



Denton County Transportation Authority
Hedrick House
1407 Creekview Dr.
Lewisville, TX 75067
(972) 221-4600
dcta.net

Board of Directors
Regular Meeting / Board Retreat
February 28, 2013
9:00 a.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS

INVOCATION

WELCOME AND INTRODUCTION OF VISITORS

1. ROUTINE BRIEFING ITEMS *Briefing by request/exception only*
 - a. Financial Reports
 - i. Financial Statements
 - ii. Capital Projects Fund
 - iii. Sales Tax Report
 - iv. Procurement Report
 - b. Capital Projects Update
 - i. GTW Integration
 - ii. Bus Operations and Maintenance Facility (O&M)
 - iii. Community Enhancements
 - iv. Lewisville Bike Trail
 - v. Positive Train Control (PTC)
 - vi. Passenger Amenities
 - vii. Interstate Highway 35 East Impacts / Grade Crossing Agreement
 - c. Communications and Planning
 - i. Marketing and Communications Initiatives
 - ii. Media Coverage
 - iii. Safety Campaign
 - iv. Customer Service
 - v. Advertising Update
 - d. Transit Operations
 - i. Rail Operations
 - ii. Bus Operations

2. ITEMS FOR DISCUSSION
 - a. Discussion of Agency Insurance and Coverage
3. 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.
4. RECONVENE OPEN SESSION
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.
5. CONSENT AGENDA
 - a. Approval of Minutes - Board Meeting January 24, 2013
 - b. Acceptance of Financial Reports
6. REGULAR AGENDA
 - a. Presentation of Audit Report for Fiscal Year End 9/30/2012 by Weaver & Tidwell, LLP
 - b. Discussion/Action - Accept the 2012 Financial Statements and Supplementary Information
 - c. Discussion / Approval of Award of Contract for Intelligent Transportation System, Where's My Ride
 - d. Discussion / Approval of Vehicle Procurement
7. CHAIR REPORT
 - a. Appointment of Board Committees
 - b. Discussion of Regional Transportation Issues
 - c. Discussion Legislative Issues
 - i. Regional
 - ii. State
 - iii. Federal
8. PRESIDENT'S REPORT
 - a. LAN Receives Silver Award
9. 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.
10. DISCUSSION OF FUTURE AGENDA ITEMS

a. Board Member Requests

11. BOARD PLANNING RETREAT

- a. Familiarization with Materials and Objectives
- b. Board Chair Strategic Focus
- c. Review of Agency Performance
- d. Review Five-Year Plan
 - i. Meeting Regulatory/Safety Requirements
 - ii. Improving Customer Experience
- e. Revenues
- f. Contingency Planning
- g. Long-Term Expansion
- h. Legislative Goals
- i. Cash Flow Model

12. LUNCH (fit into agenda as appropriate)

13. BOARD GUIDANCE

14. ADJOURN

Chair – Charles Emery
Vice Chair – Paul Pomeroy

Secretary – Richard Huckaby
Treasurer – Dave Kovatch

**Members – Skip Kalb, Doug Peach, Jim Robertson, Bill Walker, Daniel Peugh,
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 2/22/2013 at 2:33 PM.

Leslee Bachus, Executive Assistant

Subject: WS1ai) 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 January 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 Favorable by \$66k attributable to A-train ridership being higher than anticipated in the budget. Actual YTD ridership was 170,376 A-train riders compared to budget 127,800 riders, an increase of 42,576 in ridership.
- **Note B:** Contract Service Revenue – YTD Unfavorable by (\$91k) due to lower than anticipated revenue hours in December, offset by higher revenue hours in October, November, and January. Actual YTD revenue hours were 18,832 compared to budget 19,882. In addition, actual YTD fuel usage was 59,302 gallons compared to budget 65,369 gallons, down 9%.
- **Note C:** Sales Tax Revenue – YTD Favorable by \$243k. Sales tax generated in January has not yet been received and is accrued for the month based on budget. The Sales Tax Report included in this agenda packet provides a more detailed Budget to Actual comparison of sales tax receipts for FY 13.
- **Note D:** Federal/State Grants – YTD Unfavorable by (\$2,858k) due to timing of the Bus O&M project and corresponding delay in grant reimbursement as anticipated in the budget.
- **Note E:** Services – YTD Unfavorable by (\$76k) mainly due to higher than anticipated legal fees (\$96k more than budget), offset by savings in other professional services. This is due to the total expenditure budget of \$250K approved in the FY12 budget not being fully spent. Since operating budget appropriations lapse at year end the balance, \$117,000, will be re-appropriated for FY13 upon completion of the year-end audit.
- **Note F:** Utilities – YTD Unfavorable by (\$14k) attributable to an increase in water usage compared to budget, offset by lower than anticipated electricity costs.
- **Note G:** Purchased Transportation Services – YTD Unfavorable by (\$162k) due to the transfer of a credit for DART's payment of the RDC seat re-upholstery from this account to the Leases account as noted below (\$395k).
- **Note H:** Leases and Rentals – YTD Favorable by \$459k. The lease expenses were reduced due to a \$395k credit from DART for RDC seat re-upholstery

Statement of Net Assets

Note: Prior to year-end audit completion, the Balance Sheet information is based on prior year financial statements which may change slightly throughout the audit.

- **Note A:** Investments decreased by \$1,283k. This is primarily due to the net impact of:
 - + Receipt of Sales Tax of \$1,438k
 - - \$2,722k transferred to cover operating and capital expenditures and debt service
- **Note B:** Restricted Assets increased \$1,083k due a transfer from Investments to the Bond Fund account to allow for future debt service payments.

- **Note C:** Construction in Progress increased \$576k primarily for payments for Stadler vehicles (\$222k) and the Bus O&M facility (\$227k).
- **Note D:** Bonds Payable: No change in the current month. The first payment for the 2009 Series Bonds of \$885k is due in September 2013.
- **Note E:** Net Income for the month of January was (\$163,157).

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.

Need

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

Recommendation

Staff recommends acceptance.

Submitted by: Marisa Perry, CPA
Accounting Manager

Final Review: 
V-P Finance /CFO

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

WS1ai

Description	Month Ended January 31, 2013			Year to Date January 31, 2013			Annual Budget	
	Actual	Budget	Variance	Actual	Budget	Variance		
Revenue and Other Income								
Passenger Revenues	99,264	80,049	19,215	405,713	339,297	66,416	1,030,940	Note A
Contract Service Revenue	215,465	205,478	9,987	1,053,516	1,146,233	(92,717)	3,001,040	Note B
Sales Tax Revenue	1,414,978	1,394,606	20,372	6,598,508	6,355,817	242,691	18,775,391	Note C
Federal/State Grants and Reimbursements	420,394	727,066	(306,672)	682,058	3,540,376	(2,858,318)	10,248,100	Note D
Total Revenue and Other Income	2,150,102	2,407,199	(257,097)	8,739,796	11,381,723	(2,641,927)	33,055,471	
Operating Expenses								
Salary, Wages and Benefits	572,846	588,742	15,896	2,176,924	2,438,268	261,344	7,211,225	
Services	139,195	179,284	40,088	613,748	537,734	(76,014)	1,388,452	Note E
Materials and Supplies	173,851	288,868	115,017	833,570	1,191,141	357,571	3,494,340	
Utilities	35,488	31,062	(4,426)	137,975	124,247	(13,728)	372,740	Note F
Insurance, Casualties and Losses	34,469	45,394	10,926	137,662	181,577	43,916	544,732	
Purchased Transportation Services	553,474	702,515	149,041	2,972,475	2,810,062	(162,413)	8,430,186	Note G
Miscellaneous	6,176	20,974	14,798	26,638	71,299	44,661	155,491	
Leases and Rentals	67,265	22,611	(44,654)	(218,186)	240,443	458,630	421,330	Note H
Depreciation	575,359	775,162	199,803	2,197,647	3,119,145	921,499	9,320,443	
Total Operating Expenses	2,158,123	2,654,612	496,488	8,878,451	10,713,916	1,835,465	31,338,940	
Income Before Non-operating Revenue and Expense	(8,022)	(247,413)	239,391	(138,656)	667,807	(806,463)	1,716,531	
Non-Operating Revenues / (Expense)								
Investment Income	2,769	3,000	(231)	13,250	12,000	1,250	36,000	
Gain (Loss) Disposal of Assets	-	-	-	-	-	-	-	
Other Income - Miscellaneous	222	-	222	17,455	-	17,455	-	
Long Term Debt Interest/Expense	(158,127)	(398,940)	240,814	(498,866)	(722,973)	224,107	(2,168,920)	
Total Non-Operating Revenue / (Expense)	(155,135)	(395,940)	240,805	(468,161)	(710,973)	242,812	(2,132,920)	
Change in Net Assets	(163,157)	(643,353)	480,196	(606,816)	(43,166)	(563,650)	(416,389)	

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

	<u>January 31, 2013</u>	<u>December 31, 2012</u>	<u>Change</u>	
Current Assets				
Cash & Cash Equivalents	5,572,666	5,635,372	(62,706)	
Investments	8,166,136	9,448,919	(1,282,782)	Note A
Accounts & Notes Receivable	4,670,441	4,708,313	(37,873)	
Prepaid Expenses	160,004	194,398	(34,394)	
Restricted Asset-Cash and Equivalents	4,738,381	3,655,618	1,082,763	Note B
Total Current Assets	<u>23,307,627</u>	<u>23,642,620</u>	<u>(334,993)</u>	
Property, Plant and Equipment				
Land	16,228,337	16,228,337	-	
Land Improvements	5,386,734	5,386,734	-	
Machinery & Equipment	1,018,804	1,018,804	-	
Leasehold Improvements	55,506	55,506	-	
Vehicles	8,261,725	8,261,725	-	
Computers & Software	58,808	58,808	-	
Accumulated Depreciation	(14,442,865)	(13,867,506)	(575,359)	
Total Property, Plant and Equipment	<u>16,567,049</u>	<u>17,142,408</u>	<u>(575,359)</u>	
Other Non Current Assets				
Bond Fees	309,255	360,388	(51,133)	
Total Other Non Current Assets	<u>309,255</u>	<u>360,388</u>	<u>(51,133)</u>	
Capital Assets				
Intangible Assets	16,997,155	16,997,155	-	
Other Capital Assets, Net	215,574,808	215,574,808	-	
Construction in Progress	92,412,059	91,835,697	576,362	Note C
Total Capital Assets	<u>324,984,022</u>	<u>324,407,660</u>	<u>576,362</u>	
Total Assets	<u><u>365,167,953</u></u>	<u><u>365,553,076</u></u>	<u><u>(385,123)</u></u>	
Liabilities				
Current Liabilities				
Accounts Payable	1,166,574	1,383,363	(216,789)	
Salary, Wages, and Benefits Payable	361,957	272,278	89,679	
Accrued Expenses Payable	3,775,093	3,761,216	13,877	
Deferred Revenues	399,153	372,934	26,219	
Interest Payable	427,973	320,980	106,993	
Total Current Liabilities	<u>6,130,749</u>	<u>6,110,770</u>	<u>19,979</u>	
Non-Current Liabilities				
Rail Easement Payable	1,800,000	1,800,000	-	
Retainage Payable	1,596,289	1,838,234	(241,945)	
Bonds Payable	35,280,000	35,280,000	-	Note D
Total Non-Current Liabilities	<u>38,676,289</u>	<u>38,918,234</u>	<u>(241,945)</u>	
Total Liabilities	<u>44,807,038</u>	<u>45,029,004</u>	<u>(221,966)</u>	
Net Assets				
Invested in Capital Assets	302,097,014	302,097,014	-	
Unrestricted Retained Earnings	18,870,718	18,870,718	-	
Change in Net Assets	(606,816)	(443,660)	(163,157)	Note E
Total Equity	<u>320,360,916</u>	<u>320,524,072</u>	<u>(163,157)</u>	
Total Liabilities and Equity	<u><u>365,167,953</u></u>	<u><u>365,553,076</u></u>	<u><u>(385,123)</u></u>	

Budget vs. Actual

As of January 31, 2013

(Cash Basis)

	Original Budget	Revised Budget	January 2013 Expenses Booked	LTD	\$ Under/(Over) Budget	% of Budget (As of January 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		138,973	90,353	61%
Total 50202 · Passenger Amenities (Phase 2)	174,011	229,326	-	138,973	90,353	61%
50301 · Bus O&M Facility						
5030113 · Design	590,000	1,294,280	8,870	920,494	373,786	71%
5030115 · Survey, Testing, Inspection			97,872	97,872	(97,872)	N/A
5030114 · Land Acquisition	1,164,310	1,164,310	-	1,173,451	(9,141)	101%
5030116 · Building Construction	4,745,690	5,469,392		2,260	5,467,132	0%
5030118 · Canopy Construction						0%
5030120 · Landscaping		472,513		10,000	462,513	0%
5030125 · Utilities		1,362,500			1,362,500	0%
5030126 · Furniture, Fixtures & Equipment	1,642,667	517,865			517,865	0%
5030128 · Contingency		835,585			835,585	0%
5030129 · Project Management		341,331			341,331	0%
5030131 · Insurance/Bonds		105,521	105,521	105,521		0%
5030132 · Mobilization		157,060	23,506	23,506	133,554	0%
5030133 · Legal Fees		360			360	0%
Total 50301 · Bus O&M Facility	8,142,667	11,720,717	235,769	2,333,104	9,387,613	28%
50302 · Bus Maintenance Equipment						
5030214 · Acquisition	500,000	500,000		78,777	421,223	16%
Total 50302 · Bus Maintenance Equipment	500,000	500,000	-	78,777	421,223	16%
50303 · DDTC						
5030314 · Acquisition	373,282	373,282			373,282	0%
Total 50303 · DDTC	373,282	373,282	-	-	373,282	0%
50403 · Paratransit Scheduling Systems - CLOSED						
5040314 · Acquisition	180,000	180,000		166,342	13,658	92%
Total 50403 · Paratransit Scheduling Systems	180,000	180,000	-	166,342	13,658	92%
50406 · Where's My Ride						
5040614 · Acquisition	940,485	940,485			940,485	0%
Total 50406 · Where's My Ride	940,485	940,485	-	-	940,485	0%
50407 · Bus Ops Safety & Security Equipment						
5040714 · Acquisition	88,555	88,555			88,555	0%
Total 50407 · Bus Ops Safety & Security Equipment	88,555	88,555	-	-	88,555	0%
50502 · Fleet Replacement						
5050214 · Acquisition	1,968,500	3,136,993		2,871,592	265,401	92%
Total 50502 · Fleet Replacement	1,968,500	3,136,993	-	2,871,592	265,401	92%
Total 5 · Bus Capital Projects	12,367,500	17,169,358	235,769	5,588,788	11,580,570	33%

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

Work Session 1a ii

	Original Budget	Revised Budget	January 2013 Expenses Booked	LTD	\$ Under/(Over) Budget	% of Budget (As of January 2013 Close)
6 - Rail Construction (RTRFI Funded)						
61102 - Rail Grinding						
6110217 - Track & Civil Work Construction	204,000	204,000	191,609	191,609	12,391	94%
Total 61102 - Rail Grinding	204,000	204,000	191,609	191,609	12,391	94%
61206 - MedPark Extension	1,000,000	1,000,000	-	1,000,000	-	100%
61208 - Rail Station Improvements						
6120815 - Installation	-	15,000	-	-	15,000	0%
Total 61208 - Rail Station Improvements	-	15,000	-	-	15,000	0%
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	6,651	95,185	(13,414)	116%
Total 61401 - Fare Collection Systems	569,000	733,104	6,651	641,429	91,675	87%
61403 - Traffic Signals						
6140323 - Crossings/Traffic Signals	2,480,000	3,046,178	-	2,733,818	312,360	90%
Total 61403 - Traffic Signals	2,480,000	3,046,178	-	2,733,818	312,360	90%
61406 - Positive Train Control						
6140617 - Construction	-	13,492,026	-	-	13,492,026	0%
6140628 - Contingency	-	728,554	-	-	728,554	0%
6140629 - Project Management	-	2,097,992	15,933	461,840	1,636,152	22%
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	-	16,997,441	15,933	820,598	16,176,843	5%
61601 - Professional Services - CLOSED						
6160113 - Final Design	14,667,096	14,675,501	-	14,675,501	0	100%
6160129 - Project Management	11,532,904	9,533,632	-	9,835,018	(301,386)	103%
6160133 - Legal Fees	-	58,032	-	58,032	-	100%
Total 61601 - Professional Services	26,200,000	24,267,165	-	24,568,551	(301,386)	101%
61603 - Stadler Implementation						
6160332 - Mobilization	-	895,803	8,654	523,431	372,372	58%
Total 61603 - Stadler Implementation	-	895,803	8,654	523,431	372,372	58%
61707 - Community Enhancements						
6170711 - Engineering	-	22,000	-	-	22,000	0%
6170712 - Preliminary Design	-	12,500	4,176	37,033	(24,533)	296%
6170713 - Final Design	-	15,000	10,679	27,523	(12,523)	183%
6170715 - Survey, Inspection & Testing	-	6,000	-	-	6,000	0%
6170716 - Building Construction	-	545,000	-	-	545,000	0%
6170720 - Landscaping	-	25,000	2,500	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	-	-	85,088	0%
6170733 - Administration Fees	-	13,091	-	13,091	-	100%
Total 61707 - Community Enhancements	-	752,708	17,355	80,147	672,561	11%

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

Work Session 1a11

	Original Budget	Revised Budget	January 2013 Expenses Booked	LTD	\$ Under/(Over) Budget	% of Budget (As of January 2013 Close)
61708 · Lewisville Bike Trail						
6170811 · Engineering	-	75,000	-	-	75,000	0%
6170812 · Preliminary Design	-	75,000	-	-	75,000	0%
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	-	-	394,454	0%
6170833 · Administration Fees	-	60,685	-	60,685	-	100%
Total 61708 · Lewisville Bike Trail	-	3,489,396	-	60,685	3,428,711	2%
61709 · ROW Fencing						
6170914 · Acquisition	25,000	25,000	-	-	25,000	0%
Total 61709 · ROW Fencing	25,000	25,000	-	-	25,000	0%
60701 · Passenger Information						
6070114 · Acquisition	-	56,214	-	23,851	32,363	42%
Total 60701 · Passenger Information	-	56,214	-	23,851	32,363	42%
61502 · Rail Maintenance Equipment - CLOSED						
6150214 · Acquisition	-	50,000	-	45,000	5,000	90%
Total 61502 · Rail Maintenance Equipment	-	50,000	-	45,000	5,000	90%
Total Rail Construction Projects	30,478,000	51,532,009	240,203	30,689,120	20,842,889	60%
61501 · Rail Cars						
6150114 · Acquisition	71,500,000	77,715,424	95,374	77,781,249	(65,825)	100%
6150128 · FRA Compliance Contingency	-	250,396	-	-	250,396	0%
6150133 · Legal Fees	-	15,005	-	15,005	-	100%
6150129 · Project Management	-	1,814,699	5,017	1,506,124	308,575	83%
Total 61501 · Rail Cars	71,500,000	79,795,524	100,390	79,302,378	493,146	99%
TOTAL RAIL CONSTRUCTION & CARS	101,978,000	131,327,533	340,594	109,991,498	21,336,035	84%
Total 1660 · Construction Work in Progress	114,345,500	148,496,891	576,362	115,580,286	32,916,605	78%



Board of Directors Memo

February 28, 2013

Item: WSM 1 (a) iii Sales Tax Report

Background

Sales tax represents the single largest source of revenue for DCTA, at 56.7% for FY13 budget. The annual Sales Tax budget is \$18,775,391. 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 December and received in February was \$2,128,329.
- This represents an increase of .97% or \$20,372 compared to budget for the month.
- Receipts are favorable 4.89% year-to-date compared to budget.
- Compared to the same month last year, sales tax receipts were \$81,769 or 4.0% more.

- Member city collections for the month compared to prior year are as follows:
 - City of Lewisville up 7.34%
 - City of Denton down 1.63%
 - Highland Village up 4.48%

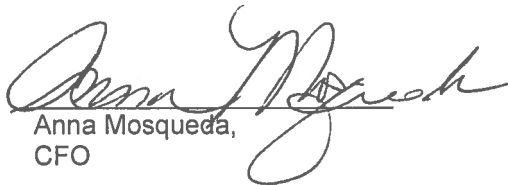
Need

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:	2012-2013 Year Budget	2012-2013 Year Actual	Variance Actual to Budget	CY Actual to CY Budget % Variance	2011-2012 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,385,756.30	\$ 1,637,689.04	\$ 251,932.74	18.18%	\$ 1,345,394.47	\$ 292,294.57	21.73%
November	January	\$ 1,467,497.19	\$ 1,437,883.91	\$ (29,613.28)	-2.02%	\$ 1,424,754.55	\$ 13,129.36	0.92%
December	February	\$ 2,107,957.25	\$ 2,128,329.19	\$ 20,371.94	0.97%	\$ 2,046,560.44	\$ 81,768.75	4.00%
January	March	\$ 1,394,605.60				\$ 1,353,986.02		
February	April	\$ 1,421,825.33				\$ 1,380,412.94		
March	May	\$ 1,922,042.18				\$ 1,866,060.37		
April	June	\$ 1,526,010.87				\$ 1,481,563.95		
May	July	\$ 1,613,898.76				\$ 1,566,892.01		
June	August	\$ 1,687,584.24				\$ 1,762,132.21		
July	September	\$ 1,349,344.92				\$ 1,540,038.75		
August	October	\$ 1,350,487.51				\$ 1,533,237.85		
September	November	\$ 1,548,380.37				\$ 1,708,102.34		
Y.T.D Total		\$ 18,775,390.51	\$ 5,203,902.14	\$ 242,691.40	4.89%	\$ 19,009,135.90	\$ 387,192.68	8.04%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
February 7, 2013

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

City of Lewisville					City of Highland Village						
Sales Generated in Month of:	Received in month of:	2011-2012 Year Actual	2012-2013 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance	Sales Generated in Month of:	Received in month of:	2011-2012 Year Actual	2012-2013 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,732,551.04	\$ 2,371,149.84	\$ 638,598.80	36.86%	October	December	\$ 243,619.10	\$ 250,035.98	\$ 6,416.88	2.63%
November	January	\$ 1,984,090.82	\$ 1,965,351.05	\$ (18,739.77)	-0.94%	November	January	\$ 243,165.41	\$ 246,297.20	\$ 3,131.79	1.29%
December	February	\$ 2,874,196.38	\$ 3,085,264.25	\$ 211,067.87	7.34%	December	February	\$ 395,580.52	\$ 413,313.51	\$ 17,732.99	4.48%
January	March	\$ 1,797,507.20				January	March	\$ 201,738.67			
February	April	\$ 1,917,700.22				February	April	\$ 215,687.96			
March	May	\$ 2,521,189.10				March	May	\$ 294,815.24			
April	June	\$ 2,056,180.28				April	June	\$ 246,882.39			
May	July	\$ 2,146,891.75				May	July	\$ 280,774.11			
June	August	\$ 2,461,535.81				June	August	\$ 296,673.40			
July	September	\$ 2,130,071.15				July	September	\$ 247,525.92			
August	October	\$ 2,161,803.34				August	October	\$ 240,564.70			
September	November	\$ 2,278,200.43				September	November	\$ 289,237.15			
Y.T.D Total		\$ 26,061,917.52	\$ 7,421,765.14	\$ 830,926.90	12.61%	Y.T.D Total		\$ 3,196,264.57	\$ 909,646.69	\$ 27,281.66	3.09%

City of Denton					
Sales Generated in Month of:	Received in month of:	2011-2012 Year Actual	2012-2013 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,847,567.14	\$ 1,947,109.61	\$ 99,542.47	5.39%
November	January	\$ 1,765,223.00	\$ 1,729,577.71	\$ (35,645.29)	-2.02%
December	February	\$ 2,562,967.74	\$ 2,521,245.16	\$ (41,722.58)	-1.63%
January	March	\$ 1,802,513.11			
February	April	\$ 1,733,550.06			
March	May	\$ 2,557,253.34			
April	June	\$ 1,825,446.45			
May	July	\$ 1,930,853.61			
June	August	\$ 2,214,480.34			
July	September	\$ 1,919,988.80			
August	October	\$ 1,874,046.32			
September	November	\$ 2,333,782.27			
Y.T.D Total		\$ 24,367,672.18	\$ 6,197,932.48	\$ 22,174.60	0.36%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
February 7, 2013

**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%	\$ 66,295,020.26	\$ 64,016,136.10	3.56%	\$ 114,043,478.75	\$ 107,721,294.03	5.87%
Dallas MTA	1.00%	\$ 47,823,266.09	\$ 46,116,258.00	3.70%	\$ 79,904,418.47	\$ 77,769,001.08	2.75%
Austin MTA	1.00%	\$ 18,399,240.23	\$ 16,933,381.44	8.66%	\$ 31,837,435.26	\$ 29,284,012.18	8.72%
San Antonio MTA	0.50%	\$ 12,439,111.65	\$ 12,348,994.51	0.73%	\$ 21,185,441.83	\$ 20,075,681.79	5.53%
San Antonio ATD	0.25%	\$ 5,643,116.70	\$ 5,816,785.15	-2.99%	\$ 9,589,963.52	\$ 9,427,372.88	1.72%
Fort Worth MTA	0.50%	\$ 6,059,892.43	\$ 5,726,127.35	5.83%	\$ 10,327,240.96	\$ 9,883,177.96	4.49%
El Paso CTD	0.50%	\$ 4,210,011.24	\$ 4,066,769.39	3.52%	\$ 7,209,964.79	\$ 6,916,895.95	4.24%
Corpus Christi MTA	0.50%	\$ 3,896,289.06	\$ 3,009,012.91	29.49%	\$ 6,841,087.53	\$ 5,201,819.90	31.51%
Denton CTA	0.50%	\$ 2,128,329.19	\$ 2,046,560.44	4.00%	\$ 3,566,213.10	\$ 3,471,314.99	2.73%
Laredo CTD	0.25%	\$ 844,882.34	\$ 788,648.92	7.13%	\$ 1,454,450.28	\$ 1,351,168.06	7.64%
TOTALS		\$ 167,739,159.19	\$ 160,868,674.21	4.27%	\$ 285,959,694.49	\$ 271,101,738.82	5.48%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
 Prepared By: Denton County Transportation Authority Finance Department
 February 7, 2013

Board of Directors Memo

February 28, 2013

Item: 1(a)(iv) Procurement Status Report**Digital Communication System**

This system will allow us to communicate with our passengers via email and text. Passengers can subscribe to specific routes and customize the information they receive. A procurement was solicited and two proposals were received. Staff has scheduled demonstrations of the two systems and will make an award. The total expenditure for the system will not require Board action as the cost is estimated at \$12,000.

Management of the Vanpool Program

Staff is conducting a procurement process with proposals due on March 13. It is anticipated a recommendation for award will be presented to the Board for approval in April.

Equipment for New Maintenance Facility

Staff is currently developing specifications for equipment to be purchased for the new bus maintenance shop. Specifications should be released in early March. ARRA funds will be utilized for the purchase of the equipment.

Mulch at Rail Stations

Staff is seeking price quotes for the installation of mulch at four (4) rail stations. Prices are due February 22nd. The expenditure should not require Board approval as it is anticipated to be less than \$25,000. Staff will update the Board at the February meeting.

Submitted by:

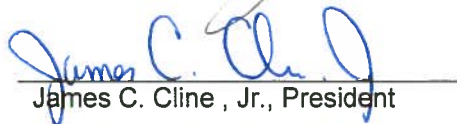
Athena Forrester, Procurement
Manager

Final Review:



Anna Mosqueda, CFO

Approval:



James C. Cline, Jr., President

Board of Directors Memo

February 28, 2013

Item: 1(b) Capital Projects Update**GTW Implementation**

Staff continues to work with HTSI, Stadler and the FRA to test GTWs with the intent of eventually operating single units. The GTWs have not experienced loss of shunt for several months. All RDC's have been returned. One test of single car operation was conducted, and results revealed the need for additional work.

Where's My Ride

The request for proposal was released on Monday, November 26, 2012. Bids were received in early February. Staff will recommend a vendor for award at the February Board meeting. The ARRA funds allocated to this project must be spent by September 2013.

Bus Operations and Maintenance Facility

The three way agreements are in place with the City of Denton and the contractor has received the building permit. However, there are restrictions on the scheduling of the public and private improvements. The contractor has discovered several discrepancies between the as-built drawings of the site and actual conditions that will require changes to the site utilities. Huitt-Zollars, Ratcliff Construction and DCTA staff are working with the City to resolve these issues. The contractor has begun site work and utility work. Project completion is anticipated in January, 2014.

Community Enhancements

The blanket categorical exclusion has been approved by TxDOT. The schedule reflects construction start late summer, 2013, so that planting can be completed in the Fall. 90% engineering plans have been submitted to the City for review.

Lewisville Hike/Bike Trail

Jacobs has begun work on Phase 1 of the project, including data gathering and base map preparation, corridor analysis and a draft concept design. A meeting was held with the City of Lewisville on January 18th to capture concerns, issues and opportunities to leverage existing trail systems. City of Lewisville staff has been very supportive of the project and is working with Jacobs Engineering on final route selection. Phase 1 is expected to be complete in April 2013. Final engineering is expected to be complete in late 2013 with construction start in the spring of 2014.


Positive Train Control (PTC)

LTK has completed the technology assessment and matrix for the region, and a high level schedule containing milestones and decision points. Work is proceeding on the implementation roadmap and high level regional budget. Per their preliminary schedule, the DBI bid documents will be complete by the end of June, 2012.

Passenger Amenities

DCTA and the City of Denton have executed the right-of-way use agreement. Drawings have been submitted to Engineering inspection for review.

Submitted by: 
Ann Boulden, Project Manager

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



COMMUNICATIONS AND PLANNING REPORT

February 28, 2013

Marketing and Communications Initiatives

- TVM at Trinity Mills Communication
- Late Night Train Communication
- DART College/Trade Reduced Pass Communication
- University Pass Promotion
- Passenger Satisfaction Survey
- Highland Village Business Association Promo
- American Airlines Cntr. Events Communication
- Apartment Community Campaign Development
- I-35E Construction Campaign & Communications
- Employer Transit Benefits/Vanpool Campaign

- Communication Architecture Development
- State Fair of Texas Partnership Development
- Arts & Jazz Festival Partnership Development
- Social Media Presence Enhancement
- Mobile Ticketing Communication Planning
- Where's My Ride? Communication Planning
- Rider Text Alert System
- Website Enhancement
- Rail Safety Outreach

Regional Initiatives

- Texas Tourism Unity Conference
- NCTCOG Air Quality Public Relations Task Force
- Regional Transit Marketing & Communications Committee

- TEXRail Rail Safety Outreach Planning
- APTA Marketing & Communications Committee
- Regional Events Promotion Coordination

Recent Events

1/11	UNT Orientation	300	attendees
1/17	Citizen's Advisory Team Meeting, Denton	6	attendees
1/30-1/31	Communication Architecture Discovery Meetings w/Stakeholders	30	attendees
2/8	TWU Commuter Services Travel Training	30	attendees

Upcoming Events

- 2/25 Calhoun Middle School Field Trip/Travel Training
- 3/16 Dallas St. Patrick's Day Parade (Regional promotion)
- 3/19 Denton Apartment Management Crime Prevention Meeting
- 3/20 Lewisville Apartment Managers Meeting
- 4/4 Denton Information Network
- 4/11 Citizen's Advisory Team, Lewisville
- 4/11 Community Open House: August 2013 Service Changes, Highland Village
- 4/11 Twitter Townhall Meeting: August 2013 Service Changes
- 4/18 Citizen's Advisory Team, Denton
- 4/19-4/20 Fort Worth Main Street Arts Festival (Regional promotion)
- 4/20 Community Open House: August 2013 Service Changes, Lewisville
- 4/20 Community Open House: August 2013 Service Changes, Denton
- 4/26 - 4/28 Denton Arts & Jazz Festival
- 5/16 Rail Ready: Denton Olive Stephens Elementary

General DCTA Related Media

Articles Mentioning DCTA	29	Month Total Ad Value	\$ 22,906
Web Reach Per Million	757	YTD Total Ad Value	\$ 72,181
YTD Web Reach Per Million	1,400		

COMMUNICATIONS AND PLANNING REPORT

February 28, 2013

Topic Highlights:

- Bus driver shortage possible Monday
- DCTA pursues bus-stop shelters in Denton
- DCTA releases passenger satisfaction survey
- Huffines Communities starts next phase of Hebron 121 Station

Customer Service Performance

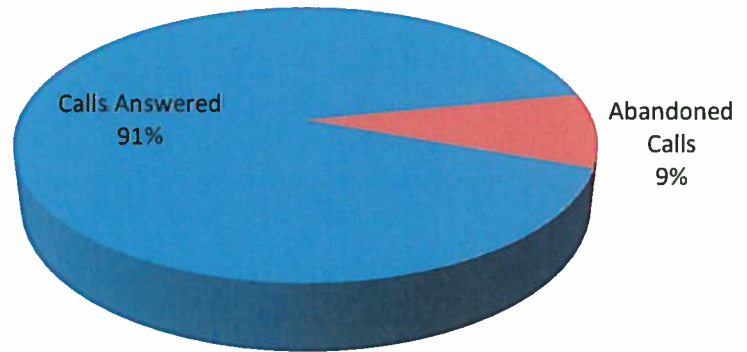
Call Center Monthly Statistics

In January, DCTA's call center received 5,117 calls compared to 4,370 calls in December (14.6% increase). 4,671 of those calls were answered and 446 were abandoned.

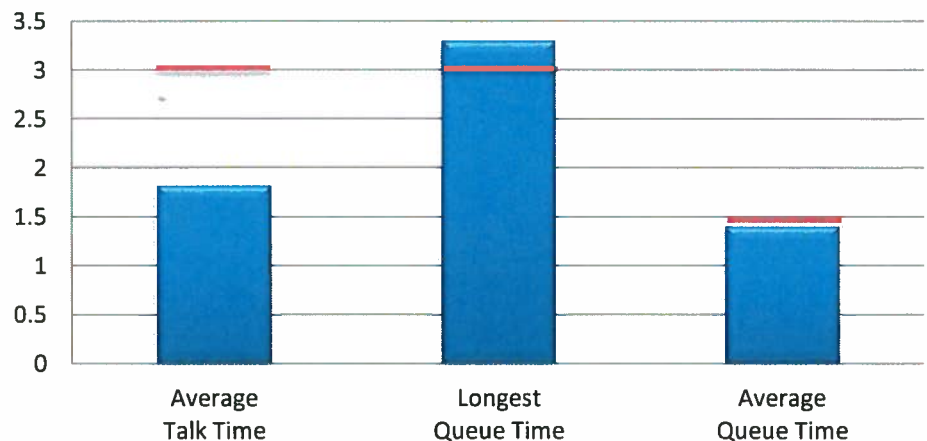
The target for answered calls is 90%. With a 91% rate of calls answered this target was met this month.

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.

Incoming Calls
1/1/12 - 1/31/12



Call Center Performance
1/1/12 - 1/31/12



COMMUNICATIONS AND PLANNING REPORT

October 25, 2012

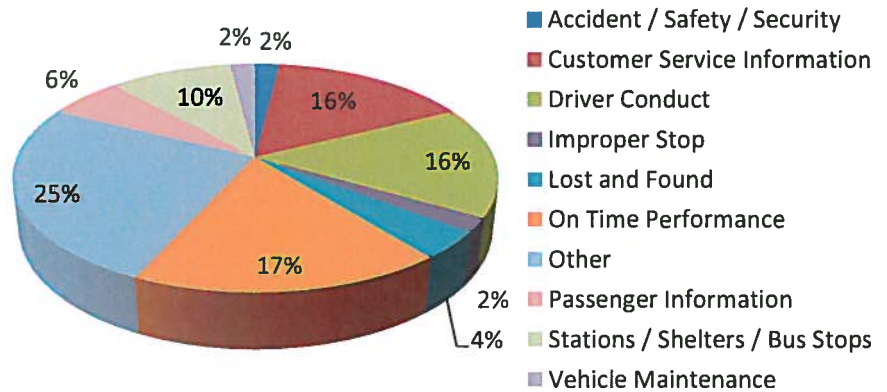
GoRequest Monthly Statistics

DCTA had a total of 51 requests during the month of January. This is a 24% decrease from the month of December.

Accident / Safety / Security	1
Customer Service Information	8
Driver Conduct	8
Improper Stop	1
Lost and Found	2
On Time Performance	9
Other	13
Passenger Information	3
Stations / Shelters / Bus Stops	5
Vehicle Maintenance	1

Topic Counts of Opened Requests

1/1/12 - 1/31/12



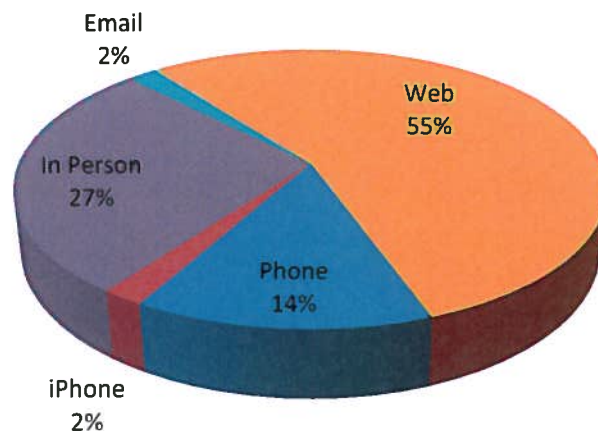
When a passenger enters a request they are asked to categorize it into a particular type. There are five request types to choose from complaint, compliment, problem, question and suggestion. Of the 51 requests received in January, the breakout looks like this:

Complaint	20
Compliment	1
Problem	1
Question	23
Suggestion	6

0.81 Complaints/10,000 Passengers
 1.97 Total Requests / 10,000 Passengers

How Requests Are Reported

1/1/12 - 1/31/12



COMMUNICATIONS AND PLANNING REPORT

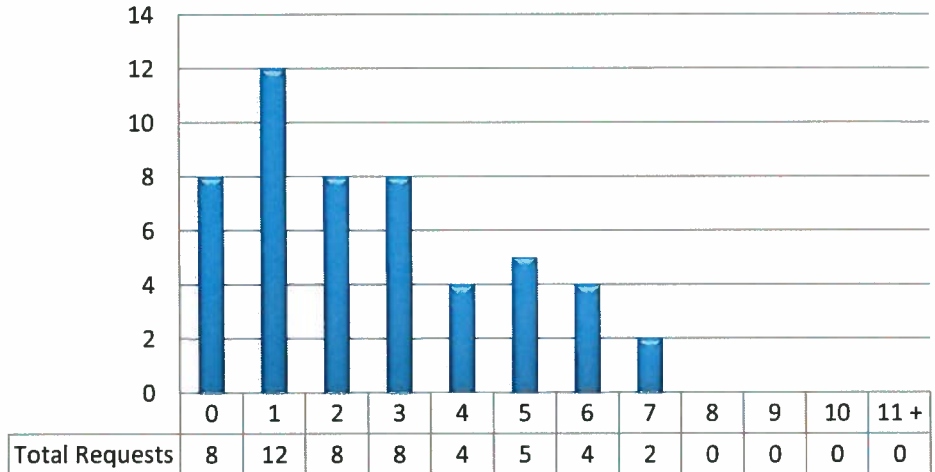
October 25, 2012

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

In this reporting period it took, on average, 2.57 days to close out a request.

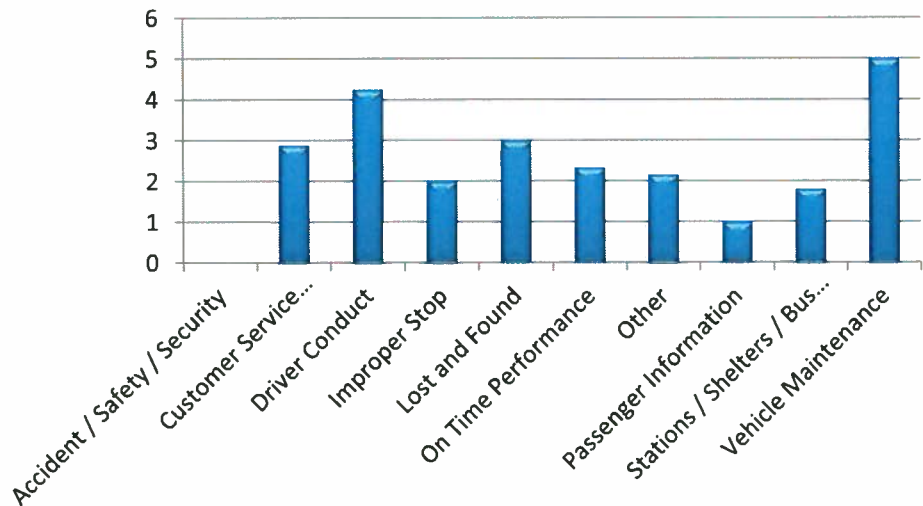
Number of Days to Close a Request

1/01/2012 - 1/31/2012



Average Number of Days to Close a Request by Topic

1/01/12 - 1/31/12




Dee Leggett
VP of Communications & Planning



RAIL OPERATIONS REPORT

Thursday, February 28, 2012

❖ RIDERSHIP

- The A-train carried 40,781 passengers during the month of January. This reflects an overall increase in ridership of 43% for the month of January 2013, when compared to January 2012.
- Refer to attached ridership charts.

❖ OPERATIONS

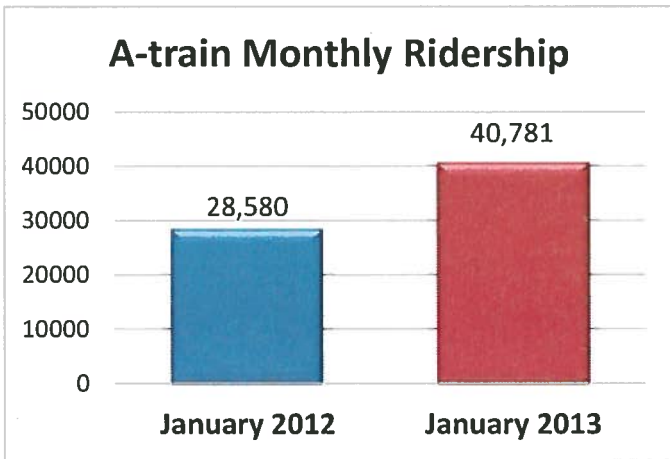
- December "On Time Performance" (OTP) was 98.20%.

❖ SAFETY/SECURITY

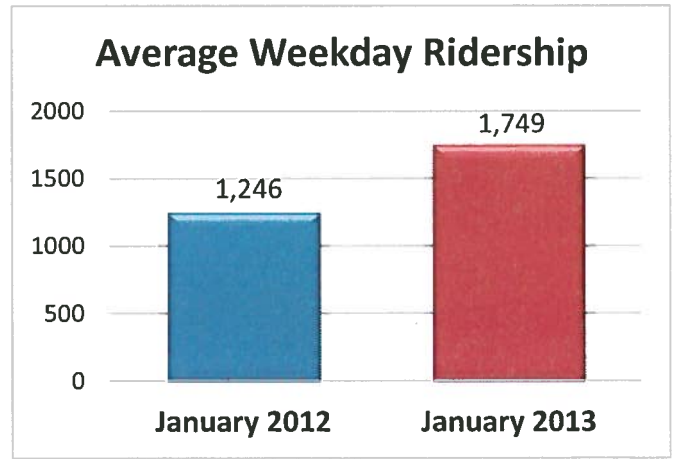
- DCTA Rail Operations Injury-Free Workdays: 181 days
- On January 14, 2013, train 5956 (vehicle 107) sustained an estimated \$3500.00 worth of vandalism to the seats (cutting). Responsible party was apprehended by Lewisville Police Department.
- There was one vehicle issue at the Eagle Point road crossing during January, which did not result in delayed trains or track damage.

❖ MAINTENANCE

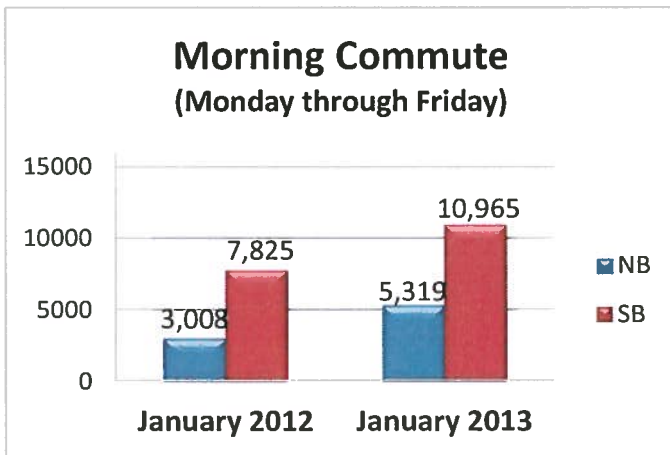
- **Right of Way:** Routine daily inspections are being performed by the contractor.
- **Signal/Communications:** No Issues
- **Stations:** DCTA contract operations (HTSI) continues to perform weekly safety inspections, which have not identified any major issues and any minor aesthetic issues have been quickly resolved (i.e. landscape maintenance, etc.).
- **Mechanical:** DCTA contract operations (HTSI) reported no mechanical issues in the month of January.



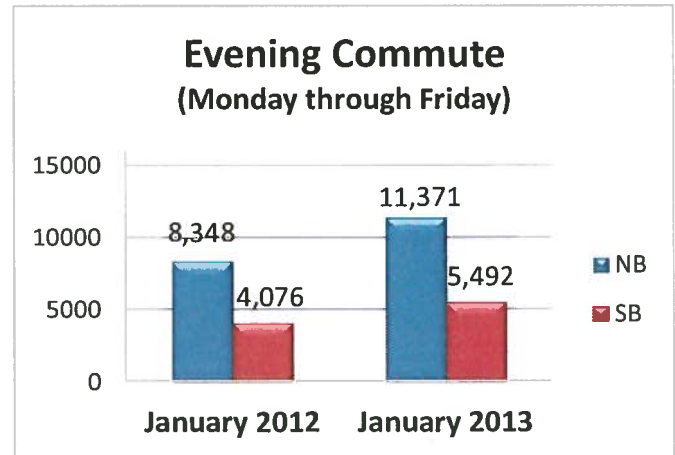
The A-train moved 40,781 passengers during the month of January, a 43% increase over January 2012.



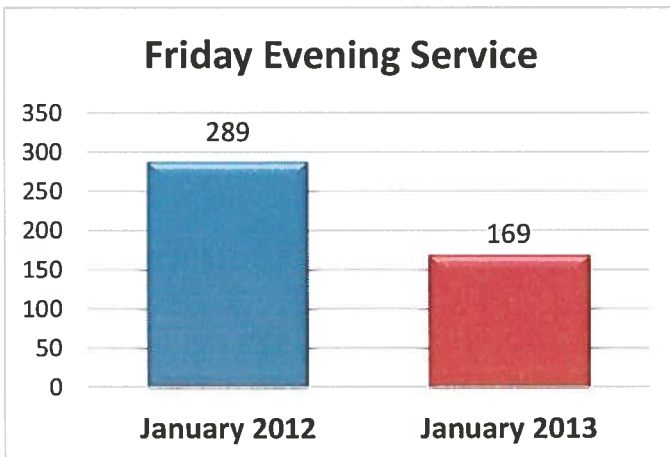
The daily average for A-train ridership during the month of January was 1,749 passengers, an increase of 40% over January 2012.



Morning commute ridership increased by 77% for northbound and 40% for southbound, compared to January 2012.



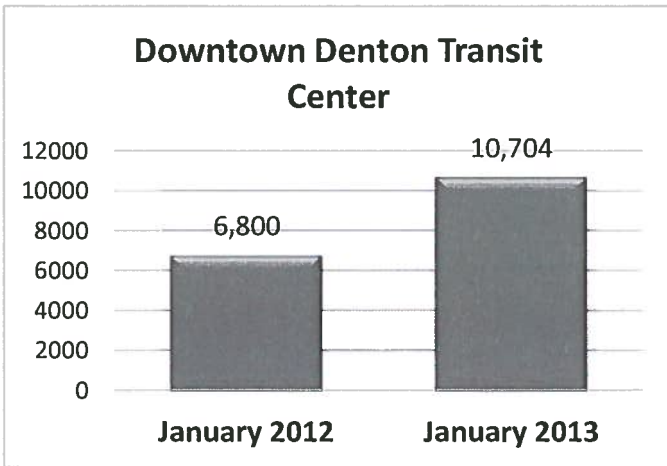
Evening commute ridership increased by 36% for northbound and 35% for southbound, compared to January 2012.



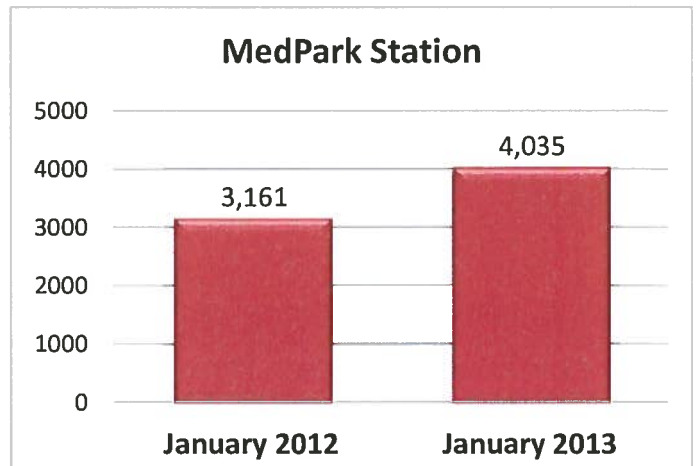
Friday evening service experienced a decrease of 42% in ridership for the month of January 2013, compared to January 2012.



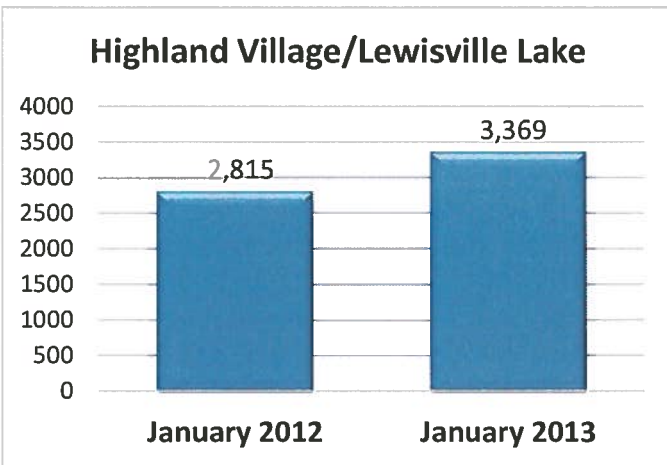
Saturday ridership decreased by 5% for the month of January 2013, compared to the January 2012.



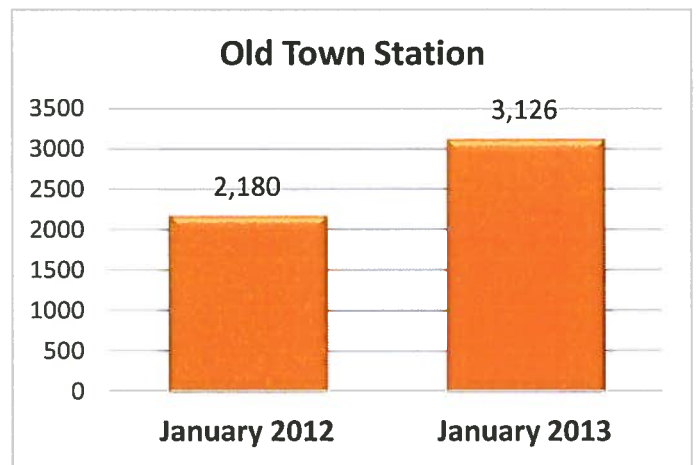
DDTC A-train ridership increased by 57%.



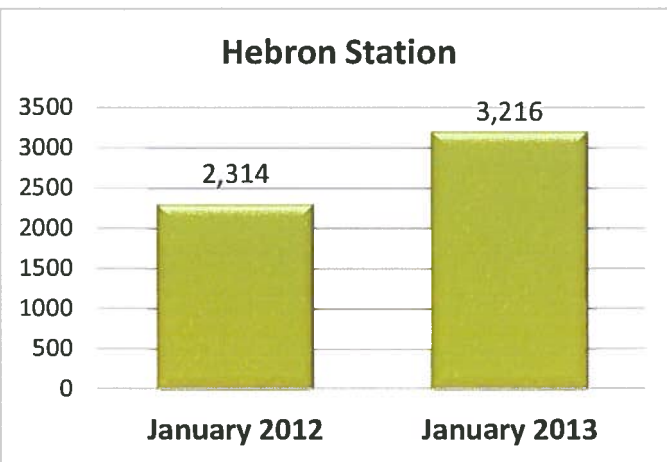
MedPark A-train ridership increased by 28%.



Highland Village/Lewisville Lake A-train ridership increased by 20%.



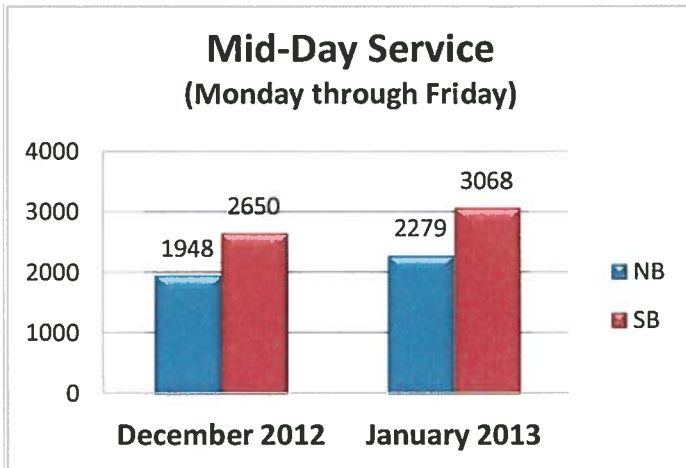
Old Town A-train ridership increased by 43%.



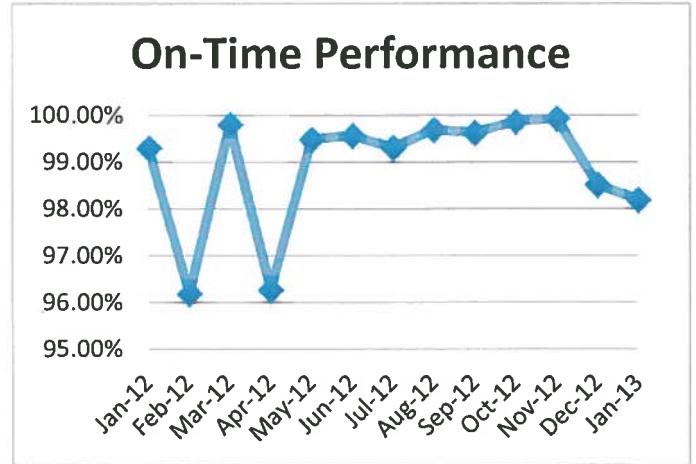
Hebron A-train ridership increased by 39%.



Trinity Mills A-train ridership increased by 44%.



Mid-Day Service ridership saw an increase of 17% for northbound and 16% for southbound in January 2013, compared to December 2012.



A-train On-Time Performance (OTP) is a direct reflection of service and equipment reliability.



BUS OPERATIONS REPORT

Thursday, February 28, 2013

❖ OPERATIONS

- **Ridership:** Bus services carried 217,998 passengers for the month of January.
- **On Time Performance:** Bus services achieved OTP of 98.8% for the month of January.
- **Amalgamated Transit Union:** ATU and First Transit have reached an agreement and the new contract was signed on January 25, 2013.

❖ SAFETY/SECURITY

- Bus operations experienced 0.66 accidents per 100,000 miles in January.

❖ FLEET

- **ROAD CALLS:** Bus maintenance experienced 46,943 miles between road calls in January.

❖ PLANNING

- The next service change will occur on August 26, 2013, the day after DART implements their service changes.

BUS OPERATIONS PERFORMANCE INDICATORS

Ridership

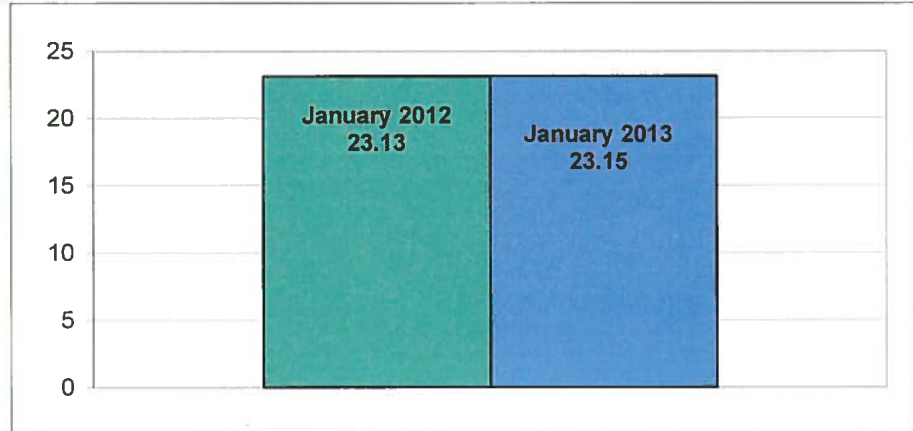
Ridership

January 2012 & January 2013

Performance Measures

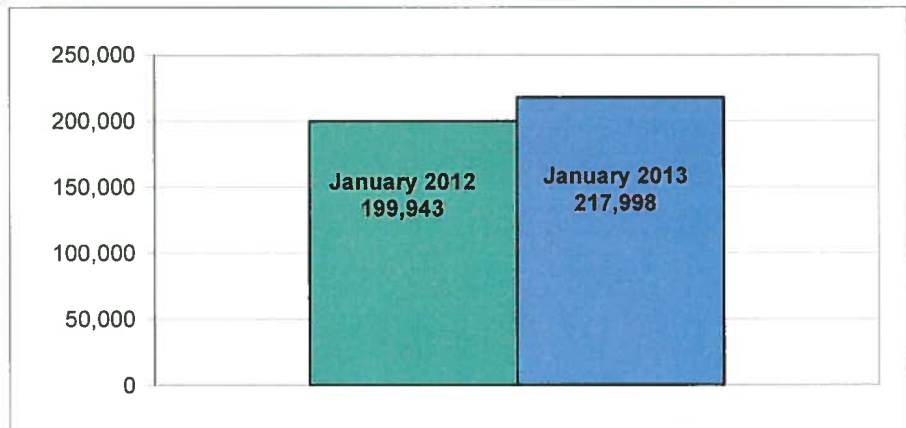
Passengers per Revenue Hour

Passengers per revenue hour remained positive for January 2013 as compared to January 2012.



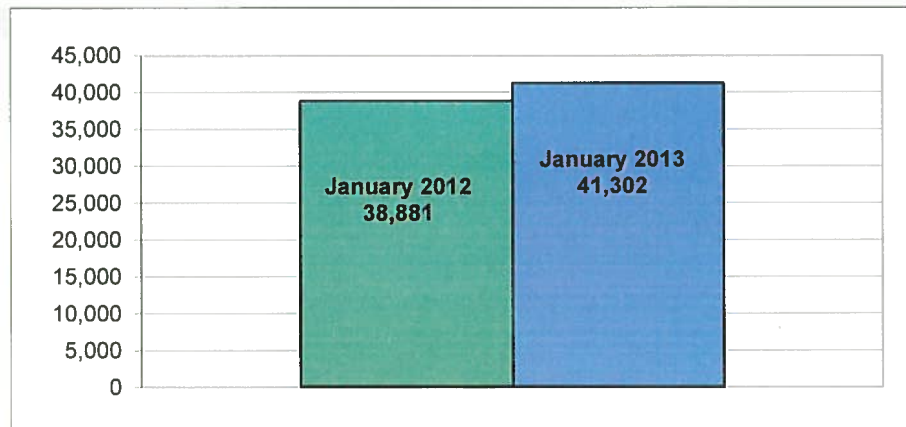
Bus System Ridership

Overall, bus system ridership increased by 9% compared to January 2012.



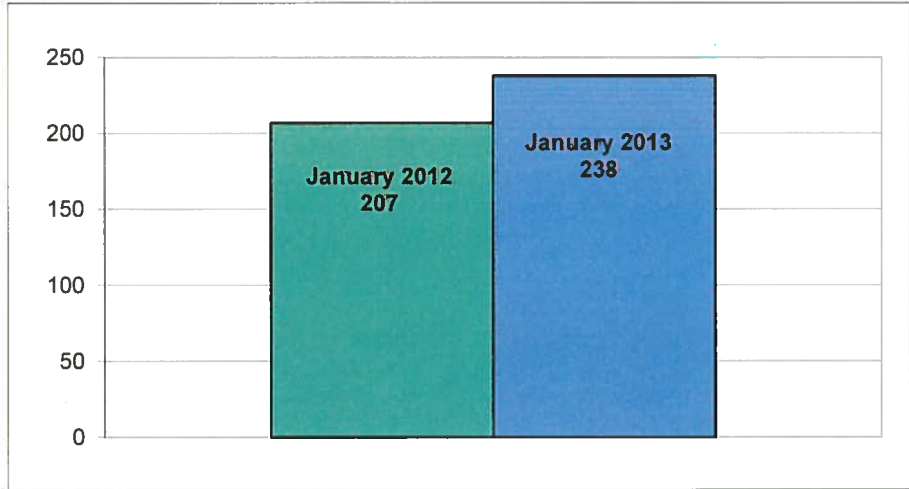
Connect Ridership

Connect ridership increased by 6%. The routes which showed the most growth are the Routes 7 (57%) and 8 (31%) in Denton and Route 21 (40%) in Lewisville.



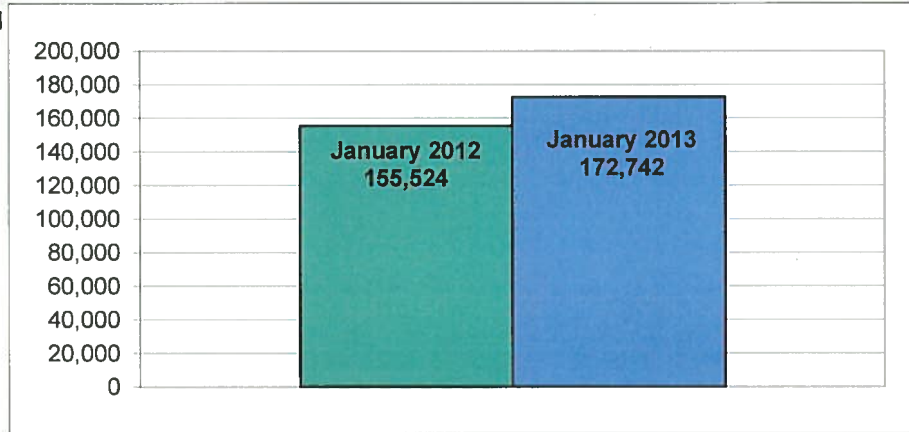
RSVP Ridership

RSVP ridership increased by 15% compared to the same time period in 2012.



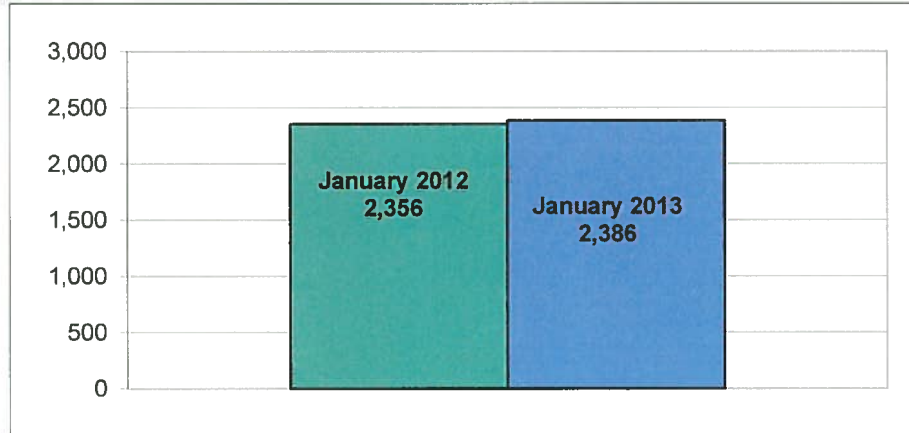
UNT Ridership

Ridership on the UNT routes increased by 11%.



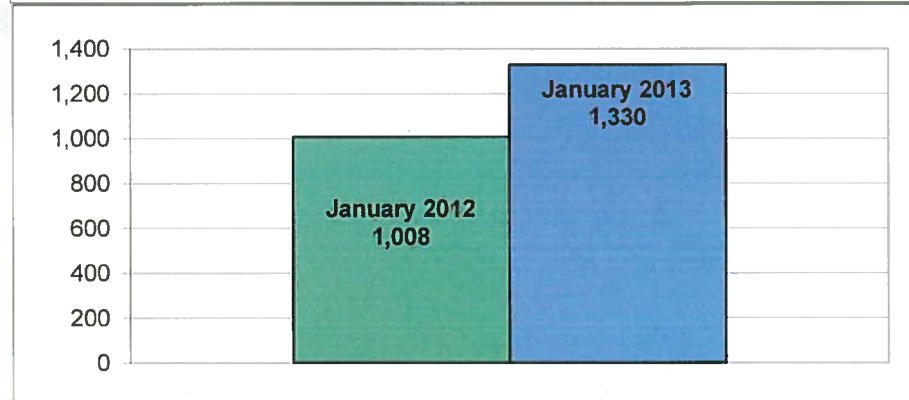
Access Ridership

Access ridership increased slightly from January 2012.



NCTC Ridership

NCTC ridership increased by 32% compared to last year.



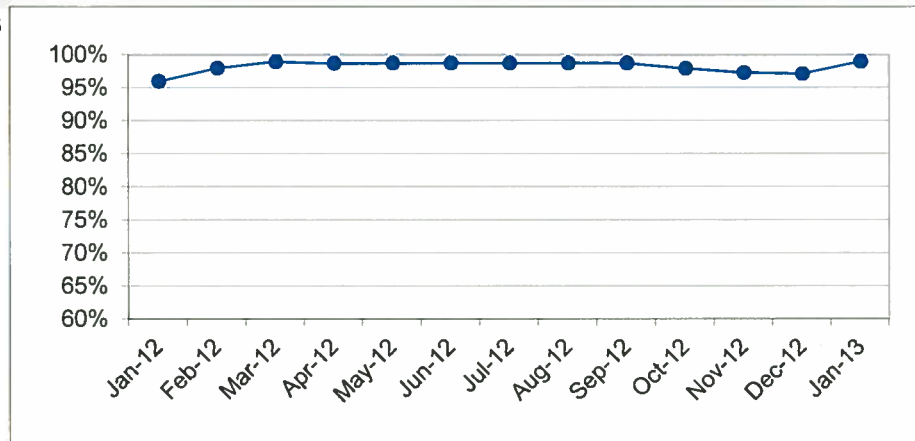
Customer Satisfaction

Systemwide Performance January 2012 & January 2013

Performance Measures

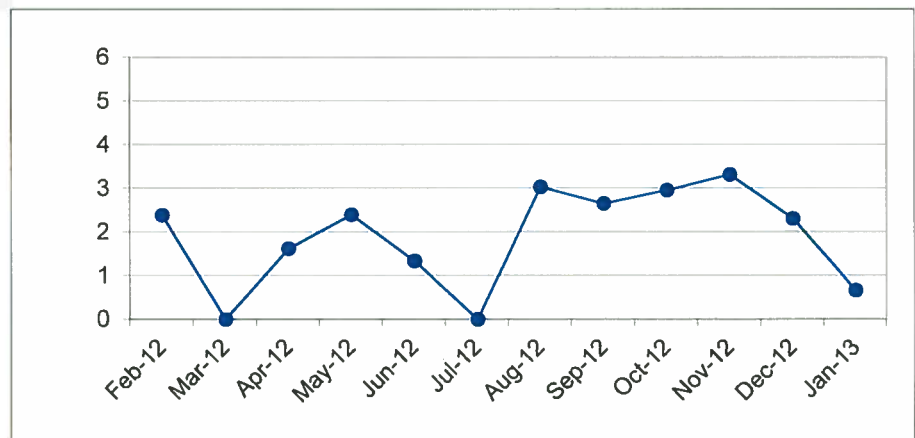
Systemwide On-Time Performance

On-time performance for January 2013 was 98.8%, above the 95% standard.



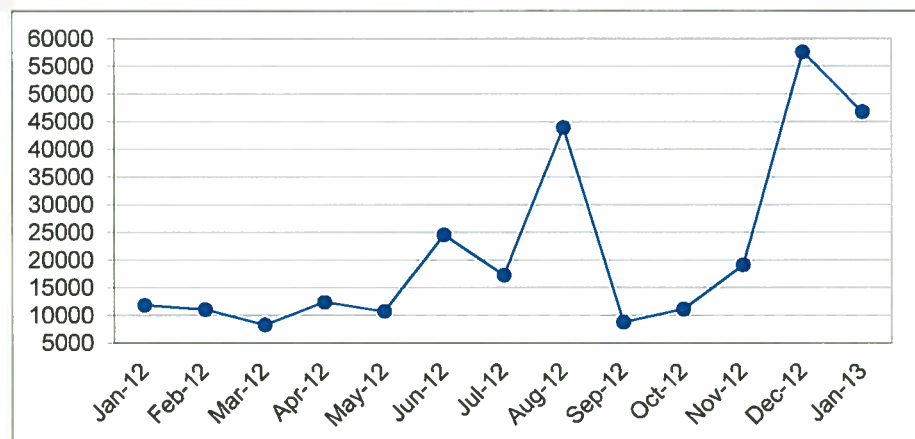
Systemwide Accidents per 100k Miles

Systemwide, accidents in January decreased to 0.66 per 100,000 miles.



Miles Between Road Calls

Miles between road calls decreased by 18% from December 2012, but continue to perform favorably compared to the agency goal.



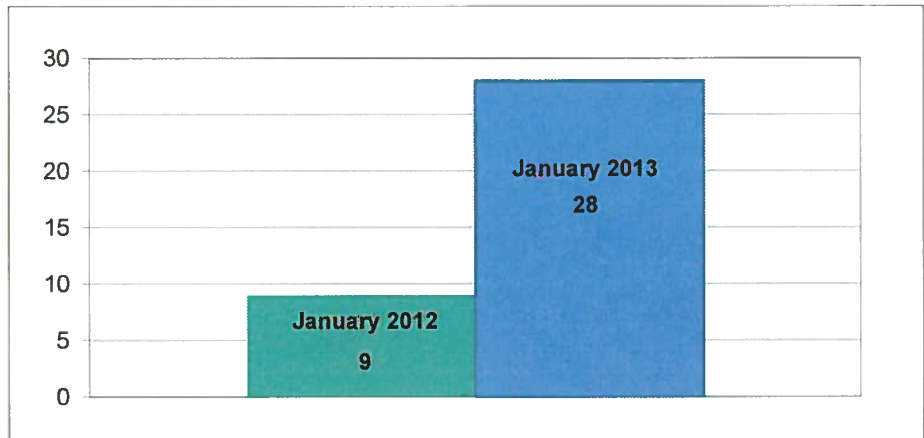
Access

January 2012 & January 2013

Performance Measures

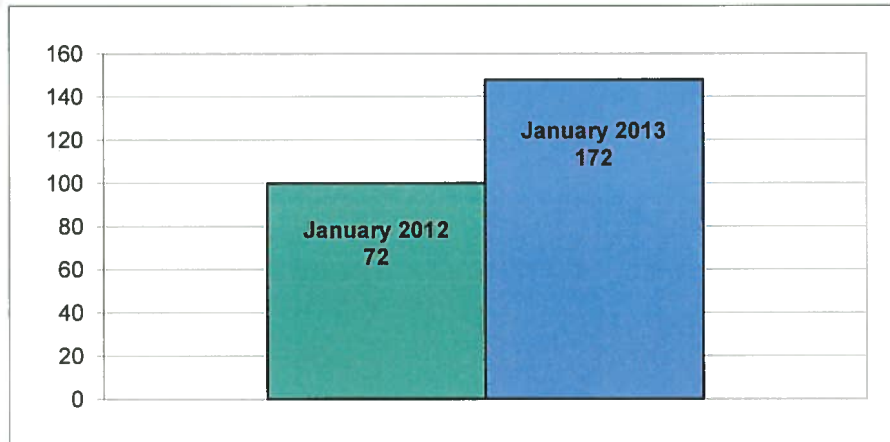
Trip Denials

Trip denials increased significantly as compared to 2012. This is an expected occurrence and is due to capacity constraints and increased usage by ADA passengers.



No-Shows

No-shows for January 2013 increased significantly over January 2012. The increase is attributed to several Access passengers with a large number of no-shows for the month. The consistent increase in no-shows is being handled with TMDC.





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

Work Session Minutes

The Board of Directors of the Denton County Transportation Authority convened with Chairman Charles Emery presiding at 1:32 p.m. January 24, 2013 at 1660 S. Stemmons, Suite 250, Lewisville, TX 75067. A quorum was present.

Attendance

Small Cities

Bill Walker
Skip Kalb

Large Cities

Charles Emery, Lewisville, *Chairman*
Paul Pomeroy, Highland Village, *Treasurer*
Richard Huckaby, Denton
Daniel Peugh, Corinth
Carter Wilson, Frisco

Denton County Unincorporated

George A. Campbell

Denton County at Large

Dave Kovatch, *Secretary*

Board Members Absent

Doug Peach, Little Elm
Jim Robertson, Flower Mound
Don Hartman
Allen Harris, The Colony

DCTA Staff

James C. Cline, Jr., P.E.
Anna Mosqueda, CFO / VP Finance
Dee Leggett, VP Communications and
Planning
Jarod Varner VP Transit Operations

Legal Counsel

Pete Smith, General Counsel
Rider Scott, State Legislative Counsel

Others in Attendance

Mark Nelson, City of Denton
Michael Chinn, TMDC

Chairman Charles Emery called the meeting to order and introduced new Board Member Carter Wilson representing the City of Frisco.

1. Routine Briefing Items

- a. Financial Reports - Anna Mosqueda presented financial information
 - i. Financial Statements (11/2012 & 12/2012)
 - ii. Capital Projects Fund (11/2012 & 12/2012)
 - iii. Sales Tax Report

- iv. Quarterly Investment Report
- v. Procurement Report

Move forward to item 2a) Legislative Intent – Rider Scott

- b. Capital Projects Update - Dee Leggett and Jarod Varner presented information to the following topics
 - i. GTW Integration – Jarod Varner
 - ii. Where’s My Ride – Jarod Varner
 - 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
 - c. Communications and Planning – Dee Leggett reported on these items
 - i. Marketing and Communications Initiatives
 - ii. Media Coverage
 - iii. Customer Service
 - iv. Advertising Update
 - d. Transit Operations – Jarod Varner provided an update
 - i. Rail Operations
 - ii. Bus Operations
2. Items for Discussion
- a. Discussion of Legislative Intent 83rd Texas Legislative Session – Introduction by Jim Cline, Discussion by Dee Leggett, Presentation by Rider Scott
 - b. Audit Committee Chair Report – Due to absence of Committee Chairman Pomeroy from last meeting, report was given by Dave Kovatch
 - c. Discussion of Interlocal Agreement with City of Denton for Right of Way Use – information by Dee Leggett
 - d. Discussion of Interlocal Agreement with City of Denton for Off-site Tree Mitigation – information by Dee Leggett
3. Discussion of Regular Board Meeting Agenda Items (January 24, 2013)
4. 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.
5. Reconvene Open Session n/a
- a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.
6. Discussion of Future Agenda Items
- a. Board Member Requests

Break 5:56 pm – 3:07 pm



1660 S. Stemmons., Suite 250
Lewisville, Texas 75067

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

Board Meeting Minutes

The Board of Directors of the Denton County Transportation Authority convened with Chairman Charles Emery presiding at 3:07 p.m. January 24, 2013 at 1660 S. Stemmons, Suite 250, Lewisville, TX 75067. A quorum was present.

Attendance

Small Cities

Bill Walker
Skip Kalb

Large Cities

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

Denton County Unincorporated

George A. Campbell

Denton County at Large

Dave Kovatch, *Secretary*

Board Members Absent

Doug Peach, Little Elm
Don Hartman
Allen Harris, The Colony

DCTA Staff

James C. Cline, Jr., P.E.
Anna Mosqueda, CFO / VP Finance
Dee Leggett, VP Communications and
Planning
Jarod Varner VP Transit Operations

Legal Counsel

Pete Smith

Others in Attendance

Mark Nelson, City of Denton
Michael Chinn, TMDC

CALL TO ORDER – Chairman Charles Emery 3:07 p.m.

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS – Bill Walker

INVOCATION – Charles Emery

WELCOME AND INTRODUCTION OF VISITORS – Charles Emery introduced new Board Member Carter Wilson, representing the City of Frisco, and Geary Robinson, new UNT Parking and Transportation Director. New DCTA Staff member, Catherine Nygaard, was introduced.

1. CONSENT AGENDA

- a. Approval of Minutes - Board Meeting December 05 , 2012
- b. Acceptance of Quarterly Investment Reports
- c. Acceptance of Financial Reports
 - i. November 2012
 - ii. December 2012

-Motion to approve Consent Agenda items 1a-c made by Richard Huckaby, 2nd by Paul Pomeroy. Motion carried unanimously.

2. REGULAR AGENDA

- a. Board Officer Elections
 - i. Chair

-Motion to nominate and elect Charles Emery to the office of Chairman made by Richard Huckaby. 2nd by Paul Pomeroy. Motion carried unanimously.

- ii. Vice-Chair

-Motion to nominate and elect Paul Pomeroy to the office of Vice-Chairman made by Dave Kovatch. 2nd by Jim Robertson. Motion carried unanimously

- iii. Secretary

-Motion to nominate and elect Richard Huckaby to the office of Secretary made by Bill Walker. 2nd by Daniel Peugh. Motion carried unanimously.

- iv. Treasurer

-Motion to nominate and elect Dave Kovatch to the office of Treasurer made by Paul Pomeroy. 2nd by Skip Kalb. Motion carried unanimously.

- b. Discussion/Approval of Interlocal Agreement with City of Denton for Right of Way Use

-Motion to approve Interlocal Agreement with City of Denton for Right of Way Use made by Skip Kalb. 2nd by Daniel Peugh. Motion carried unanimously.

- c. Discussion / Approval of Legislative Intent 83rd Texas Legislative Session

-Motion to approve Legislative Intent 83rd Texas Legislative Session made by Daniel Peugh. 2nd by Paul Pomeroy. Motion carried unanimously.

3. 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

4. PRESIDENT'S REPORT – Jim Cline briefed the board on the following topics
 - a. 2013 Board Retreat
 - b. Board Meeting Materials

5. REPORT ON ITEMS OF COMMUNITY INTEREST – Jim Cline recognized TMDC bus driver Eddie Moreno, Route 7, for an incidence of extraordinary customer service.
 - 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 - None
 - 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 – n/a
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

8. ADJOURN REGULAR MEETING 3:26 p.m.

The minutes of the January 24, 2013 meeting of the Board of Directors were passed, and approved by a vote on this 28th day of February, 2013.

Charles Emery, Chairman

ATTEST

Richard Huckaby, Secretary



Board of Directors Memo – Regular Agenda

February 28, 2013

Subject: 6 a) Presentation of Audit Report for FYE 9/30/2012 by Weaver & Tidwell, LLP
6 b) Discussion/Action – Accept the FY2012 Financial Statements and Supplementary Information

Background

Chapter 460 of the Texas Transportation Code requires DCTA to have an annual audit of the affairs of the Authority prepared by an independent certified public accountant. Weaver & Tidwell, LLP completed the DCTA audit for fiscal year 2012 and has issued its audit report. This is the second year of the audit contract. Fieldwork for the FY12 audit began in mid-November.

Jerry Gaither, Audit Partner, and Sara Dempsey, Audit Manager, with Weaver & Tidwell, LLP will present the results of the audit and FY12 audited financials.

Provided for you in this agenda packet is a copy of the key sections of the Comprehensive Annual Financial Report (CAFR) – the Introductory Section, Financial Section which includes the Independent Auditor's Report and Basic Financial Statements, and Supplementary Information Section. At the Board meeting the complete printed FY12 CAFR, which includes the dated Auditor Reports and Statistical Section, will be distributed.

Identified Need

DCTA has a legal obligation to complete an annual audit.

Financial Impact

No financial impact is associated with the acceptance of the 2012 Financial Statements and Supplementary Information.

Committee Review

The Audit Committee reviewed and discussed this item at its January 23, 2013 meeting. Recommendation of the Audit Committee to revise the language regarding restricted resources being permissible for use has been incorporated in Note 1 of the Notes to the Financial Statements.

Members of the Audit Committee:

Chair – Paul Pomeroy

Members – Richard Huckaby, Dave Kovatch

Ex-Officio – Charles Emery

Recommendation

The Audit Committee recommended this item be forwarded to the Board for approval.


Staff recommends the DCTA Board of Directors accept the audited FY2012 Financial Statements and Supplementary Information as presented.

Final Review:



Department Head

Approval:



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

Letter of Transmittal

February 22, 2013

Chairman and Members of the Board
Denton County Transportation Authority
Lewisville, Texas

We are pleased to submit the Comprehensive Annual Financial Report for the Denton County Transportation Authority (DCTA) for the fiscal year ended September 30, 2012.

This report is published to provide the DCTA Board of Directors and staff, our citizens, our bondholders and other interested parties with information concerning the financial condition and activities of the Denton County Transportation Authority. The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the DCTA.

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

Weaver and Tidwell, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the DCTA's financial statements for the year ended September 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

DCTA PROFILE

In 2002 legislation authorizing the Authority was passed with a vision of building an integrated transportation system for Denton County, one that would provide transportation alternatives to its citizens.

The DCTA is a Coordinated County Transportation Authority as defined in Chapter 460 of the Texas Transportation Code. It is granted power under this Texas law to plan, develop, acquire, construct, own, operate, and maintain a public transportation system in Denton County. Numerous federal and state laws and regulations impact the powers and duties exercised by DCTA and the Board of Directors.

The legislation authorizing DCTA's creation required that the Authority develop a Service Plan. The Service Plan was submitted to the voters of eight cities in Denton County on September 13, 2003, for consideration and approval of a one-half percent sales and use tax. The election was successful in the cities of Denton, Highland Village, and Lewisville. These three cities accounted for approximately 80% of the sales tax revenue in the county. Imposition of the sales and use tax, dedicated to the Authority for implementation of the Long Range Service Plan, began January 1, 2004.

The 2003 Long Range Service Plan included a rail component and a bus service component with interim regional commuter bus service, local fixed route bus service, university shuttle service and demand response service. In addition it outlined the plan for a network of Park-and-Rides and Rail and Bus Operations Facilities to be established to serve Denton County residents. These elements would provide services to help mitigate congestion and improve mobility as well as connect Denton County's larger cities to commuter rail.

A major component of the 2003 Long Range Service Plan was to implement rail service connecting Denton County with Dallas Area Rapid Transit (DART) light rail transit facilities. Planning for this began in 2004 with the development of the Alternatives Analysis. A Regional Toll Road Funding Initiative (RTRFI) grant was received in March of 2009, and a contract for construction of the 21-mile rail corridor was awarded in May of 2009. Construction of the rail corridor and rail stations linking riders from Denton County to Dallas Area Rapid Transit (DART) light rail was completed and passenger service began late June of 2011. With the completion of the rail corridor, over half the county's population now has access to regional rail service. A major milestone of the 2003 Long Range Service Plan was achieved with the start of A-train commuter rail service in 2011. DCTA attained a major goal by completing all construction and starting rail revenue service in just over two and one-half years.

Services Provided

DCTA is the primary public transportation operator in Denton County. It operates a range of services including regional commuter rail, fixed route bus services in the cities of Denton, Lewisville, and Highland Village, student shuttle transportation operated under contract with the University of North Texas (UNT) and North Central Texas College (NCTC), Access paratransit services and vanpools.

Regional Commuter Rail Service:

The A-train is a 21-mile regional rail system connecting Denton and Dallas Counties. DCTA has five A-train stations: two in Denton and three in the greater Highland Village-Lewisville area, and it connects with the DART Green Line at the DART Trinity Mills Station in Carrollton.

Bus Operations:

Local Fixed Route Bus Services: Connect in Denton, Lewisville, Highland Village RSVP

- Connect offers local fixed-route bus service in the cities of Denton and Lewisville, with nine bus routes in Denton and three in Lewisville. In fiscal year 2012, the combined Denton routes averaged 954 weekday boardings, while Lewisville services carried 239 passengers on an average weekday. Denton routes run on average headways of about

40 minutes during peak hours and midday, while Lewisville services operate approximately every 35 minutes during the peak and 70 minutes midday. Key trip generators in Denton include UNT and TWU.

- Connect RSVP provides peak-hour service on demand in Highland Village and north Lewisville.

University Shuttle Service: UNT, NCTC

- UNT services are operated by DCTA in Denton, which include an eight-route weekday shuttle service and one weekend-only route for UNT through a contractual agreement. The UNT Shuttle service provides transportation from nearby apartment complexes to the campus as well as circulation throughout the campus. The UNT services experience the highest ridership of any bus operations in the DCTA system. Routes average about 7,600 boarding passengers per day during the school year.
- NCTC services provided by DCTA operate between Denton and Corinth as well as Lewisville and Flower Mound.

Demand Response Service: Access

- Access service offers curb-to-curb ADA paratransit service in Denton and Lewisville. It also provides service for senior and disabled (non-ADA) residents of Denton, Lewisville, and Highland Village. Any person who wishes to use Access must complete an application, and non-seniors or non-Medicare-eligible individuals must submit a physician's affidavit of eligibility.

Vanpools:

- The Vanpool service provides a low cost commuting alternative for residents to get to work. Vanpools are ideal for groups of six (6) to fifteen (15) people. Individuals who live or work in Denton County can start a vanpool through their employer or create one with others who have similar commute origins and destinations.

Accounting System and Budgetary Control

DCTA is accounted for as a single entity enterprise fund and reports financial results in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) guidance. The intent of DCTA is that the costs (expenses, including depreciation) of providing transit services to the general public will be funded through a combination of farebox revenue, sales tax, and other grants. The accrual basis of accounting is used for the audited financial statements, external reporting, and internally for budgeting, with revenues recorded in the period that they are earned and expenses recorded in the period in which the liability or benefit is expected.

Chapter 460 of the Texas Transportation Code requires the preparation of an annual budget. This budget is reviewed by the Budget Committee comprised of members of the Board and Board of Directors and formally adopted by passage of a budget resolution. The President is authorized to transfer budgeted amounts between lines items and departments. The Board, via

adoption of a resolution, must approve any revision that increases the overall amount of the adopted budget.

Budget control has been established at the department level. Financial reports are produced showing budget to actual expenditures by line item, and are distributed monthly for review by management. Financial reports are presented to the Board monthly for their review and acceptance. In addition, quarterly budget reviews of both the operating budgets and capital project budgets are conducted with the DCTA Executive Team comprised of the President and Vice-Presidents. Individual line items are reviewed and analyzed for budgetary compliance. Revenue budgets are reviewed monthly.

Annually, as part of the budget process, a rolling five-year financial forecast and cash flow model is presented to the Board. This document forecasts the operating and debt service costs and Capital Improvement Plan for the next five years and serves as the foundation for the development of the annual operating and capital budget. The cash flow model helps provide a long term look at the impact of budgetary decisions.

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

DCTA PROGRESS

A regional rail system has been the overarching goal of DCTA since its inception. DCTA and Denton County leaders and residents recognized the need for such a system based upon projected population and employment growth, growing traffic congestion, air quality concerns and the need to improve access to Denton County's health care facilities, employment centers, retail and entertainment opportunities and higher education campuses.

A major milestone was reached in 2011 with the completion of construction and the official opening of the A-train regional rail project. The agency carried 8,300 passengers on its first day of service. The A-train runs along the former Missouri-Kansas-Texas Railroad (MKT) line parallel to Interstate 35E. This regional rail line includes an adjacent bicycle and pedestrian path which provides further transportation options for the people of Denton County.

The final component of the A-train project was the completion of the Rail Operations and Maintenance Facility in Lewisville in December 2012. The next major rail related project is the implementation of federally mandated Positive Train Control by 2015.

In 2012, the first full year of operation, the A-train carried just under 400,000 passengers. Ridership during the first quarter of FY 2013 was 129,565. As residents become more familiar with the system and with the planned construction of Interstate 35E between Denton and Dallas County, we anticipate continued growth in ridership. DCTA will continue to focus on education and customer service to promote ridership of the DCTA system.

The Bus system as a whole has experienced continued ridership growth since DCTA assumed existing bus service in 2005. The number of total annual passenger trips has increased from 1.3 million in 2005 to 2.6 million in 2012. The Connect fixed-route service, in particular, has seen marked increases since its implementation in 2008.

In 2011, construction was completed on the Downtown Denton Transit Center, a joint DCTA and City of Denton project. The transit facility creatively reuses an existing City of Denton building near downtown. Half of the center provides a public waiting area for bus and rail transit passengers, a ticket office and kiosk, restrooms, retail space, and an outdoor performance venue for local musicians and artists. The remainder of the 9,150 square foot facility includes office space for DCTA bus operations as well as rooms for staff training and public meetings. An adjacent A-train rail platform, bus boarding areas and its proximity and bus route connections to the downtown Denton area and the universities make this a major transit hub.

In 2013, DCTA will continue adding amenities to improve the passenger experience and expanding transit alternatives by planning for future service opportunities. It will be the second full year of A-train operations, and the focus will be on service delivery and operating and maintaining the agency's investments in equipment and infrastructure. Construction of the new bus operations and maintenance facility, implementation of passenger information systems, a regional mobile ticketing project, marketing focus on passenger information, and the design and implementation of Positive Train Control will be key projects.

THE FUTURE

Population Growth and Travel Demand

Population growth is projected to be significant. The City of Denton's population is expected to increase in size by nearly 150% by 2040, while significant growth is anticipated in other cities as well, notably Frisco, with high population growth projected in the smaller cities of Sanger and Pilot Point.

The North Central Texas Council of Governments (NCTCOG) Travel Demand Model estimates that most individuals who live in Denton County work outside of the county, with only 37% of Denton County residents working in the county. This highlights the importance of providing transportation links from Denton County to major employment destinations, not only in Dallas County but in Tarrant County as well.

About 2.8 million trips are made each day in Denton County. Of these, about one-quarter are home-based work trips. By 2030, NCTCOG estimates that total trips will increase to more than 4.7 million. Based on the travel demand data, the highest growth in trip generation is expected to come from the area in southeast Denton County. Areas in and around the Alliance development are also expected to see large increases in travel demand.

Service Plan

For the past few years, the Denton County Transportation Authority (DCTA) has focused on implementing the first phase of regional rail service as well as improving local bus routes in Denton and Lewisville and demand-response service in Highland Village.

Having attained the milestone of delivering the first phase of regional rail service, DCTA is now looking beyond the A-train implementation and preparing for the future needs of Denton County. A Long Range Service Plan was adopted by the Board in 2012 and will provide a roadmap for decision making about transit investments in Denton County over the next 25 years, in support of the Mobility 2035 plan developed by the North Central Texas Council of Governments (NCTCOG). An outside consulting firm developed the Plan with input from the DCTA Board, staff, and users of DCTA services, the general public and other stakeholders. The Long Range Service Plan provide recommendations regarding how transit can help to support Denton County's health, economy, environment and established performance measures.

The plan provides the framework for future decisions, but more detailed planning by the DCTA Board and staff will still be required to carry out the recommendations of the plan.

As with any long-range plan, it includes assumptions about, but cannot predict, changes in the environment, funding, community support and local priorities for investment. The Long Range Service Plan reaffirms DCTA's goals and performance standards that will be used to help officials make decisions about future investments and the implementation of new services. It will help ensure that transit services mature and develop to better meet the needs of Denton County.

OTHER INFORMATION

Independent Audit

Section 460.402 of the Texas Transportation Code requires a financial audit:

- “(a) The authority shall have an annual audit of the affairs of the Authority by an independent certified public accountant.
- (b) The audit is a public record as defined by Chapter 552, Government Code.
- (c) On receipt of the audit as prescribed by Subsection (a), the board of directors shall address on the record any deficiencies noted in the report at a regular meeting of the board of directors.”

This requirement has been complied with, and the independent auditor's report is included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the DCTA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the second year for the DCTA to receive the Certificate of Achievement.

In order to be a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

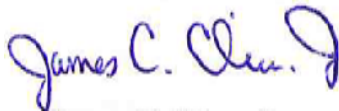
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

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

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

Sincerely,



James C. Cline, Jr.
President



Anna M. Mosqueda
V-P Finance/Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Denton County Transportation Authority

We have audited the accompanying statements of net assets of the Denton County Transportation Authority (the Authority) as of September 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of revenues and expenses - budget and actual are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 22, 2013

The management of the Denton County Transportation Authority (DCTA) offers readers of the DCTA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2012. This discussion and analysis is designed to provide an objective and easily readable analysis of DCTA financial activities based on currently known facts, decisions, or conditions.

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

In Brief

- As of September 30, 2012 and 2011, total assets of DCTA exceeded total liabilities by \$320,967,732 and \$316,131,437 respectively. The amount of unrestricted net assets as of September 30, 2012 was \$18,870,718 compared to \$34,872,583 in 2011. Unrestricted net assets are the amount which may be used to meet DCTA's ongoing obligations in accordance with the fiscal policies.
- Net assets increased \$4,836,295 during the current fiscal year compared to an increase of \$84,336,463 in the prior year. The change compared to the prior year was the result of the agency's shift from major capital project construction to the first full year of operations for the newly completed rail project. Funding of \$250.6 million from the Regional Toll Revenue Funding Initiative (RTRFI) was received in March 2009, and construction started for DCTA's first major passenger rail project. Rail revenue service began June 2011. In 2012 the rail vehicle acquisition was completed along with the final phase of a rail operations and maintenance facility.
- Net capital assets were \$341.5 million as of September 30, 2012 compared to \$321.1 million as of September 30, 2011. The increase of \$20.4 million was due to the completion of the rail operations and maintenance facility construction and final vehicle acquisitions related to the rail capital project.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to DCTA's accompanying financial statements and notes. The basic financial statements consist of four components:

1) statements of net assets, 2) statements of revenues, expenses, and changes in net assets, 3) statements of cash flows, and 4) notes to the financial statements.

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

DCTA activities are accounted for in a single entity enterprise fund; therefore, government-wide financial statements are not presented. Enterprise funds are generally used to report business-type activities of governmental entities. The financial statements are prepared on the accrual basis of accounting meaning that all expenses are recorded when incurred and all revenues are recognized when earned in accordance with accounting principles generally accepted in the United States of America. Certain statements in the report are, or will be, forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

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

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

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

The activities of DCTA are supported by a one-half percent sales and use tax collected in its three member cities: Denton, Highland Village and Lewisville; passenger fares, contract services, and state/federal grants.

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

Financial Analysis

Statement of Net Assets - As noted earlier, net assets and especially net assets by category, may serve over time as a useful indicator of DCTA's financial position. Total assets exceeded total liabilities by \$320,967,732 and \$316,131,437 as of September 30, 2012 and 2011 respectively. The largest portion, 94% in 2012 is invested in capital assets (net of related debt) primarily as a result of the rail line construction and related acquisitions. The remaining 6% is in unrestricted net assets which represents assets with no external restriction as to the use or purpose. The unrestricted net assets can be employed for any lawful purpose designated by the governing board. In 2011, 11% of the excess was in unrestricted net assets.

Net assets of DCTA increased 2% or \$4,836,295 during the current fiscal year compared to an increase of 36% or \$84,336,463 in the prior year. The increase in net assets in the current fiscal year is related to the completion of the rail project, which resulted in capitalizing the rail assets put into service, a corresponding reduction of construction work in progress, and a reduction of \$16 million in unrestricted net assets. Fiscal year 2012 saw the agency transition from major rail project construction to the first full year of rail operations. The final phase of the project was completed – construction of a \$20 million rail maintenance facility and the acquisition of the remaining rail vehicles.

Comparative Condensed Statement of Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets			
Current and other assets	\$ 24,484,588	\$ 59,503,879	\$ 163,777,074
Capital assets	<u>341,528,188</u>	<u>321,057,513</u>	<u>205,802,389</u>
Total Assets	<u>\$ 366,012,776</u>	<u>\$ 380,561,392</u>	<u>\$ 369,579,463</u>
Liabilities and Net Assets			
Current liabilities	\$ 9,000,044	\$ 27,349,955	\$ 116,894,489
Non-current liabilities	<u>36,045,000</u>	<u>37,080,000</u>	<u>20,890,000</u>
Total Liabilities	45,045,044	64,429,955	137,784,489
Net Assets			
Invested in capital assets	302,097,014	281,258,854	192,287,389
Unrestricted	<u>18,870,718</u>	<u>34,872,583</u>	<u>39,507,585</u>
Total Net Assets	<u>320,967,732</u>	<u>316,131,437</u>	<u>231,794,974</u>
Total Liabilities and Net Assets	<u>\$ 366,012,776</u>	<u>\$ 380,561,392</u>	<u>\$ 369,579,463</u>

Assets – During fiscal year 2012, DCTA's total assets decreased 4% or \$14,548,616 over fiscal year 2011. The net decrease is primarily due to a \$33.3 million decrease in the DCTA current assets of restricted cash and cash equivalents related to the funding of the A-train project offset by the net increase of \$20.5 million in capital assets with the completion of the rail project.

Capital Assets, net of depreciation, increased \$20.5 million due to the capitalization of construction costs for construction work in progress, vehicles and operating equipment; less depreciation, amortization, and asset retirements. The capital assets activity for the year is captured in Note 6 (pages 23 and 24).

Liabilities – Current liabilities decreased \$18,349,911 primarily due to the decrease of \$7.2 million in deferred revenue related to the RTRFI funding for the rail line construction and rail vehicles. Revenues are recognized as grant funds were drawn down for expenditures related to the rail project. A decrease of \$4.6 million in retainage held on contracts for the rail line construction along with a decrease of \$6.6 million in construction contracts payable resulted in the net decrease in current liabilities.

DCTA's current ratio, current assets of \$24,484,588 and current liabilities of \$9,000,044, was 2:7:1 as of September 30, 2012 compared to 2:15:1 as of September 30, 2011. DCTA has restricted current assets (cash and cash equivalents) and recognized deferred revenue as a current liability related to the A-train project. With the completion of the rail project there was a reduction of \$7.1 million in deferred revenue and \$33.3 million reduction in restricted cash and cash equivalents.

There was a \$1,035,000 decrease in non-current liabilities in 2012 due primarily to bonds payable and the remaining principal amount payable for the rail operating easement agreement with DART. The bond payable activity for the year and rail operating easement obligation are captured in Note 8 and Note 9 (pages 25 and 26).

Statement of Revenues, Expenses, and Changes in Net Assets – During the 2012 fiscal year DCTA's activities resulted in an increase in net assets of \$4,836,295 compared to an increase of \$84,336,463 in 2011. The increase in the current fiscal year net assets is attributable to \$7.1 million in grants for capital improvements, which offset increases in operating expenses. The changes in net assets for the fiscal years ended September 30, 2012 and 2011 are shown in the following table.

Comparative Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPERATING REVENUES			
Passenger revenue	\$ 1,015,813	\$ 706,497	\$ 539,938
Contract services	2,927,341	2,520,036	2,368,908
Other	38,032	183,575	129,311
Total operating revenues	<u>3,981,186</u>	<u>3,410,108</u>	<u>3,038,157</u>
OPERATING EXPENSES			
Salaries, wages and fringe benefits	6,293,238	5,737,446	5,890,580
Services	1,431,693	1,676,866	1,547,342
Materials and supplies	3,010,582	2,308,815	1,674,511
Purchased transportation services	7,605,436	5,537,663	-
Utilities	396,248	180,953	74,397
Casualty and liability insurance	362,960	297,994	328,109
Facility and equipment rents	943,160	596,236	322,041
Other - miscellaneous	126,190	168,023	143,697
Depreciation	6,901,760	3,141,330	1,093,469
Total operating expenses	<u>27,071,267</u>	<u>19,645,326</u>	<u>11,074,146</u>
Operating loss	<u>(23,090,081)</u>	<u>(16,235,218)</u>	<u>(8,035,989)</u>
NON-OPERATING REVENUES (EXPENSES)			
Sales tax revenue	19,009,135	17,135,359	16,188,072
Transit system operating assistance grants	3,183,057	5,511,543	3,432,290
Investment income	53,927	287,615	105,503
Interest expense	(1,486,881)	(200,461)	-
Amortization of bond issuance costs	(12,219)	(7,969)	(251,980)
Design costs and construction	-	184,095	194,099
Gain (loss) on disposal of assets	52,269	-	(38,275)
Total non-operating revenue (expenses)	<u>20,799,288</u>	<u>22,910,182</u>	<u>19,629,709</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS	<u>(2,290,793)</u>	<u>6,674,964</u>	<u>11,593,720</u>
GRANTS FOR CAPITAL IMPROVEMENTS	<u>7,127,088</u>	<u>77,661,499</u>	<u>102,970,259</u>
Change in net assets	<u>4,836,295</u>	<u>84,336,463</u>	<u>114,563,979</u>
NET ASSETS, beginning of year	<u>316,131,437</u>	<u>231,794,974</u>	<u>117,230,995</u>
NET ASSETS, end of year	<u>\$ 320,967,732</u>	<u>\$ 316,131,437</u>	<u>\$ 231,794,974</u>

Operating Revenues

Passenger Revenue - The 2012 passenger revenues increased 44% or \$309,316 over the prior year. The increase is due to the first full year of rail operations.

Contract Service - The 2012 contract service revenues increased 16% or \$407,305 over the prior year. The increase is due to a new contract with University of North Texas (UNT) for services which includes an increase in the rate per service hour. Fuel prices are a pass-through on the contract; the increase in fuel prices over 2011 also impacted the increase in contract revenues. The contract provides bus service for students and faculty.

Operating Expenses

Operating Expense - The 2012 operating expenses increased 38% or \$7,425,941 over the prior year. The increased operating expense is primarily due to an additional \$3.8 million in depreciation expense and the \$2.1 million increase in purchased transportation for the operating costs for the commuter rail service.

The 2012 depreciation expense increased 120% or \$3,760,430 over the prior year. This increase is primarily due to the rail asset project completing during 2011 and being depreciated.

Non-operating Revenue and Expenses

Sales Tax Revenue - The 2012 sales tax revenue increased \$1,873,776 over 2011. DCTA collects one-half percent sales and use tax in the member cities of Denton, Highland Village, and Lewisville. The Dallas-Fort Worth Metroplex (DFW) has been impacted by the recession and the credit crisis in 2009. However, Texas has fared better than the rest of the country and the North Texas areas saw continued improvement in 2012 as reflected by the increase in sales tax revenue.

Capital Grants - Capital grants revenue decreased \$70,534,411 primarily as a result of revenue recognition of rail capital project expenditures reimbursed from RTRFI funds.

Transit System Operating Assistance Grants - The 2012 federal and state grant revenue decreased 42% or \$2,328,486 over 2011. In 2012, ARRA funding was no longer available; this comprised the major portion of the decrease.

Investment Income - The 2012 investment income decreased 81% or \$233,688 over 2011 due to lower interest rates and a decrease in cash available for investments due to the completion of the rail project.

Debt Administration

In June of 2008, DCTA completed its first debt issuance. DCTA issued \$20,000,000 in tax-exempt Sales Tax Revenue Bonds. The bonds were issued through a private placement with a maximum 5 year term to fund the DCTA A-train regional passenger rail project. This rail project will provide passenger rail service connecting Denton and Dallas counties. The principal payment was due in one lump sum in June 2013 with interest due semi-annually. The Series 2008 Sales Tax Revenue bonds were refunded through a private placement to long-term debt on December 17, 2009. These bonds will be repaid over 20 years at an interest rate of 3.99%. The first principal payment will be due in 2013.

In September of 2011, DCTA issued \$14,390,000 in Contractual Obligations for a portion of its share of the cost for new rail vehicles and for the first phase of a new Federal requirement - Positive Train Control – a system which is currently mandated to be implemented by 2015. These Obligations were issued through a private placement to be repaid over 20 years at an interest rate of 3.13% with the first principal payment due in 2015.

DCTA Fiscal Year 2012 Budget

The 2011-2012 budget was adopted September 22, 2011. Amendments to the original budget included an increase in capital projects for the new Bus Operations and Maintenance facility to be constructed in Denton and additions to operating expenses for additional legal services and purchased transportations costs for rail operations.

Condensed Statements of Revenues, Expenses, and Changes in Net Assets, Budget Year Ending September 30, 2013 and Financial Year Ending 2012 and 2011

	2013 Budget	2012 Actual	2011 Actual	Increase (Decrease) from 2012	Percent Increase (Decrease) from 2012
Operating revenues	\$ 4,031,980	\$ 3,981,186	\$ 3,410,108	\$ 50,794	1%
Operating expenses	31,338,939	27,071,267	19,645,326	4,267,672	16%
Operating loss	(27,306,959)	(23,090,081)	(16,235,218)	(4,216,878)	18%
Non-operating revenues	39,598,645	20,799,288	22,910,182	18,799,357	90%
Income before capital grants	12,291,686	(2,290,793)	6,674,964	14,582,479	-637%
Grants for capital improvements	691,926	7,127,088	77,661,499	(6,435,162)	-90%
Change in net assets	12,983,612	4,836,295	84,336,463	8,147,317	168%
Net assets, beginning of year	320,967,732	316,131,437	231,794,974	4,836,295	2%
Net assets, end of year	\$ 333,951,344	\$ 320,967,732	\$ 316,131,437	\$ 12,983,612	4%

DCTA Fiscal Year 2013 Budget

Operating revenues in 2013 show an increase of 1% or \$50,794 over 2012 actual results. Operating revenue includes passenger fare revenue and contract service revenue. Passenger farebox revenue is expected to increase due to the addition of mid-day rail service as well as additional hours of Connect bus service. However this is offset by the decrease in contract revenue due to UNT eliminating a route in their service area. The UNT contract, as well as the NCTC contract, provides bus service for students, staff, and faculty.

The fiscal year 2013 operating expenses are projected to increase \$4,267,672 over 2012 actual results. The major increases are due to an increase of \$832,289 in Purchased Transportation for the second full year of A-train operations and a \$3.6 increase in depreciation as a result of the completion of the rail project construction. In addition, salaries/wages/benefits increased by \$534,000 as a result of merit plan adjustments and increased in medical benefits. The fiscal year 2013 budget anticipates increases in fuel costs. Diesel fuel is budgeted at \$4.00 per gallon in fiscal year 2013. In fiscal year 2012 fuel was budgeted at \$3.75 per gallon. Fiscal year 2013 will be the second full year of operation for all of the new rail assets.

Non-operating revenue, net of expenses, is projected to increase 90% or \$18,799,357 over 2012 actual results. The increase in non-operating revenue is due to the planned issuance of \$13.4 million in debt for the federally mandated Positive Train Control project. In addition, Transit System grants to fund the new Bus Operations and Maintenance facility also reflect an increase of \$3.8 million.

The passenger rail capital project represented a significant investment by DCTA and its stakeholders. DCTA completed this project in mid-2012 with the final acquisition of the new rail cars and the completion of the Rail Operations and Maintenance Facility. In fiscal year 2013, DCTA activity will be focused on improving service and operations as it begins its second full year of rail operations.

Requests for Information

The financial report is designed to provide the citizens of our member cities, customers and other interested parties with a general overview of DCTA finances. If you have any questions regarding this report or need any additional information, contact DCTA at 1660 S. Stemmons Freeway, Suite 250, Lewisville, Texas 75067, by phone at (972) 221-4600, or by electronic mail at info@dcta.net.

BASIC FINANCIAL STATEMENTS

ASSETS	2012	2011
Current assets:		
Cash and cash equivalents	\$ 15,688,516	\$ 16,757,848
Restricted cash and cash equivalents	3,653,091	36,996,801
Receivables	4,468,964	4,904,981
Prepaid expenses	293,869	248,290
Total current assets	<u>24,104,440</u>	<u>58,907,920</u>
Noncurrent assets:		
Deferred charges	380,148	595,959
Land and construction in progress	35,732,907	100,962,424
Other capital assets, net of accumulated depreciation/amortization	<u>305,795,281</u>	<u>220,095,089</u>
Total noncurrent assets	<u>341,908,336</u>	<u>321,653,472</u>
TOTAL ASSETS	<u><u>\$ 366,012,776</u></u>	<u><u>\$ 380,561,392</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,964,936	\$ 2,788,125
Construction contracts payable	4,026,504	10,666,924
Retainage payable	1,650,088	6,291,735
Deferred revenue	323,516	7,453,171
Easement obligation- current portion	150,000	150,000
Bonds payable-current portion	<u>885,000</u>	<u>-</u>
Total current liabilities	<u>9,000,044</u>	<u>27,349,955</u>
Noncurrent liabilities:		
Easement obligation	1,650,000	1,800,000
Bonds payable	<u>34,395,000</u>	<u>35,280,000</u>
Total noncurrent liabilities	<u>36,045,000</u>	<u>37,080,000</u>
Total liabilities	<u>45,045,044</u>	<u>64,429,955</u>
NET ASSETS		
Invested in capital assets, net of related debt	302,097,014	281,258,854
Unrestricted	<u>18,870,718</u>	<u>34,872,583</u>
Total net assets	<u>320,967,732</u>	<u>316,131,437</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 366,012,776</u></u>	<u><u>\$ 380,561,392</u></u>

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Passenger revenue	\$ 1,015,813	\$ 706,497
Contract services	2,927,341	2,520,036
Other	38,032	183,575
Total operating revenues	<u>3,981,186</u>	<u>3,410,108</u>
OPERATING EXPENSES		
Salaries, wages and fringe benefits	6,293,238	5,737,446
Services	1,431,693	1,676,866
Materials and supplies	3,010,582	2,308,815
Purchased transportation services	7,605,436	5,537,663
Utilities	396,248	180,953
Insurance	362,960	297,994
Facility and equipment rents	943,160	596,236
Other - miscellaneous	126,190	168,023
	<u>20,169,507</u>	<u>16,503,996</u>
Depreciation and amortization	6,901,760	3,141,330
Total operating expenses	<u>27,071,267</u>	<u>19,645,326</u>
NET OPERATING LOSS	<u>(23,090,081)</u>	<u>(16,235,218)</u>
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenue	19,009,135	17,135,359
Transit system operating assistance grants	3,183,057	5,511,543
Investment income	53,927	287,615
Interest expense	(1,486,881)	(200,461)
Amortization of bond issuance costs	(12,219)	(7,969)
Trinity Mills design and construction	-	184,095
Gain on disposal of assets	52,269	-
Total non-operating revenue (expenses)	<u>20,799,288</u>	<u>22,910,182</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS	(2,290,793)	6,674,964
GRANTS FOR CAPITAL IMPROVEMENTS	<u>7,127,088</u>	<u>77,661,499</u>
Change in net assets	4,836,295	84,336,463
NET ASSETS, beginning of year	<u>316,131,437</u>	<u>231,794,974</u>
NET ASSETS, end of year	<u><u>\$ 320,967,732</u></u>	<u><u>\$ 316,131,437</u></u>

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,525,462	\$ 3,476,477
Payments to suppliers	(14,882,601)	(8,606,119)
Payments to employees	<u>(6,502,702)</u>	<u>(5,747,244)</u>
Net cash used by operating activities	(17,859,841)	(10,876,886)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales tax received	18,886,839	17,051,100
Operating grant reimbursements	<u>4,185,406</u>	<u>4,736,321</u>
Net cash provided by non-capital financing activities	23,072,245	21,787,421
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions and grants for capital improvements	9,129	174,685
Proceeds from debt issuance	-	14,390,000
Acquisition and construction of capital assets	(38,702,964)	(122,606,360)
Proceeds from sale of capital improvements	332,005	-
Trinity Mills design and construction	-	184,095
Interest paid on bonds	<u>(1,317,543)</u>	<u>(888,889)</u>
Net cash used by capital and related financing activities	(39,679,373)	(108,746,469)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	53,927	287,615
Proceeds from sale of investments	<u>-</u>	<u>4,999,306</u>
Net cash provided by investing activities	<u>53,927</u>	<u>5,286,921</u>
Net decrease in cash and cash equivalents	(34,413,042)	(92,549,013)
CASH AND CASH EQUIVALENTS, beginning of year	<u>53,754,649</u>	<u>146,303,662</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 19,341,607</u>	<u>\$ 53,754,649</u>

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (23,090,081)	\$ (16,235,218)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization expense	6,901,760	3,141,330
Change in operating assets and liabilities		
Operating accounts receivable	(444,036)	79,882
Prepaid expenses	(45,579)	6,046
Operating accounts payable	(960,753)	2,180,308
Accrued payroll and payroll related taxes	(209,464)	(9,798)
Other accrued liabilities	-	(25,923)
Deferred revenue	(11,688)	(13,513)
	<u>(11,688)</u>	<u>(13,513)</u>
Net cash used by operating activities	<u><u>\$ (17,859,841)</u></u>	<u><u>\$ (10,876,886)</u></u>
NONCASH INVESTING ACTIVITY		
Bond issuance costs	<u>\$ -</u>	<u>\$ 85,000</u>
NONCASH CAPITAL AND RELATED FINANCING		
Grants for capital improvements	<u>\$ 7,127,088</u>	<u>\$ 77,661,499</u>
Gain on sale of capital assets	<u>\$ (52,269)</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET ASSETS		
Cash and cash equivalents	\$ 15,688,516	\$ 16,757,848
Restricted cash	<u>3,653,091</u>	<u>36,996,801</u>
	<u><u>\$ 19,341,607</u></u>	<u><u>\$ 53,754,649</u></u>

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, 2012 and 2011, 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.

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 2012 and 2011 are for fiscal years ended September 30, 2012 and 2011.

The Authority has elected not to apply all Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

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.

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 assets.

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

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

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), North Central Texas College (NCTC), and Texas Woman's University (TWU) 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, 2012 and 2011, the Authority has received \$64,912 and \$66,538 in advance payments respectively.

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, 2012 and 2011, unspent grant funds plus interest amounted to \$258,604 and \$7,386,625, respectively, and are reflected as part of restricted cash and cash equivalents in the statement of net assets.

Net Assets

Equity is displayed in two components as follows:

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

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested 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, TWU, 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.

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.

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, 2012, the reserve is \$5,504,624.

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

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

	September 30, 2012	September 30, 2011
Cash and cash equivalents		
Demand deposits	\$ 57,855	\$ 47,159
Sweep repurchase agreements	1,019,455	8,008,738
Money market account	12,459,341	35,544,272
Certificates of deposit	-	5,025,759
TexSTAR	5,804,956	5,128,721
	<u>\$ 19,341,607</u>	<u>\$ 53,754,649</u>
Reconciliation		
Cash and cash equivalents	\$ 15,688,516	\$ 16,757,848
Restricted cash and cash equivalents	3,653,091	36,996,801
	<u>\$ 19,341,607</u>	<u>\$ 53,754,649</u>

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.

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.

NOTE 5. RECEIVABLES

Receivables at September 30, 2012 and 2011 consisted of the following:

	2012	2011
Operating		
Ticket, token and other receivables	\$ 982,232	\$ 538,196
Sales tax	3,241,340	3,119,044
Grants receivable	245,392	1,247,741
	<u>\$ 4,468,964</u>	<u>\$ 4,904,981</u>
Total		

NOTE 6. CAPITAL ASSETS

Changes in capital assets for the fiscal years ended September 30, 2012 and 2011 are:

	Balance September 30, 2011	Increases	Transfers/ 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	\$ 321,057,513	\$ 20,756,437	\$ (285,762)	\$ 341,528,188

	Balance September 30, 2010	Increases	Decreases	Balance September 30, 2011
Capital assets, not being depreciated:				
Land	\$ 16,578,318	\$ 1,252,787	\$ -	\$ 17,831,105
Construction in progress	184,984,177	98,210,423	(200,063,281)	83,131,319
Total capital assets not being depreciated	201,562,495	99,463,210	(200,063,281)	100,962,424
Capital assets, being depreciated/amortized				
Rail system	-	-	198,027,776	198,027,776
Land improvements	-	-	2,035,505	2,035,505
Vehicles and operating equipment	9,198,216	2,019,560	-	11,217,776
Leasehold improvements	55,506	-	-	55,506
Office furniture and equipment	147,761	88,685	-	236,446
Easement	7,500,000	9,450,000	-	16,950,000
Total capital assets being depreciated/amortized	16,901,483	11,558,245	200,063,281	228,523,009
Less accumulated depreciation/amortization for				
Rail system	-	1,179,481	-	1,179,481
Land improvements	-	65,092	-	65,092
Vehicles and operating equipment	4,967,532	876,197	-	5,843,729
Leasehold improvements	55,506	-	-	55,506
Office furniture and equipment	138,551	15,561	-	154,112
Easement	125,000	1,005,000	-	1,130,000
Total accumulated depreciation	5,286,589	3,141,331	-	8,427,920
Total capital assets, being depreciated, net	11,614,894	8,416,914	200,063,281	220,095,089
Total capital assets, net	\$ 213,177,389	\$ 107,880,124	\$ -	\$ 321,057,513

Primary capital asset expenditures in 2012 and 2011 relate to the design of the 21-mile rail corridor and the purchase of rail vehicles. See related commitment disclosure in Note 10.

NOTE 6. CAPITAL ASSETS – CONTINUED

As of October 1, 2009, the Authority adopted GASB Statement 51 *Accounting and Financial Reporting for Intangible Assets*. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period.

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, 2012, \$15,150,000 had been paid to the Dallas Area Rapid Transit (DART). The remaining payments of \$1,800,000 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 and \$1,005,000 for the years ended September 30, 2012 and 2011, respectively.

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 TCDRS. 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. TCDRS 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.tcdrs.org.

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

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 2012 is 5.28%.

During fiscal year 2012, employee contributions were \$49,508. The Authority’s contributions were \$52,280.

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 is being amortized over the remaining life of the 2008 issuance. 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. 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
2013	\$ 885,000	\$ 1,283,918	\$ 2,168,918
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 - 2022	9,370,000	4,532,585	13,902,585
2023 - 2027	11,610,000	2,661,902	14,271,902
2028 - 2031	7,760,000	557,522	8,317,522
Total requirements	<u>\$ 35,280,000</u>	<u>\$ 13,751,267</u>	<u>\$ 49,031,267</u>

NOTE 8. BONDS PAYABLE – CONTINUED

The following is a summary of changes in bonds payable of the Authority for the year ended September 30, 2012:

Balance at October 1, 2011	\$ 35,280,000
Additions	-
Reductions	-
	<hr/>
Balance at September 30, 2012	<u><u>\$ 35,280,000</u></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%.

Total interest capitalized during the years ended September 30, 2012 and 2011 was \$0 and \$833,511, respectively.

Amortization of bond issuance costs in the amount of \$12,219 and \$7,969 was recognized for the years ended September 30, 2012 and 2011, respectively. Amortization expense relating to the early repayment penalty was \$200,461 and \$200,460 for the years ended September 30, 2012 and 2011, 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, 2012 and 2011, the Authority was in compliance with this requirement.

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:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>
2013	\$ 150,000
2014	150,000
2015	100,000
2016	100,000
2017	100,000
2018 - 2022	500,000
2023 - 2027	500,000
2028 - 2029	200,000
Total requirements	<u><u>\$ 1,800,000</u></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 2012 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.

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, 2012, 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.

NOTE 10. COMMITMENTS AND CONTINGENCIES – CONTINUED

Commitments

At September 30, 2012, the Authority has the following outstanding commitments:

Purchase of rail cars and escalator	\$ 641,788
Consulting services for implementation of PTC and rail car support	2,762,376
Operations and Maintenance Agreement with DART	3,479,242
Final design of rail project	1,466,743
Design and construction of Medpark extension	1,000,000
Management agreement for bus transit operations	141,500
Engineering and construction of support services for rail and bus	<u>366,956</u>
	<u><u>\$ 9,858,605</u></u>

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 2014. The total lease expense was \$1,093,160 for 2012 and \$596,236 for 2011. The lease payments by year are as follows:

	<u>2013</u>	<u>2014</u>	<u>Total</u>
Lease commitments			
Transit Management of Denton County operations	\$ 67,641	\$ 26,374	\$ 94,015
Denton bus operating facility	152,229	152,229	304,458
DART Rail Diesel Cars Lease	64,500	-	64,500
	<u>\$ 284,370</u>	<u>\$ 178,603</u>	<u>\$ 462,973</u>
Total lease commitments			

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.

SUPPLEMENTARY INFORMATION

	2012				2011
	Original Budget	Final Budget	Actual	Variance	Actual
OPERATING REVENUES					
Passenger revenue	\$ 1,566,317	\$ 873,272	\$ 1,015,813	\$ 142,541	\$ 706,497
Contract services	3,013,356	3,013,356	2,927,341	(86,015)	2,520,036
Other	-	-	38,032	38,032	183,575
	<u>4,579,673</u>	<u>3,886,628</u>	<u>3,981,186</u>	<u>94,558</u>	<u>3,410,108</u>
OPERATING EXPENSES					
Salaries, wages and fringe benefits	6,818,238	6,677,179	6,293,238	383,941	5,737,446
Services	1,395,574	1,682,609	1,431,693	250,916	1,676,866
Materials and supplies	3,436,999	3,369,999	3,010,582	359,417	2,308,815
Purchased transportation services	7,544,845	7,597,897	7,605,436	(7,539)	5,537,663
Utilities	301,173	422,915	396,248	26,667	180,953
Insurance	471,740	471,740	362,960	108,780	297,994
Facility and equipment rents	1,036,930	1,048,980	943,160	105,820	596,236
Other - miscellaneous	138,398	139,523	126,190	13,333	168,023
Depreciation and amortization	4,632,371	6,682,989	6,901,760	(218,771)	3,141,330
Total operating expenses	<u>25,776,268</u>	<u>28,093,831</u>	<u>27,071,267</u>	<u>1,022,564</u>	<u>19,645,326</u>
Operating loss	<u>(21,196,595)</u>	<u>(24,207,203)</u>	<u>(23,090,081)</u>	<u>1,117,122</u>	<u>(16,235,218)</u>
NON-OPERATING REVENUES (EXPENSES)					
Sales tax revenue	16,909,740	17,579,537	19,009,135	1,429,598	17,135,359
Transit system operating assistance grants	4,346,347	5,720,140	3,183,057	(2,537,083)	5,511,543
Investment income	48,000	48,000	53,927	5,927	287,615
Interest expense	(1,283,919)	(1,484,380)	(1,486,881)	(2,501)	(200,461)
Amortization of bond issuance costs	-	-	(12,219)	(12,219)	(7,969)
Trinity Mills design and construction	-	-	-	-	184,095
Gain (loss) on disposal of assets	62,000	62,000	52,269	(9,731)	-
Total non-operating revenue (expenses)	<u>20,082,168</u>	<u>21,925,297</u>	<u>20,799,288</u>	<u>(1,126,009)</u>	<u>22,910,182</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS	<u>(1,114,427)</u>	<u>(2,281,906)</u>	<u>(2,290,793)</u>	<u>(8,887)</u>	<u>6,674,964</u>
GRANTS FOR CAPITAL IMPROVEMENTS	<u>5,665,471</u>	<u>6,877,112</u>	<u>7,127,088</u>	<u>249,976</u>	<u>77,661,499</u>
Change in net assets	<u>\$ 4,551,044</u>	<u>\$ 4,595,206</u>	<u>\$ 4,836,295</u>	<u>\$ 241,089</u>	<u>\$ 84,336,463</u>

Board of Directors Memo**February 28, 2012****Item: 6(c) Discussion/Approval of Award of Contract for Intelligent Transportation System, Where's My Ride****Background**

An RFP was released on November 26, 2012, for the Intelligent Transportation Systems that incorporates Automatic Vehicle Location, Predictive Vehicle Arrival, Ridership Data Collection, and Fare Payment Technology. The project will be implemented on DCTA Connect routes in Denton (9) and Lewisville (3) as well as the A-train. The system proposed shall include hardware, cables, connectors, communications hardware, installation, relevant end-user reports, user training and documentation, maintenance training and documentation, and operational support. Seven (7) submittals were received on February 5, 2013, and were reviewed and evaluated by a panel of staff and DCTA's IT contract support. The proposals were evaluated on experience, financial capacity, references, schedule, and fare payment capabilities. Four (4) firms made presentations and conducted a demonstration of the capabilities of their systems. Staff is seeking Board approval to award the contract to the best evaluated proposer which meets DCTA's current and future needs as well as schedule.

Vendor selection and negotiations are currently underway.

Financial Impact

ARRA funds and FTA 5307 grant funds will cover approximately 90% of the cost associated with the development and implementation of the system. Staff has requested Best and Final Offers from the finalists which are due on Monday, February 25th. A specific cost will be provided at the board meeting.


Recommendation

Staff requests the Board authorize the President to negotiate and execute a contract for the design and implementation of the project. Vendor selection and negotiations will be completed prior to Board meeting date but are currently still underway. Additional information regarding vendor recommendation will be available at the board meeting.

Submitted by:


Athena Forrester, Purchasing Manager

Approval:


James C. Cline, Jr., President



Board of Directors Memo

February 28, 2013

Item: 6(d) Discussion/Approval of Vehicle Procurement

Background

DCTA has received grant funds through the 5309 Bus and Bus Facilities Program and through the 5307 Urbanized Area Formula Program to provide for the replacement of buses which have reached the end of their useful life. The DCTA fleet replacement plan included the replacement of this particular bus in FY 2012.

On February 15, 2013, DCTA received four bids in response to our IFB in conformance with the solicitation:

- 1. National Bus Sales and Leasing
- 2. National Bus Sales and Leasing-Alternate bid
- 3. Alliance Bus Group
- 4. Alliance Bus Group-Alternate bid

Staff conducted a review and evaluation of the bids received and staff is recommending purchase of one (1) bus from Alliance Bus Group.

Identified Need

The vehicle is needed to replace a vehicle that has exceeded its useful life.


Financial Impact

Staff anticipates the contract amount to not exceed \$150,000. Federal grants will cover 80% of the vehicle cost.


Recommendation

Staff recommends the Board approve the acquisition of one (1) bus.

Submitted by:


Athena Forrester, Purchasing Manager

Approval:


James C. Cline, Jr., President