



**Board of Directors Regular Meeting
February 26, 2026 | 10:00 a.m.**

NOTICE IS HEREBY GIVEN that the members of the Denton County Transportation Authority (DCTA) Board of Directors will hold a Regular Meeting on Thursday, February 26, 2026 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 view the Board Meeting. To view the meeting, please use the information below:

Join from PC, Mac, iPad, or Android:

<https://us06web.zoom.us/j/84383725590?pwd=3pOd3i7opILvgMhRUaKoAFjhoaJo7D.1>

Passcode:230070

Phone one-tap:+13462487799

Join via audio:+1 346 248 7799

Webinar ID: 843 8372 5590

Passcode: 230070

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 p.m. on Wednesday, February 25, 2026**, to ensure the comment will be distributed to Board Members prior to the meeting.



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

CONSENT AGENDA

- 1. Consider Approval of Regular Meeting Minutes dated January 22, 2026**
Action Item
Background Information: Exhibit 1: Regular Meeting Minutes Dated January 22, 2026
- 2. Consider Approval of a Resolution to Approve an Update to the Investment Policy Contained in the DCTA Financial Management Policies**
Action Item
Background Information: Memo
Exhibit 1: Draft Resolution
- 3. Consider Approval of Resolution Designating Derick Sibley as the Investment Officer**
Background Information: Memo
Exhibit 1: Draft Resolution
- 4. Consider Approval of Parking License Agreement with Action Behavior Centers Therapy, LLC for MedPark Station**
Background Information: Memo
Exhibit 1: Parking Location Map

REGULAR AGENDA

- 1. Discuss and Consider Acceptance of the Fiscal Year (FY) 2025 Financial Audit**
Action Item
Background Information: Memo
Exhibit 1: Annual Comprehensive Financial Report – 9/30/2025
Exhibit 2: Single Audit Report – 9/30/2025
Exhibit 3: Plante & Moran's Report to the Board of Directors
- 2. Discuss and Consider Approval of Monthly Financial Statement for December 31, 2025, Quarterly Grants Report for the Period Ended December 31, 2025, and Receive an Update Regarding Finance Operations**
Action Item
Background Information: Memo
Exhibit 1: YTD Financial Statement – December 31, 2025
Exhibit 2: Grants Report – December 31, 2025
Exhibit 3: Investment Report – December 31, 2025

3. Discuss and Consider Approval of a Resolution Approving Budget Revision 2026-03 in the Amount of \$475,000 to be Allocated for the Purchase of Three (3) 40-foot Gillig Diesel Buses from Dallas Area Rapid Transit (DART)

Action Item

Background Information: Memo

Exhibit 1: Draft Resolution

4. Discuss and Consider Approval of a Resolution Authorizing the Chief Executive Officer to Negotiate and Execute Necessary Documents Including the Execution of an Asset Transfer and In-Plant Services Agreement for the Purchase of Three (3) 2020 Gillig Buses from Dallas Area Rapid Transit (DART) in an Amount not to Exceed \$253,000 and an In-Plant Inspection Not to Exceed \$47,000

Action Item

Background Information: Memo

Exhibit 1: Draft Resolution

5. Discuss Update on the Denton County Transportation Authority Marketing Program and Consider Approval of a Task Order with Ruby Media in an Amount Not to Exceed \$50,000 for Expanded Marketing Campaign

Action Item

Background Information: Memo

6. Consider Approval of a Resolution Approving Budget Revision 2026-04 in the Amount of \$50,000 for Expanded Marketing Campaign

Action Item

Background Information: Memo

Exhibit 1: Draft Resolution

7. Discuss Update on City of Frisco Technology Based Transit Concept

Discussion Item

Background Information: Memo

8. Discuss Update on Denton County Transportation Authority Data Management and Construction of Data Warehouse

Discussion Item

Background Information: Memo

9. Discuss Update on the A-train Enhancement Program

Discussion Item

Background Information: Memo

10. Discuss Update on Intermediate Service Plan Phase III

Discussion Item

Background Information: Memo



11. Discuss Update on Consolidated Denton County Transportation Authority (DCTA) Customer Service Function

Discussion Item

Background Information: Memo

INFORMATIONAL REPORTS

1. Safety, Service, and Ridership Reports – January 2026

Background Information: Memo

Exhibit 1: Safety Performance – FY to Date

Exhibit 2: Service Performance – FY to Date

Exhibit 3: Ridership by Mode – January 2026 2026

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 2026

Exhibit 7: UNT Ridership Year-Over-Year by Month

2. Update on the Old Town Lewisville Transit Oriented Development Project

Background Information: Memo

3. Update on Interlocal Agreement Between Dallas Area Rapid Transit (DART) and Denton County Transportation Authority (DCTA) for A-train Corridor Appraisal

Background Information: Memo

4. Update on Data Reporting Support with AECOM

Background Information: Memo

5. Update on Task Order with AECOM in the Amount Not to Exceed \$27,327.70 for Bus Stop Design Guidelines Phase II Stakeholder Engagement

Background Information: Memo

6. Update on Trolley Relocation

Background Information: Memo

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS

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

Next Regular Board Meeting Date: March 26, 2026



REPORT ON ITEMS OF COMMUNITY INTEREST

Pursuant to Texas Government Section 551.0415 the Board of Directors may report on the 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

No items scheduled for this agenda.

RECONVENE OPEN SESSION

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

ADJOURN

Board Members

Andy Eads, Denton County Seat 2, Chair
TJ Gilmore, Lewisville, Vice-Chair
Daniel Jaworski, Highland Village, Secretary
Suzi Rumohr, Denton
Cesar Molina, Denton County Seat 1

Alternates

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

Non-Voting Board Members

Jared Eutsler, Corinth
Dennie Franklin, Frisco
Jeremie Maurina, The Colony
Stephen Christo, The Colony (alternate)
Vacant, Flower Mound
Vacant, Little Elm
Vacant, Small Cities

Staff Liaison

Paul Cristina, CEO



This notice was posted on February 20, 2026 by 5pm.

A handwritten signature in blue ink, reading "Kisha Morris-Perkins", is written over a horizontal line.

Kisha Morris-Perkins
Executive Assistant & Board Process Manager



Board of Directors Regular Meeting Minutes January 22, 2026 | 10:00 a.m.

The Board of Directors of the Denton County Transportation Authority (DCTA) convened a Regular Board of Directors Meeting with Vice Chair Gilmore presiding on Thursday, January 22, 2026, at 10:00am, located at the DCTA Administrative Offices, 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057.

Voting Members

Chair Andy Eads, Denton County
Vice Chair TJ Gilmore, City of Lewisville
Secretary Dan Jaworski, Highland Village
Board Member Cesar Molina, Denton County
Board Member Suzi Rumohr, 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 Stephen Christo, Alternate - 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

Vice Chair Gilmore called the meeting to order at 10:00am. All Board Members were present with the exception of Chair Eads and Board Members Smith and Christo. Vice Chair Gilmore departed the meeting at 12:25pm at which time Secretary Jaworski stepped in and led the remainder of the meeting.

INVOCATION

The invocation was led by Board Member Gonzalez.

PLEDGE OF ALLEGIANCE

The Board recited the United States and Texas pledges.

INTRODUCTIONS

CEO Cristina introduced the following individuals in the gallery:

Jim Coffey, UNT
Alex Parker, UNT

CEO Cristina also introduced the new DCTA Vice President of Finance, Derick Sibley.

PUBLIC COMMENT

There were no public comments at this time.

CONSENT AGENDA

1. Consider Approval of Monthly Financial Statement for November 30, 2025
2. Consider Approval of a Contract Amendment with Tyler Technologies for the Elimination of Services Related to Phase II of the Enterprise Resource Program
3. Consider Approval of a Resolution to Approve Budget Transfer 2026-01 to Reallocate \$125,000 from the Enterprise Resource Program Capital Fund Project to Human Resources for the Work with UKG and RCM for Payroll and Human Resource Software Upgrades
4. Consider Authorizing the Chief Executive Officer to Negotiate and Execute a Contract with RCM in the Amount of \$74,999 for the Implementation of UKG Upgrades and Optimizations
5. Consider Authorizing the Chief Executive Officer to Negotiate and Execute a Contract with UKG in the Amount of \$3,000 for the Implementation of UKG Upgrades and Optimizations
6. Consider Authorizing the Chief Executive Officer to Negotiate and Execute an Amendment Contract Renewal with UKG for Payroll, Human Resources Software and Support Services in an Amount Not to Exceed \$75,000 for a Period of One (1) Year
7. Consider Approval of Contract Amendment with Spare in the Amount of \$19,420 for a Period of Three (3) Years for the Maintenance and Inventory Asset Management System
8. Consider Approval of Regular Meeting Minutes dated December 10, 2025

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

REGULAR AGENDA

The Regular Agenda was taken out of order for this meeting with items RA01, RA02, and RA07 first, followed by Executive Session and then RA03-RA06, RA08, and RA09.

1. **Discuss and Consider Approval of the Fiscal Year 2025 Transportation Reinvestment Program (TRiP) Annual Report and Authorize a Budgeted Amount for the Fiscal Year 2026 TRiP Program**
2. **Discuss and Consider Approval of the Fiscal Year 2026 Transportation Reinvestment Program (TRiP) Annual Call for Projects**

Karina Maldonado, Planning Manager, presented to the Board Regular Agenda Items 1 and 2 together; however, with a separate vote on each.

Ms. Maldonado highlighted the following:

- FY26 TRiP Budget
- TRiP Program Spending
- FY25 TRiP Annual Report
- FY21-25 Funding Levels and Rollover Amounts
- TRiP – FY26 Funding
- FY26 Available Funding
- Annual TRiP Call for Projects Process
- FY26 Call for Projects Key Milestones

Board discussion regarding the flexibility of funding allocations each year based on the agency's capital needs. Emphasis was placed on the importance of setting aside capital funds for planning purposes and maintaining a priority on moving people. It was noted that this policy gives the flexibility to consider the allocation percentage annually and adjust if the Board decides that is in the best interest of the agency.

Motion by Secretary Jaworski with a second by Board Member Rumohr to approve Regular Agenda Item 1 leaving the allocation at 15% for FY26. Motion passes 5-0.

Motion by Secretary Jaworski with a second by Board Member Rumohr to approve Regular Agenda Item 2 as presented. Motion passes 5-0.

3. **Discuss and Consider Approval of a Resolution Approving Budget Revision 2026-02 in the Amount of \$225,000 to be allocated for the Purchase of Two (2) Cutaway Buses**
4. **Discuss Update on the DCTA Fleet Plan and Consider Authorizing the Chief Executive Officer to Negotiate and Execute Necessary Documents for the Purchase of Two (2) Cutaway Buses Not to Exceed \$450,000**
5. **Discuss and Consider Authorizing the Chief Executive Officer to Negotiate and Execute Necessary Documents to Refurbish One (1) Gillig Bus in an Amount Not to Exceed \$500,000**

6. Discuss the Purchase of Three (3) 2020 Gillig Buses from Dallas Area Rapid Transit

Lisa Taylor, Vice President of Operations, presented to the Board Regular Agenda Items RA03 through RA06 together; however, with a separate vote on each action item (RA03, RA04, and RA05). RA06 was a discussion item with no action to be taken.

Ms. Taylor highlighted the following:

- Revenue Fleet Plan Update – 35 Foot Transit Bus
- Bus Refurbishment – ELP
- Cosmetic / Rider Refresh Program
- DART 2020 Gillig Buses
- Improved Efficiency
- Cutaway Purchase

Staff addressed a question regarding the elimination of 2 Access routes, explaining that those routes were consolidated into the remaining routes. This change did not have any effect on service coverage or On Time Performance.

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

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

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

No action required on Regular Agenda Item 6

7. Discuss Update on the A-train Enhancement Program and Consider Authorizing Matching Funds in the Amount of \$6.25M for Federal Discretionary Grant Application for Construction of the Downtown Carrollton Extension and Platform

Austin Frith, Vice President of Planning & Development, presented to the Board Regular Agenda Item 7, highlighting the following:

- Program Vision and Objectives
- A-train Program Update
- Linking Project Scope to Local, Regional, and Federal Funding
- Task Order 2 Progress (Preliminary Engineering DT Carrollton)
- Design Alternative Solution Exploration – DT Carrollton
- Alternative Alignment Comparison
- Cost Estimate Evolution Areas – Downtown Carrollton Extension

- Funding Opportunities
- Coordination Update
- Funding Opportunity Timeline
- Upcoming Discussions Timeline

The Board discussed the potential for the City of Carrollton to withdraw from DART and the possible impacts on this project. Staff explained the importance of continuing current planning and preliminary design work to gain complete scope definition and more accurate cost estimates, after which the overall A-train program could be paused, if necessary, prior to construction procurement to assess the situation. Regarding the federal BUILD grant, staff noted that DCTA could withdraw its application if significant project changes occur and the authorized funds would not be spent unless the grant was awarded and the project was brought to construction.

Staff also addressed the project cost range, noting that the \$125M estimate is from the NCTCOG Mobility 2050 Plan, while the \$76.6M estimate is based on a prior LAN study. Staff stated that if regional funding is not available to cover the gap, funds would need to be reallocated within the Long-Range Financial Plan.

Motion by Board Member Molina with a second by Board Member Gonzalez to approve Regular Agenda Item 7 as presented. Motion passes 5-0.

8. Discuss Update on the Intermediate Service Plan Phase III

Austin Frith, Vice President of Planning and Development and Karina Maldonado, Planning Manager, presented to the Board Regular Agenda Item 8, highlighting the following:

- ISP Phase III Context & Objective
- Fixed Route Expansion and GZ Reallocation/KPIs
- Current Operation
- Scenarios 1 through 5
- Scenario Comparison Elements
- Cost Curve Assumptions
- Passenger Per Hour Assumptions
- Cost Curve Insights
 - Scenarios 2 through 4 Cost Curve
- Cost Per Passenger Summary
- Scenario Performance: What the Data Says
 - GoZone Scenario 1: Expand Denton Service
 - GoZone Scenario 2: Reallocate Hours to KPIs
 - GoZone Scenario 3: HV/Lewisville Expansion

Staff addressed a question regarding how we plan to re-distribute captured trips. Staff stated that a scenario-by-scenario view that will aid the Board in deciding on how to re-allocate resources will be provided at the next update. Staff is preparing a menu of options.

Board is not opposed to any scenarios presented thus far.

9. Discuss Local and Regional Updates and Legislative Updates

CEO Cristina noted that there is a significant amount of transit-related activity occurring across the region. He remains engaged as an observer in the Transit 2.0 subcommittee discussions to better understand the region's direction. These developments have important implications for DCTA, particularly regarding connectivity and the A-train. He emphasized the importance of staying informed and contributing constructive ideas where possible to help ensure the continued effectiveness of the regional rail network.

INFORMATIONAL REPORTS

1. Safety, Service, and Ridership Reports – November/December 2025
2. Update on Denton Antique Trolley Opportunity
3. Update on Roofing Assessment Task Order with Kimley-Horn in an Amount Not to Exceed \$50,000
4. Update on Purchasing Card (P-Card) Program
5. Update on the Regional Transit Fare

FUTURE AGENDA ITEMS AND BOARD MEMBER REQUESTS

None at this time.

Next Regular Board Meeting Date: February 26, 2026

REPORT ON ITEMS OF COMMUNITY INTEREST

Pursuant to Texas Government Section 551.0415 the Board of Directors may report on the 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.

There were no reports on items of community interest.

CONVENE EXECUTIVE SESSION

1. The Board of Directors will convene into Closed Executive Session Pursuant to Section 551.076(1) of the Texas Government Code, Seeking Legal Advice from Legal Counsel Regarding a University of North Texas (UNT) Interlocal Cooperation Agreement.
2. The Board of Directors will convene into Closed Executive Session Pursuant to Section 551.076(1) of the Texas Government Code, Seeking Legal Advice from Legal Counsel Regarding a Dallas Area Rapid Transit Transportation Access Agreement and Easement.
3. The Board of Directors will convene into Closed Executive Session Pursuant to Section 551.076(1) of the Texas Government Code, Seeking Legal Advice from Legal Counsel Regarding a City of Frisco Interlocal Cooperation Agreement.

The Board convened into Closed Executive Session at 10:52am.

RECONVENE OPEN SESSION

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

The Board reconvened into Open Session at 11:59am with no action taken.

The Board recessed for lunch at 12:00pm and reconvened at 12:15pm.

ADJOURN

This meeting was adjourned at 12:59pm.

Andy Eads, Board Chair

Daniel Jaworski, Board Secretary



Board of Directors Memo

February 26, 2026

AGENDA ITEM: Consider Approval of a Resolution to Approve an Update to the Investment Policy Contained in the DCTA Financial Management Policies

Recommendation

Staff recommends the Board approve the updated Investment Policy.

Background

The Denton County Transportation Authority’s Investment Policy is governed by the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code), which requires governing bodies to review and adopt an investment policy on an annual basis and to designate the individuals authorized to serve as investment officers for the entity.

Since the last review of the Investment Policy, the Authority’s organizational structure has changed. The prior policy designated the Chief Financial Officer as the Investment Officer. The Chief Financial Officer position has been replaced by the Vice President, Finance position. Derick Sibley began serving as Vice President, Finance effective December 31, 2025.

The proposed amendment updates the Investment Policy to reflect current organizational titles. Following approval of the amended Investment Policy, Board action is required to formally designate the Investment Officer(s) consistent with the updated policy.

Identified Need

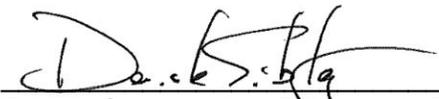
The Texas Public Funds Investment Act requires the Board to periodically review and adopt the Authority’s Investment Policy and to formally designate the individuals authorized to serve as Investment Officers. Updates to the Investment Policy are needed to reflect current organizational titles and statutory requirements. Board action is also required to designate the Investment Officer(s) consistent with the amended policy.

Financial Impact

There is no financial impact associated with the amendment to the Investment Policy.

Exhibits

Exhibit 1: Draft Resolution

Submitted By: 
Derick Sibley, Vice President, Finance

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. R26-XX**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (“DCTA”) ADOPTING THE AMENDED INVESTMENT POLICY DATED FEBRUARY 26, 2026, CONTAINED WITHIN THE DCTA FINANCIAL MANAGEMENT POLICIES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the “Act”), requires the governing body of a local government to review its investment policy and investment strategies not less than annually; and

WHEREAS, Section 2256.005(e) of the Act mandates that the governing body adopt a written instrument by rule, order, or resolution stating that it has reviewed the investment policy and that the written instrument so adopted shall record any changes made to the investment policy; and

WHEREAS, the Board of Directors of the Denton County Transportation Authority (DCTA) desires to amend its Investment Policy dated February 26, 2026, contained within the DCTA Financial Management Polices, to reflect changes in organizational titles and to ensure continued compliance with state law;

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

SECTION 1. The DCTA has complied with the requirements of the Act, and the Board of Directors has conducted its annual review of the Investment Policy.

SECTION 2. The DCTA Investment Policy dated February 26, 2026, contained within the DCTA Financial Department Polices, attached as Exhibit “A”, is hereby adopted.

SECTION 3. As recorded in the minutes and evidenced by this Resolution, the following specific amendments to the Investment Policy are hereby approved:

SECTION 4. The Investment Officer(s) are authorized to engage in investment transactions on behalf of DCTA and to approve wire transfers used in the process of investing, as provided under the terms of the Policy.

SECTION 5. This Resolution shall take effect immediately from and after its passage.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THIS 26th DAY OF FEBRUARY 2026.

APPROVED:

Andy Eads, Chair

ATTEST:

Daniel Jaworski, Secretary
(02-18-2026: 4918-4613-8000, v. 1)

Denton County Transportation Authority Financial Management Policies

~~(Adopted December 2025)~~DRAFT-February 2026

INVESTMENT POLICY

I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy stipulates that the administration of its funds and the investment of those funds shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of DCTA. DCTA's investments will conform to all applicable state statutes governing the investment of public funds.

Effective cash management is essential to good fiscal management. Cash management is defined as the process of managing monies to ensure maximum cash availability. DCTA shall maintain a comprehensive cash management program which includes collection of accounts receivable; prudent investment of its available cash; disbursement of payments in accordance with invoice terms; compliance with Board policy; and the management of bank depository services.

Receiving a market rate of interest will be secondary to the requirements for safety and liquidity. DCTA intends to comply with local law and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). Investment earnings will be used in a manner that best serves the interests of DCTA.

II. SCOPE

This investment policy applies to all the financial assets and funds of DCTA. However, this policy does not apply to the assets administered for the benefit of DCTA by outside agencies under deferred compensation programs.

DCTA may commingle its funds into one pooled investment fund for investment purposes for efficiency and maximum investment opportunity.

III. OBJECTIVES AND STRATEGY

DCTA's policy is that all funds shall be managed and invested with four primary objectives, listed in order of their priority: 1) safety of principal, 2) liquidity, 3) diversification, and 4) yield. Investments are to be chosen in a manner which reflects diversity by market sector, type of credit, and length of maturity as best meets DCTA's requirements. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To best meet anticipated cash flow requirements, the weighted average maturity (WAM) of the overall portfolio may not exceed 18 months.

Safety of Principal

Safety of principal is the foremost objective. Investments of DCTA's cash shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The safety of principal is best achieved by limiting maximum maturities to two years or no further than expected project cash flow forecasts; limiting investment types to those specifically authorized by this policy; diversifying investments; and monitoring credit ratings on selected investment types.

Liquidity

Investments will be based on a cash flow analysis of needs and will remain sufficiently liquid to satisfy all operating requirements which might be reasonably anticipated by the agency's long range financial plan. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, the portfolio will include investments that offer same-day liquidity for those unanticipated situations. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

Diversification

The portfolio will be diversified by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding as defined in Section VIII of this policy will be used on each sale and purchase.

Yield

DCTA's investment portfolio shall be designed with the objective of attaining a market yield-to-maturity taking into account DCTA's risk constraints and the cash flow needs. Market yield-to-maturity may be defined as the rolling average yield of the six-month Constant Maturity Treasury (CMT).

DCTA has selected the weighted-average yield-to-maturity as its preferred measure of investment performance. The weighted-average yield-to-maturity shall be calculated on a monthly basis by multiplying each individual security's yield-to-maturity at time of purchase by its book value, totaling the product of these calculations, and dividing by the total book value of the portfolio.

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public fund deposits. All investments will be made in accordance with these statutes.

V. DELEGATION OF INVESTMENT AUTHORITY

The ~~Chief Financial Officer~~[Vice President of Finance](#), acting on behalf of DCTA, is designated as the Investment Officer, and the CEO of DCTA is designated as the Alternate Investment Officer. The Investment Officer is responsible for investment management decisions and activities according to this Investment Policy. The Investment Officer is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the activities of the investment program which are consistent with this Investment Policy. The procedures will include reference to safekeeping; require and include Master Repurchase Agreements (as applicable); wire transfer agreements; banking services contracts; and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall regulate the activities of subordinate officials and staff. The Investment Officer shall designate in writing a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer and Alternate Investment Officer are not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established herein.

Authorization Resolution

A Resolution is established with this investment policy and attached hereto authorizing the Investment Officer to engage in investment transactions on behalf of DCTA. The persons authorized by the Resolution to transact business for DCTA are also authorized to approve wire transfers used in the process of investing.

VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. The Prudent Person standard states that:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy and in accord with the Prudent Person Rule in Section VI, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change or portfolio shifts are reported in a timely manner to the Board of Directors and that appropriate actions are taken to control adverse market effects.

VII. INTERNAL CONTROLS

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of DCTA. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees of DCTA. Results of review of internal controls by the independent auditor shall be included in the annual audit.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of DCTA. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

VIII. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act:

- a. Obligations of the United States Government, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), agencies and instrumentalities and government sponsored enterprises, excluding collateralized mortgage obligations (CMO's), not to exceed three (3) years to stated maturity with the exception of project funds which may be invested in longer maturities but not to exceed forecasted expense dates;
- b. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, not to exceed two years to stated maturity. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principal and interest of each CD insured by the Federal Deposit Insurance Corporation (FDIC) may be purchased through a broker that has its main office in Texas and is selected from a list adopted by the DCTA Board or a selected depository institution with its main office or branch office in Texas. See Attachment II for a list of Board approved broker/dealers. This broker or depository shall act as the custodian for the various certificates on behalf of DCTA;
- c. Repurchase agreements and reverse repurchase agreements as defined by the Act, not to exceed 90 days to stated maturity, provided an executed Master Repurchase Agreement is on file with DCTA and the counterparty bank or primary dealer. Flexible repurchase agreements used specifically for capital projects may extend beyond the stated limitation, but shall not exceed the expense plan of the projects;
- d. No-load SEC-registered money market funds, each approved specifically before use by DCTA;
- e. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and
- f. Interest bearing bank savings deposits issued by state and national banks or savings bank or a state or federal credit union (having their main or branch office in Texas) that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their successor organizations).

If additional types of securities are approved for investment by public funds by state statutes, none will be eligible for investment by DCTA until this policy has been amended and approved by the DCTA Board.

Competitive Bidding Requirements

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that DCTA is receiving fair market value/price for the investment.

Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by DCTA, shall be conducted on a delivery-versus-payment (DVP) basis.

IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All investments will be made through either DCTA's banking services bank or an approved broker/dealer. DCTA will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding.

Securities broker/dealers must meet and disclose certain criteria as determined by the Investment Officer including:

- a. an audited financial statement each year;
- b. proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of CRD number;
- c. proof of current registration with the State Securities Commission; and
- d. completion of DCTA questionnaire.

Every broker/dealer, investment pool, investment manager and bank with which DCTA transacts business will be provided a copy of this Investment Policy to assure they are familiar with the goals and objectives of DCTA's investment program. A representative of the transacting organization will be required to return a signed certification stating that the policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to DCTA.

DCTA may appoint one or more investment advisors to assist the financial staff in the management of DCTA funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment advisor. To be eligible for consideration, an investment advisor shall demonstrate knowledge of, and experience in, the management of public funds. An appointed investment advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy, and shall not have discretionary authority to transact business on behalf of DCTA.

If DCTA has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of DCTA. The advisor shall annually present a list of its authorized broker/dealers to DCTA for review and likewise shall return a signed certification stating that the advisor has reviewed the DCTA investment policy and has implemented reasonable procedures and controls to preclude imprudent investment activities. The advisor shall obtain and document competitive bids and offers on all transactions and present these to DCTA as part of its trade documentation.

X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is DCTA's policy to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 75%
Fully insured or collateralized CDs	Not to exceed 30%
Repurchase agreements	100%
Money Market Funds	50%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	Not to exceed 10%
Interest Bearing Bank Savings Deposits	25%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not:

- a. invest more than 30% of the portfolio for a period greater than one (1) year, or
- b. invest any portion of the portfolio for a period of greater than three (3) years.

XI. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery-versus-payment (DVP) basis and be held in safekeeping by either DCTA, an independent third party financial institution, or DCTA's designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to DCTA listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for DCTA or pledged to DCTA.

All securities pledged to DCTA for certificates of deposit or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Collateralization

Collateralization is required on time and demand deposits exceeding the FDIC insurance coverage of \$250,000, and on repurchase agreements.

To provide a level of additional security for all funds and to also anticipate any market changes, the collateralization level required will be 105% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

XII. PERFORMANCE EVALUATION AND REPORTING

A comprehensive quarterly investment report shall be prepared by the Investment Officer or Investment Advisor within ten (10) business days following the fiscal quarter end and be presented to the DCTA Board the month following the fiscal quarter end. As required by the Texas Public Funds Investment Act, the report will:

- a. describe in detail the investment position of DCTA on the date of the report;
- b. be signed by the Investment Officer(s);
- c. contain a summary statement that presents:
 - a. beginning book and market value for the reporting period;
 - b. ending book and market value for the reporting period; and
 - c. fully accrued interest for the reporting period;
- d. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- e. state the maturity date of each separately invested asset that has a maturity date;
- f. state the account or fund for which each investment security was purchased;
- g. compare the portfolio's performance to other benchmarks of performance; and
- h. state the compliance of the investment portfolio with DCTA Investment Policy, Investment Strategy, and the Public Funds Investment Act.

XIII. DEPOSITORIES

DCTA will designate one banking institution through a competitive process as its central banking services provider at least every five years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which DCTA may purchase certificates of deposit will also be designated as a depository after providing their latest audited financial statements to DCTA.

XIV. TRAINING REQUIREMENT

The DCTA Investment Officer(s) shall attend at least one investment training session consisting of no less than 10 hours of instruction relating to investment responsibilities within twelve months of taking office or assuming duties, and subsequently shall receive a minimum of 10 hours not less often than once in a two-year period that begins on the first day of the fiscal year and consists of the two consecutive years after that date. The investment training session shall be provided by an independent source approved by the Board of Directors. See Attachment I for a list of Board approved independent investment training sources. Contingent upon Board approval, additional independent sources from which investment training may be obtained shall include a professional organization, an institute of higher learning, or any sponsor other than a business organization with whom DCTA may engage in an investment transaction. Such training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

XV. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair the ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which personal business is conducted. Further disclosure shall also be made of any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of DCTA.

An Investment Officer of DCTA who has a personal business relationship with an organization seeking to sell an investment to DCTA shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to DCTA shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the DCTA Board of Directors.

XVI. SUBJECT TO AUDIT

A formal annual review of the investment reports will be performed by an independent auditor with the results reported to the Board. All collateral shall be subject to inspection and audit by DCTA's independent auditors.

XVII. INVESTMENT POLICY ADOPTION BY DCTA BOARD

DCTA's Investment Policy shall be adopted annually by the Board of Directors. The policy and strategies shall be reviewed on an annual basis by the Board. A written resolution approving that review, and suggested changes to the policy will be approved by the Board.

Attachment I**Board Approved Independent Investment Training Sources**

1. Texas Municipal League (TML)
2. Government Finance Officers Association (GFOA)
3. Government Finance Officers Association of Texas (GFOAT)
4. North Central Texas Council of Governments (NCTCOG)
5. Texas Higher Education Coordinating Board
6. University of North Texas – Center for Public Management
7. Hilltop Securities

Attachment II

Board Approved Broker/Dealers List



Approved Broker/Dealers
April 2025

*Academy Securities ***

BofA Securities

BOK Financial

Daiwa Capital Markets

FHN Financial

Goldman, Sachs & Co

*Great Pacific Securities***

JP Morgan Securities

KeyBanc Capital Markets

*Loop Capital Markets ***

Mesirow Financial

Mizuho Securities

Morgan Stanley & Co

*Multi-Bank Securities ***

Oppenheimer & Co.

Piper Sandler & Co

Raymond James

RBC Capital Markets

*Rice Financial ***

*Siebert Williams Shank ***

Stifel Financial

StoneX

TD Securities

UBS Securities

UMB Bank

U.S. Bancorp Investments

Wells Fargo Securities

* **Bold face font indicates firm is a Primary Dealer.**

** *Dark blue italics font indicates firm is a Historically Underutilized Business (HUB),
 Minority/Women Owned Business (MWOB), or Veteran Owned Business.*

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Consider Approval of a Resolution Designating Derick Sibley as the Investment Officer

Recommendation

Staff recommends the Board approve a Resolution designating Derick Sibley as the Investment Officer.

Background

Under a separate agenda item, the Board amended the Denton County Transportation Authority's Investment Policy to reflect the agency's current organizational structure. As amended, the Investment Policy designates the Vice President, Finance as the Investment Officer and the Chief Executive Officer (CEO) as the Alternate Investment Officer.

The prior Investment Policy designated the Chief Financial Officer as the Investment Officer. David Leininger's service as Interim Chief Financial Officer concluded effective January 1, 2026. The Chief Financial Officer position has since been replaced by the Vice President, Finance position. Derick Sibley began serving as Vice President, Finance effective December 31, 2025.

In accordance with the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code), the Board is required to formally designate the Investment Officer(s) authorized to execute investment transactions on behalf of the Authority. This agenda item addresses that requirement consistent with the amended Investment Policy.

Identified Need

DCTA's Investment Policy specifies the Vice President, Finance as the Investment Officer and Derick Sibley holds that position within the agency.

Financial Impact

There is no financial impact associated with the designation of an Investment Officer.

Exhibits

Exhibit 1: Draft Resolution

Submitted By:



Paul A. Cristina, Chief Executive Officer

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. R26-XX**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (“DCTA”) APPOINTING DERICK SIBLEY, DCTA VICE PRESIDENT, FINANCE, AS THE INVESTMENT OFFICER FOR DCTA; PROVIDING A REPEALING CLAUSE AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, David Leininger’s position as Interim Chief Financial Officer with DCTA ended on January 1, 2026; and

WHEREAS, Derick Sibley has been named as the Vice President, Finance; and

WHEREAS, the Board of Directors desires to designate Derick Sibley as the Investment Officer.

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

SECTION 1. DCTA Vice President, Finance, Derick Sibley, is hereby designated as the Investment Officer.

SECTION 2. The Investment Officer is hereby authorized to engage in investment transactions on behalf of DCTA.

SECTION 3. The Investment Officer authorized by this resolution shall also be authorized to approve wire transfers used in the process of investing.

SECTION 4. The Investment Officer shall designate a liaison/deputy in writing in the event circumstances require timely action and the Investment Officer is unavailable.

SECTION 5. That all provisions of the resolutions of the Board of Directors of DCTA, in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

SECTION 6. This resolution shall become effective immediately upon its passage and approval.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY ON THIS 26TH DAY OF FEBRUARY 2026.

APPROVED:

Andy Eads, Board Chair

ATTEST:

Daniel Jaworski, Board Secretary

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Consider Approval of Parking License Agreement with Action Behavior Centers Therapy, LLC for MedPark Station

Recommendation: Staff recommends approval of the Parking License Agreement with Action Behavior Centers Therapy, LLC.

Background: The Denton County Transportation Authority (DCTA) is prepared to enter into a License Agreement with Action Behavior Centers Therapy, LLC (ABC) for the use of a portion of DCTA-owned parking facilities located at 3220 Medpark Drive, Denton, Texas. Under the agreement, DCTA grants ABC a revocable, limited license to use 35 designated parking spaces within the existing parking lot for employee parking during normal business hours (7:00 a.m. – 6:00 p.m., Monday through Friday). Overnight parking is expressly prohibited.

The agreement has an effective date of May 1, 2026, with an initial two-year term. After the first year, either party may terminate the agreement with 90 days' written notice, with termination effective at the end of a calendar month. ABC will pay DCTA \$1,050 per month (\$30 per space per month). The first payment will be prorated based on the Effective Date. The licensed spaces are exclusive to ABC during the term, subject to compliance with the agreement.

The agreement includes standard provisions addressing use restrictions, enforcement, indemnification, insurance requirements, default and cure rights, and governing law and venue (Denton County, Texas). ABC accepts the parking spaces on an "as-is" basis and is responsible for ensuring employee compliance with all parking limitations.

Previous Board Activity and Action: None.

Identified Need: ABC operates a nearby facility that requires consistent, predictable parking availability for its employees during standard business hours. Existing on-site parking capacity is insufficient to meet operational demand, creating a need for off-site parking arrangements.

From DCTA's perspective, this agreement allows the agency to:

- Monetize underutilized parking assets without impairing DCTA transit operations or public access.
- Maintain full ownership and control of the property through a revocable license rather than a lease.
- Generate recurring monthly revenue while preserving long-term flexibility for future DCTA use or redevelopment of the site.
- Ensure risk is mitigated through indemnification and insurance requirements placed on the licensee.

The agreement balances operational needs for ABC with DCTA's interest in prudent asset management and revenue generation, while retaining the ability to terminate the arrangement if future agency needs change.



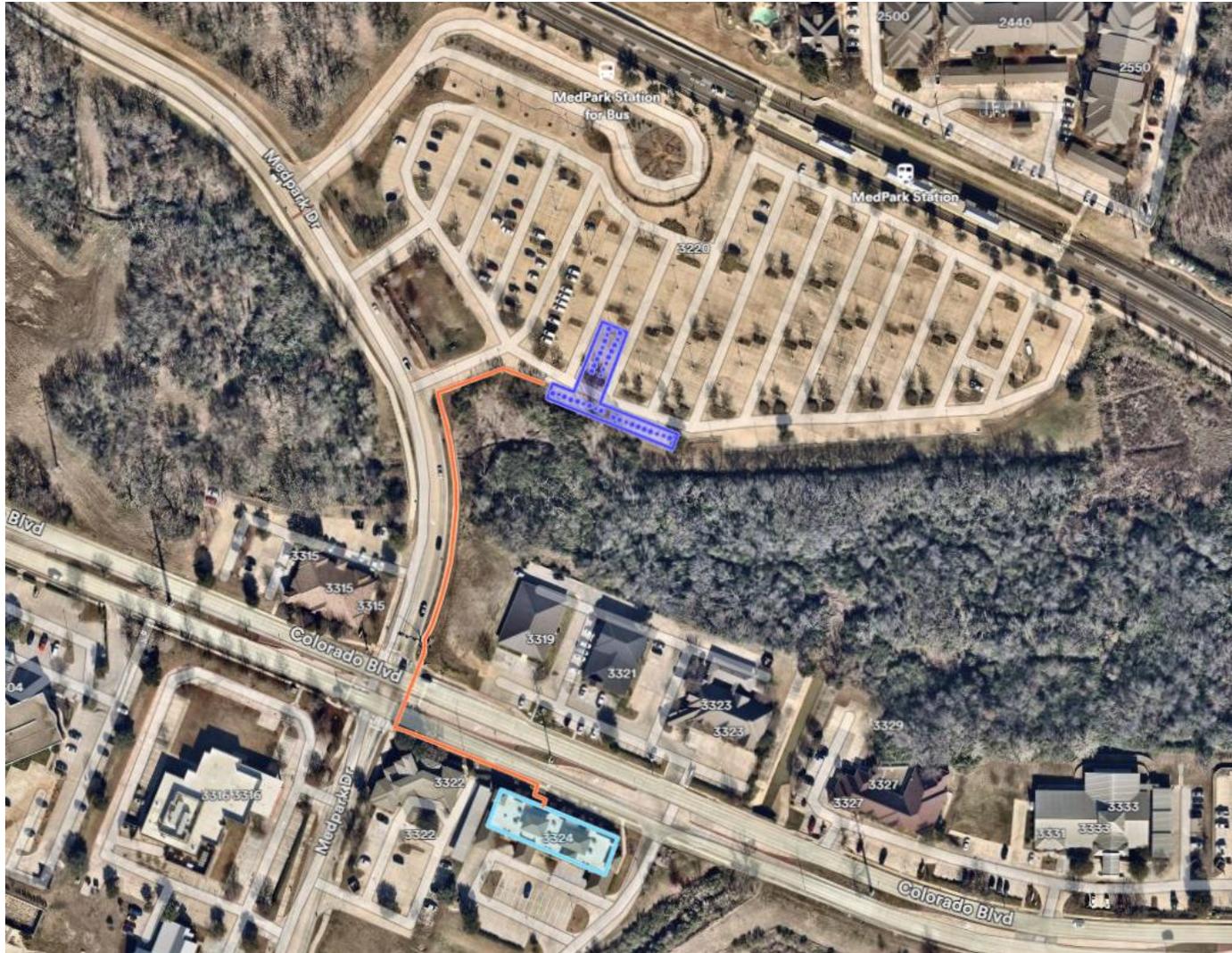
Exhibits: None.

Submitted By:

A handwritten signature in blue ink, appearing to read "A. Frith", is written above a horizontal line.

Austin Frith
Vice President, Planning and Development

Action Behavior Centers – Parking Site Location





Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss and Consider Acceptance of the Fiscal Year (FY) 2025 Financial Audit

Recommendation

Staff recommends the Board accept the audited financial statements presented as of September 30, 2025.

Background

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

Previous Board Activity & Action

There has been no previous Board activity on this item.

Identified Need

As part of the audit engagement, DCTA's independent auditor, Plante & Moran, PLLC (Plante Moran), has a responsibility to communicate with those charged with governance in the audit of financial statements. Those required communications are included in Plante Moran's presentation to be presented to the board on February 26, 2026.

The FY2025 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 FY2025 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, 2025, audited financial statement and supplemental information.

Exhibits

Exhibit 1: Annual Comprehensive Financial Report as of September 30, 2025

Exhibit 2: Single Audit Report as of September 30, 2025

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

Submitted by:



LaKeisha Williams, Senior Manager of Accounting

Denton County Transportation Authority

**Annual Comprehensive Financial Report
with Supplementary Information
For fiscal years ended
September 30, 2025 and 2024**

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

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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, 2025 and 2024 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 Denton County Transportation Authority as of September 30, 2025 and 2024 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Board of Directors
Denton County Transportation Authority

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

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

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

Required 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 audits 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 Denton County Transportation Authority's basic financial statements. The 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 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.

To the Board of Directors
Denton County Transportation Authority

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2026 on our consideration of the Denton County Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Denton County Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Denton County Transportation Authority's internal control over financial reporting and compliance.

February 6, 2026

Draft

Management of the Denton County Transportation Authority (DCTA or the "Authority") offers readers of DCTA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2025. 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 the 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, 2025 and 2024, total assets and deferred outflows of resources of DCTA exceeded total liabilities and deferred inflows of resources by \$396,393,188 and \$392,994,640, respectively. The amount of unrestricted net position as of September 30, 2025 was \$140,715,257 compared to \$129,994,175 as of September 30, 2024. Unrestricted net position is the amount that may be used to meet DCTA's ongoing obligations in accordance with the fiscal policies.
- Net position increased by \$3,398,548 during the current fiscal year compared to an increase of \$8,118,791 in the prior year. The change compared to the prior year is attributable to a \$1.4 million decrease in operating revenue and a \$5.1 million increase in operating expenses, offset by a \$2.5 million increase in operating grants.
- Net capital assets were \$268.8 million as of September 30, 2025 compared to \$278.3 million as of September 30, 2024. The decrease of \$9.6 million is caused by \$11 million of depreciation expense offset by a net \$1.5 million of asset additions and disposals.

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 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.

Statement of Net Position

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

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Statement of Revenue, Expenses, and Changes in Net Position

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

Statement of Cash Flows

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

Notes and Other Information

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

Financial Analysis

Statement of Net Position

As noted earlier, net position, and especially net position by category, may serve over time as a useful indicator of DCTA's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$396,393,188, \$392,994,640, and \$384,875,849 as of September 30, 2025, 2024, and 2023, respectively. The largest portion, 64 percent, 67 percent, and 70 percent in 2025, 2024, and 2023, respectively, is net investment in capital assets primarily related to the rail line construction and acquisition of rail vehicles. Less than 1 percent in 2025, 2024, and 2023 is in restricted net position, which is restricted for the Authority's net pension asset. The remaining 35 percent, 33 percent, and 30 percent, respectively, is in unrestricted net position, which represents assets with no external restriction as to use or purpose. The unrestricted net position can be employed for any lawful purpose designated by the governing board.

Net position of DCTA increased by 0.9 percent, or \$3,398,548, during 2025 compared to an increase of 2.1 percent, or \$8,118,791, in 2024 and an increase of 2.5 percent, or \$9,409,300, in 2023. Change in net position of DCTA decreased by 58.1 percent. The net decrease in the change in net position in the current fiscal year is mainly attributable to a \$1.4 million decrease in operating revenue and a \$5.1 million increase in operating expenses, offset by a \$2.5 million increase in operating grants.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

The Authority's Net Position

	2025	2024	2023
Assets			
Current and other assets	\$ 143,421,842	\$ 135,197,918	\$ 123,305,723
Capital assets	268,769,318	278,322,946	286,281,462
Total assets	412,191,160	413,520,864	409,587,185
Deferred Outflows of Resources	641,081	382,725	449,852
Liabilities			
Current liabilities	4,516,574	6,993,077	9,301,192
Noncurrent liabilities	11,875,000	13,810,000	15,725,000
Total liabilities	16,391,574	20,803,077	25,026,192
Deferred Inflows of Resources	47,479	105,872	134,996
Net Position			
Net investment in capital assets	254,959,318	262,597,946	267,771,462
Restricted - Net pension asset	718,613	402,519	127,525
Unrestricted	140,715,257	129,994,175	116,976,862
Total net position	<u>\$ 396,393,188</u>	<u>\$ 392,994,640</u>	<u>\$ 384,875,849</u>

Assets

During fiscal year 2025, DCTA's total assets decreased by 0.32 percent, or \$1.3 million, from fiscal year 2024. The net decrease is mainly attributable to a \$9.5 million increase in cash and a \$2.7 million increase in investments, offset by a \$4.3 million decrease in receivables and \$9.6 million decrease in capital assets.

During fiscal year 2024, DCTA's total assets increased by 0.96 percent, or \$3.9 million, from fiscal year 2023. The net increase is mainly attributable to a \$7.7 million increase in cash and a \$4.5 million increase in receivables, offset by an \$8 million decrease in capital assets.

Capital assets, net of depreciation, decreased in the current fiscal year 2025 due to a net \$1.5 million of asset additions and disposals, offset by \$11 million of depreciation. The capital assets activity for the year is captured in Note 6.

Liabilities

Current liabilities decreased during the current fiscal year 2025 from \$7.0 million as of September 30, 2024 to \$4.5 million as of September 30, 2025 primarily due to fluctuations in accounts payable.

Current liabilities decreased during fiscal year 2024 from \$9.3 million as of September 30, 2023 to \$7.0 million as of September 30, 2024 primarily due to fluctuations in accounts payable and a decrease in unearned revenue due to discontinuation of the operational rail facility project.

DCTA's current ratio, current assets of \$143,421,842 and current liabilities of \$4,516,574, was 32:1 as of September 30, 2025 compared to a ratio of 19:1 as of September 30, 2024 and 13:1 as of September 30, 2023.

There was a \$1.9 million decrease in noncurrent liabilities in fiscal year 2025 due primarily to payments made for DCTA's outstanding bonds and the rail operating easement agreement with Dallas Area Rapid Transit. The bond payable activity for the year and rail operating easement obligation are captured in Notes 7 and 11, respectively.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

Statement of Revenue, Expenses, and Changes in Net Position

During fiscal year 2025, DCTA's activities resulted in an increase in net position of \$3,398,548 compared to an increase of \$8,118,791 in 2024 and increase of \$9,409,300 in 2023. The decrease in the current fiscal year change in net position is mainly attributable to a \$1.4 million decrease in operating revenue and a \$5.1 million increase in operating expenses, offset by a \$2.5 million increase in operating grants. The changes in net position for the fiscal years ended September 30, 2025, 2024, and 2023 are shown in the following table:

The Authority's Changes in Net Position

	2025	2024	2023
Operating Revenue			
Passenger revenue	\$ 1,727,518	\$ 1,906,892	\$ 1,568,794
Contract services	3,798,461	4,948,287	4,233,303
Other	90,761	174,398	923,745
Total operating revenue	5,616,740	7,029,577	6,725,842
Operating Expenses			
Salaries, wages, and benefits	11,838,956	10,212,180	9,014,747
Outsourced services and charges	7,754,270	6,937,117	5,831,802
Purchased transportation services	22,890,819	23,888,423	22,251,475
Other	9,283,754	5,858,910	5,202,776
Depreciation	11,051,662	10,808,931	9,074,612
Total operating expenses	62,819,461	57,705,561	51,375,412
Operating Loss	(57,202,721)	(50,675,984)	(44,649,570)
Nonoperating Revenue (Expense)			
Investment income	5,322,769	5,983,517	4,434,145
Gain on sale of assets	-	2,818	52,900
Sales tax revenue	41,234,879	40,592,222	40,292,936
Transit system operating assistance grants	14,095,704	11,622,600	9,431,745
Interest expense	(171,811)	(192,299)	(212,684)
Total nonoperating revenue	60,481,541	58,008,858	53,999,042
Income - Before capital contributions	3,278,820	7,332,874	9,349,472
Capital Contributions	119,728	785,917	59,828
Change in Net Position	3,398,548	8,118,791	9,409,300
Net Position - Beginning of year	392,994,640	384,875,849	375,466,549
Net Position - End of year	<u>\$ 396,393,188</u>	<u>\$ 392,994,640</u>	<u>\$ 384,875,849</u>

Operating Revenue

Passenger Revenue

The fiscal year 2025 passenger revenue decreased by 9 percent, or approximately \$179,000, from fiscal year 2024 due to a decrease in ridership.

The fiscal year 2024 passenger revenue increased by 22 percent, or approximately \$338,000, from fiscal year 2023 due to an increase in ridership.

Contract Service

The fiscal year 2025 contract service revenue decreased by 23 percent, or \$1.1 million, from fiscal year 2024 due to a decrease in ridership across modes and contract with Trinity Metro that was not renewed for fiscal year 2025. In fiscal year 2025, DCTA provided service for University of North Texas (UNT); the City of Frisco, Texas; the City of Coppell, Texas; the City of Allen, Texas; and the Town of Fairview, Texas.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

The fiscal year 2024 contract service revenue increased by 17 percent, or approximately \$715,000, from fiscal year 2023 due to an increase in ridership across modes.

Operating Expenses

The fiscal year 2025 operating expenses increased by 9 percent, or \$5.1 million, from fiscal year 2024. Outsourced services and charges increased by approximately \$817,000 due to an increase in professional services for various projects. Salaries, wages, and benefits increased by \$1.6 million due to increased hiring within DCTA over the past fiscal year. Transportation reinvestment program expenses increased by \$2.6 million due to an increase in reimbursement requests from member cities for transit projects.

The fiscal year 2024 operating expenses increased by 12 percent, or \$6.3 million, from fiscal year 2023. Expenses for purchased transportation services increased by \$1.6 million primarily due to an increase in ridership. Outsourced services and charges increased by \$1.1 million due to an increase in professional services for various projects. Salaries, wages, and benefits increased by \$1.2 million due to increased hiring within DCTA over the past fiscal year.

Nonoperating Revenue and Expenses

Sales Tax Revenue

The fiscal year 2025 sales tax revenue increased by 1.6 percent, or approximately \$643,000, over fiscal year 2024.

The fiscal year 2024 sales tax revenue increased by 0.7 percent, or approximately \$299,000, over fiscal year 2023.

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 years 2025 and 2024, and DCTA and its member cities experienced growth in sales tax revenue similar to the expansion experienced throughout the state.

Transit System Operating Assistance Grants

The fiscal year 2025 federal and state grant revenue increased by \$2.5 million over fiscal year 2024 revenue mainly due to new grants during 2025.

The fiscal year 2024 federal and state grant revenue increased by \$2.2 million over fiscal year 2023 revenue mainly due to new grants during 2024.

Investment Income

The fiscal year 2025 investment income decreased by 11 percent, or approximately \$661,000, over fiscal year 2024.

The fiscal year 2024 investment income increased by 35 percent, or \$1.5 million, over fiscal year 2023.

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.

Denton County Transportation Authority

Management's Discussion and Analysis (Continued)

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 Positive Train Control 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 62 percent of total revenue in both 2025 and 2024. Sales tax revenue is affected by a variety of economic factors and is dependent on consumer spending. As economic factors expand and contract, it may cause sales tax revenue to increase and decrease.

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 email at info@dcta.net.

Denton County Transportation Authority

Statement of Net Position

September 30, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 102,527,477	\$ 92,980,663
Investments (Note 4)	28,278,958	25,540,346
Receivables (Note 5)	11,132,623	15,475,985
Inventory	621,109	655,343
Prepaid expenses	143,062	143,062
Total current assets	142,703,229	134,795,399
Noncurrent assets:		
Net pension asset (Note 9)	718,613	402,519
Capital assets: (Note 6)		
Assets not subject to depreciation	24,549,600	24,015,943
Assets subject to depreciation - Net	244,219,718	254,307,003
Total noncurrent assets	269,487,931	278,725,465
Total assets	412,191,160	413,520,864
Deferred Outflows of Resources - Deferred pension costs (Note 9)	641,081	382,725
Liabilities		
Current liabilities:		
Accounts payable	1,461,080	4,194,188
Accrued liabilities and other	1,041,702	815,045
Unearned revenue	78,792	68,844
Current portion of easement obligation (Note 11)	100,000	100,000
Current portion of bonds payable (Note 7)	1,835,000	1,815,000
Total current liabilities	4,516,574	6,993,077
Noncurrent liabilities:		
Easement obligation - Net of current portion (Note 11)	300,000	400,000
Bonds payable - Net of current portion (Note 7)	11,575,000	13,410,000
Total noncurrent liabilities	11,875,000	13,810,000
Total liabilities	16,391,574	20,803,077
Deferred Inflows of Resources - Deferred pension cost reductions (Note 9)	47,479	105,872
Net Position		
Net investment in capital assets	254,959,318	262,597,946
Restricted - Net pension asset	718,613	402,519
Unrestricted	140,715,257	129,994,175
Total net position	\$ 396,393,188	\$ 392,994,640

Denton County Transportation Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenue		
Passenger revenue	\$ 1,727,518	\$ 1,906,892
Contract services	3,798,461	4,948,287
Other	90,761	174,398
Total operating revenue	<u>5,616,740</u>	<u>7,029,577</u>
Operating Expenses		
Salaries, wages, and benefits	11,838,956	10,212,180
Outsourced services and charges	7,754,270	6,937,117
Materials and supplies	2,218,893	2,125,775
Purchased transportation services	22,890,819	23,888,423
Utilities	526,317	561,652
Insurance	1,889,074	1,099,836
Leases and rentals	193,771	169,862
Employee development	237,395	311,031
Transportation reinvestment program	4,218,304	1,590,754
Depreciation	11,051,662	10,808,931
Total operating expenses	<u>62,819,461</u>	<u>57,705,561</u>
Operating Loss	(57,202,721)	(50,675,984)
Nonoperating Revenue (Expense)		
Investment income	5,322,769	5,983,517
Gain on sale of assets	-	2,818
Sales tax revenue	41,234,879	40,592,222
Transit system operating assistance grants	14,095,704	11,622,600
Interest expense	(171,811)	(192,299)
Total nonoperating revenue	<u>60,481,541</u>	<u>58,008,858</u>
Income - Before capital contributions	3,278,820	7,332,874
Capital Contributions - Capital grants	<u>119,728</u>	<u>785,917</u>
Change in Net Position	3,398,548	8,118,791
Net Position - Beginning of year	<u>392,994,640</u>	<u>384,875,849</u>
Net Position - End of year	<u><u>\$ 396,393,188</u></u>	<u><u>\$ 392,994,640</u></u>

Denton County Transportation Authority

Statement of Cash Flows

Years Ended September 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from customers	\$ 5,638,967	\$ 7,118,215
Payments to suppliers	(42,046,572)	(35,679,632)
Payments to employees and benefits	(12,327,235)	(10,451,818)
Net cash and cash equivalents used in operating activities	(48,734,840)	(39,013,235)
Cash Flows from Noncapital Financing Activities		
Operating grants and subsidies	18,718,677	6,830,320
Sales tax received	40,942,989	40,828,071
Net cash and cash equivalents provided by noncapital financing activities	59,661,666	47,658,391
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	119,728	785,917
Return of capital contribution from governmental entity	-	(1,753,149)
Proceeds from sale of capital assets	-	2,818
Purchase of capital assets	(1,997,086)	(3,349,467)
Principal and interest paid on capital debt, including refunding	(2,086,811)	(2,977,299)
Net cash and cash equivalents used in capital and related financing activities	(3,964,169)	(7,291,180)
Cash Flows from Investing Activities		
Interest received on investments	5,322,769	5,983,517
Purchases of investment securities	(17,488,612)	(21,909,773)
Proceeds from sale and maturities of investment securities	14,750,000	22,250,000
Net cash and cash equivalents provided by investing activities	2,584,157	6,323,744
Net Increase in Cash and Cash Equivalents	9,546,814	7,677,720
Cash and Cash Equivalents - Beginning of year	92,980,663	85,302,943
Cash and Cash Equivalents - End of year	\$ 102,527,477	\$ 92,980,663
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (57,202,721)	\$ (50,675,984)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	11,051,662	10,808,931
Changes in assets and liabilities:		
Receivables	12,279	70,586
Inventory	34,234	206,137
Net pension asset and related deferrals	(650,546)	(277,368)
Accounts payable	(2,151,963)	798,681
Accrued and other liabilities	162,267	37,730
Unearned revenue	9,948	18,052
Net cash and cash equivalents used in operating activities	\$ (48,734,840)	\$ (39,013,235)

September 30, 2025 and 2024

Note 1 - Significant Accounting Policies

Reporting Entity

The Denton County Transportation Authority (DCTA or the "Authority") is a coordinated county transportation authority of the State of Texas, created pursuant to Chapter 460 of the Texas Transportation Code. This legislation requires that a service plan, an outline of the services that could be provided by an authority confirmed by the voters, be developed by the transit authority. A service plan was developed, and the Authority was confirmed by a public referendum held 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, 2025, the board was composed of the following:

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

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

Blended Component Unit

The North Texas Mobility Corporation (NTMC) was incorporated on April 1, 2019 and is governed by a five-member board appointed by the Authority's board of directors. Although it is legally separate from the Authority, NTMC is reported as if it were part of the Authority because its sole purpose is to manage and operate transit services for the Authority. Separate financial statements are not available, but condensed financial information for NTMC can be found in Note 12. NTMC dissolved during 2024, with the dissolution effective August 9, 2024.

Accounting and Reporting Principles

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

Report Presentation

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

Fund Accounting

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Authority reports all activity in a single enterprise fund. Activity reported in this fund includes the blended component unit, NTMC. NTMC is used to account for all employee-related operations associated with bus services provided by NTMC through August 9, 2024.

Note 1 - Significant Accounting Policies (Continued)

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.

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.

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

The University of North Texas (UNT) has contracted with the Authority to provide transportation for faculty, staff, and students through the Connect service. The university has paid for this service in advance, and, in addition, the Authority sells semester and annual passes. The Authority recognizes the revenue through straight-line amortization over the respective period. The Retreat at Denton also contracts with DCTA to provide transportation to its residents through the Connect service.

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position 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.

Note 1 - Significant Accounting Policies (Continued)

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

Compensated Absences

Compensated absences are accrued employee vacation and sick leave time. A liability is recognized for leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability for compensated absences is classified as an accrued liability.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority is the sale of transit services. Passenger revenue consists of farebox collections and the sale of passes. Contract service revenue is related to providing transit services to third parties on a contractual basis. The Authority provides contract services for UNT; the City of Frisco, Texas; the City of Allen, Texas; the City of Coppell, Texas; the Town of Fairview, Texas; and Trinity Metro. The Authority's contract services for Trinity Metro were not renewed for 2025.

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.

September 30, 2025 and 2024

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2027.

Adoption of New Accounting Pronouncement

During the current year, the Authority adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position has been calculated to comply with this new pronouncement. The financial statements for the year ended September 30, 2024 have not been restated due to the insignificant and immaterial impact to both the statement of net position and statement of revenue, expenses, and changes in net position.

Reclassification

Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

September 30, 2025 and 2024

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

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, 2025, \$64,665,039 was spent on this contract and the remaining commitment was \$9,045,709.

Additionally, DCTA and Dallas Area Rapid Transit 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:

	2025	2024
Cash and cash equivalents	\$ 102,527,477	\$ 92,980,663
Investments	28,278,958	25,540,346
Total deposits and investments	\$ 130,806,435	\$ 118,521,009

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

Custodial Credit Risk of Bank Deposits

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

Interest Rate Risk

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

September 30, 2025 and 2024

Note 4 - Deposits and Investments (Continued)

At year end, the Authority had the following investments:

Investment	2025		2024	
	Carrying Value	Weighted-average Maturity (Days)	Carrying Value	Weighted-average Maturity (Days)
U.S. Treasury	\$ 16,316,320	319	\$ 11,234,559	346
U.S. government agency securities	11,962,637	618	14,305,787	316
TexSTAR investment pool	100,729,895	49	90,758,143	26

Credit Risk

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

Investment	2025			2024		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
U.S. government agency securities	\$ 11,962,637	Aa1	Moody	\$ 14,305,787	Aaa	Moody
TexSTAR investment pool	100,729,895	AAAm	S&P	90,758,143	AAAm	S&P
Total	<u>\$ 112,692,532</u>			<u>\$ 105,063,930</u>		

Fair Value Measurements

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

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

The Authority has the following recurring fair value measurements as of September 30, 2025 and 2024:

- U.S. Treasury securities of \$16,316,320 and \$11,234,559, respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of \$11,962,637 and \$14,305,787, respectively, are valued using a matrix pricing model (Level 2 inputs).
- The investment in the TexSTAR investment pool of \$100,729,895 and \$90,758,143, respectively, is measured at NAV.

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

Investments in Entities that Calculate Net Asset Value per Share

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

September 30, 2025 and 2024

Note 4 - Deposits and Investments (Continued)

At September 30, 2025 and 2024, the Authority had investments in the TexSTAR investment pool of \$100,729,895 and \$90,758,143, 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, 2025 and 2024 consisted of the following:

	2025	2024
Operating - Ticket, token, and other receivables	\$ 1,057,836	\$ 776,942
Sales tax	6,915,999	6,624,109
Grants receivable	3,158,788	8,074,934
Total	<u>\$ 11,132,623</u>	<u>\$ 15,475,985</u>

September 30, 2025 and 2024

Note 6 - Capital Assets

Capital asset activity during the fiscal year ended September 30, 2025 was as follows:

	Balance October 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2025
Capital assets not being depreciated:					
Land	\$ 17,394,147	\$ -	\$ -	\$ -	\$ 17,394,147
Construction in progress	6,621,796	(824,167)	1,921,672	(563,848)	7,155,453
Subtotal	24,015,943	(824,167)	1,921,672	(563,848)	24,549,600
Capital assets being depreciated:					
Rail	300,547,954	-	-	(4,431)	300,543,523
Land improvements	12,158,726	-	-	-	12,158,726
Vehicles	9,557,313	-	78,946	-	9,636,259
Furniture and equipment	7,646,524	734,679	-	-	8,381,203
Facilities	31,772,308	89,488	61,270	(3,064)	31,920,002
Easement	16,997,155	-	-	-	16,997,155
Subtotal	378,679,980	824,167	140,216	(7,495)	379,636,868
Accumulated depreciation:					
Rail	85,560,426	-	8,085,499	(4,431)	93,641,494
Land improvements	4,592,964	-	466,658	-	5,059,622
Vehicles	8,001,382	-	487,973	-	8,489,355
Furniture and equipment	5,873,522	-	439,198	-	6,312,720
Facilities	8,305,031	-	722,476	(3,058)	9,024,449
Easement	12,039,652	-	849,858	-	12,889,510
Subtotal	124,372,977	-	11,051,662	(7,489)	135,417,150
Net capital assets being depreciated	254,307,003	824,167	(10,911,446)	(6)	244,219,718
Net capital assets	\$ 278,322,946	\$ -	\$ (8,989,774)	\$ (563,854)	\$ 268,769,318

September 30, 2025 and 2024

Note 6 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2024
Capital assets not being depreciated:					
Land	\$ 17,394,147	\$ -	\$ -	\$ -	\$ 17,394,147
Construction in progress	4,202,668	-	2,918,180	(499,052)	6,621,796
Subtotal	21,596,815	-	2,918,180	(499,052)	24,015,943
Capital assets being depreciated:					
Rail	300,547,954	-	-	-	300,547,954
Land improvements	12,158,726	-	-	-	12,158,726
Vehicles	10,147,537	-	-	(590,224)	9,557,313
Furniture and equipment	7,215,237	-	431,287	-	7,646,524
Facilities	31,772,308	-	-	-	31,772,308
Easement	16,997,155	-	-	-	16,997,155
Subtotal	378,838,917	-	431,287	(590,224)	378,679,980
Accumulated depreciation:					
Rail	77,492,741	-	8,067,685	-	85,560,426
Land improvements	4,126,726	-	466,238	-	4,592,964
Vehicles	8,113,152	-	478,454	(590,224)	8,001,382
Furniture and equipment	5,632,316	-	241,206	-	5,873,522
Facilities	7,599,541	-	705,490	-	8,305,031
Easement	11,189,794	-	849,858	-	12,039,652
Subtotal	114,154,270	-	10,808,931	(590,224)	124,372,977
Net capital assets being depreciated	264,684,647	-	(10,377,644)	-	254,307,003
Net capital assets	\$ 286,281,462	\$ -	\$ (7,459,464)	\$ (499,052)	\$ 278,322,946

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, 2025, \$16,550,000 had been paid to Dallas Area Rapid Transit. The remaining payments of \$400,000 will be paid in annual payments until the contract expires (see Note 11). The Authority's right under the contract will expire in June 2030, which is 20 years after the execution of the contract. Amortization of this asset is being recognized over the 20-year useful life on a straight-line basis and was \$849,858 for the years ended September 30, 2025 and 2024.

Construction Commitments

The Authority has an active construction project at year end. At year end, the Authority had spent \$1,213,546 related to Electronic Safety and Security and had a remaining commitment of \$3,645,903.

September 30, 2025 and 2024

Note 7 - Long-term Debt

Long-term debt activity for the years ended September 30, 2025 and 2024 can be summarized as follows:

		2025					
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Sales Tax Revenue Refunding Bonds, Series 2020							
	0.99%	\$805,000 - \$2,065,000	\$ 7,955,000	\$ -	\$ (870,000)	\$ 7,085,000	\$ 860,000
Sales Tax Revenue Refunding Bonds, Series 2021							
	1.28%	\$885,000 - \$1,140,000	7,270,000	-	(945,000)	6,325,000	975,000
Total long-term debt			<u>\$ 15,225,000</u>	<u>\$ -</u>	<u>\$ (1,815,000)</u>	<u>\$ 13,410,000</u>	<u>\$ 1,835,000</u>
		2024					
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Sales Tax Revenue Refunding Bonds, Series 2020							
	0.99%	\$805,000 - \$2,065,000	\$ 8,835,000	\$ -	\$ (880,000)	\$ 7,955,000	\$ 870,000
Sales Tax Revenue Refunding Bonds, Series 2021							
	1.28%	\$885,000 - \$1,140,000	9,075,000	-	(1,805,000)	7,270,000	945,000
Total long-term debt			<u>\$ 17,910,000</u>	<u>\$ -</u>	<u>\$ (2,685,000)</u>	<u>\$ 15,225,000</u>	<u>\$ 1,815,000</u>

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 \$14,015,857. During the current year, gross sales tax revenue of the Authority was \$41,234,879 compared to annual debt requirements of \$1,986,811.

Debt Service Requirements to Maturity

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

Years Ending September 30	Other Debt		
	Principal	Interest	Total
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	1,900,000	87,166	1,987,166
2030	1,925,000	65,253	1,990,253
2031-2032	4,010,000	63,449	4,073,449
Total	<u>\$ 13,410,000</u>	<u>\$ 605,857</u>	<u>\$ 14,015,857</u>

September 30, 2025 and 2024

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, 2025 and 2024, 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 nontraditional 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 nontemporary 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, the 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, 2024
Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	90
Active plan members	<u>127</u>
Total employees covered by the plan	<u><u>223</u></u>

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 2025 and 2024, the Authority made contributions of 6.87 percent and 7.14 percent, respectively.

Net Pension Asset

The Authority has chosen to use the December 31, 2024 measurement date as its measurement date for the net pension asset. The September 30, 2025 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, 2024 measurement date. The December 31, 2024 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2023	\$ 4,444,158	\$ 4,846,677	\$ (402,519)
Changes for the year:			
Service cost	350,528	-	350,528
Interest	361,133	-	361,133
Differences between expected and actual experience	247,503	-	247,503
Contributions - Employer	-	432,303	(432,303)
Contributions - Employee	-	301,502	(301,502)
Net investment income	-	507,729	(507,729)
Benefit payments, including refunds	(87,478)	(87,478)	-
Administrative expenses	-	(3,284)	3,284
Miscellaneous other charges	-	37,008	(37,008)
Net changes	871,686	1,187,780	(316,094)
Balance at December 31, 2024	<u>\$ 5,315,844</u>	<u>\$ 6,034,457</u>	<u>\$ (718,613)</u>

The plan's fiduciary net position represents 113.5 percent of the total pension liability.

September 30, 2025 and 2024

Note 9 - Pension Plans (Continued)

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

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2022	\$ 3,957,143	\$ 4,084,668	\$ (127,525)
Changes for the year:			
Service cost	306,043	-	306,043
Interest	320,928	-	320,928
Differences between expected and actual experience	(57,561)	-	(57,561)
Contributions - Employer	-	223,862	(223,862)
Contributions - Employee	-	154,764	(154,764)
Net investment loss	-	451,841	(451,841)
Benefit payments, including refunds	(82,395)	(82,395)	-
Administrative expenses	-	(2,531)	2,531
Miscellaneous other charges	-	16,468	(16,468)
Net changes	487,015	762,009	(274,994)
Balance at December 31, 2023	<u>\$ 4,444,158</u>	<u>\$ 4,846,677</u>	<u>\$ (402,519)</u>

The plan's fiduciary net position represents 109.1 percent of the total pension liability as of the previous measurement date.

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

For the years ended September 30, 2025 and 2024, the Authority recognized pension recovery of \$22,959 and pension expense of \$77,828, respectively.

At September 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 208,004	\$ 19,187	\$ 28,605	\$ 105,366
Changes in assumptions	-	-	44,904	506
Net difference between projected and actual earnings on pension plan investments	-	28,292	53,714	-
Employer contributions to the plan subsequent to the measurement date	433,077	-	255,502	-
Total	<u>\$ 641,081</u>	<u>\$ 47,479</u>	<u>\$ 382,725</u>	<u>\$ 105,872</u>

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 September 30	Amount
2025	\$ 16,661
2026	116,203
2027	869
2028	26,792
Total	<u>\$ 160,525</u>

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (average over career including inflation) of 3.40 to 8.25 percent, including wage inflation of 3.00 percent; an investment rate of return (gross of investment expenses) of 7.60 percent; and the Pub-2010 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from January 1, 2017 through December 31, 2020.

Discount Rate

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

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

September 30, 2025 and 2024

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	13.00 %	5.35 %
Global equities	4.00	5.15
International equities - Developed markets	6.00	4.75
International equities - Emerging markets	-	4.75
Investment-grade bonds	3.00	2.55
Strategic credit	9.00	3.70
Direct lending	16.00	6.85
Distressed debt	4.00	6.80
REIT equities	2.00	3.95
Master limited partnerships	2.00	4.95
Commodities	2.00	1.00
Private real estate partnerships	6.00	5.75
Private equity	25.00	8.15
Hedge funds	6.00	3.60
Cash equivalents	2.00	1.10

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)	\$ 334,722	\$ (718,613)	\$ (1,543,619)

Note 10 - NTMC Defined Contribution Retirement Plans

The Authority sponsors one NTMC 401(k) plan for nonoperator 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 \$13,047 for the year ended September 30, 2024. Employer contributions to the plan totaled \$6,524 for the year ended September 30, 2024.

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 \$1,540 for the year ended September 30, 2024. Employer contributions to the plan totaled \$679 for the year ended September 30, 2024.

The Authority sponsors one NTMC Union Employee 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 \$23,534 for the year ended September 30, 2024. Employer contributions to the plan totaled \$9,014 for the year ended September 30, 2024.

Note 10 - NTMC Defined Contribution Retirement Plans (Continued)

As NTMC dissolved on August 9, 2024, fiscal year 2024 contributions represent the final contributions to these plans. Former NTMC employees subsequently hired as full-time DCTA employees are eligible to contribute to the nontraditional defined benefit pension plan in the Texas County and District Retirement System, as described in Note 9.

Note 11 - Easement Obligation

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

<u>Years Ending</u>	<u>Amount</u>
2026	\$ 100,000
2027	100,000
2028	100,000
2029	<u>100,000</u>
Total	<u>\$ 400,000</u>

The current portion of the easement obligation is \$100,000 as of September 30, 2025 and 2024.

Note 12 - Component Unit Information

Condensed financial information detailing component unit activity is as follows:

	2024		
	DCTA	NTMC	Total
Current Assets	\$ 134,795,399	\$ -	\$ 134,795,399
Long-term Assets	278,725,465	-	278,725,465
Deferred Outflows of Resources	382,725	-	382,725
Total assets and deferred outflows	<u>\$ 413,903,589</u>	<u>\$ -</u>	<u>\$ 413,903,589</u>
Current Liabilities	\$ 6,993,077	\$ -	\$ 6,993,077
Long-term Liabilities	13,810,000	-	13,810,000
Deferred Inflows of Resources	105,872	-	105,872
Total liabilities and deferred inflows	20,908,949	-	20,908,949
Net Position			
Net investment in capital assets	262,597,946	-	262,597,946
Restricted	402,519	-	402,519
Unrestricted	129,994,175	-	129,994,175
Total net position	<u>392,994,640</u>	<u>-</u>	<u>392,994,640</u>
Total liabilities and net position	<u>\$ 413,903,589</u>	<u>\$ -</u>	<u>\$ 413,903,589</u>
Operating Revenue	\$ 7,029,577	\$ -	\$ 7,029,577
Operating Expenses	53,200,281	4,505,280	57,705,561
Operating Loss	(46,170,704)	(4,505,280)	(50,675,984)
Other Revenue (Expense)			
Nonoperating revenue	58,008,858	-	58,008,858
Capital contributions	785,917	-	785,917
Payment from DCTA to NTMC	(4,505,280)	4,505,280	-
Total other revenue	54,289,495	4,505,280	58,794,775
Change in net position	<u>\$ 8,118,791</u>	<u>\$ -</u>	<u>\$ 8,118,791</u>
Cash Flows from Operating Activities	\$ (38,614,588)	\$ (398,647)	\$ (39,013,235)
Cash Flows from Noncapital Financing Activities	47,658,391	-	47,658,391
Cash Flows from Capital and Related Financing Activities	(7,291,180)	-	(7,291,180)
Cash Flows from Investing Activities	6,323,744	-	6,323,744
Net Increase (Decrease) in Cash and Cash Equivalents	8,076,367	(398,647)	7,677,720
Cash and Cash Equivalents - Beginning of year	84,904,296	398,647	85,302,943
Cash and Cash Equivalents - End of year	<u>\$ 92,980,663</u>	<u>\$ -</u>	<u>\$ 92,980,663</u>

As NTMC dissolved on August 9, 2024, NTMC balances for 2025 are \$0.

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 \$13,654,925 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, 2025 and 2024, the reserves are as follows:

	2025	2024
Operating reserve	\$ 12,974,035	\$ 12,545,613
Sales tax stabilization	1,230,000	1,200,000
Fuel stabilization	249,329	249,329
Total	\$ 14,453,364	\$ 13,994,942

Denton County Transportation Authority

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

Last Ten Plan Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 350,528	\$ 306,043	\$ 312,889	\$ 311,586	\$ 354,281	\$ 296,238	\$ 268,708	\$ 232,727	\$ 202,663	\$ 159,650
Interest	361,133	320,928	285,926	254,326	220,389	174,468	138,144	102,436	70,330	60,290
Changes in benefit terms	-	-	-	-	-	-	-	-	-	(26,820)
Differences between expected and actual experience	247,503	(57,561)	(75,317)	(99,771)	(84,719)	51,919	20,678	68,812	6,193	(95,366)
Changes in assumptions	-	-	-	(2,024)	221,352	-	-	5,065	-	13,055
Benefit payments, including refunds	(87,478)	(82,395)	(30,730)	(67,856)	(19,149)	(8,550)	(4,744)	(3,633)	(28,266)	(1,640)
Net Change in Total Pension Liability	871,686	487,015	492,768	396,261	692,154	514,075	422,786	405,407	250,920	109,169
Total Pension Liability - Beginning of year	4,444,158	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
Total Pension Liability - End of year	\$ 5,315,844	\$ 4,444,158	\$ 3,957,143	\$ 3,464,375	\$ 3,068,114	\$ 2,375,960	\$ 1,861,885	\$ 1,439,099	\$ 1,033,692	\$ 782,772
Plan Fiduciary Net Position										
Contributions - Employer	\$ 432,303	\$ 223,862	\$ 219,221	\$ 186,859	\$ 202,396	\$ 200,030	\$ 184,229	\$ 148,998	\$ 126,805	\$ 108,954
Contributions - Employee	301,502	154,764	141,244	149,967	160,377	159,880	149,818	122,330	104,798	92,022
Net investment income (loss)	507,729	451,841	(260,749)	690,444	248,840	287,455	(23,109)	152,471	55,555	(13,315)
Administrative expenses	(3,284)	(2,531)	(2,147)	(2,147)	(2,197)	(1,830)	(1,408)	(956)	(604)	(472)
Benefit payments, including refunds	(87,478)	(82,395)	(30,730)	(67,856)	(19,149)	(8,550)	(4,744)	(3,633)	(28,266)	(1,640)
Other	37,008	16,468	49,740	8,447	10,406	12,364	9,955	3,579	22,435	(57)
Net Change in Plan Fiduciary Net Position	1,187,780	762,009	116,332	965,714	600,673	649,349	314,741	422,789	280,723	185,492
Plan Fiduciary Net Position - Beginning of year	4,846,677	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
Plan Fiduciary Net Position - End of year	\$ 6,034,457	\$ 4,846,677	\$ 4,084,668	\$ 3,968,336	\$ 3,002,622	\$ 2,401,949	\$ 1,752,600	\$ 1,437,859	\$ 1,015,070	\$ 734,347
Authority's Net Pension (Asset) Liability - Ending	\$ (718,613)	\$ (402,519)	\$ (127,525)	\$ (503,961)	\$ 65,492	\$ (25,989)	\$ 109,285	\$ 1,240	\$ 18,622	\$ 48,425
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	113.52 %	109.06 %	103.22 %	114.55 %	97.87 %	101.09 %	94.13 %	99.91 %	98.20 %	93.81 %
Covered Payroll	\$ 6,030,035	\$ 3,095,282	\$ 2,824,887	\$ 2,999,344	\$ 3,207,550	\$ 3,197,604	\$ 2,996,341	\$ 2,446,606	\$ 2,095,950	\$ 1,840,437
Authority's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(11.92)%	(13.00)%	(4.51)%	(16.80)%	2.04 %	(0.81)%	3.65 %	0.05 %	0.89 %	2.63 %

Denton County Transportation Authority

Required Supplementary Information Schedule of Pension Contributions

	Last Ten Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution \$	609,876	322,221	207,189	222,678	188,649	206,622	188,483	184,273	143,780	120,475
Contributions in relation to the actuarially determined contribution	609,876	322,221	207,189	222,678	188,649	206,622	188,483	184,273	143,780	120,475
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,873,231	\$ 4,509,745	\$ 2,833,246	\$ 3,219,467	\$ 3,018,354	\$ 3,300,495	\$ 3,025,716	\$ 3,002,632	\$ 2,364,645	\$ 2,001,375
Contributions as a Percentage of Covered Payroll	6.87 %	7.14 %	7.31 %	6.92 %	6.25 %	6.26 %	6.23 %	6.14 %	6.08 %	6.02 %

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	14.7 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50 percent
Salary increase	Varies by age and service 4.7 percent average over career, including inflation
Investment rate of return	7.50 percent, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135 percent of the Pub-2010 General Retirees Table for males and 120 percent of the Pub-2010 General Retirees Table for females, both projected with 100 percent of the MP-2021 Ultimate scale after 2010
Other information	None

See note to required supplementary information.

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.

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Denton County Transportation Authority

Supplementary Information Schedule of Revenue and Expenses - Budget to Actual

Year Ended September 30, 2025
(With Comparative Actual for 2024)

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget	2024
Operating Revenue					
Passenger revenue	\$ 1,675,312	\$ 1,675,312	\$ 1,727,518	\$ 52,206	\$ 1,906,892
Contract services	4,400,615	4,400,615	3,798,461	(602,154)	4,948,287
Other	-	-	90,761	90,761	174,398
Total operating revenue	6,075,927	6,075,927	5,616,740	(459,187)	7,029,577
Operating Expenses					
Salaries, wages, and benefits	14,288,291	14,392,828	11,838,956	2,553,872	5,994,072
Outsourced services and charges	5,562,583	5,699,300	7,754,270	(2,054,970)	6,763,876
Materials and supplies	3,371,597	3,217,695	2,218,893	998,802	2,118,889
Purchased transportation services	25,053,458	25,053,458	22,890,819	2,162,639	23,888,423
Utilities	761,572	761,572	526,317	235,255	561,652
Insurance	1,874,600	1,973,772	1,889,074	84,698	1,020,325
Leases and rentals	188,700	212,080	193,771	18,309	169,862
Employee development	795,340	792,340	237,395	554,945	283,497
Transportation reinvestment program	-	4,218,304	4,218,304	-	1,590,754
Depreciation	10,832,092	10,832,092	11,051,662	(219,570)	10,808,931
Total operating expenses	62,728,233	67,153,441	62,819,461	4,333,980	53,200,281
Operating Loss	(56,652,306)	(61,077,514)	(57,202,721)	3,874,793	(46,170,704)
Nonoperating Revenue (Expenses)					
Investment income	2,200,000	2,200,000	5,322,769	3,122,769	5,983,517
Gain on sale of assets	-	-	-	-	2,818
Sales tax revenue	41,000,000	41,000,000	41,234,879	234,879	40,592,222
Transit system operating assistance grants	10,383,400	10,383,400	14,095,704	3,712,304	11,622,600
Interest expense	(171,811)	(171,811)	(171,811)	-	(192,299)
Total nonoperating revenue	53,411,589	53,411,589	60,481,541	7,069,952	58,008,858
Capital Contributions - Capital grants	4,319,818	4,319,818	119,728	(4,200,090)	785,917
Transfers to NTMC	-	-	-	-	(4,505,280)
Change in Net Position	1,079,101	(3,346,107)	3,398,548	6,744,655	8,118,791
Net Position - Beginning of year	392,994,640	392,994,640	392,994,640	-	384,875,849
Net Position - End of year	\$ 394,073,741	\$ 389,648,533	\$ 396,393,188	\$ 6,744,655	\$ 392,994,640

Denton County Transportation Authority

**Federal Awards Supplemental Information
September 30, 2025**

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

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated February 26, 2026, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to February 26, 2026.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

February 26, 2026

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 (*Government Auditing Standards*), the financial statements of the Denton County Transportation Authority (the "Authority") as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 26, 2026.

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 opinion 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*.

To Management and the Board of Directors
Denton County Transportation Authority

Purpose of this Report

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

February 26, 2026

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

Independent Auditor's Report

To the Board of Directors
Denton County Transportation Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Denton County Transportation Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2025. 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, 2025.

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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

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.

February 26, 2026

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Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Federal Project 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	20.507	TX-2020-119-00		\$ -	\$ 74,979
Federal Transit - Formula Grants	20.507	TX-2023-052-00		-	35,068
Federal Transit - Formula Grants	20.507	TX-2024-024-00		-	47,437
Federal Transit - Formula Grants	20.507	TX-2024-102-00		-	3,221,616
Federal Transit - Formula Grants	20.507	TX-2025-028-00		-	676,888
Federal Transit - Formula Grants	20.507	TX-2025-056-00		-	4,868,566
Federal Transit - State of Good Repair Grants	20.525	TX-2025-027-00		-	3,190,609
Federal Transit - State of Good Repair Grants	20.525	TX-2025-090-00		-	1,774,812
Federal Transit - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	TX-2023-072-00		-	183,090
Total Federal Transit Cluster				-	14,073,065
U.S. Department of Transportation - Direct Programs - Transit Services Programs Cluster:					
Transit Services - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2024-009-00		-	23,376
Transit Services - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2024-060-00		-	109,310
Total Transit Services Programs Cluster				-	132,686
Total federal expenditures				\$ -	\$ 14,205,751

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Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Denton County Transportation Authority (the “Authority”) under programs of the federal government for the year ended September 30, 2025. 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 *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

DRAFT

Denton County Transportation Authority

Schedule of Findings and Questioned Costs

Year Ended September 30, 2025

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	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

February 26, 2026

To the Board of Directors
Denton County Transportation Authority

We have audited the financial statements of the Denton County Transportation Authority (the "Authority" or DCTA) as of and for the year ended September 30, 2025 and have issued our report thereon dated February 26, 2026. 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

Section I includes information that we are required to communicate to those individuals charged with governance of the Authority. This 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 or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Keith Szymanski

Keith Szymanski, Partner

Amy Tytar

Amy Tytar, Manager

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 November 3, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated February 26, 2026 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 December 1, 2025.

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.

As described in Note 1, DCTA changed accounting policies related to compensated absences in order to adopt new accounting standard GASB Statement No. 101, *Compensated Absences*. However, the impact to the financial statements was insignificant, and, therefore, prior periods were not restated.

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

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

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.

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

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 February 26, 2026.

Management Consultations with Other Independent Accountants

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

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical 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

Other Recommendation - Investments

We noted there are quarterly reviews of investment reconciliations occurring but no formal documentation to corroborate this. We recommend signing or otherwise documenting quarterly reviews to show this review is taking place throughout the year.

Inflation Reduction Act (IRA)

Significant legislation was enacted in 2022 that has dramatically expanded the available tax credits, tax incentives, and other funding opportunities related to the green energy sector. The One, Big, Beautiful Bill (OBBB), enacted on July 4, 2025, introduced sweeping changes to those credits. However, the OBBB delayed the implementation of certain provisions - meaning that, with careful planning, the Authority can still take advantage of available credits. Additionally, the new monetization options from the original legislation that expanded the benefits of tax credits for qualifying activities to public sector organizations like the Authority remain unchanged from the OBBB. The breadth of qualifying activities is significant, including, in most cases, the production of electricity; production of solar, wind, and energy equipment; installation of energy-efficient upgrades to businesses and homes; and the acquisition of electric vehicles (EVs) and charging equipment. We are happy to discuss any questions or potential tax credit opportunities with you, and please also feel free to visit our IRA tax credits articles and webinars at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/inflation-reduction-act-tax-credits>.

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 municipality 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 assessment of the system in order to verify that the control environment is working as intended is a key part of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective for fiscal year ends beginning on October 1, 2024 and after. The 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 changes include the following:

- Increase the single audit threshold to \$1 million from \$750,000
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after

The changes are included in more detail within the federal register at <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>, and we are happy to discuss these changes with you.

Section II - Other Recommendations and Informational Items (Continued)

Capitalization Thresholds

The April 2024 Uniform Grants Guidance 2024 Revision described above resulted in the equipment threshold increasing from \$5,000 to \$10,000. This threshold applies to the value of equipment that at the end of the grant period may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency. In addition to considering this Uniform Guidance threshold related to federal grants compliance, it may be a good time for the Authority to reevaluate the capitalization thresholds. We are happy to assist you in thinking through considerations in evaluating these thresholds.

Other New Legislation

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 City. 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. 103 - Financial Reporting Model Improvements

This new accounting pronouncement will be effective for the Authority's fiscal year ending September 30, 2026. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis (MD&A); unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This statement requires that the MD&A be limited to the five topics noted in the standard and provides further guidance on how the MD&A should be written. For proprietary fund financial reporting, the statement defines nonoperating revenue and expense and introduces the concept of subsidies. It also requires new subtotals to present total noncapital subsidies and income or loss, including both operating activities and noncapital subsidies. The statement prescribes that the required budgetary comparison schedules be reported only in the required supplementary information section of the statements and dictates what variance information should be included. Next, the statement removes the option to present discretely presented component unit information as condensed information in the notes rather than in the statements. Lastly, the statement outlines how unusual or infrequent items should be presented separately on the financial statements.

GASB Statement No. 104 - Disclosure of Certain Capital Assets

This new accounting pronouncement - also effective beginning next year - requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale.

GASB Statement No. 105 - Subsequent Events

This new accounting pronouncement will be effective for the Authority's fiscal year ending September 30, 2027. This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statements clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

Section II - Other Recommendations and Informational Items (Continued)

Significant GASB Proposal Worth Watching

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 in two phases - one in early 2027 and another in 2028.

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

DRAFT



Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss and Consider Approval of Monthly Financial Statement for December 31, 2025, Quarterly Grants Report for the Period ended December 31, 2025, and Receive an Update Regarding Finance Operations

Recommendation

Staff recommends the Board approve the Monthly Financial Statement for December 2025 and the Grants Report for the period ended December 31, 2025.

Background

The financial statement is presented monthly to the Board of Directors for approval. Grants reports are provided on a quarterly basis. The attached reports are for the period ending December 31, 2025. These reports provide 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 December 31, 2025 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 – December 31, 2025

Exhibit 2: Grants Report - December 31, 2025

Exhibit 3: Investment Report - December 31, 2025

Submitted by:



LaKeisha Williams, Senior Manager of Accounting



Jane Filarowicz, Senior Manager of Budget & Grants



Derick Sibley, Vice President of Finance



DENTON COUNTY TRANSPORTATION AUTHORITY

Statement of Revenue and Expenditures
Presented for the Period Ended December 31, 2025
(UNAUDITED)

	Prior Year Actual				FY 2026 - December 31, 2025					Notes
	2022	2023	2024	2025	YTD Actual	YTD Budget	Annual Budget	Actual %	Expected %	
Revenue and Other Income										
Sales Tax Revenues	38,030,250	40,292,936	40,615,026	41,234,879	\$ 11,848,762	\$ 10,250,000	\$ 41,000,000	28.9%	25.0%	
Federal/State Grants - Operating	19,028,351	9,431,745	11,563,170	14,095,704	3,960,841	\$ 2,944,119	\$ 11,776,474	33.6%	25.0%	
Federal/State Grants - Capital	95,069	59,828	566,000	119,728	-	\$ 691,927	\$ 2,767,706	0.0%	25.0%	1
Contract Service Revenues	3,721,321	4,233,303	4,948,287	3,798,461	1,128,437	\$ 1,231,510	\$ 4,926,041	22.9%	25.0%	2
Passenger Revenues	\$ 928,697	\$ 1,568,794	\$ 1,906,892	\$ 1,727,518	\$ 348,985	\$ 435,375	\$ 1,741,501	20.0%	25.0%	3
Total Revenues and Other Income	61,803,687	55,586,606	59,599,375	60,976,290	17,287,026	15,552,931	62,211,722			
Operating Expenses										
Purchased Transportation Services	19,235,801	22,251,475	23,888,423	22,890,819	6,229,153	6,576,649	26,306,597	23.7%	25.0%	4
Salary, Wages and Benefits	9,223,042	9,014,747	10,212,178	11,838,956	3,487,043	3,951,751	14,677,931	23.8%	26.9%	
Outsourced Services and Charges	6,946,993	5,831,802	6,930,904	7,754,270	1,636,823	1,599,411	6,397,642	25.6%	25.0%	5
Materials and Supplies	2,526,060	2,450,760	2,127,167	2,218,893	436,937	690,043	2,760,170	15.8%	25.0%	
Insurance	1,669,123	1,586,292	1,099,836	1,889,074	990,313	998,066	1,996,131	49.6%	50.0%	
Utilities	521,960	497,792	561,653	526,317	144,774	199,155	796,621	18.2%	25.0%	
Employee Development	137,647	180,014	301,748	237,395	18,380	200,113	800,453	2.3%	25.0%	6
Leases and Rentals	151,068	142,445	169,862	193,771	65,253	72,073	288,292	22.6%	25.0%	
Depreciation	11,351,683	9,074,912	9,959,074	11,051,662	2,694,155	2,756,210	11,024,842	24.4%	25.0%	
Total Operating Expenses	51,763,377	51,030,239	55,250,845	58,601,157	15,702,830	17,043,470	65,048,679			
Income Before Non-Operating Revenues and Expenses	10,040,310	4,556,367	4,348,530	2,375,133	1,584,196	(1,490,540)	(2,836,957)			
Non-Operating Revenues/(Expense)										
Investment Income	462,425	4,434,145	5,983,517	5,322,769	1,213,554	875,000	3,500,000	34.7%	25.0%	
Other Income/(Expense) - Miscellaneous	447,462	923,293	174,316	90,761	2,052	52,500	210,000	1.0%	25.0%	
Long Term Debt Interest/(Expense)	(233,828)	(212,684)	(192,299)	(171,811)	-	37,776	151,102	0.0%	25.0%	
Gain (Loss) on Disposal of Assets	29,719	52,900	2,818	-	-	-	-	0.0%	0.0%	
Total Non-Operating Revenues/(Expenses)	705,778	5,197,654	5,968,352	5,241,720	1,215,607	965,276	3,861,102			
Income (Loss) includes	10,746,089	9,754,021	10,316,882	7,616,852	2,799,803	(525,264)	1,024,145			
Transfers Out to NTMC	(5,926,669)	(5,577,506)	-	-						
Total Transfers	(5,926,669)	(5,577,506)	-	-						
Change in Net Position	4,819,420	4,176,515	10,316,882	7,616,852	2,799,803	\$ (525,264)	\$ 1,024,145			

NOTES

- 1 Capital grants includes an estimate for PTC spending, which has not started as of December 2025.
- 2 Variance due to reclassing the City of Frisco revenue to operating grants beginning Q2 and will include November and December revenue.
- 3 Passenger Revenue slightly behind YTD Budget and revenue is recorded a month in arrears.
- 4 Under budget due to timing of contractor billing.
- 5 Charges includes projects for Information Technology and Planning and Development for which some have commenced.
- 6 Conservative utilization of training programs, certifications, and professional development initiatives.

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Grants Report FY2026 as of December 31, 2025

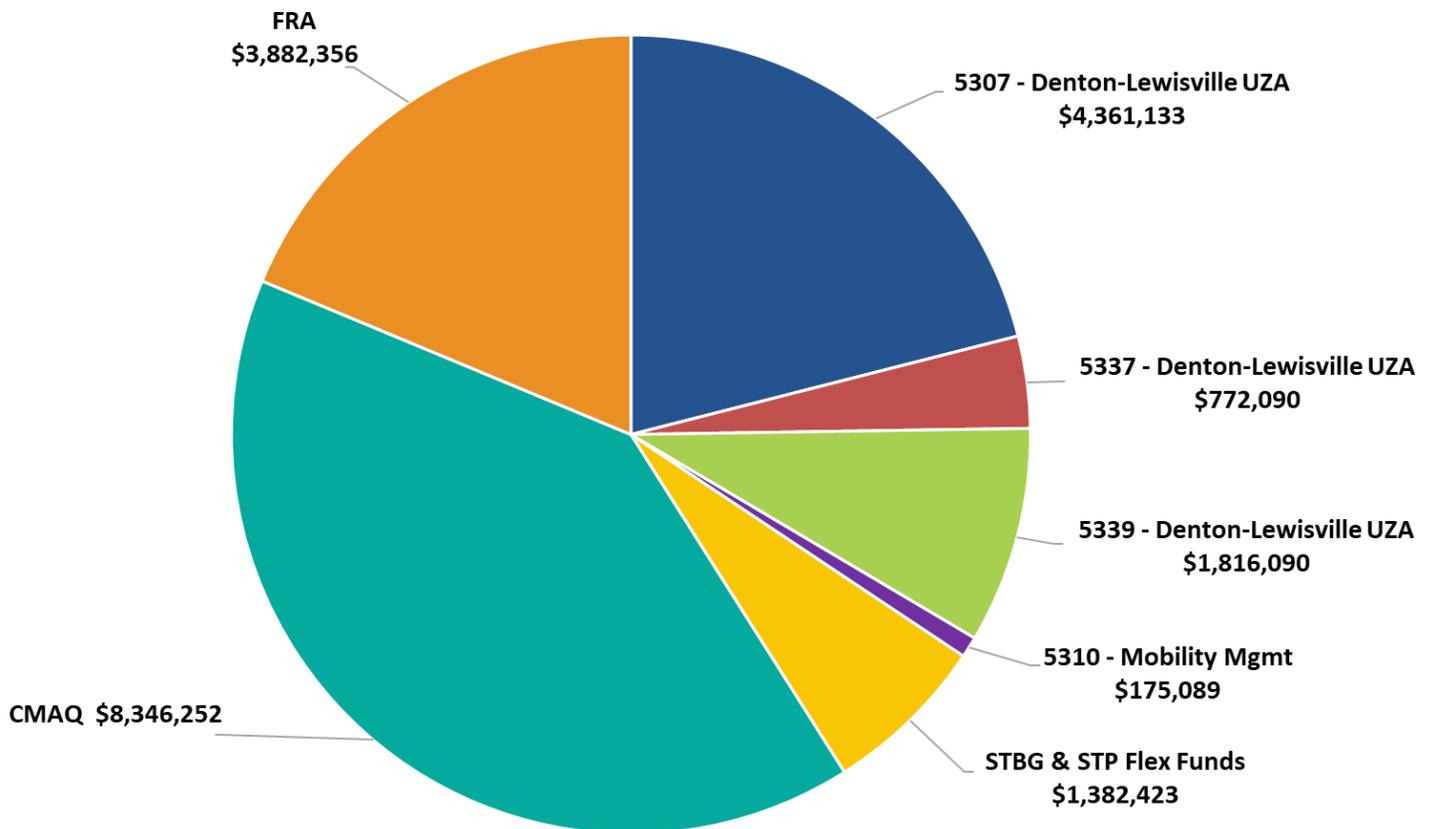
Recommendation

Staff recommend the Board approve the grants report for FY2026 Q1 (as of 12/31/25).

Background

As of December 31, 2025, DCTA has sixteen (16) open, fully executed grants that provide reimbursements for capital projects, rail and bus preventive maintenance, operating assistance, and ADA paratransit service. The grant funding sources include the Federal Transit Administration (FTA) and the Federal Railroad Administration (FRA).

**GRANTS FUNDING LEVELS FY2026 - \$20,735,433
as of 12/31/2025**





Program	Q4 FY25 Balance	Q1 FY26 Balance	Q1 FY26 Drawdown Amounts	Grant Activity
Denton-Lewisville UZA (5307)	\$6,735,364	\$4,361,133	\$2,374,231	Operating Assistance, Fleet Purchase, Bus Preventive Maintenance, Safety & Security, ADA Paratransit
Rail Preventive Maintenance (5337)	\$1,797,989	\$772,090	\$1,025,899	Rail Preventive Maintenance
Bus and Bus Facilities (5339)	\$2,068,273	\$1,816,090	\$252,183	Fleet Purchase/Replacement, Facilities Maintenance & IT Enhancements
5310 ARP/CRRSA (Collin County Rides)	\$218,416	\$175,089	\$43,327	Collin County Rides Mobility Manager
STP-FLEX / STBG Flex	\$1,611,492	\$1,382,423	\$229,069	Bus Preventive Maintenance, Vanpool & Bus Stop Enhancements
Congestion Mitigation & Air Quality (CMAQ)	\$8,346,252	\$8,346,252	\$0	Land Acquisition, RFQ Support & Construction (Old Town)
Consolidated Rail Infrastructure and Safety Improvements (FRA)	\$3,882,356	\$3,882,356	\$0	PTC Enhancements
Total	\$24,660,142	\$20,735,433	\$3,924,709	

Pending Funding and Other Grant Activity

As of December 31, 2025, DCTA has one (1) awarded competitive grant that is pending inclusion in the Statewide Transportation Improvement Program Listing.

Program	Amount	Grant Activity	Funding Status
FY25 Buses & Bus Facilities Competitive Program	\$2,295,000	Fleet Purchase (3 – 35' Buses)	Awarded – Pending STIP Listing

TOTAL	\$ 2,295,000		
--------------	---------------------	--	--

Available Funding

For this report, **available** status indicates funding amounts have been allocated to DCTA for which there is a grant application submitted to the FTA, but it is not yet an active grant.

Program	Amount	Grant Activity	Funding Status
FY23 Sec 5307 - CMAQ Flex Funds	\$3,000,000	A-train Enhancements	Transmitted / Ready for FTA Review
FY23 Sec 5307 - Capital & Operating	\$7,765,711	Operating Assistance, ADA, Preventive Maintenance, Safety & Security	Transmitted / Ready for FTA Review
FY24 Sec 5339 - Bus PM & Facility Maintenance	\$713,922	Facilities Maintenance & Bus Preventive Maintenance	In-Progress
FY24 Sec 5310 – City of Frisco Demand Response	\$425,000	Facilities Maintenance & Bus Preventive Maintenance	In-Progress
TOTAL	\$11,904,633		

Previous Board Activity & Action

There has been no previous Board activity on this item.

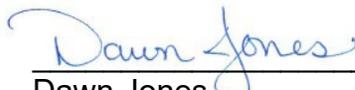
Identified Need

Provides the Board of Directors with a status update on grant balances and significant grant activity.

Financial Impact

This item is included for informational purposes only; there is no financial impact associated with this item. Grant revenues were adopted as part of the FY2026 budget.

Submitted by:



 Dawn Jones
 Grants Administrator

Final Review:



 Jane Filarowicz
 Senior Manager of Budget & Grants

INVESTMENT REPORT

Denton County Transportation Authority

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December 1 to December 31, 2025



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Market Recap

December saw the return of official government data following the 43 day shutdown. After two months of relying on private sources, financial markets finally received delayed October and November readings on inflation, the labor market, economic growth, and consumer sentiment.

Labor market data remained overwhelmingly negative throughout December. Private sector employment data showed more weakness ahead of the FOMC meeting, with the November ADP report revealing a 32k decline in payrolls, the largest monthly drop since early 2023. Small businesses shed 120k jobs, the biggest pullback since May 2020, while larger firms managed modest gains. Challenger's layoff data showed more than 1.17 million job cuts year to date, already the highest since 2020. By the time the BLS finally released its combined October–November report, the unemployment rate had jumped to 4.6%, and the underemployment rate rose sharply to 8.7%, reflecting a combination of lower survey participation, discouraged workers re entering the labor force, and softening in economic conditions. Payrolls increased a modest 64k in November after a steep 105k decline in October, and the three month average pace of job growth slowed to just 22k, down from 62k prior to the shutdown.

The weak job market has fed directly into collapsing consumer confidence. Both the University of Michigan and Conference Board measures slid toward multi decade lows, with Michigan's current conditions index hitting its lowest reading in nearly fifty years. Confidence eroded further as households continued to struggle with higher prices, slower wage gains, and a cooling job market. Retail categories tied to discretionary spending showed weakening momentum, while hiring freezes broadened across cyclically sensitive sectors such as manufacturing, transportation, information services, and finance.

With October CPI data never collected, the November CPI release only provided year over year changes. Even with the data disruptions, the numbers were striking, headline CPI unexpectedly fell from 3.0% to 2.7%, while core CPI softened from 3.0% to 2.6%, both reaching their lowest levels since early 2021. Shelter costs showed a questionable

deceleration, posting their smallest two month increase since the early months of the pandemic. Economists warned that shutdown related distortions may unwind in the coming months, but the overall picture reinforced the idea that the Fed's restrictive stance is continuing to exert downward pressure on inflation.

The Federal Reserve delivered its third consecutive 25 basis point cut at the December 10 meeting, lowering the target range to 3.50%–3.75%. The vote was fractured, with three dissents, the most since 2019, as Chicago's Goolsbee and Kansas City's Schmid argued for no change while Governor Miran pushed for a larger 50 bp move. Chair Powell described the decision as a "close call," noting that neither inflation nor employment data made a compelling case for easing, but the committee felt "well positioned to wait and see" heading into 2026. The updated Summary of Economic Projections offered mixed signals: the 2026 GDP forecast was revised sharply higher to 2.3%, while core PCE was nudged down to 2.5%, supporting the view that tariff related inflation pressures might be fading.

Later in the month, the economy delivered another surprise when Q3 GDP was revised up to 4.3%, the strongest quarterly growth in two years and well above every major forecast. Personal consumption remained the engine of expansion, while net exports provided an unusually large boost as imports fell sharply. But the stronger growth also pushed the GDP price index up to 3.8%, and the core PCE index rose to 2.9%, complicating the Fed's inflation narrative and reinforcing the idea that rate cuts in early 2026 are assured. Strong GDP with rising unemployment will be a challenge for policymakers next year, especially in an economy increasingly shaped by rapid technological changes and investment.

As the year wraps, the economic landscape remains uncertain marked by strong top line growth but weakening labor momentum, easing inflation but distorted data, and a Fed that cut while signaling caution ahead. The path of monetary policy early in 2026 will hinge on whether the economy's apparent strength proves durable or whether the growing signs of labor market softening begin to dominate the narrative.

Investment Officers' Certification

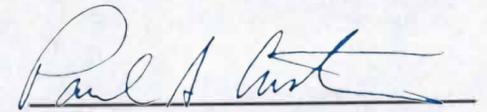
This report is prepared for the Denton County Transportation Authority (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Investment Officers



David Leininger
Interim Chief Financial Officer



Paul Cristina
Chief Executive Officer

Portfolio Overview

Portfolio Summary

	Prior 30 Nov-25	Current 31 Dec-25
Par Value	133,818,900.00	131,122,216.84
Original Cost	133,248,792.28	130,770,704.69
Book Value	133,496,212.42	130,808,287.47
Market Value	133,549,154.15	130,883,484.42
Accrued Interest	251,424.68	297,952.84
Book Value Plus Accrued	133,747,637.10	131,106,240.31
Market Value Plus Accrued	133,800,578.82	131,181,437.26
Net Unrealized Gain/(Loss)	52,941.73	75,196.94

Income Summary

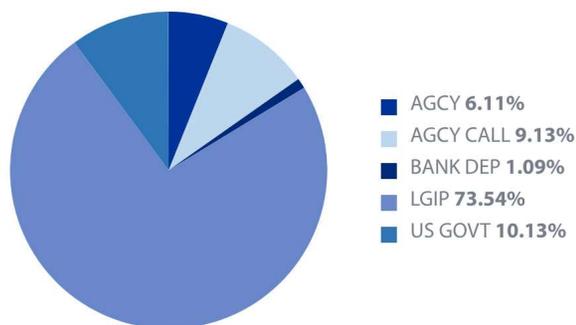
Current Period	1 Dec-25 to 31 Dec-25
Interest Income	406,887.53
Net Amortization/Accretion	18,998.21
Realized Gain/(Loss)	0.00
Net Income	425,885.75

Fiscal Year-to-Date	1 Oct-25 to 31 Dec-25
Net Income	1,296,774.31

Portfolio Characteristics

	Prior 30 Nov-25	Current 31 Dec-25
Yield to Maturity	3.934%	3.795%
Yield to Worst	3.934%	3.795%
Days to Final Maturity	124	140
Days to Effective Maturity	124	140
Duration	1.20	1.43

Asset Allocation

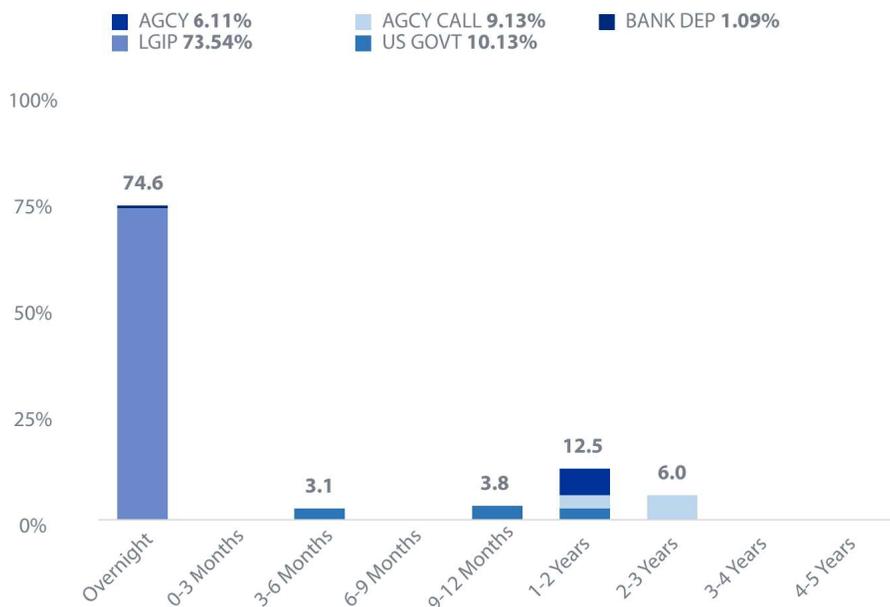


Transaction Summary

Transaction Type	Quantity	Principal	Interest	Total Amount	Realized Gain/Loss
Buy	4,000,000.00	(3,989,760.00)	(12,055.56)	(4,001,815.56)	0.00
Maturity	(7,000,000.00)	7,000,000.00	0.00	7,000,000.00	0.00
Coupon	0.00	0.00	60,000.00	60,000.00	0.00

Portfolio Overview

Maturity Distribution by Security Type



Top Ten Holdings

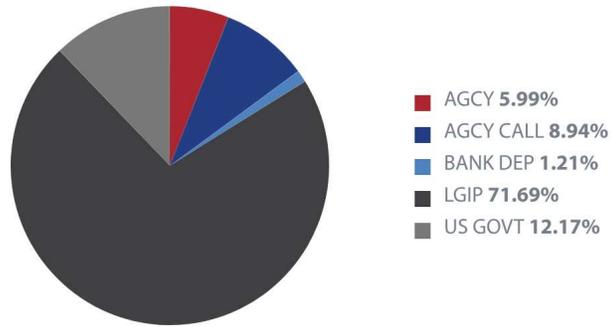
Issuer	Allocation
TEXSTAR	73.54%
Federal Farm Credit Banks Funding Corporation	12.13%
United States	10.13%
Federal Home Loan Banks	3.11%
WF	1.09%

Maturity Distribution by Security Type

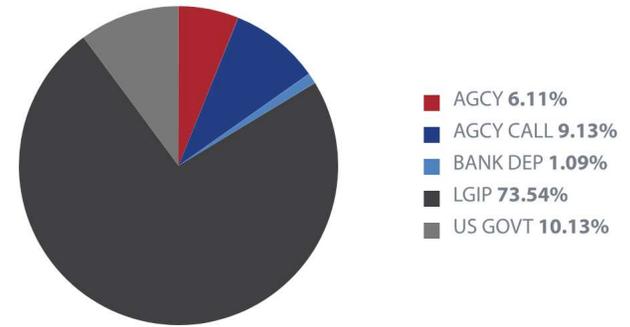
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
AGCY	--	--	--	--	--	7,990,257.95	--	--	--	7,990,257.95
AGCY CALL	--	--	--	--	--	4,072,247.71	7,872,103.85	--	--	11,944,351.56
BANK DEP	1,428,213.11	--	--	--	--	--	--	--	--	1,428,213.11
LGIP	96,194,003.73	--	--	--	--	--	--	--	--	96,194,003.73
US GOVT	--	--	3,998,160.00	--	5,011,863.55	4,241,437.56	--	--	--	13,251,461.12
Total	97,622,216.84	--	3,998,160.00	--	5,011,863.55	16,303,943.23	7,872,103.85	--	--	130,808,287.47

Asset Allocation

Asset Allocation by Security Type as of
30-Nov-2025



Asset Allocation by Security Type as of
31-Dec-2025



Book Value Basis Security Distribution

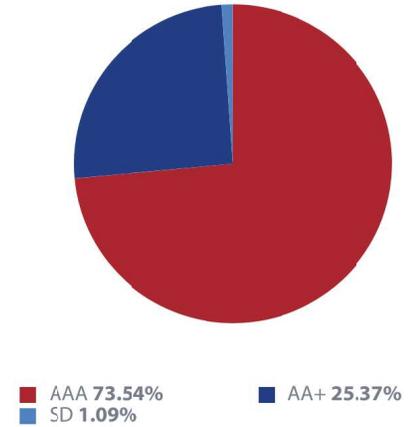
Security Type	Prior Balance 30-Nov-25	Prior Allocation 30-Nov-25	Change in Allocation	Current Balance 31-Dec-25	Current Allocation 31-Dec-25	Yield to Maturity
AGCY	7,995,802.05	5.99%	0.12%	7,990,257.95	6.11%	3.630%
AGCY CALL	11,930,608.29	8.94%	0.19%	11,944,351.56	9.13%	3.704%
BANK DEP	1,613,105.97	1.21%	(0.12)%	1,428,213.11	1.09%	0.231%
LGIP	95,705,794.03	71.69%	1.85%	96,194,003.73	73.54%	3.825%
US GOVT	16,250,902.09	12.17%	(2.04)%	13,251,461.12	10.13%	4.143%
Portfolio Total	133,496,212.42	100.00%		130,808,287.47	100.00%	3.795%

Credit Rating Summary

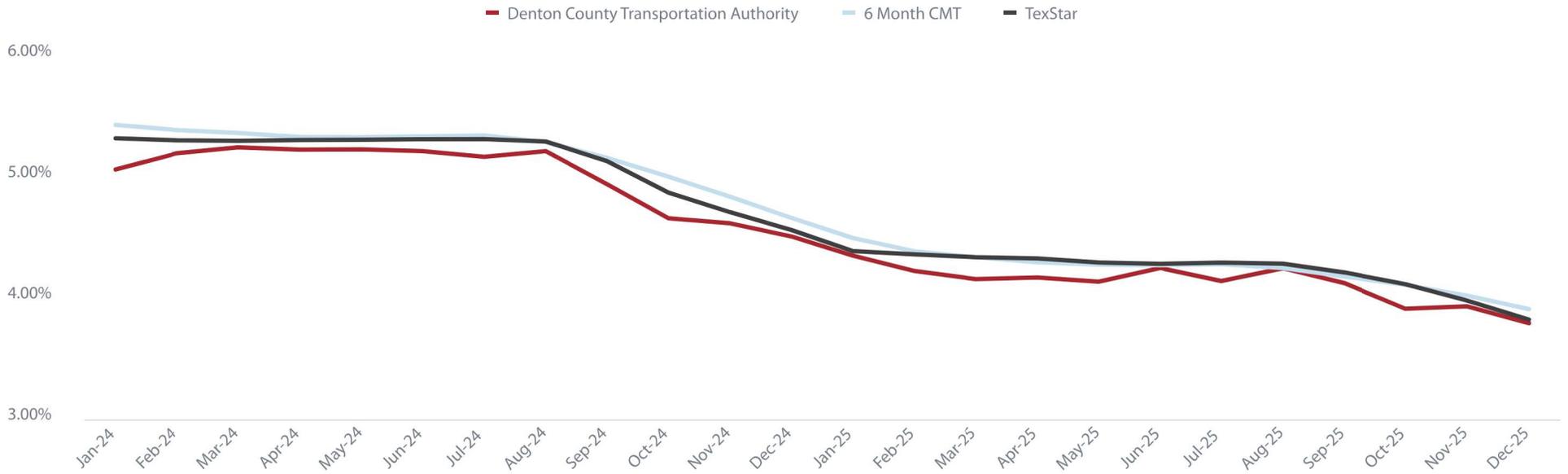
Rating Distribution

	Book Value	Portfolio Allocation
Secured Deposits (Insured or Collateralized)		
Demand Deposits	1,428,213.11	1.09%
Total Secured Deposits	1,428,213.11	1.09%
Local Government Investment Pools & Money Market Funds		
AAA	96,194,003.73	73.54%
Total Local Government Investment Pools & Money Market Funds	96,194,003.73	73.54%
Long Term Rating Distribution		
AA+	33,186,070.63	25.37%
Total Long Term Rating Distribution	33,186,070.63	25.37%
Portfolio Total	130,808,287.47	100.00%

Allocation by Rating



Benchmark Comparison



Yield Overview

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Denton County Transportation Authority	5.06	5.20	5.25	5.23	5.23	5.21	5.17	5.21	4.94	4.66	4.62	4.51	4.35	4.23	4.16	4.17	4.14	4.25	4.14	4.25	4.13	3.91	3.93	3.80
6 Month CMT	5.43	5.39	5.36	5.33	5.33	5.34	5.34	5.29	5.16	5.00	4.84	4.66	4.50	4.39	4.34	4.30	4.28	4.27	4.28	4.25	4.18	4.11	4.02	3.91
TexStar	5.32	5.30	5.30	5.31	5.31	5.31	5.31	5.29	5.13	4.87	4.71	4.56	4.39	4.36	4.34	4.33	4.30	4.28	4.30	4.29	4.21	4.12	3.98	3.82

Fund Overview

Fund Name	Prior Book Value	Prior Market Value	Changes to Market Value	Current Book Value	Current Market Value	Net Income	Days to Final Mty	YTM	YTW
2011 Bond Fund	687,424.80	687,424.80	280.30	687,705.10	687,705.10	280.30	1	0.480%	0.480%
Additional Reserve Fund	1,594,573.79	1,594,573.79	5,179.68	1,599,753.47	1,599,753.47	5,179.68	1	3.825%	3.825%
Bond Fund	2,093,679.14	2,093,679.14	6,800.92	2,100,480.06	2,100,480.06	6,800.92	1	3.825%	3.825%
Operating Fund	925,681.17	925,681.17	(185,173.16)	740,508.01	740,508.01	0.00	1	0.000%	0.000%
Reserve Fund	17,020,232.28	17,022,026.23	32,058.24	17,044,002.42	17,054,084.47	53,871.25	301	3.733%	3.733%
Sales Tax Fund	111,174,621.24	111,225,769.02	(2,524,815.71)	108,635,838.41	108,700,953.31	359,753.60	121	3.850%	3.850%
Total	133,496,212.42	133,549,154.15	(2,665,669.73)	130,808,287.47	130,883,484.42	425,885.75	140	3.795%	3.795%

Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	Par Value	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating
2011 Bond Fund																		
WF-MANA		BANK DEP	Wells Fargo Managed Rate	0.480	12/31/25			687,705.10	100.000	687,705.10	687,705.10	100.000	687,705.10	1		0.480	0.480	SD
Total 2011 Bond Fund								687,705.10		687,705.10	687,705.10		687,705.10	1		0.480	0.480	
Additional Reserve Fund																		
TEXSTAR		LGIP	TexSTAR	3.825	12/31/25			1,599,753.47	100.000	1,599,753.47	1,599,753.47	100.000	1,599,753.47	1		3.825	3.825	AAA
Total Additional Reserve Fund								1,599,753.47		1,599,753.47	1,599,753.47		1,599,753.47	1		3.825	3.825	
Bond Fund																		
TEXSTAR		LGIP	TexSTAR	3.825	12/31/25			2,100,480.06	100.000	2,100,480.06	2,100,480.06	100.000	2,100,480.06	1		3.825	3.825	AAA
Total Bond Fund								2,100,480.06		2,100,480.06	2,100,480.06		2,100,480.06	1		3.825	3.825	
Operating Fund																		
WF-SWEEP		BANK DEP	Wells Fargo Sweep	0.000	12/31/25			740,508.01	100.000	740,508.01	740,508.01	100.000	740,508.01	1		0.000	0.000	SD
Total Operating Fund								740,508.01		740,508.01	740,508.01		740,508.01	1		0.000	0.000	
Reserve Fund																		
TEXSTAR		LGIP	TexSTAR	3.825	12/31/25			9,053,744.47	100.000	9,053,744.47	9,053,744.47	100.000	9,053,744.47	1		3.825	3.825	AAA
3133ETVJ3	09/24/25	AGCY	FFCB	3.625	08/27/27			4,000,000.00	100.004	4,000,168.00	4,000,186.33	100.092	4,003,676.00	604		3.622	3.622	AA+
3133ETS81	12/11/25	AGCY	FFCB	3.500	11/10/27			4,000,000.00	99.744	3,989,760.00	3,990,071.62	99.917	3,996,664.00	679		3.638	3.638	AA+
Total Reserve Fund								17,053,744.47		17,043,672.47	17,044,002.42		17,054,084.47	301		3.733	3.733	
Sales Tax Fund																		
TEXSTAR		LGIP	TexSTAR	3.825	12/31/25			83,440,025.73	100.000	83,440,025.73	83,440,025.73	100.000	83,440,025.73	1		3.825	3.825	AAA
91282CHB0	09/13/24	US GOVT	U.S. Treasury Note	3.625	05/15/26			4,000,000.00	99.793	3,991,718.75	3,998,160.00	100.027	4,001,093.76	135		3.752	3.752	AA+
91282CJC6	11/19/24	US GOVT	U.S. Treasury Note	4.625	10/15/26			5,000,000.00	100.559	5,027,929.69	5,011,863.55	100.797	5,039,843.75	288		4.314	4.314	AA+
91282CKA8	11/19/24	US GOVT	U.S. Treasury Note	4.125	02/15/27			4,250,000.00	99.602	4,233,066.41	4,241,437.56	100.645	4,277,392.57	411		4.311	4.311	AA+
3130ANJB7	10/08/25	AGCY CALL	FHLB	1.000	08/26/27	08/26/26	Annual	4,250,000.00	95.250	4,048,125.00	4,072,247.71	95.892	4,075,401.50	603	238	3.632	3.632	AA+
3133ELKG8	10/03/25	AGCY CALL	FFCB	2.050	02/03/28	01/20/26	Continuous	4,000,000.00	96.493	3,859,720.00	3,873,912.83	96.890	3,875,600.00	764	20	3.630	3.630	AA+
3133ETXV4	09/19/25	AGCY CALL	FFCB	3.830	09/15/28	09/15/26	Continuous	4,000,000.00	99.950	3,998,000.00	3,998,191.02	99.790	3,991,596.00	989	258	3.848	3.848	AA+

Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	Par Value	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating		
Total Sales Tax Fund								108,940,025.73	108,598,585.58	108,635,838.41	108,700,953.31	121	174	3.850	3.850					
Grand Total								131,122,216.84	130,770,704.69	130,808,287.47	130,883,484.42	140	174	3.795	3.795					

Earned Income

CUSIP	Security Type	Detailed Security Description	Beginning Accrued	Interest Earned	Interest Rec'd/ Sold/Matured	Interest Purchased	Ending Accrued	Disc Accr/Prem Amort	Net Realized Gain/Loss	Net Income
2011 Bond Fund										
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	280.30	280.30	0.00	0.00	0.00	0.00	280.30
Total 2011 Bond Fund			0.00	280.30	280.30	0.00	0.00	0.00	0.00	280.30
Additional Reserve Fund										
TEXSTAR	LGIP	TexSTAR	0.00	5,179.68	5,179.68	0.00	0.00	0.00	0.00	5,179.68
Total Additional Reserve Fund			0.00	5,179.68	5,179.68	0.00	0.00	0.00	0.00	5,179.68
Bond Fund										
TEXSTAR	LGIP	TexSTAR	0.00	6,800.92	6,800.92	0.00	0.00	0.00	0.00	6,800.92
Total Bond Fund			0.00	6,800.92	6,800.92	0.00	0.00	0.00	0.00	6,800.92
Operating Fund										
WF-SWEEP	BANK DEP	Wells Fargo Sweep	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Fund			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve Fund										
3134A2HG6	AGCY	FHLMC 0.0 12/11/2025	0.00	0.00	0.00	0.00	0.00	4,378.55	0.00	4,378.55
TEXSTAR	LGIP	TexSTAR	0.00	29,314.24	29,314.24	0.00	0.00	0.00	0.00	29,314.24
3133ETWJ3	AGCY	FFCB 3.625 08/27/2027	37,861.11	12,083.33	0.00	0.00	49,944.44	5.74	0.00	12,089.07
3133ETS81	AGCY	FFCB 3.5 11/10/2027	0.00	7,777.77	0.00	(12,055.56)	19,833.33	311.62	0.00	8,089.39
Total Reserve Fund			37,861.11	49,175.35	29,314.24	(12,055.56)	69,777.78	4,695.90	0.00	53,871.25
Sales Tax Fund										
91282CGA3	US GOVT	U.S. Treasury Note 4.0 12/15/2025	55,409.84	4,590.16	60,000.00	0.00	0.00	777.28	0.00	5,367.45
TEXSTAR	LGIP	TexSTAR	0.00	270,839.79	270,839.79	0.00	0.00	0.00	0.00	270,839.79
91282CHB0	US GOVT	U.S. Treasury Note 3.625 05/15/2026	6,408.84	12,417.13	0.00	0.00	18,825.97	425.67	0.00	12,842.80
91282CJC6	US GOVT	U.S. Treasury Note 4.625 10/15/2026	29,859.20	19,694.37	0.00	0.00	49,553.57	(1,268.50)	0.00	18,425.87
91282CKA8	US GOVT	U.S. Treasury Note 4.125 02/15/2027	51,450.41	14,768.17	0.00	0.00	66,218.58	624.58	0.00	15,392.75
3130ANJB7	AGCY CALL	FHLB 1.0 08/26/2027	11,215.28	3,541.67	0.00	0.00	14,756.94	8,797.70	0.00	12,339.36

Earned Income

CUSIP	Security Type	Detailed Security Description	Beginning Accrued	Interest Earned	Interest Rec'd/ Sold/Matured	Interest Purchased	Ending Accrued	Disc Accr/Prem Amort	Net Realized Gain/Loss	Net Income
3133ELKG8	AGCY CALL	FFCB 2.05 02/03/2028	26,877.78	6,833.33	0.00	0.00	33,711.11	4,888.64	0.00	11,721.98
3133ETXV4	AGCY CALL	FFCB 3.83 09/15/2028	32,342.22	12,766.67	0.00	0.00	45,108.89	56.94	0.00	12,823.61
Total Sales Tax Fund			213,563.56	345,451.29	330,839.79	0.00	228,175.06	14,302.31	0.00	359,753.60
Grand Total			251,424.68	406,887.53	372,414.93	(12,055.56)	297,952.84	18,998.21	0.00	425,885.75

Investment Transactions

CUSIP	Trade Date	Settle Date	Security Type	Security Description	Coupon	Maturity Date	Call Date	Par Value	Price	Principal Amount	Interest Purchased/Received	Total Amount	Realized Gain/Loss	YTM	YTW
Reserve Fund															
Buy															
3133ETS81	12/09/25	12/11/25	AGCY	FFCB	3.500	11/10/27		4,000,000.00	99.744	3,989,760.00	12,055.56	4,001,815.56	0.00	3.638	3.638
Total Buy								4,000,000.00		3,989,760.00	12,055.56	4,001,815.56	0.00		
Maturity															
3134A2HG6	12/11/25	12/11/25	AGCY	FHLMC	0.000	12/11/25		(4,000,000.00)	100.000	4,000,000.00	0.00	4,000,000.00	0.00	--	--
Total Maturity								(4,000,000.00)		4,000,000.00	0.00	4,000,000.00	0.00		
Sales Tax Fund															
Coupon															
91282CGA3	12/15/25	12/15/25	US GOVT	U.S. Treasury Note	4.000	12/15/25		0.00		0.00	60,000.00	60,000.00	0.00	--	--
Total Coupon								0.00		0.00	60,000.00	60,000.00	0.00		
Maturity															
91282CGA3	12/15/25	12/15/25	US GOVT	U.S. Treasury Note	4.000	12/15/25		(3,000,000.00)	100.000	3,000,000.00	0.00	3,000,000.00	0.00	--	--
Total Maturity								(3,000,000.00)		3,000,000.00	0.00	3,000,000.00	0.00		

Investment Transactions Totals

Transaction Type	Quantity	Principal Amount	Interest	Total Amount	Realized G/L	YTM	YTW
Total Buy	4,000,000.00	(3,989,760.00)	(12,055.56)	(4,001,815.56)	0.00	3.638	3.638
Total Maturity	(7,000,000.00)	7,000,000.00	0.00	7,000,000.00	0.00	4.318	4.318
Total Coupon	0.00	0.00	60,000.00	60,000.00	0.00		

Amortization and Accretion

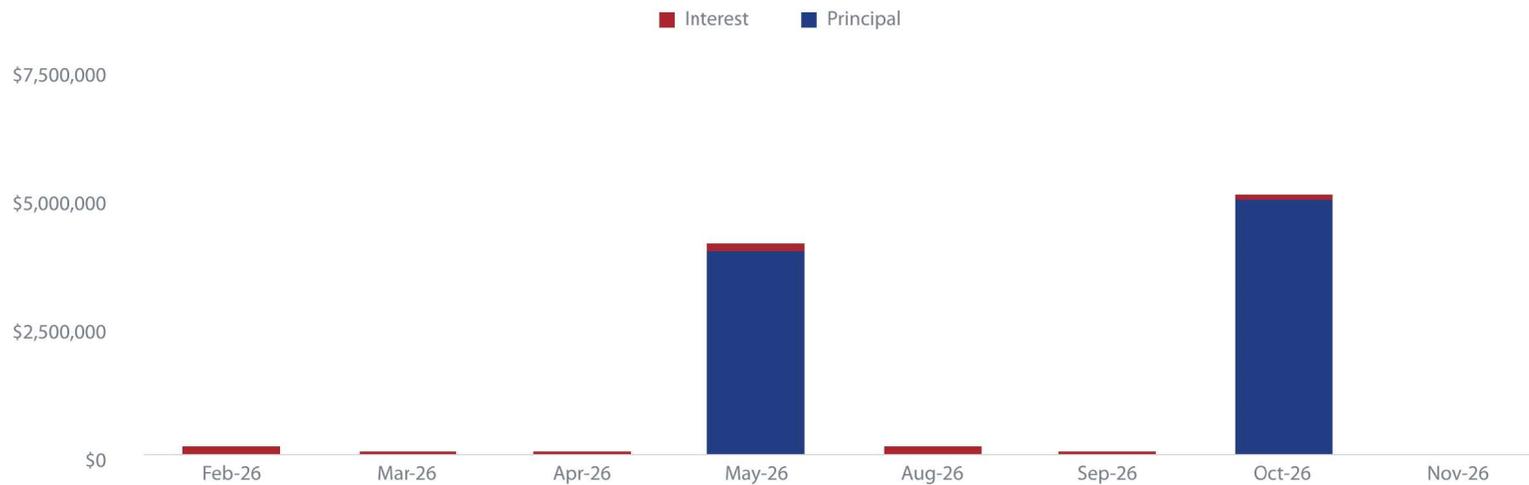
CUSIP	Settle Date	Security Type	Detailed Security Description	Purchase Qty	Orig Price	Original Cost	Amort/Accr for Period	Total Amort/Accr Since Purch	Remaining Disc/Premium	Ending Book Value
Reserve Fund										
3134A2HG6	09/13/24	AGCY	FHLMC 0.0 12/11/2025	0.00	0.000	0.00	4,378.55	0.00	0.00	0.00
3133ETVJ3	09/24/25	AGCY	FFCB 3.625 08/27/2027	4,000,000.00	100.004	4,000,168.00	5.74	18.33	186.33	4,000,186.33
3133ETS81	12/11/25	AGCY	FFCB 3.5 11/10/2027	4,000,000.00	99.744	3,989,760.00	311.62	311.62	(9,928.38)	3,990,071.62
Total Reserve Fund				8,000,000.00		7,989,928.00	4,695.90	329.95	(9,742.05)	7,990,257.95
Sales Tax Fund										
91282CGA3	03/14/24	US GOVT	U.S. Treasury Note 4.0 12/15/2025	0.00	0.000	0.00	777.28	0.00	0.00	0.00
91282CHB0	09/13/24	US GOVT	U.S. Treasury Note 3.625 05/15/2026	4,000,000.00	99.793	3,991,718.75	425.67	6,441.25	(1,840.00)	3,998,160.00
91282CJC6	11/19/24	US GOVT	U.S. Treasury Note 4.625 10/15/2026	5,000,000.00	100.559	5,027,929.69	(1,268.50)	(16,066.14)	11,863.55	5,011,863.55
91282CKA8	11/19/24	US GOVT	U.S. Treasury Note 4.125 02/15/2027	4,250,000.00	99.602	4,233,066.41	624.58	8,371.15	(8,562.44)	4,241,437.56
3130ANJB7	10/08/25	AGCY CALL	FHLB 1.0 08/26/2027	4,250,000.00	95.250	4,048,125.00	8,797.70	24,122.71	(177,752.29)	4,072,247.71
3133ELKG8	10/03/25	AGCY CALL	FFCB 2.05 02/03/2028	4,000,000.00	96.493	3,859,720.00	4,888.64	14,192.83	(126,087.17)	3,873,912.83
3133ETXV4	09/19/25	AGCY CALL	FFCB 3.83 09/15/2028	4,000,000.00	99.950	3,998,000.00	56.94	191.02	(1,808.98)	3,998,191.02
Total Sales Tax Fund				25,500,000.00		25,158,559.85	14,302.31	37,252.83	(304,187.32)	25,195,812.68
Grand Total				33,500,000.00		33,148,487.85	18,998.21	37,582.78	(313,929.37)	33,186,070.63

Projected Cash Flows

CUSIP	Detailed Security Description	Post Date	Interest	Principal	Total Amount
Reserve Fund					
3133ETVJ3	FFCB 3.625 08/27/2027	02/27/26	72,500.00		72,500.00
3133ETS81	FFCB 3.5 11/10/2027	05/11/26	70,000.00		70,000.00
3133ETVJ3	FFCB 3.625 08/27/2027	08/27/26	72,500.00		72,500.00
3133ETS81	FFCB 3.5 11/10/2027	11/10/26	70,000.00		70,000.00
Sales Tax Fund					
3133ELKG8	FFCB 2.05 02/03/2028	02/03/26	41,000.00		41,000.00
91282CKA8	U.S. Treasury Note 4.125 02/15/2027	02/17/26	87,656.25		87,656.25
3130ANJB7	FHLB 1.0 08/26/2027	02/26/26	21,250.00		21,250.00
3133ETXV4	FFCB 3.83 09/15/2028	03/16/26	76,600.00		76,600.00
91282CJC6	U.S. Treasury Note 4.625 10/15/2026	04/15/26	115,625.00		115,625.00
91282CHB0	U.S. Treasury Note 3.625 05/15/2026	05/15/26	72,500.00		72,500.00
91282CHB0	U.S. Treasury Note 3.625 05/15/2026	05/15/26		4,000,000.00	4,000,000.00
3133ELKG8	FFCB 2.05 02/03/2028	08/03/26	41,000.00		41,000.00
91282CKA8	U.S. Treasury Note 4.125 02/15/2027	08/17/26	87,656.25		87,656.25
3130ANJB7	FHLB 1.0 08/26/2027	08/26/26	21,250.00		21,250.00
3133ETXV4	FFCB 3.83 09/15/2028	09/15/26	76,600.00		76,600.00
91282CJC6	U.S. Treasury Note 4.625 10/15/2026	10/15/26	115,625.00		115,625.00
91282CJC6	U.S. Treasury Note 4.625 10/15/2026	10/15/26		5,000,000.00	5,000,000.00
Grand Total			1,041,762.50	9,000,000.00	10,041,762.50

Projected Cash Flows Totals

Month and Year	Interest	Principal	Total Amount
February 2026	222,406.25		222,406.25
March 2026	76,600.00		76,600.00
April 2026	115,625.00		115,625.00
May 2026	142,500.00	4,000,000.00	4,142,500.00
August 2026	222,406.25		222,406.25
September 2026	76,600.00		76,600.00
October 2026	115,625.00	5,000,000.00	5,115,625.00
November 2026	70,000.00		70,000.00
Total	1,041,762.50	9,000,000.00	10,041,762.50



Disclosures & Disclaimers

As a courtesy to investors this information: (1) is provided for informational purposes only; (2) should not be construed as an offer to sell or a solicitation of an offer to buy any security; and (3) does not replace customer statements.

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Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss and Consider Approval of a Resolution Approving Budget Revision 2026-03 in the Amount of \$475,000 to be Allocated for the Purchase of Three (3) 40-Foot Gillig Diesel Buses from Dallas Area Rapid Transit (DART)

Recommendation

Staff recommends the Board approve a Resolution approving Budget Revision 2026-03 in the amount of \$475,000 to be allocated for the purchase of three (3) 40-Foot Gillig Diesel Buses from Dallas Area Rapid Transit (DART).

Background

This item accompanies the memo and briefing accompanying Regular Agenda Item 04.

As DCTA entered the Fiscal Year (FY) 26 budget process, the agency planned for the replacement of revenue vehicles in accordance with its Long-Range Financial Plan and fleet management strategy. Under the approved plan, the purchase of three (3) buses was scheduled for FY27.

Staff has identified an opportunity to advance the purchase of these three (3) buses into FY26 through the acquisition of vehicles from Dallas Area Rapid Transit (DART). Advancing this purchase allows DCTA to consolidate planned procurements across fiscal years, streamline fleet replacement activities, and reduce overall capital costs.

By rolling the purchases into FY26, DCTA can take advantage of the favorable pricing associated with the DART acquisition. The remaining useful life and long-term durability of these buses beyond useful life will provide significant additional value to the agency.

The proposed action accelerates the timing of the purchase to achieve cost efficiencies and this fleet replacement is in line with the DCTA's overall fleet plan.

Previous Board Activity & Action

The Board received a briefing on the negotiations and potential purchase of these buses in the January 2026 Board meeting.

Regarding overall bus fleet purchase, the Board approved the purchase of three (3) Gillig buses in March 2025, three (3) additional Gillig buses in October 2025 and matching funds in November 2025 that secured a grant to purchase three (3) additional Gillig buses.

Identified Need

Replace fleet vehicles that have exceeded their useful life with new vehicles.

Financial Impact

See attached budget revision.

Exhibits

Exhibit 1: Draft Resolution



Submitted By:

A handwritten signature in black ink that reads "Lisa Taylor". The signature is written in a cursive style and is positioned above a horizontal line.

Lisa Taylor, Vice President of Operations

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. R26-XX**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING FISCAL YEAR 2026 BUDGET REVISION NUMBER 2026-03 REVISED OPERATING & CAPITAL BUDGET, ATTACHED HERETO AS EXHIBIT "A"; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year; and

WHEREAS, budget estimates are often prepared months in advance of the actual expenditures and the possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely; and

WHEREAS, it may become necessary to reforecast the annual expenditures and modify the budget by amendment; and

WHEREAS, the Board of Directors of DCTA desires to amend the Fiscal Year 2026 Operating and Capital Budget as set forth in Exhibit "A".

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

SECTION 1. The Operating and Capital Budget Revision attached hereto as Exhibit "A," be, and the same is hereby adopted and which shall amend the original budget adopted August 28, 2025, from and after the effective date of this Resolution.

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

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

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE 26TH DAY OF FEBRUARY 2026.

APPROVED:

Andy Eads, Board Chair

ATTEST:

Daniel Jaworski, Board Secretary

DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET TRANSFER / REVISION REQUEST

TRANSACTION TYPE:		Transfer <input type="checkbox"/>			Number:	2026-03
		Revision <input checked="" type="checkbox"/>				
Expense	Project #/ Account #	Dept/Account	Current Budget Amount		Budget Revision Amount	Revised Budget Amount
Capital Expense	50311.1	Fleet Purchase - Bus	\$ 4,720,000	\$	475,000	\$ 5,195,000
Net Position Impact					\$	475,000

EXPLANATION: Budget Revision 2026-03 is a budget revision to add \$475,000 to Fleet Purchase - Bus (capital project # 50311.1). The Board of Directors approved the purchase of three (3) 2020 Gillig 40' buses from DART and the funding will include cash owed to DART (less the federal share of the grant) as well as adding technology to the buses and exterior bus wrapping.

Approvals:

Requested By:



Title

VP, Operations

Reviewed By:



Senior Manager of Budget & Grants

Approved By:



VP, Finance



Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss and Consider Approval of a Resolution Authorizing the Chief Executive Officer to Negotiate and Execute Necessary Documents, Including the Execution of an Asset Transfer and In-Plant Services Agreement for the Purchase of Three (3) 2020 Gillig Buses from Dallas Area Rapid Transit (DART) in an Amount Not to Exceed \$253,000 and an In-Plant Inspection Not to Exceed \$47,000

Recommendation

Staff recommends the Board authorize the Chief Executive Officer to negotiate and execute necessary documents, including the execution of an Asset Transfer and In-Plant Services Agreement for the purchase of three (3) 2020 Gillig 40' buses in an amount not to exceed \$253,000 and an In-Plant Inspection not to exceed \$47,000.

Background

The Dallas Area Rapid Transit Authority (DART) has identified three (3) contractor-operated diesel buses that do not fit within their current fleet of Compressed Natural Gas (CNG) buses and is working to dispose of them. DCTA and DART reviewed the value of the buses and reached an agreement on a purchase price of \$300,000 for a sale from DART to DCTA.

The table below illustrates the cash DCTA is paying for each unit, the remaining FTA Grant obligation associated with each bus, and the estimated costs per unit to retrofit the buses with new electronics and exterior wraps.

Federal Useful Life (YR) Source FTA 5010.1E	Actual Service	Useful Life Remaining	Milage	Year	Make	VIN	Transfer / Sale Amount	FTA Obligation Based on (<) Years or Milage	Cash to DART	Technology	Bus Livery	Total Cash
12	5.47	6.53	216,000		2020 Gillig	15GGD2719I3 194133	\$300,000	\$218,260.31	\$81,739.69	\$ 60,778.00	\$ 12,000	\$154,517.69
12	5.47	6.53	230,135		2020 Gillig	15GGD2710L3 194134	\$300,000	\$216,521.68	\$83,478.32	\$ 60,778.00	\$ 12,000	\$156,256.32
12	5.47	6.53	235,054		2020 Gillig	15GGD2712L3 194135	\$300,000	\$212,575.00	\$87,425.00	\$ 60,778.00	\$ 12,000	\$160,203.00
								\$647,356.99	\$252,643.01			\$470,977.01

The acquisition of these 2020 Gillig buses aligns with DCTA's fleet plan, as they would satisfy the planned purchase of "new" buses in a more cost-effective manner.

The final cost of the buses to DCTA will include not only the purchase price from DART (net of the FTA grant liability transfer), but also additional costs associated with exterior bus wrapping and the installation of all required technology platforms for revenue service and passenger experience. These include onboard security cameras, automatic passenger counters, passenger information systems, and other operational technologies necessary for service monitoring, safety, and data collection.

The conveyance of buses from DART to DCTA may also be incorporated within the same Agreement with DART for in-plant inspection services during the build of six new 2026 Gillig low-floor, 35-foot diesel buses being manufactured by Gillig under prior Board-approved purchase orders.



The use of federal funds requires independent inspections during vehicle production to ensure compliance with FTA requirements, approved specifications, Buy America provisions, and quality assurance standards before acceptance.

DART has an inspection firm on site, Dikita Engineering, for its own large bus build to provide continuous oversight throughout the vehicle build process. The agencies have collaborated to enable DCTA to utilize the DART inspection team, leveraging existing on-site expertise and resources to meet FTA inspection requirements cost-effectively and efficiently.

This Board resolution authorizing this Asset Transfer and In-Plant Services Agreement with DART streamlines documentation, aligns inspection oversight with asset transfer, and ensures clear contractual authority for both the inspection services and the transfer of vehicles.

Previous Board Action

The Board received a briefing on the acquisition of vehicles from DART in the January meeting.

Identified Need

The availability of three (3) used diesel buses from DART presents an opportunity to accomplish the agency’s fleet plan in a more cost-effective manner. DCTA’s fleet needs to be modernized to enable the agency to continue providing quality service.

Financial Impact

This item was unbudgeted for FY26 as this action is an advancement of the fleet purchase programmed in the FY27 fleet plan. The anticipated impact is \$475,000 net of FTA Grant transfer. The accompanying budget revision in Item RA03 enables the purchase of the three (3) Gillig 40’ buses in an amount not to exceed \$475,000.

Exhibits

Exhibit 1: Draft Resolution

Submitted By:

Lisa Taylor, Vice President of Operations

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. R26-XX**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (“DCTA”) AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN ASSET TRANSFER AND IN-PLANT INSPECTION SERVICES AGREEMENT FOR THE PURCHASE OF THREE (3) GILLIG BUSES FROM DALLAS AREA RAPID TRANSIT (“DART) IN AN AMOUNT NOT TO EXCEED \$252,643.01 AND APPROVING THE EXPENDITURE IN AN AMOUNT NOT TO EXCEED \$47,000 FOR IN-PLANT INSPECTION SUPPORT SERVICES FOR SIX (6) NEW DCTA GILLIG BUSES.; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Directors of the Denton County Transportation Authority (“DCTA”) hereby authorizes the purchase of three (3) Gillig buses from Dallas Area Rapid Transit (DART); and

WHEREAS, to offset the remaining local share of all three (3) Vehicles identified in the Asset Transfer and In-Plant Inspection Services Agreement (the “Agreement”), attached hereto as Exhibit “A,” DCTA agrees to pay DART a total purchase price of \$252,643.01; and

WHEREAS, to offset DART’s cost of providing in-plant inspection support on six (6) new DCTA Gillig buses through DART Contract No. C-2076810-02, DCTA agrees to pay DART a fee of \$47,000.00; and

WHEREAS, DCTA shall assume the Federal Interest in the three (3) buses upon purchase; and

WHEREAS, DCTA affirms it will maintain Satisfactory Continuing Control of the vehicles in accordance with applicable Federal Transit Administration (FTA) requirements; and

WHEREAS, the buses shall be incorporated and maintained in compliance with DCTA’s approved fleet management and asset management plans; and

WHEREAS, DCTA acknowledges and understands that the three (3) buses will be subject to review and audit as part of DCTA’s FTA Triennial Review process; and

WHEREAS, the Board of Directors of DCTA authorizes the Chief Executive Officer to execute the Agreement attached hereto as Exhibit “A” for the purchase of three (3) Gillig buses from DART in an amount not to exceed \$252,643.01 and approves the expenditure in the amount of \$47,000.00 for in-plant inspection support services for six (6) new DCTA Gillig buses.

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

SECTION 1. The Board of Directors of Denton County Transportation Authority finds it to be in the best interest of DCTA to authorize the Chief Executive Officer to execute the Agreement attached hereto as Exhibit “A” for and on behalf of DCTA.

SECTION 2. This Resolution shall take effect immediately from and after its passage.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THIS 26th DAY OF FEBRUARY 2026.

APPROVED:

Andy Eads, Chair

ATTEST:

Daniel Jaworski, Secretary
(02-19-2026: 4924-9417-4352, v. 1)

EXHIBIT "A"
ASSET TRANSFER AND IN-PLANT INSPECTION SERVICES AGREEMENT

ASSET TRANSFER AND IN-PLANT INSPECTION SERVICES AGREEMENT

This Agreement is entered into on the _____ day of _____, 20____, between the **Denton County Transportation Authority (DCTA)**, a coordinate county transportation authority organized under Chapter 460 of the Texas Transportation Code, and **Dallas Area Rapid Transit (DART)**, a regional transportation authority, created, organized, and existing pursuant to Chapter 452 of the Texas Transportation Code. DCTA and DART may be collectively referred to as Parties or individually as Party.

WHEREAS, DART currently owns a fleet of three (3) 2020 Gillig diesel buses (Vehicles) that were purchased utilizing Federal Transit Administration (FTA) grant funding through Grant #TX-2020-241. In accordance with FTA guidelines, DART must continue to maintain the Transfer Vehicles or declare them surplus and work with another eligible FTA grantee to assume that equity interest and use of these vehicles for the balance of their useful life, or dispose of the Transfer Vehicles through public auction and repay the FTA for the remaining share of the equity interest in each of the Transfer Vehicles; and

WHEREAS, these Vehicles are no longer in use by DART for service, and DART may declare the Vehicles as surplus; and

WHEREAS, DART has received a request from DTCA, an eligible FTA grantee, to: (1) assume equity interest of the Vehicles as DCTA has an existing immediate need for the Vehicles, which would help expand services for DTCA; and (2) utilize DART's System Modernization Program Management Consultant Contract (DART Contract No. C-2076810-02) through a DART task order to provide in-plant inspections services for six (6) new DCTA vehicles, namely new Gillig buses); and

WHEREAS, such Vehicle transfers will not take place until written approval has been received from the FTA; and

WHEREAS, DART will receive financial compensation from DCTA for: (1) no less than the unused portion of the local share of each Vehicle; and (2) the in-plant inspection services performed on six (6) new DCTA Gillig buses through DART Contract No. C-2076810-02; and

NOW, THEREFORE, in consideration of these premises, the Parties agree as follows:

1. Transfer of Vehicles

1.1 DART declares the Vehicles as surplus and agrees to transfer title to DTCA the vehicles identified in Attachment A (the Vehicles), which is hereby incorporated herein by reference with the same force and effect as though fully set forth herein.

1.2 DCTA agrees to execute documents as necessary to effectuate the transfer of the Vehicles by _____, 2026.

1.3 DART agrees to execute documents as necessary to effectuate the transfer of the Vehicles by _____, 2026.

2. Use of Vehicles

DTCA agrees that the Vehicles will be used to provide general transportation service within the DCTA

service area.

3. Term

3.1 The term of this Agreement shall begin upon execution and shall terminate: 1) on February 16, 2027; or 2) as otherwise mutually agreed in writing and duly executed by the Parties, whichever is sooner.

4. Vehicle Registration and Insurance

DCTA agrees to maintain vehicle inspection and registration as required by law.

4.1 DCTA agrees to maintain comprehensive automobile insurance for the minimum amounts by required by Texas law or maintain self-insurance for the operation of the Vehicles consistent with DCTA's standard practice.

5. Maintenance and Storage

5.1 DCTA agrees to include the Vehicles in its vehicle inventory and maintain the Vehicles and additional equipment installed on the Vehicles according to the manufacturer's schedule of maintenance during the period the Vehicles are operated.

5.2 DCTA agrees to maintain equipment maintenance records for the Vehicles and any equipment installed on the Vehicles.

5.3 DCTA agrees to store the Vehicles when not in service in a locked and secure location.

6. Reporting

6.1 DCTA is a National Transit Database (NTD) reporter and, as required of all recipients of FTA Urbanized Area Formula Program or Bus and Bus Facilities Program funds, agrees to include the Vehicles and associated service and other operational information in its NTD reports while in possession of the Vehicles.

7. Driver Licensing and Training

7.1 DCTA agrees that the Vehicles transferred as part of this Agreement will be operated by an operator duly licensed by the State of Texas and in current possession of said license to operate the Vehicles. As applicable, DCTA agrees to ensure that any person driving the Vehicles designed to transport sixteen (16) or more passengers (including the driver) have a valid commercial driver's license and agrees to compliance with Federal Motor Carrier Safety Administration rules for employees with Commercial Driver's Licenses, as specified in 49 CFR Part 382.

7.2 DCTA agrees to provide adequate training to drivers on the operation of American Disabilities Act equipment appropriate to the vehicle type(s) provided through this Agreement, consistent with DCTA's standard practice.

8. Prohibited Vehicle Uses

8.1 DCTA agrees not to provide charter service (as defined in 49 CFR 604.3) nor school tripper service (as defined in 49 CFR part 605.3) using the Vehicles.

9. Vehicle Condition, Transfer, and Wraps

9.1 DCTA agrees DART will remove all on-board technologies, toll tags, and logos in each Vehicle prior to transfer of title to DCTA. DART makes no representations, warranties, or promises to DTCA regarding the Vehicles conditions or functionality.

9.2 DCTA shall wrap the Vehicles to differentiate it from the DART brand and must be completely wrapped by DTCA at their cost prior to being operated in service.

10. In-Plant Inspection Services on DCTA Vehicles

10.1 DART agrees to provide in-plant inspection support on six (6) DCTA new Gillig buses (DCTA In-Plant Inspection Services) through the issuance of a DART task order under DART Contract No. C-2076810-02. All terms and provisions for DCTA In-Plant Inspection Services are set forth in Attachment B and hereby incorporated herein by reference with the same force and effect as though fully set forth herein. DART makes no representations, warranties, or promises to DTCA regarding any in-plant inspection services performed pursuant to this Agreement.

11. DCTA Payments To DART

11.1 To offset the remaining local share of all three (3) Vehicles identified in Attachment A, DCTA agrees to pay DART a total purchase price of \$252,643 plus all applicable taxes, fees, costs, including but not limited to delivery charges (Vehicle Payment). DCTA agrees to submit Vehicle Payment to DART on the date this Agreement is fully executed and approved by the FTA.

11.2 To offset DART's cost of providing in-plant inspection support on six (6) new DCTA Gillig buses through DART Contract No. C-2076810-02, DCTA agrees to pay DART a fee of \$46,392. This updated in-plant inspection service rate is effective

12. Indemnification

12.1 TO THE EXTENT PERMITTED BY APPLICABLE LAW, DCTA SHALL DEFEND, INDEMNIFY AND HOLD DART, AND ITS DIRECTORS, OFFICERS AND EMPLOYEES HARMLESS FROM ALL LOSS, COST AND EXPENSE BY REASON OF INJURY (INCLUDING DEATH), TO ANY PERSON, OR DAMAGE TO PROPERTY, ARISING OUT OF OR FROM ANY ACCIDENT OR OTHER OCCURRENCE TAKING PLACE DURING THE PERFORMANCE OF THIS AGREEMENT, WHICH INJURY OR DAMAGE RESULTS FROM NEGLIGENCE ON THE PART OF DCTA, ITS AGENTS, EMPLOYEES, OR CONTRACTORS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, DART SHALL DEFEND, INDEMNIFY AND HOLD DCTA, ITS DIRECTORS, OFFICERS AND EMPLOYEES HARMLESS FROM ALL LOSS, COST AND EXPENSE BY REASON OF INJURY, (INCLUDING DEATH), TO ANY PERSON OR DAMAGE TO PROPERTY, ARISING OUT OF OR FROM ANY ACCIDENT OR OTHER OCCURRENCE TAKING PLACE DURING THE PERFORMANCE OF THIS AGREEMENT, WHICH INJURY OR DAMAGE RESULTS FROM NEGLIGENCE ON THE PART OF DART, ITS AGENTS, EMPLOYEES OR CONTRACTORS. IN THE EVENT OF JOINT OR CONCURRING NEGLIGENCE OR FAULT OF THE PARTIES' LIABILITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS. THE PROVISIONS OF THIS SECTION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY, NOR LIMIT THE RIGHT OF DART OR DCTA TO ASSERT ANY GOVERNMENTAL IMMUNITY DEFENSE TO ANY CLAIM OF ANOTHER PARTY OR ENTITY. THE INDEMNIFICATION PROVISIONS SHALL SURVIVE TERMINATION OR

EXPIRATION OF THIS AGREEMENT.

13. Waiver of Warranties

13.1 THE ARTIES AGREE THAT THE THREE VEHICLES AND IN-PLANT INSPECTION SERVICES ARE BEING PROVIDED BY DART ON AN "AS IS" BASIS. CONSEQUENTLY, DCTA AGREES THAT ANY OF THE VEHICLES OR IN-PLANT INSPECTION SERVICES PERFORMED MAY NOT MEET THEIR INDIVIDUAL PREFERENCES AND EXPECTATIONS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, DCTA WAIVES ANY EXPRESS OR IMPLIED WARRANTIES OF ACCURACY, TIMELINESS, SAFETY, FUNCTIONALITY, ERRORS, LAWFULNESS, AND/OR RELIABILITY OF ANY OF THE VEHICLES AND/OR IN-PLANT INSPECTION SERVICES PROVIDED BY DART.

14. Governing Law

14.1 Governing Law. The rights, obligations, and remedies of the Parties shall be governed by the laws of the State of Texas. Whenever there is no applicable state statute or decisional precedent governing the interpretation of, or disputes arising under or related to, this contract, then federal common law, including the law developed by federal boards of contract appeals, the United States Claims Court (formerly the Court of Claims), and the Comptroller General of the United States, shall govern. Venue for any action shall lie exclusively in Dallas County, Texas. This is the complete agreement between the parties. If any provision of the contract is found to be invalid or unenforceable, the remaining provisions shall not be impaired.

15. Federal Transit Administration (FTA) Compliance

15.1 DCTA will implement the services included in this Agreement as authorized by and consistent with applicable regulations detailed in the following documents, which are hereby made part of this agreement by reference:

15.1 a Attachment C, FTA Required Clauses and Compliance Requirements, as detailed in FTA Circular 4220.1F is hereby incorporated herein by reference with the same force and effect as though fully set forth herein.

16. Miscellaneous

16.1 Notices. Any notice by any Party shall be in writing and shall be deemed to have been duly given only if delivered personally or sent by United States mail, certified, return receipt requested, in a postage paid envelope addressed to the Parties as set out below:

DCTA:

NAME
TITLE
604 East Hickory Street
Denton, Texas 76205

DART:

Jing Xu
Interim Vice President, Service Planning and Scheduling
1401 Pacific Avenue
Dallas, Texas 75202

16.2 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. There shall be no third party beneficiaries of this Agreement.

16.3 Construction and Drafting. The paragraph headings in this Agreement are intended for convenience only and shall not be taken into consideration in the construction or interpretation of this Agreement. Whenever used herein, unless the context otherwise provides, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all other genders. All Parties have participated in the drafting hereof and accordingly no Party shall be given credit therefor in the interpretation of this Agreement.

16.4 Partial Invalidity. Any portion of this Agreement being declared by law to be invalid shall not invalidate the remaining provisions which shall remain in full force and effect.

16.5 Merger and Amendment. This instrument constitutes the entire agreement of the Parties with respect to the matters contemplated herein and it may be modified or amended only in writing, signed by all Parties hereto and in accordance with the terms hereof.

16.6 No partnerships or Joint Enterprise. It is mutually understood and agreed that this Agreement is intended by the Parties to establish only an independent contractual relationship and is not intended to create a partnership or joint venture between any or all Parties.

16.7 Use of Contractors. Nothing in this Agreement shall prevent a Party from using a contractor or agent to perform the duties and responsibilities contemplated by this Agreement.

16.8 Exhibits and Attachments. The exhibits attached to this Agreement are incorporated by reference as if written word for word herein. In the event of conflict between the exhibits and this Agreement, the terms of this Agreement shall prevail.

16.9 Assignment. No Party may assign its rights and obligations or either under this Agreement, in whole or in part, without first obtaining the prior written consent of the other Party, which consent may be withheld for any reason. No assignee or successor may further assign, in whole or in part, its rights and obligations without prior written consent of each Party to this Agreement at the time of further assignment.

16.10 Incorporation of Recitations. The recitations and "whereas" provisions of this Agreement are incorporated herein as part of this Agreement for all purposes.

16.11 Reasonable Cooperation. Each Party agrees to reasonably cooperate to effectuate the purpose and intent of this agreement.

16.12 Counterparts. This Agreement may be signed in counterparts and shall be effective on the date signed by the last signing Party.

Paul Cristina
Chief Executive Officer
Denton County Transportation
Authority

Nadine S. Lee
President & Chief Executive Officer
Dallas Area Rapid Transit

Date Signed: _____

Date Signed: _____

Attachment A

#	DART Asset #	Year / Make / Fuel Type	Model / Vehicle VIN	Sales Price DCTA Pays to DART	Remaining Federal Interest Transferred to DCTA
1	14763	2020 / Gillig / Diesel	TRNST Bus 4109 15GGD2719L3194133	\$81,740	\$218,260*
2	14770	2020 / Gillig / Diesel	TRNST Bus 4110 15GGD2710L3194134	\$81,478	\$216,522*
3	14771	2020 / Gillig / Diesel	TRNST Bus 4111 15GGD2712L3194135	\$83,425	\$212,575*

*Federal interest as of February 17, 2026, for vehicle listed (based on the Straight-line Depreciated Value in years).

Attachment B

DCTA In-Plant Inspection Services Requirements for its new Gillig Buses:

Item:	Hours / Bus:	No. of Buses:	Total Hours:	Inspector's Burden Rate:	Total:
Inspection	45	6	270	\$ 149.65	\$ 40,405.50
Spec review / Reporting / Meetings	-	-	40	\$ 149.65	\$ 5,986.00
Total	-	-	310	\$ 149.65	\$ 46,391.50

The Rough Order of Magnitude (ROM) described above is an estimate reflecting the anticipated in-plant inspection hours for all six (6) new DCTA Gillig vehicles and includes the effort associated with reviewing DCTA's bus specifications, preparing supplemental reporting, and participating in coordination and review meetings. DCTA shall provide DART with its specific scheduling and reporting requirements to allow DART to amend or issue any existing task orders under DART Contract No. C-2076810-02.

The inspector's burden rate reflected above becomes effective in August 2026 and has been incorporated into this ROM, as the inspection activities are expected to span from July through August 2026. The total projected expenditure for the inspection activity is assessed at \$46,391.50. This estimate does not include post-delivery inspection support or any travel-related expenses associated with on-site activities – all of which shall be paid by DCTA. This ROM is also subject to revision upon receipt of a finalized production schedule.

Attachment C
Required FTA Clauses and Compliance Documentation

A. No Obligation by the Federal Government.

1. The Purchaser and Contractor acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this contract and shall not be subject to any obligations or liabilities to the Purchaser, Contractor, or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying contract.
2. The Contractor agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

B. Program Fraud and False or Fraudulent Statements or Related Acts.

1. The Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 *et seq.*, and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. Part 31, apply to its actions pertaining to this Project. Upon execution of the underlying contract, the Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying contract or the FTA assisted project for which this contract work is being performed. In addition to other penalties that may be applicable, the Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the Contractor to the extent the Federal Government deems appropriate.
2. The Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n){1} on the Contractor, to the extent the Federal Government deems appropriate.
3. The Contractor agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

C. Access to Records.

1. Where the Purchaser is not a State but a local government and is the FTA Recipient or a subgrantee of the FTA Recipient in accordance with 49 C. F. R. 18.36(i), the Contractor agrees to provide the Purchaser, the FTA Administrator, the Comptroller General of the United States or any of their authorized representatives access to any books, documents, papers and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. Contractor also agrees, pursuant to 49 C. F. R. 633.17 to provide the FTA Administrator or his authorized representatives including any PMO Contractor access to Contractor's records and construction sites pertaining to a major capital project, defined at 49 U.S.C. 5302(a)1,

which is receiving federal financial assistance through the programs described at 49 U.S.C. 5307, 5309 or 5311.

2. Where the Purchaser is a State and is the FTA Recipient or a subgrantee of the FTA Recipient in accordance with 49 C.F.R. 633.17, Contractor agrees to provide the Purchaser, the FTA Administrator or his authorized representatives, including any PMO Contractor, access to the Contractor's records and construction sites pertaining to a major capital project, defined at 49 U.S.C. 5302(a)1, which is receiving federal financial assistance through the programs described at 49 U.S.C. 5307, 5309 or 5311. By definition, a major capital project excludes contracts of less than the simplified acquisition threshold currently set at \$100,000.
3. Where the Purchaser enters into a negotiated contract for other than a small purchase or under the simplified acquisition threshold and is an institution of higher education, a hospital or other non-profit organization and is the FTA Recipient or a subgrantee of the FTA Recipient in accordance with 49 C.F.R. 19.48, Contractor agrees to provide the Purchaser, FTA Administrator, the Comptroller General of the United States or any of their duly authorized representatives with access to any books, documents, papers and record of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions.
4. Where any Purchaser which is the FTA Recipient or a subgrantee of the FTA Recipient in accordance with 49 U.S.C. 5325(a) enters into a contract for a capital project or improvement (defined at 49 U.S.C. 5302(a)1) through other than competitive bidding, the Contractor shall make available records related to the contract to the Purchaser, the Secretary of Transportation and the Comptroller General or any authorized officer or employee of any of them for the purposes of conducting an audit and inspection.
5. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever to copy excerpts and transcriptions as reasonably needed.
6. The Contractor agrees to maintain all books, records, accounts and reports required under this contract for a period of not less than three years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Contractor agrees to maintain same until the Purchaser, the FTA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. Reference 49 CFR 18.39(i)(11).
7. FTA does not require the inclusion of the above Access to Records requirements in subcontracts.

D. Federal Changes.

1. Contractor shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the Master Agreement between Purchaser and FTA, as they may be amended or promulgated from time to time during the term of this contract. Contractor's failure to so comply shall constitute a material breach of this contract.

E. Civil Rights.

1. *Nondiscrimination* - In accordance with Title VI of the Civil Rights Act, as amended, 42 U.S.C. § 2000d, section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102, section 202 of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12132,

and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability. In addition, the Contractor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.

2. *Equal Employment Opportunity* - The following equal employment opportunity requirements apply to the underlying contract:
 - a. *Race, Color, Creed, National Origin, Sex* - In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, and Federal transit laws at 49 U.S.C. § 5332, the Contractor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," 41 C.F.R. Parts 60 *et seq.*, (which implement Executive Order No. 11246, "Equal Employment Opportunity," as amended by Executive Order No. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," 42 U.S.C. § 2000e note), and with any applicable Federal statutes, executive orders, regulations, and Federal policies that may in the future affect construction activities undertaken in the course of the Project. The Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.
 - b. *Age* - In accordance with section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § § 623 and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.
 - c. *Disabilities* - In accordance with section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the Contractor agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R. Part 1630, pertaining to employment of persons with disabilities. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.
3. The Contractor also agrees to include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

F. Disadvantaged Business Enterprise.

1. It is the policy of the U.S. Department of Transportation that Disadvantaged Business Enterprises as defined in 49 CFR, Part 26, Subpart A, shall have the maximum opportunity to participate in the performance of contracts financed in whole or part with federal funds under this agreement. Consequently the DBE requirements of 49 CFR, Part 26, exclusive of Subpart D, apply to this agreement. DART and its subcontractors agree to ensure that Disadvantaged Business Enterprises as defined in 49 CFR, Part 26, Subpart A, have the maximum opportunity to participate in the performance of contracts and subcontracts

financed in whole or in part with federal funds provided under this agreement. In this regard, DART and its subcontractors shall take all necessary and reasonable steps in accordance with 49 CFR, Part 26, exclusive of Subpart D, to ensure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform contracts. DART and its subcontractors shall not discriminate on the basis of race, creed, color, national origin, sex, or disability, in the award and performance of contracts funded in whole or in part with federal funds.

G. Disputes and Remedies.

1. Should disputes arise concerning the Scope of Services or additional agreed upon work to be performed under this Contract, the Contractor and DART shall negotiate in good faith toward resolving such disputes. DART shall be responsible to its funding agencies for the settlement of all contractual and administrative issues arising out of procurement entered into in support of the Unified Planning Work Program. Violation or breach of Contract terms by the Contractor may be grounds for termination, and should said disputes be irreconcilable, DART shall terminate the agreement by default. Any costs directly related to the termination shall be paid by the Contractor, provided such amount shall not exceed the total contract amount for Contractor under this Agreement.

H. Clean Air.

1. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 *et seq.* The Contractor agrees to report each violation to the Purchaser and understands and agrees that the Purchaser will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.
2. The Contractor also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

I. Clean Water.

1. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 *et seq.* The Contractor agrees to report each violation to the Purchaser and understands and agrees that the Purchaser will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.
2. The Contractor also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

J. Cargo Preference - Use of United States-Flag Vessels.

1. The contractor agrees: a. *to use* privately owned United States-Flag commercial vessels to ship at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) involved, whenever shipping any equipment, material, or commodities pursuant to the underlying contract to the extent such vessels are available at fair and reasonable rates for United States-Flag commercial vessels; b. *to furnish within 20 working days* following the date of loading for shipments originating within the United States or within 30 working days following the date of loading for shipments originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in the preceding paragraph to the Division of National Cargo, Office of Market Development, Maritime Administration,

Washington, DC 20590 and to the FTA recipient (*through the contractor in the case of a subcontractor's bill-of-Jading*.) c. to include these requirements in all/ subcontracts issued pursuant to this contract when the subcontract may involve the transport of equipment, material, or commodities by ocean vessel.

K. Contract Work Hours and Safety Standards.

1. **Overtime requirements** - No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
2. **Violation; liability for unpaid wages; liquidated damages** - In the event of any violation of the clause set forth in paragraph (1) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.
3. **Withholding for unpaid wages and liquidated damages** - The (write in the name of the grantee) shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
4. **Subcontracts** - The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraphs (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

L. Energy Conservation.

1. The contractor agrees to comply with mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act.

M. Americans with Disabilities Act.

1. The contractor must comply applicable requirements of the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, and USDOT/FTA implementing regulations.

N. Buy America.

1. The contractor agrees to comply with 49 U.S.C. 53230) and 49 C.F.R. Part 661, which provide that Federal funds may not be obligated unless steel, iron, and manufactured products used in FTA-funded projects are produced in the United States, unless a waiver has been granted by FTA or the product is subject to a general waiver. General waivers are listed in 49 C.F.R. 661.7, and include final assembly in the United States for 15 passenger vans and 15 passenger wagons produced by Chrysler Corporation, and microcomputer equipment and software. Separate requirements for rolling stock are set out at 49 U.S.C. 53230)(2)(C) and 49 C.F.R. 661.11. Rolling stock must be assembled in the United States and have a 60 percent domestic content.
- 0. Incorporation of Federal Transit Administration Terms.**
1. The preceding provisions include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in FTA Circular 4220.1E are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any (name of grantee) requests which would cause (name of grantee) to be in violation of the FTA terms and conditions.

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss Update on the Denton County Transportation Authority Marketing Program and Consider Approval of a Task Order with Ruby Media in an Amount Not to Exceed \$50,000 for Expanded Marketing Campaign

Recommendation

Staff recommends that the Board approve a Task Order with Ruby Media in an amount not to exceed \$50,000 for Expanded Marketing Campaign.

Background

This agenda item will provide the Board with a general update on the status of the agency's overall Marketing and Communications program including recent campaign overviews, social media strategies, KPIs, and recognition.

In addition, Staff is proposing an expanded marketing campaign for the Southern GoZone to educate residents about the benefits and safety of DCTA transit options, promote the use of transit services available to the residents, and highlight their value to the community. Staff anticipates the campaign would target specific segments of the City with unique messaging.

In addition, the budgeted amount could enable additional marketing messaging to the City of Highland Village and the City of Lewisville if the Board chooses to make GoZone service changes through the Intermediate Service Plan that modify service offerings in those Cities.

Previous Board Activity

None.

Identified Need

To increase overall awareness of the DCTA brand and service offerings.

Financial Impact

The campaign cost is an amount not to exceed \$50,000 and includes the media buy and agency fees. Budget amendment increase of \$50,000 to Professional Services is required.

Exhibits

None.

Submitted By:



Randy Evans, Marketing and Communications Manager

Reviewed By:



Jackie, Vice President
Engagement Bronson and Administration



Board of Directors Memo

February 26, 2026

AGENDA ITEM: Consider Approval of a Resolution Approving Budget Revision 2026-04 in the Amount of \$50,000 for Expanded Marketing Campaign

Recommendation

Staff recommends the Board approve a resolution approving Budget Revision 2026-04 in the amount of \$50,000 for Expanded Marketing Campaign.

Background

This agenda item accompanies RA05 regarding the Expanded Marketing campaign. Please reference that memo for additional details.

Previous Board Activity

None.

Identified Need

To increase overall awareness of the DCTA brand and service offerings.

Financial Impact

Budget revision increase of \$50,00 to Professional Services is required.

Exhibits

Exhibit 1: Draft Resolution

Submitted By:



Randy Evans, Marketing and Communications Manager

Reviewed By:



Jackie Bronson, Vice President
Engagement and Administration

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. R26-XX**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING FISCAL YEAR 2026 BUDGET REVISION NUMBER 2026-04 REVISED OPERATING & CAPITAL BUDGET, ATTACHED HERETO AS EXHIBIT "A"; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year; and

WHEREAS, budget estimates are often prepared months in advance of the actual expenditures and the possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely; and

WHEREAS, it may become necessary to reforecast the annual expenditures and modify the budget by amendment; and

WHEREAS, the Board of Directors of DCTA desires to amend the Fiscal Year 2026 Operating and Capital Budget as set forth in Exhibit "A".

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

SECTION 1. The Operating and Capital Budget Revision attached hereto as Exhibit "A," be, and the same is hereby adopted and which shall amend the original budget adopted August 28, 2025, from and after the effective date of this Resolution.

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

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

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE 26TH DAY OF FEBRUARY 2026.

APPROVED:

Andy Eads, Board Chair

ATTEST:

Daniel Jaworski, Board Secretary

DRAFT

**DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET TRANSFER / REVISION REQUEST**

TRANSACTION TYPE:		Transfer <input type="checkbox"/>			Number:	2026-04
		Revision <input checked="" type="checkbox"/>				
	Project #/ Expense Account #		Dept/Account	Current Budget Amount	Budget Revision Amount	Revised Budget Amount
Operating Expense	1400.50309		Marketing-Professional Services	\$ 760,000	\$ 50,000	\$ 810,000
					Net Position Impact	\$ 50,000

EXPLANATION: Budget Revision 2026-04 is a budget revision to add \$50,000 to Marketing - Professional Services to cover the cost of an expanded marketing campaign for the City of Highland Village to educate residents about the benefits and safety of DCTA transit options, promote the use of transit services available to the residents, and highlight their value to the community. In addition, it could enable additional marketing messaging to the City of Highland Village and the City of Lewisville if the Board chooses to make GoZone service changes through the ISP.

Approvals:		Title
Requested By:		VP, Engagement & Administration
Reviewed By:		Senior Manager of Budget & Grants
Approved By:		VP, Finance

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss Update on Frisco Technology Based Transit Concept

Recommendation

This item is for discussion only. No Board action required.

Background

The purpose of this item is to inform the DCTA Board of a potential opportunity for DCTA and the City of Frisco to partner on a “technology-based transit solution,” that would create a microtransit service for use by the general population of the City of Frisco. The zone of service is located within the City Limits of the City of Frisco and is proposed to connect to the Dallas Area Rapid Transit (DART) Northwest Plano Park and Ride facility. The service would be enabled through an Interlocal Agreement (ILA) with the City of Frisco and a task order for service with Via, DCTA’s GoZone service provider.

DCTA and the City of Frisco have a long record of working together. The City of Frisco holds a Non-Voting Board Member seat on the DCTA Board of Directors, as it participated in the process of standing up the Denton County Transportation Authority. Furthermore, DCTA has provided contracted paratransit service for elderly and disabled citizens to the City of Frisco since 2015.

The City of Frisco directed its staff to develop a “technology-based transit solution” for use by the general population within the City. DCTA provided an initial framework to the City of Frisco in mid-2024 to provide the service. Then, DCTA provided a more thorough proposal in Summer 2025 based on the Board’s adopted “New Member and Contracted Services Policy.”

This briefing will review the overall scope and span of the potential service, budget, funding sources, key terms and conditions, and other considerations, providing an opportunity for the Board to provide feedback on the approach.

Previous Board Activity and Action

The Board reviewed this opportunity and the New Member and Contracted Services Policy in the following Board items:

February 2024, IR03: Update on City of Frisco Technology Based Transit Concept

October 2024, RA03: Discuss Update on City of Frisco Technology Based Transit Service

January 2025, Strategic Planning Work Session: Discuss Policy on New Member City Admission and Contracted Services

March 2025, CA02: Consider Approval of the Denton County Transportation Authority New Member City Admission and Contracted Services Policy

August 2025, RA07: Discuss Update on DCTA Non-Member City Contracted Services Portfolio

Identified Need

As noted.

Financial Impact

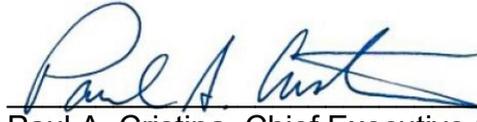
None. This is a discussion item only.



Exhibits

None.

Submitted By:



Paul A. Cristina, Chief Executive Officer

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss Update on Denton County Transportation Authority Data Management and Construction of Data Warehouse

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

Background: Denton County Transportation Authority (DCTA) has built a significant data production and management capability since 2021 when the management firm Accenture established the agency's first Microsoft Power BI capability. Today, automatic data flows are generated from each of the agency's transit modes. Those data flows are manually reviewed and consolidated to a central location on a recurring basis to enable production of regular reports.

Since then, staff has established robust standard operating procedures (SOPs) and a foundational set of dashboard-type reports that are utilized for internal performance analysis and external reporting. The proposed effort is structured as a multi-phase implementation that builds foundational data infrastructure to drive efficiencies and reinforce quality in that foundational reporting. With that foundation established the agency will have future opportunities to expand into advanced analytics and integration with the agency's new financial ERP system.

The briefing will review the proposed project objectives, scope of work, potential approaches, anticipated cost range, the landscape of contractors who provide these services, and a general timeline for the project to seek feedback from the board.

Previous Board Activity and Action

None.

Identified Need: As DCTA's service portfolio, reporting and analytics needs, and data complexity continue to grow, the agency requires a modern data platform that:

- Reduces reliance on manual processes
- Reinforces agency quality standards
- Supports planning, operational decision-making, and agency performance management
- Enables future advanced analytics and financial data integration

Exhibits

None.

Submitted By:



Austin Frith, Vice President
Planning and Development

Board of Directors Memo

February 26, 2026

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

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

Background

The A-train Enhancement Program is a comprehensive, multi-year initiative focused on improving regional connectivity, service reliability, capacity, safety, and customer experience along the A-train corridor. A priority element of the program is the Downtown Carrollton Extension and Platform, which would extend A-train service to Downtown Carrollton and enable a single-seat transfer to the DART Silver Line and DFW Airport.

In January 2026, the Board received an update on the program and approved local matching funds to support a Federal Discretionary Grant application for construction of the Downtown Carrollton Extension. At that time, staff noted that a refined program cost estimate was in development and that additional analysis underway could affect the ultimate scope and cost of the project.

As illustrated in the February materials, the project cost estimate is evolving as planning advances from high-level concepts toward schematic design. This briefing will review the current status of the design and planning task orders currently underway, key cost drivers and uncertainties for the current estimate, and anticipated next steps. As the project advances through planning and design, the cost estimate is becoming more detailed and better aligned with actual project requirements. This update is intended to provide insight and visibility of that evolution and gain feedback on the approach to positioning the project for successful external funding and implementation.

Previous Board Activity and Action

January 2026 – RA07

September 2025 – RA02/03

Identified Need

- This briefing will provide an updated project cost estimate for the Downtown Carrollton Extension, which is necessary to: Support current and upcoming federal and regional grant applications, which require demonstrated cost realism and project readiness;
- Inform coordination with NCTCOG and regional partners for Transportation Improvement Program (TIP) programming;
- Provide the Board with a clearer understanding of potential funding needs and tradeoffs as the project advances toward implementation; and
- Position the Downtown Carrollton Extension for timely procurement and construction once funding opportunities are secured.

Exhibits: None.

Submitted By:



Austin Frith, Vice President
Planning and Development

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss Update on Intermediate Service Plan Phase III

Recommendation

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

Background

The Intermediate Service Plan was structured as a phased approach to improving service performance, customer experience, and financial sustainability across DCTA's multimodal network.

- **Phase I** demonstrated that increased frequency on core fixed routes can drive ridership growth and reduces reliance on microtransit for high-volume origin-destination corridors.
- **Phase II** focused on network integration, including university service efficiency, A-train connectivity, and the introduction of GoZone buffers near high-performing fixed routes.
- **Phase III** builds on these outcomes by evaluating where fixed route expansion and microtransit flexibility can be best aligned to improve overall system performance.

Phase III evaluates targeted service expansion. The analysis is designed to answer a central question: *Where can fixed route service provide more trips more cost effectively, and where does microtransit remain the most effective tool?*

To address this, staff developed multiple network scenarios that vary the level of fixed route expansion, university service configuration, and corresponding reallocation of microtransit capacity. In January, staff presented the framework used for evaluation of these scenarios and shared key planning insights for these scenarios, including:

- Microtransit remains most cost-effective in areas with dispersed or low-density demand, where fixed route service would be inefficient.
- Fixed route service becomes more cost-efficient in moderate to high-demand corridors, where ridership concentration lowers cost per passenger.
- Expanding fixed routes in appropriate corridors can free microtransit capacity, allowing those resources to be redeployed to service coverage gaps, lower-density areas, or to improve key performance indicators such as wait times and seat unavailability in Lewisville and Highland Village.

No implementation decisions are requested at this time. Staff anticipates making a Board recommendation for action in the March or April Board meeting for implementation of service modifications, if approved, in July.

Previous Board Activity and Action

April 24, 2025 – (RA05) Discuss Update on Intermediate Service Plan Phase II

July 24, 2025 – (RA04) Discuss Update on Intermediate Service Plan Phases II and III

October 23, 2025 – (RA03) Discuss Update of Intermediate Service Plan Phase III and Bus Stop Design Guidelines Development

January 22, 2026 - Discuss Update on the Intermediate Service Plan Phase III



Identified Need

DCTA’s current service strategy focuses on replacing high-volume, repetitive microtransit trips on with corridors where fixed-route service can operate more efficiently. At the same time, demand in lower-density and more dispersed areas continues to require flexible service to maintain coverage and performance. Phase III addresses the need to better align service modes with demand patterns to improve ridership, control operating costs, and equitably distribute service across member cities.

Exhibits

None.

Submitted By:



Karina Maldonado, Planning Manager

Reviewed By:



Austin Frith, VP Planning and Development



Board of Directors Memo

February 26, 2026

AGENDA ITEM: Discuss Update on Consolidated Denton County Transportation Authority (DCTA) Customer Service Function

Recommendation

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

Background

The DCTA Customer Service Department is the central hub for transit-related inquiries, handling calls through a centralized phone line and providing in-person support at the Downtown Denton Transit Center (DDTC). In October 2023, the Board was briefed on opportunities to improve customer service functions, coinciding with the onboarding of a new Customer Service Manager to lead these efforts.

Since that time, the department has focused on implementing targeted strategies to reduce call volume while maintaining service quality. These efforts include evaluating call drivers for DCTA and GoZone calls, expanding the use of self-service tools, and refining operational processes.

A refreshed data pull has been completed to provide updated insight into call volume trends and the effectiveness of implemented call reduction initiatives.

This briefing provides the Board with an update on recent developments, highlights progress made through call reduction strategies, presents refreshed data to support continued evaluation and planning, and provides an overview of telephone system technology options being evaluated to enable continued manual call volume reductions.

Previous Board Activity and Action

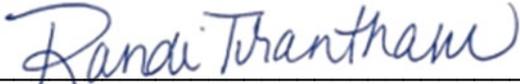
- The Board received a briefing on this item in the following meetings:
- October 2023 – Initial concept of Customer Service Evolution briefed to the Board
- December 2024 – Board provided review of DCTA & GoZone Customer Service Options
- June 2025 – Board provided review of DCTA & GoZone Customer Service Options

Identified Need

None.

Exhibits

None.

Submitted By: 
Randi Trantham, Customer Service Manager

Reviewed By: 
Jackie Bronson, Vice President Engagement and Administration

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Safety, Service, and Ridership Reports – January 2026

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 January 2026.

Monthly Report

In January 2026, DCTA recorded 227,451 total passenger trips, representing a 23.1% increase from December's seasonal low of 184,745 trips but a 5.1% decrease compared to January 2025 (239,637 trips). The rebound from December reflects the return of UNT and Connect fixed-route service following the winter break period, with bus ridership increasing 72.9% month-over-month from 68,243 to 118,000 trips. January totals were further impacted by a winter storm event from January 23 through January 27, which resulted in service cancellations and reductions across multiple DCTA services. Without the storm-related disruptions, January ridership would likely have recovered more fully toward pre-break levels.

Overall, FY26 year-to-date ridership through January totals 1,002,211 unlinked passenger trips, compared to 1,061,574 trips during the same period in FY25, representing a 5.6% decrease year-over-year, as shown in the FY26 cumulative trend chart. This decline continues to be driven primarily by a 17.6% decrease in UNT ridership. Non-UNT services collectively total 607,865 trips year-to-date, a 4.2% increase over the FY25 non-UNT total of 583,148 trips, reflecting continued strength across Connect fixed-route (+12.1%), Access paratransit (+17.1%), and Vanpool (+27.9%) services. A-train ridership is tracking closely to FY25 at 95,716 trips (-1.3%), while GoZone has seen a modest decline to 266,582 trips (-4.5%). These trends underscore the resilience of non-university services and support continued progress as ISP Phase III planning advances.

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

Unlinked Passenger Trips Three-Month Trend						
	FY25	FY26				
	January	November	December	January	December-January % Change	January 2025-2026 % Change
Bus*	129,944	130,572	68,243	118,000	72.9%	-9.2%
Rail	20,627	23,288	21,068	19,180	-9.0%	-7.0%
GoZone	68,484	67,672	67,677	59,144	-12.6%	-13.6%
Access	2,365	2,308	2,277	2,188	-3.9%	-7.5%
Van Pool**	18,217	25,963	25,480	28,939	13.6%	58.9%
TOTAL	239,637	249,803	184,745	227,451	23.1%	-5.1%
* UNT, Connect, and Non-Connect Fixed Routes						
**Vanpool data lags by one month						

[https://dcta1-my.sharepoint.com/personal/afriith_dcta_net/Documents/\[Copy of FY19-FY25Compare_Feb26 Board.xlsx\]Memo_Tables](https://dcta1-my.sharepoint.com/personal/afriith_dcta_net/Documents/[Copy of FY19-FY25Compare_Feb26 Board.xlsx]Memo_Tables)

The following chart below presents a summary view of the overall ridership trend by mode from fiscal year start through January comparison for FY2021 to FY2026.

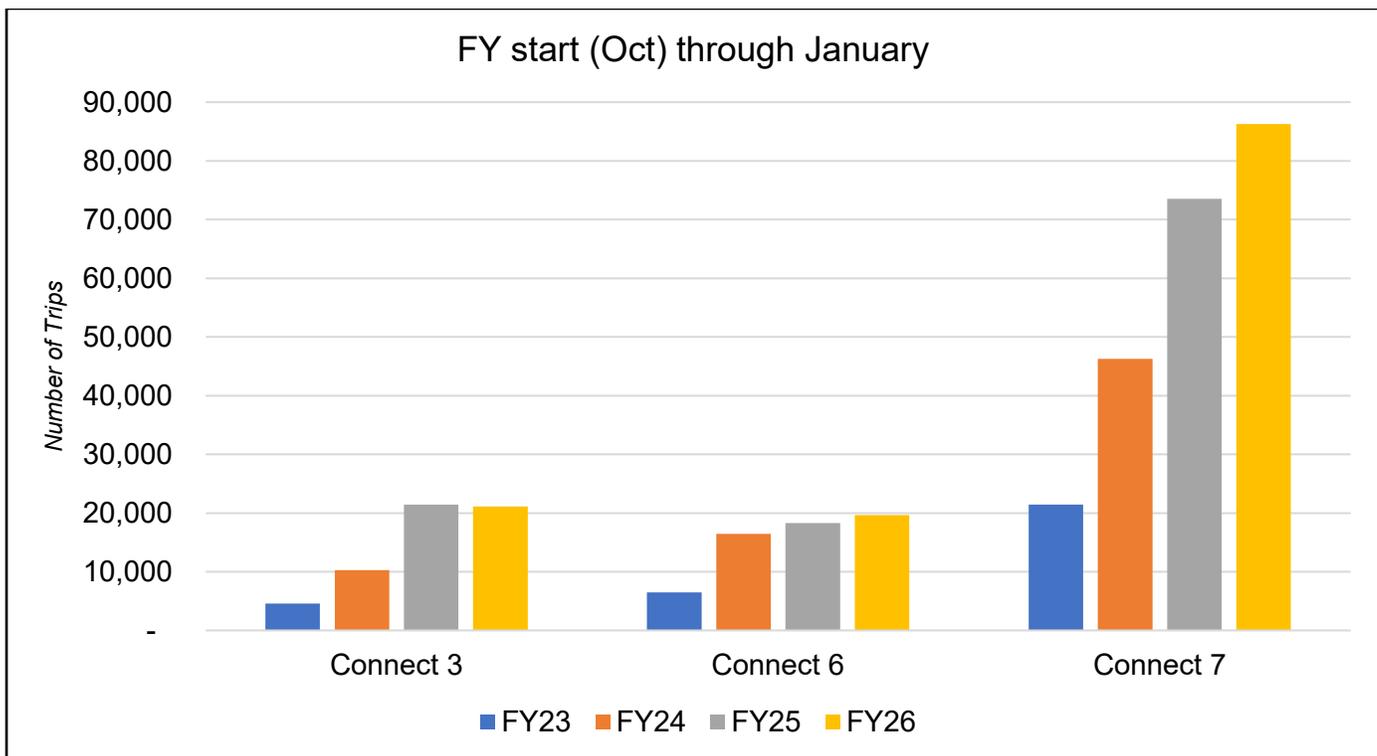
	Unlinked Passenger Trips - FY through January					FY25-FY26 %
	2022	2023	2024	2025	2026	
UNT	366,778	499,427	82,700	478,426	394,346	-17.6%
Connect	54,065	37,974	56,733	113,307	127,026	12.1%
Non-Connect	4,399	2,366	450	1,070	948	-11.4%
A-train	58,164	71,137	82,700	96,928	95,716	-1.3%
GoZone	155,089	275,128	290,773	279,079	266,582	-4.5%
Access	6,969	8,181	8,333	9,865	11,548	17.1%
Vanpool*	67,129	77,527	80,934	82,899	106,045	27.9%
TOTAL	712,593	971,740	602,623	1,061,574	1,002,211	-5.6%
*Vanpool data lags by one month						
Non-UNT Total				583,148	607,865	4.2%

The chart below summarizes Connect ridership from the start of the fiscal year (October) through January, comparing FY23 through FY26 for Connect 3, Connect 6, and Connect 7. FY26 Connect ridership through January totals 127,026 unlinked passenger trips, a 12.1% increase over the FY25 total of 113,307 trips during the same period. This marks the continuation of sustained year-over-year growth across the Connect network, building on the significant gains achieved following ISP Phase I improvements.

Connect 7 continues to demonstrate the strongest growth trajectory among the Connect routes, with FY26 ridership through January exceeding all prior fiscal years. The sustained upward trend reflects increasing utilization and growing demand on this corridor. Connect 6 maintains steady incremental growth, with FY26 ridership surpassing FY25 and all prior years, consistent with ongoing demand for

service connecting to Discovery Park and surrounding activity centers. Connect 3 ridership in FY26 remains generally consistent with FY25 levels, indicating sustained and stable demand on this corridor.

Overall, Connect ridership trends through January FY26 confirm continued strength in fixed-route services and validate the network improvements implemented under ISP Phase I. These results support continued evaluation of service structure and frequency as part of ongoing service planning efforts.



Identified Need

None.

Exhibits

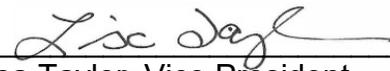
- Exhibit 1: Safety Performance – FY26 to Date
- Exhibit 2: Service Performance – FY26 to Date
- Exhibit 3: Ridership by Mode – January 2026
- Exhibit 4: Connect Ridership Year-Over-Year by Month
- Exhibit 5: A-train Ridership Year-Over-Year by Month
- Exhibit 6: Fixed-Route Ridership – January 2026
- Exhibit 7: UNT Ridership Year-Over-Year by Month

Final Review: 

Jackie Bronson, Vice President
Engagement and Administration

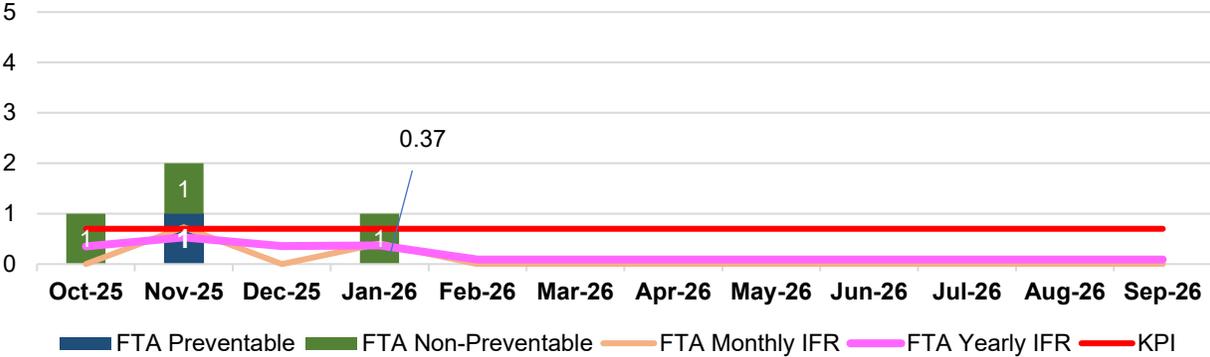
Final Review: 

Austin Frith, Vice President
Planning and Development

Final Review: 

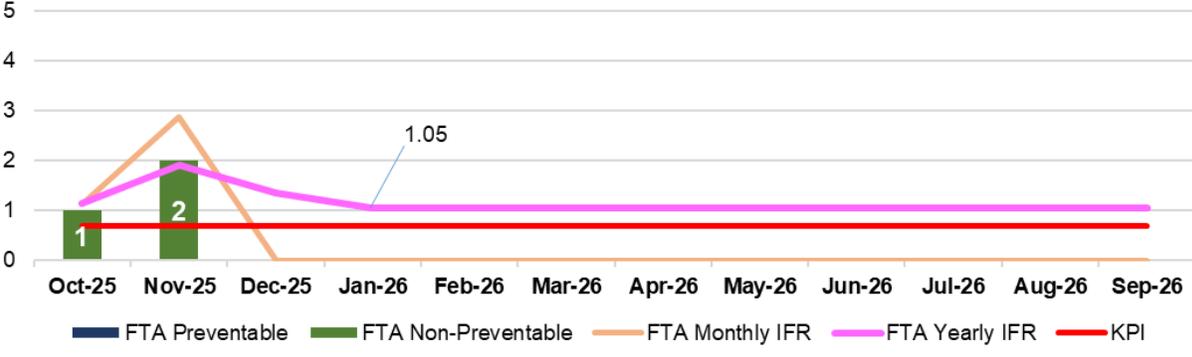
Lisa Taylor, Vice President
Operations

FY2026 FTA - GoZone Incident Frequency Rate (IFR) - Collisions



FY2025 IFR : 0.34

FY2026 FTA - Bus Operations Incident Frequency Rate (IFR) - Collisions



FY2025 IFR : 0.72

Rio Grande Pacific Operations	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
1. FRA Preventable	0	0	0									
2. FRA Non-Preventable	0	0	0									
3. FRA Yearly IFR	0	0	0									
FRA Rail Crossing Reportable	0	0	0	0								

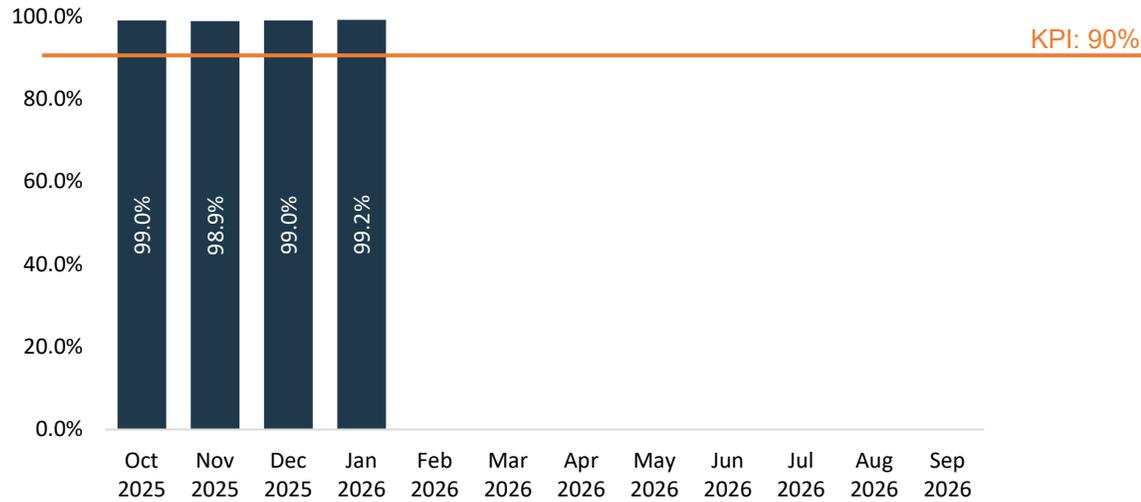
*Rio Grande Pacific Operations reported an incident in January, investigation is underway

FY2025 IFR : 0.00

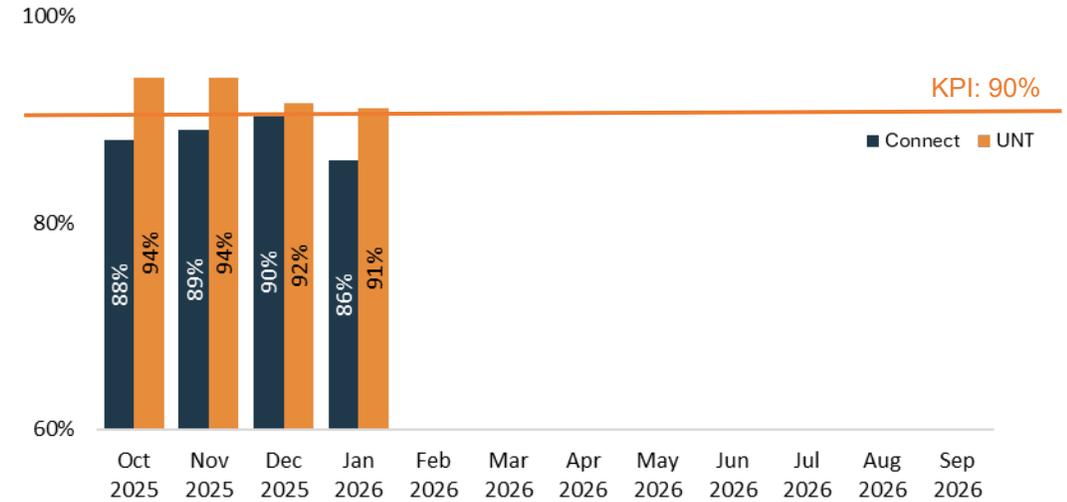
SERVICE PERFORMANCE



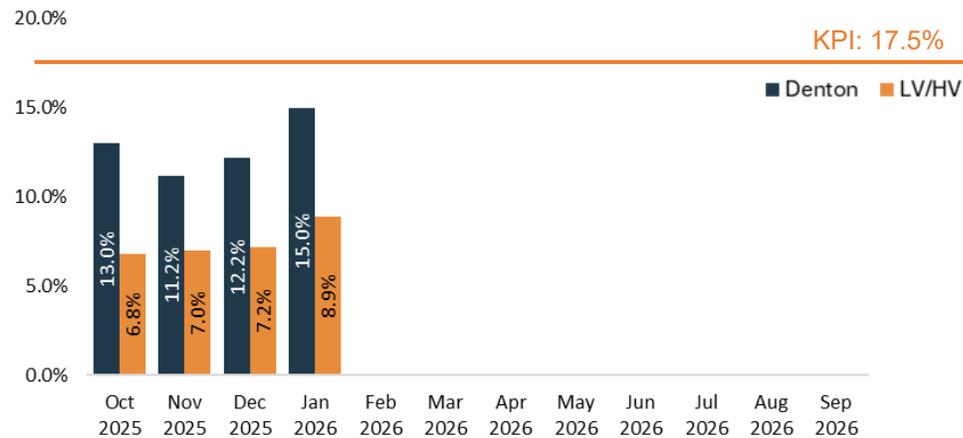
Access OTP - FY25 YTD



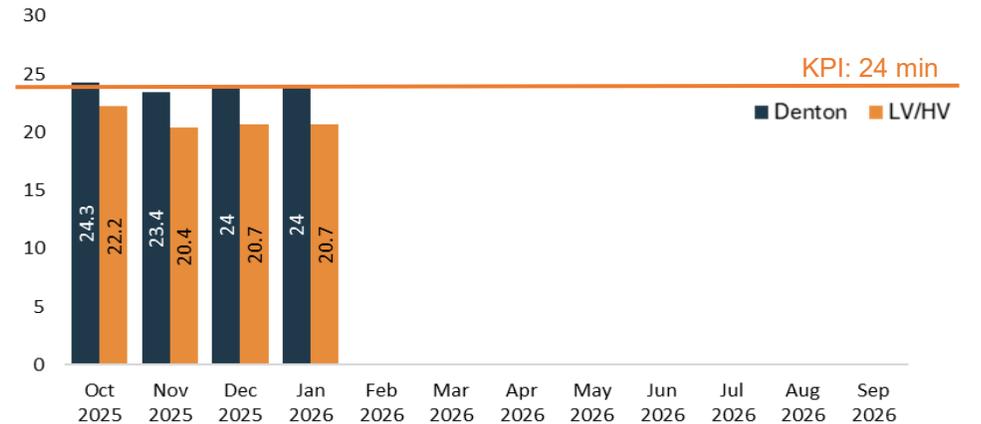
Fixed Route OTP - FY25 YTD



GoZone Seat Unavailable by Zone - FY25 YTD



GoZone Wait Times by Zone - FY25 YTD



RIDERSHIP – JANUARY 2026



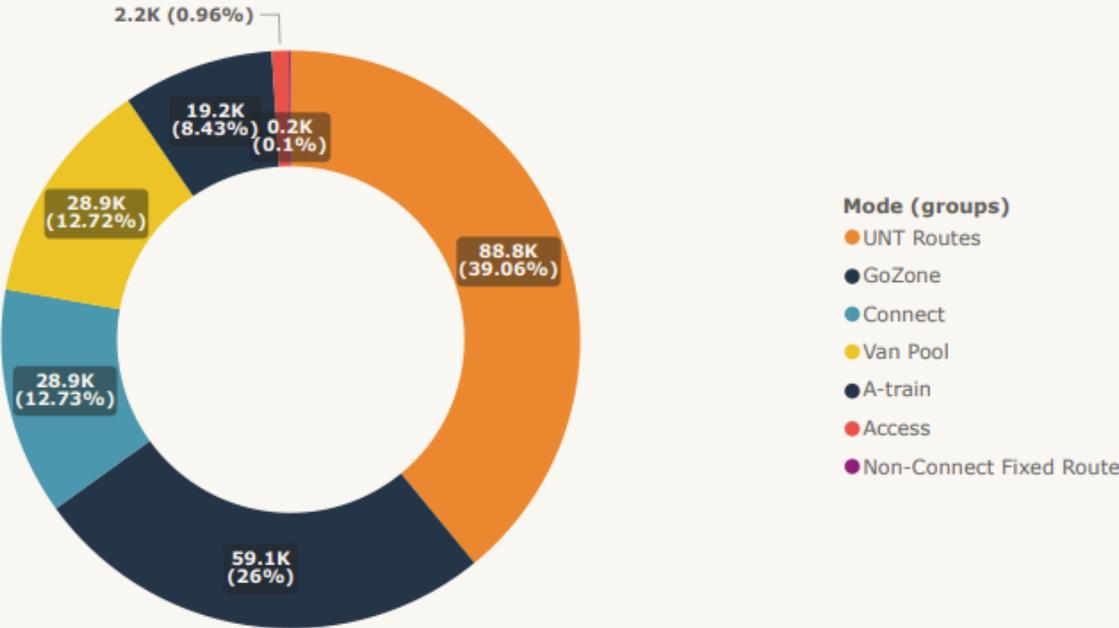
Total Ridership - Jan 2026

227.5K

Total Ridership FYTD

1.0M

Ridership by Travel Mode - Jan 2026





Total Ridership - Jan 2026

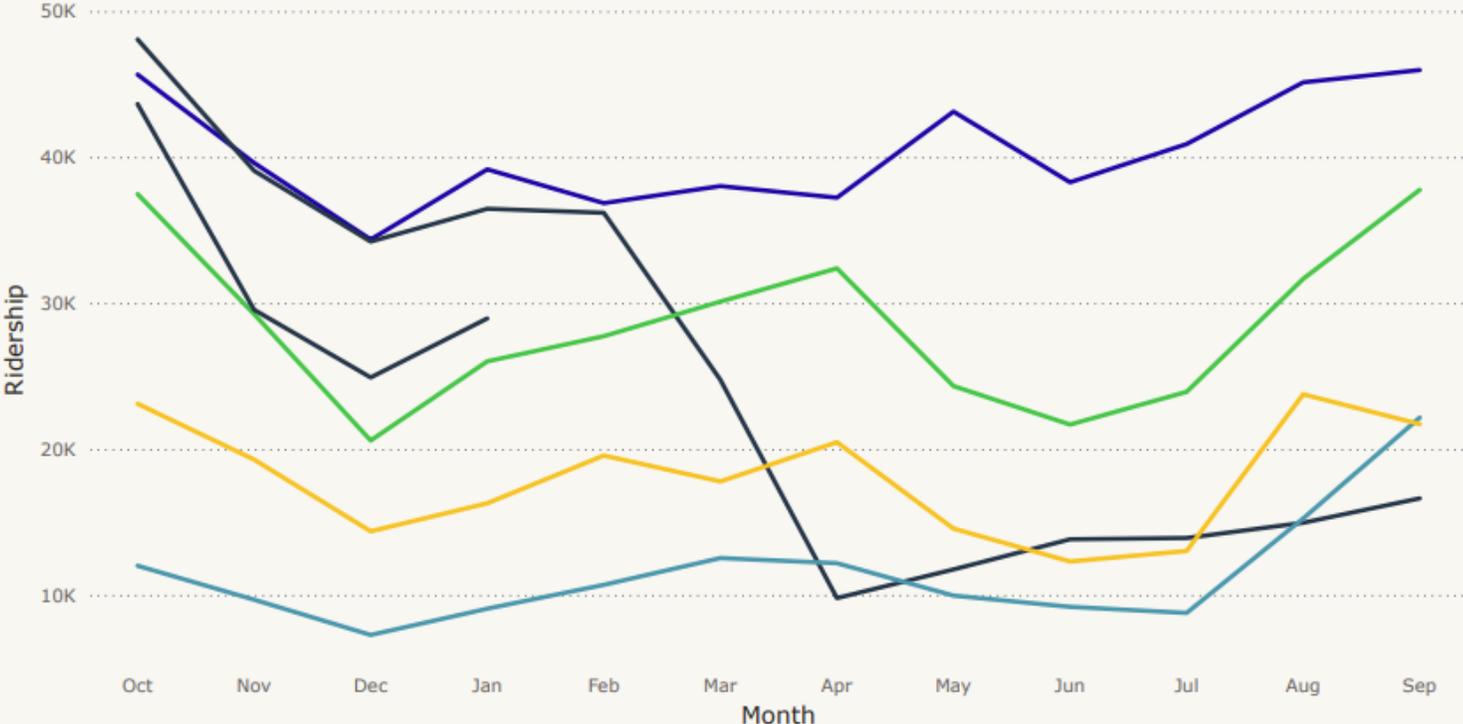
227.5K

Total Ridership FYTD

1.0M

Ridership by Month and Fiscal Year - Connect

Fiscal Year ● 2019 ● 2020 ● 2023 ● 2024 ● 2025 ● 2026



A-TRAIN – JANUARY 2026



Total Ridership - Jan 2026

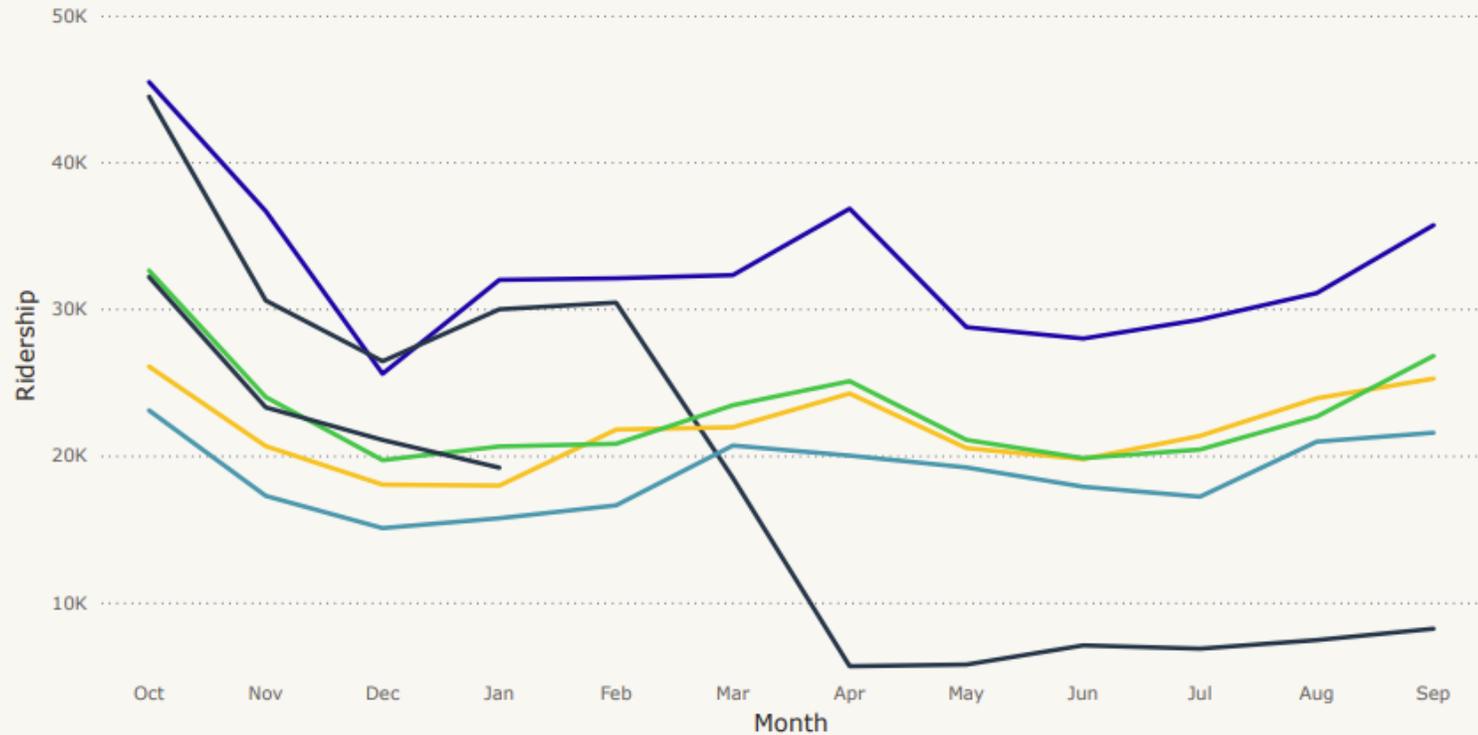
227.5K

Total Ridership FYTD

1.0M

Ridership by Month and Fiscal Year - A-train

Fiscal Year ● 2019 ● 2020 ● 2023 ● 2024 ● 2025 ● 2026



FIXED ROUTE – JANUARY 2026



Total Ridership - Jan 2026

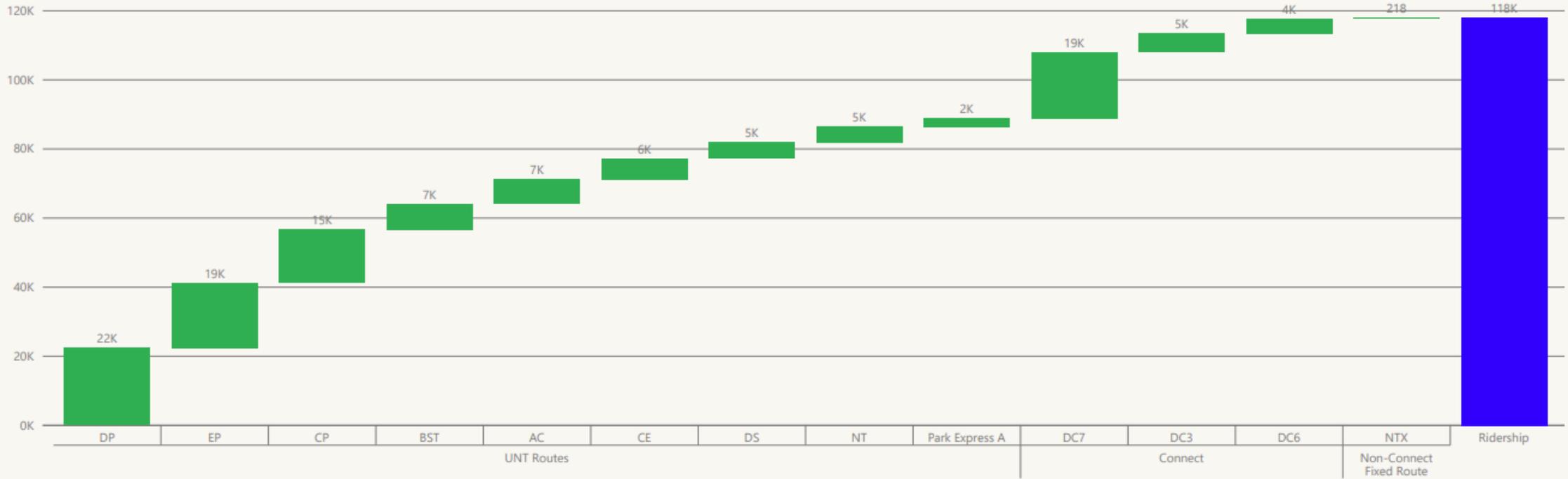
227.5K

Total Ridership FYTD

1.0M

Mode (groups)	Ridership
UNT Routes	88,836
Non-Connect Fixed Route	218
Connect	28,946
Total	118,000

Fixed-Route Ridership Waterfall



UNT (ALL) – JANUARY 2026



Total Ridership - Jan 2026

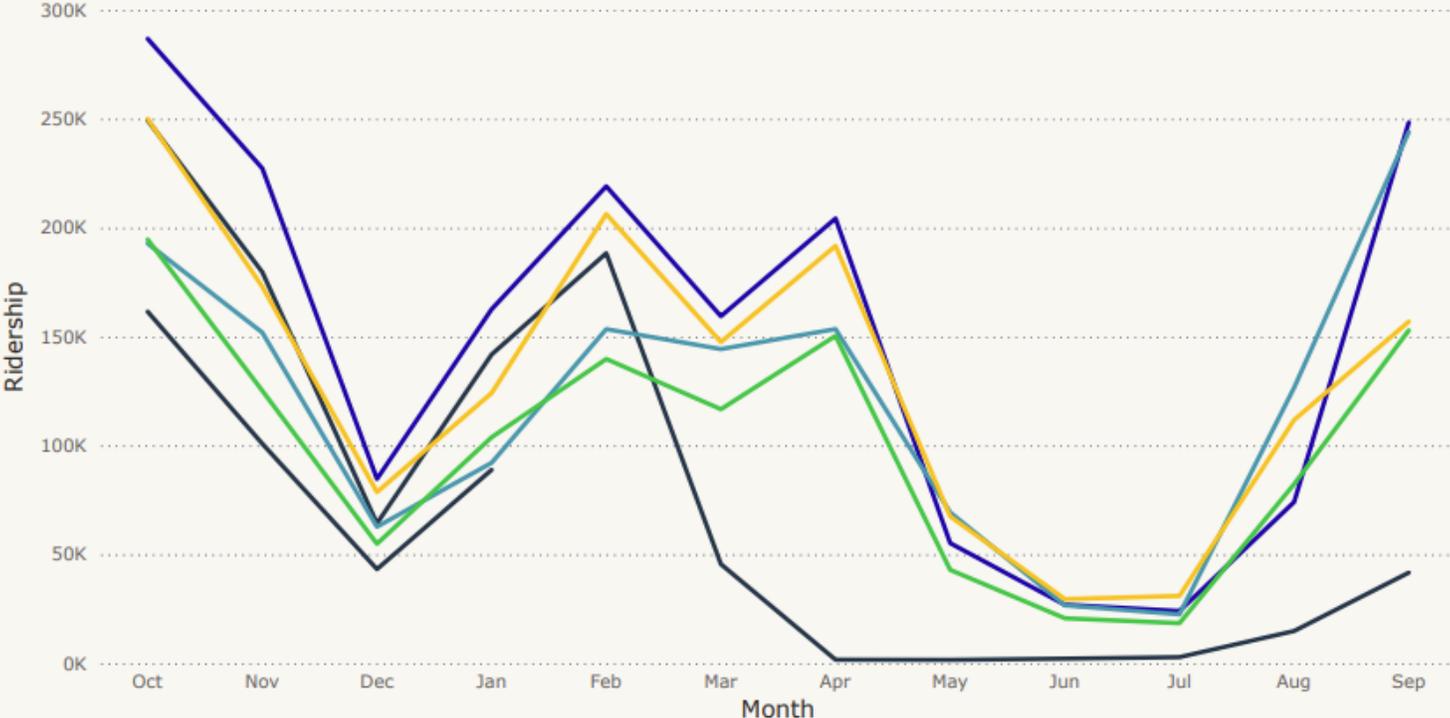
227.5K

Total Ridership FYTD

1.0M

Ridership by Month and Fiscal Year - UNT

Fiscal Year ● 2019 ● 2020 ● 2023 ● 2024 ● 2025 ● 2026



Board of Directors Memo

February 26, 2026

AGENDA ITEM: Update on the Old Town Lewisville Transit Oriented Development Project

Recommendation

This is an informational item only. No Board action is required.

Background

Over the past two years, the DCTA Board and DCTA staff have worked closely to develop and finalize a land use program, conceptual site plan, and vision for the Old Town Lewisville Transit Oriented Development at the Old Town Lewisville A-Train station. This project envisions a mixed-use, walkable transit-oriented development on approximately 14 acres of land owned by DCTA, anchored by DCTA's future intermodal transit center and offices.

In September 2025, DCTA took the next step to move the project forward by issuing a Request for Qualifications (RFQ) to engage a qualified developer to manage the turn-key development of the DCTA intermodal transit center and encourage private development of remaining parcels. A detailed summary of the RFQ outreach activities and solicitation schedule were provided in December 2025.

Since then, the RFQ was closed on January 30, 2026. Several Statements of Qualifications (SOQ) were provided in response to the RFQ and are being evaluated by Procurement and Staff prior to releasing to the Evaluation Committee. Once complete, the Evaluation Committee will review eligible SOQs against the criteria outlined in the RFQ.

Previous Board Activity and Action

April 25, 2024 – RA02 – Appointment of DCTA Board Members to the Old Town Lewisville TOD Working Group

May 22, 2025 – RA02 – Provided program update and RFQ approach, evaluation matrix, and proposed timeline of release and submission due date

December 10, 2025 – IR03 – Provided an update on the Old Town Lewisville TOD project and Task Order with AECOM for TOD Support

Identified Need

Provide the Board with an update on progress of the Old Town Lewisville TOD project.

Exhibits

None.

Submitted By:



Karina Maldonado, Planning Manager

Reviewed By:



Austin Frith, VP of Planning and Development

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Update on Interlocal Agreement between Dallas Area Rapid Transit (DART) and Denton County Transportation Authority (DCTA) for A-train Corridor Appraisal

Recommendation: This is an informational update only. No Board Action is required.

Background: DCTA and DART are coordinating on the procurement of real estate appraisal services related to the rail corridor and associated infrastructure. The cooperative arrangement between the two agencies will be captured in a forthcoming Interlocal Agreement (ILA).

The real estate appraisal is required to renew and amend DCTA's lease on the A-train corridor. That lease agreement was initiated in 2010 and is set to expire in 2030. It provides DCTA the right to operate the A-train between Downtown Denton Transit Center and Trinity Mills Stations. The extension of the A-train to Downtown Carrollton requires the leased corridor to be expanded to include the right-of-way between Trinity Mills and Downtown Carrollton, and to extend its term at least another twenty years.

By the current lease agreement, separate appraisals are to be conducted by each agency. However, for this transaction, both parties agreed that a single, jointly commissioned appraisal would be more efficient, provided the scope, vendor, and deliverables clearly identify DCTA and DART as intended users of the appraisal. Legal staff for both agencies are confirming that a jointly commissioned appraisal, with costs shared equally between the agencies, is appropriate so long as the appraisal meets each agency's internal and legal requirements.

DCTA issued a request for proposals for appraisal services that included two distinct components:

1. Real property (rail corridor) appraisal, and
2. Infrastructure/appurtenance appraisal associated with the corridor.

The real property appraisal is needed by both agencies to review the valuation of the corridor itself. DCTA is pursuing the infrastructure and appurtenances appraisal for its own valuation purposes. Multiple firms submitted proposals. Some firms proposed pricing for the corridor only, while others provided pricing for both the corridor and infrastructure as separate appraisal components. Firms submitting complete pricing for both scopes were within a reasonable range.

DART indicated openness to using the highest-rated vendor from the proposal process but requested a pricing comparison against its on-call appraisal consultant to confirm market competitiveness. DART staff are currently awaiting that proposal for the same appraisal scope. Once received, DCTA and DART will finalize vendor selection and execute an interlocal agreement establishing cost-sharing terms and confirming joint commissioning of the appraisal. Staff anticipates the DCTA obligation for its share of the appraisal will be within the CEO's signature authority.

Previous Board Activity and Action: None.

Identified Need: The appraisal is required to establish an independent, defensible valuation of the rail corridor real property that will underpin the terms of the DART–DCTA Interlocal Agreement. Specifically, the appraisal will:

- Provide a mutually accepted valuation basis for negotiating easements, use rights, or other property interests contemplated under the ILA.
- Ensure compliance with each agency’s governance, audit, and legal standards by relying on a qualified third-party appraisal.
- Reduce duplication of effort and cost by avoiding separate appraisals while maintaining credibility for both agencies.
- Support transparency and consistency in interagency negotiations by relying on a single valuation framework.

In addition, DCTA requires a separate appraisal of infrastructure and appurtenances for internal asset and accounting purposes. While DART’s participation is limited to the real property component, structuring the scope as two coordinated appraisals allows each agency to meet its respective needs without expanding DART’s financial obligation beyond the corridor valuation.

Exhibits

None.

Submitted By:



Austin Frith
Vice President, Planning and Development

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Update on Data Reporting Support with AECOM

Recommendation: This is an informational item only. No Board action is required.

Background: The purpose of this memo is to provide a snapshot of ongoing task orders with AECOM and their separate and distinct scopes of work.

Denton County Transportation Authority (DCTA) has utilized AECOM under its previous on-call professional services contract (Solicitation No. 20-02) to provide, among other work, data analytics and technical support services through a series of task orders intended to supplement internal staff capacity. In addition, AECOM is a current on-call professional services consultant that has been tasked with similar services under a new contract (Solicitation No. 25-03) awarded in June 2025.

Between October 2024 and September 2025, DCTA executed a series of task orders and amendments under contract 20-02 — Task Orders 17.1 through 17.4 — to provide Data Analytics Support Services. These task orders provided short-term analytical support to Planning staff as internal capabilities were developed. In total, the task orders under the prior contract totaled approximately \$73,000. Throughout the 17.1–17.4 series, the scope of work remained consistent in nature and included Excel and data analytics support; analysis of planning and operational datasets; and development and refinement of data tools and work products. All expenditures associated with this task order series were completed within FY2025 under contract 20-02.

A new task order has been issued under this new AECOM (25-03) contract for Intermediate Service Plan (ISP) Phase III Support, with a not-to-exceed amount of \$50,000, as described in IR-04 in the December Board packet. This task order is focused on implementation-oriented planning and technical advisory support for Intermediate Service Plan Phase III and related analysis.

In addition, staff is planning to issue a new task order to AECOM in the amount Not to Exceed \$25,000 for staff augmentation to support ongoing, recurring data reporting as the team considers the path forward on the internal data analytics function and associated staffing.

Previous Board Activity and Action: None.

Identified Need

Staff is engaging AECOM on two task orders with separate and distinct scopes of work that are below the threshold of Board approval. Staff will advise the Board and seek appropriate approvals if the work approaches the approval threshold.

Exhibits:

None.

Submitted By:



Austin Frith, Vice President



Planning & Development

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Update on Task Order with AECOM in the Amount Not to Exceed \$27,327.70 for Bus Stop Design Guidelines Phase II Stakeholder Engagement

Recommendation

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

Background

In October 2025, the DCTA Board was provided with a brief update on the status of the Bus Stop Design Guidelines project, which includes the development of consistent standards for stop placement, passenger amenities, and design across the fixed route bus network.

Phase I of this project was initiated in February 2025 and completed in August 2025 under Task Order 19 with AECOM. The cost of that effort was \$73,989 and focused on the following:

1. **Regulatory Review** – Technical memo documenting processes for adding/removing stops and review all applicable local and state regulations impacting stop placement.
2. **Context and Site Analysis** – Review and presentation of existing amenities, ADA compliance, and roadway contexts.
3. **Typology & Standards**: Defined the “Standard,” “Enhanced,” and “Transit Center” stop types with associated amenities and applied them to the existing inventory. Amenities were further categorized to be required, preferred, or optional by stop type.
4. **Best Practices**: Established the preferred stop placement, amenity configuration, and operational standards for bus approaches.

The next phase of this project will be initiated under Task Order #08 of the 25-03 Master Planning Agreement with AECOM to conduct the following work:

1. Identify stakeholders and finalize outreach strategy. Stakeholders may include UNT, TXDOT, and member city staff.
2. Conduct interviews and collect feedback on draft recommendations and bus stop prioritization.
3. Integrate feedback into the final Bus Stop Design Guidelines and a comprehensive bus stop inventory.

Phase II of this project is anticipated to be completed by July 2026. A final copy of the Bus Stop Design and Amenities Guidelines will be shared with the Board prior to adoption and will be used to guide all new or modified bus stops after adoption. A general public involvement process is not contemplated in this project, which is establishing typical design standards. Future standards for community-specific customizations could provide a forum for such public involvement.

Financial Impact

This project was approved as an Expanded Level Project (ELP) in the Fiscal Year 2026 Budget.

Previous Board Activity and Action

The Board previously received an update on the Bus Stop Design Guidelines project in October 2025.

Identified Need

Provide the Board with an update on progress of the Bus Stops Design Guidelines Phase II and outline the timeline for upcoming milestones. The task order with AECOM for Phase II of this project ensures that DCTA has the technical resources and capacity to advance the stakeholder engagement and bus prioritization feedback prior to implementation of a final document.

Exhibits

None.

Submitted By:



Karina Maldonado, Planning Manager

Reviewed By:



Austin Frith, VP of Planning and Development

Board of Directors Memo

February 26, 2026

AGENDA ITEM: Update on Trolley Relocation

Recommendation: This is an informational update only. No Board Action is required.

Background: In January 2026, the Board received an informational update (IR02) on DCTA's acquisition of the historic Denton trolley. At that time, staff had received moving estimates from qualified vendors and were in active discussions with Denton County regarding a local storage solution as an alternative to the Rail Operations and Maintenance Facility in Lewisville. Since that report, DCTA has finalized both the acquisition terms and the relocation plan. The trolley will be relocated to a Denton County–owned property in Sanger, Texas, satisfying the owner's March 2026 deadline for relocation. The trolley is presently located on private property in Downtown Denton beneath a custom-fabricated protective canopy structure.

Enabling Work: The removal of the canopy is a required enabling element of the project. Due to the design and construction of the structure, the bracing supports sit only inches above the trolley cab roof, preventing safe access for jacking, loading and transport. The canopy must be carefully dismantled prior to relocation to avoid damage to the trolley. Without removal of this structure, the trolley cannot be safely moved.



The canopy removal will be completed under a Job Order Contract through the Sourcewell Cooperative (Gordian) at an estimated cost of \$18,207.53.

Relocation: Following canopy removal, Denton County Housemovers will relocate the trolley to a Denton County–owned property located at 1175 Union Hill Road in Sanger, Texas. The proposal includes:

- Loading and securing the trolley for transport
- Transport to the Sanger destination site
- Placement on existing materials at the destination site

The relocation cost is \$7,800.00.

Upon successful relocation, DCTA will execute a Bill of Sale transferring ownership of the trolley to Denton County. Future restoration and final display planning will be coordinated separately by Denton County.

Exhibits:

None.

Submitted By:



Austin Frith
Vice President, Planning and Development