
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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Letter of Transmittal

February 26, 2026

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of Denton County Transportation Authority (DCTA) for the fiscal year ended September 30, 2025.

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

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

Plante & Moran, PLLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the DCTA's financial statements for the year ended September 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

DCTA PROFILE

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

Location

Denton County encompasses roughly 953 square miles and is located in the northern part of the Dallas-Fort Worth Metroplex adjacent to Collin, Dallas, and Tarrant counties. The county, founded in 1846, is one of the fastest growing counties in the U.S. with an estimated population of 1,068,355 in 2025 according to North Central Texas Council of Governments (NCTCOG) population estimates.

Governance

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

Agency Background

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

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

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

Accounting System and Budgetary Control

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

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

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

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

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

One of the most significant organizational transformations to occur last year was the direct hire of the bus operators into DCTA following the dissolution of the ILA that existed between DCTA and NTMC for bus service and the support staff. This move enables a singular, unified DCTA organization to maximize efficiencies and effectiveness. It also enabled DCTA to provide a more comprehensive benefits package to ensure recruiting and retention among our bus operators.

SERVICES PROVIDED

DCTA provides service in Denton County including regional commuter rail service (A-train); fixed route bus service; rideshare on-demand service; paratransit and general demand response service; vanpool service; campus shuttles operated under contract with the University of North Texas (UNT); and contract service in Frisco and Coppell. As reported in the National Transit Database, DCTA carried over 2.9 million bus, rail, and micro-transit passengers in FY25, a 10% decrease from FY24.

Regional Commuter Rail (A-train)

The A-train is a 21-mile regional rail system connecting Denton and Dallas counties. The rail corridor follows the east side of I-35E and connects the cities of Denton and Carrollton. DCTA has five A-train stations: two

in Denton and three in the greater Highland Village-Lewisville area, with a transfer station at the Trinity Mills Station in Carrollton. The Trinity Mills transfer station connects riders with DART rail and bus service. The system also includes a 19-mile hike & bike trail that parallels the A-train rail line.

DCTA operates 11 low-floor diesel-electric articulated GTW passenger rail vehicles designed to comfortably accommodate wheelchairs, strollers, and bikes with room for 104 seated and 96 standing passengers per vehicle. A-train ridership continues to increase carrying roughly 277,028 passengers in FY25, up 6% increase from the 261,426 passengers carried in FY24. Train frequency, now at 30-minutes on weekdays, is a significant contributor to enhancing the rider experience.

Connect Fixed-Route

August 19, 2024 implemented a new service plan to move as many riders as possible in the most efficient and effective manner. DCTA increased frequency on Connect 3 & 6, increased hours to align with A-train and Connect 7 (7am-9pm), added 18 new bus stops, removed GoZone service for trips that had both the origin and destination within 1/4th mile of existing/new bus stops on Connect 3, 6, and 7. The routes were configured to provide easy access to many popular destinations within the city as well as connection to A-train stations for access to our commuter rail line.

University Shuttle Service

We've streamlined the UNT bus network, reducing 14 routes to 9 to deliver more frequent service, stronger connections, and a more reliable overall experience. The UNT Campus Shuttle now operates nine routes covering weekday, late-night, and weekend-only service through a contractual agreement. The UNT Shuttle service provides transportation from off-campus housing to the campus as well as circulation throughout the campus. Total passengers for FY25 totaled roughly 1,202,321 trips, a 23% decrease from FY24 ridership of roughly 365,389 as result of declines in UNT enrollment.

GoZone On-Demand

FY22 saw the first full year of ridership for the newest DCTA service offering, GoZone. Launched in September 2021, GoZone is a zone-based on-demand rideshare service that riders utilize for trips within, and sometimes between, designated zones in Denton County. The on-demand service uses a mobile app where passengers book their trips in real-time. A fleet of dedicated vans is used to pick up and drop off riders at virtual stops within the zones. GoZone ridership has grown exponentially since launching on September 7, 2021, completing approximately 832,407 trips in FY25 (an decrease of 3.6%) as a result of the changes implemented in August 2024 for fixed route.

Demand Response Service

Access offers two types of shared ride, origin to destination service for residents and visitors in Denton, Highland Village, and Lewisville: ADA paratransit service, and service for senior and disabled (non-ADA) passengers. Any person who wishes to use Access must complete an application, and non-seniors or non-Medicare-eligible individuals must submit a physician's affidavit of eligibility. DCTA carried roughly 31,912 Access passengers in its member city service area in FY25.

Since December 2015, the City of Frisco has contracted with DCTA for curb-to-curb demand response transit service to eligible Frisco residents for trips within Frisco and designated portions of Plano. Taxi vehicles and Transportation Network Company (TNC) vehicles are used in this service to supplement demand-response service as capacity dictates. The service carried roughly 9,043 passengers in FY25, slightly lower from 9,600 passengers carried in FY24.

Vanpools

The Vanpool service provides a low-cost commuting alternative for residents to get to work. Vanpools are ideal for groups of six to fifteen people. Individuals who live or work in Denton County can start a vanpool through their employer or create one with others who have similar commute origins and destinations. During FY24, DCTA added 14 new vanpool group and we have a maximum 103 vanpools in operation, carrying an annual total of 258,542 FY25 passengers.

DCTA PROGRESS

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

DCTA completed the technological updates on our bus system enabling automated passenger counting systems and providing a platform for future technology applications. Through continuous work, the agency also anticipates additional planning and design work to continue exploration of projects to increase speed on the A-train. DCTA also continues to work on several technology updates across the agency in FY25, including implementing a new enterprise resource software platform enabling efficiency improvements for our back-office systems.

FUTURE OUTLOOK

Total revenues were \$66.4 million in FY25 compared to \$66 million in FY24. DCTA's largest revenue source, sales tax, grew from \$40.6 million in FY24 to \$41.2 million in FY25. Despite sales tax growth, DCTA faces challenges with rising healthcare costs, low interest rates impacting investment earnings, and prioritizing funding for service expansion and future construction projects. In addition, the sustainability of the current economic expansion remains notable; its impact on local sales tax will continue to be monitored closely.

Regional Economy

Based on Federal Reserve Bank of Dallas indicators for 2025, the Dallas–Fort Worth economy experienced a moderated, "softening" performance characterized by stabilized, yet high, housing costs and slowed employment growth. While initial 2025 forecasts suggested a sharp slowdown, the metro area maintained a better-than-expected position, with wage growth often outpacing state averages.

The Dallas–Fort Worth economy expanded in August. Employment growth was strong, while unemployment increased sharply. Hourly earnings were flat but remained higher than figures for the state and nation and above year-ago levels. DFW sales tax collections held steady. Home sales fell, while apartment rents were flat.

Employment in Dallas–Fort Worth grew an annualized 2.5 percent in August after holding steady in July. Dallas–Fort Worth job growth from May to August was mixed across major sectors, with the strongest gains in the educational and health services, information, and government sectors. Meanwhile, employment losses were largest in construction, financial activities, and professional and business services over the same period.

The [Texas Business Outlook Surveys \(TBOS\)](#) headline indexes of production and revenue picked up in July, after growing little in the intervening months since April. Texas inflation, which had been receding, turned upward in May and continued to increase in June.

Recent policy changes and economic conditions have especially affected some sectors. All categories of construction in the state have declined. Housing market weakness is impacting residential construction. The number of single-family construction permits slipped in May and June. Texas' overall pace of economic growth is trending lower, with payroll employment declining in June, a marked turn from robust job gains earlier in 2025. Despite slower employment growth, the unemployment rate declined and wage growth remained strong.

Population Forecast

As of January 2025, the North Central Texas region's population has reached 8,718,500 residents, reflecting growth of more than 886,000 people since the 2020 Census. Collin, Dallas, Tarrant, and Denton counties continue to lead this surge, with Collin surpassing 1.3 million residents and Denton climbing to 1.07 million.

Explosive suburban growth in Collin and Denton counties underscores the urgency of east-west corridor planning. With half of Denton County's workforce commuting outside the county, regional agencies must prioritize cross-county transit links to employment hubs. Rapid expansion in Kaufman (+26.7% since 2020) and Rockwall (+25%) continues to strain roadway capacity, highlighting the need for multimodal investments. The Mobility 2045 Plan projection of 11.4 million residents by 2045 remains on track, reinforcing the importance of long-term infrastructure investment in roads, transit, and bicycle/pedestrian facilities.

North Central Texas has surged past 8.7 million residents in 2025, with Collin and Denton counties driving much of the growth. This trajectory intensifies the need for regional transportation planning, particularly cross-county transit and multimodal infrastructure, to sustain mobility as the region heads toward its projected 11.4 million residents by 2045.

Long Range Service Plan

The Long Range Service Plan provides a roadmap for decision making about transit investments in Denton County over the next 25 years and reaffirms DCTA's goals and performance standards that will be used to help officials make decisions about future investments and the implementation of new services. It will help ensure that transit services mature and develop to better meet the needs of Denton County. In FY25, the Board of Directors continued the work of implementing two phases of the Intermediate Service Plan (ISP), which included mode optimization efforts between fixed-route and micro transit, as well as route optimization efforts for UNT Shuttle services. This, along with the Transit 2.0 study that is being conducted by the NCTCOG, will serve as the catalyst for a new Long Range Service Plan for the agency.

DCTA also remains focused on regional rail service through planning and engineering analysis for potential expansion of service south to DART's Downtown Carrollton Station, discussion with a non-member city regarding a potential in-fill station, exploration of adding double tracking to the existing A-train alignment, and continuing the implementation of ISP Phase III for DCTA's fixed route bus service and on-demand micro-transit.

OTHER INFORMATION

Independent Audit

Chapter 460, Section 460.402 of the Texas Transportation Code requires an annual audit of the books of account, financial records and transactions of the DCTA by independent certified accountants selected by the Board of Directors. This requirement has been complied with and the independent auditor's report

has been included. The Board of Directors reviews recommendations made by the independent auditors and also guides the annual budget process.

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the DCTA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the thirteenth consecutive year for the DCTA to receive the Certificate of Achievement.

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

Acknowledgements

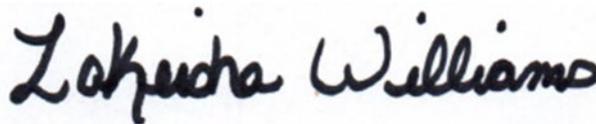
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire DCTA Finance Department staff. We also express our appreciation to all the DCTA staff members who assisted and contributed to the successful completion of this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

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

Sincerely,



Paul A. Cristina
President/CEO



LaKeisha Williams
Sr. Manager of Accounting



Government Finance Officers Association

Certificate of
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Presented to

**Denton County Transportation Authority
Texas**

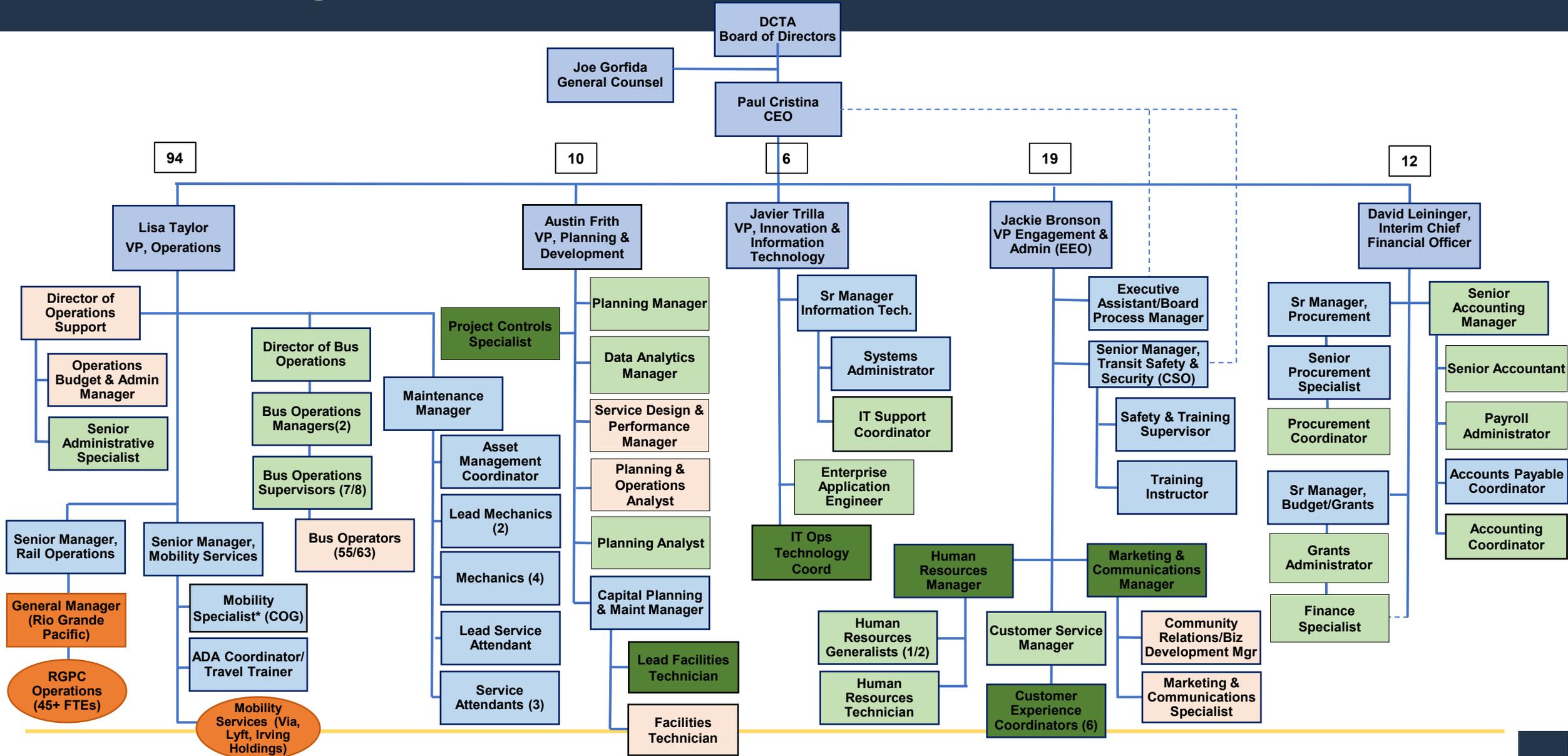
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

DCTA Organizational Structure FY2025



Denton County Transportation Authority

List of Principal Officials
As of September 30, 2025

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

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

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

Board Member	Position	Appointed by
Andy Eads	Chair	Denton County Seat 2
TJ Gilmore	Vice Chair	City of Lewisville
Daniel Jaworski	Secretary	City of Highland Village
Cesar Molina	Member	Denton County Seat 1
Vacant	Member	

Board Member Alternates	Position	Appointed by
Dennie Franklin	Member	Denton County Seat 1
Kristin Green	Member	City of Lewisville
Pat Smith	Member	City of Denton
Paul Stevens	Member	City of Highland Village

Non-Voting Board Members	Position	Appointed by
Dennie Franklin	Member	City of Frisco
Vacant	Member	Town of Flower Mound
Jeremie Maurina	Member	City of The Colony
Stephen Christo	Member	City of The Colony
Jared Eutsler	Member	City of Corinth
Vacant	Member	Town of Little Elm
Vacant	Member	Small Cities

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 26, 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.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is written in a cursive, flowing style.

February 26, 2026

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	\$ 396,393,188	\$ 392,994,640	\$ 384,875,849

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

	2025	2024
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	5,616,740	7,029,577
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	62,819,461	57,705,561
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	60,481,541	58,008,858
Income - Before capital contributions	3,278,820	7,332,874
Capital Contributions - Capital grants	119,728	785,917
Change in Net Position	3,398,548	8,118,791
Net Position - Beginning of year	392,994,640	384,875,849
Net Position - End of year	<u>\$ 396,393,188</u>	<u>\$ 392,994,640</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.

September 30, 2025 and 2024

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	\$ 11,132,623	\$ 15,475,985

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>

September 30, 2025 and 2024

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):

<u>Years Ending September 30</u>	<u>Amount</u>
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)	(2,394)	(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 Years Ended September 30

	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

Pension Information

Changes in Assumptions

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

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

Denton County Transportation Authority

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	<u>\$ 394,073,741</u>	<u>\$ 389,648,533</u>	<u>\$ 396,393,188</u>	<u>\$ 6,744,655</u>	<u>\$ 392,994,640</u>

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Denton County Transportation Authority

Net Position by Component

**Last Ten Fiscal Years
September 30, 2025
(Accrual Basis of Accounting)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net position										
Net investment in capital assets	\$ 302,581,220	\$ 306,005,661	\$ 302,425,170	\$ 296,540,285	\$ 294,293,446	\$ 290,599,617	\$ 275,656,830	\$ 267,771,462	\$ 262,597,946	\$ 254,959,318
Restricted- net pension asset								127,525	402,519	718,613
Unrestricted	19,337,564	19,422,461	23,662,662	29,491,818	33,507,349	50,683,527	99,809,719	116,976,862	129,994,175	140,715,257
Total net position	\$ 321,918,784	\$ 325,428,122	\$ 326,087,832	\$ 326,032,103	\$ 327,800,795	\$ 341,283,144	\$ 375,466,549	\$ 384,875,849	\$ 392,994,640	\$ 396,393,188

Denton County Transportation Authority

Changes in Net Position

Last Ten Fiscal Years

September 30, 2025

(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenues										
Passenger revenue	\$ 1,406,471	\$ 1,292,725	\$ 1,114,734	\$ 1,357,691	\$ 833,637	\$ 548,078	\$ 928,697	\$ 1,568,794	\$ 1,906,892	\$ 1,727,518
Contract services	3,383,656	3,716,481	3,416,001	4,201,278	3,378,826	2,923,277	3,721,321	4,233,303	4,948,287	3,798,461
Other	170,742	396,450	858,648	210,198	427,460	460,208	681,289	923,745	174,399	90,761
Total operating revenues	4,960,869	5,405,656	5,389,383	5,769,167	4,639,923	3,931,563	5,331,307	6,725,842	7,029,577	5,616,740
Operating expenses										
Salaries, wages, and benefits	9,144,246	10,425,981	11,137,613	12,367,693	11,609,934	9,973,966	9,223,042	9,014,747	10,212,178	11,838,956
Outsourced services and charges	2,598,749	6,209,389	4,348,623	6,202,321	4,884,281	5,395,088	6,946,993	5,831,802	6,937,117	7,754,270
Materials and supplies	2,036,382	2,317,170	2,508,020	2,445,770	1,922,266	1,087,452	2,526,060	2,450,760	2,125,775	2,218,893
Utilities	404,896	427,013	439,476	445,809	431,838	431,998	521,960	497,792	561,653	526,317
Insurance	849,981	1,600,932	1,707,909	1,697,189	1,783,994	1,822,821	1,669,123	1,586,292	1,099,836	1,889,074
Purchased transportation services	10,666,292	10,587,125	8,980,451	9,755,585	10,091,453	10,302,946	19,235,801	22,251,475	23,888,423	22,890,819
Leases and rentals	158,251	248,128	213,497	221,903	226,632	224,889	151,068	142,445	169,862	193,771
Employee development	184,509	203,467	274,072	281,968	185,785	97,423	137,647	180,014	311,031	237,395
Transportation reinvestment program	-	-	-	-	-	29,798	1,332,493	345,473	1,590,754	4,218,304
Depreciation	9,854,907	9,986,476	10,202,356	9,813,483	9,558,814	9,956,637	11,351,683	9,074,612	10,808,932	11,051,662
Total operating expenses	35,898,213	42,005,681	39,812,017	43,231,721	40,694,995	39,323,018	53,095,870	51,375,412	57,705,562	62,819,461
Operating loss	(30,937,344)	(36,600,025)	(34,422,634)	(37,462,554)	(36,055,072)	(35,391,455)	(47,764,563)	(44,649,570)	(50,675,985)	(57,202,721)
Non-operating revenues (expenses)										
Sales tax revenue	24,658,546	26,790,098	27,937,707	28,735,383	29,817,365	35,332,154	38,764,986	40,292,936	40,592,222	41,234,879
Capital grants	5,769,630	6,532,885	1,631,747	4,187,777	3,472,676	1,409,423	95,385	59,828	785,917	119,728
Transit system operating assistance grants	5,130,046	4,900,401	5,484,450	6,664,660	16,843,203	19,633,941	22,468,882	9,431,745	11,622,600	14,095,704
Investment income	59,364	122,250	350,924	597,793	320,793	31,178	462,425	4,434,145	5,983,517	5,322,769
Interest expense	(1,156,229)	(1,098,107)	(1,040,263)	(972,668)	(909,134)	(697,186)	(233,828)	(212,684)	(192,299)	(171,811)
Gain (loss) on sale of assets	(14,675)	12,208	2,340	18,301	(7,482)	42,344	29,719	52,900	2,818	-
Total non-operating revenues (expenses)	34,446,682	37,259,735	34,366,905	39,231,246	49,537,421	55,751,854	61,587,569	54,058,870	58,794,775	60,601,269
Change in net position	\$ 3,509,338	\$ 659,710	\$ (55,729)	\$ 1,768,692	\$ 13,482,349	\$ 20,360,399	\$ 13,823,006	\$ 9,409,300	\$ 8,118,791	\$ 3,398,548

Denton County Transportation Authority

Capital Assets Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital assets not being depreciated:										
Land	\$ 16,228,337	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147	\$ 17,394,147
Construction in progress	13,785,056	18,124,446	18,251,850	20,536,649	20,014,331	2,765,189	3,551,274	4,202,668	6,621,796	7,155,453
Total capital assets not being depreciated	30,013,393	35,518,593	35,645,997	37,930,796	37,408,478	20,159,336	20,945,421	21,596,815	24,015,943	24,549,600
Other capital assets being depreciated:										
Rail assets	282,218,725	282,218,725	283,178,861	283,178,861	283,178,861	300,547,954	300,547,954	300,547,954	300,547,954	300,543,523
Land improvements	6,458,821	6,458,821	6,874,492	9,017,865	12,166,783	12,158,726	12,158,726	12,158,726	12,158,726	12,158,726
Vehicles and operating equipment	9,997,320	10,228,999	11,444,904	12,698,164	12,584,752	12,982,287	10,652,957	10,147,537	9,557,313	9,636,259
Leasehold improvements	55,506	-	-	-	-	-	-	-	-	-
Office furniture and equipment	3,935,542	5,272,885	5,426,024	5,567,481	7,035,417	7,035,417	7,042,162	7,215,237	7,646,525	8,381,203
Facilities	32,843,448	31,760,649	31,760,649	31,760,649	31,760,649	31,760,649	31,760,649	31,772,308	31,772,308	31,920,002
Easement	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155	16,997,155
Total other capital assets	352,506,517	352,937,234	355,682,085	359,220,175	363,723,617	381,482,188	379,159,603	378,838,917	378,679,981	379,636,868
Less accumulated depreciation:										
Rail assets	30,883,870	37,160,734	43,449,134	49,779,910	56,110,686	62,875,689	70,943,374	77,492,741	85,560,426	94,074,563
Land improvements	1,377,500	1,666,020	1,965,624	2,327,927	2,788,304	3,275,067	3,741,305	4,126,726	4,592,964	5,059,622
Vehicles and operating equipment	5,775,080	6,756,251	7,779,318	8,513,300	9,190,031	9,237,141	8,034,439	8,113,152	8,001,383	8,489,355
Leasehold improvements	55,506	-	-	-	-	-	-	-	-	-
Office furniture and equipment	1,604,281	2,389,010	3,424,947	4,148,347	4,640,797	5,086,158	5,411,356	5,632,316	5,873,523	6,312,720
Facilities	2,850,881	3,484,184	4,189,674	4,895,163	5,600,653	6,306,143	7,011,633	7,599,541	8,305,030	9,028,880
Easement	5,382,432	6,232,290	7,082,148	7,932,006	8,781,863	9,631,721	10,481,579	11,189,794	12,039,651	12,452,010
Total accumulated depreciation	47,929,550	57,688,489	67,890,845	77,596,653	87,112,334	96,411,919	105,623,686	114,154,270	124,372,978	135,417,150
Total capital assets, net	\$ 334,590,360	\$ 330,767,338	\$ 323,437,237	\$ 319,554,318	\$ 314,019,761	\$ 305,229,605	\$ 294,481,338	\$ 286,281,462	\$ 278,322,946	\$ 268,769,318

Denton County Transportation Authority

Revenue by Source

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue:										
Sales tax	\$ 24,658,546	\$ 26,790,098	\$ 27,937,707	\$ 28,735,383	\$ 29,817,365	\$ 35,332,154	\$ 38,764,986	\$ 40,292,936	\$ 40,592,222	\$ 41,234,879
Passenger revenues	1,406,471	1,292,725	1,114,734	1,357,691	833,637	548,078	928,697	1,568,794	1,906,892	1,727,518
Contract service revenues	3,554,398	4,112,931	4,274,649	4,411,476	3,806,286	3,383,485	4,402,610	5,157,048	5,122,686	3,889,222
Investment income	59,364	122,250	350,924	597,793	320,793	31,178	462,425	4,434,145	5,983,517	5,322,769
Grant revenues	10,899,676	11,433,286	7,116,197	10,852,437	20,315,879	21,043,364	22,564,267	9,491,573	12,408,517	14,215,432
Other revenues	(14,675)	12,208	2,340	18,301	(7,482)	42,344	29,719	52,900	2,818	-
Total revenue	\$ 40,563,780	\$ 43,763,498	\$ 40,796,551	\$ 45,973,081	\$ 55,086,478	\$ 60,380,603	\$ 67,152,704	\$ 60,997,396	\$ 66,016,651	\$ 66,389,820

Denton County Transportation Authority

Sales Tax Revenue

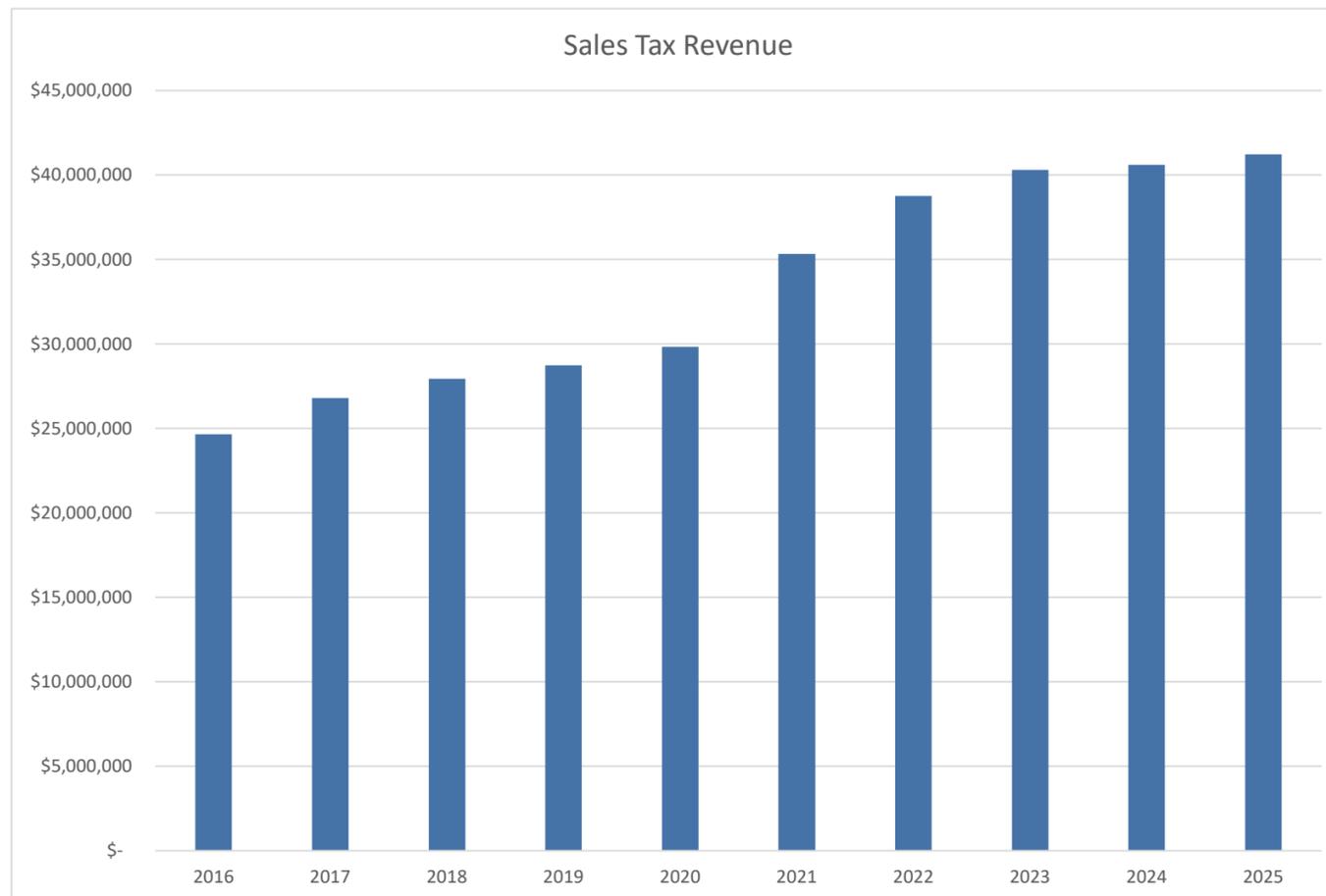
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales Tax Revenue	\$ 24,658,546	\$ 26,790,098	\$ 27,937,707	\$ 28,735,383	\$ 29,817,365	\$ 35,332,154	\$ 38,764,986	\$ 40,292,936	\$ 40,592,222	\$ 41,234,879
Compounded Percent Change from Base Year ⁽¹⁾	15.4%	25.4%	30.8%	34.5%	39.5%	65.4%	81.4%	88.6%	90.0%	93.0%
Percent Change from Prior Year	6.0%	8.6%	4.3%	2.9%	3.8%	18.5%	9.7%	3.8%	4.7%	2.3%
Average Growth										7.2%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department

Notes:

⁽¹⁾ Base Year for 2017 through 2025 is 2014.



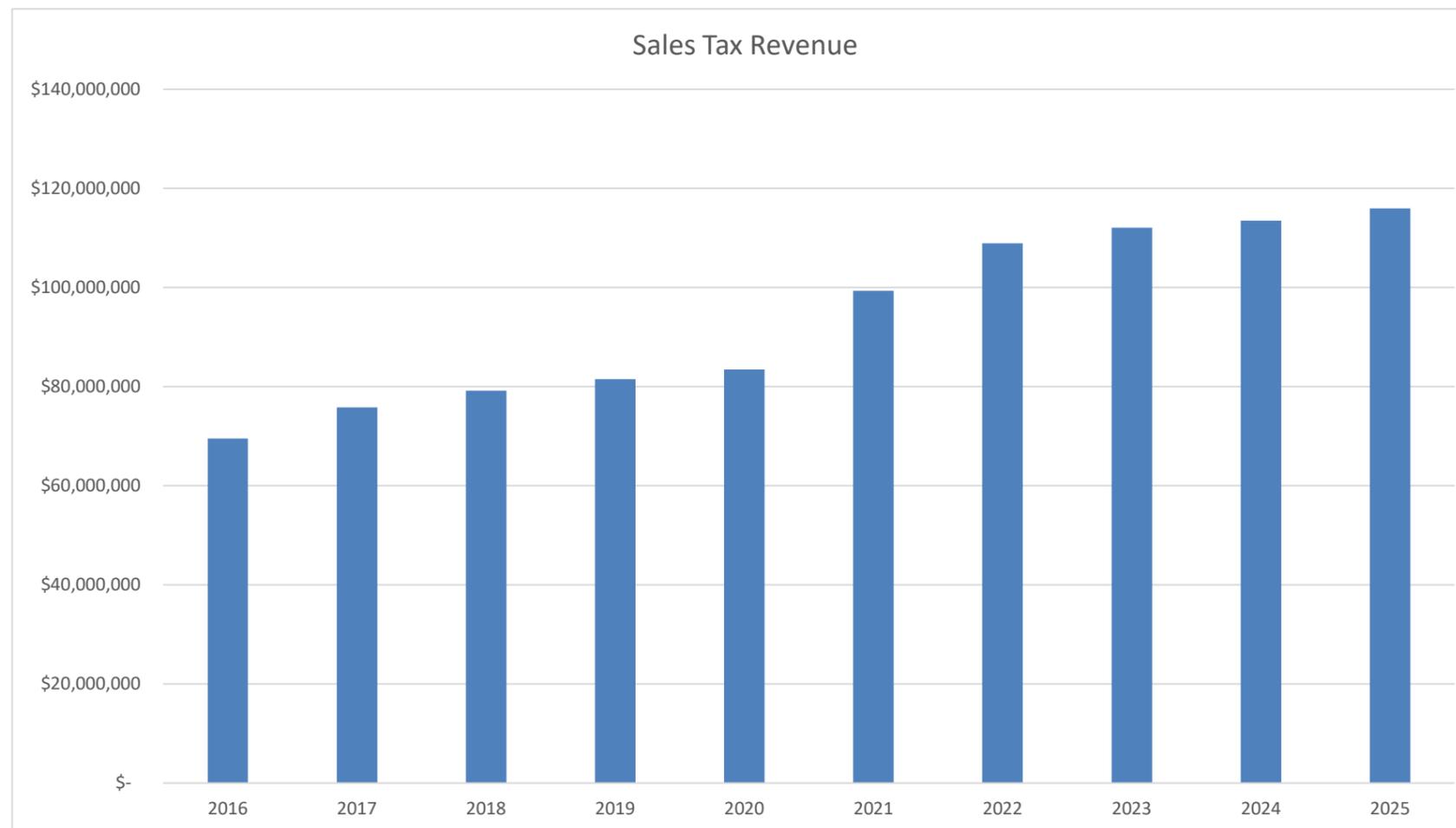
Denton County Transportation Authority

Sales Tax Allocation Received by Member Cities

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of Denton	\$ 30,745,434	\$ 34,956,511	\$ 36,276,094	\$ 36,402,338	\$ 37,398,228	\$ 43,498,977	\$ 51,176,744	\$ 53,777,959	\$ 54,659,822	\$ 56,229,759
City of Highland Village	3,695,262	3,727,797	3,804,755	4,154,270	4,144,890	4,596,666	5,190,010	5,417,631	5,419,138	5,457,395
City of Lewisville	35,063,635	37,100,766	39,118,841	40,976,630	41,904,104	51,215,079	52,536,846	52,852,661	53,396,641	54,259,395
Total	\$ 69,504,331	\$ 75,785,074	\$ 79,199,690	\$ 81,533,238	\$ 83,447,222	\$ 99,310,722	\$ 108,903,600	\$ 112,048,251	\$ 113,475,601	\$ 115,946,549

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



Denton County Transportation Authority

Long-term Debt Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Refunding Bonds, Series 2009 ⁽¹⁾	Contractual Obligations, Series 2011 ⁽¹⁾	DART Easement Obligation	Sales Tax Revenue Refunding Bonds, Series 2020 ⁽¹⁾	Sales Tax Revenue Refunding Bonds, Series 2021 ⁽¹⁾	Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽³⁾
2016	17,135,000	13,250,000	1,300,000	-	-	31,685,000	0.11%	40.37
2017	16,105,000	12,635,000	1,200,000	-	-	29,940,000	0.10%	36.76
2018	15,030,000	11,990,000	1,100,000	-	-	28,120,000	0.08%	33.31
2019	13,915,000	11,315,000	1,000,000	-	-	26,230,000	0.08%	30.00
2020	12,755,000	10,605,000	900,000	-	-	24,260,000	0.06%	26.92
2021	-	-	800,000	11,325,000	9,940,000	22,065,000	0.06%	23.64
2022	-	-	700,000	9,725,000	9,075,000	19,500,000	0.05%	20.51
2023	-	-	600,000	8,835,000	8,190,000	17,625,000	0.04%	17.51
2024	-	-	500,000	7,955,000	7,270,000	15,725,000	0.03%	15.17
2025	-	-	400,000	7,085,000	6,325,000	13,810,000	0.02%	12.93

Sources:

⁽¹⁾ DCTA Finance Department

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

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

Demographic and Economic Statistics for Denton County

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in Thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	Education Level in Years of Formal Schooling ⁽²⁾	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾
2016	784,840	28,441,032	36,238	34.5	14.1	224,226	3.6%
2017	814,560	30,894,632	37,928	34.9	14.2	228,173	3.1%
2018	844,260	34,587,644	40,968	35.8	14.4	242,860	3.1%
2019	874,240	37,742,689	43,172	36.0	14.3	249,086	2.8%
2020	901,120	38,295,798	42,498	35.8	14.5	242,400	6.3%
2021	933,220	42,724,678	45,782	36.7	14.3	244,924	3.9%
2022	950,660	47,979,810	50,470	37.0	14.5	255,527	3.0%
2023	1,006,492	53,316,922	52,973	37.3	14.5	271,108	3.7%
2024	1,036,720	58,209,755	56,148	37.4	15	271,532	3.7%
2025	1,068,355	-	(A)	(A)	(A)	(A)	4.0%

Sources:

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

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

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

Notes:

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

Denton County Transportation Authority

Principal Employers in Denton County

September 30, 2025 and Nine Years Ago

10 Largest Employers	Industry	2025			2016		
		Rank	Estimated Number of Employees ⁽¹⁾	Percentage of Total Employment ⁽²⁾	Rank	Estimated Number of Employees ⁽¹⁾	Percentage of Total Employment ⁽²⁾
University of North Texas	Education	1	8,891	1.53%	1	8,887	2.24%
Lewisville Independent School District	Education	2	6,468	1.12%	5	2,061	0.52%
Charles Schwab Corp	Finance/Insurance	3	6,000	1.04%	(A)	(A)	
Nebraska Furniture Mart	Retail	4	4,800	0.83%	(A)	(A)	
Denton Independent School District	Education	5	4,787	0.83%	3	3,800	0.96%
Wal-Mart	Retail	6	3,766	0.65%	2	3,722	0.94%
Texas Woman's University	Education	7	3,429	0.59%	7	1,787	0.45%
Northwest Independent School District	Education	8	3,443	0.59%	6	2,000	0.50%
Denton County	Government	9	1,987	0.34%	8	1,625	0.41%
Peterbilt Motors Co.	Manufacturing	10	1,700	0.29%	4	2,100	0.53%
			45,271	7.81%		25,982	6.54%

Sources:

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

⁽²⁾ Texas Workforce Commission

Notes:

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

Denton County Transportation Authority

Total Employees and Contract Operations

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employee Count										
DCTA - Administration	27.25	29.75	33.75	42.50	35.50	36.00	40.00	41.00	44.00	142.50
Third Party Contract Operations:										
Bus Services	152.00	132.50	141.00	139.50	137.00	118.00	80.00	107.00	91.00	-
Total Full Time Equivalents (FTEs)	179.25	162.25	174.75	182.00	172.50	154.00	120.00	148.00	135.00	142.50

Sources: DCTA Finance Department

Notes:

Note 1: Figures represent total budgeted FTEs.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actual Vehicle Revenue Miles (VRM)										
Demand Response Directly Operated Transportation	276,159	260,833	264,591	284,103	204,413	135,902	177,606	189,658	177,066	192,523
Fixed Route Bus Directly Operated Transportation	1,482,110	1,626,952	1,625,327	1,643,943	1,307,863	1,190,682	780,316	673,660	718,898	744,921
A-train Rail Purchased Transportation	334,468	338,751	328,658	335,611	579,625	501,786	764,500	767,904	769,645	768,451
VanPool Purchased Transportation	822,901	785,538	689,889	718,019	1,005,519	1,491,900	1,585,394	1,739,157	2,041,806	2,270,003
Demand Response Taxi Purchased Transportation	-	13,766	61,695	97,277	67,987	67,179	31,861	34,827	125,386	197,389
Demand Response Purchased Transportation	-	-	-	-	-	64,204	2,641,460	3,465,471	3,579,097	3,466,564
Total Actual Vehicle Revenue Miles	2,915,638	3,025,840	2,970,160	3,078,953	3,165,407	3,451,653	5,981,137	6,870,677	7,411,898	7,639,850
Actual Vehicle Revenue Hours (VRH)										
Demand Response Directly Operated Transportation	24,452	24,659	21,031	21,741	15,993	11,841	12,744	13,207	12,997	13,985
Fixed Route Bus Directly Operated Transportation	126,214	135,091	137,411	138,881	105,124	89,675	66,145	51,772	59,665	44,281
A-train Rail Purchased Transportation	13,580	13,511	13,208	13,765	26,354	23,285	36,131	36,280	36,340	36,314
Demand Response Taxi Purchased Transportation	14,706	14,689	14,935	17,842	23,778	26,970	29,345	33,401	41,538	48,035
Demand Response Purchased Transportation	-	1,097	3,969	6,209	4,129	4,017	2,804	2,832	9,101	12,631
Demand Response Purchased Transportation	-	-	-	-	-	4,470	149,323	194,384	203,849	198,344
Total Actual Vehicle Revenue Hours	178,952	189,047	190,554	198,438	175,378	160,258	296,492	331,876	363,490	353,590
Fixed Route Bus Directly Operated Transportation - UPT										
Fixed Route Bus Directly Operated Transportation - UPT	2,396,220	2,458,623	2,426,039	2,403,728	1,339,577	724,239	1,149,887	1,581,198	1,784,026	1,545,160
A-train Rail Purchased Transportation - UPT										
A-train Rail Purchased Transportation - UPT	545,250	504,958	419,335	393,700	221,316	113,440	175,637	225,235	261,518	277,028
VanPool Purchased Transportation - UPT										
VanPool Purchased Transportation - UPT	199,044	145,020	128,088	128,171	154,812	216,451	230,345	239,407	251,799	258,542
Demand Response Directly Operated Transportation - UPT										
Demand Response Directly Operated Transportation - UPT							24,896	26,045	25,905	31,912
Demand Response Purchased Transportation - UPT										
Demand Response Purchased Transportation - UPT							614,876	853,400	863,104	832,407
Demand Response Taxi Purchased Transportation - UPT										
Demand Response Taxi Purchased Transportation - UPT	-	1,716	7,576	13,710	10,568	10,248	5,087	4,615	11,279	20,374
	3,140,514	3,110,317	2,981,038	2,939,309	1,726,273	1,064,378	2,200,728	2,929,900	3,197,631	2,965,423
	2%	-1%	-4%	-1%	-41%	-38%	107%	33%	9%	1%
Annual Passenger Miles (PMT)										
Demand Response Directly Operated Transportation	258,644	202,774	204,529	260,791	195,020	135,764	177,225	190,066	177,448	192,937
Fixed Route Bus Directly Operated Transportation	6,322,593	5,918,759	5,828,301	5,748,291	3,182,297	1,675,782	2,806,602	3,669,173	2,952,496	2,717,044
A-train Rail Purchased Transportation	8,000,309	7,298,558	5,901,029	5,493,329	3,039,904	1,531,530	2,505,708	3,356,987	3,967,339	4,156,617
VanPool Purchased Transportation	6,439,172	6,119,250	5,618,838	5,787,405	7,205,612	10,788,190	11,152,064	10,989,198	10,824,266	10,756,006
Demand Response Taxi Purchased Transportation	-	13,923	61,441	97,339	68,014	67,302	37,245	34,902	139,900	197,813
Demand Response Purchased Transportation	-	-	-	-	-	53,733	2,732,755	4,169,278	3,495,871	3,525,180
Total Annual Passenger Miles	21,020,718	19,553,264	17,614,138	17,387,155	13,690,847	14,252,301	19,411,599	22,409,604	21,557,320	21,545,597
Operating Expenses										
Demand Response Directly Operated Transportation	\$ 1,703,434	\$ 2,225,894	\$ 2,421,592	\$ 3,027,013	\$ 2,557,881	\$ 1,967,427	\$ 2,261,199	\$ 2,016,453	\$ 2,452,051	\$1,148,009
Fixed Route Bus Directly Operated Transportation	10,956,771	11,877,132	12,657,498	13,838,874	13,165,615	11,555,180	9,640,493	8,083,641	9,925,661	5,150,551
A-train Rail Purchased Transportation	12,757,014	13,528,182	13,680,466	14,464,826	14,086,602	13,623,014	16,176,981	16,424,058	16,584,233	11,757,639
VanPool Purchased Transportation	430,362	392,099	386,401	424,355	605,410	735,614	941,412	942,927	1,180,387	724,337
Demand Response Taxi Purchased Transportation	-	187,927	281,604	364,491	303,210	374,351	296,199	298,471	399,650	228,362
Demand Response Purchased Transportation	-	-	-	-	-	620,655	11,205,162	10,228,913	13,856,751	10,155,287
Total Operating Expenses	\$ 25,847,581	\$ 28,211,234	\$ 29,427,561	\$ 32,119,559	\$ 30,718,718	\$ 28,876,241	\$ 40,521,446	\$ 37,994,463	\$ 44,398,733	\$ 29,164,185

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

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

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

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

Source: National Transit Database

Denton County Transportation Authority

Farebox Recovery Percentage

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Farebox Recovery - Bus	44.14%	41.25%	36.35%	39.51%	33.04%	31.76%	33.00%	40.02%	29.03%	20.99%
Farebox Recovery - Rail	6.17%	5.36%	5.33%	5.25%	3.29%	2.10%	1.15%	2.15%	2.44%	2.22%

Fare Structure at 9/30/2025

Local System (Bus & Rail)

Local System AM/PM Pass	\$ 1.50
Local System AM/PM Reduced*	0.75
Local System Day Pass	3.00
Local System Day Pass Reduced*	1.50
Local System 10 Pack of Day Passes	20.00
Local System Monthly/31-Day Pass	48.00
Local System Monthly/31-Day Pass Reduced*	24.00
Local System Annual Pass	480.00
Local System Annual Pass Reduced*	240.00

Regional (Bus & Rail)

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

GoZone On-Demand Micro-Transit

Single Trip	1.50
-------------	------

Access

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

Frisco Demand Response

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

Collin County Transit Demand Response

Boarding fare	2.25
Plus fare per mile	1.85

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

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

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

Source: DCTA Finance Department