



**Board of Directors Regular Meeting
March 27, 2025 | 10:00 a.m.**

NOTICE IS HEREBY GIVEN that the members of the Denton County Transportation Authority (DCTA) Board of Directors will hold a Regular Meeting on Thursday, March 27, 2025 at 10:00 a.m. at the DCTA Administrative Offices located at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057 and by ZOOM Video Conference at which time the following agenda will be discussed.

The public is allowed to use the ZOOM link below to view the Board Meeting. To view the meeting, please use the information below:

Please click the link below to join the webinar

<https://us06web.zoom.us/j/88253956311?pwd=aRXnLZNPV3sbwIE9ZHPS2wn6buKvKM.1>

Passcode:182335

Phone one-tap:13462487799

Join via audio:1346 248 7799 US

Webinar ID: 882 5395 6311

Passcode: 182335

As authorized by Section 551-071 of the Texas Government Code, the Board of Directors may convene into Closed Executive Session for the purpose of seeking legal advice from Legal Counsel on any item on the agenda at any time during the meeting.

CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

PUBLIC COMMENT

This agenda item provides an opportunity for citizens to address the DCTA Board of Directors on any agenda item(s) or other matters relating to DCTA. Each speaker will be given a total of three (3) minutes to address any item(s). Anyone wishing to speak shall be courteous and cordial.

Speakers making personal, impertinent, profane, or slanderous remarks may be removed from the meeting. Unauthorized remarks from the audience, stamping of feet, whistles, yells, clapping and similar demonstrations will not be permitted.

Citizens that are not able to participate in-person must email his or her public comment to kmorris-perkins@dcta.net no later than **3:00 pm on Wednesday, March 26, 2025**, to ensure the comment will be distributed to Board Members prior to the meeting.



The Board of Directors is not permitted to take action on any subject raised by a speaker during Public Comments. However, the DCTA Board of Directors may have the item placed on a future agenda for action; refer the item to the DCTA Administration for further study or action; briefly state existing DCTA policy; or provide a brief statement of factual information in response to the inquiry.

CONSENT AGENDA

- 1. Consider Approval of a Contract with Structured Construction, LLC in an Amount Not to Exceed \$61,269.92 for the Fiscal Year 2024 Expanded Level Project (ELP) – Bus Operations and Maintenance Facility Fuel Tank Rehabilitation, Utilizing the Sourcewell Cooperative Contract Number: TX-R3-GC-052124-SCL**

Action Item

Background Information: Memo

- 2. Consider Approval of the Denton County Transportation Authority New Member City Admission and Contracted Services Policy**

Action Item

Background Information: Memo

Exhibit 1: New Member City Admission and Contracted Services Policy (Final Draft with Redline)

Exhibit 2: New Member City Admission and Contracted Services Policy (Final Draft for Approval)

- 3. Consider Approval of Regular Meeting Minutes dated January 23, 2025**

Action Item

Background Information: Exhibit 1: Regular Meeting Minutes Dated January 23, 2025

REGULAR AGENDA

- 1. Discuss and Consider Acceptance of the Fiscal Year (FY) 2024 Financial Audit**

Action Item

Background Information: Memo

Exhibit 1: Annual Comprehensive Financial Report – 09/30/24

Exhibit 2: Single Audit Report – 09/30/24

Exhibit 3: Plante & Moran’s Report to the Board of Directors

- 2. Discuss and Consider Approval of Monthly Financial Statement for January 31, 2025, Grants Report for the period ended January 31, 2025, and Receive an Update from the Chief Financial Officer Regarding Finance Operations and Enterprise Resource Program (ERP) Replacement**

Action Item

Background Information: Memo

Exhibit 1: YTD Financial Statement – January 31, 2025

Exhibit 2: Investment Report – January 31, 2025

Exhibit 3: Grants Report – January 31, 2025

- 3. Discuss and Consider Approval of an Agreement Renewal with CentralSquare Technologies, LLC for Software Subscription Services in an Amount Not to Exceed \$108,042.76 for up to Two (2) Six (6) Month Periods beginning May 1, 2025 through October 31, 2025 and November 1, 2025 through April 30, 2026**
Action Item
Background Information: Memo
- 4. Discuss and Consider Approval of the Purchase of Three (3) 35-foot Transit Buses from Gillig, LLC in an Amount Not to Exceed \$2,320,000**
Action Item
Background Information: Memo
- 5. Discuss and Consider Approval of a Resolution Approving Budget Revision 2025-09 in the amount of \$280,000 for the Purchase of Transit Buses**
Action Item
Background Information: Memo
Exhibit 1: Draft Resolution
- 6. Discuss and Consider Approval of an Amended Lease Agreement with Holt Lunsford Commercial for Expansion at 1955 Lakeway Drive, Lewisville, Texas, including an Additional 5,088 Square Feet within Suite 265 Under a Short-Term Lease from June 2025 through September 2025 and a Long-Term Lease for 12,695 Square Feet Spanning Suites 260-265 from October 2025 through September 2028**
Action Item
Background Information: Memo
- 7. Discuss and Consider Approval of a Resolution Approving Budget Revision 2025-10 in the amount of \$23,380 for Amended Lease for Denton County Transportation Authority (DCTA) Headquarters at 1955 Lakeway Drive, Suite 260, Lewisville, Texas**
Action Item
Background Information: Memo
Exhibit 1: Draft Resolution
- 8. Discuss Update on Enterprise Resource Planning (ERP) Phase 2 Implementation for Human Resources Support**
Discussion Item
Background Information: Memo
- 9. Discuss Local and Regional Updates and Legislative Issues**
Discussion Item



INFORMATIONAL REPORTS

1. **Safety, Service, and Ridership Reports – February 2025**

Background Information: Memo

Exhibit 1: Safety Performance – FY to Date

Exhibit 2: Service Performance – FY to Date

Exhibit 3: Ridership by Mode – February 2025

Exhibit 4: Connect Ridership Year-Over-Year by Month

Exhibit 5: A-train Ridership Year-Over-Year by Month

Exhibit 6: Fixed-Route Ridership – February 2025

Exhibit 7: UNT Ridership Year-Over-Year by Month

2. **Update on Landscape Maintenance Contract through the City of Denton**

Background Information: Memo

3. **Update on Intermediate Service Plan – FY 25 Year to Date Results and Anticipated Objectives for Future Phases**

Background Information: Memo

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS

Staff will discuss proposed future agenda items. Board members may request an informational item or action item to be added to the next Board meeting agenda.

Next Regular Board Meeting Date: April 24, 2025

REPORT ON ITEMS OF COMMUNITY INTEREST

Pursuant to Texas Government Section 551.0415 the Board of Directors may report on the following items: (1) expression of thanks, congratulations, or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming DCTA and Member City events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety.

CONVENE EXECUTIVE SESSION

The Board of Directors will convene into Closed Executive Session to Discuss the Duties of the Chief Executive Officer Pursuant to the Texas Government Code Section 551.074, Personnel Matters.

Action as a Result of Executive Session

RECONVENE OPEN SESSION

Reconvene and Take Necessary Action on Items Discussed during Executive Session (if applicable).

ADJOURN

Board Members:

TJ Gilmore, Lewisville, Chair
Cesar Molina, Denton County Seat 1, Vice-Chair
Andy Eads, Denton County Seat 2, Secretary
Alison Maguire, Denton
Daniel Jaworski, Highland Village

Alternates

Kristin Green, Lewisville
Jody Gonzalez, Denton County Seat 1
Pat Smith, Denton
Paul Stevens, Highland Village
Vacant, Denton County Seat 2

Non-Voting Board Members:

Jared Eutsler, Corinth
Dennie Franklin, Frisco
Jeremie Maurina, The Colony
Stephen Christo, The Colony (alternate)
Vacant, Flower Mound
Vacant, Little Elm
Vacant, Small Cities

Staff Liaison:

Paul Cristina, CEO

This notice was posted on March 21, 2025 by 5pm.



Kisha Morris-Perkins
Executive Assistant & Board Process Manager



Board of Directors Memo

March 27, 2025

AGENDA ITEM: Consider Approval of a Contract with Structured Construction, LLC in an Amount Not to Exceed \$61,269.92 for the Fiscal Year 2024 Expanded Level Project (ELP) – Bus Operations and Maintenance Facility Fuel Tank Rehabilitation, Utilizing the Sourcewell Cooperative Contract Number: TX-R3-GC-052124-SCL

Recommendation

Staff recommends the Board approve a Contract with Structured Construction, LLC in an Amount Not to Exceed \$61,269.92 for the Fiscal Year 2024 Expanded Level Project (ELP) – Bus Operations and Maintenance Facility Fuel Tank Rehabilitation, Utilizing the Sourcewell Cooperative Contract Number: TX-R3-GC-052124-SCL.

Background

This project was approved as a Fiscal Year (FY) 2024 Expanded Level Project to ensure proper maintenance of the fuel tanks’ exterior and improve accessibility for inspections. The Board approved a consent agenda item in July 2024 for a contract with LMC Corporation with a scope that included sandblasting, priming, and repainting the fuel tanks, applying necessary decals, installing a staircase, railing, and working platform for inspections with an estimated cost of \$76,000.

However, after this approval, an alternative approach was developed due to the complexity of draining fuel for sandblasting and the associated costs and risks of on-site fueling operations. This revised plan eliminates sandblasting, opting instead for hand-sanding and manufacturer-approved hand-applied paint. Additionally, the installation of a permanent staircase, railing, and platform has been removed from scope. Instead, DCTA will rent boom equipment for annual inspections, with costs covered in the operational budget. These adjustments reduce the total project cost to \$61,269.92, with no anticipated operational impacts.

Though below the Board approval threshold and budget for the project, this item is being brought for consideration to provide visibility on the reduced scope (elimination of the staircase, railing, and working platform) that accompanies the reduced budget.

Previous Board Activity and Action

The Board of Directors approved this as an Expanded Level Project in the FY2024 budget and authorized an initial contract in July 2024. This action cancels that contract authorization, reflecting a reduced scope and lower project cost.

Identified Need

The project was initiated to address the need for proper maintenance of the fuel tanks’ exterior, ensuring their longevity and structural integrity while improving accessibility for routine inspection, since the fuel tanks have not been repainted since their installation over a decade ago. Over time, exposure to the elements has caused wear and degradation, necessitating repainting to prevent corrosion and maintain compliance with safety standards. Additionally, the lack of safe and efficient means for staff to inspect the tanks prompted the consideration of access improvements. The initial plan briefed in the ELP and reflected in the contract authorization in July 2024 included a permanent staircase, railing, and platform to facilitate inspections; however, a more cost-effective and flexible alternative was later identified.



By adjusting the approach to maintenance and access, the project aims to achieve long-term sustainability while optimizing operational efficiency and budgetary resources.

Financial Impact

The contract value is \$61,269.92 and was an approved FY2024 Expanded Level Project included in the FY2024 Operating Budget. The project operating budget was carried forward into FY2025. The renting of boom equipment as referenced above for yearly inspections will be included in the Fiscal Year Operating Budget for Facilities Maintenance.

Exhibits

None.

Submitted By:

Austin Frith, Vice President
Planning and Development

Board of Directors Memo

March 27, 2025

AGENDA ITEM: Consider Approval of the Denton County Transportation Authority New Member City Admission and Contracted Services Policy

Recommendation

Staff Recommends the Board approve the Denton County Transportation Authority New Member City Admission and Contracted Services Policy

Background

The DCTA New Member Policy has not been updated since February 2012 and does not reflect revisions made to DCTA's enabling legislation or its bylaws in 2019. The current policy also does not reflect the type of approach DCTA wishes to undertake in performing contracted services for non-member cities or other entities.

It is appropriate for the DCTA Board to consider this important policy given the substantive changes to DCTA's governance structure, the increase in interest for transit services in the North Texas Region, the current "Regional Transit 2.0" initiative being led by North Central Texas Council of Governments (NCTCOG), and the contracted services portfolio DCTA currently serves.

The purpose of this item is to follow-up on discussion undertaken in the January Board Strategic Work Session with an opportunity to approve the final version of the policy that was presented there. This version contains one "redline" change, resulting from a question raised by the Board in the January session. The term "1/2 cent" has been struck from Section 4 to more accurately reflect the statutory language within Chapter 460 of DCTA's enabling legislation that enables many options on the sales tax rate.

Previous Board Action

January 2024 Strategic Work Session – Discussion Item

August 2024 – Discussion Item

October 2024 – Discussion Item (Draft Review)

January 2025 – Strategic Work Session – Discussion Item (Final Draft Review)

Identified Need

DCTA needs an updated New Member City Admission and Contracted Services Policy to effectively serve its current member cities and potential future member cities.

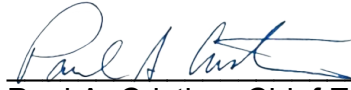
Financial Impact

None.

Exhibits

- Exhibit 1: New Member City Admission and Contracted Services Policy (Final Draft with Redline – As Presented at January Workshop)
- Exhibit 2: New Member City Admission and Contracted Services Policy (Final Draft for Approval)

Submitted By:



Paul A. Cristina, Chief Executive Officer

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 1	Pages Of 6	File Under Section: 00_DCTA Board of Directors
Revision/Review Date:		Approved By: DCTA Board of Directors	

1. Purpose

The purpose of this policy is to define DCTA’s approach in the engagement of cities for membership in DCTA and the provision of contracted services for non-member cities and other entities.

The statutory charge and the desire of DCTA is to encourage the development and provision of transit services in and for Denton County. To achieve that goal, DCTA welcomes inquiries from all Denton County cities and surrounding areas that may be interested in receiving DCTA transit services.

2. Background

The Denton County Transportation Authority (“DCTA”) was created in 2001 by the Denton County Commissioners Court pursuant to House Bill 3323 (Acts 2001, 77th Leg., Ch. 1186, §1, eff. Sept. 1, 2001), codified as Chapter 460, Texas Transportation Code.

The formation of DCTA was confirmed by a countywide election on November 5, 2002 with a favorable vote of greater than 73%. A subsequent transit sales tax authorization election was held on September 13, 2003 and the municipalities of Denton, Highland Village, and Lewisville authorized the collection of a 1/2-cent transit sales and use tax for the benefit of DCTA and formed the initial service delivery area.

Since the initial service area was formed the Authority has established numerous transit services operating within and between the member cities, completed the construction of a commuter rail line, and initiated A-train service to connect the member cities along the rail right of way to the Trinity Mills station on the DART Green Line. The Authority also has provided public transit services to non-member cities and municipalities on a contractual basis for defined periods of time utilizing non-dedicated funding sources.

Chapter 460, DCTA’s enabling legislation, was amended in 2019 to further define the process by which voting privileges on the DCTA Board are established and the mechanisms by which New Member Cities may be brought into the Agency. Following the 2019 amendment, the DCTA Board of Directors (the “DCTA Board”) revised the agency’s bylaws that, among other things, defined how membership in the agency is classified and how voting privileges are granted and executed. This policy is intended to reflect the requirements of DCTA’s enabling legislation as amended in 2019 as well as the DCTA Board’s bylaws as revised in December 2019.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 2	Pages Of 6	File Under Section: 00_DCTA Board of Directors
Revision/Review Date:		Approved By: DCTA Board of Directors	

DCTA recognizes the exceptional vision and initiative demonstrated by Denton County and the founding municipalities of Denton, Highland Village, and Lewisville that have pledged significant resources to enable the creation and ongoing operation of DCTA since its inception.

At the same time, Denton County and its cities continue to experience rapid population and employment growth, and the transportation and mobility needs of our citizens continue to evolve. Therefore, DCTA anticipates other cities in Denton County may wish to participate in the transportation services DCTA provides in a manner that meets their individual needs and aligns with the long-term needs of the region.

This New Member Cities Admission and Contracted Services Policy defines how the DCTA Board of Directors (the “DCTA Board”) considers services to other Cities within Denton County and the region either on a contracted basis for a defined period of time; or on an enduring basis as a Member City of DCTA.

3. Board of Director Considerations for the Addition of New Member Cities

The DCTA Board may vote to add New Member Cities to the Authority at its sole discretion. The path to membership requires broad collaboration between staffs and elected officials working on behalf of and representing the DCTA Board and the interested City.

In general, the DCTA Board will evaluate candidates for New Member Cities (the “Applicant”) based on three primary considerations:

1. What is the value of the funding source generated by the Applicant versus the cost of the service desired by the Applicant?
2. Does the new service increase transportation access to residents of Denton County and DCTA’s Member Cities?
3. What DCTA staff resources and other resources are required to deliver the new service and are those costs properly addressed by the Applicant?

DCTA staff will develop a procedure to enable the DCTA Board to evaluate these considerations in its deliberation of the New Member request. All costs associated with that procedure shall be borne by the Applicant.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 3	Pages Of 6	File Under Section: 00_DCTA Board of Directors
Revision/Review Date:		Approved By: DCTA Board of Directors	

4. Application for Membership

The Applicant must submit a written “Request for Membership” to the DCTA Board describing the type of service the Applicant desires to achieve. The “Request for Membership” may be in the form of a letter from the senior elected official representing the Applicant to the Chair of the DCTA Board. Whatever the form of written communication, it must be accompanied by a resolution of the Applicant’s governing body requesting membership in DCTA.

Membership in DCTA requires the establishment of a dedicated funding source. DCTA’s enabling legislation, Chapter 460 of the Texas Transportation Code, defines two methods for establishing a dedicated funding source and entering into Agreement with DCTA.

Method 1

1. Within its Request for Membership, the Applicant may request DCTA call an election, to be held in that municipality, on whether the Applicant should be admitted to DCTA with the levy of a ~~1/2-cent~~ sales tax.
2. Following successful election, DCTA and the Applicant enter into Agreement for admission of the Applicant into DCTA as a Member. [460.302(d)]

Method 2

1. Applicant enters into Agreement with DCTA to provide service in a Public Transportation Financing Area in exchange for all or a portion of the tax increment generated by the Area, which may be generated by ad valorem tax revenue and / or sales and use tax revenue. This method may be pursued if the municipality is unable to provide a sales and use tax levy because such a tax levy would cause the Applicant’s sales and use tax levy to exceed two percent. [460.602(a)]

Membership requires an affirmative vote of the DCTA Board of Directors and such affirmative vote may also include voting privileges for the New Member.

The DCTA Board possesses broad discretion in the granting of Board membership and, separately, the granting of voting privileges. The Board may consider a variety of factors in evaluating potential voting privileges for a New Member including, but not limited to, the value of the dedicated funding source provided by the New Member relative to the value of the existing Voting Members’ funding sources.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 4	Pages Of 6	File Under Section: 00_DCTA Board of Directors
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5. Capital Payment Fees for New Members

The cost of any new capital investment(s) required to start up a new service for a New Member or enable a New Member to integrate its service into the DCTA network will be paid by the New Member. The cost of such capital investment will be determined through the evaluation of the New Member request.

6. Contracted Transportation Services to Non-Member Cities and Other Entities

When requested, DCTA may choose to provide a specific type or types of public transportation service to a non-member municipality or other public or private entity (the "Requestor") through an Interlocal Cooperation Agreement or similar contractual mechanism ("Contracted Services"). The provision of these services shall not materially impact the provision of services in Member Cities, nor materially impact any major capital projects underway or planned in the Authority's Service Plan. Additionally, DCTA shall ensure Member Cities' financial resources are not applied to support such Contracted Services. The DCTA "Comprehensive Financial Management Policy," approved by the Board of Directors and published annually with the DCTA Operating and Capital Budget, provides clear, minimum requirements for service cost recovery and administrative fees that shall be charged to entities receiving Contracted Services.

DCTA provides Contracted Services for four primary reasons:

1. Provides opportunity for the DCTA Board and the Requestor to evaluate the utility and performance of a new service for a defined period of time.
2. To provide an avenue for the Requestor to become a Member of DCTA (if eligible) and expand the agency service area.
3. To enable DCTA to act as a regional leader in providing public transportation solutions.
4. The premium and fees generated by such services generate revenue that meaningfully offsets ongoing investment by Member Cities.

DCTA's intent in providing Contracted Services is to provide an avenue for a non-member municipality to become a Member of DCTA and expand the agency service area for the good of all members and Denton County. Therefore, DCTA and the Requestor will clearly define an Agreement for the Contracted Service that includes, but is not limited to:

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 5	Pages Of 6	File Under Section: 00_DCTA Board of Directors
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1. The scope and cost of the Contracted Services requested;
2. The source of funding for the Contracted Services;
3. The performance period for the Contracted Service, which may be limited to no fewer than three and not more than five years; and,
4. The terms by which DCTA and the Requestor should engage in a regular dialogue throughout the term of the Contracted Service to evaluate the Requestor’s interest in a long-term contracted services relationship or opportunity for membership in DCTA with a dedicated funding source for the provided services beyond the three to five year initial term.

At or after the completion of the third year of service, or before the end of the performance period, the Requestor and DCTA may mutually agree to begin formulating a long-term contracted services arrangement, initiate the Application for Membership into DCTA, or terminate the services.

DCTA may, at its discretion, apply requirements for a Contracted Services Agreement and financial consideration that exceed its “Comprehensive Financial Management Policy.” In doing so, the DCTA Board may require financial consideration for the following costs and fees to implement a Contracted Service:

1. Cost of service;
2. Cost of incremental (additional) DCTA staff and resources required to deliver the service;
3. Indirect cost of service; and,
4. Non-Member fee.

Such costs and fees are presented to the Requestor in the form of a financial model that is attached to the Agreement for Contracted Services. The financial model provides a financial projection of the arrangement between the Requestor and DCTA including operating costs, fees, and revenues for the Contracted Services phase of the arrangement, along with revenues expected to be generated by the proposed sales tax equivalent increment if the Requestor were to transition to Membership in DCTA.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 6	Pages Of 6	File Under Section: 00_DCTA Board of Directors
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Service costs are modeled to increase based on planning factors identified in the DCTA Long Range Financial Plan and the City’s Long Range Financial Plan. The Non-Member fee may increase at DCTA’s discretion over the course of the contracted service period to yield a scenario at the end of the Contracted Services Agreement that makes membership in DCTA advantageous to the Requestor. The Non-Member fee for all years of the Contracted Services arrangement is reflected in the financial model when it is developed.

DCTA staff will develop a procedure to enable the DCTA Board to evaluate the proposed Contracted Service and financial model before Board approval and during the performance period of the service. All costs associated with completing that procedure may be borne by the Applicant.

7. Updates to the New Member City Admission and Contracted Services Policy

This Policy may be reviewed and updated at any time by the DCTA Board of Directors.

8. Conflicts

To the extent of any conflict between this Policy and Chapter 460 of the Texas Transportation Code, as amended, Chapter 460 of the Texas Transportation Code shall control.

9. Effective Date

This policy is effective as of [Effective Date] and will remain in effect until superseded by a revised policy.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

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1. Purpose

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Since the initial service area was formed the Authority has established numerous transit services operating within and between the member cities, completed the construction of a commuter rail line, and initiated A-train service to connect the member cities along the rail right of way to the Trinity Mills station on the DART Green Line. The Authority also has provided public transit services to non-member cities and municipalities on a contractual basis for defined periods of time utilizing non-dedicated funding sources.

Chapter 460, DCTA’s enabling legislation, was amended in 2019 to further define the process by which voting privileges on the DCTA Board are established and the mechanisms by which New Member Cities may be brought into the Agency. Following the 2019 amendment, the DCTA Board of Directors (the “DCTA Board”) revised the agency’s bylaws that, among other things, defined how membership in the agency is classified and how voting privileges are granted and executed. This policy is intended to reflect the requirements of DCTA’s enabling legislation as amended in 2019 as well as the DCTA Board’s bylaws as revised in December 2019.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

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At the same time, Denton County and its cities continue to experience rapid population and employment growth, and the transportation and mobility needs of our citizens continue to evolve. Therefore, DCTA anticipates other cities in Denton County may wish to participate in the transportation services DCTA provides in a manner that meets their individual needs and aligns with the long-term needs of the region.

This New Member Cities Admission and Contracted Services Policy defines how the DCTA Board of Directors (the “DCTA Board”) considers services to other Cities within Denton County and the region either on a contracted basis for a defined period of time; or on an enduring basis as a Member City of DCTA.

3. Board of Director Considerations for the Addition of New Member Cities

The DCTA Board may vote to add New Member Cities to the Authority at its sole discretion. The path to membership requires broad collaboration between staffs and elected officials working on behalf of and representing the DCTA Board and the interested City.

In general, the DCTA Board will evaluate candidates for New Member Cities (the “Applicant”) based on three primary considerations:

1. What is the value of the funding source generated by the Applicant versus the cost of the service desired by the Applicant?
2. Does the new service increase transportation access to residents of Denton County and DCTA’s Member Cities?
3. What DCTA staff resources and other resources are required to deliver the new service and are those costs properly addressed by the Applicant?

DCTA staff will develop a procedure to enable the DCTA Board to evaluate these considerations in its deliberation of the New Member request. All costs associated with that procedure shall be borne by the Applicant.

DENTON COUNTY TRANSPORTATION AUTHORITY

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4. Application for Membership

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Membership in DCTA requires the establishment of a dedicated funding source. DCTA’s enabling legislation, Chapter 460 of the Texas Transportation Code, defines two methods for establishing a dedicated funding source and entering into Agreement with DCTA.

Method 1

1. Within its Request for Membership, the Applicant may request DCTA call an election, to be held in that municipality, on whether the Applicant should be admitted to DCTA with the levy of a sales tax.
2. Following successful election, DCTA and the Applicant enter into Agreement for admission of the Applicant into DCTA as a Member. [460.302(d)]

Method 2

1. Applicant enters into Agreement with DCTA to provide service in a Public Transportation Financing Area in exchange for all or a portion of the tax increment generated by the Area, which may be generated by ad valorem tax revenue and / or sales and use tax revenue. This method may be pursued if the municipality is unable to provide a sales and use tax levy because such a tax levy would cause the Applicant’s sales and use tax levy to exceed two percent. [460.602(a)]

Membership requires an affirmative vote of the DCTA Board of Directors and such affirmative vote may also include voting privileges for the New Member.

The DCTA Board possesses broad discretion in the granting of Board membership and, separately, the granting of voting privileges. The Board may consider a variety of factors in evaluating potential voting privileges for a New Member including, but not limited to, the value of the dedicated funding source provided by the New Member relative to the value of the existing Voting Members’ funding sources.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 4	Pages Of 6	File Under Section: 00_DCTA Board of Directors
Revision/Review Date:		Approved By: DCTA Board of Directors	

5. Capital Payment Fees for New Members

The cost of any new capital investment(s) required to start up a new service for a New Member or enable a New Member to integrate its service into the DCTA network will be paid by the New Member. The cost of such capital investment will be determined through the evaluation of the New Member request.

6. Contracted Transportation Services to Non-Member Cities and Other Entities

When requested, DCTA may choose to provide a specific type or types of public transportation service to a non-member municipality or other public or private entity (the "Requestor") through an Interlocal Cooperation Agreement or similar contractual mechanism ("Contracted Services"). The provision of these services shall not materially impact the provision of services in Member Cities, nor materially impact any major capital projects underway or planned in the Authority's Service Plan. Additionally, DCTA shall ensure Member Cities' financial resources are not applied to support such Contracted Services. The DCTA "Comprehensive Financial Management Policy," approved by the Board of Directors and published annually with the DCTA Operating and Capital Budget, provides clear, minimum requirements for service cost recovery and administrative fees that shall be charged to entities receiving Contracted Services.

DCTA provides Contracted Services for four primary reasons:

1. Provides opportunity for the DCTA Board and the Requestor to evaluate the utility and performance of a new service for a defined period of time.
2. To provide an avenue for the Requestor to become a Member of DCTA (if eligible) and expand the agency service area.
3. To enable DCTA to act as a regional leader in providing public transportation solutions.
4. The premium and fees generated by such services generate revenue that meaningfully offsets ongoing investment by Member Cities.

DCTA's intent in providing Contracted Services is to provide an avenue for a non-member municipality to become a Member of DCTA and expand the agency service area for the good of all members and Denton County. Therefore, DCTA and the Requestor will clearly define an Agreement for the Contracted Service that includes, but is not limited to:

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

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Effective Date: XX, 2024	Page No. 5	Pages Of 6	File Under Section: 00_DCTA Board of Directors
Revision/Review Date:		Approved By: DCTA Board of Directors	

1. The scope and cost of the Contracted Services requested;
2. The source of funding for the Contracted Services;
3. The performance period for the Contracted Service, which may be limited to no fewer than three and not more than five years; and,
4. The terms by which DCTA and the Requestor should engage in a regular dialogue throughout the term of the Contracted Service to evaluate the Requestor’s interest in a long-term contracted services relationship or opportunity for membership in DCTA with a dedicated funding source for the provided services beyond the three to five year initial term.

At or after the completion of the third year of service, or before the end of the performance period, the Requestor and DCTA may mutually agree to begin formulating a long-term contracted services arrangement, initiate the Application for Membership into DCTA, or terminate the services.

DCTA may, at its discretion, apply requirements for a Contracted Services Agreement and financial consideration that exceed its “Comprehensive Financial Management Policy.” In doing so, the DCTA Board may require financial consideration for the following costs and fees to implement a Contracted Service:

1. Cost of service;
2. Cost of incremental (additional) DCTA staff and resources required to deliver the service;
3. Indirect cost of service; and,
4. Non-Member fee.

Such costs and fees are presented to the Requestor in the form of a financial model that is attached to the Agreement for Contracted Services. The financial model provides a financial projection of the arrangement between the Requestor and DCTA including operating costs, fees, and revenues for the Contracted Services phase of the arrangement, along with revenues expected to be generated by the proposed sales tax equivalent increment if the Requestor were to transition to Membership in DCTA.

DENTON COUNTY TRANSPORTATION AUTHORITY

Policies and Procedures

Distribution: DCTA Board of Directors		Subject: Policy 0-2_New Member City Admission and Contracted Services	
Effective Date: XX, 2024	Page No. 6	Pages Of 6	File Under Section: 00_DCTA Board of Directors
Revision/Review Date:		Approved By: DCTA Board of Directors	

Service costs are modeled to increase based on planning factors identified in the DCTA Long Range Financial Plan and the City’s Long Range Financial Plan. The Non-Member fee may increase at DCTA’s discretion over the course of the contracted service period to yield a scenario at the end of the Contracted Services Agreement that makes membership in DCTA advantageous to the Requestor. The Non-Member fee for all years of the Contracted Services arrangement is reflected in the financial model when it is developed.

DCTA staff will develop a procedure to enable the DCTA Board to evaluate the proposed Contracted Service and financial model before Board approval and during the performance period of the service. All costs associated with completing that procedure may be borne by the Applicant.

7. Updates to the New Member City Admission and Contracted Services Policy

This Policy may be reviewed and updated at any time by the DCTA Board of Directors.

8. Conflicts

To the extent of any conflict between this Policy and Chapter 460 of the Texas Transportation Code, as amended, Chapter 460 of the Texas Transportation Code shall control.

9. Effective Date

This policy is effective as of [Effective Date] and will remain in effect until superseded by a revised policy.

Board of Directors Regular Meeting Minutes

January 23, 2025 | 10:00 a.m.

The Board of Directors of the Denton County Transportation Authority (DCTA) convened a Regular Board of Directors Meeting with Chair Gilmore presiding on Thursday, January 23, 2025 at 10:00 am, located at the DCTA Administrative Offices, 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057.

Voting Members

Chair TJ Gilmore, City of Lewisville
 Vice-Chair Cesar Molina, Denton County
 Secretary Andy Eads, Denton County
 Board Member Daniel Jaworski, City of Highland Village
 Board Member Alison Maguire, City of Denton

Alternates

Board Member Jody Gonzalez, Denton County
 Board Member Kristin Green, City of Lewisville
 Board Member Pat Smith, City of Denton
 Board Member Paul Stevens, City of Highland Village

Non-Voting Members

Board Member Dennie Franklin, City of Frisco
 Board Member Jeremie Maurina, City of The Colony
 Board Member Stephen Christo, Alternate - City of The Colony
 Board Member Jared Eutsler, City of Corinth

Legal Counsel

Joe Gorfida, Nichols Jackson

DCTA CEO

Paul A. Cristina

CALL TO ORDER

Chair Gilmore called the meeting to order at 10:00 am. All Board Members were present except for Secretary Eads who arrived at 10:03 am and Board Member Green who arrived at 10:29 am.

INVOCATION

Board Member Smith provided the invocation.

PLEDGE OF ALLEGIANCE

The Board recited the pledges to the United States and Texas flags.

INTRODUCTIONS

Stephen Christo – DCTA Alternate Board Member representing The Colony.

PUBLIC COMMENT

Liam Wakefield
Denton, Texas

CONSENT AGENDA

1. Consider Approval of Monthly Financial Statement for November 2024
2. Consider Approval of a Contract Amendment for the Spare Labs Platform with Vertosoft, LLC in the amount of \$36,786.15 for a Total Contract Amount of \$284,082.15 for the Period beginning February 1, 2025 through September 30, 2025
3. Consider Approval of a Resolution Approving Budget Revision 2025-07 in the amount of \$36,787 for the Spare Labs Platform
4. Consider Approval of the Revised Transportation Reinvestment Program (TRiP) Policy, effective October 1, 2025
5. Consider Approval of Regular Agenda Meeting Minutes dated December 12, 2024

Motion by Secretary Eads with a second by Board Member Maguire to approve the Consent Agenda as presented. Motion passes 5-0.

REGULAR AGENDA

- 1. Discuss and Consider Authorizing the Chief Executive Officer to Negotiate and Execute a Master Services Agreement with Ruby Media (dba DHD Films) for a three (3) year Initial Term and up to two (2) one (1) year renewals for Marketing and Communications Support**
- 2. Authorize the Chief Executive Officer to Execute Task Order 01 with Ruby Media (dba DHD Films) in an amount not to exceed \$200,000 for Marketing and Communications Support for the Period Beginning February 1, 2025 through September 30, 2025**

Jackie Bronson, VP of Engagement and Administration, presented to the Board Regular Agenda Items 1 and 2 together; however, with a separate vote on each.

Ms. Bronson highlighted the following:

- DCTA Marketing and Communications – Current Resources
- Initial scope of Work/RFP Process
- Recommended Consultant – Ruby Media
- Expected Outcomes
- Task Order Details

With no comments or questions from the Board, there was a motion by Vice-Chair Molina and a second by Board Member Maguire to approve Regular Agenda Item 1 as presented. With no comments or questions from the Board, there was a motion by Board Member Maguire with a second by Board Member Jaworski to approve Regular Agenda Item 2 as presented. Motions pass 5-0.

3. Discuss and Consider Approval of Task Order 01 with HW Lochner in an Amount Not to Exceed \$368,255.56 for Initial Program Management Tasks and Validation of Curve and Speed Improvements

Austin Frith, VP of Planning and Development, presented to the Board highlighting the following:

- Initial Work Plan for the A-train PMC (from December 2024 Board Meeting)
- Multiple Decision Points Impact & Recommendations to Spend Design Funds
- Task 1: Curve and Speed Improvements
- Task Order 01 – Scope Overview and Program schedule
- Subsequent Task Order(s) Anticipated

Board discussion regarding I-35 corridor travel time cost/comparison.

Motion by Board Member Maguire with a second by Board Member Jaworski to approve Regular Item 3 as presented. Motion passes 5-0.

4. Discuss and Consider Approval of Fiscal Year 2024 Transportation Reinvestment Program (TRiP) Annual Report and Fiscal Year 2025 TRiP Annual Call for Projects

Karina Maldonado, Planning Manager, presented to the Board highlighting the following:

- What is TRiP? (review)
- TRiP Process
- TRiP Funding
- TRiP Program Funding (FY21-FY24)
- FY24 TRiP Annual Report
- FY25 TRiP CFP Available Funding
- FY21-FY24 Funding Levels and Rollover Amounts
- FY25 Call for Projects

The Board thanked staff for their work on the TRiP program.

5. Discuss Update on the Intermediate Service Plan

Austin Frith, VP of Planning and Development, presented to the Board highlighting the following:

- Connect Performance Data
- GoZone Performance Data
- GoZone Capacity Management: 2 Stages
- ISP Update – GoZone Capacity Management Service Hour Deployment by City
- ISP Update – GoZone Capacity Management Denton Service Hours and Performance
- ISP Update - GoZone Capacity Management Lewisville Service Hours and Performance
- ISP Update - GoZone Capacity Management Highland Village Service Hours and Performance
- ISP Phase II Tasks
- UNT Network Efficiencies
- Route Efficiencies – Passenger per Revenue Hour
- Route Efficiencies – Mean Green
- MG Route Efficiencies - Passenger per Revenue Hour
- Route Efficiencies – North Texas
- NT Route Efficiencies - Passenger per Revenue Hour
- GoZone Ridership within Campus Areas
- GoZone Geofence: TWU
- GoZone Geofence: UNT Main Campus
- GoZone Geofence: UNT Discovery Park
- What's Next: Trip Analysis Summary
- Step 1: Near Term Bus Stop Improvements – Complete
- Step 2: Existing Stop Amenity Assessment
- Step 3: Develop Bus Stop Design Standards for Each Stop Type

Board discussion regarding potential conversations with TWU as they expand towards the east and the impacts to future DCTA routes, the cost analysis for the consolidation and who is being affected by it.

In addition, the Board requested data of when DCTA expanded the GoZone Geofence to move rides to Connect as well as the percentage of those rides captured. Comments from the Board included the fact that there are approximately 30-43% of GoZone rides that DCTA hopes to migrate to Connect and should be considering additional 800-1100 hours of GoZone funding for capital projects, movement, savings and conversations for proportional service and revenue allocations. The Board is also open to additional investment in the other two (2) zones and possible increase in the GoZone budget (i.e., expanding in the West Park area).

No Board action required at this time.

6. Discuss Update on the Denton County Transportation Authority Transformation Initiative and Five-Year Roadmap, FY2023 – FY2027

Paul Cristina, CEO, presented to the Board highlighting the following:

- Long Range Service Planning Context
- Where are we on the Journey to Transformation (January 2024 – January 2025)
- Transformation Initiative Progress Report
- FY23-FY24 (Complete)
- Q1 FY25 (Complete)
- FY25 Work Plan Items with Future Completion Date
- FY24 “Not Started” to FY25 “In Process”
- Summary
 - January 2024 – 27% complete, 46% in process, 27% not started
 - January 2025 – 33% complete, 67% in process, 0% not started

The Board acknowledged that the implementation of benchmarks that can be “checked off” has made it possible to continue to see the progress that DCTA has made throughout the years. Great work!

No Board action required at this time.

7. Discuss Local and Regional Updates and Legislative Issues

The Board and staff presented the following:

There are a few legislative visits being scheduled in Austin during the month of February 2025.

Board Member Jaworski is scheduled to meet with Representative Mitch Little. Board Member Smith indicated that Representative Andy Hooper is scheduled to visit Serve Denton, and he also stated that he will be at the Native Plant Society.

Board Member Jaworski stated that CEO Paul Cristina recently provided a DCTA Update to the Highland Village City Council that was well-received.

DCTA staff continue to be engaged in North Central Texas Council of Governments.

The Consultant team that has been assisting DCTA with analytics work showcased, during the Transportation Research Board Annual Conference, an evolution of DCTA’s cost per passenger methodology to create the Intermediate Service Plan Phase 1. They received a “Users Choice Award” from their peers of some of the ways that they assisted with automation of some of the manual calculations that DCTA was doing at the time.

INFORMATIONAL REPORTS

1. Safety, Service, and Ridership Reports – November/December 2024

No Board action required. These reports are for informational purposes only.

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS

No Board Member requests at this time. The next scheduled Board Meeting is tentatively scheduled for February 27, 2025, as there may be conflicts with Legislative visits in Austin. The Strategic Planning Work Session is scheduled for January 30-31, 2025.

REPORT ON ITEMS OF COMMUNITY INTEREST

Pursuant to Texas Government Section 551.0415 the Board of Directors may report on the following items: (1) expression of thanks, congratulations, or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming DCTA and Member City events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety.

Denton

Denton Black Film Festival

January 22-26, 2025 (in person)

January 26-February 2, 2025 (virtual)

CONVENE EXECUTIVE SESSION

1. Pursuant to Texas Government Code Section 551.071(2) Legal Consultation with General Counsel, the Board of Directors will convene into Closed Executive Session regarding Change Order Amendment with Rio Grande Pacific Corporation for A-train Operations and Maintenance.

The Board convened into Closed Executive Session at 11:13 am and reconvened at 11:26 am with no action taken.

RECONVENE OPEN SESSION

The Board reconvened from Closed Executive Session to Open Session at 11:26 am with no action taken.



ADJOURN

With no further business discussed, the meeting was adjourned at 11:27 am.

TJ Gilmore, Board Chair

Andy Eads, Board Secretary



Board of Directors Memo

March 27, 2025

SUBJECT: Discuss and Consider Acceptance of the Fiscal Year (FY) 2024 Financial Audit

Recommendation

Staff recommends the Board accept the audited financial statements presented as of September 30, 2024.

Background

Chapter 460 of the Texas Government Code and DCTA Bylaws requires an independent financial audit of the Authority on an annual basis.

Previous Board Activity & Action

There has been no previous Board activity on this item.

Identified Need

As part of the audit engagement, DCTA’s independent auditor, Plante & Moran, PLLC (Plante Moran), has a responsibility to communicate with those charged with governance in the audit of financial statements. Those required communications are included in Plante Moran’s presentation to be presented to the board on March 27, 2025.

The FY2023 Annual Comprehensive Financial Report (ACFR) is included as Exhibit 1 to this item. Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a governmental organization with federal expenditures in excess of \$750,000 to have a single audit performed, which includes an audit of both the financial statements and the federal awards. The FY2024 Single Audit Report is included as Exhibit 2 to this item.

Financial Impact

There is no financial impact associated with the approval of the September 30, 2024 audited financial statement and supplemental information.

Exhibits

Exhibit 1: Annual Comprehensive Financial Report as of September 30, 2024

Exhibit 2: Single Audit Report as of September 30, 2024

Exhibit 3: Plante & Moran’s Report to the Board of Directors

Submitted by:

Sherrelle Evans-Jones, CPA
Chief Financial Officer

Denton County Transportation Authority

**Annual Comprehensive Financial Report
with Supplementary Information
September 30, 2024 and 2023**

**Prepared by:
DCTA Finance Department
Lewisville, Texas**

Denton County Transportation Authority

Contents

Introductory Section

Letter of Transmittal	i-vii
Organizational Chart	viii
List of Principal Officials	ix

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
Statement of Net Position	9
Statement of Revenue, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11-12
Notes to Financial Statements	13-32

Required Supplementary Information

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios	33
Schedule of Pension Contributions	34
Note to Required Supplementary Information	35

Supplementary Information

Schedule of Revenue and Expenses - DCTA - Budget to Actual	36
Schedule of Revenue and Expenses - NTMC - Budget to Actual	37

Statistical Section

Description of the Statistical Section	38
Net Position by Component	39
Changes in Net Position	40
Capital Assets	41
Revenue by Source	42
Sales Tax Revenue	43
Sales Tax Allocation Received by Member Cities	44
Long-term Debt	45
Demographic and Economic Statistics for Denton County	46
Principal Employers in Denton County	47
Total Employees and Contract Operations	48
Operating Statistics	49
Farebox Recovery Percentage	50

Letter of Transmittal

March 27, 2025

The Honorable Chair and Members of the Board
Denton County Transportation Authority
Lewisville, Texas

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of Denton County Transportation Authority (DCTA) for the fiscal year ended September 30, 2024.

This report provides the DCTA Board of Directors, stakeholders, citizens of DCTA's service area, our bondholders and other interested parties with detailed information concerning the financial condition and activities of DCTA. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the DCTA. Management is responsible for establishing and maintaining effective internal control over financial reporting. Because the cost of internal controls should not outweigh anticipated benefits, DCTA's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the DCTA as measured by the financial activity of the fund. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the DCTA's financial affairs have been included.

Plante & Moran, PLLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the DCTA's financial statements for the year ended September 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

DCTA PROFILE

DCTA is the Coordinated County Transportation Authority for Denton County, created by House Bill 3323, under Chapter 460 of the Texas Transportation Code, approved by the 77th Texas Legislature and signed into law by the Governor in 2001. Voters in Denton County approved the confirmation of DCTA on November 5, 2002 to advance public transportation and transportation-related services. Collection of the sales and use tax dedicated to DCTA from its three member cities (Denton, Highland Village, and Lewisville) began January 1, 2004. DCTA is granted power under Texas law to plan, develop, acquire, construct, own, operate, and maintain a public transportation system.

Location

Denton County encompasses roughly 953 square miles and is located in the northern part of the Dallas-Fort Worth Metroplex adjacent to Collin, Dallas, and Tarrant counties. The county, founded in 1846, is one of the fastest growing counties in the U.S. with an estimated population of 1,036,720 in 2024 according to North Central Texas Council of Governments (NCTCOG) population estimates.

Governance

DCTA is governed by a five voting-member Board of Directors appointed by respective entities from Denton County and the cities of Denton, Highland Village, and Lewisville serving two-year terms. Large cities, small cities and other Denton County cities make up the remaining six non-voting members. Board officers are elected from the Board membership and serve a one-year term.

Agency Background

The single largest revenue source for DCTA is a dedicated ½ cent local sales tax from its three member cities - Denton, Highland Village, and Lewisville. These revenues, along with federal and state grants, service contracts, passenger fares, and investment income, fund the operations and implementation of DCTA's Long Range Service Plan, which includes a commuter rail component, a bus service component with local fixed route bus service, paratransit demand response, general demand response, commuter vanpools, and university shuttle services as well as a network of park and ride locations and rail and bus facilities to serve area residents and visitors. These elements provide services to improve mobility and air quality, spur economic development, and enhance livability in the areas served. DCTA's A-train connects Denton and Dallas counties. At the Trinity Mills station, riders can transfer to Dallas Area Rapid Transit's (DART) Red, Orange, Green and Blue Lines and the Trinity Railway Express (TRE).

Construction of DCTA's A-train rail corridor and purchase of rail vehicles was accomplished with funding from a Regional Toll Road Funding Initiative (RTRFI) grant received in March 2009 which provided roughly \$250 million and required a 20% local match from DCTA. A contract for construction of the 21-mile rail line was awarded in May 2009, and the A-train officially opened for service in June 2011. In addition to the already existing bus service, the central element of DCTA's initial Long Range Service Plan was achieved with the start of A-train commuter rail service in 2011.

In December 2011, the Board of Directors updated DCTA's Long Range Service Plan to include system-wide improvements to the existing system and opportunities for expansion of the existing system to meet the public transit needs. The plan serves as a road map guiding DCTA's service planning, capital improvement program, and financial planning, and provides input for NCTCOG's Mobility 2045 Plan. NCTCOG serves as the Metropolitan Planning Organization (MPO) for the North Texas region and is the organization charged with coordinating regional transportation planning efforts for a 12-county region which includes Denton County. The Mobility 2045 Plan serves as a blueprint for the region's transportation system planning and guides expenditures of state and federal transportation funds over the next 20-plus years. DCTA provided input regarding key service components of its Long Range Service Plan for incorporation into the Mobility 2045 Plan. The goals defined in the Mobility 2045 Plan guide efforts to accommodate the region's multimodal mobility needs and improve air quality. DCTA and other regional transit agencies, as well as local governments, use NCTCOG's Mobility 2045 Plan as a basis for their own planning efforts.

Accounting System and Budgetary Control

DCTA activities are accounted for in a single enterprise fund, and financial results are reported in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) guidance. The accrual basis of accounting is used for the audited financial statements, external reporting, and internally for budgeting, with revenues recorded in the period that they are earned, and expenses recorded in the period in which the liability or benefit is expected.

On an annual basis, DCTA develops and presents for the Board's approval an operating and capital budget within the context of a Long Range Financial Plan. The Long Range Financial Plan outlines the operating components, debt service costs, and Capital Improvement Plan requirements over the next fifteen years and serves as the foundation for the development of the annual operating and capital budget. This document helps provide a financially sustainable perspective of the impact of current year decisions on future years. As part of the annual budget process, the Board also adopts a Budget Contingency Plan which positions DCTA to respond quickly to economic or market fluctuations or downturns.

The Board conducts a public hearing in August to receive citizen input and provides final review of the budget with formal adoption in September of each year. The fiscal year for DCTA is October 1 – September 30. The President/CEO is authorized to transfer budgeted amounts between departments, line items, or capital projects; however, any revisions that alter the total adopted fiscal year budgeted expenditures (operating + capital) must be approved by the Board.

Budget control has been established at the department level. Financial reports showing budget to actual expenses by line item are distributed monthly for review by management. Financial reports are presented to the Board monthly for review and acceptance. Quarterly budget reviews of both the operating budgets and capital project budgets are conducted by Finance staff with the DCTA Executive Team and project managers. Individual line items are reviewed and analyzed for budgetary compliance. Revenue budgets are reviewed monthly.

The Board has also adopted a series of financial standards and policies for the operating and debt management of the agency. In addition, operating procedures have been established in accordance with state and federal requirements to ensure that DCTA is a fiscally sound authority operating an efficient and effective transportation system.

One of the most significant organizational transformations to occur last year was the direct hire of the bus operators into DCTA following the dissolution of the ILA that existed between DCTA and NTMC for bus service and the support staff. This move enables a singular, unified DCTA organization to maximize efficiencies and effectiveness. It also enabled DCTA to provide a more comprehensive benefits package to ensure recruiting and retention among our bus operators.

SERVICES PROVIDED

DCTA provides service in Denton County including regional commuter rail service (A-train); fixed route bus service; rideshare on-demand service; paratransit and general demand response service; vanpool service; campus shuttles operated under contract with the University of North Texas (UNT); and contract service in Frisco and Coppell. As reported in the National Transit Database, DCTA carried roughly 3.2 million bus, rail, and micro-transit passengers in FY24, a 10% increase from FY23.

Regional Commuter Rail (A-train)

The A-train is a 21-mile regional rail system connecting Denton and Dallas counties. The rail corridor follows the east side of I-35E and connects the cities of Denton and Carrollton. DCTA has five A-train stations: two

in Denton and three in the greater Highland Village-Lewisville area, with a transfer station at the Trinity Mills Station in Carrollton. The Trinity Mills transfer station connects riders with DART rail and bus service. The system also includes a 19-mile hike & bike trail that parallels the A-train rail line.

DCTA operates 11 low-floor diesel-electric articulated GTW passenger rail vehicles designed to comfortably accommodate wheelchairs, strollers, and bikes with room for 104 seated and 96 standing passengers per vehicle. A-train ridership continues to increase carrying roughly 262,000 passengers in FY24, up 16% increase from the 225,000 passengers carried in FY23. Train frequency, now at 30-minutes on weekdays, is a significant contributor to enhancing the rider experience.

Connect Fixed-Route

August 19, 2024 implemented a new service plan to move as many riders as possible in the most efficient and effective manner. DCTA increased frequency on Connect 3 & 6, increased hours to align with A-train and Connect 7 (7am-9pm), added 18 new bus stops, removed GoZone service for trips that had both the origin and destination within 1/4th mile of existing/new bus stops on Connect 3, 6, and 7. The routes were configured to provide easy access to many popular destinations within the city as well as connection to A-train stations for access to our commuter rail line.

University Shuttle Service

The UNT Campus Shuttle consists of fourteen routes including weekday, late night, and weekend-only service through a contractual agreement. The UNT Shuttle service provides transportation from off-campus housing to the campus as well as circulation throughout the campus. Total passengers for FY24 totaled roughly 1,568,797 trips, a 9% increase from FY23 ridership of roughly 128,797. UNT continues to maintain a steady enrollment record year over year, with nearly 46,000 students enrolled in the Fall 2024 semester.

GoZone On-Demand

FY22 saw the first full year of ridership for the newest DCTA service offering, GoZone. Launched in September 2021, GoZone is a zone-based on-demand rideshare service that riders utilize for trips within, and sometimes between, designated zones in Denton County. The on-demand service uses a mobile app where passengers book their trips in real-time. A fleet of dedicated vans is used to pick up and drop off riders at virtual stops within the zones. GoZone ridership has grown exponentially since launching on September 7, 2021, completing approximately 863,104 trips in FY24 (an increase of 1.18%).

Demand Response Service

Access offers two types of shared ride, origin to destination service for residents and visitors in Denton, Highland Village, and Lewisville: ADA paratransit service, and service for senior and disabled (non-ADA) passengers. Any person who wishes to use Access must complete an application, and non-seniors or non-Medicare-eligible individuals must submit a physician's affidavit of eligibility. DCTA carried roughly 24,261 Access passengers in its member city service area in FY24.

Since December 2015, the City of Frisco has contracted with DCTA for curb-to-curb demand response transit service to eligible Frisco residents for trips within Frisco and designated portions of Plano. Taxi vehicles and Transportation Network Company (TNC) vehicles are used in this service to supplement demand-response service as capacity dictates. The service carried roughly 8,500 passengers in FY24, slightly lower from 9,600 passengers carried in FY23.

Vanpools

The Vanpool service provides a low-cost commuting alternative for residents to get to work. Vanpools are ideal for groups of six to fifteen people. Individuals who live or work in Denton County can start a vanpool

through their employer or create one with others who have similar commute origins and destinations. During FY24, DCTA added 14 new vanpool group and we have a maximum 103 vanpools in operation, carrying an annual total of 251,799 passengers.

DCTA PROGRESS

In FY22 the Board of Directors undertook a strategic visioning session to identify their priorities for the future of the agency, assisting the Board in successfully establishing an overall strategy for determining the type of public transit services appropriate for DCTA resident and the areas in which such services should be deployed. By establishing the types of service offerings, including fixed route bus, paratransit, on-demand multi-passenger, vanpool and commuter rail, the Board determined that the City of Denton was best served by a combination of fixed route, on-demand, paratransit, vanpool and commuter rail, whereas Highland Village and Lewisville were better served by on-demand, paratransit, vanpool and commuter rail. Earlier experience with on-demand services has shown the mode has been very well received and has accounted for a significant uptick in ridership since the mode offering has been expanded to meet the demonstrated demand.

DCTA completed the technological updates on our bus system enabling automated passenger counting systems and providing a platform for future technology applications. Through continuous work, the agency also anticipates additional planning and design work to continue exploration of projects to increase speed on the A-train. DCTA also continues to work on several technology updates across the agency in FY25, including implementing a new enterprise resource software platform enabling efficiency improvements for our back-office systems.

FUTURE OUTLOOK

Total revenues were \$66 million in FY24 compared to \$60.9 million in FY23. DCTA's largest revenue source, sales tax, grew from \$40.3 million in FY23 to \$40.6 million in FY24. Despite sales tax growth, DCTA faces challenges with rising healthcare costs, low interest rates impacting investment earnings, and prioritizing funding for service expansion and future construction projects. In addition, the sustainability of the current economic expansion remains notable; its impact on local sales tax will continue to be monitored closely.

Regional Economy

The Dallas–Fort Worth economy strengthened slightly throughout 2024. At the end of the year, payroll employment and consumer spending and business-cycle indexes were expanding. The Federal Reserve Bank of Dallas reported in its December 2023 Economic Indicators Update:

The Dallas–Fort Worth economy softened in October. Employment was flat. Hourly earnings and sales tax collections fell. Existing-home sales picked up, and months of supply also ticked upward.

Employment in DFW changed little in October after climbing 4.3 percent in September. Job growth was broad-based across the major sectors during the three months ending in October, with the strongest gains seen in professional and business services, financial activities, and trade, transportation and utilities. The unemployment rate in DFW ticked up to 4.0 percent in October.

The Dallas Fed [Texas Business Outlook Surveys](#) (TBOS) similarly indicated an increase in employment growth. TBOS Texas factory activity increased in December, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose to 3.9 from a near-zero reading last month.

Population Forecast

North Central Texas is a rapidly growing region whose residents and visitors increasingly require a variety of transportation options to serve diverse travel needs. NCTCOG estimates a region population of 8.4

million as of 2024. According to the NCTCOG's Mobility 2045 Plan, population for the Dallas-Fort Worth Metropolitan Area is projected to grow to an estimated 11.4 million by the year 2045. This significant increase in population for North Texas will require a maturing system of roads, public transportation, and bicycle and pedestrian facilities, complemented by local policies and programs to enhance infrastructure investment.

North Texas remains the most populated region in Texas, surpassing 8.3 million residents, driven by explosive growth in Collin, Tarrant, Denton, Rockwall, and Kaufman counties, according to new data from the Texas Demographic Center. Between 2020 and January 2024, North Texas added over 560,000 new residents, with Collin County leading the charge. The county welcomed nearly 145,000 residents in four years, bringing its population to 1.2 million.

Denton County also saw impressive gains, surpassing the 1 million mark with over 100,000 new residents since 2020. Neighboring Kaufman County experienced 26.7% growth, the highest percentage increase in Texas, adding nearly 39,000 people. Rockwall County followed closely, growing by 25%, or about 28,000 residents.

As Collin and Denton counties continue to grow, DCTA will focus efforts on east/west corridor planning and investments in these areas. The US Census Bureau 2019 American Community Survey estimates that roughly half of individuals who live in Denton County work outside of the county, which highlights the importance of providing transportation links from Denton County to major employment destinations in neighboring counties.

Long Range Service Plan

The Long Range Service Plan provides a roadmap for decision making about transit investments in Denton County over the next 25 years and reaffirms DCTA's goals and performance standards that will be used to help officials make decisions about future investments and the implementation of new services. It will help ensure that transit services mature and develop to better meet the needs of Denton County. In FY24, the Board of Directors continues the work of implementing the programs noted during the strategic visioning session from FY21. This, along with a comprehensive county-wide transit study that is being conducted by the NCTCOG, will serve as the catalyst for a new Long Range Service Plan for the agency.

Until then, DCTA will be focused on regional rail service through planning and engineering analysis for potential expansion of service south to DART's Downtown Carrollton Station, discussion with a non-member city regarding a potential in-fill station, exploration of adding double tracking to the existing A-train alignment, and conducting a Comprehensive Operational Analysis for DCTA's fixed route bus service and on-demand micro-transit.

OTHER INFORMATION

Independent Audit

Chapter 460, Section 460.402 of the Texas Transportation Code requires an annual audit of the books of account, financial records and transactions of the DCTA by independent certified accountants selected by the Board of Directors. This requirement has been complied with and the independent auditor's report has been included. The Board of Directors reviews recommendations made by the independent auditors and also guides the annual budget process.

DCTA is also required to undergo an audit of federally and state funded programs administered by DCTA. The standards governing the Single Audit engagement require the independent auditor to report on the audited government's internal controls and compliance with laws, regulations, contracts and grants applicable to each major federal and state program. The reports related specifically to the Single Audit are issued under separate cover.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the DCTA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twelfth consecutive year for the DCTA to receive the Certificate of Achievement. As of the printing of the FY24 audited financial statements, the GFOA award for the fiscal year ended September 30, 2023 was not yet available.

To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire DCTA Finance Department staff. We also express our appreciation to all the DCTA staff members who assisted and contributed to the successful completion of this report as well as the guidance provided by our external auditors.

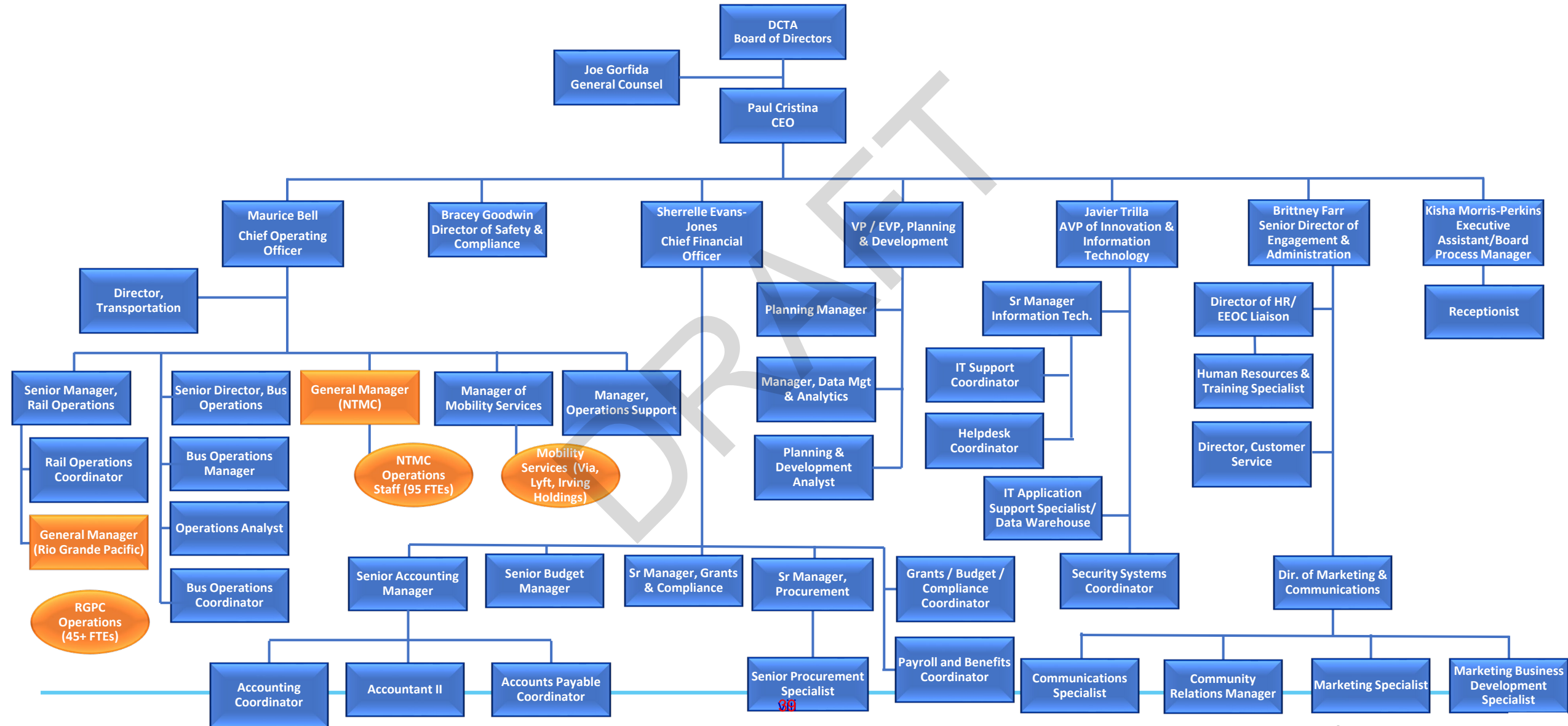
We would like to thank the members of the DCTA Board of Directors for their interest and support in planning and conducting the financial operations of the Denton County Transportation Authority in a responsible and progressive manner.

Sincerely,


Paul A. Cristina
President/CEO


Sherelle Evans-Jones, CPA
Chief Financial Officer/VP of Finance

DCTA Organizational Structure



Denton County Transportation Authority

List of Principal Officials

As of January 2, 2025

A Board of Directors composed of 5 voting members representing the county of Denton governs DCTA:

- two members appointed by the Denton County Commissioner's Court;
- three members designated by the municipalities (Cities).

Each Board member serves a term of two years and may be re-appointed. There are no term limits. Large cities, small cities and other Denton County cities make up the remaining six non-voting members. The Board is responsible for the general policy governance of the DCTA with the President/CEO and DCTA staff responsible for day-to-day management, operations, and implementation of the agency's goals and objectives.

Board Member	Position	Appointed by
TJ Gilmore	Chair	City of Lewisville
Cesar Molina	Vice Chair	Denton County Seat 1
Andy Eads	Secretary	Denton County Seat 2
Alison Maguire	Member	City of Denton
Daniel Jaworski	Member	City of Highland Village

Non-Voting Board Members	Position	Appointed by
Dennie Franklin	Member	City of Frisco
Vacant	Member	Town of Flower Mound
Jeremie Maurina	Member	City of The Colony
Blaine Crimmins	Member	City of The Colony
Jared Eutsler	Member	City of Corinth
Vacant	Member	Town of Little Elm
Vacant	Member	Small Cities

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the years ended September 30, 2024 and 2023 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 financial position of Denton County Transportation Authority as of September 30, 2024 and 2023 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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.

To the Board of Directors
Denton County Transportation Authority

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified 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, which 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 auditing standards generally accepted in the United States of America, 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 Denton County Transportation Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors
Denton County Transportation Authority

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of the Denton County Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Denton County Transportation 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 Denton County Transportation Authority's internal control over financial reporting and compliance.

March 27, 2025

DRAFT

Denton County Transportation Authority

Management's Discussion and Analysis

Management of the Denton County Transportation Authority (DCTA or the "Authority") offers readers of DCTA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2024. This discussion and analysis is designed to provide an objective and easily readable analysis of DCTA's financial activities based on currently known facts, decisions, or conditions.

We encourage the readers to consider the information presented here in conjunction with the accompanying financial statements, notes thereto, and additional information that is furnished in our letter of transmittal and the statistical section of this report. In addition, readers are encouraged to review information on the annual budget and other agency information found on the DCTA website at www.dcta.net. It should be noted that the independent auditor's report describes the auditor's association with the various sections of the report and that all of the additional information from the website and other DCTA sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

Financial Highlights

- As of September 30, 2024 and 2023, total assets and deferred outflows of resources of DCTA exceeded total liabilities and deferred inflows of resources by \$392,994,640 and \$384,875,849, respectively. The amount of unrestricted net position as of September 30, 2024 was \$129,311,704 compared to \$116,301,659 as of September 30, 2023. Unrestricted net position is the amount that may be used to meet DCTA's ongoing obligations in accordance with the fiscal policies.
- Net position increased by \$8,118,791 during the current fiscal year compared to an increase of \$9,409,300 in the prior year. The change compared to the prior year is attributable to a \$6.3 million increase in operating expenses, offset by a \$2.2 million increase in operating grants and \$1.5 million increase in investment income.
- Net capital assets were \$278.3 million as of September 30, 2024 compared to \$286.3 million as of September 30, 2023. The decrease of \$8 million is caused by \$10.8 million of depreciation expense offset by a net \$2.8 million of asset additions and disposals.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to DCTA's accompanying financial statements and notes. The basic financial statements consist of four components: (1) statement of net position; (2) statement of revenue, expenses, and changes in net position; (3) statement of cash flows; and (4) notes to the financial statements.

This report also contains supplementary information in addition to the basic financial statements themselves, as well as a statistical section (unaudited) to provide the reader additional information relative to DCTA.

DCTA 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 financial statements are prepared on the accrual basis of accounting, meaning that all expenses are recorded when incurred, and all revenue is recognized when earned in accordance with accounting principles generally accepted in the United States of America. Certain statements in the report are, or will be, forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

Statement of Net Position

The statement of net position reports all of the financial and capital resources of DCTA. The statement is presented in the format where total assets plus deferred outflows of resources equal total liabilities, deferred inflows of resources, and net position. Assets and liabilities are presented in order of liquidity and are classified as current (convertible into cash within one year) and noncurrent. The focus of the statement of net position is to show a picture of the liquidity and health of the organization as of the end of the reporting period. Changes in net position may serve as an indication of whether the financial position of DCTA is improving or deteriorating.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position is similar to an income statement. This statement includes operating revenue, such as passenger fares and contracts to provide transit-related service to third parties; operating expenses, such as costs of operating the transit system, administrative expenses, and depreciation on capital assets; and nonoperating revenue and expenses, such as sales tax revenue, grant revenue, and interest income. The focus of the statement of revenue, expenses, and changes in net position is to present the change in net position during the two most recent fiscal years. The increase or decrease in net position will show the effect of DCTA's current year operations on its financial position.

Statement of Cash Flows

The statement of cash flows discloses net cash provided by or used in operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The statement of cash flows, related notes, and other financial statements can be used to assess DCTA's ability to provide adequate cash flow to support current operations and plans for future expansion.

Notes and Other Information

The notes to the financial statements are an integral part of the basic financial statements that describe the significant accounting policies and provide additional information that is essential to understanding the data provided in the financial statements.

Financial Analysis

Statement of Net Position

As noted earlier, net position, and especially net position by category, may serve over time as a useful indicator of DCTA's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$392,994,640 and \$384,875,849 as of September 30, 2024 and 2023, respectively. The largest portion, 67 percent and 70 percent in 2024 and 2023, respectively, is net investment in capital assets primarily related to the rail line construction and acquisition of rail vehicles. Less than 1 percent in both 2024 and 2023 is in restricted net position, which is restricted for the Authority's net pension asset. The remaining 33 percent and 30 percent, respectively, is in unrestricted net position, which represents assets with no external restriction as to use or purpose. The unrestricted net position can be employed for any lawful purpose designated by the governing board.

Net position of DCTA increased by 2.1 percent, or \$8,118,791, during the current fiscal year compared to an increase of 2.5 percent, or \$9,409,300, in the prior year. Change in net position of DCTA decreased by 13.7 percent. The net decrease in the change in net position in the current fiscal year is mainly attributable to a \$6.3 million increase in operating expenses, offset by a \$2.2 million increase in operating grants and \$1.5 million increase in investment income.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

The Authority's Net Position

	2024	2023	2022
Assets			
Current and other assets	\$ 135,197,918	\$ 123,305,723	\$ 105,844,006
Capital assets	278,322,946	286,281,462	294,481,338
Total assets	413,520,864	409,587,185	400,325,344
Deferred Outflows of Resources	382,725	449,852	380,002
Liabilities			
Current liabilities	6,993,077	9,301,192	7,067,801
Noncurrent liabilities	13,810,000	15,725,000	17,625,000
Total liabilities	20,803,077	25,026,192	24,692,801
Deferred Inflows of Resources	105,872	134,996	545,996
Net Position			
Net investment in capital assets	263,280,417	268,446,665	275,656,830
Restricted - Net pension asset	402,519	127,525	-
Unrestricted	129,311,704	116,301,659	99,809,719
Total net position	\$ 392,994,640	\$ 384,875,849	\$ 375,466,549

Assets

During fiscal year 2024, DCTA's total assets increased by 0.96 percent, or \$3.9 million, from fiscal year 2023. The net increase is mainly attributable to a \$7.7 million increase in cash and a \$4.5 million increase in receivables, offset by an \$8 million decrease in capital assets.

Capital assets, net of depreciation, decreased due to a net \$2.8 million of asset additions, offset by \$10.8 million of depreciation. The capital assets activity for the year is captured in Note 6.

Liabilities

Current liabilities decreased during the year from \$9.3 million as of September 30, 2023 to \$7.0 million as of September 30, 2024 primarily due to fluctuations in accounts payable and a decrease in unearned revenue due to discontinuation of the operational rail facility project.

DCTA's current ratio, current assets of \$135,197,918 and current liabilities of \$6,993,077, was 19:1 as of September 30, 2024, compared to a ratio of 13:1 as of September 30, 2023.

There was a \$1.9 million decrease in noncurrent liabilities in fiscal year 2024 due primarily to payments made for DCTA's outstanding bonds and the rail operating easement agreement with Dallas Area Rapid Transit. The bond payable activity for the year and rail operating easement obligation are captured in Notes 7 and 11, respectively.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Statement of Revenue, Expenses, and Changes in Net Position

During fiscal year 2024, DCTA's activities resulted in an increase in net position of \$8,118,791 compared to an increase of \$9,409,300 in the prior year. The decrease in the current fiscal year change in net position is mainly attributable to a \$6.3 million increase in operating expenses, offset by a \$2.2 million increase in operating grants and \$1.5 million increase in investment income. The changes in net position for the fiscal years ended September 30, 2024, 2023, and 2022 are shown in the following table:

The Authority's Changes in Net Position

	2024	2023	2022
Operating Revenue			
Passenger revenue	\$ 1,906,892	\$ 1,568,794	\$ 928,697
Contract services	4,948,287	4,233,303	3,721,321
Other	174,398	923,745	681,289
Total operating revenue	7,029,577	6,725,842	5,331,307
Operating Expenses			
Salaries, wages, and benefits	10,212,180	9,014,747	9,223,042
Outsourced services and charges	6,937,117	5,831,802	6,946,993
Purchased transportation services	23,888,423	22,251,475	19,235,801
Other	5,858,910	5,202,776	6,338,351
Depreciation	10,808,931	9,074,612	11,351,683
Total operating expenses	57,705,561	51,375,412	53,095,870
Operating Loss	(50,675,984)	(44,649,570)	(47,764,563)
Nonoperating Revenue	58,008,858	53,999,042	61,492,184
Income - Before capital contributions	7,332,874	9,349,472	13,727,621
Capital Contributions	785,917	59,828	95,385
Change in Net Position	8,118,791	9,409,300	13,823,006
Net Position - Beginning of year	384,875,849	375,466,549	361,643,543
Net Position - End of year	\$ 392,994,640	\$ 384,875,849	\$ 375,466,549

Operating Revenue

Passenger Revenue

The fiscal year 2024 passenger revenue increased by 22 percent, or approximately \$338,000, from fiscal year 2023 due to an increase in ridership.

Contract Service

The fiscal year 2024 contract service revenue increased by 17 percent, or approximately \$715,000, from the prior year due to an increase in ridership across modes. In fiscal year 2024, DCTA provided service for University of North Texas (UNT); the City of Frisco, Texas; the City of Coppell, Texas; the City of Allen, Texas; the Town of Fairview, Texas; and on behalf of Trinity Metro in the Alliance Airport area.

Operating Expenses

The fiscal year 2024 operating expenses increased by 12 percent, or \$6.3 million, from fiscal year 2023. Expenses for purchased transportation services increased by \$1.6 million primarily due to an increase in ridership. Outsourced services and charges increased by \$1.1 million due to an increase in professional services for various projects. Salaries, wages, and benefits increased by \$1.2 million due to increased hiring within DCTA over the past fiscal year.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Nonoperating Revenue and Expenses

Sales Tax Revenue

The fiscal year 2024 sales tax revenue increased by 0.7 percent, or approximately \$299,000, over fiscal year 2023. DCTA collects 0.5 percent sales and use tax in the member cities of Denton, Highland Village, and Lewisville. Consumer spending continued to increase during fiscal year 2024, and DCTA and its member cities experienced growth in sales tax revenue similar to the expansion experienced throughout the state.

Transit System Operating Assistance Grants

The fiscal year 2024 federal and state grant revenue increased by \$2.9 million over fiscal year 2023 revenue mainly due to new grants during 2024.

Investment Income

The fiscal year 2024 investment income increased by 35 percent, or \$1.5 million, over fiscal year 2023. DCTA continues to build up reserve funds in accordance with the board's reserve policy, and staff will look to diversifying and laddering the investment portfolio to improve yield through investment vehicles such as U.S. Treasury notes and U.S. agency securities.

Debt Administration

In June 2008, DCTA completed its first debt issuance by issuing \$20,000,000 in tax-exempt Sales Tax Revenue bonds. The bonds were issued through a private placement with a maximum 5-year term to fund the DCTA A-train regional passenger rail project, which provides passenger rail service connecting Denton and Dallas counties. The principal payment was due in one lump sum in June 2013, with interest due semiannually.

The Series 2008 Sales Tax Revenue bonds were refunded through a private placement to long-term debt on December 17, 2009. These bonds will be repaid over 20 years at an interest rate of 3.99 percent. The first principal payment of \$885,000 was paid in September 2013, and annual installments continue through September 2029.

The Series 2009 Sales Tax Revenue Refunding bonds were refunded in November 2020. These bonds will be repaid over 12 years at an interest rate of 0.99 percent, with principal payments due annually through September 2032.

In September 2011, DCTA issued \$14,390,000 in contractual obligations for a portion of its share of the cost for new rail vehicles and for the first phase of the federally mandated Positive Train Control project. These obligations were issued through a private placement to be repaid over 20 years at an interest rate of 3.13 percent. The first principal payment of \$140,000 was paid in September 2015, and annual installments continue through September 2031.

The 2011 contractual obligations were refunded in September 2021. These bonds will be repaid over 10 years at an interest rate of 1.28 percent, with principal payments due annually through September 2031.

Economic Factors and Next Year's Budgets and Rates

The Denton County Transportation Authority is dependent on sales tax, which is the largest single source of revenue for the Authority, representing 62 percent and 66 percent of total revenue in 2024 and 2023, respectively. Sales tax revenue is affected by a variety of economic factors and is dependent on consumer spending. As economic factors expand and contract, it may cause sales tax revenue to increase and decrease.

Requests for Further Information

This financial report is intended to provide a general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, please contact DCTA at 1955 Lakeway Drive, Suite 260, Lewisville, TX 75057; by phone at (972) 221-4600; or by email at info@dcta.net.

Denton County Transportation Authority

Statement of Net Position

September 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 92,298,192	\$ 84,627,740
Investments (Note 4)	25,540,346	25,880,573
Receivables (Note 5)	15,475,985	10,990,140
Inventory	655,343	861,479
Prepaid expenses	143,062	143,063
Total current assets	<u>134,112,928</u>	<u>122,502,995</u>
Noncurrent assets:		
Restricted cash (Note 4)	682,471	675,203
Net pension asset (Note 9)	402,519	127,525
Capital assets: (Note 6)		
Assets not subject to depreciation	24,015,943	21,596,815
Assets subject to depreciation - Net	<u>254,307,003</u>	<u>264,684,647</u>
Total noncurrent assets	<u>279,407,936</u>	<u>287,084,190</u>
Total assets	413,520,864	409,587,185
Deferred Outflows of Resources - Deferred pension costs (Note 9)	382,725	449,852
Liabilities		
Current liabilities:		
Accounts payable	4,194,188	3,882,789
Accrued liabilities and other	815,045	829,462
Unearned revenue	68,844	1,803,941
Current portion of easement obligation (Note 11)	100,000	100,000
Current portion of bonds payable (Note 7)	<u>1,815,000</u>	<u>2,685,000</u>
Total current liabilities	6,993,077	9,301,192
Noncurrent liabilities:		
Easement obligation - Net of current portion (Note 11)	400,000	500,000
Bonds payable - Net of current portion (Note 7)	<u>13,410,000</u>	<u>15,225,000</u>
Total noncurrent liabilities	<u>13,810,000</u>	<u>15,725,000</u>
Total liabilities	20,803,077	25,026,192
Deferred Inflows of Resources - Deferred pension cost reductions (Note 9)	<u>105,872</u>	<u>134,996</u>
Net Position		
Net investment in capital assets	263,280,417	268,446,665
Restricted - Net pension asset	402,519	127,525
Unrestricted	<u>129,311,704</u>	<u>116,301,659</u>
Total net position	<u><u>\$ 392,994,640</u></u>	<u><u>\$ 384,875,849</u></u>

Denton County Transportation Authority**Statement of Revenue, Expenses, and Changes in Net Position****Years Ended September 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating Revenue		
Passenger revenue	\$ 1,906,892	\$ 1,568,794
Contract services	4,948,287	4,233,303
Other	174,398	923,745
Total operating revenue	<u>7,029,577</u>	<u>6,725,842</u>
Operating Expenses		
Salaries, wages, and benefits	10,212,180	9,014,747
Outsourced services and charges	6,937,117	5,831,802
Materials and supplies	2,125,775	2,450,760
Purchased transportation services	23,888,423	22,251,475
Utilities	561,652	497,792
Insurance	1,099,836	1,586,292
Leases and rentals	169,862	142,445
Employee development	311,031	180,014
Transportation reinvestment program	1,590,754	345,473
Depreciation	10,808,931	9,074,612
Total operating expenses	<u>57,705,561</u>	<u>51,375,412</u>
Operating Loss	<u>(50,675,984)</u>	<u>(44,649,570)</u>
Nonoperating Revenue (Expense)		
Investment income	5,983,517	4,434,145
Gain on sale of assets	2,818	52,900
Sales tax revenue	40,592,222	40,292,936
Transit system operating assistance grants	11,622,600	9,431,745
Interest expense	(192,299)	(212,684)
Total nonoperating revenue	<u>58,008,858</u>	<u>53,999,042</u>
Income - Before capital contributions	<u>7,332,874</u>	<u>9,349,472</u>
Capital Contributions - Capital grants	<u>785,917</u>	<u>59,828</u>
Change in Net Position	<u>8,118,791</u>	<u>9,409,300</u>
Net Position - Beginning of year	<u>384,875,849</u>	<u>375,466,549</u>
Net Position - End of year	<u><u>\$ 392,994,640</u></u>	<u><u>\$ 384,875,849</u></u>

Denton County Transportation Authority

Statement of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts from customers	\$ 7,118,215	\$ 6,566,446
Payments to suppliers	(35,679,632)	(31,506,212)
Payments to employees and benefits	(10,451,818)	(9,035,788)
Net cash and cash equivalents used in operating activities	(39,013,235)	(33,975,554)
Cash Flows from Noncapital Financing Activities		
Operating grants and subsidies	6,830,320	9,817,488
Sales tax received	40,828,071	40,391,915
Net cash and cash equivalents provided by noncapital financing activities	47,658,391	50,209,403
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	785,917	59,828
Return of capital contribution from governmental entity	(1,753,149)	-
Proceeds from sale of capital assets	2,818	52,900
Purchase of capital assets	(3,349,467)	(1,448,883)
Principal and interest paid on capital debt, including refunding	(2,977,299)	(1,202,684)
Net cash and cash equivalents used in capital and related financing activities	(7,291,180)	(2,538,839)
Cash Flows from Investing Activities		
Interest received on investments	5,983,517	4,434,145
Purchases of investment securities	(21,909,773)	(33,179,864)
Proceeds from sale and maturities of investment securities	22,250,000	16,745,000
Net cash and cash equivalents provided by (used in) investing activities	6,323,744	(12,000,719)
Net Increase in Cash and Cash Equivalents	7,677,720	1,694,291
Cash and Cash Equivalents - Beginning of year	85,302,943	83,608,652
Cash and Cash Equivalents - End of year	\$ 92,980,663	\$ 85,302,943
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 92,298,192	\$ 84,627,740
Restricted cash	682,471	675,203
Total cash and cash equivalents	\$ 92,980,663	\$ 85,302,943

Denton County Transportation Authority**Statement of Cash Flows (Continued)****Years Ended September 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (50,675,984)	\$ (44,649,570)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	10,808,931	9,074,612
Changes in assets and liabilities:		
Receivables	70,586	(159,444)
Inventory	206,137	(87,275)
Prepaid and other assets	-	52,999
Net pension asset and related deferrals	(277,368)	(46,334)
Accounts payable	798,681	1,814,117
Accrued and other liabilities	37,730	25,293
Unearned revenue	18,052	48
Net cash and cash equivalents used in operating activities	<u><u>\$ (39,013,235)</u></u>	<u><u>\$ (33,975,554)</u></u>

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Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Significant Accounting Policies

Reporting Entity

The Denton County Transportation Authority (DCTA or the "Authority") is a coordinated county transportation authority of the State of Texas, created pursuant to Chapter 460 of the Texas Transportation Code. This legislation requires that a service plan, an outline of the services that could be provided by an authority confirmed by the voters, be developed by the transit authority. A service plan was developed, and the Authority was confirmed by a public referendum held on November 5, 2002. A second election was held in eight municipalities on September 13, 2003 for consideration and approval of a 0.5 percent sales and use tax. The sales and use tax and associated service plan passed in three cities: Denton, Highland Village, and Lewisville. Collection of the sales tax began on January 1, 2004.

The Authority is governed by an 11-member board of directors. As of September 30, 2024, the board was composed of the following:

1. One voting member appointed by the governing body of each of the following cities: Denton, Highland Village, and Lewisville
2. Two voting members appointed by the Denton County Commissioner's Court
3. Six nonvoting members designated by the remaining Denton County cities

The accompanying financial statements present the Authority and its component unit, an entity for which the Authority is considered to be financially accountable. The blended component unit is, in substance, part of the Authority's operations, even though it is a separate legal entity.

Blended Component Unit

The North Texas Mobility Corporation (NTMC) was incorporated on April 1, 2019 and is governed by a five-member board appointed by the Authority's board of directors. Although it is legally separate from the Authority, NTMC is reported as if it were part of the Authority because its sole purpose is to manage and operate transit services for the Authority. Separate financial statements are not available, but condensed financial information for NTMC can be found in Note 12. NTMC dissolved during 2024 with the dissolution effective August 9, 2024.

Accounting and Reporting Principles

The Authority follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Authority:

Report Presentation

This report includes the statements of the Authority. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

Fund Accounting

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Authority reports all activity in a single enterprise fund. Activity reported in this fund includes the blended component unit, NTMC. NTMC is used to account for all employee-related operations associated with bus services provided by NTMC through August 9, 2024.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. The investment policies of the Authority are governed by the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Authority's funds are managed and invested based on safety, liquidity, diversification, and yield.

Receivables

Receivables consist primarily of amounts due to the Authority from sales tax collections, federal grants, and customer billings. Management does not believe any credit risk exists related to these receivables. Management evaluates the receivables to determine if an allowance for doubtful accounts should be established and considers the collection history, the aging of the accounts, and other specific information known to management that may affect collectibility. Based upon this assessment, management has determined that an allowance is not necessary.

Inventories

The Authority purchases and maintains its own fuel inventory and maintenance and repair parts. Fuel inventory is valued by volume on a monthly basis using a first-in, first-out inventory costing method. Parts inventory is valued by average cost.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses. These expenses consist primarily of insurance payments, which are amortized over the policy period, and prepaid rents.

Restricted Assets

Restricted assets consist of unspent bond proceeds and are held as cash and cash equivalents.

Capital Assets

Capital assets are defined by the Authority as assets that:

1. Have an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year
2. Have an individual cost of \$5,000 or less but are part of a network or combined unit of property
3. Are facilities or equipment with a useful life of at least one year, which are eligible for capital assistance, and paid for with grant funding

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Rail system	20-50
Land improvements	25
Vehicles:	
Bus	5-12
Paratransit	4-5
Rail	50
Furniture and equipment	3-7
Easement	20

Except for sales of assets in which the unit fair value is less than \$5,000, proceeds from the sale of property, facilities, and equipment purchased with funds provided by federal grants for capital expenditures are remitted to the Federal Transit Administration (FTA) on the same percentage basis that such funds were provided by grant contracts with the FTA.

The transit system operated by the Authority includes certain facilities owned by others. The Authority has contractual rights to operate these facilities under the terms of the authorizing legislation and other agreements.

Intangible assets are stated at historical cost net of accumulated amortization. The intangible asset consists of a rail operating easement for the purpose of constructing, installing, maintaining, and operating a modern rail passenger system.

Current Liabilities

The Authority has not formally restricted cash funds to pay current operating liabilities but has adequate cash and investments to satisfy these obligations. Construction contracts payable will be satisfied with unrestricted cash.

Unearned Revenue

DCTA entered into an interlocal agreement with Dallas Area Rapid Transit (DART) in which DCTA and DART would jointly participate in the capital expansion of DCTA's A-train Operations Maintenance Facility. As DCTA was authorized to receive upfront payments from DART for the costs of expansion, these payments were considered unearned until eligible expansion costs were incurred. As the operational rail facility project was discontinued in 2024, DCTA returned to DART any unearned revenue related to the project during 2024. Additionally, the University of North Texas (UNT) has contracted with the Authority to provide transportation for faculty, staff, and students through the Connect service. The university has paid for this service in advance and, in addition, the Authority sells semester and annual passes. The Authority recognizes the revenue through straight-line amortization over the respective period. The Retreat at Denton also contracts with DCTA to provide transportation to its residents through the Connect service.

Long-term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond issuance costs are expensed at the time they are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows related to the defined benefit pension plan, as further described in Note 9.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position and will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows related to the defined benefit pension plan, as further described in Note 9.

Net Position

Net position of the Authority can be classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position can consist of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pension

For the purpose of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from the TCERS fiduciary net position have been determined on the same basis as they are reported by TCERS. TCERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences

Employees receive compensation for vacations, holidays, illness, personal days, and certain other qualifying absences. The number of days compensated for the various categories of absence is based on length of service. Sick and vacation days that have been earned, but not paid, have been accrued in the accompanying financial statements. Compensation for holidays and other qualifying absences is not accrued in the accompanying financial statements, as rights to such compensation do not accumulate or vest. The liability for compensated absences is classified as an accrued liability.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority is the sale of transit services. Passenger revenue consists of farebox collections and the sale of passes. Contract service revenue is related to providing transit services to third parties on a contractual basis. The Authority provides contract services for UNT; the City of Frisco, Texas; the City of Allen, Texas; the City of Coppel, Texas; the Town of Fairview, Texas; and Trinity Metro.

Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

Reclassification

Certain 2023 amounts have been reclassified to conform to the 2024 presentation.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Section 460 of the Texas Transportation Code requires the Authority to create an annual budget. The Authority maintains control over operating expenditures by the establishment of the annual operating budget. Budgets are prepared on the accrual basis consistent with accounting principles generally accepted in the United States of America. Annual proposed operating and capital budgets are prepared by management, presented to Denton County residents at public meetings, and reviewed by the board of directors prior to adoption of the final budget in September. The operating and capital budgets follow the same preparation and review cycle.

Operating budget appropriations terminate at the end of the fiscal year. Capital budget amounts are not included in the accompanying financial statements. Capital budget amounts are budgeted over the life of the respective project, not on an annual basis.

During the course of the annual budget cycle, it may be necessary to modify the budget by a process of amendment or transfer. For example, modifications may be required because of changes in the purpose, description, terms and conditions, or changes in the cost of an approved service or item. All budget amendments require approval by the board of directors. Budget transfers may be authorized by the Authority's president/CEO and reported to the board. The board of directors monitors, reviews, and accepts the monthly and year-to-date unaudited financial statements with budget comparisons and explanations of material variances.

Note 3 - Service Agreement

On October 1, 2016, DCTA entered into a contract with First Transit Inc. for rail operations and maintenance. This contract includes management fees, maintenance of way, vehicle maintenance, train hours, and car miles. The contract is accounted for under purchased transportation services. On October 31, 2020, Rio Grande Pacific Corporation assumed the contract in place of First Transit Inc. As of September 30, 2024, \$48,935,321 was spent on this contract, and the remaining commitment was \$24,775,427.

Additionally, DCTA and Dallas Area Rapid Transit entered into an interlocal operating agreement for ticket vending machine services and train platform maintenance.

Note 4 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	2024	2023
Cash and cash equivalents	\$ 92,298,192	\$ 84,627,740
Investments	25,540,346	25,880,573
Restricted cash	682,471	675,203
Total deposits and investments	<u>\$ 118,521,009</u>	<u>\$ 111,183,516</u>

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 4 - Deposits and Investments (Continued)

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank 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's cash and cash equivalents are deposited in various accounts, as allowed by the Texas Public Funds Investment Act and the Authority's investment policy. Balances for these accounts are insured by the Federal Deposit Insurance Corporation, and the deposits in excess of the insured amount are collateralized at 105 percent of the market value of the principal and accrued interest by pledged book entry securities held in a securities account at a federal reserve bank in the Authority's name by a third party or were invested in U.S. government securities, as allowed by the Texas Public Funds Investment Act.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy minimizes interest rate risk by limiting investment maturities to two years as a means of managing its exposure to fair value losses arising from increasing interest rates. In addition, the policy limits weighted-average maturity of the overall portfolio to 18 months.

At year end, the Authority had the following investments:

Investment	2024		2023	
	Carrying Value	Weighted-average Maturity (Days)	Carrying Value	Weighted-average Maturity (Days)
U.S. Treasury	\$ 11,234,559	346	\$ 5,858,011	163
U.S. government agency securities	14,305,787	316	20,028,898	297
TexSTAR investment pool	90,758,143	26	82,883,288	29

Credit Risk

The Authority's investment policy minimizes credit risk by limiting allowable investments. In accordance with the Texas Public Funds Investment Act and the Authority's investment policy, the Authority invests in obligations of the United States or its agencies and instrumentalities. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	2024			2023		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
U.S. government agency securities	\$ 14,305,787	Aaa	Moody	\$ 20,028,898	AA+	S&P
TexSTAR investment pool	90,758,143	AAAam	S&P	82,883,288	AAAm	S&P
Total	<u>\$ 105,063,930</u>			<u>\$ 102,912,186</u>		

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 4 - Deposits and Investments (Continued)

The Authority has the following recurring fair value measurements as of September 30, 2024 and 2023:

- U.S. Treasury securities of \$11,234,559 and \$5,858,011, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of \$14,305,787 and \$20,028,898, respectively, are valued using a matrix pricing model (Level 2 inputs).
- The investment in the TexSTAR investment pool of \$90,758,143 and \$82,883,288, respectively, is measured at NAV.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is described below.

Investments in Entities that Calculate Net Asset Value per Share

The Authority holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At September 30, 2024 and 2023, the Authority had investments in the TexSTAR investment pool of \$90,758,143 and \$82,883,288, respectively.

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAM by Standard & Poor's and maintains a weighted-average maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all of the requirements of the Texas Public Funds Investment Act for local government investment pools.

TexSTAR is duly chartered by the State of Texas Interlocal Cooperation Act; administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM); and managed by JPMIM, which provides custody and investment management. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. TexSTAR may invest in securities including obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations that are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money market funds that meet the requirements of the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

Note 5 - Receivables

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

	2024	2023
Operating - Ticket, token, and other receivables	\$ 776,942	\$ 1,665,469
Sales tax	6,624,109	6,859,987
Grants receivable	8,074,934	2,464,684
	<u>15,475,985</u>	<u>10,990,140</u>
Total	<u>\$ 15,475,985</u>	<u>\$ 10,990,140</u>

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 6 - Capital Assets

Capital asset activity during the fiscal year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2024
Capital assets not being depreciated:					
Land	\$ 17,394,147	\$ -	\$ -	\$ -	\$ 17,394,147
Construction in progress	4,202,668	-	2,918,180	(499,052)	6,621,796
Subtotal	21,596,815	-	2,918,180	(499,052)	24,015,943
Capital assets being depreciated:					
Rail	300,547,954	-	-	-	300,547,954
Land improvements	12,158,726	-	-	-	12,158,726
Vehicles	10,147,537	-	-	(590,224)	9,557,313
Furniture and equipment	7,215,237	-	431,287	-	7,646,524
Facilities	31,772,308	-	-	-	31,772,308
Easement	16,997,155	-	-	-	16,997,155
Subtotal	378,838,917	-	431,287	(590,224)	378,679,980
Accumulated depreciation:					
Rail	77,492,741	-	8,067,685	-	85,560,426
Land improvements	4,126,726	-	466,238	-	4,592,964
Vehicles	8,113,152	-	478,454	(590,224)	8,001,382
Furniture and equipment	5,632,316	-	241,206	-	5,873,522
Facilities	7,599,541	-	705,490	-	8,305,031
Easement	11,189,794	-	849,858	-	12,039,652
Subtotal	114,154,270	-	10,808,931	(590,224)	124,372,977
Net capital assets being depreciated	264,684,647	-	(10,377,644)	-	254,307,003
Net capital assets	\$ 286,281,462	\$ -	\$ (7,459,464)	\$ (499,052)	\$ 278,322,946

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 6 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2023
Capital assets not being depreciated:					
Land	\$ 17,394,147	\$ -	\$ -	\$ -	\$ 17,394,147
Construction in progress	3,551,274	-	651,394	-	4,202,668
Subtotal	20,945,421	-	651,394	-	21,596,815
Capital assets being depreciated:					
Rail	300,547,954	-	-	-	300,547,954
Land improvements	12,158,726	-	-	-	12,158,726
Vehicles	10,652,957	-	38,608	(544,028)	10,147,537
Furniture and equipment	7,042,162	-	173,075	-	7,215,237
Facilities	31,760,649	-	11,659	-	31,772,308
Easement	16,997,155	-	-	-	16,997,155
Subtotal	379,159,603	-	223,342	(544,028)	378,838,917
Accumulated depreciation:					
Rail	70,943,374	-	6,549,367	-	77,492,741
Land improvements	3,741,305	-	385,421	-	4,126,726
Vehicles	8,034,439	-	622,741	(544,028)	8,113,152
Furniture and equipment	5,411,356	-	220,960	-	5,632,316
Facilities	7,011,633	-	587,908	-	7,599,541
Easement	10,481,579	-	708,215	-	11,189,794
Subtotal	105,623,686	-	9,074,612	(544,028)	114,154,270
Net capital assets being depreciated	273,535,917	-	(8,851,270)	-	264,684,647
Net capital assets	\$ 294,481,338	\$ -	\$ (8,199,876)	\$ -	\$ 286,281,462

In June 2010, the Authority acquired a rail operating easement for the purpose of constructing, installing, maintaining, and operating a modern passenger rail system for payments totaling \$16,950,000. As of September 30, 2024, \$16,450,000 had been paid to Dallas Area Rapid Transit. The remaining payments of \$500,000 will be paid in annual payments until the contract expires (see Note 11). The Authority's right under the contract will expire in June 2030, which is 20 years after the execution of the contract. Amortization of this asset is being recognized over the 20-year useful life on a straight-line basis and was \$849,858 and \$708,215 for the years ended September 30, 2024 and 2023, respectively.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 7 - Long-term Debt

Long-term debt activity for the years ended September 30, 2024 and 2023 can be summarized as follows:

		2024					
Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	
Bonds and contracts payable:							
Sales Tax Revenue Refunding Bonds, Series 2020							
0.99%	\$805,000 - 2,065,000	\$ 8,835,000	\$ -	\$ (880,000)	\$ 7,955,000	\$ 870,000	
Sales Tax Revenue Refunding Bonds, Series 2021							
1.28%	\$885,000 - 1,140,000	9,075,000	-	(1,805,000)	7,270,000	945,000	
Total long-term debt		\$ 17,910,000	\$ -	\$ (2,685,000)	\$ 15,225,000	\$ 1,815,000	
		2023					
Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	
Bonds and contracts payable:							
Sales Tax Revenue Refunding Bonds, Series 2020							
0.99%	\$805,000 - 2,065,000	\$ 9,725,000	\$ -	\$ (890,000)	\$ 8,835,000	\$ 880,000	
Sales Tax Revenue Refunding Bonds, Series 2021							
1.28%	\$885,000 - 1,140,000	9,075,000	-	-	9,075,000	1,805,000	
Total long-term debt		\$ 18,800,000	\$ -	\$ (890,000)	\$ 17,910,000	\$ 2,685,000	

Revenue Bonds

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. The Authority utilizes revenue bonds to finance capital expenditures. The Authority has pledged gross sales tax revenue. Proceeds from the bonds provided financing for acquisition of rail vehicles and the first phase of the new federal mandate for Positive Train Control. The remaining principal and interest to be paid on the bonds is \$16,002,667. During the current year, gross sales tax revenue of the Authority was \$40,615,026, compared to annual debt requirements of \$2,877,299.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending September 30	Other Debt		
	Principal	Interest	Total
2025	\$ 1,815,000	\$ 171,811	\$ 1,986,811
2026	1,835,000	151,102	1,986,102
2027	1,860,000	130,108	1,990,108
2028	1,880,000	108,779	1,988,779
2029	1,900,000	87,166	1,987,166
2030-2032	5,935,000	128,701	6,063,701
Total	\$ 15,225,000	\$ 777,667	\$ 16,002,667

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 7 - Long-term Debt (Continued)

Significant Terms

The bond agreements require the Authority to establish and maintain a pledged revenue account and a bond fund account at a depository institution and segregate these accounts in the general ledger for the purpose of accumulating principal and interest when it becomes due and payable.

Note 8 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority participates in the Texas Municipal League Intergovernmental Risk Pool (TML-IRP) to provide insurance for errors and omission, general liability, workers' compensation, automobile liability, and physical damage coverage. Settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the Authority participates operates as a common risk-sharing management program; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Premiums are assessed based on the rates set by the Texas State Board of Insurance for each participating political subdivision's experience. The Authority has a \$10,000 deductible for errors and omissions liability with limits of \$3,000,000 per wrongful act and an annual aggregate of \$6,000,000. General liability coverage has no deductible with limits of \$1,000,000 per occurrence, \$1,000,000 per occurrence for sudden events involving pollution, and an annual aggregate of \$2,000,000. Workers' compensation coverage has no deductible. Automobile liability has a limit of \$5,000,000 per occurrence. The Authority's vehicles are insured for physical damage for collision and comprehensive coverage after a \$10,000 deductible. Real and personal property coverage has a \$10,000 deductible. Cyber liability and data breach response coverage is also provided by TML-IRP for the following:

- Information security, privacy liability, website media content liability - \$2,000,000 aggregate limit, \$0 deductible
- Privacy breach response services - \$25,000 per incident and in the aggregate, \$5,000 deductible per incident
- Regulatory defense and penalties/payment card industry fines and expenses/cyber extortion/first party data protection and network business interruption - \$50,000 aggregate limit; \$5,000 deductible per claim, \$5,000 loss of income deductible

The Authority has a government crime policy with TML-IRP insuring against forgery and computer fraud up to \$100,000 in the aggregate. For the years ended September 30, 2024 and 2023, the Authority has not incurred any losses under this plan.

In addition to the coverages provided by TML-IRP, the Authority also carries pollution liability coverage for its 16,000-gallon underground fuel storage tank (UST) permitted by the Texas Commission on Environmental Quality (TCEQ) and located at the Rail Operations & Maintenance Facility. The UST provides fleet refueling for the Authority's passenger rail vehicles. Mid-Continent Casualty Company is the insurance provider with the following coverages: \$1,000,000 each pollution incident for bodily injury, property damage, and claim handling, \$2,000,000 annual aggregate, \$5,000 deductible.

Beginning in December 2020, DCTA's excess railroad liability insurance has been provided under Dallas Area Rapid Transit's policy with a policy limit of \$140 million and \$3 million self-insured retention. DCTA secured its own rail liability insurance coverage from October 2016 to December 2020. The change to a joint policy allowed both DCTA and DART to benefit from reduced premiums.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 9 - Pension Plans

Plan Description

The Authority provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the Texas County and District Retirement System, an agent multiple-employer plan, administered by the TCDRS board. The board of directors is responsible for the administration of the statewide agent multiemployer public employee defined benefit pension retirement system consisting of nearly 800 public employee defined benefit pension plans.

TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available upon written request from the board of trustees at P.O. Box 2034, Austin, TX 78768-2034 or can be viewed at www.tcdrs.org.

Benefits Provided

The Texas County and District Retirement System provides retirement, disability, and survivor benefits to all of its nontemporary DCTA employees. Retirement benefits are calculated based on 5 percent of each employee's pay, earning 7 percent interest on beginning of year balances annually, and, at retirement, the account is matched at an employer set percentage (currently 200 percent) and is then converted to an annuity. An employee who leaves DCTA service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms do not provide for automatic annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. However, each year, the Authority may elect an ad hoc COLA for its retirees. There are two COLA types, each limited by actual inflation.

Benefit terms are generally established under the TCDRS Act and can be amended as of January 1 each year but must remain in conformity with the Act.

Benefit terms, including contribution requirements, for qualified deferred compensation defined contribution plan under the Internal Revenue Code Section 457 are established and may be amended by the board of directors. The Authority is not required to contribute to individual employee accounts. Employees are permitted to make contributions to the pension plan up to applicable Internal Revenue Code limits. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in employer contributions and earnings on employer contributions after completion of 60 months of creditable service with the Authority. Nonvested authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2023
Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	62
Active plan members	31
	98
Total employees covered by the plan	98

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 9 - Pension Plans (Continued)

Contributions

The deposit rate for employees is 4 percent to 7 percent of compensation, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS board of trustees. Pursuant to state law, employers participating in the system must pay 100 percent of their actuarially determined required contributions on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, prefund benefit enhancements, and/or buffer against future adverse experience. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs. Monthly contributions by the Authority are based on the covered payroll and the employer contribution rate in effect. For fiscal years 2024 and 2023, the Authority made contributions of 7.14 percent and 7.31 percent, respectively.

Net Pension Asset

The Authority has chosen to use the December 31, 2023 measurement date as its measurement date for the net pension asset. The September 30, 2024 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the pension net position as of the December 31, 2023 measurement date. The December 31, 2023 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension asset during the measurement year were as follows:

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2022	\$ 3,957,143	\$ 4,084,668	\$ (127,525)
Changes for the year:			
Service cost	306,043	-	306,043
Interest	320,928	-	320,928
Differences between expected and actual experience	(57,561)	-	(57,561)
Contributions - Employer	-	223,862	(223,862)
Contributions - Employee	-	154,764	(154,764)
Net investment income	-	451,841	(451,841)
Benefit payments, including refunds	(82,395)	(82,395)	-
Administrative expenses	-	(2,531)	2,531
Miscellaneous other charges	-	16,468	(16,468)
Net changes	487,015	762,009	(274,994)
Balance at December 31, 2023	<u>\$ 4,444,158</u>	<u>\$ 4,846,677</u>	<u>\$ (402,519)</u>

The plan's fiduciary net position represents 109.1 percent of the total pension liability.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 9 - Pension Plans (Continued)

Changes in the net pension asset during the prior measurement year were as follows:

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2021	\$ 3,464,375	\$ 3,968,336	\$ (503,961)
Changes for the year:			
Service cost	312,889	-	312,889
Interest	285,926	-	285,926
Differences between expected and actual experience	(75,317)	-	(75,317)
Contributions - Employer	-	219,221	(219,221)
Contributions - Employee	-	141,244	(141,244)
Net investment loss	-	(260,749)	260,749
Benefit payments, including refunds	(30,730)	(30,730)	-
Administrative expenses	-	(2,394)	2,394
Miscellaneous other charges	-	49,740	(49,740)
Net changes	492,768	116,332	376,436
Balance at December 31, 2022	<u>\$ 3,957,143</u>	<u>\$ 4,084,668</u>	<u>\$ (127,525)</u>

The plan's fiduciary net position represents 103.2 percent of the total pension liability as of the previous measurement date.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2024 and 2023, the Authority recognized pension expense of \$77,828 and \$102,386, respectively.

At September 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 28,605	\$ 105,366	\$ 47,208	\$ 133,984
Changes in assumptions	44,904	506	89,807	1,012
Net difference between projected and actual earnings on pension plan investments	53,714	-	148,292	-
Employer contributions to the plan subsequent to the measurement date	255,502	-	164,545	-
Total	<u>\$ 382,725</u>	<u>\$ 105,872</u>	<u>\$ 449,852</u>	<u>\$ 134,996</u>

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 9 - Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending December 31	Amount
2024	\$ (31,998)
2025	(10,132)
2026	89,410
2027	(25,929)
Total	<u>\$ 21,351</u>

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (average over career including inflation) of 3.40 to 8.25 percent, including wage inflation of 3.00 percent; an investment rate of return (gross of investment expenses) of 7.60 percent; and the Pub-2010 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from January 1, 2017 through December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 9 - Pension Plans (Continued)

Investment Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on March 2021 information for a 10-year time horizon.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
U.S. equities	11.50 %	4.75 %
Global equities	2.50	4.75
International equities - Developed markets	5.00	4.75
International equities - Emerging markets	6.00	4.75
Investment-grade bonds	3.00	2.35
Strategic credit	9.00	3.65
Direct lending	16.00	7.25
Distressed debt	4.00	6.90
REIT equities	2.00	4.10
Master limited partnerships	2.00	5.20
Private real estate partnerships	6.00	5.70
Private equity	25.00	7.75
Hedge funds	6.00	3.25
Cash equivalents	2.00	0.60

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Authority, calculated using the discount rate of 7.60 percent, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability (asset)	\$ 496,088	\$ (402,519)	\$ (1,102,350)

Note 10 - NTMC Defined Contribution Retirement Plans

The Authority sponsors one NTMC 401(k) plan for nonoperator employees. The plan provides for the Authority to make a required matching contribution of 50 percent of the participant's elected deferral up to 6 percent. Employee contributions to the plan totaled \$13,047 and \$15,123 for the years ended September 30, 2024 and 2023, respectively. Employer contributions to the plan totaled \$6,524 and \$6,877 for the years ended September 30, 2024 and 2023, respectively.

The Authority sponsors one Amalgamated Transit Union (ATU) 401(k) plan for operator employees. The plan provides for the Authority to make a required matching contribution of 50 percent of the participant's elected deferral up to 3 percent. Employee contributions to the plan totaled \$1,540 and \$2,082 for the years ended September 30, 2024 and 2023, respectively. Employer contributions to the plan totaled \$679 and \$776 for the years ended September 30, 2024 and 2023, respectively.

The Authority sponsors one NTMC Union Employee 401(k) Plan for operator employees. The plan provides for the Authority to make a required matching contribution of 50 percent of the participant's elected deferral up to 3 percent. Employee contributions to the plan totaled \$23,534 and \$18,281 for the years ended September 30, 2024 and 2023, respectively. Employer contributions to the plan totaled \$9,014 and \$4,845 for the years ended September 30, 2024 and 2023, respectively.

Denton County Transportation Authority**Notes to Financial Statements****September 30, 2024 and 2023****Note 10 - NTMC Defined Contribution Retirement Plans (Continued)**

As NTMC dissolved on August 9, 2024, fiscal year 2024 contributions represent the final contributions to these plans. Former NTMC employees subsequently hired as full-time DCTA employees are eligible to contribute to the nontraditional defined benefit pension plan in the Texas County and District Retirement System, as described in Note 9.

Note 11 - Easement Obligation

In June 2010, the Authority entered into a rail operating easement agreement with DART. The easement obligation represents the remaining principal amounts payable under the agreement. Remaining requirements are as follows:

<u>Years Ending</u>	<u>Amount</u>
2025	\$ 100,000
2026	100,000
2027	100,000
2028	100,000
2029	100,000
Total	<u>\$ 500,000</u>

The current portion of the easement obligation is \$100,000 as of September 30, 2024 and 2023.

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 12 - Component Unit Information

Condensed financial information detailing component unit activity is as follows:

	2024			2023		
	DCTA	NTMC	Total	DCTA	NTMC	Total
Current Assets	\$ 134,112,928	\$ -	\$ 134,112,928	\$ 122,104,348	\$ 398,647	\$ 122,502,995
Long-term Assets	279,407,936	-	279,407,936	287,084,190	-	287,084,190
Deferred Outflows of Resources	382,725	-	382,725	449,852	-	449,852
Total assets and deferred outflows	\$ 413,903,589	\$ -	\$ 413,903,589	\$ 409,638,390	\$ 398,647	\$ 410,037,037
Current Liabilities	\$ 6,993,077	\$ -	\$ 6,993,077	\$ 8,902,545	\$ 398,647	\$ 9,301,192
Long-term Liabilities	13,810,000	-	13,810,000	15,725,000	-	15,725,000
Deferred Inflows of Resources	105,872	-	105,872	134,996	-	134,996
Total liabilities and deferred inflows	20,908,949	-	20,908,949	24,762,541	398,647	25,161,188
Net Position						
Net investment in capital assets	263,280,417	-	263,280,417	268,446,665	-	268,446,665
Restricted	402,519	-	402,519	127,525	-	127,525
Unrestricted	129,311,704	-	129,311,704	116,301,659	-	116,301,659
Total net position	392,994,640	-	392,994,640	384,875,849	-	384,875,849
Total liabilities and net position	\$ 413,903,589	\$ -	\$ 413,903,589	\$ 409,638,390	\$ 398,647	\$ 410,037,037
Operating Revenue	\$ 7,029,577	\$ -	\$ 7,029,577	\$ 6,725,842	\$ -	\$ 6,725,842
Operating Expenses	53,200,281	4,505,280	57,705,561	45,797,162	5,578,250	51,375,412
Operating Loss	(46,170,704)	(4,505,280)	(50,675,984)	(39,071,320)	(5,578,250)	(44,649,570)
Other Revenue (Expense)						
Nonoperating revenue	58,008,858	-	58,008,858	53,999,042	-	53,999,042
Capital contributions	785,917	-	785,917	59,828	-	59,828
Payment from DCTA to NTMC	(4,505,280)	4,505,280	-	(5,578,250)	5,578,250	-
Total other revenue	54,289,495	4,505,280	58,794,775	48,480,620	5,578,250	54,058,870
Change in net position	\$ 8,118,791	\$ -	\$ 8,118,791	\$ 9,409,300	\$ -	\$ 9,409,300
Cash Flows from Operating Activities	\$ (38,614,588)	\$ (398,647)	\$ (39,013,235)	\$ (34,017,444)	\$ 41,890	\$ (33,975,554)
Cash Flows from Noncapital Financing Activities	47,658,391	-	47,658,391	50,209,403	-	50,209,403
Cash Flows from Capital and Related Financing Activities	(7,291,180)	-	(7,291,180)	(2,538,839)	-	(2,538,839)
Cash Flows from Investing Activities	6,323,744	-	6,323,744	(12,000,719)	-	(12,000,719)
Net Increase (Decrease) in Cash and Cash Equivalents	8,076,367	(398,647)	7,677,720	1,652,401	41,890	1,694,291
Cash and Cash Equivalents - Beginning of year	84,904,296	398,647	85,302,943	83,251,895	356,757	83,608,652
Cash and Cash Equivalents - End of year	\$ 92,980,663	\$ -	\$ 92,980,663	\$ 84,904,296	\$ 398,647	\$ 85,302,943

Denton County Transportation Authority

Notes to Financial Statements

September 30, 2024 and 2023

Note 13 - Commitments and Contingencies

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 these grant programs are subject to audit, approval, and adjustment by the grantor agencies, which could result in refunds to the grantor. It is management's opinion that the Authority has complied with substantially all of the requirements under the respective grants, and, therefore, no provision has been recorded in the accompanying financial statements for such liabilities.

TRiP Projects

The Transportation Reinvestment Program (TRiP) will enable partnerships between DCTA and its member cities on mutually beneficial investments in transit-supportive projects by allowing DCTA to distribute funds to member cities for eligible projects consistent with DCTA's Long Range Service Plan and the Authority's enabling legislation, Chapters 431 and 460 of the Texas Transportation Code. TRiP was approved by the board as a five-year program with its first funding cycle in fiscal year 2021. The anticipated annual TRiP budget will be set at 15 percent of DCTA's net available fund balance from the previous fiscal year. For the initial program year and in addition to the set 15 percent, a one-time program startup amount of \$2,000,000 was dedicated to the TRiP project line item within the fiscal year 2021 budget. The Authority has made commitments totaling \$25,876,310 to local communities to support transit-related projects under the Authority's Transportation Reinvestment Program.

Note 14 - Operating Reserves

The board adopted a policy to designate three months' operating expenses as a reserve to address unanticipated emergencies, a sales tax stabilization fund, fuel stabilization, and a capital/infrastructure reserve. These reserves may be allocated by the approval of the board. At September 30, 2024 and 2023, the reserves are as follows:

	2024	2023
Operating reserve	\$ 12,545,613	\$ 12,029,971
Sales tax stabilization	1,200,000	1,189,401
Fuel stabilization	249,329	249,329
Capital/Infrastructure	-	2,000,000
Total	<u>\$ 13,994,942</u>	<u>\$ 15,468,701</u>

Denton County Transportation Authority

Required Supplementary Information

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios

Last Ten Plan Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 306,043	\$ 312,889	\$ 311,586	\$ 354,281	\$ 296,238	\$ 268,708	\$ 232,727	\$ 202,663	\$ 159,650	\$ 130,849
Interest	320,928	285,926	254,326	220,389	174,468	138,144	102,436	70,330	60,290	37,882
Changes in benefit terms	-	-	-	-	-	-	-	-	(26,820)	40,628
Differences between expected and actual experience	(57,561)	(75,317)	(99,771)	(84,719)	51,919	20,678	68,812	6,193	(95,366)	87,214
Changes in assumptions	-	-	(2,024)	221,352	-	-	5,065	-	13,055	-
Benefit payments, including refunds	(82,395)	(30,730)	(67,856)	(19,149)	(8,550)	(4,744)	(3,633)	(28,266)	(1,640)	(12,905)
Net Change in Total Pension Liability	487,015	492,768	396,261	692,154	514,075	422,786	405,407	250,920	109,169	283,668
Total Pension Liability - Beginning of year	3,957,143	3,464,375	3,068,114	2,375,960	1,861,885	1,439,099	1,033,692	782,772	673,603	389,935
Total Pension Liability - End of year	\$ 4,444,158	\$ 3,957,143	\$ 3,464,375	\$ 3,068,114	\$ 2,375,960	\$ 1,861,885	\$ 1,439,099	\$ 1,033,692	\$ 782,772	\$ 673,603
Plan Fiduciary Net Position										
Contributions - Employer	\$ 223,862	\$ 219,221	\$ 186,859	\$ 202,396	\$ 200,030	\$ 184,229	\$ 148,998	\$ 126,805	\$ 108,954	\$ 72,565
Contributions - Employee	154,764	141,244	149,967	160,377	159,880	149,818	122,330	104,798	92,022	78,874
Net investment income (loss)	451,841	(260,749)	690,444	248,840	287,455	(23,109)	152,471	55,555	(13,315)	25,740
Administrative expenses	(2,531)	(2,394)	(2,147)	(2,197)	(1,830)	(1,408)	(956)	(604)	(472)	(366)
Benefit payments, including refunds	(82,395)	(30,730)	(67,856)	(19,149)	(8,550)	(4,744)	(3,633)	(28,266)	(1,640)	(12,905)
Other	16,468	49,740	8,447	10,406	12,364	9,955	3,579	22,435	(57)	(27)
Net Change in Plan Fiduciary Net Position	762,009	116,332	965,714	600,673	649,349	314,741	422,789	280,723	185,492	163,881
Plan Fiduciary Net Position - Beginning of year	4,084,668	3,968,336	3,002,622	2,401,949	1,752,600	1,437,859	1,015,070	734,347	548,855	384,974
Plan Fiduciary Net Position - End of year	\$ 4,846,677	\$ 4,084,668	\$ 3,968,336	\$ 3,002,622	\$ 2,401,949	\$ 1,752,600	\$ 1,437,859	\$ 1,015,070	\$ 734,347	\$ 548,855
Authority's Net Pension (Asset) Liability - Ending	\$ (402,519)	\$ (127,525)	\$ (503,961)	\$ 65,492	\$ (25,989)	\$ 109,285	\$ 1,240	\$ 18,622	\$ 48,425	\$ 124,748
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	109.06 %	103.22 %	114.55 %	97.87 %	101.09 %	94.13 %	99.91 %	98.20 %	93.81 %	81.48 %
Covered Payroll	\$ 3,095,282	\$ 2,824,887	\$ 2,999,344	\$ 3,207,550	\$ 3,197,604	\$ 2,996,341	\$ 2,446,606	\$ 2,095,950	\$ 1,840,437	\$ 1,577,470
Authority's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(13.00)%	(4.51)%	(16.80)%	2.04 %	(0.81)%	3.65 %	0.05 %	0.89 %	2.63 %	7.91 %

See note to required supplementary information.

Denton County Transportation Authority

**Required Supplementary Information
Schedule of Pension Contributions**

	Last Ten Fiscal Years									
	Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 322,221	\$ 207,189	\$ 222,678	\$ 188,649	\$ 206,622	\$ 188,483	\$ 184,273	\$ 143,780	\$ 120,475	\$ 99,864
Contributions in relation to the actuarially determined contribution	322,221	207,189	222,678	188,649	206,622	188,483	184,273	143,780	120,475	99,864
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,509,745	\$ 2,833,246	\$ 3,219,467	\$ 3,018,354	\$ 3,300,495	\$ 3,025,716	\$ 3,002,632	\$ 2,364,645	\$ 2,001,375	\$ 1,776,972
Contributions as a Percentage of Covered Payroll	7.14 %	7.31 %	6.92 %	6.25 %	6.26 %	6.23 %	6.14 %	6.08 %	6.02 %	5.62 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.5 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increase	Varies by age and service 4.7% average over career including inflation
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135 percent of the Pub-2010 General Retirees Table for males and 120 percent of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Other information	None

Denton County Transportation Authority

Note to Required Supplementary Information

September 30, 2024 and 2023

Pension Information

Changes in Assumptions

Amounts reported in 2022 reflect updated mortality tables from RP-2014 Healthy Annuitant to Pub-2010 mortality tables and assumed salary increases from 3.50 to 8.00 percent to 3.40 to 8.25 percent, including wage inflation of 3.00 percent.

Amounts reported in 2021 reflect updated investment rate of return, net of investment and administrative expenses, from 8.00 percent to 7.50 percent; inflation from 2.75 percent to 2.50 percent; and discount rate from 8.10 percent to 7.60 percent.

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Denton County Transportation Authority

Supplementary Information Schedule of Revenue and Expenses - DCTA - Budget to Actual

Year Ended September 30, 2024
(with Comparative Actual for 2023)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2023
Operating Revenue					
Passenger revenue	\$ 1,426,442	\$ 1,817,942	\$ 1,906,892	\$ 88,950	\$ 1,568,794
Contract services	6,065,584	6,606,086	4,948,287	(1,657,799)	4,233,303
Other	-	-	174,398	174,398	923,745
Total operating revenue	7,492,026	8,424,028	7,029,577	(1,394,451)	6,725,842
Operating Expenses					
Salaries, wages, and benefits	6,493,378	6,714,392	5,994,072	720,320	3,683,380
Outsourced services and charges	5,769,454	8,144,371	6,763,876	1,380,495	5,600,263
Materials and supplies	4,017,678	3,530,240	2,118,889	1,411,351	2,449,354
Purchased transportation services	23,661,859	25,059,495	23,888,423	1,171,072	22,251,475
Utilities	799,529	751,729	561,652	190,077	497,792
Insurance	1,643,418	1,643,418	1,020,325	623,093	1,577,898
Leases and rentals	153,595	158,595	169,862	(11,267)	142,445
Employee development	642,184	677,646	283,497	394,149	174,470
Transportation reinvestment program	-	1,590,754	1,590,754	-	345,473
Depreciation	11,099,129	11,099,129	10,808,931	290,198	9,074,612
Total operating expenses	54,280,224	59,369,769	53,200,281	6,169,488	45,797,162
Operating Loss	(46,788,198)	(50,945,741)	(46,170,704)	4,775,037	(39,071,320)
Nonoperating Revenue (Expenses)					
Investment income	2,000,000	2,000,000	5,983,517	3,983,517	4,434,145
Gain on sale of assets	-	-	2,818	2,818	52,900
Sales tax revenue	40,000,000	40,000,000	40,592,222	592,222	40,292,936
Transit system operating assistance grants	14,573,299	14,573,299	11,622,600	(2,950,699)	9,431,745
Interest expense	(215,520)	(215,520)	(192,299)	23,221	(212,684)
Total nonoperating revenue	56,357,779	56,357,779	58,008,858	1,651,079	53,999,042
Capital Contributions - Capital grants	2,253,029	2,591,429	785,917	(1,805,512)	59,828
Transfers to NTMC	(7,001,358)	(6,778,032)	(4,505,280)	2,272,752	(5,578,250)
Change in Net Position	4,821,252	1,225,435	8,118,791	6,893,356	9,409,300
Net Position - Beginning of year	384,875,849	384,875,849	384,875,849	-	375,466,549
Net Position - End of year	\$ 389,697,101	\$ 386,101,284	\$ 392,994,640	\$ 6,893,356	\$ 384,875,849

Denton County Transportation Authority

Supplementary Information Schedule of Revenue and Expenses - NTMC - Budget to Actual

Year Ended September 30, 2024
(with Comparative Actual for 2023)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2023
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Salaries, wages, and benefits	6,568,621	6,343,691	4,218,108	2,125,583	5,331,367
Outsourced services and charges	252,848	283,112	173,241	109,871	231,539
Materials and supplies	17,800	17,800	6,886	10,914	1,406
Insurance	78,850	78,850	79,511	(661)	8,394
Employee development	83,239	54,579	27,534	27,045	5,544
Total operating expenses	7,001,358	6,778,032	4,505,280	2,272,752	5,578,250
Transfers from DCTA	7,001,358	6,778,032	4,505,280	(2,272,752)	5,578,250
Change in Net Position	-	-	-	-	-
Net Position - Beginning of year	-	-	-	-	-
Net Position - End of year	\$ -	\$ -	\$ -	\$ -	\$ -

Statistical Section

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This section of the Authority's Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall conditions.

Contents

Financial Trends

These schedules contain trend information for the past ten years to help the reader understand how the Authority's financial performance and progress have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Authority's most significant revenue sources.

Debt Capacity

This schedule presents information to help the reader assess the affordability of the Authority's current level of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the Authority's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

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Denton County Transportation Authority

Net Position by Component

Last Ten Fiscal Years

September 30, 2024

(Accrual Basis of Accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net position										
Net investment in capital assets	\$ 306,190,762	\$ 302,581,220	\$ 306,005,661	\$ 302,425,170	\$ 296,540,285	\$ 294,293,446	\$ 290,599,617	\$ 275,656,830	\$ 268,446,665	\$ 263,280,417
Restricted- net pension asset									127,525	402,519
Unrestricted	16,048,204	19,337,564	19,422,461	23,662,662	29,491,818	33,507,349	50,683,527	99,809,719	116,301,659	129,311,704
Total net position	\$ 322,238,966	\$ 321,918,784	\$ 325,428,122	\$ 326,087,832	\$ 326,032,103	\$ 327,800,795	\$ 341,283,144	\$ 375,466,549	\$ 384,875,849	\$ 392,994,640

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Denton County Transportation Authority

Changes in Net Position

Last Ten Fiscal Years

September 30, 2024

(Accrual Basis of Accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating revenues										
Passenger revenue	\$ 1,478,840	\$ 1,406,471	\$ 1,292,725	\$ 1,114,734	\$ 1,357,691	\$ 833,637	\$ 548,078	\$ 928,697	\$ 1,568,794	\$ 1,906,892
Contract services	2,935,371	3,383,656	3,716,481	3,416,001	4,201,278	3,378,826	2,923,277	3,721,321	4,233,303	4,948,287
Other	199,176	170,742	396,450	858,648	210,198	427,460	460,208	681,289	923,745	174,399
Total operating revenues	4,613,387	4,960,869	5,405,656	5,389,383	5,769,167	4,639,923	3,931,563	5,331,307	6,725,842	7,029,577
Operating expenses										
Salaries, wages, and benefits	8,346,152	9,144,246	10,425,981	11,137,613	12,367,693	11,609,934	9,973,966	9,223,042	9,014,747	10,212,178
Outsourced services and charges	2,722,176	2,598,749	6,209,389	4,348,623	6,202,321	4,884,281	5,395,088	6,946,993	5,831,802	6,937,117
Materials and supplies	2,528,741	2,036,382	2,317,170	2,508,020	2,445,770	1,922,266	1,087,452	2,526,060	2,450,760	2,125,775
Utilities	472,391	404,896	427,013	439,476	445,809	431,838	431,998	521,960	497,792	561,653
Insurance	780,112	849,981	1,600,932	1,707,909	1,697,189	1,783,994	1,822,821	1,669,123	1,586,292	1,099,836
Purchased transportation services	10,080,919	10,666,292	10,587,125	8,980,451	9,755,585	10,091,453	10,302,946	19,235,801	22,251,475	23,888,423
Leases and rentals	124,645	158,251	248,128	213,497	221,903	226,632	224,889	151,068	142,445	169,862
Employee development	186,598	184,509	203,467	274,072	281,968	185,785	97,423	137,647	180,014	311,031
Transportation reinvestment program	-	-	-	-	-	-	29,798	1,332,493	345,473	1,590,754
Depreciation	9,337,505	9,854,907	9,986,476	10,202,356	9,813,483	9,558,814	9,956,637	11,351,683	9,074,612	10,808,932
Total operating expenses	34,579,239	35,898,213	42,005,681	39,812,017	43,231,721	40,694,995	39,323,018	53,095,870	51,375,412	57,705,562
Operating loss	(29,965,852)	(30,937,344)	(36,600,025)	(34,422,634)	(37,462,554)	(36,055,072)	(35,391,455)	(47,764,563)	(44,649,570)	(50,675,985)
Non-operating revenues (expenses)										
Sales tax revenue	23,261,748	24,658,546	26,790,098	27,937,707	28,735,383	29,817,365	35,332,154	38,764,986	40,292,936	40,592,222
Capital grants	2,636,956	5,769,630	6,532,885	1,631,747	4,187,777	3,472,676	1,409,423	95,385	59,828	785,917
Transit system operating assistance grants	4,985,908	5,130,046	4,900,401	5,484,450	6,664,660	16,843,203	19,633,941	22,468,882	9,431,745	11,622,600
Investment income	24,772	59,364	122,250	350,924	597,793	320,793	31,178	462,425	4,434,145	5,983,517
Interest expense	(1,211,899)	(1,156,229)	(1,098,107)	(1,040,263)	(972,668)	(909,134)	(697,186)	(233,828)	(212,684)	(192,299)
Bond issuance costs and fees	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	(51,815)	(14,675)	12,208	2,340	18,301	(7,482)	42,344	29,719	52,900	2,818
Total non-operating revenues (expenses)	29,645,670	34,446,682	37,259,735	34,366,905	39,231,246	49,537,421	55,751,854	61,587,569	54,058,870	58,794,775
Change in net position	\$ (320,182)	\$ 3,509,338	\$ 659,710	\$ (55,729)	\$ 1,768,692	\$ 13,482,349	\$ 20,360,399	\$ 13,823,006	\$ 9,409,300	\$ 8,118,791

Denton County Transportation Authority

Capital Assets

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital assets not being depreciated:										
Land	\$ 16,228,337	\$ 16,228,337	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147
Construction in progress	9,866,224	13,785,056	18,124,446	18,251,850	20,536,649	20,014,331	2,765,189	3,551,274	4,202,668	6,621,796
Total capital assets not being depreciated	26,094,561	30,013,393	35,518,593	35,645,997	37,930,796	37,408,478	20,159,336	20,945,421	21,596,815	24,015,943
Other capital assets being depreciated:										
Rail assets	278,300,390	282,218,725	282,218,725	283,178,861	283,178,861	283,178,861	300,547,954	300,547,954	300,547,954	300,547,954
Land improvements	6,458,821	6,458,821	6,458,821	6,874,492	9,017,865	12,166,783	12,158,726	12,158,726	12,158,726	12,158,726
Vehicles and operating equipment	8,370,679	9,997,320	10,228,999	11,444,904	12,698,164	12,584,752	12,982,287	10,652,957	10,147,537	9,557,313
Leasehold improvements	55,506	55,506	-	-	-	-	-	-	-	-
Office furniture and equipment	3,211,034	3,935,542	5,272,885	5,426,024	5,567,481	7,035,417	7,035,417	7,042,162	7,215,237	7,646,525
Facilities	32,843,448	32,843,448	31,760,649	31,760,649	31,760,649	31,760,649	31,760,649	31,760,649	31,772,308	31,772,308
Easement	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155
Total other capital assets	346,237,033	352,506,517	352,937,234	355,682,085	359,220,175	363,723,617	381,482,188	379,159,603	378,838,917	378,679,981
Less accumulated depreciation:										
Rail assets	24,381,744	30,883,870	37,160,734	43,449,134	49,779,910	56,110,686	62,875,689	70,943,374	77,492,741	85,560,426
Land improvements	1,088,981	1,377,500	1,666,020	1,965,624	2,327,927	2,788,304	3,275,067	3,741,305	4,126,726	4,592,964
Vehicles and operating equipment	4,964,966	5,775,080	6,756,251	7,779,318	8,513,300	9,190,031	9,237,141	8,034,439	8,113,152	8,001,383
Leasehold improvements	55,506	55,506	-	-	-	-	-	-	-	-
Office furniture and equipment	1,000,296	1,604,281	2,389,010	3,424,947	4,148,347	4,640,797	5,086,158	5,411,356	5,632,316	5,873,523
Facilities	2,121,496	2,850,881	3,484,184	4,189,674	4,895,163	5,600,653	6,306,143	7,011,633	7,599,541	8,305,030
Easement	4,532,575	5,382,432	6,232,290	7,082,148	7,932,006	8,781,863	9,631,721	10,481,579	11,189,794	12,039,651
Total accumulated depreciation	38,145,564	47,929,550	57,688,489	67,890,845	77,596,653	87,112,334	96,411,919	105,623,686	114,154,270	124,372,978
Total capital assets, net	\$ 334,186,030	\$ 334,590,360	\$ 330,767,338	\$ 323,437,237	\$ 319,554,318	\$ 314,019,761	\$ 305,229,605	\$ 294,481,338	\$ 286,281,462	\$ 278,322,946

Denton County Transportation Authority

Revenue by Source

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue:										
Sales tax	\$ 23,261,748	\$ 24,658,546	\$ 26,790,098	\$ 27,937,707	\$ 28,735,383	\$ 29,817,365	\$ 35,332,154	\$ 38,764,986	\$ 40,292,936	\$ 40,592,222
Passenger revenues	1,478,840	1,406,471	1,292,725	1,114,734	1,357,691	833,637	548,078	928,697	1,568,794	1,906,892
Contract service revenues	3,134,547	3,554,398	4,112,931	4,274,649	4,411,476	3,806,286	3,383,485	4,402,610	5,157,048	5,122,686
Investment income	24,772	59,364	122,250	350,924	597,793	320,793	31,178	462,425	4,434,145	5,983,517
Grant revenues	7,622,864	10,899,676	11,433,286	7,116,197	10,852,437	20,315,879	21,043,364	22,564,267	9,491,573	12,408,517
Other revenues	(51,815)	(14,675)	12,208	2,340	18,301	(7,482)	42,344	29,719	52,900	2,818
Total revenue	\$ 35,470,956	\$ 40,563,780	\$ 43,763,498	\$ 40,796,551	\$ 45,973,081	\$ 55,086,478	\$ 60,380,603	\$ 67,152,704	\$ 60,997,396	\$ 66,016,651

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Denton County Transportation Authority

Sales Tax Revenue

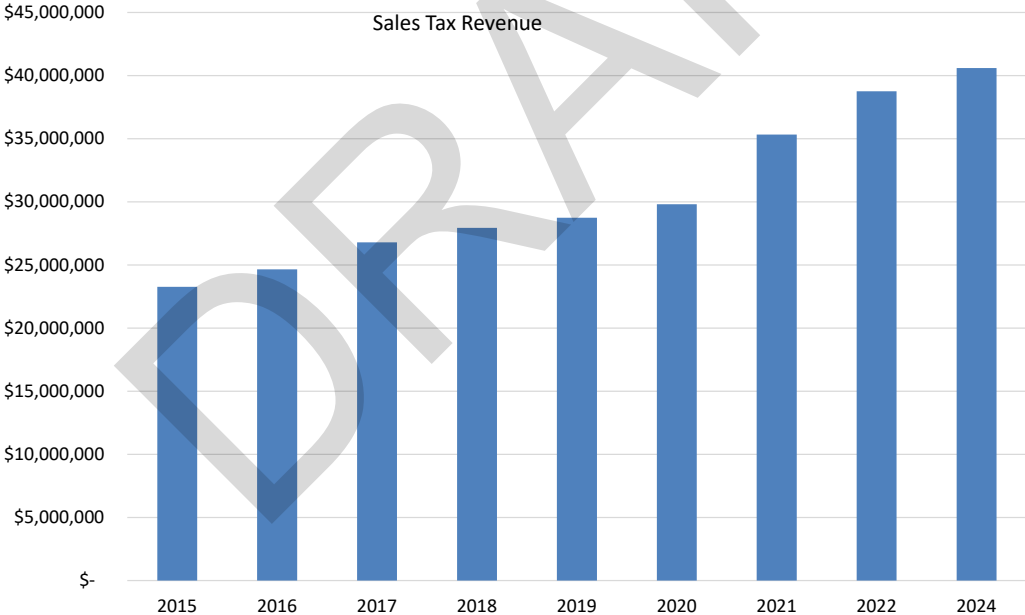
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sales Tax Revenue	\$ 23,261,748	\$ 24,658,546	\$ 26,790,098	\$ 27,937,707	\$ 28,735,383	\$ 29,817,365	\$ 35,332,154	\$ 38,764,986	\$ 40,292,936	\$ 40,592,222
Compounded Percent Change from Base Year ⁽¹⁾	8.9%	15.4%	25.4%	30.8%	34.5%	39.5%	65.4%	81.4%	88.6%	90.0%
Percent Change from Prior Year	8.9%	6.0%	8.6%	4.3%	2.9%	3.8%	18.5%	9.7%	3.8%	0.7%
Average Growth										7.5%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department

Notes:

⁽¹⁾ Base Year for 2015 through 2024 is 2014.



Denton County Transportation Authority

Sales Tax Allocation Received by Member Cities

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City of Denton	\$ 28,717,159	\$ 30,745,434	\$ 34,956,511	\$ 36,276,094	\$ 36,402,338	\$ 37,398,228	\$ 43,498,977	\$ 51,176,744	\$ 53,777,959	\$ 54,659,822
City of Highland Village	3,591,789	3,695,262	3,727,797	3,804,755	4,154,270	4,144,890	4,596,666	5,190,010	5,417,631	5,419,138
City of Lewisville	32,359,597	35,063,635	37,100,766	39,118,841	40,976,630	41,904,104	51,215,079	52,536,846	52,852,661	53,396,641
Total	\$ 64,668,545	\$ 69,504,331	\$ 75,785,074	\$ 79,199,690	\$ 81,533,238	\$ 83,447,222	\$ 99,310,722	\$ 108,903,600	\$ 112,048,251	\$ 113,475,601

Source: Texas Comptroller of Public Accounts allocation of sales tax receipts by city.



Denton County Transportation Authority

Long-term Debt

Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Refunding Bonds, Series 2009 ⁽¹⁾	Contractual Obligations, Series 2011 ⁽¹⁾	Sales Tax Revenue Refunding Bonds, Series 2020 ⁽¹⁾	Sales Tax Revenue Refunding Bonds, Series 2021 ⁽¹⁾	Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽³⁾
2015	18,130,000	13,835,000	-	-	31,965,000	0.12%	43.49
2016	17,135,000	13,250,000	-	-	30,385,000	0.11%	38.71
2017	16,105,000	12,635,000	-	-	28,740,000	0.09%	35.28
2018	15,030,000	11,990,000	-	-	27,020,000	0.08%	32.00
2019	13,915,000	11,315,000	-	-	25,230,000	0.07%	28.86
2020	12,755,000	10,605,000	-	-	23,360,000	0.06%	25.92
2021	-	-	11,325,000	9,940,000	21,265,000	0.06%	22.79
2022	-	-	9,725,000	9,075,000	18,800,000	0.04%	19.78
2023	-	-	8,835,000	8,190,000	17,025,000	0.04%	16.92
2024	-	-	7,955,000	7,270,000	15,225,000	0.03%	14.69

Sources:

⁽¹⁾ DCTA Finance Department

⁽²⁾ Personal income from U.S. Census Bureau, American Community Survey

⁽³⁾ Population from Regional Data Center, North Central Texas Council of Governments (NCTCOG) estimates

Notes:

(A) Certain portions of the above data have been omitted as the information is not available to DCTA at this time.

Denton County Transportation Authority

Demographic and Economic Statistics for Denton County

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in Thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	Education Level in Years of Formal Schooling ⁽²⁾	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾
2015	734,970	25,660,743	34,914	34.2	14.1	223,446	3.4%
2016	784,840	28,441,032	36,238	34.5	14.1	224,226	3.6%
2017	814,560	30,894,632	37,928	34.9	14.2	228,173	3.1%
2018	844,260	34,587,644	40,968	35.8	14.4	242,860	3.1%
2019	874,240	37,742,689	43,172	36.0	14.3	249,086	2.8%
2020	901,120	38,295,798	42,498	35.8	14.5	242,400	6.3%
2021	933,220	42,724,678	45,782	36.7	14.3	244,924	3.9%
2022	950,660	47,979,810	50,470	37.0	14.5	255,527	3.0%
2023	1,006,492	53,316,922	52,973	37.3	14.5	271,108	3.7%
2024	1,036,720	-	(A)	(A)	(A)	(A)	3.7%

Sources:

⁽¹⁾ Regional Data Center, North Central Texas Council of Governments (NCTCOG) estimates⁽²⁾ U.S. Census Bureau, American Community Survey⁽³⁾ Texas Workforce Commission, data for September of respective year

Notes:

(A) Certain portions of the above data have been omitted as the information is not available to DCTA at this time.

Denton County Transportation Authority

Principal Employers in Denton County

September 30, 2024 and Nine Years Ago

10 Largest Employers	Industry	2024			2015		
		Rank	Estimated Number of Employees ⁽¹⁾	Percentage of Total Employment ⁽²⁾	Rank	Estimated Number of Employees ⁽¹⁾	Percentage of Total Employment ⁽²⁾
University of North Texas	Education	1	7,367	1.27%	1	8,887	2.24%
Lewisville Independent School District	Education	2	6,521	1.13%	5	2,061	0.52%
Charles Schwab Corp	Finance/Insurance	3	6,000	1.04%	(A)	(A)	
Nebraska Furniture Mart	Retail	4	4,800	0.83%	(A)	(A)	
Denton Independent School District	Education	5	4,584	0.79%	3	3,300	0.83%
Wal-Mart	Retail	6	3,766	0.65%	2	3,900	0.98%
Texas Woman's University	Education	7	3,419	0.59%	7	1,787	0.45%
Northwest Independent School District	Education	8	3,166	0.55%	6	1,895	0.48%
Peterbilt Motors Co.	Manufacturing	9	2,700	0.47%	4	2,100	0.53%
Denton County	Government	10	2,128	0.37%	8	1,614	0.41%
Centex Home Equity	Finance/Insurance				-		0.00%
American Airlines Alliance	Transportation				-		0.00%
	Health Care/Social Assistance						0.00%
			44,451	7.67%		25,544	6.43%

Sources:

⁽¹⁾ North Central Texas Council of Governments (NCTCOG) Regional Data Center, various cities, chambers of commerce, school districts

⁽²⁾ Texas Workforce Commission

Notes:

(A) Certain portions of the above data have been omitted as the information is not available to DCTA at this time.

Denton County Transportation Authority

Total Employees and Contract Operations

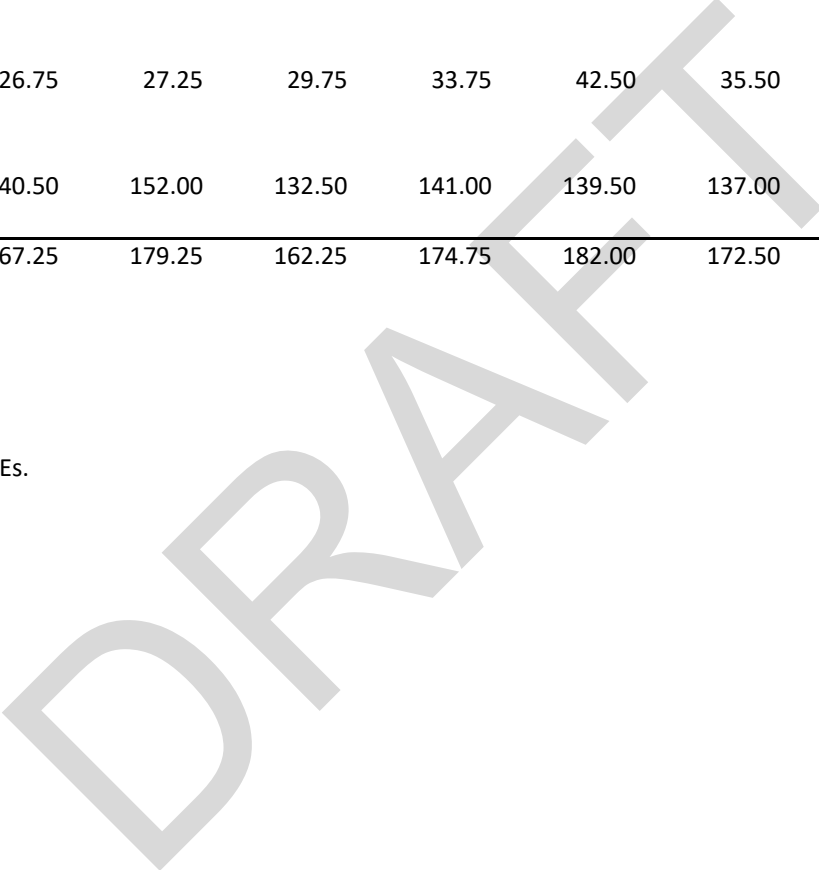
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employee Count										
DCTA - Administration	26.75	27.25	29.75	33.75	42.50	35.50	36.00	40.00	41.00	44.00
Third Party Contract Operations: Bus Services	140.50	152.00	132.50	141.00	139.50	137.00	118.00	80.00	107.00	91.00
Total Full Time Equivalentents (FTEs)	167.25	179.25	162.25	174.75	182.00	172.50	154.00	120.00	148.00	135.00

Sources: DCTA Finance Department

Notes:

Note 1: Figures represent total budgeted FTEs.



Denton County Transportation Authority

Operating Statistics

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actual Vehicle Revenue Miles (VRM)										
Demand Response Directly Operated Transportation	226,065	276,159	260,833	264,591	284,103	204,413	135,902	177,606	189,658	177,066
Fixed Route Bus Directly Operated Transportation	1,403,748	1,482,110	1,626,952	1,625,327	1,643,943	1,307,863	1,190,682	780,316	673,660	718,898
A-train Rail Purchased Transportation	326,217	334,468	338,751	328,658	335,611	579,625	501,786	764,500	767,904	769,645
VanPool Purchased Transportation	618,963	822,901	785,538	689,889	718,019	1,005,519	1,491,900	1,585,394	1,739,157	2,041,806
Demand Response Taxi Purchased Transportation	-	-	13,766	61,695	97,277	67,987	67,179	31,861	34,827	125,386
Demand Response Purchased Transportation	-	-	-	-	-	-	64,204	2,641,460	3,465,471	3,579,097
Total Actual Vehicle Revenue Miles	2,574,993	2,915,638	3,025,840	2,970,160	3,078,953	3,165,407	3,451,653	5,981,137	6,870,677	7,411,898
Actual Vehicle Revenue Hours (VRH)										
Demand Response Directly Operated Transportation	17,614	24,452	24,659	21,031	21,741	15,993	11,841	12,744	13,207	12,997
Fixed Route Bus Directly Operated Transportation	116,874	126,214	135,091	137,411	138,881	105,124	89,675	66,145	51,772	59,665
A-train Rail Purchased Transportation	13,149	13,580	13,511	13,208	13,765	26,354	23,285	36,131	36,280	36,340
Demand Response Taxi Purchased Transportation	11,072	14,706	14,689	14,935	17,842	23,778	26,970	29,345	33,401	41,538
Demand Response Purchased Transportation	-	-	1,097	3,969	6,209	4,129	4,017	2,804	2,832	9,101
Demand Response Purchased Transportation	-	-	-	-	-	-	4,470	149,323	194,384	203,849
Total Actual Vehicle Revenue Hours	158,709	178,952	189,047	190,554	198,438	175,378	160,258	296,492	331,876	363,490
Fixed Route Bus Directly Operated Transportation - UPT										
	2,400,699	2,396,220	2,458,623	2,426,039	2,403,728	1,339,577	724,239	1,149,887	1,581,198	1,784,026
A-train Rail Purchased Transportation - UPT										
	555,423	545,250	504,958	419,335	393,700	221,316	113,440	175,637	225,235	261,518
VanPool Purchased Transportation - UPT										
	134,662	199,044	145,020	128,088	128,171	154,812	216,451	230,345	239,407	251,799
Demand Response Directly Operated Transportation - UPT										
	-	-	-	-	-	-	-	24,896	26,045	25,905
Demand Response Purchased Transportation - UPT										
	-	-	1,716	7,576	13,710	10,568	10,248	614,876	853,400	863,104
Demand Response Taxi Purchased Transportation - UPT										
	-	-	-	-	-	-	-	5,087	4,615	11,279
	3,090,784	3,140,514	3,110,317	2,981,038	2,939,309	1,726,273	1,064,378	2,200,728	2,929,900	3,197,631
	6%	2%	-1%	-4%	-1%	-41%	-38%	107%	33%	9%
Annual Passenger Miles (PMT)										
Demand Response Directly Operated Transportation	226,214	258,644	202,774	204,529	260,791	195,020	135,764	177,225	190,066	177,448
Fixed Route Bus Directly Operated Transportation	7,132,608	6,322,593	5,918,759	5,828,301	5,748,291	3,182,297	1,675,782	2,806,602	3,669,173	2,952,496
A-train Rail Purchased Transportation	8,175,102	8,000,309	7,298,558	5,901,029	5,493,329	3,039,904	1,531,530	2,505,708	3,356,987	3,967,339
VanPool Purchased Transportation	3,258,528	6,439,172	6,119,250	5,618,838	5,787,405	7,205,612	10,788,190	11,152,064	10,989,198	10,824,266
Demand Response Taxi Purchased Transportation	-	-	13,923	61,441	97,339	68,014	67,302	37,245	34,902	139,900
Demand Response Purchased Transportation	-	-	-	-	-	-	53,733	2,732,755	4,169,278	3,495,871
Total Annual Passenger Miles	18,792,452	21,020,718	19,553,264	17,614,138	17,387,155	13,690,847	14,252,301	19,411,599	22,409,604	21,557,320
Operating Expenses										
Demand Response Directly Operated Transportation	\$ 1,429,741	\$ 1,703,434	\$ 2,225,894	\$ 2,421,592	\$ 3,027,013	\$ 2,557,881	\$ 1,967,427	\$ 2,261,199	\$ 2,016,453	\$ 2,452,051
Fixed Route Bus Directly Operated Transportation	9,934,604	10,956,771	11,877,132	12,657,498	13,838,874	13,165,615	11,555,180	9,640,493	8,083,641	9,925,661
A-train Rail Purchased Transportation	13,429,333	12,757,014	13,528,182	13,680,466	14,464,826	14,086,602	13,623,014	16,176,981	16,424,058	16,584,233
VanPool Purchased Transportation	356,865	430,362	392,099	386,401	424,355	605,410	735,614	941,412	942,927	1,180,387
Demand Response Taxi Purchased Transportation	-	-	187,927	281,604	364,491	303,210	374,351	296,199	298,471	399,650
Demand Response Purchased Transportation	-	-	-	-	-	-	620,655	11,205,162	10,228,913	13,856,751
Total Operating Expenses	\$ 25,150,543	\$ 25,847,581	\$ 28,211,234	\$ 29,427,561	\$ 32,119,559	\$ 30,718,718	\$ 28,876,241	\$ 40,521,446	\$ 37,994,463	\$ 44,398,733

Actual Vehicle Revenue Miles: The miles a vehicle travels while in revenue service. This definition includes layover and recovery, but excludes travel to and from storage facilities, the training of operators prior to revenue service, road tests, deadhead travel, and school bus and charter service. FY 2015 includes special service. For A-train, this is defined as revenue train miles.

Actual Vehicle Revenue Hours: The hours a vehicle travels while in revenue service. This definition includes layover and recovery, but excludes travel to and from storage facilities, the training of operators prior to revenue service, road tests, deadhead travel, and school bus and charter service. FY 2015 includes special service. For A-train, this is defined as revenue train hours.

Unlinked Passenger Trips: The number of passengers who board public transportation vehicles. A passenger is counted each time the passenger boards a vehicle even though the passenger might be on the same journey from origin to destination. FY 2015 includes special service.

Annual Passenger Miles: The sum of miles traveled by passengers, calculated by multiplying the average miles traveled per passenger by the total number of boardings.

Source: National Transit Database

Denton County Transportation Authority

Farebox Recovery Percentage

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Farebox Recovery - Bus	42.73%	44.14%	41.25%	36.35%	39.51%	33.04%	31.76%	33.00%	40.02%	29.03%
Farebox Recovery - Rail	6.15%	6.17%	5.36%	5.33%	5.25%	3.29%	2.10%	1.15%	2.15%	2.44%

Fare Structure at 9/30/2024

Local System (Bus & Rail)

Local System AM/PM Pass	\$ 1.50
Local System AM/PM Reduced*	0.75
Local System Day Pass	3.00
Local System Day Pass Reduced*	1.50
Local System 10 Pack of Day Passes	20.00
Local System Monthly/31-Day Pass	48.00
Local System Monthly/31-Day Pass Reduced*	24.00
Local System Annual Pass	480.00
Local System Annual Pass Reduced*	240.00

Regional (Bus & Rail)

Regional Day Pass	\$ 12.00
Regional Day Pass Reduced*	3.00
Regional 10 Pack of Day Passes	84.00
Regional Monthly/31-Day Pass	192.00
Regional Monthly/31-Day Pass Reduced*	48.00
Regional Annual Pass	1,920.00
Regional Annual Pass Reduced*	576.00

GoZone On-Demand Micro-Transit

Single Trip	1.50
-------------	------

Access

Access One-Way Trip	3.00
Access 10-Ride Book	30.00

Frisco Demand Response

One-Way Local Trip	3.00
One-Way Regional Trip	5.00

Collin County Transit Demand Response

Boarding fare	2.25
Plus fare per mile	1.85

* Reduced = Seniors (65+), disabled (with DCTA issued ID), Medicare cardholders, and students (Ages 5-18, students over the age of 14 require a valid high school or DCTA issued ID)
 ** Students, faculty or staff attending colleges with physical campuses within Denton County are eligible to participate in the University Pass Program. Proof of enrollment/employment is required.

Farebox recovery ratio is a proportion of the amount of revenue generated through fares by its paying customers including contract services as a fraction of the cost of its total operating expenses without depreciation expense.

Source: DCTA Finance Department

Denton County Transportation Authority

**Federal Awards Supplementary Information
September 30, 2024**

Denton County Transportation Authority

Contents

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-6
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-11

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated March 27, 2025, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 27, 2025.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

March 27, 2025

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*

Independent Auditor's Report

To Management and the Board of Directors
Denton County Transportation Authority

We have audited, in accordance with 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 Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control Over Financial Reporting

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

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 control 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2024-001 and 2024-002, 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 from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Responses to the Findings

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

To Management and the Board of Directors
Denton County Transportation Authority

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 27, 2025

Draft

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Denton County Transportation Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2024. The Authority's major federal program is 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 compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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* (the "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 program.

To the Board of Directors
Denton County Transportation Authority

Auditor's Responsibilities 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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, during our audit 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.

To the Board of Directors
Denton County Transportation Authority

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.

March 27, 2025

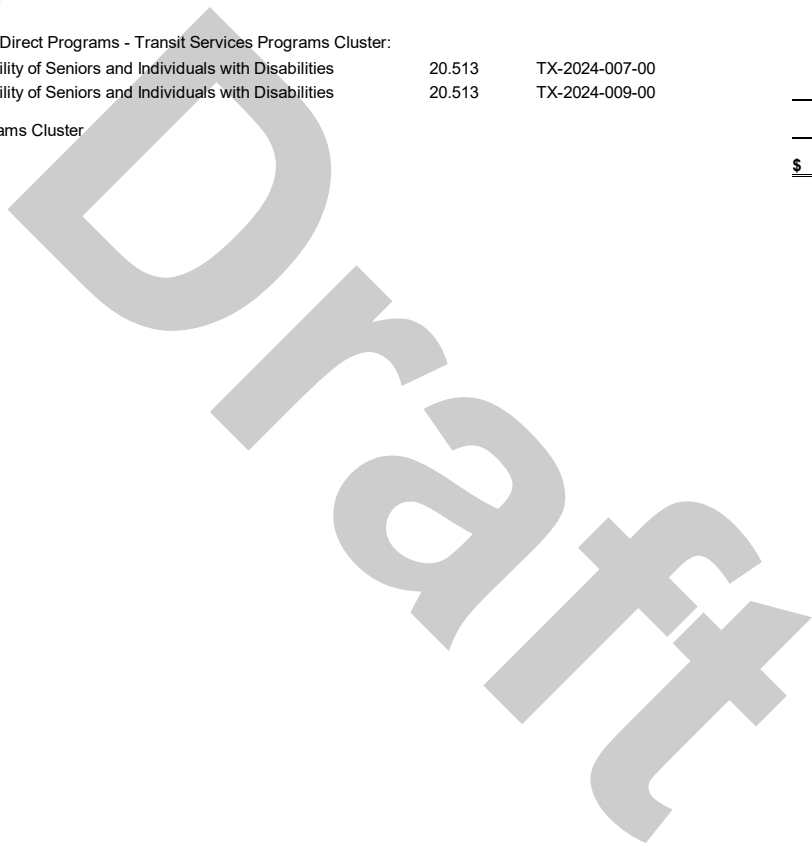
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Denton County Transportation Authority

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Federal Project Number	Pass-through Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:					
U.S. Department of Transportation - Direct Programs - Federal Transit Cluster:					
Federal Transit - Formula Grants	20.507	TX-2020-119-00		\$ -	\$ 566,000
Federal Transit - Formula Grants	20.507	TX-2023-074-00		-	2,871,299
Federal Transit - Formula Grants	20.507	TX-2024-024-00		-	644,163
Federal Transit - Formula Grants	20.507	TX-2024-102-00		-	4,446,290
Federal Transit - State of Good Repair Grants	20.525	TX-2024-101-00		-	3,348,447
Federal Transit - Capital Investment Grants	20.500	TX-2021-052-00		-	251,900
Total Federal Transit Cluster				-	12,128,099
U.S. Department of Transportation - Direct Programs - Transit Services Programs Cluster:					
Transit Services - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2024-007-00		-	41,938
Transit Services - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2024-009-00		-	18,563
Total Transit Services Programs Cluster				-	60,501
Total federal expenditures				<u>\$ -</u>	<u>\$ 12,188,600</u>



Denton County Transportation Authority

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Denton County Transportation Authority (the "Authority") under programs of the federal government for the year ended September 30, 2024. The information in the 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* (the "Uniform Guidance"). Because the Schedule 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.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the full 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, and frequently asked questions, as outlined in the 2020 Compliance Supplement Addendum. The pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Denton County Transportation Authority

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.507, 20.525, 20.500	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

Denton County Transportation Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2024

Section II - Financial Statement Audit Findings

Reference Number	Finding
2024-001	<p>Finding Type - Material weakness</p> <p>Criteria - The Authority should have processes in place to ensure all transactions and year-end accruals are properly calculated and recorded in accordance with generally accepted accounting principles.</p> <p>Condition - During the audit, the auditors identified adjustments necessary to ensure the financial statements were correctly stated.</p> <p>Context - The adjustments identified during the audit included an increase to cash (\$40.8 million), decrease to account receivable (\$41.5 million), increase to inventory (\$600,000), increase to net capital assets (\$1.0 million), increase to accrued liabilities (\$1.6 million), increase to beginning of year net position (\$100,000), decrease to revenue (\$500,000), and net decrease to expenses (\$200,000).</p> <p>Cause - Due to turnover, the onboarding of new finance personnel, and the need to prepare for the implementation of a new ERP system, the Authority did not have adequate resources allocated to prepare for the audit and accurately close the books and records.</p> <p>Effect - Without appropriate year-end closing procedures and controls, the financial statements were materially misstated. Auditor proposed and Authority reviewed and recorded adjusting journal entries were made in order to correctly state balances as of September 30, 2024.</p> <p>Recommendation - As the Authority progresses with the onboarding of new finance personnel and the ERP implementation project, we recommend allocating adequate resources to closing the books and preparing for the audit.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Management recognizes the importance of the completeness of annual closing accounting entries to ensure the fair and accurate presentation of financial data. Management will review and update its internal processes regarding the recording of nonstandard journal entries to ensure all annual closing entries are made prior to audit.</p>

Denton County Transportation Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2024

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2024-002	<p>Finding Type - Material weakness</p> <p>Criteria - A monthly reconciliation is a key internal control over investments in order to ensure investment transactions are properly recorded.</p> <p>Condition - During the audit, Plante & Moran, PLLC noted that investment balances in the general ledger were not being reconciled to investment statements during the year. As a result, the auditors identified adjustments necessary to investments to ensure the financial statements were correctly stated.</p> <p>Context - The adjustments identified resulted in a \$2.8 million decrease in investments and investment income.</p> <p>Cause - Due to staffing constraints, the Authority did not reconcile investment activity on a monthly basis.</p> <p>Effect - As a result of the lack of reconciliation of investment activity, the financial statements were materially misstated. An adjusting journal entry was necessary to correctly state investment balances as of September 30, 2024.</p> <p>Recommendation - We recommend the Authority allocate staff time to performing monthly investment reconciliations and that they are reviewed timely by an individual that has the proper segregation of duties.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Management has updated procedures to reconcile investments on a quarterly basis, rather than on an annual basis as it has been done in the previous year. This increase in frequency of reconciliation is expected to result in necessary adjustments being recorded to the financial statements in a timely manner.</p>

Section III - Federal Program Audit Findings

None

March 27, 2025

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority" or DCTA) as of and for the year ended September 30, 2024 and have issued our report thereon dated March 27, 2025. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Related Information

Section I includes information that we are required to communicate to those individuals charged with governance of the Authority. This communicates significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit as well as informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the Authority's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the members of the board of directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Pamela L. Hill, Partner

Keith Szymanski, Principal

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 17, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated March 27, 2025 regarding 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on December 12, 2024.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

Section I - Required Communications with Those Charged with Governance (Continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements, including an adjustment to cash and accounts receivable in the amount of \$40.8 million.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 27, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical sections of the financial statements, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section II - Other Recommendations and Related Information

Other Recommendations

Investments: Per the Public Funds Investment Act, the persons or firms authorized to sell securities to the entity are to sign an acknowledgement in accordance with the provisions of the PFIA, Chapter 2256, Sections 2256.005(k) and (i). We noted that such acknowledgement was obtained; however, we recommend that the Authority obtain the acknowledgement on a more timely basis after the investment policy is adopted for the fiscal year.

Grant Revenue: We noted the timeliness of requesting federal grant reimbursement was delayed in some instances during the year and at year end. We acknowledge that staff turnover contributed to this delay, but we recommend ensuring the proper staff and procedures are in place to minimize the time between incurring expenditures and requesting reimbursement.

Restricted Cash: We noted a restricted cash balance is being carried on the balance sheet for the past several years. The Authority is currently in the process of determining the origin of these dollars. We recommend that the Authority take the proper amount of time to research this to ensure not only if these dollars are truly restricted but, if they do relate to unspent bond proceeds, if they have a potential arbitrage liability.

System Access: As the Authority moves into a new ERP system, this would be a good time to revisit user access controls and ensure employees system access is limited to what is needed to perform their assigned tasks. We recommend administrators of the system also be reviewed and properly limited.

Inflation Reduction Act (IRA)

Significant legislation was enacted in 2022 that has dramatically expanded the available tax credits, tax incentives, and other funding opportunities related to the green energy sector. Several of these are built on previously existing programs, but many are new and widely applicable. Additionally, new monetization options expand the benefits of tax credits for qualifying activities to public sector organizations like the Authority. The breadth of qualifying activities is significant, including, in most cases, the production of electricity; production of solar, wind, and energy equipment; installation of energy-efficient upgrades to businesses and homes; and the acquisition of electric vehicles (EVs) and charging equipment. We are happy to discuss any questions or potential tax credit opportunities with you, and please also feel free to visit our IRA tax credits articles and webinars at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/inflation-reduction-act-tax-credits>.

Monitoring Lease, SBITA, and PPP Activity

GASB Statements No. 87, *Leases*; No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*; and No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements*, were effective in fiscal years 2022 and 2023. Although significant analyses were performed to determine the applicability of the new standards and record any necessary adjustments, we want to stress the importance of implementing ongoing monitoring procedures over lease, SBITA, and PPP activity. When the Authority enters into new leases, SBITAs, or PPPs; existing agreements are modified; or other facts and circumstances change, consideration must be given to the impact those changes will have on lease, SBITA, and PPP accounting. In order to do so, the Authority must ensure there is a process in place to identify and appropriately account for new leases, SBITAs, or PPPs or changes to existing agreements on an ongoing basis or at least at the end of each year.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessment of the system in order to verify that the control environment is working as intended is a key part of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Section II - Other Recommendations and Related Information (Continued)

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective for fiscal year ends beginning on October 1, 2024 and after. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key changes include the following:

- Increase the single audit threshold to \$1 million from \$750,000
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after

The changes are included in more detail within the federal register at <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>, and we are happy to discuss these changes with you.

Capitalization Thresholds

The April 2024 Uniform Grants Guidance 2024 Revision described above resulted in the equipment threshold increasing from \$5,000 to \$10,000. This threshold applies to the value of equipment that at the end of the grant period may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency. In addition to considering this Uniform Guidance threshold related to federal grants compliance, it may be a good time for the Authority to reevaluate the capitalization thresholds. We are happy to assist you in thinking through considerations in evaluating these thresholds.

Other New Legislation

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the Authority. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent update and a link to previous fall and spring updates are available here.

GASB Statement No. 101 - Compensated Absences

This new accounting pronouncement will be effective for fiscal years ending December 31, 2024 and after. The statement requires all compensated absences be reported under a new unified model that provides recognition and measurement guidance for all compensated absences that meet certain criteria. This is a major shift from the prior standards that provided different recognition and measurement guidance for vacation leave versus sick leave. Under the new standard, all compensated absences (with some exceptions like parental leave and military leave) that meet three criteria are to be recognized (accrued). The three criteria are (1) the absence accumulates, (2) the absence is attributed to services already performed, and (3) the absence is more likely than not to be either paid or settled through other means.

Section II - Other Recommendations and Related Information (Continued)

A few of the more significant changes from prior guidance include the elimination of specific recognition criteria for sick leave (GASB 16's termination payment method and vesting method) in lieu of standard recognition criteria for all types of compensated absences that meet the criteria. In addition, the prior standards used the "probable criteria" as a measurement stick for recognition; GASB 101 lowers that threshold to more likely than not. More likely than not means a likelihood of more than 50 percent. Because GASB 101 does not prescribe the manner in which these leave liabilities are estimated once the criteria are met, organizations will have significant latitude in how these estimates are determined. Because of this, there may be additional reporting and additional disaggregation of historical employee leave usage information that may be required in order to come up with an accurate estimate of these liabilities. We strongly suggest the Authority start thinking about these changes now, brainstorm estimation methodologies, and begin gathering the necessary information in order to successfully adopt this new standard.

GASB Statement No. 102 - Certain Risk Disclosures

This new accounting pronouncement will be effective for fiscal years ending June 30, 2025 and after. This statement requires a government to assess whether a concentration or constraint makes the primary government or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements.

GASB Statement No. 103 - Financial Reporting Model Improvements

This new accounting pronouncement will be effective for fiscal years ending June 30, 2026 and after. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section.

GASB Statement No. 104 - Disclosure of Certain Capital Assets

This new accounting pronouncement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale.

Significant GASB Proposal Worth Watching

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected sometime in 2025.

Plante & Moran, PLLC has spent significant time digesting this new proposed standard and recently testified to the GASB about our feedback. We strongly encourage the Authority to monitor developments with this standard, as the potential impact is quite broad.

Board of Directors Memo

March 27, 2025

AGENDA ITEM: Discuss and Consider Approval of Monthly Financial Statement for January 31, 2025, Grants Report for the Period ended January 31, 2025, and Receive an Update from the Chief Financial Officer Regarding Finance Operations and Enterprise Resource Program (ERP) Replacement.

Recommendation

Staff recommends the Board approve the monthly financial statement for January 2025 and the Grant Report for the period ended January 31, 2025.

Background

The financial statement is presented monthly to the Board of Directors for approval. Grants reports are provided on a quarterly basis. The attached reports are for the period ending January 31, 2025. These reports provide a comparison of year-to-date budget vs. actual performance.

Previous Board Activity & Action

There has been no previous Board activity on the January 2025 financial statement or grants report.

Identified Need

Provides the Board a review of the agency's financial position and performance to budget.

Financial Impact

The financial impact of January 31, 2025 performance has been summarized within the respective document provided. Staff stands ready to answer any questions the Board may have regarding the financial performance.

Exhibits

Exhibit 1: Year-to-Date Financial Statement – January 31, 2025

Exhibit 2: Investment Report - January 31, 2025

Exhibit 3: Grants Report - January 31, 2025

Submitted by:



Sherrelle Evans-Jones, CPA
Chief Financial Officer



DENTON COUNTY TRANSPORTATION AUTHORITY

Statement of Revenue and Expenditures
Presented for the Period Ended January 31, 2025
(UNAUDITED)

	Prior Year Actual			FY 2025 - January 31, 2025					Notes
	2022	2023	2024	YTD Budget	YTD Actual	Annual Budget	Actual %	Expected %	
Revenue and Other Income									
Passenger Revenues	\$ 928,716	\$ 1,568,793	\$ 1,987,021	\$ 561,729	\$ 536,929	\$ 1,675,312	32.0%	33.5%	Passenger revenue is slightly behind the YTD budget by \$25K or 4%. Contract Services are slightly behind YTD Budget and revenue is recorded a month in arrears.
Contract Service Revenues	3,718,416	4,233,303	4,670,687	1,466,872	1,118,821	4,400,615	25.4%	33.3%	
Sales Tax Revenues	38,030,250	40,292,936	40,592,222	13,666,664	14,263,012	41,000,000	34.8%	33.3%	Sales tax revenue thru January continues to exceed budget. Capital grants includes an estimate for PTC spending, which has not started as of January 2025
Federal/State Grants - Capital	95,069	59,828	914,989	1,439,936	9,681	4,319,818	0.2%	33.3%	Large grant executed for Rail PM which enabled a significant amount of Purchased Transportation expenditures to be reimbursed in this Operating Grant Revenue.
Federal/State Grants - Operating	19,028,351	9,431,745	11,562,099	3,461,130	3,990,752	10,383,400	38.4%	33.3%	
Total Revenues and Other Income	61,800,802	55,586,605	59,727,018	20,596,331	19,919,194	61,779,145			
Operating Expenses									
Salary, Wages and Benefits	4,002,824	3,787,792	10,318,001	4,871,080	4,210,314	14,392,828	29.3%	33.8%	
Outsourced Services and Charges	4,517,965	5,600,148	5,522,925	2,024,283	922,629	5,648,470	16.3%	35.8%	The FY25 budget for Outsourced Services and Charges included significant spending for several projects/initiatives which have not commenced yet. Some projects include Bus Stop Standards (Planning), Long Range Service Plan (Planning), A-Train Program (Planning), Intermediate Service Plan (Planning), Marketing consulting.
Materials and Supplies	2,536,927	2,576,663	2,521,986	1,180,618	664,801	3,367,697	19.7%	35.1%	The FY25 budget for Materials and Supplies includes estimates for IT spending for upgrades of hardware and other projects. This budget also includes estimates for spending for Bus Ops/Maintenance. In both areas, some spending in these areas have commenced, however not at the levels anticipated in the FY25 budget as of January 31, 2025.
Utilities	455,020	497,792	570,977	253,844	148,756	761,572	19.5%	33.3%	
Insurance	1,608,328	1,577,898	1,099,836	624,888	933,201	1,874,600	49.8%	33.3%	Insurance expenditures reflects a large payment of this annual premium which occurs at the beginning of the Fiscal year to pay all non-Rail coverages.
Transportation Reinvestment (TRiP)	1,332,493	345,473	379,591	-	-	-	0.0%	0.0%	
Purchased Transportation Services	19,146,955	22,348,013	24,862,290	8,351,188	6,855,950	25,053,458	27.4%	33.3%	The variance with Purchase Transportation expenditures is due to the timing of the vendor payments.
Employee Development	119,259	2,559,697	346,602	271,606	72,060	795,340	9.1%	34.1%	
Leases and Rentals	132,033	142,445	173,735	62,884	55,250	188,700	29.3%	33.3%	
Depreciation	11,351,682	9,074,611	11,293,387	3,610,692	3,622,232	10,832,092	33.4%	33.3%	
Total Operating Expenses	45,203,487	48,510,532	57,089,330	21,251,083	17,485,193	62,914,757			
Income Before Non-Operating Revenues and Expenses	16,597,315	7,076,073	2,637,688	(654,752)	2,434,001	(1,135,612)			



DENTON COUNTY TRANSPORTATION AUTHORITY

Statement of Revenue and Expenditures
Presented for the Period Ended January 31, 2025

(UNAUDITED)

	Prior Year Actual			FY 2025 - January 31, 2025					
	2022	2023	2024	YTD Budget	YTD Actual	Annual Budget	Actual %	Expected %	Notes
Income Before Non-Operating Revenues and Expenses	16,597,315	7,076,073	2,637,688	(654,752)	2,434,001	(1,135,612)			
Non-Operating Revenues/(Expense)									
Investment Income	462,425	4,434,145	7,861,832	733,332	1,437,212	2,200,000	65.3%	33.3%	
Gain (Loss) on Disposal of Assets	29,719	52,900	(6,700)	-	-	-	0.0%	0.0%	
Other Income/(Expense) - Miscellaneous	447,462	923,293	180,928	85,000	73,775	255,000	28.9%	-22.5%	
Long Term Debt Interest/(Expense)		(212,684)	(210,002)	(57,272)	-	(171,811)	0.0%	33.3%	
Total Non-Operating Revenues/(Expenses)	939,606	5,197,654	7,826,058	761,060	1,510,987	2,283,189			
Income (Loss) includes NTMC	17,536,921	12,273,727	10,463,746	106,308	3,944,988	1,147,577			
Transfers Out to NTMC	(5,926,669)	(5,577,506)	-						NTMC Line is retained for historical information. No NTMC expenditures included in FY25.
Total Transfers	(5,926,669)	(5,577,506)	-						
Change in Net Position	\$ 11,610,252	\$ 6,696,221	\$ 10,463,746	\$ 106,308	\$ 3,944,988	\$ 1,147,577			

INVESTMENT REPORT

Denton County Transportation Authority

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January 1 to January 31, 2025



Contents

Market Recap 3

Investment Officers' Certification 4

Portfolio Overview 5

Portfolio Overview 6

Asset Allocation 7

Credit Rating Summary 8

Benchmark Comparison. 9

Fund Overview 10

Detail of Security Holdings 11

Earned Income 13

Investment Transactions. 15

Investment Transactions Totals. 16

Amortization and Accretion 17

Projected Cash Flows. 18

Projected Cash Flows Totals. 19

Disclosures & Disclaimers 20

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Market Recap

Bond yields were flat to slightly lower during the month of January on mixed data, but the market's focus was on the words and actions of incoming President Trump, as well as the January FOMC meeting.

The December employment report was unexpectedly strong as nonfarm payrolls rose +256k and the unemployment rate fell from 4.2% to 4.1%. Several underlying indicators suggested increasingly tight labor conditions in the future as businesses added temporary jobs for the second straight month; the percentage of voluntary "job leavers" was the highest in 18 months; and the unemployment rate for both teenagers and workers without high school degrees dropped significantly. With employment conditions on solid ground, market attention during the quarter was mainly on consumer inflation.

Headline CPI was warm once again in December, up +0.4% for the month and +2.9% for the year, both increasing from November, but exactly matching forecasts. With higher energy prices being the main contributor to overall CPI, the core rate was better behaved, up just +0.2% for the month and +3.2% year-over-year. Still a long way from the Fed's target but halting the three-month string of +3.3% annual gains. Probably more encouraging was the second consecutive month of cooling shelter prices. Since housing costs are the biggest remaining inflation contributor, the downtrend was viewed as positive. A record number of apartments were completed last year, easing the tight rental market. Unfortunately, the inflation narrative will be rerouted if incoming President Trump holds to his promise to impose broad tariffs on major trading partners.

At the time Fed officials met in late January, it was clear no policy change would be announced, and since the first FOMC meeting of 2025 did not include a summary of economic projections or a fresh dot plot, attentions turned to the post-meeting press conference. Powell generally followed the script, acknowledging inflation was still too high while pointing to improved labor conditions. When asked to comment on the impact the Administration's tariffs, mass deportations and proposed tax policy would have on interest rate policy, Powell replied these would be assessed as they were implemented.

The bottom line is that the U.S. economy has entered 2025 in a fairly good position, while proposed policies of the new Administration are certain to alter the path one way or another. Investors are rightfully concerned that tariffs will be inflationary over time, but the extent and duration of the levies is unknowable.

The Fed is on hold until March, although it's unlikely that the FOMC will have enough information to confidently move from its holding position before May at the earliest. Two rate cuts in the second half of the year is the most likely policy scenario, although the outlook is extremely fluid. With President Trump urging more immediate rate reductions and the Fed stifled by lingering inflationary pressure, expect some very public disagreements if the hold lingers too long. What appears fairly certain is that the overnight rate target will move lower (timing uncertain) before it moves higher.

Investment Officers' Certification

This report is prepared for the Denton County Transportation Authority (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Investment Officers



Sherrelle Evans-Jones, CPA
Chief Financial Officer



Paul Cristina
Chief Executive Officer

Portfolio Overview

Portfolio Summary

	Prior 31 Dec-24	Current 31 Jan-25
Par Value	123,670,808.51	125,159,756.33
Original Cost	123,272,462.17	124,761,409.99
Book Value	123,469,070.86	124,985,410.03
Market Value	123,494,536.45	125,014,813.58
Accrued Interest	277,133.07	296,315.85
Book Value Plus Accrued	123,746,203.93	125,281,725.88
Market Value Plus Accrued	123,771,669.52	125,311,129.43
Net Unrealized Gain/(Loss)	25,465.59	29,403.55

Income Summary

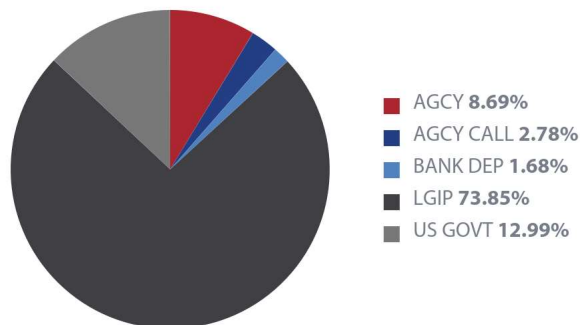
Current Period	1 Jan-25 to 31 Jan-25
Interest Income	434,638.92
Net Amortization/Accretion	27,391.35
Realized Gain/(Loss)	0.00
Net Income	462,030.27

Fiscal Year-to-Date	1 Oct-24 to 31 Jan-25
Net Income	1,875,337.18

Portfolio Characteristics

	Prior 31 Dec-24	Current 31 Jan-25
Yield to Maturity	4.511%	4.352%
Yield to Worst	4.511%	4.352%
Days to Final Maturity	105	96
Days to Effective Maturity	105	96
Duration	1.09	1.01

Asset Allocation

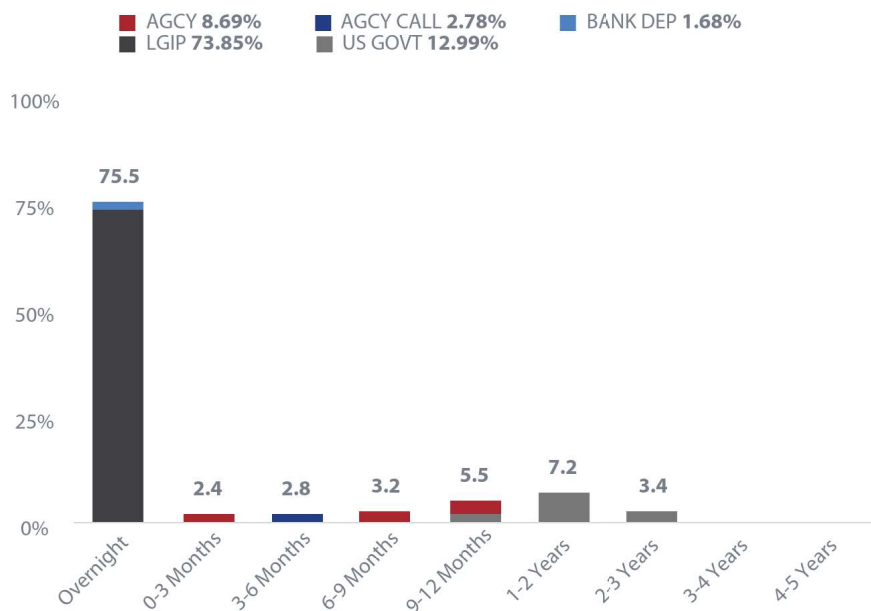


Transaction Summary

Transaction Type	Quantity	Principal	Interest	Total Amount	Realized Gain/Loss
Coupon	0.00	0.00	70,000.00	70,000.00	0.00

Portfolio Overview

Maturity Distribution by Security Type



Top Ten Holdings

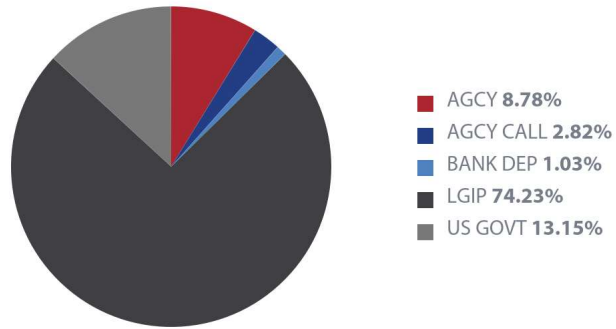
Issuer	Allocation
TEXSTAR	73.85%
United States Department of The Treasury	12.99%
Federal Home Loan Mortgage Corporation	5.49%
Federal Farm Credit Banks Funding Corporation	3.20%
Federal Home Loan Banks	2.78%
WF	1.68%

Maturity Distribution by Security Type

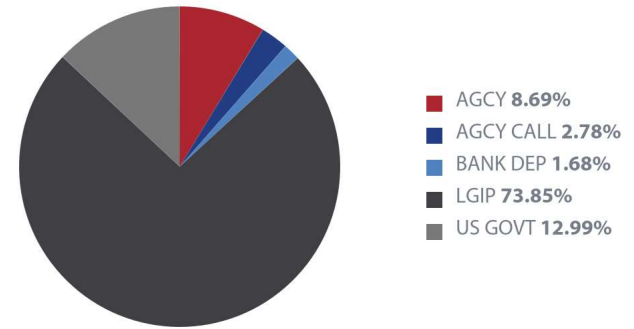
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
AGCY	--	2,996,848.53	--	3,998,047.54	3,865,200.21	--	--	--	--	10,860,096.27
AGCY CALL	--	--	3,479,496.68	--	--	--	--	--	--	3,479,496.68
BANK DEP	2,102,290.13	--	--	--	--	--	--	--	--	2,102,290.13
LGIP	92,307,466.20	--	--	--	--	--	--	--	--	92,307,466.20
US GOVT	--	--	--	--	2,982,530.76	9,018,830.80	4,234,699.18	--	--	16,236,060.75
Total	94,409,756.33	2,996,848.53	3,479,496.68	3,998,047.54	6,847,730.96	9,018,830.80	4,234,699.18	--	--	124,985,410.03

Asset Allocation

Asset Allocation by Security Type as of
31-Dec-2024



Asset Allocation by Security Type as of
31-Jan-2025



Book Value Basis Security Distribution

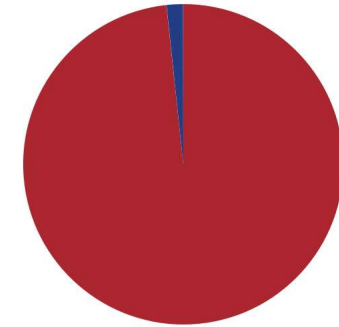
Security Type	Prior Balance 31-Dec-24	Prior Allocation 31-Dec-24	Change in Allocation	Current Balance 31-Jan-25	Current Allocation 31-Jan-25	Yield to Maturity
AGCY	10,837,847.92	8.78%	(0.09%)	10,860,096.27	8.69%	4.716%
AGCY CALL	3,475,961.07	2.82%	(0.03%)	3,479,496.68	2.78%	5.251%
BANK DEP	1,271,060.62	1.03%	0.65%	2,102,290.13	1.68%	0.163%
LGIP	91,649,747.89	74.23%	(0.37%)	92,307,466.20	73.85%	4.390%
US GOVT	16,234,453.36	13.15%	(0.16%)	16,236,060.75	12.99%	4.245%
Portfolio Total	123,469,070.86	100.00%		124,985,410.03	100.00%	4.352%

Credit Rating Summary

Rating Distribution

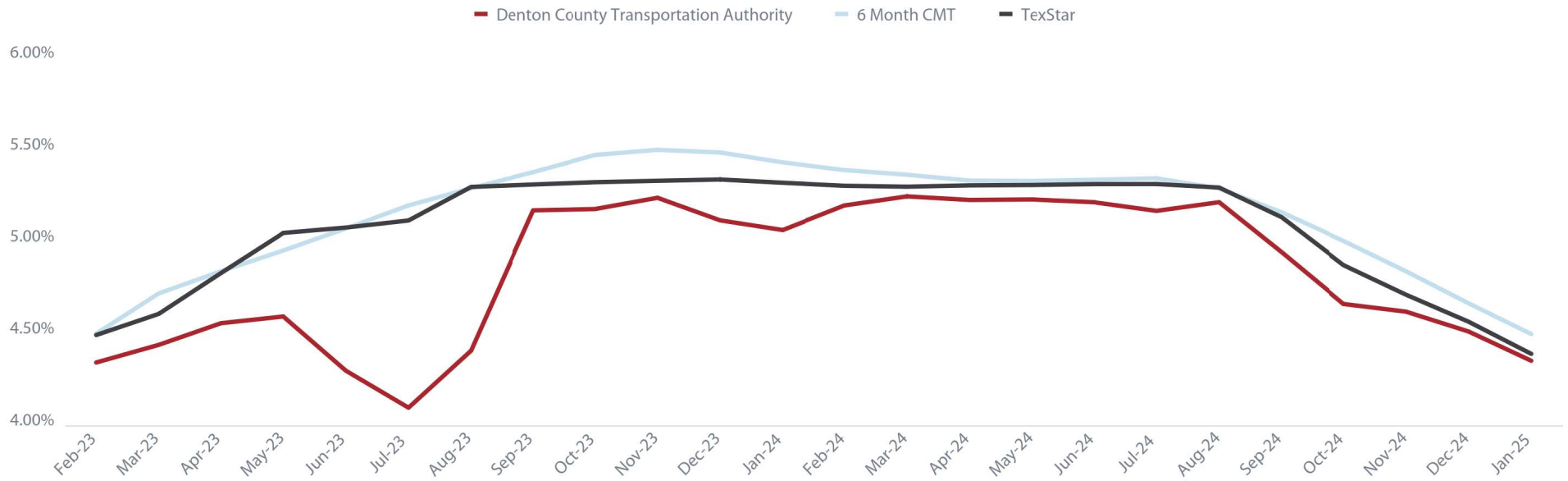
	Book Value	Portfolio Allocation
Secured Deposits (Insured or Collateralized)		
Demand Deposits	2,102,290.13	1.68%
Total Secured Deposits	2,102,290.13	1.68%
Local Government Investment Pools & Money Market Funds		
AAA	92,307,466.20	73.85%
Total Local Government Investment Pools & Money Market Funds	92,307,466.20	73.85%
Long Term Rating Distribution		
AAA	30,575,653.70	24.46%
Total Long Term Rating Distribution	30,575,653.70	24.46%
Portfolio Total	124,985,410.03	100.00%

Allocation by Rating



■ AAA 98.32% ■ SD 1.68%

Benchmark Comparison



Yield Overview

	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Denton County Transportation Authority	4.34	4.44	4.56	4.59	4.30	4.10	4.41	5.17	5.18	5.24	5.12	5.06	5.20	5.25	5.23	5.23	5.21	5.17	5.21	4.94	4.66	4.62	4.51	4.35
6 Month CMT	4.50	4.72	4.84	4.95	5.07	5.20	5.29	5.38	5.47	5.50	5.48	5.43	5.39	5.36	5.33	5.33	5.34	5.34	5.29	5.16	5.00	4.84	4.66	4.50
TexStar	4.49	4.61	4.83	5.05	5.08	5.11	5.30	5.31	5.32	5.33	5.34	5.32	5.30	5.30	5.31	5.31	5.31	5.31	5.29	5.13	4.87	4.71	4.56	4.39

Fund Overview

Fund Name	Prior Book Value	Prior Market Value	Changes to Market Value	Current Book Value	Current Market Value	Net Income	Days to Final Mty	YTM	YTW
2011 Bond Fund	683,557.93	683,557.93	290.33	683,848.26	683,848.26	290.33	1	0.500%	0.500%
Additional Reserve Fund	1,533,683.20	1,533,683.20	5,717.08	1,539,400.28	1,539,400.28	5,717.08	1	4.390%	4.390%
Bond Fund	2,013,729.60	2,013,729.60	7,506.53	2,021,236.13	2,021,236.13	7,506.53	1	4.390%	4.390%
Operating Fund	587,502.69	587,502.69	830,939.18	1,418,441.87	1,418,441.87	0.00	1	0.000%	0.000%
Reserve Fund	19,515,477.40	19,528,280.48	55,095.38	19,570,073.13	19,583,375.86	75,012.40	111	4.571%	4.571%
Sales Tax Fund	99,135,120.04	99,147,782.55	620,728.63	99,752,410.36	99,768,511.18	373,503.93	98	4.396%	4.396%
Total	123,469,070.86	123,494,536.45	1,520,277.13	124,985,410.03	125,014,813.58	462,030.27	96	4.352%	4.352%

Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	Par Value	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating
2011 Bond Fund																		
WF-MANA		BANK DEP	Wells Fargo Managed Rate		01/31/25			683,848.26	100.000	683,848.26	683,848.26	100.000	683,848.26	1		0.500	0.500	SD
Total 2011 Bond Fund								683,848.26		683,848.26	683,848.26		683,848.26	1		0.500	0.500	
Additional Reserve Fund																		
TEXSTAR		LGIP	TexSTAR		01/31/25			1,539,400.28	100.000	1,539,400.28	1,539,400.28	100.000	1,539,400.28	1		4.390	4.390	AAA
Total Additional Reserve Fund								1,539,400.28		1,539,400.28	1,539,400.28		1,539,400.28	1		4.390	4.390	
Bond Fund																		
TEXSTAR		LGIP	TexSTAR		01/31/25			2,021,236.13	100.000	2,021,236.13	2,021,236.13	100.000	2,021,236.13	1		4.390	4.390	AAA
Total Bond Fund								2,021,236.13		2,021,236.13	2,021,236.13		2,021,236.13	1		4.390	4.390	
Operating Fund																		
WF-SWEEP		BANK DEP	Wells Fargo Sweep		01/31/25			1,418,441.87	100.000	1,418,441.87	1,418,441.87	100.000	1,418,441.87	1		0.000	0.000	SD
Total Operating Fund								1,418,441.87		1,418,441.87	1,418,441.87		1,418,441.87	1		0.000	0.000	
Reserve Fund																		
TEXSTAR		LGIP	TexSTAR		01/31/25			8,709,976.86	100.000	8,709,976.86	8,709,976.86	100.000	8,709,976.86	1		4.390	4.390	AAA
3137EAEP0	03/14/24	AGCY	FHLMC	1.500	02/12/25			3,000,000.00	96.829	2,904,883.44	2,996,848.53	99.928	2,997,843.00	12		5.104	5.104	AAA
3133EPVY8	09/18/23	AGCY	FFCB	5.000	09/15/25			4,000,000.00	99.847	3,993,868.00	3,998,047.54	100.410	4,016,388.00	227		5.082	5.082	AAA
3134A2HG6	09/13/24	AGCY	FHLMC	0.000	12/11/25			4,000,000.00	95.149	3,805,969.12	3,865,200.21	96.479	3,859,168.00	314		4.036	4.036	AAA
Total Reserve Fund								19,709,976.86		19,414,697.42	19,570,073.13		19,583,375.86	111		4.571	4.571	
Sales Tax Fund																		
TEXSTAR		LGIP	TexSTAR		01/31/25			80,036,852.93	100.000	80,036,852.93	80,036,852.93	100.000	80,036,852.93	1		4.390	4.390	AAA
3130ASQF9	11/09/23	AGCY CALL	FHLB	4.000	07/25/25	04/25/25	Quarterly	3,500,000.00	97.972	3,429,022.94	3,479,496.68	99.820	3,493,689.50	175	84	5.251	5.251	AAA
91282CGA3	03/14/24	US GOVT	U.S. Treasury Note	4.000	12/15/25			3,000,000.00	98.840	2,965,195.31	2,982,530.76	99.797	2,993,906.25	318		4.693	4.693	AAA
91282CHB0	09/13/24	US GOVT	U.S. Treasury Note	3.625	05/15/26			4,000,000.00	99.793	3,991,718.75	3,993,712.29	99.250	3,970,000.00	469		3.752	3.752	AAA
91282CJC6	11/19/24	US GOVT	U.S. Treasury Note	4.625	10/15/26			5,000,000.00	100.559	5,027,929.69	5,025,118.51	100.641	5,032,031.25	622		4.314	4.314	AAA
91282CKA8	11/19/24	US GOVT	U.S. Treasury Note	4.125	02/15/27			4,250,000.00	99.602	4,233,066.41	4,234,699.18	99.813	4,242,031.25	745		4.311	4.311	AAA

Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	Par Value	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating	
Total Sales Tax Fund								99,786,852.93	99,683,786.03	99,752,410.36	99,768,511.18	98	84	4.396	4.396				
Grand Total								125,159,756.33	124,761,409.99	124,985,410.03	125,014,813.58	96	84	4.352	4.352				

Earned Income

CUSIP	Security Type	Security Description	Beginning Accrued	Interest Earned	Interest Rec'd/ Sold/Matured	Interest Purchased	Ending Accrued	Disc Accr/Prem Amort	Net Realized Gain/Loss	Net Income
2011 Bond Fund										
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	290.33	290.33	0.00	0.00	0.00	0.00	290.33
Total 2011 Bond Fund			0.00	290.33	290.33	0.00	0.00	0.00	0.00	290.33
Additional Reserve Fund										
TEXSTAR	LGIP	TexSTAR	0.00	5,717.08	5,717.08	0.00	0.00	0.00	0.00	5,717.08
Total Additional Reserve Fund			0.00	5,717.08	5,717.08	0.00	0.00	0.00	0.00	5,717.08
Bond Fund										
TEXSTAR	LGIP	TexSTAR	0.00	7,506.53	7,506.53	0.00	0.00	0.00	0.00	7,506.53
Total Bond Fund			0.00	7,506.53	7,506.53	0.00	0.00	0.00	0.00	7,506.53
Operating Fund										
WF-SWEEP	BANK DEP	Wells Fargo Sweep	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Fund			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve Fund										
TEXSTAR	LGIP	TexSTAR	0.00	32,347.38	32,347.38	0.00	0.00	0.00	0.00	32,347.38
3137EAEP0	AGCY	FHLMC	17,375.00	3,750.00	0.00	0.00	21,125.00	8,881.42	0.00	12,631.42
3133EPVY8	AGCY	FFCB	58,888.89	16,666.67	0.00	0.00	75,555.56	265.93	0.00	16,932.60
3134A2HG6	AGCY	FHLMC	0.00	0.00	0.00	0.00	0.00	13,100.99	0.00	13,100.99
Total Reserve Fund			76,263.89	52,764.05	32,347.38	0.00	96,680.56	22,248.35	0.00	75,012.40
Sales Tax Fund										
TEXSTAR	LGIP	TexSTAR	0.00	299,594.82	299,594.82	0.00	0.00	0.00	0.00	299,594.82
3130ASQF9	AGCY CALL	FHLB	60,666.67	11,666.67	70,000.00	0.00	2,333.33	3,535.61	0.00	15,202.28
91282CGA3	US GOVT	U.S. Treasury Note	5,604.40	10,219.78	0.00	0.00	15,824.18	1,690.90	0.00	11,910.68
91282CHB0	US GOVT	U.S. Treasury Note	18,825.97	12,417.13	0.00	0.00	31,243.09	410.14	0.00	12,827.27
91282CJC6	US GOVT	U.S. Treasury Note	49,553.57	19,694.37	0.00	0.00	69,247.94	(1,177.66)	0.00	18,516.71
91282CKA8	US GOVT	U.S. Treasury Note	66,218.58	14,768.17	0.00	0.00	80,986.75	684.00	0.00	15,452.17

Earned Income

CUSIP	Security Type	Security Description	Beginning Accrued	Interest Earned	Interest Rec'd/ Sold/Matured	Interest Purchased	Ending Accrued	Disc Accr/Prem Amort	Net Realized Gain/Loss	Net Income
		Total Sales Tax Fund	200,869.18	368,360.93	369,594.82	0.00	199,635.30	5,143.00	0.00	373,503.93
		Grand Total	277,133.07	434,638.92	415,456.14	0.00	296,315.85	27,391.35	0.00	462,030.27

Investment Transactions

CUSIP	Trade Date	Settle Date	Security Type	Security Description	Coupon	Maturity Date	Call Date	Par Value	Price	Principal Amount	Interest Purchased/Received	Total Amount	Realized Gain/Loss	YTM	YTW
Sales Tax Fund															
Coupon															
3130ASQF9	01/25/25	01/25/25	AGCY CALL	FHLB	4.000	07/25/25	04/25/25	0.00		0.00	70,000.00	70,000.00	0.00	--	--
Total Coupon								0.00		0.00	70,000.00	70,000.00	0.00		

Investment Transactions Totals

Transaction Type	Quantity	Principal Amount	Interest	Total Amount	Realized G/L	YTM	YTW
Total Coupon	0.00	0.00	70,000.00	70,000.00	0.00		

Amortization and Accretion

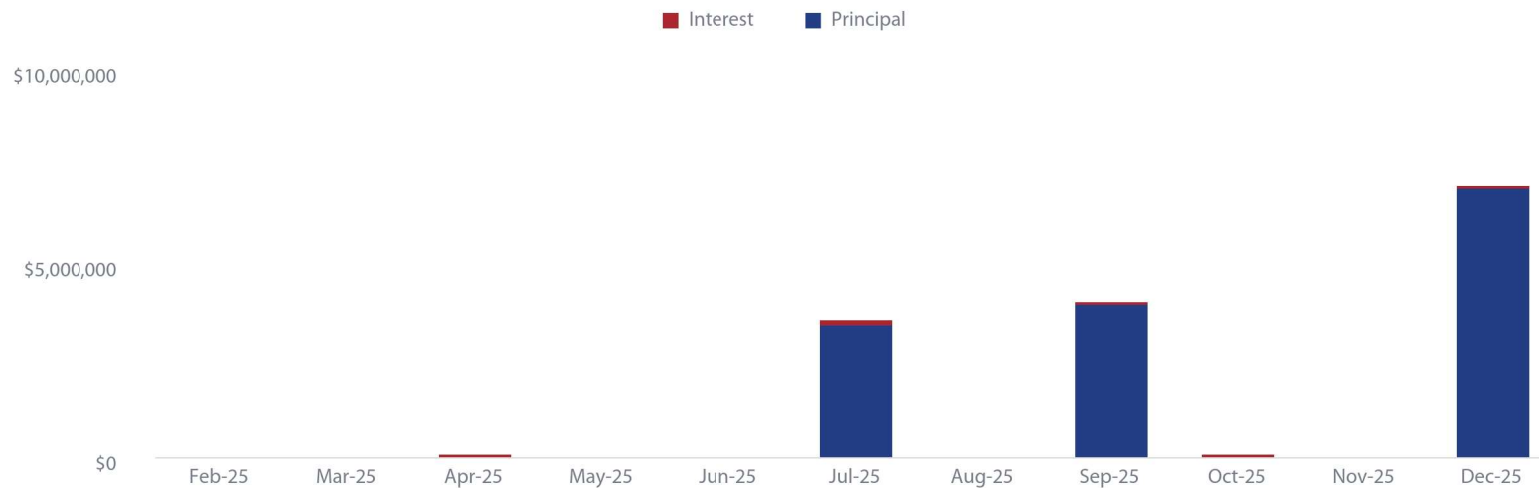
CUSIP	Settle Date	Security Type	Security Description	Purchase Qty	Orig Price	Original Cost	Amort/Accr for Period	Total Amort/Accr Since Purch	Remaining Disc/Premium	Ending Book Value
Reserve Fund										
3137EAEPO	03/14/24	AGCY	FHLMC	3,000,000.00	96.829	2,904,883.44	8,881.42	91,965.09	(3,151.47)	2,996,848.53
3133EPVY8	09/18/23	AGCY	FFCB	4,000,000.00	99.847	3,993,868.00	265.93	4,179.54	(1,952.46)	3,998,047.54
3134A2HG6	09/13/24	AGCY	FHLMC	4,000,000.00	95.149	3,805,969.12	13,100.99	59,231.09	(134,799.79)	3,865,200.21
Total Reserve Fund				11,000,000.00		10,704,720.56	22,248.35	155,375.71	(139,903.73)	10,860,096.27
Sales Tax Fund										
3130ASQF9	11/09/23	AGCY CALL	FHLB	3,500,000.00	97.972	3,429,022.94	3,535.61	50,473.74	(20,503.32)	3,479,496.68
91282CGA3	03/14/24	US GOVT	U.S. Treasury Note	3,000,000.00	98.840	2,965,195.31	1,690.90	17,335.45	(17,469.24)	2,982,530.76
91282CHB0	09/13/24	US GOVT	U.S. Treasury Note	4,000,000.00	99.793	3,991,718.75	410.14	1,993.54	(6,287.71)	3,993,712.29
91282CJC6	11/19/24	US GOVT	U.S. Treasury Note	5,000,000.00	100.559	5,027,929.69	(1,177.66)	(2,811.18)	25,118.51	5,025,118.51
91282CKA8	11/19/24	US GOVT	U.S. Treasury Note	4,250,000.00	99.602	4,233,066.41	684.00	1,632.77	(15,300.82)	4,234,699.18
Total Sales Tax Fund				19,750,000.00		19,646,933.10	5,143.00	68,624.33	(34,442.57)	19,715,557.43
Grand Total				30,750,000.00		30,351,653.66	27,391.35	224,000.04	(174,346.30)	30,575,653.70

Projected Cash Flows

CUSIP	Security Description	Post Date	Interest	Principal	Total Amount
Reserve Fund					
3133EPVY8	FFCB	03/17/25	100,000.00		100,000.00
3133EPVY8	FFCB	09/15/25	100,000.00		100,000.00
3133EPVY8	FFCB	09/15/25		4,000,000.00	4,000,000.00
3134A2HG6	FHLMC	12/11/25		4,000,000.00	4,000,000.00
Sales Tax Fund					
91282CKA8	U.S. Treasury Note	02/18/25	87,656.25		87,656.25
91282CJC6	U.S. Treasury Note	04/15/25	115,625.00		115,625.00
91282CHB0	U.S. Treasury Note	05/15/25	72,500.00		72,500.00
91282CGA3	U.S. Treasury Note	06/16/25	60,000.00		60,000.00
3130ASQF9	FHLB	07/25/25	70,000.00		70,000.00
3130ASQF9	FHLB	07/25/25		3,500,000.00	3,500,000.00
91282CKA8	U.S. Treasury Note	08/15/25	87,656.25		87,656.25
91282CJC6	U.S. Treasury Note	10/15/25	115,625.00		115,625.00
91282CHB0	U.S. Treasury Note	11/17/25	72,500.00		72,500.00
91282CGA3	U.S. Treasury Note	12/15/25	60,000.00		60,000.00
91282CGA3	U.S. Treasury Note	12/15/25		3,000,000.00	3,000,000.00
Grand Total			941,562.50	14,500,000.00	15,441,562.50

Projected Cash Flows Totals

Month and Year	Interest	Principal	Total Amount
February 2025	87,656.25		87,656.25
March 2025	100,000.00		100,000.00
April 2025	115,625.00		115,625.00
May 2025	72,500.00		72,500.00
June 2025	60,000.00		60,000.00
July 2025	70,000.00	3,500,000.00	3,570,000.00
August 2025	87,656.25		87,656.25
September 2025	100,000.00	4,000,000.00	4,100,000.00
October 2025	115,625.00		115,625.00
November 2025	72,500.00		72,500.00
December 2025	60,000.00	7,000,000.00	7,060,000.00
Total	941,562.50	14,500,000.00	15,441,562.50



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Board of Directors Memo

March 27, 2025

AGENDA ITEM: Grants Report FY2025 as of January 31, 2025

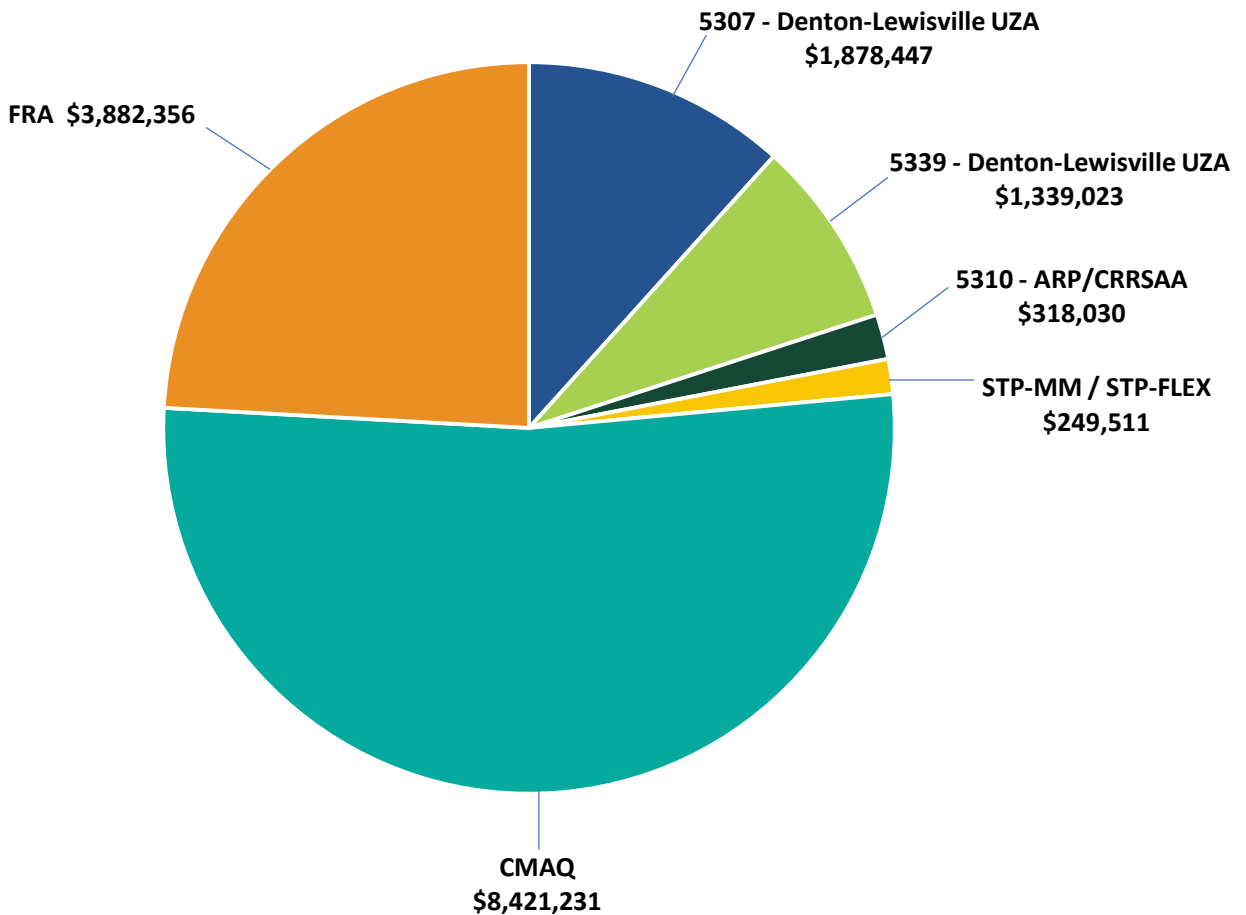
Recommendation

Staff recommend the Board approve the grants report for FY2025 (as of 01/31/25).

Background

As of January 31, 2025, DCTA has twelve (12) open, fully executed grants that provide reimbursements for capital projects, rail and bus preventive maintenance, operating assistance, and ADA paratransit service. The grant funding sources include the Federal Transit Administration (FTA) and the Federal Railroad Administration (FRA).

**GRANTS FUNDING LEVELS FY2025 - \$16,088,598
as of 1/31/2025**





Program	Q4 FY24 Balance	Q1 FY25 Balance	Variance (Q1 to Q4)	Grant Activity
Denton-Lewisville UZA (5307)	\$3,681,005	\$1,878,447	(\$1,802,558)	Operating Assistance, Fleet Replacement, Bus Preventive Maintenance, Safety & Security, ADA Paratransit. FY25 - as of 01/31/25 \$1,802,558 in drawdowns for Bus/GoZone/ADA Operating Assistance & Bus PM has been processed.
Bus and Bus Facilities (5339)	\$1,339,023	\$1,339,023	\$0	Fleet Replacement, Bus Preventive Maintenance & IT Enhancements
ARP/CRRSA – Collin Co Rides (5310)	\$351,102	\$318,030	(\$33,072)	Collin County Rides Mobility Manager. In Q4 added in \$327,726 of lapsing funds and processed \$29,058 in drawdowns for Mobility Mgmt.
STP-MM / STP-FLEX	\$249,511	\$249,511	\$0	NCTCOG Funds (Bus PM) & Vanpool. In Q4, added in \$128,626 of lapsing funds for Bus PM and processed \$218,429 in drawdowns for Vanpool.
Congestion Mitigation & Air Quality (CMAQ)	\$8,421,231	\$8,421,231	\$0	Land Acquisition & Construction (Old Town)
Consolidated Rail Infrastructure and Safety Improvements (FRA)	\$3,882,356	\$3,882,356	\$0	PTC Enhancements
Total	\$17,924,228	\$16,088,598	(\$1,835,630)	

Pending Funding and Other Grant Activity

Through January 31, 2025, DCTA has two (2) grants that are in the Final Concurrence stage with the FTA. These grants are expected to be executed and added to the Active grants in March 2025.

Program	Amount	Grant Activity	Funding Status
DCTA FY23 Sec 5337 Rail Preventive Maintenance	\$3,190,609	Rail Preventive Maintenance	Final Concurrence/Reservation
DCTA FY24 Sec 5307 STBG Flex Funds Vanpool Program	\$ 1,250,000	Vanpool Program	Final Concurrence/Reservation
TOTAL	\$ 4,440,609		



Available Funding

For this report, **available** status indicates formula funding amounts have been allocated to DCTA for which there is a grant application submitted to the FTA, but it is not yet an active grant.

Program	Amount	Grant Activity	Funding Status
FY23 5307 STBG-Flex	\$1,000,000	Bus Stop Relocation	In-Progress
FY22 5339 Formula	\$464,598	Bus Preventive Maintenance	In-Progress
FY23 5339 Formula	\$447,742	Bus Preventive Maintenance	In-Progress
FY23 5337 CMAQ-Flex	\$3,000,000	A-train Enhancements	In-Progress
FY23 5307 Formula	\$7,765,711	Operating Assistance, ADA Paratransit, Preventive Maintenance, Safety & Security	In-Progress
TOTAL	\$12,678,051		

Previous Board Activity & Action

There has been no previous Board activity on this item.


Identified Need


Provides the Board of Directors with a status update on grant balances and significant grant activity.

Financial Impact

This item is included for informational purposes only; there is no financial impact associated with this item. Grant revenues were adopted as part of the FY2025 budget.

Submitted by:


 Dawn Jones
 Grants Administrator

Final Review: 
 Sherrelle Evans-Jones, CPA
 Chief Financial Officer

Board of Directors Memo

March 27, 2025

AGENDA ITEM: Discuss and Consider Approval of an Agreement Renewal with CentralSquare Technologies, LLC for Software Subscription Services in an Amount Not to Exceed \$108,042.76 for up to Two (2) Six (6) Month Periods Beginning May 1, 2025 through October 31, 2025, and November 1, 2025 through April 30, 2026

Recommendation

Staff recommends the Board approve an Agreement Renewal with CentralSquare Technologies, LLC for Software Subscription Services in an amount not to exceed \$108,042.76 for up to two (2) six (6) month periods beginning May 1, 2025 through October 31, 2025, and November 1, 2025 through April 30, 2026.

Background

DCTA is in the process of completing the migration of its Enterprise Resource Planning (ERP) system from CentralSquare OneSolution to Tyler Munis, with a projected go-live date for Tyler Munis set for April 1, 2025. Given the complexity of ERP migrations, maintaining system continuity during the transition period is critical to ensuring operational stability, data integrity, and user adoption.

The agency's current contract with CentralSquare operates on an annual renewal basis, with the current term set to expire on April 30, 2025. To support a smooth transition, DCTA has received a proposal from CentralSquare for a six-month extension at a cost of \$54,021.38. This extension will allow both ERP platforms to operate in parallel, providing the necessary overlap to validate data migration and address any unforeseen challenges that may arise.

To further safeguard the transition, the agency is seeking board authorization for an additional six-month term, if needed, at the same cost of \$54,021.38. This would ensure continued access to CentralSquare OneSolution through April 30, 2026, should any delays or extended support requirements arise.

This dual-system approach mitigates risks associated with ERP migration and aligns with best practices for major system transitions. The requested authorization will provide flexibility and ensure uninterrupted financial and operational functions throughout the implementation period.

Previous Board Action

None.

Identified Need

As stated above.


Financial Impact

None.

Exhibits

None.

Submitted By:



Javier Trilla, Vice President
Innovation and Information Technology

Board of Directors Memo

March 27, 2025

AGENDA ITEM: Discuss and Consider Approval of the Purchase of Three (3) 35-foot Transit Buses from Gillig, LLC in an Amount Not to Exceed \$2,320,000

Recommendation

Staff recommends the Board authorize the purchase of three (3) 35-foot Transit Buses from Gillig, LLC in an amount not to exceed \$2,320,000 utilizing Washington State Contract #06719-01.

Background

As part of the agency's ongoing efforts to maintain a safe, reliable, and efficient fleet, staff is seeking Board approval for the purchase of three (3) 35-foot Gillig diesel buses. The purchase price of three (3) buses totals \$2,209,197, and a 5% contingency is being requested in the \$2,320,000 approval amount to account for potential price adjustments before the issuance of the purchase order. The procurement method for these vehicles utilizes Washington State's Contract #06719-01: established by the Department of Enterprise Services (DES), it is a cooperative purchasing agreement designed to facilitate the procurement of heavy-duty transit buses for various public agencies.

The acquisition of these new buses aligns with the agency's fleet replacement strategy, ensuring that vehicles are replaced at the end of their useful life while also supporting potential service expansion. As the agency evaluates opportunities to enhance transit service, having newer, more efficient vehicles available will provide flexibility to meet future operational needs.

The purchase price includes all necessary technology platforms required for revenue service and passenger experience, including onboard security cameras, automatic passenger counters, passenger information systems, and other operational technology essential for service monitoring, safety, and data collection.

Approval of this item will allow staff to proceed with issuing a purchase order and securing the necessary production slots for these vehicles, which begin approximately fifteen (15) months after receipt of a purchase order.

Previous Board Action

- **September 26, 2024** – Regular Agenda Item 12 - Discuss Update on the Bus Fleet Replacement Plan and Fiscal Year (FY) 2025 Bus Purchase
- **May 23, 2024** – Regular Agenda Item 07 - Discuss Update on the Bus Fleet Replacement Plan and FY2025 Bus Purchase
- **March 28, 2024** – Regular Agenda Item 03 – Discuss Update on the Bus Fleet Replacement and Bus Purchase

Identified Need

Phase I of the intermediate service plan has, so far, demonstrated that fixed route service can be the most cost-effective mode to move passengers when network loads are suitable. DCTA's fleet needs to be modernized and, likely, expanded, to enable the agency to provide a maximum number of trips as cost effectively as possible.

Over time, aging buses become more costly to maintain and can lead to increased service disruptions due to mechanical failures. By replacing older vehicles, the agency can improve service reliability, reduce maintenance costs, and enhance the overall passenger experience. At the same time, these new buses will provide additional fleet capacity, allowing the agency to respond to ridership growth and implement service improvements as needed.

Financial Impact

DCTA has budgeted \$2,040,000 in the FY25 Capital Budget for the purchase of these vehicles. The cost per vehicle is \$736,699, including the cost of the technology package at approximately \$103,000 per vehicle that was not known at publication of the FY25 Long Range Financial Plan. As the purchase of these vehicles is estimated to cost \$2,320,000 (including contingency), staff will also present an amendment to the budget in the amount of \$280,000 to accommodate this purchase.

Fleet replacement is also budgeted in the years FY26 – FY30. Staff is continuing to refine the fleet plan and long-range capital plan to align dollar figures for fleet replacement in those years with anticipated order and delivery dates for future bus purchases. Future fleet replacement budgets will also include costs of technology packages in each vehicle.

Exhibits

None.

Submitted By:



Javier Trilla, Vice President
Innovation and Information Technology



Board of Directors Memo

March 27, 2025

AGENDA ITEM: Discuss and Consider Approval of a Resolution Approving Budget Revision 2025-09 in the amount of \$280,000 for the Purchase of Transit Buses

Recommendation

Staff recommends the Board approve a Resolution approving Budget Revision 2025-09 in the amount of \$280,000 for the purchase of Transit Buses.

Background

This item accompanies the memo and briefing accompanying Regular Agenda Item 04.

The purchase of three (3) 35-foot Gillig heavy-duty transit buses is a key investment in DCTA’s fleet, supporting both the replacement of aging vehicles and potential service expansion. The initial budget allocation for these buses was determined prior to receiving provisional pricing from Gillig. As a result, the full cost of procurement, including necessary vehicle specifications and technology components, exceeds the original budget estimate.

This budget revision requests an increase of \$280,000 to the capital budget to accommodate the updated procurement cost, inclusive of a technology package, ensuring that the buses are fully equipped to meet DCTA’s operational and service needs.

Previous Board Activity & Action

The FY25 budget was originally adopted on August 22, 2024. This is the ninth budget revision related to the FY25 budget.

Identified Need

As stated above.


Financial Impact

See attached budget revision.

Exhibits

Exhibit 1: Draft Resolution

Submitted By:



Javier Trilla, Vice President
Innovation and Information Technology

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. R25-02**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING FISCAL YEAR 2025 BUDGET REVISION NUMBER 2025-09 REVISED OPERATING & CAPITAL BUDGET, ATTACHED HERETO AS EXHIBIT "A"; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year; and

WHEREAS, budget estimates are often prepared months in advance of the actual expenditures and the possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely; and

WHEREAS, it may become necessary to reforecast the annual expenditures and modify the budget by amendment; and

WHEREAS, the Board of Directors of DCTA desires to amend the Fiscal Year 2025 Operating and Capital Budget as set forth in Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY, THAT:

SECTION 1. The Operating and Capital Budget Revision attached hereto as Exhibit "A," be, and the same is hereby adopted and which shall amend the original budget adopted August 22, 2024, from and after the effective date of this Resolution.

SECTION 2. All provisions of the resolutions of the Board of Directors of the DCTA, in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this Resolution shall remain in full force and effect.

SECTION 3. This Resolution shall become effective immediately upon its passage and approval.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE 27TH DAY OF MARCH, 2025.

APPROVED:

TJ Gilmore, Chair

ATTEST:

Andy Eads, Secretary

**DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET TRANSFER / REVISION REQUEST**

TRANSACTION TYPE: Transfer
 Revision

Number: 2025-09

Expense	Account	Dept/Account	Current Budget Amount	Budget Revision Amount	Revised Budget Amount
Capital Expense	50311	Fleet Purchase - Bus	\$ 2,040,000	\$ 280,000	\$ 2,320,000
Net Position Impact			\$ 280,000		

EXPLANATION: Budget Revision 2025-09 is for the purchase of three (3) 35-foot Gillig diesel buses. The purchase price of three buses totals \$2,209,197, and a 5% contingency is being requested in the \$2,320,000 . When the budget was originally set the purchase price was not final. This funding will cover the full cost of the three buses and the technology required to monitor service, safety and data collection.

Approvals:

Requested By:



Reviewed By:



Approved By:



Title

Vice President, Innovation and Information Technology

Senior Manager of Budget & Grants

CFO



Board of Directors Memo

March 27, 2025

AGENDA ITEM: Discuss and Consider Approval of an Amended Lease Agreement with Holt Lunsford Commercial for Expansion at 1955 Lakeway Drive, Lewisville, Texas, including an Additional 5,088 Square Feet within Suite 265 Under a Short-Term Lease from June 2025 through September 2025 and a Long-Term Lease for 12,695 Square Feet Spanning Suites 260-265 from October 2025 through September 2028

Recommendation

Staff recommends the Board approve an amended lease agreement with Holt Lunsford Commercial for expansion at 1955 Lakeway Drive, Lewisville, Texas, including an additional 5,088 square feet within Suite 265 under a short-term lease from June 2025 through September 2025 and a long-term lease for 12,695 square feet spanning Suites 260-265 from October 2025 through September 2028.

Background

DCTA currently leases 7,607 square feet at 1955 Lakeway Drive, Suite 260, Lewisville, Texas, under a Triple Net Lease: Net Property Taxes, Net Insurance, Net Maintenance (NNN) at \$13.75/SF, with a monthly rent of \$8,722.69 (excluding operating expenses).

Workspace within the current lease is nearly 100% filled by current and authorized staff. This includes 4 cubicle workspaces that were built into the library conference room to provide staff workspace. As DCTA considers future growth due to expansion of services through the “New Member and Contracted Services Policy” as well as the insourcing of customer service support for GoZone, additional workspace will be required.

While the Downtown Denton Transit Center or the Rail Operations and Maintenance Building could be alternatives, renovations to those buildings would be required to accommodate their use. They also would cause support staff to be more spread out across locations, decreasing collaboration and work efficiency. The space immediately adjacent to Suite 260 has recently been vacated and made available for lease. Staff have evaluated it as a preferred alternative for providing additional working space for DCTA.

The proposal from the landlord outlines an opportunity to lease an additional 5,088 SF at a starting rate of \$13.75/SF NNN from June 1, 2025 to September 30, 2025, totaling an additional \$5,845 per month, or with a new rate of \$14.00/SF NNN starting on October 1, 2025 for a monthly rent of \$14,810.83. This amount would increase 4% annually up until the end of the agreement slated for October 1, 2028.

Current Lease Overview

- Address: Waters Ridge Tech Center, 1955 Lakeway Drive, Suite 260, Lewisville, Texas
- Square Footage: 7,607 Square Feet
- Rental Rate: \$13.75/SF NNN
- Monthly Rent: \$8,722.69 (excluding NNN expenses)
- Lease Type: Triple Net (NNN) – Tenant responsible for property taxes, insurance, and maintenance

Expansion Proposal Overview

Amendment Phase 1: Additional 5,088 SF (Suite 265)

- Lease Start: June 1, 2025
- Lease Term: 4 months
- Rental Rate: \$13.75/SF NNN
- Rental Abatement: 1-month free rent
- Tenant Improvement (TI) Allowance: \$2.50/SF (\$12,270 total)
- Early Access: 30 days before lease commencement at no charge

Amendment Phase 2: Current Space + Additional Space (12,695 SF in Suites 260-265)

- Lease Start: October 1, 2025
- Lease Term: 36 months
- Rental Rate:
 - Year 1: \$14.00/SF NNN
 - 4% annual rent escalation
- Security Deposit: Based on financial review but not less than last month's rent

The table below identifies the lease costs for FY25 and the three-year base period. The current annual lease amount, \$104,672.28, is included in this year's budget. A budget amendment would be required for an additional \$23,380 this year for the additional space. Future budgets would reflect the total lease costs shown below.

	Current Lease - Monthly (7,607 SF)	Current Lease - Annual (7,607 SF)	Additional Space - Monthly (5,088 SF)	Additional Space - Annual (5,088 SF)	Total Lease Cost per SF	Total Cost
FY25	\$ 8,722.69	\$ 104,672.28	\$ 5,845.00	\$ 23,380.00		\$ 128,052.28
FY26					\$ 14.00	\$ 177,730.00
FY27					\$ 14.56	\$ 184,839.20
FY28					\$ 15.14	\$ 192,232.77

In addition to the cost of the lease, operating costs and startup costs must be considered.

Operating Cost Impact

- As this is an NNN lease, operating costs will proportionally increase with the additional square footage. Staff will investigate and provide FY25 budget amendment increase in future Board action for the following related to the additional suite:
 - *Utilities*
 - *Data and Phone Circuits*
 - *Water*
 - *Electricity*
 - *General Services*
 - *Fire protection/inspection*
 - *Trash/ Recycling*
 - *Paper shredding*
 - *Maintenance*

- *Pest Control*
- *Janitorial*
- *Misc Repairs*
- *Insurance*
- *Operating Leases*
 - *Kyocera printing*

3. *Finishes and Equipment*

In addition to lease and operating costs, this approval would also drive additional costs to outfit the space for use. Major cost categories will include interior renovation, IT equipment, access control and security, and furniture. While initial conversations indicated the prior tenant's furniture and IT connections would remain after they vacated, that did not turn out to be the case.

Staff is still in the process of developing rough order of magnitude estimates for each of these categories. Initial Estimates identified below are based on initial scoping and conversations with the landlord and vendors and include contingencies.

This Action item requests approval to secure the lease. Budget authority for this work would be brought back to the Board for approval when the scopes of work, estimates and contracts are fully prepared.

- A. Interior Renovation (Initial Estimate: \$180,000)
 - Two passages at entrance and back of suite to allow efficient movement between suites
 - Fire alarm system installation
 - Wall patchwork and paint existing areas
 - Floor replacement (carpet in workspace areas and linoleum in lobby and kitchen areas)
 - Closet and wall removal to provide expanded break room area with seating
 - Electrical work includes relocation of light switches, outlets, etc.

- B. IT Equipment (Initial Estimate: \$70,000)
 - Structured cabling: Ethernet connectivity for workstations/phones
 - Switches: Network for connectivity and powering devices
 - Access Points: Secure Wi-Fi across the office
 - Power/Infrastructure: Uninterruptable Power Supply and Power Distribution Unit for uninterrupted power and extended outage operation

- C. Access Control and Security (Initial Estimate: \$40,000)
 - Suite pass-through and keycard systems to secure office entry
 - Cameras: At public and entry/exit areas to monitor and deter threats

D. Furniture – cubicles, chairs, desks, and kitchen fixtures (Initial Estimate: \$100,000)

Landlord will provide a \$12,270 allowance for tenant improvements

Overall, the proposed lease secures 12,695 Square Feet of additional space at market-competitive rates (\$14.00/SF NNN) with a structured 4% annual escalation, ensuring cost predictability over the next three (3) years. The landlord has also provided a one-month rental abatement and a \$2.50/SF Tenant Improvement (TI) allowance for the new 5,088 SF space (\$12,270 total), which will help offset initial costs for necessary modifications.

Additionally, 30 days of early access at no charge ensures a smooth transition without added expenses. Given rising rental costs in the market, locking this agreement in space immediately adjacent to its current administrative headquarters protects DCTA from future price increases while allowing for operational efficiency as DCTA continues to make progress toward its permanent facility in Old Town Lewisville.

Identified Need

As discussed above.

Financial Impact

Budget Amendment as seen in Regular Agenda Item 07.

Exhibits

None.

Submitted By:



Austin Frith, Vice President
Planning and Development

Board of Directors Memo

March 27, 2025

AGENDA ITEM: Discuss and Consider Approval of a Resolution Approving Budget Revision 2025-10 in the amount of \$23,380 for an Amended Lease for Denton County Transportation Authority (DCTA) Headquarters at 1955 Lakeway Drive, Suite 260, Lewisville, Texas

Recommendation

Staff recommends the Board approve a Resolution approving Budget Revision 2025-10 in the amount of \$23,380 for an amended lease for Denton County Transportation Authority (DCTA) Headquarters at 1955 Lakeway Drive, Suite 260, Lewisville, Texas.

Background

This item accompanies the memo and briefing accompanying Regular Agenda Item 6.

DCTA currently leases 7,607 square feet at 1955 Lakeway Drive, Suite 260, Lewisville, Texas, under a Triple Net Lease: Net Property Taxes, Net Insurance, Net Maintenance (NNN) at \$13.75/SF, with a monthly rent of \$8,722.69 (excluding operating expenses). As the organization evaluates an office space expansion, a new proposal from the landlord outlines an opportunity to lease an additional 5,088 SF at a starting rate of \$13.75/SF NNN from June 1, 2025 to September 30, 2025, totaling an additional \$5,845 per month, or with a new rate of \$14.00/SF NNN starting on October 1, 2025 for a monthly rent of \$14,810.83. This amount would increase 4% annually up until the end of the agreement slated for October 1, 2028.

Previous Board Activity & Action

The FY25 budget was originally adopted on August 22, 2024. This is the tenth budget revision related to the FY25 budget.

Identified Need

As stated above.

Financial Impact

See attached budget revision.

Exhibits

Exhibit 1: Draft Resolution

Submitted By:



Austin Frith, Vice President
Planning and Development

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. R25-03**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING FISCAL YEAR 2025 BUDGET REVISION NUMBER 2025-10 REVISED OPERATING & CAPITAL BUDGET, ATTACHED HERETO AS EXHIBIT "A"; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year; and

WHEREAS, budget estimates are often prepared months in advance of the actual expenditures and the possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely; and

WHEREAS, it may become necessary to reforecast the annual expenditures and modify the budget by amendment; and

WHEREAS, the Board of Directors of DCTA desires to amend the Fiscal Year 2025 Operating and Capital Budget as set forth in Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY, THAT:

SECTION 1. The Operating and Capital Budget Revision attached hereto as Exhibit "A," be, and the same is hereby adopted and which shall amend the original budget adopted August 22, 2024, from and after the effective date of this Resolution.

SECTION 2. All provisions of the resolutions of the Board of Directors of the DCTA, in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this Resolution shall remain in full force and effect.

SECTION 3. This Resolution shall become effective immediately upon its passage and approval.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE 27TH DAY OF MARCH, 2025.

APPROVED:

TJ Gilmore, Chair

ATTEST:

Andy Eads, Secretary

**DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET TRANSFER / REVISION REQUEST**

TRANSACTION TYPE: Transfer
 Revision

Number: 2025-10

Expense	Account	Dept/Account	Current Budget Amount	Budget Revision Amount	Revised Budget Amount
Operating Expense	105.51010	Administration/Operating Leases	\$ 170,000	\$ 23,380	\$ 193,380
			Net Position Impact	\$ 23,380	

EXPLANATION: Budget Revision 2025-10 is to add \$23,380 to DCTA Administration - Operating Leases to add 5,088 square feet of space at a rate of \$13.75 per square foot starting June 1, 2025 through September 30, 2025. It will cost ~\$5,845 per month. This budget revision takes care of the added lease cost for the remainder of FY25. Then this will be re-budgeted in FY26 at \$14 per square foot and will be included on the FY26 budget worksheet.

Approvals:

Requested By:



Title

Vice President of Planning and
Development

Reviewed By:



Senior Manager of Budget & Grants

Approved By:



CFO

Board of Directors Memo

March 27, 2025

AGENDA ITEM: Discuss Update on Enterprise Resource Planning (ERP) Phase 2 Implementation for Human Resources Support

Recommendation

This is a discussion item only and no action is required.

Background

Work is underway on the second phase of the ERP implementation for the Human Resources, Payroll, and Employee Expense functions within the Tyler system. The team is on track and progressing nicely on a plan that proposes a “go live” in the new system in October of 2025. The project is currently on schedule and on budget.

Previous Board Action

None.

Identified Need

As part of the replacement of DCTA's Enterprise Resource Planning software, the Agency will build and implement a module that provides a single system for payroll and human capital information management and enables future process improvements.

Financial Impact

None. This is an update only.

Exhibits

None.

Submitted By:



Jackie Bronson, Vice President
Engagement and Administration



Board of Directors Memo

March 27, 2025

AGENDA ITEM: Safety, Service, and Ridership Reports – February 2025

Recommendation

This item is for information only. No Board action is required.

Introduction

Attached Exhibits 1-7 provide an overview of total monthly safety, service, and ridership trends across all DCTA services for February 2025.

Monthly Report

In February 2025, overall ridership declined by 18.5% compared to the previous February. Bus ridership on UNT routes decreased by 25.9%, consistent with enrollment decrease and ongoing construction-related detours. Connect routes continue to stay strong with a 52.4% increase year over year. A-train ridership declined slightly by 4.4% compared to last February but is still up nearly 13% this year, and GoZone experienced a 3.3% decrease.

The three-month trend of passenger trips on major modes is presented in the following table.

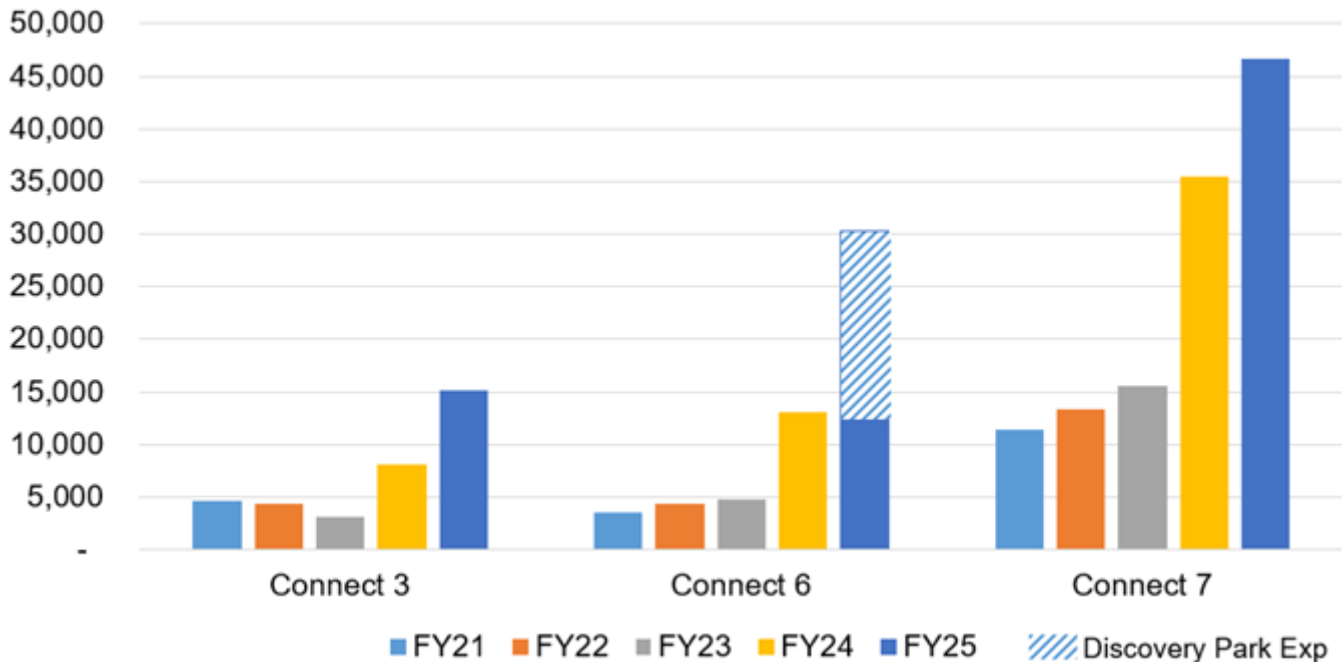
Unlinked Passenger Trips Three-Month Trend						
	FY24	FY25				
	February	December	January	February	January-February % Change	February 2024-2025 % Change
Bus*	226,187	75,624	129,944	167,635	29.0%	-25.9%
Rail	21,775	19,694	20,627	20,808	0.9%	-4.4%
GoZone	69,940	67,392	68,484	67,659	-1.2%	-3.3%
Access	1,932	2,387	2,365	2,372	0.3%	22.8%
VanPool*	22,493	18,217	19,839	20,560	3.6%	-8.6%
TOTAL	342,327	183,314	241,259	279,034	15.7%	-18.5%
* UNT, Connect, and Non-Connect Fixed Routes						
**Vanpool data lags by one month						

S:\STRATEGIC PLANNING\SERVICE PLANNING & SERVICE DATA\Monthly Board reporting\FY2025\2025.03 March\FY19-FY25Compare_Mar_27.xlsx\Memo_Tables

The following chart below presents a summary view of the overall ridership trend by mode from fiscal year start through February comparison for FY2021 to FY2025.

	Unlinked Passenger Trips - FY through February					FY24-
	2021	2022	2023	2024	2025	FY25
UNT	114,218	468,876	652,886	831,956	618,187	-25.7%
Connect	81,753	61,971	48,662	92,562	141,037	52.4%
Non-Connect	1,859	5,433	2,545	964	1,214	25.9%
A-train	38,425	68,988	87,750	104,475	117,736	12.7%
GoZone	-	195,022	337,466	360,713	346,738	-3.9%
Access	5,592	8,623	10,079	10,265	12,237	19.2%
Vanpool*	81,733	86,295	97,354	103,427	102,383	-1.0%
TOTAL	323,580	895,208	1,236,742	1,504,362	1,339,532	-11.0%
*Vanpool data lags by one month						
S:\STRATEGIC PLANNING\SERVICE PLANNING & SERVICE DATA\Monthly Board reporting\FY2025\2025.03 March\FY19-FY25Compare_Mar_27.xlsx\Memo_Tables						

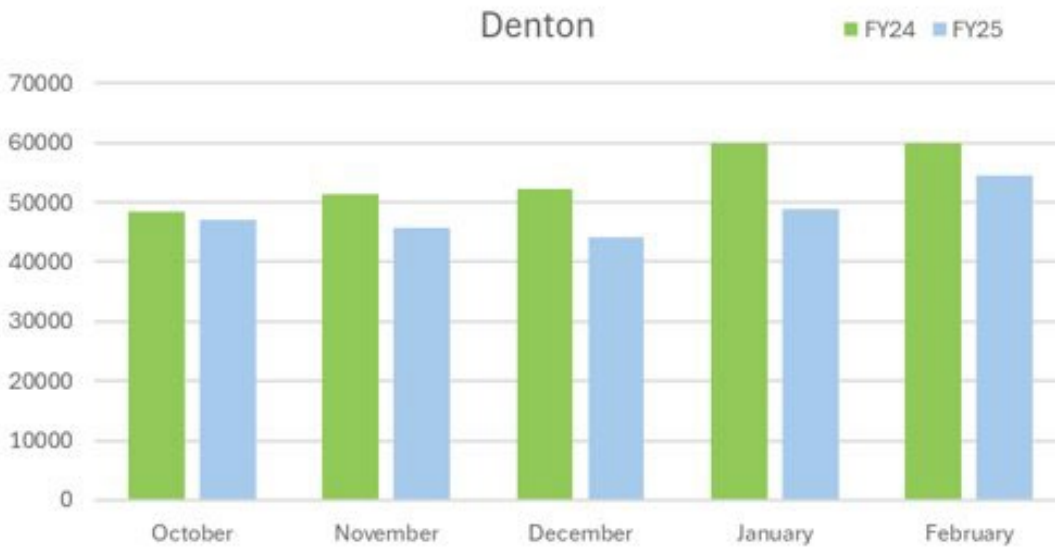
The following chart below presents a summary view of the overall Connect ridership trend by route from fiscal year start through February comparison for FY2021 to FY2025.



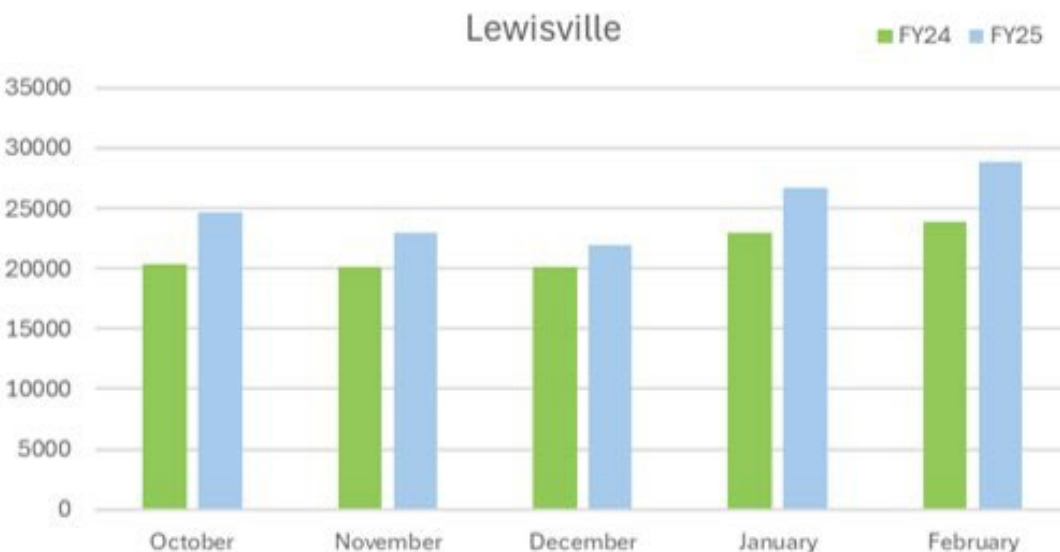
The following charts present GoZone ridership YOY and FY to date for each member city.

This data reflects the implementation of ISP Phase I where enhancements to the Connect service enabled the removal of GoZone areas within the Connect fixed route travel shed. Those service hours were then shifted to Lewisville and Highland Village to support increased demand in all three member cities. This shift is further validated in the data for Connect (above chart) with a YOY increase of 52.4% along with the below data supporting significant GoZone ridership growth in Lewisville and Highland Village.

Denton: Ridership has decreased consistently each month, leading to an overall 11.68% decline in FY-to-date GoZone ridership compared to FY24.



Lewisville: In contrast, GoZone ridership in Lewisville has shown a 16.53% increase YOY. The average rate of growth for FY25 to date is 16.98%. This positive trend indicates a growing demand for transit services in the area.



Highland Village: GoZone Ridership in Highland Village has also experienced an increase, with a 24.71% growth compared to FY24. The sum of these changes between GoZone and Connect has resulted in a net positive increase in ridership overall so far this year.



Identified Need

None.

Financial Impact

None.

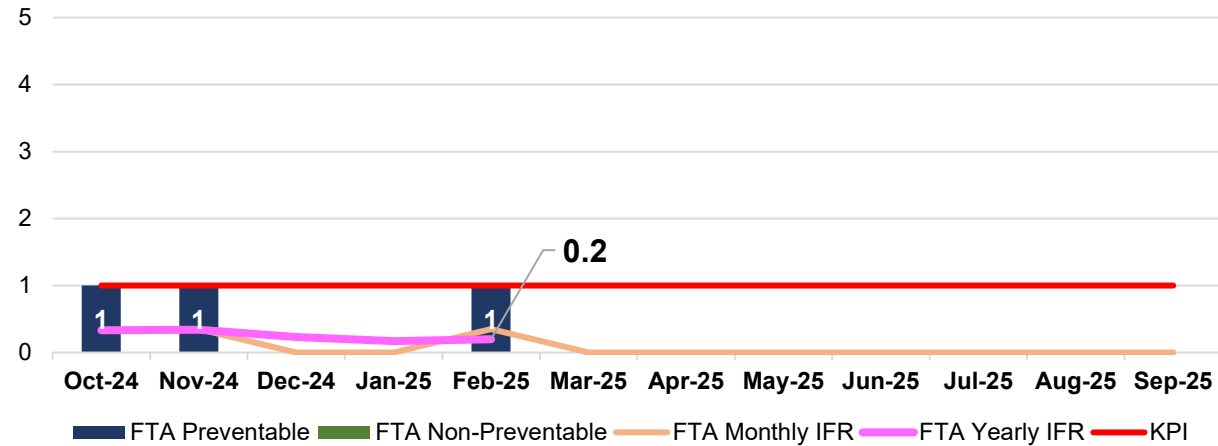
Exhibits

- Exhibit 1: Safety Performance – FY25 to Date
- Exhibit 2: Service Performance – FY25 to Date
- Exhibit 3: Ridership by Mode – February 2025
- Exhibit 4: Connect Ridership Year-Over-Year by Month
- Exhibit 5: A-train Ridership Year-Over-Year by Month
- Exhibit 6: Fixed-Route Ridership – February 2025
- Exhibit 7: UNT Ridership Year-Over-Year by Month

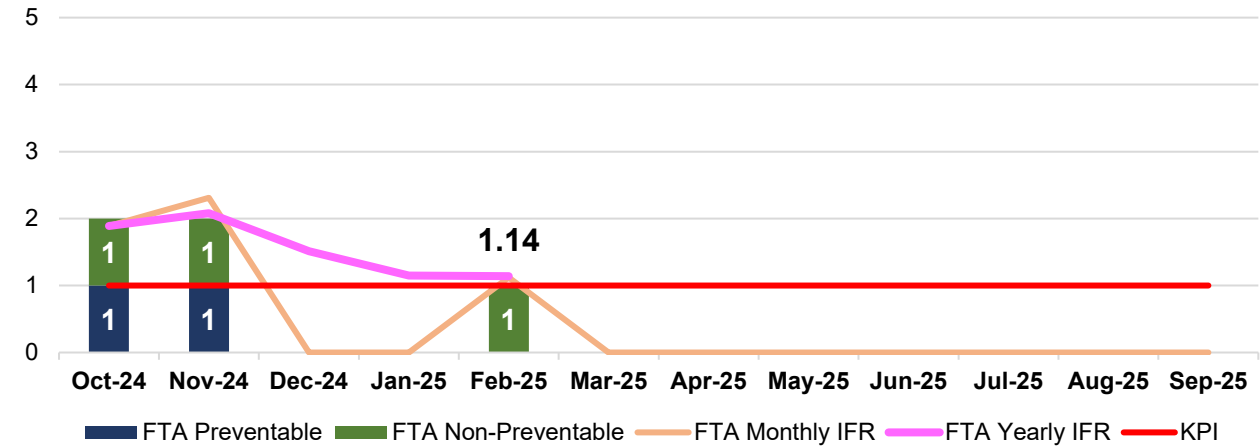
Final Review: 
 Austin Frith, Vice President
 Planning and Development

Final Review: 
 Lisa Taylor, Vice President of Operations

FY2025 FTA - GoZone Incident Frequency Rate (IFR)



FY2025 FTA - Bus Operations Incident Frequency Rate (IFR)



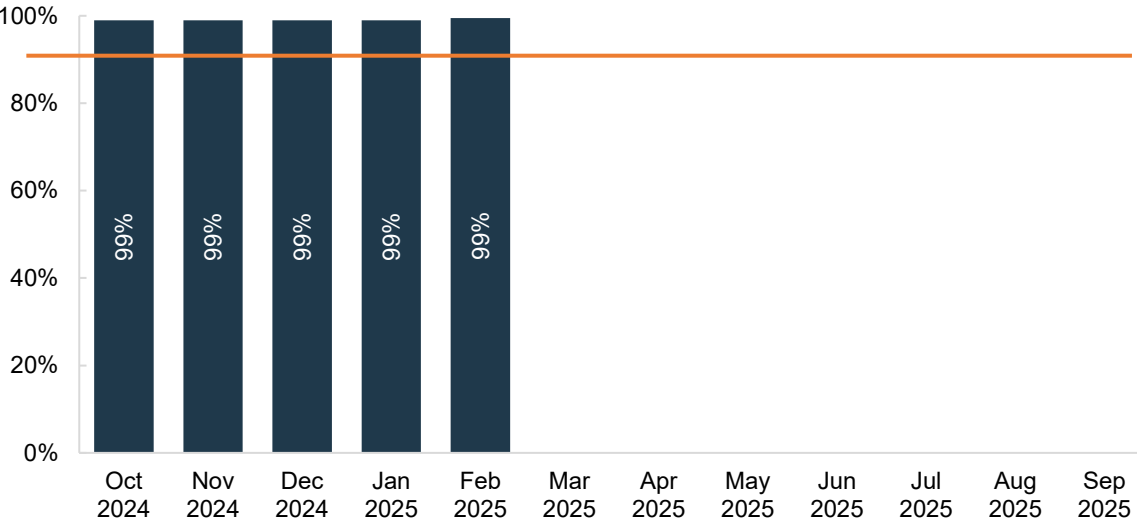
Rail

Rio Grande Pacific Operations	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
FRA Incidents	0	0	0	0	0							
FRA Monthly IFR	0	0	0	0	0							
FRA Yearly IFR	0	0	0	0	0							
FRA Preventable	0	0	0	0	0							
FRA Non-Preventable	0	0	0	0	0							
FRA Rail Crossing Reportable	0	0	0	0	0							

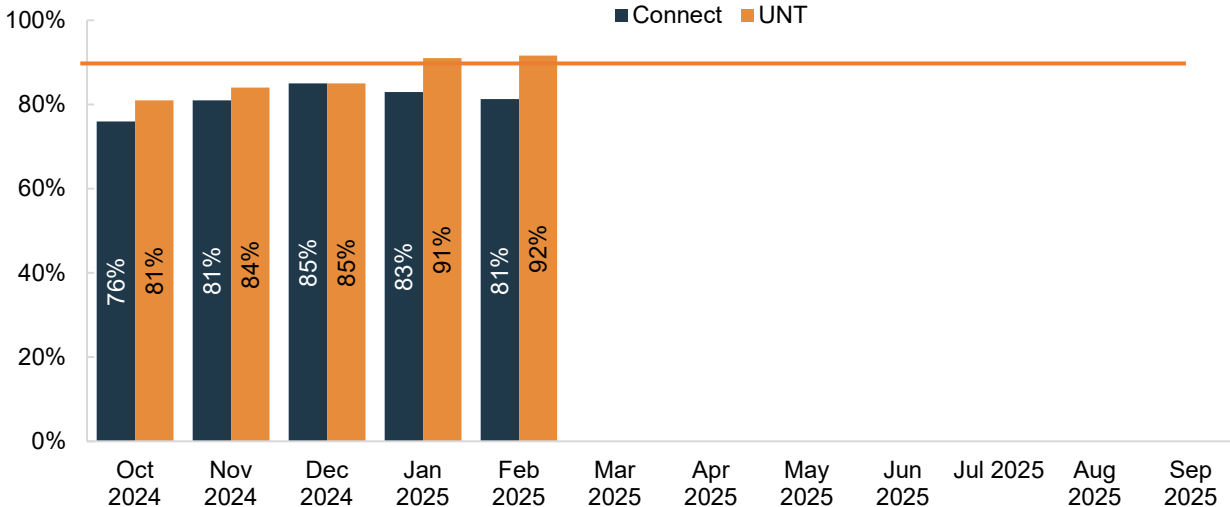
SERVICE PERFORMANCE



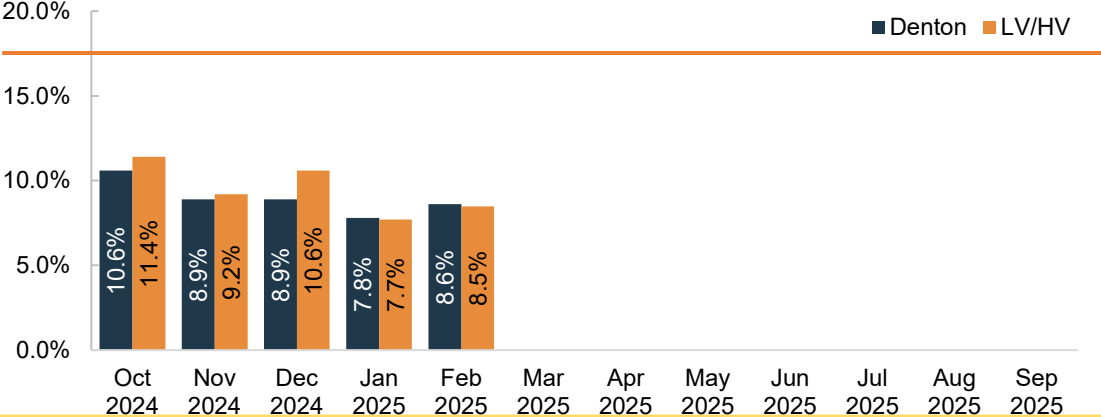
Access OTP - FY25 YTD



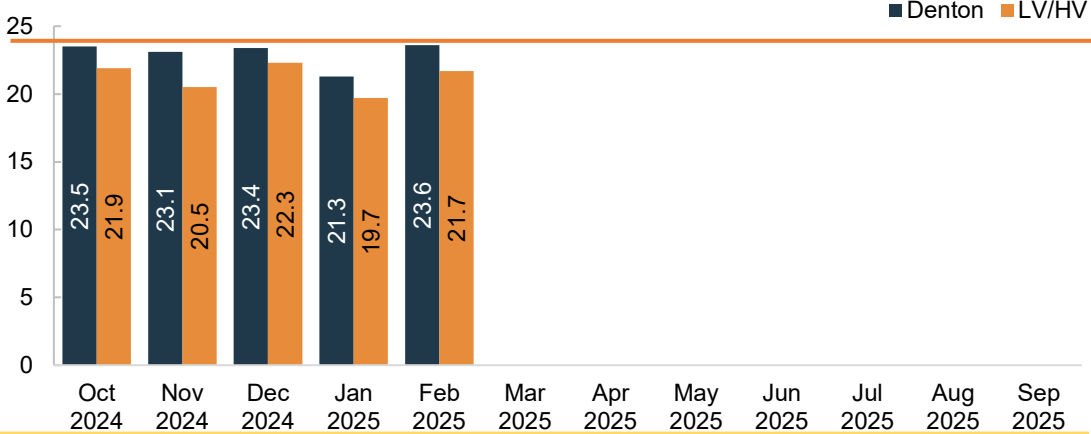
Fixed Route OTP - FY25 YTD



GoZone Seat Unavailable by Zone - FY25 YTD



GoZone Wait Times by Zone - FY25 YTD





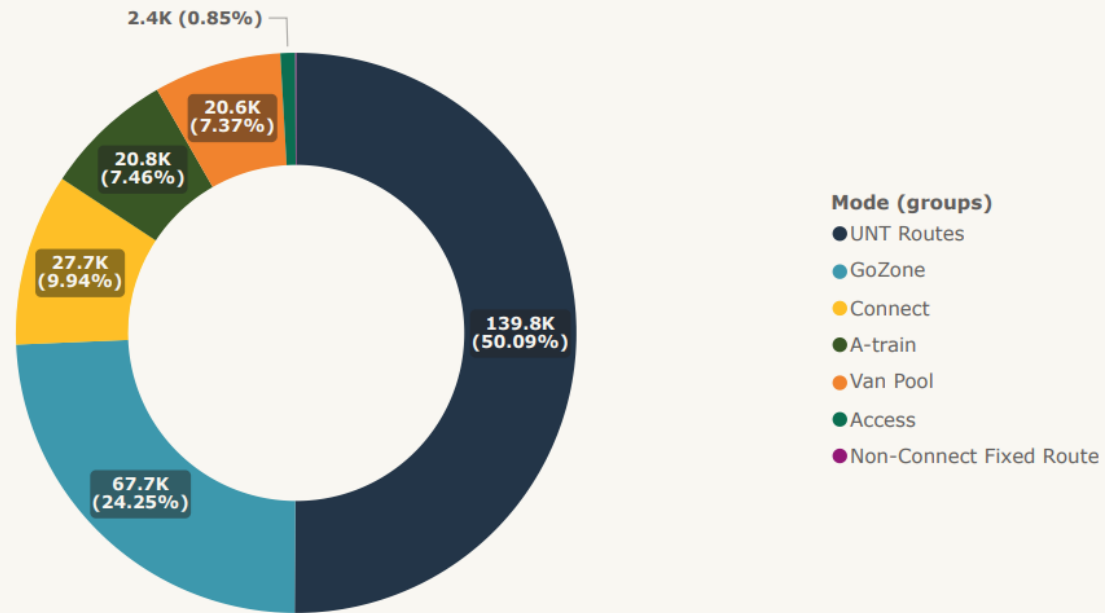
Total Ridership - Feb 2025

279.0K

Total Ridership FYTD

1.3M

Ridership by Travel Mode - Feb 2025





Total Ridership - Feb 2025

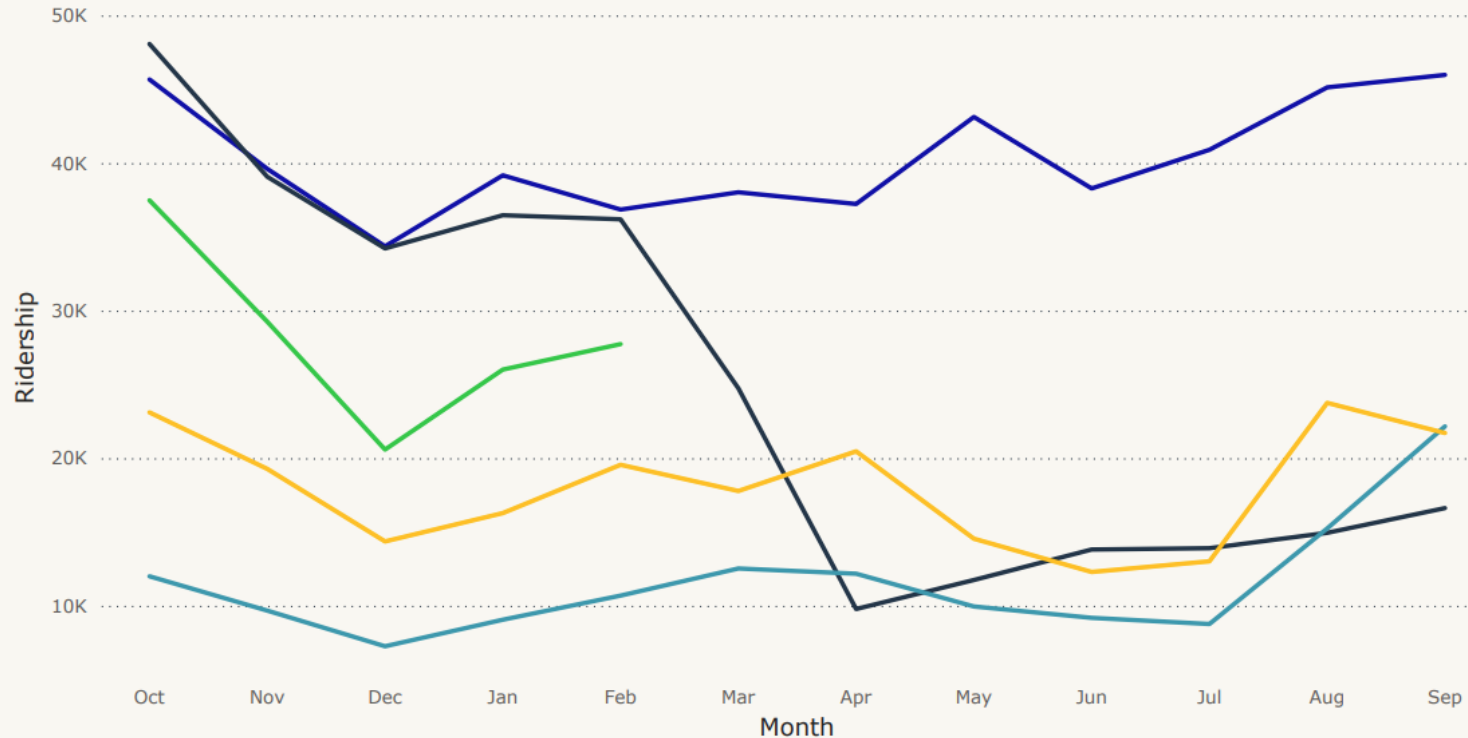
279.0K

Total Ridership FYTD

1.3M

Ridership by Month and Fiscal Year - Connect

Fiscal Year ● 2019 ● 2020 ● 2023 ● 2024 ● 2025





Total Ridership - Feb 2025

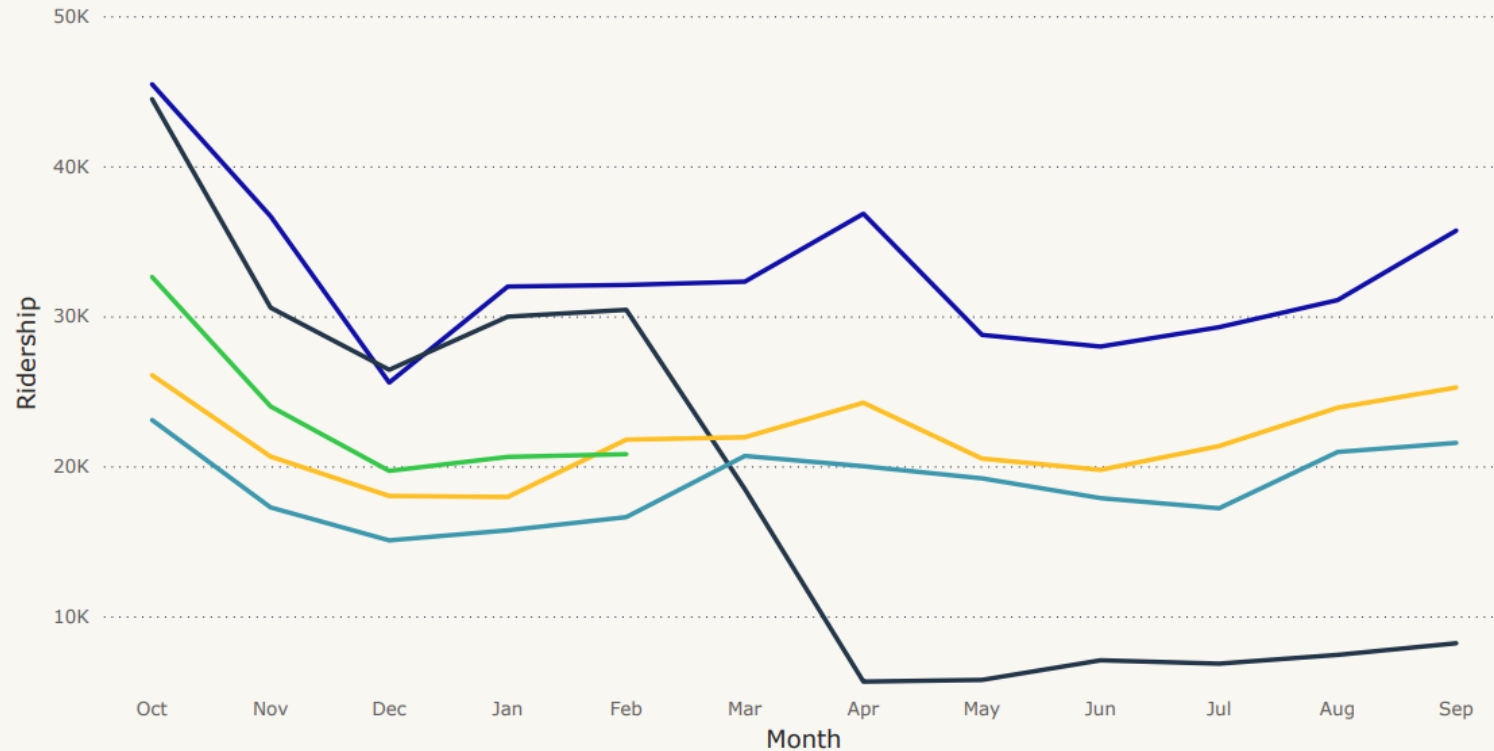
279.0K

Total Ridership FYTD

1.3M

Ridership by Month and Fiscal Year - A-train

Fiscal Year ● 2019 ● 2020 ● 2023 ● 2024 ● 2025



FIXED ROUTE



Total Ridership - Feb 2025

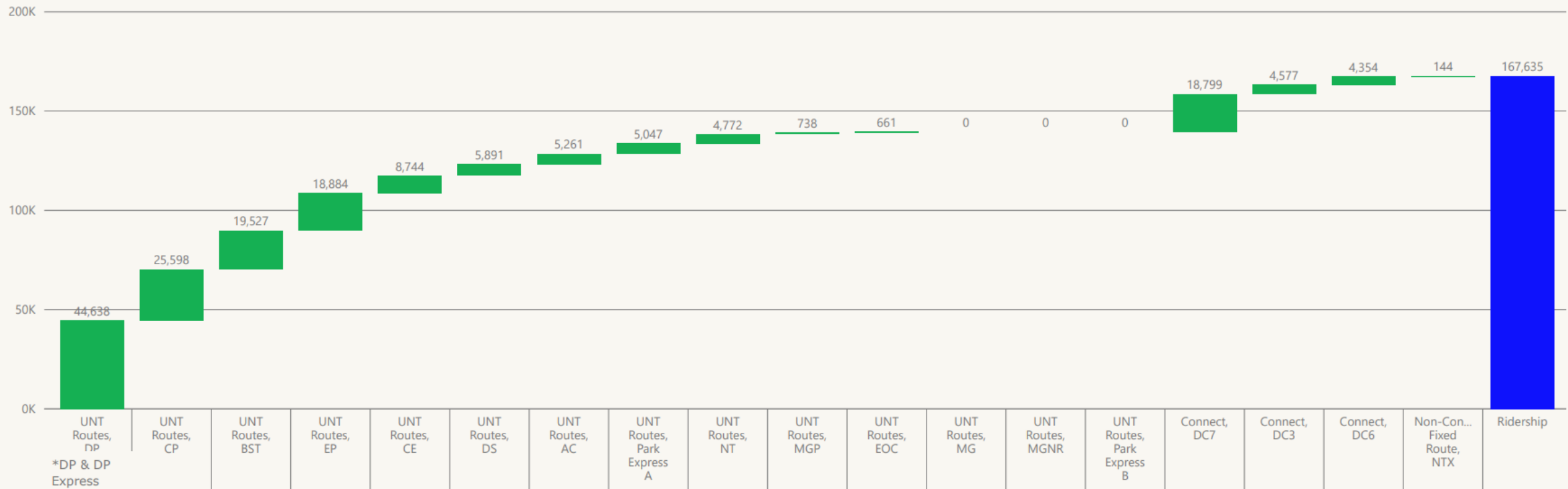
279.0K

Total Ridership FYTD

1.3M

Mode (groups)	Ridership
Connect	27,730
Non-Connect Fixed Route	144
UNT Routes	139,761
Total	167,635

Fixed-Route Ridership Waterfall





Total Ridership - Feb 2025

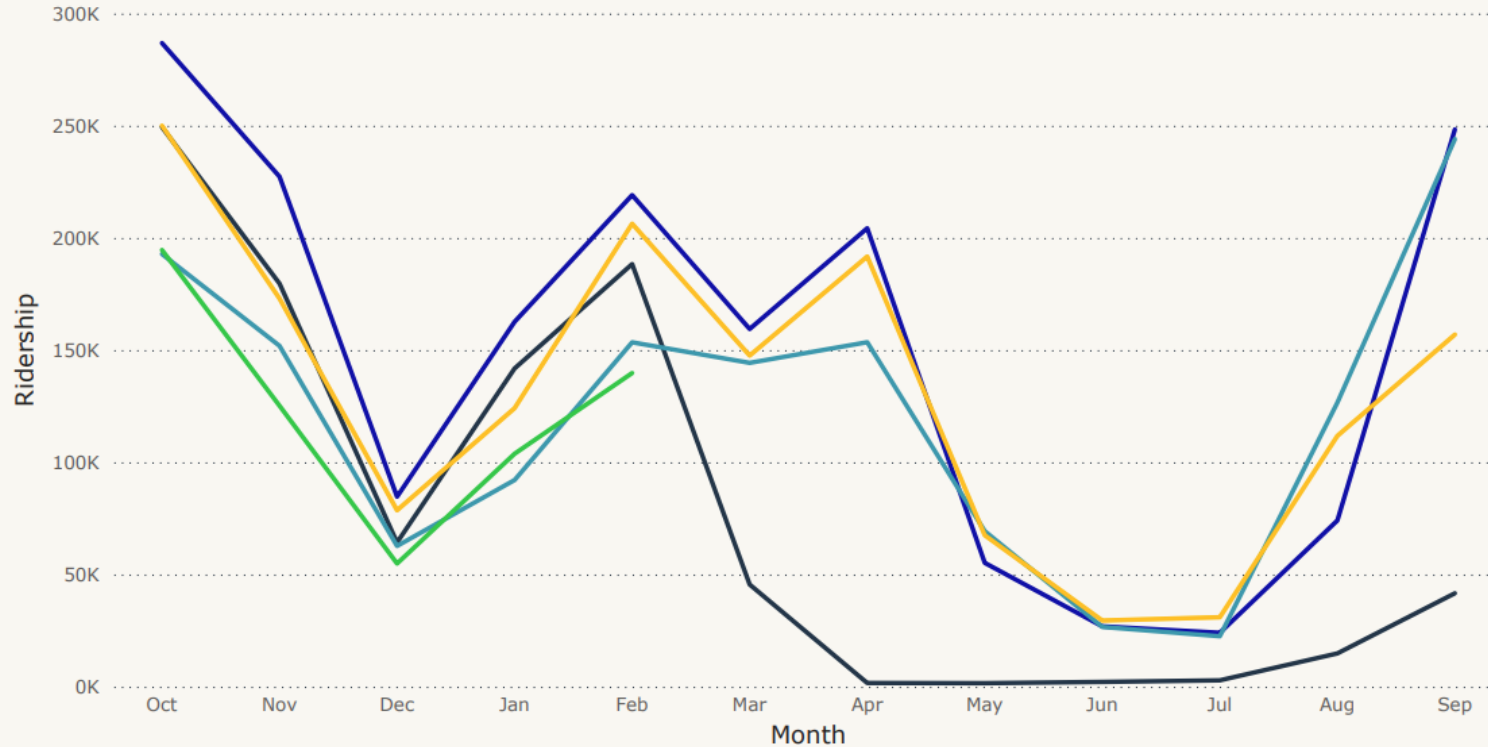
279.0K

Total Ridership FYTD

1.3M

Ridership by Month and Fiscal Year - UNT

Fiscal Year ● 2019 ● 2020 ● 2023 ● 2024 ● 2025



Board of Directors Memo

March 27, 2025

AGENDA ITEM: Update on Landscape Maintenance Contract through the City of Denton

Recommendation

This is an Informational Item only.

Background

Denton County Transportation Authority (DCTA) is utilizing an interlocal agreement to access a competitively bid contract awarded by the City of Denton under Contract #7788 - PARD Mowing Services. The City awarded the contract to five (5) vendors, granting DCTA the flexibility to select any of them for its landscaping and grounds maintenance needs.

As part of this arrangement, DCTA has chosen D&D Mowing as the vendor for providing landscape maintenance services at its five (5) rail stations and associated parking lots. The scope of work includes mowing, trimming, debris removal, and other essential maintenance tasks to ensure the stations remain clean and well-kept. The estimated cost for these services over the initial six-month period is \$38,171.27, as outlined in the vendor's proposal. This stop-gap approach is being implemented to maintain service continuity while DCTA prepares to issue a Request for Bids (RFB) for a dedicated landscaping maintenance contract in the coming months.

The planned RFB will seek a long-term vendor solution that enables an expanded suite of landscaping support services, with the new contract expected to commence upon the completion of the six-month agreement with D&D Mowing.

By leveraging the City of Denton's existing contract, DCTA ensures compliance with procurement best practices while expediting the procurement process. The upcoming RFB will allow DCTA to establish a contract tailored specifically to its operational and maintenance needs.

Identified Need

Denton County Transportation Authority (DCTA) has an immediate need to maintain the landscape at its five (5) rail stations and associated parking areas. Proper upkeep of these locations is critical to ensuring a safe, clean, and welcoming environment for transit passengers and the surrounding community. Regular mowing, trimming, and debris removal are necessary to uphold aesthetic and safety standards, prevent overgrowth, and maintain compliance with municipal maintenance expectations.

Financial Impact

Budget has been allotted through the FY2025 Rail Services Maintenance Budget to address the fee associated with this service for landscape maintenance.

Exhibits

None.

Submitted By:


Austin Frith, Vice President, Planning and Development

Board of Directors Memo

March 27, 2025

AGENDA ITEM: Update on Intermediate Service Plan – FY 25 Year to Date Results and Anticipated Objectives for Future Phases

Recommendation

This is an information item. No action required.

Background

During the March and April 2024 Board briefings, DCTA staff presented three (3) proposed Connect service alternatives for Routes 3, 6, and 7. These alternatives focused on increasing service frequency and operating hours to encourage fixed-route usage over GoZone within the corresponding travel areas.

In May 2024, the Board approved several Intermediate Service Plan (ISP) enhancements, including:

- Increased bus frequency for Connect routes
- Installation of new bus stops
- Adjustments to GoZone capacity

These initiatives were aimed at improving the rider experience and optimizing operational efficiency. This report will provide updates on the FY2025 system performance following implementation of ISP Phase 1 and will summarize the elements of ISP Phase 2 and 3 and proposed schedules for implementation.

Summary of ISP Phase I Benefits

DCTA's Intermediate Service Plan (ISP) Phase I has yielded significant benefits since implementation in August 2025, reinforcing DCTA's strategic investment in improving mobility for Denton County. Key highlights are detailed below.

Ridership Growth on Connect Service

The transition to 20-minute frequencies, extended and consistent operating hours, and added bus stops has resulted in a 52.4% ridership increase on Connect Year over Year from FY2025 start through February. Of the total Connect ridership YTD (141,037), a total of 29,509 trips (21%) are associated with the 18 stops placed into service on Connect routes 3, 6, and 7, as shown in Figure 1. This aligns directly with the Board's investment priorities and demonstrates the value of reliable and frequent service.

Optimized GoZone Service Management

Ongoing adjustments to the GoZone service area and operating hours have successfully balanced demand and service efficiency, ensuring a sustainable and responsive on-demand transit model.

Reallocation of Resources

By relocating duplicative GoZone services in Denton to areas with greater need in Lewisville and Highland Village, DCTA has optimized transit coverage without increasing costs. This approach has improved accessibility and better aligned service with ridership demand.

Data-Driven Decision Making

DCTA remains steadfast in our plan to collect and analyze data from ISP Phase I to inform future transit investments and modifications. This will ensure that subsequent phases of ISP continue to be guided by objective performance metrics and community needs.

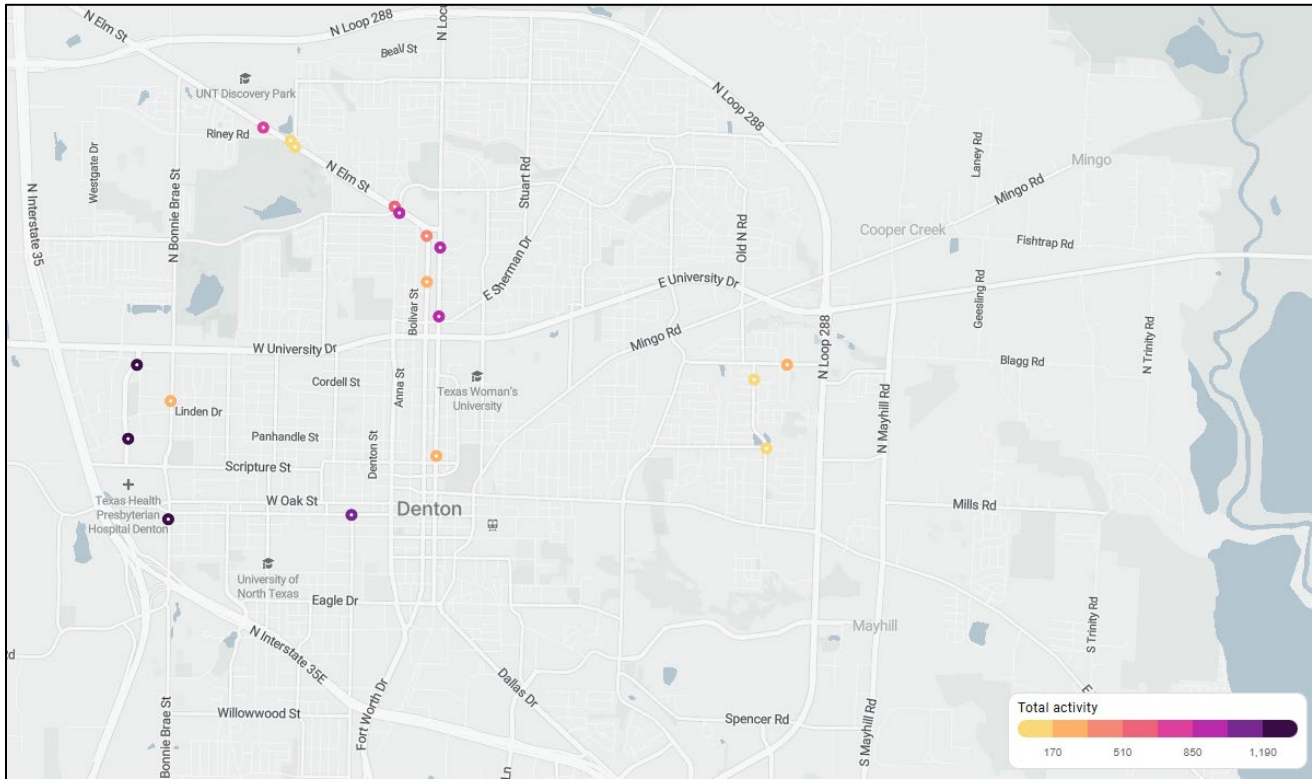


Figure 1 ISP Phase 1 Added Bus Stops, Total Boarding and Alighting Activity (Trips)

Roadmap for ISP Phase II (2025)

After successful implementation of ISP Phase 1, DCTA continues to make progress towards planning and analysis activities related to ISP Phase II, which is intended to be implemented in a two-step process, as described below.

DCTA is considering, in alignment with the summer academic calendars for both the University of North Texas (UNT) and Texas Woman’s University (TWU), implementing an initial component of ISP Phase II. This would introduce a GoZone Origin and Destination (O&D) buffer around key university areas, including an expansion of the UNT Main Campus buffer north of Interstate 35 East (I-35 E), the UNT Discovery Park Campus, and the TWU campus, as shown in Figures 2-4.

To ensure all trips within the University GoZone Buffers can effectively transition to the fixed route bus network, DCTA will implement four new bus stops and will relocate two existing bus stops to ensure appropriate spacing and coverage is available as part of this step, as shown on Figures 2-4.

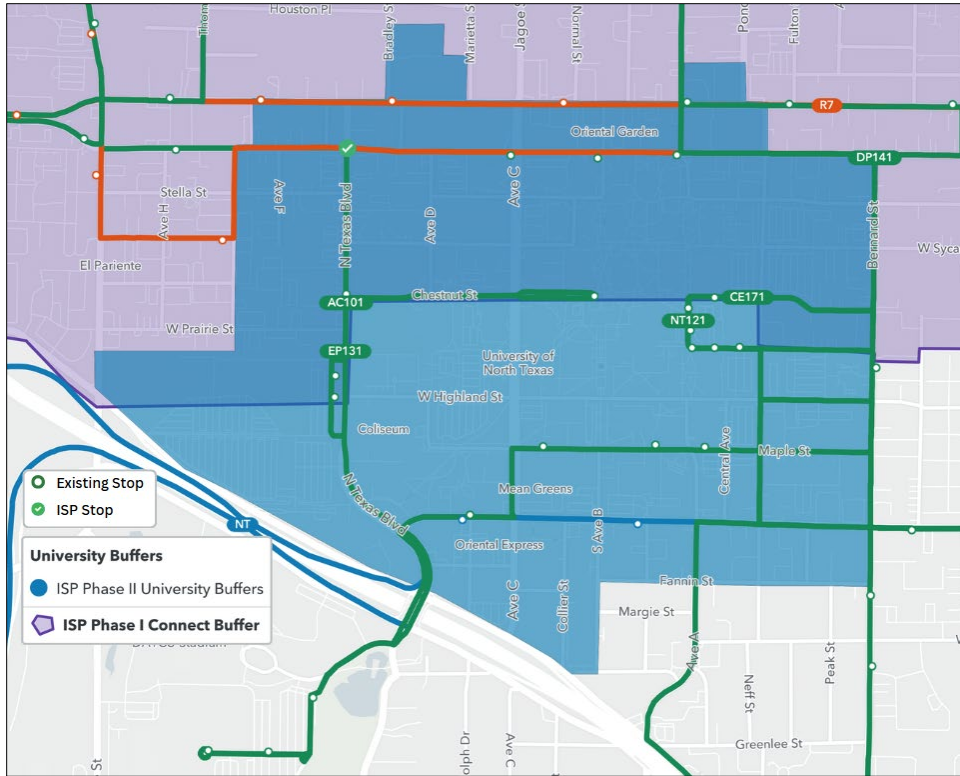


Figure 2 UNT Main Campus GoZone Buffer

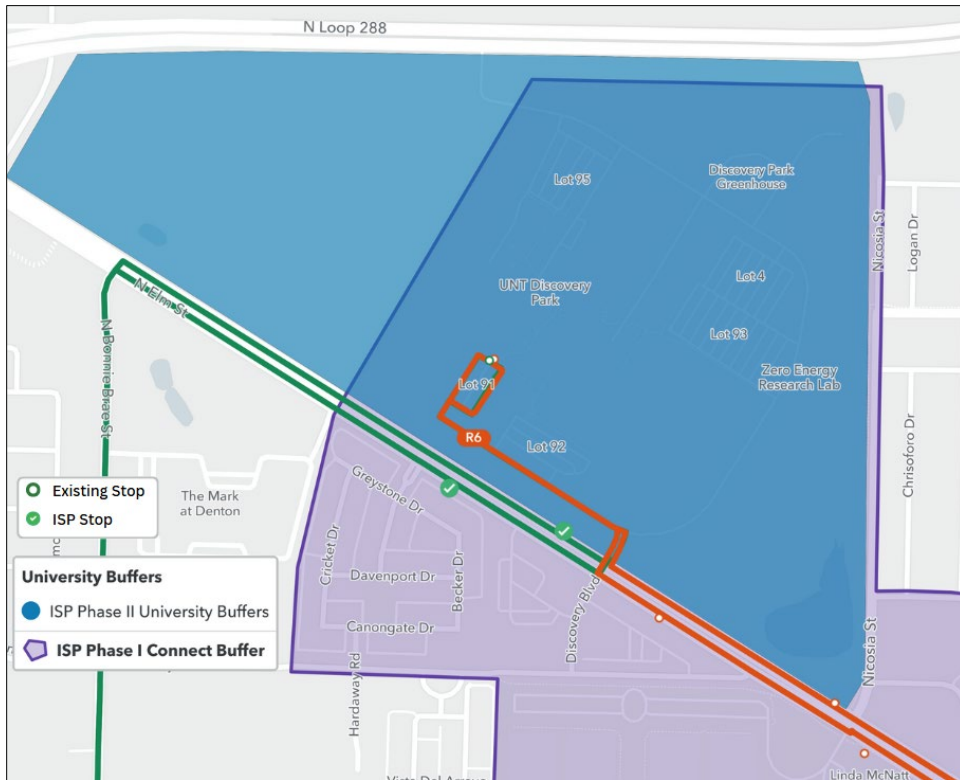


Figure 3 UNT Discovery Park Campus GoZone Buffer

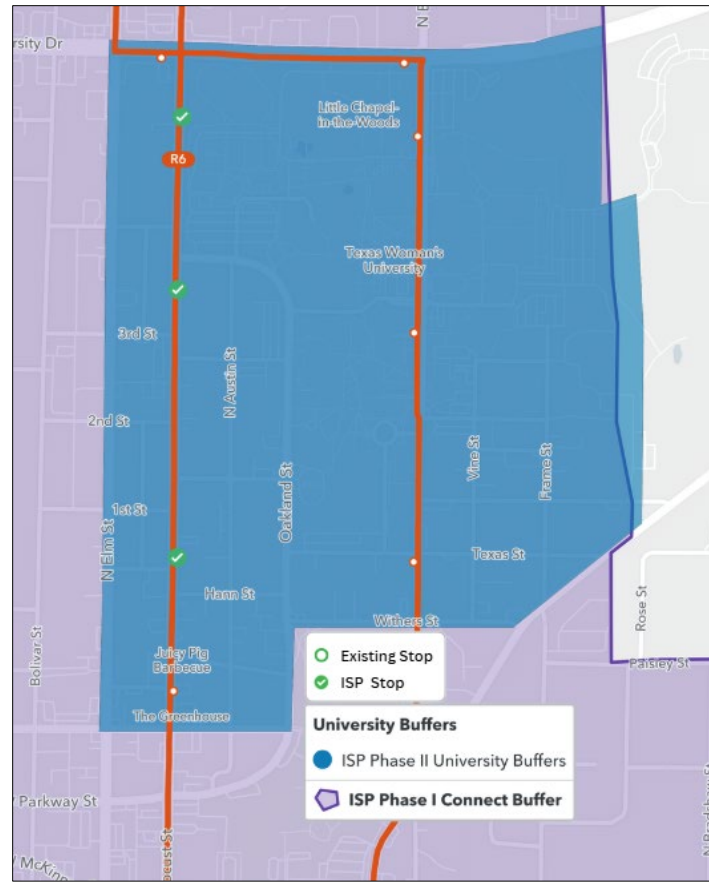


Figure 4 TWU Campus GoZone Buffer

DCTA is considering expanding the University GoZone Buffer to include remaining UNT Main Campus areas located south of I-35 E to align with the availability of the UNT Shuttle routes, such as Parking Express (PE).

Roadmap for Future ISP Phases (Fall 2026 and Beyond)

Other potential features of the Intermediate Service Plan could include:

- **Conversion to Single-Network, Year-Round Service:** DCTA is conducting an updated analysis of the latest O&D and ridership data to determine which UNT bus routes are best suited for year-round service, expanding the fixed route bus network for the general public.
- **Expanded GoZone Buffers** around the top UNT bus routes, further encouraging use of fixed-route service when O&D is located within the buffers.
- **Bus Stop Enhancements:** DCTA will analyze updated O&D data to identify the need for additional and/or adjusted bus stops across the network to support riders transitioning from GoZone to fixed routes.

- Comprehensive Communication and Engagement Plan: This major service change will require a targeted outreach strategy to ensure that students and the community are well-informed and not disproportionately impacted.
- Analysis of Other Corridors: A detailed study will be conducted to evaluate potential fixed-route service enhancements along University Drive and high-interest points like the Social Security Office, Veterans Administration Office, and Others, including resource implications such as additional operators and buses that would be required. This analysis could also include fixed route alternatives that could be feasible in the City of Lewisville based on GoZone data.

The ISP Phase I results demonstrate the success of our data-driven approach and strategic transit investments. As we transition to ISP Phase II and beyond, our focus remains on optimizing service, improving transit efficiency, and ensuring positive rider experiences. We will continue to refine our plans based on collected data and community feedback, ensuring that DCTA's fixed-route transit network evolves to meet the growing needs of Denton County.

Previous Board Action

May 23, 2024

Identified Need

Provide the Board with an update on system performance since implementation of ISP Phase 1 and outline the scope and timeline for Phase 2 and 3.

Financial Impact

None. This is an information item only.

Exhibits

None.

Submitted By:



Karina Maldonado, Planning Manager

Reviewed By:



Austin Frith, Vice President
Planning and Development