Annual Comprehensive Annual Report Financial Report

DENTON COUNTY TRANSPORTATION AUTHORITY



FISCAL YEAR ENDED SEPTEMBER 30, 2021 & 2020

LEWISVILLE, TEXAS

Annual Comprehensive Financial Report with Supplemental Information September 30, 2021 and 2020

Prepared by:
DCTA Finance Department
Lewisville, Texas

Contents

Introductory Section	
Letter of Transmittal	i-vii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Principal Officials	x
Financial Section	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows Notes to Financial Statements	8 9 10-11 12-31
Required Supplemental Information	
Schedule of Changes in the Net Pension Liability and Related Ratios Schedule of Pension Contributions Note to Required Supplemental Information	32 33 34
Other Supplemental Information	
Schedule of Revenue and Expenses - DCTA - Budget to Actual Schedule of Revenue and Expenses - NTMC - Budget to Actual	35 36
Statistical Section	
Description of the Statistical Section	37
Net Position by Component Changes in Net Position Capital Assets Revenue by Source Sales Tax Revenue Sales Tax Allocation Received by Member Cities Long-term Debt Demographic and Economic Statistics for Denton County Principal Employers in Denton County Total Employees and Contract Operations Operating Statistics	38 39 40 41 42 43 44 45 46 47
Farebox Recovery Percentage	49

INTRODUCTORY SECTION



Letter of Transmittal

February 9, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of Denton County Transportation Authority (DCTA) for the fiscal year ended September 30, 2021.

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

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

Plante & Moran, PLLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the DCTA's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

DCTA PROFILE

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







Location

Denton County encompasses roughly 953 square miles and is located in the northern part of the Dallas-Fort Worth Metroplex adjacent to Collin, Dallas, and Tarrant counties. The county, founded in 1846, is one of the fastest growing counties in the U.S. with an estimated population of 933,220 in 2021 according to North Central Texas Council of Governments (NCTCOG) population estimates, an increase of 41% since 2010.

<u>Governance</u>

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

<u>Agency Background</u>

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

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

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

<u>Accounting System and Budgetary Control</u>

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

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

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

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

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

North Texas Mobility Corporation (NTMC) was incorporated on April 1, 2019 and is accounted for as a blended component unit included in DCTA's financial statements. NTMC operations began June 2, 2019. As a fully functional Limited Government Corporation (LGC), the NTMC now operates with a Board of Directors, appointed by the DCTA Board of Directors, and Board officers.

SERVICES PROVIDED

DCTA provides service in Denton County including regional commuter rail service (A-train); fixed route bus service; rideshare on-demand service; paratransit and general demand response service; vanpool service; campus shuttles operated under contract with the University of North Texas (UNT); and contract service in Frisco and Coppell. As reported in the National Transit Database, DCTA carried roughly 848,000 bus and rail passengers in FY21, a 46% decrease from roughly 1.6 million passengers in FY20. Ridership decreased drastically in the second half of FY20 and throughout FY21 as public transportation ridership diminished nation-wide due to the COVID-19 pandemic.

Regional Commuter Rail (A-train)

The A-train is a 21-mile regional rail system connecting Denton and Dallas counties. The rail corridor follows the east side of I-35E and connects the cities of Denton and Carrollton. DCTA has five A-train stations: two in Denton and three in the greater Highland Village-Lewisville area, with a transfer station at the Trinity Mills Station in Carrollton. The Trinity Mills transfer station connects riders with DART rail and bus service. The system also includes a 19-mile hike & bike trail that parallels the A-train rail line.

DCTA operates 11 low-floor diesel-electric articulated GTW passenger rail vehicles designed to comfortably accommodate wheelchairs, strollers, and bikes with room for 104 seated and 96 standing passengers per vehicle. In FY21, rail ridership totaled roughly 113,000 passengers, a decrease of 49% from roughly 221,000 in FY20. Rail service changes were implemented in March 2020 to reduce service hours in response to decreased ridership in light of the COVID-19 pandemic. In September 2020, DCTA increased A-train service levels per Board direction to modify peak period service frequency from 60 minutes to 30 minutes. Decreases in ridership as a result of COVID-19 remained throughout FY21.

Connect Fixed-Route

In FY21, Connect offered local fixed-route bus service in the cities of Denton and Lewisville; these routes totaled roughly 220,000 boardings. Lewisville Connect Routes were discontinued in December 2021 after running alongside GoZone on-demand micro-transit service since September 2021. The Highland Village Connect Shuttle was replaced with an enhanced Lyft program in March 2020. The Highland Village Lyft service was discontinued in September 2021 and was replaced by the GoZone service.

University Shuttle Service

The UNT Campus Shuttle consists of twelve routes including weekday, late night, and weekend-only service through a contractual agreement. The UNT Shuttle service provides transportation from off-campus housing to the campus as well as circulation throughout the campus. Total passengers for FY21 totaled roughly 462,000, a 51% decrease from FY20 ridership of roughly 946,000. Service was reduced significantly in the second half of FY20 as the university moved to virtual learning in response to COVID-19 and some students moved away from the campus area. A portion of these service reductions remained in place throughout FY21 as students continued virtual learning.

GoZone On-Demand

During FY21, the Board of Directors evaluated options for replacing a portion of fixed route service with an on-demand micro-transit service. In January 2021, the Board of Directors awarded an on-demand service delivery contract to Via which allowed the agency to work with Via to develop a proposed service plan that was presented to the public for review and input. In July, a service plan with Via was approved by the Board for GoZone on-demand service; this service launched in September 2021. GoZone is a zone-based on-demand rideshare service that riders utilize for trips within, and sometimes between, designated zones in Denton County. The on-demand service uses a mobile app where passengers book their trips in real-time. A fleet of dedicated vans is used to pick up and drop off riders at virtual stops within the zones. GoZone launched in on September 7, 2021 with almost 14,000 passengers in the first month of service, the final month of FY21.

<u>Demand Response Service</u>

Access offers shared ride, origin to destination ADA paratransit service for residents and visitors in Denton, Highland Village, and Lewisville and also provides service for senior and disabled (non-ADA) passengers in these cities. Any person who wishes to use Access must complete an application, and non-seniors or non-Medicare-eligible individuals must submit a physician's affidavit of eligibility. DCTA carried roughly 16,000 Access passengers in its member city service area in FY21.

Since December 2015, the City of Frisco has contracted with DCTA for curb-to-curb demand response transit service to eligible Frisco residents for trips within Frisco and designated portions of Plano. Taxi vehicles are used in this service to supplement demand-response service as capacity dictates. The service carried roughly 3,000 passengers in FY21. In June 2017, DCTA launched a demand response service in coordination with the City of McKinney and the McKinney Urban Transit District (MUTD) which consisted of a subsidized taxi voucher program to provide transit options for participating MUTD cities including Celina, Lowry Crossing, McKinney, Melissa, Princeton and Prosper. In FY21, the service provided transportation to almost 11,000 passengers. This service was discontinued in December 2021 as DART began managing the service.

<u>Vanpools</u>

The Vanpool service provides a low-cost commuting alternative for residents to get to work. Vanpools are ideal for groups of six to fifteen people. Individuals who live or work in Denton County can start a vanpool through their employer or create one with others who have similar commute origins and destinations. During FY21, there were a maximum 67 vanpools in operation.

DCTA PROGRESS

In FY21, DCTA completed the Board-led Transformation Initiative, identifying priority projects on a five-year strategic roadmap. DCTA engaged selected consultant teams with expertise in strategic planning, information technology, process improvement, and organizational management best practices who worked closely with staff to expand the use of non-traditional transit services and products, allowing for a more tailored response to the demands of multiple markets and developing a robust, equitable, consumer-centric transportation system which leverages existing infrastructure. DCTA launched GoZone service in September 2021 across all member cities overlayed on existing fixed route bus service. As a result, bus ridership rebounded from a 70% drop from pre-pandemic levels to exceeding pre-pandemic levels with ridership that is projected to continue growing.

In FY22, DCTA will be working with stakeholder communities to fully integrate mobility services with integrated fare strategies to streamline trip planning and improve accessibility to mobility services for the riding public. Phase Two of the Transformation Initiative will focus on operational and construction planning for DCTA and DART to share access to Downtown Carrollton, implementation of a new enterprise resource planning (ERP) system to automate manual processes, completion of a Comprehensive Operational Analysis to define the optimal service mix for fixed route bus service and ondemand micro-transit, and exploration of a new rail station on the A-train corridor.

DCTA is committed to rail safety, working diligently to implement Positive Train Control (PTC), and DCTA received PTC certification from the Federal Railroad Administration (FRA) ahead of the December 31, 2020 deadline. DCTA staff has been working with DART throughout FY21 and recently completed an Interlocal Agreement to design and construct an expansion to DCTA's existing Rail Operations and Maintenance facility so that both agencies can jointly operate from DCTA's facility to be renamed as the Joint Rail Operations Facility (JROF). DCTA will continue to work the DART on matters including shared railroad liability insurance and exploring joint services, technology and operational efficiencies.

FUTURE OUTLOOK

Total revenues were \$60.4 million in FY21 compared to \$55.1 million in FY20. DCTA's largest revenue source, sales tax, grew from \$29.8 million in FY20 to \$35.3 million in FY21. Despite sales tax growth, DCTA faces challenges with rising healthcare costs, low interest rates impacting investment earnings, and prioritizing funding for service expansion and future construction projects. In addition, the sustainability of the current economic expansion remains notable; its impact on local sales tax will continue to be monitored closely.

Regional Economy

The Dallas–Fort Worth economy strengthened throughout 2021. At the end of the year, payroll employment and consumer spending were strong and business-cycle indexes were expanding. The Federal Reserve Bank of Dallas reported in its December 2021 Economic Indicators Update:

DFW employment rose an annualized 10.8 percent (33,400 jobs) in November, up from an upwardly revised 6.3 percent (19,800 jobs) in October... Growth was broad based across sectors, with leisure and hospitality and professional and business services leading the way. The November gain puts DFW employment at 1.7 percent (63,900 jobs) above its prepandemic level in February 2020. The Dallas and Fort Worth business-cycle indexes continued to expand strongly in November, buoyed by robust job growth and falling unemployment. The Dallas index rose an annualized 13.7 percent, marking the 19th straight month of growth, and was up 5.7 percent from its February 2020 level... The Fort Worth index climbed an annualized 14.2 percent in November, its ninth successive month of expansion, and eclipsed its prepandemic high by 2.4 percent. Since late February 2021, consumer spending in DFW has stayed consistently above prepandemic levels... Rising consumer spending is indicative of rising demand and consumer confidence.

Population Forecast

North Central Texas is a rapidly growing region whose residents and visitors increasingly require a variety of transportation options to serve diverse travel needs. NCTCOG estimates a region population of 7.9 million as of 2021. According to the NCTCOG's Mobility 2045 Plan, population for the Dallas-Fort Worth Metropolitan Area is projected to grow to an estimated 11.2 million by the year 2045. This significant increase in population for North Texas will require a maturing system of roads, public transportation, and bicycle and pedestrian facilities, complemented by local policies and programs to enhance infrastructure investment.

The counties of Collin, Dallas, Denton and Tarrant accounted for 85% of the 16-county population in 2021. The individual population share for Collin and Denton counties within the region has increased since 2010 while the population share for Dallas and Tarrant counties has decreased. Population growth in Denton County is projected to be significant. According to the NCTCOG 2045 Demographic Forecast, the population within Denton County is projected to increase from 933,220 in 2021 to 1,346,314 in 2045, a 44% growth. As Collin and Denton counties continue to grow, DCTA will focus efforts on east/west corridor planning and investments in these areas. The US Census Bureau 2019 American Community Survey estimates that roughly half of individuals who live in Denton County work outside of the county, which highlights the importance of providing transportation links from Denton County to major employment destinations in neighboring counties.

Long Range Service Plan

The Long Range Service Plan provides a roadmap for decision making about transit investments in Denton County over the next 25 years and reaffirms DCTA's goals and performance standards that will be used to help officials make decisions about future investments and the implementation of new services. It will help ensure that transit services mature and develop to better meet the needs of Denton County. In FY22, the Board of Directors will embark on a new strategic visioning session that will inform future priorities. This, along with a comprehensive county-wide transit study that is being conducted by the NCTCOG, will serve as the catalyst for a new Long Range Service Plan for the agency.

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

OTHER INFORMATION

Independent Audit

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

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the DCTA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. 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 eleventh consecutive year for the DCTA to receive the Certificate of Achievement.

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

<u>Acknowledgements</u>

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

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

Sincerely,

Raymond Suarez President/CEO

Chief Financial Officer/VP of Finance

Amber Karkauskas, CGFO Controller/AVP of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denton County Transportation Authority Texas

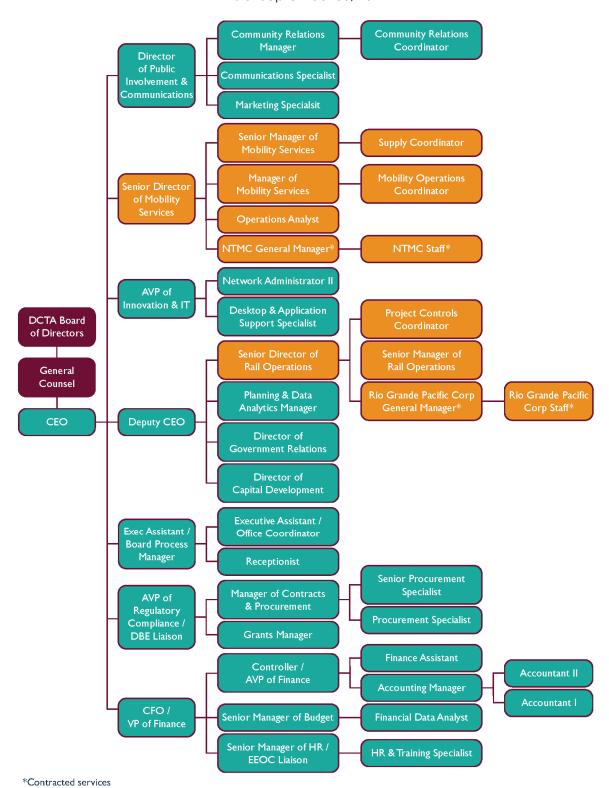
For its Annual Comprehensive Financial Report For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

Organizational Chart As of September 30, 2021



List of Principal Officials As of September 30, 2021

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

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

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

Board Member	Position	Appointed by
Chris Watts	Chair	City of Denton
Cesar Molina	Vice Chair	Denton County Seat 1
Sam Burke	Secretary	Denton County Seat 2
Dianne Costa	Member	City of Highland Village
TJ Gilmore	Member	City of Lewisville

Non-Voting Board Members	Position	Appointed by
Dennie Franklin	Member	City of Frisco
Mark Miller	Member	Town of Flower Mound
Joe Perez	Member	City of The Colony
Connie White	Member	Small Cities
Tom Winterburn	Member	City of Corinth
Vacant	Member	Town of Little Elm

FINANCIAL SECTION





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Independent Auditor's Report

To the Board of Directors

Denton County Transportation Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Denton County Transportation Authority (the "Authority") as of and for the years ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Denton County Transportation Authority as of September 30, 2021 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Authority made a change to the reporting entity by combining the North Texas Mobility Corporation with the Authority's operations. Our opinion is not modified with respect to this matter. The change described was retrospectively applied to all years presented.

Other Matters

Report on Prior Year Financial Statements and Restatement

The basic financial statements of the Denton County Transportation Authority as of and for the year ended September 30, 2020 were audited by a predecessor auditor, which expressed an unmodified opinion on the basic financial statements. The predecessor auditor's report was dated March 2, 2021.



To the Board of Directors
Denton County Transportation Authority

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Denton County Transportation Authority's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022 on our consideration of the Denton County Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Denton County Transportation Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

February 9, 2022

Management's Discussion and Analysis

The management of the Denton County Transportation Authority (DCTA or the "Authority") offers readers of the DCTA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2021. This discussion and analysis is designed to provide an objective and easily readable analysis of DCTA's financial activities based on currently known facts, decisions, or conditions.

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

Financial Highlights

- As of September 30, 2021 and 2020, total assets and deferred outflows of resources of DCTA exceeded total liabilities and deferred inflows of resources by \$361,643,543 and \$341,283,144, respectively. The amount of unrestricted net position as of September 30, 2021 was \$77,781,215 compared to \$50,683,527 in 2020. Unrestricted net position is the amount that may be used to meet DCTA's ongoing obligations in accordance with the fiscal policies.
- Net position increased \$20,360,399 during the current fiscal year compared to an increase of \$13,482,349 in
 the prior year. The change compared to the prior year is attributable to a \$1.4 million decrease in operating
 expenses as well as a \$5.5 million increase in sales tax revenue and \$2.8 million increase in operating grants,
 mainly related to one-time operating assistance reimbursements from the Coronavirus Aid, Relief, and
 Economic Security (CARES) Act, partially offset by a decrease in capital grants of \$2.1 million.
- Net capital assets were \$305.2 million as of September 30, 2021 compared to \$314.0 million as of September 30, 2020. The decrease of \$8.8 million is caused by \$10.0 million of depreciation expense, offset by \$1.2 million of asset additions.

Overview of the Financial Statements

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

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

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

Statement of Net Position

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

Management's Discussion and Analysis (Continued)

Statement of Revenue, Expenses, and Changes in Net Position

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

Statement of Cash Flows

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

Notes and Other Information

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

Financial Analysis

Statement of Net Position

As noted earlier, net position, and especially net position by category, may serve over time as a useful indicator of DCTA's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$361,643,543 and \$341,283,144 as of September 30, 2021 and 2020, respectively. The largest portion, 78 percent and 85 percent in 2021 and 2020, respectively, is net investment in capital assets primarily related to the rail line construction and acquisition of rail vehicles. The remaining 22 percent and 15 percent, respectively, is in unrestricted net position, which represents assets with no external restriction as to use or purpose. The unrestricted net position can be employed for any lawful purpose designated by the governing board.

Net position of DCTA increased 6.0 percent, or \$20,360,399, during the current fiscal year compared to an increase of 4.1 percent, or \$13,482,349, in the prior year. The increase in net position in the current fiscal year is mainly attributable to a \$26.4 million increase in current and other assets and a \$2.7 million decrease in liabilities, partially offset by a \$8.8 million decrease in capital assets.

Management's Discussion and Analysis (Continued)

The Authority's Net Position	 2021	2020	2019
Assets Current and other assets Capital assets	\$ 81,540,801 305,229,605	\$ 55,142,924 \$ 314,019,761	38,234,115 319,554,318
Total assets	386,770,406	369,162,685	357,788,433
Deferred Outflows of Resources	421,130	290,447	369,652
Liabilities Current liabilities Noncurrent liabilities	5,830,011 19,565,492	 5,894,892 22,205,000	5,940,322 24,369,285
Total liabilities	25,395,503	28,099,892	30,309,607
Deferred Inflows of Resources	152,490	 70,096	47,683
Net Position Net investment in capital assets Unrestricted	 283,862,328 77,781,215	 290,599,617 50,683,527	294,293,446 33,507,349
Total net position	\$ 361,643,543	\$ 341,283,144 \$	327,800,795

Assets

During fiscal year 2021, DCTA's total assets increased 4.8 percent, or \$17.6 million, from fiscal year 2020. The net increase is mainly attributable to a \$24.8 million increase in cash and investments, offset by a \$8.8 million decrease in capital assets.

Capital assets, net of depreciation, decreased due to a net \$1.2 million of asset additions for bus fleet replacement and the Positive Train Control project, offset by \$10.0 million of depreciation. The capital assets activity for the year is captured in Note 6 (page 20).

Liabilities

Current liabilities decreased slightly during the year from \$5.9 million as of September 30, 2020 to \$5.8 million as of September 30, 2021 primarily due to minor fluctuations in accounts payable, accrued expenses, and bonds payable.

DCTA's current ratio, current assets of \$80,843,078 and current liabilities of \$5,830,011, was 14:1 as of September 30, 2021, compared to a ratio of 9:1 as of September 30, 2020.

There was a \$2.6 million decrease in noncurrent liabilities in fiscal year 2021 due primarily to payments made for DCTA's outstanding bonds and the rail operating easement agreement with DART. The bond payable activity for the year and rail operating easement obligation are captured in Notes 7 and 11 (pages 22 and 29).

Statement of Revenues, Expenses, and Changes in Net Position

During fiscal year 2021, DCTA's activities resulted in an increase in net position of \$20,360,399 compared to an increase of \$13,482,349 in the prior year. The increase in the current fiscal year net position is mainly attributable to a decrease of \$1.4 million in operating expenses and increases of \$5.5 million in sales tax revenue and \$2.8 million in operating grants, offset by a decrease of \$2.1 million in capital grants. The changes in net position for the fiscal years ended September 30, 2021, 2020, and 2019 are shown in the following table.

Management's Discussion and Analysis (Continued)

The Authority's	Changes in i	Net Position

	 2021	2020	2019
Operating Revenue	\$ 3,931,563 \$	4,639,923 \$	5,769,167
Operating Expenses	 39,323,018	40,694,995	43,231,721
Operating Loss	(35,391,455)	(36,055,072)	(37,462,554)
Nonoperating Revenue (Expense)	 54,342,431	46,064,745	35,043,469
(Loss) Income - Before capital contributions	18,950,976	10,009,673	(2,419,085)
Capital Contributions	 1,409,423	3,472,676	4,187,777
Change in Net Position	20,360,399	13,482,349	1,768,692
Net Position - Beginning of year	 341,283,144	327,800,795	326,032,103
Net Position - End of year	\$ 361,643,543	341,283,144 \$	327,800,795

Operating Revenue

Passenger Revenue

The fiscal year 2021 passenger revenue decreased 34 percent, or \$286,000, from fiscal year 2020 due primarily to a 46 percent decrease in bus and rail ridership in light of the COVID-19 pandemic and related stay-at-home orders and mandatory closures of nonessential businesses. This impact was common for all public transportation, as officials encouraged people to stay home and encouraged employers to allow telecommuting.

Contract Service

The fiscal year 2021 contract service revenue decreased 13 percent, or \$456,000, from the prior year. In fiscal year 2021, DCTA provided service for University of North Texas (UNT); the City of Frisco, Texas; and the McKinney Urban Transit District (MUTD), while service for North Central Texas College (NCTC) ended in fiscal year 2020. These contracts include a combination of DCTA-provided service, as well as Lyft and taxi services, which are billed as pass-through costs with an associated administrative fee. Contract service revenue decreased due to a 19 percent reduction in service hours from the prior year in relation to the COVID-19 pandemic but was partially offset by increased usage of Lyft and taxi services.

Operating Expenses

The fiscal year 2021 operating expenses decreased 3 percent, or \$1.4 million, from fiscal year 2020. Salaries and benefits decreased \$1.6 million due to an administrative staff reduction in force in May 2020 and bus service reductions implemented in response to reduced ridership. Expenses for materials and supplies decreased \$835,000 primarily due to statement of net position recognition of bus parts inventory in fiscal year 2021. Outsourced services expenses, however, increased by \$511,000 mainly due to a professional services contract for the Board-led Transformation Initiative. Depreciation expense increased 4 percent, or \$398,000, from the prior year mainly due to the capitalization of PTC implementation in fiscal year 2021.

Nonoperating Revenue and Expenses

Sales Tax Revenue

The fiscal year 2021 sales tax revenue increased 18 percent, or \$5.5 million, over fiscal year 2020. DCTA collects 0.5 percent sales and use tax in the member cities of Denton, Highland Village, and Lewisville. Consumer spending continued to increase during fiscal year 2021, and DCTA and its member cities experienced growth in sales tax revenue similar to the expansion experienced throughout the state.

Management's Discussion and Analysis (Continued)

Capital Grants

Grants for capital improvements decreased \$2.1 million from the prior year. This decrease is primarily a result of a one-time reimbursement for infrastructure acquisition in Old Town Lewisville in fiscal year 2020, offset by increased reimbursable expenses for bus fleet replacement in fiscal year 2021.

Transit System Operating Assistance Grants

The fiscal year 2021 federal and state grant revenue increased \$2.8 million over fiscal year 2020 revenue mainly due to one-time operating assistance reimbursements from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Investment Income

The fiscal year 2021 investment income of \$31,000 was a decrease of 90 percent from fiscal year 2020 revenue of \$321,000. The average yield to maturity continued to decline during the fiscal year from 0.27 percent at September 30, 2020 to 0.043 percent as of September 30, 2021, as interest rates remained low throughout fiscal year 2021 in response to the COVID-19 pandemic. DCTA continues to build up reserve funds in accordance with the board's reserve policy, and staff will look to diversifying and laddering the investment portfolio to improve yield through investment vehicles such as U.S. Treasury notes and U.S. agency securities.

Debt Administration

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

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

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

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

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

Requests for Further Information

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



Statement of Net Position

	September 30,	2021 and 2020
	2021	2020
Assets Current assets:		
Cash and cash equivalents (Note 4) Investments (Note 4) Receivables (Note 5) Inventory Prepaid expenses	\$ 59,281,187 9,537,185 10,848,224 719,857 456,625	\$ 38,923,553 5,064,346 10,064,934 29,805 194,441
Total current assets	80,843,078	54,277,079
Noncurrent assets: Restricted cash Net pension asset (Note 9) Capital assets: (Note 6) Assets not subject to depreciation Assets subject to depreciation - Net	697,723 - 20,159,336 285,070,269	839,856 25,989 37,408,478 276,611,283
Total noncurrent assets	305,927,328	314,885,606
Total assets	386,770,406	369,162,685
Deferred Outflows of Resources - Deferred pension costs (Note 9)	421,130	290,447
Liabilities Current liabilities: Accounts payable Accrued liabilities and other Unearned revenue Current portion of easement obligation (Note 11) Current portion of bonds payable (Note 7)	2,076,049 1,135,862 53,100 100,000 2,465,000	2,128,514 1,654,920 56,458 100,000 1,955,000
Total current liabilities	5,830,011	5,894,892
Noncurrent liabilities: Easement obligation - Net of current portion (Note 11) Net pension liability (Note 9) Bonds payable, net of current portion (Note 7)	700,000 65,492 18,800,000	800,000 - 21,405,000
Total noncurrent liabilities	19,565,492	22,205,000
Total liabilities	25,395,503	28,099,892
Deferred Inflows of Resources - Deferred pension cost reductions (Note 9)	152,490	70,096
Net Position Net investment in capital assets Unrestricted	283,862,328 77,781,215	290,599,617 50,683,527
Total net position	\$ 361,643,543	\$ 341,283,144

Statement of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2021 and 2020

		2021		2020
Operating Revenues Passenger revenue Contract services Other	\$	548,078 2,923,277 460,208	\$	833,637 3,378,826 427,460
Total operating revenues		3,931,563		4,639,923
Operating Expenses Salaries, wages, and benefits Outsourced services and charges Materials and supplies Purchased transportation services Utilities Insurance Leases and rentals Employee development Transportation reinvestment program Depreciation		9,973,967 5,395,088 1,087,451 10,302,946 431,998 1,822,821 224,889 97,423 29,798 9,956,637	. —	11,609,934 4,884,281 1,922,266 10,091,453 431,838 1,783,994 226,632 185,783 - 9,558,814
Total operating expenses	_	39,323,018		40,694,995
Operating Loss		(35,391,455)		(36,055,072)
Nonoperating Revenue (Expense) Investment income Gain (loss) on sale of assets Sales tax revenue Transit system operating assistance grants Interest expense		31,178 42,344 35,332,154 19,633,941 (697,186)		320,793 (7,482) 29,817,365 16,843,203 (909,134)
Total nonoperating revenue		54,342,431		46,064,745
Income - Before capital contributions		18,950,976		10,009,673
Capital Contributions - Capital grants		1,409,423		3,472,676
Change in Net Position		20,360,399		13,482,349
Net Position - Beginning of year	_	341,283,144		327,800,795
Net Position - End of year	<u>\$</u>	361,643,543	\$	341,283,144

Statement of Cash Flows

Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities Receipts from customers Payments to suppliers Payments to employees and benefits	\$ 3,909,156 (20,267,338) (9,958,574)	\$ 5,344,945 (19,627,183) (11,557,058)
Net cash and cash equivalents used in operating activities	(26,316,756)	(25,839,296)
Cash Flows from Noncapital Financing Activities Operating grants and subsidies Sales tax received Net cash and cash equivalents provided by noncapital financing activities	18,741,443 34,529,445 53,270,888	14,212,860 29,259,386 43,472,246
Cash Flows from Capital and Related Financing Activities	33,270,000	45,472,240
Issuance of bonds Receipt of capital grants Proceeds from sale of capital assets Purchase of capital assets Principal and interest paid on capital debt, including refunding	22,870,000 2,340,389 52,344 (1,797,517) (25,762,186)	3,480,939 68,124 (4,084,232) (2,879,134)
Net cash and cash equivalents used in capital and related financing activities	(2,296,970)	(3,414,303)
Cash Flows from Investing Activities Interest received on investments Purchases of investment securities Proceeds from sale and maturities of investment securities	31,178 (4,472,839) -	320,793 (5,053,745) 5,000,000
Net cash and cash equivalents (used in) provided by investing activities	(4,441,661)	267,048
Net Increase in Cash and Cash Equivalents	20,215,501	14,485,695
Cash and Cash Equivalents - Beginning of year	 39,763,409	25,277,714
Cash and Cash Equivalents - End of year	\$ 59,978,910	\$ 39,763,409
Classification of Cash and Cash Equivalents Cash and cash equivalents Restricted cash	\$ 59,281,187 697,723	\$ 38,923,553 839,856
Total cash and cash equivalents	\$ 59,978,910	\$ 39,763,409

Statement of Cash Flows (Continued)

Years Ended September 30, 2021 and 2020

	_	2021	2020
Reconciliation of Operating Loss to Net Cash from Operating Activities Operating loss Adjustments to reconcile operating loss to net cash from operating activities:	\$	(35,391,455) \$	(36,055,072)
Depreciation		9,956,637	9,558,814
Changes in assets and liabilities: Receivables Inventory Prepaid and other assets Net pension asset/liability and related deferrals Accounts payable Accrued and other liabilities Unearned revenue		(19,049) (690,052) (262,184) 53,023 77,312 (37,630) (3,358)	743,247 18,474 74,958 (33,656) (194,368) 86,532 (38,225)
Net cash and cash equivalents used in operating activities	\$	(26,316,756) \$	(25,839,296)

Notes to Financial Statements

September 30, 2021 and 2020

Note 1 - Significant Accounting Policies

Reporting Entity

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

The Authority is governed by an 11-member board of directors. As of September 30, 2021, the board was composed of the following:

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

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

Blended Component Unit

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

Accounting and Reporting Principles

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

Report Presentation

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

Fund Accounting

Proprietary Funds

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

Basis of Accounting

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

Notes to Financial Statements

September 30, 2021 and 2020

Note 1 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

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

Investments

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

Receivables

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

Inventories

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

Prepaid Items

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

Restricted Assets

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

Capital Assets

Capital assets are defined by the Authority as assets that:

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

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

Interest incurred during the construction of capital assets is included as part of the capitalized value of the assets constructed.

September 30, 2021 and 2020

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

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

Current Liabilities

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

Unearned Revenue

The University of North Texas (UNT) and North Central Texas College (NCTC) have contracted with the Authority to provide transportation for faculty, staff, and students 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. The contract with NCTC expired on July 31, 2020. The Retreat at Denton also contracts with DCTA to provide transportation to its residents through the Connect service.

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

Notes to Financial Statements

September 30, 2021 and 2020

Note 1 - Significant Accounting Policies (Continued)

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

Net Position

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

Net Position Flow Assumption

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

Pension

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

Compensated Absences

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

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority is the sale of transit services. Passenger revenue consists of farebox collections and the sale of passes. Contract service revenue is related to providing transit services to third parties on a contractual basis. The Authority provides contract services for UNT; NCTC; the City of Frisco, Texas; the McKinney Urban Transit District; the City of Coppell, Texas; and Trinity Metro. The contract with NCTC expired on July 31, 2020.

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

Notes to Financial Statements

September 30, 2021 and 2020

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

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

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. The changes to fiscal year 2020 consist of a reclassification of \$9,931 from restricted cash to unrestricted cash, the breakout of \$1,654,920 of accrued liabilities and other from accounts payable, and the inclusion of \$621,036 of retainage payable in accounts payable. The net investment in capital assets was increased by \$621,036 to exclude retainage payable, and unrestricted net position was reduced by the same amount.

Reporting Change

In 2021, the Authority determined the North Texas Mobility Corporation should be combined with the Authority as opposed to presented as a separate enterprise fund. This change was applied to the 2020 financial statements as well. There was no impact to net position, as NTMC had zero net position.

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Authority's financial statements for the year ended September 30, 2021 but were extended to September 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2023.

September 30, 2021 and 2020

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Note 1 - Significant Accounting Policies (Continued)

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Authority's financial statements for the year ending September 30, 2022.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Note 3 - Service Agreement

On October 1, 2016, DCTA entered into a contract with First Transit Inc. for rail operations and maintenance. This contract includes management fees, maintenance of way, vehicle maintenance, train hours and car miles. The contract is accounted for under purchased transportation services. On October 31, 2020, Rio Grande Pacific Corporation assumed the contract in place of First Transit Inc. As of September 30, 2021, \$10,393,283 was spent on this contract, and the remaining commitment was \$63,317,465. Additionally, DCTA and the Dallas Area Rapid Transit (DART) entered into an interlocal operating agreement for ticket vending machine services and train platform maintenance.

Note 4 - Deposits and Investments

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

	 2021		2020
Cash and cash equivalents Investments Restricted cash and investments	\$ 59,281,187 9,537,185 697,723	\$	38,923,553 5,064,346 839,856
Total deposits and investments	\$ 69,516,095	\$	44,827,755

September 30, 2021 and 2020

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's cash and cash equivalents are deposited in various accounts, as allowed by the Texas Public Funds Investment Act and the Authority's investment policy. Balances for these accounts are insured by the Federal Deposit Insurance Corporation, and the deposits in excess of the insured amount are collateralized at 105 percent of the market value of the principal and accrued interest by pledged book entry securities held in a securities account at a federal reserve bank in the Authority's name by a third party or were invested in U.S. government securities, as allowed by the Texas Public Funds Investment Act.

Interest Rate Risk

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

At year end, the Authority had the following investments:

	2021			2020			
			Weighted- average Maturity			Weighted- average Maturity	
Investment	Carrying Value		(Days)		arrying Value	(Days)	
U.S. Treasury	\$	4,526,320	183	\$	1,012,070	197	
U.S. government agency securities		5,010,865	410		4,052,276	254	
TexSTAR investment pool		58,548,348	43		38,605,005	39	

Credit Risk

The Authority's investment policy minimizes credit risk by limiting allowable investments. In accordance with the Texas Public Funds Investment Act and the Authority's investment policy, the Authority invests in obligations of the United States or its agencies and instrumentalities. As of September 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

		2021			2020			
Investment	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization		
U.S. government agency securities TexSTAR investment pool	\$ 5,010,865 58,548,348	AA+ AAAm	S&P S&P	\$ 4,052,276 38,605,005	AA+ AAAm	S&P S&P		
Total	\$ 63,559,213			\$ 42,657,281				

Fair Value Measurements

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

Notes to Financial Statements

September 30, 2021 and 2020

Note 4 - Deposits and Investments (Continued)

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

The Authority has the following recurring fair value measurements as of September 30, 2021 and 2020:

- U.S. Treasury securities of \$4,526,320 and \$1,012,070, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of \$5,010,865 and \$4,052,276, respectively, are valued using a matrix pricing model (Level 2 inputs).
- The investment in the TexSTAR investment pool of \$58,548,348 and \$38,605,005, respectively, is measured at NAV.

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

Investments in Entities that Calculate Net Asset Value per Share

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

At September 30, 2021 and 2020, the Authority had investments in the TexSTAR investment pool of \$58,548,348 and \$38,605,005, respectively.

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

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

Notes to Financial Statements

September 30, 2021 and 2020

Note 5 - Receivables

Receivables at September 30, 2021 and 2020 consisted of the following:

	 2021	. —	2020
Operating - Ticket, token, and other receivables Sales tax	\$ 774,105 6,225,167	\$	755,056 5,422,458
Grants receivable	 3,848,952	. —	3,887,420
Total	\$ 10,848,224	\$	10,064,934

Note 6 - Capital Assets

Capital asset activity during the fiscal year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2021	
Capital assets not being depreciated: Land Construction in progress	\$ 17,394,147 20,014,331	\$ - (18,425,623)	\$ - 1,176,481	\$ <u>-</u>	\$ 17,394,147 2,765,189	
Subtotal	37,408,478	(18,425,623)	1,176,481	-	20,159,336	
Capital assets being depreciated: Rail Land improvements Vehicles Furniture and equipment Facilities Easement	283,178,861 12,166,783 12,584,752 7,035,417 31,760,649 16,997,155	17,369,093 (8,057) 1,064,587 - -	- - - - -	(667,052) - - -	300,547,954 12,158,726 12,982,287 7,035,417 31,760,649 16,997,155	
Subtotal	363,723,617	18,425,623	-	(667,052)	381,482,188	
Accumulated depreciation: Rail Land improvements Vehicles Furniture and equipment Facilities Easement	56,110,686 2,788,304 9,190,031 4,640,797 5,600,653 8,781,863	- - - - -	6,765,003 486,763 704,162 445,361 705,490 849,858	- (657,052) - - -	62,875,689 3,275,067 9,237,141 5,086,158 6,306,143 9,631,721	
Subtotal	87,112,334		9,956,637	(657,052)	96,411,919	
Net capital assets being depreciated	276,611,283	18,425,623	(9,956,637)	(10,000)	285,070,269	
Net capital assets	\$ 314,019,761	\$ -	\$ (8,780,156)	\$ (10,000)	\$ 305,229,605	

September 30, 2021 and 2020

Note 6 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended September 30, 2020 was as follows:

	Balance October 1, 2019		Reclassifications Additions			Disposals and Adjustments	s _	Balance eptember 30, 2020	
Capital assets not being depreciated:									
Land	\$	17,394,147	\$	-	\$	-	\$ -	\$	17,394,147
Construction in progress		20,536,649		(4,586,481)		4,064,163			20,014,331
Subtotal		37,930,796		(4,586,481)		4,064,163	-		37,408,478
Capital assets being depreciated:									
Rail		283,178,861		-		-	-		283,178,861
Land improvements		9,017,865		3,148,918		-	-		12,166,783
Vehicles		12,698,163		-		-	(113,411)		12,584,752
Furniture and equipment		5,567,482		1,437,563		35,700	(5,328)		7,035,417
Facilities		31,760,649		-		-	-		31,760,649
Easement		16,997,155							16,997,155
Subtotal		359,220,175		4,586,481		35,700	(118,739)		363,723,617
Accumulated depreciation:									
Rail		49,779,910		-		6,330,776	-		56,110,686
Land improvements		2,327,927		-		460,377	-		2,788,304
Vehicles		8,513,300		-		714,535	(37,804)		9,190,031
Furniture and equipment		4,148,347		-		497,779	(5,329)		4,640,797
Facilities		4,895,163		-		705,490	· -		5,600,653
Easement		7,932,006		-		849,857			8,781,863
Subtotal	_	77,596,653		-		9,558,814	(43,133)		87,112,334
Net capital assets being depreciated		281,623,522		4,586,481		(9,523,114)	(75,606)		276,611,283
Net capital assets	\$	319,554,318	\$		\$	(5,458,951)	\$ (75,606)	\$	314,019,761

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, 2021, \$16,150,000 had been paid to the Dallas Area Rapid Transit. The remaining payments of \$800,000 will be paid in annual payments until the contract expires (see Note 11). The Authority's right under the contract will expire in June 2030, which is 20-years after the execution of the contract. Amortization of this asset is being recognized over the 20-year useful life on a straight-line basis and was \$849,858 and \$849,857 for the years ended September 30, 2021 and 2020, respectively.

September 30, 2021 and 2020

Note 7 - Long-term Debt

Long-term debt activity for the years ended September 30, 2021 and 2020 can be summarized as follows:

					2021					
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	_	Additions		Reductions	Ending Balance	Du	ie within One Year
Bonds and contracts payable - Other debt:										
Sales Tax Revenue Refunding Bonds, Series 2020 Sales Tax Revenue	0.99%	\$805,000 - 2,065,000	\$ -	\$	12,930,000	\$	(1,605,000)	\$ 11,325,000	\$	1,600,000
Refunding Bonds, Series 2021 Sales Tax Revenue	1.28%	\$865,000 - 1,140,000	-		9,940,000		-	9,940,000		865,000
Refunding Bonds, Series 2009	3.99%	\$885,000 - 1,650,000 \$555.000 -	12,755,000		-		(12,755,000)	-		-
Sales Tax Bonds, Series 2011	3.13%	1,215,000	10,605,000		-		(10,605,000)			-
Total long-term debt			\$ 23,360,000	\$	22,870,000	\$	(24,965,000)	\$ 21,265,000	\$	2,465,000
					2020					
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance		Additions		Reductions	Ending Balance	Du	ie within One Year
Bonds and contracts payable - Other debt: Sales Tax Revenue Refunding Bonds, Series		\$885.000 -								
2009	3.99%	1,650,000 - \$555,000 -	\$ 13,915,000	\$	-	\$	(1,160,000)	\$ 12,755,000	\$	1,205,000
Sales Tax Bonds, Series 2011	3.13%	1,215,000	11,315,000		-		(710,000)	10,605,000		750,000
Total long-term debt			\$ 25,230,000	\$		\$	(1,870,000)	\$ 23,360,000	\$	1,955,000

Revenue Bonds

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. The Authority utilizes revenue bonds to finance capital expenditures. The Authority has pledged gross sales tax revenue. Proceeds from the bonds provided financing for acquisition of rail vehicles and the first phase of the new federal mandate for Positive Train Control. The remaining principal and interest to be paid on the bonds is \$22,681,449. During the current year, gross sales tax revenue of the Authority was \$35,332,154, compared to annual debt requirements of \$1,710,250.

Debt Service Requirements to Maturity

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

Years Ending September 30	_	Principal		_	Total	
2022 2023 2024 2025 2026 2027-2031 2032	\$	2,465,000 1,775,000 1,800,000 1,815,000 1,835,000 9,510,000 2,065,000	\$	234,048 212,438 192,299 171,811 151,102 434,310 20,441	\$	2,699,048 1,987,438 1,992,299 1,986,811 1,986,102 9,944,310 2,085,441
Total	\$	21,265,000	\$	1,416,449	\$	22,681,449

September 30, 2021 and 2020

Note 7 - Long-term Debt (Continued)

Advance Bond Refundings

During the year, the Authority issued \$12,930,000 in revenue bonds with an average interest rate of 0.99 percent. The proceeds of these bonds were used to advance refund \$12,755,000 of outstanding revenue bonds with an average interest rate of 3.99 percent. The net proceeds of \$12,845,475 (after payment of \$84,525 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding reduced total debt service payments over the next 8 years by \$1,707,058, which represents an economic gain of \$1,803,985.

During the year, the Authority issued \$9,940,000 revenue bonds with an average interest rate of 1.28 percent. The proceeds of these bonds were used to advance refund \$9,855,000 of outstanding revenue bonds with an average interest rate of 3.13 percent. The net proceeds of \$9,867,853 (after payment of \$72,147 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding reduced total debt service payments over the next 10 years by \$1,008,898, which represents an economic gain of \$938,899.

Significant Terms

The bond agreements require the Authority to establish and maintain a pledged revenue account and a bond fund account at a depository institution and segregate these accounts in the general ledger for the purpose of accumulating principal and interest when it becomes due and payable. At September 30, 2021 and 2020, the Authority was in compliance with this requirement.

Note 8 - Risk Management

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

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

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

September 30, 2021 and 2020

Note 8 - Risk Management (Continued)

- Information security, privacy liability, website media content liability \$1,000,000 aggregate limit, \$0 deductible
- Privacy breach response services \$25,000 per incident and in the aggregate, \$1,250 deductible per incident
- Regulatory defense and penalties/payment card industry fines and expenses/cyber extortion/first party data protection and network business interruption \$50,000 aggregate limit; \$2,500 deductible per claim, \$5,000 loss of income deductible

The Authority has a government crime policy with TML-IRP insuring against forgery and computer fraud up to \$1,000,000 in the aggregate. For the years ended September 30, 2021 and 2020, the Authority has not incurred any losses under this plan.

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

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

Note 9 - Pension Plans

Plan Description

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

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

Benefits Provided

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

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

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

September 30, 2021 and 2020

Note 9 - Pension Plans (Continued)

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits Inactive plan members entitled to but not yet receiving benefits Active plan members	2 34 32
Total employees covered by the plan	68

Contributions

The deposit rate for employees is 4 percent to 7 percent of compensation, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS board of trustees. Pursuant to state law, employers participating in the system must pay 100 percent of their actuarially determined required contributions on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, prefund benefit enhancements, and/or buffer against future adverse experience. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs. Monthly contributions by the Authority are based on the covered payroll and the employer contribution rate in effect. For fiscal years 2021 and 2020, the Authority made contributions of 6.25 percent and 6.26 percent, respectively.

Net Pension Liability

The Authority has chosen to use the December 31, 2020 measurement date as its measurement date for the net pension liability. The September 30, 2021 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2020 measurement date. The December 31, 2020 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

September 30, 2021 and 2020

Note 9 - Pension Plans (Continued)

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

	Increase (Decrease)										
O N. (D	T	otal Pension		Plan Net		et Pension					
Changes in Net Pension Liability		Liability		Position	(Asset) Liability						
Balance at December 31, 2019	\$	2,375,960	\$	2,401,949	\$	(25,989)					
Changes for the year:											
Service cost		354,281		-		354,281					
Interest		220,389		-		220,389					
Differences between expected and actual											
experience		(84,719)		-		(84,719)					
Changes in assumptions		221,352		-		221,352					
Contributions - Employer		-		202,396		(202,396)					
Contributions - Employee		-		160,377		(160,377)					
Net investment income		-		248,840		(248,840)					
Benefit payments, including refunds		(19,149)		(19,149)		-					
Administrative expenses		-		(2,197)		2,197					
Miscellaneous other charges		-		10,406		(10,406)					
Net changes		692,154		600,673		91,481					
Balance at December 31, 2020	\$	3,068,114	\$	3,002,622	\$	65,492					

The plan's fiduciary net position represents 97.9 percent of the total pension liability.

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

	Increase (Decrease)										
	Total Pension Plan Net				Net Pension						
Changes in Net Pension Liability		Liability	_	Position	Lia	bility (Asset)					
Balance at December 31, 2018	\$	1,861,885	\$	1,752,600	\$	109,285					
Changes for the year:											
Service cost		296,238		-		296,238					
Interest		174,468		-		174,468					
Changes in benefits		51,919		-		51,919					
Contributions - Employer		-		200,030		(200,030)					
Contributions - Employee		-		159,880		(159,880)					
Net investment income		-		287,455		(287,455)					
Benefit payments, including refunds		(8,550)		(8,550)		-					
Administrative expenses		-		(1,830)		1,830					
Other				12,364		(12,364)					
Net changes		514,075		649,349		(135,274)					
Balance at December 31, 2019	\$	2,375,960	\$	2,401,949	\$	(25,989)					

The plan's fiduciary net position represents 101.1 percent of the total pension liability as of the previous measurement date.

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

For the year ended September 30, 2021 and 2020, the Authority recognized pension expense of \$231,840 and \$172,966, respectively.

September 30, 2021 and 2020

Note 9 - Pension Plans (Continued)

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		20)21		2020					
		Deferred		Deferred		Deferred		Deferred		
		Outflows of		Inflows of		Outflows of		Inflows of		
	_	Resources	_	Resources	_	Resources	_	Resources		
Difference between expected and actual experience	\$	97,086	\$	91,617	\$	127,473	\$	35,762		
Changes in assumptions Net difference between projected and actual earnings on pension		182,878		-		8,061		-		
plan investments Employer contributions to the plan subsequent to the measurement		-		60,873		-		34,334		
date		141,166		-		154,913	_			
Total	\$	421,130	\$	152,490	\$	290,447	\$	70,096		

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

Year Ending December 31	 Amount
2021 2022 2023 2024	\$ 32,659 33,660 12,466 38,688
2025	 10,001
Total	\$ 127,474

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (average over career including inflation) of 3.50 to 8.00 percent, including wage inflation of 3.00 percent; an investment rate of return (gross of investment expenses) of 7.60 percent; and the RP-2014 Healthy Annuitant mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from January 1, 2013 through December 31, 2016.

Discount Rate

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

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

September 30, 2021 and 2020

Geometric Real

Note 9 - Pension Plans (Continued)

Investment Rate of Return

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

_	Asset Class	Target Allocation	Rate of Return (Expected Minus Inflation)
	J.S. equities	11.50 %	4.25 %
	Global equities	2.50	4.55
	nternational equities - Developed markets	5.00	4.25
	nternational equities - Beveloped markets	6.00	4.75
	nvestment-grade bonds	3.00	(0.85)
	Strategic credit	9.00	2.11
	Direct lending	16.00	6.70
	Distressed debt	4.00	5.70
	REIT equities	2.00	3.45
	Master limited partnerships	2.00	5.10
	Private real estate partnerships	6.00	4.90
	Private equity	25.00	7.25
	Hedge funds	6.00	1.85
	Cash equivalents	2.00	(0.70)
	•		` ,

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

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

<u>-</u>		Percentage pint Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)		
Net pension lia	ability (asset)	\$ 590,345	\$ 65,492	\$	(361,098)	

Assumption Changes

The December 31, 2020 actuarial valuation updated investment rate of return, net of investment and administrative expenses, from 8.00 to 7.50 percent; inflation from 2.75 to 2.50 percent; and discount rate from 8.10 to 7.60 percent

Note 10 - NTMC Defined Contribution Retirement Plans

The Authority sponsors one NTMC 401(k) plan for non-operator employees. The plan provides for the Authority to make a required matching contribution of 50 percent of the participant's elected deferral up to 6 percent. Contributions to the plan totaled \$9,138 and \$9,263 for the years ended September 30, 2021 and 2020, respectively.

The Authority sponsors one Amalgamated Transit Union (ATU) 401(k) plan for operator employees. The plan provides for the Authority to make a required matching contribution of 50 percent of the participant's elected deferral up to 3 percent. Contributions to the plan totaled \$460 for the year ended September 30, 2021. In 2020, the Authority did not match the ATU 401(k) plan. In April 2021, NTMC and the ATU went into bargaining negotiations and bargained a new collective bargaining agreement (CBA) for an employer match to this plan.

September 30, 2021 and 2020

Note 11 - Easement Obligation

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

Years Ending	 Amount						
2022 2023 2024 2025 2026 2027-2029	\$ 100,000 100,000 100,000 100,000 100,000 300,000						
Total	\$ 800,000						

The current portion of the easement obligation is \$100,000 as of September 30, 2021 and 2020.

September 30, 2021 and 2020

Note 12 - Component Unit Information

Condensed financial information detailing component unit activity is as follows:

	2021										
	DCTA		NTMC		Total		DCTA	_	NTMC	_	Total
Current Assets Long-term Assets Deferred Outflows of Resources	\$ 80,343,240 305,927,328 421,130		499,838 - -	\$	80,843,078 305,927,328 421,130	\$	5 53,858,895 314,895,537 290,447	\$	408,253 - -	\$	54,267,148 314,895,537 290,447
Total assets and deferred outflows	\$ 386,691,698	\$	499,838	\$	387,191,536	\$	369,044,879	\$	408,253	\$	369,453,132
Current Liabilities Long-term Liabilities Deferred Inflows of Resources	5,330,173 19,565,492 152,490		499,838 - -		5,830,011 19,565,492 152,490	-	5,486,639 22,205,000 70,096		408,253 - -		5,894,892 22,205,000 70,096
Total liabilities and deferred inflows	25,048,155		499,838		25,547,993		27,761,735		408,253		28,169,988
Net Position Net investment in capital assets Unrestricted	283,862,328 77,781,215		-	_	283,862,328 77,781,215		289,978,581 51,304,563		-		289,978,581 51,304,563
Total net position	361,643,543		-		361,643,543		341,283,144		-		341,283,144
Total liabilities and net position	\$ 386,691,698	\$	499,838	\$	387,191,536	\$	369,044,879	\$	408,253	\$	369,453,132
Operating Revenues	\$ 3,931,563	\$	-	\$	3,931,563	\$	4,639,923	\$	-	\$	4,639,923
Operating Expenses	32,802,554		6,520,464		39,323,018		33,139,568		7,555,427		40,694,995
Operating Loss	(28,870,991)	(6,520,464))	(35,391,455))	(28,499,645)		(7,555,427)		(36,055,072)
Other Revenue (Expense) Nonoperating revenue Capital contributions Payment from DCTA to NTMC	54,342,431 1,409,423 (6,520,464		- - 6,520,464		54,342,431 1,409,423 -		46,064,745 3,472,676 (7,555,427)		- - 7,555,427		46,064,745 3,472,676
Total other revenue	49,231,390		6,520,464		55,751,854		41,981,994		7,555,427		49,537,421
Change in net position	\$ 20,360,399	\$	-	\$	20,360,399	\$	13,482,349	\$	-	\$	13,482,349
Cash Flows from Operating Activities	\$ (26,864,831) \$	5,529	\$	(26,859,302)) \$	(25,883,237)	\$	43,941	\$	(25,839,296)
Cash Flows from Noncapital Financing Activities	54,223,364		-		54,223,364		43,472,246		-		43,472,246
Cash Flows from Capital and Related Financing Activities	(2,706,900)	-		(2,706,900))	(3,414,303)		-		(3,414,303)
Cash Flows from Investing Activities	(4,441,661)	_	_	(4,441,661)) _	267,048	_			267,048
Net Increase in Cash and Cash Equivalents	20,209,972		5,529		20,215,501		14,441,754		43,941		14,485,695
Cash and Cash Equivalents - Beginning of year	39,356,019	- ·	407,390	_	39,763,409	_	24,914,265		363,449	_	25,277,714
Cash and Cash Equivalents - End of year	\$ 59,565,991	\$	412,919	\$	59,978,910	\$	39,356,019	\$	407,390	\$	39,763,409

September 30, 2021 and 2020

Note 13 - Commitments and Contingencies

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 2022. The total lease expense was \$224,889 for 2021 and \$226,632 for 2020. The remaining lease payments for 2022 are \$119,639.

State and Federal Grants

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

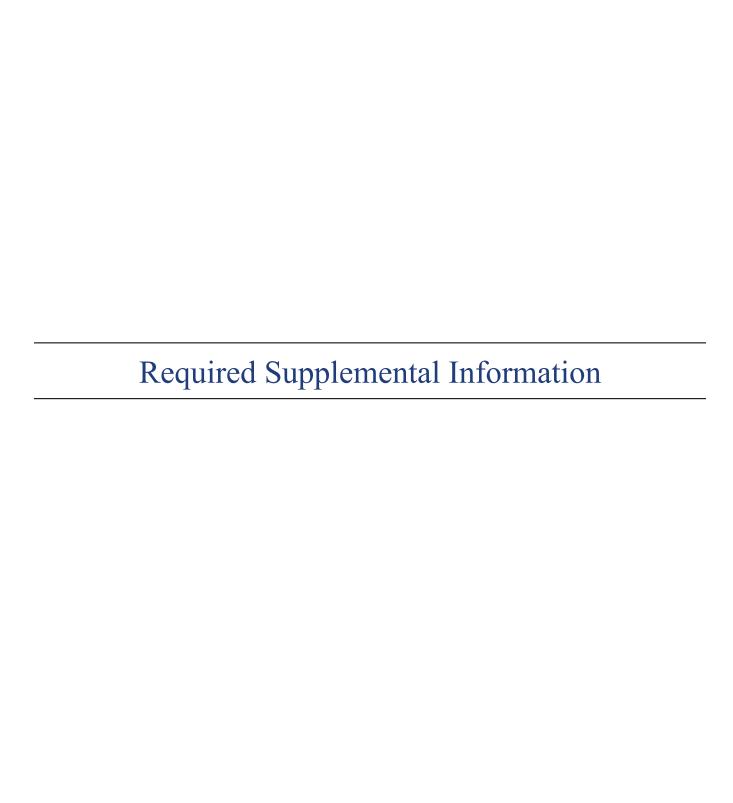
TRiP Projects

The Transportation Reinvestment Program (TRiP) will enable partnerships between DCTA and its member cities on mutually beneficial investments in transit-supportive projects by allowing DCTA to distribute funds to member cities for eligible projects consistent with DCTA's Long Range Service Plan and the Authority's enabling legislation, Chapters 431 and 460 of the Texas Transportation Code. TRiP was approved by the board as a five-year program with its first funding cycle in fiscal year 2021. The anticipated annual TRiP budget will be set at 15 percent of DCTA's net available fund balance from the previous fiscal year. For the initial program year and in addition to the set 15 percent, a one-time program startup amount of \$2,000,000 was dedicated to the TRiP project line item within the fiscal year 2021 budget. The Authority has made commitments totaling \$4,972,771 to local communities to support transit-related projects under the Authority's Transportation Reinvestment Program.

Note 14 - Operating Reserves

The board adopted a policy to designate three months' operating expenses as a reserve to address unanticipated emergencies, a sales tax stabilization fund, fuel stabilization, and a capital/infrastructure reserve. These reserves may be allocated by the approval of the board. At September 30, 2021 and 2020, the reserves are as follows:

		2021	 2020
Operating reserve Sales tax stabilization Fuel stabilization Capital/Infrastructure	\$	8,563,132 934,625 326,000 2,000,000	\$ 8,069,817 804,161 450,000 4,000,000
Total		11,823,757	\$ 13,323,978



Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

Last Seven Plan Years Ended December 31

	2020	2019		2018	 2017	 2016	 2015		2014
Total Pension Liability Service cost Interest Changes in benefit terms Differences between expected and actual	\$ 354,281 \$ 220,389 -	296,238 174,468 -	\$	268,708 138,144 -	\$ 232,727 102,436 -	\$ 202,663 70,330 -	\$ 159,650 \$ 60,290 (26,820)	ò	130,849 37,882 40,628
experience Changes in assumptions Benefit payments, including refunds	(84,719) 221,352 (19,149)	51,919 - (8,550)		20,678 - (4,744)	68,812 5,065 (3,633)	6,193 - (28,266)	(95,366) 13,055 (1,640)		87,214 - (12,905)
Net Change in Total Pension Liability	692,154	514,075		422,786	405,407	250,920	109,169		283,668
Total Pension Liability - Beginning of year	 2,375,960	1,861,885		1,439,099	 1,033,692	 782,772	 673,603		389,935
Total Pension Liability - End of year	\$ 3,068,114 \$	2,375,960	\$	1,861,885	\$ 1,439,099	\$ 1,033,692	\$ 782,772	\$	673,603
Plan Fiduciary Net Position Contributions - Employer Contributions - Employee Net investment income (loss) Administrative expenses Benefit payments, including refunds Other	\$ 202,396 \$ 160,377 248,840 (2,197) (19,149) 10,406	200,030 159,880 287,455 (1,830) (8,550) 12,364	·	184,229 149,818 (23,109) (1,408) (4,744) 9,955	\$ 148,998 122,330 152,471 (956) (3,633) 3,579	\$ 126,805 104,798 55,555 (604) (28,266) 22,435	\$ 108,954 \$ 92,022 (13,315) (472) (1,640) (57)	;	72,565 78,874 25,740 (366) (12,905) (27)
Net Change in Plan Fiduciary Net Position	600,673	649,349		314,741	422,789	280,723	185,492		163,881
Plan Fiduciary Net Position - Beginning of year	 2,401,949	1,752,600		1,437,859	 1,015,070	734,347	 548,855		384,974
Plan Fiduciary Net Position - End of year	\$ 3,002,622 \$	2,401,949	\$	1,752,600	\$ 1,437,859	\$ 1,015,070	\$ 734,347	<u>\$</u>	548,855
Authority's Net Pension Liability - Ending	\$ 65,492 \$	(25,989)	\$	109,285	\$ 1,240	\$ 18,622	\$ 48,425	\$	124,748
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.87 %	101.09 %		94.13 %	99.91 %	98.20 %	93.81 %		81.48 %
Covered Payroll	\$ 3,207,550 \$	3,197,604	\$	2,996,341	\$ 2,446,606	\$ 2,095,950	\$ 1,840,437 \$	Б	1,577,470
Authority's Net Pension Liability as a Percentage of Covered Payroll	2.04 %	(0.81)%		3.65 %	0.05 %	0.89 %	2.63 %		7.91 %

Schedule is built prospectively upon implementation of GASB 68.

Required Supplemental Information Schedule of Pension Contributions

Last Seven Fiscal Years Years Ended September 30

	2021	_	2020	 2019	_	2018	_	2017	 2016	2015
Actuarially determined contribution Contributions in relation to the	\$ 188,649	\$	206,622	\$ 188,483	\$	184,273	\$	143,780	\$ 120,475	\$ 99,864
actuarially determined contribution	 188,649		206,622	 188,483		184,273		143,780	 120,475	99,864
Contribution Excess (Deficiency)	\$ 	\$	-	\$ 	\$		\$		\$ 	\$
Covered Payroll	\$ 3,018,354	\$	3,300,495	\$ 3,025,716	\$	3,002,632	\$	2,364,645	\$ 2,001,375	\$ 1,776,972
Contributions as a Percentage of Covered Payroll	6.25 %		6.26 %	6.23 %		6.14 %		6.08 %	6.02 %	5.62 %

Notes to Schedule of Pension Contributions

Valuation date

Actuarial valuation information relative to the determination of contributions:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year

in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age

Amortization method Level percentage of payroll, closed

Remaining amortization period 20 years

Asset valuation method 5-year smoothed market

Inflation 2.50 percent

Salary increase Varies by age and service 4.6 percent average over career including inflation

7.50 percent - Net of administrative and investment expenses, including inflation

Retirement age Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age.

The average age at service retirement for recent retirees is 61.

Mortality 130 percent of the RP-2014 Healthy Annuitant Mortality Table for males and 110 percent of the RP-2014 Healthy

Annuitant Mortality for females, both projected with 110 percent of the MP-2014 Ultimate scale after 2014.

Other information None

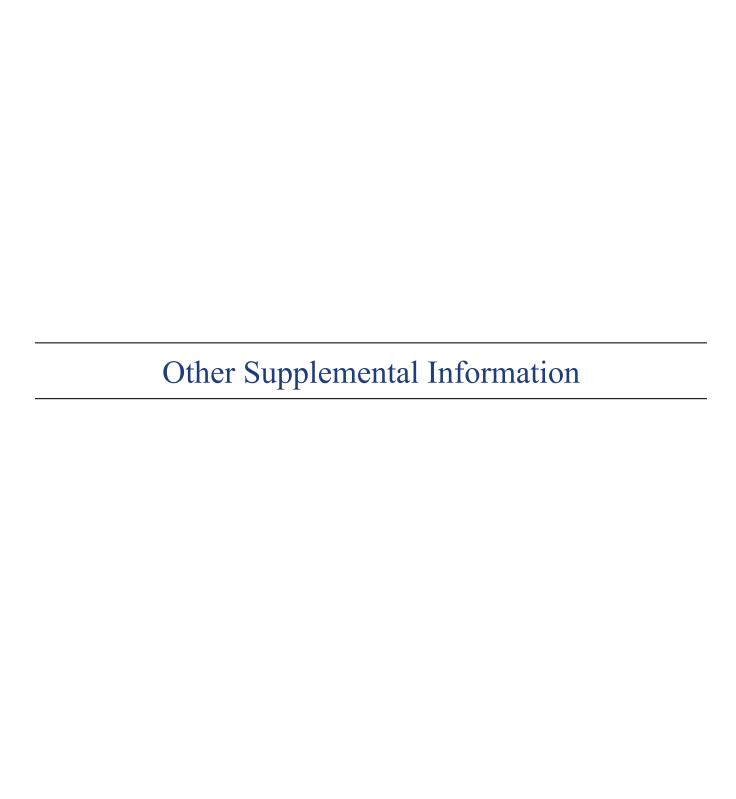
Note to Required Supplemental Information

September 30, 2021 and 2020

Pension Information

Changes in Assumptions

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



Other Supplemental Information Schedule of Revenue and Expenses - DCTA - Budget to Actual

Year Ended September 30, 2021 (with Comparative Actual for 2020)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2020
Operating Revenues Passenger revenue Contract services Other	\$ 580,291 3,458,402 -	\$ 580,291 3,633,760 200,000	\$ 548,078 2,923,277 460,208	\$ (32,213) (710,483) 260,208	\$ 833,637 3,378,826 427,460
Total operating revenues	4,038,693	4,414,051	3,931,563	(482,488)	4,639,923
Operating Expenses Salaries, wages, and benefits Outsourced services and charges Materials and supplies Purchased transportation services Utilities Insurance Leases and rentals Employee development Transportation reinvestment program Depreciation	4,193,211 3,955,959 2,917,735 10,732,539 506,668 1,681,336 238,468 241,304 - 10,489,375 34,956,595	4,263,661 6,247,868 2,883,995 11,402,257 508,810 1,715,712 238,468 241,604 29,798 10,489,375 38,021,548	3,945,499 5,028,644 1,086,848 10,302,946 431,998 1,712,923 224,889 82,372 29,798 9,956,637 32,802,554	318,162 1,219,224 1,797,147 1,099,311 76,812 2,789 13,579 159,232 - 532,738	4,398,509 4,683,164 1,922,266 10,091,453 431,838 1,656,122 226,632 170,770 9,558,814 33,139,568
Total operating expenses Operating Loss	(30,917,902)	(33,607,497)	(28,870,991)	4,736,506	(28,499,645)
Nonoperating Revenue (Expenses) Investment income Gain (loss) on sale of assets Sales tax revenue Transit system operating assistance grants Interest expense	100,000 - 26,624,124 16,506,873 (841,080)	100,000 - 31,154,178 19,143,234	31,178 42,344 35,332,154 19,633,941 (697,186)	(68,822) 42,344 4,177,976 490,707	320,793 (7,482) 29,817,365 16,843,203 (909,134)
Total nonoperating revenue	42,389,917	49,713,082	54,342,431	4,629,349	46,064,745
Capital Contributions - Capital grants	6,094,359	1,556,153	1,409,423	(146,730)	3,472,676
Transfers to NTMC	(8,027,839)	(8,214,303)	(6,520,464)	1,693,839	(7,555,427)
Change in Net Position	9,538,535	9,447,435	20,360,399	10,912,964	13,482,349
Net Position - Beginning of year	341,283,144	341,283,144	341,283,144		327,800,795
Net Position - End of year	\$ 350,821,679	\$ 350,730,579	\$ 361,643,543	\$ 10,912,964	\$ 341,283,144

Other Supplemental Information Schedule of Revenue and Expenses - NTMC - Budget to Actual

Year Ended September 30, 2021 (with Comparative Actual for 2020)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2020
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses Salaries, wages, and benefits Outsourced services and charges Materials and supplies Insurance Employee development	7,451,314 399,919 3,293 118,878 54,435	400,219 3,293 119,802	6,028,468 366,444 603 109,898 15,051	(1,608,086) (33,775) (2,690) (9,904) (39,384)	7,211,425 201,117 - 127,872 15,013
Total operating expenses	8,027,839	8,214,303	6,520,464	(1,693,839)	7,555,427
Transfers from DCTA	8,027,839	8,214,303	6,520,464	(1,693,839)	7,555,427
Change in Net Position	-	-	-	-	-
Net Position - Beginning of year		-			
Net Position - End of year	<u>\$</u> -	\$ -	\$ -	\$ -	<u> </u>

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Denton County Transpo	itution Au	inority											
											Net Pos	ition by C	omponent
												Last Te	n Fiscal Years
												•	ember 30, 2021
											(A	Accrual Basis	of Accounting)
	2012		2013	2014		2015	2016		2017	2018	2019	2020	2021
Net position													
Net investment in capital assets	\$ 303,747,	102 \$ 30	07,146,291	\$ 306,190,76	2 \$	302,581,220	\$ 306,005,66	1 \$	302,425,170	\$ 296,540,285	\$ 294,293,446	\$ 290,599,617	\$ 283,862,328
Unrestricted	17,220,	630	15,295,793	16,048,20	4	19,337,564	19,422,46	1	23,662,662	29,491,818	33,507,349	50,683,527	77,781,215
Total net position	\$ 320,967,	732 \$ 32	22,442,084	\$ 322,238,96	6 \$	321,918,784	\$ 325,428,12	2 \$	326,087,832	\$ 326,032,103	\$ 327,800,795	\$ 341,283,144	\$ 361,643,543

Changes in Net Position

Last Ten Fiscal Years September 30, 2021 (Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating revenues										
Passenger revenue	\$ 1,015,813	\$ 1,265,685	\$ 1,454,750	\$ 1,478,840 \$	1,406,471 \$	1,292,725 \$	1,114,734 \$	1,357,691 \$	833,637 \$	548,078
Contract services	2,927,341	2,980,804	3,061,389	2,935,371	3,383,656	3,716,481	3,416,001	4,201,278	3,378,826	2,923,277
Other	38,032	44,072	58,694	199,176	170,742	396,450	858,648	210,198	427,460	460,208
Total operating revenues	3,981,186	4,290,561	4,574,833	4,613,387	4,960,869	5,405,656	5,389,383	5,769,167	4,639,923	3,931,563
Operating expenses										
Salaries, wages, and benefits	6,293,238	6,702,365	7,658,566	8,346,152	9,144,246	10,425,981	11,137,613	12,367,693	11,609,934	9,973,966
Outsourced services and charges	1,431,693	1,628,119	1,937,441	2,722,176	2,598,749	6,209,389	4,348,623	6,202,321	4,884,281	5,395,088
Materials and supplies	3,010,582	3,071,662	2,891,739	2,528,741	2,036,382	2,317,170	2,508,020	2,445,770	1,922,266	1,087,452
Utilities	396,248	415,341	416,818	472,391	404,896	427,013	439,476	445,809	431,838	431,998
Insurance	362,960	625,788	775,986	780,112	849,981	1,600,932	1,707,909	1,697,189	1,783,994	1,822,821
Purchased transportation services	7,605,436	8,874,900	9,632,780	10,080,919	10,666,292	10,587,125	8,980,451	9,755,585	10,091,453	10,302,946
Leases and rentals	943,160	349,592	352,479	124,645	158,251	248,128	213,497	221,903	226,632	224,889
Employee development	126,190	144,743	123,609	186,598	184,509	203,467	274,072	281,968	185,785	97,423
Transportation reinvestment program	-	-	-	-	-	-	-	-	-	29,798
Depreciation	6,901,760	8,613,310	8,875,337	9,337,505	9,854,907	9,986,476	10,202,356	9,813,483	9,558,814	9,956,637
Total operating expenses	27,071,267	30,425,820	32,664,755	34,579,239	35,898,213	42,005,681	39,812,017	43,231,721	40,694,995	39,323,018
Operating loss	(23,090,081)	(26,135,259)	(28,089,922)	(29,965,852)	(30,937,344)	(36,600,025)	(34,422,634)	(37,462,554)	(36,055,072)	(35,391,455)
Non-operating revenues (expenses)										
Sales tax revenue	19,009,135	20,209,051	21,367,086	23,261,748	24,658,546	26,790,098	27,937,707	28,735,383	29,817,365	35,332,154
Capital grants	7,127,088	5,922,358	4,263,522	2,636,956	5,769,630	6,532,885	1,631,747	4,187,777	3,472,676	1,409,423
Transit system operating assistance grants	3,183,057	3,100,729	3,410,607	4,985,908	5,130,046	4,900,401	5,484,450	6,664,660	16,843,203	19,633,941
Investment income	53,927	32,137	21,100	24,772	59,364	122,250	350,924	597,793	320,793	31,178
Interest expense	(1,486,881)	(1,449,718)	(1,247,357)	(1,211,899)	(1,156,229)	(1,098,107)	(1,040,263)	(972,668)	(909,134)	(697,186)
Bond issuance costs and fees	(12,219)	(213,096)	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	52,269	8,150	22,825	(51,815)	(14,675)	12,208	2,340	18,301	(7,482)	42,344
Total non-operating revenues (expenses)	27,926,376	27,609,611	27,837,783	29,645,670	34,446,682	37,259,735	34,366,905	39,231,246	49,537,421	55,751,854
Change in net position	\$ 4,836,295	\$ 1,474,352	\$ (252,139)	\$ (320,182) \$	3,509,338 \$	659,710 \$	(55,729) \$	1,768,692 \$	13,482,349 \$	20,360,399

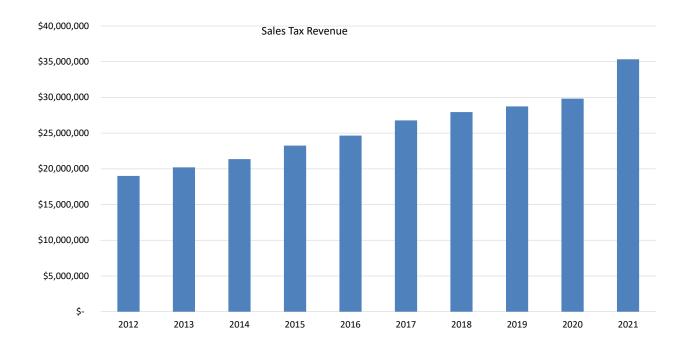
									Capi	tal Assets
									Last Tei	n Fiscal Years
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Capital assets not being depreciated:										
Land	\$ 16,228,337	\$ 16,228,337	\$ 16,228,337	\$ 16,228,337	\$ 16,228,337	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147
Construction in progress	19,504,570	20,713,356	10,900,642	9,866,224	13,785,056	18,124,446	18,251,850	20,536,649	20,014,331	2,765,189
Total capital assets not being depreciated	35,732,907	36,941,693	27,128,979	26,094,561	30,013,393	35,518,593	35,645,997	37,930,796	37,408,478	20,159,336
Other capital assets being depreciated:										
Rail assets	286,261,767	295,548,514	276,138,293	278,300,390	282,218,725	282,218,725	283,178,861	283,178,861	283,178,861	300,547,954
Land improvements	5,386,734	5,386,734	5,386,734	6,458,821	6,458,821	6,458,821	6,874,492	9,017,865	12,166,783	12,158,726
Vehicles and operating equipment	8,261,725	8,261,725	8,940,025	8,370,679	9,997,320	10,228,999	11,444,904	12,698,164	12,584,752	12,982,287
Leasehold improvements	55,506	55,506	55,506	55,506	55,506	-	-	-	-	-
Office furniture and equipment	1,077,612	1,379,286	1,958,428	3,211,034	3,935,542	5,272,885	5,426,024	5,567,481	7,035,417	7,035,417
Facilities	-	-	32,843,448	32,843,448	32,843,448	31,760,649	31,760,649	31,760,649	31,760,649	31,760,649
Easement	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155
Total other capital assets	318,040,499	327,628,920	342,319,589	346,237,033	352,506,517	352,937,234	355,682,085	359,220,175	363,723,617	381,482,188
Less accumulated depreciation:										
Rail assets	4,840,193	12,681,356	18,028,395	24,381,744	30,883,870	37,160,734	43,449,134	49,779,910	56,110,686	62,875,689
Land improvements	284,202	665,279	944,428	1,088,981	1,377,500	1,666,020	1,965,624	2,327,927	2,788,304	3,275,067
Vehicles and operating equipment	4,738,045	4,170,403	4,941,135	4,964,966	5,775,080	6,756,251	7,779,318	8,513,300	9,190,031	9,237,141
Leasehold improvements	55,506	55,506	55,506	55,506	55,506	-	-	-	-	-
Office furniture and equipment	349,772	454,902	713,240	1,000,296	1,604,281	2,389,010	3,424,947	4,148,347	4,640,797	5,086,158
Facilities	-	-	1,370,221	2,121,496	2,850,881	3,484,184	4,189,674	4,895,163	5,600,653	6,306,143
Easement	1,977,500	2,832,859	3,682,717	4,532,575	5,382,432	6,232,290	7,082,148	7,932,006	8,781,863	9,631,721
Total accumulated depreciation	12,245,218	20,860,305	29,735,642	38,145,564	47,929,550	57,688,489	67,890,845	77,596,653	87,112,334	96,411,919
Total capital assets, net	\$ 341,528,188	\$ 343,710,308	\$ 339,712,926	\$ 334,186,030	\$ 334,590,360	\$ 330,767,338	\$ 323,437,237	\$ 319,554,318	\$ 314,019,761	\$ 305,229,605

												R	evenue by	Source
													Last Ten F	iscal Years
	2012	2013	2014	2	2015		2016	2017		2018	2019		2020	2021
Revenue:														
Sales tax	\$ 19,009,135	\$ 20,209,051	\$ 21,367,086 \$	23	3,261,748 \$	2	24,658,546 \$	26,790,0	98 \$	27,937,707 \$	28,735,383	\$	29,817,365 \$	35,332,154
Passenger revenues	1,015,813	1,265,685	1,454,750	1	1,478,840		1,406,471	1,292,	25	1,114,734	1,357,691		833,637	548,078
Contract service revenues	2,965,373	3,024,876	3,120,083	3	3,134,547		3,554,398	4,112,9	31	4,274,649	4,411,476		3,806,286	3,383,485
Investment income	53,927	32,137	21,100		24,772		59,364	122,2	50	350,924	597,793		320,793	31,178
Grant revenues	10,310,145	9,023,087	7,674,129	7	7,622,864	1	10,899,676	11,433,2	86	7,116,197	10,852,437		20,315,879	21,043,364
Other revenues	52,269	8,150	22,825		(51,815)		(14,675)	12,2	08	2,340	18,301		(7,482)	42,344
Total revenue	\$ 33,406,662	\$ 33,562,986	\$ 33,659,973 \$	35	5,470,956 \$	4	40,563,780 \$	43,763,4	98 \$	40,796,551 \$	45,973,081	\$	55,086,478 \$	60,380,603

									Sales Tax	Revenue
									Last Ter	Fiscal Years
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales Tax Revenue	\$ 19,009,135	\$ 20,209,051	\$ 21,367,086	\$ 23,261,748	\$ 24,658,546	\$ 26,790,098	\$ 27,937,707	\$ 28,735,383	\$ 29,817,365	\$ 35,332,154
Compounded Percent Change from Base Year ⁽¹⁾		6.3%	12.4%	22.4%	29.7%	40.9%	47.0%	51.2%	56.9%	85.9%
Percent Change from Prior Year		6.3%	5.7%	8.9%	6.0%	8.6%	4.3%	2.9%	3.8%	18.5%
Average Growth										7.2%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department

Notes:



⁽¹⁾ Base Year for 2013 through 2021 is 2012.

Sales Tax Allocation Received by Member Cities

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City of Denton	\$ 24,367,672	\$ 24,954,131	\$ 26,062,974	\$ 28,717,159 \$	30,745,434 \$	34,956,511 \$	36,276,094 \$	36,402,338 \$	37,398,228 \$	43,498,977
City of Highland Village	3,196,265	3,244,944	3,514,486	3,591,789	3,695,262	3,727,797	3,804,755	4,154,270	4,144,890	4,596,666
City of Lewisville	26,061,918	28,564,305	30,175,350	32,359,597	35,063,635	37,100,766	39,118,841	40,976,630	41,904,104	51,215,079
Total	\$ 53,625,855	\$ 56,763,380	\$ 59,752,810	\$ 64,668,545 \$	69,504,331 \$	75,785,074 \$	79,199,690 \$	81,533,238 \$	83,447,222 \$	99,310,722

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



Long-term Debt Last Ten Fiscal Years

Fiscal Year	Ref	s Tax Revenue unding Bonds, eries 2009 ⁽¹⁾	(Contractual Obligations, eries 2011 ⁽¹⁾	Re	es Tax Revenue funding Bonds, Series 2020 ⁽¹⁾	R	ales Tax Revenue efunding Bonds, Series 2021 ⁽¹⁾		Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽³⁾
2012	\$	20,890,000	\$	14,390,000	\$	-	\$		-	\$35,280,000	0.15%	\$ 51.65
2013		20,005,000		14,390,000		-			-	34,395,000	0.15%	49.56
2014		19,085,000		14,390,000		-			-	33,475,000	0.14%	46.94
2015		18,130,000		13,835,000		-			-	31,965,000	0.12%	43.49
2016		17,135,000		13,250,000		-			-	30,385,000	0.11%	38.71
2017		16,105,000		12,635,000		-			-	28,740,000	0.09%	35.28
2018		15,030,000		11,990,000		-			-	27,020,000	0.08%	32.00
2019		13,915,000		11,315,000		-			-	25,230,000	0.07%	28.86
2020		12,755,000		10,605,000		-			-	23,360,000	(A)	25.92
2021		-		-		11,325,000		9,940,000	0	21,265,000	(A)	22.79

Sources:

Notes:

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

⁽¹⁾ DCTA Finance Department

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

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

Demographic and Economic Statistics for Denton County

Last Ten Fiscal Years

					Education Level in					
		Personal Income (in	Per Capita Personal		Years of Formal					
Fiscal Year F	Population (1)	Thousands) (2)	Income ⁽²⁾	Median Age ⁽²⁾	Schooling (2)	School Enrollment (2)	(3)			
2012	683,010	\$ 22,938,891	\$ 33,585	33.0	14.0	209,157	5.6%			
2013	694,050	23,497,063	33,855	33.4	14.1	215,359	5.4%			
2014	713,200	24,625,370	34,528	33.8	14.1	219,368	4.5%			
2015	734,970	25,660,743	34,914	34.2	14.1	223,446	3.4%			
2016	784,840	28,441,032	36,238	34.5	14.1	224,226	3.6%			
2017	814,560	30,894,632	37,928	34.9	14.2	228,173	3.1%			
2018	844,260	34,587,644	40,968	35.8	14.4	242,860	3.1%			
2019	874,240	37,742,689	43,172	36.0	14.3	249,086	2.8%			
2020	901,120	(A)	(A)	(A)	(A)	(A)	6.3%			
2021	933,220	(A)	(A)	(A)	(A)	(A)	3.9%			

Sources:

Notes:

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

⁽¹⁾ Regional Data Center, North Central Texas Council of Governments (NCTCOG) estimates

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

 $^{^{(3)}}$ Texas Workforce Commission, data for September of respective year

Principal Employers in Denton County September 30, 2021 and Nine Years Ago

		2021				2012		
			Percentage of	centage of		Percentage of		
			Number of	Total		Number of	Total	
10 Largest Employers	Industry	Rank	Employees (1)	Employment (2)	Rank	Employees (1)	Employment (2)	
Lewisville Independent School District	Education	1	6,363	1.27%	2	6,508	1.77%	
Charles Schwab Corp	Finance/Insurance	2	6,000	1.20%	-	(A)	(A)	
Wal-Mart	Retail	3	4,876	0.97%	3	3,900	1.06%	
University of North Texas	Education	4	4,614	0.92%	1	7,762	2.11%	
Denton Independent School District	Education	5	4,417	0.88%	4	3,266	0.89%	
Peterbilt Motors Co.	Manufacturing	6	3,075	0.61%	8	2,100	0.57%	
Northwest Independent School District	Education	7	2,694	0.54%	9	1,636	0.44%	
Nebraska Furniture Mart	Retail	8	2,000	0.40%	-	(A)	(A)	
Texas Woman's University	Education	9	1,875	0.37%	-	(A)	(A)	
Frito Lay	Food Distribution	10	1,712	0.34%	6	2,500	0.68%	
Centex Home Equity	Finance/Insurance				5	2,600	0.71%	
American Airlines Alliance	Transportation				7	2,154	0.58%	
Denton State School	Health Care/Social Assistance				10	1,500	0.41%	
			37,626	7.52%		33,926	9.20%	

Sources:

Notes:

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

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

⁽²⁾ Texas Workforce Commission

Total Employees and Contract Operations Last Ten Fiscal Years 2012 2013 2015 2017 2018 2019 2020 2021 2014 2016 **Employee Count** DCTA - Administration 18.00 22.00 23.75 26.75 27.25 29.75 33.75 42.50 35.50 36.00 Third Party Contract Operations: **Bus Services** 119.00 126.00 137.00 140.50 152.00 132.50 141.00 139.50 137.00 118.00 154.00 Total Full Time Equivalents (FTEs) 137.00 148.00 160.75 167.25 179.25 162.25 174.75 182.00 172.50

Sources: DCTA Finance Department

Notes:

Note 1: Figures represent total budgeted FTEs.

Note 2: Third party contract bus operations include TMDC employees in previous years and NTMC employees starting with FY19.

										Operating S	Statistics
											Fiscal Years
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actual Vehicle Revenue Miles											
Demand Response Directly Operated Transportation		244,606	237,817	236,203	226,065	276,159	260,833	264,591	284,103	204,413	135,902
Fixed Route Bus Directly Operated Transportation		1,269,081	1,213,224	1,223,746	1,403,748	1,482,110	1,626,952	1,625,327	1,643,943	1,307,863	1,190,682
A-train Rail Purchased Transportation		250,758	299,037	313,062	326,217	334,468	338,751	328,658	335,611	579,625	501,786
VanPool Purchased Transportation		38,478	360,277	461,253	618,963	822,901	785,538	689,889	718,019	1,005,519	1,491,900
Demand Response Taxi Purchased Transportation		-	-	-	-	-	13,766	61,695	97,277	67,987	67,179
Demand Response Purchased Transportation		-	-	-	-	-	-	-	-	-	64,204
Total Actual Vehicle Revenue Miles		1,802,923	2,110,354	2,234,264	2,574,993	2,915,638	3,025,840	2,970,160	3,078,953	3,165,407	3,451,653
Actual Vehicle Revenue Hours											
Demand Response Directly Operated Transportation		16,975	17,407	17,655	17,614	24,452	24,659	21,031	21,741	15,993	11,841
Fixed Route Bus Directly Operated Transportation		96,479	99,468	104,932	116,874	126,214	135,091	137,411	138,881	105,124	89,675
A-train Rail Purchased Transportation		10,121	11,125	12,215	13,149	13,580	13,511	13,208	13,765	26,354	23,285
VanPool Purchased Transportation		1,023	7,044	9,079	11,072	14,706	14,689	14,935	17,842	23,778	26,970
Demand Response Taxi Purchased Transportation		-	-	-	-	-	1,097	3,969	6,209	4,129	4,017
Demand Response Purchased Transportation		-	-	-	-	-	-	-	-	-	4,470
Total Actual Vehicle Revenue Hours		124,598	135,044	143,881	158,709	178,952	189,047	190,554	198,438	175,378	160,258
Total Annual Unlinked Passenger Trips - Bus		2,588,802	2,502,586	2,259,168	2,400,699	2,396,220	2,458,623	2,426,039	2,403,728	1,339,577	724,239
Total Annual Unlinked Passenger Trips - Rail		387,126	510,738	568,338	555,423	545,250	504,958	419,335	393,700	221,316	113,440
Total Annual Unlinked Passenger Trips - VanPool		5,764	66,294	80,235	134,662	199,044	145,020	128,088	128,171	154,812	216,451
Total Annual Unlinked Passenger Trips - Taxi		-	-	-	-	-	1,716	7,576	13,710	10,568	10,248
		2,981,692	3,079,618	2,907,741	3,090,784	3,140,514	3,110,317	2,981,038	2,939,309	1,726,273	1,064,378
Annual Passenger Miles											
Demand Response Directly Operated Transportation		221,474	237,922	236,238	226,214	258,644	202,774	204,529	260,791	195,020	135,764
Fixed Route Bus Directly Operated Transportation		7,818,249	7,415,162	6,092,976	7,132,608	6,322,593	5,918,759	5,828,301	5,748,291	3,182,297	1,675,782
A-train Rail Purchased Transportation		5,724,715	7,637,399	8,339,421	8,175,102	8,000,309	7,298,558	5,901,029	5,493,329	3,039,904	1,531,530
VanPool Purchased Transportation		167,761	1,906,523	3,413,865	3,258,528	6,439,172	6,119,250	5,618,838	5,787,405	7,205,612	10,788,190
Demand Response Taxi Purchased Transportation		-	-	-	-	-	13,923	61,441	97,339	68,014	67,302
Demand Response Purchased Transportation		-	-	-	-	-	-	-	-	-	53,733
Total Annual Passenger Miles		13,932,199	17,197,007	18,082,500	18,792,452	21,020,718	19,553,264	17,614,138	17,387,155	13,690,847	14,252,301
Operating Expenses											
Demand Response Directly Operated Transportation	\$	1,383,900 \$	1,478,366 \$	1,569,707 \$	1,429,741 \$	1,703,434 \$	2,225,894 \$	2,421,592 \$	3,027,013 \$	2,557,881 \$	1,967,427
Fixed Route Bus Directly Operated Transportation		7,994,301	8,456,825	9,179,521	9,934,604	10,956,771	11,877,132	12,657,498	13,838,874	13,165,615	11,555,180
A-train Rail Purchased Transportation		9,787,380	11,319,050	12,402,812	13,429,333	12,757,014	13,528,182	13,680,466	14,464,826	14,086,602	13,623,014
VanPool Purchased Transportation		57,969	221,587	327,211	356,865	430,362	392,099	386,401	424,355	605,410	735,614
Demand Response Taxi Purchased Transportation			-	- /			187,927	281,604	364,491	303,210	374,351
Demand Response Purchased Transportation		-	-	-	_	-	- /-	- /	/ -	-	620,655
Total Operating Expenses	\$	19,223,550 \$	21,475,827 \$	23,479,251 \$	25,150,543 \$	25,847,581 \$	28,211,234 \$	29,427,561 \$	32,119,559 \$	30,718,718 \$	28,876,241
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Actual Vehicle Revenue Miles: The miles a vehicle travels while in revenue service. This definition includes layover and recovery, but excludes travel to and from storage facilities, the training of operators prior to revenue service, road tests, deadhead travel, and school bus and charter service. FY 2015 includes special service. For A-train, this is defined as revenue train miles.

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

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

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

Source: National Transit Database

	Farebox 1	Recovery]	Percentage
--	-----------	------------	------------

Last Ten Fiscal Years

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
47.65%	46.30%	46.07%	42.73%	44.14%	41.25%	36.35%	39.51%	33.04%	31.76%
5.51%	6.53%	6.87%	6.15%	6.17%	5.36%	5.33%	5.25%	3.29%	2.10%
		Fare St	ructure at 9/30	/2021					
		Re	egional (Bus & I	Rail)					
\$	1.50	Re	egional Day Pas	S				\$	12.00
	0.75	Re	egional Day Pas	s Reduced*					3.00
	3.00	Re	egional 10 Pack	of Day Passes					84.00
	1.50	Regional Monthly/31-Day Pass							192.00
	15.00	Re	egional Monthly	//31-Day Pass R	educed*				48.00
Local System 10 Pack of Day Passes 20.00				Pass					1,920.00
Local System Monthly/31-Day Pass 48.00				Pass Reduced*					576.00
	24.00	Re	egional Universi	ty Full Semeste	r Pass**				240.00
	480.00	Regional University Summer Semester Pass**							144.00
	240.00	Regional University Annual Pass**							576.00
	120.00								
**	72.00	A	ccess						
	240.00	Ad	ccess One-Way	Trip					3.00
		Ad	ccess 10-Ride Bo	ook					30.00
	0.75	<u>Co</u>	ollin County Tra	nsit Demand R	<u>esponse</u>				
		Во	oarding fare						2.25
			Plus fare per m	nile					1.80
	3.00								
	5.00								
	47.65% 5.51% \$	\$ 1.50 0.75 3.00 1.50 20.00 48.00 24.00 480.00 240.00 120.00 ** 72.00 240.00	47.65% 46.30% 46.07% 5.51% 6.53% 6.87% Fare St \$ 1.50	47.65% 46.30% 46.07% 42.73% 5.51% 6.53% 6.87% 6.15% Fare Structure at 9/30 Regional (Bus & I) \$ 1.50 Regional Day Pass 0.75 Regional Day Pass 3.00 Regional Monthly 15.00 Regional Monthly 20.00 Regional Monthly 20.00 Regional Annual I 48.00 Regional Annual I 48.00 Regional Universi 480.00 Regional Universi 240.00 Regional Universi 240.00 Regional Universi 240.00 Regional Universi 240.00 Regional Universi 0.75 Collin County Tra Boarding fare Plus fare per m	47.65% 46.30% 46.07% 42.73% 44.14% 5.51% 6.53% 6.87% 6.15% 6.17% Fare Structure at 9/30/2021 Regional (Bus & Rail) Regional Day Pass 0.75 Regional Day Pass Reduced* 3.00 Regional Day Pass Reduced* 1.50 Regional Monthly/31-Day Pass Regional Monthly/31-Day Pass Regional Monthly/31-Day Pass Regional Annual Pass Reduced* 20.00 Regional Annual Pass Reduced* 24.00 Regional University Full Semeste 480.00 Regional University Summer Sem 240.00 Regional University Annual Pass* 120.00 ** 72.00 Access 240.00 Access One-Way Trip Access 10-Ride Book 0.75 Collin County Transit Demand Resorting For Marce Plus fare per mile 3.00	47.65% 46.30% 46.07% 42.73% 44.14% 41.25% 5.51% 6.53% 6.87% 6.15% 6.17% 5.36% Fare Structure at 9/30/2021 Regional (Bus & Rail) \$ 1.50 Regional Day Pass 0.75 Regional Day Pass Reduced* 3.00 Regional 10 Pack of Day Passes 1.50 Regional Monthly/31-Day Pass 15.00 Regional Monthly/31-Day Pass Reduced* 20.00 Regional Annual Pass 48.00 Regional Annual Pass Reduced* 24.00 Regional University Full Semester Pass** 480.00 Regional University Summer Semester Pass** 480.00 Regional University Annual Pass* 480.00 Regional University Annual Pass* 480.00 Regional University Annual Pass* 6.15% 6.17% 5.36% Regional Day Pass Reduced* Regional Monthly/31-Day Pass Regional University Full Semester Pass** Also Also Access One-Way Trip Access 10-Ride Book 0.75 Collin County Transit Demand Response Boarding fare Plus fare per mile	47.65% 46.30% 46.07% 42.73% 44.14% 41.25% 36.35% 5.51% 6.53% 6.87% 6.15% 6.17% 5.36% 5.33% Fare Structure at 9/30/2021 Regional (Bus & Rail) \$ 1.50	47.65% 46.30% 46.07% 42.73% 44.14% 41.25% 36.35% 39.51% 5.51% 6.53% 6.87% 6.15% 6.17% 5.36% 5.33% 5.25% Fare Structure at 9/30/2021 Regional (Bus & Rail) \$ 1.50 Regional Day Pass 0.75 Regional Day Pass Reduced* 3.00 Regional 10 Pack of Day Passes 1.50 Regional Monthly/31-Day Pass 15.00 Regional Monthly/31-Day Pass Reduced* 20.00 Regional Annual Pass 48.00 Regional Annual Pass Reduced* 24.00 Regional University Full Semester Pass** 480.00 Regional University Full Semester Pass** 480.00 Regional University Summer Semester Pass** 480.00 Regional University Annual Pass** 72.00 Access 240.00 Access One-Way Trip Access 10-Ride Book 0.75 Collin County Transit Demand Response Boarding fare Plus fare per mile	47.65% 46.30% 46.07% 42.73% 44.14% 41.25% 36.35% 39.51% 33.04% 5.51% 6.53% 6.87% 6.15% 6.17% 5.36% 5.33% 5.25% 3.29% Fare Structure at 9/30/2021 Regional (Bus & Rail) \$ 1.50

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

Source: DCTA Finance Department

^{*} Reduced = Seniors (65+), disabled (with DCTA issued ID), Medicare cardholders, and students (Ages 5-18, students over the age of 14 require a valid high school or DCTA issued ID)

^{**} Students, faculty or staff attending colleges with physical campuses within Denton County are eligible to participate in the University Pass Program. Proof of enrollment/employment is required.

