



*Denton County Transportation Authority
1660 S. Stemmons., Suite 250
Lewisville, Texas 75067
(972) 221-4600
dcta.net*

**Board of Directors
Work Session
January 23, 2014
1:30 p.m.**

1. Routine Briefing Items
 - a. Financial Reports
 - i. Financial Statements
 - ii. Capital Projects Fund
 - iii. Sales Tax Report
 - iv. Quarterly Investment Report
 - v. Procurement Report
 - b. Communications and Marketing
 - i. Marketing and Communications Initiatives
 - ii. Media Coverage
 - iii. Customer Service
 - c. Capital Projects Update
 - i. GTW Integration
 - ii. Where's My Ride
 - iii. Bus Operations and Maintenance Facility (O&M)
 - iv. Community Enhancements
 - v. Lewisville Bike Trail
 - vi. Positive Train Control (PTC)
 - vii. Passenger Amenities
 - viii. Station Improvements
 - d. Transit Operations
 - i. Rail Operations
 - ii. Bus Operations
2. Items for Discussion
 - a. Single Car Operation
 - b. Finance Committee Chair Report
 - c. Legislative Committee Chair Report
3. Discussion of Regular Board Meeting Agenda Items (January 23, 2014)

4. Executive Session
 - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Work Session or the Regular Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.
 - b. As authorized by Texas Government Code section 551.071 consultation with General Counsel regarding pending litigation Cause No 2011-30066-211; URS Corporation v. Denton County Transportation Authority; 211th District Court, Denton County, Texas.

5. Reconvene Open Session
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

6. Discussion of Future Agenda Items
 - a. Board Member Requests

**Board of Directors
Regular Meeting
January 23, 2014
3:00 p.m.***

**or immediately following Board Work Session*

CALL TO ORDER

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS

INVOCATION

WELCOME AND INTRODUCTION OF VISITORS

1. CONSENT AGENDA
 - a. Approval of Minutes - Board Meeting December 10 , 2013
 - b. Acceptance of Quarterly Investment Report
 - c. Acceptance of Financial Reports
 - i. November 2013
 - ii. December 2013

2. REGULAR AGENDA
 - a. Board Officer Elections
 - i. Chair
 - ii. Vice-Chair
 - iii. Secretary
 - iv. Treasurer
 - b. Approval of Award for Highland Village/Lewisville Lake Recreation Parking Capital Project

- c. Security Guard and Fare Enforcement Services Agreement
 - i. Rescind previous award of the Security Guard and Fare Enforcement Services agreement with Border Security and Investigations
 - ii. Approve award and Authorize President to execute contract of Security Guard and Fare Enforcement Services to Vets Securing America

3. CHAIR REPORT

- a. Discussion of Regional Transportation Issues
- b. Discussion Legislative Issues
 - i. Regional
 - ii. State
 - iii. Federal

4. PRESIDENT'S REPORT

- a. 2014 Board Retreat
- b. 2014 Joint Board Dinner
- c. Regional Transportation Update

5. REPORT ON ITEMS OF COMMUNITY INTEREST

- a. Pursuant to Texas Government Section 551.0415 the Board of Directors may report on 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.

6. CONVENE EXECUTIVE SESSION

- a. As Authorized by Section 551.071(2) of the Texas Government Code, the Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.

7. RECONVENE OPEN SESSION

- a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

8. ADJOURN REGULAR MEETING

Chair – Charles Emery
Vice Chair –

Secretary – Dave Kovatch
Treasurer – Paul Pomeroy

Members – Skip Kalb, Doug Peach, Jim Robertson, Bill Walker, Daniel Peugh, Richard Huckaby, Don Hartman, George A. Campbell, Allen Harris, Carter Wilson
President – Jim Cline

The Denton County Transportation Authority meeting rooms are wheelchair accessible. Access to the building and special parking are available at the east entrance. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by calling Leslee Bachus at 972-221-4600 or e.mail lbachus@dcta.net

This notice was posted at 1660 S. Stemmons, Lewisville, Texas 75067 at a place convenient and readily accessible to the public at all times. Said notice was posted on 1/17/2014 at 9:16 AM.



Board of Directors Memo

January 23, 2014

Subject: Work Session 1ai) Monthly Financial Reports

Background

The financial statements are presented to the Board of Directors on a monthly basis for acceptance. The reports presented for the period ending December 31, 2013 include the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund. These reports provide a comparison of budget vs. actual for the fiscal year as of the current month.

The following are major variances which are annotated on the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund:

Statement of Changes in Net Assets:

- **Note A:** Passenger Revenues – YTD unfavorable by (\$18k) because YTD ridership was less than budgeted. Rail ridership was budgeted at 34,208 and actuals was 31,942. Bus was also lower than budgeted by 97,944.
- **Note B:** Contract Service Revenue – YTD unfavorable by (\$232k) because revenue hours and fuel were less than budgeted. YTD revenue hours are down 18% and fuel is down 19%. In FY14 fuel was budgeted at \$4.15/gallon. In December fuel was \$3.49/gallon. Budget gallons were 15,756 compared to 6,285 actual gallons.
- **Note C:** Sales Tax Revenue – December sales tax revenue is not yet received and is accrued for the month based on budget. Sales tax generated in December will be received in February. The Sales Tax Report included in this agenda packet provides a more detailed Budget to Actual comparison of sales tax receipts through December.
- **Note D:** Federal/State Grants – YTD unfavorable by (\$666k) due to a delay in the timing of the Bus O&M project and corresponding delay in grant reimbursement as anticipated in the budget. This revenue should reflect a more favorable trend as the project continues to progress.
- **Note E:** Leases and Rentals – YTD unfavorable by (\$17k) because January rents were paid in December.

Capital Projects Fund

- The Capital Projects Fund schedule provides budget to actual comparisons for DCTA bus and rail capital projects. It provides information on a life-to-date basis for approved projects.

Identified Need


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

Recommendation

Staff recommends acceptance.

Submitted by: Chrissy Nguyen
Senior Accountant

Final Review: 
Department Head

Approval: 
James C. Cline, Jr., P.E.,
President

Denton County Transportation Authority
Change in Net Assets
Month and Year to Date December 31, 2013
(Unaudited)

WS1ai

Description	Month Ended December 31, 2013			Year to Date December 31, 2013			Annual Budget	
	Actual	Budget	Variance	Actual	Budget	Variance		
Revenue and Other Income								
Passenger Revenues	82,426	85,415	(2,989)	332,675	350,176	(17,501)	1,375,663	Note A
Contract Service Revenue	113,229	297,316	(184,087)	783,906	1,015,627	(231,721)	3,298,781	Note B
Sales Tax Revenue	2,260,910	2,234,435	26,475	5,463,415	5,258,883	204,532	20,725,320	Note C
Federal/State Grants and Reimbursements	642,328	468,200	174,128	1,900,698	2,566,209	(665,511)	7,079,358	Note D
Total Revenue and Other Income	3,098,893	3,085,365	13,528	8,480,695	9,190,895	(710,201)	32,479,122	
Operating Expenses								
Salary, Wages and Benefits	553,787	650,990	97,204	1,993,964	2,128,878	134,914	8,279,130	
Services	123,022	242,409	119,387	322,424	1,061,979	739,555	2,511,948	
Materials and Supplies	189,411	306,620	117,209	606,377	988,692	382,315	3,829,224	
Utilities	37,974	37,318	(656)	72,414	111,954	39,540	447,815	
Insurance, Casualties and Losses	64,858	65,805	946	194,575	197,414	2,839	798,162	
Purchased Transportation Services	744,381	745,453	1,072	2,169,645	2,237,983	68,338	9,201,518	
Miscellaneous	6,948	13,284	6,336	18,588	83,539	64,951	233,085	
Leases and Rentals	16,546	21,654	5,107	81,909	64,961	(16,948)	284,615	Note E
Depreciation	714,148	750,420	36,273	2,183,539	2,251,261	67,722	8,997,293	
Total Operating Expenses	2,451,075	2,833,953	382,877	7,643,435	9,126,661	1,483,226	34,582,789	
Income Before Non-operating Revenue and Expense	647,817	251,412	396,405	837,260	64,235	773,025	(2,103,667)	
Non-Operating Revenues / (Expense)								
Investment income	1,263	2,750	(1,487)	5,409	8,250	(2,841)	33,000	
Gain (Loss) Disposal of Assets	575	-	575	4,500	-	4,500	-	
Fare Evasion Fee	450	-	450	1,425	-	1,425	-	
Other Income - Miscellaneous	1,826	375	1,451	17,238	1,500	15,738	7,125	
Long Term Debt Interest/Expense	(105,069)	(201,987)	96,918	(315,206)	(605,960)	290,754	(2,423,840)	
Total Non-Operating Revenue / (Expense)	(100,955)	(198,862)	97,907	(286,634)	(596,210)	309,576	(2,383,715)	
Change in Net Assets	546,863	52,550	494,312	550,626	(531,975)	1,082,601	(4,487,382)	

Denton County Transportation Authority
Statement of Net Assets
As of December 31, 2013
(Unaudited)

	<u>December 31, 2013</u>	<u>November 30, 2013</u>	<u>Change</u>
Current Assets			
Cash & Cash Equivalents	8,572,870	7,600,440	972,430
Investments	6,749,407	6,650,892	98,515
Accounts & Notes Receivable	5,425,211	5,023,074	402,138
Prepaid Expenses	129,717	194,575	(64,858)
Restricted Asset-Cash and Equivalents	4,251,741	4,311,980	(60,240)
Total Current Assets	<u>25,128,946</u>	<u>23,780,961</u>	<u>1,347,985</u>
Property, Plant and Equipment			
Land	16,228,337	16,228,337	-
Land Improvements	5,386,734	5,386,734	-
Machinery & Equipment	1,246,388	1,246,388	-
Leasehold Improvements	55,506	55,506	-
Vehicles	87,599,032	87,599,032	-
Computers & Software	262,676	262,676	-
Accumulated Depreciation	(23,043,845)	(22,329,697)	(714,148)
Total Property, Plant and Equipment	<u>87,734,829</u>	<u>88,448,977</u>	<u>(714,148)</u>
Other Non Current Assets			
Bond Fees	200,953	201,972	(1,018)
Total Other Non Current Assets	<u>200,953</u>	<u>201,972</u>	<u>(1,018)</u>
Capital Assets			
Intangible Assets	16,997,155	16,997,155	-
Other Capital Assets, Net	216,211,207	216,211,207	-
Construction in Progress	21,584,030	20,635,291	948,739
Total Capital Assets	<u>254,792,392</u>	<u>253,843,653</u>	<u>948,739</u>
Total Assets	<u><u>367,857,121</u></u>	<u><u>366,275,562</u></u>	<u><u>1,581,559</u></u>
Liabilities			
Current Liabilities			
Accounts Payable	1,792,886	829,046	963,840
Salary, Wages, and Benefits Payable	347,571	355,524	(7,952)
Accrued Expenses Payable	3,831,855	4,029,148	(197,293)
Deferred Revenues	457,911	318,461	139,450
Interest Payable	312,152	208,101	104,051
Total Current Liabilities	<u>6,742,375</u>	<u>5,740,279</u>	<u>1,002,096</u>
Non-Current Liabilities			
Rail Easement Payable	1,873,027	1,839,745	33,282
Retainage Payable	1,650,000	1,650,682	(682)
Bonds Payable	34,395,000	34,395,000	-
Total Non-Current Liabilities	<u>37,918,027</u>	<u>37,885,428</u>	<u>32,600</u>
Total Liabilities	<u><u>44,660,403</u></u>	<u><u>43,625,707</u></u>	<u><u>1,034,696</u></u>
Net Assets			
Invested in Capital Assets	305,306,546	305,306,546	-
Unrestricted Retained Earnings	15,661,190	15,661,190	-
Change in Net Assets	2,228,982	1,682,119	546,863
Total Equity	<u>323,196,718</u>	<u>322,649,855</u>	<u>546,863</u>
Total Liabilities and Equity	<u><u>367,857,121</u></u>	<u><u>366,275,562</u></u>	<u><u>1,581,559</u></u>

Capital Projects Fund - DCTA
Budget vs. Actual
As of December 31, 2013
(Cash Basis)

Work Session 1a ii

	Original Budget	Revised Budget	December 2013 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of December 2013 Close)
ASSETS						
Fixed Assets						
1660 · Construction Work in Progress						
5 · Bus Capital Projects						
50202 · Passenger Amenities (Phase 2)						
5020214 · Acquisition	174,011	229,326		139,205	90,121	61%
5020215 · Survey, Testing & Inspection				2,600	(2,600)	
5020216 · Construction				73,453	(73,453)	
5020229 · Project Management				5,288	(5,288)	
Total 50202 · Passenger Amenities (Phase 2)	174,011	229,326	-	220,546	8,780	96%
50301 · Bus O&M Facility						
5030113 · Design	590,000	1,294,280	11,900	1,099,968	194,312	85%
5030115 · Survey, Testing, Inspection		104,735		110,285	(5,550)	105%
5030114 · Land Acquisition	1,164,310	1,173,451		1,173,451	-	100%
5030116 · Building Construction	4,745,690	5,648,243	338,914	4,922,813	725,431	87%
5030118 · Canopy Construction				-	-	0%
5030120 · Landscaping		542,513	208,500	567,432	(24,919)	105%
5030121 · Systems		333,294	52,174	192,687	140,607	58%
5030125 · Utilities		1,362,500	210,112	1,530,197	(167,697)	112%
5030126 · Furniture, Fixtures & Equipment	1,642,667	517,865	37,661	126,580	391,285	24%
5030128 · Contingency		275,895		-	275,895	0%
5030129 · Project Management		205,000	5,010	34,558	170,442	17%
5030131 · Insurance/Bonds		105,521		105,521	-	100%
5030132 · Mobilization		157,060	14,590	146,421	10,639	93%
5030133 · Legal Fees		360		-	360	0%
Total 50301 · Bus O&M Facility	8,142,667	11,720,717	878,860	10,009,912	1,710,805	85%
50302 · Bus Maintenance Equipment						
5030214 · Acquisition	500,000	500,000	17,630	331,272	168,728	66%
Total 50302 · Bus Maintenance Equipment	500,000	500,000	17,630	331,272	168,728	66%
50303 · DDTC						
5030314 · Acquisition	373,282	373,282		-	373,282	0%
Total 50303 · DDTC	373,282	373,282	-	-	373,282	0%
50406 · Where's My Ride						
5040614 · Acquisition	940,485	940,485		456,907	483,578	49%
5040629 · Project Management				3,187	(3,187)	
Total 50406 · Where's My Ride	940,485	940,485	-	460,094	480,391	49%
50502 · Fleet Replacement						
5050214 · Acquisition	1,968,500	3,411,592		2,982,327	429,265	87%
Total 50502 · Fleet Replacement	1,968,500	3,411,592	-	2,982,327	429,265	87%
50504 · Fleet Replacement (2014)						
5050414 · Acquisition	877,998	877,998	29,200	29,200	848,798	3%
Total 50504 · Fleet Replacement (2014)	877,998	877,998	29,200	29,200	848,798	3%
50408 · Bus Radios						
5040814 · Acquisition	137,457	137,457		-	137,457	0%
Total 50408 · Bus Radios	137,457	137,457	-	-	137,457	0%
Total 5 · Bus Capital Projects	13,114,400	18,190,857	925,690	14,033,352	4,157,505	77%

Capital Projects Fund - DCTA
Budget vs. Actual
As of December 31, 2013
(Cash Basis)

Work Session 1aii

	Original Budget	Revised Budget	December 2013 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of December 2013 Close)
6 - Rail Construction						
61103 - Rail Grinding (2014)						
6110317 - Track & Civil Construction	192,000	192,000	-	-	192,000	0%
Total 61103 - Rail Grinding (2014)	192,000	192,000	-	-	192,000	0%
61206 - MedPark Extension	1,000,000	1,000,000	-	1,000,000	-	100%
61208 - Rail Station Improvements						
6120812 - Preliminary Design				7,745	(7,745)	
6120815 - Installation		15,000		-	15,000	0%
6120816 - Construction				6,743	(6,743)	
6120829 - Project Management				339	(339)	
Total 61208 - Rail Station Improvements	-	15,000	-	14,827	173	99%
61401 - Fare Collection Systems						
6140111 - Engineering	-	68,962		68,963	(1)	100%
6140114 - Acquisition	489,000	582,371		477,281	105,090	82%
6140115 - Installation	80,000	81,771	42	103,657	(21,886)	127%
Total 61401 - Fare Collection Systems	569,000	733,104	42	649,901	83,203	89%
61406 - Positive Train Control						
6140617 - Construction		19,397,536			19,397,536	0%
6140628 - Contingency		728,554			728,554	0%
6140629 - Project Management		2,097,992		671,449	1,426,543	32%
6140633 - Legal Fees		80,939			80,939	0%
6140636 - Vehicle Provisions		597,930		358,758	239,172	60%
6140621 - Systems	-	-		-	-	0%
Total 61406 - Positive Train Control	-	22,902,951	-	1,030,207	21,872,744	4%
61603 - Stadler Implementation						
6160332 - Mobilization	-	895,803		1,011,351	(115,548)	113%
Total 61603 - Stadler Implementation	-	895,803	-	1,011,351	(115,548)	113%
61707 - Community Enhancements						
6170711 - Engineering	-	22,000		-	22,000	0%
6170712 - Preliminary Design	-	12,500		55,737	(43,237)	446%
6170713 - Final Design	-	15,000		64,812	(49,812)	432%
6170715 - Survey, Inspection & Testing	-	6,000		-	6,000	0%
6170716 - Building Construction	-	545,000		-	545,000	0%
6170720 - Landscaping	-	25,000		2,500	22,500	10%
6170726 - FF&E	-	10,000		-	10,000	0%
6170727 - Environmental Mitigation	-	4,000		-	4,000	0%
6170728 - Contingency	-	15,029		-	15,029	0%
6170729 - Project Management	-	85,088		1,155	83,933	1%
6170733 - Administration Fees	-	13,091		19,637	(6,546)	150%
Total 61707 - Community Enhancements	-	752,708	-	143,841	608,867	19%
61708 - Lewisville Bike Trail						
6170811 - Engineering	-	75,000		-	75,000	0%
6170812 - Preliminary Design	-	75,000		35,057	39,943	47%
6170813 - Final Design	-	41,000		-	41,000	0%
6170816 - Building Construction	-	2,410,102		-	2,410,102	0%
6170820 - Landscaping	-	21,000		-	21,000	0%
6170822 - Bridges	-	55,355		-	55,355	0%
6170823 - Crossings/Traffic Signals	-	200,000		-	200,000	0%
6170825 - Utilities	-	75,000		-	75,000	0%
6170826 - FF&E	-	3,000		-	3,000	0%
6170827 - Environmental Mitigation	-	28,800		-	28,800	0%
6170828 - Contingency	-	50,000		-	50,000	0%
6170829 - Project Management	-	394,454	225	1,253	393,201	0%
6170833 - Administration Fees	-	60,685		60,685	-	100%
Total 61708 - Lewisville Bike Trail	-	3,489,396	225	96,995	3,392,401	3%

Capital Projects Fund - DCTA
Budget vs. Actual
As of December 31, 2013
(Cash Basis)

Work Session 1a ii

	Original Budget	Revised Budget	December 2013 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of December 2013 Close)
61710 · HV Parking Expansion						
6171017 · Civil Construction	-	250,000	22,047	28,947	221,053	12%
Total 61710 · HV Parking Expansion	-	250,000	22,047	28,947	221,053	12%
60701 · Passenger Information						
6070114 · Acquisition	-	56,214	-	23,851	32,363	42%
Total 60701 · Passenger Information	-	56,214	-	23,851	32,363	42%
61711 · Rail Maintenance of Way (MOW)						
6171117 · Track & Civil Construction	150,000	150,000	-	-	150,000	0%
Total 61711 · Rail MOW	150,000	150,000	-	-	150,000	0%
61712 · Rail Maintenance of Equipment (MOE)						
6171217 · Track & Civil Construction	585,000	585,000	-	-	585,000	0%
Total 61712 · Rail MOE	585,000	585,000	-	-	585,000	0%
61503 · Rail Single Car Operations						
6150315 · Survey, Testing, Inspection	101,800	101,800	735	735	101,065	1%
Total 61503 · Rail Single Car Operations	101,800	101,800	735	735	101,065	1%
Total Rail Construction Projects	2,597,800	31,123,976	23,049	4,000,654	27,123,322	13%
61501 · Rail Cars						
6150114 · Acquisition	71,500,000	77,715,424	-	77,781,247	(65,823)	100%
6150128 · FRA Compliance Contingency	-	250,396	-	-	250,396	0%
6150133 · Legal Fees	-	15,005	-	15,005	-	100%
6150129 · Project Management	-	1,814,699	-	1,541,056	273,643	85%
Total 61501 · Rail Cars	71,500,000	79,795,524	-	79,337,308	458,216	99%
TOTAL RAIL CONSTRUCTION & CARS	74,097,800	110,919,500	23,049	83,337,962	27,581,538	75%
Total 1660 · Construction Work in Progress	87,212,200	129,110,357	948,739	97,371,314	31,739,043	75%



Board of Directors Memo

January 23, 2014

Subject: Work Session 1ai) Monthly Financial Reports

Background

The financial statements are presented to the Board of Directors on a monthly basis for acceptance. The reports presented for the period ending November 30, 2013 include the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund. These reports provide a comparison of budget vs. actual for the fiscal year as of the current month.

The following are major variances which are annotated on the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund:

Statement of Changes in Net Assets:

- **Note A:** Passenger Revenues – YTD unfavorable by (\$15k) because October and November ridership was less than budgeted. Rail ridership was budgeted at 49,562 and actuals was 45,415. Bus was also lower than budgeted by 56,331.
- **Note B:** Contract Service Revenue – YTD unfavorable by (\$48k) because revenue hours and fuel were less than budgeted. YTD revenue hours are down 1% and fuel is down 3%. In FY14 fuel was budgeted at \$4.15/gallon. In November fuel was \$3.43/gallon. Budget gallons were 17,784 compared to 17,754 actual gallons.
- **Note C:** Sales Tax Revenue – November sales tax revenue is not yet received and is accrued for the month based on budget. Sales tax generated in November will be received in January. The Sales Tax Report included in this agenda packet provides a more detailed Budget to Actual comparison of sales tax receipts through November.
- **Note D:** Federal/State Grants – YTD unfavorable by (\$840k) due to a delay in the timing of the Bus O&M project and corresponding delay in grant reimbursement as anticipated in the budget. This revenue should reflect a more favorable trend as the project continues to progress.
- **Note E:** Leases and Rentals – YTD unfavorable by (\$22k) because November and December rents were paid in November. December was paid in end of November to due for the Christmas holidays.

Capital Projects Fund

- The Capital Projects Fund schedule provides budget to actual comparisons for DCTA bus and rail capital projects. It provides information on a life-to-date basis for approved projects.

Identified Need


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

Recommendation

Staff recommends acceptance.

Submitted by: Chrissy Nguyen
Senior Accountant

Final Review: 
Department Head

Approval: 
James C. Cline, Jr., P.E.,
President

Denton County Transportation Authority
Change in Net Assets
Month and Year to Date November 30, 2013
(Unaudited)

WS1ai

Description	Month Ended November 30, 2013			Year to Date November 30, 2013			Annual Budget	
	Actual	Budget	Variance	Actual	Budget	Variance		
Revenue and Other Income								
Passenger Revenues	115,061	118,707	(3,646)	250,249	264,761	(14,512)	1,375,663	Note A
Contract Service Revenue	301,478	335,449	(33,971)	670,677	718,311	(47,634)	3,298,781	Note B
Sales Tax Revenue	1,733,604	1,555,547	178,057	3,202,506	3,024,449	178,057	20,725,320	Note C
Federal/State Grants and Reimbursements	952,468	468,200	484,268	1,258,370	2,098,009	(839,639)	7,079,358	Note D
Total Revenue and Other Income	3,102,611	2,477,902	624,709	5,381,802	6,105,530	(723,728)	32,479,122	
Operating Expenses								
Salary, Wages and Benefits	705,914	649,743	(56,171)	1,440,177	1,477,887	37,710	8,279,130	
Services	119,643	257,310	137,668	199,402	819,569	620,167	2,511,948	
Materials and Supplies	249,725	314,248	64,523	416,966	682,072	265,107	3,829,224	
Utilities	30,228	37,318	7,090	34,440	74,636	40,196	447,815	
Insurance, Casualties and Losses	64,858	65,805	946	129,717	131,609	1,892	798,162	
Purchased Transportation Services	761,910	732,077	(29,833)	1,425,264	1,492,531	67,267	9,201,518	
Miscellaneous	6,006	7,727	1,721	11,641	70,255	58,615	233,085	
Leases and Rentals	34,885	21,654	(13,231)	65,363	43,308	(22,055)	284,615	Note E
Depreciation	757,407	750,420	(6,986)	1,469,391	1,500,841	31,449	8,997,293	
Total Operating Expenses	2,730,575	2,836,301	105,726	5,192,359	6,292,708	1,100,348	34,582,789	
Income Before Non-operating Revenue and Expense	372,036	(358,399)	730,434	189,442	(187,178)	376,620	(2,103,667)	
Non-Operating Revenues / (Expense)								
Investment Income	1,841	2,750	(909)	4,146	5,500	(1,354)	33,000	
Gain (Loss) Disposal of Assets	3,925	-	3,925	3,925	-	3,925	-	
Fare Evasion Fee	300	-	300	975	-	975	-	
Other Income - Miscellaneous	12,844	375	12,469	15,412	1,125	14,287	7,125	
Long Term Debt Interest/Expense	(105,069)	(201,987)	96,918	(210,138)	(403,973)	193,836	(2,423,840)	
Total Non-Operating Revenue / (Expense)	(86,159)	(198,862)	112,703	(185,679)	(397,348)	211,669	(2,383,715)	
Change in Net Assets	285,876	(557,261)	843,137	3,763	(584,526)	588,289	(4,487,382)	

Denton County Transportation Authority
Statement of Net Assets
As of November 30, 2013
(Unaudited)

	<u>November 30, 2013</u>	<u>October 31, 2013</u>	<u>Change</u>
Current Assets			
Cash & Cash Equivalents	7,600,440	9,747,199	(2,146,759)
Investments	6,650,892	5,512,005	1,138,886
Accounts & Notes Receivable	5,023,074	4,543,295	479,778
Prepaid Expenses	194,575	259,433	(64,858)
Restricted Asset-Cash and Equivalents	4,311,980	4,339,277	(27,297)
Total Current Assets	<u>23,780,961</u>	<u>24,401,210</u>	<u>(620,250)</u>
Property, Plant and Equipment			
Land	16,228,337	16,228,337	-
Land Improvements	5,386,734	5,386,734	-
Machinery & Equipment	1,246,388	1,116,610	129,778
Leasehold Improvements	55,506	55,506	-
Vehicles	87,599,032	87,599,032	-
Computers & Software	262,676	262,676	-
Accumulated Depreciation	(22,329,697)	(21,572,290)	(757,407)
Total Property, Plant and Equipment	<u>88,448,977</u>	<u>89,076,606</u>	<u>(627,629)</u>
Other Non Current Assets			
Bond Fees	201,972	202,990	(1,018)
Total Other Non Current Assets	<u>201,972</u>	<u>202,990</u>	<u>(1,018)</u>
Capital Assets			
Intangible Assets	16,997,155	16,997,155	-
Other Capital Assets, Net	216,211,207	216,211,207	-
Construction in Progress	20,635,291	20,720,815	(85,524)
Total Capital Assets	<u>253,843,653</u>	<u>253,929,177</u>	<u>(85,524)</u>
Total Assets	<u>366,275,562</u>	<u>367,609,983</u>	<u>(1,334,421)</u>
Liabilities			
Current Liabilities			
Accounts Payable	829,046	67,588	761,457
Salary, Wages, and Benefits Payable	355,524	511,995	(156,472)
Accrued Expenses Payable	4,029,148	6,362,934	(2,333,786)
Deferred Revenues	318,461	314,691	3,770
Interest Payable	208,101	104,051	104,051
Total Current Liabilities	<u>5,740,279</u>	<u>7,361,259</u>	<u>(1,620,979)</u>
Non-Current Liabilities			
Rail Easement Payable	1,839,745	1,839,745	-
Retainage Payable	1,650,682	1,650,000	682
Bonds Payable	34,395,000	34,395,000	-
Total Non-Current Liabilities	<u>37,885,428</u>	<u>37,884,745</u>	<u>682</u>
Total Liabilities	<u>43,625,707</u>	<u>45,246,004</u>	<u>(1,620,297)</u>
Net Assets			
Invested in Capital Assets	305,306,546	305,306,546	-
Unrestricted Retained Earnings	15,661,190	15,661,190	-
Change in Net Assets	1,682,119	1,396,243	285,876
Total Equity	<u>322,649,855</u>	<u>322,363,979</u>	<u>285,876</u>
Total Liabilities and Equity	<u>366,275,562</u>	<u>367,609,983</u>	<u>(1,334,421)</u>



Board of Directors Memo

January 23, 2014

Item: WS 1(a)iii Sales Tax Report

Background

Sales tax represents the single largest source of revenue for DCTA, at 54.51% for FY14 budget. The annual Sales Tax budget is \$20,725,320. Because of its importance in funding of DCTA's ongoing operations, the Board adopted a Budget Contingency Plan that outlines the Agency's response when declines in sales tax hit a specific target. This month, receipts were favorable compared to budget.

- Sales tax for sales generated at retail in the month of November and received in January was \$1,582,022.
- This represents an increase of 7.28% or \$107,405 compared to budget for the month.
- Receipts are favorable 2.37% year-to-date compared to budget.
- Compared to the same month last year, sales tax receipts were \$144,138 or 10.02% more.

- Member city collections for the month compared to prior year are as follows:
 - City of Lewisville up 16.18%
 - City of Denton up 4.21%
 - Highland Village up 10.40%

Need

Provides the Board of Directors a monthly status on Sales Tax collections.

Recommendation

For information only. No action required.

Final Review:


 Anna Mosqueda,
 CFO

**Denton County Transportation Authority (DCTA)
Sales Tax Report
Budget to Actual and Prev. Yr. Comparison**

Sales Generated in Month of:	Received in month of:	2013-2014 Year Budget	2013-2014 Year Actual	Variance Actual to Budget	CY Actual to CY Budget % Variance	2012-2013 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,679,526.13	\$ 1,646,958.60	\$ (32,567.53)	-1.94%	\$ 1,637,689.04	\$ 9,269.56	0.57%
November	January	\$ 1,474,616.69	\$ 1,582,022.03	\$ 107,405.34	7.28%	\$ 1,437,883.91	\$ 144,138.12	10.02%
December	February	\$ 2,182,700.38				\$ 2,128,329.19		
January	March	\$ 1,540,083.86				\$ 1,501,720.29		
February	April	\$ 1,532,846.76				\$ 1,494,663.46		
March	May	\$ 1,830,692.59				\$ 1,785,089.94		
April	June	\$ 1,628,435.45				\$ 1,587,871.03		
May	July	\$ 1,683,642.97				\$ 1,641,703.33		
June	August	\$ 1,870,662.18				\$ 1,824,063.88		
July	September	\$ 1,633,118.63				\$ 1,592,437.56		
August	October	\$ 1,735,511.69				\$ 1,692,280.00		
September	November	\$ 1,933,482.67				\$ 1,885,319.51		
Y.T.D Total		\$ 20,725,320.00	\$ 3,228,980.63	\$ 74,837.81	2.37%	\$ 20,209,051.14	\$ 153,407.68	4.99%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
January 9, 2014

**Denton County Transportation Authority (DCTA)
Member Cities Sales Tax Report
Month Allocation is Received from Comptroller
Prev. Yr. Comparison**

City of Lewisville					
Sales Generated in Month of:	Received In month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 2,371,149.84	\$ 2,412,800.40	\$ 41,650.56	1.76%
November	January	\$ 1,965,351.05	\$ 2,283,269.38	\$ 317,918.33	16.18%
December	February	\$ 3,085,264.25			
January	March	\$ 2,041,609.97			
February	April	\$ 2,102,744.48			
March	May	\$ 2,507,337.55			
April	June	\$ 2,214,494.00			
May	July	\$ 2,350,979.01			
June	August	\$ 2,611,642.19			
July	September	\$ 2,256,112.78			
August	October	\$ 2,407,745.59			
September	November	\$ 2,649,873.79			
Y.T.D Total		\$ 28,564,304.50	\$ 4,696,069.78	\$ 359,568.89	8.29%

City of Highland Village					
Sales Generated in Month of:	Received in month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 250,035.98	\$ 242,975.39	\$ (7,060.59)	-2.82%
November	January	\$ 246,297.20	\$ 271,909.15	\$ 25,611.95	10.40%
December	February	\$ 413,313.51			
January	March	\$ 239,867.34			
February	April	\$ 215,912.22			
March	May	\$ 310,470.19			
April	June	\$ 240,403.26			
May	July	\$ 240,733.53			
June	August	\$ 318,279.61			
July	September	\$ 244,567.16			
August	October	\$ 244,338.67			
September	November	\$ 280,725.39			
Y.T.D Total		\$ 3,244,944.06	\$ 514,884.54	\$ 18,551.36	3.74%

City of Denton					
Sales Generated in Month of:	Received in month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,947,109.61	\$ 1,858,282.99	\$ (88,826.62)	-4.56%
November	January	\$ 1,729,577.71	\$ 1,802,475.71	\$ 72,898.00	4.21%
December	February	\$ 2,521,245.16			
January	March	\$ 1,929,589.80			
February	April	\$ 1,843,926.56			
March	May	\$ 2,297,124.75			
April	June	\$ 1,940,931.42			
May	July	\$ 1,950,563.66			
June	August	\$ 2,236,264.05			
July	September	\$ 1,936,814.25			
August	October	\$ 2,091,400.26			
September	November	\$ 2,529,583.83			
Y.T.D Total		\$ 24,954,131.06	\$ 3,660,758.70	\$ (15,928.62)	-0.43%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
January 9, 2014

**All Transit Agencies
Monthly Sales and Use Tax Comparison Summary**

Transit	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	2013 Payments To Date	2012 Payments To Date	% Change
Houston MTA	1.00%	\$ 51,681,640.69	\$ 47,748,458.49	8.24%	\$ 51,681,640.69	\$ 47,748,458.49	8.24%
Dallas MTA	1.00%	\$ 36,308,509.22	\$ 32,081,152.38	13.18%	\$ 36,308,509.22	\$ 32,081,152.38	13.18%
Austin MTA	1.00%	\$ 15,456,743.29	\$ 13,438,195.03	15.02%	\$ 15,456,743.29	\$ 13,438,195.03	15.02%
San Antonio MTA	0.50%	\$ 9,819,958.64	\$ 8,746,330.18	12.28%	\$ 9,819,958.64	\$ 8,746,330.18	12.28%
San Antonio ATD	0.25%	\$ 4,494,116.31	\$ 3,946,846.82	13.87%	\$ 4,494,116.31	\$ 3,946,846.82	13.87%
Fort Worth MTA	0.50%	\$ 4,621,989.96	\$ 4,267,348.53	8.31%	\$ 4,621,989.96	\$ 4,267,348.53	8.31%
El Paso CTD	0.50%	\$ 3,151,773.75	\$ 2,999,953.55	5.06%	\$ 3,151,773.75	\$ 2,999,953.55	5.06%
Corpus Christi MTA	0.50%	\$ 2,575,435.31	\$ 2,944,798.47	-12.54%	\$ 2,575,435.31	\$ 2,944,798.47	-12.54%
Denton CTA	0.50%	\$ 1,582,022.03	\$ 1,437,883.91	10.02%	\$ 1,582,022.03	\$ 1,437,883.91	10.02%
Laredo CTD	0.25%	\$ 653,591.31	\$ 609,567.94	7.22%	\$ 653,591.31	\$ 609,567.94	7.22%
TOTALS		\$ 130,345,780.51	\$ 118,220,535.30	10.26%	\$ 130,345,780.51	\$ 118,220,535.30	10.26%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
January 9, 2014



Investment Portfolio Summary

Denton County Transportation Authority



For the Quarter Ended

December 31, 2013

Prepared by
FirstSouthwest Asset Management

Report Name

- Certification Page
- Executive Summary
- Benchmark Comparison
- Detail of Security Holdings
- Change in Value
- Earned Income
- Investment Transactions
- Amortization and Accretion
- Projected Fixed Income Cash Flows

MARKET RECAP:

The major economic data released during December has been unequivocally strong. The month kicked off with the ISM manufacturing index rising for a sixth straight month and climbing to its highest level in 31 months at 57.3. Reinforcing the strong manufacturing picture, industrial production climbed 1.1%, while capacity utilization jumped to 79%. A better than forecast employment report showed 203k jobs were created in November. Revisions to prior months added another 8k to the tally and brought the 2013 monthly average up to 189k. The unemployment rate fell to a five-year low at 7% and for once the decline was not the result of a decline in the participation rate, which actually increased slightly from a 35-year low of 62.8% to 63.0%. Two upward revisions have brought third quarter GDP up from an originally reported 2.8% to an impressive 4.1%. Retail sales grew the most in five months, advancing by 0.7% in November following an upwardly revised 0.6% gain in October. On a year-over-year basis retail sales are up 4.7%. Inflation remains well contained as the consumer price index (CPI) was unchanged in November and is up a scant 1.2% year-over-year. Excluding food and energy, the core CPI was up 0.2% last month and 1.7% year-over-year. November housing starts rose to the highest level in nearly six years, increasing by 22.7% to a 1.09 million unit annualized pace. Existing home sales were the lone detractor, falling for the second straight month with a 4.3% decline in November.


The Fed, taking all of this data into account, decided at last to announce the much anticipated tapering of their quantitative easing program. The plan is to reduce its monthly purchases by \$10 billion, split evenly between Treasury and MBS purchases. Any additional reductions will likely come in "measured steps." This suggests a very gradual tapering process, which markets are interpreting to mean something on the order of a further \$10 billion reduction every month or two, with QE expected to conclude entirely by late-2014. The Fed also attempted to reinforce its "tapering is not tightening" message by saying it will be appropriate to maintain the current overnight funds target "well past the time that the unemployment rate declines below 6.50% percent, especially if projected inflation continues to run below the Committee's 2.0% percent longer-run goal." Stock markets cheered the news, with the Dow shooting up nearly 300 points following the announcement, then ratcheting higher to close 2013 at a record. The initial reaction in fixed income markets was muted, but yields have since risen sharply, particularly in the intermediate sector of the curve. For the month, yields on the 2-, 3-, 5-, and 7-year Treasury notes are higher by 10, 22, 37, and 36 basis points respectively.


For the Quarter Ended
December 31, 2013

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. To the extent possible, market prices have been obtained from independent pricing sources.

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.

Officer Names and Titles:

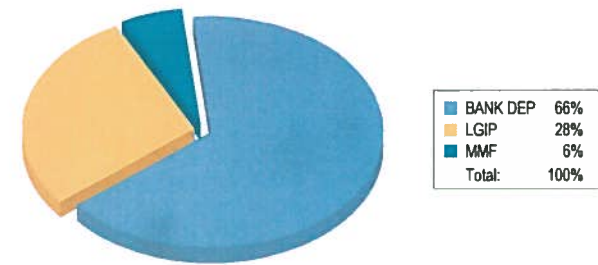




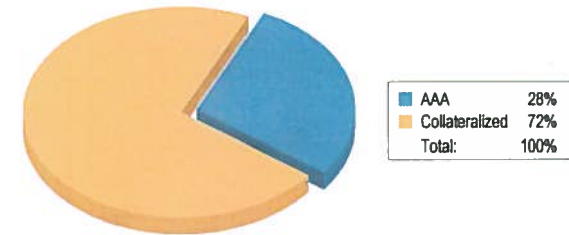
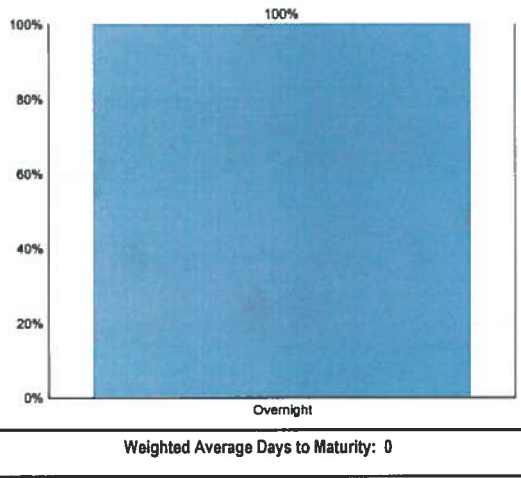
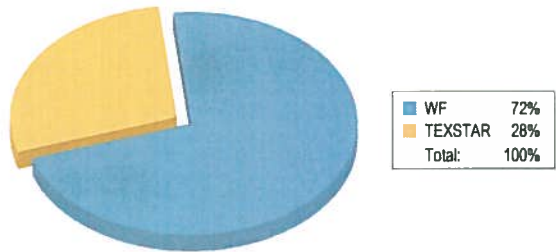
- President

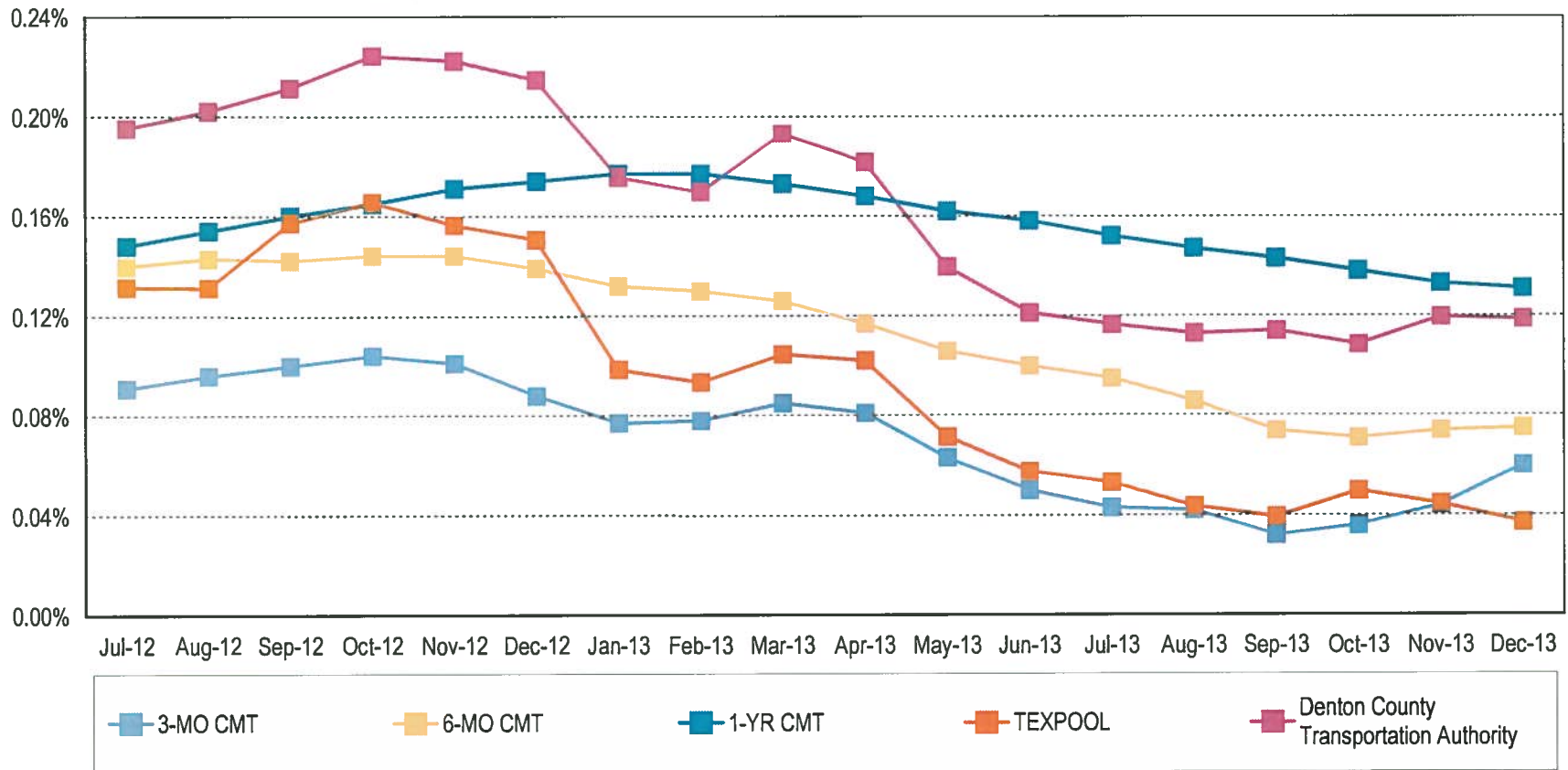
Account Summary **Allocation by Security Type**

	Beginning Values as of 09/30/13	Ending Values as of 12/31/13
Par Value	18,099,493.87	19,607,523.41
Market Value	18,099,493.87	19,607,523.41
Book Value	18,099,493.87	19,607,523.41
Unrealized Gain / Loss	0.00	0.00
Market Value %	100.00%	100.00%
Weighted Avg. YTW	0.114%	0.119%
Weighted Avg. YTM	0.114%	0.119%



Allocation by Issuer **Maturity Distribution %** **Credit Quality**





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.



Denton County Transportation Authority
Detail of Security Holdings
As of 12/31/2013

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
2011 Bond Fund																	
WF-MANA		BANK DEP	Wells Fargo Managed Rate					3,336,022.12	100.000	3,336,022.12	3,336,022.12	100.000	3,336,022.12	1		0.250	0.250
Total for 2011 Bond Fund								3,336,022.12	100.000	3,336,022.12	3,336,022.12	100.000	3,336,022.12	1		0.250	0.250
Bond Fund																	
TEXSTAR		LGIP	TexSTAR					549,537.75	100.000	549,537.75	549,537.75	100.000	549,537.75	1		0.036	0.036
Total for Bond Fund								549,537.75	100.000	549,537.75	549,537.75	100.000	549,537.75	1		0.036	0.036
Operating Fund																	
WF-MANA		BANK DEP	Wells Fargo Managed Rate					1,951,626.11	100.000	1,951,626.11	1,951,626.11	100.000	1,951,626.11	1		0.250	0.250
WF-SWEEP		MMF	Wells Fargo Sweep					1,150,865.48	100.000	1,150,865.48	1,150,865.48	100.000	1,150,865.48	1		0.020	0.020
Total for Operating Fund								3,102,491.59	100.000	3,102,491.59	3,102,491.59	100.000	3,102,491.59	1		0.165	0.165
Reserve Fund																	
WF-PREM		BANK DEP	Wells Fargo Premium Rate					7,455,510.32	100.000	7,455,510.32	7,455,510.32	100.000	7,455,510.32	1		0.100	0.100
Total for Reserve Fund								7,455,510.32	100.000	7,455,510.32	7,455,510.32	100.000	7,455,510.32	1		0.100	0.100
RTRFI Funding																	
WF-MANA		BANK DEP	Wells Fargo Managed Rate					153,220.96	100.000	153,220.96	153,220.96	100.000	153,220.96	1		0.250	0.250
Total for RTRFI Funding								153,220.96	100.000	153,220.96	153,220.96	100.000	153,220.96	1		0.250	0.250
RTRFI Interest																	
TEXSTAR		LGIP	TexSTAR					212,959.81	100.000	212,959.81	212,959.81	100.000	212,959.81	1		0.036	0.036
Total for RTRFI Interest								212,959.81	100.000	212,959.81	212,959.81	100.000	212,959.81	1		0.036	0.036



Denton County Transportation Authority
Detail of Security Holdings
As of 12/31/2013

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Data	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
Sales Tax Fund																	
TEXSTAR		LGIP	TexSTAR					4,797,780.86	100.000	4,797,780.86	4,797,780.86	100.000	4,797,780.86	1		0.036	0.036
Total for Sales Tax Fund								4,797,780.86	100.000	4,797,780.86	4,797,780.86	100.000	4,797,780.86	1		0.036	0.036
Total for Denton County Transportation Authority								19,607,523.41	100.000	19,607,523.41	19,607,523.41	100.000	19,607,523.41	1		0.119	0.119



Denton County Transportation Authority
Change in Value
 From 09/30/2013 to 12/31/2013

CUSIP	Security Type	Security Description	09/30/13 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	12/31/13 Book Value	09/30/13 Market Value	12/31/13 Market Value	Change in Mkt Value
2011 Bond Fund											
WF-MANA	BANK DEP	Wells Fargo Managed Rate	3,334,088.70	1,933.42	0.00	0.00	0.00	3,336,022.12	3,334,088.70	3,336,022.12	1,933.42
Total for 2011 Bond Fund			3,334,088.70	1,933.42	0.00	0.00	0.00	3,336,022.12	3,334,088.70	3,336,022.12	1,933.42
Bond Fund											
TEXSTAR	LGIP	TexSTAR	1,537,667.56	34.95	(988,164.76)	0.00	0.00	549,537.75	1,537,667.56	549,537.75	(988,129.81)
Total for Bond Fund			1,537,667.56	34.95	(988,164.76)	0.00	0.00	549,537.75	1,537,667.56	549,537.75	(988,129.81)
Operating Fund											
WF-MANA	BANK DEP	Wells Fargo Managed Rate	1,950,495.04	1,131.07	0.00	0.00	0.00	1,951,626.11	1,950,495.04	1,951,626.11	1,131.07
WF-SWEEP	MMF	Wells Fargo Sweep	242,893.72	2,993,446.28	(2,085,474.52)	0.00	0.00	1,150,865.48	242,893.72	1,150,865.48	907,971.76
Total for Operating Fund			2,193,388.76	2,994,577.35	(2,085,474.52)	0.00	0.00	3,102,491.59	2,193,388.76	3,102,491.59	909,102.83
Reserve Fund											
WF-PREM	BANK DEP	Wells Fargo Premium Rate	7,453,659.95	1,850.37	0.00	0.00	0.00	7,455,510.32	7,453,659.95	7,455,510.32	1,850.37
Total for Reserve Fund			7,453,659.95	1,850.37	0.00	0.00	0.00	7,455,510.32	7,453,659.95	7,455,510.32	1,850.37
RTRFI Funding											
WF-MANA	BANK DEP	Wells Fargo Managed Rate	153,132.16	88.80	0.00	0.00	0.00	153,220.96	153,132.16	153,220.96	88.80
Total for RTRFI Funding			153,132.16	88.80	0.00	0.00	0.00	153,220.96	153,132.16	153,220.96	88.80
RTRFI Interest											
TEXSTAR	LGIP	TexSTAR	301,920.65	11.14	(88,971.98)	0.00	0.00	212,959.81	301,920.65	212,959.81	(88,960.84)
TEXSTAR2	LGIP	TexSTAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total for RTRFI Interest			301,920.65	11.14	(88,971.98)	0.00	0.00	212,959.81	301,920.65	212,959.81	(88,960.84)



Denton County Transportation Authority
Change in Value
From 09/30/2013 to 12/31/2013

CUSIP	Security Type	Security Description	09/30/13 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	12/31/13 Book Value	09/30/13 Market Value	12/31/13 Market Value	Change in Mkt Value
Sales Tax Fund											
TEXSTAR	LGIP	TexSTAR	3,125,636.09	1,672,144.77	0.00	0.00	0.00	4,797,780.86	3,125,636.09	4,797,780.86	1,672,144.77
Total for Sales Tax Fund			3,125,636.09	1,672,144.77	0.00	0.00	0.00	4,797,780.86	3,125,636.09	4,797,780.86	1,672,144.77
Total for Denton County Transportation Authority			18,099,493.87	4,670,640.80	(3,162,611.26)	0.00	0.00	19,607,523.41	18,099,493.87	19,607,523.41	1,508,029.54



Denton County Transportation Authority

Earned Income

From 09/30/2013 to 12/31/2013

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
2011 Bond Fund									
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	1,933.42	1,933.42	0.00	0.00	0.00	1,933.42
Total for 2011 Bond Fund			0.00	1,933.42	1,933.42	0.00	0.00	0.00	1,933.42
Bond Fund									
TEXSTAR	LGIP	TexSTAR	0.00	80.32	80.32	0.00	0.00	0.00	80.32
Total for Bond Fund			0.00	80.32	80.32	0.00	0.00	0.00	80.32
Operating Fund									
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	1,131.07	1,131.07	0.00	0.00	0.00	1,131.07
WF-SWEEP	MMF	Wells Fargo Sweep	0.00	52.05	52.05	0.00	0.00	0.00	52.05
Total for Operating Fund			0.00	1,183.12	1,183.12	0.00	0.00	0.00	1,183.12
Reserve Fund									
WF-PREM	BANK DEP	Wells Fargo Premium Rate	0.00	1,850.37	1,850.37	0.00	0.00	0.00	1,850.37
Total for Reserve Fund			0.00	1,850.37	1,850.37	0.00	0.00	0.00	1,850.37
RTRFI Funding									
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	88.80	88.80	0.00	0.00	0.00	88.80
Total for RTRFI Funding			0.00	88.80	88.80	0.00	0.00	0.00	88.80
RTRFI Interest									
TEXSTAR	LGIP	TexSTAR	0.00	28.27	28.27	0.00	0.00	0.00	28.27
Total for RTRFI Interest			0.00	28.27	28.27	0.00	0.00	0.00	28.27



Denton County Transportation Authority

Earned Income

From 09/30/2013 to 12/31/2013

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
Sales Tax Fund									
TEXSTAR	LGIP	TexSTAR	0.00	400.05	400.05	0.00	0.00	0.00	400.05
Total for Sales Tax Fund			0.00	400.05	400.05	0.00	0.00	0.00	400.05
Total for Denton County Transportation Authority			0.00	5,564.35	5,564.35	0.00	0.00	0.00	5,564.35



Board of Directors Memo **January 23, 2014**
Item: 1(a)(v) Procurement Status Report

Bus Operations Management Services

The current contract will expire in September 2014. Staff is working to develop the solicitation documents to be released in January. Staff will be conducting industry review meetings with potential firms to assist in the development of the documents and resulting contract.

Repairs to Porch at DDTC

Staff is developing specifications for repairs to the concrete porch at the DDTC. Staff intends to release the solicitation documents in late January with bids due in February. Staff anticipates the cost of repairs to be under the Board approval threshold and will award the contract administratively.

Auction of Furniture

All furniture and items located at TMDC Solid Waste location are posted for auction at www.lonestaronline.com. Items will be sold and removed from the location by January 24th.

Submitted by:


Athena Forrester, Procurement Manager

Final Review:


Anna Mosqueda, CFO

Approval:


James C. Cline, Jr., President



Board of Directors Memo

January 23, 2014

Item: 1(b) Communications and Marketing Update

Marketing & Communications Initiatives

- | | |
|--|--|
| January Service Changes Communications | Employer Transit Benefits Promotion |
| 35Express Construction Campaign | Community Events Calendar Coordination |
| Website Launch | Community Open House Planning |
| WMR Software Design & Implementation | Arts & Jazz Festival Partnership Development |
| A-train Magazine Distribution | Internship Recruitment |
| Internal Brand Communications | |

Regional Initiatives

- NCTCOG Air North Texas
- NCTCOG Regional Transit Survey
- GoPass Promotion & Passenger Tools Enhancement

Recent Events

1-Jan	Heart of Dallas Bowl Game (see attached recap report)	38,380 attendees
9-Jan	Lewisville Citizens' Advisory Team Meeting	4 attendees
15-Jan	HVBA Luncheon Presentation	75 attendees
16-Jan	Denton Citizens' Advisory Team Meeting	
22-Jan	Denton "Mouthwatering Wednesdays" Food Truck Event	

Upcoming Events

- 28-Jan Lewisville Chamber Awards Sponsorship
- 29-Jan Denton "Mouthwatering Wednesdays" Food Truck Event
- 5-Feb Denton "Mouthwatering Wednesdays" Food Truck Event
- 12-Feb Denton "Mouthwatering Wednesdays" Food Truck Event
- 19-Feb Denton "Mouthwatering Wednesdays" Food Truck Event
- 25-27 Apr Denton Arts & Jazz Festival

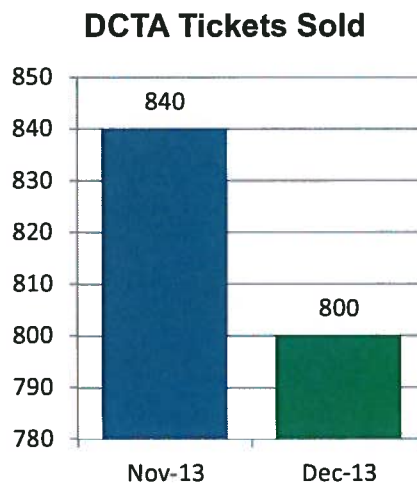
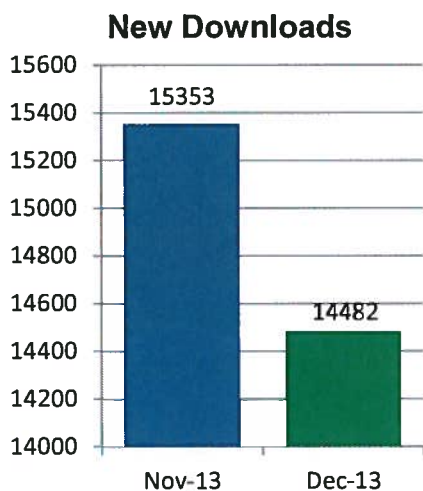
General DCTA Related Media

Articles Mentioning DCTA	61
Web Reach Per Million	4,926
YTD Web Reach Per Million	7,342
Month Total Ad Value	\$58,448
YTD Total Ad Value	\$59,747
Social Media Posts Mentioning DCTA	44

Topic Highlights

- DCTA services affected by severe winter weather
- DCTA to provide A-train service for Heart of Dallas Bowl
- DCTA to roll out changes
- Take DCTAs Wonderland Express to Holiday Events in Lewisville and Denton
- DCTA Kicks Off New I-35E Construction Marketing Campaign

GoPass Application



DCTA Marketing Web Statistics (Based on Fiscal Year)

DCTA Website

dcta.net				
	Visitors	Visits	New Visits	Avg. Time on Site
October	21,724	38,045	46.17%	3:01
November	16,353	29,741	42.54%	2:48
December	18,918	34,481	43.00%	3:16
Total	56,995	102,267	43.90%	3:01

Traffic Sources Overview			
	October	November	December
Search Engines	24,856	20,172	22,466
Direct Traffic	8,948	7,223	8,529
Referring Sites	3,909	2,147	2,606
Social	332	199	880

Top Page Views
A-train Routes & Schedules
Home Page
Routes & Schedules
A-train Schedule
Connect Schedules

Top Traffic Sources
Google
Direct
Bing
Yahoo
DART

DCTA Social Media

There was a spike in social media activity in the first quarter of FY14. Much of this activity can be attributed to the regional events where DCTA participated, as well as the inclement weather at the beginning of December.

Twitter	
Followers	2018
Following	368
Listed	50

Foursquare	
Top Check-in Venue *	299
Total Check-ins	618
* DART Trinity Mills Station (A-train)	

October 2013

- State Fair of Texas
- Texas OU Game

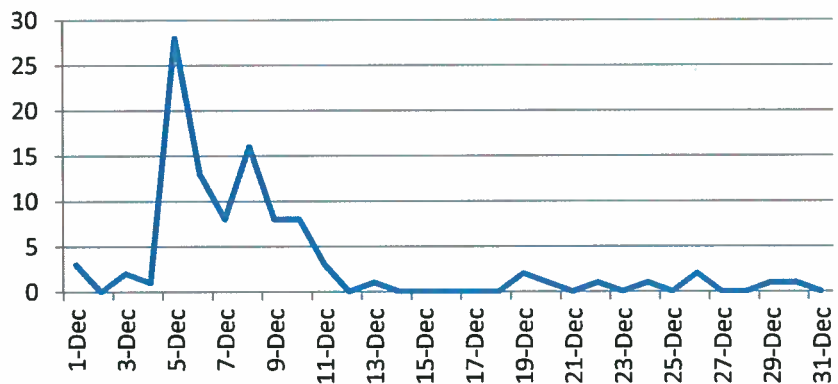
December 2013

- Inclement Weather
- Heart of Dallas Bowl Game
- Holidays

Facebook			
	October	November	December
People Talking About This	129	94	262
Lifetime Total Likes	2,086	2,111	2,203
New Likes	32	36	100
Unlikes	5	3	8
Page Engaged Users	343	232	911
Total Reach	10,726	5,461	10,971
Total Impressions	26,650	14,283	35,323

Date	Event
5-Dec	Thursday - Severe weather posts go out (28)
6-Dec	Friday - A-train delays & no Connect bus service (13)
7-Dec	Saturday - A-train delays & no Connect bus service (8)
8-Dec	Monday service schedule announced (16)
9-Dec	UNT Shuttle service extended for rescheduled finals (8)
10-Dec	UNT Shuttle service extended for rescheduled finals (8)

Daily New Likes



Customer Service Performance

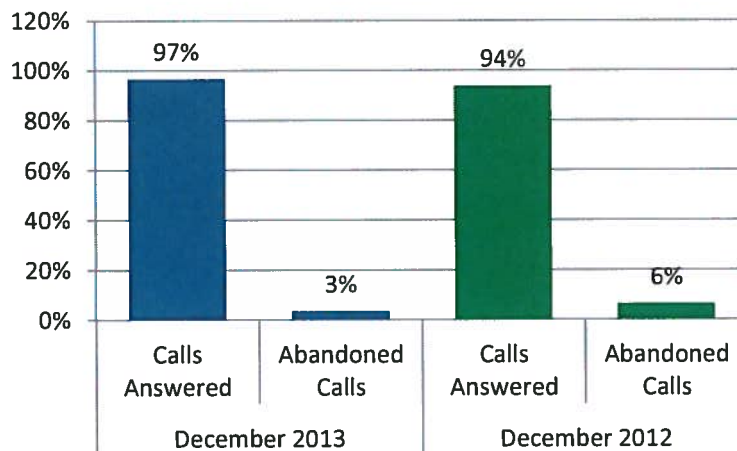
Call Center Statistics

In December, DCTA's call center received 5191 calls compared to the 3,581 calls that were recorded in the month of November. This is a 45% increase* in call volume from the previous month. 5,011 of the calls recorded in December were answered and 180 were abandoned.

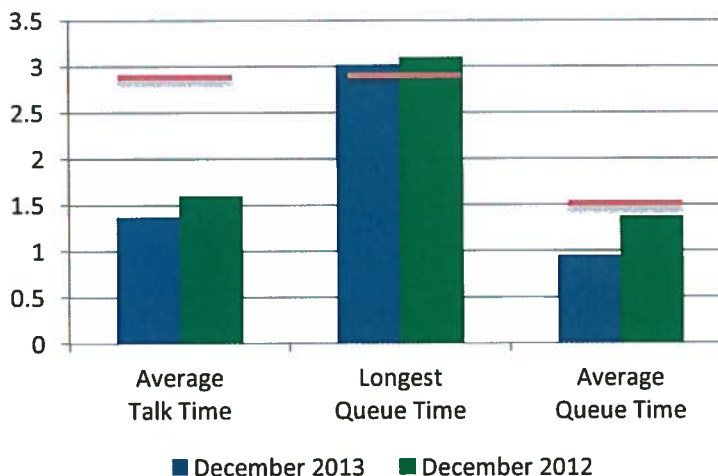
*This 45% increase in call volume can be attributed to the severe weather early in the month as well as the Heart of Dallas Bowl partnership with the City of Denton and UNT.

The target for answered calls is 90%. With a 96% rate of calls answered, this target was met this month.

Incoming Calls



Call Center Performance



DCTA's target talk time is three minutes. The longest queue time that we would like to see is three minutes. The ideal average queue time is 90 seconds.

GoRequest Statistics

DCTA had a total of 52 submissions into GoRequest during the month of December. This is a 7% decrease from the month of November.

Accident / Safety / Security	1
Customer Service Information	4
Driver Conduct	6
Driving Skills	6
Lost and Found	5
On Time Performance	10
Other	8
Route and Schedule Information	5
Service Request	1
Stations / Shelters / Bus Stops	2
Ticket or Ticket Vending Machine Issue	3
UNT Shuttle	1

Types of Submittals Breakout

Complaint	22
Compliment	5
Problem	0
Question	22
Suggestion	3

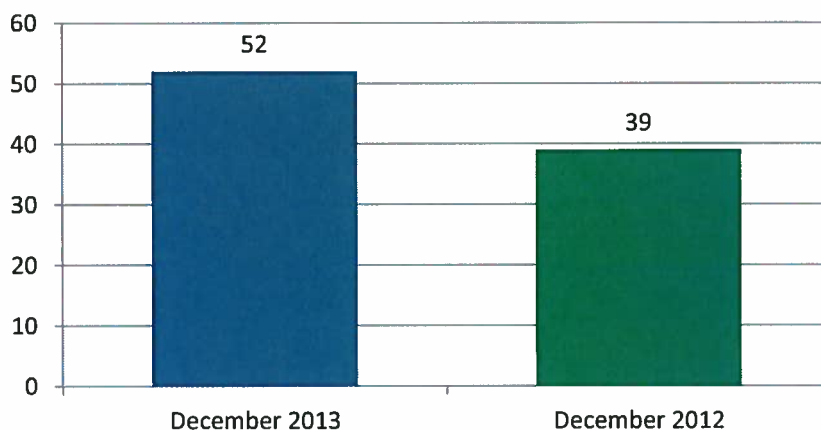
Complaint Topic Breakout

Accident / Safety / Security	1
Customer Service Information	1
Driver Conduct	3
Driving Skills	5
On Time Performance	8
Other	3
Route and Schedule Information	1

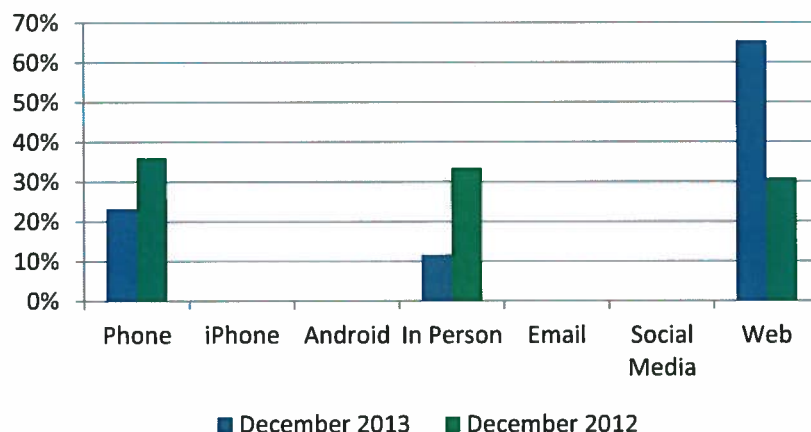
Complaints Per 10,000 Passengers

1.81	Complaints/10,000 Passengers
4.28	Total Requests / 10,000 Passengers

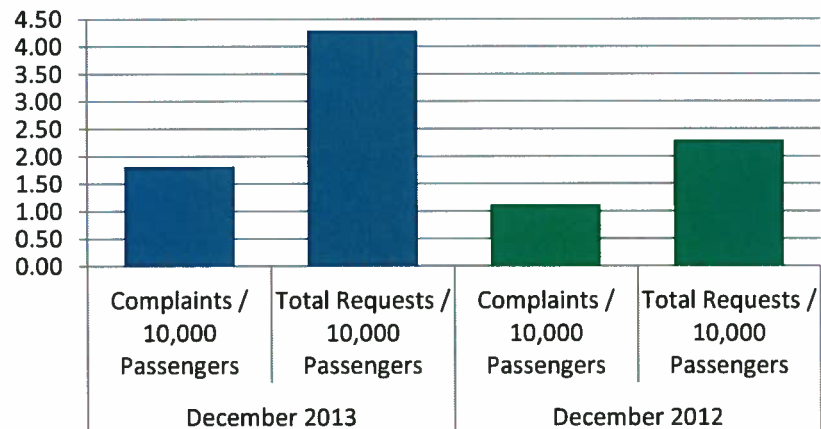
Number of Opened Requests



How Requests Are Reported



Requests Per 10,000 Passengers

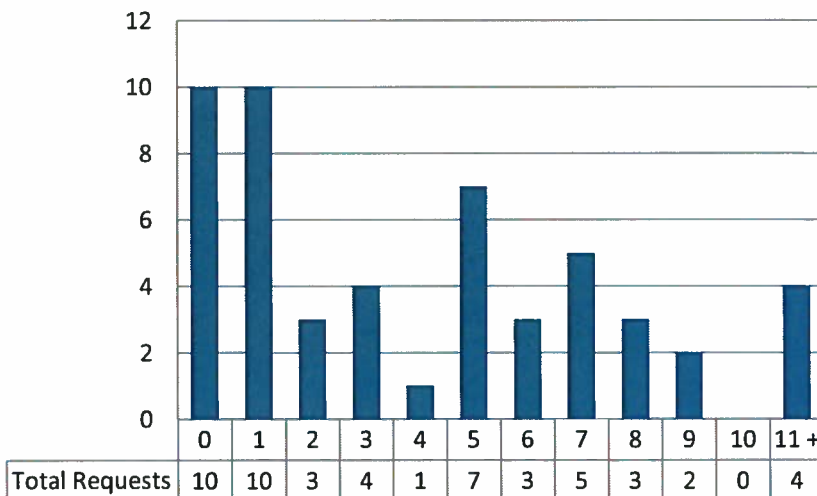


DCTA has a goal to close all requests within seven days. Ten days is the maximum number of days a request is allowed to remain unresolved.

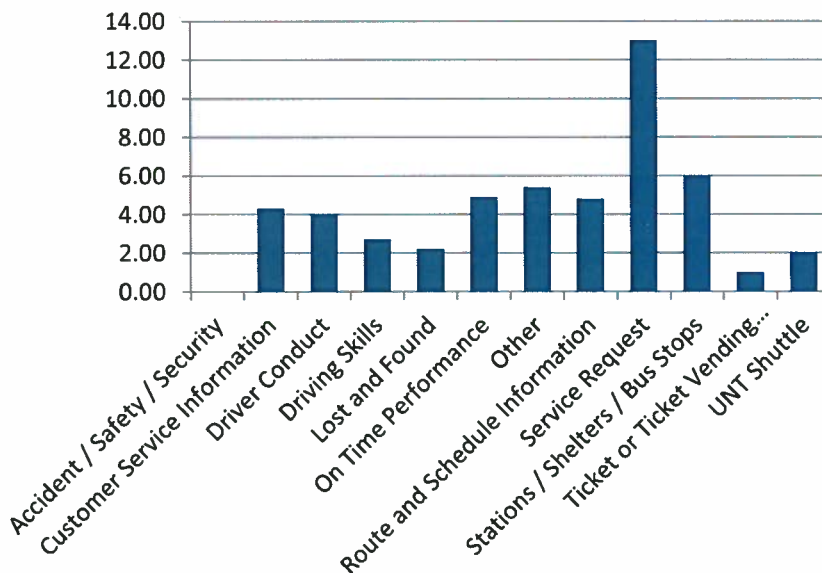
In this reporting period it took, on average, 4.12 days to close out a request.

During this reporting period four requests exceeded the ten day response period. These requests were assigned to a staff member who was on holiday vacation. Since this incident, staff has established a process of reassigning requests to an alternate staff member when the primary responder will be out of the office. With the new process, there should be no future issues.

Number of Days to Close a Request



Average Number of Days to Close a Request



Submitted by: Rusty Comer
 Rusty Comer, Management Specialist

Approved by: Kristina Brevard
 Kristina Brevard, Vice President,
 Marketing & Communications

Board of Directors Memo

January 23, 2014

Item: 1(c) Capital Projects Update

GTW Implementation

Staff continues to work with Herzog, Stadler and the FRA to test GTWs with the intent of eventually operating single units. Herzog, DCTA and the FRA conducted two rounds of single car testing along the entire corridor, neither of which was successful. The loss of shunt experienced by a single GTW is a complex issue that will likely require a multi-disciplined approach to solve.

Herzog Technologies has completed the installation of a wayside data transmitter which allows for remote monitoring of vehicle shunting. Additionally, Herzog Technologies has established regular testing protocols of the track circuitry to try and establish a better understanding of the environmental influences. Regular operational adjustments are made and reduced speed restrictions are being implemented when environmental conditions may have an impact on signal activity. This allows DCTA and Herzog a better understanding of the impact of reduced speeds in certain sections on schedule and signal behavior.

DCTA, Stadler and Herzog are currently working on a rail brush that would attach to the rear truck of the vehicle and “brush” the rail which may help in the shunting of a single car and minimize the need for other routine scrubbing/polishing. The manual prototype was tested the week of July 15th in the yard to insure that it does not get caught on switches and rail guides. This test was successful and FRA was present. The manufacturer’s prototype was installed and tested on the line in December. No issues were reported but further testing is warranted.

DCTA has engaged HNTB as a third party signal consultant to evaluate current actions and develop other potential alternatives. Single car testing was conducted on December 8th to replicate the loss of shunt previously experienced. Recommended strategies will be discussed at the January board meeting.

Where’s My Ride

Preliminary fit tests for hardware components and brackets will be completed on one train and one bus on January 21, 2014. Current General Transit Feed Specification (GTFS) data has been transmitted to Strategic Mapping for import into DCTA’s Where’s My Ride Portal. Once the import is complete, route and schedule information will be viewable through the DCTA Portal. Hardware installation on all vehicles is anticipated to begin in late March, in order to correspond with the delivery of five new cutaway buses for Lewisville Connect service. The Where’s My Ride project is on schedule for implementation in late summer or early fall of 2014.

Bus Operations and Maintenance Facility

DCTA received the Certificate of Occupancy in December and moved the maintenance shop. The building is substantially complete and the contractor is working the final punch list. Furniture is scheduled for delivery and installation by January 20th. The facility is fully operational and DCTA has vacated the leased TMDC facility and shop. All internal data systems are working but staff is using wireless broadband for internet access and is communicating via cellphone. The installation of fiber to the site for voice and data has been delayed by permit and construction issues. However, staff expects the fiber to be installed by the end of January. Contract close-out is in progress.

Community Enhancements

Jacobs Engineering has resubmitted the project package to TxDOT for approval. TxDOT has stated that it may take up to three months for approval. We anticipate a new award and start of construction no later than March, 2014.

Lewisville Hike/Bike Trail


DCTA staff met with Jacobs Engineering to review the cost estimate and decide on the limits of phase 1 construction. The engineer will meet with the Corps of Engineers this month to discuss small sections of the trail that will be constructed on Corps property. We anticipate TxDOT approval of the plans by late April so that the contract can be awarded in July, according to the grant requirements.

Positive Train Control (PTC)

The technical specifications were subjected to peer and industry review in November and some minor modifications were made to the RFP. Staff continues to work on the PTC 220 lease documents, the Interlocal Agreement and funding issues. The RFP remains under legal review. We are on schedule to release the RFP in early 2014 with contract award by summer, 2014.

Highland Village/Lewisville Lake Recreational Parking

Bids are due on January 17th. Staff expects to discuss the project with the Board of Directors at the January meeting. Staff is targeting the end of March for completion.

Submitted by: 
Ann Boulden, Project Manager

Approved by: 
Dee Leggett, COO

Board of Directors Memo**January 23, 2014****Item: 1(d) Transit Operations Report****❖ RIDERSHIP****November 2013**

- DCTA carried 284,786 passengers system wide in the month of November. This is a 29% decrease from overall ridership last year. Some of this decline is because of reduction in revenue hours but can also be attributed to service cancellations on UNT, NCTC and Connect because of weather and road conditions
- The A-train carried 45,415 passengers during the month of November. This reflects an overall increase in ridership of 4.2% for the month of November 2013, when compared to November 2012. The A-Train operated a modified schedule on the day after Thanksgiving.
- A-train Saturday ridership in November reflected a 38% increase over the same period last year. The increase is due to this November having five Saturdays versus November 2012 having four Saturdays.
- DCTA's bus system carried 239,371 passengers in November which is a 18% decrease from December 2012.
- Connect ridership experienced a 6.4% increase versus this same time period last year.
- NCTC ridership decreased 12% in November 2013 compared to November 2012.
- Ridership on Connect RSVP increased by 16% (or 38 boardings) in November 2013 relative to that same period in 2012.
- Access boardings in November decreased 3% when compared to the previous year.
- UNT Shuttle continues to experience declines in ridership. Ridership decreased by 23% in November 2013 as compared to December 2012.

December 2013

- DCTA carried 119,684 passengers system wide in the month of December. This is a 29% decrease from overall ridership last year. Some of this decline is because of reduction in revenue hours but can also be attributed to service cancellations on UNT, NCTC and Connect because of weather and road conditions.
- The A-train carried 31,942 passengers during the month of December. This reflects an overall increase in ridership of 4.8% for the month of December 2013, when compared to December 2012.
- The A-train operated additional trains and buses in support of the UNT bowl game on January 1, 2014 carrying almost 1,300 passengers
- A-train Saturday ridership in December reflected a 46% decrease over the same period last year. This is largely attributed to icy, cold weather conditions.
- DCTA's bus system carried 87,742 passengers in December which is a decrease 37% from December 2012.
- Connect ridership experienced a 5.6% decrease versus this same time period last year. This is largely attributed to the icy weather conditions in early December and the cancellation of Connect services on December 6th and 7th.
- NCTC ridership decreased 27% in December 2013 compared to December 2012. This is largely due to bus service being canceled two days in response to inclement weather.
- Ridership on Connect RSVP increased by 1.2% (or 2 boardings) in December 2013 relative to that same period in 2012.
- Access boardings in December decreased 9.7% when compared to the previous year.
- UNT Shuttle continues to experience declines in ridership. Ridership decreased by 49% in December 2013 as compared to December 2012. Bus service was canceled two days as a result of inclement weather with three days of reduced service. Additionally, ridership reductions are attributed to a reduction in revenue hours.

❖ SYSTEM ON-TIME PERFORMANCE

- November "On Time Performance" (OTP) for the A-train was 98.95%
- November "On Time Performance" (OTP) for the bus system was 96.95%
- December "On Time Performance" (OTP) for the A-train was 95.69%.
- December "On Time Performance" (OTP) for the bus system was above 96.7%. When Where's My Ride is launched, DCTA will change how OTP is measured on the bus system. Staff anticipates a slight decline in this performance indicator.

❖ SAFETY/SECURITY

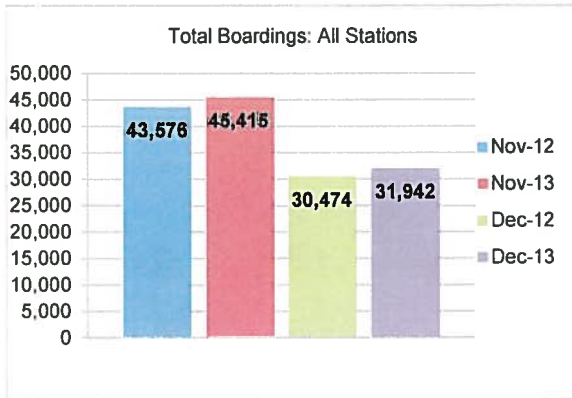
- DCTA Rail Operations Injury-Free Workdays: 602 days
- DCTA Bus Operations Injury-Free Workdays: 28 days
- There were no vehicle issues at the Eagle Point Road in the month of December.
- There were no reportable bus incidents in December.

❖ PLANNING AND CUSTOMER SERVICE

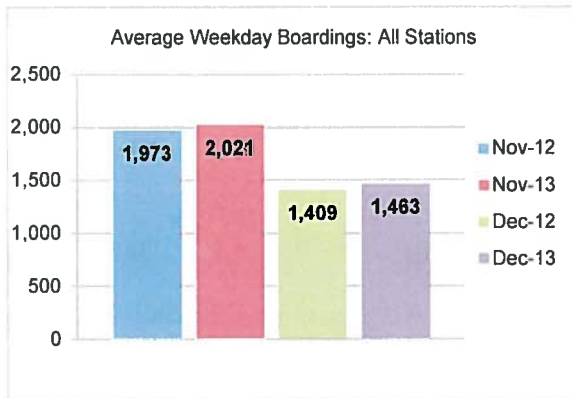
- The January service changes were effective on January 13, 2014. Slight adjustments were made to Route 9 to better align with new a.m. A-train trips. Staff will begin to examine future schedule changes.
- DCTA provided a modified holiday bus and train schedule for Christmas Eve and New Year's Eve. Modified bus and train schedules will be developed for holidays in 2014. There was no bus or rail service on Christmas Day. The bus did not run on New Year's Day and the A-train provided a limited schedule.
- Construction on Highland Street has impacted UNT Shuttle routes and resulted in increased customer complaints. DCTA is working with UNT to manage the routes during construction and communicate detours to minimize disruption to the customer.
- Denton County, especially the city of Denton, experienced severe inclement weather December 5th and 6th which impacted service delivery December 5th, 6th and 7th. The A-train was able to maintain normal operations throughout the weather event. UNT Shuttle operations were cancelled early on December 5th and did not resume again until December 10th. UNT Shuttle service was limited on December 10th. UNT Shuttle ran extended hours December 11, 12th and 13th to accommodate revised final testing schedules. Some Connect routes were cancelled early on December 5th because of road conditions. All Connect routes were cancelled on December 6th and 7th. Normal Connect operations resumed on December 9th. NCTC service was cancelled December 6th and 9th. DCTA bus and rail operations staff and contractors met on December 11th to discuss severe weather response and lessons learned.

❖ MAINTENANCE

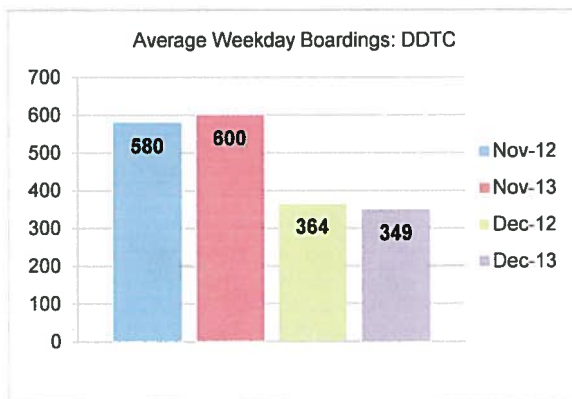
- **Right of Way:** Routine daily inspections are being performed by the contractor.
- **Signal/Communications:** There were no signal or communications issues in December.
- **Stations:** DCTA contract operations (HTSI) continues to perform weekly safety inspections, which have not identified any major issues, and any minor aesthetic issues have been resolved (i.e. landscape maintenance, etc.). DCTA staff is currently reviewing other options for landscape maintenance.
- **Rail Mechanical:** DCTA contract operations (HTSI) reported no mechanical issues in the month of December
- **Bus Mechanical:** TMDC maintenance staff is now working out of the new facility.



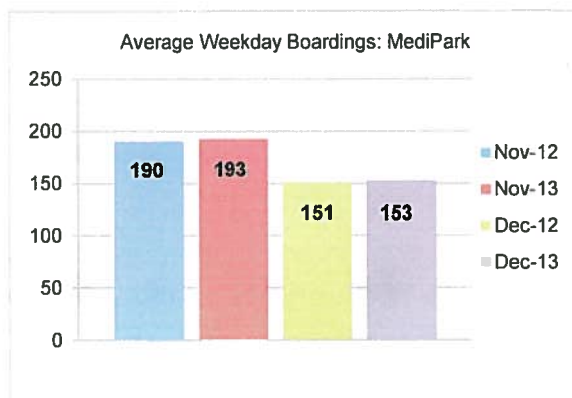
In November 2013, total boardings increased by 4% (or by 1,839 boardings) compared to 2012. In December boardings increased by 5% (or by 1,468 boardings)



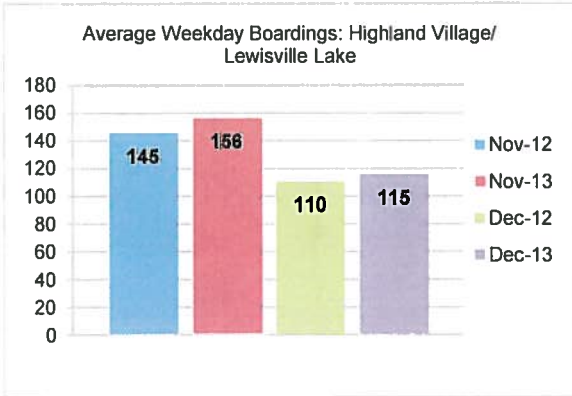
Average weekday boardings increased by 2% (or by 48 boardings) from November 2012 to 2013. In December the average increased by 4% (or by 53 boardings).



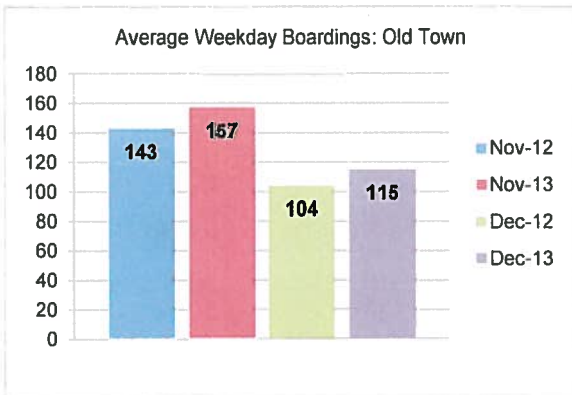
In November, average daily boardings increased by 3% (or by 20 boardings) when comparing 2013 to 2012. In December this average dropped by 4% (or by 16 boardings).



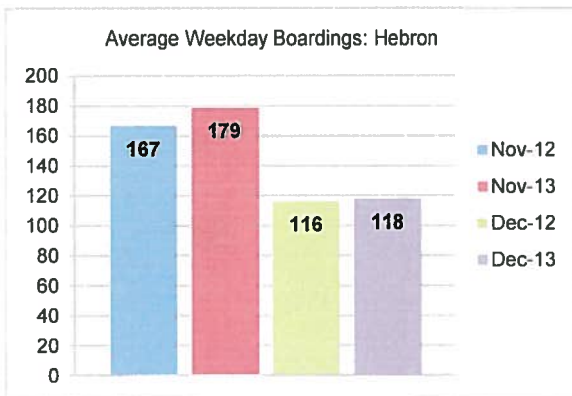
In November and December average daily boardings remained about the same when comparing 2013 to 2012.



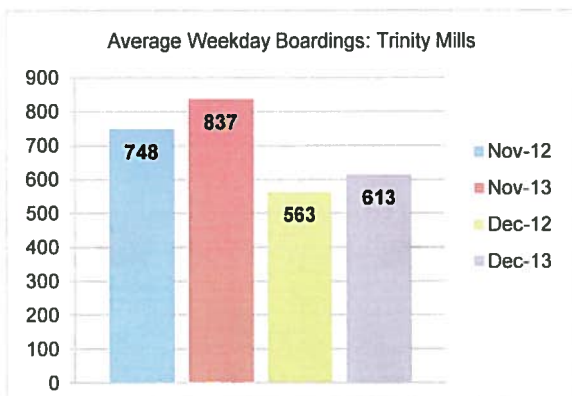
In November, average daily boardings increased by 7% (or by 11 boardings) when comparing 2013 to 2012. In December this average increased by 4% (or by 5 boardings).



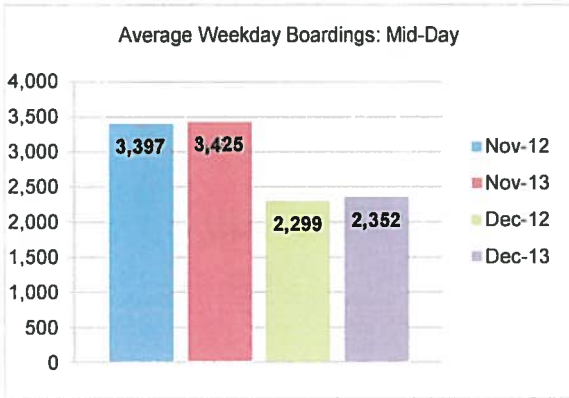
In November, average daily boardings increased by 10% (or by 14 boardings) when comparing 2013 to 2012. In December this average increased by 11% (or by 11 boardings).



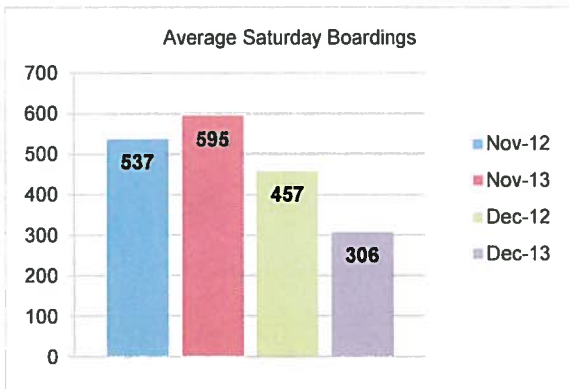
In November, average daily boardings increased by 7% (or by 12 boardings) when comparing 2013 to 2012. In December this average remained about the same.



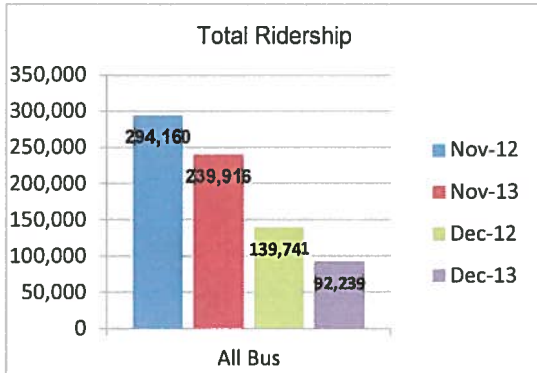
In November, average daily boardings increased by 12% (or by 89 boardings) when comparing 2013 to 2012. In December this average increased by 9% (or by 50 boardings).



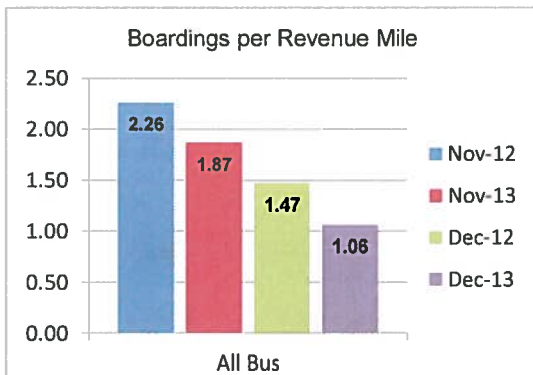
In November, average weekday boardings during the mid-day remained about the same when comparing 2013 to 2012. In December this average increased by 2% (or by 53 boardings).



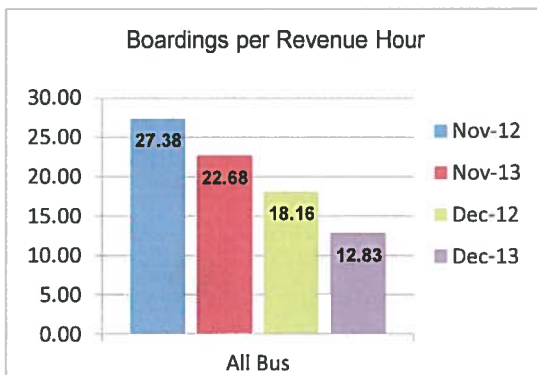
In November, average Saturday boardings increased by 11% (or by 58 boardings) when comparing 2013 to 2012. In December this average decreased by 33% (or by 151 boardings). Severe weather and cancelation of some local holiday events negatively impacted boardings in December.



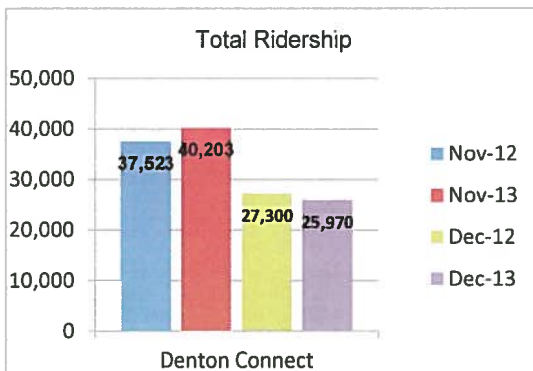
Overall boardings for all bus decreased by 18% (or by 54,244 boardings) when comparing November 2013 to the previous year. The drop in November can part be explained by UNT operating one less full service day in November 2013 compared to 2012. For December the drop in boardings dropped by 34% (or by 47,502 boardings) when comparing 2013 to 2012. The winter storms in December 2013 help explain the drastic drop in boardings.



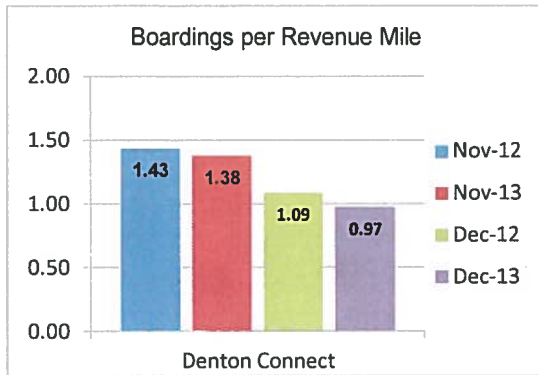
Overall, in November boardings per revenue mile dropped by 17% when compared to the previous year. In December, the drop was by 29%.



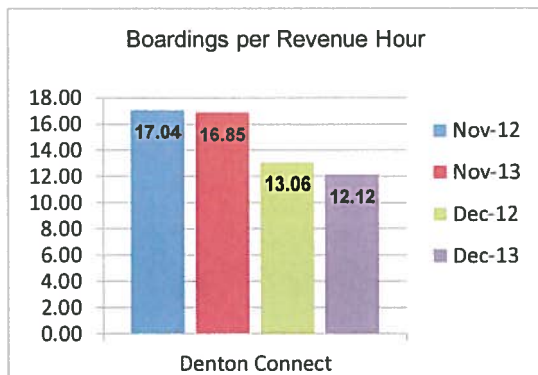
In November boardings per revenue hour decreased by 17% from the previous year. For December this dropped by 29%.



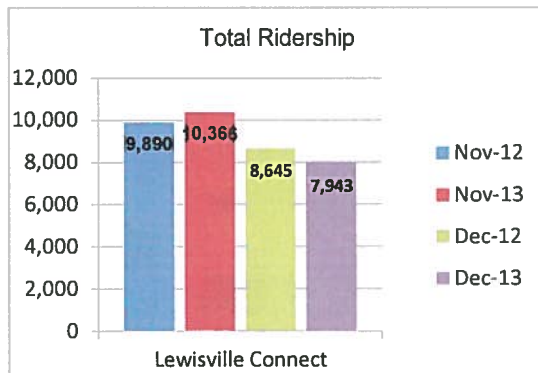
In November 7% more (or 2,680 boardings) occurred on the Denton connect routes Denton when comparing 2013 to 2012. In contrast, total boardings decreased by 5% (or by 1,330 boardings) in December 2013 compared to December 2012.



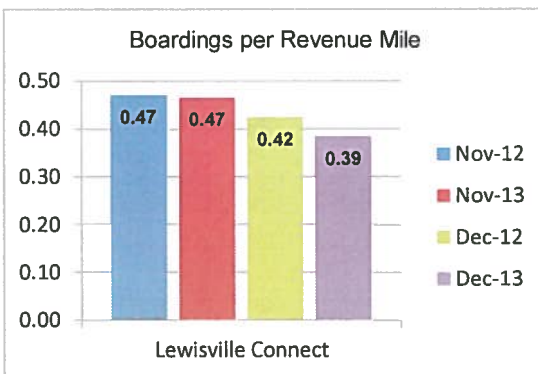
In November boardings per revenue mile decreased by 4% from the previous year. Boardings per revenue hour dropped by over 10% from December 2012 to December 2013.



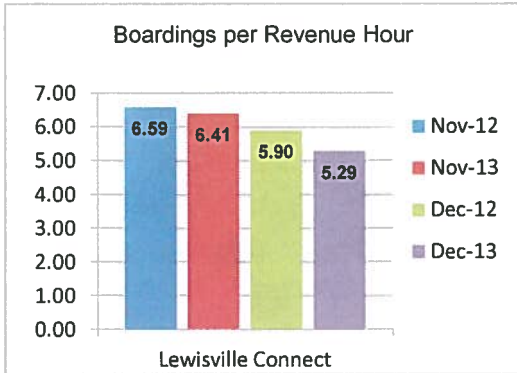
In November boardings per revenue hour decreased slightly from the previous year. In December, this dropped by over 7%.



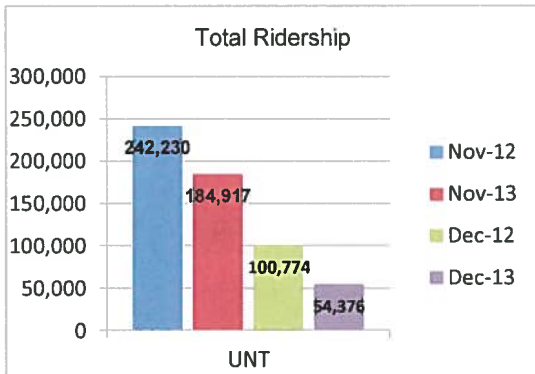
In November 5% more (or 476 boardings) occurred on the Lewisville connect routes when comparing 2013 to 2012. In contrast, total boardings decreased by 8% (or by 702 boardings) in December 2013 compared to December 2012.



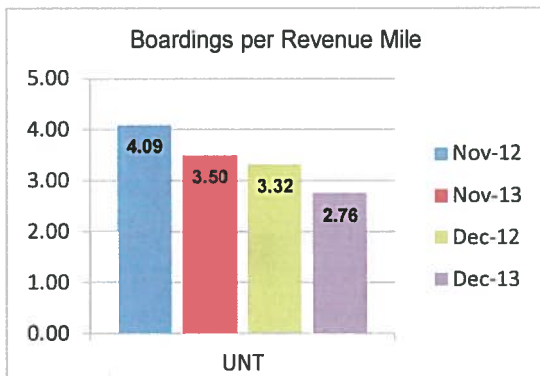
In November boardings per revenue mile slightly from the previous year. In December it dropped by 9%.



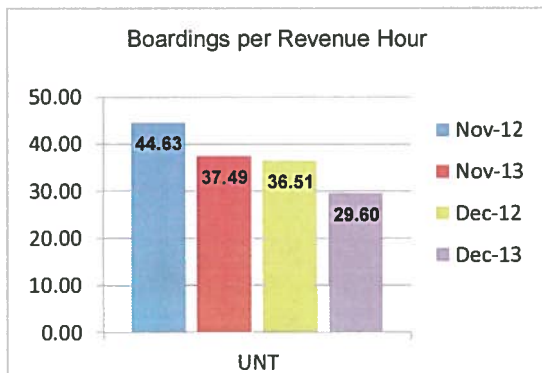
In November boardings per revenue hour decreased by almost 3% from the previous year. For December it decreased by 10%.



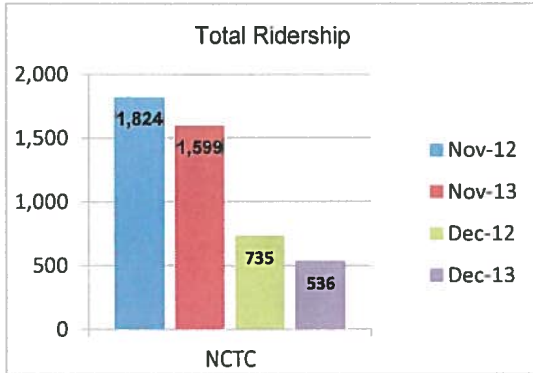
In November 24% less (or 57,313 boardings) occurred on the UNT routes when comparing 2013 to 2012. Total boardings decreased by 46% (or by 46,398 boardings) in December 2013 compared to December 2012.



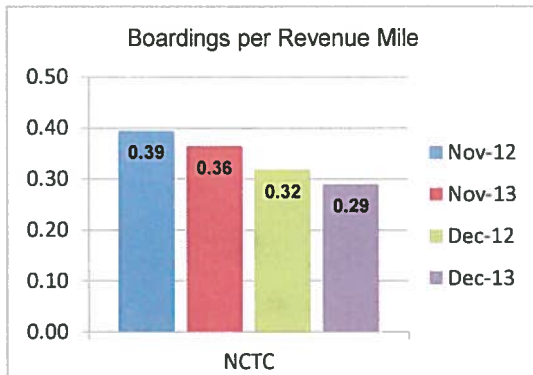
In November boardings per revenue mile decreased by 15% from the previous year. In December it dropped by over 17%.



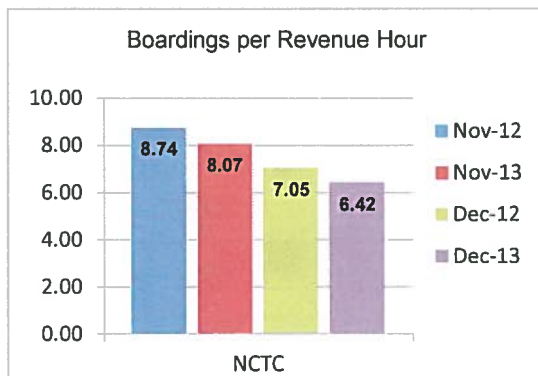
In November boardings per revenue hour decreased by 16% from the the previous year. It dropped by almost 19% in December.



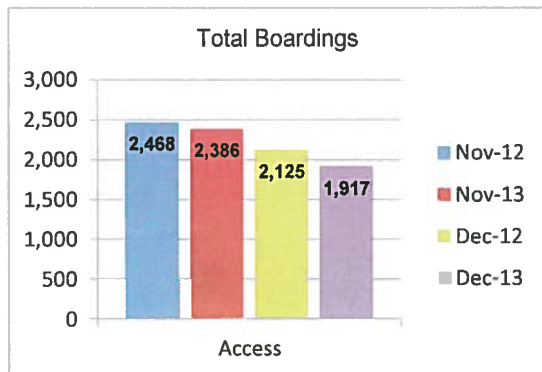
In November 12% less (or 225 boardings) occurred on the NCTC route when comparing 2013 to 2012. Total boardings decreased by 27% (or by 199 boardings) in December 2013 compared to December 2012.



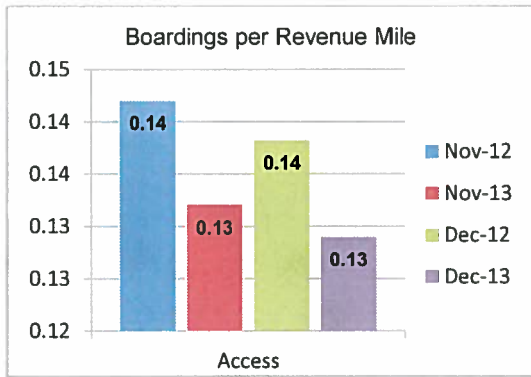
In November boardings per revenue mile decreased by almost 8% from the previous year. For December it dropped by almost 9%.



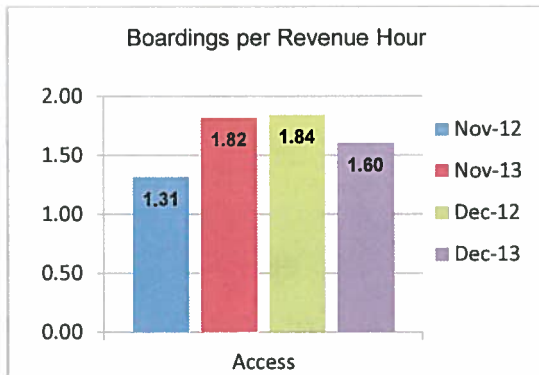
In November boardings per revenue hour decreased by almost 8% from the previous year. For December the decrease was almost 9%.



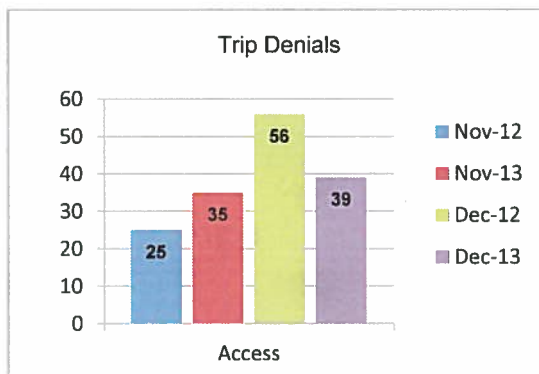
In November 3% less (or 82 boardings) occurred on Access when comparing 2013 to 2012. Total boardings decreased by 10% (or by 208 boardings) in December 2013 compared to December 2012.



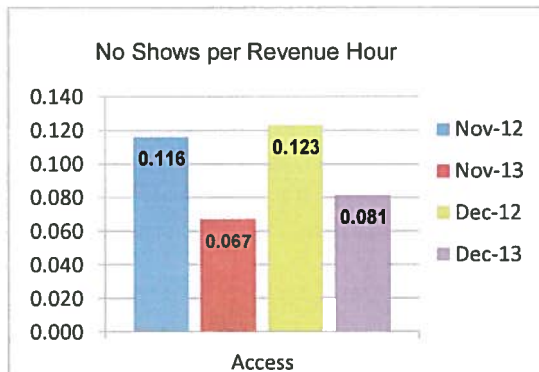
In both November and December, boardings per revenue mile dropped by 7% when comparing 2012 to 2013.



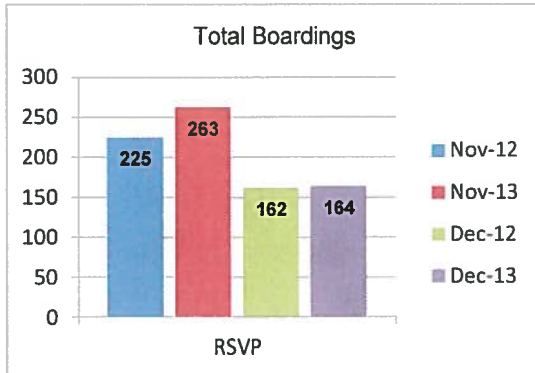
In November boardings per revenue hour increased by 38% from the previous year. For December boardings per revenue hour dropped by 13%.



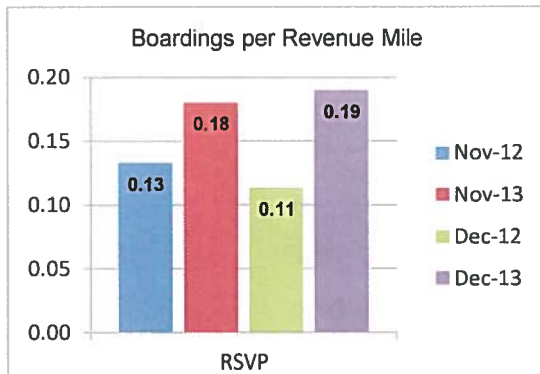
In November the number of trip denials increased by 40% or by 10 denials from the previous year. While in December, the number of trip denials dropped by 30% or by 17 denials.



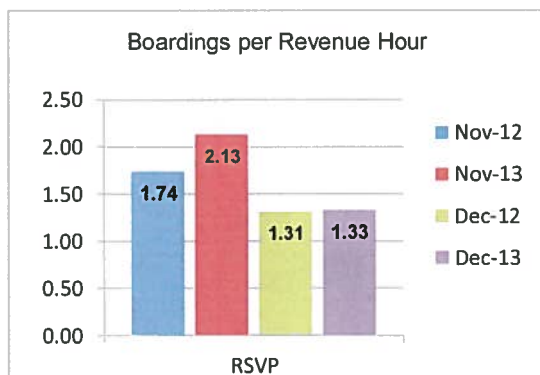
In November No Shows per revenue hour decreased by 42% from previous year. For December the rate of No Shows per revenue hour dropped by 34%.



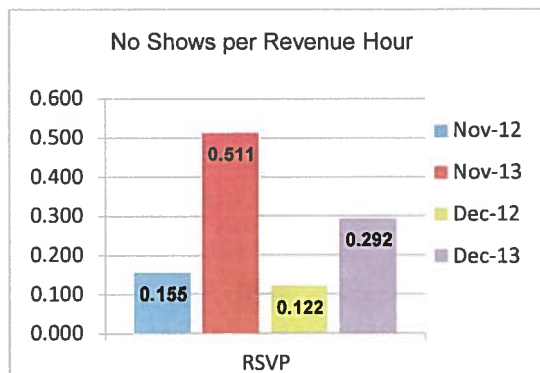
In November 17% more (or 38 boardings) occurred on RSVP when comparing 2013 to 2012. Total boardings remained about the same in December 2013 compared to December 2012.



In November boardings per revenue mile increased by 35% from the previous year. December's boardings per revenue mile jumped by 67%.



In November boardings per revenue hour jumped by 23% from the previous year. For December, it remained about the same.



In November No Shows per revenue hour increased by 231% from previous year. For December this rate jumped by 140%.



In November 2013, special service was provided for the UNT Homecoming Game . In December 11-14, 2013, special service was provided during UNT final exams. in addition, extra service was provided on December 24, 2013.



Board of Directors Memo

January 23, 2014

Item: WS 2(b) Finance Committee Chair Report

The Finance Committee meeting and Special called Board of Directors meeting was held at 1:00 p.m., Monday, January 13, 2014 at 1660 S. Stemmons, Suite 250 Conference Room in Lewisville, TX

In attendance were:

Weaver, LLP, External Auditors: Jerry Gaither, Jennifer Ripka

Committee Chair: Dave Kovatch

Committee Members: Allen Harris, George Campbell

Board Members: Charles Emery, Paul Pomeroy, Carter Wilson

Absent: Jim Robertson, Richard Huckaby

DCTA Staff: Anna Mosqueda, Amanda Riddle, Kristina Brevard, Dee Leggett, Jim Cline, Leslee Bachus, Marisa Perry

A complete copy of the Finance Committee agenda packet and handouts is included as "Attachment A" to this report. The following agenda items were discussed:

Preliminary Year-End Audit Results

The auditors presented the draft audit report for the FY13 external audit, which is an unqualified (favorable) opinion. The presentation also included required communications to governance stating that no material weaknesses were noted during the external audit, no difficulties arose, and there were no passed audit adjustments. A draft of the basic financial statements and Single Audit Report was also provided to the Finance Committee. The auditors reviewed new GASB standards that are required to be implemented in FY2014 and FY2015.

The final audit opinion and financial statements will be included in the Comprehensive Annual Financial Report (CAFR) that will be presented to the Board at the February meeting.

Financial Management Policies & Review Revised Budget Process

The committee reviewed staff recommended changes to the Financial Management Policies. Although the document changes include some cosmetic/grammatical corrections, the attached draft document reflects two major recommended changes based current practice and Finance Committee guidance. These two key changes are:

Page 4: Reserve Fund Policies

Addition of the Fuel Stabilization Reserve Fund which was incorporated during the FY13 budget process by the Finance Committee

Pages 9&10: Budget & Operating Policies

Revision and incorporation of *Administrative Procedure (AP)2004-2: Budget Amendment Procedures* into the comprehensive financial policies document. This administrative procedure was adopted by the Board in 2004 with revision made in April 2006 and should be updated to reflect more current practices. The agency has grown dramatically since the adoption of (AP)2004-2 and it is necessary to update. It is important to insure clear communications are maintained with the Board for any changes made to the bottom line operating and capital projects funds. The changes in the marked-up document reflect staff's understanding of the recommendations of the Finance Committee and were presented for discussion.

The Finance Committee has asked to submit any revisions to the policies by January 31st. The Finance Committee will meet in February to review final comments and revisions. The March Board meeting is the target date for forwarding recommended changes to Financial Policies for Board approval.

Quarterly Reporting Format

The VP of Finance/CFO discussed quarterly reporting options with the Finance Committee. As requested by the Finance Committee, Finance staff will continue existing practice of preparing only monthly financials for Board review.

Under separate cover, the President will solicit feedback from the Board regarding performance measures, reporting, statistical data and financial analysis they would like to see that would provide them more a more integrated overview of the agency. Based on Board feedback, determination will be made whether or nor not to move to a consolidated quarterly report that incorporates operating performance measures and financial performance.

Meeting adjourned at 2:47pm

Finance Committee

Chair – Dave Kovatch

Members –George Campbell, Allen Harris, Richard Huckaby, Jim Robertson

Staff Liaison – Anna Mosqueda – CFO



Special Called Meeting of the DCTA Board of Directors
and the **Finance Committee**
of the DCTA Board of Directors
1:00 p.m., January 13, 2014
1660 S. Stemmons, Suite 250 Conference Room
Lewisville, TX 75067

AGENDA

NOTICE IS HEREBY GIVEN that there will be a special called meeting of the DCTA Board of Directors and a meeting of the Finance Committee of the DCTA Board of Directors at the time and location above. The DCTA Board of Directors will not conduct its special called meeting if a quorum of the DCTA Board of Directors does not attend however the DCTA Finance Committee will conduct its meeting regardless of the presence of a quorum of the DCTA Board of the Directors. The DCTA Board of Directors and the Finance Committee of the DCTA Board of Directors will consider the following:

Welcome and Introductions

- 1) ITEMS FOR DISCUSSION
 - a. Preliminary Year-End Audit Results
 - b. Financial Management Policies
 - c. Review Revised Budget Process
 - d. Quarterly Reporting Format

- 2) DISCUSS FINANCE COMMITTEE MEETING CALENDAR

- 3) ADJOURN

Finance Committee
Chair – Dave Kovatch
Members – George Campbell, Allen Harris Richard Huckaby, Jim Robertson
Staff Liaison – Anna Mosqueda – CFO

The Denton County Transportation Authority meeting rooms are wheelchair accessible. Access to the building and special parking are available at the east entrance. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by emailing lbachus@dcta.net or calling Leslee Bachus at 972-221-4600.



Finance Committee Memo

January 13, 2014

Subject: 1a) Discuss results of Year-end Audit and the draft Fiscal Year 2013 Financial Statements and Supplementary Information

Background

The Texas Transportation Code Chapter 460 requires DCTA to have an annual audit of the affairs of the authority prepared by an independent certified public accountant. The DCTA audit for fiscal year ended Sept. 30, 2013 has been completed. Jerry Gaither, Partner and Jennifer Ripka, Manager with Weaver, DCTA's external audit firm, will present the results of the year-end audit and the FY2013 Financial Statements. Weaver will issue an unqualified opinion (clean) with no findings noted.

The presentation to the Finance Committee of the draft audited financials allows for review and discussion prior to forwarding financials to the Board for acceptance. The final comprehensive annual final report will be presented to the Board at its February meeting.

Identified Need

DCTA has a legal obligation to complete an annual audit.

Financial Impact

No financial impact in the acceptance of the 2013 audited Financial Statements and Supplementary Information.

Committee Review: Item is presented today for discussion and comment

Recommendation

Staff recommends the Finance Committee forward the 2013 audited Financial Statements and Supplementary Information to the Board for acceptance at the February 2014 Board Meeting.

A handwritten signature in blue ink that reads "Anna Mosqueda". The signature is written in a cursive style.

Final Review: _____

Department Head



Presentation to

Denton County Transportation Authority

Audit Committee Meeting | January 13, 2014

WeaverViews



Today's Agenda

- Introduction
- Audit Process
- Audit Results
- Required Auditor Communications
- Financial Highlights
- Standards Required to be Implemented in Fiscal Years 2014 and 2015
- Questions

Introductions



Weaver**Views**



Today's Presenters

Jerry Gaither, CPA, CGFM

Partner, Assurance Services

Partner-in-Charge, Public Sector Industry

Jennifer Ripka

Manager, Assurance Services



Engagement Team

Denton County Transportation Authority

Jerry Gaither, CPA, CGFM
Public Sector Leader

Audit

Jennifer Ripka
Audit Manager

Consulting

Brittany Teare, CISA
IT Advisory Services Manager

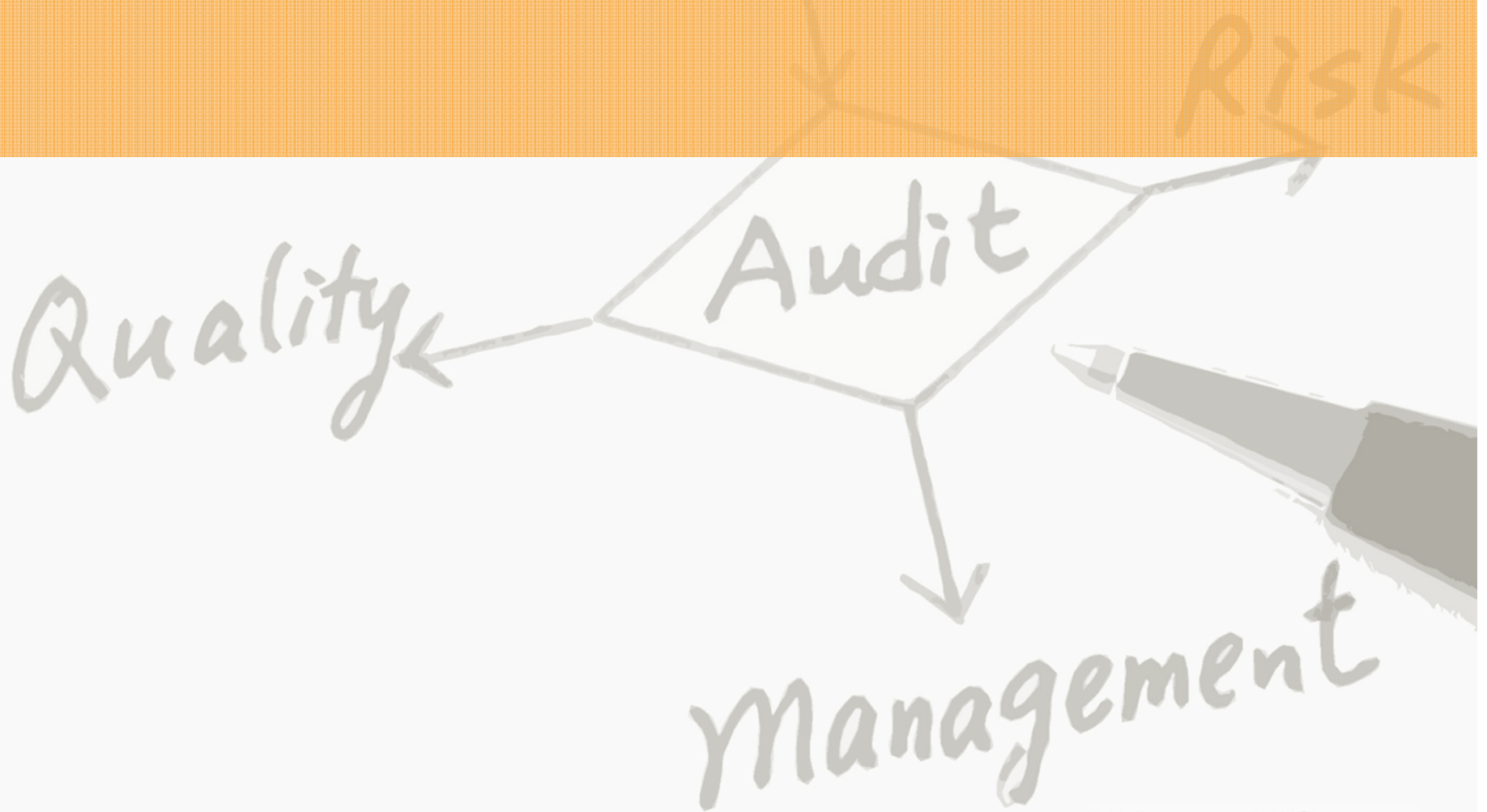


Firm of Texas

- Largest independent accounting firm in the Southwest
 - Founded in Fort Worth in 1950
 - Seven offices across all major Texas markets
 - Approximately 500 professionals and 60+ partners
- Consistently ranked as a top firm nationally and regionally



Audit Process



Weaver**Views**



Audit Process

- The audit was performed in accordance with General Accepted Auditing Standards (GAAS), Generally Accepted Government Auditing Standards (GAGAS), and the Single Audit Act (U.S. Office of Management and Budget (OMB Circular A-133)
- The audit process was a risk-based approach in which we identified potential areas of risk that could lead to material misstatement of the financial statements . We tailored our audit programs and resources to address these risks.
 - Risk areas identified:
 - State and Federal revenues and expenditures and compliance requirements related thereto
 - Capital projects, purchasing, and compliance with bidding procedures
 - Payables, accrued liability and expenditures
 - Revenue recognition for passenger revenue and contracted services



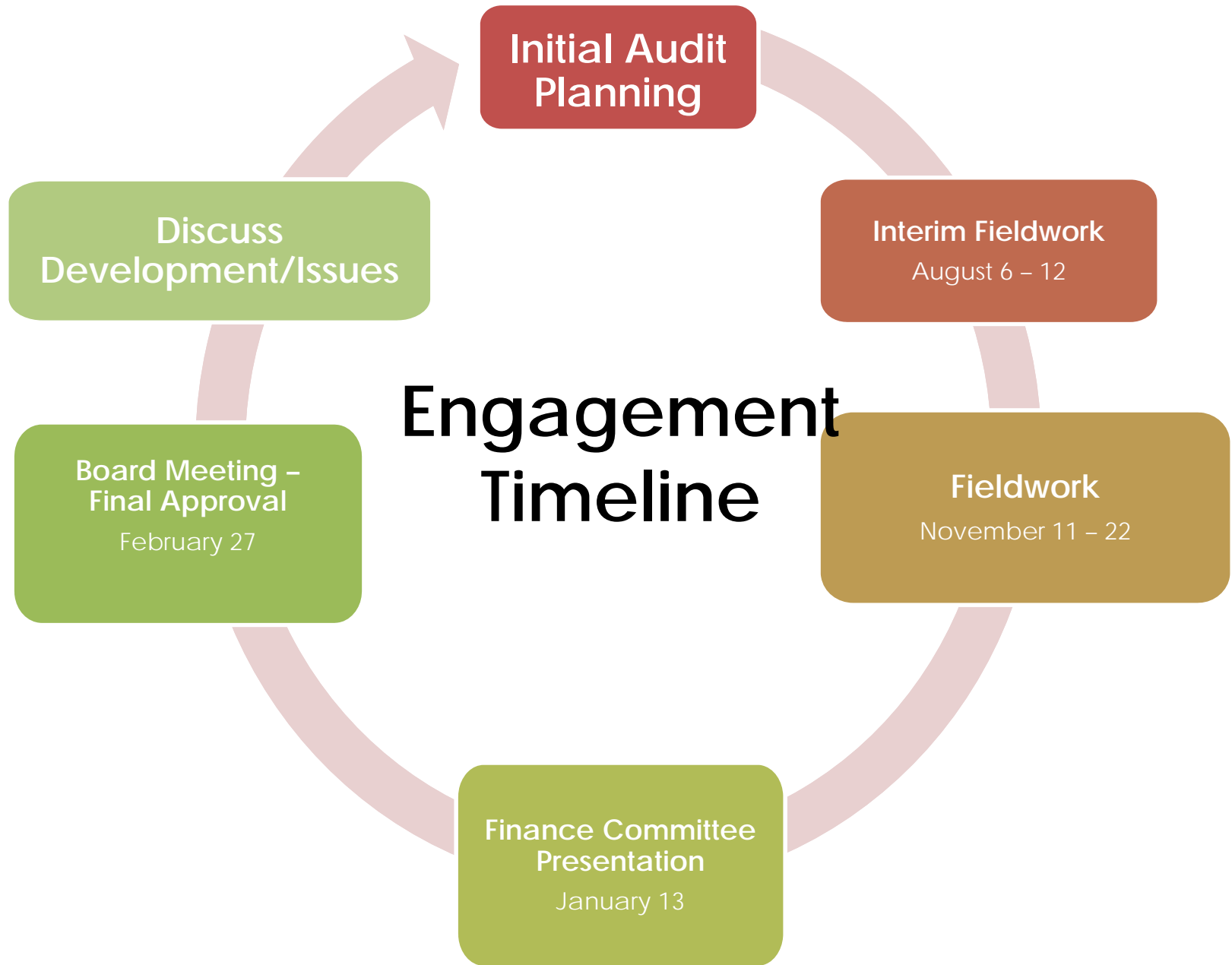
Audit Process

- Internal audit planning and scheduling began July 2013
- Interim fieldwork and risk assessment was performed in August 2013 including:
 - Walkthrough of accounting controls over significant transaction cycles:
 - A. Cash Disbursements
 - B. Payroll
 - C. Procurement Cards
 - D. State and Federal Cash Receipts
 - E. Other Cash Receipts including Ticket Vending Machines, and DDTC Revenue
 - F. Budget Process
 - Test of accounting controls over:
 - A. Payroll
 - B. Cash Disbursements
 - C. Contract Bidding Procedures



Audit Process

- Interim fieldwork and risk assessment was performed in August 2013 including: (cont'd)
 - Identification of major federal financial assistance program and test controls over compliance
 - Major Program-Federal Transit Cluster
 - Compliance and Internal Controls over Compliance Testing with regards to Activities Allowed and Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis Bacon Act; Matching, Level of Effort, and Earmarking; Procurement and Suspension and Debarment; and Reporting.
 - Compliance Testing
 - Public Funds Investment Act
 - Capital Projects Testing



Auditor Results



Weaver**Views**



Auditor Results

- We will issue the Independent Auditor's Report on the financial statements
 - ✓ Unqualified Opinion
 - ✓ Format changed for the Clarified Audit Standards
- We will issue the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - ✓ No findings noted
- We will issue the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133
 - ✓ Unqualified Opinion
 - ✓ No findings noted

Auditor Communications

for the year ended September 30, 2013

Weaver**Views**



Required Communications to Those in Charge of Governance

Communication

Auditor's responsibility under generally accepted auditing standards (GAAS)

Results

The financial statements are the responsibility of the Authority. Our audit was designed in accordance with GAAS in the U.S. and provide for reasonable rather than absolute assurance that the financial statements are free of material misstatement. Our responsibility 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.

The audit of the fiscal year 2013 financial statements has been completed and we issued a clean opinion.



Required Communications to Those in Charge of Governance

Communication

Auditor's Responsibility under Government Auditing Standards

Results

In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal controls and identify significant deficiencies, including material weaknesses, if any. Our reports do not provide assurance on internal controls. We design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct or material effect on the financial statements. We issue a written reports on the results of these procedures; however, our report does not express an opinion on compliance.

No findings to note.



Required Communications to Those in Charge of Governance

Communication

Auditor Responsibility under OMB Circular A-133

Results

Our testing includes all major federal financial assistance programs. We report on such testing, and disclose significant deficiencies in internal control over compliance, including material weaknesses we identify. Our report does not provide assurance on internal control over compliance. We perform procedures for the purpose of expressing an opinion on whether major federal financial assistance programs have been administered in compliance with applicable laws and regulations.

The audit of the fiscal year 2013 major federal financial assistance programs has been completed and we issued a clean opinion.



Required Communications to Those in Charge of Governance

Communication

Unusual transactions and the adoption of new accounting principles

Results

The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

New GASB pronouncements implemented in 2013 include GASB Statement No. 62 and 63. The implementation of GASB 62 and 63 had no significant impact on the financial statements.

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



Required Communications to Those in Charge of Governance

Communication	Results
Fraud and illegal acts	No material errors, irregularities, or illegal acts were noted.
Material weakness in internal control	No material weaknesses noted.
Other information contained in documents containing audited financial statements	We provided an "in relation to opinion" on supplementary information accompanying the financial statements. We performed limited procedures on the MD&A and RSI. We did not provide any assurance on this information. The Introductory and Statistical sections were both unaudited.
Management judgments and accounting estimates	Management's estimates of estimated useful lives for capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.



Required Communications to Those in Charge of Governance

Communication	Results
Difficulties encountered	No difficulties or disagreements arose during the course of our audit.
Management representations	We request certain representation from management that were included in the management representation letter.
Management consultations	We are not aware of management consulting with other accountants for a second opinion.
Auditor independence	No independence issues noted.
Audit adjustments	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. No passed adjustments or significant audit adjustments to report.



Required Communications to Those in Charge of Governance

Communication

Other material written communications between Weaver and Tidwell, L.L.P., and the District

Results

Nothing to note

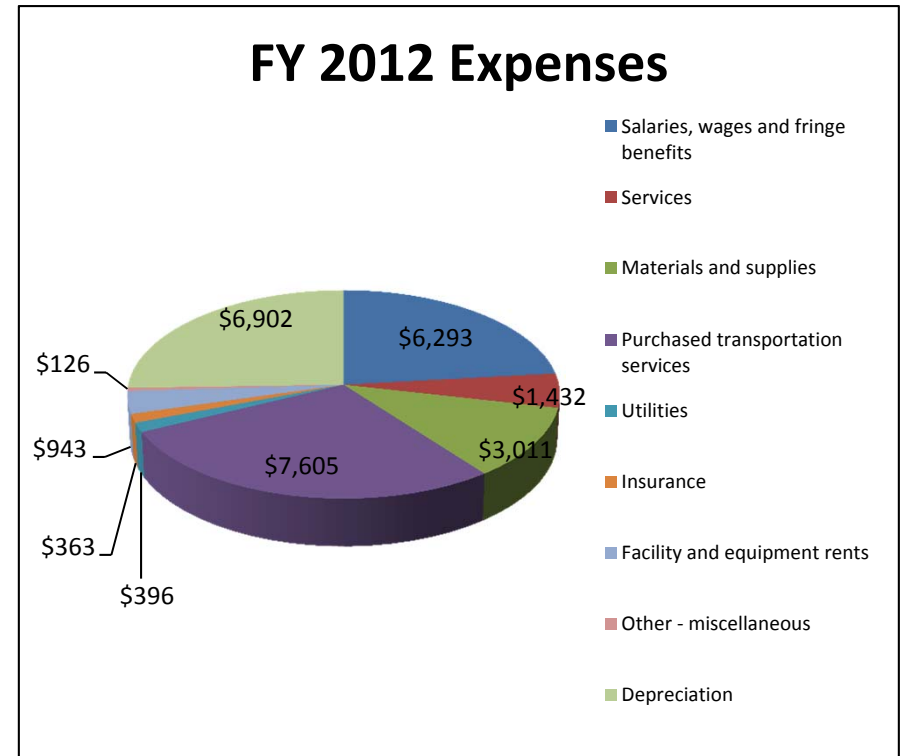
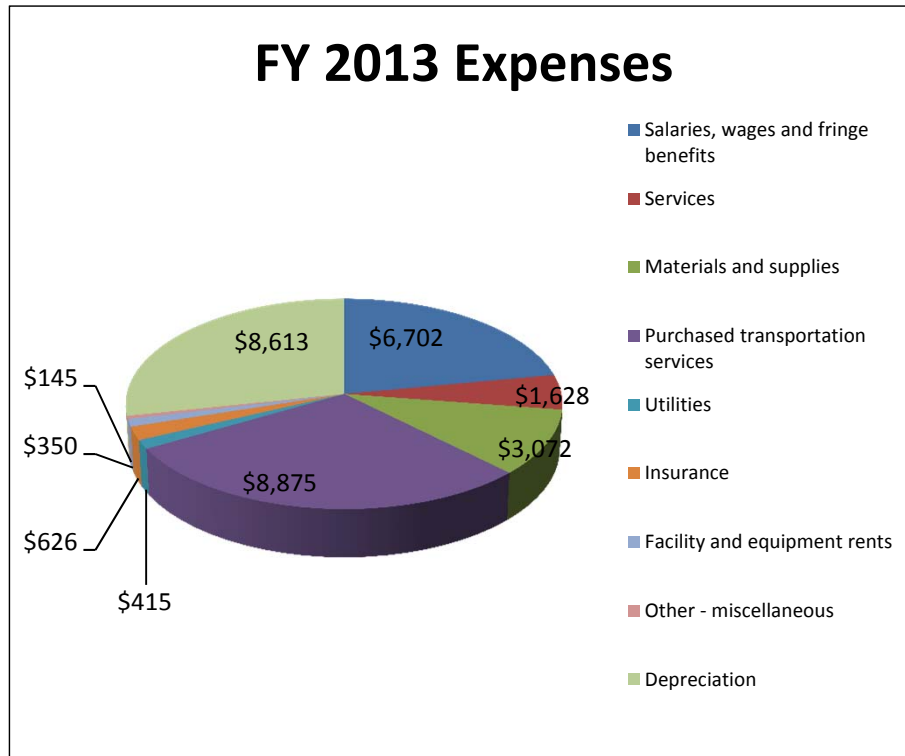
Financial Highlights



Weaver**Views**

Comparison of Operating Expenses

(in thousands of dollars)

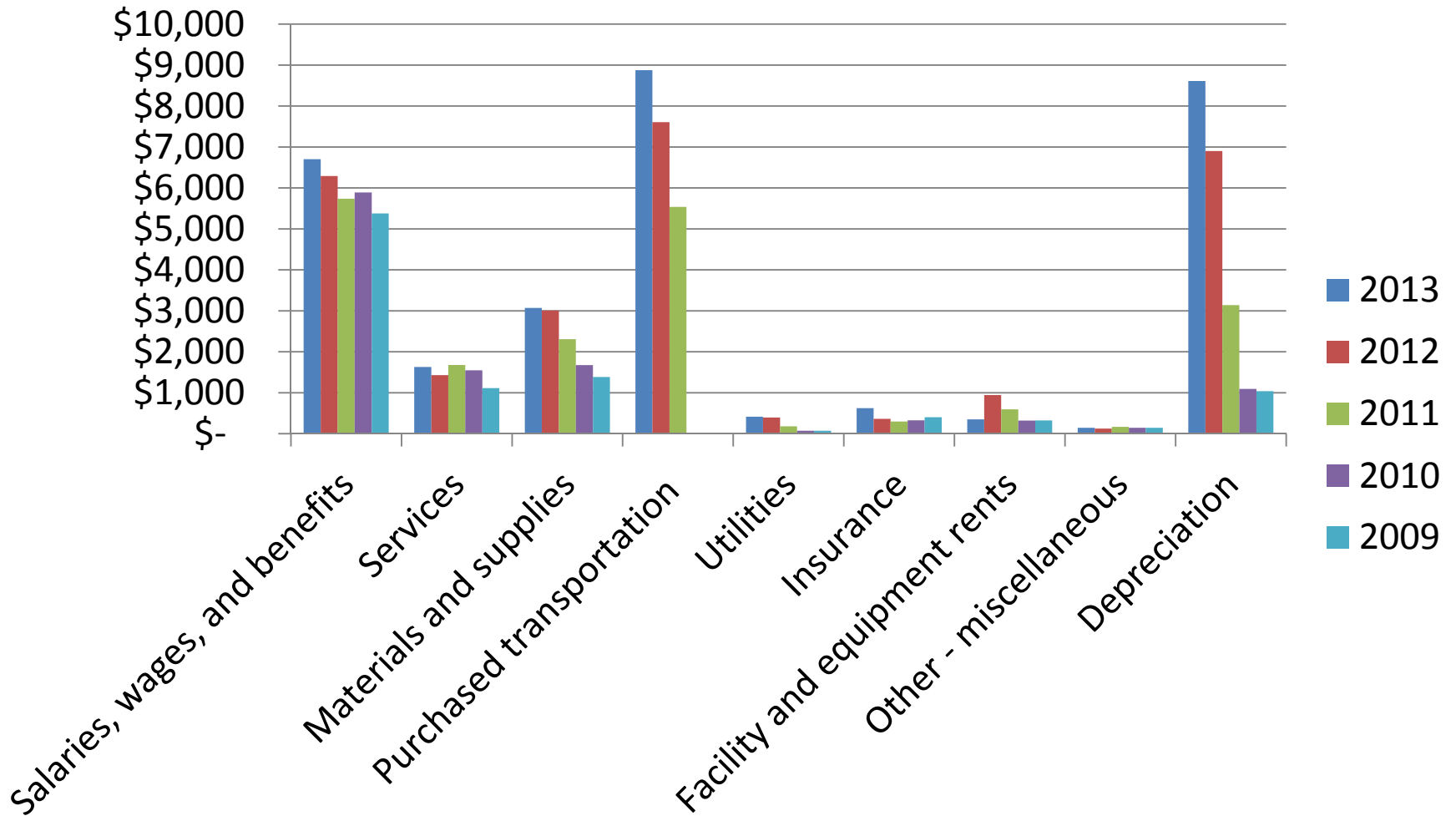


Operating Expenses for FY 2013 totaled \$30.4 million, a \$3.4 million increase.

- Depreciation and Amortization increased \$1.7 million.
- Purchased transportation services increased \$1.3 million due to increased train hours and car miles related to DART shared costs/services.
- Salaries, wages, and fringe benefits increased \$409 thousand due to an increase in employee count and merit increases given to employees.

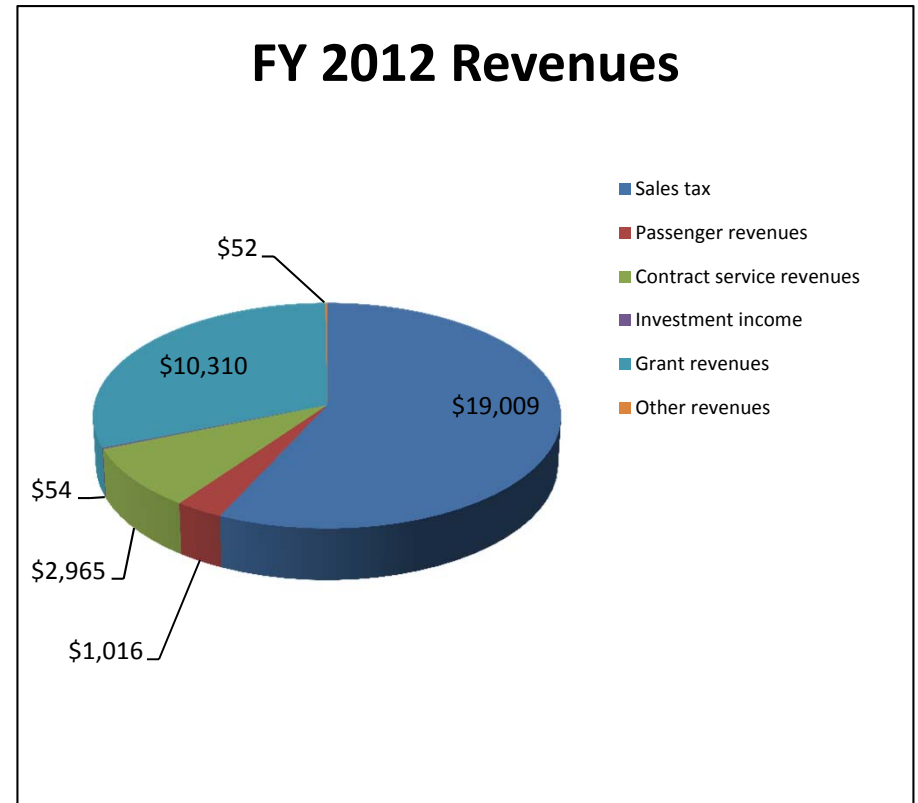
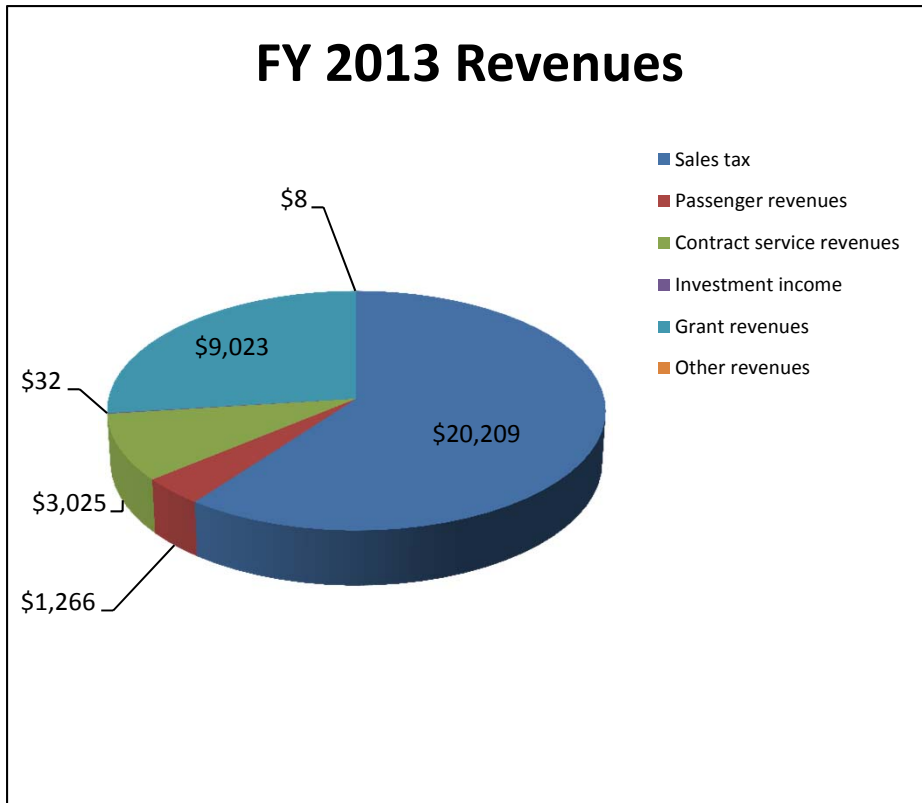
Comparison of Expenses

(five-year comparison in thousands)



Comparison of Revenue by Sources

(in thousands of dollars)

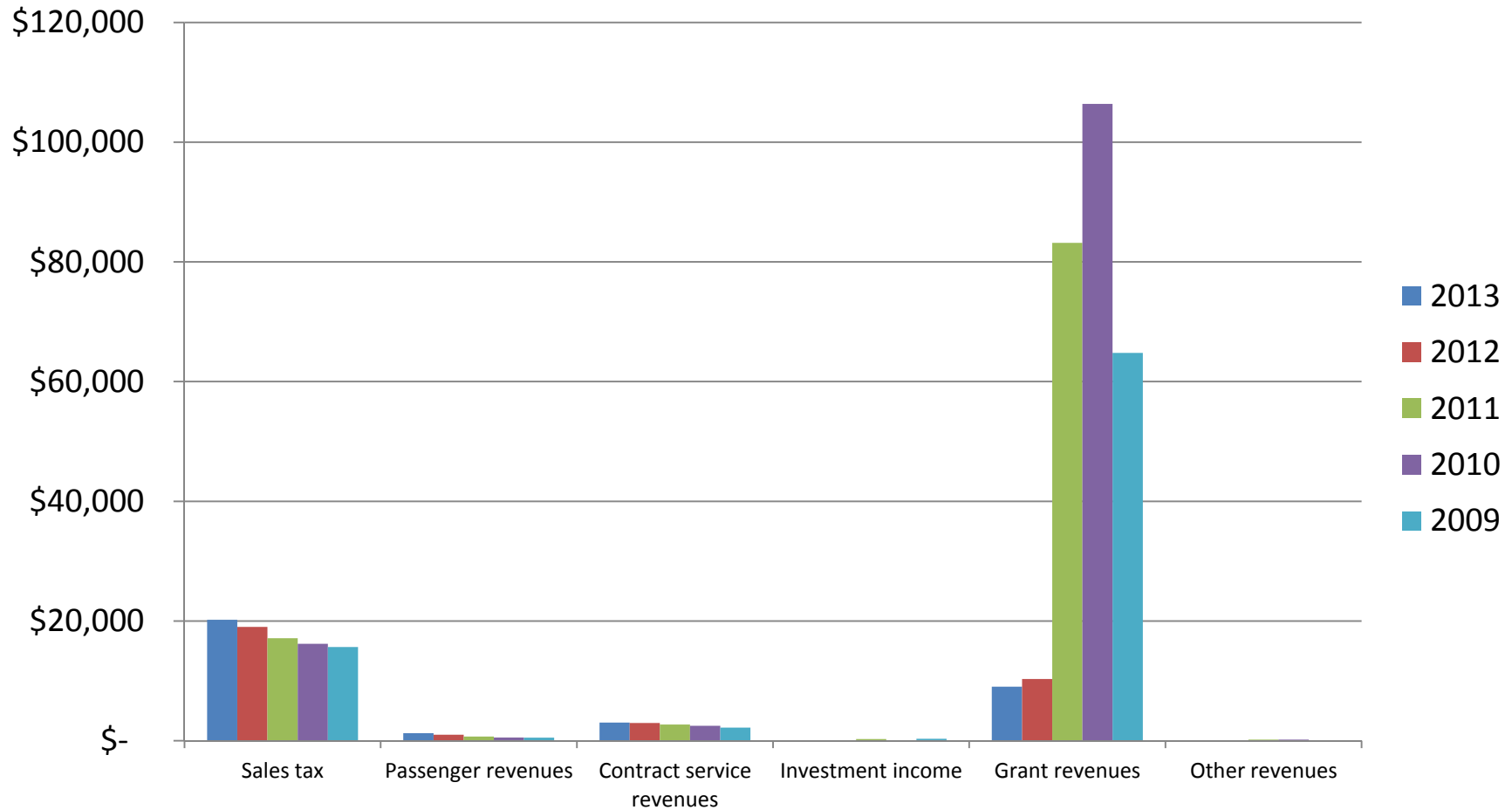


Revenues for the FY 2013 totaled \$33.6 million, a \$156 thousand increase.

- An increase in Sales Tax of \$1.2 million and an increase in passenger revenue of \$250 thousand was offset by a \$1.3 million decrease in grant revenue.

Comparison of Revenue by Sources

(five-year comparison in thousands)



New Standards

For Fiscal Years 2014 through 2015

Weaver**Views**

Effective for the year ended September 30, 2014

- GASB 65 – Items Previously Reported as Assets and Liabilities
 - *Objective:* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities.
 - *Effect:*
 - Gain/loss on refunding – reported as deferred outflow/inflow
 - Debt issuance costs – expensed in the current period, except prepaid insurance costs
 - Sales leaseback – gain/loss on sale of property reported as deferred inflow/outflow
 - In non-exchange transactions, such as a receipt of property taxes before levy period, in which the district is unable to recognize revenue under GASB 33 would be treated as deferred inflows.
 - Major Fund calculation will combine assets and deferred outflows and combine liabilities and deferred inflows, which could result in a change in the number of major funds presented for financial reporting purposes.



New Standards

Effective for the year ended September 30, 2014 (continued)

- GASB 66 – Technical Corrections – an amendment of GASB No. 16 and 62
 - *Objective:* to improve accounting and financial reporting by resolving conflicting guidance caused by the issuance of two recent pronouncements, GASB No. 54 and 62.
 - *Effect:* No significant effect to the Authority

Effective for the year ended September 30, 2015

- GASB 67/68 – Accounting and Financial Reporting for Pensions
 - *Objective:* to improve financial reporting by state and local governmental pension plans
 - *Effect:* GASB 67 only impacts the accounting and financial reporting of pension plans and not the employers or participants of plans. GASB 68 will require the recognition of net pension liabilities of employers in financial statements prepared on the accrual basis.
- GASB 69 – Government Combinations and Disposals of Government Operations
 - *Objective:* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.
 - *Effect:* No significant effect to the Authority



Effective for the year ended September 30, 2015

- GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees
 - *Objective:* requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement
 - *Effect:* No significant effect to the Authority



New Standards

- Proposed Single Audit Changes
 - Increase threshold to \$750,000
 - Increase major program determination threshold to \$500,000
 - Modify coverage requirements
 - Decrease number of compliance requirements to be tested
 - Likely effective for fiscal year ended 2015

Questions



Weaver**Views**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Denton County Transportation Authority

Report on the Financial Statements

We have audited the accompanying statements of net position of Denton County Transportation Authority (the Authority) as of and for the year ended September 30, 2013 and 2012, the related statements of revenues, expenses, and changes in net position and the cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2013 and 2012, and the results of its operations and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4-11), the schedule of funding progress for the Texas County District Retirement System (on page 33) and budgetary comparison information (on page 32) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 27, 2013

DRAFT

DRAFT

BASIC FINANCIAL STATEMENTS

**DENTON COUNTY TRANSPORTATION AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2013 AND 2012**

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,721,952	\$ 15,688,516
Restricted cash and cash equivalents	5,326,810	3,653,091
Receivables	6,679,353	4,468,964
Prepaid expenses	351,591	293,869
Total current assets	25,079,706	24,104,440
Noncurrent assets:		
Deferred charges	204,008	380,148
Land and construction in progress	36,941,693	35,732,907
Other capital assets, net of accumulated depreciation/amortization	306,768,615	305,795,281
Total noncurrent assets	343,914,316	341,908,336
TOTAL ASSETS	\$ 368,994,022	\$ 366,012,776
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,273,683	\$ 1,964,936
Construction contracts payable	3,853,106	4,026,504
Retainage payable	1,839,745	1,650,088
Deferred revenue	336,396	323,516
Easement obligation- current portion	150,000	150,000
Bonds payable-current portion	920,000	885,000
Total current liabilities	11,372,930	9,000,044
Noncurrent liabilities:		
Easement obligation	1,500,000	1,650,000
Bonds payable	33,475,000	34,395,000
Total noncurrent liabilities	34,975,000	36,045,000
Total liabilities	46,347,930	45,045,044
NET POSITION		
Net investment in capital assets	305,306,546	302,097,014
Unrestricted	17,339,546	18,870,718
Total net position	322,646,092	320,967,732
TOTAL LIABILITIES AND NET POSITION	\$ 368,994,022	\$ 366,012,776

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

DENTON COUNTY TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Passenger revenue	\$ 1,265,685	\$ 1,015,813
Contract services	2,980,804	2,927,341
Other	44,072	38,032
Total operating revenues	4,290,561	3,981,186
OPERATING EXPENSES		
Salaries, wages and fringe benefits	6,702,365	6,293,238
Services	1,628,119	1,431,693
Materials and supplies	3,071,662	3,010,582
Purchased transportation services	8,874,900	7,605,436
Utilities	415,341	396,248
Insurance	625,788	362,960
Facility and equipment rents	349,592	943,160
Other - miscellaneous	144,743	126,190
	21,812,510	20,169,507
Depreciation and amortization	8,613,310	6,901,760
Total operating expenses	30,425,820	27,071,267
NET OPERATING LOSS	(26,135,259)	(23,090,081)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenue	20,209,051	19,009,135
Transit system operating assistance grants	3,100,729	3,183,057
Investment income	32,137	53,927
Interest expense	(1,449,718)	(1,486,881)
Amortization of bond issuance costs	(9,088)	(12,219)
Gain on disposal of assets	8,150	52,269
Total non-operating revenue (expenses)	21,891,261	20,799,288
INCOME (LOSS) BEFORE CAPITAL GRANTS	(4,243,998)	(2,290,793)
GRANTS FOR CAPITAL IMPROVEMENTS	5,922,358	7,127,088
Change in net position	1,678,360	4,836,295
NET POSITION, beginning of year	320,967,732	316,131,437
NET POSITION, end of year	\$ 322,646,092	\$ 320,967,732

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

**DENTON COUNTY TRANSPORTATION AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,635,369	\$ 3,525,462
Payments to suppliers	(12,910,192)	(14,882,601)
Payments to employees	(6,651,293)	(6,502,702)
Net cash used by operating activities	(14,926,116)	(17,859,841)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales tax received	19,872,791	18,886,839
Operating grant reimbursements	3,180,404	4,185,406
Net cash provided by non-capital financing activities	23,053,195	23,072,245
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions and grants for capital improvements	3,636,626	9,129
Principal paid on bonds	(885,000)	-
Acquisition and construction of capital assets	(10,921,021)	(38,702,964)
Proceeds from sale of capital improvements	-	332,005
Interest paid on bonds	(1,282,666)	(1,317,543)
Net cash used by capital and related financing activities	(9,452,061)	(39,679,373)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	32,137	53,927
Net cash provided by investing activities	32,137	53,927
Net decrease in cash and cash equivalents	(1,292,845)	(34,413,042)
CASH AND CASH EQUIVALENTS, beginning of year	19,341,607	53,754,649
CASH AND CASH EQUIVALENTS, end of year	\$ 18,048,762	\$ 19,341,607

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

**DENTON COUNTY TRANSPORTATION AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(CONTINUED)**

	2013	2012
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (26,135,259)	\$ (23,090,081)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization expense	8,613,310	6,901,760
Change in operating assets and liabilities		
Operating accounts receivable	351,808	(444,036)
Prepaid expenses	(57,722)	(45,579)
Operating accounts payable	2,257,675	(960,753)
Accrued payroll and payroll related taxes	51,072	(209,464)
Deferred revenue	(7,000)	(11,688)
	Net cash used by operating activities	Net cash used by operating activities
	\$ (14,926,116)	\$ (17,859,841)
NONCASH CAPITAL AND RELATED FINANCING		
Grants for capital improvements	\$ -	\$ 7,127,088
Gain on sale of capital assets	\$ (8,150)	\$ (52,269)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET ASSETS		
Cash and cash equivalents	\$ 12,721,952	\$ 15,688,516
Restricted cash	5,326,810	3,653,091
	\$ 18,048,762	\$ 19,341,607

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

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Denton County Transportation Authority (the Authority), as reflected in the accompanying financial statements for the fiscal years ended September 30, 2013 and 2012, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units, as prescribed by the Governmental Accounting Standards Board, and include applicable standards of the Financial Accounting Standards Board.

Financial Reporting Entity

The financial statements of the Authority include all governmental activities, organizations, and functions as required by accounting principles generally accepted in the United States of America. The Authority does not have any component units and does not meet the requirements to be included as a component unit in other governmental entities. Accordingly, the Authority does not have any related parties or related party transactions in the accompanying financial statements.

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 November 5, 2002. A second election was held in eight municipalities on September 13, 2003 for consideration and approval of a one-half 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 Board of Directors, which governs the Authority, currently consists of 14 authorized positions. The Board is composed of:

1. One member appointed by the governing body of each municipality with a population of 17,000 or more located in Denton County;
2. Three members appointed by the Commissioner's Court, two of whom must reside in the unincorporated area of Denton County;
3. Three members to be designated by the remaining municipalities with a population of more than 500 but less than 17,000 located in Denton County.

Basis of Accounting

The activities of the Authority are similar to those of proprietary funds of local jurisdictions and are therefore reported as an enterprise fund. The activities are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Basis of Accounting – Continued

Revenues are recognized in the accounting period in which they are earned, and expenses are recorded at the time liabilities are incurred. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The Authority's principal operating revenues are derived from charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

All dollar amounts, unless otherwise noted, are in whole dollars. References to years 2013 and 2012 are for fiscal years ended September 30, 2013 and 2012.

When both restricted and unrestricted resources are available and permissible for use, it is the Authority's policy to use restricted resources first. The unrestricted resources are used as they are needed.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less when purchased. Cash and cash equivalents are valued at cost which is substantially equal to the fair value.

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 collectability. Based upon this assessment, management has determined that an allowance is not necessary.

Prepaid Expenses

Prepaid expenses consist primarily of insurance payments, which are amortized over the policy period, and prepaid rents.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Restricted Assets

Restricted assets consist of unspent proceeds from capital grants and bonds and are held as cash and cash equivalents.

Investments

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. Investments are stated at fair value. Realized and unrealized gains and losses are reflected in the statement of revenues, expenses, and changes in net position.

Capital Assets

All capital assets are stated at historical cost. Capital assets are defined as assets which:

1. Have a useful life of more than one year and a unit cost greater than \$5,000;
2. Have a unit cost of \$5,000 or less, but are part of a network or combined unit of property; or
3. Were purchased with grant money.

Maintenance and repair expenditures which substantially improve or extend the useful life of property are capitalized. The cost of routine maintenance and repairs is expensed as incurred. Interest incurred as a result of construction in progress and contracts with durations over one year are capitalized.

The provision for depreciation of transportation property and equipment is calculated under the straight-line method using the respective estimated useful lives of major asset classifications, as follows:

Rail system	20-50 years
Land improvements	25 years
Transportation vehicles:	
Bus	7-12 years
Paratransit	4-5 years
Rail	50 years
Transportation equipment	3-5 years
Office equipment	3 years

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Capital Assets – Continued

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 and restricted assets received from the Texas Department of Transportation for the use of the passenger rail system.

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 days 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 are not accrued in the accompanying financial statements as rights to such compensation do not accumulate or vest.

Deferred Revenue

The University of North Texas (UNT) and North Central Texas College (NCTC) have contracted with the Authority to provide transportation for faculty, staff, and students in Denton, Texas through the Connect service. The universities have 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. At September 30, 2013 and 2012, the Authority has received \$77,588 and \$64,912 in advance payments respectively.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Deferred Revenue – Continued

In addition, during 2010, the Authority received a grant and advanced funding in the amount of \$250,360,000 from the Texas Department of Transportation for the development of the passenger rail system and to purchase rail vehicles. The Authority recognizes revenue as the funds are spent. At September 30, 2013 and 2012, unspent grant funds plus interest amounted to \$258,808 and \$258,604, respectively, and are reflected as part of restricted cash and cash equivalents in the statement of net position.

Net position

Equity is displayed in two components as follows:

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

Unrestricted – This consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Operating Revenues

Passenger revenue consists of fare box collections, the sale of passes, and amortization of deferred revenue. Farebox revenue is recorded at the time service is performed. Revenue from the sale of passes is recorded at the time of the sale. Deferred revenue from advance payments on contracts is amortized straight-line over the respective period.

Contract service revenue is related to providing transit services to third parties on a contractual basis. Contract revenue is recorded in the period earned. The Authority provides contract services for UNT and NCTC.

Classification of Revenues and Expenses

The Authority classifies its revenues as either operating or non-operating. Operating revenues include activities from the sale of transit services. Non-operating revenue is revenue not associated with the operations of the Authority transit service and includes grant income, investment income, and income from sales and use tax collections.

Operating expenses will be incurred for activities related to providing public transportation services. Such activities include transportation, maintenance, depreciation on capital assets, and general and administrative functions. Non-operating expenses include bad debt expense, interest expense, and amortization of bond fees.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

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 as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Financial Instruments and Credit Risk

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. These financial instruments subject the Authority to limited credit risk.

Credit risk with respect to trade and other receivables is limited as they are primarily due from the State of Texas for sales tax collections and other city and state governmental units in the State of Texas.

NOTE 2. BUDGETARY DATA

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, reviewed by the Budget Committee, 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 within a department may be authorized by the Authority President and reported to the Board. The Board of Directors monitors, reviews, and accepts the monthly and year to date financial statements with budget comparisons and explanations of material variances.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. SERVICE AGREEMENTS

On October 1, 2006, the Authority entered into a management contract with First Transit, Inc. as an independent contractor to manage the operation of the Authority's public transit system in the Denton County urban area. Under the direction of the Authority's staff and guidance of its policy, First Transit, Inc. provides a qualified and experienced General Manager and home office support personnel to perform all services and functions necessary to ensure effective and efficient management and administration of the transit system including new and expanded services.

DCTA entered into a joint rail operations contract with DART and the "T" of Fort Worth. The contract provides passenger rail service coordination and allows DCTA to participate in services provided by HTSI under the TRE/DART operating contract. The contract supports the train operations and is accounted for under Purchased Transportation. The contract provides for maintenance services for stations, corridor, track signal and communication systems, engineers and conductors to operate the DCTA service, dispatching, management support, ticket vending machine service, and DART funded insurance for Commercial General Liability that provides DCTA with a minimum of \$125 million worth of primary and non-contributory commercial liability that is a combination of insurance and self-insurance.

NOTE 4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

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. The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority deposits may not be recovered. Balances for these accounts are insured by the Federal Depository Insurance Corporation, and the deposits in excess of the insured amount are collateralized 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.

The Board adopted a policy to designate three months' operating expenses as a reserve to address unanticipated emergencies which may be allocated by the approval of the Board. At September 30, 2013, the reserve is \$5,504,624.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. CASH, CASH EQUIVALENTS, AND INVESTMENTS – CONTINUED

Cash and Cash Equivalents – Continued

At year-end, cash, cash equivalents and investments consist of the following:

	September 30, 2013	September 30, 2012
Cash and cash equivalents		
Demand deposits	\$ 22,062	\$ 57,855
Sweep repurchase agreements	170,099	1,019,455
Money market account	12,891,376	12,459,341
TexSTAR	4,965,225	5,804,956
	\$ 18,048,762	\$ 19,341,607
Reconciliation		
Cash and cash equivalents	\$ 12,721,952	\$ 15,688,516
Restricted cash and cash equivalents	5,326,810	3,653,091
	\$ 18,048,762	\$ 19,341,607

Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority's investment policy limits 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 twelve months.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority does not contain in its investment policy a formal policy regarding credit risk.

As authorized by the Authority's investment policy and in accordance with the Texas Public Funds Investment Act, cash equivalents and investments were invested in U.S. Government Agency Securities, U.S. Treasury Notes and TexSTAR. TexSTAR is administered by First Southwest Asset Management, Inc. and JP Morgan Fleming Asset Management. TexSTAR is a local government investment pool created under the Inter-local 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 and 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.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. RECEIVABLES

Receivables at September 30, 2013 and 2012 consisted of the following:

	2013	2012
Operating		
Ticket, token and other receivables	\$ 776,742	\$ 982,232
Sales tax	3,577,600	3,241,340
Grants receivable	2,325,011	245,392
Total	<u>\$ 6,679,353</u>	<u>\$ 4,468,964</u>

NOTE 6. CAPITAL ASSETS

Changes in capital assets for the fiscal years ended September 30, 2013 and 2012 are:

	Balance September 30, 2012	Increases	Transfers/ Decreases	Balance September 30, 2013
Capital assets, not being depreciated:				
Land	\$ 16,228,337	\$ -	\$ -	\$ 16,228,337
Construction in progress	19,504,570	10,821,554	(9,612,768)	20,713,356
Total capital assets not being depreciated	35,732,907	10,821,554	(9,612,768)	36,941,693
Capital assets, being depreciated/amortized				
Rail system	286,261,767	-	9,286,747	295,548,514
Land improvements	5,386,734	-	-	5,386,734
Vehicles and operating equipment	8,261,725	-	-	8,261,725
Leasehold improvements	55,506	-	-	55,506
Office furniture and equipment	1,077,612	-	301,674	1,379,286
Easement	16,997,155	-	-	16,997,155
Total capital assets being depreciated/amortized	318,040,499	-	9,588,421	327,628,920
Less accumulated depreciation/amortization for				
Rail system	4,840,193	6,375,562	1,465,601	12,681,356
Land improvements	284,202	381,077	-	665,279
Vehicles and operating equipment	4,738,045	744,235	(1,311,877)	4,170,403
Leasehold improvements	55,506	-	-	55,506
Office furniture and equipment	349,772	103,966	1,164	454,902
Easement	1,977,500	1,120,541	(265,182)	2,832,859
Total accumulated depreciation	12,245,218	8,725,381	(110,294)	20,860,305
Total capital assets, being depreciated, net	305,795,281	(8,725,381)	9,698,715	306,768,615
Total capital assets, net	<u>\$ 341,528,188</u>	<u>\$ 2,096,173</u>	<u>\$ 85,947</u>	<u>\$ 343,710,308</u>

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2011	Increases	Decreases	Balance September 30, 2012
Capital assets, not being depreciated:				
Land	\$ 17,831,105	\$ -	\$ (1,602,768)	\$ 16,228,337
Construction in progress	83,131,319	27,373,737	(91,000,486)	19,504,570
Total capital assets not being depreciated	100,962,424	27,373,737	(92,603,254)	35,732,907
Capital assets, being depreciated/amortized				
Rail system	198,027,776	-	88,233,991	286,261,767
Land improvements	2,035,505	-	3,351,229	5,386,734
Vehicles and operating equipment	11,217,776	284,460	(3,240,511)	8,261,725
Leasehold improvements	55,506	-	-	55,506
Office furniture and equipment	236,446	-	841,166	1,077,612
Easement	16,950,000	-	47,155	16,997,155
Total capital assets being depreciated/amortized	228,523,009	284,460	89,233,030	318,040,499
Less accumulated depreciation/amortization for				
Rail system	1,179,481	4,946,565	(1,285,853)	4,840,193
Land improvements	65,092	219,110	-	284,202
Vehicles and operating equipment	5,843,729	683,757	(1,789,441)	4,738,045
Leasehold improvements	55,506	-	-	55,506
Office furniture and equipment	154,112	204,828	(9,168)	349,772
Easement	1,130,000	847,500	-	1,977,500
Total accumulated depreciation	8,427,920	6,901,760	(3,084,462)	12,245,218
Total capital assets, being depreciated, net	220,095,089	(6,617,300)	92,317,492	305,795,281
Total capital assets, net	<u>\$ 321,057,513</u>	<u>\$ 20,756,437</u>	<u>\$ (285,762)</u>	<u>\$ 341,528,188</u>

Primary capital asset expenditures in 2013 and 2012 relate to the bus operations & maintenance facility and the design of the 21-mile rail corridor and the purchase of rail vehicles, respectively. See related commitment disclosure in Note 10.

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, 2013, \$15,300,000 had been paid to the Dallas Area Rapid Transit (DART). The remaining payments of \$1,650,000 will be paid in annual payments until the contract expires (See Note 9). 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 \$847,500 for each of the years ended September 30, 2013 and 2012.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. PENSION, RETIREMENT, AND DEFERRED COMPENSATION PLANS

The Authority has a qualified deferred compensation defined contribution plan under the Internal Revenue Code Section 457 for full-time employees. AIG Valic is the administrator of the plan. Employees can make voluntary contributions in the plan through pretax payroll deductions up to the limits allowed by the Internal Revenue Code Section 457.

As of January 2012, the Authority became a member of Texas County District Retirement System (TCDRS) and no longer contributes to the qualified deferred compensation defined contribution plan.

Plan Description: The Authority provides retirement, disability and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the TCERS. The Board of Directors is responsible for the administration of the statewide agent multi-employer public employee defined benefit pension retirement system consisting of 624 public employee defined benefit pension plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the board of trustees at P. O. Box 2034, Austin, Texas 78768-2034 or can be viewed at www.tcers.org.

The Authority adopted an annually determined contribution rate plan, for which the employer contribution rate is actuarially determined. The rate, applicable for two calendar years, consists of the normal cost contribution rate plus the rate required to amortize the unfunded actuarial liability over the remainder of the plan's 20-year amortization period which began January 1, 2012 using the entry age actuarial cost method. Monthly contributions by the Authority are based on the covered payroll and the employer contribution rate in effect. The contribution rate for calendar year 2013 is 5.28%.

During fiscal year 2013, employee contributions were \$112,473. The Authority's contributions were \$84,613.

Annual pension cost and related information for the first and second year of the plan is as follows:

	<u>FY 2012-13</u>	<u>FY2011-12</u>
	<u>1/1/2012</u>	<u>1/1/2012</u>
Actuarial valuation date		
Actuarial Assumptions		
Actuarial Cost Method	Entry Age	Entry Age
	Level Percent of	Level Percent of
Amortization Method	Payroll	Payroll
Remaining Amortization Period	20 Yrs-Closed	20 Yrs-Closed
	10-Yr Smoothed	10-Yr Smoothed
Asset Valuation Method	Value	Value
Investment Rate of Return	8.0%	8.0%
Inflation	3.5%	3.5%
Projected Salary Increases	1.9%	1.9%
Cost-of-Living Adjustments	0.0%	0.0%

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION, RETIREMENT, AND DEFERRED COMPENSATION PLANS –
CONTINUED**

The Authority's net pension obligation (NPO) at September 30, 2013 and 2012 is calculated as follows:

	Fiscal Year Ending September 30,	
	2013	2012
Annual Pension Cost	\$ 69,429	\$ 52,280
Contributions Made	(69,429)	(52,280)
Net Pension Obligation (NPO) at Year End	\$ -	\$ -
Contributions as a % of Annual Pension Cost	100%	100%

As of December 31, 2012, the most recent actuarial valuation date, the plan was 56.8% funded. The actuarial accrued liability for benefits was \$235,785, and the actuarial value of assets was \$133,929, resulting in an unfunded actuarial accrued liability (UAAL) of \$101,856. The covered payroll (annual payroll of active employees covered by the plan as of the valuation date) was \$1,328,117, and the ratio of the UAAL to the covered payroll was 7.67%

NOTE 8. BONDS PAYABLE

In December 2009, the Authority issued Sales Tax Revenue Refunding Bonds for \$20,890,000. This bond issuance refunds the \$20 million privately held bonds that were issued in 2008 and will allow the Authority to repay the bonds over 20 years versus a five-year repayment under the original issuance. Because of the early repayment, a \$727,000 interest penalty was incurred. The penalty was being amortized over the remaining life of the 2008 issuance and was paid in full as of September 30, 2013. This amount was financed through the refunding bonds. The Authority has pledged the sales tax revenues towards the repayment of the bonds. Beginning September 15, 2013, principal payments are due in annual installments and continue through September 2029.

In September 2011, the Authority issued Sales Tax Contractual Obligations for \$14,390,000. This issuance funds the acquisition of personal property related to the rail project, rail vehicles, and the first phase of the new federal mandate for Positive Train Control.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. BONDS PAYABLE – CONTINUED

Beginning September 15, 2015, principal payments are due in annual installments and continue through September 2031. The annual debt service requirements are:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 920,000	\$ 1,248,607	\$ 2,168,607
2015	1,510,000	1,211,898	2,721,898
2016	1,580,000	1,156,423	2,736,423
2017	1,645,000	1,098,412	2,743,412
2018	1,720,000	1,038,065	2,758,065
2019 - 2023	9,775,000	4,189,338	13,964,338
2024 - 2028	12,120,000	2,237,793	14,357,793
2029 - 2031	5,125,000	286,813	5,411,813
Total requirements	<u>\$ 34,395,000</u>	<u>\$ 12,467,349</u>	<u>\$ 46,862,349</u>

The following is a summary of changes in bonds payable of the Authority for the year ended September 30, 2013:

Balance at October 1, 2012	\$ 35,280,000
Additions	-
Reductions	<u>(885,000)</u>
Balance at September 30, 2013	<u>\$ 34,395,000</u>

Interest is due semi-annually in March and September with the first payment paid on March 15, 2010. The bonds bear interest of 3.14%.

No interest was capitalized during the years ended September 30, 2013 and 2012.

Amortization of bond issuance costs in the amount of \$9,088 and \$12,219 was recognized for the years ended September 30, 2013 and 2012, respectively. Amortization expense relating to the early repayment penalty was \$167,051 and \$200,461 for the years ended September 30, 2013 and 2012, respectively.

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. At September 30, 2013 and 2012, the Authority was in compliance with this requirement.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. 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:

Fiscal Year Ending September 30,	Principal
2014	\$ 150,000
2015	100,000
2016	100,000
2017	100,000
2018	100,000
2019 - 2023	500,000
2024 - 2028	500,000
2029	100,000
Total requirements	<u>\$ 1,650,000</u>

NOTE 10. COMMITMENTS AND CONTINGENCIES

Risk Management

The Authority is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences.

The Authority is a participant in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide insurance for errors and omission, general liability, workers' compensation, automobile liability, and physical damage coverage. TML was self-sustaining in 2013 based on premiums charged so that total contributions plus earnings on the contributions will be sufficient to satisfy claims and liabilities.

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. Worker's 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.

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. COMMITMENTS AND CONTINGENCIES – CONTINUED

Risk Management – Continued

The Authority has a government crime policy with TML insuring against employee theft up to \$1,000,000 per loss. For the year ended September 30, 2013, the Authority has not incurred any losses under these plans.

Litigation

The Authority has one pending lawsuit. In the opinion of management, after consultation with legal counsel, potential losses will not materially affect financial position, operations or cash flows.

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.

Commitments

At September 30, 2013, the Authority has the following outstanding commitments:

Right of Way agreement with DART	\$ 1,650,000
Predictive Arrival Software (WMR)	437,036
Operations and Maintenance Agreement with DART	18,495,284
Management agreement for bus transit operations	<u>156,140</u>
	<u>\$ 20,738,460</u>

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. COMMITMENTS AND CONTINGENCIES – CONTINUED

Operating Lease Agreements

The Authority has entered into certain operating lease agreements. All operating leases to which the Authority is currently a party will expire in fiscal year 2015. The total lease expense was \$499,592 for 2013 and \$1,093,160 for 2012. The lease payments by year are as follows:

	<u>2014</u>	<u>2015</u>	<u>Total</u>
Lease commitments			
Transit Management of Denton County operations	\$ 26,374	\$ -	\$ 26,374
Denton bus operating facility	<u>152,229</u>	<u>12,686</u>	<u>164,915</u>
Total lease commitments	<u>\$ 178,603</u>	<u>\$ 12,686</u>	<u>\$ 191,289</u>

Funding

These current expenditures, current contract commitments, and any future commitments will be funded by the Authority out of available cash and investments, future sales tax collections, federal grants, and debt financing.

REQUIRED SUPPLEMENTARY INFORMATION

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**DENTON COUNTY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES – BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013 WITH COMPARATIVE ACTUAL FOR 2012**

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
OPERATING REVENUES					
Passenger revenue	\$ 1,030,940	\$ 1,030,940	\$ 1,265,685	\$ 234,745	\$ 1,015,813
Contract services	3,001,040	3,001,040	2,980,804	(20,236)	2,927,341
Other	-	-	44,072	44,072	38,032
	<u>4,031,980</u>	<u>4,031,980</u>	<u>4,290,561</u>	<u>258,581</u>	<u>3,981,186</u>
OPERATING EXPENSES					
Salaries, wages and fringe benefits	7,211,225	7,211,225	6,702,365	508,860	6,293,238
Services	1,388,452	2,118,582	1,628,119	490,463	1,431,693
Materials and supplies	3,494,340	3,698,665	3,071,662	627,003	3,010,582
Purchased transportation services	8,430,186	8,430,186	8,874,900	(444,714)	7,605,436
Utilities	372,740	410,398	415,341	(4,943)	396,248
Insurance	544,732	625,791	625,788	3	362,960
Facility and equipment rents	421,330	537,430	349,592	187,838	943,160
Other - miscellaneous	155,491	148,976	144,743	4,233	126,190
Depreciation and amortization	9,320,443	9,320,443	8,613,310	707,133	6,901,760
Total operating expenses	<u>31,338,939</u>	<u>32,501,696</u>	<u>30,425,820</u>	<u>2,075,876</u>	<u>27,071,267</u>
Operating loss	<u>(27,306,959)</u>	<u>(28,469,716)</u>	<u>(26,135,259)</u>	<u>2,334,457</u>	<u>(23,090,081)</u>
NON-OPERATING REVENUES (EXPENSES)					
Sales tax revenue	18,775,391	18,775,391	20,209,051	1,433,660	19,009,135
Transit system operating assistance grants	2,780,235	2,780,235	3,100,729	320,494	3,183,057
Investment income	36,000	36,000	32,137	(3,863)	53,927
Interest expense	(2,168,920)	(2,331,608)	(1,449,718)	881,890	(1,486,881)
Amortization of bond issuance costs	-	-	(9,088)	(9,088)	(12,219)
Gain (loss) on disposal of assets	-	-	8,150	8,150	52,269
Total non-operating revenue (expenses)	<u>19,422,706</u>	<u>19,260,018</u>	<u>21,891,261</u>	<u>2,631,243</u>	<u>20,799,288</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS	<u>(7,884,253)</u>	<u>(9,209,698)</u>	<u>(4,243,998)</u>	<u>4,965,700</u>	<u>(2,290,793)</u>
GRANTS FOR CAPITAL IMPROVEMENTS	<u>7,467,865</u>	<u>8,201,301</u>	<u>5,922,358</u>	<u>(2,278,943)</u>	<u>7,127,088</u>
Change in net position	<u>\$ (416,388)</u>	<u>\$ (1,008,397)</u>	<u>\$ 1,678,360</u>	<u>\$ 2,686,757</u>	<u>\$ 4,836,295</u>

**DENTON COUNTY TRANSPORTATION AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY DISTRICT RETIREMENT SYSTEM
 ANALYSIS OF FUNDING PROGRESS
 (UNAUDITED)**

		A	B	C = A/B	D = B-A	E	F = D/E		
Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll	Annual Required Contributions	Actual Contributions
2012	01/01/12	\$ -	\$ 170,028	0%	\$ 170,028	\$ 1,177,573	14.44%	\$ 52,280	\$ 52,280
2013	01/01/12	-	170,028	0%	170,028	1,177,573	14.44%	69,429	69,429

Note: The Authority became a member of Texas County District Retirement System (TCDRS) in January 2012.

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DENTON COUNTY TRANSPORTATION AUTHORITY

SINGLE AUDIT REPORT

SEPTEMBER 30, 2013

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Denton County Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of net position of Denton County Transportation Authority (the Authority) as of and for the years ended September 30, 2013 and 2012, the related statements of revenues, expenses, and changes in net position and the cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February XX, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Denton County Transportation Authority

Page 2

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February XX, 2014

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors
Denton County Transportation Authority

Report on Compliance for Each Major Federal Program

We have audited Denton County Transportation Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the accompanying statements of net position of Denton County Transportation Authority as of and for the year ended September 30, 2013, the related statements of revenues, expenses, and changes in net position and the cash flows for the year then ended, and the related notes to the financial statements. We issued our report thereon dated February XX, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February XX, 2014

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**DENTON COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013**

I. Summary of the Auditor's Results:

Financial Statements

- a. An unqualified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(s) identified that are not considered a material weakness _____ Yes X None reported
- c. Noncompliance material to financial statements noted _____ Yes X No

Federal Awards

- d. Internal control over major programs
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(s) identified that are not considered a material weakness _____ Yes X None reported
- e. An unqualified opinion was issued on compliance for major programs
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133 _____ Yes X No
- g. Identification of major programs:
- 20.500 and 20.507 Federal Transit Cluster
- h. The dollar threshold used to distinguish between Type A and Type B programs \$ 300,000
- i. Auditee qualified as a low-risk auditee. X Yes _____ No

**DENTON COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013**

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

None

III. Findings and Questioned Costs for Federal Awards:

None

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**DENTON COUNTY TRANSPORTATION AUTHORITY
SUMMARY OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2013**

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

None

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**DENTON COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Grantor ID Number</u>	<u>Catalog of Federal Domestic Assistance ID Number</u>	<u>Federal Expenditures</u>
U. S. Department of Transportation			
<u>Direct Funding U. S. Department of Transportation</u>			
Federal Transit Cluster:			
FTA/Formula (and flex funds)	TX-90-X884-02	20.507	\$ 860,279
FTA/Formula (and flex funds)	TX-90-X941-00	20.507	781,037
FTA/Formula (and flex funds)	TX-90-X972-01	20.507	1,499,128
ARRA - FTA/Formula (and flex funds)	TX-96-X033-00	20.507	867,081
FTA Capital Investment	TX-03-0302-00	20.500	156,462
FTA Capital Investment	TX-04-0051-00	20.500	<u>4,569,717</u>
Total Federal Transit Cluster			<u>8,733,704</u>
Transit Services Programs Cluster:			
Job Access-Reverse Commute (JARC)	TX-37-X073-01	20.516	110,187
Job Access-Reverse Commute (JARC)	TX-37-X099-00	20.516	9,525
Transition Travel Training	TX-57-X026-00	20.521	<u>5,961</u>
Total Transit Services Programs Cluster			<u>125,673</u>
Total Direct Funding U. S. Department of Transportation			<u>8,859,377</u>
<u>Passed Through the North Central Texas Council of Governments</u>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction Grant	0918-46-258	20.205	114,077
Ozone Grant	n/a	20.219	<u>49,633</u>
Total Highway Planning and Construction Cluster			<u>163,710</u>
Total Passed Through the North Central Texas Council of Governments			<u>163,710</u>
Total U.S. Department of Transportation			<u>9,023,087</u>
Total Federal Expenditures			<u>\$ 9,023,087</u>

**DENTON COUNTY TRANSPORTATION AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Denton County Transportation Authority (the Authority) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Specifically, when the Authority is awarded funds which include certain “pre-award” costs reimbursing the Authority for amounts expended prior to the approval of the award, the schedule of expenditures of federal awards will include expenses that were recorded on the statement of revenue, expenses and changes in net assets in a previous year.

NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Authority provided no federal awards to subrecipients.

NOTE 3. NON-CASH ASSISTANCE

The Authority did not receive any non-cash assistance from federal awards for the year ended September 30, 2013.

NOTE 4. LOANS

At year-end, the Authority had no loans or loan guarantees outstanding with federal awarding agencies.



Finance Committee Memo

January 13, 2014

Subject: 1(b & c) Financial Management Policies/Revised Budget Process

Background

At its October 2011 meeting the Board adopted comprehensive financial management policies. The document assembled all of the DCTA financial policies into one source document. These policies are intended to be the tools to guide decisions for both financial planning and internal financial management. The document incorporated recommendations by the DCTA Board of Directors, Finance Committee, staff recommendations, as well as GFOA recommended best practices. First Southwest, DCTA's financial advisory firm also provided review and comment.

Need

DCTA has an important responsibility to its stakeholders to carefully account for public funds, prudently manage finances, and to plan for the adequate funding of transit services, facilities and infrastructure necessary to meet current and future needs. The intent of the guidance provided by these policies is to help safeguard the fiscal stability required to achieve DCTA's goals and objectives, enable the agency to maintain a long-term stable and positive financial condition and provide an important public service.

The Financial Policies should be reviewed annually and relevant changes recommended to the Board for inclusion. Although the document changes include some cosmetic/grammatical corrections, the attached draft document reflects two major recommended changes based current practice and Finance Committee guidance. These two changes are:

Page 4: Reserve Fund Policies

Addition of the Fuel Stabilization Reserve Fund which was incorporated during the FY13 budget process by the Finance Committee

Pages 9&10: Budget & Operating Policies

Revision and incorporation of *Administrative Procedure (AP)2004-2: Budget Amendment Procedures* into the comprehensive financial policies document. This administrative procedure was adopted by the Board in 2004 with revision made in April 2006 and should be updated to reflect more current practices. The agency has grown dramatically since the adoption of (AP)2004-2 and it is necessary to update. It is important to insure clear communications are maintained with the Board for any changes made to the bottom line operating and capital projects funds. The changes in the marked-up document reflect staff's understanding of the recommendations of the Finance Committee and are presented for discussion.

Financial Impact

The financial policies have no financial impact at this time. This is for information and discussion purposes only.

Committee Review

The Financial Policies were provided an initial draft at the June 2009 and subsequent committee meetings in 2011.

Recommendation

Staff recommends the Finance Committee forward the DCTA Financial Management Policy document to the Board of Directors for adoption after the Committee's changes have been incorporated.

Submitted by:

Anna Mosqueda, CFO

Denton County Transportation Authority Financial Management Policies

(Adopted October, 2011)



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Purpose

The Comprehensive Financial Management Policy assembles ~~all of~~ the Denton County Transportation Authority's (DCTA) financial policies in one document. They are the tools to ensure that DCTA is financially able to meet its immediate and long-term service objectives. The individual policies contained herein serve as guidelines for both the financial planning and internal financial management of DCTA consistent with provisions of Chapter 460 of the Texas Transportation Code and adopted DCTA Bylaws.

DCTA is accountable to its constituents for the use of public dollars. Resources must be wisely used to ensure adequate funding for the services, facilities, and infrastructure necessary to meet present and future needs. These policies help safeguard the fiscal stability required to achieve ~~the~~DCTA's goals and objectives.

Objectives

In order to achieve its purpose, the Financial Management Policies have the following objectives for ~~the~~DCTA's fiscal performance.

- A. To guide ~~the~~DCTA Board of Directors (the Board) and management policy decisions that have significant impact.
- B. To set forth operating principles that minimize the cost of government and financial risk.
- C. To employ balanced and fair revenue policies that provide adequate funding for desired services and programs.
- D. To maintain appropriate financial capacity for present and future needs.
- E. To promote sound financial management by providing accurate and timely information on ~~the~~ DCTA's financial condition.
- F. To protect DCTA's credit rating and provide for adequate resources to meet the provision of DCTA's debt obligations on all its debt.
- G. To ensure the appropriate use of financial resources through an effective system of internal controls.
- H. To promote cooperation and coordination with other governments, agencies and the private sector in the financing and delivery of services.
- I. To establish long-term objectives for the financial operations of DCTA

Reserve Fund Policies

Adequate reserve levels are a necessary component of the DCTA's overall financial management strategy and a key factor in external agencies' measurement of the DCTA's financial strength. Funding priorities will be in the order listed.

- a. It will be the policy of DCTA to maintain a Fund Balance Reserve that is equal to three months of the total budgeted operating expenses (less capital project ~~expenses~~ expenses) for the fiscal year. This Fund Balance Reserve is maintained to address unanticipated emergencies and may be allocated with approval by the Board if there are not sufficient resources in unreserved/undesignated retained earnings. An annual contribution will be budgeted from general operating resources as available to maintain the target reserve level.
- b. It will be the policy of DCTA to establish and maintain a Sales Tax Stabilization Fund. This Fund will be used to stabilize revenue received from sales tax in times of economic downturn and will be equal to three percent (3%) of annual sales tax.
- c. It will be the policy of DCTA to establish and maintain a Capital Replacement/Infrastructure Maintenance Fund (State of Good Repair) to provide funding for maintenance of capital assets and infrastructure at a sufficient level to protect DCTA's investment and maintain appropriate service levels. The use of any funds within the Capital Facilities/Infrastructure Maintenance Fund will be approved by the Board within the resources available each fiscal year.

It will be the policy of DCTA to establish and maintain a Fuel Stabilization Fund. On average, the Fuel Stabilization Fund will be equivalent to .05 per gallon for the annual budgeted gallons of fuel. This will be reviewed each year during the budget process. This fund will be used to mitigate significant fluctuations in fuel prices each year. The use of any funds within the Fuel Stabilization Fund will be approved by the Board.

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Contributions to the Capital Replacement/Infrastructure Maintenance, ~~and~~ Sales Tax Stabilization and Fuel Stabilization Funds will be made from available funds as identified in the annual budget, or amended budget. The V-P of Finance/CFO shall make a recommendation to the Board with regard to transfers to and from reserve funds. The Board shall authorize the transfers as the Board shall determine to be appropriate at that time. Guidelines for their contribution are as follows:

- a. All expenditures drawn from reserve accounts shall require prior Board approval unless previously and specifically authorized by the Board for expenditure in the annual budget or amended budget.
- b. Equipment Replacement – Twenty percent (20%) of bus/fleet replacement costs (reflective of anticipated grants) plus the full cost of one twelve (12) year life bus.
- c. Infrastructure – Available funds within limitations of current cash flow model, in accordance with assessed capital needs which shall be reviewed during the annual budget process.

Comment [AM1]: This addresses bus replacement – discuss plans for rail vehicle replacement

If after procedures as outlined in the adopted budget contingency plan have been met, and a severe economic downturn or emergency requires draw down of fund balance reserve or sales tax stabilization fund the priority will be to replenish fund balances. Funds balances will be replenished within three (3) years, from any year-end budget surpluses. These surpluses may be achieved through expenditure reductions or through higher than anticipated revenues. The long range financial plan and annual budget will reflect the timeframe and plan for fund balance replenishment.

Revenue Policies

- a. To the extent possible, a diversified and stable revenue system will be maintained to shelter service delivery from short-run fluctuations in any one revenue source due to changes in economic conditions. Trends analyzing the dependence on distinct revenue sources shall be included in the budget documents for consideration by the Board.
- b. Revenue forecasts will assess the full spectrum of resources that can be allocated for service delivery. Each year the Board shall review potential sources of revenue as part of the annual budget process.
- c. Revenue forecasts shall be realistically estimated and based on the best information available. DCTA shall use a conservative, objective and analytical approach when preparing revenue estimates and follow a vigorous policy of collecting revenues. Shortfalls anticipated based on this forecast will be addressed as follows:
 - i. Short-term (anticipated less than one year) economic downturns and temporary gaps in cash flow: Expenditure reductions or restrictions may be imposed as outlined in the Budget Contingency Plan adopted as part of the annual budget by the Board. The Board may approve a contribution from the Sales Tax Stabilization Fund or Fund Balance Reserve Fund to address temporary downturns in revenues.
 - ii. Long-term (greater than one year) revenue downturns: Deficit financing and borrowing to support on-going operations is not the policy of DCTA. Revenue forecasts will be revised. Expenses will be reduced to conform to the revised long-term revenue forecast and fare increases will be considered.
- d. All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be justified. Grants may also be rejected if programs must be continued with local resources after grant funds are exhausted.
- e. DCTA shall develop and maintain fair and equitable fares for all public transportation services which it operates. A fare structure establishing a base fare, categories of prepaid fares and special fare programs shall be adopted by the Board and reviewed no less than every two years. The fare structure should be competitive and offer seamless integration for passengers within the regional transportation system.
- f. Services provided on a contract basis may be set at levels sufficient to cover the entire cost of service delivery, or the service may be subsidized, as the Board deems appropriate. DCTA will systematically review fees and consider adjustments as necessary to take into account the effects of additional service costs and inflation. Studies shall be conducted to ensure that the fees will continue to support direct and indirect costs of operations, administration, maintenance, debt service, depreciation of capital assets, and moderate system ~~extension~~ expansion. Based on a market analysis, fees for similar services in other communities may also be considered. The criteria used to evaluate recommended target rates (equity, cost recovery policy, market demand, etc.) shall be included in the review. Such review should be scheduled periodically and be incorporated into the budget process for possible action by the Board.
- g. DCTA will review contracts and leases, which result in revenues to DCTA on a timely basis for careful consideration by the Board.

Expenditure Policies

DCTA will only propose operating expenditures which can be supported from on-going revenues. Before undertaking any agreements that would create fixed on-going expenses, the cost implications of such agreements will be fully determined for current and future years. Capital expenditures may be funded from one-time revenues, but the operating budget expenditure impacts of capital expenditures will be reviewed for compliance with this policy provision.

- a. Department heads are responsible for managing budgets within the total appropriation. DCTA will conduct a regular review and analysis of major expenditure categories to help assure the most efficient use of resources
- b. DCTA will maintain expenditure categories according to state statute and administrative regulation.
- c. Emphasis is placed on improving individual and work group productivity rather than adding to the work force. DCTA will consider investing in technology and other efficiency tools to maximize productivity. DCTA will hire additional staff only after the need for such positions has been demonstrated and documented.
- d. All compensation planning will focus on the total cost of compensation, which includes direct salary, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature, which are a cost to DCTA. [A compensation study will be conducted bi-annually to insure that DCTA maintain a competitive position in the market, with a goal to stay within mid-point of the market range.](#)

Accounting, Auditing and Financial Reporting

DCTA will maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall DCTA goals and objectives are met.

- a. Accounting Records and Reporting. DCTA will maintain its accounting records in accordance with state and federal regulations. Financial statements will conform to generally accepted accounting principles (GAAP) of the Governmental Accounting Standards Board (GASB).
- b. Auditing. As required under Chapter 460.402 of the Texas Transportation Code, an outside independent CPA firm will annually perform the DCTA's financial Audit. Results of the annual audit will be provided to the Board in a timely manner. The external audit firm is accountable to the Board of Directors and will have access and direct communication with the Board. The Single Audit Report will be prepared and presented to the Board by the external auditors along with the audited financial statements. The Single Audit Report shall list the status and current operations of all federal, state and local grant funds awarded and received.
- c. Simplified Fund Structure. To the extent possible, DCTA will minimize the number of Funds.

The Finance Department will develop, maintain, and consistently seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets.

Budget and Operating Policies

- a. Decisions of the Agency will be within the context of the long-range financial plan and the service plan. Staff shall provide a review of the implications of budgetary proposals on long-range plans.
- b. Chapter 460.403 of the Texas Transportation ~~Code, Code~~ requires the Board to prepare an annual budget. The annual budget shall be developed consistent with state law and in a manner which encourages early involvement with the public and Finance Committee of the Board of Directors and the Board. A calendar of events related to budget development shall be presented to Finance Committee each year prior to the start of the annual budget process.
- c. The Finance Department will maintain a system for monitoring the DCTA’s budget performance. The system will provide the DCTA Finance Committee and the Board with monthly and / or quarterly information in a timely manner on fund level resource collections and ~~department category~~ level expenditures.
- d. ~~Under the DCTA’s adopted administrative procedures, the budget may be adjusted or amended in two different ways. Adjustment of the budget may involve a reallocation of existing appropriations and does not change the “bottom line”. No Board action is needed. Budget adjustments are done administratively. Amendment of the budget may involve an addition to or reduction of existing appropriations. In this case Board action, by resolution, is required.~~

Revised Budget Policy:

The budget should be adjusted during the budget period should unforeseen events require changes to the original budget plan. The budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. DCTA staff should watch for significant deviations from expectations and make adjustments so that the plan is consistent with revised expectations as follows:

e.i. Operating Fund Expenditures

- f.1. DCTA is required to control operating cost and keep the total actual expenditures incurred at or below the amount of the total annual adopted operating expense budget or budget as amended.
- g.2. The President may authorize budget transfers between expense categories and departments.
- h.3. The Board may authorization a budget amendment for approval of new contracts and unbudgeted expenditures, these will be in incorporated and ratified during the revised budget process via Board Resolution.

ii. Capital Project Fund Expenditures

- 1. Expenditures for capital asset acquisition must be approved with the fiscal year capital budget; or
- 2. By Board authorization of an amendment to the capital project expenditure budget and approval of the purchase, which will be incorporated and ratified during the revised budget process via Board Resolution.

iii. All DCTA amendments and transfers will be reflected in the appropriate period for the budget year and long range financial plan.

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• Definitions:

i. Budget Amendment – Shall mean a change in the fiscal year budget based on the following criteria:

1. Operating – an increase to the total bottom line operating fund expense budget
2. Capital – (a) addition of a new project; (b) change in capital projects fund annual appropriation ; (c) an increase to the total approved budget of a specific project.
3. Written concurrence by the DCTA Board of Directors in the form of a resolution is required to authorize an amendment as specified in this section.

ii. Budget Transfers – Shall mean transfer of funds between departments or specific operating expense line items that neither increase nor decrease the total adopted operating fund budget authorization.

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~~k.c.~~ A Budget Contingency Plan will be adopted each year as part of the annual budget process. This ~~will~~ allows DCTA to be positioned to respond quickly to economic or market fluctuations. The Plan shall identify triggers, key action plans and monitoring ~~proecesses~~ to processes to allow DCTA to recover and/or adjust to serious downturns effectively.

~~h.f.~~ Fixed asset inventories. Accurate inventories of all physical assets, their condition, life spans, and cost will be maintained to ensure proper stewardship of public property. The V-P of Finance/CFO will establish policies and appropriate procedures to account for fixed assets, including establishing the threshold dollar amount for which fixed asset records are maintained and how often physical inventories are taken.

Purchasing

DCTA will follow and maintain purchasing procedures that comply with applicable State and Federal Laws and Board resolutions and policies regarding procurement. The policy of the Board of Directors is to:

- a. Provide equal access to all vendors participating through competitive acquisition of goods and services.
- b. Conduct the procurement process and disposal of property in a manner that promotes and fosters public confidence in the integrity of DCTA's procurement procedures.
- c. Protect the interest of taxpayers without regard to any undue influence or political pressure.

Federal Funds. When procurement involves the expenditure of federal funds, purchasing shall be conducted in accordance with all applicable federal laws or regulations.

Grants. When procurement involves the expenditure of a grant, purchasing shall be conducted in accordance with all applicable grant laws or regulations.

Emergency procurement. The DCTA President or his/her designated agent may make or authorize others to make emergency procurements of materials, supplies, equipment or services when there exists a threat to public health, welfare, or safety. The Executive Committee of the Board will be notified immediately of such action. State laws relating to emergency purchases will be followed.

Cost Allocation

DCTA desires to comply with all laws and recommendations in calculating and receiving full cost recovery for services rendered and for allocating appropriate indirect costs related to grant funded projects.

Cost allocation is a method to identify and distribute indirect costs. Direct costs are costs assignable to a specific objective, whereas indirect costs are costs incurred for multiple cost objectives or not assignable to a specific cost objective without effort disproportionate to the benefit received. DCTA will prepare or have prepared an annual cost allocation plan to identify direct and indirect costs to use for recovering allowable costs under OMB Circular A-87 and in the development of cost of services as applicable for use in contracts for service delivery with outside entities. The plan will be prepared consistent with guidelines established by:

The Federal Office of Management and Budget (OMB) Circular A-87

OMB Circular A-87 establishes cost principals for State, local, and Indian Tribal Governments for determining costs for Federal Awards. Item 5 of the Circular states that, "The principals are for determining allowable costs only." In defining allowable costs, the Circular provides a definition of allocable costs on Attachment A, paragraph C.3.a, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received." The Circular further outlines costs that are allowable for charging the Federal government and distinguishes those that are specifically excluded from recovery.

Governmental Accounting Standards Board (GASB)

GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. While GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is tested by the external auditor in the annual audit of DCTA.

Debt Management Policy

The objectives of the DCTA's Debt Management Policy will be:

- A. To reduce the use of debt so that debt service payments will be a predictable and manageable part of the operating budget.
- B. To raise capital at the lowest cost, consistent with the need to borrow.

These will be accomplished by:

- a. Securing and maintaining a high credit rating (while making attempts to strengthen credit rating) (Long Term goal)
- b. Maintaining a good reputation in the credit markets by implementing and maintaining a sound capital program and managing the annual budget responsibly.
- c. Selecting professional service providers (underwriters, financial advisors, bond insurer's, etc. through negotiation, RFQ process or as defined for professional services under DCTA's procurement procedures.
- d. Issuance of debt on a competitive basis (except when conditions make a negotiated sale preferable) and award to the bidder who produces the lowest true interest cost and underwriting cost. Revenue bonds can be issued through a negotiated sale when the issue is unusually large, the project is speculative or complex, the issue is a refunding, or the market is unstable.
- e. Long-term debt issued will not exceed the life of the projects financed. Current operations will not be financed with long-term debt.
- f. Short-term borrowing will not be used for operating purposes.
- g. Compliance with continuing disclosure reporting requirements and its obligation to inform the Municipal Securities Rulemaking Board through the EMMA website (Electronic Municipal Market Access) of any and all continuing disclosure documents and annual financial statements. This site is used by the ratings agencies and investors. The DCTA's annual audited financial report will be sent to EMMA as soon as the external auditor issues the report and it has been presented to the Board of Directors
- h. Ensure no debt is issued for which DCTA is not confident that a sufficient, specifically identified revenue source is available for repayment. The V-P of Finance/CFO shall prepare an analytical review for this purpose prior to the issuance of any debt.
- i. Limit bonded indebtedness to levels that permit sufficient borrowing to support a reasonable rate of capital programming, permits a level and pace of debt amortization within the DCTA's ability to pay, and supports the DCTA's credit rating objectives. Credit enhancements shall be considered with a cost/benefit analysis for each long-term bond issue.
- j. Reserve accounts shall be maintained as required by bond ordinances and where deemed advisable by the Board. DCTA shall structure such debt service reserves to avoid violation of IRS arbitrage regulations.
- k. DCTA will maintain debt service coverage ratios as required for any bond issues but not less than an internal debt service coverage of 1.25X.

Investment Policy (As adopted 9/26/2013)

I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy is that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of DCTA and conforming to all applicable state statutes governing the investment of public funds.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. DCTA shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, Board Policy, and the management of banking services.

Receiving a market rate of interest will be secondary to the requirements for safety and liquidity. DCTA intends to be in complete compliance with local law and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). Investment earnings will be used in a manner that best serves the interests of DCTA.

II. SCOPE

This investment policy applies to all the financial assets and funds of DCTA. However, this policy does not apply to the assets administered for the benefit of DCTA by outside agencies under deferred compensation programs.

DCTA may commingle its funds into one pooled investment fund for investment purposes for efficiency, and maximum investment opportunity.

III. OBJECTIVES AND STRATEGY

DCTA's policy is that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety of principal, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit, and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To best meet anticipated cash flow requirements, the weighted average maturity (WAM) of the overall portfolio may not exceed 18 months.

Safety of Principal

Safety of principal is the foremost objective of DCTA. Investments of DCTA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The safety of principal is best achieved by limiting maximum maturities to two years or no further than expected project cashflow forecasts, limiting investment types to those specifically authorized by this policy, diversifying investments, and monitoring credit ratings on selected investment types.

Liquidity

DCTA's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in investments that offer same-day liquidity for

unanticipated cash demands. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

Diversification

The portfolio will be diversified by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding, as defined herein, will be used on each sale and purchase.

Yield

DCTA's investment portfolio shall be designed with the objective of attaining a market yield-to-maturity taking into account DCTA's risk constraints and the cash flow needs of the portfolio. "Market yield-to-maturity" may be defined as the rolling average yield of the current six-month Constant Maturity Treasury (CMT).

DCTA has selected the weighted-average yield-to-maturity as its preferred measure of investment performance. The weighted-average yield-to-maturity shall be calculated on a monthly basis by multiplying each individual security's yield-to-maturity at time of purchase by its book value, totaling the product of these calculations, and dividing by the total book value of the portfolio.

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public fund deposits. All investments will be made in accordance with these statutes.

V. DELEGATION OF INVESTMENT AUTHORITY

The Chief Financial Officer acting on behalf of DCTA is designated as the Investment Officer and the President of DCTA is designated as the Alternate Investment Officer of DCTA. The Investment Officer is responsible for investment management decisions and activities. The Investment Officer is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include Master Repurchase Agreements (as applicable), wire transfer agreements, banking services contracts and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall regulate the activities of subordinate officials and staff. The Investment Officer shall designate in writing a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer and Alternate Investment Officer are not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

Authorization Resolution

A Trading Resolution is established with this investment policy and attached hereto authorizing the Investment Officer to engage in investment transactions on behalf of DCTA. The persons authorized by the Trading Resolution to transact business for DCTA are also authorized to approve wire transfers used in the process of investing.

VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. This standard states that:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate actions are taken to control adverse market effects.

VII. INTERNAL CONTROLS

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of DCTA. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees of the DCTA.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of DCTA. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

VIII. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

A. Obligations of the United States Government, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), agencies and instrumentalities and government sponsored enterprises, excluding collateralized mortgage obligations (CMO’s), not to exceed two years to stated maturity with the exception of project funds which may be invested in longer maturities but not to exceed forecasted expenditure dates;

B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, not to exceed two years to stated maturity. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD insured by the Federal Deposit Insurance Corporation (FDIC) may be purchased through a broker that has its main office in Texas and is selected from a list adopted by the DCTA board or a selected

depository institution with its main office or branch office in Texas. This broker or depository shall act as the custodian for the various certificates on behalf of DCTA.

C. Repurchase agreements and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Master Repurchase Agreement is on file with DCTA and the counterparty bank or primary dealer. Flexible repurchase agreements used specifically for capital projects may extend beyond the 180 day stated limitation, but shall not exceed the expenditure plan of the projects;

D. No-load SEC-registered money market funds, each approved specifically before use by DCTA;

E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and,

If additional types of securities are approved for investment by public funds by state statutes, they will not be eligible for investment by DCTA until this policy has been amended and the amended version approved by the DCTA Board.

Competitive Bidding Requirements

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that DCTA is receiving fair market value/price for the investment.

Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by DCTA, shall be conducted on a delivery versus payment (DVP) basis.

IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All investments made by DCTA will be made through either DCTA's banking services bank or a primary dealer. DCTA will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- A. provision of an audited financial statement each year,
- B. proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of CRD number,
- C. proof of current registration with the State Securities Commission, and
- D. Completion of a DCTA questionnaire.

Every broker/dealer and bank with which DCTA transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to DCTA.

DCTA may appoint one or more investment advisors to assist the financial staff in the management of DCTA funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment

advisor. To be eligible for consideration, an investment advisor shall demonstrate knowledge of, and experience in, the management of public funds. An appointed investment advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy, and without any discretionary authority to transact business on behalf of DCTA.

If DCTA has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of DCTA. The advisor shall recommend broker selection criteria to the DCTA Investment Officer for approval. The advisor shall annually present a list of its authorized broker/dealers to the DCTA for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the DCTA investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities. The advisor shall obtain and document competitive bids and offers on all transactions and present these to DCTA as part of its trade documentation.

X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is DCTA’s policy to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 75%
Fully insured or collateralized CDs	Not to exceed 30%
Repurchase agreements	100%
Money Market Funds	50%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	Not to exceed 10%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period of greater than two (2) years.

XI. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery-versus-payment (DVP) basis and be held in safekeeping by either DCTA, an independent third party financial institution, or DCTA’s designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third-party custodian shall be required to issue safekeeping receipts to DCTA listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for DCTA or pledged to DCTA.

All securities pledged to DCTA for certificates of deposit or demand deposits shall be held by an independent third-party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Collateralization

Collateralization is required on time and demand deposits over the FDIC insurance coverage of \$250,000, and repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

XII. PERFORMANCE EVALUATION AND REPORTING

A comprehensive quarterly investment report shall be prepared by the Investment Officer or Investment Advisor within ten (10) days following the fiscal quarter end and be presented to the DCTA Board the month following the fiscal quarter end. As required by the Texas Public Funds Investment Act, the report will:

- A. describe in detail the investment position of DCTA on the date of the report;
- B. be signed by the Investment Officer
- C. contain a summary statement that states:
 - a. beginning book and market value for the reporting period;
 - b. ending book and market value for the period; and
 - c. fully accrued interest for the reporting period;
- D. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the account or fund for which each investment security was purchased;
- G. compare the portfolio's performance to other benchmarks of performance; and
- H. state the compliance of the investment portfolio with DCTA Investment Policy, Investment Strategy, and the Public Funds Investment Act.

XIII. DEPOSITORIES

DCTA will designate one banking institution through a competitive process as its central banking services provider at least every five years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which DCTA may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to DCTA.

XIV. TRAINING REQUIREMENT

The DCTA Investment Officer shall attend at least one investment training session within twelve months of taking office or assuming duties, and not less often than once in a two-year period that begins on the first day of the fiscal year and consists of the two consecutive years after that date, and shall receive not less than ten hours of instruction relating to investment responsibilities. The investment training session shall be provided by an independent source approved by the Board of Directors. See Attachment I for a list of Board approved independent investment training sources. Contingent upon Board approval, additional "independent sources" from which investment training may be obtained shall include a professional organization, an institute of higher learning, or any sponsor other than a business organization with whom DCTA may engage in an investment

transaction. Such training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

XV. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of DCTA.

An Investment Officer of DCTA who has a personal business relationship with an organization seeking to sell an investment to DCTA shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to DCTA shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the DCTA Board of Directors.

XVI. SUBJECT TO AUDIT

A formal annual review of the investment reports will be performed by an independent auditor with the results reported to the Board. All collateral shall be subject to inspection and audit by the DCTA Treasurer or DCTA's independent auditors.

XVII. INVESTMENT POLICY ADOPTION BY DCTA BOARD

DCTA's Investment Policy shall be adopted annually by the Board of Directors. The policy and strategies shall be reviewed on an annual basis by the Board or a designated Committee of the Board. A written resolution approving that review, and changes to the policy from the review, will be passed and recorded by the Board.

Board Approved Independent Investment Training Sources

1. Texas Municipal League (TML)
2. Government Finance Officers Association (GFOA)
3. Government Finance Officers Association of Texas (GFOAT)
4. North Central Texas Council of Governments
5. Texas Higher Education Coordinating Board



ADMINISTRATIVE PROCEDURE

AP Number: 2006-01
Subject: Revised AP 2004-2 Budget Amendment Procedures
Date Effective: April 27, 2006

Background:

The DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year. Budget estimates are often prepared months in advance of the actual expenditures. The possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely. Therefore, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. Amendments may be required due to material changes in the operating plan or an unforeseen change in contract terms and other unforeseen changes in the economy or the financial condition of DCTA. DCTA has incorporated the following process to govern budget amendments in the form of an Administrative Procedure adopted by the Board of Directors.

Procedure:

1. Staff will monitor the actual expenses and budget variances monthly and determine the need for a budget amendment or transfer.
2. Should staff determine that a budget amendment or transfer is required, they will prepare a form supported by the pertinent back-up material required to describe the modification and the financial impact to the adopted budget.
3. Budget amendments will be submitted for approval, by resolution, for consideration by the DCTA Board.
4. Budget Transfers that result in a Material Change within departments will be approved by the Executive Director and communicated to the DCTA Board with supporting documentation.
5. Upon receiving the requisite approvals, staff will update the budget document and file the amendment.

Expenditures Not To Exceed Budget:

1. Operating Expenses
 - a. DCTA is required to control operating cost and keep the total actual expenditures incurred below the amount of the total annual adopted operating expense budget as amended.
 - b. The DCTA Executive Director may authorize budget transfers between expense categories and departments.
 - c. DCTA may include a request for board authorization for a budget amendment with the board resolution for approval of new contracts and unbudgeted expenditures.

EXHIBIT A

2. Capital Expenditures
 - a. Expenditures for capital asset acquisition must have been approved with the fiscal year capital budget; or
 - b. by Board resolution authorizing the purchase and amendment to the capital expenditure budget.
3. All DCTA amendments and transfers will be reflected in the appropriate period for the budget year and the twenty year plan.

Definitions:

Budget Amendment - Shall mean a change in the fiscal year budget due to a material change in the budgeted expenditures that requires a new line item to be identified or a change in an existing budget item. Written concurrence by the DCTA Board of Directors in the form of a resolution is required to authorize an amendment as specified in this section.

Material Change - Shall mean an increase or decrease in an operating expense, new or existing, greater than \$100,000 and twenty-five percent of the budgeted amount for the operating expense line item.

Budget transfers - Shall mean transfer of funds between departments or specific operating expense line items that neither increase nor decrease the total adopted budget authorization. Budget transfers should only be requested for material changes.

Approved this the 27th day of April, 2006.

BY:

Chairman

A handwritten signature in black ink, appearing to be "M. J. ...", is written over a horizontal line. The signature is stylized and cursive.



1660 S. Stemmons., Suite 250
Lewisville, Texas 75067
Ph: (972) 221-4600 Fax: (972) 221-4601

Denton County Transportation Authority
Board of Directors
Work Session and Board Meeting Minutes

Board of Directors Work Session and Regular Meeting Minutes

The Board of Directors of the Denton County Transportation Authority convened with Chairman Charles Emery presiding at 1:30 p.m. December 10, 2013 at 1660 S. Stemmons, Suite 250, Lewisville, TX 75067. A quorum was present.

Attendance

Small Cities

Skip Kalb

Large Cities

Charles Emery, Lewisville, *Chairman*
Paul Pomeroy, Highland Village, *Vice-Chair*
Richard Huckaby, Denton, *Secretary*
Jim Robertson, Flower Mound
Carter Wilson, Frisco
Daniel Peugh, Corinth

Denton County at Large

Denton County Unincorporated

George A. Campbell
Don Hartman

Board Members Absent

Doug Peach, Little Elm
Allen Harris, The Colony
Dave Kovatch, *Treasurer*
Bill Walker

DCTA Staff

James C. Cline, Jr., P.E.
Dee Leggett, COO / Sr. VP Operations
Anna Mosqueda, CFO / Sr. VP Finance
Kristina Brevard, VP Marketing and
Communications

Legal Counsel

Pete Smith, General Counsel

Others in Attendance

Michael Chinn – Transit Management of
Denton County

CALL TO ORDER - Chairman Charles Emery called the meeting to order and announced the presence of a quorum.

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS – Paul Pomeroy

INVOCATION – Charles Emery

WELCOME AND INTRODUCTION OF VISITORS

1. Routine Briefing Items
 - a. Financial Reports - Anna Mosqueda presented financial information
 - i. Financial Statements
 - ii. Capital Projects Report
 - iii. Sales Tax Report
 - iv. Procurement Report
 - b. Communications and Planning – Kristina Brevard reported on these items
 - i. Marketing and Communications Initiatives
 - ii. Media Coverage
 - iii. Customer Service
 - c. Capital Projects Update - Dee Leggett presented information on the following topics
 - i. GTW Integration
 - ii. Where's My Ride
 - iii. Bus Radio System
 - iv. Bus Operations and Maintenance Facility (O&M)
 - v. Community Enhancements
 - vi. Lewisville Bike Trail
 - vii. Positive Train Control (PTC)
 - viii. Passenger Amenities
 - ix. Station Improvements
 - d. Transit Operations – Dee Leggett provided an update
 - i. Rail Operations
 - ii. Bus Operations (will be provided in January due to timing of December 2013 Board meeting)
 - iii. Operations Contract Update
2. Items for Discussion
 - a. February 27, 2014 Board Retreat – Jim Cline provided information
 - b. January 2014 Finance Committee Meeting – Preliminary Audit Report – Information by Anna Mosqueda
 - c. Format for Quarterly Financial Reporting – Anna Mosqueda presented proposed format
3. Discussion of Regular Board Meeting Agenda Items (December 10, 2013) – no discussion

4. Executive Session
 - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Work Session or the Regular Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.
5. Reconvene Open Session - no action
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.
6. Discussion of Future Agenda Items
 - a. Board Member Requests
7. CONSENT AGENDA
 - a. Approval of Minutes Board Meeting November 21, 2013
 - b. Approve Award and Authorize the Purchase of Vans for Access Service
 - c. Approve Award and Authorize the Purchase of Supervisor Sedans
 - d. Approve Award and Authorize the President to Execute a Contract for the Purchase of Bus Driver Uniforms
 - e. Approve Award and Authorize the President to Execute a Contract for Security Guard and Fare Enforcement Services
 - f. Approve Interlocal Agreement with North Central Texas College for Bus Service and Purchase of a Light Duty Transit Vehicle
 - g. Authorize President to Execute a Change Order to the Stadler Vehicle Procurement Agreement Extending Time for Vehicle Purchase Options
-Motion to approve Consent Agenda items 6a-g made by Jim Robertson.
2nd by Daniel Peugh. Motion carried unanimously.
8. CHAIR REPORT – Charles Emery gave an update on these issues
 - a. Discussion of Regional Transportation Issues
 - b. Discussion Legislative Issues
 - i. Regional
 - ii. State
 - iii. Federal
9. PRESIDENT'S REPORT – Jim Cline discussed regional issues.
 - a. Discussion of Regional Transportation Issues
10. REPORT ON ITEMS OF COMMUNITY INTEREST – none
 - a. Pursuant to Texas Government Section 551.0415 the Board of Directors may report on 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.
11. CONVENE EXECUTIVE SESSION - none
 - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Work Session or the Regular Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.

- b. As authorized by Texas Government Code section 551.071 consultation with General Counsel regarding pending litigation Cause No 2011-30066-211; URS Corporation v. Denton County Transportation Authority; 211th District Court, Denton County, Texas.

12. RECONVENE OPEN SESSION – not necessary

- a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

13. ADJOURN 3:17 p.m.

The minutes of the December 10, 2013 meeting of the Board of Directors were passed, and approved by a vote on this 23rd day of January 2014.

Charles Emery, Chairman

ATTEST

Richard Huckaby, Secretary



Board of Directors Memo **January 23, 2014**

Subject: 2(b) Approval of Award for Highland Village/Lewisville Lake Recreation Parking Capital Project and Amend Project Budget

Background

DCTA is partnering with the City of Lewisville to fund the construction of recreational parking along Eagle Point, directly across from the Highland Village/Lewisville Lake station. This parking would complement parking at the station, alleviate boat and trailer parking at the DCTA station, and encourage use of current and future recreational amenities in the area including the future DCTA bike trail.

The property is owned by the U.S. Army Corps of Engineers. DCTA will work with the city and the Army Corps of Engineers on the design and construction of the facility. DCTA anticipates sharing in the maintenance costs with the city.

A procurement was released on December 20, 2013, for bids on the parking lot. Bids are due on January 17, 2014. Staff will evaluate the bids and will make a recommendation for award at the meeting.

Financial Impact

Design and construction of the project is anticipated to cost \$250,000. Staff anticipates annual maintenance costs to be \$15,000.

Recommendation


Staff recommends Board approval award of the project to the lowest responsive responsible bidder and authorize the President to execute contract.

Respectfully,

Submitted by:


Athena Forrester, Purchasing Manger

Approval:


James C. Cline, Jr., President



Board of Directors Memo **January 23, 2014**
Subject: 2(b) Approval of Award for Highland Village/Lewisville Lake Recreation Parking Capital Project and Amend Project Budget

Background

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The property is owned by the U.S. Army Corps of Engineers. DCTA will work with the city and the Army Corps of Engineers on the design and construction of the facility. DCTA anticipates sharing in the maintenance costs with the city.

Final designs are currently being reviewed by the Army Corps of Engineers.

A procurement was released on December 20, 2013, for bids on the parking lot. Three bids were received on January 17, 2014.

The lowest responsive responsible bidder was deemed to be North Rock Construction.

Financial Impact

REVISED

The initial project budget was \$250,000. \$34,600 was spent on design. The construction bid for Phase 1 was \$234,081. Staff recommends including \$20,000 for contingency. Total project costs would need to be amended to \$288,681. The additional \$38,681 will be funded by savings in the capital projects fund that have been identified.

Staff anticipates annual maintenance costs to be \$15,000, this on-going maintenance cost has not yet been included in the annual operating budget but will be included for FY15

Recommendation

Staff recommends Board approval award of the project to the lowest responsive responsible bidder and authorize the President to execute contract and amend project budget.

Respectfully,

Submitted by: _____
Athena Forrester, Purchasing Manger

Approval: _____
James C. Cline, Jr., President



Board of Directors Memo **January 23, 2014**

Item: 2(c) Rescind Award to Border Security and Investigations and Award contract for Security Guard and Fare Enforcement Services with Vets Securing America

Background

In April 2011, a security service company was engaged to provide unarmed guard services at the rail yard to monitor the grounds to guard against theft, fire and vandalism to the rail cars and property. With the completion of the bus operations and maintenance facility additional security guard services are required to protect the property and assets. The selected company will also provide fare enforcement services on the rail line as a supplement to the current enforcement activities.

On November 1, 2013, seven (7) bids were received. A team of staff members evaluated the bids, checked references and conducted a conference call with the lowest responsive bidder, Border Security and Investigations. The Board awarded the contract on the December agenda but the contractor was unable to enter into the contract. Staff is requesting the Board rescind the award and approve award to Vets Securing America.

Identified Need

The need for the services continues to insure the property and rail cars are not vandalized while the property is left unattended by staff and contractors. Services will include periodic checks on DDTTC during daily opening and closing times. Fare enforcement services will be used to supplement the activities currently being performed.

Financial Impact


The FY2014 operating budget includes \$45,560 for Bus Operations security services and \$24,400 for Rail Operations security services a total of \$69,960. Based on the bid of \$56,000 for estimated hours of coverage -- regular hours (4,095) and holiday hours (225) and vehicle cost— this is within the FY14 budget for security services.

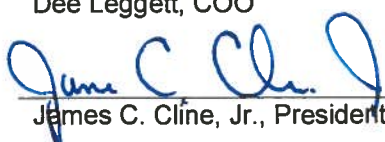
Recommendation

Staff recommends the Board rescind the award to Border Security and Investigations and approve an award and authorize the President to execute a contract with Vets Securing America.

Respectfully,

Submitted by: 
Athena Forrester, Purchasing Manager

Final Review: 
Dee Leggett, COO

Approval: 
James C. Cline, Jr., President