,724	33,853,142
Inventory	6,898,835	9,141,097
Prepaid expenses	597,444	395,875
Total current assets	128,765,958	81,097,232
<b>LONG-TERM ASSETS</b>		
Right to use asset, net	16,157,184	16,535,130
Land and construction in progress	253,145,895	254,956,268
Other capital assets, net of accumulated depreciation	839,231,674	844,287,514
Total long-term assets	1,108,534,753	1,115,778,912
Total assets	1,237,300,711	1,196,876,144
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	26,765,141	33,335,387
Accrued payroll and payroll related taxes	1,600,385	2,217,512
Other accrued liabilities	2,352,152	3,972,658
Current portion of due to municipality	181,355	176,932
Current portion of due to state	618,046	618,046
Unearned revenue	1,466,150	1,344,896
Total current liabilities	32,983,229	41,665,431
<b>LONG-TERM LIABILITIES</b>		
Due to state, net of current portion	285,254	855,758
Due to municipality, net of current portion	2,564,441	2,745,796
Notes payable	28,110,000	-
Contractual obligations	12,055,000	-
Total long-term liabilities	43,014,695	3,601,554
Total liabilities	75,997,924	45,266,985
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources	23,770,346	24,507,411
Total deferred inflows of resources	23,770,346	24,507,411
<b>NET POSITION</b>		
Net investment in capital assets	1,081,828,651	1,086,918,111
Restricted	2,000,000	2,000,000
Unrestricted	53,703,790	38,183,637
<b>TOTAL NET POSITION</b>	<b>\$ 1,137,532,441</b>	<b>\$ 1,127,101,748</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, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>OPERATING REVENUES</b>		
Fare revenue	\$ 7,487,953	\$ 7,609,386
Advertising	567,338	595,029
Other	1,102,761	785,814
Total operating revenues	9,158,052	8,990,229
<b>OPERATING EXPENSES</b>		
Salaries, wages and fringe benefits	61,927,755	59,403,137
Professional services	19,501,564	19,555,273
Purchased transportation	61,296,347	55,817,152
Fuels and lubricants	1,064,839	1,288,364
Tires and tubes	572,616	485,650
Maintenance materials	3,251,962	3,860,962
Supplies and materials	1,334,506	1,913,636
Utilities	1,779,601	2,151,994
Casualty and liability insurance	401,673	4,876,303
Interest expense	73,068	77,384
Other	594,976	609,423
Depreciation and amortization	50,249,038	47,285,875
Total operating expenses	202,047,945	197,325,153
Operating loss	(192,889,893)	(188,334,924)
<b>NON-OPERATING REVENUES</b>		
Sales tax	120,951,572	115,049,958
Operating assistance grants	51,554,842	5,627,286
Preventative maintenance reimbursement	-	2,525
Para Transit Assistance	-	622,647
Contributions from partners	17,073,645	16,273,490
Rental income	712,638	634,003
Investment income	1,705,469	2,607,910
Oil and gas revenue	396,531	42,505
Gain (loss) on disposal of capital assets	(52,869)	41,065
Other non-departmental revenues	406,641	1,231,302
Total non-operating revenue	192,748,469	142,132,691
<b>LOSS BEFORE CAPITAL GRANTS</b>	(141,424)	(46,202,233)
<b>CAPITAL GRANTS</b>	10,572,117	23,207,084
Change in net position	10,430,693	(22,995,149)
<b>NET POSITION, beginning of year</b>	1,127,101,748	1,150,096,897
<b>NET POSITION, end of year</b>	\$ 1,137,532,441	\$ 1,127,101,748

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

**Fort Worth Transportation Authority**  
**Statements of Cash Flows**  
**Years Ended September 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 10,513,354	\$ 6,421,538
Payments to suppliers	(96,021,211)	(72,552,940)
Payments to employees	(62,544,882)	(60,066,752)
	(148,052,739)	(126,198,154)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Sales tax received	118,665,877	115,549,183
Preventive maintenance reimbursement	-	2,525
Para-transit assistance	-	622,647
Contributions from partners	17,073,645	16,273,490
Rental income	712,638	634,003
Operating assistance grants	51,554,842	27,591,394
Oil and gas revenue	396,531	42,505
Payment of due to municipality	(176,932)	(172,616)
Proceeds from due to state	-	(522,962)
Proceeds from issuance of contractual obligations	12,055,000	-
Proceeds from issuance of notes payable	28,110,000	-
Payment of due to state	(570,504)	-
Other departmental revenue	406,641	1,231,302
	228,227,738	161,251,471
Net cash provided by non-capital financing activities		
	228,227,738	161,251,471
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants	10,572,117	23,207,084
Acquisition and construction of capital assets	(45,494,867)	(62,152,706)
Proceeds from sale of capital improvements and land	2,437,119	41,065
	(32,485,631)	(38,904,557)
Net cash used in capital and related financing activities		
	(32,485,631)	(38,904,557)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	1,705,469	2,607,910
	1,705,469	2,607,910
Net cash provided by investing activities		
	1,705,469	2,607,910
Net change in cash and cash equivalents	49,394,837	(1,243,330)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	37,707,118	38,950,448
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 87,101,955	\$ 37,707,118

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, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (192,889,893)	\$ (188,334,924)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	49,871,092	46,907,930
Amortization expense	377,946	377,945
Change in operating assets and liabilities		
Receivables	1,971,113	(7,415,470)
Inventory	2,242,262	(455,212)
Prepaid expenses	(201,569)	1,983,669
Accounts payable	(6,570,246)	15,890,600
Accrued payroll and payroll related taxes	(617,127)	(663,615)
Other accrued liabilities	(1,620,506)	664,144
Unearned revenue	121,254	58,127
Deferred inflows of resources	(737,065)	4,788,652
Net cash used in operating activities	<u>\$ (148,052,739)</u>	<u>\$ (126,198,154)</u>

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

# **Fort Worth Transportation Authority**

## Notes to the Financial Statements

### Years Ended September 30, 2025 and 2024

#### **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, 2025 and 2024, 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, 2024 or 2025, 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, 2025 and 2024

### 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, 2025 and 2024, 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, 2025 and 2024

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 are 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. Sales tax revenue and rental income are recognized when earned.

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**

Governmental grants (including federal grants in years ended September 30, 2025 and 2024) 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**

Unearned transit revenue is an estimate of unused tickets and passes. As of September 30, 2025 and 2024, unearned transit revenue was \$724,493 and \$634,425, respectively. Unearned revenue also includes grant funds received, but not yet earned of \$741,657 and \$710,471 as of September 30, 2025 and 2024, 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 \$23,770,346 and \$24,507,411 as of September 30, 2025 and 2024, respectively.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

### Years Ended September 30, 2025 and 2024

#### 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. 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 was implemented in the Authority's fiscal year 2025 financial statements with minimal impact.

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 was implemented in the Authority's fiscal year 2025 financial statements with minimal impact.

#### Note 2. Operating and Service Agreements

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, 2025 or 2024, respectively, 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 \$9,480,393 and \$5,655,072 for services in the years ended September 30, 2025 and 2024, respectively.

# Fort Worth Transportation Authority

## Notes to the Financial Statements Years Ended September 30, 2025 and 2024

### 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.

The Authority is a voluntary participant in three external investment pools, TexPool, LOGIC and TexStar. TexPool and LOGIC uses amortized investment costs rather than fair value to compute participant share values. TexStar uses net asset value to compute share prices.

At September 30, 2025 and 2024, the Authority had the following investments:

	2025		2024	
	Investments	Weighted Avg Years to Maturity	Investments	Weighted Avg Years to Maturity
TexPool-cash equivalent	\$ 10,844,845	1.11	\$ 4,478,450	1.11
LOGIC-cash equivalent	32,534,734	N/A	7,574,470	N/A
TexStar-cash equivalent	25,206	1.15	24,120	1.15
<b>Total portfolio</b>	<b>\$ 43,404,785</b>		<b>\$ 12,077,040</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, as are cash deposits and money market accounts. As of September 30, 2025 and 2024, the Authority has no assets held at fair value.

	2025	2024
Cash and cash equivalents		
Cash deposits	\$ 35,752,675	\$ 1,372,833
Money market accounts	7,944,495	24,257,245
LOGIC	32,534,734	7,574,470
TexPool	10,844,845	4,478,450
TexStar	25,206	24,120
<b>Total cash and cash equivalents</b>	<b>\$ 87,101,955</b>	<b>\$ 37,707,118</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.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

### Years Ended September 30, 2025 and 2024

#### Credit Risk

At September 30, 2025 and 2024, the Authority's investments in TexPool, LOGIC and TexStar were rated AAAM by Standard & Poor's.

#### 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, 2025 and 2024, the Authority held deposits in excess of the FDIC limit of \$5,573,032 and \$9,672,489, respectively. These uninsured deposits were fully collateralized by securities held by the pledging financial institution at September 30, 2025 and 2024.

#### 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, 2025 and 2024, the amounts on the accompanying statements of net position as board reserves consisted of \$11,623,801 and \$9,322,802, 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 \$741,657 and \$710,471 at September 30, 2025 and 2024, respectively.

#### Note 4. Receivables

Receivables at September 30, 2025 and 2024 consisted of the following:

	2025	2024
Ticket, token and miscellaneous receivables	\$ 10,620,075	\$ 12,591,188
Sales tax	23,632,649	21,346,954
Less allowance	(85,000)	(85,000)
<b>Total</b>	<b>\$ 34,167,724</b>	<b>\$ 33,853,142</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, 2025 and 2024, 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, 2025 and 2024

**Note 5. Capital Assets**

The following table summarizes the changes in capital assets for the year ended September 30, 2025:

	Beginning of Year	Increases	Decreases	Transfers	End of Year
Capital assets, not being depreciated					
Land	\$ 157,201,457	\$ -	\$ -	\$ 192,660	\$ 157,394,117
Construction in progress	97,754,811	44,501,924	(2,040,285)	(44,464,672)	95,751,778
Total capital assets not being depreciated	254,956,268	44,501,924	(2,040,285)	(44,272,012)	253,145,895
Capital assets, being depreciated					
Buildings	155,296,849	-	-	22,283,443	177,580,292
Building improvements	11,276,548	-	-	647,630	11,924,178
Machinery and equipment	122,600,717	-	-	14,037,302	136,638,019
Rolling stock	251,767,711	992,943	(3,866,325)	560,312	249,454,641
Improvements other than buildings	767,583,383	-	-	6,743,325	774,326,708
Total capital assets being depreciated	1,308,525,208	992,943	(3,866,325)	44,272,012	1,349,923,838
Less accumulated depreciation for					
Buildings	63,931,190	3,619,929	-	-	67,551,119
Building improvements	5,018,968	1,075,225	-	-	6,094,193
Machinery and equipment	54,280,753	9,187,759	(110,609)	-	63,357,903
Rolling stock	118,110,039	12,833,537	(3,306,013)	-	127,637,563
Improvements other than buildings	222,896,744	23,154,642	-	-	246,051,386
Total accumulated depreciation	464,237,694	49,871,092	(3,416,622)	-	510,692,164
Total capital assets, being depreciated, net	844,287,514	(48,878,149)	(449,703)	44,272,012	839,231,674
<b>Capital assets, net</b>	<b>\$ 1,099,243,782</b>	<b>\$ (4,376,225)</b>	<b>\$ (2,489,988)</b>	<b>\$ -</b>	<b>\$ 1,092,377,569</b>

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>

# Fort Worth Transportation Authority

## Notes to the Financial Statements

### Years Ended September 30, 2025 and 2024

During the 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, 2025.

#### Note 6. Long-Term Liabilities

The following is a summary of the Authority's long-term liabilities for the year ended September 30, 2025:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Due to municipality	\$ 2,922,728	\$ -	\$ (176,932)	\$ 2,745,796	\$ 181,355
Due to state	1,473,804	-	(570,504)	903,300	618,046
Contractual Obligation, Series 2025 Note, Series 2025	-	12,055,000	-	12,055,000	-
	<u>-</u>	<u>28,110,000</u>	<u>-</u>	<u>28,110,000</u>	<u>-</u>
<b>Total</b>	<u>\$ 4,396,532</u>	<u>\$ 40,165,000</u>	<u>\$ (747,436)</u>	<u>\$ 43,814,096</u>	<u>\$ 799,401</u>

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	1,996,766	-	(522,962)	1,473,804	618,046
<b>Total</b>	<u>\$ 5,092,110</u>	<u>\$ -</u>	<u>\$ (695,578)</u>	<u>\$ 4,396,532</u>	<u>\$ 794,978</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, 2025 and 2024

Reductions of future remittances to the Authority for repayment of the amount due to municipality at September 30, 2025 were scheduled as follows:

<u>Year Ending September 30,</u>	
2026	\$ 250,000
2027	250,000
2028	250,000
2029	250,000
2030	250,000
2031-2035	1,250,000
2036-2038	<u>750,000</u>
Total minimum payments	3,250,000
Less amount representing interest	<u>(504,204)</u>
<b>Recorded value of minimum payments</b>	<b><u>\$ 2,745,796</u></b>

The imputed interest totaled \$73,068 and \$77,384 for the years ended September 30, 2025 and 2024, 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, 2025 were scheduled as follows:

<u>Year Ending September 30,</u>	
2026	\$ 570,504
2027	285,254
2028	<u>285,254</u>
Total minimum payments	1,141,012
Less amount representing interest	<u>(237,712)</u>
<b>Recorded value of minimum payments</b>	<b><u>\$ 903,300</u></b>

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2025 and 2024

### Notes Payable and Finance Contractual Obligations

In September 2025, the Authority issued Fort Worth Transportation Authority, Note, Series 2025 of \$28,110,000 and \$12,055,000 of Fort Worth Transportation Authority Public Property Finance Contractual Obligations, Series 2025 to be used for construction and capital projects. These contractual obligations will be amortized each year. Interest is payable each year. Interest rates are 3.495% for the notes and 3.83% for the contractual obligations.

Future debt service requirements are as follows for the contractual obligations as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ -	\$ 459,141
2027	-	461,707
2028	1,315,000	461,707
2029	1,365,000	411,342
2030	1,420,000	359,063
2031-2035	7,955,000	936,627
	<u>\$ 12,055,000</u>	<u>\$ 3,089,587</u>

Future debt service requirements are as follows for the notes as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ -	\$ 976,986
2027	-	982,445
2028	5,000	982,445
2029	13,810,000	982,270
2030	14,295,000	499,610
	<u>\$ 28,110,000</u>	<u>\$ 4,423,756</u>

### Note 7. Retirement Benefits

The Authority has established the Fort Worth Transportation Authority Retirement Plan (the Retirement Plan). The provisions of the Plan allow full time, part time and temporary employees 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.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

### Years Ended September 30, 2025 and 2024

The Authority makes contributions to the 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, 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.

During fiscal year ended September 30, 2025, the employee contributions to the Retirement Plan were \$3,594,329. The Authority's contributions to the Retirement Plan for that year were \$2,929,958.

## **Note 8. Commitments and Contingencies**

### **Capital Projects**

The Authority has active commitments related to capital projects as of September 30, 2025. The Authority has spent \$29,200,432 on these projects and has remaining commitments of \$8,176,481 at September 30, 2025.

### **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, 2025 and 2024, 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 the 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.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2025 and 2024

The claims liability for vehicle, general liability and workers' compensation of \$109,873 and \$571,444 reported at September 30, 2025 and 2024, 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, 2025 and 2024.

Changes in the reported liability for the years ended September 30, 2025 and 2024 are as follows:

	Beginning of Year Liability	Incurred Claims and Adjustments	Claim Payments	End of Year Liability
<b>Vehicle and general liability</b>				
Fiscal year 2025	\$ 300,111	\$ 865,800	\$ 1,163,103	\$ 2,808
Fiscal year 2024	493,209	48,946	242,044	300,111
Fiscal year 2023	13,127	671,403	191,321	493,209
<b>Workers' compensation</b>				
Fiscal year 2025	\$ 271,333	\$ 36,705	\$ 200,973	\$ 107,065
Fiscal year 2024	229,490	490,725	448,882	271,333
Fiscal year 2023	465,528	403,613	639,651	229,490

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

### 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, 2025 and 2024 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 \$2,808, which is included in other accrued liabilities on the statements of financial position.

# Fort Worth Transportation Authority

## Notes to the Financial Statements

Years Ended September 30, 2025 and 2024

### 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, 2025 and 2024, the Authority has recorded deferred inflows of resources of \$23,770,346 and \$24,507,411, 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.

### Note 10. Expenses in Excess of Budget

During the year ended September 30, 2025, the Authority expended \$38,276,081 in excess of budgeted expenses, primarily due to non-budgeted depreciation expense of \$50,249,038.

## **Supplementary Information**

**Fort Worth Transportation Authority**  
Schedule of Revenues and Expenses – Budget and Actual  
Year Ended September 30, 2025  
With Comparative Actuals for the Year Ended September 30, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
<b>OPERATING REVENUES</b>					
Fare revenue	\$ 7,436,548	\$ 7,436,548	\$ 7,487,953	\$ 51,405	\$ 7,609,386
Advertising	-	-	567,338	567,338	595,029
Other	7,906,219	7,906,219	1,102,761	(6,803,458)	785,814
Total operating revenues	15,342,767	15,342,767	9,158,052	(6,184,715)	8,990,229
<b>OPERATING EXPENSES</b>					
Salaries, wages and fringe benefits	62,305,094	62,305,094	61,927,755	377,339	59,403,137
Professional services	20,589,466	20,589,466	19,501,564	1,087,902	19,555,273
Purchased transportation	64,430,774	64,430,774	61,296,347	3,134,427	55,817,152
Fuels and lubricants	1,679,135	1,679,135	1,064,839	614,296	1,288,364
Tires and tubes	435,500	435,500	572,616	(137,116)	485,650
Maintenance materials	4,339,434	4,339,434	3,251,962	1,087,472	3,860,962
Supplies and materials	902,427	902,427	1,334,506	(432,079)	1,913,636
Utilities	1,822,209	1,822,209	1,779,601	42,608	2,151,994
Casualty and liability insurance	5,963,372	5,963,372	401,673	5,561,699	4,876,303
Taxes and fees	34,318	34,318	-	34,318	-
Interest expense	-	-	73,068	(73,068)	77,384
Depreciation	-	-	50,249,038	(50,249,038)	47,285,875
Other	1,270,135	1,270,135	594,976	675,159	609,423
Total operating expenses	163,771,864	163,771,864	202,047,945	(38,276,081)	197,325,153
Operating loss	(148,429,097)	(148,429,097)	(192,889,893)	(44,460,796)	(188,334,924)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Sales tax	119,000,000	119,000,000	120,951,572	1,951,572	115,049,958
Operating assistance grants	77,449,598	77,449,598	51,554,842	(25,894,756)	5,627,286
Preventive maintenance reimbursement	-	-	-	-	2,525
Para-transit assistance	-	-	-	-	622,647
Contributions from partners	13,700,000	13,700,000	17,073,645	3,373,645	16,273,490
Rental income	-	-	712,638	712,638	634,003
Investment income	-	-	1,705,469	1,705,469	2,607,910
Oil and gas revenue	-	-	396,531	396,531	42,505
Gain (loss) on disposal of capital assets	-	-	(52,869)	(52,869)	41,065
Other non-operating revenue (expense)	-	-	406,641	406,641	1,231,302
Total non-operating revenue (expenses)	210,149,598	210,149,598	192,748,469	(17,401,129)	142,132,691
Income before capital grants	61,720,501	61,720,501	(141,424)	(61,861,925)	(46,202,233)
Capital grants	109,774,320	109,774,320	10,572,117	(99,202,203)	23,207,084
<b>CHANGE IN NET POSITION</b>	<b>\$ 171,494,821</b>	<b>\$ 171,494,821</b>	<b>\$ 10,430,693</b>	<b>\$ (161,064,128)</b>	<b>\$ (22,995,149)</b>

# **Federal Awards Section**

**Fort Worth Transportation Authority**  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2025

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Grantor ID Number</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
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	\$ 5,386,656
FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2018-085-01	20.507	1,174,865
COVID-19: 5307 - Urbanized Area Formula Grants	TX-2020-090	20.507	765,986
FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2020-137-02	20.507	66,153
FTA/FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2020-170-01	20.507	847,789
FTA/FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2020-170-04	20.507	240,000
FTA/FHWA Transfer to 5307 Urbanized Area Formula Grants	TX-2020-171-01	20.507	247,181
114-00 Bus: Support Equipment and Facilities	TX-2023-100	20.526	711,058
FY23 Trinity Lake Station/construction	TX-2024-048-01	20.507	849,084
Bus Rolling Stock A1	TX-2024-064	20.526	2,103,818
641-00 5310 Projects A3	TX-2024-104-03	20.507	361,250
Maintenance	TX-2025-023	20.507	38,800,961
121-00 Rail Rolling Stock A1	TX-2025-126	20.507	10,400,000
			<hr/>
Total Federal Transit Cluster			61,954,801
			<hr/>
U.S. Department of Transportation			61,954,801
			<hr/>
<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	147,502
			<hr/>
Total Federal Assistance Listing Number 97.075			147,502
			<hr/>
Total Federal Emergency Management Agency			147,502
			<hr/>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 62,102,303</b>
			<hr/>

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, 2025. 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, 2025, the Authority was awarded grants under Federal Assistance Listing Number 20.500, 20.507 and 20.526, 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 \$51,673,209.

#### De Minimis Cost Rate

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

#### Reconciliation

Grant revenue per the accompanying SEFA is recorded on the statement of revenue, expenses and changes in net position for year ended September 30, 2025 as follows:

Federal assistance per SEFA	\$	62,102,303
Other Adjustments		24,656
Reconciled revenue	\$	62,126,959
Operating assistance grants	\$	51,554,842
Grants for capital improvements		10,572,117
Total grant revenue - FY 2025	\$	62,126,959

**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, 2025, and the related notes to the financial statements, and have issued our report thereon dated February 17, 2026.

**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.

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.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**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*.

**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 17, 2026

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and Report on  
Internal Control over Compliance As  
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, 2025. 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, 2025.

***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.

### **Report on 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. 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.

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. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 17, 2026

**Fort Worth Transportation Authority**  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2025

**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 \_\_\_\_\_ Yes      X   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 \_\_\_\_\_ Yes      X   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 \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>Federal Assistance Listing Numbers</u> 20.500; 20.507; 20.526	<u>Name of Federal Program or Cluster</u> Federal Transit Cluster
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The dollar threshold used to distinguish between Type A and Type B programs \$1,863,069

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, 2025

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

None noted.

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

None noted.

# Fort Worth Transportation Authority

Status of Prior Year Findings  
Year Ended September 30, 2025

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

**Condition** ( ) 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.

**Status**: Corrected.

## **Finding 2024-002: Matching**

**Major Federal Program** – Federal Transit Cluster

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

**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.

**Status**: Corrected.