



Agenda - Final
Capital Metropolitan
Transportation Authority
Finance, Audit and Administration
Committee

2910 East 5th Street
Austin, TX 78702

Wednesday, December 10, 2025

10:00 AM

Rosa Parks Boardroom

This meeting will be livestreamed at capmetrotx.legistar.com

I. Call to Order

II. Public Comment

III. Action Items

1. Approval of minutes from the November 5, 2025 Finance, Audit and Administration Committee meeting.
2. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with QA Systems to provide and install audio/ visual systems in CapMetro's Administrative Building located at 3100 E. 5th Street, for a term of three (3) months from notice to proceed, in an amount not to exceed \$401,302.
3. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with DOCUmentation of San Antonio, LLC for On-Site Business Center Services for a base period of three years and three one-year option periods in an amount not to exceed \$3,313,500.
4. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with Voya Employee Benefits for medical stop loss insurance for claims above \$225,000, with a base term of one year, in a total amount not to exceed \$988,378.

IV. Presentations

1. Internal Audit FY2026 Audit Plan Status - December 2025
2. Internal Audit Report: Inventory Controls - Demand Response Parts
3. FY2025 Year End Preliminary Financials
4. Executive Finance, Audit and Administration Update - December 2025
Update on key performance indicators, financial performance, and upcoming events.

V. Items for Future Discussion

VI. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Matt Harriss, Chair; Becki Ross, Dianne Bangle and Zo Qadri.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2025-1677

Agenda Date: 12/10/2025

Approval of minutes from the November 5, 2025 Finance, Audit and Administration Committee meeting.

Minutes
Capital Metropolitan
Transportation Authority
Finance, Audit and Administration
Committee

2910 East 5th Street
Austin, TX 78702

Wednesday, November 5, 2025

10:00 AM

Rosa Parks Boardroom

I. Call to Order

10:00 a.m. Meeting Called to Order

Present	Becki Ross, Dianne Bangle, and Matt Harriss
Absent	Zo Qadri

II. Public Comment

There were no public comments this month.

III. Action Items

1. Approval of minutes from the October 8, 2025 Finance, Audit and Administration Committee meeting.

A motion was made by Bangle, seconded by Ross, that this Minutes be adopted. The motion carried by the following vote:

Aye: Ross, Bangle, and Harriss

2. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with the eConsortium Group for Cisco Smartnet network hardware and software support, for a term of three (3) years, in a total amount not to exceed \$696,990.

A motion was made by Ross, seconded by Bangle, that this Resolution be recommended for the consent agenda to the Board of Directors, due back on 11/17/2025. The motion carried by the following vote:

Aye: Ross, Bangle, and Harriss

3. Approval of a resolution approving the Fiscal Year 2025 performance review for Terry Follmer, Chief Audit Executive.

This item was taken up following Executive Session.

A motion was made by Bangle, seconded by Ross, that this Resolution be adopted. The motion carried by the following vote:

Aye: Ross, Bangle, and Harriss

IV. Presentations

1. FY2026 Long Range Financial Plan Update
2. Internal Audit FY2026 Audit Plan Status - November 2025
3. Internal Audit Report: Bus Parts, Inventory Controls
4. Executive Finance, Audit and Administration Update - November 2025
Update on key performance indicators, financial performance, and upcoming events.

V. Executive Session under Chapter 551 of the Texas Government Code:

Into Executive Session with a quorum of the Committee present: 10:59 a.m.

Out of Executive Session: 11:27 a.m.

1. Section 551.074 for Personnel Matters related to Chief Audit Executive's annual performance evaluation.

VI. Items for Future Discussion

VII. Adjournment

11:28 a.m. Meeting Adjourned

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Matt Harriss, Chair; Becki Ross, Dianne Bangle and Zo Qadri.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.

Finance, Audit and Administration Committee
Agenda Date: 12/10/2025

Item #: AI-2025-1654

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with QA Systems to provide and install audio/ visual systems in CapMetro's Administrative Building located at 3100 E. 5th Street, for a term of three (3) months from notice to proceed, in an amount not to exceed \$401,302.

FISCAL IMPACT:

Funding for this action is available in the FY2026 Capital Budget.

STRATEGIC PLAN:

Strategic Goal Alignment:

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> 1. Customer | <input type="checkbox"/> 2. Community |
| <input type="checkbox"/> 3. Workforce | <input checked="" type="checkbox"/> 4. Organizational Effectiveness |

EXPLANATION OF STRATEGIC ALIGNMENT: Establishing and maintaining quality audio/visual standards in collaborative spaces like conference rooms, the Boardroom, and training areas ensures quality and suitable locations for staff and partners to conduct mandated proceedings and operations that help improve CapMetro services and products.

BUSINESS CASE: This order is to design and install audio and visual systems for the CapMetro Administration building conference and meeting spaces, including the Boardroom and other collaborative spaces. Relocating administrative and operations personnel requires adequate and modern conferencing areas to conduct board proceedings and other meeting initiatives.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee meeting on December 10, 2025.

EXECUTIVE SUMMARY: This contract will provide for the acquisition of audio/visual system installations to replace or relocate similar equipment that is past its useful life, and to acquire new audio/visual technology where needs have changed. This is limited to the CapMetro Administration building conference and other collaborative spaces.

Agenda Date: 12/10/2025

SBE PARTICIPATION: A 0% SBE goal was assigned to this procurement, which did not include subcontract opportunities and was purchased through a cooperative purchasing agreement.

PROCUREMENT: CapMetro will utilize the Texas Department of Information Resources (DIR), Contract Number DIR-CPO-5698, held by QA Systems, for Information Technology Products and Related Services, to provide and install audio/ visual systems in the Boardroom and other collaborative spaces of CapMetro's Administrative Building located at 3100 E. 5th Street.

DIR awarded contracts are made available for use by CapMetro via Title 7, Intergovernmental Relations Chapter 791, Interlocal Cooperation Contracts and the Texas Interlocal Cooperation Act. Purchases made using DIR contracts satisfy otherwise applicable competitive bidding requirements.

Pricing to provide and install audio/ visual systems in the Boardroom and other collaborative spaces of 3100 E. 5th Street Administrative Building was determined to be fair & reasonable by the DIR organization during its solicitation and award process. The following is QA Systems fixed lump sum pricing, for a three (3) month term from notice to proceed:

Description	Lump Sum Price
Audio/ Visual Systems for 3100 E. 5 th Street, Administrative Building	\$401,302.

RESPONSIBLE DEPARTMENT: Information Technology

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2025-1654

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and CapMetro Management endeavor to provide adequate state of good repair for the CapMetro Administration building conference and meeting spaces, including the Boardroom and other collaborative spaces; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and CapMetro Management recognize the need to provide quality audio/visual performance, reliability and availability.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or her designee, to finalize and execute a contract with QA Systems to provide and install audio/ visual systems in CapMetro's Administrative Building located at 3100 E. 5th Street, for a term of three (3) months from notice to proceed, in an amount not to exceed \$401,302.

Date: _____

**Secretary of the Board
Becki Ross**

Finance, Audit and Administration Committee
Agenda Date: 12/10/2025

Item #: AI-2025-1684

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with DOCUmentation of San Antonio, LLC for On-Site Business Center Services for a base period of three years and three one-year option periods in an amount not to exceed \$3,313,500.

FISCAL IMPACT:

Funding for this action is available in the FY2026 Operating Budget.

STRATEGIC PLAN:

Strategic Goal Alignment:

- | | |
|--|--|
| <input type="checkbox"/> 1. Customer | <input type="checkbox"/> 2. Community |
| <input checked="" type="checkbox"/> 3. Workforce | <input type="checkbox"/> 4. Organizational Effectiveness |

EXPLANATION OF STRATEGIC ALIGNMENT: Support through a productive business center provides essential services to employees to accomplish daily tasks such as printing, copying, document assembly and mail and courier services.

BUSINESS CASE: CapMetro has conducted a cost/benefit analysis on the alternative of performing the services currently provided through the on-site business center with directly employed staff as an alternative to contracting for these services. As a result of the analysis, it is recommended that we continue to contract for the business center operations to a company that specializes in business services rather than hiring additional direct staff to perform these functions. The direct costs of salaries and benefits for staffing the business center with CapMetro staff is projected to be similar to the staffing costs of the recommended contractor over the term of the contract. However, there are benefits of a turnkey operation for these support services that led to the recommendation to continue with the contract solution:

- On-site employees who are familiar with the leased equipment are trained by the equipment provider to troubleshoot issues;
- flexibility to supplement staff during high demand times or employee absences;
- management and oversight by experienced business center professionals.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance,

Audit and Administration Committee on December 10, 2025.

EXECUTIVE SUMMARY: The proposed contract with DOCUmentation of San Antonio, LLC for On-Site Business Center Services is for a base period of three years and three one-year option periods in an amount not to exceed \$3,313,500. The services to be provided under the contract include: lease of business center and self-service copiers and printers, staffing of the business center to perform printing, copying, scanning, document assembly, mail delivery services, delivery of lost and found items to the Transit Store, and management of ad hoc courier services.

SBE PARTICIPATION: A 0% SBE goal was assigned to this procurement, which did not include subcontract opportunities.

PROCUREMENT: On April 11, 2025, a Request for Proposals was issued and formally advertised. By the closing date of May 13, 2025, two (2) proposals were received. The evaluation team used the following factors in the evaluation of proposals:

- (1) The offeror's proposed plan for the performance of the work and the technical approach proposed by the offeror.
- (2) Capabilities of the proposed project personnel on projects of a similar size, scope, complexity and nature.
- (3) The offeror's demonstrated technical background, past performance and relevant work experience on projects of a similar size, scope, complexity and nature.

The proposal from DOCUmentation of San Antonio, LLC was determined to be the best value to the Authority, price and other factors considered. The contract is a fixed price contract. The term of the Contract is a base period of three years and an option period of three years, for pricing offered as follows.

Base Period (Years 1 - 3)	\$1,698,228
Option Period (Years 4 - 6)	\$1,615,272
GRAND TOTAL	\$3,313,500

RESPONSIBLE DEPARTMENT: Administration

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2025-1684

WHEREAS, the Capital Metro Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the need for continuation of business center services.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or her designee, is authorized to finalize and execute a contract with DOCUmentation of San Antonio, LLC, for On-Site Business Center Services for a base period of three years and three one-year option periods in an amount not to exceed \$3,313,500.

**Secretary of the Board
Becki Ross**

Date: _____

Finance, Audit and Administration Committee

Item #: AI-2025-1690

Agenda Date: 12/10/2025

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with Voya Employee Benefits for medical stop loss insurance for claims above \$225,000, with a base term of one year, in a total amount not to exceed \$988,378.

FISCAL IMPACT:

Funding for this action is available in the FY2026 Operating Budget.

STRATEGIC PLAN:

Strategic Goal Alignment:

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> 1. Customer | <input type="checkbox"/> 2. Community |
| <input type="checkbox"/> 3. Workforce | <input checked="" type="checkbox"/> 4. Organizational Effectiveness |

EXPLANATION OF STRATEGIC ALIGNMENT: Purchase of stop loss insurance for high-cost health claims supports fiscal responsibility by mitigating CapMetro's risk if employees or family members covered by CapMetro's self-insured health care plan experience annual claim costs exceeding \$225,000 annually per claim.

BUSINESS CASE: Each year CapMetro works with Gallagher Benefits Services to assess the level of stop loss insurance recommended based on our large claims history. Gallagher then works with the insurance market to obtain quotes for the recommended stop-loss insurance. For Calendar Year 2026, CapMetro recommends maintaining the stop loss limit of \$225,000, based on the analysis of large claims history compared to the cost of stop loss insurance.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee on December 10, 2025.

EXECUTIVE SUMMARY: Gallagher Benefits Services has obtained quotes for stop loss insurance from Voya Employee Benefits, Sun Life, WellPoint, Symetra, and BCS Financial. The price quote from Voya for \$225,000 individual stop loss insurance is the lowest of the quotes received from bidders at the \$225,000 individual stop loss level. The Stop Loss coverage provided by Voya Employee Benefits is underwritten by ReliaStar Life Insurance Company, a member of the Voya family of companies. ReliaStar Life Insurance Company has an AM Best rating of A+ (Excellent). Voya Employee Benefits is an industry leader and one of the nation's largest

direct writers of excess risk (stop loss) insurance for more than 40 years. Voya Employee Benefits, a division of ReliaStar Life Insurance Company, also offers group life, voluntary and disability income insurance products through employers.

SBE PARTICIPATION: A 0% SBE goal was assigned to this procurement, which did not include subcontract opportunities.

PROCUREMENT: CapMetro's Procurement and Acquisition Policy lists insurance as an expense that does not require a Purchase Agreement.

RESPONSIBLE DEPARTMENT: People & Culture

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2025-1690

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and CapMetro Management recognize the fiscal responsibility to mitigate risks associated with large medical claims.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or her designee, is authorized to finalize and execute a contract with Voya Employee Benefits for the purchase of Medical Stop Loss Insurance for claims above \$225,000 for one (1) year in an amount not to exceed \$988,378.

Date: _____

**Secretary of the Board
Becki Ross**



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2025-1676

Agenda Date: 12/10/2025

Internal Audit FY2026 Audit Plan Status - December 2025

FY26 INTERNAL AUDIT PLAN

Department Scorecard

	Projects	Status & % Complete	Additional Details
	FAA COMMITTEE & INTERNAL AUDIT CHARTER COMPLIANCE		
1	Finance, Audit & Administration (FAA) Committee Meetings: 10/8; 11/5; 12/10; 1/14; 2/11; 3/11; 4/8; 5/6; 6/10; 7/15; 8/10; 9/16; 10/14; 12/2	In Process	
2	Semi-annual Implementation Status Report - November 2025	In Process	January
3	Semi-annual Implementation Status Report - May 2026		
4	Quarterly - Implementation Status of Miscellaneous Revenue recommendations	In Process	Jan/Feb
5	FY2026 Risk Assessment & development of FY27 Audit Plan		
	FY25 Audit Assurance & Advisory Projects		
1	Keolis Payroll Pass Through Charges - Ongoing Continuous Monitoring	Ongoing Monitoring	
2	MTM Payroll Pass Through Charges - Ongoing Continuous Monitoring	Ongoing Monitoring	
3	Oracle segregation of duties (DLT Solutions & Sikich) - build model & test	In Process	
4	Oracle Survey - User Satisfaction & Opportunities		
5	Capital Projects - Costs & Reporting Controls		
6	Inventory Controls - Bus Parts (Keolis)	Completed	November
7	Inventory Controls - Demand Response Parts (MTM)	Completed	December
8	Inventory Controls - Rail Parts (Herzog)	Draft Report	January
9	Inventory Controls - Facilities & Bus Stop Parts	In Process	Jan/Feb
10	Fuel Inventory Controls (Unleaded, Diesel, & Red Diesel)	In Process	February
11	Brinks Contract and Outsourced Treasury Controls		
12	Keolis - Bus Maintenance & Training	In Process	UT Interns - Analytics
13	MTM - Demand Response Maintenance & Training	In Process	UT Interns - Analytics
14	Automation of Bus Incident/Accident Reporting (TrackIt System)		
15	CLS System for Right of Way License Contracts (Completeness & Accuracy)	In Process	
16	Bus Charging Infrastructure & EV Program	Draft Report	
17	UMO Contract (e-Tickets) & Administrative Fees		
18	Real Estate - Life Cycle Management & Controls		
19	Safety Mgt System (SMS) - Safety Promotion via Competencies & Training		
20	NIST Cybersecurity Framework (CISA Facilitated Self Assessment) - re-assessment from 2024 baseline	On Hold	CISA Federal Funding Delay
21	Annual Cybersecurity Review (Verizon Penetration Test)	In Process	
22	CISA Tabletop Exercise (Ransomware Attack)	On Hold	CISA Federal Funding Delay

	NEW PROJECTS ADDED TO FY26 AUDIT PLAN by Terry Follmer		
1	Quadrennial Performance Report - Tracker until Completed		
2	FTA Triennial - closure on one remaining deficiency (Paratransit Vehicle Award Reporting form)	In Process	January



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2025-1700

Agenda Date: 12/10/2025

Internal Audit Report: Inventory Controls - Demand Response Parts



INVENTORY CONTROLS DEMAND RESPONSE PARTS (#25-17)

Terry Follmer, Chief Audit Executive

Distribution List:

Capital Metro Board of Directors
Dottie Watkins, President and CEO
Kerri Butcher, EVP, Deputy CEO
Donna Simmons, EVP of Administration, Diversity and Inclusion Officer
Sharmila Mukherjee, EVP, Strategic Planning & Development
Gardner Tabon, EVP, Chief Safety Officer
Samantha Baez, EVP, Chief Experience & Engagement Officer
Kevin Conlan, EVP, Chief Financial & Risk Officer
Andrew Skabowski, EVP & Chief Operating Officer
Dave Kubicek, EVP, Capital Construction, Engineering & Design
Art Jackson, VP, Demand Response & Innovative Mobility
Tanya Acevedo, Senior VP, Chief Information Officer
Nadia Nahvi, Controller
Muhammad Abdullah, VP, Chief of Procurement & Compliance Officer
Muriel Friday, VP of Rail Operations
Rahul Nair, VP of Rolling Stock & Support Equipment
Ashley Erickson, VP of Organizational Strategy and Projects
Jake Powell, Quality Assurance Spec, Operations and Maintenance Oversight
Randy Slaughter, Director of Paratransit Operations
Gareth Graham, Superintendent of Demand Response Maintenance

Contents

Executive Summary.....	1
Background	1
Audit Objective & Scope.....	2
Opinion	2
Risk Rating Definitions	3
Audit Report	4
1. Cycle Counts - Establish Baseline & Set Target Goals for MTM & CapMetro	4
2. MTM Contract – Inventory Parts Requirements & SOP’s.....	Error! Bookmark not defined.
Appendices	6
Appendix A Inventory Cycle Count Performance Baseline	6
Appendix B MTM Inventory Contract Requirements	7
Appendix C Dallas Area Rapid Transit (DART)-General Ledger Chart of Accounts	Error! Bookmark not defined.
Appendix D Houston METRO-General Ledger Chart of Accounts	Error! Bookmark not defined.

Executive Summary

The fiscal year 2025 Audit Plan approved by the CapMetro Board of Directors included an assurance review of the demand response inventory parts to ensure adequate controls, compliance with contracts, policies, procedures, and regulatory requirements. The audit results including the objective, scope and conclusion are as follows.

Background

CapMetro implemented the [Hexagon Enterprise Asset Management](#) (EAM) system in 2020 which is used to manage fixed assets (e.g., vehicles, facilities, HVAC, etc.) and spare parts inventory for vehicles and facilities related preventive and unplanned maintenance as recommended by the original equipment manufacturer. The purpose of EAM systems is to enable better, more strategic decisions that extend the asset life cycle, increase safety, and enable cost efficiencies. EAMs allow organizations to manage the life cycle of assets from cradle to grave including scheduled preventive work orders and unscheduled repairs in an organized and efficient manner

CapMetro has a contract with MTM to manage the demand response fleet, which includes providing the labor to maintain the vehicles and receive, store and issue parts to maintenance Work Orders and maintain the fleet in a state of good repair. Effective 1/1/2025, CapMetro took ownership of the parts and took responsibility for ordering and monitoring the parts, while MTM is responsible for the physical management of the parts. The MTM contract requires them to perform a physical inventory of materials in stores every year and a physical inventory of all CapMetro property at least once every two years. Cycle count adjustments entered by MTM into Hexagon are reviewed and approved by the Parts Manager/Parts Supervisor before posting to Hexagon EAM.

CapMetro's fleet of 271 demand response vehicles often involves three manufacturers: one for the chassis (e.g., Ford, Chevy, or Dodge) and another for the coach building (e.g., Turtle Top or New England Wheels). This customization adds complexity to the maintenance and management of the fleet, which spans five manufacturers (Turtle Top (94), Dodge (92) and Ford (46), New Eng. Wheels (23), and Champion (20)). There are also 75 new Dodge Promaster vans still being processed into the EAM system, therefore the new vehicles are not yet in service.

CapMetro's demand response parts are stored in three primary warehouse locations and includes approximately 1,900 Stock Keeping Units (SKUs) valued at approximately \$595,000 within the Hexagon asset management system, which tracks current inventory levels and historical usage as of 9/30/2025 as:

Type	Store	In Service		
		SKU	Quantity	Value on Hand
Demand Response (DR)	509_06	1,252	9,122	\$319,250
	817_01	653	4,831	\$274,804
Total		1,905	13,953	\$594,054

The Oracle accounting records are updated real time for procurement activity (i.e., orders and receipts) however, Oracle accounting system records are only updated once a month via manual journal entry for parts issued, cycle count monthly results and other adjustments. Additionally, the Oracle general ledger only has one asset inventory part account (EAM Parts 1030101), and one inventory part expense account (Maintenance Materials- 5049920). Due to the lack of specific accounts in Oracle for the Balance Sheet and Income Statements, the Oracle general ledger cannot produce meaningful reports that are useful to Demand Response Operations.

Audit Objective & Scope

The objective of the demand response parts audit was to evaluate demand response part records and internal controls related to the completeness and accuracy of the demand response part records, as well as the procure to payment controls. The scope included a review of FY2025 demand response part records in the Hexagon system and related procure to pay records in the Oracle system, data analytics on the completeness and accuracy of data in Hexagon, and a review of the policies and procedures that are used to manage the lifecycle asset records updates in the Hexagon system. We obtained and tested inventory data from Hexagon as of 07/17/2025, and Oracle data from 10/01/2024 to 08/26/2025.

Opinion

In our opinion, internal controls are generally in place and functioning over CapMetro's Hexagon Enterprise Asset Management system. We identified some areas where internal controls could be further strengthened as follows:

Issues & Risk	Risk Rating	Status	Target Completion Date
1. Cycle Counts - Establish Baseline & Set Target Goals for MTM & CapMetro	Medium	Open	2/1/2026
2. MTM Contract – Inventory Parts Requirements & SOP's	Medium	Open	2/1/2026

More details regarding the issues/risks and recommendations can be found below in the detailed audit report.

This audit was conducted in accordance with the US Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditor's Global Internal Audit Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit was conducted by the following staff members in the Capital Metro Internal Audit Department:

- Amy Parekh, Internal Auditor II
- Terry Follmer, CAE

Recommendations to strengthen controls and improve accountability were provided to management. Management agrees with the internal audit recommendations and has provided target completion dates which are included in the detailed audit report below. A follow-up audit is performed semi-annually (i.e., May and November) to ensure management action plans for all issued audit reports are completed in a timely manner.

We appreciate the cooperation and assistance provided to us throughout this audit.

Risk Rating Definitions

Ratings Definitions- Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each issue were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

Rating	Issues identified	Action required
HIGH	Issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited.	Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.
MEDIUM	Issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited.	Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
LOW	Issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited.	Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

Ratings methodology- In determining the ratings of audit findings, auditors considered factors such as:

1. Financial impact
2. Potential failure to meet program/function objectives
3. Noncompliance with state statute(s), rules, regulations, and other requirements or criteria
4. The inadequacy of the design and/or operating effectiveness of internal controls
5. Evidence of potential fraud, waste, or abuse
6. Significant control environment issues
7. Little to no corrective action for issues previously identified

Auditors also identified and considered other factors when appropriate.

Audit Report

Issues & Risk		Risk Rating		Recommendation		Management Action Plan																				
		MEDIUM																								
<p><u>1. Cycle Counts - Establish Baseline & Set Target Goals for MTM & CapMetro</u></p> <p>We benchmarked CapMetro against the other Texas transit agencies and noted they all rely on cycle counts to validate the accuracy of parts records and only perform full physicals in special situations (e.g. installing new EAM or ERP systems). MTM is responsible for performing the demand response parts cycle counts, however, cycle count baselines and target goals have not been explicitly set for MTM.</p> <p>Through data analytics of the Hexagon parts records, the Internal Audit Department was able to establish the following baseline using the cycle count records from the last 10 months:</p>																										
<table><tr><th rowspan="2">Type</th><th rowspan="2">Value on Hand</th><th rowspan="2">Total SKUs in Listing</th><th rowspan="2">Counted SKUs</th><th rowspan="2">Percent of SKUs counted annually</th><th colspan="3">Results</th></tr><tr><th>Qty Accurate no adjustments</th><th>Qty Positive adjustments</th><th>Qty Negative adjustments</th></tr><tr><td>DR</td><td>\$594,055</td><td>1,905</td><td>1,517</td><td>79.5%</td><td>55.3%</td><td>18.9%</td><td>25.8%</td></tr></table>				Type	Value on Hand	Total SKUs in Listing	Counted SKUs	Percent of SKUs counted annually	Results			Qty Accurate no adjustments	Qty Positive adjustments	Qty Negative adjustments	DR	\$594,055	1,905	1,517	79.5%	55.3%	18.9%	25.8%				
Type	Value on Hand	Total SKUs in Listing	Counted SKUs						Percent of SKUs counted annually	Results																
				Qty Accurate no adjustments	Qty Positive adjustments	Qty Negative adjustments																				
DR	\$594,055	1,905	1,517	79.5%	55.3%	18.9%	25.8%																			
<p>We believe the effectiveness of the cycle count program can be better measured by establishing a formal baseline and target goals for MTM.</p> <p>See Appendix A for details.</p> <p>Baseline defined: a historical statistic to measure against in the future to gauge progress. In the table above some baselines to measure progress against are: 79.5% of SKU’s are cycle counted annually; 55.3% of cycle counts require no adjustment as physical quantity matches Hexagon; positive adjustments are required 18.9% of the time versus 25.8% of adjustments are negative.</p>																										
				<p>The Superintendent of Demand Response Maintenance should consider implementing the following cycle count enhancements using Power BI:</p> <ul style="list-style-type: none">a) <u>Establish Baseline</u> - using historical cycle count results from the last 12 months for the following areas: 79.5% of SKU’s cycle counted annually; 44.7% of cycle counts that had differences; for unit count adjustments, 25.8% of that was a negative adjustment (meaning missing parts) versus a 18.9% positive adjustment.b) <u>Set Target Goals for MTM & CapMetro</u> - measure cycle count actual performance against goals and historical baseline.c) <u>Periodic Reporting</u> - Periodic reporting (Monthly/Quarterly) to MTM and CapMetro management showing actual cycle count results against target goals and historical baseline.d) Develop a systematic solution within Hexagon to differentiate true inventory stock takes from all other stock adjustments.		<p>Management agrees and has developed the action plan below:</p> <ul style="list-style-type: none">a) <u>Baseline</u> – Weekly cycle counts implemented 02/01/2025. Will continue on this schedule through 2026.b) <u>KPI Target Goal</u>– FY26 +/- 5% between Start value and End Value per count. Already implemented. Weekly cycle counts with 100% of SKU counted annually.c) <u>Periodic Reporting</u> – Reporting is already filled on Parts and Inventory KPI tracking sheet for both weekly and Monthly.d) <u>Working Group</u> – We will work the new cross functional working group on a solution.																				

Issues & Risk	Risk Rating	Recommendation	Management Action Plan
	MEDIUM		
<p><u>2 MTM Contract – Inventory Parts Requirements & SOP’s</u></p> <p>CapMetro’s took over ownership of the Demand Response Parts inventory on January 01, 2025, which is valued at \$595,000 and is comprised of 1,900 SKU’s to maintain the demand response fleet. CapMetro is responsible for ordering and monitoring parts, while MTM provides the labor to maintain the vehicles and receive, store and issue parts to Work Orders as well as perform cycle counts. The MTM contract (Exhibit E, Section 65, Management of CapMetro Property in the Possession of Contractors) requires annual physical inventories of materials in stores, reconciliation of balances, recording of adjustments, and approval of those adjustments. (See Appendix B for full contract language)</p> <p>We reviewed the controls related to the accuracy of parts and noted the following opportunities:</p> <ul style="list-style-type: none">• Cycle counts are being performed but no baseline and goals have been set (see issue #1) and not all SKU’s are being counted every year.• The Finance Department has not established any inventory policies/procedures covering physical inventories, cycle counts, etc.• <u>All Manual, No Automation</u> - The two locations (North Base and South Base DR Operation) where the parts are stored have not placed bar codes on the bins or parts, therefore, all recordkeeping is done manually with paper and pen and then manually keyed into the Hexagon system based for the following processes:<ul style="list-style-type: none">○ Receiving: Clerk enters data, supervised by Parts Manager.○ Cycle Count: Parts Manager enters and approves counts.○ Put-Away: Clerks verify and place parts, with oversight• <u>Parts Stratification</u> - we fully support management’s plan to stratify parts and provide different cycle count frequencies (e.g. annual vs quarterly, etc.) based upon criticality, materiality, etc... <p>Inventory controls help ensure the accuracy of the 1,900 SKU’s and parts are available when needed for mechanical maintenance, the accuracy of the parts inventory on the Balance Sheet, and that errors and irregularities in missing parts are detected timely. See actual cycle counts results at Appendix A.</p>	<p>The Superintendent of Demand Response Maintenance should join the new cross-functional working group (Operations, Finance, IT) led by the Superintendent of Bus Parts, and participate in the following system and business process improvements: :</p> <ul style="list-style-type: none">a) Create and analyze parts balances and identify process and system improvements in an annual plan with stated goals (e.g. system enhancements; cycle count coverage; MTM contractual physical inventory requirements; etc.). The group will also develop tools (e.g. exception reports, analysis, etc.) to identify and discuss reasons for any significant changes in inventory and expense balances.b) Demand Response Operations should create and/or update existing policies and procedures related to how/when/who will be responsible for ongoing cycle counts and any physical inventory performed. Finance should participate in changes to SOP’s and include a hierarchy of notifications and approvals needed within Operations and Finance management based upon materiality level of the cycle count adjustments.c) Participate with the new cross functional working group to determine on a cost-benefit basis whether the following automations can be implemented: bar code inventory locations (e.g., bins); automation of data transmissions (EDI/API/FTP) communications in Oracle with the vendors.d) Add a required justification field for every stock adjustment to separate true discrepancies from input errors and improve accountability.e) Participate through the joint working group in potentially updating the Oracle chart of accounts and the roll-up structure of the 1,900 SKU parts from Hexagon EAM into categories which in turn will roll-up into the to be determined new Oracle general ledger chart of accounts. (See Appendixes C & D for chart of accounts examples from DART and METRO.)	<p>Management agrees and has developed the action plan below:</p> <p>DR is using the already created SOPs for Parts and Inventory.</p> <p>DR will participate in the upcoming focus group with all invested departments. There may be slight differences to the DR approach due to differences in procurement etc. (locally available inventory as an example).</p> <p><u>Target Completion Dates:</u></p> <ul style="list-style-type: none">a) 02/01/2026b) Currently in use, 02/1/2026c) Pending group invitesd) In process 12/31/2025e) Pending group invites	

Appendices

Appendix A Inventory Cycle Count Performance Baseline

Inventory Cycle Count Performance Baseline for the last 12 months: (filtered for in services parts)

Type	Value on Hand	Total SKUs in Listing	Counted SKUs	Percent of SKUs counted annually	Results		
					Qty Accurate no adjustments	Qty Positive adjustments	Qty Negative adjustments
DR	\$594,055	1,905	1,517	79.5%	55.3%	18.9%	25.8%

Applied filters:

Out of Serv is -

Type is DR

Age Bucket is 12 months

Appendix B MTM Inventory Contract Requirements

Contract requirements-MTM

(Exhibit E, Section 65, Mgmt of CapMetro Property in the Possession of Contractors)

CAPMETROPOLITAN TRANSPORTATION AUTHORITY

material from Contractor-owned stores is charged to the contract on which the material is to be used. The supporting document or issue slip shall show the contract number or equivalent code designation to which the issue is charged.

(3) Custodial records. The Contractor shall maintain custodial records for tool crib items, guard force items, protective clothing, and other items issued to individuals for use in their work.

(4) Use of receipt and issue documents. The property administrator may authorize the Contractor to maintain, in lieu of stock records, a file of appropriately cross-referenced documents evidencing receipt, issue, and use of CapMetro-provided material that is issued for immediate consumption and is not entered in the inventory record as a matter of sound business practice. This method of control may be authorized for-

(i) Material charged through overhead;

(ii) Material under research and development contracts;

(iii) Subcontracted or outside production items;

(iv) Nonstock or special items;

(v) Items that are produced for direct charge to a contract, or are acquired and issued for installation upon receipt, and involve no spoilage; and

(vi) Items issued from Contractor-owned inventory direct to production or maintenance, etc.

(5) The Contractor shall take physical inventories of material in stores included in the systems (other than work-in-process) at least annually, extend and reconcile prices to the quantitative balance for each item, and record adjustments in the stock record and financial inventory control accounts. Such physical inventories and adjustments, as well as equitable distribution to cost accounts of any inventory losses, shall be reviewed by and are subject to the approval of the property administrator.

(l) Records of Real Property

The Contractor shall maintain an itemized record of the description, location, acquisition cost, and disposition of all CapMetro real property (including unimproved real property); all alterations, all construction work, and sites connected with such alteration and construction, acquired by purchase, lease, or otherwise. These records, including maps, drawings, plans, specifications, and supplementary data where necessary, shall-

(1) Be complete,

(2) Show the original cost of the property and improvements and the cost of any changes and additions, and

(3) Be appropriately indexed.

(m) Records of Scrap or Salvage

(1) The Contractor shall maintain records of all scrap or salvage generated. These records shall conform to the Contractor's established system of scrap and salvage control approved by the property administrator.

(2) The Contractor's property control system shall provide the following information:

(i) Contract number, if practical, or equivalent code designation from which the scrap or salvage derived.

(ii) Nomenclature or description of salvable items or classification (material content) of scrap.

(iii) Quantity on hand.

CAPMETROPOLITAN TRANSPORTATION AUTHORITY

The Contractor shall periodically, but not less than every two (2) years, physically inventory all CapMetro property (except materials issued from stock for manufacturing, research, design, or other services required by the contract) in its possession or control and shall cause subcontractors to do likewise. The Contractor, with the approval of the property administrator, shall establish the type, frequency, and procedures. These may include electronic reading, recording and reporting or other means of reporting the existence and location of the property and reconciling the records. Type and frequency of inventory should be based on the Contractor's established practices, the type and use of CapMetro property involved, or the amount of CapMetro property involved and its monetary value, and the reliability of the Contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the Contractor but may vary with the types of property being controlled. Personnel who perform the physical inventory shall not be the same individuals who maintain the property records or have custody of the property unless the Contractor's operation is too small to do otherwise.

(s) Inventories Upon Termination or Completion

(1) General. Immediately upon termination or completion of a contract, the Contractor shall perform and cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all CapMetro property applicable to the contract, unless the requirement is waived as provided in paragraph (2) of this section.

(2) Exception. The requirement for physical inventory at the completion of a contract may be waived by the property administrator when the property is authorized for use on a follow-on contract; provided, that-

(i) Experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and

(ii) The Contractor provides a statement indicating that record balances have been transferred in lieu of preparing a formal inventory list and that the Contractor accepts responsibility and accountability for those balances under the terms of the follow-on contract.

(3) Listings for disposal purposes.

(i) Standard items that have been modified may be described on listings for disposal purposes as standard items with a general description of the modification.

(ii) Items that have been fabricated, such as test equipment, shall be described in sufficient detail to permit a potential user to determine whether they are of sufficient interest to warrant further inspection.

(t) Reporting Results of Inventories

The Contractor shall, as a minimum, submit the following to the property administrator promptly after completing the physical inventory:

(1) A listing that identifies all discrepancies disclosed by a physical inventory.

(2) A signed statement that physical inventory of all or certain classes of CapMetro property was completed on a given date and that the official property records were found to be in agreement except for discrepancies reported.

(u) Quantitative and Monetary Control

When requested by CapMetro, the Contractor's reports of results of physical inventory shall be prepared on a quantitative and monetary basis and segregated by categories of property.

(v) Care, Maintenance, and Use

The Contractor shall be responsible for the proper care, maintenance, and use of CapMetro property in its possession or control from the time of receipt until properly relieved of responsibility, in accordance with sound industrial practice

Appendix C Dallas Area Rapid Transit (DART)-General Ledger chart of accounts

Dallas Area Rapid Transit (DART)- General Ledger chart of accounts used to track Parts Inventory on the Balance Sheet, and Part Expenses on the Income Statement:

Type	Account Number	Account Name
Balance Sheet	13100-0000	MATERIALS & SUPPLIES INVENTORY
Balance Sheet	13105-0000	MAT.&SUPPLIES - E/S
Balance Sheet	13106-0000	Mat. & Supplies-ED Overhaul
Balance Sheet	13107-0000	MAT.&SUPPLIES-NWROF WSA
Balance Sheet	13108-0000	MAT.&SUPPLIES-NWROF LRV
Balance Sheet	13110-0000	MAT.&SUPPLIES - O/C 02-10
Balance Sheet	13111-0000	MAT.& SUPPLIES-O/C 2A-10
Balance Sheet	13120-0000	MAT.&SUPPLIES - N/W
Balance Sheet	13125-0000	MAT.&SUPPLIES - E/D Main
Balance Sheet	13130-0000	MAT.&SUPPLIES - Surplus
Balance Sheet	13135-0000	MAT.&SUPPLIES - FAC/M
Balance Sheet	13140-0000	MAT. & SUPPLIES - RAIL
Balance Sheet	13155-0000	MAT.&SUPPLIES-OBSOLETE INV.
Balance Sheet	13160-0000	INV - Srvs & Inspctn Facility
Balance Sheet	13180-0000	Contract Spares
Balance Sheet	13185-0000	Insurance Inventory Items
Balance Sheet	13500-0000	Streetcar Parts
Balance Sheet	13510-0000	Streetcar Parts - Contra
Balance Sheet	13200-0000	INV - PCARD PURCHASES
Balance Sheet	13215-0000	INV - KIT CLEARING
Balance Sheet	13240-0000	INV - INV IN TRANSIT / SPEAR
Balance Sheet	13800-0000	ALLOW INV OBSOLESCENCE/SURPLUS

Appendix C – continued

Type	Account Number	Account Name	Type	Account Number	Account Name
Income Statement	54032-0000	Cleaning System	Income Statement	54131-0000	Computer Software
Income Statement	54045-0000	Conditioned Based Maintenance	Income Statement	54133-0000	Communications & Fax Equip
Income Statement	54050-0000	Radios and Communications	Income Statement	54134-0000	Office Furniture & Equipment
Income Statement	54055-0000	Corrective Based Maintenance	Income Statement	54135-0000	Training Supplies & Equipment
Income Statement	54065-0000	Fixed Scheduled Maintenance	Income Statement	54154-0000	Computer Supplies
Income Statement	54081-0000	Rebuilt Parts - Charge Backs	Income Statement	54139-0000	Non-Standard Office Supplies
Income Statement	54401-0000	Warrant Credits - Bus	Income Statement	54140-0000	Standard Office Supplies
Income Statement	54402-0000	Warrant Credits - Rail	Income Statement	54141-0000	Copy Machine Supplies
Income Statement	54406-0000	Unidentified Efficiencies	Income Statement	54142-0000	NOC Expendable Supplies
Income Statement	54414-0000	Inventory - Cycle Count	Income Statement	54143-0000	Printing Supplies
Income Statement	54415-0000	Inventory - Loss/Gain	Income Statement	54144-0000	Photographic Supplies
Income Statement	54416-0000	Inventory - Damage	Income Statement	54145-0000	Postage
Income Statement	54417-0000	Inventory - Price Discrepancy	Income Statement	54146-0000	M&S Credit Card Purchases
Income Statement	54418-0000	Inv-Obsolescence & Surplus	Income Statement	54148-0000	Food & Coffee Supplies
Income Statement	54419-0000	Inventory - Restocking Fee	Income Statement	54149-0000	Promotional Supplies
Income Statement	54424-0000	PO Variance Account	Income Statement	54150-0000	Shop Tools & Equipment
Income Statement	54425-0000	Freight/Shipping Charges	Income Statement	54151-0000	Cleaning Supplies
Income Statement	54426-0000	Discounts Taken	Income Statement	54152-0000	Safety Supplies & Equipment
Income Statement	54430-0000	Diesel Fuel	Income Statement	54155-0000	Special Events Supplies
Income Statement	54431-0000	CNG Fuel	Income Statement	54158-0000	Misc Shop Supplies
Income Statement	54432-0000	LNG Fuel	Income Statement	54215-0000	BATTERY
Income Statement	54433-0000	Engine Oil	Income Statement	54241-0000	RECTIFIER/TRANSFORMER

Income Statement	54434-0000	Transmission Fluid	Income Statement	54242-0000	DC SWITCHGEAR
Income Statement	54435-0000	Antifreeze	Income Statement	54243-0000	AUXILIARY EQUIPMENT
Income Statement	54436-0000	Gasoline	Income Statement	54245-0000	TRACK MATERIALS
Income Statement	54437-0000	NRV Fuel	Income Statement	54256-0000	CCTV
Income Statement	54438-0000	Dart Contra Fuel Hedge	Income Statement	54264-0000	LRV COMM. & RADIO
Income Statement	54440-0000	Tires and Tubes	Income Statement	54265-0000	RAIL MATERIALS & SUPPLIES
Income Statement	54441-0000	Tires and Tubes Installation	Income Statement	54267-0000	MECHANICAL SUPPLIES
Income Statement	54103-0000	Signs	Income Statement	54270-0000	Conditioned Based Rail
Income Statement	54105-0000	Parts Credit card Purchases	Income Statement	54275-0000	Corrective Based Rail
Income Statement	54110-0000	Parts - Building Repairs	Income Statement	54280-0000	Fixed Schedule-Rail
Income Statement	54111-0000	Parts Equipment Repairs	Income Statement	54300-0000	Safety Shoes
Income Statement	54112-0000	Electrical Supplies	Income Statement	54301-0000	Uniforms
Income Statement	54113-0000	Lighting Supplies	Income Statement	54303-0000	Police Equipment
Income Statement	54114-0000	HVAC Supplies	Income Statement	54305-0000	Watch Repair
Income Statement	54116-0000	Machinery Lubricants	Income Statement	54310-0000	Maint Equip Allowance
Income Statement	54125-0000	Amenities Program	Income Statement	54315-0000	NRV Maintenance Contra Acct
Income Statement	54126-0000	Wellness Program Equipment	Income Statement	54510-0000	M&S - DART Store Inv Purchases
Income Statement	54130-0000	PCs and Other Comp Equip			

Appendix D Houston METRO-General Ledger Chart of Accounts

Balance Sheet:
Maintenance Parts
Unit Rebuild Parts
Allowance for Obsolete Parts
Prepaid - Spare Parts

Houston METRO-General Ledger chart of accounts used to track Parts Inventory on the Balance Sheet, and Part Expenses on the Income Statement:

Income Statement:

Air System Parts	Parts-Overhead Contact System
Door Parts	Parts-Pantograph
Exhaust System Parts	Parts-Pasngr Info System
Gain/Loss - Inventory - Parts	Parts-Passenger Info System
Heating System Parts	Parts-Propulsion
Metrolift Parts	Parts-Radio
Non-Rev Vehicle Parts	Parts-Rail Cab Equip
Off-Rd Vehicle Parts	Parts-Rail Cab Equipment
Outside Maint-Parts	Parts-Rail Coupler
Parts A/C And Heat	Parts-Rail Trucks
Parts Chassis	Parts-Refurbish External
Parts Electrical	Parts-SCADA System
Parts Electronic	Parts-Sign Equipment
Parts-Aux Pwr Supply	Parts-Signals
Parts-Auxiliary Power Supply	Parts-Substations
Parts-Ballasted Track	Parts-Train Cntrl Net
Parts-Batteries	Parts-Train Control Net
Parts-CNG Fuel System	Parts-Transmission
Parts-Communications	Parts-Washer Maintenance
Parts-Embedded Track	Parts-Washer Maintnnc
Parts-Embedded Tracks	Parts-Wheelchair Lfts
Parts-Engine	Parts-Wheelchair Lifts
Parts-Farebox	Transfer-Parts & Gasoline Allocation
Parts-Highway Grade Crossing	Unapplied Parts & Supplies
Parts-IBIS	Wheel Parts
Parts-Interlocking Subsystems	



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2025-1687

Agenda Date: 12/10/2025

FY2025 Year End Preliminary Financials



Preliminary Financial Report Fiscal Year 2025

Year to Date September 30, 2025

Major Highlights

Revenue

- Sales tax remittances received YTD September 2025 are 1.2% higher than YTD September 2024 and 2.2% lower than YTD budget

Operating Expenses

- \$434.6 million expended, or 96.9% of full-year budget
- Professional services are below budget due to savings/delay of consultation, maintenance and professional fees

Capital Projects

- FY2025 capital project budget of \$229.8 million
- \$130.8 million expended, or 56.9% of full-year budget
 - Electric Bus Replacements, Bus Electrification Infrastructure, CapMetro Rapid Lines, Paratransit Van Replacement and New Administration Building Build-out
- FY2025 delayed spending and savings of \$99.0 million or 43.1% of full-year budget
 - CapMetro Rapid Park & Rides, Demand Response Operations & Maintenance Facility Replacement and New Administration Building Build-out

Revenue - Preliminary

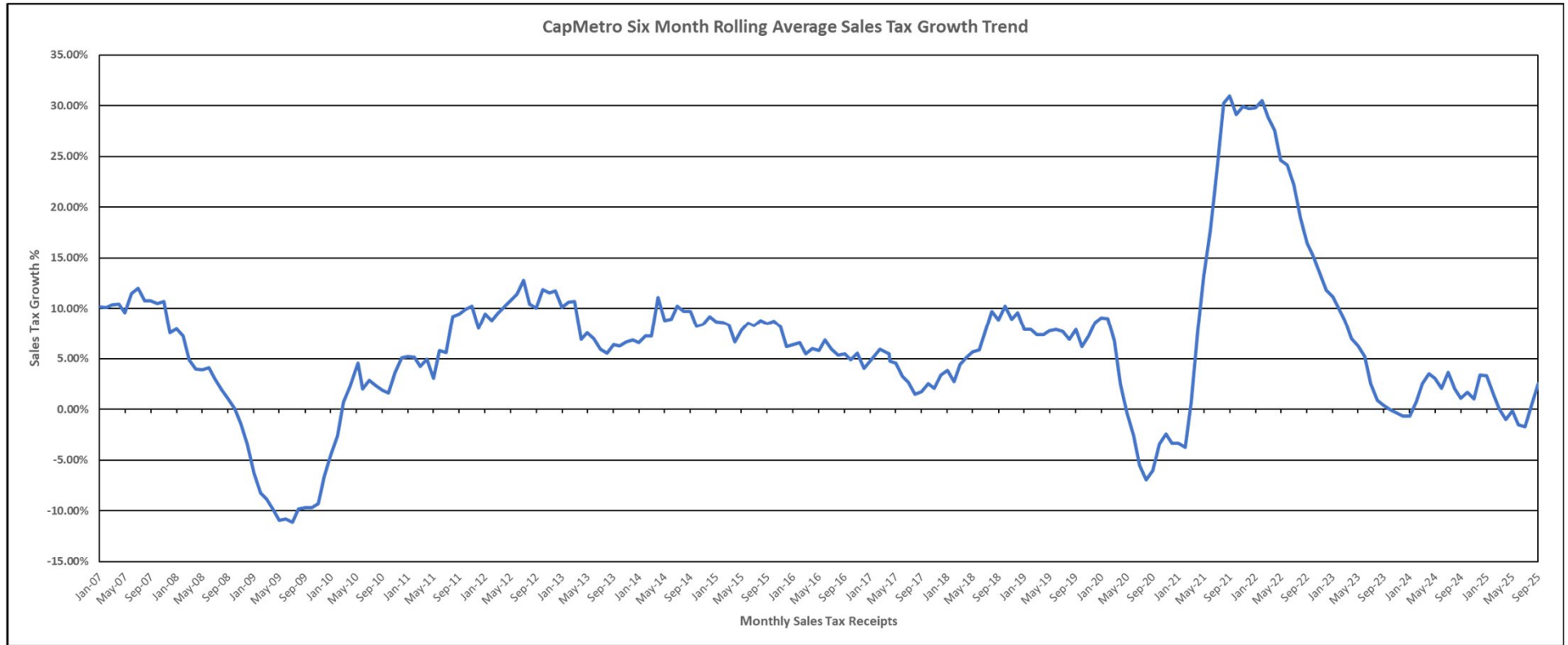
\$' Million Category	FY24 Sep YTD Actual	FY25 Sep YTD Actual	FY25 Full Year Budget	% of Budget	Comments
Sales Tax	\$389.0	\$393.9	\$402.8	97.8%	
Passenger Revenue	15.7	15.5	20.1	77.1%	
Freight Railroad Revenue	6.9	6.6	6.7	99.3%	
Other Revenue	34.2	33.0	19.2	172.1%	Favorable investment income and gain on asset sale
Operating Contributions and Grants	24.8	85.1	64.8	131.5%	Additional FTA 5307 grant draws to budget
Capital Contributions and Grants	56.3	81.2	87.9	92.4%	
Total	\$527.1	\$615.4	\$601.3	102.3%	

Actual Sales Tax Receipts



Total	\$366.9M	\$389.0M	\$393.9M
YOY % Growth	4.2%	1.7%	1.2%

Sales Tax Rolling Average Trend



Operating Expense – Preliminary

\$' Million Category	FY24 Sep YTD Actual	FY25 Sep YTD Actual	FY25 Full Year Budget	% of Budget	Comments
Salaries and Benefits	\$83.4	\$88.4	\$97.2	91.0%	Vacancy savings and favorable pension expense to budget
Professional Services	45.0	50.5	60.6	83.4%	Savings and delays of consultation, maintenance and professional fees
Materials and Supplies	20.2	26.7	19.2	139.0%	Additional bus maintenance materials expense
Fuel and Fluids	15.2	14.8	15.1	97.7%	
Utilities	4.5	5.4	8.3	64.5%	Electricity-propulsion power savings
Insurance	1.0	1.4	2.0	71.0%	
Purchased Transportation	225.2	240.7	228.8	105.2%	Additional bus operator training and overtime
Lease/Rentals	3.7	2.9	6.2	46.2%	
Other Expenses	4.8	3.9	11.2	34.7%	Savings in contingency
Total	\$403.0	\$434.6	\$448.5	96.9%	

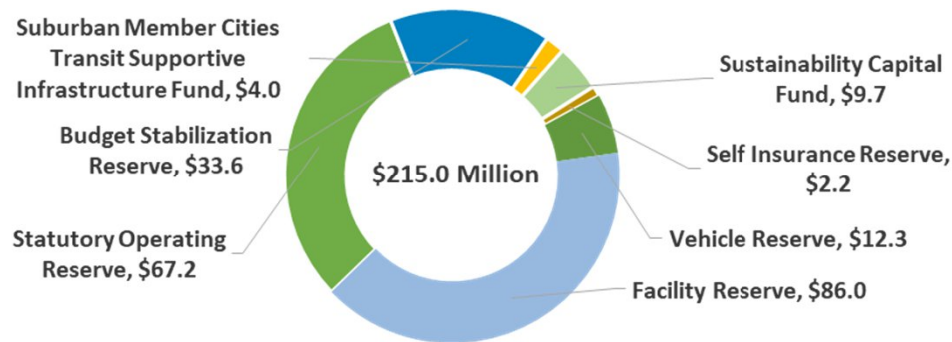
Budget Transfers

Consistent with CapMetro's Financial Policies, there were four budget transfers that cumulatively exceeded \$150,000 to report to the board for the 4th quarter of FY2025.

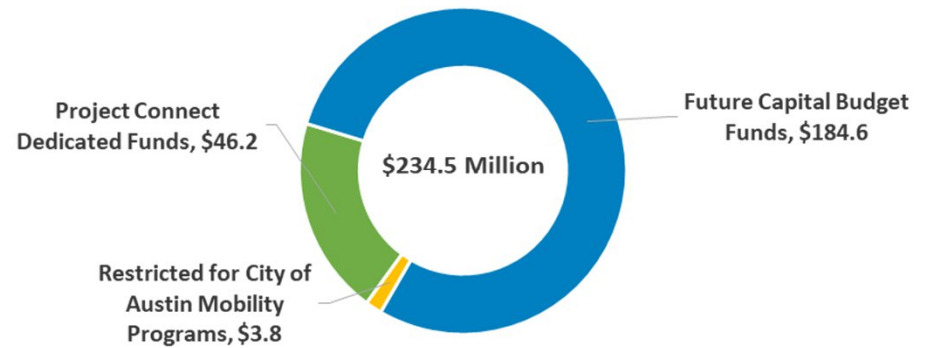
July-25				
Transfer #1				
From:	PAM2219	Demand Response Operations and Maintenance Facility Replacement	(1,315,563)	Transferred funds due to expanded scope of 817 W Howard Lane Parking Lot Site Improvements.
	PAM0338	817 W Howard Lane Parking Lot Site Improvements	1,315,563	
August-25				
Transfer #2				
From:	OMO2202	Paratransit Fleet Expansion	(717,788)	Transferred funds to Non-Revenue Vehicle Replacement for the accelerated delivery of 17 police vehicles.
To:	BPS1403	Non-Revenue Vehicle Replacement	717,788	
August-25				
Transfer #3				
From:	FIN0311	Capital Contingency	(207,326)	Transferred funds from capital contingency to accelerate the construction of 817 W Howard Lane Parking Lot Site Improvements.
To:	PAM0338	817 W Howard Lane Parking Lot Site Improvements	207,326	
August-25				
Transfer #4				
From:	PAM2341	9315 Admin Building Renovation and Predictive Maintenance	(210,000)	Returned funds to capital contingency. Work will be completed in FY2026.
To:	FIN0311	Capital Contingency	210,000	

Reserve, Allocated & Restricted Funds

Reserve Funds



Allocated & Restricted Funds



Notes:

- Additional funding was allocated to the statutory operating and budget stabilization reserves based on the board-approved funding formula. The statutory operating reserve equals 2 months of audited FY2024 operating expenses. Contributions to the budget stabilization reserve began in February 2016 with \$7 million reserved in FY2016 and \$3 million in FY2017. An additional contribution was made in FY2018 to fully fund the budget stabilization reserve. The sustainability capital fund was established in FY2022 with \$10 million to support CapMetro's Sustainability Vision Plan. In March 2022, a regional partnership with small-member cities and a \$10 million Transit Supportive Infrastructure Fund was established. A \$100 million Facility Reserve and a \$50 million Vehicle Reserve were established in FY2025 as CapMetro addresses the largest needs of the agency.
- Funds for capital investment are required to help address extensive capital needs. The capital budget for FY2025 is \$229.8 million, with \$142.0 million funded by FY2025 income and \$87.9 million from capital contributions and grants. These capital improvements are needed to maintain the state of good repair of the community's transit infrastructure and to be in compliance with Federal regulations. The FY2025 capital budget also contains CapMetro held contracts of the Project Connect program of projects. The City of Austin Mobility Fund was reduced by \$604 thousand from projects in FY2025.

Statement of Revenue, Expenses and Change in Net Position – Preliminary

\$' Million	FY25 Sep YTD Actual	FY25 Full Year Budget	% of Budget
<i>Operating Revenue</i>			
Passenger Revenue	\$15.5	\$20.1	77.1%
Freight Railroad Revenue	6.6	6.7	99.3%
Other Revenue	7.2	4.2	170.4%
Total	29.3	31.0	94.5%
<i>Operating Expenses</i>			
Salaries and Benefits	88.4	97.2	91.0%
Professional Services	50.5	60.6	83.4%
Fuel and Fluids	14.8	15.1	97.7%
Utilities	5.4	8.3	64.5%
Purchased Transportation	240.7	228.8	105.2%
Other Expenses	32.0	32.4	98.8%
Lease/Rental	2.9	6.2	46.2%
Depreciation & Amortization	73.6	62.2	118.2%
Total	508.1	510.7	99.5%
<i>Operating Income/Loss</i>	<i>(478.9)</i>	<i>(479.8)</i>	<i>99.8%</i>
<i>Non-Operating Revenue/(Expenses)</i>			
Sales Tax	393.9	402.8	97.8%
Investment Income	23.3	15.0	155.5%
Operating Contributions and Grants	85.1	64.8	131.5%
Capital Contributions and Grants	81.2	87.9	92.4%
Mobility Interlocal Agreements	(5.6)	(5.2)	108.3%
Other	(7.1)	-	0.0%
<i>Non-Operating Income/(Loss)</i>	<i>570.8</i>	<i>565.2</i>	<i>101.0%</i>
Change in Net Position	\$91.9	\$85.4	107.7%

Budget Variances by Department – Preliminary

\$'000 Department	FY24 YTD Actual	FY25 YTD Actual	FY25 YTD Revised Budget	YTD % of Revised Budget	YTD Budget vs. Actual	Comments
100 - Non-Allocated Benefits	\$15,463	\$17,150	\$20,621	83.2%	\$3,472	Pension expense savings
102 - Wellness Center	379	317	396	80.2%	78	Pre-employment testing savings
103 - Child Care Center	850	291	576	50.6%	285	Stipend savings to budget
105 - Business Center	344	423	380	111.4%	(43)	
110 - Executive Staff	1,474	1,585	1,829	86.7%	243	
118 - Government Affairs	1,046	1,073	1,189	90.3%	115	Vacancy and dues and subscriptions savings
119 - Small Business Programs and Compliance	936	773	1,043	74.1%	269	Vacancy, advertising and sponsorship savings
120 - Board Of Directors	184	189	215	88.0%	26	Travel savings to budget
125 - Internal Audit	744	907	1,024	88.5%	117	Vacancy and quadrennial performance audit services savings
130 - Organizational Strategy and Projects	1,707	2,365	2,304	102.7%	(61)	
140 - Safety	2,195	2,066	2,247	91.9%	182	Vacancy and advertising savings
141 - Public Safety and Emergency Management	8,300	8,104	8,616	94.1%	511	Vacancy and APD officer shift savings
142 - Systemwide Accessibility	451	437	516	84.5%	80	Lower spend of Accessibility projects
143 - Transit Police	801	2,597	2,951	88.0%	354	Vacancy savings
150 - Legal	1,417	1,181	1,680	70.3%	498	Timing of legal services year-end accrual and lower utilization of outside legal services
220 - Finance	1,353	8,708	13,382	65.1%	4,674	Unspent contingency, saving in passes and tickets and fare collection system roll out
230 - Information Technology	23,785	26,236	27,489	95.4%	1,253	GASB 96 entry for expense reclass to balance sheet
250 - Procurement	2,641	2,915	2,726	106.9%	(189)	
275 - Vanpool	2,686	3,214	3,543	90.7%	329	Lower purchased transportation expenses due to higher mix of smaller vehicles
320 - Strategic Planning and Development	5,846	5,981	8,215	72.8%	2,234	Savings on Grant Prep, Quick Response, 5&10 Year Service Plan and Crestview TOD
330 - Marketing and Communications	5,926	6,337	7,669	82.6%	1,333	Savings from UMO roll out, special events, service change, staff engagement and branding
331 - Community Engagement	1,523	1,216	1,740	69.9%	525	Savings from vacancies, temporary help, special events, public involvement and pass distribution
332 - Customer Care	1,308	1,355	1,378	98.4%	23	
340 - People and Culture	5,320	5,430	6,698	81.1%	1,268	Savings from vacancies, professional services and recognition programs
457 - Facilities Maintenance	4,851	4,958	2,648	187.3%	(2,310)	Unbudgeted custodial and maintenance services
530 - Capital Design and Construction	3,112	1,468	1,526	96.2%	58	
531 - Capital Construction, Engineering and Design	305	441	966	45.6%	525	Consulting fees savings
532 - Power Systems and Sustainability	536	924	2,122	43.5%	1,198	Savings in professional fees
533 - Rolling Stock and Support Equipment	525	616	704	87.5%	88	Vacancy and travel savings
534 - Systems Engineering and Design	299	297	259	114.7%	(38)	
535 - Capital Construction and Facility Management	0	1,058	1,211	87.4%	153	Vacancy savings
536 - Facility Design and Construction	0	545	539	101.2%	(6)	

Budget Variances by Department – Preliminary (continued)

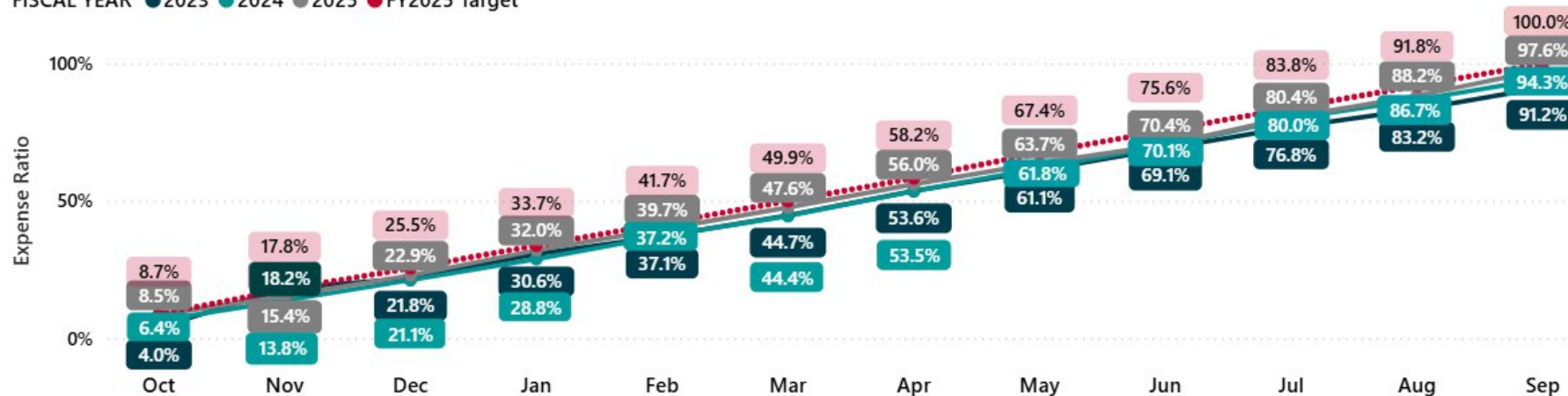
\$'000 Department	FY24 YTD Actual	FY25 YTD Actual	FY25 YTD Revised Budget	YTD % of Revised Budget	YTD Budget vs. Actual	Comments
540 - Facility Programming and Management	3,074	6,725	8,365	80.4%	1,641	Professional services savings and repair expenses moved to capital expenses
542 - Freight Rail Management	2,360	1,926	1,961	98.2%	35	
544 - Commuter Rail Operations	24,400	22,905	26,152	87.6%	3,247	Savings from fewer hours and DMU overhaul postponed to next fiscal year
550 - Real Estate	4,829	2,196	4,750	46.2%	2,554	GASB 87 entry for expense reclass to balance sheet
600 - Bus Operations and Maintenance	207,408	208,331	195,010	106.8%	(13,321)	Additional maintenance material, operator training and overtime expense
615 - Microtransit	8,716	9,869	10,482	94.2%	613	Vehicle lease savings and pending fuel and materials reclass from Demand Response Oversight
616 - Bikeshare	1,646	1,619	1,908	84.8%	289	Vacancy and supplies and materials savings
620 - Demand Response Oversight	44,420	47,726	48,730	97.9%	1,004	Leave accrual credit from the closeout of the purchased transportation contract
640 - Demand Response Control and Call Cente	2,683	2,932	2,853	102.8%	(79)	Overtime pay
650 - Paratransit Eligibility	1,315	1,407	1,487	94.6%	80	Vacancy savings
920 - Project Connect	5,842	17,765	18,427	96.4%	662	
Total	402,998	434,560	448,526	96.9%	13,967	

Capital Projects Summary – Preliminary

\$'000 Project Category	Expended	Original Budget	Revised Budget	Expended as % of Revised Budget	Comments
Commuter Rail	\$2,675	\$6,307	\$6,307	42.4%	Grade Crossing Signal Health Monitoring and SOGR for Rail Grade Crossings
Vehicles	46,143	34,131	51,564	89.5%	Electric Bus Replacements and Paratransit Van Replacements
Information Technology	9,614	11,144	12,001	80.1%	Customer Payment Systems and Single Sign-On Solution
Facilities	20,931	32,944	34,270	61.1%	Bus Electrification Infrastructure and Existing Park & Ride Constructions & Repairs
Freight Railroad	89	0	89	99.7%	Bridge Replacement
Property and Asset Management	20,490	55,350	27,272	75.1%	Demand Response Operations & Maintenance Facility and New Administration Building Build-out
Contingency	0	10,000	37,859	0.0%	CapMetro Rapid Park & Rides and New Administration Building Build-out return to contingency
Project Connect	26,968	68,445	49,764	54.2%	CapMetro Rapid Lines, Park & Rides and End of Line Charging
Strategic Planning	2,927	9,600	9,600	30.5%	North Burnet/Uptown Station Rail Development
Security	975	1,912	1,109	87.9%	Vehicle Camera System and Access Control System Replacement
Total	\$130,811	\$229,834	\$229,834	56.9%	

Operating Expenditures – Preliminary

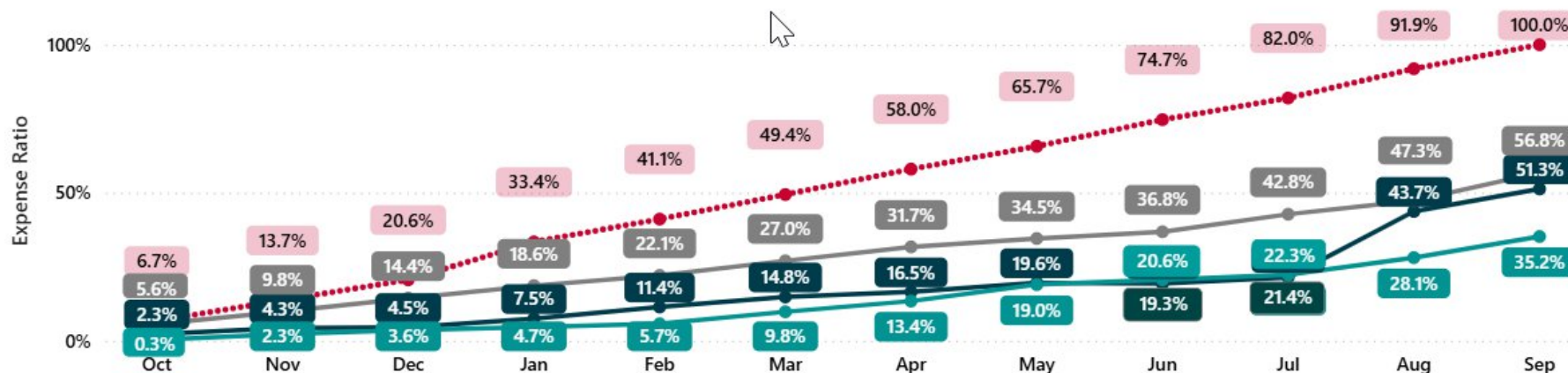
FISCAL YEAR ● 2023 ● 2024 ● 2025 ● FY2025 Target



- This metric improved year-over-year compared to FY2025. A ratio closer to the goal indicates better performance, as it reflects alignment with the planned budget and effective financial management.
- By the end of FY2025, the preliminary operating actual to budget expenditure ratio was 97.6%. This was 3.5% higher than the end of FY2024 (94.3%).

Capital Expenditures – Preliminary

FISCAL YEAR ● 2023 ● 2024 ● 2025 ● FY2025 Target



- This metric also improved year-over-year compared to FY2025. A ratio closer to the goal indicates better performance, as it reflects alignment with the planned budget and effective financial management.
- By the end of FY2025, the capital actual to budget expenditure ratio was 56.8%. This was 61.4% higher than the end of FY2024 (35.2%).

Cost Per Rider – Preliminary

FISCAL YEAR ● 2023 ● 2024 ● 2025



Cost Per Rider

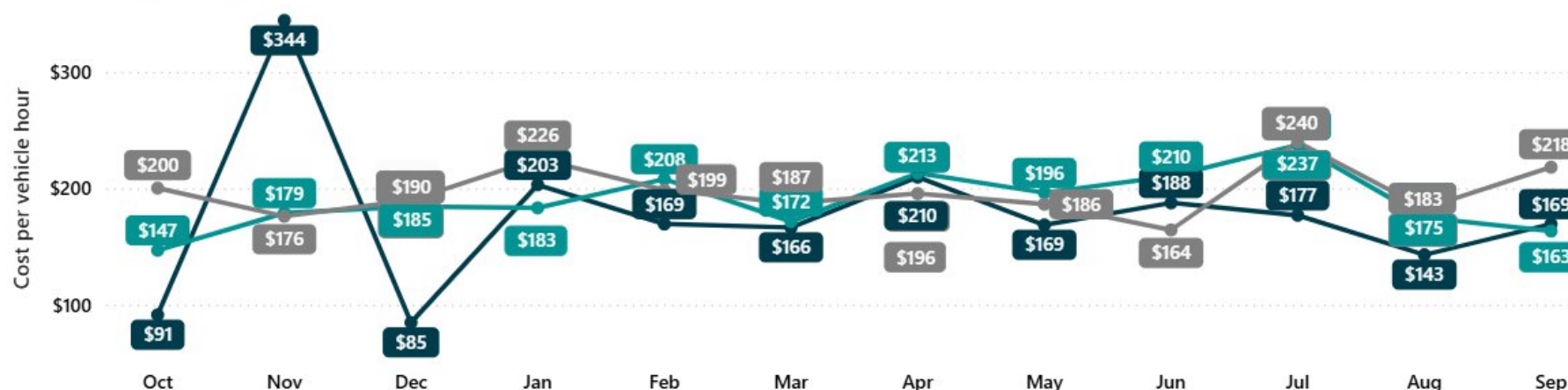
Mode	FY2023	FY2024	FY2025 *
Bus	\$11	\$11	\$13
Rail	\$63	\$63	\$56
Access	\$115	\$115	\$122
Pickup	\$25	\$25	\$27
System	\$15	\$15	\$16

* Preliminary

- The cost per rider metric is an overall cost efficiency measure of ridership, focusing on how well the agency uses resources to deliver services. It is calculated by dividing total operating expense by ridership.

Cost Per Vehicle Hour – Preliminary

FISCAL YEAR ● 2023 ● 2024 ● 2025



Cost Per Vehicle Hour

Mode	FY2023	FY2024	FY2025 *
Bus	\$170	\$199	\$204
Rail	\$1,708	\$1,567	\$1,561
Access	\$162	\$161	\$174
Pickup	\$95	\$94	\$102
System	\$175	\$189	\$197

* Preliminary

- The cost per vehicle hour metric is an hourly cost efficiency measure of vehicle service delivery, focusing on how well the agency uses resources to deliver services. It is calculated by dividing total operating expense by scheduled vehicle hours (including revenue plus deadhead hours).

CapMetro

Thank you!



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2025-1675

Agenda Date: 12/10/2025

Executive Finance, Audit and Administration Update - December 2025

Update on key performance indicators, financial performance, and upcoming events.