DCTA DENTON COUNTY TRANSPORTATION AUTHORITY

1955 Lakeway Drive, #260, Lewisville, Texas 75057
972.221.4600 | RideDCTA.net

Board of Directors Regular Meeting

March 28, 2024 | 10:00 a.m.

NOTICE IS HEREBY GIVEN that the members of the Denton County Transportation Authority (DCTA) Board of Directors will hold a Regular Meeting on Thursday, March 28, 2024, at 10:00 a.m. at the DCTA Administrative Offices located at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057 and by Zoom Video Conference at which time the following agenda will be discussed.

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

Please click the link below to join the webinar:
https://us06web.zoom.us/j/85618063668?pwd=YPLssFubqstrnGuPX9V0b9-7EE99jA.n-8Zzsxft3RRbxJL
Passcode: 796199
Or One tap mobile: +13462487799
Or Telephone: +1 346 248 7799
Webinar ID: 856 1806 3668
Passcode: 796199

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

CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

PUBLIC COMMENT

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

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

Citizens that are not able to participate in-person must email his or her public comment to kmorris-perkins@dcta.net no later than **3:00 pm on Wednesday, March 27, 2024,** to ensure the comment will be distributed to Board Members prior to the meeting.

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

CONSENT AGENDA

1. **Consider Approval of January 2024 Monthly Financial Statement – January 31, 2024**
   Action Item
   Backup Information: Memo
   Exhibit 1: Year-to-date Financial Statement

2. **Consider Approval of Strategic Work Session Meeting Minutes dated January 17-18, 2024 and Regular Meeting Minutes dated February 22, 2024**
   Action Item
   Backup Information: Exhibit 1: Meeting Minutes dated January 17-18, 2024
   Exhibit 2: Meeting Minutes dated February 22, 2024

REGULAR AGENDA

1. **Discuss and Consider Acceptance of the FY2023 Financial Audit**
   Action Item
   Backup Information: Memo
   Exhibit 1: Annual Comprehensive Financial Report (September 30, 2023)
   Exhibit 2: Single Audit Report (September 30, 2023)
   Exhibit 3: Plante & Moran's Report to Board of Directors

2. **Consider Authorizing the Chief Executive Officer to Enter into a Three-Year Contract with Cintas Through the Omina Partnership Co-Op beginning April 1, 2024 for Uniform Services and Supplies for North Texas Mobility Corporation (NTMC) in the amount of $271,294**
   Action Item
   Backup Information: Memo

3. **Discuss Update on Bus Fleet Replacement and Bus Purchase**
   Discussion Item
   Backup Information: Memo

4. **Discuss Update on the Intermediate Service Plan**
   Discussion Item
   Backup Information: Memo

5. **Discuss Update on the A-train Enhancement Program**
   Discussion Item
   Backup Information: Memo

6. **Discuss Local and Regional Updates and Legislative Issues**
   Discussion Item

INFORMATIONAL REPORTS

1. **Safety, Service, and Ridership Reports**
   Backup Information: Memo
   Exhibit 1: Safety Performance – FY to Date
   Exhibit 2: Service Performance – FY to Date
   Exhibit 3: Ridership by Mode – January 2024
   Exhibit 4: Connect Ridership Year-Over-Year by Month
   Exhibit 5: A-train Ridership Year-Over-Year by Month
   Exhibit 6: Fixed-Route Ridership – January 2024
   Exhibit 7: UNT Ridership Year-Over-Year by Month

2. **Provide Update on Member City Transit Oriented Development (TOD) Study**
   Backup Information: Memo

3. **Update on Solicitation for On-Call Professional Architectural, Engineering, and Planning Services for Denton County Transportation Authority (DCTA)**
   Backup Information: Memo

4. **Update on Transition of Member City Trips from Span of Denton County to Denton County Transportation Authority (DCTA)**
   Discussion Item
   Backup Information: Memo

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS

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

Next Regular Board Meeting Date: April 25, 2024

REPORT ON ITEMS OF COMMUNITY INTEREST

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

CONVENE EXECUTIVE SESSION

1. **Pursuant to Texas Government Code Section 551.072(2, the Board of Directors will convene into Closed Executive Session to Consult with General Counsel regarding Collective Bargaining Agreement between North Texas Mobility Corporation (NTMC) and Amalgamated Transit Union (ATU)**

2. **Pursuant to Texas Government Code Section 551.074, Personnel Matters, the Board of Directors will convene into Closed Executive Session to Deliberate the Duties and Performance of the Chief Executive Officer (Fiscal Year 2024 Mid-Year Performance Evaluation)**

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

ADJOURN

Board Members:
TJ Gilmore, Lewisville, Chair
Cesar Molina, Denton County Seat 1, Vice-Chair
Andy Eads, Denton County Seat 2, Secretary
Daniel Jaworski, Highland Village
Alison Maguire, Denton

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

Non-Voting Board Members:
Dennie Franklin, Frisco
Jeremie Maurina, The Colony
Jared Eutsler, Corinth
Vacant, Flower Mound
Vacant, Little Elm
Vacant, Small Cities

***Staff Liaison**:*
Paul Cristina, CEO

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This notice was posted on March 22, 2024 by 5pm.

Kisha Morris-Perkins
Executive Assistant & Board Process Manager

DENTON COUNTY TRANSPORTATION AUTHORITY

Board of Directors Memo March 28, 2024

AGENDA ITEM: Consider Approval of January 2024 Monthly Financial Statement - January 31, 2024

Recommendation
Staff recommends the Board approve the financial statement for January 31, 2024.

Background
The financial statement is presented monthly to the Board of Directors for acceptance. The attached report is for the period ending January 31, 2024. This report provides a comparison of year-to-date budget vs. actual performance.

Previous Board Activity & Action
There has been no previous Board activity on this item.

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

Financial Impact
The financial impact of January 31, 2024 performance has been summarized within the respective document provided. Staff stands ready to answer any questions the Board may have regarding the financial performance.

Exhibits
Exhibit 1: Year-to-Date Financial Statement – January 31, 2024

Submitted by: Sherrelle Evans-Jones

Sherrelle Evans-Jones, CPA
Chief Financial Officer

DENTON COUNTY TRANSPORTATION AUTHORITY

Statement of Revenue and Expenditures
Presented for the Period Ended January 31, 2024
(UNAUDITED)

	Prior Year Actual			FY 2024 - January 31, 2024					
	2021	2022	2023	YTD Budget	YTD Actual	Annual Budget	Actual %	Expected %	Notes
Revenue and Other Income									
Passenger Revenues	$ 542,920	$ 928,716	$ 1,568,793	$ 863,478	$ 444,691	$ 1,817,942	24.5%	47.5%	Budgeted passenger revenue has been adjusted to include new FY24 programs such as Collin County Rides. The revenue for this program will be included in subsequent quarterly updates.
Contract Service Revenues	2,969,330	3,718,416	4,233,303	2,119,756	1,441,377	6,313,786	22.8%	33.6%	Budgeted passenger revenue has been adjusted to include new FY24 programs such as Collin County Rides. The revenue for this program will be included in subsequent quarterly updates.
Sales Tax Revenues	34,653,779	38,030,250	40,292,936	13,333,332	13,443,260	40,000,000	33.6%	33.3%	
Federal/State Grants - Capital	1,409,423	95,069	59,828	1,089,408	566,000	2,591,429	21.8%	42.0%	Capital grant revenue is based on reimbursable grant spending.
Federal/State Grants - Operating	15,858,885	19,028,351	9,431,745	4,857,760	1,097,400	14,573,299	7.5%	33.3%	The agency has billed approximately 23% of planned budget. The decrease in billing compared to budget is largely a function of the reduced amount of billable expenses incurred thru 01/31/24.
Total Revenues and Other Income	**55,434,337**	**61,800,802**	**55,586,605**	**22,263,734**	**16,992,728**	**65,296,456**			
Operating Expenses									
Salary, Wages and Benefits	3,903,858	4,002,824	3,787,792	2,238,715	1,266,833	6,567,673	19.3%	34.1%	Q1 includes a focus on hiring new talent anticipated in FY24 budget. Hiring is ongoing and anticipated to be completed in coming months.
Outsourced Services and Charges	3,029,903	4,517,965	5,600,148	2,033,303	1,166,539	5,745,967	20.3%	35.4%	FY24 budget included a number of Planning, IT and other projects that are anticipated to commence during later months.
Materials and Supplies	1,711,081	2,536,927	2,576,663	1,425,561	810,221	4,022,678	20.1%	35.4%	FY24 budget included fuel estimates for DART JROF project.
Utilities	425,655	455,020	497,792	267,692	157,733	800,729	19.7%	33.4%	
Insurance	1,692,506	1,608,328	1,577,898	547,786	794,019	1,643,418	48.3%	33.3%	
Transportation Reinvestment (TRiP)	29,798	1,332,493	345,473	-	-	10,429,152	0.0%	0.0%	New line item added to FY23 following the reclassification of actual expenditures.
Purchased Transportation Services	9,810,849	19,146,955	22,348,013	8,325,980	5,984,841	24,189,495	24.7%	34.4%	Budgeted purchased transportation services expenses have been adjusted to include new FY24 programs such as Collin County Rides. The expenses for this program will be included in subsequent quarterly updates.
Employee Development	80,428	119,259	2,559,697	251,101	67,124	678,750	9.9%	37.0%	Q1 focus on hiring and recruitment. Employee development expense expected to increase in subsequent quarters.
Leases and Rentals	215,069	132,033	142,445	51,195	61,616	153,595	40.1%	33.3%	
Depreciation	9,524,340	11,351,682	9,074,611	3,699,705	2,736,160	11,099,129	24.7%	33.3%	
Total Operating Expenses	**30,423,487**	**45,203,487**	**48,510,532**	**18,841,038**	**13,045,086**	**65,330,586**			
Income Before Non-Operating Revenues and Expenses	**25,010,851**	**16,597,315**	**7,076,073**	**3,422,696**	**3,947,642**	**(34,130)**			
Non-Operating Revenues/(Expense)									
Investment Income	31,178	462,425	4,434,145	666,664	1,752,541	2,000,000	87.6%	33.3%	FY24 Budget conservatively estimated Investement Income. Investment income continues to perform consistently with FY23 actuals.
Gain (Loss) on Disposal of Assets	42,344	29,719	52,900	-	-	-	0.0%	0.0%	
Other Income/(Expense) - Miscellaneous	460,209	447,462	923,293	3,334,484	200,808	10,003,458	2.0%	33.3%	JROF facility estimates are the primary item in the FY24 Budget.
Long Term Debt Interest/(Expense)	(697,187)		(212,684)	(71,840)	(17,703)	(215,520)	8.2%	33.3%	
Total Non-Operating Revenues/(Expenses)	**(163,456)**	**939,606**	**5,197,654**	**3,929,308**	**1,935,646**	**11,787,938**			
Income (Loss) before Transfers to NTMC	**24,847,395**	**17,536,921**	**12,273,727**	**7,352,004**	**5,883,288**	**11,753,808**			
Transfers Out to NTMC	(6,489,350)	(5,926,669)	(5,577,506)	(2,333,784)	(1,976,052)	(7,001,358)	28.2%	33.3%	
Total Transfers	**(6,489,350)**	**(5,926,669)**	**(5,577,506)**	**(2,333,784)**	**(1,976,052)**	**(7,001,358)**			
Change in Net Position	**$ 18,358,045**	**$ 11,610,252**	**$ 6,696,221**	**$ 5,018,220**	**$ 3,907,237**	**$ 4,752,450**			

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Board of Directors
Strategic Planning Work Session Meeting Minutes
January 17-18, 2024

The Board of Directors of the Denton County Transportation Authority (DCTA) convened a Strategic Planning Work Session with Chair TJ Gilmore presiding on beginning at 10:00am on Wednesday, January 17, 2024 and continuing on Thursday, January 18, 2024 beginning at 9:00am located at the Denton County Administrative Courthouse, 1 Courthouse Drive, Denton, Texas.

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

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

Non-Voting Members
Board Member Dennie Franklin, City of Frisco
Board Member Jeremie Maurina, City of The Colony

Legal Counsel
Joe Gorfida, Nichols Jackson

DCTA CEO
Paul A. Cristina

CALL TO ORDER
Chair Gilmore called the meeting to order on January 17, 2024, at 10am. All Board Members were present. On January 17, 2024, Board Member Maguire departed the meeting at 11:16am and returned at 1:48pm. Same day, Board Member Smith departed the meeting at 3:38pm.

INVOCATION /INTRODUCTIONS
Throughout the meeting, the following individuals presented and/or were recognized as being in attendance:

Ron Bettencourt, Denton Record Chronical
Brandi Bird, Bird Advocacy
Farhan Butt, City of Denton Deputy Director of Transportation
Sara Hensley, City of Denton City Manager
Cassandra Ogden, City of Denton Assistant City Manager

Caroline Mays, Texas Department of Transportation Director of Planning & Modal Programs
Claire Powell, City of Lewisville City Manager
Marichelle Samples, Director of Economic Development
Shannon Stevenson, North Central Texas Council of Governments

Agenda

Chief Executive Officer (CEO) Paul Cristina welcomed the Board of Directors to the Strategic Planning Work Session and reviewed Strategic Work Session Achievement Roadmap which was divided into two (2) days and five (5) sessions.

Session 1 – State of the Agency and Finalize Mission, Vision and Core Values

CEO Cristina led the discussion highlighting the following:

- Safety Performance – Fiscal Year 2023
    - Incident Average Frequency Rate By Month (GoZone, Bus, A-train)
- Service Performance – Fiscal Year 2023
    - GoZone – Average Monthly Seat Unavailability by Zone
    - GoZone – Average Monthly Wait Times by Zone
- Service Performance – Fiscal Year 2023
    - Fixed Route On-Time Performance (Improved Steadily under new Chief Operating Officer and General Manager
- Overall Ridership – Fiscal Year 2023 (2,926,356 – 33.2% year over year gain)
- Financial Performance
    - Overall Strong Financial Health, Good Financial Performance vs Budget and Favorable Cash Position
- Fiscal Year 2023 Major Accomplishments
    - Highest overall ridership since 2019
    - Lewisville GoZone Ridership +80% above former bus services
    - Connect Bus Ridership Rebound
    - GoZone One Millionth Completed Ride
    - A-train Ridership up 28% Year over Year
    - Highland Village GoZone Ridership triples with dedicated fleet
- The Journey of Transformation - Since October 2011; as identified by Accenture; and, where DCTA is today. Thirty (30) "Priority Initiatives" – 8 complete, 14 in process, 8 not started due to predecessors in progress.
- DCTA Organizational Structure
- Staffing Allocation
- DCTA Staff Demographics and Focus Areas
    - Employee Average Tenure: 2.25 years
    - Organizational Focus Areas (March 2022 to present)
        - ✓ Clarity on goals and objectives
        - ✓ Performance management and accountability
        - ✓ Culture definition and exercise
        - ✓ Processes and procedures
        - ✓ Gap identification and hiring
- Agency Success Drivers – March 2022 to Present

- Clarity on Goals and Initiatives
- Key Messages and Strategic Goals
- Mission, Vision and Core Values
- Meaningful, Consistent Measurement of Results
- Staff Goalsetting and Performance Management Process
- Managing through identified behaviors of the "Servant Leadership Model" – Communicate, Build Trust, Create Vision, Anticipate and Overcome Obstacles and Develop Others
- Identifying "The What" – Last 5 years
- Identifying "The How" – Next 5 years

CEO Cristina concluded that the state of Denton County Transportation Authority is strong.

The Board stated that they understand some of the challenges that DCTA faces; however, are fully committed and supportive of staff's work which is to be commended.

CEO Cristina continued the conversation to receive Board direction on the DCTA Mission, Vision and Core values highlighting the following:

- Key Messages
    - ✓ Driving Denton County's people…for work, play and life
        - Get each person where they need and want to go
        - Make It Easy for the Rider
        - Drive a Better Future for Denton County

  Vision Statement
  DCTA is driving a better future for Denton County by providing innovative mobility options, supporting the region's economic growth, creating community engagement, and promoting sustainable transportation.

  Mission Statement
  Getting people where they need and want to go for work, play and life.

- Core Values and Our Business

  Core Values
  Safety
  Community
  Innovation
  Accessibility
  Stewardship
  Prosperity

  DCTA delivers on its core values (Safety, Service and Ridership) by providing:

    - Safety: Safety is the most important thing that we do. We care for our community as a trusted service provider that ensures our customers and employees are healthy and well.

- After Board discussion, Service was changed to the following: We deliver essential transportation services to our member cities and partners that are accessible to all. Our ability to innovate enables transit to expand its presence and relevance in the region.

- Ridership: Public transportation enables prosperity in the region by getting people where they need and want to go. Our ridership is a leading indicator of our effective stewardship of the resources entrusted to us.

Board discussion regarding having a measurable goal matrix that is attainable, good alignment with Core Values, and pleased with the simplicity of the logo (Safety, Service, Ridership).

The Board recessed at 10:44am and reconvened at 10:58am.

Session 2 – Regional Transit 2.0, New Member Policy, Contracted Services and New Member Policy Applications

CEO Cristina led the discussion to inform the Board of the Region 2.0 scope, schedule and objectives as well as to identify preferred DCTA outcomes highlighting the following:

- Regional Transit 2.0: Catalyst, Roles and Responsibilities
- Opportunity: DCTA Leadership within the Regional Transformational Journey (DCTA Timeline and Regional Transit 2.0 Timeline)

- Regional Transit 2.0 Scope of Work and Potential Preferred Outcome for DCTA for each
  - Task 2: Develop More Aggressive Transit Legislative Program
    - ✓ Review of prior legislative efforts and development of additional efforts to support solutions for regional transit
    - ✓ Potential Preferred Outcome for DCTA – TxDOT engagement in public transportation funding

    Board discussion - Concerns regarding figuring out opportunities for the Texas Department of Transportation to expand definitions, connect transit more efficiently or allocate funding.

  - Task 3: Develop More Strategies to Increase Transit Authority Membership
    - ✓ Examine ways the RTC can incentivize cities to join a transit authority, including mechanisms beyond a fixed rate sales tax contribution
    - ✓ Re-examine the RTC policy of a maximum of three authorities for the region
    - ✓ Potential Preferred Outcomes for DCTA
      - Define NCTCOG role in incentivizing transit agency membership through levers such as UZA funding and the Transportation Improvement Plan
      - Define regional mechanisms to participate as Transit Agency “member” without full cent or half cent

    Board discussion regarding re-examining existing policies with the Regional Transportation Council and discussion regarding the “why’s” of the cities of Plano, Frisco and McKinney did not initially join.

- Task 4: Develop Collaborations between Three Existing Transit Authorities
  - ✓ Identify services, equipment, and fare structures that could be pooled, aligned, and leveraged to more effectively serve riders
  - ✓ Identify economies of scale that could positively affect costs
  - ✓ Potential Preferred Outcomes for DCTA
    - Engineering and financial feasibility analysis of Green Line/A-train interface
    - DCTA/Trinity Metro Alliance and I-35W connectivity
    - Efficient paratransit movements across agency boundaries

  Board discussion regarding I-35 corridor connectivity, impact fees, Green Line/A-train coordination, efficient paratransit movement across agency boundaries

- Task 5: Develop Strategies to Foster Transit Authority Board Partnerships and Teamwork
  - ✓ Review the DART Strategic Planning Initiative
  - ✓ Create greater common agreement on purpose and approach
  - ✓ Potential Preferred Outcomes for DCTA
    - Identify "friction points" between agencies and recommend mitigations
    - Impact Fee agreements
    - Lease payment relief on the A-train corridor

  Board discussion regarding A-train impact fees.

- Task 6: Develop Strategies for In-Fill Development
  - ✓ Explore the appropriate roles and responsibilities of public entities in delivering desired outcomes
  - ✓ Advance new approaches to add additional developments to underutilized stations
  - ✓ Potential Preferred Outcomes for DCTA
    - Recommendations for agency TOD policy and measures of success

  Board discussion regarding new station development, impact on the neighborhood (i.e. noise, size, scope), new development on existing stations and TOD policy and measures of success.

- Task 7: Review Fare Collection Strategies to Increase Ridership Without Lowering Revenue
  - ✓ Review authorities' pass and fare structure and identify opportunities for alignment
  - ✓ Review of national and international advances of views of transit fares as well as technology advances
  - ✓ Examine regional policy for RTC to purchase transit passes for employees relocating to region on rail corridors
  - ✓ Potential Preferred Outcomes for DCTA
    - Recommendations for seamless local and regional fare structure

        - Microtransit value proposition and fare standards
        - Identify role of DART "GoPass" in the region and DCTA

      Board discussion regarding fare structure, microtransit proposition, and GoPass role.

  - Task 8: Develop Recommendations to Address the Transit Authority – Member City Paradox
    - ✓ Review of Agency out-year business plans, strategic plans, and financial plans to determine the balance of sales tax versus anticipated expenditures across all categories (O&M, expansion, pensions, etc.)
    - ✓ Explore policies or programs that benefit member cities while enhancing the role of transit and mobility in the region
    - ✓ Potential Preferred Outcomes for DCTA
      - Solutions for DCTA bus and rail fleet overhaul and replacement funding in Long Range Financial Plan
      - Regional service development priorities and paths forward
- Regional 2.0 Project Schedule

Brandi Bird, Bird Advocacy, led the discussion on the New Member Policy with the objective of informing the Board of DCTA enabling legislation, bylaws and gain Board direction on updates required to the DCTA New Member Policy highlighting the following:

- New Member Policy Update – The DCTA New Member Policy requires an update to align with revised statute and bylaws. The statute was revised May 2019, the DCTA bylaws were revised December 2019 and currently there is a New Member Policy dated February 2012.
- Statute: Texas Transportation Code Chapter 460 (Coordinated County Transportation Authority)
  - Board Voting Structure: One member of each Founding Municipality; two members appointed by Commissioners Court; and each new member approved by the Board (with 3/5 vote) to represent a Financially Participating Municipality.

  - Requirements to Add New Members: Municipality establishes a Tax Increment payment of property and/or sales tax within a Public Transportation Financing Area OR Municipality authorizes a ½ cent sales tax AND enters into an Agreement with the Authority, which may authorize the appointment of a Board seat (by Majority Decision Approval Vote – approved by 3/5 of Municipality Board Members and one County Board Member).
    - ✓ Major Decision Approval Vote requirements
- Statute: What is a Public Transportation Financing Area (PTFA)?
- Decision Point: Primary Considerations for Addition of New Members
  - Three Primary Considerations:
    - ✓ Value of sales tax, or PTFA, more than direct Cost of Service
    - ✓ Does new service increase accessibility of Denton County residents?
    - ✓ New staff and other resource requirements to deliver new service.
- New Member Policy Revision: 2-Step Process to Achieve New DCTA Service and Membership

Step 1

- The Municipality requests (in writing) an election on whether municipality should be added with levy of a proposed tax; municipality and Authority enter into an interlocal agreement for eventual admission of the municipality into the Authority and payment of proportional capital recovery fees as determined by the Authority, OR
- The Municipality enters into an agreement with the Authority to provide service in the Public Transportation Financing Area in exchange for all or portion of tax increment in the area.

Step 2

- Enter into an Agreement with Authority for a transportation service.
- 460.245(a) – "The Board may authorize the governing body of a municipality to appoint one member to the Board if ½ cent sales tax is levied or PTFA is established AND appointment approved by affirmative vote of 3/5 of the Founding Municipality members and one County Board Member."

- Decision Point: Is a Capital Recovery Fee Required?
    - Board Direction Requested: Has the Board decided that new members do not need to pay back facing capital payment fees? It is assumed Capital investments to stand up new service do need to be paid by the municipality. After discussion, this question remains open.

- Future Decision: Granting New Voting Board Seat
    - 2-types of Board Members (voting/non-voting)
    - Questions to consider:
        1. New opportunity adequately address the three (3) primary considerations for new members
        2. Value of sales tax (or PTFA) versus ongoing annual contribution of existing Board voting seats.

- New Member Policy Revision: Contracted Services
    - Current Statement in the New Member Policy
    - Staff should ensure New Member Policy Reflects Goals for Contracted Services
        1. Fees generated from such services generate incremental revenue that meaningfully offsets the investment provided by Member Cities.
        2. Non-member cities pay a premium for contracted service, and contracted services will be provided for some, yet undefined, time frame.
        3. Contracted services encourage new member cities to join DCTA and expand the agency service area.
        4. Contracted services position DCTA as a regional leader in providing public transportation solutions.

- Summary of New Member Policy Revisions
    - Reflect Statue and Bylaws
    - Address Three (3) Primary Considerations established by the Board
    - Address Capital Recovery Fee based on Board direction

  - Address Board seat and what threshold warrants voting Board seat
  - Add provision on Contracted Services for Non-Member Cities

Board discussion regarding cost of service to include bus, rail and micro-service, defining "full membership" vs "a-la-carte", collection of more than ½ from PTFA, time limits with TIRZ, traffic to member cities, residents' accessibility to Highland Village, Lewisville and Denton. The Board also received clarification on new members versus new "voting" members, recovery of taxes and financial fees, timeframes, contracted services, workload, staffing costs and stability. There was a consensus of the Board to attract new members and work together; however, there were concerns with the "a-la-carte" option.

The Board recessed at 12:30pm and reconvened at 1:21pm.

Session 2 - Regional Transit 2.0, New Member Policy and Contracted Services (continued)

Chief Operating Officer Maurice Bell presented with the objective of clarifying the DCTA vision and desired objectives for undertaking contracted services and gain Board direction on a Contracted Services provision in the New Member Policy highlighting the following:

- New Member Policy Revision: Contracted Services
  - Current Statement in New Member Policy
  - Staff should ensure New Member Policy reflects Board Goals for Contracted Services

- Contracted Services Portfolio
  - City of Coppell Lyft Program
  - Trinity Metro Alliance Lyft
  - Frisco Elderly/Disabled
  - Collin County Rides
  - Collin County Rides – Startup Tasks and Schedule
  - Half-Cent sales tax equivalents in current and potential future contracted services cities
  - Contracted Services Portfolio Summary
  - FTA Urbanized Areas (UZA) in Denton and Collin Counties
  - Designated Recipients by Urbanized Area
  - FTA FY 2023 Apportionment Funding
  - Summary of Components of Contracted Services Provision

- New Member Policy Application: Frisco GoZone and Corinth A-train station
  - Questions to consider:
    - ✓ What is an acceptable contracted services scenario in each case?
    - ✓ What is an acceptable membership scenario in each case?
    - ✓ Does financial participation in the membership scenario provide the municipality a vote?
  - Scenarios (Concept for illustrative purposes only)
    - ✓ Frisco GoZone Service
    - ✓ Frisco GoZone: Funding Alternatives and Incremental Revenues
    - ✓ Frisco GoZone: Cost Structure Alternatives
    - ✓ Frisco GoZone: Cost Structure Alternatives (Contracted Services vs Membership)

- ✓ Frisco GoZone: Funding and DCTA Board Voting Privilege Considerations
- ✓ DCTA Value Proposition Justifies Premium over City-Operated Service
- ✓ Corinth A-train Station Financial Alternatives

- ✓ New Member Policy and Contracted Services Provision

  Goals for Contracted Services
  1. Fees generated from such services generate incremental revenue that meaningfully offsets the investment provided by Member Cities.
  2. Non-member cities pay a premium for contracted service, and contracted services will be provided for some, yet undefined, time frame.
  3. Contracted services encourage new member cities to join DCTA and expand the agency service area.
  4. Contracted services enable DCTA to act as a regional leader in providing public transportation solutions.

  Key Considerations for Adding New Members
  1. Is value of sales tax, or PTFA, more than direct Cost of Service?
  2. Does new service increase access to DCTA member residents?
  3. Staff and other resource requirements to deliver new service.

Board discussion regarding riders/public knowing that they are utilizing DCTA services, Lyft program, primary contractor for Collin County Rides (North Central Texas Council of Governments and DCTA), Trinity Metro, Frisco/Coppell/Alliance (validation of invoices), financial participating membership vs. non-contributing, Frisco GoZone cost structure alternatives, contracted services vs. memberships, GoZone "zones", NCTCOG funding, transparency (direct and indirect costs), and the threshold for vote.

It was the consensus of the Board to discuss this topic in greater detail at a future Board Meeting.

The Board recessed at 2:51 and reconvened at 3:04pm.

Session 3 – Old Town Station Transit Oriented Development Vision and Strategy

Austin Frith, Vice-President of Planning and Development presented with the intent of identifying objectives for a DCTA Transit Oriented Development (TOD) policy and gain Board direction to draft a policy highlighting the following:

- TOD Policy – DCTA Engages in Transit Development to:
  - Create an Interconnected Multimodal Transportation Network
  - Expand Opportunities
  - Enhance Community Identity
  - Encourage Transit Supportive Development

- Sound Transit Oriented Development Policy features:
  - Purpose Statement
  - Key Term Definitions
  - Goals Definition
  - Strategy Definition

Session 3 - Old Town Lewisville Transit Oriented Development (TOD) Vision and Strategy (continued)

City of Lewisville Planning Director Richard Luedke and City of Denton Director of Economic Development Marichelle Samples presented to the Board with the objective of casting vision and identifying desired objectives for TOD at Old Town Lewisville Station highlighting the following:

- Old Town Lewisville – Overview
    - Historic Old Town, TOD, Innovation District and New Community
- Old Town Lewisville – Progress Towards Vision
    - Catalytic Public Projects & Public Private Partnerships
    - Complete Streets Implementation – Mill Street, Leonard Street,
    - Old Town Patio Home and Townhouse Projects
    - Old Town Multi-Family Projects
- The Standard at Old Town
- Member City TOD Study and Old Town Lewisville TOD Site Plan
- Old Town Lewisville TOD Site Perspectives
- What Does Success Look Like at Old Town Lewisville?
    - "Make the Market" vs "Meet the Market"
    - Elements of successful TOD Projects – most impactful/important
    - Reference Projects
        - ✓ Mockingbird Sation East, Dallas
        - ✓ Texrail Station, Grapevine
        - ✓ City Line Station, Richardson
        - ✓ Downtown Carrollton
        - ✓ Downtown Plano
    - Desired Old Town TOD Uses
- Roles and Responsibilities For Old Town Lewisville Station
    - Partnership – City of Lewisville, DCTA and Master Developer
    - TOD Financial Tools: City (Tax Increment Financing, Ground Leases, Federal Grant & Loan Programs, Opportunities for Section 380 Economic Development Grants)
    - TOD Financial Tools: DCTA/FTA (Build America Bureau Loan Programs, Transportation Infrastructure Finance &Innovation Act, Railroad Rehabilitation Improvement Financing)
    - Conceptual Schedule
    - Recommended Development Approach

Board discussion regarding more active and coordinated role in land acquisition conversations with cities (i.e. no bidding wars), concerns regarding a single policy applicable to all cities (i.e. cities with unique circumstances), other avenues of revenue, tax credit funding, and bus stations creating standards for development. The Board also gave suggestions on desired Old Town TOD uses to include a grocery component (i.e. farmer's market, c-store with fresh vegetables), entertainment, public space, restaurants, mixed use development (to include DCTA Administrative Offices and public office space), boutique, ample parking, pedestrian friendly connections, and large meeting room space. It was the desire of the Board to create a committee/work group to coordinate and discuss actions moving forward.

With no further business discussed, the meeting on January 17, 2024, was adjourned at 4:51pm.

Strategic Planning Work Session - January 18, 2024

CALL TO ORDER: On January 18, 2024, Chair Gilmore called the meeting to order at 9am. All Board Members were present.

CEO Cristina welcomed the Board to the second day of the Strategic Planning Work Session and introduced Caroline Mays, Director of Planning and Modal Programs for Texas Department of Transportation (TxDOT) who presented to the Board with information and perspective regarding TXDOT's statewide strategic planning initiatives and opportunities with DCTA highlighting the following:

- TxDOT Organizational Structure
- Overview of Planning and Modal Programs
    - Core Functions
    - Connecting Texas 2050
- Public Transportation Division
- Texas Statewide Multimodal Transit Plan: What, Why, and Why Now
- Texas Statewide Multimodal Transit Plan: Vision, Emphasis Areas, and Timeline
    - Vision Statement: The Statewide Multimodal Transit Plan will identify actions necessary to increase mobility and connectivity options for all Texans, support economic development, and address congestion in regional and intercity corridors through 2050. It will be inclusive of all current and emerging forms of public transportation, supporting technologies and intersection with other modes.
- Texas Statewide Multimodal Transit Plan: Existing Conditions and Trends
- Texas Statewide Multimodal Transit Plan: Public/Stakeholder Outreach and Engagement
- Texas Statewide Multimodal Transit Plan: Next Steps
    - Fall Outreach Campaign
    - Working Groups
    - Spring Outreach Campaign
    - Formal Comment Period
    - Plan Adoption – 2025

The Board appreciated the information presented by Ms. Mays and offered DCTA as a resource and partner.

The Board recessed at 9:47am and reconvened at 10:01am

<u>Session 5 – Discussion of Long-Range Service Planning and Strategic Goals and Objectives</u>

CEO Cristina presented to the Board to gain feedback, perspective and approach on a 5-Year Plan and Long-Range Service Plan, proposed Strategic Business Goals and Objectives to guide the agency through 2025 highlighting the following:

- Long Range Service Planning Context

- 2022-2027: Five-Year Roadmap and Building the Foundation
- Long Range Planning and the Regional Context
- Member City Priorities to Consider in Strategic Goal Setting and Long-Range Service Planning
- Existing and Emerging Member City and Regional Plan Coordination
- Highlight: UNT Mobility Hub Strategy Aligned with the Connect Bus Stop Study
- Highlight: Denton County Transit Study
- Highlight: Collin County Transit Study

- Long Range Service Plan Strategic Goals and Objectives

  Key Message: Get each person where they need and want to go.
  Strategic Goal #1: Develop and deliver transportation offerings that meet expectations of Denton County stakeholders.
  Strategic Objectives
  1. Create an integrated transportation system that moves as many people as cost-effectively as possible by identifying and applying ideal mobility technologies and modes to maximize cost effectiveness.
  2. Ensure transparency and clarity in decision making with development an application of robust operational and financial data reporting and infrastructure.
  3. Maximize the value of the A-train by meeting the needs of DCTA member cities and the DFW region.
     a) Ensure operational compatibility and connectivity with DCTA and regional transit infrastructure.
     b) Ensure modal competitiveness to increase choice ridership.
     c) Align with corridor Cities in Transit-Oriented Development that delivers desired outcomes.
  4. Establish and pursue a "Path to Zero" safety vision to eliminate employee and passenger incidents and injuries.

  Key Message: Make it easy for the rider.
  Strategic Goal #2: Provide exceptional customer service through the full cycle of transportation engagement – transaction, service delivery, and follow-up.
  Strategic Objectives
  1. Ensure unity and efficiency between DCTA and NTMC organizations to deliver best service possible to the customer as cost-effectively as possible while enhancing organizational culture.
  2. Drive DCTA brand awareness and recognition in the service area by meeting customers where they are with communications and collateral that are technically effective and contextually relevant.
  3. Eliminate friction between DCTA services and our customers in customer service, trip planning, fare payment, and operating schedules across modes and across the region.
  4. Create a unified, year-round fixed bus network that meets needs and expectations of DCTA stakeholders.
     a) Integrate transit infrastructure into the fabric of the served community.
     b) Ensure educational partners' financial contributions reflect the value of services provided and their relationship with DCTA.

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Key Message: Drive a better future for Denton County.
Strategic Goal #3: Provide cost-effective services, support economic growth, and enhance quality of life for Denton County and across the region.
Strategic Objectives

1. Maintain and enhance relationships with DCTA stakeholders to continually align DCTA planning efforts and operations with the needs and aspirations of the communities we serve.
2. Understand and communicate current demand and future opportunity for DCTA transit services and develop service offerings to meet them.
3. Develop governance and financial mechanisms to ensure DCTA engagement and non-member cities delivers significant value to founding members and member cities.
4. Enable DCTA to become the transportation provider of choice in Denton and Collin counties.
    a) Enable all current non-voting members of DCTA to receive some form of service from the agency.
    b) Develop service offerings to meet needs of rural communities.
    c) Transition current contracted service cities to DCTA "Financially Participating Member" status.

Board discussion regarding "what's next after GoZone" besides expansion, creating DCTA ambassadors and "raving fans" of the service, concerns regarding "virtual stops" and perceptions with safety or unsafe drivers, City of Denton service conversations, importance of spending appropriately with technology, and education/awareness of riders (i.e. first-time rider education). It was the request of the Board to see information as it pertains to technology costs to support what we provide for the rider.

The Board recessed at 10:58am and reconvened at 11:16am.

The Board had follow-up conversations regarding Frisco GoZone funding, tax increment requirements for voting members, Corinth A-train station financial alternatives. It was the request of the Board for staff to revisit the Corinth A-train station financial alternatives with multiple options and continue conversations with Corinth staff on their interest in moving forward.

The Board recessed at 12:27pm and reconvened at 12:38pm.

No further business was discussed, and the meeting was adjourned at 12:47pm.

TJ Gilmore, Board Chair

Andy Eads, Board Secretary

Board of Directors Regular Meeting
February 22, 2024 │ 10:00 a.m.

The Board of Directors of the Denton County Transportation Authority (DCTA) convened a Regular Board of Directors Meeting with Chair TJ Gilmore presiding on Thursday, February 22, 2024 at 10:00am, located at the DCTA Administrative Offices, 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057.

Voting Members
Chair TJ Gilmore, City of Lewisville
Vice-Chair Cesar Molina, Denton County
Secretary Andy Eads, Denton County
Board Member Daniel Jaworski, City of Highland Village
Board Member Alison Maguire, City of Denton

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

Non-Voting Members
Board Member Dennie Franklin, City of Frisco
Board Member Jeremie Maurina, City of The Colony
Board Member Jared Eutsler, City of Corinth

Legal Counsel
Joe Gorfida, Nichols Jackson

DCTA CEO
Paul A. Cristina

CALL TO ORDER
Chair Gilmore called the meeting to order at 10:01am. All Board Members were present except for Secretary Eads who arrived at 10:08am. Board Member Smith participated virtually, and Board Members Gonzalez and Stevens were absent.

The Board recessed at 11:48am and reconvened at 12:08pm.

INVOCATION
The invocation was given by Board Member Jaworkski.

PLEDGE OF ALLEGIANCE
The Board recited pledges to the United States and Texas flags.

INTRODUCTIONS
Jared Eutsler, Board Member
Tamrun Clark, Mobility Specialist
Brittany Manyika, Human Resources Generalist

PUBLIC COMMENT
Victoria Allen
Denton, Texas

CONSENT AGENDA

1. Consider Approval of Regular Meeting Minutes dated January 25, 2024

2. Consider Approval of Task Order 18 with Lockwood, Andrews, and Newnam (LAN) in the amount not to exceed $132,290.10 for Design and Project Management Services in Support of A-train Curve and Speed Improvements

Motion by Vice-Chair Molina with a second by Board Member Jaworski to approve the Consent Agenda as presented. Motion passes 5-0.

REGULAR AGENDA

1. **Consider Approval of Monthly Financial Statement for December 2023, Quarterly Grant Report for Quarter 1 – Fiscal year 2024, and Receive an Update from the Chief Financial Officer Regarding Finance Operations**

   Sherrelle Evans-Jones, Chief Financial Officer (CFO) and LaKeisha Williams, Accounting Manager, presented the Monthly Financial Statement, Quarterly Grant Report and provided an update of financial operations highlighting the following:

   - Financial Statement – December 31, 2023
     - Revenues and Other Income
     - Passenger Revenue
     - Federal/State Grants Capital and Operating Accounts
     - Outsource Service and Charges
     - Insurance
     - Transportation Reinvestment
     - Employee Development
     - Investment Income
     - FY2024 Q1 – October 1, 2023 through December 23, 2023 (Grants)
     - Status of Invested Assets

   Board discussion regarding clarification of insurance, and total budget forecast.

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Motion by Secretary Eads with a second by Board Member Maguire to approve as presented. Motion passes 5-0.

2. **Consider Authorizing the Chief Executive Officer (CEO) to Enter into a 5-year Agreement with Tyler Technologies, Inc. in an Amount Not to Exceed $1,709,013 for the Purchase and Implementation of Tyler Technologies Enterprise Resource Planning (ERP) System Utilizing the Sourcewell Cooperative Contract No. 090320-TTI**

3. **Consider Authorizing the Chief Executive Officer (CEO) to enter into an Agreement with Berry, Dunn, McNeil & Parker, LLC (BerryDunn) in an Amount Not to Exceed $900,000 for Project Management Services associated with the Enterprise Resource Planning (ERP) Transition Project from SunGard OneSolution to Tyler Technologies ERP platform Utilizing TIPS Contract No 230105**

   Sherrelle Evans-Jones, CFO and Joe Oreum, Senior Manager of Procurement, combined Regular Agenda Items 2 and 3 in their presentation highlighting the following:

   - One Solution
   - How Did We Get Here? (Journey to Date)
   - Why Tyler Technologies
   - Function Areas Included
   - Implementation Schedule – Core Financials
   - Implementation Schedule – Human Resources
   - Tyler Technologies, Inc. – Final Cost Breakdown
   - Why Berry Dunn?
   - Budget Implementations
   - Next Steps
     - Schedule Phase 1 (Financials) 45-60 days
     - DCTA to Finalize Personnel
     - Official Kick Off – Late April or Early May 2024
     - Summer 2025 – Go Live on Phase 1 (Financial)
     - Winter 2025/2026 – Go Live on Phase 2 (HR/Advanced Scheduling)

   Board discussion regarding clarification of Phase 1-3 expenditures.

The Board voted as follows:
Motion by Board Member Maguire with a second by Secretary Eads to approve Regular Agenda Item 2 as presented. Motion passes 5-0.

Motion by Board Member Maguire with a second by Board Member Jaworkski to approve Regular Agenda Item 3 as presented. Motion passes 5-0.

4. Consider Approval of a Contract Amendment with Irving Holdings in the Amount of $88,936 for the Purpose of Providing Taxi Service in the City of Frisco

5. Consider Approval of a Resolution to Approve Budget Revision 2024-15 in the amount of $61,366 to provide Taxi Service in the City of Frisco

Maurice Bell, Chief Operating Officer, combined Regular Agenda Items 4 and 5 in his presentation highlighting the following:

- Purpose: Evolving Frisco Service from Hybrid DCTA/Taxi operation to 100% Taxi Operation
- Fiscal Year 2023 Service Profile
- Trip Denials
- Frisco Service Model Evolution: Contract Amendment
- Frisco Service Model Evolution: Cost Structure

CEO Cristina also added that approval brings DCTA vehicles and drivers to member cities as well as transparency and simplicity to the billing function.

Motion by Vice Chair Molina with a second by Board Member Jaworski to approve Regular Agenda Item 4 as presented. Motion passes 5-0.

Motion by Vice Chair Molina with a second by Board Member Maguire to approve Regular Agenda Item 5 as presented. Motion passes 5-0.

6. Discuss Update on Innovation and Information Technology Initiatives

Javier Trilla, Vice-President of Innovation and Information Technology and Kyler Hagler, Senior Manager of Information Technology presented highlighting the following:

- Items to Cover
- DCTA – Operational Technology Stack
- Swiftly Platform – Project Timeline
- Swiftly Automatic Passenger Counter Update
- Swiftly Platform – Progress Update

  Technical and Operational Challenges Discovered Post Installation
  - Challenge: Tablets unable to withstand regional temperatures
    Resolution: Work with Swiftly to replace/redeploy rugged tablets

  - Challenge: Technical issues affecting table mounts and wiring harnesses led to low operator adoption of new technology
    Resolution: Work with Swiftly to host multi-day onsite workshop to addresses issues and train team

  - Challenge: Resolving low operator adoption and adherence to new technology and its effect on passenger counting
    Resolution: Additional engagement and training with operators to show the benefit of the platform, obtaining more consistent feedback with hardware difficulties and manual intervention from dispatch staff when operators utilize the software
- Spare Labs – Implementation and Launch (January 8, 2024)
- Initial Results and What's Next?
- Electronic Security and Access Control Systems: Procurement Updates
- Server Infrastructure Refresh – Update
- Cyber Security – State of the Agency Update (FY22-FY24 Milestones)

Board discussion regarding manual counting tally sheets (i.e. overtime data), timelines/timeframes (infrastructure refresh), Via taking on an access role, receiving "buy-in" from operators regarding concerns/complaints/suggestions with implementing new software system.

No Board action required at this time.

7. **Discuss Update on the Creation of an Advertising Revenue Program and Business Development Initiative for Denton County Transportation Authority**

David Magana, Marketing & Communications Director and Briana Ferguson, Marketing Business Development Specialist presented highlighting the following:

- Marketing: Ad Revenue/Business Development
  - Advertising Revenue Program
  - Advertising Management
  - Ridership Development (Commuter Vanpool, Employee Pass Program, Discount Pass Program)
  - Business Development (Member Cities, Chambers/Diverse Business Groups, Mayor Employers)
- Advertising Revenue Program – Policy Update
  - Board Policy (Adopted July 2010)
  - Best Practices Policy
  - Updates needed due to recent developments
  - Updated version in March 2024
- Advertising Revenue Program – Process (February – Launch of FY 2025)
- Business Development Outreach Plan (Strategies)
- Ridership Development

No Board action required at this time.

8. **Discuss Update on Evolution of the Denton County Transportation Authority Community Advisory Committee**

   David Magana, Marketing and Communications Director and Mary Worthington, Community Relations Manager presented highlighting the following:

   - Community Advisory Committee (definition/intentions of group)
   - Community Advisory Committee – Process (guidelines, membership, activities/participation, reporting feedback)
   - Community Advisory Committee – Next Steps (finalize guidelines, solicit committee members, restart meetings in May, establish public events and activate participation, establish reporting goals and structure for Committee Members

   The Board supported the committee however, had concerns regarding process to select/appoint members/officers as it may lead to impressions of the committee being a committee that directly impacts policy rather than as a listening mechanism/providing feedback for which it is intended. The Board also provided staff suggestions to contact the "most frequent riders", major employers along the corridor and youth (i.e. student council) to give consideration of membership to the committee.

9. **Discuss Local and Regional Updates and Legislative Issues**
   None at this time.

INFORMATIONAL REPORTS

1. Safety, Service, and Ridership Reports
2. Update on NTMC Uniform Agreement
3. Update on City of Frisco Technology Based Transit Concept

No Board action required at this time. These items were provided for informational purposes only.

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS
No items at this time.

REPORT ON ITEMS OF COMMUNITY INTEREST

March 5, 2024 – Election Day (Primaries)
May 4, 2024 – Municipal Elections

CONVENE EXECUTIVE SESSION

1. **Pursuant to Section 551.071(2) of the Texas Government Code, the Board of Directors will convene into Closed Executive Session to Consult with General Counsel regarding the Collective Bargaining Agreement between North Texas Mobility Corporation (NTMC) and Amalgamated Transit Union (ATU).**

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The Board convened into Closed Executive Session at 12:30pm.

RECONVENE OPEN SESSION
The Board reconvened from Closed Executive Session at 1:22pm with no action taken.

ADJOURN
The meeting adjourned at 1:22pm.

____
TJ Gilmore, Board Chair

____
Andy Eads, Board Secretary

Board of Directors Memo March 28, 2024

AGENDA ITEM: Discuss and Consider Acceptance of the Fiscal Year (FY) 2023 Financial Audit

Recommendation
Staff recommends the Board accept the audited financial statements presented as of September 30, 2023.

Background
Chapter 460 of the Texas Government Code and Denton County Transportation Authority (DCTA) Bylaws requires an independent financial audit of the Authority on an annual basis.

Previous Board Activity & Action
There has been no previous Board activity on this item.

Identified Need
As part of the audit engagement, DCTA's independent auditor, Plante & Moran, PLLC (Plante Moran), has a responsibility to communicate with those charged with governance in the audit of financial statements. Those required communications are included in Plante Moran's presentation to be presented to the board on March 28, 2024.

The FY2023 Annual Comprehensive Financial Report (ACFR) is included as Exhibit 1 to this item. Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a governmental organization with federal expenditures in excess of $750,000 to have a single audit performed, which includes an audit of both the financial statements and the federal awards. The FY2023 Single Audit Report is included as Exhibit 2 to this item.

Financial Impact
There is no financial impact associated with the approval of the September 30, 2023 audited financial statement and supplemental information.

Exhibits
Exhibit 1: Annual Comprehensive Financial Report as of September 30, 2023
Exhibit 2: Single Audit Report as of September 30, 2023
Exhibit 3: Plante & Moran's Report to the Board of Directors

Submitted by: Sherrelle Evans-Jones

Sherrelle Evans-Jones, CPA
Chief Financial Officer

Denton County Transportation Authority

Annual Comprehensive Financial Report
with Supplementary Information
September 30, 2023 and 2022

Prepared by:
DCTA Finance Department
Lewisville, Texas

Denton County Transportation Authority

Contents

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, 2023 and 2022 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, 2023 and 2022 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the 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.

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

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

To the Board of Directors
Denton County Transportation Authority

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

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

Required Supplementary Information

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

Supplementary 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

To the Board of Directors
Denton County Transportation Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 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.

March 28, 2024

Denton County Transportation Authority

Management's Discussion and Analysis

The management of the Denton County Transportation Authority (DCTA or the "Authority") offers readers of the DCTA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2023. 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, 2023 and 2022, total assets and deferred outflows of resources of DCTA exceeded total liabilities and deferred inflows of resources by $384,875,849 and $375,466,549, respectively. The amount of unrestricted net position as of September 30, 2023 was $116,429,184 compared to $99,809,719 in 2022. 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 $9,409,300 during the current fiscal year compared to an increase of $13,823,006 in the prior year. The change compared to the prior year is attributable to a $1.4 million increase in operating revenues as well as a $1.5 million increase in sales tax revenue. Operating grants decreased $13.0 million primarily due to the spending of COVID assistance grants which existed during FY22.
- Net capital assets were $286.3 million as of September 30, 2023 compared to $294.5 million as of September 30, 2022. The decrease of $8.2 million is caused by $9.1 million of depreciation expense offset by $0.9 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 supplementary information in addition to the basic financial statements themselves, as well as a statistical section (unaudited) to provide the reader additional information relative to DCTA.

DCTA activities are accounted for in a single 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.

<u>Statement of Net Position</u>

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.

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 $384,875,849 and $375,466,549 as of September 30, 2023 and 2022, respectively. The largest portion, 70 percent and 73 percent in 2023 and 2022, respectively, is net investment in capital assets primarily related to the rail line construction and acquisition of rail vehicles. The remaining 30 percent and 27 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 2.5 percent, or $9,409,300, during the current fiscal year compared to an increase of 3.8 percent, or $13,823,006, in the prior year. Change in net position of DCTA decreased 31 percent. The decrease in the change in net position in the current fiscal year is mainly attributable to a $13.0 million decrease in operating grants. These operating grants in FY22 included a significant amount that were provided to offset COVID-related spending; these grants were appropriately reduced during FY23 as the impacts from the pandemic subsided.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

The Authority's Net Position

	2023	2022	2021
Assets			
Current and other assets	$ 123,305,723	$ 105,844,006	$ 81,540,801
Capital assets	286,281,462	294,481,338	305,229,605
Total assets	409,587,185	400,325,344	386,770,406
Deferred Outflows of Resources	449,852	380,002	421,130
Liabilities			
Current liabilities	9,301,192	7,067,801	5,830,011
Noncurrent liabilities	15,725,000	17,625,000	19,565,492
Total liabilities	25,026,192	24,692,801	25,395,503
Deferred Inflows of Resources	134,996	545,996	152,490
Net Position			
Net investment in capital assets	268,446,665	275,656,830	283,862,328
Unrestricted	116,429,184	99,809,719	77,781,215
Total net position	**$ 384,875,849**	**$ 375,466,549**	**$ 361,643,543**

Assets

During fiscal year 2023, DCTA’s total assets increased 2.3 percent, or $9.3 million, from fiscal year 2022. The net increase is mainly attributable to a $18.1 million increase in cash and investments, offset by a $8.2 million decrease in capital assets.

Capital assets, net of depreciation, decreased due to a net $0.9 million of asset additions, offset by $9.1 million of depreciation. The capital assets activity for the year is captured in Note 6 (page 22).

Liabilities

Current liabilities increased during the year from $7.1 million as of September 30, 2022 to $9.3 million as of September 30, 2023 primarily due to fluctuations in accounts payable.

DCTA's current ratio, current assets of $122,502,995 and current liabilities of $9,301,192, was 13:1 as of September 30, 2023, compared to a ratio of 15:1 as of September 30, 2022.

There was a $1.9 million decrease in noncurrent liabilities in fiscal year 2023 due primarily to payments made for DCTA’s outstanding bonds and the rail operating easement agreement with DART. The bond payable activity for the year and rail operating easement obligation are captured in Notes 7 and 11 (pages 24 and 31).

Statement of Revenues, Expenses, and Changes in Net Position

During fiscal year 2023, DCTA's activities resulted in an increase in net position of $9,409,300 compared to an increase of $13,823,006 in the prior year. The decrease in the current fiscal year change in net position is mainly attributable to a decrease of $1.7 million in operating expenses and a $13.0 million decrease in operating grants, offset by an increase of $1.5 million in sales tax revenue and increase of $4.0 million increase in investment income. The changes in net position for the fiscal years ended September 30, 2023, 2022, and 2021 are shown in the following table.

The Authority's Changes in Net Position

	2023	2022	2021
Operating Revenues			
Passenger revenue	$ 1,568,794	$ 928,697	$ 548,078
Contract services	4,233,303	3,721,321	2,923,277
Other	923,745	681,289	460,208
Total operating revenues	6,725,842	5,331,307	3,931,563
Operating Expenses			
Salaries, wages, and benefits	9,014,747	9,223,042	9,973,967
Outsourced services and charges	5,831,802	6,946,993	5,395,088
Purchased transportation services	22,251,475	19,235,801	10,302,946
Other	5,202,776	6,338,351	3,694,380
Depreciation	9,074,612	11,351,683	9,956,637
Total operating expenses	51,375,412	53,095,870	39,323,018
Operating Loss	(44,649,570)	(47,764,563)	(35,391,455)
Nonoperating Revenue (Expense)	53,999,042	61,492,184	54,342,431
Income - Before capital contributions	9,349,472	13,727,621	18,950,976
Capital Contributions	59,828	95,385	1,409,423
Change in Net Position	9,409,300	13,823,006	20,360,399
Net Position - Beginning of year	375,466,549	361,643,543	341,283,144
Net Position - End of year	**$ 384,875,849**	**$ 375,466,549**	**$ 361,643,543**

Operating Revenue

Passenger Revenue

The fiscal year 2023 passenger revenue increased 69 percent, or $640,000, from fiscal year 2022 due primarily to a rebound in ridership following the COVID-19 pandemic. The 2023 passenger revenue of $1,569,000 positions the Authority above its pre-pandemic passenger revenues of $1,357,000 from the 2019 year.

Contract Service

The fiscal year 2023 contract service revenue increased 14 percent, or $512,000, from the prior year due to increased ridership trends across modes as COVID-19 ridership recovery continues. In fiscal year 2023, DCTA provided service for University of North Texas (UNT); the City of Frisco, Texas; the City of Coppell, Texas; and on behalf of Trinity Metro in the Alliance Airport area.

Operating Expenses

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

The fiscal year 2023 operating expenses decreased 3 percent, or $1.7 million, from fiscal year 2022. Expenses for purchased transportation services increased by $3.0 million primarily due to an increase in ridership. Outsourced services and charges decreased by $1.1 million due to reduced external contractors required as DCTA worked to increase its staffing. Salary, wages and benefits decreased by $200,000 due to transition and hiring within DCTA over the past fiscal year.

Nonoperating Revenue and Expenses

<u>*Sales Tax Revenue*</u>

The fiscal year 2023 sales tax revenue increased 4 percent, or $1.5 million, over fiscal year 2022. 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 2023, and DCTA and its member cities experienced growth in sales tax revenue similar to the expansion experienced throughout the state.

<u>*Transit System Operating Assistance Grants*</u>

The fiscal year 2023 federal and state grant revenue decreased $13.0 million over fiscal year 2022 revenue mainly due to a decrease in COVID-19 pandemic-related grants.

<u>*Investment Income*</u>

The fiscal year 2023 investment income of $4 million was an 8:1 increase from fiscal year 2022 revenue of $462,000. The average yield to maturity increased during the fiscal year from 2.082 percent at September 30, 2022 to 5.170 percent as of September 30, 2023, as interest rates increased during the 2023 fiscal year as the financial markets continue to rebound from the COVID-19 pandemic. DCTA continues to build up reserve funds in accordance with the board’s reserve policy, and staff will look to diversifying and laddering the investment portfolio to improve yield through investment vehicles such as U.S. Treasury notes and U.S. agency securities.

Debt Administration

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

The Denton County Transportation Authority is dependent on sales tax, which is the largest single source of revenue for the authority, representing 66 percent and 58 percent of total revenue in 2023 and 2022, 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. Despite economic conditions in the area and the nation overall continuing to demonstrate positive trends as the economy rebounds from the pandemic, management estimates a moderate increase in sales tax revenue for the FY 2024 budget with sales tax revenue of $40,000,000.

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, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	$ 84,627,740	$ 82,933,160
Investments (Note 4)	25,880,573	9,445,709
Receivables (Note 5)	10,990,140	11,315,418
Inventory	861,479	774,204
Prepaid expenses	143,063	196,062
Total current assets	122,502,995	104,664,553
Noncurrent assets:		
Restricted cash (Note 4)	675,203	675,492
Net pension asset (Note 9)	127,525	503,961
Capital assets: (Note 6)		
Assets not subject to depreciation	21,596,815	20,945,421
Assets subject to depreciation - Net	264,684,647	273,535,917
Total noncurrent assets	287,084,190	295,660,791
Total assets	409,587,185	400,325,344
Deferred Outflows of Resources - Deferred pension costs (Note 9)	449,852	380,002
Liabilities		
Current liabilities:		
Accounts payable	3,882,789	2,175,630
Accrued liabilities and other	829,462	639,131
Unearned revenue	1,803,941	2,378,040
Current portion of easement obligation (Note 11)	100,000	100,000
Current portion of bonds payable (Note 7)	2,685,000	1,775,000
Total current liabilities	9,301,192	7,067,801
Noncurrent liabilities:		
Easement obligation - Net of current portion (Note 11)	500,000	600,000
Bonds payable - Net of current portion (Note 7)	15,225,000	17,025,000
Total noncurrent liabilities	15,725,000	17,625,000
Total liabilities	25,026,192	24,692,801
Deferred Inflows of Resources - Deferred pension cost reductions (Note 9)	134,996	545,996
Net Position		
Net investment in capital assets	268,446,665	275,656,830
Unrestricted	116,429,184	99,809,719
Total net position	**$ 384,875,849**	**$ 375,466,549**

See notes to financial statements.

Denton County Transportation Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended September 30, 2023 and 2022

	2023	2022
Operating Revenue		
Passenger revenue	$ 1,568,794	$ 928,697
Contract services	4,233,303	3,721,321
Other	923,745	681,289
Total operating revenue	6,725,842	5,331,307
Operating Expenses		
Salaries, wages, and benefits	9,014,747	9,223,042
Outsourced services and charges	5,831,802	6,946,993
Materials and supplies	2,450,760	2,526,060
Purchased transportation services	22,251,475	19,235,801
Utilities	497,792	521,960
Insurance	1,586,292	1,669,123
Leases and rentals	142,445	151,068
Employee development	180,014	137,647
Transportation reinvestment program	345,473	1,332,493
Depreciation	9,074,612	11,351,683
Total operating expenses	51,375,412	53,095,870
Operating Loss	(44,649,570)	(47,764,563)
Nonoperating Revenue (Expense)		
Investment income	4,434,145	462,425
Gain on sale of assets	52,900	29,719
Sales tax revenue	40,292,936	38,764,986
Transit system operating assistance grants	9,431,745	22,468,882
Interest expense	(212,684)	(233,828)
Total nonoperating revenue	53,999,042	61,492,184
Income - Before capital contributions	9,349,472	13,727,621
Capital Contributions - Capital grants	59,828	95,385
Change in Net Position	9,409,300	13,823,006
Net Position - Beginning of year	375,466,549	361,643,543
Net Position - End of year	**$ 384,875,849**	**$ 375,466,549**

See notes to financial statements.

Denton County Transportation Authority

Statement of Cash Flows

Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	$ 6,566,446	$ 5,377,952
Payments to suppliers	(31,506,212)	(32,520,165)
Payments to employees and benefits	(9,035,788)	(9,549,775)
Net cash and cash equivalents used in operating activities	(33,975,554)	(36,691,988)
Cash Flows from Noncapital Financing Activities		
Operating grants and subsidies	9,817,488	22,697,288
Sales tax received	40,391,915	38,031,217
Net cash and cash equivalents provided by noncapital financing activities	50,209,403	60,728,505
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	59,828	95,385
Capital contribution	-	2,316,464
Proceeds from sale of capital assets	52,900	219,133
Purchase of capital assets	(1,448,883)	(792,830)
Principal and interest paid on capital debt, including refunding	(1,202,684)	(2,798,828)
Net cash and cash equivalents used in capital and related financing activities	(2,538,839)	(960,676)
Cash Flows from Investing Activities		
Interest received on investments	4,434,145	462,425
Purchases of investment securities	(33,179,864)	(7,408,524)
Proceeds from sale and maturities of investment securities	16,745,000	7,500,000
Net cash and cash equivalents (used in) provided by investing activities	(12,000,719)	553,901
Net Increase in Cash and Cash Equivalents	1,694,291	23,629,742
Cash and Cash Equivalents - Beginning of year	83,608,652	59,978,910
Cash and Cash Equivalents - End of year	**$ 85,302,943**	**$ 83,608,652**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 84,627,740	$ 82,933,160
Restricted cash	675,203	675,492
Total cash and cash equivalents	**$ 85,302,943**	**$ 83,608,652**

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See notes to financial statements.

Denton County Transportation Authority

Statement of Cash Flows (Continued)

Years Ended September 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (44,649,570)	$ (47,764,563)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	9,074,612	11,351,683
Changes in assets and liabilities:		
Receivables	(159,444)	38,169
Inventory	(87,275)	(54,347)
Prepaid and other assets	52,999	260,563
Net pension asset/liability and related deferrals	(46,334)	(134,819)
Accounts payable	1,814,117	(205,236)
Accrued and other liabilities	25,293	(191,914)
Unearned revenue	48	8,476
Net cash and cash equivalents used in operating activities	**$ (33,975,554)**	**$ (36,691,988)**

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, 2023, 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.

<u>Blended Component Unit</u>

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

<u>Proprietary Funds</u>

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.

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 bond proceeds 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.

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 would 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 were considered unearned until eligible expansion costs were incurred. In the event that the operational rail facility project is not constructed, DCTA will return to DART any unearned revenue related to the project. 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.

Note 1 - Significant Accounting Policies (Continued)

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.

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

Compensated Absences

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

Note 1 - Significant Accounting Policies (Continued)

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.

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 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.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The standard defines a concentration (a lack of diversity related to an aspect of significant inflow of resources or outflow or resources) and a constraint (a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority), both of which may limit a government's ability to acquire resources or control spending. GASB 102 requires a government to disclose information about a concentration or constraint if certain criteria are met.. 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.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

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

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

Note 3 - Service Agreement

On October 1, 2016, DCTA entered into a contract with First Transit Inc. for rail operations and maintenance. This contract includes management fees, maintenance of way, vehicle maintenance, train hours and car miles. The contract is accounted for under purchased transportation services. On October 31, 2020, Rio Grande Pacific Corporation assumed the contract in place of First Transit Inc. As of September 30, 2023, $34,356,219 was spent on this contract, and the remaining commitment was $39,354,529.

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, 2023, $17,940,810 was spent on this contract, and the remaining commitment was $820,789.

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:

	2023	2022
Cash and cash equivalents	$ 84,627,740	$ 82,933,160
Investments	25,880,573	9,445,709
Restricted cash and cash equivalents	675,203	675,492
Total deposits and investments	$ 111,183,516	$ 93,054,361

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.

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

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

At year end, the Authority had the following investments:

	2023		2022	
Investment	Carrying Value	Weighted-average Maturity (Days)	Carrying Value	Weighted-average Maturity (Days)
U.S. Treasury	$ 5,858,011	163	$ 5,938,470	123
U.S. government agency securities	20,028,898	297	3,507,239	192
TexSTAR investment pool	82,883,288	29	79,541,718	16

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:

	2023			2022		
Investment	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
U.S. government agency securities	$ 20,028,898	AA+	S&P	$ 3,507,239	AA+	S&P
TexSTAR investment pool	82,883,288	AAAm	S&P	79,541,718	AAAm	S&P
Total	$ 102,912,186			$ 83,048,957		

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, 2023 and 2022:

• U.S. Treasury securities of $5,858,011 and $5,938,470, respectively, are valued using a matrix pricing model (Level 2 inputs).

• U.S. government agency securities of $20,028,898 and $3,507,239, respectively, are valued using a matrix pricing model (Level 2 inputs).

• The investment in the TexSTAR investment pool of $82,883,288 and $79,541,718, respectively, is measured at NAV.

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

Note 4 - Deposits and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

At September 30, 2023 and 2022, the Authority had investments in the TexSTAR investment pool of $82,883,288 and $79,541,718, 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, 2023 and 2022 consisted of the following:

	2023	2022
Operating - Ticket, token, and other receivables	$ 1,665,469	$ 876,460
Sales tax	6,859,987	6,958,936
Grants receivable	2,464,684	3,480,022
Total	$ 10,990,140	$ 11,315,418

Note 6 - Capital Assets

Capital asset activity during the fiscal year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2023
Capital assets not being depreciated:					
Land	$ 17,394,147	$ -	$ -	$ -	$ 17,394,147
Construction in progress	3,551,274	-	651,394	-	4,202,668
Subtotal	20,945,421	-	651,394	-	21,596,815
Capital assets being depreciated:					
Rail	300,547,954	-	-	-	300,547,954
Land improvements	12,158,726	-	-	-	12,158,726
Vehicles	10,652,957	-	38,608	(544,028)	10,147,537
Furniture and equipment	7,042,162	-	173,075	-	7,215,237
Facilities	31,760,649	-	11,659	-	31,772,308
Easement	16,997,155	-	-	-	16,997,155
Subtotal	379,159,603	-	223,342	(544,028)	378,838,917
Accumulated depreciation:					
Rail	70,943,374	-	6,549,367	-	77,492,741
Land improvements	3,741,305	-	385,421	-	4,126,726
Vehicles	8,034,439	-	622,741	(544,028)	8,113,152
Furniture and equipment	5,411,356	-	220,960	-	5,632,316
Facilities	7,011,633	-	587,908	-	7,599,541
Easement	10,481,579	-	708,215	-	11,189,794
Subtotal	105,623,686	-	9,074,612	(544,028)	114,154,270
Net capital assets being depreciated	273,535,917	-	(8,851,270)	-	264,684,647
Net capital assets	$ 294,481,338	$ -	$ (8,199,876)	$ -	$ 286,281,462

Note 6 - Capital Assets (Continued)

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

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

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, 2023, $16,350,000 had been paid to the Dallas Area Rapid Transit. The remaining payments of $600,000 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 $708,215 and $849,858 for the years ended September 30, 2023 and 2022, respectively.

Construction Commitments

The Authority has an active construction project at year end. At year end, the Authority had spent $761,337 related to the Joint Rail Operation Facility (JROF) and had a remaining commitment of $174,909.

Note 7 - Long-term Debt

Long-term debt activity for the years ended September 30, 2023 and 2022 can be summarized as follows:

	2023						
	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	$ 9,725,000	$ -	$ (890,000)	$ 8,835,000	$ 880,000
Sales Tax Revenue Refunding Bonds, Series 2021	1.28%	$885,000 - 1,140,000	9,075,000	-	-	9,075,000	1,805,000
Total long-term debt			$ 18,800,000	$ -	$ (890,000)	$ 17,910,000	$ 2,685,000

	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

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 $18,879,966. During the current year, gross sales tax revenue of the Authority was $40,320,771, compared to annual debt requirements of $1,987,438.

Debt Service Requirements to Maturity

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

	Other Debt		
Years Ending September 30	Principal	Interest	Total
2024	$ 2,685,000	$ 192,299	$ 2,877,299
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	1,880,000	108,779	1,988,779
2029-2032	7,835,000	215,867	8,050,867
Total	$ 17,910,000	$ 969,966	$ 18,879,966

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, 2023 and 2022, the Authority has not incurred any losses under this plan.

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

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

Note 9 - Pension Plans

Plan Description

The Authority provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the Texas County and District Retirement System, an agent multiple-employer plan, administered by the TCDRS board. The board of directors is responsible for the administration of the statewide agent 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, 2022
Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	56
Active plan members	29
Total employees covered by the plan	88

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 2023 and 2022, the Authority made contributions of 7.31 percent and 6.92 percent, respectively.

Net Pension Liability (Asset)

The Authority has chosen to use the December 31, 2022 measurement date as its measurement date for the net pension liability (asset). The September 30, 2023 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, 2022 measurement date. The December 31, 2022 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:

	Increase (Decrease)		
Changes in Net Pension Liability (Asset)	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	$ 3,464,375	$ 3,968,336	$ (503,961)
Changes for the year:			
Service cost	312,889	-	312,889
Interest	285,926	-	285,926
Differences between expected and actual experience	(75,317)	-	(75,317)
Contributions - Employer	-	219,221	(219,221)
Contributions - Employee	-	141,244	(141,244)
Net investment loss	-	(260,749)	260,749
Benefit payments, including refunds	(30,730)	(30,730)	-
Administrative expenses	-	(2,394)	2,394
Miscellaneous other charges	-	49,740	(49,740)
Net changes	492,768	116,332	376,436
Balance at December 31, 2022	$ 3,957,143	$ 4,084,668	$ (127,525)

The plan's fiduciary net position represents 103.2 percent of the total pension liability.

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, 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	$ 3,464,375	$ 3,968,336	$ (503,961)

The plan's fiduciary net position represents 114.5 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, 2023 and 2022, the Authority recognized pension expense of $102,386 and $87,839, respectively.

At September 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 47,208	$ 133,984	$ 66,697	$ 137,581
Changes in assumptions	89,807	1,012	136,342	1,518
Net difference between projected and actual earnings on pension plan investments	148,292	-	-	406,897
Employer contributions to the plan subsequent to the measurement date	164,545	-	176,963	-
Total	$ 449,852	$ 134,996	$ 380,002	$ 545,996

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
2023	$ (13,112)
2024	13,113
2025	34,979
2026	115,331
Total	$ 150,311

Actuarial Assumptions

The total pension liability in the December 31, 2022 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.

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 %	4.95 %
Global equities	2.50	4.95
International equities - Developed markets	5.00	4.95
International equities - Emerging markets	6.00	4.95
Investment-grade bonds	3.00	2.40
Strategic credit	9.00	3.39
Direct lending	16.00	6.95
Distressed debt	4.00	7.60
REIT equities	2.00	4.15
Master limited partnerships	2.00	5.30
Private real estate partnerships	6.00	5.70
Private equity	25.00	7.95
Hedge funds	6.00	2.90
Cash equivalents	2.00	0.20

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)	$ 630,647	$ (127,525)	$ (730,487)

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. Employee contributions to the plan totaled $15,123 and $23,053 for the years ended September 30, 2023 and 2022, respectively. Employer contributions to the plan totaled $6,877 and $6,689 for the years ended September 30, 2023 and 2022, 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. Employee contributions to the plan totaled $2,082 and $4,139 for the years ended September 30, 2023 and 2022, respectively. Employer contributions to the plan totaled $776 and $1,234 for the years ended September 30, 2023 and 2022, respectively.

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. Employee contributions to the plan totaled $18,281 and $36,803 for the years ended September 30, 2023 and 2022, respectively. Employer contributions to the plan totaled $4,845 and $2,117 for the years ended September 30, 2023 and 2022, respectively.

Note 11 - Easement Obligation

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

Years Ending	Amount
2024	$ 100,000
2025	100,000
2026	100,000
2027	100,000
2028	100,000
2029	100,000
Total	$ 600,000

The current portion of the easement obligation is $100,000 as of September 30, 2023 and 2022.

Note 12 - Component Unit Information

Condensed financial information detailing component unit activity is as follows:

	2023			2022		
	DCTA	NTMC	Total	DCTA	NTMC	Total
Current Assets	$ 122,104,348	$ 398,647	$ 122,502,995	$ 104,307,796	$ 356,757	$ 104,664,553
Long-term Assets	287,084,190	-	287,084,190	295,660,791	-	295,660,791
Deferred Outflows of Resources	449,852	-	449,852	380,002	-	380,002
Total assets and deferred outflows	$ 409,638,390	$ 398,647	$ 410,037,037	$ 400,348,589	$ 356,757	$ 400,705,346
Current Liabilities	$ 8,902,545	$ 398,647	$ 9,301,192	$ 6,711,044	$ 356,757	$ 7,067,801
Long-term Liabilities	15,725,000	-	15,725,000	17,625,000	-	17,625,000
Deferred Inflows of Resources	134,996	-	134,996	545,996	-	545,996
Total liabilities and deferred inflows	24,762,541	398,647	25,161,188	24,882,040	356,757	25,238,797
Net Position						
Net investment in capital assets	268,446,665	-	268,446,665	275,656,830	-	275,656,830
Unrestricted	116,429,184	-	116,429,184	99,809,719	-	99,809,719
Total net position	384,875,849	-	384,875,849	375,466,549	-	375,466,549
Total liabilities and net position	$ 409,638,390	$ 398,647	$ 410,037,037	$ 400,348,589	$ 356,757	$ 400,705,346
Operating Revenue	$ 6,725,842	$ -	$ 6,725,842	$ 5,331,307	$ -	$ 5,331,307
Operating Expenses	45,797,162	5,578,250	51,375,412	47,120,062	5,975,808	53,095,870
Operating Loss	(39,071,320)	(5,578,250)	(44,649,570)	(41,788,755)	(5,975,808)	(47,764,563)
Other Revenue (Expense)						
Nonoperating revenue	53,999,042	-	53,999,042	61,492,184	-	61,492,184
Capital contributions	59,828	-	59,828	95,385	-	95,385
Payment from DCTA to NTMC	(5,578,250)	5,578,250	-	(5,975,808)	5,975,808	-
Total other revenue	48,480,620	5,578,250	54,058,870	55,611,761	5,975,808	61,587,569
Change in net position	$ 9,409,300	$ -	$ 9,409,300	$ 13,823,006	$ -	$ 13,823,006
Cash Flows from Operating Activities	$ (34,017,444)	$ 41,890	$ (33,975,554)	$ (34,319,362)	$ (56,162)	$ (34,375,524)
Cash Flows from Noncapital Financing Activities	50,209,403	-	50,209,403	60,728,505	-	60,728,505
Cash Flows from Capital and Related Financing Activities	(2,538,839)	-	(2,538,839)	(3,277,140)	-	(3,277,140)
Cash Flows from Investing Activities	(12,000,719)	-	(12,000,719)	553,901	-	553,901
Net Increase (Decrease) in Cash and Cash Equivalents	1,652,401	41,890	1,694,291	23,685,904	(56,162)	23,629,742
Cash and Cash Equivalents - Beginning of year	83,251,895	356,757	83,608,652	59,565,991	412,919	59,978,910
Cash and Cash Equivalents - End of year	$ 84,904,296	$ 398,647	$ 85,302,943	$ 83,251,895	$ 356,757	$ 83,608,652

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 $16,558,322 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, 2023 and 2022, the reserves are as follows:

	2023	2022
Operating reserve	$ 12,029,971	$ 10,591,773
Sales tax stabilization	1,189,401	1,143,654
Fuel stabilization	249,329	299,822
Capital/Infrastructure	2,000,000	2,000,000
Total	$ 15,468,701	$ 14,035,249

Denton County Transportation Authority

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

Last Nine Plan Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 312,889	$ 311,586	$ 354,281	$ 296,238	$ 268,708	$ 232,727	$ 202,663	$ 159,650	$ 130,849
Interest	285,926	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	(75,317)	(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	(30,730)	(67,856)	(19,149)	(8,550)	(4,744)	(3,633)	(28,266)	(1,640)	(12,905)
Net Change in Total Pension Liability	492,768	396,261	692,154	514,075	422,786	405,407	250,920	109,169	283,668
Total Pension Liability - Beginning of year	3,464,375	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	**$ 3,957,143**	**$ 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	$ 219,221	$ 186,859	$ 202,396	$ 200,030	$ 184,229	$ 148,998	$ 126,805	$ 108,954	$ 72,565
Contributions - Employee	141,244	149,967	160,377	159,880	149,818	122,330	104,798	92,022	78,874
Net investment income (loss)	(260,749)	690,444	248,840	287,455	(23,109)	152,471	55,555	(13,315)	25,740
Administrative expenses	(2,394)	(2,147)	(2,197)	(1,830)	(1,408)	(956)	(604)	(472)	(366)
Benefit payments, including refunds	(30,730)	(67,856)	(19,149)	(8,550)	(4,744)	(3,633)	(28,266)	(1,640)	(12,905)
Other	49,740	8,447	10,406	12,364	9,955	3,579	22,435	(57)	(27)
Net Change in Plan Fiduciary Net Position	116,332	965,714	600,673	649,349	314,741	422,789	280,723	185,492	163,881
Plan Fiduciary Net Position - Beginning of year	3,968,336	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	**$ 4,084,668**	**$ 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	**$ (127,525)**	**$ (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	103.22 %	114.55 %	97.87 %	101.09 %	94.13 %	99.91 %	98.20 %	93.81 %	81.48 %
Covered Payroll	$ 2,824,887	$ 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	(4.51)%	(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.

See note to required supplementary information.

Denton County Transportation Authority

Required Supplementary Information
Schedule of Pension Contributions

Last Nine Fiscal Years

Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 207,189	$ 222,678	$ 188,649	$ 206,622	$ 188,483	$ 184,273	$ 143,780	$ 120,475	$ 99,864
Contributions in relation to the actuarially determined contribution	207,189	222,678	188,649	206,622	188,483	184,273	143,780	120,475	99,864
Contribution Excess (Deficiency)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 2,833,246	$ 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	7.31 %	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	17.2 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	Varies by age and service 4.6 percent average over career including inflation
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 Table for females, both projected with 110 percent of the MP-2014 Ultimate scale after 2014.
Other information	None

See note to required supplementary information.

Denton County Transportation Authority

Note to Required Supplementary Information

September 30, 2023 and 2022

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 Supplementary Information
Schedule of Revenue and Expenses - DCTA - Budget to Actual

Year Ended September 30, 2023
(with Comparative Actual for 2022)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2022
Operating Revenue					
Passenger revenue	$ 1,797,627	$ 1,797,627	$ 1,568,794	$ (228,833)	$ 928,697
Contract services	4,354,021	4,354,021	4,233,303	(120,718)	3,721,321
Other	9,623,610	9,623,610	923,745	(8,699,865)	681,289
Total operating revenue	15,775,258	15,775,258	6,725,842	(9,049,416)	5,331,307
Operating Expenses					
Salaries, wages, and benefits	4,925,778	4,925,778	3,683,380	1,242,398	3,868,007
Outsourced services and charges	6,248,924	6,248,924	5,600,263	648,661	6,393,467
Materials and supplies	3,444,327	3,444,327	2,449,354	994,973	2,525,120
Purchased transportation services	23,027,376	23,027,396	22,251,475	775,921	19,235,801
Utilities	700,119	700,119	497,792	202,327	521,960
Insurance	1,727,114	1,727,114	1,577,898	149,216	1,617,079
Leases and rentals	158,406	158,406	142,445	15,961	151,068
Employee development	271,148	270,148	174,470	95,678	123,384
Transportation reinvestment program	345,473	345,473	345,473	-	1,332,493
Depreciation	11,211,908	11,211,908	9,074,612	2,137,296	11,351,683
Total operating expenses	52,060,573	52,059,593	45,797,162	6,262,431	47,120,062
Operating Loss	(36,285,315)	(36,284,335)	(39,071,320)	(2,786,985)	(41,788,755)
Nonoperating Revenue (Expenses)					
Investment income	6,000	6,000	4,434,145	4,428,145	462,425
Gain on sale of assets	-	-	52,900	52,900	29,719
Sales tax revenue	39,646,685	39,646,685	40,292,936	646,251	38,764,986
Transit system operating assistance grants	13,042,809	13,042,809	9,431,745	(3,611,064)	22,468,882
Interest expense	(212,640)	(212,640)	(212,684)	(44)	(233,828)
Total nonoperating revenue	52,482,854	52,482,854	53,999,042	1,516,188	61,492,184
Capital Contributions - Capital grants	2,801,060	2,801,060	59,828	(2,741,232)	95,385
Transfers to NTMC	(6,999,359)	(6,999,359)	(5,578,250)	1,421,109	(5,975,808)
Change in Net Position	11,999,240	12,000,220	9,409,300	(2,590,920)	13,823,006
Net Position - Beginning of year	375,466,549	375,466,549	375,466,549	-	361,643,543
Net Position - End of year	**$ 387,465,789**	**$ 387,466,769**	**$ 384,875,849**	**$ (2,590,920)**	**$ 375,466,549**

Denton County Transportation Authority

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

Year Ended September 30, 2023
(with Comparative Actual for 2022)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2022
Operating Revenue	$ -	$ -	$ -	$ -	$ -
Operating Expenses					
Salaries, wages, and benefits	6,241,126	6,241,126	5,331,367	909,759	5,355,035
Outsourced services and charges	607,445	607,445	231,539	375,906	553,526
Materials and supplies	1,936	1,936	1,406	530	940
Insurance	95,592	95,592	8,394	87,198	52,044
Employee development	53,260	53,260	5,544	47,716	14,263
Total operating expenses	6,999,359	6,999,359	5,578,250	1,421,109	5,975,808
Transfers from DCTA	6,999,359	6,999,359	5,578,250	(1,421,109)	5,975,808
Change in Net Position	-	-	-	-	-
Net Position - Beginning of year	-	-	-	-	-
Net Position - End of year	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Denton County Transportation Authority

Federal Awards Supplemental Information
September 30, 2023

Denton County Transportation Authority

Contents

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated March 28, 2024,which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole We have not performed any procedures with respect to the audited financial statements subsequent to March 28, 2024.

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

March 28, 2024

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

Independent Auditor's Report

To Management and the Board of Directors
Denton County Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

To Management and the Board of Directors
Denton County Transportation Authority

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

March 28, 2024

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

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Denton County Transportation Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

To the Board of Directors
Denton County Transportation Authority

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

To the Board of Directors
Denton County Transportation Authority

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

March 28, 2024

Denton County Transportation Authority

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters -				
U.S. Department of Transportation - Direct Programs -				
Federal Transit Cluster -				
Federal Transit - Formula Grants (Urbanized Area Formula Program):				
TX-95-X079-00	20.507		$ -	$ 58,817
TX-2020-124-00	20.507		-	64,313
TX-2021-012-00	20.507		-	108,867
TX-2021-091-00	20.507		-	2,878,065
TX-2023-052-00	20.507		-	126,552
TX-2023-074-00	20.507		-	3,355,371
Total Formula Grants (Urbanized Area Formula Program)			-	6,591,985
Buses and Bus Facilities Program TX-2020-123-00	20.526		-	401,522
Federal Transit Capital Investment Grants TX-2021-052-00	20.500		-	264,281
State of Good Repair Grants Program TX-2023-051-00	20.525		-	2,232,774
Total Federal Transit Cluster			-	9,490,562
Total expenditures of federal awards			**$ -**	**$ 9,490,562**

See notes to schedule of expenditures of federal awards.

Denton County Transportation Authority

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Denton County Transportation Authority (the "Authority") under programs of the federal government for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

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

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

Denton County Transportation Authority

Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.507, 20.525, 20.526, 20.500	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	______ Yes	X No

Denton County Transportation Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2023

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

DATE, 2024

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2023 and have issued our report thereon dated DATE, 2024. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Informational Items

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

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit as well as informational items that we believe will be of interest to you.

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

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

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

Very truly yours,

Plante & Moran, PLLC

Pamela L. Hill, Partner

Keith Szymanski, Principal

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 12, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated DATE, 2024 regarding our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 19, 2023.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

No new accounting policies were adopted, and the application of existing policies was not changed during 2023. Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, was effective this year, but the Authority determined their impact to be immaterial and elected not to account for SBITAs in accordance with the new standard.

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated DATE, 2024.

Management Consultations with Other Independent Accountants

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

<u>Other Information Included in Annual Reports</u>

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

Section II – Other Recommendations and Informational Items

Strengthening Internal Controls

Due to vacant finance/accounting positions, the CFO had to perform a number of tasks essential to the internal control structure including preparing bank reconciliations without a secondary review. While the Authority was able to maintain segregation of duties over cash receipt and disbursement processes, we recommend that as vacant positions are filled, the Authority continue to strengthen controls and implement separate reviews of key internal controls. Additionally, we recommend retaining formal documentation and evidence of the controls being performed including signed bank reconciliations.

Monitoring Lease, SBITA, and PPP Activity

GASB Statements No. 87, *Leases*; No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs); and No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements*, were effective in fiscal years 2022 and 2023. Although significant analyses were performed to determine the applicability of the new standards and record any necessary adjustments, we want to stress the importance of implementing ongoing monitoring procedures over lease, SBITA, and PPP activity. When the Authority enters into new leases, SBITAs, or PPPs; existing agreements are modified; or other facts and circumstances change, consideration must be given to the impact those changes will have on lease, SBITA, and PPP accounting. In order to do so, the Authority must ensure there is a process in place to identify and appropriately account for new leases, SBITAs, or PPPs or changes to existing agreements on an ongoing basis or at least at the end of each year.

Cybersecurity and Information Technology Controls

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

Recognizing the risk of cyberattacks, the Transportation Security Administration recently announced a new cybersecurity directive regulating designated passenger and freight railroad carriers. While DCTA may not subject to this directive, we encourage administration and those charged with governance to work with the technology team to ensure DCTA’s cyber defenses are appropriate for dealing with the increasing risks. If we can be of assistance in the process, we would be happy to do so.

OMB Proposed Revisions to the Uniform Guidance

In October 2023, the Office of Management and Budget (OMB) posted proposed revisions for the Uniform Guidance for federal grants and agreements. The proposed guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key proposed changes include the following:

- Increase the audit threshold to $1 million from $750,000
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients

The proposed changes are included in more detail within the federal register at https://www.federalregister.gov/documents/2023/10/05/2023-21078/guidance-for-grants-and-agreements.

Plante & Moran, PLLC will continue to monitor any changes to the Uniform Guidance, and we encourage the Authority to monitor developments in this area.

Upcoming Accounting Standards Requiring Preparation

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

GASB Statement No. 101 - Compensated Absences

This new accounting pronouncement will be effective for DCTA's fiscal year ending September 30, 2025. The statement requires all compensated absences be reported under a new unified model that provides recognition and measurement guidance for all compensated absences that meet certain criteria. This is a major shift from the prior standards that provided different recognition and measurement guidance for vacation leave versus sick leave. Under the new standard, all compensated absences (with some exceptions like parental leave and military leave) that meet three criteria are to be recognized (accrued). The three criteria are (1) the absence accumulates, (2) the absence is attributed to services already performed, and (3) the absence is more likely than not to be either paid or settled through other means.

A few of the more significant changes from prior guidance include the elimination of specific recognition criteria for sick leave (GASB 16's termination payment method and vesting method) in lieu of standard recognition criteria for all types of compensated absences that meet the criteria. In addition, the prior standards used the "probable criteria" as a measurement stick for recognition; GASB 101 lowers that threshold to more likely than not. More likely than not means a likelihood of more than 50 percent. Because GASB 101 does not prescribe the manner in which these leave liabilities are estimated once the criteria are met, organizations will have significant latitude in how these estimates are determined. Because of this, there may be additional reporting and additional disaggregation of historical employee leave usage information that may be required in order to come up with an accurate estimate of these liabilities. We strongly suggest organizations start thinking about these changes now, brainstorm estimation methodologies, and begin gathering the necessary information in order to successfully adopt this new standard.

GASB Statement No. 102 - Certain Risk Disclosures

This new accounting pronouncement will be effective for DCTA's fiscal year ending September 30, 2025. GASB 102 requires a government to assess whether a concentration or constraint makes the primary government or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements.

Significant GASB Proposals Worth Watching

The GASB is working on two comprehensive projects that result in changes to financial reporting for state and local governments.

The Financial Reporting Model exposure draft was issued in June 2020, and the final statement is expected to be released in mid-2024. This standard proposes changes to many aspects of the Authority's financial statements, including the management's discussion and analysis (MD&A), proprietary fund financial statements, and budgetary comparisons. In August 2023, the GASB removed issues related to reporting of governmental funds from the scope of this project.

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected sometime in 2025.

Plante & Moran, PLLC has spent significant time digesting these new proposed standards and recently testified to the GASB about our feedback. We strongly encourage the Authority to monitor developments with these standards, as the potential impacts are quite broad.

Board of Directors Memo March 28, 2024

AGENDA ITEM: Consider Authorizing the Chief Executive Officer (CEO) to Enter into a Three-Year Contract with Cintas through the Omina Partnership Co-Op Beginning April 1, 2024 for Uniform Services and Supplies for North Texas Mobility Corporation (NTMC) in the amount of $271,294.

Recommendation
Staff recommends the Board authorize the Chief Executive Officer (CEO) to Enter into a Three-Year Contract with Cintas through the Omina Partnership Co-Op Beginning April 1, 2024 for Uniform Services and Supplies for North Texas Mobility Corporation in the amount of $271,294.

Background
The North Texas Mobility Corporation (NTMC) has sourced its uniforms and shop supplies under multiple contracts with UniFirst and Infinity, a subsidiary. With the maintenance uniform and supplies contract up for renewal and the Bus Operator uniform contract concluding in December 2024, NTMC evaluated UniFirst's performance against Cintas, a competitor. They found Unifirst to be unsatisfactory in terms of quality and service and Cintas is preferable. Consequently, NTMC has elected to transition to Cintas for better quality and services.

Previous Board Action
There has been no previous Board action.

Identified Need
Denton County Transportation Authority (DCTA) will benefit from efficiencies through the standardization of facility supplies and will benefit from economies of scale by participating in a group purchasing agreement.

Financial Impact
This item can be accommodated within the FY2024 budget.

Exhibits
None.

Submitted By: ______________________________
Maurice Bell, Chief Operating Officer

Board of Directors Memo March 28, 2024

AGENDA ITEM: Discuss Update on the Bus Fleet Replacement and Bus Purchase

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

Background
Aligned with Denton County Transportation Authority's (DCTA) Transportation Asset Management (TAM) Plan, the Bus Fleet Replacement Plan will address fleet inventory, vehicle condition evaluation, maintenance expenses, adherence to Federal Transit Administration (FTA) guidelines, technology integration, Operator Safety, fleet uniformity, and the future integration of alternative fuels.

This briefing provides an update to the discussion of bus purchases that began in the FY2024 budget process to enable a bus purchase this fiscal year for future delivery.

Previous Board Action
None.

Identified Need
Improvements in reliability and maintenance and operating costs through the adoption of a modernized and standardized vehicle fleet.

Financial Impact
Not applicable.

Exhibits
None.

Submitted By: ______________________________
Maurice Bell, Chief Operating Officer

DENTON COUNTY TRANSPORTATION AUTHORITY

Board of Directors Memo March 28, 2024

AGENDA ITEM: Discuss Update on the Intermediate Service Plan

Recommendation
This item is for information only. No Board action is required.

Background
The purpose of the Intermediate Service Plan is to generate data-driven alternatives which balance GoZone coverage and fixed-route service to increase ridership and improve efficiency, service, and cost outcomes. During an October 26th briefing, staff presented three (3) Connect network service alternatives to the Board for discussion that proposed various frequency increases on Routes 3 and 6 intended to enable customers to use fixed route rather than GoZone within the travel shed of Connect 3, 6, and 7.

The Board provided direction to (1) Have staff develop alternatives around increasing frequency on Route 3 to match Routes 6 and 7 and, (2) Offset additional bus service costs with re-allocation options for GoZone costs, and (3) Collect data through summer 2023 and report back findings.

Based on data collected from FY23 and the direction from the Board, staff has developed an update that will be shared in this briefing.

Previous Board Activity
The Board received an update on this item in the following meetings:

- October 2023 – Regular Agenda
- September 2023 – Informational Report
- August 2023 – Informational Report

Identified Need
None.

Financial Impact
None.

Exhibits
None.

Submitted by: __________________________________
Austin Frith, VP of Planning and Development

DENTON COUNTY TRANSPORTATION AUTHORITY

Board of Directors Memo — March 28, 2024

AGENDA ITEM: Discuss Update on the A-train Enhancement Program

Recommendation
This item is for information only. No Board action is required.

Background
The purpose of the A-train enhancement is to enhance performance, efficiency, and regional connectivity to the communities we serve. This enhancement is focused on the following three initiatives:

1. Schedule and frequency improvements
2. Connection to Downtown Carrollton
3. Consideration of Corinth station

This briefing will provide an update on DCTAs current progress regarding the proposed improvements to the A-train including:

- Opportunities to progress implementation for interim speed and curve improvements
- Coordination with the City of Carrollton on quiet zone opportunities
- Discussion of funding options for the program

Previous Board Activity
The Board received a briefing on this item in the following meetings:
- February 23, 2023 – Regular Agenda
- August 24, 2023 – Regular Agenda
- November 30, 2023 – Regular Agenda

Identified Need
None.

Financial Impact
None.

Exhibits
None.

Submitted By: ______________________________
Austin Frith, VP Planning and Development

Board of Directors Memo March 28, 2024

AGENDA ITEM: Safety, Service, and Ridership Reports – February 2024

Recommendation
This item is for information only. No Board action is required.

Introduction
Attached Exhibits 1-7 provide an overview of total monthly safety, service, and ridership trends across all DCTA services for February 2024.

Monthly Report
The month of February has seen total ridership up 30% year over year. As seen in January, we are consistently seeing a healthy overall increase in ridership in fixed route bus service which is reflecting a 38% increase year over year from February 2023. A-train ridership continues to see growth reflecting an increase of 31% year over year.

The three-month trend of passenger trips on major modes is presented in the following table.

	Unlinked Passenger Trips Three-Month Trend					
	FY 2023	FY 2024				
	February	December	January	February	January-February % Change	February 2023 - 2024 % Change
Bus*	164,326	93,061	140,575	226,187	60.9%	37.6%
Rail	16,613	18,023	17,956	21,775	21.3%	31.1%
GoZone	62,338	73,548	74,436	69,940	-6.0%	12.2%
Access	1,898	1,789	1,946	1,932	-0.7%	1.8%
Van Pool**	18,111	21,795	15,906	22,493	41.4%	24.2%
TOTAL	**263,286**	**208,216**	**250,819**	**342,327**	**36.5%**	**30.0%**

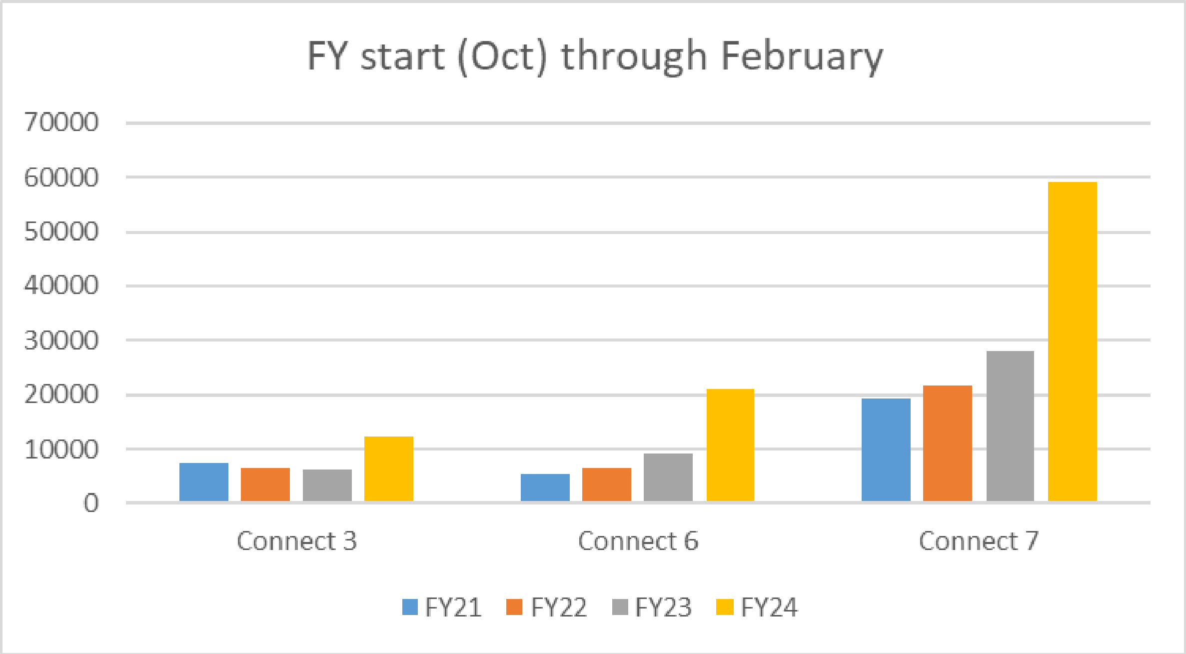
*** UNT, Connect, and Non-Connect Fixed Routes**
****Vanpool data lags by one month**

S:\STRATEGIC PLANNING\ServicePlaningSupport\Trend Analysis\IR1Materials4Mar_28_24\[FY19-FY24Compare_Mar24.xlsx]Memo_Tables

The following chart below presents a summary view of the overall ridership trend by mode from fiscal year start through February comparison for FY2021 to FY2024.

	Unlinked Passenger Trips - FY through February				FY23-FY24
	2021	2022	2023	2024	% Change
UNT	88,800	468,876	652,886	831,956	27.4%
Connect	68,461	61,971	48,662	92,562	90.2%
Non-Connect	1,563	5,433	2,545	964	-62.1%
A-train	32,680	68,988	87,750	104,475	19.1%
GoZone	-	195,022	337,466	360,713	6.9%
Access	5,592	8,623	10,079	10,265	1.8%
Vanpool*	66,561	68,879	77,228	81,671	5.8%
TOTAL	263,657	877,792	**1,216,616**	**1,482,606**	**21.9%**
* Vanpool lags one month					
C:\Users\afrith\Desktop\[FY19-FY24Compare_Mar24.xlsx]Memo_Tables					

The following chart below presents a summary view of the overall Connect ridership trend by route from fiscal year start through February comparison for FY2021 to FY2024.



Identified Need
None.

Financial Impact
None.

Exhibits

Exhibit 1: Safety Performance – FY24 to Date
Exhibit 2: Service Performance – FY24 to Date
Exhibit 3: Ridership by Mode – February 2024
Exhibit 4: Connect Ridership Year-Over-Year by Month
Exhibit 5: A-train Ridership Year-Over-Year by Month
Exhibit 6: Fixed-Route Ridership – February 2024
Exhibit 7: UNT Ridership Year-Over-Year by Month

Final Review: ______________________________
Maurice Bell, Chief Operating Officer

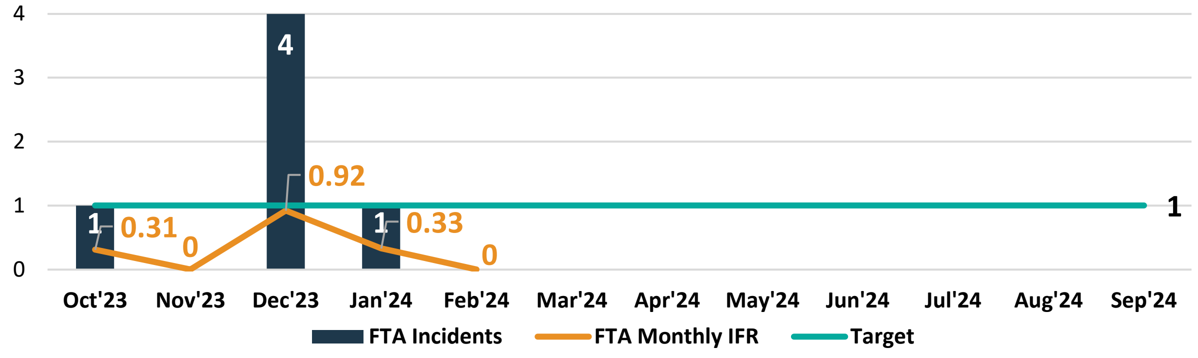
Final Review: ______________________________
Austin Frith, Vice President
Planning and Development

Final Review: ______________________________
Steve Swanberg, Senior Manager
Safety and Security

DCTA

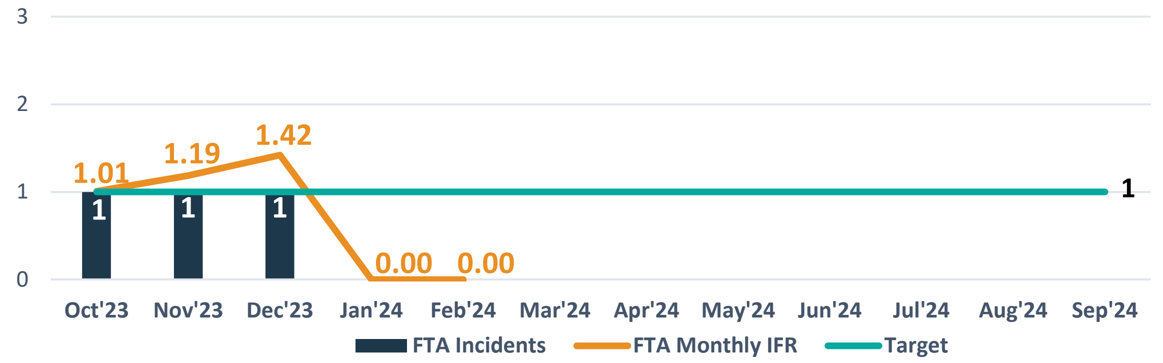
Exhibit 1

GoZone Incident Frequency Rate (IFR) FY24 YTD



	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24
FTA Incidents	1	0	4	1	0							
FTA Monthly IFR	0.31	0.00	0.92	0.33	0.00							
Non-FTA Incidents	11	5	3	4	4							

Bus Incident Frequency Rate (IFR) FY24 YTD

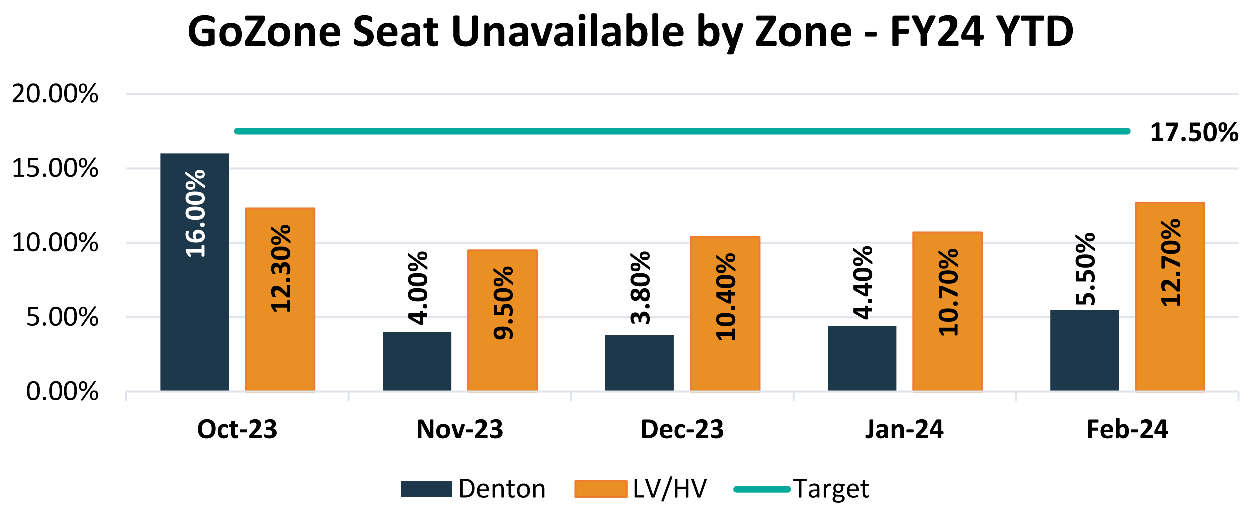


	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
FTA Incidents	1	1	1	0	0							
FTA Monthly IFR	1.01	1.19	1.42	0.00	0.00							
Non-FTA Incidents	9	7	1	0	2							

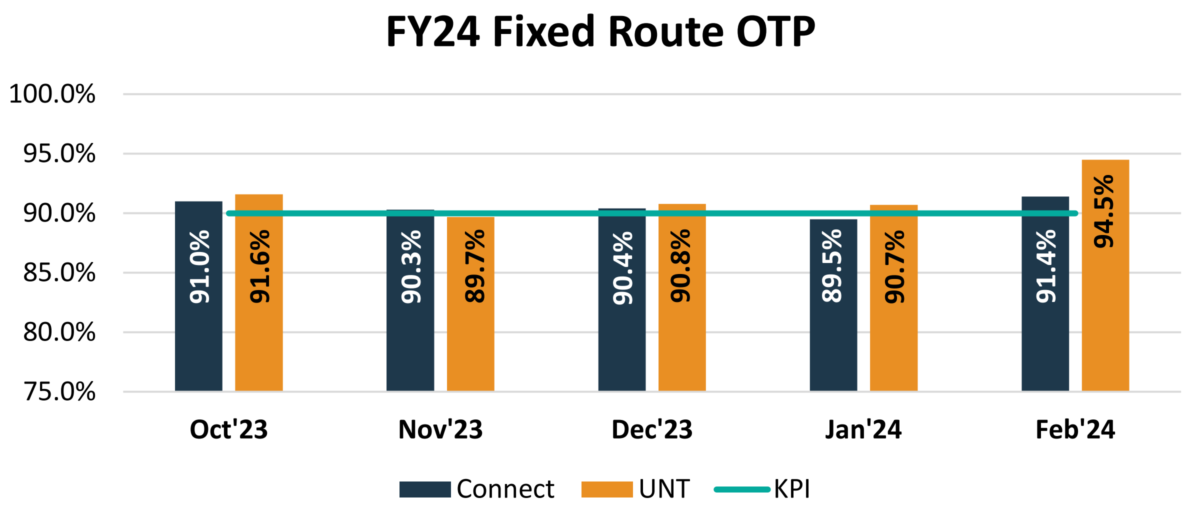
Per FTA, the Bus Incident Frequency Rate (IFR) includes the following:
MB DO – Mode: Bus, Directly Operated &
DR DO – Mode: Demand Response, Directly Operated (Access)

A-train Federal Railroad Administration Reportable Rail Safety				
	Train Miles	Grade Crossing Incidents	Employee Injuries	Passenger Injuries
FY24 through February	164,036	1	1	0
0.6096 per 100k train miles				

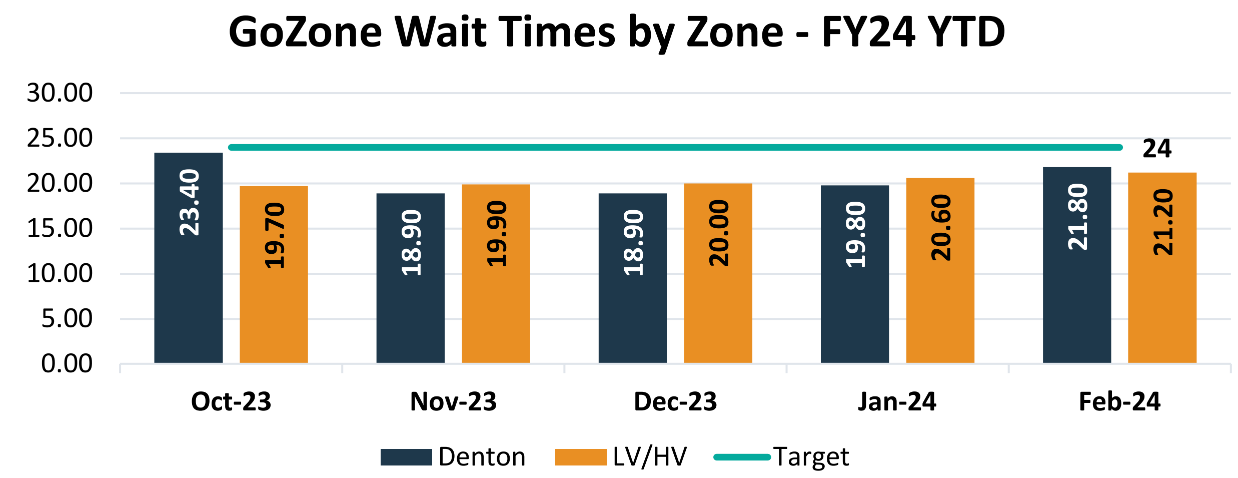
Exhibit 2



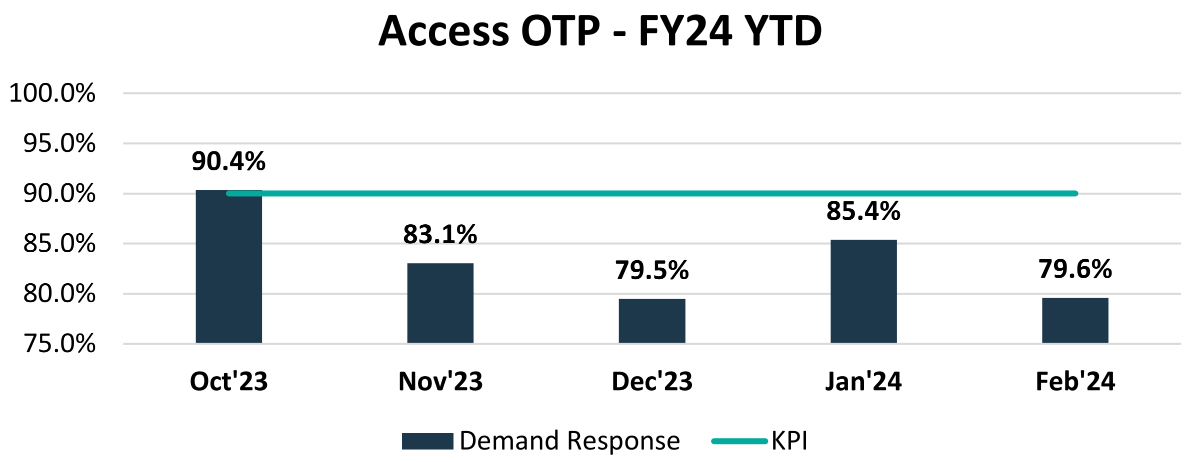
GoZone Seat Unavailable by Zone - FY24 YTD
20.00%
15.00%
10.00%
5.00%
0.00%
17.50%
16.00%
12.30%
4.00%
9.50%
3.80%
10.40%
4.40%
10.70%
5.50%
12.70%
Oct-23
Nov-23
Dec-23
Jan-24
Feb-24
Denton
LV/HV
Target



FY24 Fixed Route OTP
100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
91.0%
91.6%
90.3%
89.7%
90.4%
90.8%
89.5%
90.7%
91.4%
94.5%
Oct'23
Nov'23
Dec'23
Jan'24
Feb'24
Connect
UNT
KPI



GoZone Wait Times by Zone - FY24 YTD
30.00
25.00
20.00
15.00
10.00
5.00
0.00
24
23.40
19.70
18.90
19.90
18.90
20.00
19.80
20.60
21.80
21.20
Oct-23
Nov-23
Dec-23
Jan-24
Feb-24
Denton
LV/HV
Target



Access OTP - FY24 YTD
100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
90.4%
83.1%
79.5%
85.4%
79.6%
Oct'23
Nov'23
Dec'23
Jan'24
Feb'24
Demand Response
KPI

DENTON COUNTY TRANSPORTATION AUTHORITY

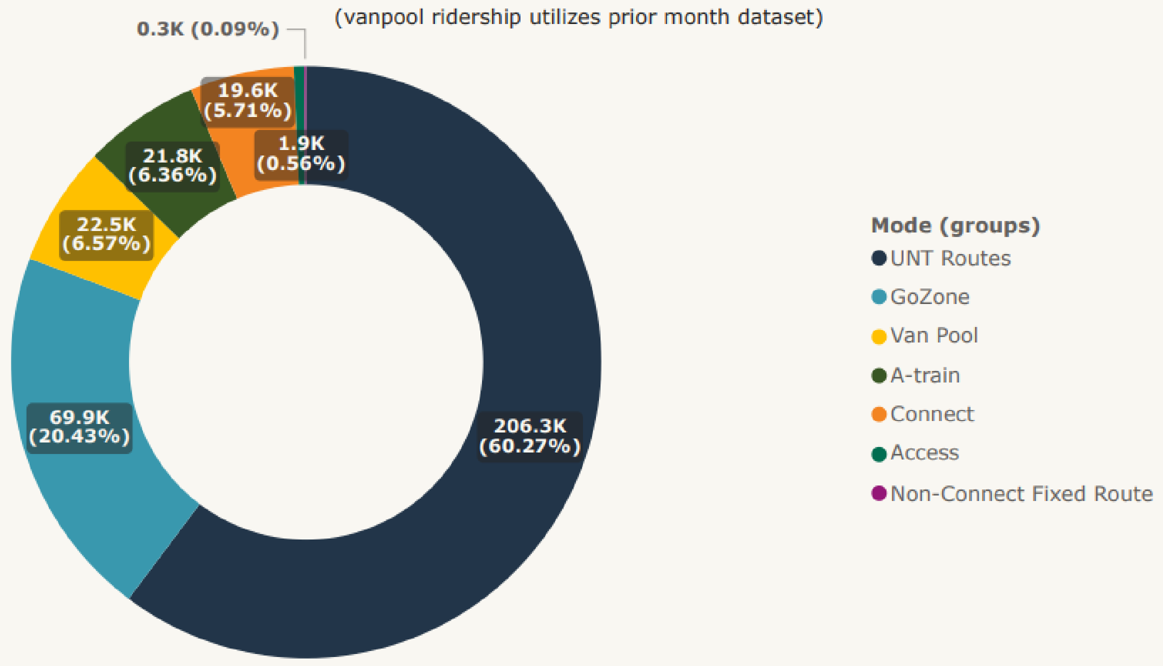
Total Ridership - Feb 2024

342.3K

Total Ridership FYTD

1.5M

Ridership by Travel Mode - Feb 2024



DENTON COUNTY TRANSPORTATION AUTHORITY

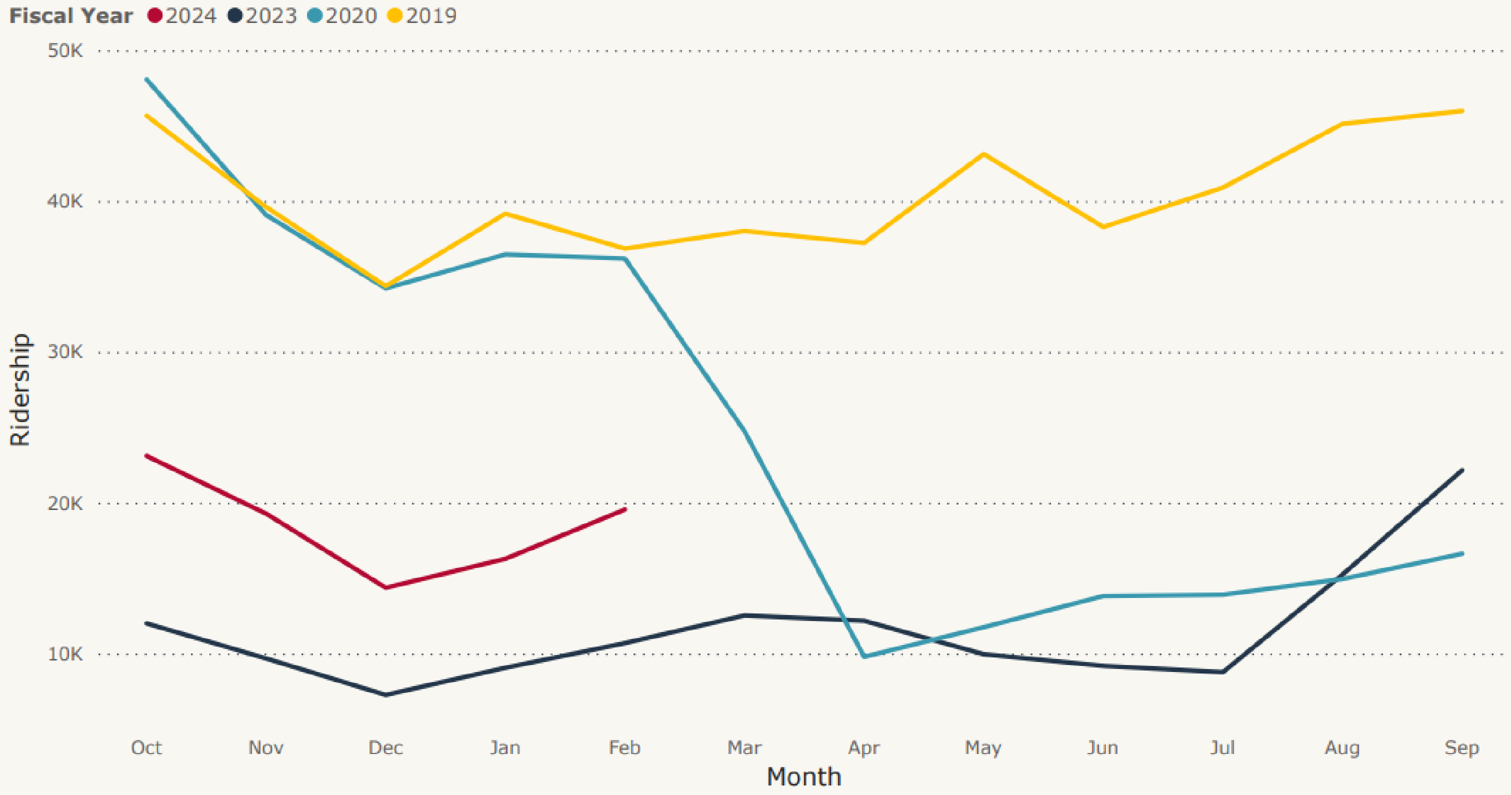
Total Ridership - Feb 2024

342.3K

Total Ridership FYTD

1.5M

Ridership by Month and Fiscal Year - Connect

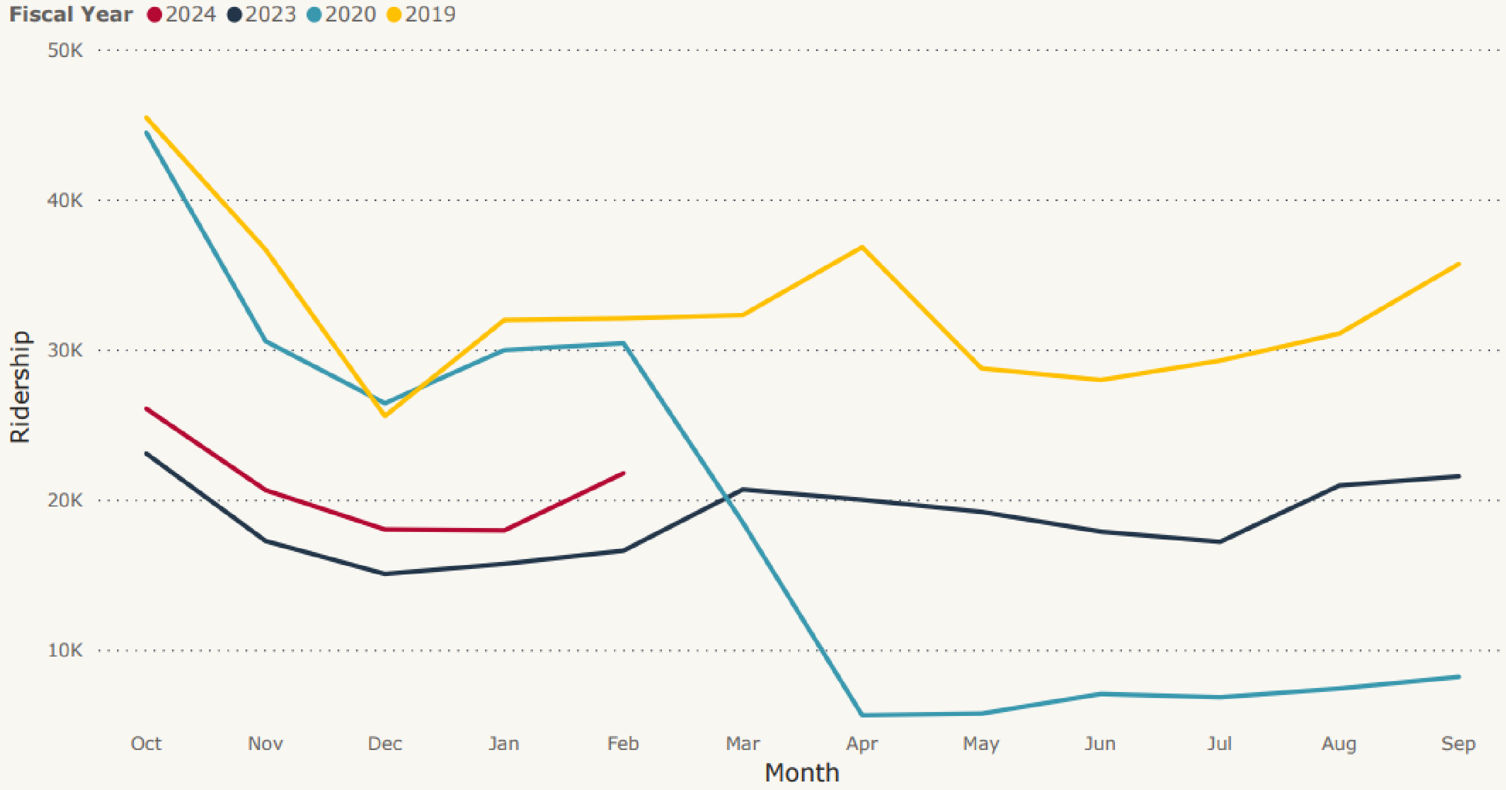


INFORMATIONAL REPORT 1 – EXHIBIT 5: A-TRAIN

DENTON COUNTY TRANSPORTATION AUTHORITY

Total Ridership - Feb 2024	Total Ridership FYTD
342.3K	1.5M

Ridership by Month and Fiscal Year - A-train



Informational Report 1 – Exhibit 6: Fixed Route

DCTA
DENTON COUNTY TRANSPORTATION AUTHORITY

Total Ridership - Feb 2024

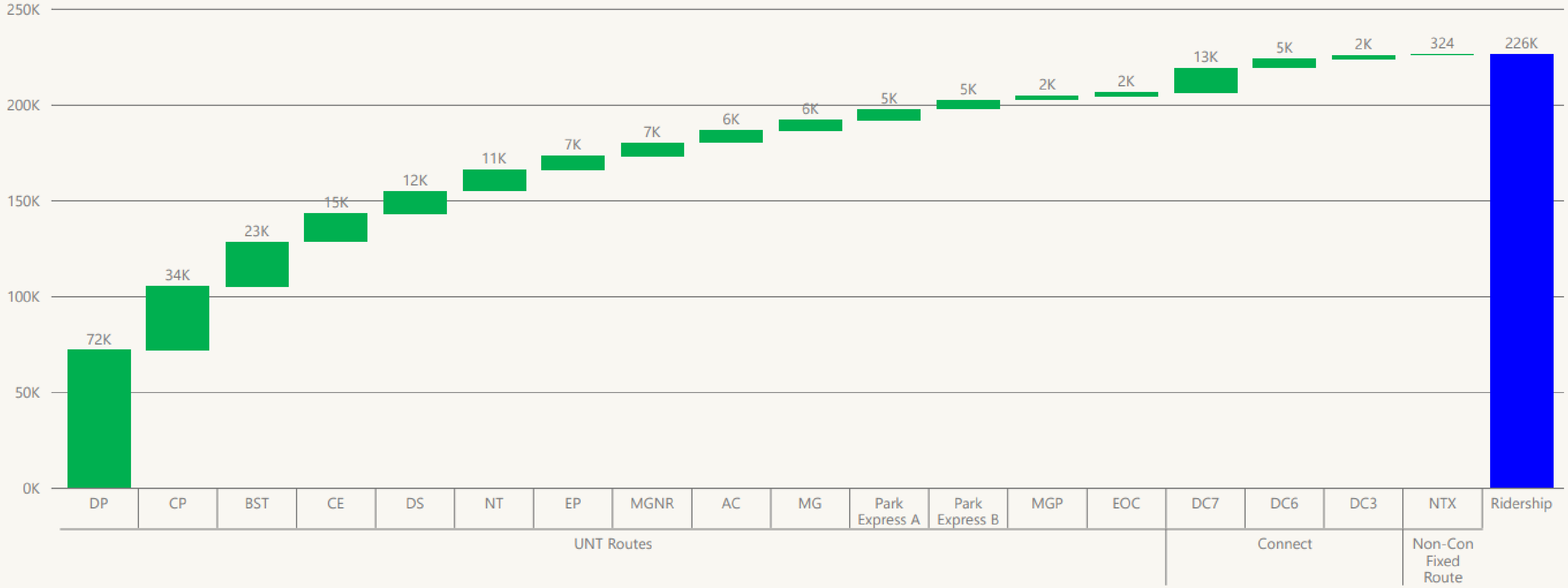
342.3K

Total Ridership FYTD

1.5M

Mode (groups)	Ridership
Non-Connect Fixed Route	324
Connect	19,551
UNT Routes	206,312
Total	**226,187**

Fixed-Route Ridership Waterfall

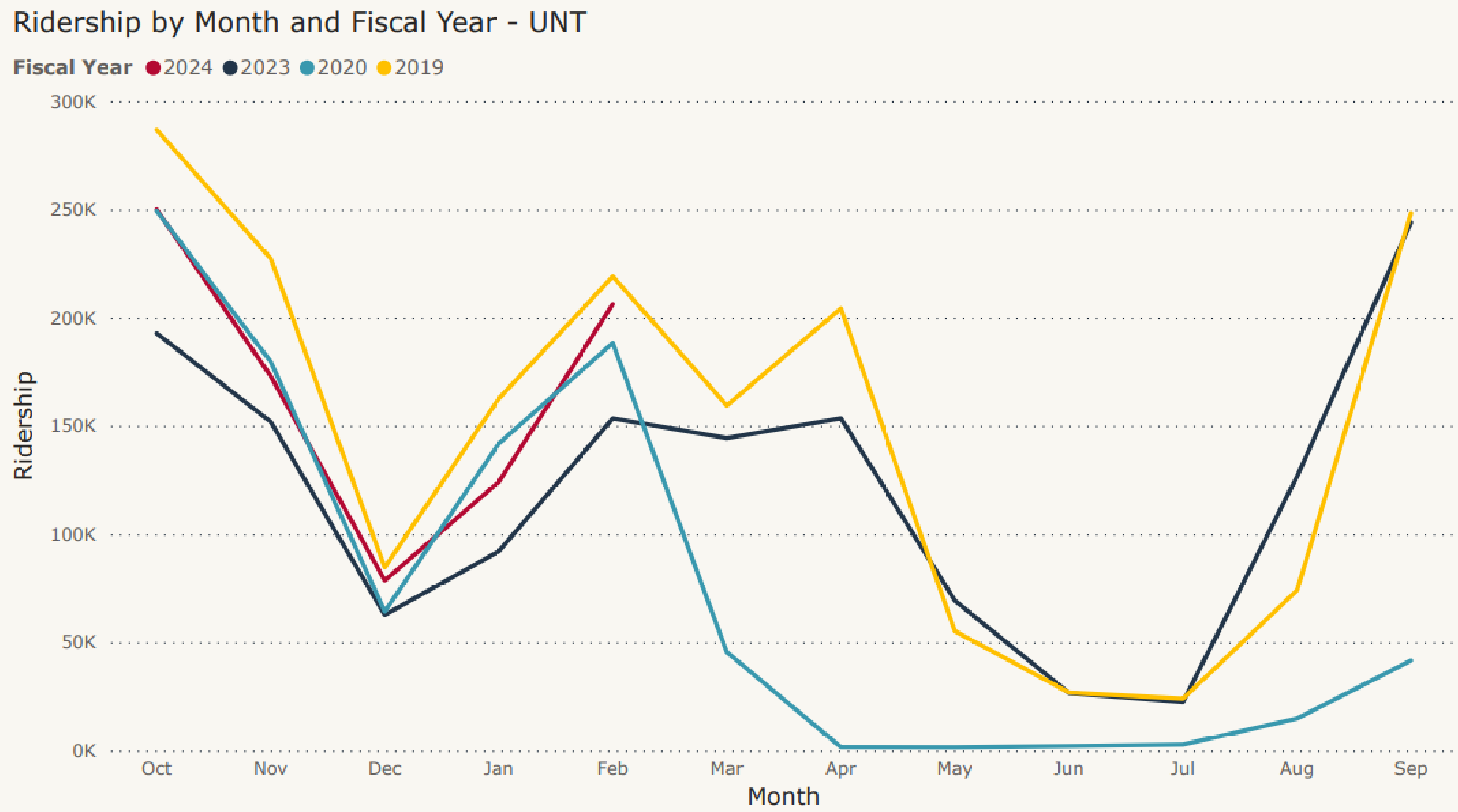


INFORMATIONAL REPORT 1 – EXHIBIT 7: UNT (ALL)

DCTA

DENTON COUNTY TRANSPORTATION AUTHORITY

Total Ridership - Feb 2024	Total Ridership FYTD
342.3K	1.5M



DENTON COUNTY TRANSPORTATION AUTHORITY

Board of Directors Memo March 28, 2024

AGENDA ITEM: Provide Update on Member City Transit Oriented Development (TOD) Study

Recommendation
This item is for information only. No Board action is required.

Background
DCTA was awarded a $600,000 grant from the Federal Transit Administration (FTA) in FY2019 to conduct comprehensive Transit-Oriented Development (TOD) Planning analysis within a 25-mile transit corridor connecting the cities of Denton and southwest Denton County under an FTA Pilot Program. The purpose of the project was to establish a framework for TOD planning on the A-train corridor.

The corridor studied is a 25-mile segment of the existing Canadian Pacific Kansas City (CPKC) freight rail line. The scope also including a TOD conceptual master plan for the Old Town Lewisville A-train station, where the A-train and CPKC converge.

DCTA Board authorized Work Order to Kittleson & Associates, Inc. on August 25, 2022, and a Notice to Proceed was issued in December 2022.

The focal point of the project, the Old Town Lewisville Station, was completed with a market-based TOD concept. The other work on the study created prototypical station development concepts for the various types of stations that exist on the A-train corridor. Documentation of the TOD master planning methods, resulting analysis, recommendations, and conceptual master plans addressed the unique mobility needs and development aspirations of each member city and can be readily applied to existing A-train station areas.

DCTA Staff and the Board of Directors conducted a Strategic Planning Work Session on January 17 – 18, 2024, to identify the agency's priorities in FY 2024, over the next 3 – 5 years, as well as strategic goals to be pursued through the 2035 timeframe.

While the three to five-year work plan and strategic goals are being refined, the development of alternative rail corridors beyond the A-train corridor and the Member City Transit Oriented Development Study were not identified for pursuit in either time horizon.

Therefore, Staff is in conversation with the Federal Transit Administration to understand DCTA's options for suspending the project and returning the unused portion of grant funds that was to be spent on scope that has not yet been accomplished. Once those options are known, the DCTA Board will be given the opportunity to provide direction to Staff to either continue the study, including conducting a public involvement process, or ending the study.

If the project is suspended, these work items would not be completed:

- Transit mobility and technology best practices
  - Deferred in favor of similar work being conducted through Regional Transit 2.0
- Site needs for new and emerging mobility
- Assessment of local land use and development policies for TOD readiness

- Local land use and development best practices
- Member city outreach for transit-oriented development

All content created in the study would be finalized and delivered to DCTA. Remaining grant funding would be returned to FTA and the budget for DCTA matching funds would be closed out.

Staff is compiling an agenda item and recommendation for the Board to consider in a future meeting.

Previous Board Action
None.

Identified Need
None.

Financial Impact
None.

Exhibits
None.

Submitted By: ________________________________
Austin Frith, VP of Planning and Development

Board of Directors Memo March 28, 2024

AGENDA ITEM: Update on Solicitation for On-Call Architectural, Engineering, and Planning Services for Denton County Transportation Authority (DCTA)

Recommendation
This item is for information only. No Board action is required.

Background
Currently, Denton County Transportation Authority (DCTA) has four (4) contracts that support the Planning and Development department:

1. On-Call Architecture and Engineering Professional Services
   (Executed Oct 26, 2017, Expires Oct 25, 2024)

   Services include, but are not limited to: engineering services, architectural services, planning services, design review, contract administration and management services, and environmental engineering services. Services performed on an as needed basis issued by task order during the term of the contract. The current contract is with Jacobs.

2. On-Call Railroad Engineering Professional Services
   (Executed Oct 6, 2017, Expires Nov 30, 2024)

   Services include, but are not limited to: engineering services, architectural services, planning services, design review, contract administration and management services, railroad engineering services, and environmental engineering services. Services performed on an as needed basis issued by task order during the term of the contract. The current contract is with Lockwood, Andrews, and Newnam (LAN).

3. Transit and Transportation Planning Services
   (Executed March 2, 2020, Expires March 2, 2025)

   Services include, but are not limited to: Innovative Service Delivery, Transit System Planning, Transit Service Planning, Transit Oriented Development, Public Involvement and Stakeholder Relations. Services performed on an as needed basis issued by task order during the term of the contract. The current contract is with AECOM.

4. Transit and Transportation Planning Services
   (Executed March 2, 2020, Expires March 2, 2025)

   Services include, but are not limited to: Innovative Service Delivery, Transit System Planning, Transit Service Planning, Transit Oriented Development, Public Involvement and Stakeholder Relations. Services performed on an as needed basis issued by task order during the term of the contract. The current contract is with Kittelson and Associates, Inc.

Staff desires to consolidate existing contracts into an updated strategy to address the immediate and long-term needs for DCTA Planning and Development.

Staff anticipates solicitation of contracts to achieve the following services:

- On-Call Architecture/Engineering Professional Services
  - Design
  - Engineering
  - Simulations/ Modeling
  - Project and Program Management

- Transit and Transportation Planning Services
  - Interim Service Planning
  - Estimating/Scheduling
  - Long-Range Service Plan Development
  - Project and Data Controls Development

- A-train Program Management
  - Project Management/ Project Controls
  - Quality Assurance/ Quality Control
  - Design and Construction Management
  - Value Engineering
  - Environmental Services
  - Community Outreach
  - Contract Management

Staff anticipates a Summer 2024 Solicitation of the above services.

Previous Board Action
None.

Identified Need
None.

Financial Impact
None.

Exhibits
None.

Submitted By: ______________________________
Austin Frith, VP of Planning and Development

DENTON COUNTY TRANSPORTATION AUTHORITY

Board of Directors Memo — March 28, 2024

AGENDA ITEM: Update on Transition of Member City Trips from Span of Denton County to Denton County Transportation Authority (DCTA)

Recommendation
None. This is an informational report only.

Background
DCTA hosted a meeting with North Central Texas Council of Governments and Span of Denton County on January 22, 2024. The purpose of the meeting was for Span to inform DCTA that it would no longer provide service to customers making trips in which origin and destination are within or between DCTA Member Cities.

DCTA staff received data from Span that indicated in FY 2023 there were approximately 3,600 trips that fit this profile. These trips were taken by about 150 unique customers.

The parties got together again on March 18, 2024 to review the results of the data analysis. Span informed DCTA that the analysis seemed correct. Span also informed DCTA that the last day of service to those affected customers would be April 30, 2024. DCTA requested that Span and DCTA prepare a joint communication to the affected customers so they could be transitioned to the DCTA system as efficiently and effectively as possible with no disruptions to their service.

DCTA requested a copy of the customer information related to the customers to be transitioned, and Span committed to provide that information. In the meantime, DCTA staff is reviewing capacity and performance on the Access system to ensure the customers are accommodated when the Span service ends.

Previous Board Action
None.

Identified Need
None.

Financial Impact
The addition of new passengers on the DCTA system will drive an incremental increase in operating costs that will be addressed by the FY 2024 operating budget. The overall budget impact of this item is unknown and under evaluation.

Exhibits
None.

Submitted By: Paul A. Cristina, Chief Executive Officer