

A faded background image of a steam locomotive pulling a train across a large metal trestle bridge. The bridge spans a deep valley with rocky terrain and sparse vegetation.

Denton County Transportation Authority
2006 - 2007 Operating and Capital Budget

A faded background image of a modern, multi-car train crossing a bridge. The bridge has a distinctive green truss structure. The surrounding area is lush with green trees and a clear sky.

As Adopted
September 21, 2006

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Denton County Transportation Authority

Our Vision

Be a leader in advancing public transportation alternatives

Our Mission

As a regional partner, the Denton County Transportation Authority is committed to provide safe, customer focused, and efficient mobility solutions for Denton County

Transmittal Letter

Chairman and Members of the Board:

It is my pleasure to present the Denton County Transportation Authority (DCTA) Budget, as adopted September 21, 2006 for the 2007 fiscal year. This budget continues to advance our efforts to achieve our goals with a focus on quality transportation services for Denton County's residents and other customers. This budget is the result of many hours of hard work by the Board and staff, and will serve as an efficient and effective policy document, operations guide, communications device, and financial guide for the coming year. The budget document is designed to provide a comprehensive financial framework for all services provided by DCTA. During this time of change, as DCTA assumes the responsibilities of providing quality short and long term transportation alternatives for our customers, this budget continues to focus on cost control and proper financial planning.

On August 11, 2006, the North Texas Commission (NTC) awarded its Eighth Annual Transportation Excellence Award in Mobility (TEAM) to the Denton County Transportation Authority as an organization and to DCTA Board Chairman Charles Emery for his individual contributions. The awards, which are presented to the organization and individual that have best made strides to improve mobility, were presented at the Texas Transportation Summit. In the same spirit, this budget will allow DCTA to continue improving mobility solutions and offer excellent service to our customers in the coming fiscal year.

This budget continues our commitment to respond to customers' needs with quality service while recognizing the changing economy. As fuel and energy costs continue increasing, DCTA will continue providing cost effective transportation alternatives to our customers, reducing congestion, improving air quality and bettering the quality of life in Denton County.

On October 1, 2006, DCTA will enter a new management service contract for our bus operations. Under the terms of the contract, the service provider will employ a general manager to manage the bus operations and DCTA will fund the operating subsidiary company where the drivers and operations staff is employed. The operations service provider will continue to focus on superior customer service, vehicle maintenance, bus cleanliness, and reliability, while delivering consistent on-time performance for our bus routes. All of these initiatives will focus on improving our customers' experience.

Regional Rail

In 2005, DCTA's Board of Directors adopted the consultant's recommendation that the former Missouri-Kansas-Texas Railroad (MKT) be selected as the Locally Preferred Alternative. DCTA will expend approximately \$2.5 million and \$4.5 million in fiscal years 2006 and 2007 for the Environmental Impact Study and National Environmental Policy Act compliance documentation to advance the rail project.

Commuter Express and Regional Connector Service

On May 30, 2006, DCTA launched our first regional service in Denton County, Commuter Express. This interim service provides safe, reliable, cost effective rides for commuters between Denton, Highland village, Lewisville and Dallas. In addition, the FY 2007 budget includes plans to expand current service with potential additional stops between Denton and Carrollton with Regional Connector Service. The new service, planned to launch in April 2007, will provide another short term solution for the region's mobility needs. The FY 2007 capital budget includes three thirty foot vehicles for this service at a cost of \$.2 million. DCTA plans to operate Commuter Express service along the I-35E corridor between Denton and Dallas until regional rail service is implemented.

DCTA Connect – Quality Fixed Route and UNT Bus Service

Our efforts this year will focus on providing quality service to our customers. Reliability, cleanliness, customer safety, and security will be priorities for FY 2007. Everyone will contribute to improving the quality of service. DCTA will add new Connect service in Lewisville. In order to achieve our goals, the capital budget provides for the purchase of five thirty foot revenue service vehicles and five thirty-five foot vehicles at a cost of \$1.8 million. These vehicles will be used for service expansion and to replace units scheduled for retirement. DCTA will invest an additional \$2.8 million in operations maintenance facilities and an additional \$1.0 million in park and ride facilities and other passenger amenities.

DCTA Access – Timely Demand Response and Paratransit Services

Many elderly and disabled citizens rely on DCTA Access services to get to work, school, shopping, and medical appointments. DCTA will continue to provide reliable transportation with trained drivers to assist passengers. The capital budget includes five thirty foot replacement vehicles for this service at a cost of \$.3 million. In fiscal year 2006, DCTA installed a RouteMatch scheduling system and centralized dispatching operation at the Denton operations facility. DCTA and the operations service provider will continue to focus on efficient system ride scheduling and an improved reservation process for Access' customers.

Fiscal year 2006 has been an exciting year and the DCTA staff looks forward to working with you to accomplish our goals during the coming year. We know that by working together, we can make a difference.

Sincerely,

John O. Hedrick
President

2007 Budget

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Appreciation is extended to everyone who contributed to the development of the budget and to those who will implement the plan.



Agency Overview

The Denton County Transportation Authority (DCTA) is a Coordinated County Transportation Authority as defined in Chapter 460 of the Texas Transportation Code. DCTA is granted power under this Texas law to plan, develop, acquire, construct, own, operate, and maintain a public transportation system in Denton County. The powers and duties exercised by DCTA and the Board of Directors are impacted by numerous federal and state laws and regulations.

The legislation authorizing DCTA's creation required that a Service Plan be developed by the Authority. Regional rail is the central element of DCTA's Service Plan. The Service Plan's concept is to implement initial rail service in Denton County, connecting with Dallas Area Rapid Transit (DART) light rail transit (LRT) facilities.

The Service Plan was revised for implementation of the first phase of the countywide plan along the I-35E corridor. Once the corridor is complete, over half the County's population will have access to regional rail service. The revised Service Plan was submitted to the voters of eight cities in Denton County on September 13, 2003, for consideration and approval of a one-half percent sales and use tax. The election was successful in the cities of Denton, Highland Village, and Lewisville. These three cities accounted for approximately 80% of the available sales tax revenue in the County. Imposition of the sales and use tax dedicated to the Authority for implementation of the Service Plan began January 1, 2004.

The Board of Directors is responsible for governance of the Authority. The Board is composed of fourteen members: one member from each municipality with a population of 17,000 or more (eight in total); three members appointed by the Denton County Commissioners Court; and three members designated by the remaining municipalities with a population of more than 500 and less than 17,000. Each member serves a term of two years, with a maximum of three consecutive terms.

Current Board Members

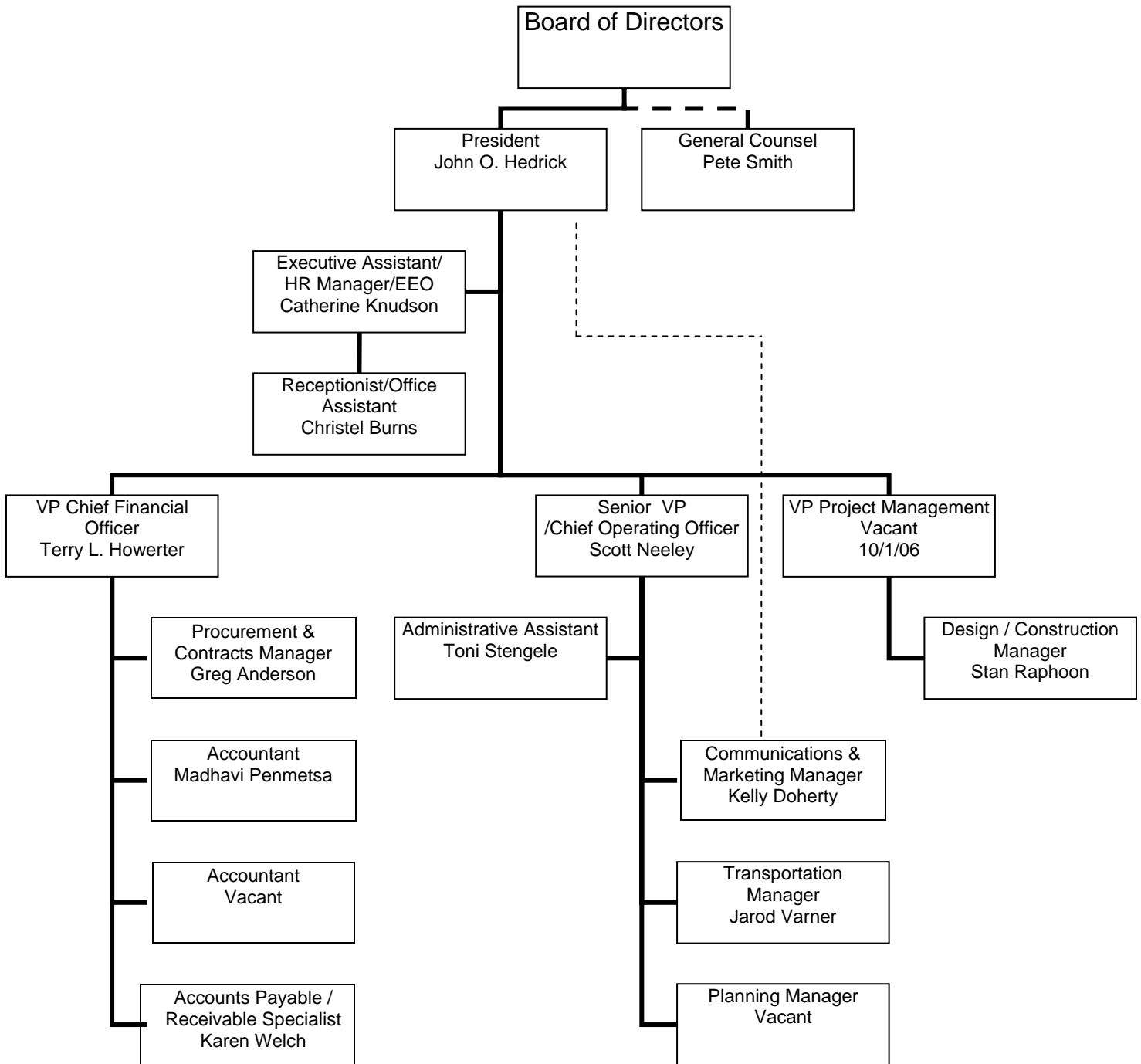
Board Member	Position	Appointed by
Charles Emery	Chairman	Lewisville
Joe Roy	Vice – Chairman	Denton
Dorothy Palumbo	Secretary	Highland Village
Charles Correll	Treasurer	Denton County Unincorporated
Vacant	Member	Denton County Unincorporated
Skip Kalb	Member	Small Cities
John Lugenheim	Member	Corinth
Doug Peach	Member	Little Elm
Jason Pierce	Member	Denton County At Large
Jim Robertson	Member	Flower Mound
Jeff Snowden	Member	Frisco
Tom Spencer	Member	Small Cities
Fernando Villarreal	Member	The Colony
Bill Walker	Member	Small Cities

The voters of the participating cities of Denton, Highland Village, and Lewisville put their confidence in DCTA to implement the adopted Service Plan and improve mobility for Denton County. The Board is responsible for the general policy governance of DCTA, with the President and staff responsible for day-to-day management and implementation of DCTA's goals and objectives.



DCTA Organization Chart

Currently, DCTA has a staff of eleven full time associates with board approval for fourteen. The FY 2007 budget provides for a staff of fifteen associates. The organization chart for the staffing plan is outlined below:





Denton County Transportation Authority 2006 – 07 Budget

Summary of Full Time Equivalent Positions (FTE)

DCTA hired its' first employee in 2004 and has grown each year as staff positions were filled and service levels increased. As seen in the table below, the FY 2006 budget included twelve full time equivalent (FTE) positions. The FY 2007 budget includes the addition of one Accountant in the CFO's department to assist in the accounting for the new operations management contract, one Administrative Assistant to support the COO's department, and one Design / Construction Manager in the VP Project Management department.

Department	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
President	3.25	3.08	3.00	2.08	(0.17)
VP - CFO	5.00	3.83	4.00	1.08	(1.17)
VP - COO	5.50	3.87	4.00	0.29	(1.63)
VP - Project Management	2.00	-	1.00	-	(2.00)
Total DCTA FTE Staff	15.75	10.78	12.00	3.45	(4.97)
Bus Operations	99.16	-	-	-	(99.16)
Total FTE Staff with Operations	114.91	10.78	12.00	3.45	(104.13)

Services Provided by DCTA

DCTA's Service Plan includes a rail component and three layers of bus service, including regional commuter service, local fixed route bus service, and demand response service. In addition, a network of Park-and-Rides, Regional Rail and Bus Facilities will be established to serve Denton County residents. These elements will provide services to help mitigate and improve mobility issues in the near term, as well as connect the County's larger cities to rail when that service is implemented.

Regional Rail Plan

Regional rail is the central element of DCTA's Service Plan. The Service Plan's concept is to implement initial rail service in Denton County, connecting with DART light rail transit facilities. DCTA intends to partner with DART to develop a seamless service for DCTA and DART riders.

In 2004-2005, DCTA conducted a study that considered many alternatives, which included extensive community and citizen involvement, and identified the proposed rail line as the best and most cost-effective mobility solution for the County and the region. It cited the impacts of projected population growth, growing safety, traffic congestion and air quality concerns, as well as the need to improve access to Denton County's vital health care facilities and three major college and university campuses.

On May 26, 2005, the DCTA Board of Directors voted to accept the consultant's technical recommendation concerning the Locally Preferred Alternative (LPA) for transportation improvements for the 22 mile Denton-Highland Village-Lewisville-Carrollton corridor; the former Missouri-Kansas-Texas Railroad (MKT) line, which runs



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parallel to I 35E. In addition to supporting riders from the Lewisville and Highland Village area, the system will also support riders from downtown Denton, Texas Woman's University (TWU) and the University of North Texas (UNT). DCTA's regional rail will be operational in late 2010.

DCTA Commuter Express

DCTA's Commuter Express started May 30, 2006, providing a comfortable express coach service from Denton and Lewisville to the Dallas Central Business District (CBD), as well as reverse trips from Dallas to University of North Texas (UNT) and Denton. DCTA purchased seven coaches to provide a comfortable and cost effective commute for our customers. Commuter Express is an interim service operating in the I-35E corridor until rail service is implemented. This has been a popular service which has grown 34% from June to August. Commuter Express has provided transportation for approximately eleven thousand passengers that have left their cars and trucks behind and enjoyed the benefits provided by the Commuter Express service.

DCTA Commuter Express operates Monday through Friday, from approximately 5:35 a.m. out of Denton to 7:05 p.m. for the last departure from Dallas returning to Denton. The trip from Denton to Dallas takes approximately one hour and the trip from Lewisville to Dallas takes approximately 45 minutes. Three Commuter Express coaches operate daily from each location and for the reverse commute in the morning and a fourth trip has been added in the afternoon. Commuter Express coaches travel on the HOV lanes, providing a time savings for passengers. Passengers have the opportunity to ride the Commuter Express to eight stops in downtown Dallas from a park and ride in Lewisville and a park and ride in Denton. The reverse route, beginning in downtown Dallas, stops at DART's North Carrollton Transit Center, the University of North Texas and Denton.

DCTA Connect – Fixed Route and UNT Bus Service

In FY 2007, DCTA will operate Connect in the cities of Denton and Lewisville. DCTA Connect in Denton operates Monday through Friday, from approximately 6:00 a.m. to 7:30 p.m., and on Saturday from 9:00 a.m. to 5:30 p.m. Destinations include Denton City Hall, Courthouse, and Library; Denton Community and Regional Hospitals; several retail and grocery shops; several parks and recreation centers, including the senior center; various social service agencies; and educational institutes, including the UNT and the Texas Women's University (TWU), and a variety of elementary, middle and high schools.

In addition, DCTA operates campus shuttle service for UNT through a contractual agreement. This service provides transportation from nearby apartment complexes to the campus, as well as shuttle service inside the campus. The service is open to the general public.

In FY 2006 and FY 2005 DCTA's Connect in Denton, formerly LINK service, had approximately 1.5 million and 1.4 million boardings respectively; an increase of 2.0%.

In FY 2007, DCTA will implement new Connect service in the City of Lewisville. DCTA Connect will operate in Lewisville Monday through Friday from approximately 5:30 a.m. to 8:00 p.m., and on Saturday from 9:00 a.m. to 5:30 p.m. The service will run a bi-directional loop with four (4) vehicles in peak service. Projected destinations include: Old Town City Hall, the Commuter Express Park and Ride, Vista Ridge Mall, Lewisville Medical Center, Senior Center, Library, Lewisville High School, several retail and grocery shops, and social service agencies.



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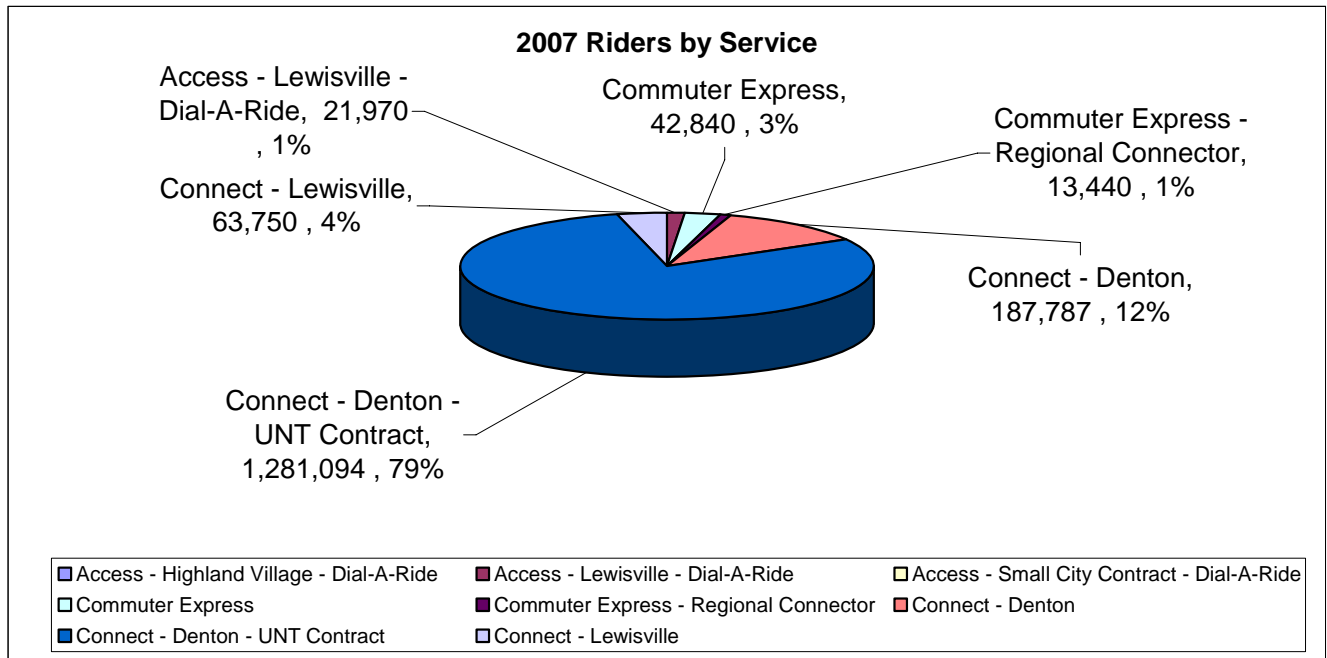
DCTA Access – Dial-A-Ride and Paratransit Services

Dial-A-Ride service is provided for residents of Highland Village and Lewisville that are 60 years of age and older, as well as persons with verified disabilities. In addition, Dial-A-Ride service is provided to Hickory Creek and Corinth under contracts with these cities. Reservations are accepted on a first come, first served basis, up to seven days in advance. Dial-A-Ride operates from 7:00 a.m. to 10:00 p.m., Monday through Friday, and 9:00 a.m. to 3:00 p.m. on Saturday and Sunday. In FY 2006 and FY 2005 the Dial-A-Ride service had approximately 24,000 and 27,000 boardings respectively, a decrease of 11.1%. The decrease in this service was due to the loss of contracts with the cities of Flower Mound and Double Oak in FY 2006.

Paratransit service is provided by DCTA for residents living within ¾-mile from the Connect transit routes in Denton. This service is available to residents with Americans with Disabilities Act eligibility.

The following table presents DCTA Ridership information by type of service and location. The budget includes a 9.1% increase in Ridership primarily due to growth in the new Commuter Express service as we provide the first full year of service, new regional connector service, and new Lewisville Connect service. DCTA services are subsidized by state and federal grants and sales and use tax revenues.

Fiscal Year 2007 Denton County Transportation Authority Budget Denton County Transportation Authority Ridership Statistics					
Service / City / Organization	2007 Budget	2006 Forecast	2006 Budget	2005 Actual	2004 Total
Access - Denton - Paratransit	17,437	17,094	15,662	15,507	17,396
Access - Highland Village - Dial-A-Ride	1,807	1,771	2,062	2,042	1,690
Access - Lewisville - Dial-A-Ride	21,970	21,539	18,382	18,200	15,932
Access - Small City Contract - Dial-A-Ride	651	640	6,812	6,744	6,644
Commuter Express	42,840	13,908	32,130	-	-
Commuter Express - Regional Connector	13,440	-	-	-	-
Connect - Denton	187,787	184,100	170,920	169,227	187,345
Connect - Denton - UNT Contract	1,281,094	1,255,974	1,228,317	1,216,155	1,007,648
Connect - Lewisville	63,750	-	-	-	-
Total Riders	1,630,776	1,495,026	1,474,285	1,427,875	1,236,655
Percent of Increase / (Decrease)	9.1%	4.7%	3.3%	15.5%	
Revenue per Rider	\$ 1.45	\$ 1.24	\$ 1.38	\$ 1.13	
Cost per Rider	4.42	3.41	3.66	3.02	
Subsidy per Rider	\$ 2.97	\$ 2.17	\$ 2.28	\$ 1.89	



Park-and-Ride/Regional Rail Facilities

Regional park-and-ride/rail facilities are planned to be constructed along the future regional rail corridor. The park-and-rides will also provide transfer points for all other anticipated services including Interim Commuter Express. Determination of the location and characteristics of potential park-and-rides is a component of the Alternatives Analysis and Bus and Paratransit Study completed in 2005. Ideally, park-and-ride locations will have the capacity to serve Commuter Express in the short term and the planned rail project for the long term.



Enhanced Local Assistance Program

The Enhanced Local Assistance Program (ELAP) is a mobility improvement program for participating member cities. It provides financial assistance for mobility projects approved by DCTA for a maximum period of four years. Funding is available to participating cities at an amount equal to twenty-five percent of DCTA sales and use tax collections from the respective city. DCTA will have reserved an approximate \$9.0 million liability by FY 2006 year end for ELAP payments to participating cities. DCTA has approved mobility projects in Denton, Highland Village, and Lewisville for approximately \$8.9 million. ELAP projects have proven to be beneficial to the participating cities. ELAP funds will be accrued from January 1, 2004 through December 31, 2007 and paid to the participating cities for approved transit projects by April 30, 2008. ELAP funds have been approved for the following mobility projects:

Denton – Eagle Drive – \$.3 Million Project

ELAP funds provided improvements to Eagle Drive from North Texas Boulevard to Carroll Boulevard. These transit related street improvements were needed in order to expand this corridor and advance mobility on one of Denton's main thoroughfares. This corridor contains five DCTA bus stops.

Denton – Colorado Boulevard – \$.9 Million Project

ELAP funds provided improvements to Colorado Boulevard from Loop 288 to Shady Oaks. This corridor connects the entire North and East sides of town to the retail district and major medical complexes. This corridor contains four DCTA bus stops and is also used by the ADA special assistance buses to transport ADA patrons to the medical facilities on the southern portion of town.

Denton – Signalization Timing – \$.2 Million Project

ELAP funds will be used to implement traffic signal coordination and timing improvements at thirty intersections. The intersections are located on major thoroughfares that are either traveled by or are located on a number of DCTA bus routes. The improvements will decrease congestion, increase mobility, and improve air quality.

Denton – East Hickory Street Reconstruction – \$.7 Million Project

ELAP funds will be used to improve East Hickory Street, a major collector, from Bell Avenue to Exposition. The project will improve traffic flow and increase vehicular capacity, which will positively impact DCTA services.

Lewisville – Garden Ridge Boulevard – \$3.0 Million Project

ELAP funds will be used to extend Garden Ridge Boulevard from Bellaire Boulevard to Corporate Drive. These street improvements are needed in order to expand the corridor and advance mobility on one of Lewisville's main thoroughfares allowing our Demand Response transit service to travel more efficiently and safely through the corridor. Sidewalks are included in this project to improve pedestrian mobility.

Lewisville – Fox Avenue – \$3.7 Million Project

ELAP funds will be used to reconstruct Fox Avenue from Valley Parkway to Interstate 35E. The street improvements are necessary to improve traffic flow and increase vehicular capacity, which will positively impact DCTA Connect and Access services.

Highland Village – Inland Trails – \$.1 Million Project:

ELAP funds will provide for intersection improvements located at pedestrian trail to street crossings at three main roadways in Highland Village. Improvements at these intersections and roadway crossings were needed to enhance mobility along and across: Brazos Boulevard, Highland Village Road and Briarhill Boulevard. Without these connections, the trail would be broken into three individual sections, limiting mobility. The trail provides routes for alternate modes of transportation throughout Highland Village, potentially lessening dependency on vehicular thoroughfares.



Denton County Transportation Authority 2006 – 07 Budget





Basis of Budgeting

Purpose of the Budget

The Texas Transportation Code Chapter 460 requires DCTA to prepare an annual budget. The budget serves many functions at DCTA. The budget is a policy tool used by Staff and the Board of Directors to establish goals and deliver the services defined in the Service Plan. The budget is the foundation for the long range Service Plan goals and is a building block for the DCTA twenty year plan. The twenty year plan is the long range planning tool used to evaluate DCTA's financial strengths and weaknesses, prioritize goals, and evaluate options. Staff presents the budget as a financial expression of current goals and objectives for the coming year.

The budget is designed to communicate DCTA goals and objectives to our stakeholders by describing the service to be provided, the cost of the service, the proposed allocation of funds and revenue sources used to pay for the service. The budget communicates DCTA's commitment to a balanced budget, where expenses do not exceed current year revenues and reserve balances. Finally, the budget communicates our strategic plans expand service and launch new service. The budget and strategic plan helps to keep the various departments centered on the goal and plans laid out before them.

The budget is a financial document. It identifies the resources and use of the funds expended by DCTA. In preparing the budget the Board and Staff must ensure DCTA maintains a sound financial condition and recognize that the financial decisions made today will impact the ability to deliver future services. The budget communicates the priorities and informs Denton County citizens about the financial condition of DCTA.

The budget provides a tool for the accounting staff to monitor the financial integrity and provides a way to measure performance. DCTA Staff will also use the adopted budget to maintain control over operating and capital expenditures by:

1. Developing and presenting a cost effective budget geared to providing quality services for our customers as defined by our Board of Directors.
2. Staff will comply with the Budget Amendment Procedures as approved by the board of directors to provide timely, useful information for the management of DCTA resources.
3. Staff will carefully review all purchase requests and comply with the DCTA Procurement Policy as approved by the Board of Directors.
4. Staff will reconcile all actual expenditures to this budget and report material variances to the Board on a monthly basis.
5. The budget will be used to establish standards and benchmarks and compare to the actual results of operations.

The budget is an operations guide that specifically describes the organization and function of each department within DCTA. Included in each departmental budget is a description of the department, goals and objectives for the coming fiscal year, a summary of staffing levels, and a summary of planned expenditures.

This budget is being submitted to the Board in accordance with DCTA policy.



Basis for Accounting

DCTA is accounted for as a single entity enterprise fund and required to report financial results in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) guidance. Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed and recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. DCTA uses the accrual basis of accounting for the audited financial statements, external reporting, and internally for budgeting. Under this method, revenues are budgeted in the period that they are earned and expenses are budgeted in the period in which the liability or benefit is expected. Accrual budgeting is also used for non-operating revenues and expenditures. Capital expenditures and grant reimbursements are budgeted on an accrual basis by project.

Budget Procedures

DCTA adopted a budget amendment procedure and an annual operating budget development procedure in 2004. These procedures were reviewed and revised in 2006. AP 2006-01 – Revised Budget Amendment Procedure and AP 2006-04 Revised Annual Budget Development Cycle are available in the appendix.

Investment Policy

DCTA adopted an Investment Policy in 2004. The policy is reviewed annually, revised as needed and adopted by the Board. The investment policy is available in the appendix.

The Budget Process

The Budget process begins with identifying the next phase of implementation of the Service Plan. This drives the individual operational and technical goals and objectives. Once those goals and objectives are detailed, identification and delineation of the available revenues takes place.

Annual Budget Development Cycle

DCTA incorporated the following timeline to govern the budget preparation activities and provide guidance for the period in which those activities should be completed. The budget development cycle covers a six month period from April through September.



Denton County Transportation Authority 2006 – 07 Budget

Month	Activity
April	President sets goals and objectives for the coming budget year and requests staff to prepare a balanced budget.
May	First draft budget prepared <ol style="list-style-type: none">1. Finance Department provides forms and format for staff to prepare the department's first draft budget.2. Staff prepares documentation and support for draft budget.3. Staff strives to be fiscally responsible by basing their estimates on historical data, adjusted for any economic trends or possible rate changes.4. Finance compiles the first draft budget for review by the President.
June	Second draft budget prepared <ol style="list-style-type: none">1. President's budget changes incorporated after first draft review.2. Deadline for staff to submit their respective departmental budgets with final changes.3. Finance compiles the second draft budget for the President's review.
July	July is spent fine-tuning the budget. The Finance department compiles the budget for presentation to the Finance Committee.
August	The President and staff present the proposed budget to the Finance Committee for further direction. <ol style="list-style-type: none">1. Any changes are made and the budget is updated. Proposed budget is presented to the board and the public at the August board meeting for further direction.
September	After comments are received following Board and public review, the final budget is submitted for adoption at the September Board meeting.



Accomplishments and Goals

Fiscal Year 2006 Accomplishments

DCTA made significant accomplishments in implementing components of the Service Plan, as well as creating the foundation for the professional and responsible operation of DCTA. DCTA successfully achieved major milestones, including:

- Employed the necessary professional and technical staff to implement the goals of DCTA
- Procured and placed twelve 35 foot buses in service
- Procured seven coaches and launched a new Interim Commuter Express service between Denton, Lewisville / Highland Village, and Dallas
- Procured twelve 30 foot vehicles for new Lewisville Connect Service, Regional Connector Service and Access replacement vehicles
- Designed and implemented new DCTA web site
- Continued to explore other transportation alternatives to decrease congestion, increase mobility, and improve air quality
- Completed Fiscal Year 2005 audit and received an unqualified audit opinion
- Initiated the development of a Transportation Development Plan (TDP)
- Initiated Operations and Maintenance Facility Improvements to leased site
- Advanced the RailDCTA Project into the Environmental Impact Study
- Successfully introduced a discretionary 5309 apportionment request in the U.S. House of Representatives
- Implemented new Dial-A-Ride service policy
- Developed Service Standards for DCTA Bus System
- Implemented a marketing plan including advertising, special events, and promotions
- Received FTA recognition as Designated Recipient and Completed FTA grant transfers and awards
- Completed an Image/Branding Study
- Developed and designed fixed route service for Lewisville
- Expanded/Launched new UNT Shuttle Service – Sam Bass Route
- Adopted 2006 New Member City Policy
- Continued Agency Coordination with:
 - Member Cities, Denton County, Educational Institutions, FTA, DART, The T, NCTCOG, and TxDOT
- As a regional partner DCTA actively participated in the RTC, DRMC, TRTC, NTCAC, TTA, SWTA, APTA, and Regional Transit Working Group
- Accrued approximately \$8.4 million in Enhanced Local Assistance Program funds and paid approximately \$3.0 million during the period of January 1, 2004 to September 30, 2006 for the participating cities of Denton, Highland Village, and Lewisville
- Received the 2006 Transportation Excellence Award in Mobility (TEAM) from the North Texas commission
- Received APTA AdWheel Awards for Special Event and Promotional Materials

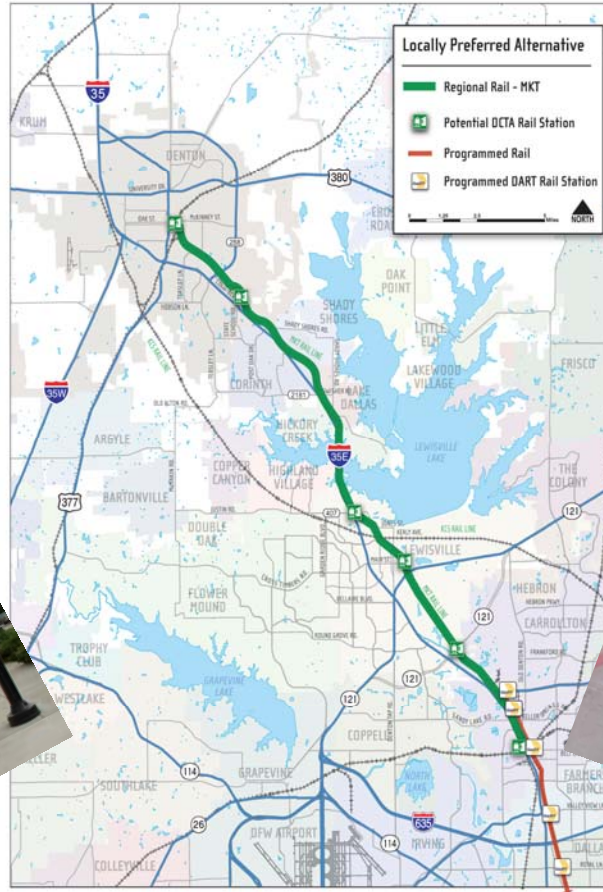


Fiscal Year 2007 Goals and Objectives

The goals and objectives for Fiscal Year 2007 continue to build on the foundation created by the accomplishments of FY 2005 and FY 2006. In FY 2007, DCTA will be able to move forward with the federally-mandated process to achieve rail connectivity between Denton and Dallas. In addition, local transit service improvements will be implemented based on the results of the DCTA/NCTCOG sponsored Bus and Paratransit Study. The FY 2007 goals are:

- Deliver quality service to our customers
- Continue to explore other transportation alternatives to decrease congestion, increase mobility, and improve air quality
- Continue building and enhancing local and regional relationships
- Employ additional professional and technical staff to implement the goals of DCTA
- Continue professional development and staff training
- Implement intergovernmental and public relations programs
- Implement service improvements
- Launch Lewisville Connect Service
- Advance the RailDCTA project into Preliminary Engineering
 - Identify rail station locations
 - Complete New Starts Application and receive positive rating within the New Starts Process
 - Advance the rail project by continuing discussions with the stakeholders regarding connectivity and right-of-way issues and solutions
- Complete/Publish Annual Community Report
- Support local mobility projects in member cities through Enhanced Local Assistance Program
- Initiate/Launch Connect and Access Service Brands
- Investigate feasibility of regional connector service between Denton and Carrollton
- Initiate/Launch a Rideshare Program
- Continue fleet modernization efforts
- Locate site and develop operation and maintenance facility
- Update Transportation Development Plan (TDP)
- Apply for GFOA Award for financial reporting

LOCALLY PREFERRED ALTERNATIVE



DENTON COUNTY TRANSPORTATION AUTHORITY ALTERNATIVES ANALYSIS





Budget Categories and Description

The Budget reflects the implementation of the Service Plan and is dispersed through four major categories:

- Revenue and Other Income
- Operating Expenses
- Non-Operating Revenues and Expenses
- Capital Expenditures

The Revenue and Other Income is the source of income and cash to fund operating expenses for the day-to-day operations of DCTA. The operating expenses are the cost of providing the transportation services and planning and development of new services. The Non-Operating Revenues and Expenses are incidental revenues and expenses that are not generated through the regular operating activities of DCTA. The Capital Expenditure budget consists of expenditures associated with acquiring capital assets such as buses or bus-related facilities, modernization of fixed guideway facilities, and construction activity. The following table presents the three income statement categories for the FY 2007 budget, FY 2006 forecast, FY 2006 amended budget, FY 2005 Actual and the variance from FY 2007 budget to FY 2006 forecast. The FY 2006 forecast consists of nine months actual financial results and three months projected.



Denton County Transportation Authority 2006 – 07 Budget

Statement of Changes in Net Assets Budget Format

Fiscal Year 2007 Denton County Transportation Authority Budget Statements of Changes in Net Assets - Budget Format					
Description	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Revenue and Other Income					
Passenger revenues	440,005	192,737	419,821	203,688	247,268
Contract Service Revenue	1,918,309	1,657,131	1,617,578	1,408,917	261,178
Sales tax revenue	15,268,063	14,815,072	13,746,087	13,685,028	452,991
Federal grants and reimbursements	6,686,806	2,808,151	2,808,151	2,711,149	3,878,655
Total Revenue and Other Income	24,313,183	19,473,091	18,591,637	18,008,782	4,840,092
Operating Expenses					
Salary, Wages and Benefits	4,818,241	762,132	934,515	296,949	(4,056,109)
Services	5,438,339	2,230,920	2,136,593	1,160,717	(3,207,419)
Materials and Supplies	1,427,339	72,187	126,461	22,585	(1,355,152)
Utilities	43,200	9,941	10,080	6,865	(33,259)
Insurance, Casualties and Losses	191,724	138,802	164,685	2,552	(52,922)
Purchased Transportation Service	-	3,927,273	4,216,605	3,707,829	3,927,273
Miscellaneous	213,415	97,449	132,483	53,733	(115,966)
Leases and Rentals	344,337	191,592	208,470	74,717	(152,745)
Depreciation	1,609,650	961,437	933,780	619,970	(648,213)
Total Operating Expenses	14,086,245	8,391,733	8,863,672	5,945,917	(5,694,512)
Income Before Non-Operating Revenue and Expense	10,226,938	11,081,358	9,727,965	12,062,865	(854,420)
Non-Operating Revenues / (Expense)					
Enhanced Local Assistance	(3,817,016)	(3,703,770)	(3,436,524)	(3,421,257)	(113,246)
Investment Income (Net)	1,282,674	721,223	605,135	303,992	561,451
Gain (Loss) on Disposal of Assets	-	-	-	(2,456)	-
Total Non-Operating Revenue / (Expense)	(2,534,342)	(2,982,547)	(2,831,389)	(3,119,721)	448,205
Change in Net Assets	7,692,596	8,098,811	6,896,576	8,943,144	(406,215)
Net Assets, Beginning of Year	23,003,378	14,904,567	14,904,567	5,961,423	8,098,811
Net Assets, End of Year	30,695,974	23,003,378	21,801,143	14,904,567	7,692,596



Denton County Transportation Authority 2006 – 07 Budget

Balanced Budget

DCTA is committed to maintaining a balanced budget, where expenses do not exceed current year revenues and reserve balances. The FY 2007 budgeted revenues, less operating expenses without depreciation, are \$9.3 million. In addition, DCTA has a cash reserve balance of \$2.0 million for economic uncertainties.

Revenue and Other Income

Department specific revenue budgets, such as Passenger Revenue are the responsibility of the particular department for the simple reason that the Staff in the respective departments is the most knowledgeable source information. Likewise, the CFO department is responsible for tax revenue estimates. Revenue forecasts are largely based on trend analysis, with an emphasis on current and expected future economic conditions within the national, state, and local economy. Sales tax revenue is the largest revenue source accounting for 58% and 85% of the Revenue and Other Income in FY 2007 and FY 2006 respectively. DCTA sales tax rate is one half a percent of taxable goods and services sold within the three member cities of Denton, Highland Village, and Lewisville. Local businesses within member cities collect the tax, remit it to the State Comptroller, and then it is disbursed between the state, cities, DCTA other taxing authorities.

Table 1 presents the anticipated Revenue and Other Income. Chart 1 presents the percent of the overall revenue contributed by each revenue category. The Revenue and Other Income budget include the following assumptions and variances:

1. Passenger Revenue (Favorable \$247 thousand)

Passenger Revenue consists of fare box collections and ticket sales for DCTA bus and paratransit services. The FY 2007 budget includes increased passenger revenue over the FY 2006 forecast of \$247 thousand primarily due to the addition of a full year of the Interim Commuter Express service, the addition of Lewisville Connect service, and Regional Connector service.

2. Contract Service Revenue (Favorable \$261 thousand)

Contract Service Revenue consists of revenue related to providing transit services to UNT and other non-member cities. The FY 2007 budget is higher than the FY 2006 forecast by \$261 thousand due to the UNT contract for increased service. The FY 2007 budget reflects an increase of approximately 7,000 revenue hours. The balance of the variance is attributable to increased fuel cost passed through to UNT.

3. Sales Tax Revenue (Favorable \$453 thousand)

Sales Tax Revenue is an other income source for DCTA. DCTA collects a one-half percent sales tax in member cities. Sales tax revenue for the FY 2007 budget year is based on the FY 2006 revenue plus a conservative 2% increase for FY 2007. This results in a favorable variance of \$453 thousand over FY 2006 forecast.

4. Federal and State Grant Revenue (Favorable \$3.9 million)

Grant revenue consists of revenue or income from various grants available to DCTA. Our FY 2007 budget is higher than FY 2006 forecast by \$3.9 million. In FY 2006 DCTA will have first time access, as the Designated Recipient, to the grants transferred from the member cities and grants awarded directly to DCTA. In FY 2006 DCTA will draw approximately \$2.8 million on our 5307 grants. The FY 2007 budget includes one time 5307 fund balances transferred to DCTA of \$.4 million for 2000 through 2002, \$1.8 million for 2003 through 2005. In addition, we have DCTA awards available in the amount of \$2.3 million for our 2006 award and an estimate of \$2.2 million for 2007. DCTA will have qualified expenditures and therefore has budgeted to draw all available grant funds in FY 2007.

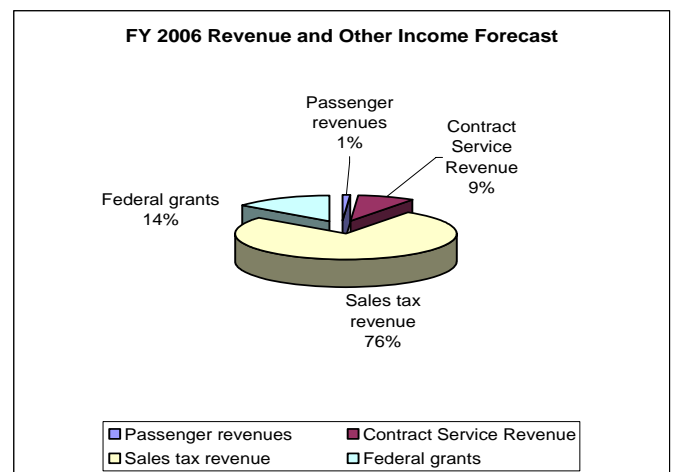
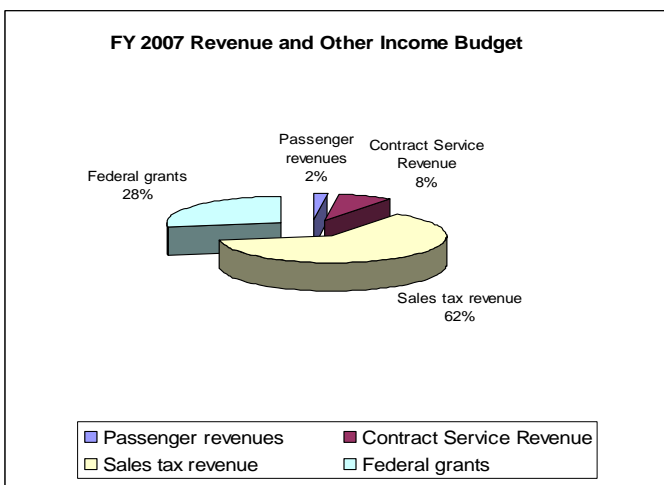


Denton County Transportation Authority 2006 – 07 Budget

Table 1 – Revenue and Other Income

Fiscal Year 2007 Denton County Transportation Authority Budget Revenue and Other Income					
Revenue and Other Income	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Passenger revenues	440,005	192,737	419,821	203,688	247,268
Contract Service Revenue	1,918,309	1,657,131	1,617,578	1,408,917	261,178
Sales tax revenue	15,268,063	14,815,072	13,746,087	13,685,028	452,991
Federal grants	6,686,806	2,808,151	2,808,151	2,711,149	3,878,655
Total Revenue and Other Income	<u>24,313,183</u>	<u>19,473,091</u>	<u>18,591,637</u>	<u>18,008,782</u>	<u>4,840,092</u>
Riders	1,630,776	1,495,026	1,474,285	1,427,875	135,750
Revenue per Rider	1.45	1.24	1.38	1.13	0.21

Chart 1 – Revenue and Other Income





Operating Expenses

The FY 2007 Operating Expense Budget includes cost related to the day-to-day operations of DCTA. DCTA will implement a new operating management contract October 1, 2006. Under the previous form of contract the services were accounted for as a purchase of transportation services under an operating contract and all operating expenses were reported in the Purchased Transportation Service expense category. In FY 2007 we will move to a management service contract. Under this type contract DCTA will hire a third party service provider to provide a General Manager (GM) and corporate support for human resource, benefits, and corporate oversight. DCTA will provide the accounting, implement the required controls over expenditures, and pay all of the cost of running the day to day operations. Under this type management contract the expenses will be reported in the natural expense categories of Salary and Wages, Services, Materials and Supplies, etc. Under the previous contract for operating services the detail of the natural expenses are not available to DCTA and therefore the comparisons to FY 2006 will be difficult. The best comparison for the FY 2007 increase over the FY 2006 forecast is in the bus operations department.

Table 2 and Chart 2 present total DCTA operating expenses. The operating expense budget includes the following assumptions and variances:

1. Salary, Wages, and Fringe Benefits (Unfavorable \$4.1 million)

This expense category includes payroll, employer taxes, employer insurance, and employer contributions to the 401 a. The unfavorable variance is primarily due to a \$3.6 million increase for bus operations and the accounting treatment for the new bus operations management contract. The remaining salary and wage variance is due to the addition of three positions in FY 2007, an Operations Accountant, VP Project Management, and a Receptionist / Office Assistant. In addition, we added a part time administrative position and a half time intern. We averaged 10.7 full-time equivalent positions in FY 2006 with 12 budgeted. Included in this budget category is a 2.5% increase for Performance Development and 5% for Health and Dental Benefits.

2. Service Expense (Unfavorable \$3.2 million)

Service Expense consist of DCTA contracts and purchase of services from consultants and is higher than prior year forecast by \$3.2 million primarily due to increased URS activity and expenses in FY 2007 for the Environmental Impact Study (EIS) of \$2.7 million. In addition, the budget includes increases over FY 2006 for general consulting for VP Project Management department, maps, brochures, and advertising for The VP COO department, and for operations under the new bus operations management contract, and Lewisville maintenance.

3. Materials and supplies expense (Unfavorable \$1.4 million)

This expense category includes office supplies, non capital expenditure for furniture and computer, fuel and lubricants for operations, etc. The FY 2007 budget for this category is higher than FY 2006 forecast primarily due to the accounting treatment for the new bus operations management contract now accounted for in the natural expense category \$1.3 million. The balance of the variance is for office desks, computers, file cabinets, and equipment in the CFO department and Presidents department for office supplies sound system and equipment for increased staff levels.

4. Utilities expenses (Unfavorable \$33 thousand)

This expense category includes gas, electric and communication expenses. The FY 2007 budget is higher than the FY 2006 forecast by \$33 thousand for phone and electric service on the new bus operations management contract.



Denton County Transportation Authority 2006 – 07 Budget

5. Insurance expense (Unfavorable \$53 thousand)

This expense category budget item is higher than the prior year by \$53 thousand primarily due to an increase from the accounting treatment for the new bus operations management contract.

6. Purchased transportation expense (Favorable \$3.9 million)

This expense category includes our prior year bus operations expense. The contract for this service in FY 2006 was accounted for as a purchase of transportation services which required all cost to be charged to this account when recognized. In FY 2007 these expenses will be budgeted in the natural expense categories. The FY 2007 budget is less than the FY 2006 forecast by \$3.9 million fully due to the accounting for the new bus operations management contract.

7. Miscellaneous expenses (Unfavorable \$116 thousands)

This expense category includes travel and lodging, dues and memberships, seminars and conferences, and other minor expenditures that do not fit into the categories above. This expense is higher than prior year forecast by \$116 thousand due to the new bus operations management contract, increased expenditures in dues subscriptions and travel for staff and board members.

8. Lease rent expense (Unfavorable \$153 thousand)

Lease rent expense includes DCTA facility leases at Denton and Lewisville, Parking for our Commuter Express Service and office lease at the Stemmons location. The FY 2007 budget is higher than prior year forecast by \$153 thousand primarily due to new lease agreements at Denton for our expanded fleet parking \$93 thousand and for Denton and Lewisville Commuter Express customer parking.

9. Depreciation expense (Unfavorable to budget \$648 thousand)

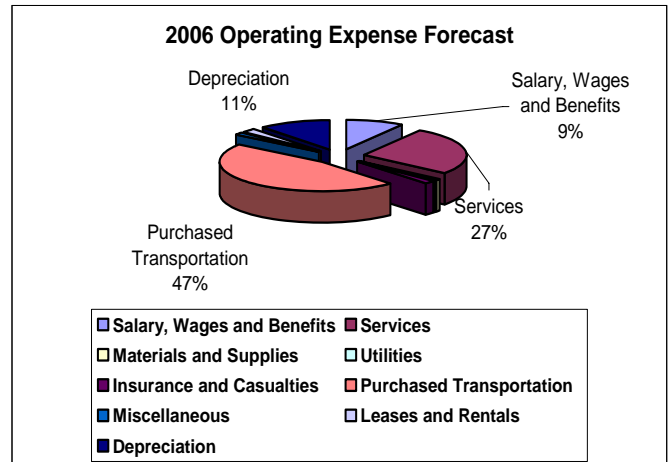
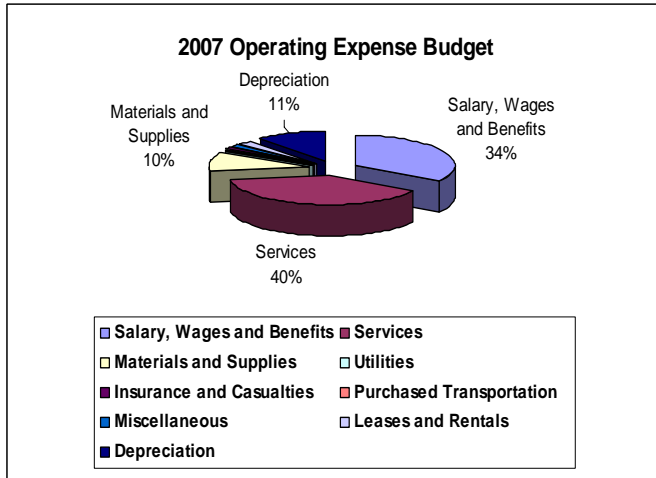
This expense category represents the expense of using our capital assets over time. The FY 2007 budget is higher than the prior year forecast due to new asset acquisitions in Denton and Lewisville late in the 2006 fiscal year and the addition of FY 2007 capital assets.

Table 2 – Operating Expenses

Fiscal Year 2007 Denton County Transportation Authority Budget Operating Expenses					
Operating Expense	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Salary, Wages and Benefits	4,818,241	762,132	934,515	296,949	(4,056,109)
Services	5,438,339	2,230,920	2,136,593	1,160,717	(3,207,419)
Materials and Supplies	1,427,339	72,187	126,461	22,585	(1,355,152)
Utilities	43,200	9,941	10,080	6,865	(33,259)
Insurance and Casualties	191,724	138,802	164,685	2,552	(52,922)
Purchased Transportation	-	3,927,273	4,216,605	3,707,829	3,927,273
Miscellaneous	213,415	97,449	132,483	53,733	(115,966)
Leases and Rentals	344,337	191,592	208,470	74,717	(152,745)
Depreciation	1,609,650	961,437	933,780	619,970	(648,213)
Total Operating Expense	14,086,245	8,391,733	8,863,672	5,945,917	(5,694,512)



Chart 2 – Operating Expenses



Non-Operating Revenue and Expenses

The Non-Operating Revenues and Expenses are incidental revenues and expenses that are not generated through or directly related to the regular operating activities of DCTA.

Table 3 and Chart 3 present DCTA Non-Operating Revenue and Expenses. The Non-Operating Revenue and Expense budget includes the following assumptions and variances:

1. Enhanced Local Assistance Program (ELAP) (Unfavorable \$113 thousand)

ELAP expense represents the amount DCTA has payable to the member cities for mobility improvement programs in their cities. Member cities receive 25% of the DCTA sales tax revenues collected from March 2004 to February 2008. This expense is higher than the prior year forecast \$113 thousand due to correlation to the increase in sales tax revenue.

2. Net investment income (Favorable \$561 thousand)

Net investment income represents DCTA earnings from investments net of interest expense. DCTA has a diverse investment portfolio as allowed by the Investment Policy. The budgeted income for this category is higher than the prior year forecasted earnings by \$561 thousand due to increased funds of approximately \$8.0 million available for investment and we have assumed a 5.2% interest rate in our FY 2007 budget assumptions compared to an annual average of 3.6% in FY 2006 resulting in interest income of \$1.3 million.

DCTA is granted power under Chapter 460 of the Texas Transportation Code (Code). The Code allows DCTA to issue bonds and notes in amounts approved by the board for acquisitions, construction, repair, improvement, or extension of the DCTA public transportation system. DCTA debt issuances are limited in amount and duration depending on the type of debt issued and rather it is secured by sales and use tax revenues. DCTA has not incurred or planned for any debt issuance at this time, therefore we have not allowed for any interest expense in this budget.

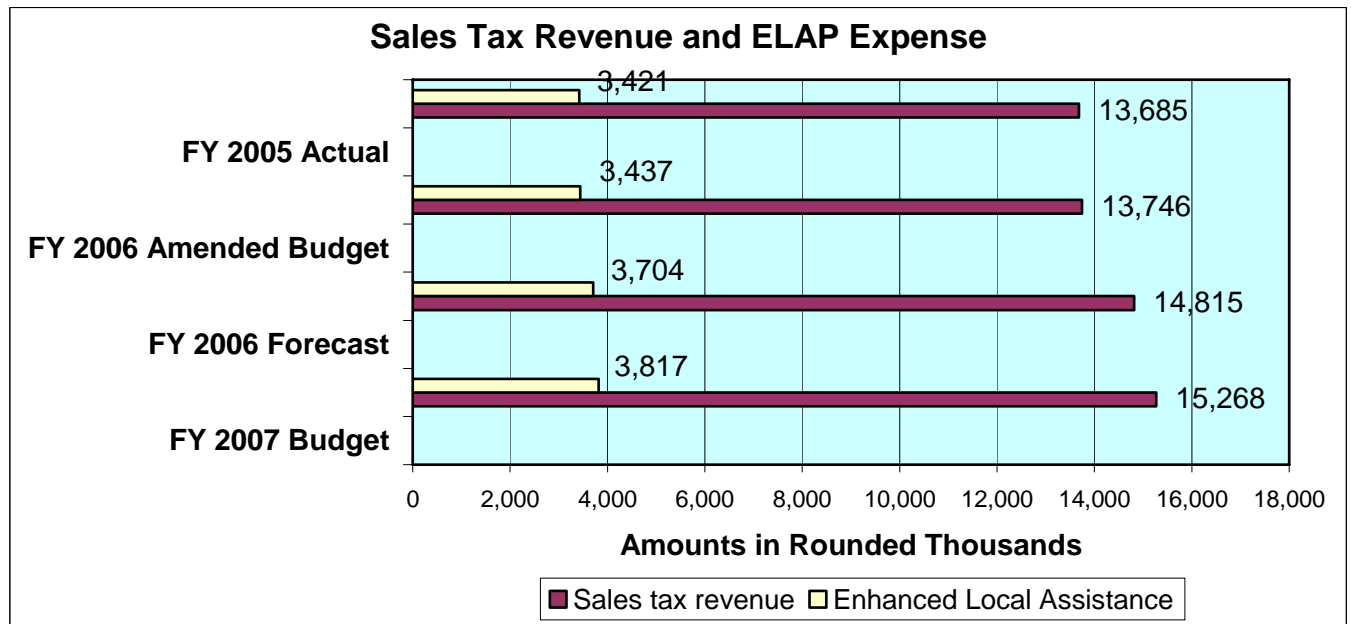


Denton County Transportation Authority 2006 – 07 Budget

Table 3 – Non-Operating Revenue and Expense

Fiscal Year 2007 Denton County Transportation Authority Budget Non-Operating Revenue / (Expense)					
Non-Operating Revenue / (Expense)	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Enhanced Local Assistance	(3,817,016)	(3,703,770)	(3,436,524)	(3,421,257)	(113,246)
Investment Income (Net)	1,282,674	721,223	605,135	303,992	561,451
Gain (Loss) on Disposal of Assets	-	-	-	(2,456)	-
Net Non-Operating Revenue / (Expense)	(2,534,342)	(2,982,547)	(2,831,389)	(3,119,721)	448,205

Chart 3 – Sales Tax Revenue and ELAP Expense





Denton County Transportation Authority 2006 – 07 Budget

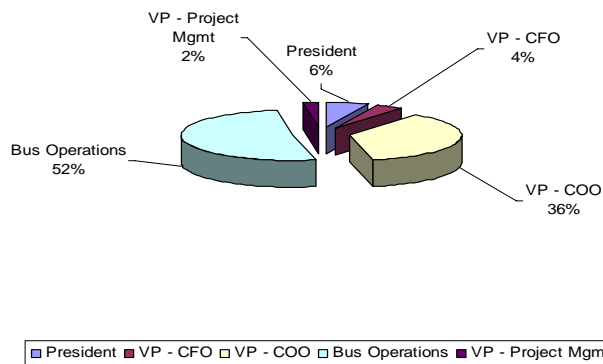
Departmental Descriptions and Budget Detail

The Operating Budget includes five departments: President, VP Chief Financial Officer, VP Chief Operating Officer, Bus Operations, and VP Project Management. The following tables and charts present the individual department budgets for FY 2007.

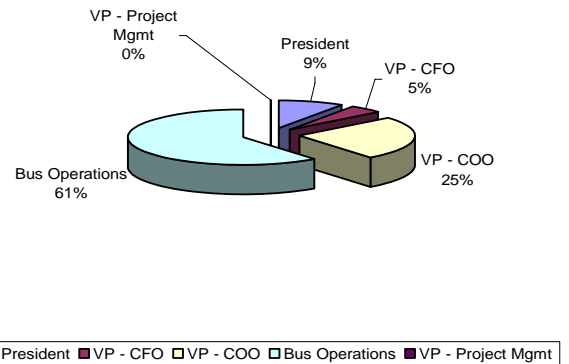
**Fiscal Year 2007 Denton County Transportation Authority Budget
Operating Expense Summary By Department**

Department	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
President	865,966	758,192	611,854	764,555	(107,774)
VP - CFO	555,529	409,852	423,948	171,101	(145,677)
VP - COO	5,138,512	2,130,605	2,304,660	694,544	(3,007,907)
Bus Operations	7,208,720	5,093,084	5,392,327	4,315,717	(2,115,636)
VP - Project Mgmt	317,518	-	130,883	-	(317,518)
Total Operating Expense	14,086,245	8,391,733	8,863,672	5,945,917	(5,694,512)

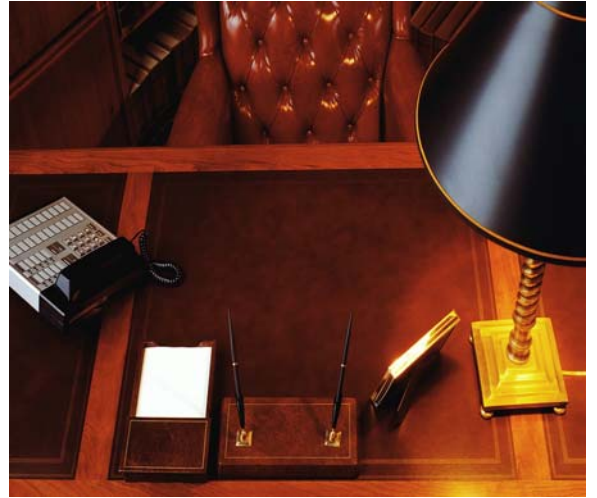
2007 Operating Expense by Department



2006 Operating Expense Forecast by Department



DCTA



80 President's Department



80 – President’s Department

Department Mission:

The mission of the President’s department is to provide professional leadership, guidance and coordination in the implementation of the policies established by the Board of Directors. The President’s department administers human resources, board support, EEO, records management, and coordinates legislative liaisons and General Counsel. The President also oversees intergovernmental relations and communications with local, regional, state and federal agencies and organizations. The department is responsible for the overall direction, supervision, and coordination of DCTA’s activities. The department has a staff of three and one-quarter full time equivalent positions: the president, executive assistant, receptionist, and a part-time receptionist.

2006 Accomplishments:

- Employed the necessary professional and technical staff to implement the goals of DCTA
- Mentored staff and provided the resources and support required to achieve departmental goals
- Expanded the DCTA fleet to meet customer needs
- Continued to explore other transportation alternatives to decrease congestion, increase mobility, and improve air quality
- Successfully introduced a discretionary 5309 apportionment request in the U.S. House of Representatives
- Received FTA recognition as Designated Recipient and Completed FTA grant transfers and awards
- Adopted 2006 New Member City Policy
- Continued Agency Coordination with:
 - Member Cities, Denton County, Educational Institutions, FTA, DART, The T, NCTCOG, and TxDOT
- As a regional partner DCTA actively participated in the RTC, DRMC, TRTC, NTCAC, TTA, SWTA, APTA, and Regional Transit Working Group
- Received the 2006 Transportation Excellence Award in Mobility (TEAM) from the North Texas commission
- Received APTA AdWheel Awards for Special Event and Promotional Materials

2007 Goals:

- Continue to build on the foundation created by the accomplishments of FY 2005 and FY 2006
- Move DCTA forward with the federally-mandated process to achieve rail connectivity between Denton and Dallas
- Mentor and empower staff to achieve departmental goals
- Provide local transit service improvements
- Deliver quality service to our customers
- Continue to explore other transportation alternatives to decrease congestion, increase mobility, and improve air quality
- Continue building and enhancing local and regional relationships

Material Budget Items:

- Legislative Services in Austin and Washington
- Legal Services
- Materials and Supplies for all departments

Table 4 – President’s Departmental Budget

Fiscal Year 2007 Denton County Transportation Authority Budget President's Department					
Description	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Salary, Wages and Benefits	296,860	235,262	268,110	167,566	(61,598)
Services	261,354	296,980	130,840	447,552	35,626
Materials and Supplies	50,552	21,916	23,400	18,317	(28,636)
Utilities	10,020	8,141	7,920	6,505	(1,879)
Insurance and Casualties	-	-	-	-	-
Purchased Transportation	-	-	-	-	-
Miscellaneous	117,688	67,028	73,524	36,269	(50,660)
Leases and Rentals	107,784	101,956	98,520	74,244	(5,828)
Depreciation	21,708	26,909	9,540	14,102	5,201
Total Other Operating Expense	865,966	758,192	611,854	764,555	(107,774)
Positions					
President	1.00	1.00	1.00	1.00	-
Executive Assistant / HR Manager	1.00	1.00	1.00	0.83	-
Administrative Assistant	-	1.00	1.00	0.25	1.00
Receptionist	1.00	0.08	-	-	(0.92)
Part Time Receptionist	0.25	-	-	-	(0.25)
Full Time Equivalent	3.25	3.08	3.00	2.08	(0.17)

DCTA



81 VP Chief Financial Officer's Department



81 – VP Chief Financial Officer’s Department

Department Mission:

The mission of the VP Chief Financial Officer’s department is to provide the highest quality financial management, support, fiduciary oversight, and public accountability to the DCTA Board and stakeholders. The department, management, and staff are committed to the following principles:

- Provide timely and accurate financial information to the departments and the Board
- Comply with State and Federal regulations regarding financial management, procurement, accounting, and control
- Surpass industry standards of financial management and reporting
- Be a resource for the President and Board on financial matters, economic issues, and operational performance
- Monitor and report DCTA’s financial performance
- Recommend effective allocation of resources and safeguard assets.

The department has a staff of five: the CFO, contract administrator, two accountants, and an accounts payable / receivable specialist. Departmental functions include responsibilities for the accounting and reporting functions, budget and twenty year plan, treasury and investing function, risk management, contracts and procurement, and maintaining and upgrading of information technology systems.

2006 Accomplishments:

- Encouraged and motivated staff to provide excellent customer service and friendly attitude.
- Implemented a system for timely bank and account reconciliations.
- Employed the necessary professional and technical staff to implement goals.
- Completed fiscal year 2005 audit and received an unqualified audit opinion.
- Reviewed department policies, procedures, programs, and services in an effort to reduce operating cost and be cost conservative.
- Developed a contract tracking system.
- Procured twelve 35 foot buses for Connect service
- Procured seven coaches for Interim Commuter Express service between Denton, Lewisville, Highland Village, and Dallas
- Procured twelve 30 foot vehicles for new Lewisville Connect Service, Regional Connector Service and Access replacement vehicles
- Procured and contracted for legal services, audit services, federal and state legislative services, and consultants for the Environmental Impact Study and Preliminary Engineering services
- Participated in design and housing of new DCTA Web Site
- Completed FTA grant transfers and awards
- Developed a model for the DCTA twenty year plan
- Submitted DCTA FY 2007 Budget for GFOA Distinguished Budget Award



Denton County Transportation Authority 2006 – 07 Budget

2007 Goals:

- Employ additional professional and technical staff to implement the goals of DCTA
- Deliver quality service to our customers
- Continue building and enhancing local and regional relationships
- Complete New Starts Application
- Submit DCTA Annual Financial Report for GFOA Awards for Excellence in Government Finance

Material Budget Items:

- Increased staff by 1.17 full time equivalents
- Increase material and supplies expense for office furniture and equipment
- Increased Miscellaneous Expenses for staff seminars and training sessions.

Table 5 – VP Chief Financial Officer’s Departmental budget

Fiscal Year 2007 Denton County Transportation Authority Budget VP - Chief Financial Officer					
Description	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Salary, Wages and Benefits	369,153	253,131	268,176	72,888	(116,022)
Services	104,340	115,359	83,000	78,411	11,019
Materials and Supplies	35,241	3,303	2,260	1,967	(31,938)
Utilities	720	720	720	60	-
Insurance and Casualties	23,736	27,098	50,857	2,552	3,362
Purchased Transportation	-	-	-	-	-
Miscellaneous	22,339	10,241	18,935	15,223	(12,098)
Leases and Rentals	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Other Operating Expense	555,529	409,852	423,948	171,101	(145,677)
Positions					
CFO	1.00	1.00	1.00	0.42	-
Accounts Payable / Receivable Spec.	1.00	1.00	1.00	0.33	-
Procurement & Contracts Manager	1.00	1.00	1.00	0.33	-
Accountant	1.00	0.83	1.00	-	(0.17)
Operations Accountant	1.00	-	-	-	(1.00)
Full Time Equivalent	5.00	3.83	4.00	1.08	(1.17)

DCTA



82 VP Chief Operating Officer's Department



82 – VP Chief Operating Officer’s Department

Department Mission:

The mission of the VP Chief Operating Officer’s department is to provide for the implementation of the Service Plan, including the planning and programming for regional rail, interim regional express bus, local fixed route, and paratransit services; identification and implementation of park-and-ride sites; implementing marketing strategies; and ensuring compliance with Federal, state and local grant requirements and regulations. In addition, the COO’s department has responsibility for oversight of the bus operations department, which is budgeted as sub-department - 50. The department has a staff of five and one-half full time equivalent positions: the VP COO, administrative assistant, communications and marketing manager, transportation manager, planning manager, and a part time intern.

2006 Accomplishments:

- Employed the necessary professional and technical staff to implement the goals of DCTA
- Advanced the RailDCTA Project into the Environmental Impact Study
- Participated in the design and implementation of new DCTA web site
- Continued to explore other transportation alternatives to decrease congestion, increase mobility, and improve air quality
- Implemented new Dial-A-Ride service policy
- Developed Service Standards for DCTA Bus System
- Implemented a marketing plan including advertising, special events, and promotions
- Completed an Image/Branding Study

2007 Goals:

- Deliver quality service to our customers
- Continue to explore other transportation alternatives to decrease congestion, increase mobility, and improve air quality
- Advance the RailDCTA project into Preliminary Engineering
 - Identify rail station locations
 - Complete New Starts Application and receive positive rating within the New Starts Process
 - Advance the rail project by continuing discussions with the stakeholders regarding connectivity and right-of-way issues and solutions
- Complete New Starts Application
- Complete/Publish Annual Community Report
- Initiate/Launch Connect and Access Service Brands
- Initiate/Launch a Rideshare Program

Material Budget Items:

- Increased staff by 1.63 full time equivalents
- Increase Services expense for \$1.9 million for consulting cost related to the environmental impact study
- Increased Miscellaneous Expenses for staff seminars and training sessions.



Denton County Transportation Authority 2006 – 07 Budget

Table 6 – VP Chief Operating Office’s Departmental Budget

Fiscal Year 2007 Denton County Transportation Authority Budget VP - Chief Operating Officer					
Description	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Salary, Wages and Benefits	373,495	273,739	284,061	56,495	(99,756)
Services	4,702,943	1,805,914	1,922,753	634,754	(2,897,029)
Materials and Supplies	30,450	29,692	80,001	754	(758)
Utilities	1,440	1,080	720	300	(360)
Insurance and Casualties	-	-	-	-	-
Purchased Transportation	-	-	-	-	-
Miscellaneous	30,184	20,180	17,125	2,241	(10,004)
Leases and Rentals	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Other Operating Expense	5,138,512	2,130,605	2,304,660	694,544	(3,007,907)
Positions					
Senior VP / COO	1.00	1.00	1.00	0.29	-
Administrative Assistant	1.00	0.08	-	-	(0.92)
Communications & Marketing Manager	1.00	0.54	1.00	-	(0.46)
Transportation Manager	1.00	1.00	1.00	-	-
Planning Manager	1.00	0.67	1.00	-	(0.33)
Intern	0.50	-	-	-	(0.50)
Design & Construction Manager	-	0.58	-	-	0.58
Full Time Equivalent	5.50	3.87	4.00	0.29	(1.63)



50 Bus Operations Department



50 – Bus Operations Department

Department Mission:

The Bus Operations Department is a sub-department that falls under the responsibility of the VP Chief Operations Officer. The bus operations department is responsible for delivering quality local transit service, planning, National Transit Database reporting, and ensuring compliance with Federal Transit Administration grant requirements and regulations. The department has budgeted for 99.16 full time equivalent positions which include drivers, maintenance, operations, and administration. DCTA will implement a new operating management contract October 1, 2006. Under the previous operating contract the vendor services were treated as a purchase of service contract and all operating expenses were reported in the Purchased Transportation Service expense category. In FY 2007 we will move to a management contract. Under this type contract DCTA will hire a third party service provider to provide a General Manager (GM) and corporate support for human resource, benefits, etc. The GM is an employee of the contractor and is not included in the full time equivalent employees. Under the management contract DCTA staff will do the accounting and provide the required controls over expenditures and make payments for the cost of running the day to day operations. The expenses will be reported in the natural expense categories of Salary and Wages, Services, Materials and Supplies, etc. Under the previous operating purchase of service contract the detail of the natural expenses are not available and therefore the comparisons to FY 2006 will be difficult.

2006 Accomplishments:

- Provided clean, safe, comfortable ride for over 1.4 million passengers
- Initiated a computer software scheduling program for demand response services
- Placed twelve 35 foot buses in Connect service
- Implemented the DCTA Clean Fleet Vehicle Policy
- Researched and implemented a Bio-diesel pilot program for the Commuter Express fleet
- Implemented an improved management information system
- Initiated a fleet modernization program
- Launched the Interim Commuter Express
- Expanded the Connect UNT service

2007 Goals:

- Deliver safe, reliable, and efficient service to Denton County
- Launch new Connect service in Lewisville
- Successfully implement new management contract
- Hire and train professional operators with an emphasis on safety, security, and customer service
- Institute improved cost-containment practices
- Increase service reliability and on-time performance
- Improve data collection and management information systems
- Accurately report operational data necessary for the submission of National Transit Database



Denton County Transportation Authority 2006 – 07 Budget

Material Budget Items:

The best comparison for the FY 2007 increase over the FY 2006 forecast is in the bus operations department budget below. The budgeted expenses for this department increased \$2.1 million over the prior year forecast. This is primarily due to new and increased service levels. The new Lewisville Connect service increases cost by approximately \$.5 million, the Denton to Carrollton Connect service adds \$.3 million, and a full year of Commuter Express service adds approximately \$.6 million. The projected increase in the UNT service adds another \$.3 million to the FY 2007 budget. The balance of the increase is due to the increase in depreciation for new assets of approximately \$.7 million.

Table 7 – Bus Operations Department

Fiscal Year 2007 Denton County Transportation Authority Budget Bus Operation's Department					
Description	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Salary, Wages and Benefits	3,574,859	-	-	-	(3,574,859)
Services	269,694	12,667	-	-	(257,027)
Materials and Supplies	1,311,096	17,276	15,000	1,547	(1,293,820)
Utilities	30,300	-	-	-	(30,300)
Insurance and Casualties	167,988	111,704	113,828	-	(56,284)
Purchased Transportation	-	3,927,273	4,216,605	3,707,829	3,927,273
Miscellaneous	30,288	-	12,704	-	(30,288)
Leases and Rentals	236,553	89,636	109,950	473	(146,917)
Depreciation	1,587,942	934,528	924,240	605,868	(653,414)
Total Other Operating Expense	7,208,720	5,093,084	5,392,327	4,315,717	(2,115,636)
Riders	1,630,776	1,495,026	1,474,285	1,427,875	135,750
Cost per Rider	\$ 4.42	\$ 3.41	\$ 3.66	\$ 3.02	\$ 1.01
Positions					
Bus Operators	62.16	-	-	-	(62.16)
Maintenance	15.00	-	-	-	(15.00)
Operations	11.00	-	-	-	(11.00)
Administration	11.00	-	-	-	(11.00)
Full Time Equivalent	99.16	-	-	-	(99.16)

DCTA



83 VP Project Management Department



83 – VP Project Management

Department Mission:

The mission of the VP Project Management Department is to direct the development of the rail component of the Service Plan; and development and implementation of the Capital Improvement Program. The department has a budget two for positions, the VP PM and one design and construction manager position.

2006 Accomplishments:

DCTA did not staff this department in FY 2006. Accomplishments for the design and construction manager, which reported to the VP Chief Operating Officer, are included in that department.

2007 Goals:

- Employ the necessary professional and technical staff to implement the goals of the DCTA
- Continue professional development & staff training
- Institute Value Engineering Best Practices
- Document projects and develop project management charts to track critical paths
- Contract an A & E firm to assist with small engineering projects
- Complete leasehold improvements at Denton bus facility
- Evaluate potential real estate acquisitions
- Develop O & M facilities
- Begin construction of the Hebron Parkway Park & Ride
- Work with City of Denton Downtown Multi-Modal Station Design Committee

Material Budget Items:

- New department



Denton County Transportation Authority 2006 – 07 Budget

Table 8 – Project Management Department

Fiscal Year 2007 Denton County Transportation Authority Budget VP - Project Management Department					
Description	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Salary, Wages and Benefits	203,874	-	114,168	-	(203,874)
Services	100,008	-	-	-	(100,008)
Materials and Supplies	-	-	5,800	-	-
Utilities	720	-	720	-	(720)
Insurance and Casualties	-	-	-	-	-
Purchased Transportation	-	-	-	-	-
Miscellaneous	12,916	-	10,195	-	(12,916)
Leases and Rentals	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Other Operating Expense	317,518	-	130,883	-	(317,518)
Positions					
VP Project Management	1.00	-	1.00	-	(1.00)
Design & Construction Manager	1.00	-	-	-	(1.00)
Full Time Equivalent	2.00	-	1.00	-	(2.00)



Capital Expenditure Budget



Capital Expenditure Budget

The Capital Expenditure Budget includes planned expenditures to support the operational activities of DCTA. The FY 2007 capital expenditure budget includes replacement vehicles for the existing Connect and Access services, expansion vehicles to support new and expanded service, park and ride lots, leasehold improvements for an operations and maintenance facility, and passenger amenities. Expenditures for the capital budget total approximately \$6.3 million. Table 9 presents the Capital Expenditure Budget for FY 2007.

Capital projects were assessed for inclusion in this budget based on the following criteria:

1. Is the project mandatory as a result of federal or state legal requirements?
2. Is the project necessary to carry out the goals and objectives of DCTA's Service Plan?
3. Is the project dictated by recommended replacement criteria or needed to maintain a state of good repair and quality service?
4. Does DCTA have the necessary resources to implement the project?

The capital expenditure plan for vehicles and other capital assets was constructed with input from the bus operations department and staff. Primary to these outlays are the global considerations to improve service delivery through high quality, safe, and reliable equipment and amenities, as well as to implement fleet operation standards and system security enhancements.

In general, there are four categories of capital expenditures for the coming fiscal year: Transit Vehicles, Other Vehicles, Other Assets, and Buildings. The assets in the capital expenditure budget will be used for expansion projects, replacement projects, and other miscellaneous projects.

Transit Vehicles

30' Transit Vehicles (5 Units)

This acquisition will provide a fleet of Connect fixed route vehicles for launching new service in Lewisville. This is part of the FY 2007 expansion plan.

30' Transit Vehicles (3 Units)

This acquisition will provide a fleet of Commuter regional connection vehicles for launching new service between Denton and Carrollton with stops in Highland Village and Lewisville. This is part of the FY 2007 expansion plan.

30' Transit Vehicles (5 Units)

This acquisition is required to replace existing fleet vehicles used for the Denton and Lewisville Access service.

35' Transit Vehicles (5 Units)

This acquisition is required to replace five 1987 model transit vehicles currently used for the Denton Connect and UNT Contract service.

Other Vehicles

Supervisor Vehicles (6 Units)

Under the new management contract DCTA will need to acquire six road vehicles for supervisor support. Two new hybrid electric units, two new passenger vehicles and two used vehicles for the previous operations contract vendor.



Denton County Transportation Authority 2006 – 07 Budget

Maintenance Shop Truck (1 Unit)

As the DCTA fleet has increased and our route miles have expanded we will add a maintenance truck to provide road side repairs.

Other assets

Denton Mobile Bus Washer Units

These units will allow drive through bus washing at the Denton facility. Bus units are currently washed with a walk around high pressure spray wand. These units will improve productivity and provide the clean quality service our customers expect.

Park and Ride Lot

Consistent with the Service Plan, DCTA is working with local agencies and the North Central Texas Council of Governments to implement a park and ride for Commuter Express and Connect service. The facility will provide commuters with safe and convenient location to leave their vehicles.

Mobile Bus Lift

DCTA has purchased larger transit vehicles than those used in the past. The current shops leased from Solid Waste are too small for these units. DCTA will build a new temporary single bay maintenance building to perform maintenance and repairs on the new units. The mobile lifts are jack units that will be used to raise the vehicles.

Passenger Amenities – Shelters (20 Units)

As DCTA has improved and expanded service new bus stops have been added to the routes. DCTA will add twenty commercial shelters to the routes to provide customers protection from the elements.

Buildings

Temporary Single Bay Maintenance Building

DCTA will construct a metal building of sufficient size to accommodate out largest bus units. This leasehold improvement will provide a temporary work and parts storage area for safe efficient maintenance of our fleet until our new Operations and Maintenance Facility is constructed.

Bus Operations and Maintenance Facility

The construction of this facility will start in FY 2007 and complete in FY 2008. Total cost of the project will be approximately \$6.2 million. The current year capital budget includes \$2.8 for the facility with the balance of \$3.4 in FY 2008. The facility will provide adequate space for our current fleet and allow for future expansion.



Denton County Transportation Authority 2006 – 07 Budget

Table 9 – Capital Expenditure Budget

Fiscal Year 2007 Denton County Transportation Authority Budget Capital Budget		
Project Name	Units	Cost
Transit Vehicles		
Lewisville Fixed Route Service Vehicles - 30 Foot	5	339,885
Regional Connector Buses - 30 Foot	3	225,000
Replacement Para-Transit Vehicles - 30 Foot	5	311,600
Replacement Vehicle - 35 Foot	5	1,425,000
Total Transit Vehicles	<u>18</u>	<u>2,301,485</u>
Other Vehicles		
Support Vehicles - Hybrid Electric	2	48,000
Support Vehicles Expansion	2	34,000
Used Support Vehicles	2	14,000
Service Shop Truck	1	40,000
Total Other Vehicles	<u>7</u>	<u>136,000</u>
Other Assets		
Denton Mobile Bus Washer Unit	1	40,000
Park and Ride Lot		780,000
Mobile Bus Lift	1	25,000
Passenger Amenities - Shelters	20	150,000
Total Other Assets		<u>995,000</u>
Buildings		
Temporary Solid Waste Single Bay Maintenance Building		86,000
Bus Operation & Maintenance Facility (FY2007 and 2008 Project - Total Cost of \$6,150,000)		2,750,000
Total Buildings		<u>2,836,000</u>
Total Capital Expenditures		<u>6,268,485</u>



Appendix

Glossary of terms:

Glossary of terms is designed to assist the reader in understanding terms associated with public finance.

Accrual Basis – The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Accrued Expenses – Expenses incurred but not due until a later date.

Budget – A plan of financial operation consisting of an estimate of proposed expenditures for a given period and the proposed means of financing them. The budget is proposed until it has been adopted by the Board.

Budget Amendment – A procedure utilized by Staff and the Board to revise the budget.

Budget Calendar – A schedule of milestones which DCTA follows in the preparation, adoption, and administration of the budget.

Capital Contributions, Grants and Reimbursements are sources of financing for the transportation operations and DCTA.

Capital Improvements – An addition to the DCTA assets, including the design, construction or purchase of land, buildings or facilities, or major renovations.

Change in Net Assets – The change in equity resulting from the current year activities.

Cost – The amount of money of other consideration exchanged for property of services.

Department – An organizational unit, which has the responsibility of providing programs, activities, and functions in a related field.

Depreciation Expense – The amortization of the cost of capital assets over their useful life. Capital assets have a useful life of more than one accounting period and the expense is viewed as the use of capital required to generate the revenues in the accounting period.

Enhanced Local Assistance Program (ELAP) – An expense incurred through a financial improvement program for DCTA participating cities. This expense is generally 25% of the DCTA sales tax collections and can be used to provide transportation related improvements within the participating cities.

Enterprise Fund – A fund established to account for operations (a) that are financed and operated in a way similar to private business enterprises. Where the intent of the governing body is that the costs (expenses, including depreciation) for providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Expenditure – The actual spending of funds to acquire assets or services.

Fiscal Year – The time period designated by the Board signifying the beginning and ending period for recording financial transactions. DCTA's fiscal year begins October 1 and ends September 30.



Denton County Transportation Authority 2006 – 07 Budget

Fixed Assets – Assets of a long term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, autos and machinery.

Full-Time Equivalent – A unit of measure based on the number of hours that an employee works during the fiscal year. One FTE is equivalent to 2,080 hours.

Fund – An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created.

Generally Accepted Accounting Principles (GAAP) – Standards and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of the entity.

Grants – Contributions or gifts of cash or other assets from another government to be used or expended for a specific purpose, activity, or facility.

Income – A term used in proprietary fund type accounting to represent revenues or the excess of revenues over expenditures.

Insurance, Casualties and Loss – Costs for protection from loss through insurance, uninsured loss, and compensation to others for their losses.

Leases and Rentals – Expense consisting of payments made for the use of capital assets not owned by DCTA.

Materials and supplies – Expense consisting of products purchased from outside suppliers or internally produced and consumed in the accounting period.

Miscellaneous – Expense consisting of expenses that can not be attributed to any of the other major expense categories.

Net Investment Income – Consists of interest income from authorized investments, net of interest expense related to debt financing.

Non-Operating Revenue / (Expense) – The revenue or expense generated from other than operating activities.

Operating Budget – Plans for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law.

Operating Expenses – Expenses or cost incurred to provide the operating revenue earned in the accounting period.

Operating Income / (Loss) – The net income or loss from operating activities for providing transportation services.

Performance Measures – Specific qualitative and quantitative measures of work performed as on objective of the department.

Purchased Transportation – Expense consisting of cost incurred for materials, services, fuel and maintenance consumed in providing transportation services.

Reserves – Funds set aside for economic uncertainties.



Denton County Transportation Authority 2006 – 07 Budget

Salary, Wages and Fringe Benefits – Expense including pay to employees for services provided, employer related taxes, employer portion of insurance benefits, employer 401 (a) contributions, sick time, and other miscellaneous pay as established by the board.

Sales Tax – A general “sales tax” is levied on persons and businesses selling merchandise or services in the city limits on a retail basis. The categories for taxation are defined by state law. Monies collected under authorization of this tax are for the use and benefit of the taxing authority.

Services – Expense consisting of labor and other work provided by outside organizations for a fee. These services could include legal expense, accounting services, management consulting, etc.

Utilities – Expense consisting of the use or consumption of electricity, gas, and communication services.

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. 96-06**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING AP 2006-1 BUDGET AMENDMENT PROCEDURES ATTACHED HERETO AS EXHIBIT "A"; AND PROVIDING AN EFFECTIVE DATE

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

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

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

WHEREAS, the Board of Directors of the DCTA desires to replace and supersede AP 2004-2 with the AP 2006-1 set forth in Exhibit "A" to govern budget amendments in the form of an Administrative Procedure adopted by the Board of Directors of the DCTA.

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


SECTION 1. The AP 2006-1 Budget Amendment Procedures attached hereto as Exhibit "A" be and the same is hereby adopted; and shall replace and supersede AP 2004-2 and govern the budget amendment procedures investment for the DCTA from and after the effective date of this resolution.

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

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

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE 27TH DAY OF APRIL, 2006.


APPROVED:




Charles Emery, Chairman

ATTEST:

APPROVED AS TO FORM:



Dottie Palumbo, Secretary



FOR Peter G. Smith, General Counsel



ADMINISTRATIVE PROCEDURE

AP Number: 2006-01
Subject: Revised AP 2004-2 Budget Amendment Procedures
Date Effective: April 27, 2006

Background:

The DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year. Budget estimates are often prepared months in advance of the actual expenditures. The possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely. Therefore, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. Amendments may be required due to material changes in the operating plan or an unforeseen change in contract terms and other unforeseen changes in the economy or the financial condition of DCTA. DCTA has incorporated the following process to govern budget amendments in the form of an Administrative Procedure adopted by the Board of Directors.

Procedure:

1. Staff will monitor the actual expenses and budget variances monthly and determine the need for a budget amendment or transfer.
2. Should staff determine that a budget amendment or transfer is required, they will prepare a form supported by the pertinent back-up material required to describe the modification and the financial impact to the adopted budget.
3. Budget amendments will be submitted for approval, by resolution, for consideration by the DCTA Board.
4. Budget Transfers that result in a Material Change within departments will be approved by the Executive Director and communicated to the DCTA Board with supporting documentation.
5. Upon receiving the requisite approvals, staff will update the budget document and file the amendment.

Expenditures Not To Exceed Budget:

1. Operating Expenses
 - a. DCTA is required to control operating cost and keep the total actual expenditures incurred below the amount of the total annual adopted operating expense budget as amended.
 - b. The DCTA Executive Director may authorize budget transfers between expense categories and departments.
 - c. DCTA may include a request for board authorization for a budget amendment with the board resolution for approval of new contracts and unbudgeted expenditures.

EXHIBIT A

2. Capital Expenditures
 - a. Expenditures for capital asset acquisition must have been approved with the fiscal year capital budget; or
 - b. by Board resolution authorizing the purchase and amendment to the capital expenditure budget.
3. All DCTA amendments and transfers will be reflected in the appropriate period for the budget year and the twenty year plan.

Definitions:


Budget Amendment - Shall mean a change in the fiscal year budget due to a material change in the budgeted expenditures that requires a new line item to be identified or a change in an existing budget item. Written concurrence by the DCTA Board of Directors in the form of a resolution is required to authorize an amendment as specified in this section.

Material Change - Shall mean an increase or decrease in an operating expense, new or existing, greater than \$100,000 and twenty-five percent of the budgeted amount for the operating expense line item.

Budget transfers - Shall mean transfer of funds between departments or specific operating expense line items that neither increase nor decrease the total adopted budget authorization. Budget transfers should only be requested for material changes.

Approved this the 27th day of April, 2006.

BY:



Chairman



Board of Directors Memo

June 22, 2006

Subject: 1(b) Approval of Proposed Budget Amendment Number 2006-1

1. URS/EIS Contract Expenditures
2. Federal Grant Revenue

Background:

1. The DCTA budget is prepared months in advance of the actual expenditures. It is unlikely that the actual amount of the expenditures will be known at the time of the budget preparation. Therefore, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. DCTA's Administrative Procedure Number 2006-01 allows staff to make budget amendments when there is a material change in an operating expense line item that is greater than \$100,000 and twenty-five percent of the budgeted amount. Amending the budget for material changes will provide a better forecasting and management tool for the Board and DCTA staff.

The URS Environmental Impact Study (EIS) was originally budgeted to cost \$7.6 million over a 24 month period starting October 2005 and ending November 2007. Based on the adopted budget in FY 2006, the projected cost was \$4.3 million. From the latest reforecast in June from URS, it is anticipated that there will be a reduction in the FY 2006 expenditures of \$ 1.6 million from the current year budget which would be deferred to the FY 2007 budget. Attached Exhibit A provides information for future billings. Staff is proposing to transfer the reduction of \$ 1.6 million from the FY 2006 budget and include it in the next fiscal year.

2. The Federal Grants and Reimbursement line item is a revenue source for DCTA and was originally budgeted \$5.1 million. This amount included grant revenue for fiscal years 2000 through 2006. This budget amendment is necessary to reflect the latest information related to DCTA federal grant applications and transfers. DCTA received our first grants on June 9, 2006 for grants transferred from Lewisville and we will draw down approximately \$.7 million for the 2000, 2001 and 2002 grants in July 2006. Based on our current estimates, it is anticipated that there will be a reduction of \$ 4.4 million from the current year budget which will be deferred and received in FY 2007. Attached Exhibit B provides additional information on this amendment. Staff is proposing to transfer FTA grant revenue in the amount of \$4.4 million from the current year FY 2006 budget and include it in the next fiscal year.

Need:

Reduce current fiscal year operating expense budget \$1.6 million and the FTA grant revenue budget \$4.4 million. These are material timing variances and per the Administrative Procedure, both of these budget line items should be amended.

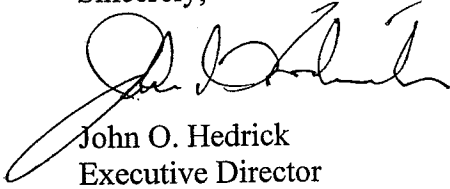
Financial Impact:

These combined items will reduce the budgeted cash flow for FY 2006 by a net \$2.8 million. This is a timing variance that will be reflected the 2007 fiscal year budget.

Recommendation:

It is the staff's recommendation that the Board approve Budget Amendment Number 2006-1 for URS/EIS Contract Expenditures and Federal Grants Revenue.

Sincerely,

A handwritten signature in black ink, appearing to read "John O. Hedrick". The signature is written in a cursive style with a large initial "J" and "H".

John O. Hedrick
Executive Director

**DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET AMENDMENT**

Number: 2006-1

Type: Amendment x
Revision _____

	<u>Current Budgeted Amount</u>	<u>Amendment Adjustment Amount</u>	<u>Adjusted Budget Amount</u>
FROM:			
URS/EIS Contract Expenditure for 2006	4,258,884	(1,641,096)	2,617,788
Federal Grants and Reimburse Revenue	(5,128,733)	4,430,243	(698,490)
 Net Total	<u><u>(869,849)</u></u>	<u><u>2,789,147</u></u>	<u><u>1,919,298</u></u>
 TO:		Not applicable	
 Total	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>

Explanation:


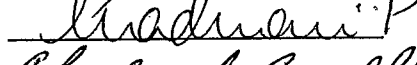


URS/EIS Contract Expenditure for 2006:

Budget estimates are often prepared months in advance of the actual expenditures. The possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely. Therefore during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. The URS/EIS project was originally budgeted for \$4,258,884 in FY2006. Expenditures for this project were reforecast in June resulting in reduction of \$1,641,096 from the current year budget. See Exhibit A attached for monthly variances and amendment amounts.

Federal Grants and Reimburse for 2006:

This budget amendment is necessary to reflect the latest information related to DCTA federal grants. DCTA received approval for our first grant on June 9, 2006 and will draw down \$697,065 for the 2000, 2001 and 2002 grants in July 2006. See Exhibit B attached for monthly variances and amendment amounts.

Date: June 20, 2006

Requested By 
 Audited By 
 DCTA Treasurer 
 Board Action 
(Approval/Resolution No.)

Date 6/20/06

Date 6/22/06

Date _____

Exhibit B

Federal Grant Revenue Budget Amendment for 2006-1													
	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	TOTAL
Budget	93,544	93,544	93,544	275,071	275,071	2,374,529	339,071	339,071	339,071	355,433	275,392	275,392	5,128,733
Actual		1,425								697,065			698,490
Variance (Budget vs Actual)	93,544	92,119	93,544	275,071	275,071	2,374,529	339,071	339,071	339,071	(341,632)	275,392	275,392	4,430,243



Board of Directors Memo

September 21, 2006

Subject: 1(b) Approval of Proposed Budget Amendment Number 2006-2

Revenue and Other Income

1. Federal Grants and Reimbursements

Expense

1. Service – URS/EIS Contract
2. Service – Boarding and Alighting Study
3. Service – Architectural and Engineering
4. Service – COO General Consulting
5. Service – VP PM General Consulting
6. Purchased Transportation – Lewisville Fixed Route Service
7. Purchased Transportation – LINK Transition Cost

Background:

The DCTA budget is prepared months in advance of the actual expenditures. It is unlikely that the actual amount of the expenditures will be known at the time of the budget preparation. Therefore, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. DCTA's Administrative Procedure Number 2006-01 allows staff to make budget amendments when there is a material change in an operating expense line item that is greater than \$100,000 and twenty-five percent of the budgeted amount. Amending the budget for material changes will provide a better forecasting and management tool for the Board and DCTA staff.

Revenue and Other Income

1. The Federal Grants and Reimbursement line item is a revenue source for DCTA and was originally budgeted \$5.1 million. Amendment 2006-1 reduced this amount to \$.7. Subsequently, on August 31, 2006 DCTA received FTA approval for project TX-90-X724-00 in the amount of \$3.8 million. This budget amendment is necessary to reflect the latest information related to DCTA federal grant applications. DCTA accrued \$1.8 million for eligible expenditures through August and will accrue an additional \$.2 in September. Staff is recommending DCTA increase the FY 2006 budget for Federal Grant and Reimbursements to \$2.7 million. Attached Exhibit A provides additional information on this amendment request. This FY 2006 increase will decrease the grants available, as previously proposed in the FY 2007 budget.

Expense

1. Item 1) The URS Environmental Impact Study (EIS) was originally budgeted to cost \$7.6 million over a 24 month period starting October 2005 and ending November 2007. Based on the adopted budget in FY 2006, the projected cost was \$4.3 million. In June the Board approved an amendment to reduce the FY 2006 for this expense to \$2.6 million. Staff is proposing to reduce this budget item an additional \$.8 million to \$1.8 million for FY 2006. The total contract for this study has not changed from the original \$7.6 million. The balance of \$5.8 million will be

budgeted in FY 2007 and FY 2008. See attached Exhibit A and B for additional details.

2. Items 2 through 7) This group of expense items total \$1.3 million. DCTA has not incurred any expenses in these accounts and per Administrative Procedure Number 2006-01 is requesting the Board to approve an amendment to reduce the FY 2006 budget accordingly. See attached Exhibit A and B for additional details.

Need:

Increase the FY 2006 revenue budget \$2.0 million and reduce FY 2006 operating expense budget \$2.1 million. These are material timing variances and per the Administrative Procedure, these budget line items should be amended.

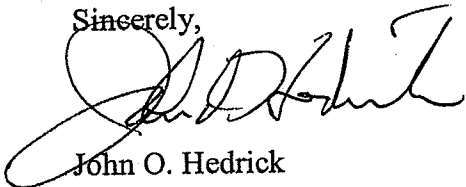
Financial Impact:

These combined items will increase the budgeted income for FY 2006 by a net \$4.1 million. The grant revenue of \$2.0 million will move revenue to the current year and reduce the FY 2007 budget. The EIS reduction is a timing variance that will be reflected the 2007 / 2008 fiscal year budget. The miscellaneous items in group 2 through 7 will have no financial impact.

Recommendation:

It is the staff's recommendation that the Board approve Budget Amendment Number 2006-2.

Sincerely,



John O. Hedrick
President

**DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET AMENDMENT**

Exhibit A

Number: 2006-2

	<u>Current Budgeted Amount</u>	<u>Amendment Amount</u>	<u>Amended Budget Amount</u>
Revenue and Other Income			
Item 1) Federal Grants and Reimbursements	698,490	2,002,861	2,701,351
Expense			
Item 1) Service – URS/EIS Contract	2,817,788	(845,035)	1,772,753
Item 2) Service – Boarding and Alighting Study	120,000	(120,000)	-
Item 3) Service – Architectural and Engineering	180,000	(180,000)	-
Item 4) Service – COO General Consulting	159,996	(159,996)	-
Item 5) Service – VP PM General Consulting	99,996	(99,996)	-
Item 6) Purchased Transportation – Lewisville Fixed Route Service	306,000	(306,000)	-
Item 7) Purchased Transportation – LINK Transition Cost	400,002	(400,002)	-
Total Expense Account Activity	<u>3,883,782</u>	<u>(2,111,029)</u>	<u>1,772,753</u>

Explanation:

Revenue and Other Income
Item 1) DCTA FTA Grant TX-90-X724-00 was approved on August 31, 2006 in the amount of \$3,827,367. We will have eligible expenditures in FY 2006 to draw on this grant in the current year.

Expense
Item 1) URS/EIS Contract Expenditure for 2006:
Budget estimates are often prepared months in advance of the actual expenditures. The possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely. Therefore during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. The URS/EIS project was originally budgeted for \$4,258,884 in FY2006. Expenditures for this project were reforecast in June resulting in reduction of \$1,641,096 from the current year budget. Based on our current forecast September 15th, we will reduce this expense an additional \$845,035 in FY 2006. See Exhibit B attached for monthly variances and amendment amounts.

Item 2 through 7)
This group of expense reductions is requested per Administrative Procedure Number 2006-01 which allows staff to make budget amendments when there is a material change in an operating expense line item that is greater than \$100,000 and twenty-five percent of the budgeted amount. DCTA will not incur any expenses in these accounts for FY 2006. See Exhibit B attached for monthly variances and amendment amounts.

Date: September 21, 2006
Date: September 21, 2006
Date: September 21, 2006
Date: September 21, 2006

Requested By M. Penmetsa
Audited By T. L. Howarter
DCTA Treasurer Charles Correll
Board Action Approval
(Approval/Resolution No.)

Exhibit B

Budget Amendment Support for Amendment Number 2006-02													
	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	TOTAL
Services Amendment													
Budget URS / EIS 82-503-21			35,000	50,000	127,275	205,645	217,064	229,624	443,864	495,014	451,767	422,595	2,617,788
Actual / Reforecast			35,000	50,000	127,275	205,645	217,064	229,624	213,277	244,868	200,000	250,000	1,772,753
(Item 1) 2006 EIS Budget Amendment (Incr.) / Decr.			-	-	-	-	-	-	230,587	190,146	251,767	172,595	846,035
(Item 2) Boarding and Alighting Study 82-503-23													120,000
(Item 3) Architectural and Engineering 82-503-24				20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	180,000
(Item 4) COO General Consulting 82-503-25	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	159,996
(Item 5) VP PM General Consulting 83-503-25	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	99,996
Actual / Reforecast			-	-	-	-	-	-	-	-	-	-	-
2006 Misc. Service Budget Amendment (Incr.) / Decr.	21,666	21,666	21,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	559,992
Total Services Amendment (Incr.) / Decr.	21,666	21,666	21,666	41,666	41,666	41,666	41,666	41,666	272,253	231,812	293,433	334,201	1,405,027
Purchased Transportation Amendment													
(Item 6) Lewisville Fixed Route Service 50-508-06	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	306,000
(Item 7) LINK Expansion / Transition Cost 50-508-15							66,667	66,667	66,667	66,667	66,667	66,667	400,002
Actual / Reforecast													
2006 Purchased Trans. Budget Amendment (Incr.) / Decr.	25,500	25,500	25,500	25,500	25,500	25,500	92,167	92,167	92,167	92,167	92,167	92,167	706,002
Total All Budgeted Expense Category Decrease Requested	47,166	47,166	47,166	67,166	67,166	67,166	133,833	133,833	364,420	323,979	385,600	426,368	2,111,029



ADMINISTRATIVE PROCEDURE

AP Number: 2006-04
Subject: Revised AP 2004-1 Annual Budget Development Cycle
Date Effective: August 24, 2006

Background:

The DCTA annual budget development cycle identifies activities the Board and Staff must complete in order to allow sufficient time and preparation for an accurate, timely and cost effective budget. The DCTA Annual Budget Development Cycle includes both the operating budget and the capital budget. Various functions are carried out by staff to prepare the budget throughout the year.

Basic budget preparation and compilation is the responsibility of the Finance Department. Each department's staff is responsible for providing the department's estimated revenues and expenditures for the coming fiscal year.

The Texas Transportation Code Chapter 460 requires the preparation of an annual budget.

Procedure:

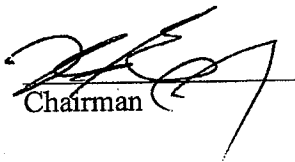
DCTA incorporated the following timeline to govern the budget preparation activities and provide guidance for the period in which those activities should be completed. The budget development cycle covers a six month period from April through September.

Month	Activity
April	President sets goals and objectives for the coming budget year and requests staff to prepare a balanced budget.
May	First draft budget prepared <ol style="list-style-type: none">1. Finance Department provides forms and format for staff to prepare the department's first draft budget.2. Staff prepares documentation and support for draft budget.3. Staff strives to be fiscally responsible by basing their estimates on historical data, adjusted for any economic trends or possible rate changes.4. Finance compiles the first draft budget for review by the President.
June	Second draft budget prepared <ol style="list-style-type: none">1. President's budget changes incorporated after first draft review.2. Deadline for staff to submit their respective departmental budgets with final changes.3. Finance compiles the second draft budget for the President's review.
July	July is spent fine-tuning the budget. The Finance department compiles

	the budget for presentation to the Finance Committee.
August	The President and staff present the proposed budget to the Finance Committee for further direction. 1. Any changes are made and the budget is updated. Proposed budget is presented to the board and the public at the August board meeting for further direction.
September	After comments are received following Board and public review, the final budget is submitted for adoption at the September Board meeting.

Approved this the 24th day of August, 2006.

BY:


Chairman

8/24/06
Date

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. 97-06**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING INVESTMENT POLICY ATTACHED HERETO AS EXHIBIT "A"; DECLARING THAT THE BOARD OF DIRECTORS HAS COMPLETED ITS REVIEW OF THE INVESTMENT POLICY AND INVESTMENT STRATEGIES OF THE DCTA AND THAT EXHIBIT "A" RECORDS ANY CHANGES TO EITHER THE INVESTMENT POLICY OR INVESTMENT STRATEGIES; APPOINTING THE INVESTMENT OFFICERS AND AUTHORIZING INVESTMENT TRANSACTIONS ON BEHALF OF THE DCTA; APPROVING WIRE TRANSFERS USED IN THE PROCESS OF INVESTING; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, it is the policy of the DCTA that the administration of its funds and the investment of those funds shall be handled as its highest public interest; and

WHEREAS, investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the DCTA and conforming to all applicable state statutes governing the investment of public funds;

WHEREAS, in accordance with the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE, the Board of Directors by resolution adopted an investment policy; and

WHEREAS, Section 2256.005, Tex. Gov't Code requires the Board of Directors to review the investment policies and investment strategies not less than annually and to adopt a resolution or order stating the review has been completed and recording any changes made to either the investment policies or investment strategies.

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

SECTION 1. That the DCTA Investment Policy attached hereto as Exhibit "A" be and the same is hereby adopted and shall govern the investment policies and investment strategies for the DCTA, and shall define the authority of the investment officials of the DCTA from and after the effective date of this resolution.

SECTION 2. That the Board of Directors of the DCTA has completed its review of the investment policies and investment strategies and any changes made to either the investment policies or investment strategies are recorded in Exhibit "A" hereto.

SECTION 3. The DCTA Executive Director, John O. Hederick and Director of Finance and Administration Terry L. Howerter are hereby designated Investment Officers and authorized to engage in investment transactions on behalf of DCTA.

SECTION 4. The Investment Officers authorized by this resolution shall also be authorized to approve wire transfers used in the process of investing.

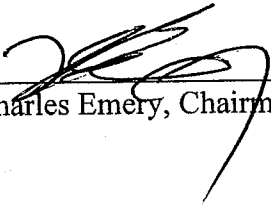
SECTION 5. The Investment Officers shall designate a liaison/alternate in writing in the event circumstances require timely action and the Investment Officers are unavailable.

SECTION 6. That all provisions of the resolutions of the Board of Directors of the DCTA, in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

SECTION 7. This resolution shall become effective immediately upon its passage and approval.


DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE 27TH DAY OF APRIL, 2006.

APPROVED:



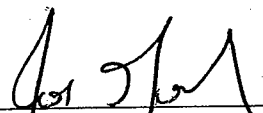
Charles Emery, Chairman

ATTEST:



Dottie Palumbo, Secretary

APPROVED AS TO FORM:



For Peter G. Smith, General Counsel

DENTON COUNTY TRANSPORTATION AUTHORITY INVESTMENT POLICY

I. POLICY STATEMENT

It is the policy of the Denton County Transportation Authority (DCTA) that the administration of its funds and the investment of those funds shall be handled as its highest public trusts. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of DCTA and conforming to all applicable state statutes governing the investment of public funds.

The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of DCTA to be in complete compliance with local law and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). The earnings from investments will be used in a manner that best serves the interests of DCTA.

II. SCOPE

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

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

III. OBJECTIVES AND STRATEGY

It is the policy of DCTA that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner, which promotes diversity, by market sector, credit and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To match anticipated cash flow requirements the weighted average maturity (WAM) of the overall portfolio may not exceed twelve (12) months.

Safety of Principal

Safety of principal is the foremost objective of DCTA. Investments of DCTA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The safety of principal is best achieved by limiting maximum maturities to two years, limiting investment types to those specifically authorized by this policy, diversification of investments, and monitoring credit ratings on selected investment types.

Liquidity

DCTA's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be

invested in investments that offer same-day liquidity for unanticipated cash demands. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

Diversification

Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding, as defined herein will be used on each sale and purchase.

Yield

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

DCTA has selected weighted-average yield-to-maturity as its preferred measure of investment performance. This shall be calculated on a monthly basis by multiplying each individual security yield-to-maturity at time of purchase by its book value, totaling the product of these calculations and dividing by the total book value of the portfolio. Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. DCTA shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, Board Policy, and the management of banking services.

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). The Act is attached as Exhibit A. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes. The Collateral Act, Section 2257 of the Texas Government Code, is attached as Exhibit B.

V. DELEGATION OF INVESTMENT AUTHORITY

The Director of Finance and Administration and the Executive Director, acting on behalf of the DCTA, are designated as the Investment Officers of DCTA and are responsible for investment management decisions and activities. The Investment Officers are also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officers shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include the "Bond Market Association (BMA) Master Repurchase Agreements" (as applicable), wire transfer agreements, banking services contracts, and other investment related activities.

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

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

Authorization Resolution

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

VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states:

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

Limitation of Personal Liability

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

VII. INTERNAL CONTROLS

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

Cash Flow Forecasting

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

VIII. AUTHORIZED INVESTMENTS

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

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations (CMOs)
- B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year to stated maturity
- C. Repurchase agreement and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed BMA Master Repurchase Agreement is on file with DCTA and the counterparty bank or primary dealer. Flex repurchase agreements used specifically for capital projects may extend beyond the 180 day stated limitation, but shall not exceed the expenditure plan of the projects
- D. No-load, SEC registered money market funds, each approved specifically before use by DCTA
- E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act

If additional types of securities are approved for investment by public funds by state statutes, they will not be eligible for investment by DCTA until this policy has been amended and the amended version approved by the DCTA Board.

Competitive Bidding Requirements

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

Delivery versus Payment

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

IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

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

Securities broker/dealers must meet certain criteria as determined by the Investment Officers. The following criteria must be met by those firms on the list:

- A. provision of an audited financial statement each year,
- B. proof of certification by the National Association of Securities Dealers (NASD) and provision of CRD number,
- C. proof of current registration with the State Securities Commission, and

D. completion of a DCTA questionnaire.

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

DCTA may appoint one or more investment advisors to assist the financial staff in the management of DCTA funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment advisor. To be eligible for consideration, an investment advisor shall demonstrate knowledge of, and experience in, the management of public funds. An appointed investment advisor shall act solely in an advisor and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of DCTA.

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

X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is the policy of DCTA to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 50%
Fully insured or collateralized CDs	Not to exceed 30%
Repurchase agreements	100%
Money Market Funds	100%
For Bond Funds	80%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	Not to exceed 10%
For Bond Funds	100%

The Investment Officers shall be required to diversify maturities. The Investment Officers, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officers may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officers may not invest any portion of the portfolio for a period of greater than two (2) years.

XI. SAFEKEEPING AND COLLATERALIZATION

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

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

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

Collateralization

Collateralization is required on time and demand deposits over the FDIC insurance coverage of \$100,000, and repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

XII. PERFORMANCE EVALUATION AND REPORTING

A comprehensive quarterly investment report shall be prepared by the Investment Officers or Investment Advisor within fifteen (15) days following the fiscal quarter end and be presented to the DCTA Board the month following the fiscal quarter end. As required by Public Funds Investment Act, the report will:

- A. describe in detail the investment position of DCTA on the date of the report;
- B. be signed by all Investment Officers
- C. contain a summary statement, prepared in compliance with generally accepted accounting principles that states:
 - a. beginning book and market value for the reporting period;
 - b. additions or changes to the market value during the period;
 - c. ending book and market value for the period; and
 - d. fully accrued interest for the reporting period;

- D. state the beginning book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the account or fund for which each investment security was purchased;
- G. compare the portfolio's performance to other benchmarks of performance; and
- H. state the compliance of the investment portfolio with DCTA Investment Policy, Investment Strategy and the Public Funds Investment Act.

XIII. DEPOSITORIES

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

XIV. TRAINING REQUIREMENT

The DCTA Investment Officers shall attend at least one investment training session within twelve months of taking office or assuming duties, and no less often than once every two fiscal years shall receive not less than ten hours of instruction relating to investment responsibilities. The investment training session shall be provided by an independent source approved by the Board of Directors. For purposes of this policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institute of higher learning or any other sponsor other than a business organization with whom DCTA may engage in an investment transaction. Such training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

XV. ETHICS AND CONFLICTS OF INTEREST

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

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

XVI. SUBJECT TO AUDIT

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

XVII. INVESTMENT POLICY ADOPTION BY DCTA BOARD

DCTA's Investment Policy shall be adopted annually by the Board of Directors. The policy and strategies shall be reviewed on an annual basis by the Board or a designated Committee of the Board. A written resolution approving that review, and changes to the policy from the review, will be passed and recorded by the Board.


Adopted this the 27th day of April, 2006.

BY:



Chairman

ATTEST:



Secretary

Record of Actions:

Adopted: April 22, 2004

Revised: March 24, 2005

Adopted April 24, 2005

Re-Adopted: April 28, 2005

Adopted April 27, 2006

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. 105-06**

A RESOLUTION PROVIDING FOR ADOPTION OF THE DENTON COUNTY TRANSPORTATION AUTHORITY OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2007, BEGINNING OCTOBER 1, 2006 AND ENDING SEPTEMBER 30, 2007; PROVIDING THAT EXPENDITURES FOR SAID FISCAL YEAR SHALL BE MADE IN ACCORDANCE WITH THE BUDGET AS ADOPTED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, section 460.403 of the Texas Transportation Code requires the Denton County Transportation Authority (DCTA) to prepare an annual budget; and

WHEREAS, the prepared budget has been presented to the public for review and comment; and

WHEREAS, the budget has been presented to the DCTA Board of Directors for review and comment; and

WHEREAS, after consideration, it is the consensus of the DCTA Board of Directors that the proposed FY 2007 budget as hereinafter set forth, meets the legal and practical requirements of the DCTA for the proper and sustained operation of DCTA services and capital expenditures and should be approved as presented;

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

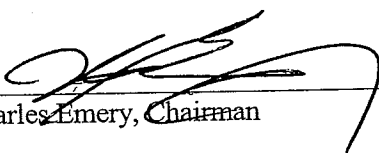
SECTION 1. The DCTA Operating and Capital Budget for FY 2007 attached as Exhibit "A" and Exhibit "B" be adopted and approved in all respects, and that the sums of money indicated in the proposed budget be approved as listed and that the estimate of income and financial support as shown be accepted as proper and sufficient to pay such expenditures for both the operating and capital portions of the Budget.

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

SECTION 3. That this Resolution shall take effect immediately from and after its passage, and it is accordingly so resolved.

DULY PASSED by the DCTA Board of Directors on this the 21st day of September, 2006.

APPROVED:



Charles Emery, Chairman

ATTEST:

APPROVED AS TO FORM:



Dottie Palumbo, Secretary



Peter G. Smith, General Counsel

**Fiscal Year 2007 Proposed Denton County Transportation Authority Budget
Statements of Changes in Net Assets - Budget Format**

Description	FY 2007 Budget	FY 2006 Forecast	FY 2006 Amended Budget	FY 2005 Actual	Variance Budget to Forecast Fav. / (Unfav.)
Revenue and Other Income					
Passenger revenues	440,005	192,737	419,821	203,688	247,268
Contract Service Revenue	1,918,309	1,657,131	1,617,578	1,408,917	261,178
Sales tax revenue	15,268,063	14,815,072	13,746,087	13,685,028	452,991
Federal grants and reimbursements	6,686,806	2,808,151	2,808,151	2,711,149	3,878,655
Total Revenue and Other Income	24,313,183	19,473,091	18,591,637	18,008,782	4,840,092
Operating Expenses					
Salary, Wages and Benefits	4,818,241	762,132	934,515	296,949	(4,056,109)
Services	5,438,339	2,230,920	2,136,593	1,160,717	(3,207,419)
Materials and Supplies	1,427,339	72,187	126,461	22,585	(1,355,152)
Utilities	43,200	9,941	10,080	6,865	(33,259)
Insurance, Casualties and Losses	191,724	138,802	164,685	2,552	(52,922)
Purchased Transportation Service	-	3,927,273	4,216,605	3,707,829	3,927,273
Miscellaneous	213,415	97,449	132,483	53,733	(115,966)
Leases and Rentals	344,337	191,592	208,470	74,717	(152,745)
Depreciation	1,609,650	961,437	933,780	619,970	(648,213)
Total Operating Expenses	14,086,245	8,391,733	8,863,672	5,945,917	(5,694,512)
Income Before Non-Operating Revenue and Expense	10,226,938	11,081,358	9,727,965	12,062,865	(854,420)
Non-Operating Revenues / (Expense)					
Enhanced Local Assistance	(3,817,016)	(3,703,770)	(3,436,524)	(3,421,257)	(113,246)
Investment Income (Net)	1,282,674	721,223	605,135	303,992	561,451
Gain (Loss) on Disposal of Assets	-	-	-	(2,456)	-
Total Non-Operating Revenue / (Expense)	(2,534,342)	(2,982,547)	(2,831,389)	(3,119,721)	448,205
Change in Net Assets	7,692,596	8,098,811	6,896,576	8,943,144	(406,215)

**Fiscal Year 2007 Proposed Denton County Transportation Authority Budget
Capital Budget**

<u>Project Name</u>	<u>Units</u>	<u>Cost</u>
Transit Vehicles		
Lewisville Fixed Route Service Vehicles - 30 Foot	5	339,885
Regional Connector Buses - 30 Foot	3	225,000
Replacement Para-Transit Vehicles - 30 Foot	5	311,600
Replacement Vehicle - 35 Foot	5	1,425,000
Total Transit Vehicles	<u>18</u>	<u>2,301,485</u>
Other Vehicles		
Support Vehicles - Hybrid Electric	2	48,000
Support Vehicles Expansion	2	34,000
Used Support Vehicles	2	14,000
Service Shop Truck	1	40,000
Total Other Vehicles	<u>7</u>	<u>136,000</u>
Other Assets		
Denton Mobile Bus Washer Unit	1	40,000
Park and Ride Lot		780,000
Mobile Bus Lift	1	25,000
Passenger Amenities - Shelters	20	150,000
Total Other Assets		<u>995,000</u>
Buildings		
Temporary Solid Waste Single Bay Maintenance Building		86,000
Bus Operation & Maintenance Facility (FY2007 and 2008 Project - Total Cost of \$6,150,000)		2,750,000
Total Buildings		<u>2,836,000</u>
Total Capital Expenditures		<u>6,268,485</u>