



Board of Directors Regular Meeting February 23, 2023 | 10:00 a.m.

NOTICE IS HEREBY GIVEN that the members of the Denton County Transportation Authority (DCTA) Board of Directors will hold a Regular Meeting on Thursday, February 23, 2023, at 10:00 a.m. at the DCTA Administrative Offices located at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057 and by Zoom Video Conference at which time the following agenda will be discussed.

The public is allowed to use the ZOOM link below to participate in a Board Meeting. To join the meeting, please use the information below:

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/83301237326?pwd=QmFiMTFBYzIiVWit5bGN3SWxxeGRSZz09>

Passcode: 376003

Or One tap mobile: US: +13462487799

Or Telephone: US: +1 346 248 7799

Webinar ID: 833 0123 7326

Passcode: 376003

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

CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

PUBLIC COMMENT

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

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

Citizens that are not able to participate in-person must email his or her public comment to kmorris-perkins@dcta.net no later than **3:00 pm on Wednesday, February 22, 2023**, to ensure the comment will be distributed to Board Members prior to the meeting.



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

CONSENT AGENDA

1. Consider Approval of Cooperative Agreements with North Texas Share, BuyBoard, and Omnia Partners for Parts, Tools, and Supplies

(packet page 6)

Action Item

Backup Information: Memo

2. Consider Approval of Regular Meeting Minutes dated January 26, 2023

(packet pages 7-12)

Action Item

Backup Information: Exhibit 1: January 26, 2023 Meeting Minutes

3. Consider Approval of a Resolution to Approve the North Texas Mobility Corporation (NTMC) Amended and Restated Bylaws as Approved by the NTMC Board of Directors on February 16, 2023

(packet pages 13-42)

Action Item

Backup Information: Memo

Exhibit 1: NTMC Amended and Restated ByLaws (redline)

Exhibit 2: NTMC Amended and Restated ByLaws (adopted changes)

Exhibit 2: Draft Resolution

REGULAR AGENDA

1. Discuss and Consider Acceptance of the FY 2022 Financial Audit

(packet pages 43-125)

Action Item Backup

Information:

Memo

Exhibit 1: Annual Comprehensive Financial Report (as of September 30, 2022)

Exhibit 2: Single Audit Report (as of September 30, 2022)

Exhibit 3: Draft End of Audit Letter

2. Consider Approval of Monthly Financial Statements for December 2022 and Quarterly Reports for Quarter 1- Fiscal Year (FY) 2023 and Receive Update from the Chief Financial Officer regarding Finance Operations

(packet pages 126-130)

Action Item

Backup Information: Memo

Exhibit 1: Financial Statements (December 2022)

Exhibit 2: Capital Project Report (December 2022)

3. Provide an update on the A-train Enhancement Study

[\(packet page 131\)](#)

Discussion Item

Backup Information: Memo

4. Discuss Marketing and Communications Director Update and Denton County Transportation Authority (DCTA) Communications Evolution

[\(packet page 132\)](#)

Discussion Item

Backup Information: Memo

5. Discuss Denton County Transportation Authority (DCTA) Customer Service Function, Providers, and Alternatives

[\(packet page 133\)](#)

Discussion Item

Backup Information: Memo

6. Discuss Transit Asset Management Plan and Long-Range Financial Planning

[\(packet page 134\)](#)

Discussion Item

Backup Information: Memo

7. Discuss Federal Legislative Update

[\(packet page 135-136\)](#)

Discussion Item

Backup Information: Memo

8. Discuss Local and Regional Transportation Updates and Legislative Issues

[\(packet pages N/A\)](#)

Discussion Item

INFORMATIONAL REPORTS

1. Monthly Safety, Service and Ridership Reports

[\(packet pages 137-146\)](#)

Backup Information: Memo

Exhibit 1: Safety Performance – FY to Date

Exhibit 2: Service Performance – FY to Date

Exhibit 3: Ridership by Mode – January 2023

Exhibit 4: Connect and GoZone Ridership by Month and Year

Exhibit 5: Connect Ridership Year-Over-Year by Month

Exhibit 6: A-train Year-Over-Year Ridership Comparison

Exhibit 7: Fixed-Route Ridership – January 2023

Exhibit 8: UNT Ridership Year-Over-Year by Month



2. Update on Denton County Transportation Authority (DCTA) and Dallas Area Rapid Transit (DART) Interlocal Agreement for the Joint Rail Operations Facility (JROF)(packet pages 147-148)

Backup Information: Memo

3. Monthly Financial Reports (packet pages 149-152)

Backup Information: Memo
Exhibit 1: Monthly Sales Tax Report

4. North Central Texas Council of Governments (NCTCOG) Grant Funding Opportunity for Repurpose/Rehabilitation of Bus Stops and Shelters and A-train Extended Service Hour Pilot Program (packet pages 153-154)

Backup Information: Memo

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS

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

Next Regular Board Meeting Date: March 23, 2023

REPORT ON ITEMS OF COMMUNITY INTEREST

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

CONVENE EXECUTIVE SESSION

Pursuant to Section 551.074 of the Texas Government Code, Personnel Matters, the Board will convene into Closed Executive Session to discuss the duties and evaluation of the Chief Executive Officer (Mid-Year Performance Review)

Pursuant to Section 551.072 of the Texas Government Code, Real Property, the Board will convene into Closed Executive Session to discuss generally located at Lot 1, Block A of Denton County Transportation Authority (DCTA) Hebron Station Addition

RECONVENE OPEN SESSION

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

ADJOURN



Board Members:

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

Alternates

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

Non-Voting Board Members:

Dennie Franklin, Frisco
Mark Miller, Flower Mound
Jeremie Maurina, The Colony
Connie White, Small Cities
Tom Winterburn, Corinth
Vacant, Little Elm

Staff Liaison:

Paul Cristina, CEO

This notice was posted on February 17, 2023 by 5pm.

Kisha Morris-Perkins
Executive Assistant | Board Process Manager



Board of Directors Memo

February 23, 2023

SUBJECT: Consider Approval of Cooperative Agreements with North Texas Share, BuyBoard, and Omnia Partners for Parts, Tools, and Supplies

Recommendation

Staff recommends the Board approve DCTA to utilize Cooperative Agreements within approved budgets for each fiscal year.

Background

Previously, the Board of Directors approved entering Interlocal Agreements with North Texas Share, BuyBoard and Omnia Partners for cooperative purchasing. All three purchasing cooperatives have a multitude of cooperative purchasing programs available to public agencies. All contracts are competitively solicited and publicly awarded by government entities, utilizing industry best practices, processes, and procedures. The Interlocal Agreements allow DCTA to participate in the cooperative buying power which helps DCTA save time and reduces product and administrative costs.

In January 2020, the Board of Directors approved a maximum expenditure of \$300,000 between the three Cooperative Agreements. Use of the publicly procured Cooperative Agreements allows DCTA to realize a cost and time benefit by allowing staff to focus on other procurements and projects.

Previous Board Activity & Action

January 26, 2023: Information Item

Identified Need

DCTA entered into Interlocal Agreements with three purchasing cooperatives. The use of these cooperative agreements allows DCTA to purchase auto parts and other items as needed.

Staff would like to continue to utilize these agreements for these purchases throughout each fiscal year to purchase various auto parts and miscellaneous items as needed. DCTA would like to remove the fixed dollar cap and allow purchases up to the annual appropriated and approved budget threshold.

Financial Impact

There is a cost savings by utilizing Cooperative Agreements.

Submitted By: _____
Troy Raley, Senior Director of Bus Operations

Reviewed By: _____
Brandy Hazel, Manager of Contracts and Procurement

Reviewed By: _____
Sherrelle Evans-Jones, Chief Financial Officer



Board of Directors Regular Meeting Minutes

January 26, 2023 | 10:00 a.m.

The Board of Directors of the Denton County Transportation Authority (DCTA) convened a Regular Board of Directors Meeting with Chair Cesar Molina presiding on Thursday, January 26, 2023 at 10:00am, located at the DCTA Administrative Offices, 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057.

Voting Members

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

Alternates

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

Non-Voting Members

Board Member Tom Winterburn, City of Corinth
Board Member Dennie Franklin, City of Frisco
Board Member Connie White, Small Cities
Board Member Mark Miller, City of Flower Mound
Board Member Jeremie Maurina, City of The Colony

Legal Counsel

Joe Gorfida, NJDHS

DCTA CEO

Paul A. Cristina

CALL TO ORDER

Chair Molina called the meeting to order at 10:02am. All Board Members were present with the exception of Board Secretary Costa and Board Member Franklin. Note: Alternate Board Member Stevens filled in for Ms. Costa.

INVOCATION

Board Member Smith provided the invocation.

PLEDGE OF ALLEGIANCE

The Board of Directors and staff recited the Pledge of Allegiance to the United States and Texas flags.

INTRODUCTIONS

Maurice Bell, Chief Operating Officer
Sherrelle Evans-Jones, Chief Financial Officer
Violet Killeen, Accountant II
De'Andrea Harrell, Accounts Payable Coordinator

PUBLIC COMMENT

No one from the public wished to address the Board of Directors at this time.

CONSENT AGENDA

1. Consider Approval of Denton County Transportation Authority (DCTA) Chief Executive Officer (CEO) Evaluation Policy
2. Consider Approval of a Resolution Approving Budget Revision 2023-01 for Alliance Lyft Services
3. Consider Approval of a Resolution Designating Sherrelle Evans-Jones as the Investment Officer
4. Consider Appointment of Cassey Ogden to Fill an Unexpired Term of David Gaines on the North Texas Mobility Corporation (NTMC) Board of Directors
5. Consider Approval of Monthly Financial Statements for November 2022 and Quarterly Reports for Q1 FY2023
6. Consider Approval of Regular Meeting Minutes dated December 1, 2022

Motion by Board Member Eads with a second by Board Member Maguire to approve the Consent Agenda as presented. Motion passes 5-0. Note: Approving the Consent Agenda also approved Resolution R23-01 and Resolution R23-02.

REGULAR AGENDA

1. **Discuss and Consider Approval of Task Order #10 with AECOM for Electronic Security Technology Planning Assessment**

Javier Trilla, AVP of Innovation and Technology, presented to the Board the Expanded Level Project: Security Camera, Access Control and Station Signage Study highlighting the following:

- Approved Budget: \$150,000
- Current State (Bus Operations and Maintenance Facility has the only functional camera system; aged cameras located on both bus and rail; decentralized building access control systems; and lack of real-time information on train schedules)

- Scope (Identify needs for enhanced physical security and access control across the agency; identify hardware and infrastructure needed; develop program of projects to accomplish objectives; identify needs for ongoing support.
- Project deliverables and Timeline – January 2023 through May 2023

Motion by Board Member Maguire with a second by Vice-Chair Gilmore to approve as presented. Motion passes 5-0.

2. Discuss and Consider Approval of Fiscal Year 2022 Transportation Reinvestment Program (TRiP) Annual Report and Fiscal Year 2023 Call for Projects

Tim Palermo, Planning and Data Analytics Manager, presented to the Board highlighting the following:

- Why TRiP (Transportation Reinvestment Program)
- TRiP Process (Steps 1-4)
- Funding Background (Note: Unobligated funds designated to each member city may rollover for up to three (3) years)
- FY22 Program Highlights
- FY23 Adopted TRiP Budget
- FY23 TRiP Program Funding Levels with FY21 and FY22 Rollover Amounts
- FY23 Call for Projects
- TRiP Project Selection – Key Dates (2023)

Board discussion regarding utilizing the “rollover” funds before expiration date.

Motion by Board Member Eads with a second by Vice-Chair Gilmore to approve as presented. Motion passes 5-0.

3. Discuss Safety, Service and Ridership Metrics Reporting

Paul Cristina, CEO, presented information to the Board outlining the purpose of the briefing: Define types of reporting requirements; propose form of regular reporting to stakeholders in FY23; and, identify existing and proposed internal reporting mechanisms. Mr. Cristina highlighted the following:

- DCTA Organizational Approach
- Safety Reporting at DCTA (Federal Railroad Administration System Safety Program Plan and Federal Transit Administration Public Transportation Agency Safety Plan (PTASP) for Rail, Motor Bus and GoZone – Microtransit)
- Safety Performance: Quarter 1 – FY2023
- Reporting Process: Safety (Existing/Development)

- Service Performance: Quarter 1 FY2023
- Reporting Process: Ridership and Service (Existing/Potential)
- FY22 Ridership Recap
- Ridership by Travel Mode – December 2022

Board discussion regarding the A-train ridership increase because of GoZone “drop-offs” and whether there is a pattern.

No Board action required at this time; however, the Board thanked staff for the safety metrics and the comprehensiveness of data surrounding safety.

4. Discuss Intermediate Service Plan Update (JT)

Paul Cristina, CEO and Javier Trilla, AVP of Innovation and Information Technology presented the Board highlighting the following:

- Intermediate Service Plan Goal
- GoZone Ridership and Seat Unavailability – September 2021 through December 2022
- GoZone and Fixed Route Operating Costs
- 2022 Cost Operations Analysis (COA) Bus Productivity
- Intermediate Service Plan – Recap
- Current Service Plan: Network of Interest
- GoZone Activity in Vicinity of University of North Texas (UNT)
- Intermediate Service Plan – Multimodal Technology
- Intermediate Service Plan – Process

Board discussion regarding public engagements, communications and “touchpoints” with the Board, bus operators and the public, and the importance of continuing conversations with UNT. Note: Board question regarding whether there is a decrease in sales tax (summer months) in the City of Denton (Board Member Maguire will investigate).

No Board action required at this time.

5. Discuss Marketing and Communications Review of January 1, 2023 Service and Fare Change Roll Out and Next Steps for Fare Media Transition

Brittney Farr, Senior Director of Engagement and Administration, presented to the Board highlighting the following:

- Executive Summary: January 1, 2023 Service and Fare Change
- Implementing the January Service & Fare Change
 - Finalize new routes/schedules
 - Notification of stakeholders and public
 - Updates to apps and websites

- Fare Media Designs
 - New fare transition
- Advertising and Public Information Efforts
 - Advertising Print and Digital
 - Cumulus geo-fenced web advertising
 - Radio (KNTU 88.1)
 - Advertising – Kiosks at Texas Women’s University
 - Billboards (4 digital, 1 static)
- Community Outreach Activities
- Fare Media Redesign
- Discussion of Major Fare Media Changes
- Fare Media Transition (ID Badges)
- ADA Paratransit Transition – Next Steps
- Key Takeaways
 - No major service and fare change is flawless.
 - Overall, no major issues reported.
 - Continuing work on fare media transition.
 - There is value in face-to-face trainings and information sessions.
 - There is value in widespread, multi-outlet communications and advertising.
 - Continue to make it easy for the rider.

The Board discussion regarding a grace period for the transition of the new passes and the process to obtain new passes. In addition, the Board and CEO congratulated the entire staff on a successful service and fare change for 2023.

6. Discuss Local and Regional Transportation Updates and Legislative Issues

Chair Molina highlighted topics from the Regional Transportation Council (RTC) and the Dallas Regional Mobility Coalition (DMRC) highlighting: HHWA contracts, property tax relief bills, electric vehicles, temporary paper tags on vehicles, and air quality as discussed in the respective meetings. Chair Molina noted that he will not be in attendance for the next DMRC meeting and asked if Secretary Costa (DMRC Alternate) could attend and/or a representative from DCTA.

INFORMATIONAL REPORTS

1. Monthly Financial Reports

Backup Information: Memo 1: Monthly Sales Tax Receipts
Exhibit 1: Monthly Sales Tax Report

2. Monthly Ridership Reports

Backup Information: Memo
Exhibit 1: Ridership by Mode – November-December 2022
Exhibit 2: Connect and GoZone Ridership by Month and Year
Exhibit 3: Connect Ridership Year-Over-Year by Month



Exhibit 4: A-train Year-Over-Year Ridership Comparison
Exhibit 5: Fixed-Route Ridership– November-December 2022
Exhibit 6: UNT Ridership Year-Over-Year by Month

3. Interlocal Agreements with Purchasing Cooperatives

No Board action required for the Informational Reports at this time.

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS

No discussion regarding future agenda items or Board Member requests at this time.

REPORT ON ITEMS OF COMMUNITY INTEREST

- March 23, 2023 – Regular Board Meeting. It was also noted that there are several events happening the week of March 20, 2023, in Austin. No concerns expressed from the Board of Directors.
- May 2023 – National Bike Month (Lewisville Mayor's Bike Ride)

CONVENE EXECUTIVE SESSION

No Executive Session.

RECONVENE OPEN SESSION

No Executive Session.

ADJOURN

Chair Molina adjourned the meeting at 11:37am.

Cesar Molina, Board Chair

Paul Stevens, Board Member
For Dianne Costa, Board Secretary



Board of Directors Memo

February 23, 2022

SUBJECT: Consider Approval of a Resolution to Approve the North Texas Mobility Corporation (NTMC) Amended and Restated Bylaws as Approved by the NTMC Board of Directors on February 16, 2023

Recommendation

Recommend the Board approve Amended and Restated Bylaws as Approved by the NTMC Board of Directors on February 16, 2023.

Background

The North Texas Mobility Corporation (NTMC) is organized for the purpose of aiding, assisting, and acting on behalf of the Denton County Transportation Authority (DCTA) in the performance of its governmental functions to promote the common good and general welfare of the Authority, including, without limitation, financing, constructing, owning, managing and operating regional mobility services on behalf of the Authority, and to perform such other governmental purposes of the Authority, as may be determined from time to time by the Authority's Board of Directors.

In December 2022, the NTMC Board of Directors voted to terminate its contract with Hendrickson Transportation Group (HTG) that will provide General Management services for the DCTA bus operation until March 31, 2023. This contract provides a General Manager and other support positions for the bus operation. With the termination of the HTG contract, the NTMC Board of Directors appointed a committee to hire a new General Manager as an employee of HTG. The NTMC Board of Directors approved an employment agreement with a new General Manager at its meeting on February 16, 2023.

This transition requires the NTMC Board to manage and monitor performance of the General Manager as an employee. The bylaws amendments adopted by the NTMC Board of Directors, shown in Paragraphs 3.02 and 6.01(a) enable that oversight and management of the new General Manager by officers appointed by the NTMC Board.

Previous Board Activity

None.

Identified Need

None.

Financial Impact

None.

Exhibits

Exhibit 1 – NTMC Bylaws with adopted changes highlighted

Exhibit 2 – Resolution

Submitted by:

Paul A. Cristina, Chief Executive Officer

AMENDED AND RESTATED BYLAWS OF THE NORTH TEXAS MOBILITY CORPORATION.

A Texas Non-Profit Local Government Corporation created by and on behalf of the
Denton County Transportation Authority

ARTICLE I Corporate Purpose and Authority

1.01 *Purpose.* The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of the Denton County Transportation Authority (“the Authority”) in the performance of its governmental functions to promote the common good and general welfare of the Authority, including, without limitation, financing, constructing, owning, managing and operating regional mobility services (the “Mobility Services”) on behalf of the Authority, and to perform such other governmental purposes of the Authority, as may be determined from time to time by the Authority’s Board of Directors (the “DCTA Board”). Subject to applicable state law and any contractual obligations of DCTA or the Corporation, DCTA may discontinue participation in the activities of the Corporation, or a non-participating unit of local government, business, or individuals may join in the activities of the Corporation, under procedures established in the Bylaws of the Corporation (the “Bylaws”). The Corporation, with the prior written consent of the Authority or as may be provided by the Bylaws, shall have the following powers to carry out the purposes of the Corporation, by and through its Directors:

- A. employ and/or contract with persons to carry out the purposes of the Corporation;
- B. own, lease, maintain and dispose of real and personal property; and
- C. contract with the Authority, political subdivisions, units of governments, and other persons and non-governmental entities.

1.02 *Local Government Corporation.* The Corporation is formed pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the “Act”), as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Corporation to assist and act on behalf of the Authority and to engage in activities in the furtherance of the purposes for its creation.

1.03 *Non-Profit Corporation.* The Corporation shall have and exercise all of the rights, powers, privileges, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, the Texas Nonprofit Corporation Law (Tex. Bus. Org. Code, Chapters 20 and 21 and the provisions of Title I thereof to the extent applicable to non-profit corporations, as amended) or their successor.

1.04 *Powers of Non-Profit Corporation.* The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in

Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created.

1.05 *Governmental Entity for Immunity.* The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (3), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for all purposes, including for purposes of the Texas Tort Claims Act, Section 101.001, et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from time to time.

1.06 *Authority Consent.* References herein to the consent or written consent of the Authority shall refer to a resolution or order of the Authority's Board of Directors.

1.07 *Other Units of Government.* The Corporation, upon approval of the Authority, may contract with a non-member unit of government to provide services on behalf of such non-member unit of government.

1.08 *Approved Projects.* The Corporation, by and through its Board of Directors, may approve capital improvements, services, or other projects consistent with the purposes of the Corporation to assist the Authority in the performance of the Authority's governmental functions (each an "Approved Project").

ARTICLE II

Board of Directors

2.01 *Powers Vested in Board.* All powers of the Corporation shall be vested in a Board of Directors consisting of five (5) members (the "Board") subject to the oversight of the Authority and as otherwise provided in these Bylaws. The qualification, selection, terms, removal, replacement, and resignation of the members of the Board of Directors of the Corporation ("Director" or "Directors") shall be governed by Article VI of the Certificate of Formation ("Certificate").

2.02 *Initial Board and Transition.* The initial directors of the Corporation ("Director" or "Directors") shall be those persons named in Article VIII of the Certificate. To provide for terms which end at the end of a calendar month, each initial Director named in Article VIII of the Certificate shall serve for the term prescribed therein. With respect to the initial Board, the terms of the initial Directors shall commence on the date the Secretary of State has issued the certificate of incorporation for the Corporation. Upon the expiration of the terms of office of the initial Directors, the subsequent Directors shall be appointed for a three (3) year term, or until his or her successor is appointed by the Authority; provided, however, upon the death, resignation or removal of a Director, the Authority shall appoint a replacement Director to serve for the unexpired term of office of the replaced Director.

2.03 *Governing Documents.* All other matters pertaining to the internal affairs of the Corporation shall be governed by these Bylaws, so long as these Bylaws are not inconsistent with

the Certificate, and such other documents agreed to by the Authority and as the same may be amended from time to time, or the laws of the State of Texas.

2.04 *Voting Rights.* All Directors shall have full and equal voting rights. All references herein to an act, resolution or vote of the Directors shall refer to a vote of the Directors entitled to vote on the matter as provided herein.

2.05 *Meetings of Directors.* The Directors may hold their meetings and may have an office and keep the books of the Corporation at such place or places within Denton County, Texas, as the Board may from time to time determine; provided, however, in the absence of any such determination, such place shall be the registered office of the Corporation in the State of Texas. The Board shall meet in accordance with and file notice of each meeting of the Board for the same length of time and in the same manner and location as is required under Chapter 551, Texas Government Code (the “Open Meetings Act”); provided that the notice of each meeting of the Board shall be posted on the official bulletin board designated by the Authority for the posting of meetings of the Authority. The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552, Texas Government Code (the “Public Information Act”).

2.06 *Regular Meetings.* Regular meetings of the Board shall be held at least quarterly at such times and places as shall be designated, from time to time, by of the Board.

2.07 *Special and Emergency Meetings.* Special and emergency meetings of the Board shall be held whenever called by the Chair of the Board, the President of the Corporation, or by any two (2) Directors who are serving duly appointed terms of office at the time the meeting is called. A majority of the Board must be present for the conduct of any special called or emergency meeting. The Secretary of the Corporation shall give notice of each special meeting in person, by telephone, facsimile, mail or email at least three (3) days before the meeting to each Director and to the public in compliance with the Open Meetings Act. Notice of each emergency meeting shall also be given in the manner required under the Open Meetings Act. An emergency meeting may only be held when there is an emergency or an urgent public necessity exists and immediate action is required of the Board because of an imminent threat to public health and safety, or a reasonably unforeseeable situation. The agenda notice of the emergency meeting must be posted at least two (2) hours before the meeting and clearly identify the emergency or urgent public necessity. The President or Secretary of the Corporation, the Chair of the Board, or the Board members who call an emergency meeting must notify by telephone, facsimile transmission, or electronic mail not later than one hour before the meeting those members of the news media that have previously filed at the Corporation’s office a request containing all pertinent information for the special notice and has agreed to reimburse the Board for the cost of providing the special notice. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special meeting to the same extent as they may be considered and acted upon in a regular meeting. At any meeting at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act.

2.08 *Election of Chair and Vice-Chair of the Board.* Upon the initial meeting of the Board and at the last regular meeting of the Board occurring prior to October 1 of each calendar year thereafter, the Directors shall elect a Chair and Vice-Chair from among the members of the Board who will serve as Chair and Vice-Chair, respectively, for the period of October 1 until September 30 immediately following their election, and until their replacements are elected.

2.10 *Quorum.* A majority of the entire Board shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. If at any meeting of the Board there is less than a quorum present, those present may adjourn the meeting. The vote of a majority of the entire membership of the Board in favor of a motion, resolution, or other act shall be required to constitute the act of the Board, unless the vote of a greater number of Directors is required by law, by the Certificate of Formation, or by these Bylaws.

2.11 *Assent Presumed Without Express Abstention or Dissent.* A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless such person's dissent or abstention shall be entered in the minutes of the meeting or unless such person shall file written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

2.12 *Conduct of Business.* At the meetings of the Board, matters pertaining to the purpose of the Corporation shall be considered in such order as the Board may from time to time determine. At all meetings of the Board, the Chair of the Board shall preside, and in the absence of the Chair, the Vice-Chair shall preside. In the absence of the Chair and Vice-Chair, the majority of Directors present and voting shall select from among the Directors in attendance a Director to preside at the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the Director presiding at the meeting may appoint any person to act as secretary of the meeting.

2.13 *Executive Committee, Other Committees.* The Board may, by resolution passed by a majority of the entire Board, designate two (2) or more Directors to constitute an executive committee or other type of committee. In addition, the Board may appoint members of Corporation staff and citizens and/or employees of the Authority to be members of a committee, except for an Audit, Compensation or Governance Committee, which committees may only be composed of Directors.

2.14 *Power of Committees.* Except to the extent provided in the authorizing resolution for the committee and the Board-approved committee charter, a committee may not exercise the authority of the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings, shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board.

2.15 *Compensation of Directors.* Directors, as such, shall receive no salary or compensation for their services as Directors; provided, however, Directors may be reimbursed for reasonable and necessary expenses incurred in carrying out the Corporation's purposes.

2.16 *Director's Reliance on Consultant Information.* A Director shall not be liable if, while acting in good faith and with ordinary care, such person relies on information, opinions, reports or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation;
- (b) an employee of the Authority; or
- (c) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

2.17 *Attorneys and Consultants.* The Board may employ attorneys, auditors, certified accountants, engineers, and such other professionals and consultants as may be required for the purposes of the Corporation from time to time.

2.18 *Approval of Contracts.* The Board shall approve all contracts regardless of the amount of the expenditure. Upon approval by the Board, the President is authorized to sign on behalf of the Board.

ARTICLE III

Officers

3.01 *Titles and Term of Office.* The officers of the Corporation shall be a President, a Secretary, a Treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except the President shall not hold the office of Secretary. The initial term of the officers of the Corporation shall extend to December 31, 2021. The subsequent terms of office for each officer shall be three (3) years commencing on January 1.

All officers shall be appointed and subject to removal at any time, with or without cause, by a vote of a majority of the entire Board.

A vacancy in any office elected pursuant to this Article III shall be filled by a vote of a majority of the entire Board and shall be for the remainder of the then current term of office vacated.

3.02 *Powers and Duties of the President.* The President shall be the principal executive officer of the Corporation and, subject to the Board's approval, the President shall be in general charge of the properties and affairs of the Corporation. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate, the President may sign and execute all deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation. The President will be responsible for implementing

all orders and resolutions of the Board, and all other powers that are not specifically reserved to the Directors or Authority will be executed by the President within the general guidelines and policies of the Board and Authority. The President shall have such other duties as are assigned by the Board including, but not limited to, supervising the day-to-day management of the General Manager. ~~those set forth in Article VI, below.~~ The President shall be an ex-officio member of all Board committees except the Audit Committee, if established.

3.03 *Treasurer.* The Treasurer shall have custody of all funds and securities of the Corporation which come into possession of the Corporation. When necessary or proper, the Treasurer (i) may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; (ii) may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board; (iii) shall enter or cause to be entered regularly in the books of the Corporation to be kept by such person for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; (iv) shall perform all acts incident to the position of Treasurer subject to the control of the Board; including the monitoring and audit of all cash accounts whose existence must first be approved by the Board; and (v) shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require. The Corporation may contract with the Authority to provide financial services for the Corporation in deciding the performance of the duties of the Treasurer set forth in this Section 3.04.

3.04 *Secretary.* The Secretary (i) shall keep or cause to be kept the minutes of all meetings of the Board in books provided for that purpose; (ii) shall attend to the giving and serving of all notices; (iii) in furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate of Formation, may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; (iv) shall have charge of the Corporation's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Corporation during business hours; and, (v) shall in general perform all duties incident to the office of Secretary subject to the control of the Board.

In addition to the duties prescribed above, upon the death, absence, disability, or resignation of the President, or upon the President's inability to perform the duties of such office, the Secretary shall have such powers and duties as those assigned to the President. Any action taken by the Secretary in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

Nothing in this Section 3.05 shall be construed as prohibiting the Board or the President from providing to the Secretary such support as may be reasonable and necessary to assist the Secretary in carrying out the duties set forth herein.

3.05. *Compensation and Staff.* Officers who are members of the DCTA Board of Directors or DCTA employees or who occupy a government office of emolument (as defined in Tex. Const. art. XVI §40) shall serve without compensation with respect to the performance of their duties as officers of the Corporation but are entitled to receive reimbursement for their reasonable expenses only in performing their functions in accordance with any policies that may be adopted by the Board. Administrative services for the Corporation may be performed by employees of the Authority, as directed by the Authority's Chief Executive Officer, and the Corporation shall pay the costs for such services pursuant to an agreement between the Corporation and the Authority entered pursuant the Interlocal Cooperation Act (Chapter 791, Tex. Govt. Code).

3.06. *Officer's Reliance on Consultant Information.* In the discharge of a duty imposed or power conferred on an officer of the Corporation, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, including members of the Board;
- (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or,
- (c) an employee of the Authority.

ARTICLE IV

Financial Responsibilities

4.01 *Audit.* The Corporation shall have an annual audit prepared by an independent auditor who is duly licensed or certified as a public accountant in the State of Texas of the financial books and records of the Corporation.

4.02 *Capital Spending Authority:* The Board may expend funds for capital improvements in accordance with a capital improvement plan approved by the Board for the current fiscal year budget as follows:

- (a) Funds from the Authority shall be used for the purposes of the Corporation as authorized and directed by the Authority.
- (b) Funds from other sources, such as donations, may be used at the discretion of the Board for capital purposes as long as the uses are consistent with the direction of the Authority and are not reasonably expected by the Board to increase the operation and maintenance costs of the Corporation above the limits established in Section 4.04, below, or have a capital cost greater than \$100,000.
- (c) Proceeds of bonds, notes and other obligations shall be expended in accordance with the terms of the resolution authorizing the issuance of such bonds, notes or other obligations.

4.03 *Issuance of Debt.* The Corporation shall have no authority to issue debt.

4.04 *Increase of O&M Costs.* Except for items mandated by changes in state or federal law or regulation that could not reasonably have been anticipated prior to submission of the Corporation's annual budget to the Authority for review and comment, in the event any one or more items are added during a fiscal year that would increase or cause the annual operation and maintenance costs to exceed ten percent (10%) above the budgeted amount for that year, the Board must receive prior approval from the Authority prior to making that addition.

4.05 *Fiscal Year.* The fiscal year of the Corporation shall begin October 1 of each year.

4.06 *Annual Budget.*

(a) Prior to the beginning of each fiscal year, the Board shall prepare, or cause to be prepared, and approve a budget (the "Budget") for the fiscal year. After approval by the Board, the Budget shall be submitted to the Authority for approval.

(b) The Budget shall, at a minimum, include capital, operational, and project-specific expenditures and corresponding revenues. The Budget shall clearly indicate the sources and purposes of revenues contributed by the Authority, any non-participating unit of government, or other third-parties.

(c) If the Board fails to approve the Budget, or if the Budget is not approved by the Authority, then the Budget for the prior fiscal year shall be deemed approved.

(d) From time to time, the Board may undertake one or more projects related to the purposes of the Corporation requiring the expenditure of funds not approved in the Annual Budget. While the Board may elect to amend the Annual Budget for a particular project(s) related to the purposes of the Corporation, such expenditures may not be undertaken in that regard unless or until an agreement with the Authority or a third-party unit of government is executed with the Corporation, which shall contain at least the following:

(i) the service(s) to be provided by the Corporation;

(ii) the method by which the Corporation intends to provide the service(s) (i.e., the Corporation intends to contract with a private entity or perform the service(s) itself, or some blending of the various methods);

(iii) the total cost of the project(s) to be undertaken by the Corporation; and

(iv) written agreement by the third-party unit of government to contribute an agreed-upon portion of the stated project expenditures, along with the agreed-upon portion being contributed by the Authority, if any.

4.07 *Line Item Flexibility.* The Board and, if authorized by the Board, the President, has the authority to shift operation and maintenance funds from one line item of the Budget to another without the approval of the Authority.

4.08 *Reserve Fund.* The Budget may provide for one or more reserve funds for the replacement of scheduled assets, for capital improvements and reasonable reserves for future activities, debt, establishment of a capital reserve. Any unencumbered funds remaining at the end of the fiscal year shall be converted to the Reserve Fund.

4.09 *Other Funds.* Other funds, such as unrestricted charitable donations, may be used by the Board in accordance with the approved budget or, if not anticipated in the Budget, as the Board directs, provided that the limitation set out in Section 4.04, above or a capital cost of \$100,000 is not exceeded.

4.10 *Appropriations and Grants.* The Corporation shall have the power to request and accept any appropriations, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.

4.11 *Sale or Transfer of Assets.* The Corporation may not sell, transfer or assign real property or permits of the Corporation, in whole or in part, without the approval of the Board. After approval by the Board, the proposed sale, transfer or assignment of the assets (“the Asset Transfer”) must be submitted to the Authority for approval. The Authority will approve or disapprove the Asset Transfer in whole or in part. Notwithstanding the foregoing, the Board shall not be required to obtain the consent of the Authority to sell, convey, or transfer to a third-party personal property of the Corporation determined by the Board to be surplus and which has a depreciated unit value of less than \$1000.00 per unit.

ARTICLE V

Indemnification of Directors and Officers

5.01 *Right to Indemnification.* Subject to the limitations and conditions as provided in this Article V and the Certificate, each person who was or is made a party, is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a “proceeding”), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Corporation shall be indemnified by the Corporation to the fullest extent permitted by the Texas Nonprofit Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlement and reasonable expenses (including, without limitation, attorneys’ fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnify

hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

5.02 *Advance Payment.* The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 5.01 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise.

5.03 *Indemnification of Employees and Agents.* The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V.

5.04 *Appearance as a Witness.* Notwithstanding any other provision of this Article V, the Corporation may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding involving the Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

5.05 *Non-exclusivity of Rights.* The right to indemnification and the advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 5.03 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Certificate or these Bylaws, agreement or disinterested Directors or otherwise.

5.06 *Insurance.* The Corporation shall provide for the purchase and maintenance of insurance, at its expense, to protect itself and any person who is (or was) serving as a Director, officer, employee or agent of the Corporation or who is (or was) serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article V.

5.07 *Notification.* Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the ninety (90) day period immediately following the date of the indemnification or advance notification.

5.08 *Savings Clause.* If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI

Duties and Authority of the General Manager; Employees

6.01 Powers and Duties of the General Manager.

(a) *Responsible for hiring and supervision of Employees.* The General Manager shall be responsible for delivering Mobility Services authorized by the Authority and for the hiring, evaluating and terminating the employees of the Corporation. Except to the extent provided (i) in a collective bargaining agreement to which the Corporation is a party or (ii) under applicable state or federal law or regulations, all employees hired by the General Manager shall be terminable at-will and not be provided any term or promise of employment. The General Manager shall report directly to the ~~Chair of the Board~~ Board. The General Manager is responsible to coordinate duties and shall be managed, on an operational basis, by the NTMC President. NTMC employees shall report directly to the General Manager. The Board shall be responsible for the hiring, evaluation and termination of the General Manager.

6.02 *Contracting with the Authority.* The Corporation may contract with the Authority for utilization of employees of the Authority. The Corporation may, without compensation, use the services of employees the Authority with the prior written consent of the Authority's Chief Executive Officer. The Board is authorized to employ or contract for project-specific personnel to manage or to operate a service provided by the Corporation.

ARTICLE VII

Code of Ethics

7.01 *Policy.* It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

7.02 *Purpose.* This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (i) to encourage high ethical standards in official conduct by Directors and corporate officers; and (ii) to establish guidelines for such ethical standards of conduct.

ARTICLE VIII

Miscellaneous Provisions

8.01 *Seal.* The seal of the Corporation shall be such as may be from time to time approved by the Board. The seal of the Corporation shall not be required to be placed on a document in order for the document to be considered a valid act or agreement of the Corporation.

8.02 *Notice and Waiver of Notice.* Whenever any notice, other than public notice of a meeting given to comply with the Open Meetings Act, is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. If transmitted by facsimile or email, such notice shall be deemed to be delivered upon successful transmission of the facsimile or email. A Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting unless such attendance is for the purpose of objecting to the failure of notice. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

8.03 *Gender.* References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

8.04 *Distribution of Net Income; Return of Funds.* Notwithstanding Section 431.107 of the Act entitling the Authority at all times to have the right to equally receive the income earned by the Corporation, any income earned by the Corporation after payment of reasonable expenses, reasonable reserves for future activities, debt, establishment of a capital reserve, and establishment of a reserve for satisfaction of other legal obligations of the Corporation shall be retained by the Corporation and applied as a credit to the charges to the Authority for operations of the Corporation and/or other services provided by the Corporation to the Authority.

8.05 *Authority Access to Records of Corporation.* Notwithstanding the provisions of the Public Information Act or any exceptions contained therein to disclosure and the rights or limitations thereof regarding the review of records of Texas non-profit corporations, the Authority shall have a special right to review and obtain copies of the records of the Corporation, regardless of format, upon reasonable notice and during regular business hours of the Corporation; provided, however, such special right of access to the Authority shall not apply to records to which law or regulation expressly prohibit disclosure to third parties that would by definition include the Authority.

8.06 *Amendments.* A proposal to alter, amend or repeal these Bylaws shall be made by the affirmative vote of a majority of the entire Board at any regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting.

However, any proposed change or amendment to these Bylaws must be approved by resolution of the Authority in order to be effective.

**ADOPTED AND APPROVED BY THE NORTH TEXAS MOBILITY CORPORATION
BOARD OF DIRECTORS ON FEBRUARY 16, 2023.**

Paul Cristina, NTMC Chair

Approved by DCTA Board of Directors on February 28, 2019

Approved by Board of Directors of North Texas Mobility Corporation on April 16, 2019.

Amended by NTMC Board of Directors and DCTA Board of Directors on May 23, 2019

Approved by NTMC Board of Directors on June 23, 2021, and DCTA Board of Directors on July 22, 2021

Approved by NTMC Board of Directors on February 16, 2023, and DCTA Board of Directors on February 23, 2023

AMENDED AND RESTATED BYLAWS OF THE NORTH TEXAS MOBILITY CORPORATION.

A Texas Non-Profit Local Government Corporation created by and on behalf of the
Denton County Transportation Authority

ARTICLE I Corporate Purpose and Authority

1.01 *Purpose.* The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of the Denton County Transportation Authority (“the Authority”) in the performance of its governmental functions to promote the common good and general welfare of the Authority, including, without limitation, financing, constructing, owning, managing and operating regional mobility services (the “Mobility Services”) on behalf of the Authority, and to perform such other governmental purposes of the Authority, as may be determined from time to time by the Authority’s Board of Directors (the “DCTA Board”). Subject to applicable state law and any contractual obligations of DCTA or the Corporation, DCTA may discontinue participation in the activities of the Corporation, or a non-participating unit of local government, business, or individuals may join in the activities of the Corporation, under procedures established in the Bylaws of the Corporation (the “Bylaws”). The Corporation, with the prior written consent of the Authority or as may be provided by the Bylaws, shall have the following powers to carry out the purposes of the Corporation, by and through its Directors:

- A. employ and/or contract with persons to carry out the purposes of the Corporation;
- B. own, lease, maintain and dispose of real and personal property; and
- C. contract with the Authority, political subdivisions, units of governments, and other persons and non-governmental entities.

1.02 *Local Government Corporation.* The Corporation is formed pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the “Act”), as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Corporation to assist and act on behalf of the Authority and to engage in activities in the furtherance of the purposes for its creation.

1.03 *Non-Profit Corporation.* The Corporation shall have and exercise all of the rights, powers, privileges, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, the Texas Nonprofit Corporation Law (Tex. Bus. Org. Code, Chapters 20 and 21 and the provisions of Title I thereof to the extent applicable to non-profit corporations, as amended) or their successor.

1.04 *Powers of Non-Profit Corporation.* The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in

Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created.

1.05 *Governmental Entity for Immunity.* The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (3), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for all purposes, including for purposes of the Texas Tort Claims Act, Section 101.001, et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from time to time.

1.06 *Authority Consent.* References herein to the consent or written consent of the Authority shall refer to a resolution or order of the Authority's Board of Directors.

1.07 *Other Units of Government.* The Corporation, upon approval of the Authority, may contract with a non-member unit of government to provide services on behalf of such non-member unit of government.

1.08 *Approved Projects.* The Corporation, by and through its Board of Directors, may approve capital improvements, services, or other projects consistent with the purposes of the Corporation to assist the Authority in the performance of the Authority's governmental functions (each an "Approved Project").

ARTICLE II

Board of Directors

2.01 *Powers Vested in Board.* All powers of the Corporation shall be vested in a Board of Directors consisting of five (5) members (the "Board") subject to the oversight of the Authority and as otherwise provided in these Bylaws. The qualification, selection, terms, removal, replacement, and resignation of the members of the Board of Directors of the Corporation ("Director" or "Directors") shall be governed by Article VI of the Certificate of Formation ("Certificate").

2.02 *Initial Board and Transition.* The initial directors of the Corporation ("Director" or "Directors") shall be those persons named in Article VIII of the Certificate. To provide for terms which end at the end of a calendar month, each initial Director named in Article VIII of the Certificate shall serve for the term prescribed therein. With respect to the initial Board, the terms of the initial Directors shall commence on the date the Secretary of State has issued the certificate of incorporation for the Corporation. Upon the expiration of the terms of office of the initial Directors, the subsequent Directors shall be appointed for a three (3) year term, or until his or her successor is appointed by the Authority; provided, however, upon the death, resignation or removal of a Director, the Authority shall appoint a replacement Director to serve for the unexpired term of office of the replaced Director.

2.03 *Governing Documents.* All other matters pertaining to the internal affairs of the Corporation shall be governed by these Bylaws, so long as these Bylaws are not inconsistent with

the Certificate, and such other documents agreed to by the Authority and as the same may be amended from time to time, or the laws of the State of Texas.

2.04 *Voting Rights.* All Directors shall have full and equal voting rights. All references herein to an act, resolution or vote of the Directors shall refer to a vote of the Directors entitled to vote on the matter as provided herein.

2.05 *Meetings of Directors.* The Directors may hold their meetings and may have an office and keep the books of the Corporation at such place or places within Denton County, Texas, as the Board may from time to time determine; provided, however, in the absence of any such determination, such place shall be the registered office of the Corporation in the State of Texas. The Board shall meet in accordance with and file notice of each meeting of the Board for the same length of time and in the same manner and location as is required under Chapter 551, Texas Government Code (the “Open Meetings Act”); provided that the notice of each meeting of the Board shall be posted on the official bulletin board designated by the Authority for the posting of meetings of the Authority. The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552, Texas Government Code (the “Public Information Act”).

2.06 *Regular Meetings.* Regular meetings of the Board shall be held at least quarterly at such times and places as shall be designated, from time to time, by of the Board.

2.07 *Special and Emergency Meetings.* Special and emergency meetings of the Board shall be held whenever called by the Chair of the Board, the President of the Corporation, or by any two (2) Directors who are serving duly appointed terms of office at the time the meeting is called. A majority of the Board must be present for the conduct of any special called or emergency meeting. The Secretary of the Corporation shall give notice of each special meeting in person, by telephone, facsimile, mail or email at least three (3) days before the meeting to each Director and to the public in compliance with the Open Meetings Act. Notice of each emergency meeting shall also be given in the manner required under the Open Meetings Act. An emergency meeting may only be held when there is an emergency or an urgent public necessity exists and immediate action is required of the Board because of an imminent threat to public health and safety, or a reasonably unforeseeable situation. The agenda notice of the emergency meeting must be posted at least two (2) hours before the meeting and clearly identify the emergency or urgent public necessity. The President or Secretary of the Corporation, the Chair of the Board, or the Board members who call an emergency meeting must notify by telephone, facsimile transmission, or electronic mail not later than one hour before the meeting those members of the news media that have previously filed at the Corporation’s office a request containing all pertinent information for the special notice and has agreed to reimburse the Board for the cost of providing the special notice. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special meeting to the same extent as they may be considered and acted upon in a regular meeting. At any meeting at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act.

2.08 *Election of Chair and Vice-Chair of the Board.* Upon the initial meeting of the Board and at the last regular meeting of the Board occurring prior to October 1 of each calendar year thereafter, the Directors shall elect a Chair and Vice-Chair from among the members of the Board who will serve as Chair and Vice-Chair, respectively, for the period of October 1 until September 30 immediately following their election, and until their replacements are elected.

2.10 *Quorum.* A majority of the entire Board shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. If at any meeting of the Board there is less than a quorum present, those present may adjourn the meeting. The vote of a majority of the entire membership of the Board in favor of a motion, resolution, or other act shall be required to constitute the act of the Board, unless the vote of a greater number of Directors is required by law, by the Certificate of Formation, or by these Bylaws.

2.11 *Assent Presumed Without Express Abstention or Dissent.* A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless such person's dissent or abstention shall be entered in the minutes of the meeting or unless such person shall file written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

2.12 *Conduct of Business.* At the meetings of the Board, matters pertaining to the purpose of the Corporation shall be considered in such order as the Board may from time to time determine. At all meetings of the Board, the Chair of the Board shall preside, and in the absence of the Chair, the Vice-Chair shall preside. In the absence of the Chair and Vice-Chair, the majority of Directors present and voting shall select from among the Directors in attendance a Director to preside at the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the Director presiding at the meeting may appoint any person to act as secretary of the meeting.

2.13 *Executive Committee, Other Committees.* The Board may, by resolution passed by a majority of the entire Board, designate two (2) or more Directors to constitute an executive committee or other type of committee. In addition, the Board may appoint members of Corporation staff and citizens and/or employees of the Authority to be members of a committee, except for an Audit, Compensation or Governance Committee, which committees may only be composed of Directors.

2.14 *Power of Committees.* Except to the extent provided in the authorizing resolution for the committee and the Board-approved committee charter, a committee may not exercise the authority of the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings, shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board.

2.15 *Compensation of Directors.* Directors, as such, shall receive no salary or compensation for their services as Directors; provided, however, Directors may be reimbursed for reasonable and necessary expenses incurred in carrying out the Corporation's purposes.

2.16 *Director's Reliance on Consultant Information.* A Director shall not be liable if, while acting in good faith and with ordinary care, such person relies on information, opinions, reports or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation;
- (b) an employee of the Authority; or
- (c) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

2.17 *Attorneys and Consultants.* The Board may employ attorneys, auditors, certified accountants, engineers, and such other professionals and consultants as may be required for the purposes of the Corporation from time to time.

2.18 *Approval of Contracts.* The Board shall approve all contracts regardless of the amount of the expenditure. Upon approval by the Board, the President is authorized to sign on behalf of the Board.

ARTICLE III

Officers

3.01 *Titles and Term of Office.* The officers of the Corporation shall be a President, a Secretary, a Treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except the President shall not hold the office of Secretary. The initial term of the officers of the Corporation shall extend to December 31, 2021. The subsequent terms of office for each officer shall be three (3) years commencing on January 1.

All officers shall be appointed and subject to removal at any time, with or without cause, by a vote of a majority of the entire Board.

A vacancy in any office elected pursuant to this Article III shall be filled by a vote of a majority of the entire Board and shall be for the remainder of the then current term of office vacated.

3.02 *Powers and Duties of the President.* The President shall be the principal executive officer of the Corporation and, subject to the Board's approval, the President shall be in general charge of the properties and affairs of the Corporation. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate, the President may sign and execute all deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation. The President will be responsible for implementing

all orders and resolutions of the Board, and all other powers that are not specifically reserved to the Directors or Authority will be executed by the President within the general guidelines and policies of the Board and Authority. The President shall have such other duties as are assigned by the Board including, but not limited to, supervising the day-to-day management of the General Manager. The President shall be an ex-officio member of all Board committees except the Audit Committee, if established.

3.03 *Treasurer.* The Treasurer shall have custody of all funds and securities of the Corporation which come into possession of the Corporation. When necessary or proper, the Treasurer (i) may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; (ii) may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board; (iii) shall enter or cause to be entered regularly in the books of the Corporation to be kept by such person for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; (iv) shall perform all acts incident to the position of Treasurer subject to the control of the Board; including the monitoring and audit of all cash accounts whose existence must first be approved by the Board; and (v) shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require. The Corporation may contract with the Authority to provide financial services for the Corporation in deciding the performance of the duties of the Treasurer set forth in this Section 3.04.

3.04 *Secretary.* The Secretary (i) shall keep or cause to be kept the minutes of all meetings of the Board in books provided for that purpose; (ii) shall attend to the giving and serving of all notices; (iii) in furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate of Formation, may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; (iv) shall have charge of the Corporation's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Corporation during business hours; and, (v) shall in general perform all duties incident to the office of Secretary subject to the control of the Board.

In addition to the duties prescribed above, upon the death, absence, disability, or resignation of the President, or upon the President's inability to perform the duties of such office, the Secretary shall have such powers and duties as those assigned to the President. Any action taken by the Secretary in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

Nothing in this Section 3.05 shall be construed as prohibiting the Board or the President from providing to the Secretary such support as may be reasonable and necessary to assist the Secretary in carrying out the duties set forth herein.

3.05. *Compensation and Staff.* Officers who are members of the DCTA Board of Directors or DCTA employees or who occupy a government office of emolument (as defined in Tex. Const. art. XVI §40) shall serve without compensation with respect to the performance of their duties as officers of the Corporation but are entitled to receive reimbursement for their reasonable expenses only in performing their functions in accordance with any policies that may be adopted by the Board. Administrative services for the Corporation may be performed by employees of the Authority, as directed by the Authority's Chief Executive Officer, and the Corporation shall pay the costs for such services pursuant to an agreement between the Corporation and the Authority entered pursuant the Interlocal Cooperation Act (Chapter 791, Tex. Govt. Code).

3.06. *Officer's Reliance on Consultant Information.* In the discharge of a duty imposed or power conferred on an officer of the Corporation, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, including members of the Board;
- (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or,
- (c) an employee of the Authority.

ARTICLE IV

Financial Responsibilities

4.01 *Audit.* The Corporation shall have an annual audit prepared by an independent auditor who is duly licensed or certified as a public accountant in the State of Texas of the financial books and records of the Corporation.

4.02 *Capital Spending Authority:* The Board may expend funds for capital improvements in accordance with a capital improvement plan approved by the Board for the current fiscal year budget as follows:

- (a) Funds from the Authority shall be used for the purposes of the Corporation as authorized and directed by the Authority.
- (b) Funds from other sources, such as donations, may be used at the discretion of the Board for capital purposes as long as the uses are consistent with the direction of the Authority and are not reasonably expected by the Board to increase the operation and maintenance costs of the Corporation above the limits established in Section 4.04, below, or have a capital cost greater than \$100,000.
- (c) Proceeds of bonds, notes and other obligations shall be expended in accordance with the terms of the resolution authorizing the issuance of such bonds, notes or other obligations.

4.03 *Issuance of Debt.* The Corporation shall have no authority to issue debt.

4.04 *Increase of O&M Costs.* Except for items mandated by changes in state or federal law or regulation that could not reasonably have been anticipated prior to submission of the Corporation's annual budget to the Authority for review and comment, in the event any one or more items are added during a fiscal year that would increase or cause the annual operation and maintenance costs to exceed ten percent (10%) above the budgeted amount for that year, the Board must receive prior approval from the Authority prior to making that addition.

4.05 *Fiscal Year.* The fiscal year of the Corporation shall begin October 1 of each year.

4.06 *Annual Budget.*

(a) Prior to the beginning of each fiscal year, the Board shall prepare, or cause to be prepared, and approve a budget (the "Budget") for the fiscal year. After approval by the Board, the Budget shall be submitted to the Authority for approval.

(b) The Budget shall, at a minimum, include capital, operational, and project-specific expenditures and corresponding revenues. The Budget shall clearly indicate the sources and purposes of revenues contributed by the Authority, any non-participating unit of government, or other third-parties.

(c) If the Board fails to approve the Budget, or if the Budget is not approved by the Authority, then the Budget for the prior fiscal year shall be deemed approved.

(d) From time to time, the Board may undertake one or more projects related to the purposes of the Corporation requiring the expenditure of funds not approved in the Annual Budget. While the Board may elect to amend the Annual Budget for a particular project(s) related to the purposes of the Corporation, such expenditures may not be undertaken in that regard unless or until an agreement with the Authority or a third-party unit of government is executed with the Corporation, which shall contain at least the following:

(i) the service(s) to be provided by the Corporation;

(ii) the method by which the Corporation intends to provide the service(s) (i.e., the Corporation intends to contract with a private entity or perform the service(s) itself, or some blending of the various methods);

(iii) the total cost of the project(s) to be undertaken by the Corporation; and

(iv) written agreement by the third-party unit of government to contribute an agreed-upon portion of the stated project expenditures, along with the agreed-upon portion being contributed by the Authority, if any.

4.07 *Line Item Flexibility.* The Board and, if authorized by the Board, the President, has the authority to shift operation and maintenance funds from one line item of the Budget to another without the approval of the Authority.

4.08 *Reserve Fund.* The Budget may provide for one or more reserve funds for the replacement of scheduled assets, for capital improvements and reasonable reserves for future activities, debt, establishment of a capital reserve. Any unencumbered funds remaining at the end of the fiscal year shall be converted to the Reserve Fund.

4.09 *Other Funds.* Other funds, such as unrestricted charitable donations, may be used by the Board in accordance with the approved budget or, if not anticipated in the Budget, as the Board directs, provided that the limitation set out in Section 4.04, above or a capital cost of \$100,000 is not exceeded.

4.10 *Appropriations and Grants.* The Corporation shall have the power to request and accept any appropriations, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.

4.11 *Sale or Transfer of Assets.* The Corporation may not sell, transfer or assign real property or permits of the Corporation, in whole or in part, without the approval of the Board. After approval by the Board, the proposed sale, transfer or assignment of the assets (“the Asset Transfer”) must be submitted to the Authority for approval. The Authority will approve or disapprove the Asset Transfer in whole or in part. Notwithstanding the foregoing, the Board shall not be required to obtain the consent of the Authority to sell, convey, or transfer to a third-party personal property of the Corporation determined by the Board to be surplus and which has a depreciated unit value of less than \$1000.00 per unit.

ARTICLE V

Indemnification of Directors and Officers

5.01 *Right to Indemnification.* Subject to the limitations and conditions as provided in this Article V and the Certificate, each person who was or is made a party, is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a “proceeding”), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Corporation shall be indemnified by the Corporation to the fullest extent permitted by the Texas Nonprofit Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlement and reasonable expenses (including, without limitation, attorneys’ fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnify

hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

5.02 *Advance Payment.* The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 5.01 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise.

5.03 *Indemnification of Employees and Agents.* The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V.

5.04 *Appearance as a Witness.* Notwithstanding any other provision of this Article V, the Corporation may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding involving the Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

5.05 *Non-exclusivity of Rights.* The right to indemnification and the advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 5.03 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Certificate or these Bylaws, agreement or disinterested Directors or otherwise.

5.06 *Insurance.* The Corporation shall provide for the purchase and maintenance of insurance, at its expense, to protect itself and any person who is (or was) serving as a Director, officer, employee or agent of the Corporation or who is (or was) serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article V.

5.07 *Notification.* Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the ninety (90) day period immediately following the date of the indemnification or advance notification.

5.08 *Savings Clause.* If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI

Duties and Authority of the General Manager; Employees

6.01 Powers and Duties of the General Manager.

(a) *Responsible for hiring and supervision of Employees.* The General Manager shall be responsible for delivering Mobility Services authorized by the Authority and for the hiring, evaluating and terminating the employees of the Corporation. Except to the extent provided (i) in a collective bargaining agreement to which the Corporation is a party or (ii) under applicable state or federal law or regulations, all employees hired by the General Manager shall be terminable at-will and not be provided any term or promise of employment. The General Manager shall report directly to the Board. The General Manager is responsible to coordinate duties and shall be managed, on an operational basis, by the NTMC President. NTMC employees shall report directly to the General Manager. The Board shall be responsible for the hiring, evaluation and termination of the General Manager.

6.02 *Contracting with the Authority.* The Corporation may contract with the Authority for utilization of employees of the Authority. The Corporation may, without compensation, use the services of employees the Authority with the prior written consent of the Authority's Chief Executive Officer. The Board is authorized to employ or contract for project-specific personnel to manage or to operate a service provided by the Corporation.

ARTICLE VII

Code of Ethics

7.01 *Policy.* It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

7.02 *Purpose.* This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (i) to encourage high ethical standards in official conduct by Directors and corporate officers; and (ii) to establish guidelines for such ethical standards of conduct.

ARTICLE VIII

Miscellaneous Provisions

8.01 *Seal.* The seal of the Corporation shall be such as may be from time to time approved by the Board. The seal of the Corporation shall not be required to be placed on a document in order for the document to be considered a valid act or agreement of the Corporation.

8.02 *Notice and Waiver of Notice.* Whenever any notice, other than public notice of a meeting given to comply with the Open Meetings Act, is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. If transmitted by facsimile or email, such notice shall be deemed to be delivered upon successful transmission of the facsimile or email. A Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting unless such attendance is for the purpose of objecting to the failure of notice. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

8.03 *Gender.* References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

8.04 *Distribution of Net Income; Return of Funds.* Notwithstanding Section 431.107 of the Act entitling the Authority at all times to have the right to equally receive the income earned by the Corporation, any income earned by the Corporation after payment of reasonable expenses, reasonable reserves for future activities, debt, establishment of a capital reserve, and establishment of a reserve for satisfaction of other legal obligations of the Corporation shall be retained by the Corporation and applied as a credit to the charges to the Authority for operations of the Corporation and/or other services provided by the Corporation to the Authority.

8.05 *Authority Access to Records of Corporation.* Notwithstanding the provisions of the Public Information Act or any exceptions contained therein to disclosure and the rights or limitations thereof regarding the review of records of Texas non-profit corporations, the Authority shall have a special right to review and obtain copies of the records of the Corporation, regardless of format, upon reasonable notice and during regular business hours of the Corporation; provided, however, such special right of access to the Authority shall not apply to records to which law or regulation expressly prohibit disclosure to third parties that would by definition include the Authority.

8.06 *Amendments.* A proposal to alter, amend or repeal these Bylaws shall be made by the affirmative vote of a majority of the entire Board at any regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting.

However, any proposed change or amendment to these Bylaws must be approved by resolution of the Authority in order to be effective.

**ADOPTED AND APPROVED BY THE NORTH TEXAS MOBILITY CORPORATION
BOARD OF DIRECTORS ON FEBRUARY 16, 2023.**

Paul Cristina, NTMC Chair

Approved by DCTA Board of Directors on February 28, 2019

Approved by Board of Directors of North Texas Mobility Corporation on April 16, 2019.

Amended by NTMC Board of Directors and DCTA Board of Directors on May 23, 2019

Approved by NTMC Board of Directors on June 23, 2021, and DCTA Board of Directors on July 22, 2021

Approved by NTMC Board of Directors on February 16, 2023, and DCTA Board of Directors on February 23, 2023

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. 2023-_____**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (“DCTA”) APPROVING THE AMENDED AND RESTATED BYLAWS OF THE NORTH TEXAS MOBILITY CORPORATION (“NTMC”); PROVIDING A REPEALING CLAUSE AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Section 8.06 of the NTMC Bylaws, the Amended and Restated Bylaws of the North Texas Mobility Corporation were presented and approved by the NTMC Board of Directors at the Board’s regular meeting on February 16, 2023; and

WHEREAS, pursuant to Section 8.06 of the NTMC Bylaws, the NTMC Amended and Restated Bylaws were presented and approved by the DCTA Board of Directors at the Board’s regular meeting on February 23, 2023; and

WHEREAS, the DCTA Board of Directors finds that the approval of the NTMC Amended and Restated Bylaws is in the best interest of NTMC; and

WHEREAS, upon full review and consideration of the NTMC Amended and Restated Bylaws, and all matters related thereto, the Board of Directors of the Denton County Transportation Authority is of the opinion and finds that such Amended and Restated Bylaws should be approved;

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

SECTION 1. The NTMC Amended and Restated Bylaws as set forth in Exhibit “A” attached hereto are approved.

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

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

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY ON THE 23RD DAY OF FEBRUARY 2023.

APPROVED:

Cesar Molina, Chair

ATTEST:

Dianne Costa, Secretary
(02-16-2023:TM 133672)

)

EXHIBIT “A”
Amended and Restated Bylaws of the North Texas Mobility Corporation



Board of Directors Memo

February 23, 2023

SUBJECT: Discuss and Consider Acceptance of the Fiscal Year (FY) 2022 Financial Audit

Recommendation

Staff recommends the Board accept the audited financial statements presented as of September 30, 2022.

Background

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

Previous Board Activity & Action

There has been no previous Board activity on this item.

Identified Need

As part of the audit engagement, DCTA's independent auditor, Plante & Moran, PLLC (Plante Moran), has a responsibility to communicate with those charged with governance in the audit of financial statements. Those required communications are included in Plante Moran's presentation to be presented to the board on February 23, 2023.

The FY2022 Annual Comprehensive Financial Report (ACFR) is included as Exhibit 1 to this item. Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a governmental organization with federal expenditures in excess of \$750,000 to have a single audit performed, which includes an audit of both the financial statements and the federal awards. The FY2022 Single Audit Report is included as Exhibit 2 to this item.

Financial Impact

There is no financial impact associated with the approval of the September 30, 2022 audited financial statement and supplemental information.

Exhibits

Exhibit 1: Annual Comprehensive Financial Report as of September 30, 2022

Exhibit 2: Single Audit Report as of September 30, 2022

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

Submitted by:

Sherrelle Evans-Jones, CPA
Chief Financial Officer

Denton County Transportation Authority

**Annual Comprehensive Financial Report
with Supplemental Information
September 30, 2022 and 2021**

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

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Letter of Transmittal

February 23, 2023

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, 2022.

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, 2022. 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.

Governance

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

Agency Background

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

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

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

Accounting System and Budgetary Control

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

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

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

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

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

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 1.3 million bus and rail passengers in FY22, a 65% increase from roughly 800,000 passengers in FY21. Ridership continues to rebound following the COVID-19 pandemic. When considering Bus, A-train, and GoZone – services funded by our member cities – DCTA has surpassed pre-pandemic ridership. According to the American Public Transit Association, transit across the country, as of September 28, 2022, had restored ridership to about 70% of pre-pandemic levels.

Regional Commuter Rail (A-train)

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

DCTA operates 11 low-floor diesel-electric articulated GTW passenger rail vehicles designed to comfortably accommodate wheelchairs, strollers, and bikes with room for 104 seated and 96 standing passengers per vehicle. A-train ridership continues to rebound from the pandemic, carrying roughly 176,000 passengers in FY22, up 55% increase from the 113,000 passengers carried in FY21. Train frequency, now at 30-minutes on weekdays, is a significant contributor to enhancing the rider experience.

Connect Fixed-Route

In FY22, Connect offered local fixed-route bus service in the cities of Denton and Lewisville; these routes totaled roughly 114,000 boardings. Lewisville Connect Routes were discontinued in December 2021 after running alongside GoZone on-demand micro-transit service since September 2021. In July 2022, the DCTA Board of Directors voted to eliminate three of the six remaining Connect Routes operating within the City of Denton. Those changes go into effect on January 1, 2023.

University Shuttle Service

The UNT Campus Shuttle consists of fourteen routes including weekday, late night, and weekend-only service through a contractual agreement. The UNT Shuttle service provides transportation from off-campus housing to the campus as well as circulation throughout the campus. Total passengers for FY22 totaled roughly 1,000,000 trips, a 120% increase from FY21 ridership of roughly 461,000. Service has been restored to pre-pandemic levels and ridership continues to increase as the university transitions back from virtual learning in response to COVID-19. UNT continues to see record enrollment year over year, with nearly 45,000 students enrolled in the Fall 2022 semester.

GoZone On-Demand

FY22 saw the first full year of ridership for the newest DCTA service offering, GoZone. Launched in September 2021, GoZone is a zone-based on-demand rideshare service that riders utilize for trips within, and sometimes between, designated zones in Denton County. The on-demand service uses a mobile app where passengers book their trips in real-time. A fleet of dedicated vans is used to pick up and drop off riders at virtual stops within the zones. GoZone ridership has grown exponentially since launching on September 7, 2021, completing approximately 620,000 trips in FY22.

Demand Response Service

Access offers two types of shared ride, origin to destination service for residents and visitors in Denton, Highland Village, and Lewisville: ADA paratransit service, and service for senior and disabled (non-ADA) passengers. Any person who wishes to use Access must complete an application, and non-seniors or non-Medicare-eligible individuals must submit a physician's affidavit of eligibility. DCTA carried roughly 22,000 Access passengers in its member city service area in FY22.

Since December 2015, the City of Frisco has contracted with DCTA for curb-to-curb demand response transit service to eligible Frisco residents for trips within Frisco and designated portions of Plano. Taxi vehicles and Transportation Network Company (TNC) vehicles are used in this service to supplement demand-response service as capacity dictates. The service carried roughly 7,700 passengers in FY22, up significantly from the roughly 3,000 passengers carried in FY21.

Vanpools

The Vanpool service provides a low-cost commuting alternative for residents to get to work. Vanpools are ideal for groups of six to fifteen people. Individuals who live or work in Denton County can start a vanpool through their employer or create one with others who have similar commute origins and destinations. During FY22, there were a maximum 77 vanpools in operation, carrying an annual total of 230,000 passengers.

DCTA PROGRESS

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

In FY23 DCTA will continue to focus on multiple rail-centric items including anticipated funding from DART for the construction of the expanded, Joint Rail Operations Facility at the site of the current A-train Rail Operations and Maintenance Facility. The agency also anticipates additional planning and design work to continue exploration of projects to increase speed on the A-train and extend its reach to downtown Carrollton to meet the new DART Silver Line service in 2025. DCTA also anticipates several technology updates across the agency in FY23, including implementing a new enterprise resource software platform enabling efficiency improvements for our back-office systems, and technology updates on our bus system enabling automated passenger counting systems and providing a platform for future technology applications.

FUTURE OUTLOOK

Total revenues were \$67.2 million in FY22 compared to \$60.4 million in FY21. DCTA's largest revenue source, sales tax, grew from \$35.3 million in FY21 to \$38.8 million in FY22. 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 2022. 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 2022 Economic Indicators Update:

The Texas economy is continuing to slow during the fourth quarter, with labor demand and manufacturing output softening and wage and price pressures easing. There is also evidence that Texas payroll job growth this year has been overestimated and may not reach its 2.0 percent long-term trend rate in 2023. Texas employment growth fell to 3.5 percent in the fourth quarter through November from 4.0 percent in the third quarter. By comparison, employment nationally expanded 2.2 percent during the latest period.

Population Forecast

North Central Texas is a rapidly growing region whose residents and visitors increasingly require a variety of transportation options to serve diverse travel needs. NCTCOG estimates a region population of 8.1 million as of 2022. 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 2022. 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 continues the work of implementing the programs noted during the strategic visioning session from FY21. This, along with a comprehensive county-wide transit study that is being conducted by the NCTCOG, will serve as the catalyst for a new Long Range Service Plan for the agency.

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

OTHER INFORMATION

Independent Audit

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

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the DCTA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twelfth consecutive year for the DCTA to receive the Certificate of Achievement.

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

Acknowledgements

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

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

Sincerely,



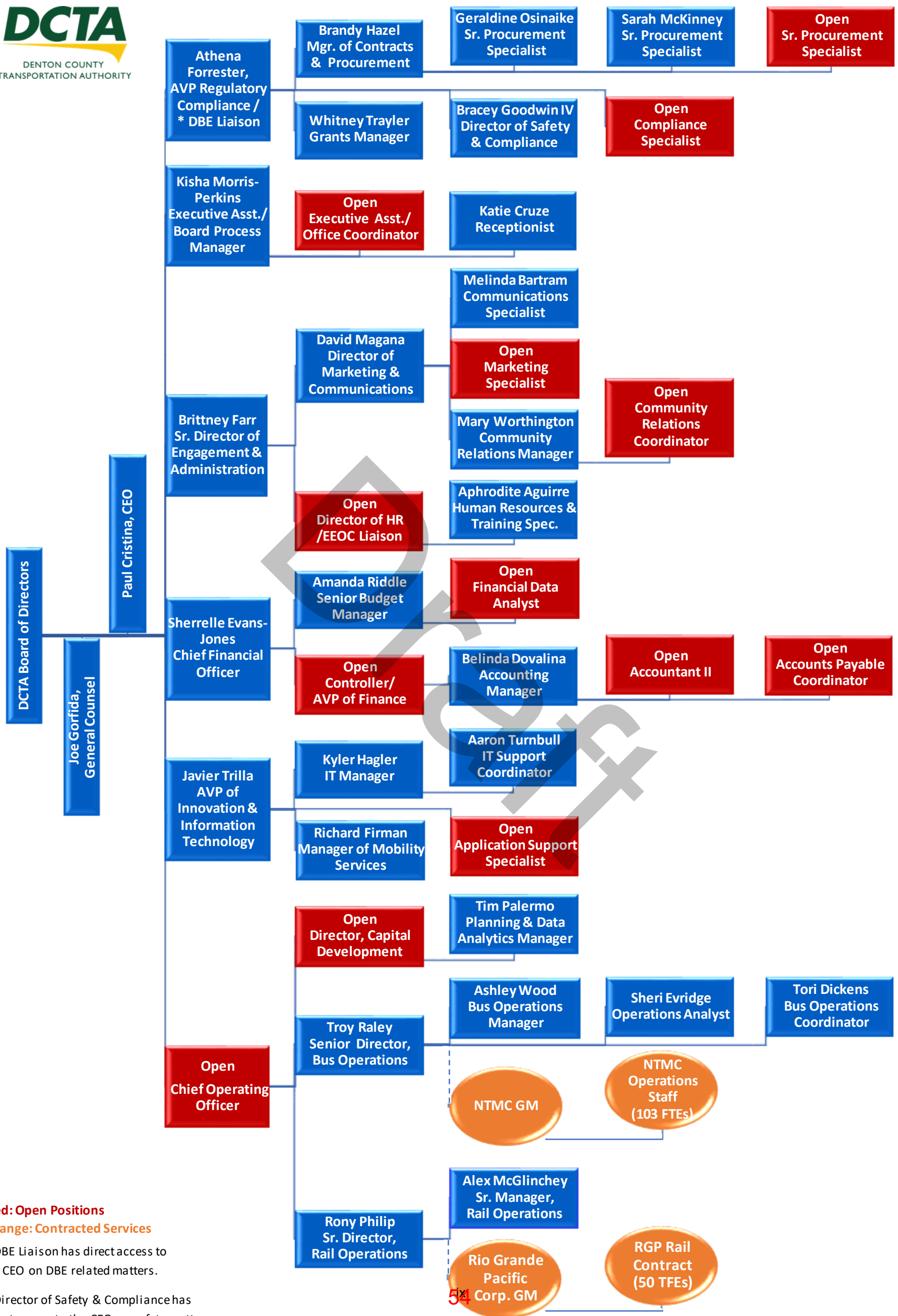
Paul A. Cristina
President/CEO



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

HOLD FOR GFOA CERTIFICATE

Draft



Denton County Transportation Authority

List of Principal Officials
As of December 28, 2022

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
Cesar Molina	Chair	Denton County Seat 1
TJ Gilmore	Vice Chair	City of Lewisville
Dianne Costa	Secretary	City of Highland Village
Alison Maguire	Member	City of Denton
Andy Eads	Member	Denton County Seat 2

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

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the years ended September 30, 2022 and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of September 30, 2022 and 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

To the Board of Directors
Denton County Transportation Authority

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

Supplemental Information

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

Other Information

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

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

To the Board of Directors
Denton County Transportation Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority's internal control over financial reporting and compliance.

February 23, 2023

Draft

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, 2022. 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, 2022 and 2021, total assets and deferred outflows of resources of DCTA exceeded total liabilities and deferred inflows of resources by \$375,466,549 and \$361,643,543, respectively. The amount of unrestricted net position as of September 30, 2022 was \$99,809,719 compared to \$77,781,215 in 2021. 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 \$13,823,006 during the current fiscal year compared to an increase of \$20,360,399 in the prior year. The change compared to the prior year is attributable to a \$1.4 million increase in operating revenues as well as a \$3.4 million increase in sales tax revenue and \$2.8 million increase in operating grants, mainly related to grants for rail preventative maintenance, partially offset by a decrease in capital grants of \$1.3 million.
- Net capital assets were \$294.5 million as of September 30, 2022 compared to \$305.2 million as of September 30, 2021. The decrease of \$10.7 million is caused by \$11.4 million of depreciation expense and \$0.5 million in disposals, offset by \$1.1 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.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Statement of Revenue, Expenses, and Changes in Net Position

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

Statement of Cash Flows

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

Notes and Other Information

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

Financial Analysis

Statement of Net Position

As noted earlier, net position, and especially net position by category, may serve over time as a useful indicator of DCTA's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$375,466,549 and \$361,643,543 as of September 30, 2022 and 2021, respectively. The largest portion, 73 percent and 78 percent in 2022 and 2021, respectively, is net investment in capital assets primarily related to the rail line construction and acquisition of rail vehicles. The remaining 27 percent and 22 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 3.8 percent, or \$13,823,006, during the current fiscal year compared to an increase of 6.0 percent, or \$20,360,399, in the prior year. The increase in net position in the current fiscal year is mainly attributable to a \$24.3 million increase in current and other assets and a \$703,000 decrease in liabilities, partially offset by a \$10.7 million decrease in capital assets.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

The Authority's Net Position

	2022	2021	2020
Assets			
Current and other assets	\$ 105,844,006	\$ 81,540,801	\$ 55,142,924
Capital assets	294,481,338	305,229,605	314,019,761
Total assets	400,325,344	386,770,406	369,162,685
Deferred Outflows of Resources	380,002	421,130	290,447
Liabilities			
Current liabilities	7,067,801	5,830,011	5,894,892
Noncurrent liabilities	17,625,000	19,565,492	22,205,000
Total liabilities	24,692,801	25,395,503	28,099,892
Deferred Inflows of Resources	545,996	152,490	70,096
Net Position			
Net investment in capital assets	275,656,830	283,862,328	290,599,617
Unrestricted	99,809,719	77,781,215	50,683,527
Total net position	<u>\$ 375,466,549</u>	<u>\$ 361,643,543</u>	<u>\$ 341,283,144</u>

Assets

During fiscal year 2022, DCTA's total assets increased 3.4 percent, or \$13.6 million, from fiscal year 2021. The net increase is mainly attributable to a \$24 million increase in cash and investments, offset by a \$10.7 million decrease in capital assets.

Capital assets, net of depreciation, decreased due to a net \$1.0 million of asset additions for the Joint Rail Operation Facility project, offset by \$11.4 million of depreciation. The capital assets activity for the year is captured in Note 6.

Liabilities

Current liabilities increased slightly during the year from \$5.8 million as of September 30, 2021 to \$7.1 million as of September 30, 2022 primarily due to fluctuations in unearned revenue.

DCTA's current ratio, current assets of \$104,664,553 and current liabilities of \$7,067,801, was 15:1 as of September 30, 2022, compared to a ratio of 14:1 as of September 30, 2021.

There was a \$1.9 million decrease in noncurrent liabilities in fiscal year 2022 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.

Statement of Revenues, Expenses, and Changes in Net Position

During fiscal year 2022, DCTA's activities resulted in an increase in net position of \$13,823,006 compared to an increase of \$20,360,399 in the prior year. The increase in the current fiscal year net position includes an increase of \$13.8 million in operating expenses and increases of \$3.4 million in sales tax revenue and \$2.8 million in operating grants, offset by a decrease of \$1.3 million in capital grants. The changes in net position for the fiscal years ended September 30, 2022, 2021, and 2020 are shown in the following table.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

The Authority's Changes in Net Position

	2022	2021	2020
Operating Revenue			
Passenger revenue	\$ 928,697	\$ 548,078	\$ 833,637
Contract services	3,721,321	2,923,277	3,378,826
Other	681,289	460,208	427,460
Total operating revenue	5,331,307	3,931,563	4,639,923
Operating Expenses			
Salaries, wages, and benefits	9,223,042	9,973,967	11,609,934
Outsourced services and charges	6,946,993	5,395,088	4,884,281
Purchased transportation services	19,235,801	10,302,946	10,091,453
Other	6,338,351	3,694,380	4,550,513
Depreciation	11,351,683	9,956,637	9,558,814
Total operating expenses	53,095,870	39,323,018	40,694,995
Operating Loss	(47,764,563)	(35,391,455)	(36,055,072)
Nonoperating Revenue (Expense)			
Investment income	462,425	31,178	320,793
Gain (loss) on sale of assets	29,719	42,344	(7,482)
Sales tax revenue	38,764,986	35,332,154	29,817,365
Transit system operating assistance grants	22,468,882	19,633,941	16,843,203
Interest expense	(233,828)	(697,186)	(909,134)
Total nonoperating revenue	61,492,184	54,342,431	46,064,745
Income - Before capital contributions	13,727,621	18,950,976	10,009,673
Capital Contributions	95,385	1,409,423	3,472,676
Change in Net Position	13,823,006	20,360,399	13,482,349
Net Position - Beginning of year	361,643,543	341,283,144	327,800,795
Net Position - End of year	\$ 375,466,549	\$ 361,643,543	\$ 341,283,144

Operating Revenue

Passenger Revenue

The fiscal year 2022 passenger revenue increased 69 percent, or \$381,000, from fiscal year 2021 due primarily to a rebound in ridership following the COVID-19 pandemic. The 2022 passenger revenue of \$929,000 positions the Agency at or near its pre-pandemic passenger revenues of \$1,357,000 from the 2019 year.

Contract Service

The fiscal year 2022 contract service revenue increased 27 percent, or \$798,000, from the prior year due to increased ridership trends across modes as COVID-19 ridership recovery continues. In fiscal year 2022, DCTA provided service for University of North Texas (UNT); the City of Frisco, Texas; the City of Coppell, Texas; and on behalf of Trinity Metro in the Alliance Airport area.

Operating Expenses

The fiscal year 2022 operating expenses increased 35 percent, or \$13.8 million, from fiscal year 2021. Expenses for purchased transportation services increased \$8.9 million primarily due an increase in ridership. Outsourced services expenses increased by \$1.6 million mainly due to a professional services contract for the Board led Transformation Initiative. Depreciation expense increased 14 percent, or \$1.4 million, from the prior year mainly due to the capitalization of PTC implementation in fiscal year 2021.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Nonoperating Revenue and Expenses

Sales Tax Revenue

The fiscal year 2022 sales tax revenue increased 10 percent, or \$3.4 million, over fiscal year 2021. 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 2022, and DCTA and its member cities experienced growth in sales tax revenue similar to the expansion experienced throughout the state.

Capital Grants

Grants for capital improvements decreased \$1.3 million from the prior year. This decrease is primarily a decrease in positive train control expense reimbursements during FY22.

Transit System Operating Assistance Grants

The fiscal year 2022 federal and state grant revenue increased \$2.8 million over fiscal year 2021 revenue mainly due to an increase in eligible operating costs related to the GoZone contract. GoZone was active for one month of FY21 and 12 months of FY22.

Investment Income

The fiscal year 2022 investment income of \$462,000 was a 13:1 increase from fiscal year 2021 revenue of \$31,000. The average yield to maturity increased during the fiscal year from 0.43 percent at September 30, 2021 to 0.016 percent as of September 30, 2022, as interest rates increased during the 2022 fiscal year as the financial markets continue to rebound from 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.

Economic Factors and Next Year's Budgets and Rates

Denton County Transportation Authority is dependent on sales tax, which is the largest single source of revenue for the authority, representing 58 percent and 60 percent of total revenues in 2022 and 2021, respectively. Sales tax revenues are affected by a variety of economic factors and are dependent on consumer spending. As economic factors expand and contract, it may cause sales tax revenue to increase and decrease. As economic conditions in the area and the nation overall continue to demonstrate positive trends, for the FY23 budget a 4 percent increase in sales tax revenue is estimated.

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.

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Denton County Transportation Authority

Statement of Net Position

September 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 82,933,160	\$ 59,281,187
Investments (Note 4)	9,445,709	9,537,185
Receivables (Note 5)	11,315,418	10,848,224
Inventory	774,204	719,857
Prepaid expenses	196,062	456,625
Total current assets	104,664,553	80,843,078
Noncurrent assets:		
Restricted cash	675,492	697,723
Net pension asset (Note 9)	503,961	-
Capital assets: (Note 6)		
Assets not subject to depreciation	20,945,421	20,159,336
Assets subject to depreciation - Net	273,535,917	285,070,269
Total noncurrent assets	295,660,791	305,927,328
Total assets	400,325,344	386,770,406
Deferred Outflows of Resources - Deferred pension costs (Note 9)	380,002	421,130
Liabilities		
Current liabilities:		
Accounts payable	2,175,630	2,076,049
Accrued liabilities and other	639,131	1,135,862
Unearned revenue	2,378,040	53,100
Current portion of easement obligation (Note 11)	100,000	100,000
Current portion of bonds payable (Note 7)	1,775,000	2,465,000
Total current liabilities	7,067,801	5,830,011
Noncurrent liabilities:		
Easement obligation - Net of current portion (Note 11)	600,000	700,000
Net pension liability (Note 9)	-	65,492
Bonds payable, net of current portion (Note 7)	17,025,000	18,800,000
Total noncurrent liabilities	17,625,000	19,565,492
Total liabilities	24,692,801	25,395,503
Deferred Inflows of Resources - Deferred pension cost reductions (Note 9)	545,996	152,490
Net Position		
Net investment in capital assets	275,656,830	283,862,328
Unrestricted	99,809,719	77,781,215
Total net position	<u>\$ 375,466,549</u>	<u>\$ 361,643,543</u>

Denton County Transportation Authority

Statement of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2022 and 2021

	2022	2021
Operating Revenues		
Passenger revenue	\$ 928,697	\$ 548,078
Contract services	3,721,321	2,923,277
Other	681,289	460,208
Total operating revenues	5,331,307	3,931,563
Operating Expenses		
Salaries, wages, and benefits	9,223,042	9,973,967
Outsourced services and charges	6,946,993	5,395,088
Materials and supplies	2,526,060	1,087,451
Purchased transportation services	19,235,801	10,302,946
Utilities	521,960	431,998
Insurance	1,669,123	1,822,821
Leases and rentals	151,068	224,889
Employee development	137,647	97,423
Transportation reinvestment program	1,332,493	29,798
Depreciation	11,351,683	9,956,637
Total operating expenses	53,095,870	39,323,018
Operating Loss	(47,764,563)	(35,391,455)
Nonoperating Revenue (Expense)		
Investment income	462,425	31,178
Gain on sale of assets	29,719	42,344
Sales tax revenue	38,764,986	35,332,154
Transit system operating assistance grants	22,468,882	19,633,941
Interest expense	(233,828)	(697,186)
Total nonoperating revenue	61,492,184	54,342,431
Income - Before capital contributions	13,727,621	18,950,976
Capital Contributions - Capital grants	95,385	1,409,423
Change in Net Position	13,823,006	20,360,399
Net Position - Beginning of year	361,643,543	341,283,144
Net Position - End of year	<u>\$ 375,466,549</u>	<u>\$ 361,643,543</u>

Denton County Transportation Authority

Statement of Cash Flows

Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Receipts from customers	\$ 5,377,952	\$ 3,909,156
Payments to suppliers	(32,520,165)	(20,267,338)
Payments to employees and benefits	(9,549,775)	(9,958,574)
Net cash and cash equivalents used in operating activities	(36,691,988)	(26,316,756)
Cash Flows from Noncapital Financing Activities		
Operating grants and subsidies	22,697,288	18,741,443
Sales tax received	38,031,217	34,529,445
Net cash and cash equivalents provided by noncapital financing activities	60,728,505	53,270,888
Cash Flows from Capital and Related Financing Activities		
Issuance of bonds	-	22,870,000
Receipt of capital grants	95,385	2,340,389
Capital contribution	2,316,464	-
Proceeds from sale of capital assets	219,133	52,344
Purchase of capital assets	(792,830)	(1,797,517)
Principal and interest paid on capital debt, including refunding	(2,798,828)	(25,762,186)
Net cash and cash equivalents used in capital and related financing activities	(960,676)	(2,296,970)
Cash Flows from Investing Activities		
Interest received on investments	462,425	31,178
Purchases of investment securities	(7,408,524)	(4,472,839)
Proceeds from sale and maturities of investment securities	7,500,000	-
Net cash and cash equivalents provided by (used in) investing activities	553,901	(4,441,661)
Net Increase in Cash and Cash Equivalents	23,629,742	20,215,501
Cash and Cash Equivalents - Beginning of year	59,978,910	39,763,409
Cash and Cash Equivalents - End of year	\$ 83,608,652	\$ 59,978,910
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 82,933,160	\$ 59,281,187
Restricted cash	675,492	697,723
Total cash and cash equivalents	\$ 83,608,652	\$ 59,978,910

Denton County Transportation Authority

Statement of Cash Flows (Continued)

Years Ended September 30, 2022 and 2021

	2022	2021
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (47,764,563)	\$ (35,391,455)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	11,351,683	9,956,637
Changes in assets and liabilities:		
Receivables	38,169	(19,049)
Inventory	(54,347)	(690,052)
Prepaid and other assets	260,563	(262,184)
Net pension asset/liability and related deferrals	(134,819)	53,023
Accounts payable	(205,236)	77,312
Accrued and other liabilities	(191,914)	(37,630)
Unearned revenue	8,476	(3,358)
Net cash and cash equivalents used in operating activities	<u><u>\$ (36,691,988)</u></u>	<u><u>\$ (26,316,756)</u></u>

September 30, 2022 and 2021

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, 2022, 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.

September 30, 2022 and 2021**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.

September 30, 2022 and 2021

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

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

Current Liabilities

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

Unearned Revenue

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

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

September 30, 2022 and 2021**Note 1 - Significant Accounting Policies (Continued)**

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

Net Position

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

Net Position Flow Assumption

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

Pension

For the purpose of measuring the net pension asset (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 TCERS fiduciary net position have been determined on the same basis as they are reported by TCERS. TCERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences

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

Proprietary Funds Operating Classification

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

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

September 30, 2022 and 2021**Note 1 - Significant Accounting Policies (Continued)****Use of Estimates**

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

Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued GASB 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.

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

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.

September 30, 2022 and 2021

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, 2022, \$20,786,565 was spent on this contract, and the remaining commitment was \$52,924,183.

On September 7, 2021, DCTA entered into a contract with River North Transit (VIA) for GoZone program rail operations and maintenance. This contract includes vehicle operations and maintenance, facility maintenance, general administration, fuel, and casualty & liability insurance. The contract is accounted for under purchased transportation services. As of September 30, 2022, \$9,061,429 was spent on this contract, and the remaining commitment was \$9,700,170.

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:

	2022	2021
Cash and cash equivalents	\$ 82,933,160	\$ 59,281,187
Investments	9,445,709	9,537,185
Restricted cash and cash equivalents	675,492	697,723
Total deposits and investments	<u>\$ 93,054,361</u>	<u>\$ 69,516,095</u>

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.

September 30, 2022 and 2021

Note 4 - Deposits and Investments (Continued)

At year end, the Authority had the following investments:

Investment	2022		2021	
	Carrying Value	Weighted-average Maturity (Days)	Carrying Value	Weighted-average Maturity (Days)
U.S. Treasury	\$ 5,938,470	123	\$ 4,526,320	183
U.S. government agency securities	3,507,239	192	5,010,865	410
TexSTAR investment pool	79,541,718	16	58,548,348	43

Credit Risk

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

Investment	2022			2021		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
U.S. government agency securities	\$ 3,507,239	AA+	S&P	\$ 5,010,865	AA+	S&P
TexSTAR investment pool	79,541,718	AAAm	S&P	58,548,348	AAAm	S&P
Total	<u>\$ 83,048,957</u>			<u>\$ 63,559,213</u>		

Fair Value Measurements

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

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

The Authority has the following recurring fair value measurements as of September 30, 2022 and 2021:

- U.S. Treasury securities of \$5,938,470 and \$4,526,320, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of \$3,507,239 and \$5,010,865, respectively, are valued using a matrix pricing model (Level 2 inputs).
- The investment in the TexSTAR investment pool of \$79,541,718 and \$58,548,348, respectively, is measured at NAV.

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

September 30, 2022 and 2021

Note 4 - Deposits and Investments (Continued)

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, 2022 and 2021, the Authority had investments in the TexSTAR investment pool of \$79,541,718 and \$58,548,348, respectively.

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

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

Note 5 - Receivables

Receivables at September 30, 2022 and 2021 consisted of the following:

	2022	2021
Operating - Ticket, token, and other receivables	\$ 876,460	\$ 774,105
Sales tax	6,958,936	6,225,167
Grants receivable	3,480,022	3,848,952
Total	<u>\$ 11,315,418</u>	<u>\$ 10,848,224</u>

September 30, 2022 and 2021

Note 6 - Capital Assets

Capital asset activity during the fiscal year ended September 30, 2022 was as follows:

	Balance October 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2022
Capital assets not being depreciated:					
Land	\$ 17,394,147	\$ -	\$ -	\$ -	\$ 17,394,147
Construction in progress	2,765,189	-	1,068,544	(282,459)	3,551,274
Subtotal	20,159,336	-	1,068,544	(282,459)	20,945,421
Capital assets being depreciated:					
Rail	300,547,954	-	-	-	300,547,954
Land improvements	12,158,726	-	-	-	12,158,726
Vehicles	12,982,287	-	-	(2,329,330)	10,652,957
Furniture and equipment	7,035,417	-	6,745	-	7,042,162
Facilities	31,760,649	-	-	-	31,760,649
Easement	16,997,155	-	-	-	16,997,155
Subtotal	381,482,188	-	6,745	(2,329,330)	379,159,603
Accumulated depreciation:					
Rail	62,875,689	-	8,067,685	-	70,943,374
Land improvements	3,275,067	-	466,238	-	3,741,305
Vehicles	9,237,141	-	937,214	(2,139,916)	8,034,439
Furniture and equipment	5,086,158	-	325,198	-	5,411,356
Facilities	6,306,143	-	705,490	-	7,011,633
Easement	9,631,721	-	849,858	-	10,481,579
Subtotal	96,411,919	-	11,351,683	(2,139,916)	105,623,686
Net capital assets being depreciated	285,070,269	-	(11,344,938)	(189,414)	273,535,917
Net capital assets	\$ 305,229,605	\$ -	\$ (10,276,394)	\$ (471,873)	\$ 294,481,338

September 30, 2022 and 2021

Note 6 - Capital Assets (Continued)

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	\$ 17,394,147	\$ -	\$ -	\$ -	\$ 17,394,147
Construction in progress	20,014,331	(18,425,623)	1,176,481	-	2,765,189
Subtotal	37,408,478	(18,425,623)	1,176,481	-	20,159,336
Capital assets being depreciated:					
Rail	283,178,861	17,369,093	-	-	300,547,954
Land improvements	12,166,783	(8,057)	-	-	12,158,726
Vehicles	12,584,752	1,064,587	-	(667,052)	12,982,287
Furniture and equipment	7,035,417	-	-	-	7,035,417
Facilities	31,760,649	-	-	-	31,760,649
Easement	16,997,155	-	-	-	16,997,155
Subtotal	363,723,617	18,425,623	-	(667,052)	381,482,188
Accumulated depreciation:					
Rail	56,110,686	-	6,765,003	-	62,875,689
Land improvements	2,788,304	-	486,763	-	3,275,067
Vehicles	9,190,031	-	704,162	(657,052)	9,237,141
Furniture and equipment	4,640,797	-	445,361	-	5,086,158
Facilities	5,600,653	-	705,490	-	6,306,143
Easement	8,781,863	-	849,858	-	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

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, 2022, \$16,250,000 had been paid to the Dallas Area Rapid Transit. The remaining payments of \$700,000 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 for the years ended September 30, 2022 and 2021.

September 30, 2022 and 2021

Note 6 - Capital Assets (Continued)

Construction Commitments

The Authority has an active construction project at year end. At year end, the Authority had spent \$514,420 related to the Joint Rail Operation Facility (JROF) and had a remaining commitment of \$421,826.

Note 7 - Long-term Debt

Long-term debt activity for the years ended September 30, 2022 and 2021 can be summarized as follows:

		2022					
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
Sales Tax Revenue Refunding Bonds, Series 2020	0.99%	\$805,000 - 2,065,000	\$ 11,325,000	\$ -	\$ (1,600,000)	\$ 9,725,000	\$ 890,000
Sales Tax Revenue Refunding Bonds, Series 2021	1.28%	\$865,000 - 1,140,000	9,940,000	-	(865,000)	9,075,000	885,000
Total long-term debt			\$ 21,265,000	\$ -	\$ (2,465,000)	\$ 18,800,000	\$ 1,775,000
		2021					
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
Sales Tax Revenue Refunding Bonds, Series 2020	0.99%	\$805,000 - 2,065,000	\$ -	\$ 12,930,000	\$ (1,605,000)	\$ 11,325,000	\$ 1,600,000
Sales Tax Revenue Refunding Bonds, Series 2021	1.28%	\$865,000 - 1,140,000	-	9,940,000	-	9,940,000	865,000
Sales Tax Revenue Refunding Bonds, Series 2009	3.99%	\$885,000 - 1,650,000	12,755,000	-	(12,755,000)	-	-
Sales Tax Bonds, Series 2011	3.13%	\$555,000 - 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

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 \$19,982,404. During the current year, gross sales tax revenue of the Authority was \$38,808,189, compared to annual debt requirements of \$2,698,827.

September 30, 2022 and 2021

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending September 30	Other Debt		Total
	Principal	Interest	
2023	\$ 1,775,000	\$ 212,438	\$ 1,987,438
2024	1,800,000	192,299	1,992,299
2025	1,815,000	171,811	1,986,811
2026	1,835,000	151,102	1,986,102
2027	1,860,000	130,108	1,990,108
2028-2032	9,715,000	324,646	10,039,646
Total	\$ 18,800,000	\$ 1,182,404	\$ 19,982,404

Significant Terms

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

Note 8 - Risk Management

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

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

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

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

September 30, 2022 and 2021**Note 8 - Risk Management (Continued)**

The Authority has a government crime policy with TML-IRP insuring against forgery and computer fraud up to \$100,000 in the aggregate. For the years ended September 30, 2022 and 2021, 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.

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.

September 30, 2022 and 2021

Note 9 - Pension Plans (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2021
Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	42
Active plan members	32
Total employees covered by the plan	76

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 2022 and 2021, the Authority made contributions of 6.92 percent and 6.25 percent, respectively.

Net Pension Asset

The Authority has chosen to use the December 31, 2021 measurement date as its measurement date for the net pension asset. The September 30, 2022 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the pension net position as of the December 31, 2021 measurement date. The December 31, 2021 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

September 30, 2022 and 2021

Note 9 - Pension Plans (Continued)

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

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at December 31, 2020	\$ 3,068,114	\$ 3,002,622	\$ 65,492
Changes for the year:			
Service cost	311,586	-	311,586
Interest	254,326	-	254,326
Differences between expected and actual experience	(99,771)	-	(99,771)
Changes in assumptions	(2,024)	-	(2,024)
Contributions - Employer	-	186,859	(186,859)
Contributions - Employee	-	149,967	(149,967)
Net investment income	-	690,444	(690,444)
Benefit payments, including refunds	(67,856)	(67,856)	-
Administrative expenses	-	(2,147)	2,147
Miscellaneous other charges	-	8,447	(8,447)
Net changes	396,261	965,714	(569,453)
Balance at December 31, 2021	<u>\$ 3,464,375</u>	<u>\$ 3,968,336</u>	<u>\$ (503,961)</u>

The plan's fiduciary net position represents 114.5 percent of the total pension liability.

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

Changes in Net Pension (Asset) Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (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	<u>\$ 3,068,114</u>	<u>\$ 3,002,622</u>	<u>\$ 65,492</u>

The plan's fiduciary net position represents 97.9 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, 2022 and 2021, the Authority recognized pension expense of \$87,839 and \$231,840, respectively.

September 30, 2022 and 2021

Note 9 - Pension Plans (Continued)

At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 66,697	\$ 137,581	\$ 97,086	\$ 91,617
Changes in assumptions	136,342	1,518	182,878	-
Net difference between projected and actual earnings on pension plan investments	-	406,897	-	60,873
Employer contributions to the plan subsequent to the measurement date	176,963	-	141,166	-
Total	<u>\$ 380,002</u>	<u>\$ 545,996</u>	<u>\$ 421,130</u>	<u>\$ 152,490</u>

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
2022	\$ (82,146)
2023	(103,340)
2024	(77,116)
2025	(80,355)
2026	-
Total	<u>\$ (342,957)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (average over career including inflation) of 3.40 to 8.25 percent, including wage inflation of 3.00 percent; an investment rate of return (gross of investment expenses) of 7.60 percent; and the Pub-2010 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from January 1, 2017 through December 31, 2020.

Discount Rate

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

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

September 30, 2022 and 2021

Note 9 - Pension Plans (Continued)**Investment Rate of Return**

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

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
U.S. equities	11.50 %	3.80 %
Global equities	2.50	4.10
International equities - Developed markets	5.00	3.80
International equities - Emerging markets	6.00	4.30
Investment-grade bonds	3.00	(0.85)
Strategic credit	9.00	1.77
Direct lending	16.00	6.25
Distressed debt	4.00	4.50
REIT equities	2.00	3.10
Master limited partnerships	2.00	3.85
Private real estate partnerships	6.00	5.10
Private equity	25.00	6.80
Hedge funds	6.00	1.55
Cash equivalents	2.00	(1.05)

Sensitivity of the Net Pension (Asset) 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:

	1 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability (asset)	\$ 174,218	\$ (503,961)	\$ (1,042,999)

Assumption Changes

The December 31, 2021 actuarial valuation updated mortality tables from RP-2014 Healthy Annuitant to Pub-2010 mortality tables. Additionally, assumed salary increases were updated from 3.50 to 8.00 percent to 3.40 to 8.25 percent, including wage inflation of 3.00 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 \$6,689 and \$9,138 for the years ended September 30, 2022 and 2021, 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 \$1,234 and \$460 for the years ended September 30, 2022 and 2021, respectively. 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, 2022 and 2021**Note 10 - NTMC Defined Contribution Retirement Plans (Continued)**

The Authority sponsors one NTMC Union Employee 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 3 percent. Contributions to the plan totaled \$2,117 for the year ended September 30, 2022. In 2021, the Authority did not match the NTMC Union Employee 401(k) plan.

Note 11 - Easement Obligation

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

<u>Years Ending</u>	<u>Amount</u>
2023	\$ 100,000
2024	100,000
2025	100,000
2026	100,000
2027	100,000
2028-2029	200,000
Total	<u>\$ 700,000</u>

The current portion of the easement obligation is \$100,000 as of September 30, 2022 and 2021.

September 30, 2022 and 2021

Note 12 - Component Unit Information

Condensed financial information detailing component unit activity is as follows:

	2022			2021		
	DCTA	NTMC	Total	DCTA	NTMC	Total
Current Assets	\$ 104,307,796	\$ 356,757	\$ 104,664,553	\$ 80,343,240	\$ 499,838	\$ 80,843,078
Long-term Assets	295,660,791	-	295,660,791	305,927,328	-	305,927,328
Deferred Outflows of Resources	380,002	-	380,002	421,130	-	421,130
Total assets and deferred outflows	<u>\$ 400,397,728</u>	<u>\$ 356,757</u>	<u>\$ 400,705,346</u>	<u>\$ 386,691,698</u>	<u>\$ 499,838</u>	<u>\$ 387,191,536</u>
Current Liabilities	6,711,044	356,757	7,067,801	5,330,173	499,838	5,830,011
Long-term Liabilities	17,625,000	-	17,625,000	19,565,492	-	19,565,492
Deferred Inflows of Resources	545,996	-	545,996	152,490	-	152,490
Total liabilities and deferred inflows	<u>24,882,040</u>	<u>356,757</u>	<u>25,238,797</u>	<u>25,048,155</u>	<u>499,838</u>	<u>25,547,993</u>
Net Position						
Net investment in capital assets	275,656,830	-	275,656,830	283,862,328	-	283,862,328
Unrestricted	99,809,719	-	99,809,719	77,781,215	-	77,781,215
Total net position	<u>375,466,549</u>	<u>-</u>	<u>375,466,549</u>	<u>361,643,543</u>	<u>-</u>	<u>361,643,543</u>
Total liabilities and net position	<u>\$ 400,348,589</u>	<u>\$ 356,757</u>	<u>\$ 400,705,346</u>	<u>\$ 386,691,698</u>	<u>\$ 499,838</u>	<u>\$ 387,191,536</u>
Operating Revenues	\$ 5,331,307	\$ -	\$ 5,331,307	\$ 3,931,563	\$ -	\$ 3,931,563
Operating Expenses	47,120,062	5,975,808	53,095,870	32,802,554	6,520,464	39,323,018
Operating Loss	(41,788,755)	(5,975,808)	(47,764,563)	(28,870,991)	(6,520,464)	(35,391,455)
Other Revenue (Expense)						
Nonoperating revenue	61,492,184	-	61,492,184	54,342,431	-	54,342,431
Capital contributions	95,385	-	95,385	1,409,423	-	1,409,423
Payment from DCTA to NTMC	(5,975,808)	5,975,808	-	(6,520,464)	6,520,464	-
Total other revenue	<u>55,611,761</u>	<u>5,975,808</u>	<u>61,587,569</u>	<u>49,231,390</u>	<u>6,520,464</u>	<u>55,751,854</u>
Change in net position	<u>\$ 13,823,006</u>	<u>\$ -</u>	<u>\$ 13,823,006</u>	<u>\$ 20,360,399</u>	<u>\$ -</u>	<u>\$ 20,360,399</u>
Cash Flows from Operating Activities	\$ (34,319,362)	\$ (56,162)	\$ (34,375,524)	\$ (26,864,831)	\$ 5,529	\$ (26,859,302)
Cash Flows from Noncapital Financing Activities	60,728,505	-	60,728,505	54,223,364	-	54,223,364
Cash Flows from Capital and Related Financing Activities	(3,277,140)	-	(3,277,140)	(2,706,900)	-	(2,706,900)
Cash Flows from Investing Activities	553,901	-	553,901	(4,441,661)	-	(4,441,661)
Net Increase in Cash and Cash Equivalents	23,685,904	(56,162)	23,629,742	20,209,972	5,529	20,215,501
Cash and Cash Equivalents - Beginning of year	59,565,991	412,919	59,978,910	39,356,019	407,390	39,763,409
Cash and Cash Equivalents - End of year	<u>\$ 83,251,895</u>	<u>\$ 356,757</u>	<u>\$ 83,608,652</u>	<u>\$ 59,565,991</u>	<u>\$ 412,919</u>	<u>\$ 59,978,910</u>

September 30, 2022 and 2021

Note 13 - Commitments and Contingencies

State and Federal Grants

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

TRiP Projects

The Transportation Reinvestment Program (TRiP) will enable partnerships between DCTA and its member cities on mutually beneficial investments in transit-supportive projects by allowing DCTA to distribute funds to member cities for eligible projects consistent with DCTA's Long Range Service Plan and the Authority's enabling legislation, Chapters 431 and 460 of the Texas Transportation Code. TRiP was approved by the board as a five-year program with its first funding cycle in fiscal year 2021. The anticipated annual TRiP budget will be set at 15 percent of DCTA's net available fund balance from the previous fiscal year. For the initial program year and in addition to the set 15 percent, a one-time program startup amount of \$2,000,000 was dedicated to the TRiP project line item within the fiscal year 2021 budget. The Authority has made commitments totaling \$17,575,139 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, 2022 and 2021, the reserves are as follows:

	2022	2021
Operating reserve	\$ 10,591,773	\$ 8,563,132
Sales tax stabilization	1,143,654	934,625
Fuel stabilization	299,822	326,000
Capital/Infrastructure	2,000,000	2,000,000
Total	<u>\$ 14,035,249</u>	<u>\$ 11,823,757</u>

Denton County Transportation Authority

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

Last Eight Plan Years Ended December 31

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

Schedule is built prospectively upon implementation of GASB 68.

Denton County Transportation Authority

Required Supplemental Information Schedule of Pension Contributions

Last Eight Fiscal Years
Years Ended September 30

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 222,678	\$ 188,649	\$ 206,622	\$ 188,483	\$ 184,273	\$ 143,780	\$ 120,475	\$ 99,864
Contributions in relation to the actuarially determined contribution	222,678	188,649	206,622	188,483	184,273	143,780	120,475	99,864
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,219,467	\$ 3,018,354	\$ 3,300,495	\$ 3,025,716	\$ 3,002,632	\$ 2,364,645	\$ 2,001,375	\$ 1,776,972
Contributions as a Percentage of Covered Payroll	6.92 %	6.25 %	6.26 %	6.23 %	6.14 %	6.08 %	6.02 %	5.62 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18.5 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	Varies by age and service 4.7 percent average over career including inflation
Investment rate of return	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

See note to required supplemental information.

September 30, 2022 and 2021

Pension Information

Changes in Assumptions

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

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

Draft

Denton County Transportation Authority

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

Year Ended September 30, 2022
(with Comparative Actual for 2021)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2021
Operating Revenues					
Passenger revenue	\$ 589,912	\$ 642,579	\$ 928,697	\$ 286,118	\$ 548,078
Contract services	3,915,759	4,043,386	3,721,321	(322,065)	2,923,277
Other	-	2,794,840	681,289	(2,113,551)	460,208
Total operating revenues	4,505,671	7,480,805	5,331,307	(2,149,498)	3,931,563
Operating Expenses					
Salaries, wages, and benefits	5,103,643	5,103,643	3,868,007	1,235,636	3,945,499
Outsourced services and charges	4,650,662	7,675,675	6,393,467	1,282,208	5,028,644
Materials and supplies	2,650,094	2,780,594	2,525,120	255,474	1,086,848
Purchased transportation services	16,680,162	18,790,814	19,235,801	(444,987)	10,302,946
Utilities	526,281	526,281	521,960	4,321	431,998
Insurance	1,635,812	1,706,052	1,617,079	88,973	1,712,923
Leases and rentals	139,772	139,772	151,068	(11,296)	224,889
Employee development	235,385	235,385	123,384	112,001	82,372
Transportation reinvestment program	-	1,332,493	1,332,493	-	29,798
Depreciation	10,899,464	11,349,464	11,351,683	(2,219)	9,956,637
Total operating expenses	42,521,275	49,640,173	47,120,062	2,520,111	32,802,554
Operating Loss	(38,015,604)	(42,159,368)	(41,788,755)	370,613	(28,870,991)
Nonoperating Revenue (Expenses)					
Investment income	12,000	12,000	462,425	450,425	31,178
Gain on sale of assets	-	-	29,719	29,719	42,344
Sales tax revenue	32,088,804	34,191,233	38,764,986	4,573,753	35,332,154
Transit system operating assistance grants	21,781,841	21,864,250	22,468,882	604,632	19,633,941
Interest expense	(237,800)	(237,800)	(233,828)	3,972	(697,186)
Total nonoperating revenue	53,644,845	55,829,683	61,492,184	5,662,501	54,342,431
Capital Contributions - Capital grants	4,609,056	4,689,516	95,385	(4,594,131)	1,409,423
Transfers to NTMC	(6,324,715)	(7,263,989)	(5,975,808)	1,288,181	(6,520,464)
Change in Net Position	13,913,582	11,095,842	13,823,006	2,727,164	20,360,399
Net Position - Beginning of year	361,643,543	361,643,543	361,643,543	-	341,283,144
Net Position - End of year	<u>\$ 375,557,125</u>	<u>\$ 372,739,385</u>	<u>\$ 375,466,549</u>	<u>\$ 2,727,164</u>	<u>\$ 361,643,543</u>

Denton County Transportation Authority

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

Year Ended September 30, 2022
(with Comparative Actual for 2021)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2021
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Salaries, wages, and benefits	5,787,307	6,661,164	5,355,035	1,306,129	6,028,468
Outsourced services and charges	410,970	452,892	553,526	(100,634)	366,444
Materials and supplies	1,936	1,936	940	996	603
Insurance	65,842	89,337	52,044	37,293	109,898
Employee development	58,660	58,660	14,263	44,397	15,051
Total operating expenses	6,324,715	7,263,989	5,975,808	1,288,181	6,520,464
Transfers from DCTA	6,324,715	7,263,989	5,975,808	(1,288,181)	6,520,464
Change in Net Position	-	-	-	-	-
Net Position - Beginning of year	-	-	-	-	-
Net Position - End of year	\$ -	\$ -	\$ -	\$ -	\$ -

Statistical Section

Draft

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 Transportation Authority

Net Position by Component

Last Ten Fiscal Years

September 30, 2022

(Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net position										
Net investment in capital assets	\$ 307,146,291	\$ 306,190,762	\$ 302,581,220	\$ 306,005,661	\$ 302,425,170	\$ 296,540,285	\$ 294,293,446	\$ 290,599,617	\$ 283,862,328	\$ 275,656,830
Unrestricted	15,295,793	16,048,204	19,337,564	19,422,461	23,662,662	29,491,818	33,507,349	50,683,527	77,781,215	99,809,719
Total net position	\$ 322,442,084	\$ 322,238,966	\$ 321,918,784	\$ 325,428,122	\$ 326,087,832	\$ 326,032,103	\$ 327,800,795	\$ 341,283,144	\$ 361,643,543	\$ 375,466,549

Denton County Transportation Authority

Changes in Net Position

Last Ten Fiscal Years
September 30, 2022
(Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating revenues										
Passenger revenue	\$ 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	\$ 928,697
Contract services	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	3,721,321
Other	44,072	58,694	199,176	170,742	396,450	858,648	210,198	427,460	460,208	681,289
Total operating revenues	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	5,331,307
Operating expenses										
Salaries, wages, and benefits	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	9,223,042
Outsourced services and charges	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	6,946,993
Materials and supplies	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	2,526,060
Utilities	415,341	416,818	472,391	404,896	427,013	439,476	445,809	431,838	431,998	521,960
Insurance	625,788	775,986	780,112	849,981	1,600,932	1,707,909	1,697,189	1,783,994	1,822,821	1,669,123
Purchased transportation services	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	19,235,801
Leases and rentals	349,592	352,479	124,645	158,251	248,128	213,497	221,903	226,632	224,889	151,068
Employee development	144,743	123,609	186,598	184,509	203,467	274,072	281,968	185,785	97,423	137,647
Transportation reinvestment program	-	-	-	-	-	-	-	-	29,798	1,332,493
Depreciation	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	11,351,683
Total operating expenses	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	53,095,870
Operating loss	(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)	(47,764,563)
Non-operating revenues (expenses)										
Sales tax revenue	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	38,764,986
Capital grants	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	95,385
Transit system operating assistance grants	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	22,468,882
Investment income	32,137	21,100	24,772	59,364	122,250	350,924	597,793	320,793	31,178	462,425
Interest expense	(1,449,718)	(1,247,357)	(1,211,899)	(1,156,229)	(1,098,107)	(1,040,263)	(972,668)	(909,134)	(697,186)	(233,828)
Bond issuance costs and fees	(213,096)	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	8,150	22,825	(51,815)	(14,675)	12,208	2,340	18,301	(7,482)	42,344	29,719
Total non-operating revenues (expenses)	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	61,587,569
Change in net position	\$ 1,474,352	\$ (252,139)	\$ (320,182)	\$ 3,509,338	\$ 659,710	\$ (55,729)	\$ 1,768,692	\$ 13,482,349	\$ 20,360,399	\$ 13,823,006

Denton County Transportation Authority

Capital Assets

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital assets not being depreciated:										
Land	\$ 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	\$ 17,394,147
Construction in progress	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	3,551,274
Total capital assets not being depreciated	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	20,945,421
Other capital assets being depreciated:										
Rail assets	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	300,547,954
Land improvements	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	12,158,726
Vehicles and operating equipment	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	10,652,957
Leasehold improvements	55,506	55,506	55,506	55,506	-	-	-	-	-	-
Office furniture and equipment	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	7,042,162
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	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	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	379,159,603
Less accumulated depreciation:										
Rail assets	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	70,943,374
Land improvements	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	3,741,305
Vehicles and operating equipment	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	8,034,439
Leasehold improvements	55,506	55,506	55,506	55,506	-	-	-	-	-	-
Office furniture and equipment	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	5,411,356
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	7,011,633
Easement	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	10,481,579
Total accumulated depreciation	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	105,623,686
Total capital assets, net	\$ 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	\$ 294,481,338

Denton County Transportation Authority

Revenue by Source

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue:										
Sales tax	\$ 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	\$ 38,764,986
Passenger revenues	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	928,697
Contract service revenues	3,024,876	3,120,083	3,134,547	3,554,398	4,112,931	4,274,649	4,411,476	3,806,286	3,383,485	4,402,610
Investment income	32,137	21,100	24,772	59,364	122,250	350,924	597,793	320,793	31,178	462,425
Grant revenues	9,023,087	7,674,129	7,622,864	10,899,676	11,433,286	7,116,197	10,852,437	20,315,879	21,043,364	22,564,267
Other revenues	8,150	22,825	(51,815)	(14,675)	12,208	2,340	18,301	(7,482)	42,344	29,719
Total revenue	\$ 33,562,986	\$ 33,659,973	\$ 35,470,956	\$ 40,563,780	\$ 43,763,498	\$ 40,796,551	\$ 45,973,081	\$ 55,086,478	\$ 60,380,603	\$ 67,152,704

Denton County Transportation Authority

Sales Tax Revenue

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sales Tax Revenue	\$ 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	\$ 38,764,986
Compounded Percent Change from Base Year ⁽¹⁾		5.7%	15.1%	22.0%	32.6%	38.2%	42.2%	47.5%	74.8%	91.8%
Percent Change from Prior Year		5.7%	8.9%	6.0%	8.6%	4.3%	2.9%	3.8%	18.5%	9.7%
Average Growth										7.6%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department

Notes:

⁽¹⁾ Base Year for 2014 through 2022 is 2013.



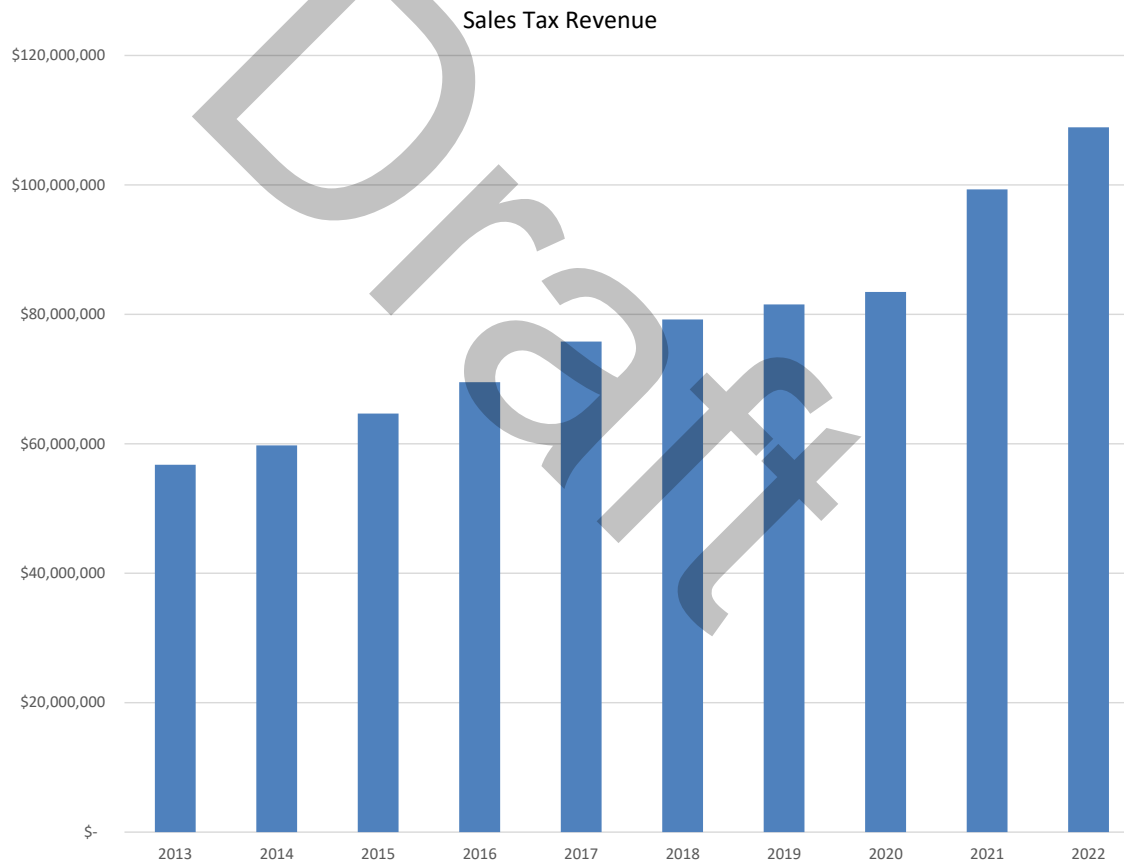
Denton County Transportation Authority

Sales Tax Allocation Received by Member Cities

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City of Denton	\$ 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	\$ 51,176,744
City of Highland Village	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	5,190,010
City of Lewisville	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	52,536,846
Total	\$ 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	\$ 108,903,600

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



Denton County Transportation Authority

Long-term Debt

Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Refunding Bonds, Series 2009 ⁽¹⁾	Contractual Obligations, Series 2011 ⁽¹⁾	Sales Tax Revenue Refunding Bonds, Series 2020 ⁽¹⁾	Sales Tax Revenue Refunding Bonds, Series 2021 ⁽¹⁾	Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽³⁾
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	0.06%	25.92
2021	-	-	11,325,000	9,940,000	21,265,000	0.06%	22.79
2022	-	-	9,725,000	9,075,000	18,800,000	0.04%	19.78

Sources:

⁽¹⁾ DCTA Finance Department

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

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

Demographic and Economic Statistics for Denton County

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in Thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	Education Level in Years of Formal Schooling ⁽²⁾	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾
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	38,295,798	42,498	35.8	14.5	242,400	6.3%
2021	933,220	42,724,678	45,782	36.7	14.3	244,924	3.9%
2022	950,660	--	(A)	(A)	(A)	(A)	3.0%

Sources:

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

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

⁽³⁾ Texas Workforce Commission, data for September of respective year

Notes:

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

Principal Employers in Denton County

September 30, 2022 and Nine Years Ago

10 Largest Employers	Industry	Rank	2022		Rank	2013	
			Estimated Number of Employees ⁽¹⁾	Total Employment ⁽²⁾		Estimated Number of Employees ⁽¹⁾	Total Employment ⁽²⁾
Lewisville Independent School District	Education	1	7,500	1.40%	2	6,325	1.65%
Charles Schwab Corp	Finance/Insurance	2	6,000	1.12%	-	(A)	(A)
University of North Texas	Education	3	4,533	0.84%	1	7,762	2.03%
Denton Independent School District	Education	4	4,400	0.82%	4	3,255	0.85%
Wal-Mart	Retail	5	3,766	0.70%	3	3,900	1.02%
Northwest Independent School District	Education	6	2,694	0.50%	9	1,636	0.43%
Peterbilt Motors Co.	Manufacturing	7	2,314	0.43%	8	2,100	0.55%
Nebraska Furniture Mart	Retail	8	2,000	0.37%	-	(A)	(A)
Texas Woman's University	Education	9	1,778	0.33%	-	(A)	(A)
Frito Lay	Food Distribution	10	1,712	0.32%	6	2,500	0.65%
Centex Home Equity	Finance/Insurance				5	2,600	0.68%
American Airlines Alliance	Transportation				7	2,154	0.56%
Denton State School	Health Care/Social Assistance				10	1,500	0.39%
			36,697	6.84%		33,732	8.82%

Sources:

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

⁽²⁾ Texas Workforce Commission

Notes:

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

Denton County Transportation Authority

Total Employees and Contract Operations

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Employee Count										
DCTA - Administration	22.00	23.75	26.75	27.25	29.75	33.75	42.50	35.50	36.00	40.00
Third Party Contract Operations: Bus Services	126.00	137.00	140.50	152.00	132.50	141.00	139.50	137.00	118.00	80.00
Total Full Time Equivalents (FTEs)	148.00	160.75	167.25	179.25	162.25	174.75	182.00	172.50	154.00	120.00

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.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actual Vehicle Revenue Miles										
Demand Response Directly Operated Transportation	237,817	236,203	226,065	276,159	260,833	264,591	284,103	204,413	135,902	177,606
Fixed Route Bus Directly Operated Transportation	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	780,316
A-train Rail Purchased Transportation	299,037	313,062	326,217	334,468	338,751	328,658	335,611	579,625	501,786	764,500
VanPool Purchased Transportation	360,277	461,253	618,963	822,901	785,538	689,889	718,019	1,005,519	1,491,900	1,585,394
Demand Response Taxi Purchased Transportation	-	-	-	-	13,766	61,695	97,277	67,987	67,179	31,861
Demand Response Purchased Transportation	-	-	-	-	-	-	-	-	64,204	2,641,460
Total Actual Vehicle Revenue Miles	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	5,981,137
Actual Vehicle Revenue Hours										
Demand Response Directly Operated Transportation	17,407	17,655	17,614	24,452	24,659	21,031	21,741	15,993	11,841	12,744
Fixed Route Bus Directly Operated Transportation	99,468	104,932	116,874	126,214	135,091	137,411	138,881	105,124	89,675	66,145
A-train Rail Purchased Transportation	11,125	12,215	13,149	13,580	13,511	13,208	13,765	26,354	23,285	36,131
VanPool Purchased Transportation	7,044	9,079	11,072	14,706	14,689	14,935	17,842	23,778	26,970	29,345
Demand Response Taxi Purchased Transportation	-	-	-	-	1,097	3,969	6,209	4,129	4,017	2,804
Demand Response Purchased Transportation	-	-	-	-	-	-	-	-	4,470	149,323
Total Actual Vehicle Revenue Hours	135,044	143,881	158,709	178,952	189,047	190,554	198,438	175,378	160,258	296,492
Fixed Route Bus Directly Operated Transportation - UPT										
	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	1,149,887
A-train Rail Purchased Transportation - UPT										
	510,738	568,338	555,423	545,250	504,958	419,335	393,700	221,316	113,440	175,637
VanPool Purchased Transportation - UPT										
	66,294	80,235	134,662	199,044	145,020	128,088	128,171	154,812	216,451	230,345
Demand Response Directly Operated Transportation - UPT										
	-	-	-	-	-	-	-	-	-	24,896
Demand Response Purchased Transportation - UPT										
	-	-	-	-	-	-	-	-	-	614,876
Demand Response Taxi Purchased Transportation - UPT										
	-	-	-	-	1,716	7,576	13,710	10,568	10,248	5,087
	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	2,200,728
Annual Passenger Miles										
Demand Response Directly Operated Transportation	237,922	236,238	226,214	258,644	202,774	204,529	260,791	195,020	135,764	177,225
Fixed Route Bus Directly Operated Transportation	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	2,806,602
A-train Rail Purchased Transportation	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	2,505,708
VanPool Purchased Transportation	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	11,152,064
Demand Response Taxi Purchased Transportation	-	-	-	-	13,923	61,441	97,339	68,014	67,302	37,245
Demand Response Purchased Transportation	-	-	-	-	-	-	-	-	53,733	2,732,755
Total Annual Passenger Miles	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	19,411,599
Operating Expenses										
Demand Response Directly Operated Transportation	\$ 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	\$ 2,261,199
Fixed Route Bus Directly Operated Transportation	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	9,640,493
A-train Rail Purchased Transportation	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	16,176,981
VanPool Purchased Transportation	221,587	327,211	356,865	430,362	392,099	386,401	424,355	605,410	735,614	941,412
Demand Response Taxi Purchased Transportation	-	-	-	-	187,927	281,604	364,491	303,210	374,351	296,199
Demand Response Purchased Transportation	-	-	-	-	-	-	-	-	620,655	11,205,162
Total Operating Expenses	\$ 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	\$ 40,521,446

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

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

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

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

Source: National Transit Database

Denton County Transportation Authority

Farebox Recovery Percentage

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Farebox Recovery - Bus	46.30%	46.07%	42.73%	44.14%	41.25%	36.35%	39.51%	33.04%	31.76%	33.00%
Farebox Recovery - Rail	6.53%	6.87%	6.15%	6.17%	5.36%	5.33%	5.25%	3.29%	2.10%	1.15%

Fare Structure at 9/30/2022

Local System (Bus & Rail)

Local System AM/PM Pass	\$ 1.50
Local System AM/PM Reduced*	0.75
Local System Day Pass	3.00
Local System Day Pass Reduced*	1.50
Local System 7-Day Pass	15.00
Local System 10 Pack of Day Passes	20.00
Local System Monthly/31-Day Pass	48.00
Local System Monthly/31-Day Pass Reduced*	24.00
Local System Annual Pass	480.00
Local System Annual Pass Reduced*	240.00
Local System University Full Semester Pass**	120.00
Local System University Summer Semester Pass**	72.00
Local System University Annual Pass**	240.00

GoZone On-Demand Micro-Transit

Single Trip	0.75
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Frisco Demand Response

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

Regional (Bus & Rail)

Regional Day Pass	\$ 12.00
Regional Day Pass Reduced*	3.00
Regional 10 Pack of Day Passes	84.00
Regional Monthly/31-Day Pass	192.00
Regional Monthly/31-Day Pass Reduced*	48.00
Regional Annual Pass	1,920.00
Regional Annual Pass Reduced*	576.00
Regional University Full Semester Pass**	240.00
Regional University Summer Semester Pass**	144.00
Regional University Annual Pass**	576.00

Access

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

Collin County Transit Demand Response

Boarding fare	2.25
Plus fare per mile	1.80

* Reduced = Seniors (65+), disabled (with DCTA issued ID), Medicare cardholders, and students

(Ages 5-18, students over the age of 14 require a valid high school or DCTA issued ID)

** Students, faculty or staff attending colleges with physical campuses within Denton County are eligible to participate in the University Pass Program.

Proof of enrollment/employment is required.

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

Source: DCTA Finance Department

Denton County Transportation Authority

**Federal Awards Supplemental Information
September 30, 2022**

Independent Auditor's Reports

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated February 23, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to February 23, 2023.

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

February 23, 2023

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Denton County Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2022 and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 23, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as Finding 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to the Finding

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

To Management and the Board of Directors
Denton County Transportation Authority

Purpose of This Report

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

February 23, 2023

Draft

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

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Denton County Transportation Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

To the Board of Directors
Denton County Transportation Authority

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

February 23, 2023

Denton County Transportation Authority

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters -				
U.S. Department of Transportation - Direct Programs -				
Federal Transit Cluster -				
Federal Transit - Formula Grants (Urbanized Area Formula Program):				
TX-95-X079-00	20.507		\$ -	\$ 95,385
TX-2019-071-00	20.507		-	82,959
TX-2019-073-00	20.507		-	2,437,231
TX-2020-048-00	20.507		-	72,362
TX-2020-124-00	20.507		-	922,554
TX-2021-012-00	20.507		-	192,733
COVID-19- TX-2021-088-00	20.507		-	13,631,550
TX-2021-091-00	20.507		-	3,155,801
Total Formula Grants (Urbanized Area Formula Program)			-	20,590,575
State of Good Repair Grants Program TX-2021-067-00	20.525		-	1,973,636
Total Federal Transit Cluster			-	22,564,211
Total expenditures of federal awards			\$ -	\$ 22,564,211

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Denton County Transportation Authority (the "Authority") under programs of the federal government for the year ended September 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the full accrual of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

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

Schedule of Findings and Questioned Costs**Year Ended September 30, 2022****Section I - Summary of Auditor's Results****Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Denton County Transportation Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2022

Section II - Financial Statement Audit Findings

Reference Number	Finding
2022-001	<p>Finding Type - Material weakness</p> <p>Criteria - The Authority should have a process in place to ensure proper recording and reconciling of accrued expenses and capital asset activity throughout the year and identification of all year-end closing entries in accordance with generally accepted accounting principles (GAAP) prior to the commencement of the audit.</p> <p>Condition - The Authority's accrued expenses and construction in progress (CIP) were not reconciled to underlying financial records in a timely manner. As a result, there were adjustments identified during the audit of the Authority.</p> <p>Context - The accounting adjustments identified by Plante & Moran, PLLC and posted by the Authority included a \$1.4 million reduction in accrued expenses and a \$3.5 million adjustment to reduce the CIP balances.</p> <p>Cause - As a result of the significant turnover within the finance department during the year, the annual process of review of the closing entries made to the general ledger throughout the year and year-end closing entries were not identified and recorded in the general ledger prior to the commencement of the audit.</p> <p>Effect - If the Authority had not recorded the auditor-identified entries, the financial statements would have been materially misstated.</p> <p>Recommendation - The Authority should review the processes implemented in prior fiscal years to ensure the reconciliation of the accrued expenses and capital asset activity is appropriately performed in order to record these adjustments prior to the start of the audit. Also, with the new staff on board, we recommend that monthly and year-end closing processes be reviewed to ensure they are appropriate given current staffing and that the processes and controls be documented.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Financial controls and financial statement presentation is a top priority for DCTA leadership. The newly-constituted financial team views this breakdown in financial controls through a period of significant transition for the agency as an opportunity to apply fresh perspective to financial management at DCTA and strengthen procedures. The finance team will ensure proper reconciliation of account balances at year end 2023 to present such issues from occurring prospectively.</p>

Section III - Federal Program Audit Findings

None

February 23, 2023

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2022 and have issued our report thereon dated February 23, 2023. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Related Information

Section III - Legislative and Informational Items

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

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping the Authority in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

Section III contains updated legislative and informational items that we believe will be of interest to you.

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

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

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

Very truly yours,

Plante & Moran, PLLC

Pamela L. Hill, Partner

Keith Szymanski, Principal

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 1, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated February 23, 2023 regarding our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 12, 2022.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

No new accounting policies were adopted, and the application of existing policies was not changed during 2022. Governmental Accounting Standards Board Statement No. 87, *Leases*, was effective this year but the Authority determined the impact to be immaterial and elected not to account for leases in accordance with the new standard.

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements related to accounts payable, accrued liabilities, and capital assets. Please reference the Single Audit report for additional information related to the corrected misstatements identified during the audit and corrected by management.

Significant Findings or Issues

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 23, 2023.

Management Consultations with Other Independent Accountants

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

Other Information Included in Annual Reports

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

Draft

Section II - Other Recommendations and Related Information

During our audit, we noted areas where we believe there are opportunities for the Authority to further strengthen internal control or to increase operating efficiencies. Our observations on those areas are presented for your consideration below:

Inventory – The Authority recorded the value of its parts inventory for the first time during the 2021 audit. The balance for the 2022 audit was not determined until December 1, 2022. Although it is not material, we recommend the Authority implement procedures to determine the value as of September 30 of each year. We also recommend the Authority review to determine proper custodial controls are in place for preventing the misappropriation of parts and perform a thorough review of the controls in place around inventory. Plante Moran would be happy to assist, if desired.

Payroll –The Authority had significant turnover within the accounting department during 2022. As a result of the turnover, there were certain processes outsourced to a third-party consultant, including payroll processing reviews. As a best practice, we would recommend that the Authority implements a process to retain more detailed documentation of such reviews and with new staff in place, review all internal controls and processes to ensure best practices are implemented in all areas including payroll.

Section III - Legislative and Informational Items

COVID-19 Resource Center and ARPA

Throughout the COVID-19 pandemic, Plante & Moran, PLLC's COVID-19 task force of leaders across the firm has monitored, addressed, and provided insight related to the virus and the unique challenges our local governments have faced while continuing to provide essential services to their communities through our COVID-19 resource center at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center>. This will continue as our nation emerges from this crisis.

In March 2021, the president signed the American Rescue Plan Act (ARPA) into law, which included \$30.5 billion in federal funding to support public transportation systems. The ARPA award terms provide that payments from ARPA as a general matter will be subject to the provision of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), including the cost principles and restrictions on general provisions for selected items of cost. The Authority will need to understand these reforms and may be required to evaluate, document, and monitor internal procedures around compliance, including maintaining certain required policies.

The COVID-19 resource center is being continuously updated for the latest guidance and strategy related to ARPA and will help keep the Authority running smoothly through our nation's recovery.

Want to receive relevant content directly to your email? Subscribe at <https://www.plantemoran.com/subscribe> where you can customize your subscription preferences based on your specific interests and industry selection.

Annual Comprehensive Financial Report - Calculation of Net Investment in Capital Assets

Effective March 1, 2022, the Government Finance Officers Association (GFOA) announced that a government's submission package for the Certificate of Achievement for Excellence in Financial Reporting must include an Excel file or PDF containing the calculations of net investment in capital assets reported on the government-wide statement of net position for both governmental and business-type activities, as applicable. Governments that are stand-alone business-type activities should submit the calculation of net investment in capital assets reported on their statement of net position. Governments also have the option to include, in the same uploaded file, the calculations of net investment in capital assets for other reporting units in their Annual Comprehensive Financial Report, such as for discretely presented component units or for some or all of their proprietary funds, but are not required to do so. The calculation may be at a summary level, and no specific format is being requested. The GFOA has provided a template for this calculation submission at https://gfoaorg.cdn.prismic.io/gfoaorg/6c037092-42bf-4b75-a847-7e649bfe7035_COANetInvestmentCalc012022.xlsx. The Authority should submit this calculation as part of its submission package to the GFOA.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a government with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk.

Recognizing the risk of cyberattacks, the Transportation Security Administration recently announced a new cybersecurity directive regulating designated passenger and freight railroad carriers. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the Authority. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent fall 2022 update and a link to previous fall and spring updates are available [here](#).

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements (SBITAs)

This new accounting pronouncement will be effective for the Authority's year ending September 30, 2023. This statement defines SBITAs and provides accounting and financial reporting for SBITAs by governments, including requiring a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs.

GASB Statement No. 101 - Compensated Absences

This new accounting pronouncement will be effective for the Authority's year ending September 30, 2025. This statement updates the recognition and measurement guidance for compensated absences under a unified model, requiring that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This statement also establishes guidance for measuring a liability for leave that has not been used and updates disclosure requirements for compensated absences.



Board of Directors Memo

February 23, 2023

SUBJECT: Consider Approval of Monthly Financial Statements for December 2022 and Quarterly Reports for Q1 FY2023 and Receive an Update from the Chief Financial Officer (CFO) Regarding Finance Operations

Recommendation

Staff recommends the Board approve the monthly financial statements for December 2022 and Quarterly Reports for Quarter 1 – FY2023.

Background

The financial statements are presented monthly to the Board of Directors for acceptance. The reports for the period ending December 31, 2022, include the Statement of Change in Net Position, Statement of Net Position, and Capital Projects Budget Report. These reports provide a comparison of year-to-date budget vs. actual performance.

In this item, the CFO will also provide an update on Finance Operations.

Previous Board Activity & Action

There has been no previous Board activity on this item.

Identified Need

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

Financial Impact

The financial impact of the December 31, 2022 has been summarized within the respective documents provided. The staff stands ready to answer any questions the board may have regarding the December 31, 2022 financial performance.

Exhibits

Exhibit 1: Year-to-Date Financial Statements – December 2022

Exhibit 2: Capital Projects Budget Report – December 2022

Submitted by:

Sherrelle Evans-Jones, CPA
Chief Financial Officer



DENTON COUNTY TRANSPORTATION AUTHORITY

Statement of Revenue and Expenditures
Presented for the Period Ended December 31, 2022

(UNAUDITED)

	Prior Year Actual			FY 2023 - December 31, 2022					
	2020	2021	2022	YTD Budget	YTD Actual	Annual Budget	Actual %	Expected %	Notes
Revenue and Other Income									
Passenger Revenues	\$ 833,637	\$ 542,920	\$ 928,716	\$ 441,904	\$ 248,413	\$ 1,797,627	13.8%		Total system YTD ridership revenue down about 10% compared to budgeted ridership.
Contract Service Revenues	3,378,826	2,969,330	3,718,416	1,055,039	1,086,143	3,828,781	28.4%		27.6%
Sales Tax Revenues	29,817,364	34,653,779	38,030,250	10,185,933	10,454,140	39,646,685	26.4%		25.7% Sales tax continues to perform ahead of budget.
Federal/State Grants - Capital	3,472,677	1,409,423	95,069	240,000	58,817	2,801,060	2.1%		8.6%
Federal/State Grants - Operating	16,214,135	15,858,885	19,028,351	1,067,558	-	13,042,809	0.0%		Invoicing/grant revenue processing underway. This 8.2% timing difference will correct in future updates.
Total Revenues and Other Income	53,716,639	55,434,337	61,800,802	12,990,434	11,847,513	61,116,962			
Operating Expenses									
Salary, Wages and Benefits	4,432,165	3,903,858	4,002,824	1,405,895	903,383	5,563,276	16.2%		FY23 Budget vs Actual Note: FY23 budget includes 25.3% estimates for vacant positions.
Outsourced Services and Charges	2,922,575	3,029,903	4,517,965	1,733,612	680,668	6,297,146	10.8%		27.5%
Materials and Supplies	1,922,265	1,711,081	2,536,927	896,619	505,260	3,363,038	15.0%		26.7%
Utilities	431,838	425,655	455,020	157,473	75,623	666,751	11.3%		23.6%
Insurance	1,656,122	1,692,506	1,608,328	437,619	326,184	1,750,482	18.6%		25.0% "
Purchased Transportation Services	10,091,454	9,810,849	19,146,955	5,689,686	4,485,642	22,584,376	19.9%		25.2%
Employee Development	164,699	80,428	119,259	99,766	17,725	310,565	5.7%		32.1%
Leases and Rentals	226,632	215,069	132,033	36,615	35,543	146,452	24.3%		25.0%
Depreciation	9,559,752	9,524,340	11,351,682	2,826,182	2,808,814	11,211,908	25.1%		25.2%
Total Operating Expenses	31,407,502	30,393,689	43,870,994	13,283,467	9,838,841	51,893,994			
Income Before Non-Operating Revenues and Expenses	22,309,137	25,040,648	17,929,808	(293,033)	2,008,671	9,222,968			
Non-Operating Revenues/(Expense)									
Investment Income	320,793	31,178	462,425	1,500	838,492	6,000	13974.9%		2023 Actual revenue reflects investment of liquid assets in accordance with agency investment policy.
Gain (Loss) on Disposal of Assets	(7,482)	42,344	29,719	-	-	-	0.0%		0.0%
Fare Evasion Fee	-	-	681,289	-	-	-	0.0%		0.0%
Other Income/(Expense) - Miscellaneous	421,389	460,209	(233,827)	9,276,072	120,976	9,623,610	1.3%		96.4% \$9.6M annual budget includes plans for the JROF.
Long Term Debt Interest/Expense	(909,133)	(697,187)		(53,160)	(53,109)	(212,640)	25.0%		25.0%
Total Non-Operating Revenues/(Expenses)	(174,434)	(163,456)	939,606	9,224,412	906,359	9,416,970			
Income (Loss) before Transfers to NTMC	22,134,703	24,877,192	18,869,414	8,931,380	2,915,030	18,639,938			
Transfers Out to NTMC	(7,555,428)	(6,489,350)	(5,926,669)	(1,941,777)	(1,810,595)	(7,337,796)	24.7%		26.5%
Total Transfers	(7,555,428)	(6,489,350)	(5,926,669)	(1,941,777)	(1,810,595)	(7,337,796)			
Change in Net Position	\$ 14,579,275	\$ 18,387,842	\$ 12,942,745	\$ 6,989,603	\$ 1,104,435	\$ 11,302,142			



North Texas Mobility Corporation
 Statement of Revenue and Expenditures
 Presented for the Period Ended December 31, 2022
 (UNAUDITED)

	Prior Year Actual			FY 2023 - December 31, 2022					
	2020	2021	2022	YTD Budget	YTD Actual	Annual Budget	Actual %	Expected %	Notes
Operating Expenses									
Salary, Wages and Benefits	\$ 7,211,423	\$ 6,028,468	\$ 5,355,034	\$ 1,748,124	\$ 1,761,904	\$ 6,579,563	26.8%	26.6%	
Outsourced Services and Charges	201,117	366,444	504,702	151,860	30,019	\$ 607,445	4.9%	25.0%	
Materials and Supplies	-	603	940	484	-	\$ 1,936	0.0%	25.0%	
Insurance	127,872	109,898	52,044	23,904	17,976	\$ 95,592	18.8%	25.0%	
Employee Development	15,015	15,051	13,949	17,405	696	\$ 53,260	1.3%	32.7%	
Total Operating Expenses	7,555,428	6,520,464	5,926,669	1,941,777	1,810,595	7,337,796			
Income (Loss) before Transfers	(7,555,428)	(6,520,464)	(5,926,669)	(1,941,777)	(1,810,595)	(7,337,796)			
Transfers In	7,555,428	6,520,464	5,926,669	1,941,777	1,810,595	7,337,796			
Total Transfers	\$ 7,555,428	\$ 6,520,464	\$ 5,926,669	\$ 1,941,777	\$ 1,810,595	\$ 7,337,796			

DENTON COUNTY TRANSPORTATION AUTHORITY

CAPITAL PROJECTS BUDGET REPORT

AS OF DECEMBER 31, 2022

Capital Project Number/Name	Project Budget	December 2022 Actuals Booked	Actuals Life To Date	\$ Under/ (Over) Budget	% of Budget (As of December 2022 Close)
Construction Work in Progress					
G&A Capital Projects					
Total 10302 · Infrastructure Acquisition	3,251,990	-	2,617,009	634,981	80%
Total 10405 · Swiftly Transit Platform	895,803	-	-	895,803	0%
Total 10406 · Multi-Facility Firewall Upgrade	60,000	-	-	60,000	0%
Total 10407 · AV Upgrade (DCTA Conference Rooms)	65,000	-	-	65,000	0%
Total 10408 · ERP Implementation	2,100,000	-	-	2,100,000	0%
Total 10501 · Non-Revenue Vehicle (Admin)	45,000	-	-	45,000	0%
Total 10702 · Transportation Reinvestment Program - FY21	100,000	-	52,473	47,527	52%
Close-Out to Operating Expense	(52,473)		(52,473)		
Net Remaining · Transportation Reinvestment Program - FY21	47,527	-	-	47,527	
Total 10702.1 · Transportation Reinvestment Program FY21 - Denton	3,424,946	-	47,206	3,377,740	1%
Close-Out to Operating Expense	(47,206)		(47,206)		
Net Remaining · Transportation Reinvestment Program FY21 - Denton	3,377,740	-	-	3,377,740	
Total 10702.2 · Transportation Reinvestment Program FY21 - Highland Village	379,591	-	2,358	377,233	1%
Close-Out to Operating Expense	(2,358)		(2,358)		
Net Remaining · Transportation Reinvestment Program FY21 - Highland Village	377,233	-	-	377,233	
Total 10702.3 · Transportation Reinvestment Program FY21 - Lewisville	3,837,597	-	1,260,254	2,577,343	33%
Close-Out to Operating Expense	(1,260,254)		(1,260,254)		
Net Remaining · Transportation Reinvestment Program FY21 - Lewisville	2,577,343	-	-	2,577,343	
Total 10703 · Transportation Reinvestment Program - FY22	100,000	-	-	100,000	0%
Total 10703.1 · Transportation Reinvestment Program FY22 - Denton	4,263,151	-	-	4,263,151	0%
Total 10703.2 · Transportation Reinvestment Program FY22 - Highland Village	450,500	-	-	450,500	0%
Total 10703.3 · Transportation Reinvestment Program FY22 - Lewisville	5,019,354	-	-	5,019,354	0%
Total 10704 · Transportation Reinvestment Program FY23	11,393,216	-	-	11,393,216	0%
Total G&A Capital Projects	34,023,858	-	2,617,009	31,406,849	8%
Bus Capital Projects					
Total 50307 · Major Maintenance - Bus 2022	179,530	-	-	179,530	0%
Total 50412 · Bus OMF Network Video Recorder	26,000	-	-	26,000	0%
Total 50413 · DDTC Rail Fiber Extension	125,000	-	75,669	49,331	61%
Total Bus Capital Projects	330,530	-	75,669	254,861	23%
Rail Capital Projects					
Total 61302 · Joint Rail Operations Facility (JROF)	12,049,912	-	602,620	11,447,292	5%
Total 61406.1 · Positive Train Control Implementation	16,720,141	71,349	16,215,324	504,817	97%
Close-Out to Capitalized Assets	(16,022,566)	-	(16,022,566)		
Net Remaining · Positive Train Control Implementation	697,575	71,349	192,758	504,817	
Total 61406.2 · Positive Train Control Enhancements	5,000,000	-	148,180	4,851,820	3%
Total 61605 · Brownfield Remediation	455,000	575	417,468	37,532	92%
Close-Out to Operating Expenses	(416,893)		(416,893)		
Net Remaining · Brownfield Remediation	38,107	575	575	37,532	
Total 61724 · Major Maintenance-Rail 2022	1,836,442	45,374	1,667,954	168,488	91%
Close-Out to Operating Expenses	(1,622,580)		(1,622,580)		
Net Remaining · Major Maintenance -Rail 2022	213,862	45,374	45,374	168,488	
Total 61725 · Major Maintenance-Rail 2023	2,000,000	39,278	39,278	1,960,722	2%

DENTON COUNTY TRANSPORTATION AUTHORITY

CAPITAL PROJECTS BUDGET REPORT

AS OF DECEMBER 31, 2022

Capital Project Number/Name	Project Budget	December 2022 Actuals Booked	Actuals Life To Date	\$ Under/ (Over) Budget	% of Budget (As of December 2022 Close)
Total Rail Capital Projects	19,999,456	156,575	1,028,785	18,970,671	5%
Total Construction Work in Progress	\$ 54,353,843	\$ 156,575	\$ 3,721,463	\$ 50,632,381	7%



Board of Directors Memo

February 23, 2023

SUBJECT: Provide an Update on the A-train Enhancement Study

Recommendation

This is a discussion item only. No Board Action is required.

Background

A-train ridership in FY2019 was approximately 393,000. While ridership rebounded by 55% in FY2022 to approximately 175,000, that figure is only 45% of the pre-pandemic level. The Board of Directors has expressed interest in expanding A-train service to Downtown Carrollton and potentially increasing train frequency to facilitate further ridership growth.

The Board of Directors approved a Task Order with Lockwood, Andrews, and Newnam (LAN) in April 2022 to conduct train simulations to determine the program of projects that would be required to accomplish these objectives.

The purpose of this briefing item is to review the outcome of that work, gain Board feedback, and discuss next steps to be undertaken in the program.

Previous Board Activity

The Board received an introductory briefing on this item in March 2022.

The Board approved the Task Order with LAN to complete the A-train Enhancement Study in April 2022.

Identified Need

None.

Financial Impact

None.

Exhibits

None.

Submitted by:

Paul A. Cristina, Chief Executive Officer



Board of Directors Memo

February 23, 2023

SUBJECT: Discuss Marketing and Communications Director Update and Denton County Transportation Authority (DCTA) Communications Evolution

Recommendation

This is a discussion item only. No action is required.

Background

DCTA Staff will update Board members on Marketing and Communications activity in the past quarter, and future plans:

- Achievements thus far
- Planned promotion of DCTA core services
- Summary of outlook and plans
- Insight into department structure, budget, engagement channels, and strategy

Future outreach will incorporate the agency's "Key Messages" that describe DCTA's focus on:

- Getting people where they need and want to go
- Making it easy for the rider
- Doing better for Denton County

Previous Board Activity & Action

None.

Identified Need

None.

Financial Impact

None.

Exhibits


None.

Submitted By:



David Magaña, Director of Marketing and Communications

Reviewed By:



Brittney Farr, Senior Director of Engagement and Administration



Board of Directors Memo

February 23, 2023

SUBJECT: Discuss Denton County Transportation Authority (DCTA) Customer Service Function, Providers, and Alternatives

Recommendation

This is a discussion item only. No Board Action is required.

Background

DCTA customers currently receive customer service support through two channels, depending on the service they are utilizing. GoZone customers are required to contact a customer service team provided by Via Transportation, the GoZone Service provider, who provides customer service support by contract. The budgeted cost of this service in FY2023 is \$420,000.

North Texas Mobility Corporation (NTMC), a Local Government Corporation that provides fixed route and paratransit services for DCTA in accordance with an Interlocal Agreement (ILA) between the two entities, also provides customer service support for the services it provides. NTMC has a phone-based customer service function and customer service window for in-person support in the lobby of the Downtown Denton Transit Center (DDTC).

Multiple touch points for DCTA customers to receive customer service can sometimes lead to customer confusion and poor customer outcomes. This briefing item will provide an overview of the alternatives and opportunities DCTA is reviewing to create an integrated, insourced customer service function for DCTA to benefit our riders and realize efficiencies.

Previous Board Activity

None.

Identified Need

None.

Financial Impact

None.

Exhibits

None.

Submitted by:


Paul A. Cristina, Chief Executive Officer

Board of Directors Memo

February 23, 2023

SUBJECT: Transit Asset Management Plan and Long- Range Financial Planning

Recommendation

This agenda item is for discussion only.

Background

The Federal Transit Asset Management Rule (TAM) (49 CFR, part 625) specifies minimum practices to guide transit providers in managing capital assets and prioritizing funding to improve or maintain assets in a “state of good repair” (SGR). The federal rule requires agencies to develop TAM Plans and set performance targets for the purpose of lowering long-term maintenance costs.

A TAM Plan tracks system performance, assesses asset condition, and prescribes strategies for efficiently managing assets. As outlined in the TAM Final Rule, each year a transit agency receives federal assistance, the agency is required to report the condition of its public transportation assets as required by FTA regulations, “Transit Asset Management; National Transit Database,” 49 CFR parts 625 and 630.

Previous Board Activity & Action

There was no prior Board activity associated with the Transit Asset Management Plan.

Identified Need

Initial TAM Plans were required of every public transit agency in 2018. The federal rule also requires all TAM Plans be updated at least once every four (4) years. DCTA’s first TAM Plan was completed in 2018 and revised along with the agency’s asset inventory and condition assessments in 2020. The current TAM Plan was completed in September 2022 covers the years 2023-2026 and is in full compliance with the federal rule. During subsequent quadrennial TAM Plan updates, DCTA will perform a thorough evaluation of its state of good repair policy and scope to ensure alignment with the strategic direction of the agency.

Today’s briefing is intended to provide the Board with a general overview of the TAM Plan including the federal regulatory framework, components of the TAM Plan, and its conclusions and recommendations.

Submitted By: 
Tim Palermo, Planning & Data Analytics Manager

Final Review: 
Sherrelle Evans-Jones, Chief Financial Officer

Board of Directors Memo

February 23, 2023

SUBJECT: Discuss Federal Legislative Update

Recommendation

This is a discussion item. No action is required.

Background

Department of Transportation Budget

Last month, the Federal Transit Administration released its FY 2023 final apportionments for federal transit formula programs, and DCTA will receive approximately \$12 million combined from four formula programs. The amount is similar to that received in FY 2022, when increases included in the 2021 infrastructure law resulted in a 32% increase in federal formula funding for DCTA.

In addition to authorizing funding for federal transportation formula programs for five years, the 2021 infrastructure law also included approximately \$23 billion annually over five years for a variety of new and existing competitive programs at USDOT. Notices of funding availability for the first year of virtually all of those programs have been announced to date, and a little more than half has been awarded.

118th Congress

The first session of the two-year 118th Congress began on January 3, with the most significant change from the previous Congress being that Republicans assumed the majority in the House of Representatives. In most cases, 218 votes are needed to approve legislation on the House floor, and the razor-thin 222-213 Republican majority leaves little room for dissent in the GOP caucus, evidenced by the 15 votes that now-Speaker Kevin McCarthy (R-CA) needed to assume that position.

The House and Senate spent most of January taking on the business of organizing, including making committee assignments. There were no major changes to the Denton County congressional delegation's assignments from the previous Congress.

Regarding transportation matters, Rep. Collin Allred, who now represents a sliver of Denton County, remains on the House Transportation & Infrastructure Committee, which has jurisdiction over most USDOT programs. In addition, Senator Ted Cruz is the new Ranking Republican on the Commerce Committee, and that panel has jurisdiction over railroads and FRA programs.

COVID-19 Pandemic

The Biden Administration recently announced that it would end the COVID-19 national public health emergency on May 11. The current emergency declaration ends on April 11, and the White House plans to extend that for an additional 30 days and then allow it to expire. The announcement was made as part of a "Statement of Administration Policy" that opposed legislation approved by the House in January that would end the public health emergency immediately. That legislation is not expected to be considered in the Senate.

The impact of ending the emergency should be minimal, as the federal mask mandate for public transportation was lifted last year. FEMA reimbursement for COVID-19 related expenditures at a 100 percent federal expense will end, however, once the emergency is allowed to expire.



Previous Board Activity & Action

There has been no previous Board-level activity on this item.

Financial Impact

There is no financial impact associated with this discussion item.

Exhibits

None.

Submitted by: Christopher F. Giglio
Christopher F. Giglio, DCTA Federal Advocate
CapitalEdge

Reviewed by: B. Farr
Brittney M. Farr, Senior Director
Engagement and Administration

Board of Directors Memo

February 23, 2023

SUBJECT: Monthly Safety, Service, and Ridership Reports

Introduction

Fiscal Year-to-date monthly safety and performance metrics by mode are detailed in Exhibits 1 and 2. Exhibits 3-8 provide an overview of total monthly ridership trends across all DCTA services for January 2023. These exhibits enable a visual comparison of GoZone and Fixed-Route ridership reports by route and type of service.

Items of Note

The summary table below shows that January 2023 month-over-month bus trips were somewhat higher (44.6%) than what was observed during the prior month. The increase aligns with prior December-January ridership increases and is attributable to the return of University of North Texas (UNT) students from winter break and comparatively milder weather than December. These factors also contributed to a December A-train ridership increase of more than 4 percent above December levels. Also notable is that recent Connect frequency improvements yielded a 37 percent January ridership increase over January 2022 levels.

GoZone reached a new monthly ridership record of 71,439 completed rides in January; an increase of about 2 percent above December levels.

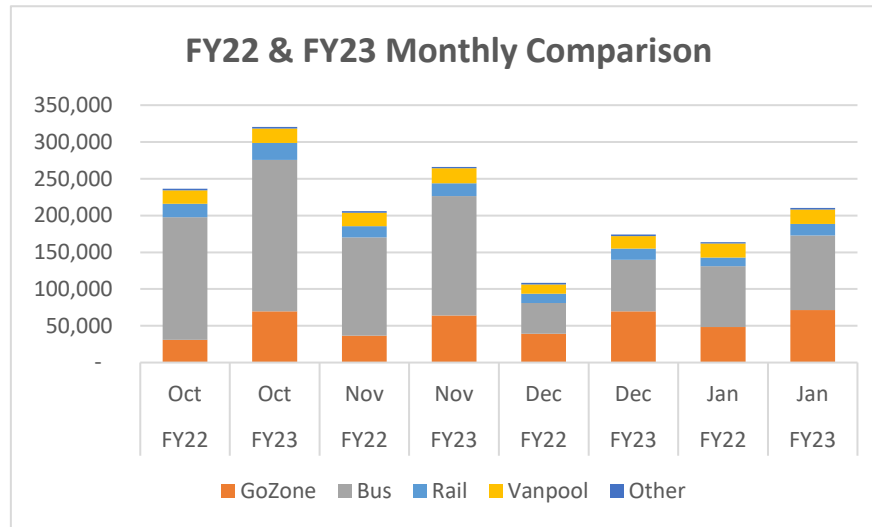
Unlinked Passenger Trips Three-Month Trend						
	2022			2023	December-January % Change	January 2022 - 2023 % Change
	January	November	December	January		
Bus*	82,856	162,541	70,032	101,283	44.6%	22.2%
Rail	11,717	17,257	15,061	15,734	4.5%	34.3%
GoZone	48,389	64,128	69,853	71,439	2.3%	47.6%
TOTAL	142,962	243,926	154,946	188,456	21.6%	31.8%

* UNT, Connect, and Non-Connect Fixed Routes

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DCTA's strong ridership recovery continues with total January 2023 ridership being almost 32 percent above January 2022 levels. Similarly, last month's A-train boardings were over 34 percent above January 2022. January 2023 A-train boardings were 7.5 percent greater than overall monthly average A-train boardings (14,636) in FY22 as seen in the following table.

FY 22 A-train Average Monthly Passengers	14,636
January 2023 A-train Passengers	15,734
Percent Increase (Decrease)	7.5%



FY22 YTD	FY23 YTD	Percent Change
715,016	971,444	35.9%

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Exhibits

- Exhibit 1: Safety Performance – FY to Date
- Exhibit 2: Service Performance – FY to Date
- Exhibit 3: Ridership by Mode – January 2023
- Exhibit 4: Connect and GoZone Ridership by Month and Year
- Exhibit 5: Connect Ridership Year-Over-Year by Month
- Exhibit 6: A-train Year-Over-Year Ridership Comparison
- Exhibit 7: Fixed-Route Ridership – January 2023
- Exhibit 8: UNT Ridership Year-Over-Year by Month

Submitted By: 

Tim Palermo, Planning & Data Analytics Manager

Final Review: 

Troy Raley, Senior Director – Mobility Services

Final Review: 

Javier Trilla, AVP of Innovation and Information Technology

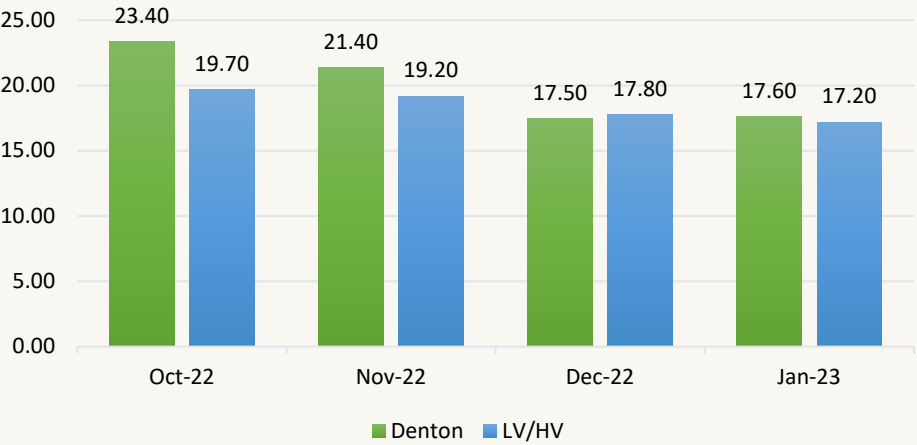
Final Review: 

Maurice Bell, Chief Operating Officer

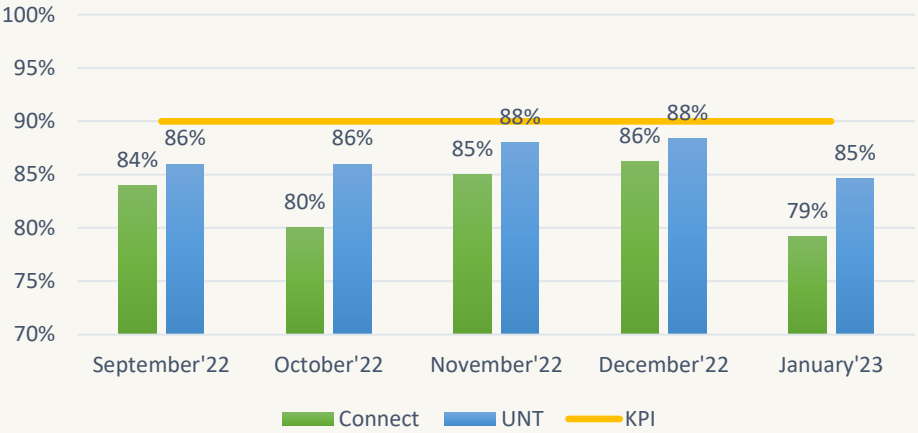


DENTON COUNTY
TRANSPORTATION AUTHORITY

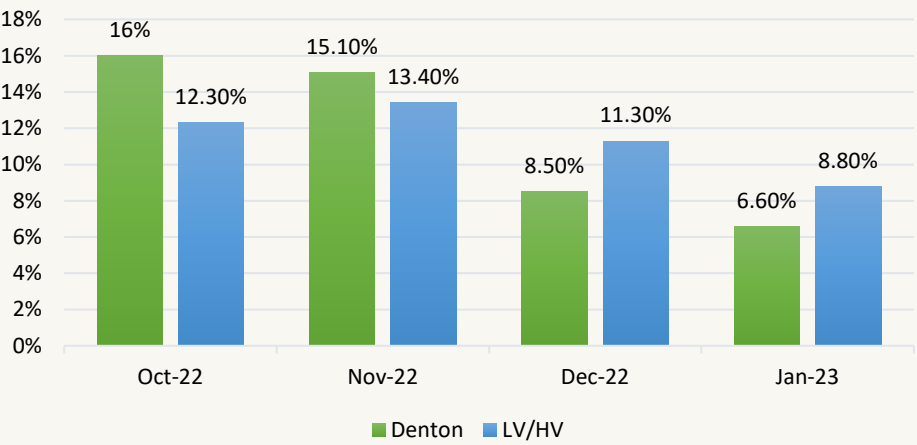
GoZone - Wait Times by Zone - FY23 YTD



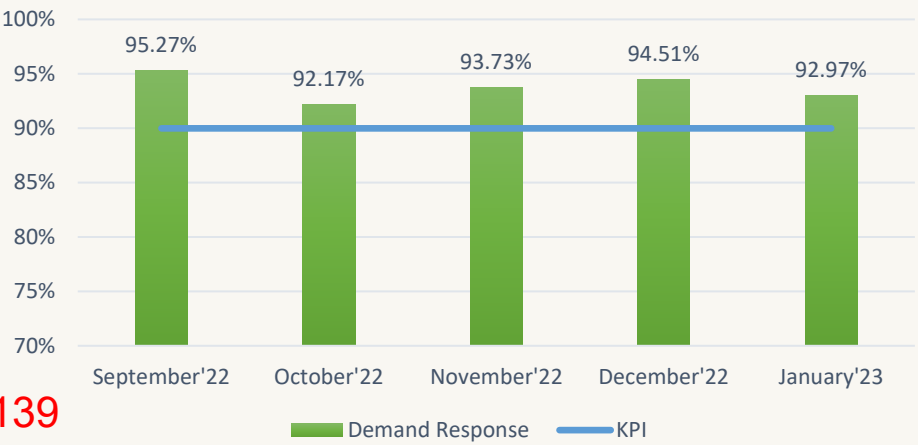
Fixed Route OTP



GoZone - Seat Unavailable by Zone - FY23 YTD

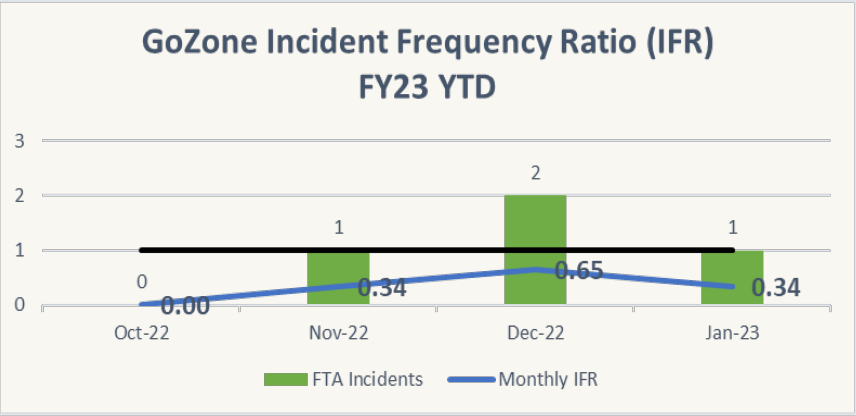


Demand Response OTP

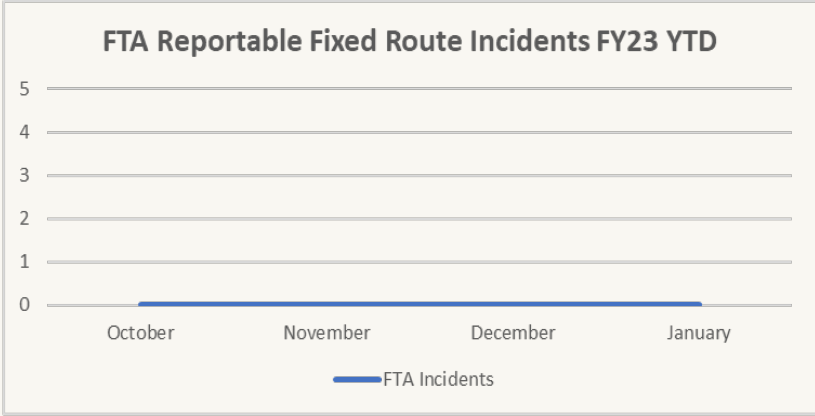




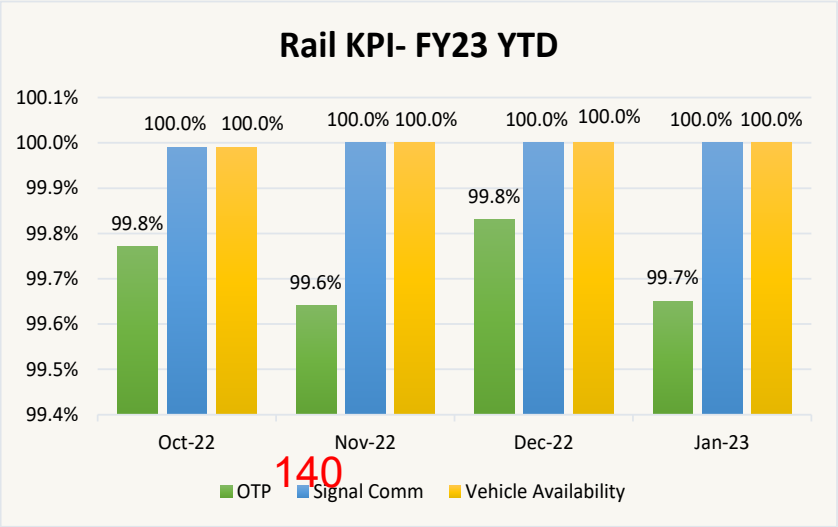
DENTON COUNTY
TRANSPORTATION AUTHORITY



	October	November	December	January
FTA Incidents	0	1	2	1
FTA Monthly IFR	0	0.34	0.65	0.34
Non-FTA Incidents	2	7	7	4
Non-FTA Monthly IFR	0.65	2.36	2.27	1.34



	October	November	December	January
FTA Incidents	0	0	0	0
Monthly IFR	0	0	0	0
IFR YTD	0	0	0	0



Total Ridership - Jan 2023

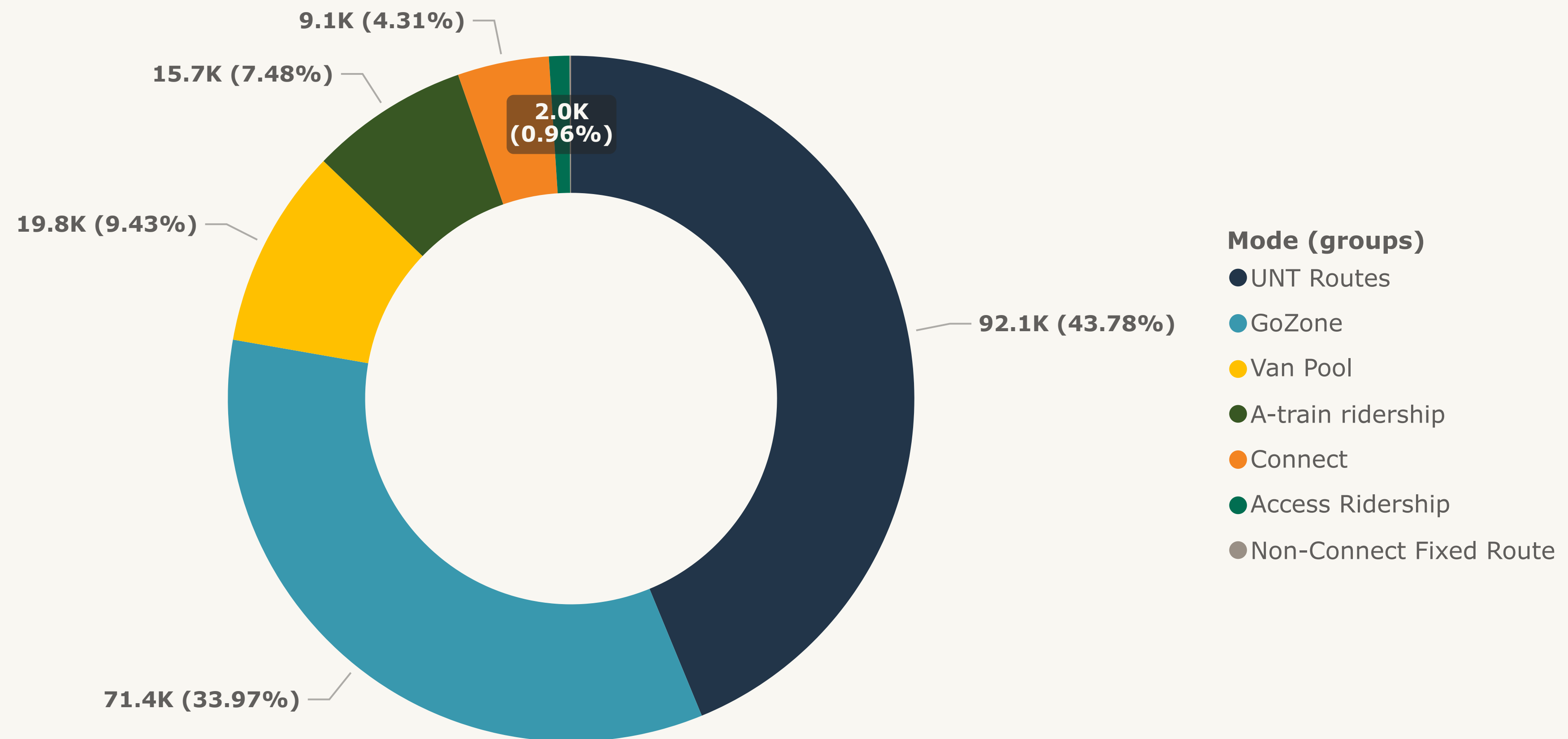
210.3K

Total Ridership FYTD

971.4K

**Informational Report 1
Exhibit 3**

Ridership by Travel Mode - Jan 2023





Total Ridership - Jan 2023

210.3K

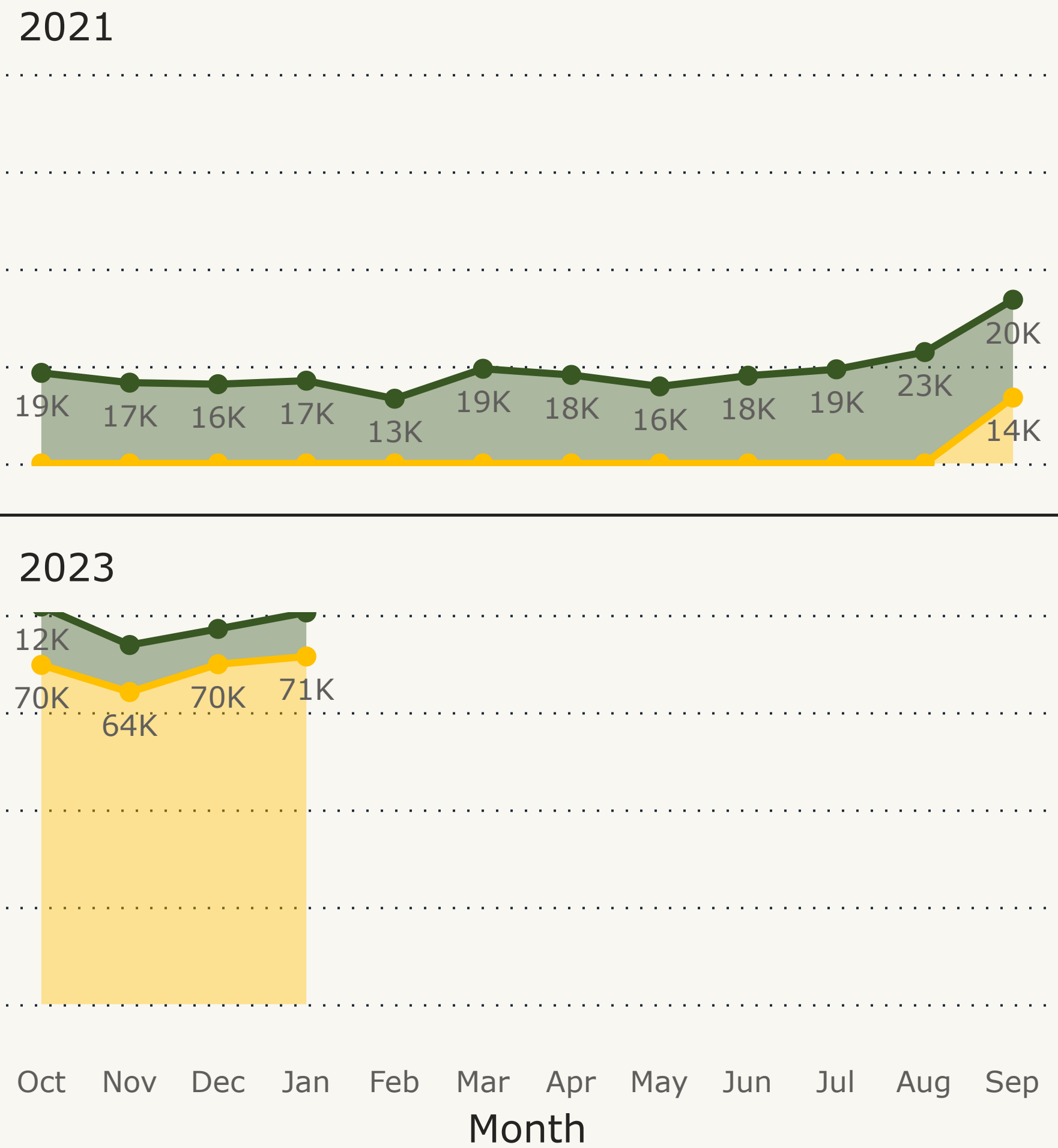
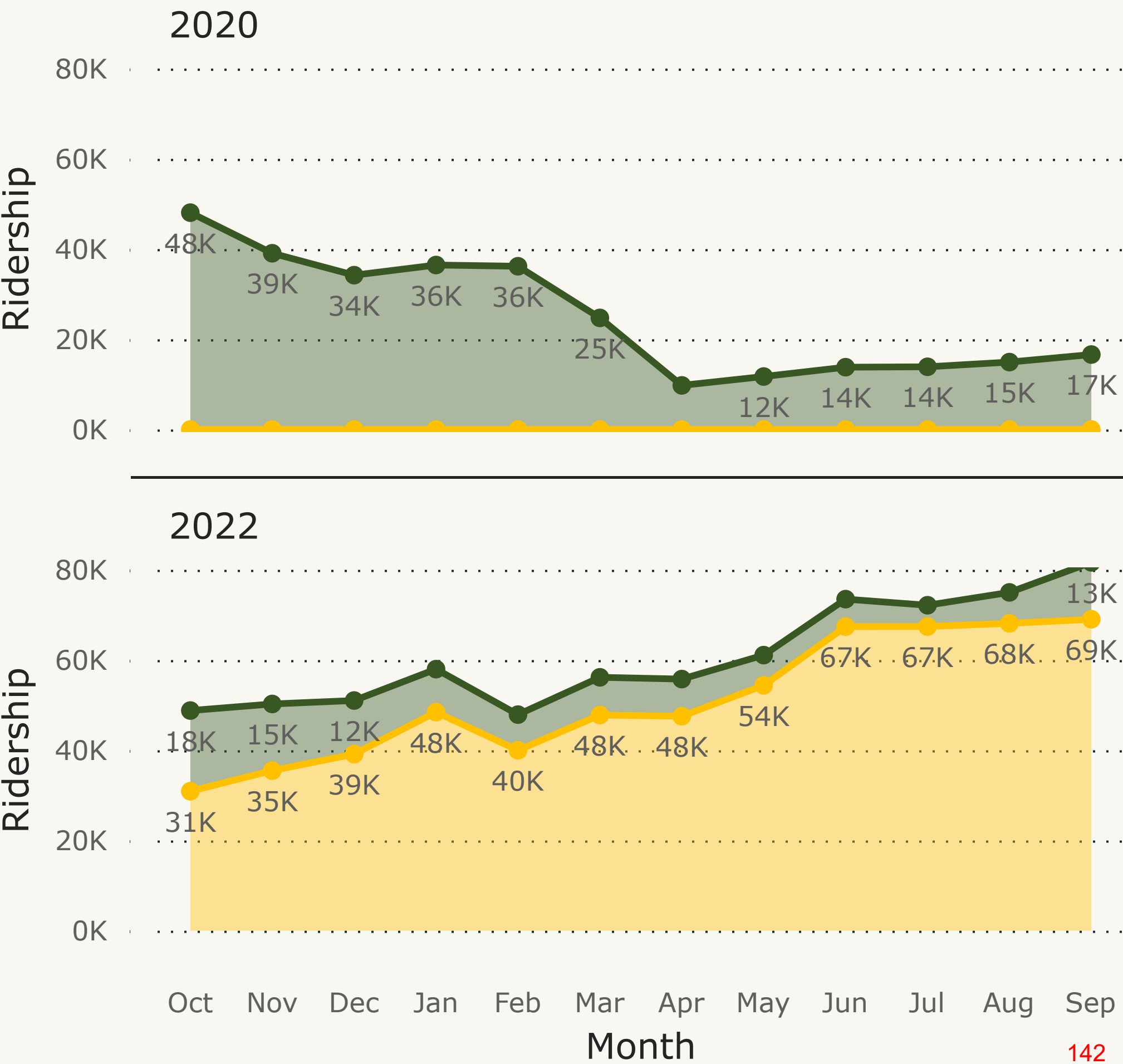
Total Ridership FYTD

971.4K

Informational Report 1
Exhibit 4

Connect and GoZone Ridership by Month

Mode (groups) ● GoZone ● Connect



Total Ridership - Jan 2023

210.3K

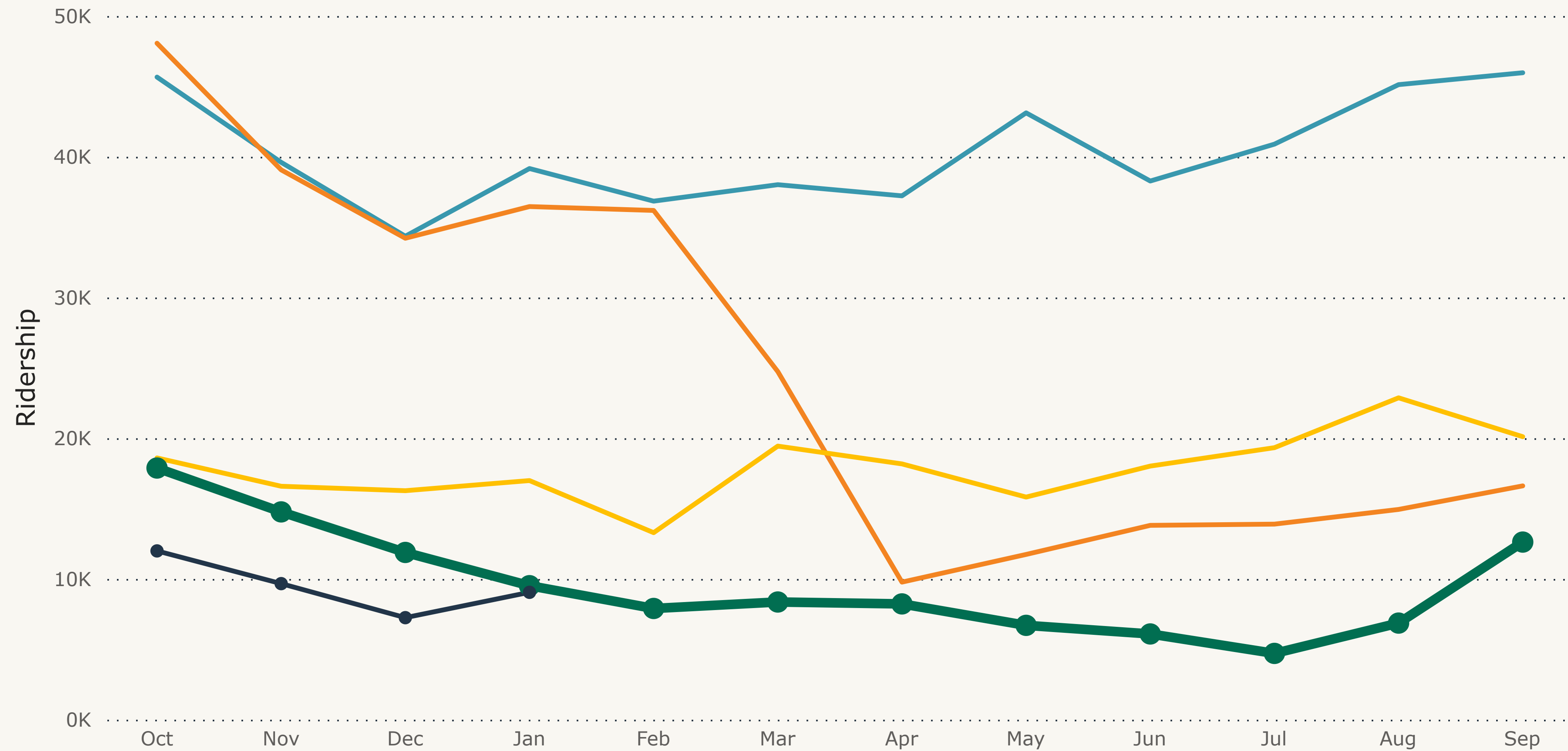
Total Ridership FYTD

971.4K

Informational Report 1
Exhibit 5

Ridership by Month and Fiscal Year - Connect

Fiscal Year ● 2019 ● 2020 ● 2021 ● 2022 ● 2023





Total Ridership - Jan 2023

210.3K

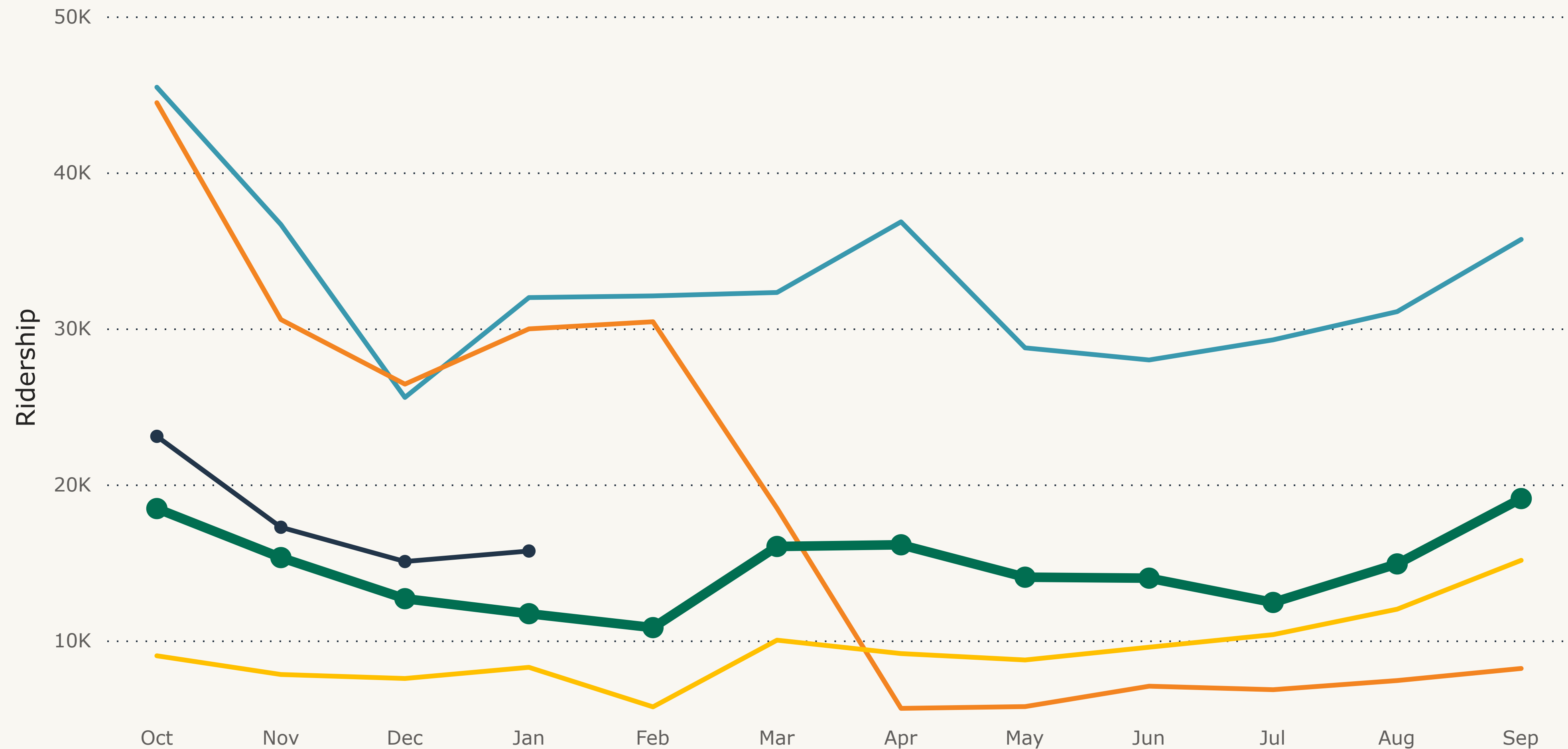
Total Ridership FYTD

971.4K

Informational Report 1
Exhibit 6

Ridership by Month and Fiscal Year - A-train

Fiscal Year ● 2019 ● 2020 ● 2021 ● 2022 ● 2023





Total Ridership - Jan 2023

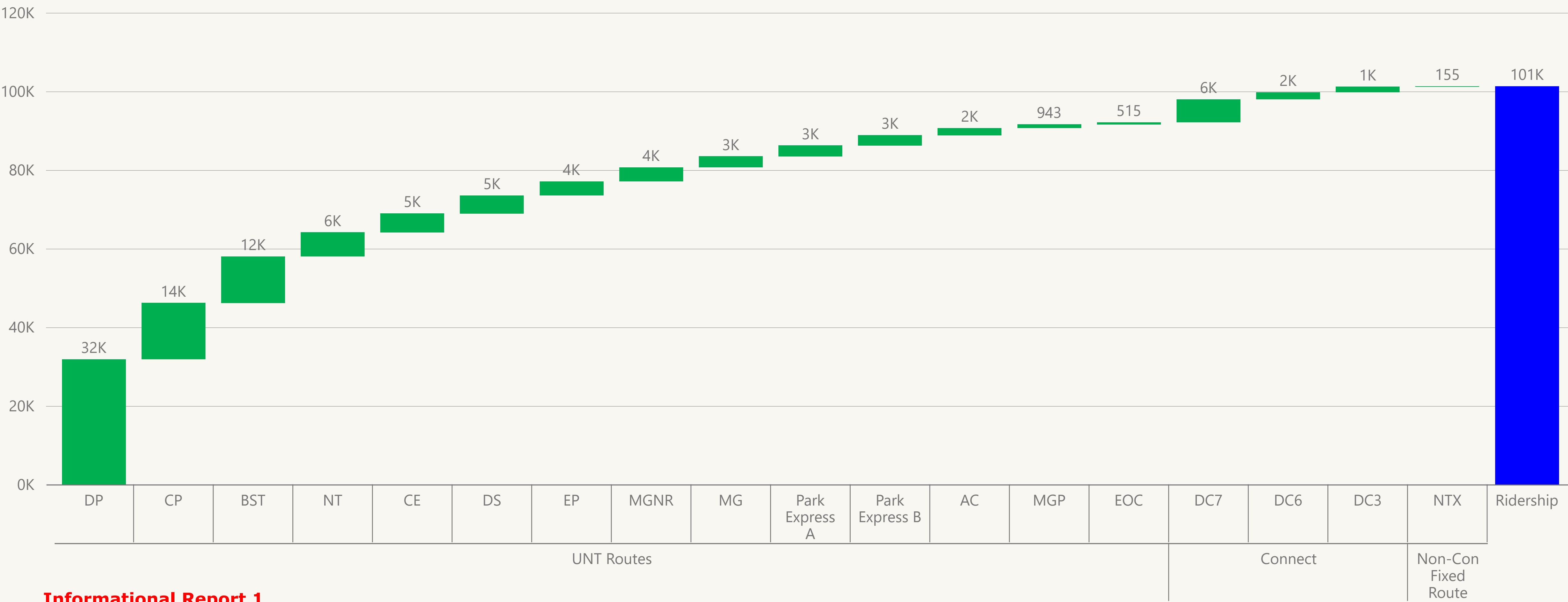
210.3K

Total Ridership FYTD

971.4K

Mode (groups)	Ridership
Non-Connect Fixed Route	155
Connect	9,054
UNT Routes	92,074
Total	101,283

Fixed-Route Ridership Waterfall



Total Ridership - Jan 2023

210.3K

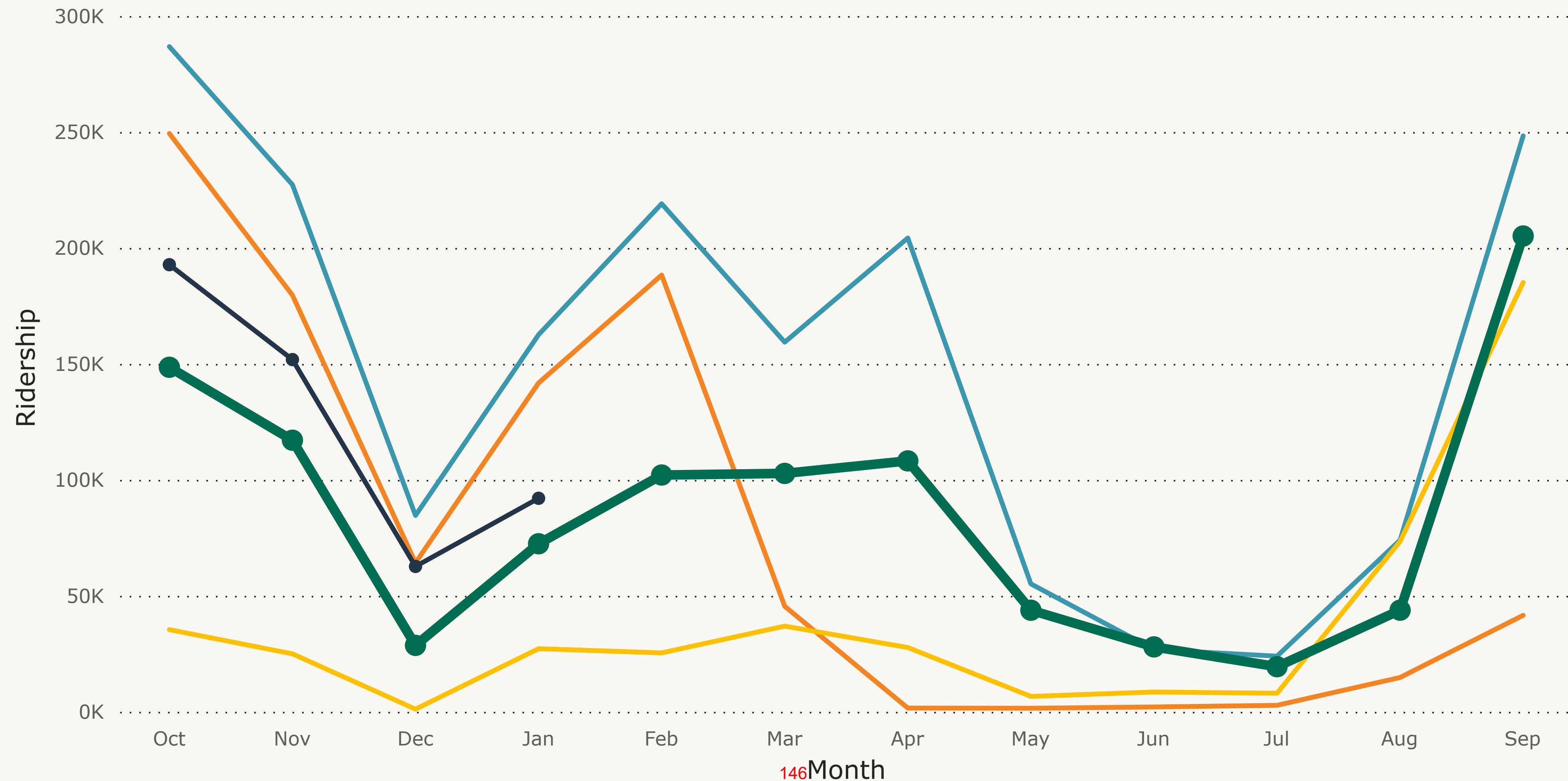
Total Ridership FYTD

971.4K

Informational Report 1
Exhibit 8

Ridership by Month and Fiscal Year - UNT

Fiscal Year ● 2019 ● 2020 ● 2021 ● 2022 ● 2023





Board of Directors Memo

February 23, 2023

SUBJECT: Update on Denton County Transportation Authority (DCTA) and Dallas Area Rapid Transit (DART) Interlocal Agreement for the Joint Rail Operations Facility (JROF)

Recommendation

This is an informational item only.

Background

The Boards of Directors of DCTA and DART directed their respective CEOs to execute an Interlocal Agreement that outlines how the agencies will work together to deliver the JROF by expanding the existing DCTA Rail Operations Maintenance Facility in Lewisville. An ILA was executed as directed with an effective date of November 18, 2021. Milestone dates for program delivery have changed since the ILA was executed. Therefore, the ILA needs to be amended to reflect current milestone dates.

The JROF will house heavy maintenance for both the A-train equipment and Silver Line equipment. Furthermore, the ILA stipulates that DCTA will procure design and construction services for the JROF project on behalf of DART.

DCTA commenced with design of the JROF project shortly after execution of the ILA. The design is currently at 95% and is anticipated to be complete in March. In addition, DCTA and DART staff have executed a Short Term Lease Agreement reflecting financial terms approved by the DCTA Board of Directors in January, 2022. The effective date of the Short Term Lease Agreement and commencement of rent payment from DART to DCTA will be based upon the delivery date of the Silver Line equipment to the DCTA facility. DART anticipates the first sets of Silver Line equipment could be delivered in March 2023.

The program milestone dates in the current ILA are:

Phase 1: DMU delivery, testing and commissioning: May 2022 – December 2024

Phase 2: JROF Capital Expansion: October 2021 – May 2023

Phase 3: Long Term Operations and Maintenance: May 2023 – May 2043

The ILA will be amended following approval of CEOs and legal counsel at both agencies.

Previous Board Activity & Action

None.

Identified Need

The ILA needs to be updated to reflect revised program delivery dates.

Financial Impact

This information report has no financial impact.

Exhibits

None.



Submitted By: 
Paul A. Cristina, Chief Executive Officer



Board of Directors Memo

February 23, 2023

SUBJECT: Monthly Sales Tax Receipts

Recommendation

This item is presented for informational purposes only. No action is required.

Background

Sales tax represents the single largest source of revenue for DCTA at 56.04% of Fiscal Year 2023 budgeted revenues. The sales tax budget for FY23 is \$39,646,685. Because of its importance in funding of DCTA's ongoing operations, the Board adopted a Budget Contingency Plan that outlines the Agency's response when declines in sales tax hit a specific target.

For the month of February, receipts were favorable compared to budget.

- Sales tax for sales generated in the month of December and received in February was \$3,980,782.
- Compared to the same month last year, sales tax receipts are \$209,487 or 5.55% higher.
- This represents an increase of 1.49% or \$58,635 compared to adopted budget for the month.
- Overall sales tax received YTD is 2.63% over adopted budget.
- Member city collections for the month compared to prior year are as follows:
 - City of Lewisville up 2.28%
 - City of Denton up 3.90%
 - City of Highland Village up 2.73%

Previous Board Activity & Action

There has been no previous Board activity on this item.

Identified Need

Provides the Board of Directors a monthly status on sales tax collections.

Financial Impact

This item is included for informational purposes only; there is no financial impact associated with this informational item.

Exhibits

Exhibit 1: FY23 Monthly Sales Tax Report

Submitted By: 
Amanda Riddle, Senior Manager of Budget

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

DENTON COUNTY TRANSPORTATION AUTHORITY

SALES TAX REPORT

BUDGET TO ACTUAL AND PREVIOUS YEAR COMPARISON

Sales Generated in Month of:	Received in Month of:	2022-2023 Adopted Budget	2022-2023 Year Actual	Variance Actual to Adopted Budget	CY Actual to CY Adopted Budget % Variance	2021-2022 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance
October	December	\$ 3,042,251	\$ 3,318,292	\$ 276,041	9.07%	\$ 2,925,241	\$ 393,051	13.44%
November	January	\$ 3,221,535	\$ 3,155,065	\$ (66,470)	-2.06%	\$ 3,097,630	\$ 57,436	1.85%
December	February	\$ 3,922,147	\$ 3,980,782	\$ 58,635	1.49%	\$ 3,771,295	\$ 209,487	5.55%
January	March	\$ 2,967,563			0.00%	\$ 2,853,426		0.00%
February	April	\$ 2,811,602			0.00%	\$ 2,703,463		0.00%
March	May	\$ 3,625,834			0.00%	\$ 3,486,379		0.00%
April	June	\$ 3,041,560			0.00%	\$ 3,178,508		0.00%
May	July	\$ 3,397,546			0.00%	\$ 3,106,755		0.00%
June	August	\$ 3,838,195			0.00%	\$ 3,403,413		0.00%
July	September	\$ 3,110,053			0.00%	\$ 3,323,143		0.00%
August	October	\$ 3,083,186			0.00%	\$ 3,448,128		0.00%
September	November	\$ 3,585,213			0.00%	\$ 3,510,808		0.00%
YTD TOTAL		\$ 10,185,933	\$ 10,454,140	\$ 268,207	2.63%	\$ 9,794,165	\$ 659,974	6.74%
FISCAL YEAR TOTAL		\$ 39,646,685				\$ 38,808,188		

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
 Prepared By: Denton County Transportation Authority Finance Department
 February 17, 2023

DENTON COUNTY TRANSPORTATION AUTHORITY

MEMBER CITIES SALES TAX REPORT
MONTH ALLOCATION IS RECEIVED FROM COMPTROLLER
PREVIOUS YEAR COMPARISON

CITY OF LEWISVILLE						CITY OF HIGHLAND VILLAGE					
Sales Generated in Month of:	Received in Month of:	2021-2022 Year Actual	2022-2023 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance	Sales Generated in Month of:	Received in Month of:	2021-2022 Year Actual	2022-2023 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance
October	December	\$ 4,067,980	\$ 4,310,982	\$ 243,002	5.97%	October	December	\$ 409,602	\$ 416,683	\$ 7,081	1.73%
November	January	\$ 4,446,756	\$ 4,157,070	\$ (289,686)	-6.51%	November	January	\$ 444,066	\$ 441,270	\$ (2,796)	-0.63%
December	February	\$ 5,140,124	\$ 5,257,316	\$ 117,192	2.28%	December	February	\$ 597,222	\$ 613,518	\$ 16,296	2.73%
January	March	\$ 4,004,884			0.00%	January	March	\$ 355,997			0.00%
February	April	\$ 3,429,615			0.00%	February	April	\$ 336,599			0.00%
March	May	\$ 4,928,216			0.00%	March	May	\$ 447,417			0.00%
April	June	\$ 4,171,768			0.00%	April	June	\$ 409,168			0.00%
May	July	\$ 4,047,178			0.00%	May	July	\$ 418,702			0.00%
June	August	\$ 4,816,743			0.00%	June	August	\$ 478,937			0.00%
July	September	\$ 4,350,201			0.00%	July	September	\$ 431,309			0.00%
August	October	\$ 4,367,172			0.00%	August	October	\$ 414,305			0.00%
September	November	\$ 4,766,208			0.00%	September	November	\$ 446,687			0.00%
YTD TOTAL		\$ 13,654,860	\$ 13,725,369	\$ 70,509	0.52%	YTD TOTAL		\$ 1,450,890	\$ 1,471,471	\$ 20,581	1.42%
FISCAL YEAR TOTAL		\$ 52,536,846				FISCAL YEAR TOTAL		\$ 5,190,010			

CITY OF DENTON					
Sales Generated in Month of:	Received in Month of:	2021-2022 Year Actual	2022-2023 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance
October	December	\$ 3,676,801	\$ 4,493,603	\$ 816,802	22.22%
November	January	\$ 3,708,019	\$ 4,093,620	\$ 385,601	10.40%
December	February	\$ 5,123,779	\$ 5,323,465	\$ 199,686	3.90%
January	March	\$ 3,679,379			0.00%
February	April	\$ 3,844,879			0.00%
March	May	\$ 4,711,544			0.00%
April	June	\$ 4,248,744			0.00%
May	July	\$ 4,151,924			0.00%
June	August	\$ 4,114,811			0.00%
July	September	\$ 4,424,149			0.00%
August	October	\$ 4,855,931			0.00%
September	November	\$ 4,636,789			0.00%
YTD TOTAL		\$ 12,508,599	\$ 13,910,688	\$ 1,402,089	11.21%
FISCAL YEAR TOTAL		\$ 51,176,747			

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
February 17, 2023

ALL TRANSIT AGENCIES
MONTHLY SALES AND USE TAX COMPARISON SUMMARY

Transit Agency	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	Payments YTD (Calendar)	Prior Year Payments YTD (Calendar)	% Change
Austin MTA	1.00%	\$ 35,944,955	\$ 33,064,317	8.71%	\$ 67,430,860	\$ 62,031,799	8.70%
Corpus Christi MTA	0.50%	\$ 3,841,553	\$ 3,769,194	1.91%	\$ 6,892,274	\$ 6,851,829	0.59%
Dallas MTA	1.00%	\$ 83,240,630	\$ 77,120,685	7.93%	\$ 150,561,558	\$ 139,006,740	8.31%
Denton CTA	0.50%	\$ 3,980,782	\$ 3,771,295	5.55%	\$ 7,135,848	\$ 6,868,925	3.88%
El Paso CTD	0.50%	\$ 6,760,244	\$ 6,341,933	6.59%	\$ 12,132,182	\$ 11,454,248	5.91%
Fort Worth MTA	0.50%	\$ 11,431,887	\$ 10,341,005	10.54%	\$ 20,514,614	\$ 18,547,185	10.60%
Houston MTA	1.00%	\$ 103,163,046	\$ 93,358,837	10.50%	\$ 185,282,093	\$ 171,623,675	7.95%
Laredo CTD	0.25%	\$ 1,199,472	\$ 1,135,502	5.63%	\$ 2,186,967	\$ 2,021,831	8.16%
San Antonio ATD	0.25%	\$ 9,667,021	\$ 9,195,378	5.12%	\$ 17,312,499	\$ 16,519,965	4.79%
San Antonio MTA	0.50%	\$ 21,558,613	\$ 20,332,951	6.02%	\$ 38,612,427	\$ 36,669,542	5.29%
TOTALS		\$ 280,788,205	\$ 258,431,097	8.65%	\$ 508,061,320	\$ 471,595,738	7.73%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
February 17, 2023

Board of Directors Memo

February 23, 2023

SUBJECT: North Central Texas Council of Governments (NCTCOG) Grant Funding Opportunity for Repurpose/Rehabilitation of Bus Stops and Shelters and A-train Extended Service Hour Pilot Program

Recommendation

This is an informational item only.

Background

DCTA staff meets with NCTCOG staff on a quarterly basis to review the status of work between the two agencies and identify emerging opportunities. At our December 2022 meeting, COG staff identified a funding opportunity from their “COVID-19 Infrastructure Program #015: Transit Partnership” program.

The program was launched in 2021 to overcome the negative impacts of COVID-19 on transit ridership. COG staff indicated there is approximately \$8.7M remaining in the program and another group of projects is slated to be taken to the RTC advisory committees in March. The program does not require a matching contribution and is intended to provide funding for initiatives that focus on:

- Response to COVID-19 Impacts
- Insurance for passenger rail integration onto freight lines
- Engineering funds for passenger rail / roadway interfaces
- Next generation high-intensity bus expansion
- Review of bus stop amenities
- Partnership with Class 1 railroads on passenger rail corridors

DCTA staff has identified two opportunities that could be funded by the program to improve DCTA A-train and bus operations and performance. Summaries of DCTA’s two candidate grant applications follow:

Repurpose / Rehabilitate Bus Stops and Shelters

DCTA has an inventory of bus stops and shelter facilities that are no longer utilized because they are located on routes no longer in service. In addition, staff anticipates that the Board’s investment in additional frequency on Connect Routes 6 & 7 will drive additional ridership along those routes. In order to “make it easy for the rider,” staff has included an inventory and evaluation of existing stop facilities and recommendations for improvement in the ongoing Intermediate Service Plan.

This funding from NCTCOG would enable the relocation of bus stop facilities which no longer have bus service to Denton where they can be utilized on Connect routes. It may also include recommendations for other facility upgrades that could be completed following the Intermediate Service Plan.

A-train Extended Service Hour Pilot Program

A-train ridership in FY2019 was approximately 393,000. While ridership rebounded by 55% in FY2022 to 175,000, that figure is only 45% of the pre-pandemic level. Staff receives regular feedback that

indicates demand for extended hours of A-train service that coincides with entertainment events in downtown Dallas. The DART Green Line operates northbound trains into Trinity Mills Station until approximately 1:04 a.m. Monday through Saturday. Extended A-train hours would allow passengers to use the A-train to connect to the DART system and return back to their origin point after the end of current A-train hours at 10:44, Monday through Saturday.

Rio Grande Pacific is building service and cost proposals to provide A-train service that extend hours of service for 130 annual events, which is the average count of events like Dallas Mavericks games, Dallas Stars games, and concerts that occurred in 2021 and 2022.

This funding request from NCTCOG would enable DCTA to provide additional, extended service hours under a temporary pilot program that, when accompanied with appropriate marketing and communications support, could increase A-train ridership and inform future decisions by the DCTA Board of Directors to apply resources to make the service hour extensions permanent.

Previous Board Activity & Action

None.

Identified Need

None.

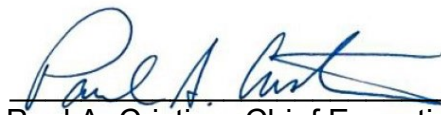
Financial Impact

This information report has no financial impact.

Exhibits

None.

Submitted By:



Paul A. Cristina, Chief Executive Officer