
Denton County Transportation Authority

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

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

Introductory Section

Letter of Transmittal	i-vii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Principal Officials	x

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Statement of Net Position	10
Statement of Revenue, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12-13
Notes to Financial Statements	14-33
Required Supplemental Information	
Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios	34
Schedule of Pension Contributions	35
Note to Required Supplemental Information	36
Other Supplemental Information	
Schedule of Revenue and Expenses - DCTA - Budget to Actual	37
Schedule of Revenue and Expenses - NTMC - Budget to Actual	38

Statistical Section

Description of the Statistical Section	39
Net Position by Component	40
Changes in Net Position	41
Capital Assets	42
Revenue by Source	43
Sales Tax Revenue	44
Sales Tax Allocation Received by Member Cities	45
Long-term Debt	46
Demographic and Economic Statistics for Denton County	47
Principal Employers in Denton County	48
Total Employees and Contract Operations	49
Operating Statistics	50
Farebox Recovery Percentage	51

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



Government Finance Officers Association

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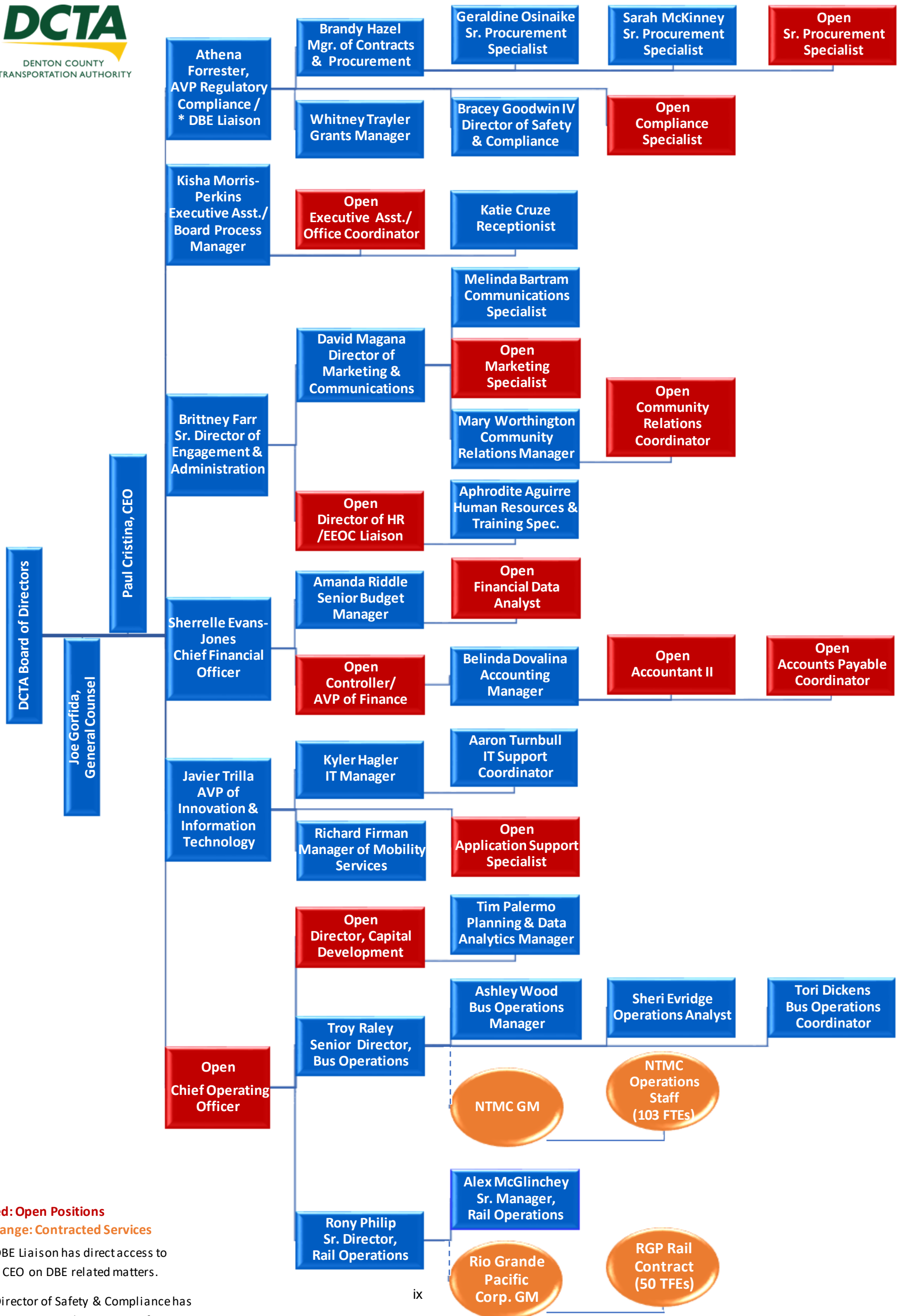
**Denton County Transportation Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



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 Audits 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Board of Directors
Denton County Transportation Authority

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

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

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

Required 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 an opinion 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.

To the Board of Directors
Denton County Transportation Authority

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated 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.

Plante & Moreau, PLLC

February 23, 2023

The management of the Denton County Transportation Authority (DCTA or the "Authority") offers readers of DCTA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 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 by \$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 revenue, a \$3.4 million increase in sales tax revenue, and a \$2.8 million increase in operating grants, mainly related to grants for rail preventive 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 by 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	\$ 375,466,549	\$ 361,643,543	\$ 341,283,144

Assets

During fiscal year 2022, DCTA's total assets increased by 3.5 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.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Statement of Revenue, 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.

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 by 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 revenue of \$1,357,000 from the 2019 year.

Contract Service

The fiscal year 2022 contract service revenue increased by 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; and the City of Coppell, Texas and on behalf of Trinity Metro in the Alliance Airport area.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Operating Expenses

The fiscal year 2022 operating expenses increased by 35 percent, or \$13.8 million, from fiscal year 2021. Expenses for purchased transportation services increased by \$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 by 14 percent, or \$1.4 million, from the prior year mainly due to the capitalization of PTC implementation in fiscal year 2021.

Nonoperating Revenue and Expenses

Sales Tax Revenue

The fiscal year 2022 sales tax revenue increased by 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 by \$1.3 million from the prior year. This decrease is primarily a decrease in positive train control expense reimbursements during FY 2022.

Transit System Operating Assistance Grants

The fiscal year 2022 federal and state grant revenue increased by \$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 FY 2021 and 12 months of FY 2022.

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 decreased during the fiscal year from 0.043 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.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The Denton County Transportation Authority is dependent on sales tax, which is the largest single source of revenue for the authority, representing 58 percent and 60 percent of total revenue in 2022 and 2021, respectively. Sales tax revenue 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, a 4 percent increase in sales tax revenue is estimated for the FY 2023 budget.

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.

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 Revenue, Expenses, and Changes in Net Position

Years Ended September 30, 2022 and 2021

	2022	2021
Operating Revenue		
Passenger revenue	\$ 928,697	\$ 548,078
Contract services	3,721,321	2,923,277
Other	681,289	460,208
Total operating revenue	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><u>\$ 375,466,549</u></u>	<u><u>\$ 361,643,543</u></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 nonvoting members designated by the remaining Denton County cities

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

Blended Component Unit

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

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. Are facilities or equipment with a useful life of at least one year, which are eligible for capital assistance, and paid for with grant funding

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

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 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 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 and 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.

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.

September 30, 2022 and 2021**Note 4 - Deposits and Investments (Continued)**

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	<u>\$ 305,229,605</u>	<u>\$ -</u>	<u>\$ (10,276,394)</u>	<u>\$ (471,873)</u>	<u>\$ 294,481,338</u>

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.

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.

September 30, 2022 and 2021

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.

Debt Service Requirements to Maturity

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

Years Ending September 30	Other Debt		
	Principal	Interest	Total
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

September 30, 2022 and 2021

Note 7 - Long-term Debt (Continued)

Significant Terms

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

Note 8 - Risk Management

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

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

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

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

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

September 30, 2022 and 2021

Note 9 - Pension Plans

Plan Description

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

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

Benefits Provided

The Texas County and District Retirement System provides retirement, disability, and survivor benefits to all of its 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 automatic annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. However, each year, the Authority may elect an ad hoc COLA for its retirees. There are two COLA types, each limited by actual inflation.

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

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 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

September 30, 2022 and 2021

Note 9 - Pension Plans (Continued)

Contributions

The deposit rate for employees is 4 percent to 7 percent of compensation, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS board of trustees. Pursuant to state law, employers participating in the system must pay 100 percent of their actuarially determined required contributions on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, prefund benefit enhancements, and/or buffer against future adverse experience. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs. Monthly contributions by the Authority are based on the covered payroll and the employer contribution rate in effect. For fiscal years 2022 and 2021, the Authority made contributions of 6.92 percent and 6.25 percent, respectively.

Net Pension Liability (Asset)

The Authority has chosen to use the December 31, 2021 measurement date as its measurement date for the net pension liability (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.

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.

September 30, 2022 and 2021

Note 9 - Pension Plans (Continued)

Changes in the net pension (asset) 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.

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>

September 30, 2022 and 2021

Note 9 - Pension Plans (Continued)

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

Years Ending December 31	Amount
2022	\$ (82,146)
2023	(103,340)
2024	(77,116)
2025	(80,355)
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 to Changes in the Discount Rate

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

	1 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability (asset)	\$ 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	<u>200,000</u>
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>\$ 400,348,589</u>	<u>\$ 356,757</u>	<u>\$ 400,705,346</u>	<u>\$ 386,691,698</u>	<u>\$ 499,838</u>	<u>\$ 387,191,536</u>
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	24,882,040	356,757	25,238,797	25,048,155	499,838	25,547,993
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 Revenue	\$ 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 (Decrease) 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.

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 Revenue					
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 revenue	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 Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Denton County 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

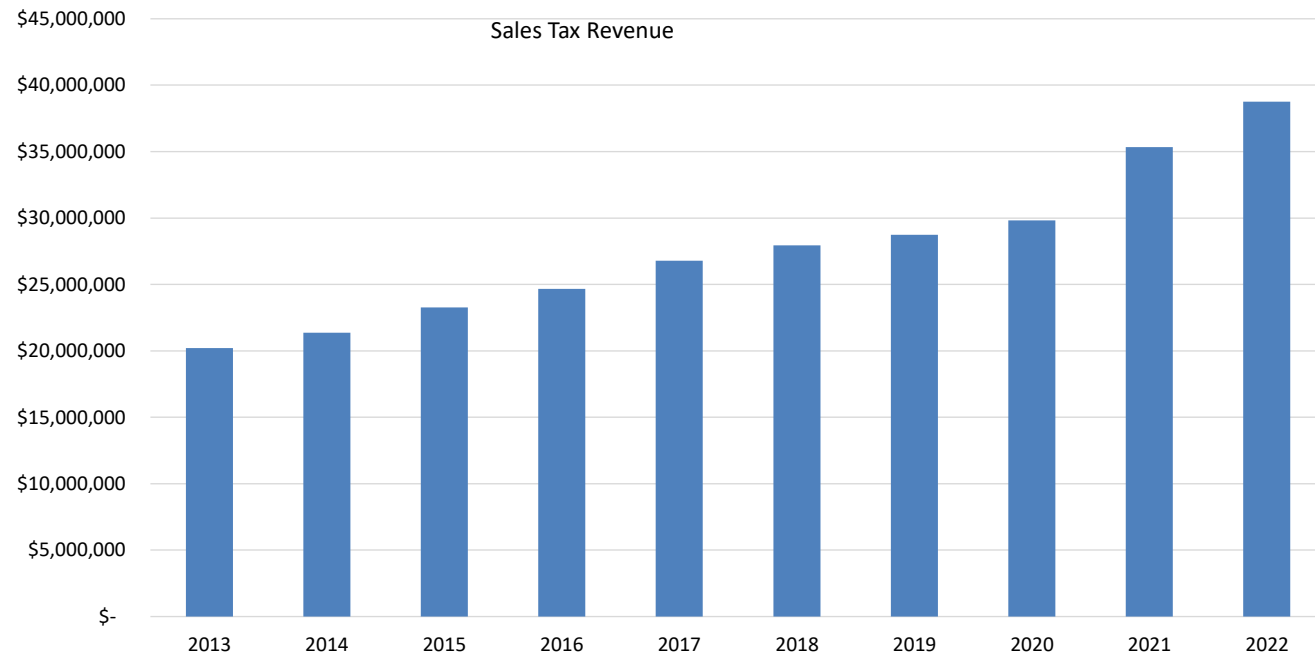
Last Ten Fiscal Years

	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

Denton County Transportation Authority

Demographic and Economic Statistics for Denton County

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in Thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	Education Level in Years of Formal Schooling ⁽²⁾	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾
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.

Denton County Transportation Authority

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