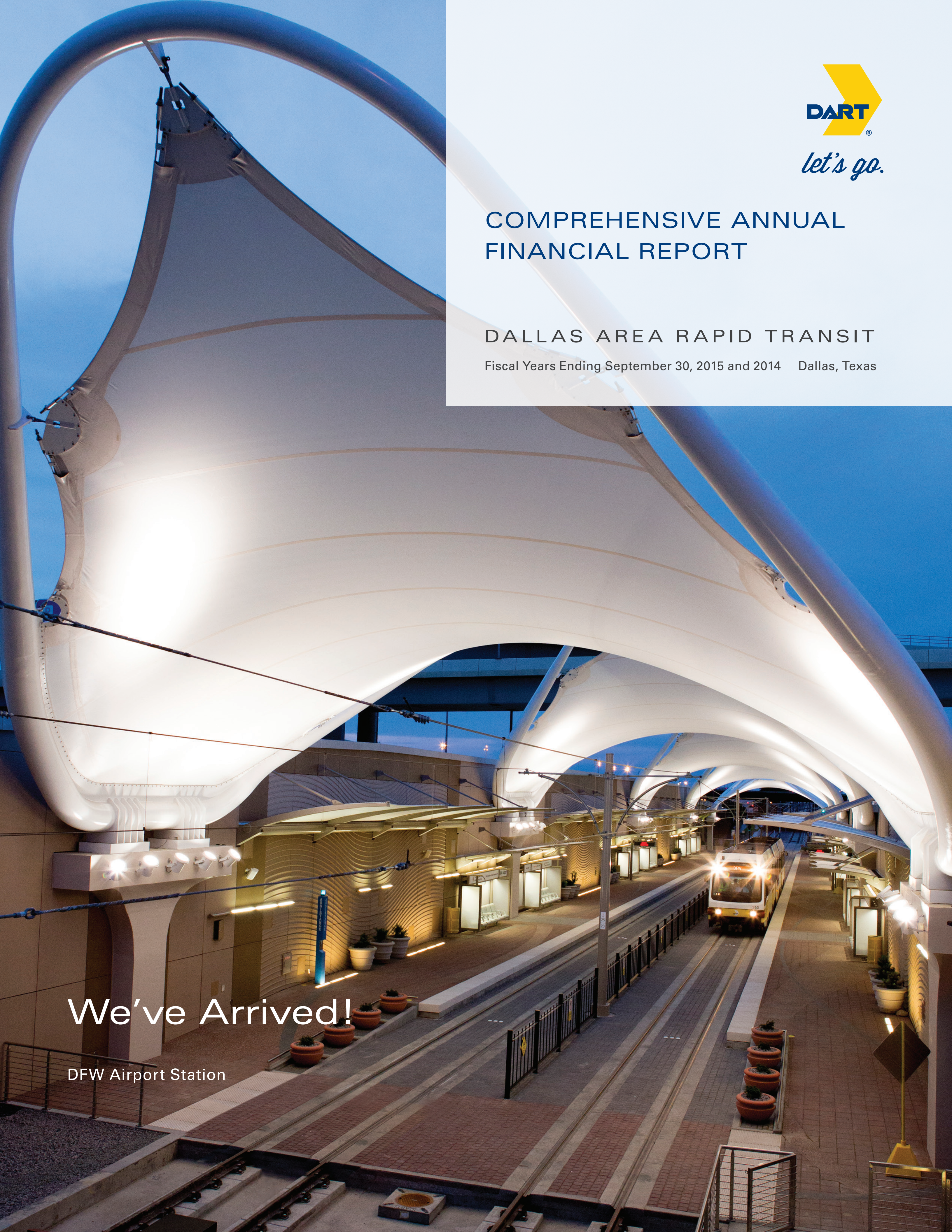
DART

let's go.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DALLAS AREA RAPID TRANSIT

Fiscal Years Ending September 30, 2015 and 2014 Dallas, Texas



We've Arrived!

DFW Airport Station

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INTRODUCTORY SECTION

DALLAS AREA RAPID TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended September 30, 2015 and 2014

Dallas, Texas

DALLAS AREA RAPID TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended September 30, 2015 and 2014

Dallas, Texas

Gary C. Thomas
President/Executive Director

David Leininger
Executive Vice President, Chief Financial Officer

Prepared by:

General Accounting Division of the Finance Department

DALLAS AREA RAPID TRANSIT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

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Dallas Area Rapid Transit
P.O. Box 660163
Dallas, TX 75266-0163
214/749-3278

January 26, 2016

To the Citizens and Stakeholders of the DART Service Area:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Dallas Area Rapid Transit for the fiscal years ended September 30, 2015 and 2014. This report is published to provide the DART Board, citizens of DART's Service Area, and other interested parties information regarding the financial position and operating results of DART.

The management of DART is responsible for the overall accuracy of the financial statements and their conformity with generally accepted accounting principles. Management is also responsible for establishing and maintaining effective internal control over financial reporting. Because the cost of internal controls should not outweigh their benefits, DART's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Pursuant to Section 452.451 of the Texas Transportation Code, the financial statements and required supplementary information contained herein are required to be independently audited. Crowe Horwath LLP, Independent Auditors, have issued an unqualified opinion on the DART financial statements for the years ended September 30, 2015 and 2014. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. DART's MD&A immediately follows the Independent Auditor's Report.

Profile of Reporting Entity

Dallas Area Rapid Transit (DART) is a sub-regional transit agency authorized under Chapter 452 of the Texas Transportation Code and was created by voters on August 13, 1983 and funded primarily with a one-cent local sales and use tax within the service area. The service area consists of 13 cities: Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park.

Revenue from the one-cent sales and use tax, federal funds, investment income, fares, and other revenues fund the operations and ongoing development of DART's multimodal Transit System Plan.

DART provides its service area cities with local and express bus routes, 232 vans and taxis for paratransit service for persons who are mobility impaired, 229 vans for vanpool service, and 90 miles of light rail with 62 stations.

DART and the Fort Worth Transportation Authority (The T) jointly operate 34 miles of commuter rail linking downtown Dallas and downtown Fort Worth with stops in the mid-cities. The commuter rail service is operated under the assumed name of Trinity Railway Express or TRE. The TRE was created in 1996 by an inter-local agreement between DART and The T.

DART's extensive network of bus, commuter rail, light rail, paratransit (demand response), and vanpool service moved more than 69.8 million riders across a 700-square-mile service area which services employment, shopping, and entertainment destinations in the service area. Approximately 2.2 million customers rode the TRE in 2015. More than 36.4 million passengers used DART's local and express bus route service, 29.8 million rode light rail and 1.4 million customers used Paratransit and Vanpool service. Additional operating information can be found in the Operating Section of the Statistical Section of this CAFR.

Governance

DART is governed by a 15-member board appointed by service area city councils based on the ratio of the population of each city to the total population within the boundaries of the DART Service Area. No city may appoint more than 65% of the members of the Board. The Board may restructure whenever there is a change in the population in the service area cities or every fifth year after the date census data or population estimates become available. Each member serves at the pleasure of the service area city that appoints the member. Board members serve staggered two-year terms. Eight of the member terms begin on July 1 of odd-numbered years and seven of the member terms begin July 1 of even-numbered years. Currently seven members are appointed by the City of Dallas, and eight are appointed by the remaining cities (one of these is a shared appointment by Dallas and Cockrell Hill). Board officers are elected from the board membership and serve a one-year term.

Local Economy

The August 2015 edition of CNN Money stated "Texas strong: Economy remains resilient as oil prices fall." Even with the dramatic decline in energy prices, the Dallas Fort Worth (DFW) economy continued to create jobs, with an unemployment rate below the State average. Areas of the State with a low share of jobs in the energy sector, like Dallas, showed resiliency in 2015. The DFW area also experienced sustained growth in housing prices.

The Federal Reserve Bank of Dallas, in their January 2016 DFW Indicators Summary, provided the following DFW economic highlights. "During 2015, the DFW employment grew 3.3 percent, outpacing both the State at 1.5 percent and the nation at 1.9 percent. At year-end 2015, the unemployment rate dipped to 3.8 percent in Dallas and 4 percent in Fort Worth. In contrast, unemployment rose from 4.6 percent to 4.7 percent in Texas. Home sales were up 4.8 percent, stronger than the state's 3.2 percent rise."

DART's principal source of revenue is the 1% Sales and Use Tax that is levied on taxable items that are sold, rented, purchased, or acquired for use, within the boundaries of our Participating Municipalities. In 2012 sales tax revenue increased 7.5% from the prior year; was up 5.4% in 2013 and up another 6.6% and 6.8% in 2014 and 2015 respectively.

DART Economic Outlook

DART's twenty-year financial plan for the period beginning FY 2016 projects a greater amount of sales tax revenue than the previous plan. The anticipated improvement in operating revenue per trip reflects planned service improvements and marketing initiatives while reflecting stable federal funding. DART's mission statement reflects its core business of getting people where they need to go safely, reliably, and affordably, as well as attracting and retaining customers with responsive service and a sustainable system. To further extend its reach to potential customers and to strengthen connection with both regular and occasional riders, DART has embarked on a brand repositioning which introduces the notion of "DART*able.*" "DART*able*" refers to hidden "gems" accessible via DART; those delightful places that make our community a great place to be. Marketing efforts will also continue to leverage GoPass^{SM}, DART's mobile ticketing product, to combine the purchase of a transit pass with the purchase of tickets for area events and destinations such as the State Fair of Texas and the Dallas Zoo. Additional working relationships with ridesharing and car-sharing providers look to make transit more attractive by completing the customer's journey.

To provide outstanding customer service, the agency plans to continue and expand on its 5 Star program initiative. This includes training internal champions (Customer Experience Officers), customer outreach events at rail stations, and agency process improvement projects. Additional strategies for ridership development include expanded streetcar operations, improved service reliability and timeliness, and enhancements to GoPass.

DART has always considered the safety of customers, employees, and contractors to be of paramount importance. We have developed and implemented a System Safety Program Plan designed to provide the safest transportation network for customers and citizens of our service area, and the safest work environment for employees. With that in mind, DART established Safety as a stand-alone department reporting directly to the Chief Executive Officer. The elevation of this function within the agency reporting structure and the appointment of a senior executive to oversee the expanded role of safety within the organization should make obvious to everyone within DART what importance safety should and must play in our daily operations. In addition, the planned implementation of Positive Train Control on our commuter-rail system, will entail a companion set of new compliance and reporting obligations. Finally, we expect an increase in the involvement of the DART safety department with the Dallas Streetcar and McKinney Avenue Transit Authority streetcar.

There are three major capital expansion programs in Twenty-Year Financial Plan: the Blue Line extension to the UNT-Dallas campus (known as SOC-3); the Program of Interrelated Projects (the "Core Capacity Program"); and preliminary engineering for the Cotton Belt Project. DART expects to complete the next expansion of light rail service, the Blue Line extension (SOC-3) to the University of North Texas (UNT) – Dallas campus, in late 2016. Further expansion plans in the not-too-distant future include the Core Capacity Program of Interrelated Projects. The program consists of three projects expected to be completed by 2020: Phase 1 of the second light rail alignment, extension of the Dallas streetcar system linking the Oak Cliff and McKinney Avenue streetcar lines, and platform extensions to the oldest stations in the light rail system along the Red and Blue lines.

Looking to the Future

During 2016 DART will finish a comprehensive operations analysis (COA) This study, which evaluates the effectiveness of all DART bus routes and identifies a strategy for optimizing the bus network, will be incorporated into the agency's 2040 Transit System Plan.

The 2040 Transit System Plan incorporates a series of recommendations for bus service changes and an evaluation of long term capital project and programming that work within DART's existing budget. The Transit System Plan along with the Twenty-Year Financial Plan guides how the DART system will change and grow through 2040. The plans incorporate everything from major service changes, asset replacement, capital expansion and state-of-good-repair projects and how DART will finance each. The DART Board will be asked to approve the new 2040 Transit System Plan when it is completed in late 2016.

Any plans to connect Dallas to Houston with high-speed rail service will have an effect on DART's system plan. DART must consider the location of the Dallas terminus for this service as we develop plans for our second light rail alignment through the Dallas central business district. Construction of rail service along the Cotton Belt corridor envisions connecting DART's Green Line in Carrollton and the Red Line in Plano with service from DFW Airport through the north Dallas area to Plano. The forthcoming Tex-Rail project from the Fort Worth Transportation Authority (The T) will also connect to DFW Airport. In May of 2015, the DART Board approved a new contract with Herzog Transit Services to operate and maintain commuter rail service for the Trinity Rail Express, operated jointly by DART and The T, the Denton County Transportation Authority's "A-Train" rail service, and includes an option to include the Tex-Rail service.

Further considerations include contracting service to cities outside the DART Service Area, such as that currently in place to Arlington and Mesquite.

Budget Process and Long-term Financial Planning

Each year, DART develops the Annual Budget and a Twenty-Year Financial Plan to validate the affordability of DART's long-range Transit System Plan, which includes the Agency's commitments to future system expansion and the issuance and repayment of debt. Departmental targets are set based on projections from the Twenty-Year Financial Plan and other known factors or programs. Based on the direction of senior management, departments prepare detailed annual budgets for each of their cost centers within those targets. These budgets are in turn reviewed during meetings with the department head, the Executive Vice President, the President/Executive Director, and the budget office. Based on their input, the Finance Department develops the Annual Budget and Twenty-Year Financial Plan for the legislatively-required 30-day comment period by DART's Service Area cities. The Board approves the Annual Budget and Twenty-Year Financial Plan in late September. Approval of the Annual Budget requires a simple majority vote. Approval of the Twenty-Year Financial Plan requires a super-majority of members of the Board (two-thirds, or 10 votes).

The approved operating budget for Fiscal Year 2016 is $971.1 million: $494.9 million for operating expenses, $278.3 million for capital and non-operating expenditures, and $197.8 million for debt service. The budget includes funding for 25 million bus revenue miles; 10.2 million light rail revenue car miles; 1.5 million commuter rail revenue car miles; 868,000 paratransit trips; and funding for up to 228 Vanpools.

DART's Twenty-Year Financial Plan provides the Board of Directors, taxpayers, and elected officials of our region with a comprehensive summary of the Agency's plans and commitments with emphasis on fiscal responsibility and ensuring long-term sustainability. The FY 2016 Twenty-Year Financial Plan contains $24.9 billion in sources of funds and $24.7 billion in uses of funds. As DART continues maturing as a transit agency, a significant portion of the agency's resources will shift to maintenance and replacement of infrastructure. The FY 2016 Twenty-Year Financial Plan approved by the DART Board reflects the financial resources needed for maintaining and replacing those assets. The Financial Plan includes $2.7 billion dedicated to state-of-good-repair projects out of $6.8 billion in total capital expenditures.

Fiscal Year 2015 – Year-in-Review

November 2014

In recognition of National Hunger and Homelessness Awareness Week, DART partnered with local groups to protect the homeless with an event on the Union Station platform. DART was one of 11 transit agencies selected to receive a grant to develop a local version of the "See Tracks? Think Train!" campaign. The grant supported a coordinated outreach effort to engage those persons who use DART and TRE right of way as campgrounds and walkways about the risks of those choices.

January 2015

DART spearheaded local awareness efforts about human trafficking. President/Executive Director Gary Thomas signed the U.S. Department of Transportation's Transportation Leaders Against Human Trafficking Pledge, which committed DART to addressing the important issue. As part of DART's pledge and efforts, all DART employees including police, transportation and administrative staff completed training programs relating to human trafficking awareness and prevention.

February 2015

DART joined pioneering transportation organizations across the North America that have partnered with Zipcar to bridge the "last mile" of transit trips. DART announced a partnership with Zipcar, the world's leading car sharing network, to add two Zipcars along the transit line at Mockingbird Station in an effort to provide more convenient and simple transportation options in DART's service area. The Mockingbird location helps residents, students, businesses and visitors to get around by combining DART and Zipcar trips to explore the greater Dallas area. Later in 2015 Zipcar and DART expanded its partnership further with Zipcars added at Inwood/Love Field Station.

In February, DART was also awarded a $7.6 million grant to purchase seven all-electric Proterra buses and the infrastructure to charge and maintain them as part of the federal Low or No Emissions Vehicle Deployment Program. The buses, which will be delivered in late 2016, will become part of D-Link serving Uptown, downtown Dallas and Oak Cliff.

April 2015

Streetcar travel between Oak Cliff and Downtown Dallas returned after a nearly fifty-year absence, connecting a historic community via a state-of-the-art electric vehicle and a free ride. The Dallas Streetcar opened its 1.6-mile route from downtown's Union Station to Oak Cliff's Methodist Dallas Medical Center. The opening and beginning of service marks the first phase of Dallas' modern streetcar system. DART operates and oversees the City of Dallas project that was the recipient of a federal Transportation Investment Generating Economic Recovery (TIGER) grant for this streetcar program.

Uber and DART helped travelers connect with the Uber application through DART's GoPass mobile ticketing application. The rideshare operator collaboration makes it easier for travelers who begin or end their trips in places not easily served by DART to use a train or bus for the longest portion of the trip with an Uber vehicle available for the "first mile/last mile" part of the equation.

June 2015

A .65-mile track-extension of the M-Line Trolley opened creating a reverse loop and expanding the service further into downtown Dallas. The opening was celebrated with a formal dedication with officials from the Dallas City Council, McKinney Avenue Transit Authority, DART, Downtown Dallas Inc., Dallas Convention and Visitors Bureau, Uptown Dallas Inc., the Dallas Arts District, the Federal Transit Administration and Klyde Warren Park on hand.

September 2015

The Dallas City Council and DART Board of Directors approved a proposed preferred alignment for the second downtown Dallas light rail alignment to be submitted to the Federal Transportation Administration. DART seeks up to $400 million in funding for the project through a federal capital investment grant for core capacity.

The proposed alignment travels south from Victory Station along Lamar Street partially underground before turning east to travel along Young and/or Jackson streets at street level before connecting back with the current alignment in Deep Ellum. The proposed alignment represents 2 percent of the final design and is subject to additional alignment design consideration and environmental review under the National Environmental Policy Act (NEPA).

Accomplishments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas Area Rapid Transit for its comprehensive annual financial report for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association also awarded the Distinguished Budget Presentation Award to DART for its annual budget document (FY 2015 Business Plan) for the fiscal year beginning October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

DART also received the Certificate of Distinction from the Government Treasurers' Organization of Texas (GTOT) for its investment policy. DART earned this honor for its commitment to adopt a comprehensive written investment policy that meets the criteria set forth by the GTOT as it relates to the Texas Public Funds Investment Act. The GTOT established this Investment Policy Certification Program to provide professional guidance in developing an investment policy and to recognize outstanding examples of written policies. The certificate is valid for a period of two years.

Acknowledgements

Many DART employees are responsible for the preparation of this report and maintenance of records upon which it is based. We wish to express our appreciation to all department staff and managers who contributed to the preparation of this report, especially those employees in the Accounting Section of the Finance Department who were instrumental in the successful completion of this report.

We would also like to thank the members of DART Board of Directors for their continuing guidance and support.

Sincerely,

David Leininger

David Leininger
Executive Vice President
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas Area Rapid Transit

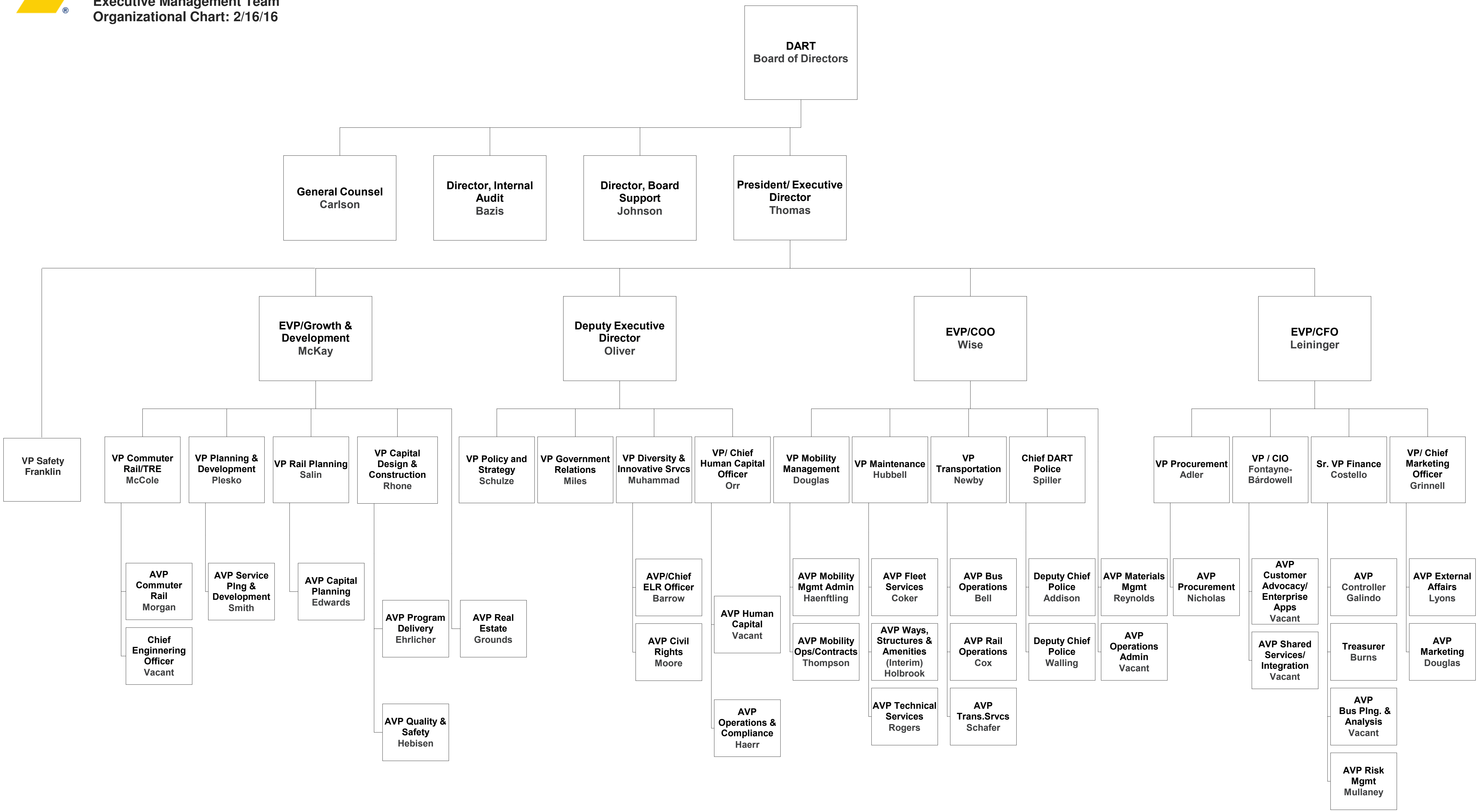
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

Dallas Area Rapid Transit
Executive Management Team
Organizational Chart: 2/16/16



Dallas Area Rapid Transit
Board of Directors

Officers

Faye Moses-Wilkins, Chair
Cities of Plano and Farmers Branch

Richard Carrizales, Vice Chairman
City of Dallas

Gary Slagel, Secretary
Cities of Richardson and University Park; Towns of Addison and Highland Park

Jerry Christian, Assistant Secretary
City of Dallas

City of Dallas
Jim Adams
Amanda Moreno Cross
Pamela Dunlop Gates
Michele Wong Krause
Robert W. Strauss

Cities of Dallas and Cockrell Hill
William Velasco, II

City of Garland
Michael T. Cheney

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Rick Stopfer

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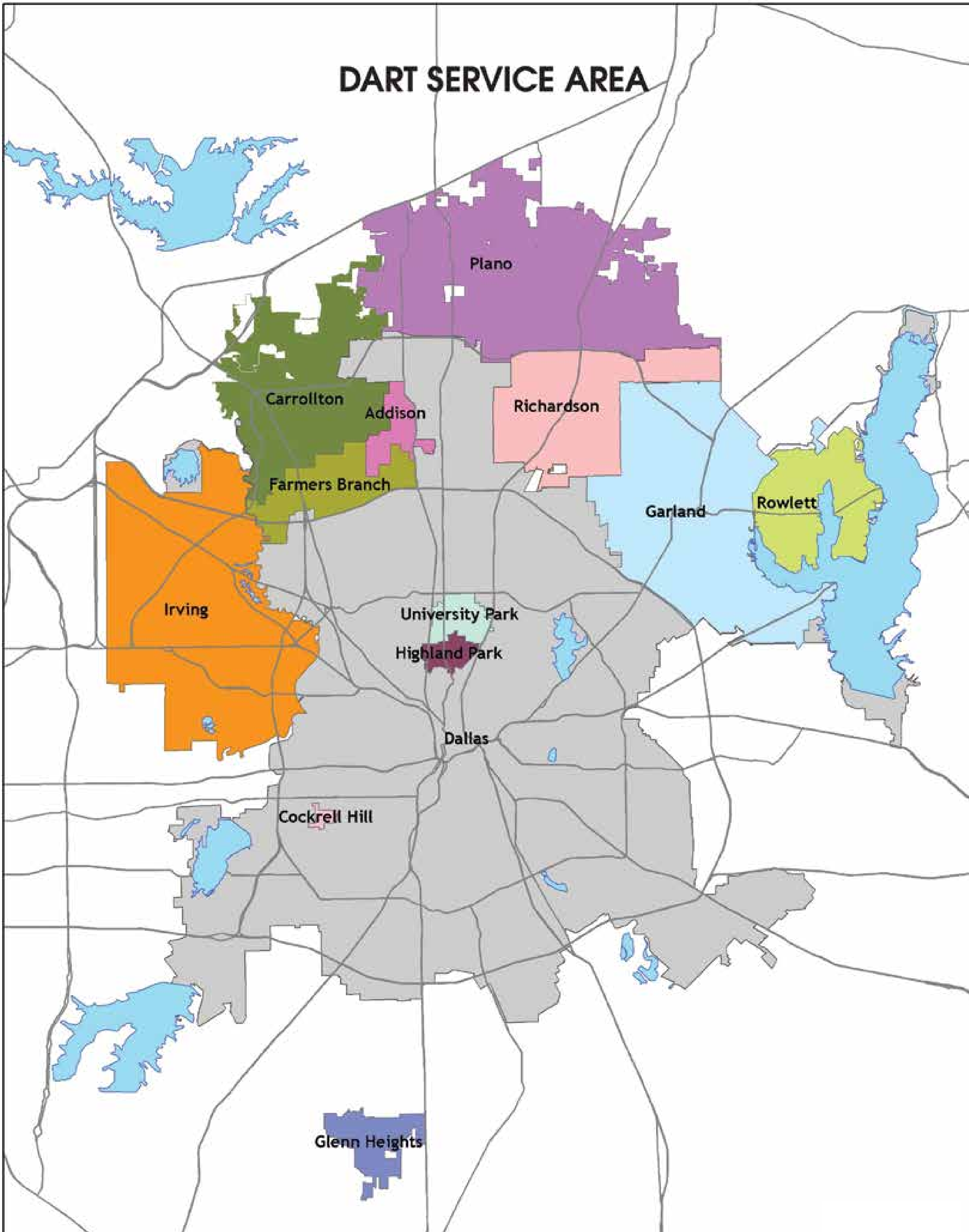
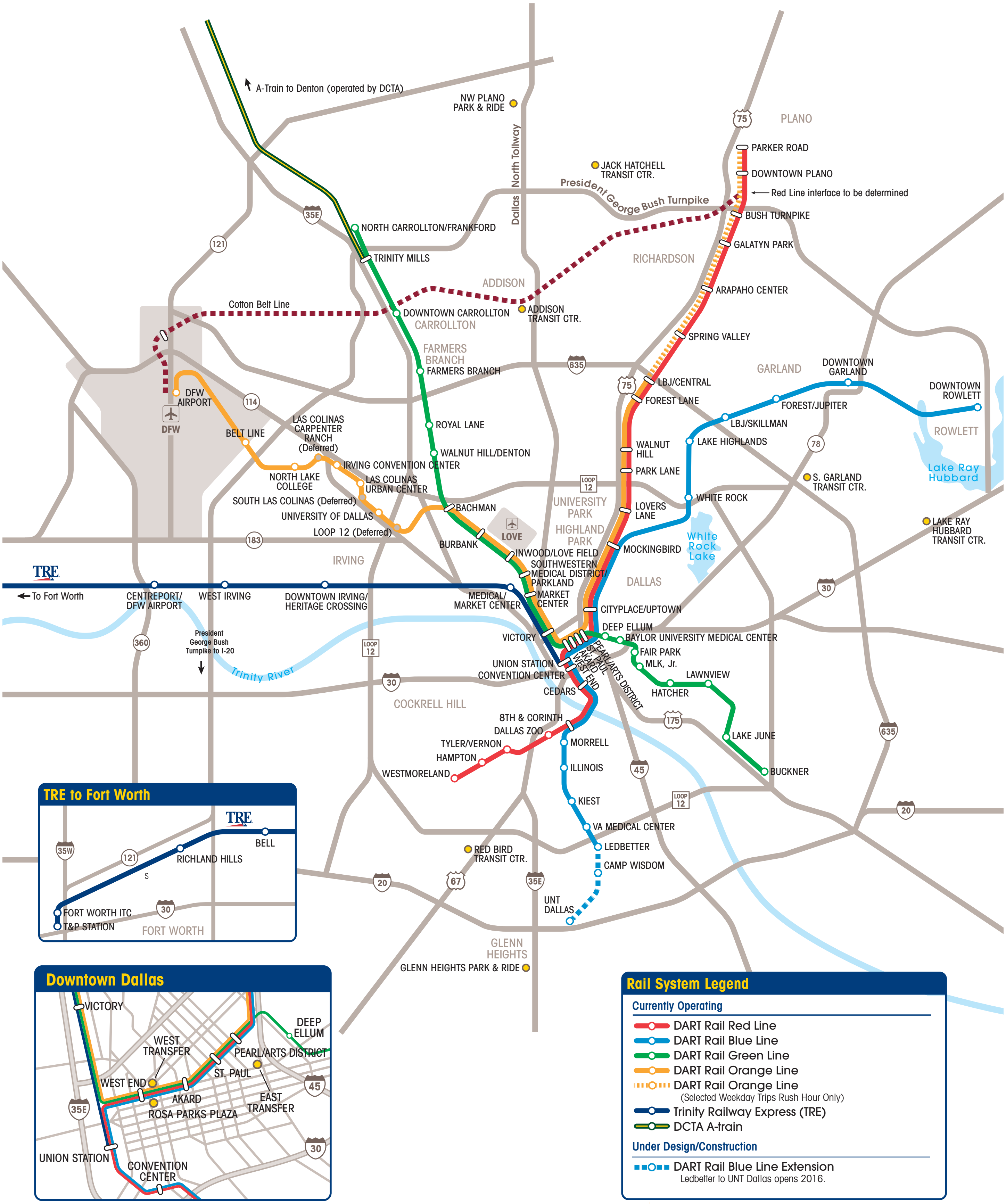
Cities of Carrollton & Irving
Timothy A. Hayden

Cities of Garland, Rowlett, and Glenn Heights
Mark C. Enoch


DART SERVICE AREA
Plano
Carrollton
Addison
Richardson
Farmers Branch
Garland
Rowlett
Irving
University Park
Highland Park
Dallas
Cockrell Hill
Glenn Heights

DART Rail Map



FINANCIAL SECTION

Dallas Area Rapid Transit
Dallas, Texas

Financial Statements
Years Ended September 30, 2015 and 2014 and
Independent Auditor's Report

DALLAS AREA RAPID TRANSIT
DALLAS, TEXAS
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

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Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Dallas Area Rapid Transit
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Dallas Area Rapid Transit ("DART"), as of and for the years ended September 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise DART's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to DART's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DART's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DART, as of September 30, 2015 and 2014, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in June 2012 the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." Statements 68 and 71 are effective for DART's fiscal year ending September 30, 2015. These Statements replace the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures." Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identified the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. As a result, net position was restated as of October 1, 2014, for the cumulative effect of the application of this pronouncement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Net Pension Liability, the Schedule of Employer's Contributions, and the Schedule of Funding Progress as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the DART's basic financial statements. The Introductory Section and Statistical Section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Crowe Horwath LLP

Crowe Horwath LLP

Dallas, Texas
January 26, 2016

The management of Dallas Area Rapid Transit (DART) offers the users of DART's financial statements this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2015 and 2014. This discussion and analysis is designed to assist the reader to focus on significant financial activities and identify any significant changes in the financial position of DART. It should be read in conjunction with the financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

As of September 30, 2015 and 2014, total assets and deferred outflows of resources of DART exceeded total liabilities by $1,759,506 and $2,039,587 respectively. The amount of unrestricted net position as of September 30, 2015 was $761,771 compared to $920,666 in 2014.

The net position of DART decreased by $209,436 during the current fiscal year compared to a decrease of $145,560 last year. The decrease in 2015 is higher than that of 2014 due to loss on HOV lane investments, transfer of assets to the City of Dallas and decreases in federal grants. The decrease during 2014 is mainly due to transfer of (HOV) lane operations and assets to Texas Department of Transportation, as well as increases in benefits, labor, interest, purchased transportation and decreases in federal grant revenues.

DART's total debt decreased by $39,212 (1%) during the current fiscal year compared to an increase of $81,126 (2%) in 2014. The decrease in 2015 was due to principal payments and advance refunding made during 2015. The increase in 2014 is due to additional borrowings in the form of commercial paper notes and Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds. Debt information is summarized on page 12 of this management discussion and analysis.

Sales and use tax revenue was $519,448 in 2015 compared to $486,564 in 2014. It increased by 7% ($32,884) in 2015 compared to 7% ($30,040) in 2014.

Capital contributions from federal, state and local governments were $18,400 in 2015 and $38,864 in 2014. Such contributions were used to finance DART's transit system expansion projects and acquisition of light rail vehicles, buses and equipment.

Other federal grants were $82,112 in 2015 compared to $92,211 in 2014.

For fiscal year 2015, total expenses exceeded total revenues resulting in a loss before capital contributions of $227,836 compared to $184,424 for 2014. The loss in 2015 is higher than that of 2014 due primarily to a loss on investments in managed HOV lanes (see page 9 for further discussion).

BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis serves as an introduction to DART's basic financial statements. DART's basic financial statements are comprised of four components: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements.

The Statements of Net Position presents information on all of DART's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources equals net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of DART. The Statements of Net Position is shown on page 14 of this report.

The Statements of Revenues, Expenses, and Changes in Net Position present information on revenues, expenses, capital contributions, and how DART's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues, expenses, and capital contributions are reported in the statements for some items that result in cash flows only in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of DART's current year operation on its financial position. The Statements of Revenues, Expenses, and Changes in Net Position are shown on page 15 of this report.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

The Statements of Cash Flows summarize all of DART's cash flows into four categories: cash flows from operating activities; cash flows from non-capital financing activities; cash flows from investing activities; and cash flows from capital and related financing activities. The statements of cash flows, along with related notes and information in other financial statements, can be used to assess the following: DART's ability to generate positive cash flows and pay its debt as the debt matures; the reasons for differences between DART's operating cash flows and operating income (loss); and the effect of cash and non-cash investing, capital, and financing activities on DART's financial position. The Statements of Cash Flows are shown on pages 16-17 of this report.

Notes to the Financial Statements provide additional information that is essential to fully understand the data provided in the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Notes to the Financial Statements are shown on pages 18-43 of this report.

The activities of DART are accounted for as a proprietary fund and are presented in the financial statements of DART as business type activities. The activities of DART are supported by a 1% sales and use tax within the member jurisdictions, fare collections, federal, state, and local financial assistance, and other receipts such as advertising and rental income.

The financial statements of DART include the accounts and operations of blended component units, Regional Rail Right-of-Way Corporation and Dallas Area Rapid Transit Bus Service, LGC.

FINANCIAL ANALYSIS

Statements of Net Position – Total assets and deferred outflows of resources of DART exceeded total liabilities by $1,759,506 and $2,039,587 as of September 30, 2015 and 2014, respectively. The largest portion of this excess (53% in both 2015 and 2014) was net investment in capital assets (capital assets less related outstanding debt). DART uses these capital assets to provide public transportation services to customers and member jurisdictions; consequently, these assets are not available for future spending. Although DART's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be obtained from other sources such as sales and use tax and farebox revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Summary of Assets, Liabilities, Deferred Inflows of Resources, and Net Position

	2015	2014	2013
Current assets	$1,123,204	$1,064,407	$999,342
Other non-current assets	232,349	335,358	401,700
Capital assets (net of accumulated depreciation)	4,681,920	4,810,004	4,877,612
Total assets	6,037,473	6,209,769	6,278,654
Deferred outflows of resources	45,682	13,965	15,664
Total assets and deferred outflows of resources	6,083,155	6,223,734	6,294,318
Current liabilities	527,781	427,982	358,554
Non-current liabilities	3,793,857	3,756,165	3,750,617
Total liabilities	4,321,638	4,184,147	4,109,171
Deferred inflows of resources	2,011	-	-
Total liabilities and deferred inflows of resources	4,323,649	4,184,147	4,109,171
Net position			
Net investment in capital assets	938,644	1,071,576	1,320,349
Restricted for:			
Debt service	49,757	37,560	27,415
Security for lease/leaseback liabilities	9,334	9,785	10,218
Unrestricted	761,771	920,666	827,165
Total net position	$1,759,506	$2,039,587	$2,185,147

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

Other non-current assets decreased by $103,009 in 2015 compared to a decrease of $66,342 in 2014. The decrease in 2015 is mainly due to the decrease in investment in managed HOV lane agreements as a result of a decline in value and the spending of investments held for system expansion and acquisition on capital projects. The decrease in 2014 is due to a decrease in restricted investments held for system expansion and acquisition as a result of spending on capital projects.

As of September 30, 2015, $9,334 of DART's net position is restricted to satisfy the requirements of an amended lease/leaseback agreement compared to $9,785 as of September 30, 2014. The unrestricted portion of net position, $761,771 in 2015 and $920,666 in 2014 represent resources available to meet DART's ongoing obligations. The DART Board committed $55,985 and $49,028 of the unrestricted net position for self-insurance, financial, and capital reserves in 2015 and 2014, respectively. The decrease in unrestricted net position of $158,895 (17%) in 2015 was due to a recognition of net pension liability as a result of new pension accounting requirements and a decline in the value of investment in managed HOV lanes. The increase in unrestricted net position of $93,501 (11%) in 2014 is due to an increase in sales tax revenue.

Statements of Revenues, Expenses, and Changes in Net Position – During fiscal year 2015, DART's activities resulted in a decrease in net position of $209,436 compared to a decrease of $145,560 in 2014. The decrease during 2015 was due to expenses being higher than revenues, loss on HOV lane investments, and lower federal capital contributions. The decrease during 2014 is due to a loss on the transfer of HOV operations as well as increases in benefits, labor, interest, purchased transportation and decreases in federal capital contributions. The key elements of the changes in net position for the fiscal years ended September 30 with comparative information for 2013 are shown in the following table.

Summary of Revenues, Expenses, and Changes in Net Position

	2015	2014	2013
Operating revenues			
Passenger revenues	$71,012	$70,902	$67,569
Advertising, rent and other	14,412	13,573	16,146
Total operating revenues	85,424	84,475	83,715
Operating expenses			
Labor	220,723	216,188	211,801
Benefits	96,432	99,851	87,302
Services	35,785	33,869	34,775
Materials and supplies	38,487	44,327	53,224
Purchased transportation	45,608	46,900	43,716
Depreciation	239,439	236,406	238,710
Utilities	17,983	17,151	20,946
Taxes, leases, and other	4,829	5,245	5,604
Casualty and liability	5,983	4,582	5,329
Total operating expenses	705,269	704,519	701,407
Operating loss	(619,845)	(620,044)	(617,692)
Non-operating revenues (expenses)			
Sales and use tax revenue	519,448	486,564	456,524
Investment income	23,479	19,547	20,301
Build America Bonds tax credit	28,289	28,259	28,406
Other federal grants	82,112	92,211	17,418
Other non-operating revenues	24,371	15,760	12,226
Interest expense	(185,933)	(182,581)	(178,853)
Loss on HOV lane investments	(66,465)	-	-
Street improvements for member cities	(560)	(2,127)	(6,615)
Other non-operating expenses	(13,691)	(1,621)	(3,848)
Loss on transfer of HOV operations	-	(20,392)	-
Transfer of assets to the City of Dallas	(19,041)	-	-
Total net non-operating revenues	392,009	435,620	345,559
Loss before capital contributions and grants	(227,836)	(184,424)	(272,133)
Capital contributions	18,400	38,864	134,148
Decrease in net position	(209,436)	(145,560)	(137,985)
Net position, beginning of the year (as restated)	2,039,587	2,185,147	2,323,132
Cumulative effect of change in accounting principle	(70,645)	-	-
Net position, end of the year	$1,759,506	$2,039,587	$2,185,147

Significant changes in revenues and expenses are shown and explained on the following pages.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

REVENUES

The following table summarizes revenues for fiscal year 2015 and 2014 with comparative information for 2013:

REVENUES AND CAPITAL CONTRIBUTIONS

Revenues	**2015**	**2014**	**2013**
Passenger revenues	$71,012	$70,902	$67,569
Advertising, rent and other	14,412	13,573	16,146
Sales and use tax revenue	519,448	486,564	456,524
Other federal grants	82,112	92,211	17,418
Investment income	23,479	19,547	20,301
Capital contributions	18,400	38,864	134,148
Build America Bonds tax credit	28,289	28,259	28,406
Other revenues	24,371	15,760	12,226
Total	**$781,523**	**$765,680**	**$752,738**

Passenger revenues – include farebox receipts, monthly and annual pass revenues, paratransit revenue, and special event fares. Passenger revenues increased slightly, by $110, in 2015 compared to a 5% ($3,333) increase in 2014. The increase in 2015 was due to an increase in light rail ridership. The increase in 2014 is due to increases in commuter rail ridership and additional receipts related to the DLink and Arlington MAX services.

Advertising, rent and other – Advertising income includes revenues from advertisements at transit stations, on DART buses, and electronic signs on light rail cars. Rental income includes revenue from the rental of land along the rail corridor and other properties. Advertising, rent and other income increased by 6% ($839) in 2015 compared to a decrease of 16% ($2,573) in 2014. The increase in 2015 is due to more media partnership advertising revenue (barter advertising) recognized during FY15. Rental revenue also increased due to a lease of the Cotton Belt rail right-of-way to the T. The decrease in 2014 was due to lower amount of reimbursement of HOV operating costs for service provided outside of the DART service area compared to the previous years. In 2014 advertising also decreased due to the decrease in the size of the DART bus fleet.

Sales and use tax revenue – Sales and use tax revenue is a dedicated 1% tax imposed on certain items within DART's member jurisdictions or service area. Sales and use tax revenue increased by 7% ($32,884) in 2015 compared to an increase of 7% ($30,040) in 2014. The increases in both 2015 and 2014 are due to a relative improvement in the local economy resulting in better than previous year's retail sales. Sales and use tax revenue constituted approximately 67% of DART's total revenues in 2015 compared to 64% in 2014.

Other federal grants – Other federal grant revenues decreased by 11% ($10,099) in 2015 compared to an increase of 429% ($74,793) in 2014. The decrease in 2015 and increase in 2014 were affected by timing. The increase in 2014 was due to a delay in 2013 by the metropolitan planning organization in calculating sub-allocation of formula funds that resulted in higher revenues for 2014. DART received less federal grant money for vanpool and ozone programs from the Federal Transit Administration (FTA), $1,100 in 2015 compared to $1,528 in 2014 and more from the United States Department of Homeland Security, $448 in 2015 compared to $341 in 2014.

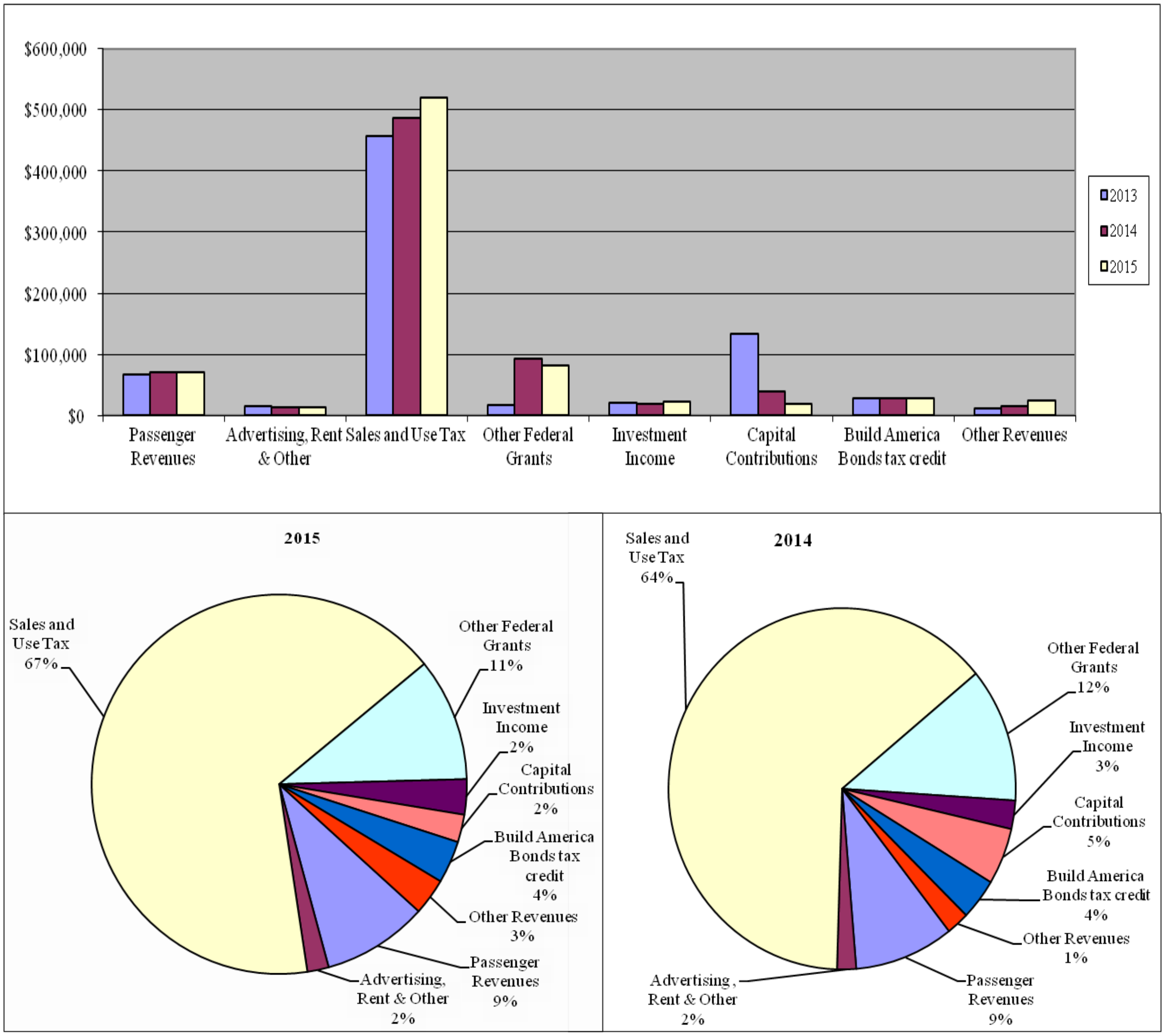
Capital contributions – Capital contributions include federal, state and local grants and contributions. Capital contributions decreased by 53% ($20,464) in 2015 compared to a decrease of 71% ($95,284) in 2014. The decreases in both 2015 and 2014 were mainly due to lower federal and state capital contributions as a result of completion of projects funded with such grants.

Investment income – Investment income increased by 20% ($3,932) in 2015 compared to 4% ($754) decrease in 2014. The increase in 2015 is due to appreciation of the market value of the DART investment portfolio. The decrease in 2014 is due to a decrease in investments held to pay lease/leaseback obligations.

Build America Bonds tax credit – The Build America Bonds (BABs) tax credit increased slightly by $30 in 2015 compared to a 0.5% ($147) decrease in 2014. The increase in 2015 was due to a smaller budget cut by the federal government compared to 2014. The decrease in 2014 was due to budget cuts by the Federal government.

Other revenues – Other revenues increased by 55% ($8,611) in 2015 compared to a 29% ($3,534) increase in 2014. Other revenues include: revenues from billings to the Fort Worth Transportation Authority (The T) for their share of the Trinity Railway Express (TRE) commuter rail service; recognition of Toll Credits received from the State of Texas. Factors contributing to the increase in 2014 include a gain on disposal of assets and an increase in alternative fuel tax credits received due to conversion of diesel fuel operated buses to compressed natural gas (CNG) operated new bus fleet and paratransit vehicles.

The following charts summarize revenues for fiscal years 2013 through 2015



FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

EXPENSES

The following table summarizes expenses for fiscal year 2015 and 2014 with comparative information for 2013:

EXPENSES BY OBJECT CLASS

Expenses	**2015**	**2014**	**2013**
Labor	$220,723	$216,188	$211,801
Benefits	96,432	99,851	87,302
Services	35,785	33,869	34,775
Materials and supplies	38,487	44,327	53,224
Purchased transportation	45,608	46,900	43,716
Depreciation and amortization	239,439	236,406	238,710
Utilities	17,983	17,151	20,946
Taxes, leases and other	4,829	5,245	5,604
Casualty and liability	5,983	4,582	5,329
Street improvements for member cities	560	2,127	6,615
Interest and financing expenses	185,933	182,581	178,853
Other non-operating expense	13,691	1,621	3,848
Loss on HOV lane investments	66,465	-	-
Loss on transfer of HOV operations	-	20,392	-
Transfer of assets to the City of Dallas	19,041	-	-
Total	**$990,959**	**$911,240**	**$890,723**

Labor – Labor costs increased by 2% ($4,535) in 2015 compared to an increase of 2% ($4,387) in 2014. The increase in both 2015 and 2014 were due to merit increases.

Benefits – Benefits decreased by 3% ($3,419) in 2015 compared to a 14% ($12,549) in 2014. The decrease in 2015 was due to lower defined benefit pension expense and lower medical claim costs compared to last year. The decrease in the defined benefit pension plan expense is due to implementation of GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Savings in medical claims costs during 2015 were due to several initiatives taken which included ensuring that only eligible individuals are insured. The increase in 2014 is mainly due to a significant (32%) increase in healthcare costs as a result of the increase in the number of large medical and pharmacy claims.

Services – Services include contracted services such as: security, vehicles, equipment and right-of-way maintenance, advertising, marketing, computing, communication, legal, governmental, and environmental services. Services increased by 6% ($1,916) in 2015 compared to a decrease of 3% ($906) in 2014. The increase in 2015 is due to more media partnership advertising expense (barter advertising) recognized during FY15 and an increase in technology related consulting services. The decrease in 2014 is due to less marketing and advertising costs in 2014 compared to the year before because there was only one light rail station opening in 2014 compared to two stations opened in 2013.

Materials and supplies – Materials and supplies include the cost of fuel, parts and supplies used to operate and maintain vehicles, equipment, and facilities. Materials and supplies expenses decreased by 13% (5,840) in 2015 compared to a decrease of 17% ($8,897) in 2014. The decrease in both 2015 and 2014 were due to less spending on bus parts and savings in fuel costs as a result of replacing the older bus fleet with new compressed natural gas (CNG) buses, and a decrease in allowance for obsolete parts. A decrease in the price per gallon of diesel fuel also contributed to the decrease during 2015.

Purchased transportation – Purchased transportation represents the costs of contracted transportation services such as commuter rail, paratransit, DART on-call, and shuttle services. Purchased transportation expenses decreased by 3% ($1,292) in 2015 compared to a 7% ($3,184) increase in 2014. The decrease in 2015 is mainly due to a decrease in the price per gallon of diesel fuel for TRE service. The increase in 2014 is mainly due to modifications to the paratransit service contract that resulted in additional charges during 2014.

Depreciation – Depreciation expenses increased by 1% ($3,033) in 2015 compared to a 1% ($2,304) decrease in 2014. The increase in 2015 is due to new assets, such as the Orange Line light rail extension to the DFW International Airport and new CNG buses, placed in service. Depreciation was lower in 2014 than 2013 because 2013 numbers included an accelerated depreciation for an impairment loss of $8,318 due to the unexpected wear of the Central Business (CBD) light rail line segment rail.

Utilities – Utilities represent the cost of electricity, telecommunications, water, sewer, and natural gas. Utilities increased by 5% ($832) in 2015 compared to a decrease of 18% ($3,795) in 2014. The increase in 2015 is due to an increase in electricity usage as a result of opening the DFW light rail segment in August 2014. The decrease in 2014 was due to a new electricity contract with a lower rate compared to the previous year.

Taxes, leases, and other **–** Taxes, leases, and other includes fuel and lube taxes, equipment rentals, leases of operating and passenger facilities, training, travel, business meetings, membership dues, subscriptions, employee programs and allowance for uncollectible receivables. Taxes, leases, and other expenses decreased by 8% ($416) in 2015 compared to a decrease of 6% ($359) in 2014. The decrease in 2015 is due to lower fuel taxes as a result of replacing diesel fuel operated buses with new compressed natural gas (CNG) buses. The decrease in 2014 was due to less bad debt expense compared to 2013.

Casualty and liability – Casualty and liability expenses increased by 31% ($1,401) in 2015 compared to a decrease of 14% ($747) in 2014. The increase in 2015 was due to higher claim losses. The decrease in 2014 was due to favorable claims experience.

Street improvements – Local assistance is provided to eligible member jurisdictions in the form of technical and financial assistance to reduce traffic congestion and complement bus and public transit operations. The street improvement program costs decreased by 74% ($1,567) in 2015 compared to a 68% ($4,488) decrease in 2014. The decrease in both 2015 and 2014 were due to less work on intelligent transportation systems as a result of projects getting close to completion.

Interest **–** Interest expense increased by 2% ($3,352) in 2015 compared to an increase of 2% ($3,728) in 2014. In both 2015 and 2014, interest expense increased due to additional borrowings and less interest capitalized as a result of the completion of Rowlett extension, Irving I, Irving II and Irving III light rail service expansion projects. The 2015 increases are partially offset by savings in interest expenses as a result of the December 2014 debt refunding (advance refunding).

Other non-operating expenses – Other non-operating expenses increased by 745% ($12,070) in 2015 compared to a decrease of 58% ($2,227) in 2014. The increase in 2015 is due to recognition of Toll Credits. The decrease in 2014 is due to less spending related to the regional commuter rail project during 2014.

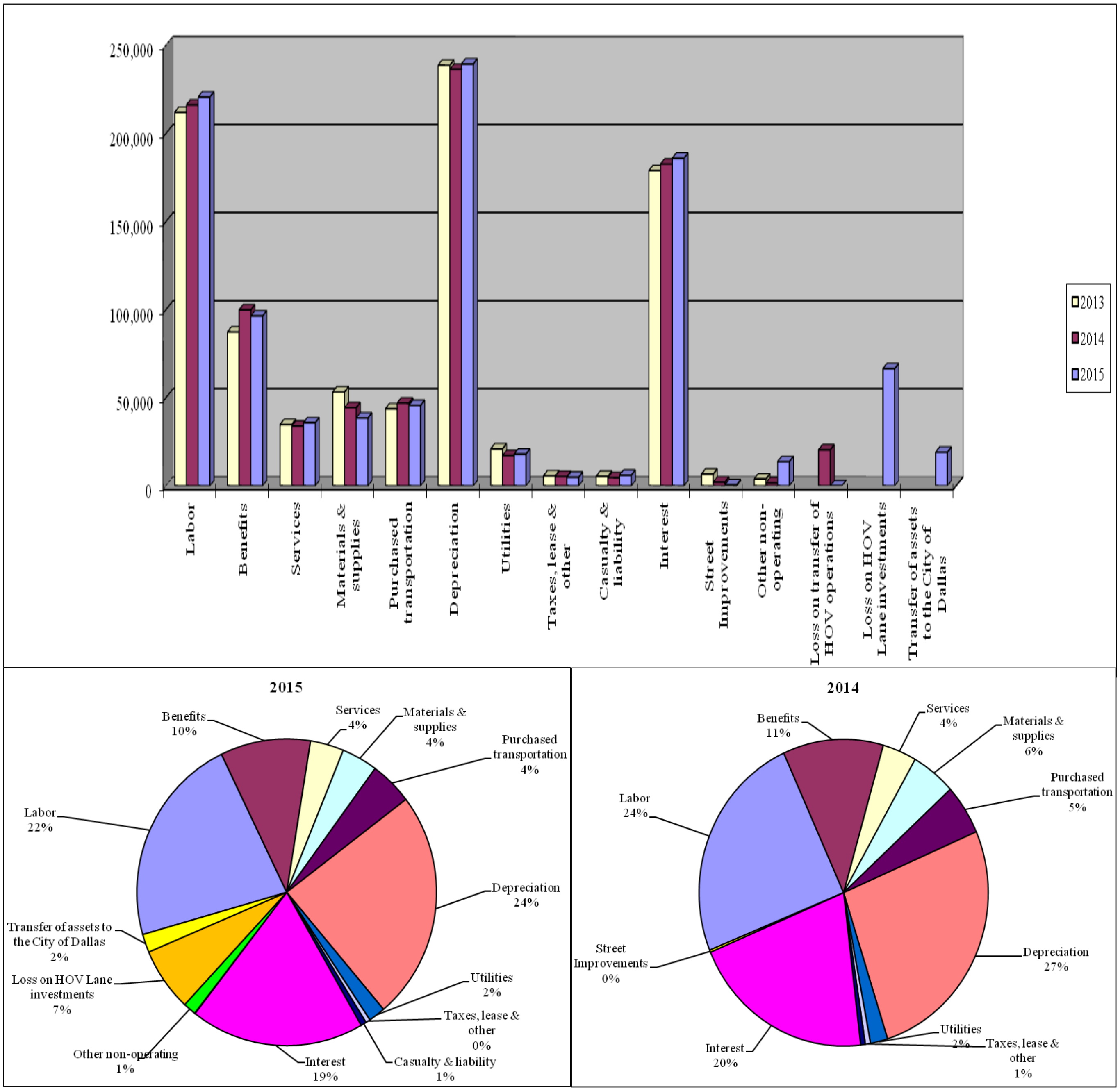
Loss on transfer of HOV operations: DART and the Texas Department of Transportation (TXDOT) entered into an agreement effective July 9, 2014 to transfer the responsibilities for operations and maintenance of high occupancy vehicle (HOV) lanes from DART to TXDOT. As of the effective date, DART had $20,392 worth of HOV- related assets on its books. As part of the transfer of HOV operations and assets, no consideration was paid to DART by TXDOT. As a result, DART recorded a loss of $20,392 which is the book value of HOV assets as of July 9, 2014 in accordance with Government Accounting Standards Statement No. 69, *Government Combinations and Disposal of Government Operations.*

Loss on HOV lane investments: DART and the Texas Department of Transportation (TXDOT) entered into agreements related to two managed HOV lane projects. In anticipation that DART would participate in a toll revenue stream, DART provided a portion of the funding for the two projects. DART's portion of the funding is recorded as Investment in Managed HOV Lane Agreements on the Statements of Net Assets. As of September 30, 2015, a financial analysis of the value of DART investment in managed HOV lane projects was performed and determined to be $13.6 million. As a result, a decline in value in the amount of $66.5 million is recorded as a Loss on HOV lane investments.

Transfer of assets to the City of Dallas: DART and the City of Dallas entered into various agreements related to the Dallas Streetcar programs and one transit related development project. Under these agreements, DART plays the role of project manager for the City of Dallas to build/acquire assets and the City owns, maintains and uses the assets. With respect to one of such projects, DART bought the initial two streetcar vehicles by paying up to $9 million of the cost with its own money, and transferred the ownership of the vehicles to the City of Dallas. In the remaining two other projects, DART is the grant recipient of the funding obtained from the Federal Transit Administration for the projects. As a result, DART kept the assets on its books and transferred them to the City of Dallas when the assets were placed in service. The transfer of assets worth $19 million took place during 2015 and this is shown in the Statements of Changes in Net Position as Transfer of assets to the City of Dallas.

The charts on the following page summarize expenses for fiscal years 2013 through 2015.

The following charts summarize expenses for fiscal years 2013 through 2015:

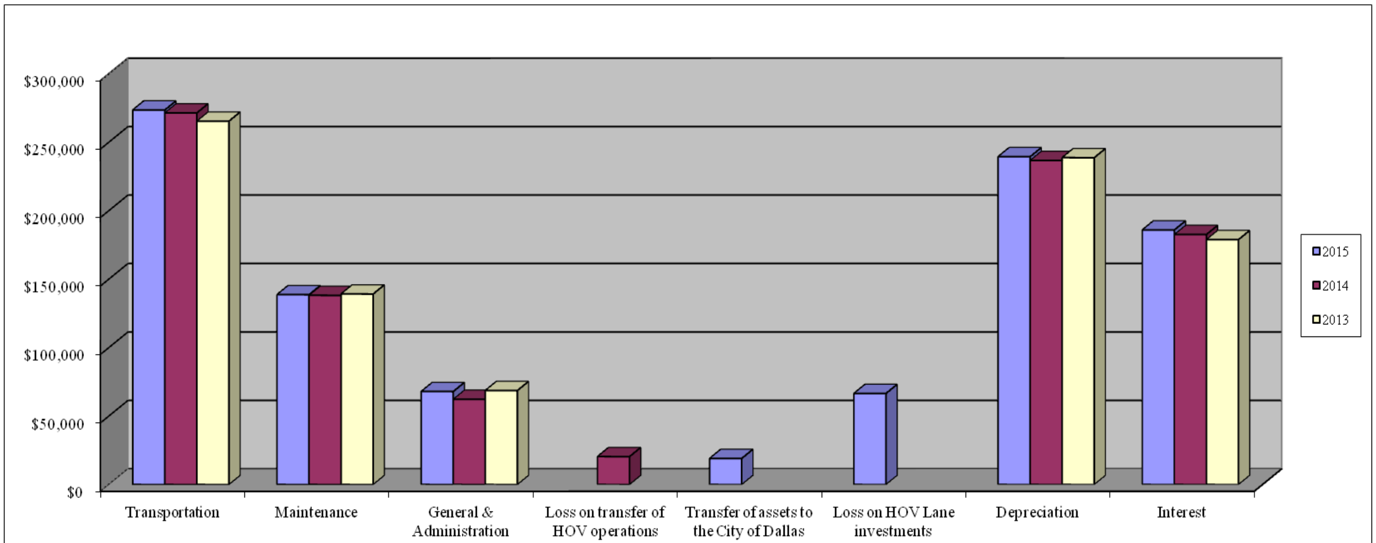


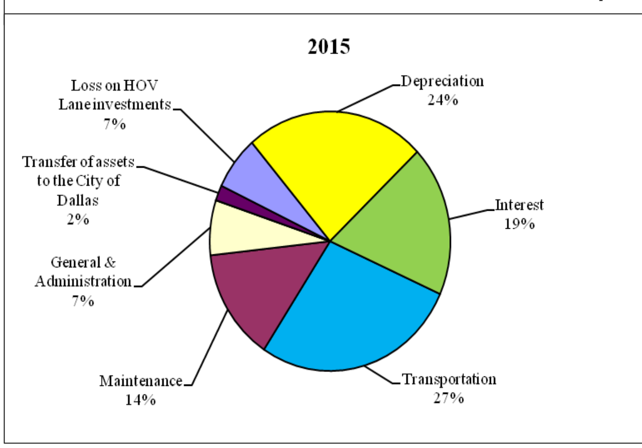
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

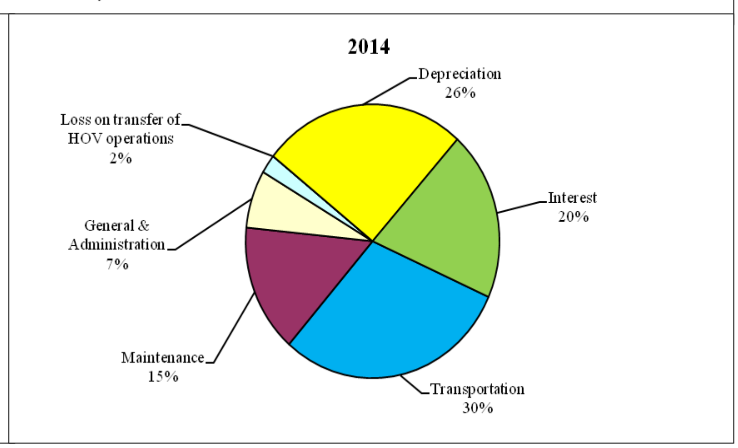
Expenses by function – *Transportation* – includes expenses that are directly related to the operation of bus, light rail, commuter rail, vanpool, paratransit, and DART on-call and shuttle services. These expenses include such items as wages and benefits for operators, transit center service employees, transportation supervisors and managers, DART police, cost of fuel, tires and tubes, propulsion power, purchased transportation, customer service, revenue collection, and other related costs. *Maintenance* – includes labor costs and benefits for vehicle and facility maintenance, materials and supplies, utilities, and all other costs incurred for maintenance purposes. *General and administration* – includes administrative personnel costs, benefits, accident, general liability and contract claims, toll credits, street improvements, and other related costs. *Depreciation* – includes depreciation expense on all depreciable capital assets. *Interest* – includes interest expense incurred on debt net of capitalized interest.

EXPENSES BY FUNCTION

	2015	**2014**	**2013**
Transportation	$273,552	$271,425	$265,378
Maintenance	138,662	138,154	139,146
General and administration	67,867	62,282	68,636
Loss on HOV lane investments	66,465	-	-
Loss on transfer of HOV operations	-	20,392	-
Transfer of assets to the City of Dallas	19,041	-	-
Depreciation and amortization	239,439	236,406	238,710
Interest	185,933	182,581	178,853
Total	**$990,959**	**$911,240**	**$890,723**







FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – Investment in capital assets includes: land and rights-of-way; transitways; buildings and improvements; revenue and non-revenue vehicles and equipment; and furniture, fixtures, and leasehold improvements. DART's investment in capital assets as of September 30, 2015, is $4,681,920 compared to $4,810,004 in 2014. The net decrease in capital assets during 2015 is $128,084 (3%) compared to an decrease of $67,608 (1%) in 2014.

The following table summarizes capital assets net of depreciation as of September 30 with comparative information for 2013.

Capital Assets (Net of Depreciation)

	2015	2014	2013
Land and rights-of-way	$616,728	$609,498	$578,169
Projects in progress	101,124	70,845	205,542
Transitways	2,800,198	2,914,631	2,875,423
Buildings and improvements	406,635	429,783	453,259
Revenue and non-revenue vehicles and equipment	750,296	776,348	750,485
Furniture, fixtures, and leasehold improvements	6,939	8,899	14,734
Total	$4,681,920	$4,810,004	$4,877,612

The net decreases in both 2015 and 2014 are due to depreciation. However, there were increases before depreciation in both fiscal years due to the cost of planning, designing and building the Light Rail Transit (LRT) Phase II and Phase III expansions. The Phase II expansion consists of approximately 46 miles of light rail transit lines. These new lines extend northwest from Downtown Dallas to the cities of Carrollton, Farmers Branch, and Irving and southeast from Downtown Dallas to Buckner Blvd. in South Dallas and northeast from the Downtown Garland Station to the Rowlett Park-and-Ride. The first section of the southeast extension, Bryan Street to Fair Park, opened for service on September 14, 2009. Other northwest and southeast extensions opened for service during fiscal year 2011 and the first section of Irving line segment opened for service in July 2012. The second section of the Irving line segment and the northeast (Rowlett) opened for service in December 2012 and the third Irving line segment to the DFW International Airport opened for service in August 2014. The Phase III light rail build-out consists of approximately three miles extension of the Blue Line from Ledbetter Station toward the University of North Texas (UNT) Dallas Campus located at the southeast corner of Camp Wisdom Road and University Hills Blvd.

Additional information on DART's capital assets is shown in note 7 on pages 26-27.

Outstanding debt – Outstanding debt includes sales tax revenue commercial paper notes, senior lien revenue bonds, TIFIA bonds payable, and capital lease/leaseback liabilities. As of September 30, 2015, DART had total outstanding debt of $3,818,713 compared to $3,857,925 as of September 30, 2014. Outstanding debt decreased by 1% ($39,212) in 2015 compared to a 2% ($81,126) increase in 2014.

The following table summarizes DART's total outstanding debt.

		Outstanding Debt	
	2015	2014	2013
Sales tax revenue commercial paper notes	$200,000	$180,000	$100,000
Senior lien revenue bonds payable	3,312,615	3,377,920	3,411,095
TIFIA bonds payable	105,000	100,000	45,000
Capital lease/leaseback liabilities	201,098	200,005	220,704
Total debt	$3,818,713	$3,857,925	$3,776,799

The sales tax revenue commercial paper notes outstanding balance was $200,000 as of September 30, 2015 compared to $180,000 as of September 30, 2014. The commercial paper notes were issued as a senior subordinate lien to sales and use tax revenues and are payable from the 1% sales and use tax receipts. The increases during both 2015 and 2014 are due to additional borrowings to pay for capital project costs.

Senior lien revenue bonds outstanding are $3,312,615 as of September 30, 2015 and $3,377,920 as of September 30, 2014. These are senior lien bonds secured by and payable from the 1% sales and use tax receipts and farebox revenues (pledged revenues). The decrease of $65,305 during 2015 is due to principal payment and advance refunding made in December 2014. The decrease of $33,175 in 2014 is due to $25,480 principal payment made on December 1, 2013 and $7,695 early payment of bond (extinguishment of debt) made in May 2014. All DART bonds are issued to finance capital projects. The senior lien revenue bonds are shown net of original issuance premium (discount) of $130,068 and $86,579 as of September 30, 2015 and 2014 in the Statements of Net Position.

During 2015, DART maintained a AA+ credit rating from Standard & Poor's, and a Aa2 from Moody's for its bonds.

TIFIA bonds payable are $105,000 as of September 30, 2015 compared to $100,000 as of September 30, 2014. On December 13, 2012 DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S Department of Transportation (DOT). Under this loan agreement, DART issued a Senior Lien Obligation bond to borrow up to $105,000 from the DOT. The proceeds from the bond are used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extends DART's light rail service from Irving to the Dallas Fort Worth International Airport. The TIFIA financing agreement is reimbursement-based and DART requested the money after paying for the capital project costs. The TIFIA bond is a Senior Lien Obligation and is secured by and payable from Pledged Revenues on parity with other Senior Lien Obligations.

Capital lease/leaseback liabilities are $201,098 and $200,005 as of September 30, 2015 and 2014, respectively. The increase in capital lease/leaseback liabilities in 2015, $1,093 (1%), is due to accrued interest. The decrease in capital lease/leaseback liabilities in 2014, $20,699 (9%), was due to lease payments.

Additional information on DART's outstanding debt is shown in footnotes 11-17.

ECONOMIC OUTLOOK

Sales and use tax is the largest source of revenue for DART, representing 67% of total revenues in 2015 compared to 64% in 2014. Sales and use tax revenues are affected by changes in the local economy. During fiscal year 2015, DART's sales and use tax revenues showed a 67% increase compared to the previous year. Actual sales and use tax revenues in 2015 are $519,448 compared to $486,564 in 2014. The sales and use tax budget for 2016 is $542,378 compared to $519,448 actual for 2015. The budget for 2016 represents a 4.4% increase from the 2015 actual sales and use tax revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide our member jurisdictions, customers, investors, and creditors with a general overview of DART's finances. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Chief Financial Officer at Dallas Area Rapid Transit, 1401 Pacific Avenue, P.O. Box 660163, Dallas, TX 75266-7220.

DALLAS AREA RAPID TRANSIT
STATEMENTS OF NET POSITION

SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$66,985	$27,217
Investments	714,640	760,593
Sales and use tax receivable	87,687	85,319
Transit revenue receivable, net	4,540	2,553
Due from federal and other governments	21,965	33,275
Materials and supplies inventory, net	35,674	28,693
Prepaid transit expense and other	2,975	2,840
Restricted investments held by trustee for debt service	108,952	97,808
Restricted investments held for advance funding agreements	67,576	12,013
Restricted investments held to pay capital lease/leaseback liabilities	12,210	14,096
TOTAL CURRENT ASSETS	1,123,204	1,064,407
NONCURRENT ASSETS		
Restricted investments for system expansion and acquisition		39,252
Restricted investments held as security for capital lease/leaseback liabilities	9,334	9,785
Investment in joint venture	19,458	20,722
Investment in managed HOV lane agreements	13,600	66,706
Capital assets		
Land and rights-of-way	616,728	609,498
Projects in progress	101,124	70,845
Depreciable capital assets, net of depreciation	3,964,068	4,129,661
Restricted investments held to pay capital lease/leaseback liabilities	188,888	185,909
Net pension asset	-	11,346
Unamortized bond insurance premium and other	1,069	1,638
TOTAL NONCURRENT ASSETS	4,914,269	5,145,362
TOTAL ASSETS	6,037,473	6,209,769
DEFERRED OUTFLOWS OF RESOURCES (Note 1, page 19)	45,682	13,965
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	6,083,155	6,223,734
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	69,793	72,345
Commercial paper notes payable	200,000	180,000
Current portion of capital lease/leaseback liabilities	12,210	14,096
Current portion of repayment due to State Comptroller	824	824
Local Assistance Program payable	1,336	1,497
Retainage payable	22,241	27,860
Unearned revenue and other liabilities	114,067	32,898
Accrued interest payable from restricted assets	59,195	60,247
Current portion of senior lien revenue bonds payable	48,115	38,215
TOTAL CURRENT LIABILITIES	527,781	427,982
NONCURRENT LIABILITIES		
Accrued liabilities	34,636	34,573
Net pension liability	62,190	-
Repayment due to State Comptroller	8,575	9,399
Senior lien revenue bonds payable	3,394,568	3,426,284
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	105,000	100,000
Capital lease/leaseback liabilities	188,888	185,909
TOTAL NONCURRENT LIABILITIES	3,793,857	3,756,165
TOTAL LIABILITIES	4,321,638	4,184,147
DEFERRED INFLOWS OF RESOURCES (Note 1, page 19)	2,011	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,323,649	4,184,147
NET POSITION		
Net investment in capital assets	938,644	1,071,576
Restricted for debt service	49,757	37,560
Restricted as security for capital lease/leaseback liabilities	9,334	9,785
Unrestricted	761,771	920,666
TOTAL NET POSITION	$1,759,506	$2,039,587

The accompanying notes are an integral part of these financial statements.

DALLAS AREA RAPID TRANSIT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

	2015	2014
OPERATING REVENUES		
Passenger revenues	$71,012	$70,902
Advertising, rent, and other	14,412	13,573
TOTAL OPERATING REVENUES	85,424	84,475
OPERATING EXPENSES		
Labor	220,723	216,188
Benefits	96,432	99,851
Services	35,785	33,869
Materials and supplies	38,487	44,327
Purchased transportation	45,608	46,900
Depreciation and amortization	239,439	236,406
Utilities	17,983	17,151
Taxes, leases, and other	4,829	5,245
Casualty and liability	5,983	4,582
TOTAL OPERATING EXPENSES	705,269	704,519
NET OPERATING LOSS	(619,845)	(620,044)
NON-OPERATING REVENUES (EXPENSES)		
Sales and use tax revenue	519,448	486,564
Investment income	8,290	4,037
Interest income from investments held to pay capital lease/leaseback	15,189	15,510
Interest expense on capital lease/leaseback	(15,189)	(15,510)
Loss on HOV lane investments	(66,465)	-
Street improvements	(560)	(2,127)
Interest and financing expenses	(170,744)	(167,071)
Build America Bonds tax credit	28,289	28,259
Other federal grants	82,112	92,211
Other non-operating revenues	24,371	15,760
Other non-operating expenses	(13,691)	(1,621)
Loss on transfer of HOV operations	-	(20,392)
Transfer of assets to the City of Dallas	(19,041)	-
NET NON-OPERATING REVENUES	392,009	435,620
LOSS BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	(227,836)	(184,424)
CAPITAL CONTRIBUTIONS AND GRANTS		
Federal capital contributions	17,738	36,023
State capital contributions	333	1,596
Local capital contributions	329	1,245
TOTAL CAPITAL CONTRIBUTIONS AND GRANTS	18,400	38,864
CHANGE IN NET POSITION	(209,436)	(145,560)
TOTAL NET POSITION – BEGINNING OF YEAR	2,039,587	2,185,147
Cumulative effect of a change in accounting principle	(70,645)	-
TOTAL NET POSITION – END OF YEAR	$1,759,506	$2,039,587

The accompanying notes are an integral part of these financial statements.

DALLAS AREA RAPID TRANSIT
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$83,732	$85,171
Cash flows from other sources	39,565	11,045
Payments to suppliers of goods and services	(103,133)	(116,161)
Payments to purchased transportation service providers	(48,623)	(46,710)
Payments to employees	(218,592)	(212,978)
Benefit payments on behalf of employees	(103,767)	(99,732)
NET CASH USED BY OPERATING ACTIVITIES	(350,818)	(379,365)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales and use tax receipts	516,256	478,174
Other federal grants	82,045	92,247
Other non-capital financing receipts	25	67
Build America Bonds tax credit	28,239	28,269
Other non-capital financing payments	-	(67)
Local Assistance Program and street improvements	(721)	(2,627)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	625,844	596,063
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	9,485	4,356
Proceeds from sales and maturity of investments	1,170,961	972,162
Purchase of investments	(1,126,102)	(1,076,767)
Decrease (increase) in restricted assets	(27,456)	71,761
Investment in managed HOV lane agreements	(13,360)	(14,734)
NET CASH USED BY INVESTING ACTIVITIES	13,528	(43,222)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(146,147)	(186,069)
Proceeds from the issuance of commercial paper notes	530,000	550,000
Payment on commercial paper notes	(510,000)	(470,000)
Proceeds from TIFIA Bonds	5,000	55,000
Payment of debt issuance costs	(604)	-
Principal payment on revenue bonds	(38,215)	(25,480)
Payment for early extinguishment of revenue bonds	-	(7,887)
Interest and financing expenses	(174,937)	(172,323)
Federal capital contributions	25,788	29,727
State capital contributions	60,000	1,591
Local capital contributions	329	1,246
Proceeds from the sale of capital assets	-	2,110
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(248,786)	(222,085)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,768	(48,609)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	27,217	75,826
CASH AND CASH EQUIVALENTS, END OF YEAR	$66,985	$27,217

(Continued)

DALLAS AREA RAPID TRANSIT
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

	2015	2014
RECONCILIATION OF OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	$(619,845)	$(620,044)
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation and amortization	239,439	236,406
Miscellaneous non-operating income	13,799	13,582
Miscellaneous non-operating expenses	(3,146)	(1,553)
Changes in assets and liabilities		
(Increase) Decrease in transit receivable	(1,958)	206
(Increase) Decrease in due from federal & other governments	895	(1,166)
Increase in materials and supplies inventory	(6,980)	(4,441)
Decrease in prepaid expenses and other current assets	333	192
Increase in pension assets	-	(1,889)
Decrease in net pension liability	(6,230)	-
Increase in accounts payable and accrued liabilities	7,489	723
Increase (Decrease) in unearned revenue and other liabilities	25,386	(1,381)
NET CASH USED BY OPERATING ACTIVITIES	$(350,818)	$(379,365)

	2015	2014
NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Interest income from investments held to pay capital lease/leaseback	$15,189	$15,510
Interest expense on capital lease/leaseback	(15,189)	(15,510)
Increase (Decrease) in capital lease/leaseback obligations	1,093	(20,699)
(Increase) Decrease in investments held to pay capital lease/leaseback	(1,093)	20,699
Increase (Decrease) in fair value of investments	2,581	(1,592)
Amortization of premium, discount, bond insurance premium costs, and loss on debt refunding	(5,400)	(9,325)
Loss on transfer of HOV Lane operations		(20,392)
Purchases of capital assets in accounts payable at year-end	9,392	19,376
Transfer of assets to the City of Dallas	(19,041)	-
Loss on HOV lane investments	(66,465)	-
Toll Credits	10,546	-
Increase in deferred outflows of resources – derivative instrument	(937)	-
Proceeds from the issuance of revenue bonds paid into escrow	497,876	-
Payment for advance refunding of revenue bonds	(496,226)	-

(Concluded)

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Dallas Area Rapid Transit (DART) is a regional transportation authority of the State of Texas, created and confirmed by passage of a referendum on August 13, 1983, pursuant to Article 1118y of the Vernon's Annotated Texas Civil Statutes, as amended, and recodified into Section 452 of the Texas Transportation Code (the Code) effective September 1, 1995. DART is organized to provide public and general transportation services to 13 member jurisdictions in five counties: Dallas, Collin, Ellis, Denton, and Rockwall. The member jurisdictions in which the voters elected to be included in DART consist of the cities of Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Irving, Plano, Richardson, Rowlett, University Park, and the towns of Addison and Highland Park. Fifteen Board members represent the 13 member jurisdictions. Board members are appointed according to the ratio of the population of a member jurisdiction to the total population of the service area. One Board member may represent multiple jurisdictions.

Amendments to DART's enabling legislation require approval of the Texas State Legislature, which holds its regular session every two years. Past legislative changes allowed the issuance of lease/leaseback transactions (see note 11), changed the collection period of sales taxes from quarterly to monthly, and allowed a joint pledge of sales and use tax and farebox revenues as security for long-term debt. Future changes to DART's enabling legislation could have a material impact on DART's financial position. The next session of the State Legislature is scheduled to begin in January 2017.

On August 12, 2000, the voters of the DART service area passed a referendum that allows DART to issue up to $2.9 billion of bonds or notes that are solely payable from and secured by the DART sales and use tax revenue, have maturities beyond five years, and are issued pursuant to the authority granted at the election. On August 9, 2001, DART issued $400 million of the authorized $2.9 billion bonds. On September 10, 2002, $98.7 million of the authorized bonds were issued. On March 8, 2007, an additional $770.3 million of the authorized bonds were issued. From the $770.3 million, $317.7 million was issued to refund part of the 2001 and 2002 bonds. The remaining $452.6 million was issued to pay-off commercial paper notes. In April 2008, the Board approved the fourth issuance of Bonds (Series 2008), for $731.4 million as authorized by the Master Debt Resolution. This issuance included $341 million to refund commercial paper notes. In May 2009, the Board approved the fifth issuance of Bonds (Series 2009A and Series 2009B), for $1 billion as authorized by the Master Debt Resolution (see notes 13). In September 2010, the Board approved the sixth issuance of Bonds (Series 2010A and Series 2010B), for $824.6 million as authorized by the Master Debt Resolution (see notes 13). On November 15, 2012, DART issued and sold $127,775 in Senior Lien Sales Tax Revenue Bonds (Series 2012 Bonds). Series 2012 Bonds were issued to refund $150,000 Commercial Paper Notes. The Commercial Paper Notes were issued to finance capital expenditures for DART's system expansion and acquisition. On December 13, 2012 DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S Department of Transportation (see note 14). Under this agreement, DART borrowed $105,000 from the U.S Department of Transportation. The proceeds from the bond were used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extended DART's light rail service from Irving to the Dallas Fort Worth International Airport. These bonds are Senior Lien Revenue Bonds that are secured by, and payable from, a senior lien on Pledged Revenues. On December 11, 2014, DART issued and sold $426,035 in Senior Lien Sales Tax Revenue Bonds ($379,480 in Series 2014A Bonds and $46,555 in Series 2014B Bonds). The Series 2014A and 2014B bonds were issued to refund part of the 2007 and 2008 bonds.

DART received approximately $519,448 in 2015 from a 1% sales and use tax imposed on certain items within its member jurisdictions compared to $486,564 in 2014. These revenues constituted approximately 67% of DART's total revenues during fiscal year 2015 compared to 64% during 2014. Approximately 50%, 14%, and 12% of these sales and use tax revenues were collected from sales in the cities of Dallas, Plano, and Irving during fiscal years 2015 compared to 50%, 15%, and 11% for fiscal year 2014.

Basis of Accounting – The activities of DART are accounted for as proprietary funds and therefore are reported as an enterprise fund in accordance with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board (GASB). Accordingly, DART uses the accrual basis of accounting.

Reporting Entity – DART has two blended component units, Regional Rail Right-Of-Way Corporation (RRRC) and Dallas Area Rapid Transit Bus Service, LGC (LGC). RRRC is a legally separate corporation, which was formed to facilitate the acquisition of certain properties and right-of-way for DART. The RRRC Board consists of three board members that are appointed by the DART Board. LGC is a Corporation created under the LGC Act on behalf of DART to provide public transportation service (solely by bus) outside the DART service area. Currently the LGC provides bus service to the cities of Arlington and Mesquite. The LGC Board consists of five Board members who are appointed by the DART Board of Directors.

Since DART appoints the governing board of the RRRC and LGC; has operational responsibility for them; and since the RRRC and LGC activities directly benefit DART; the financial information of the RRRC and LGC, is included in the accompanying financial statements of DART as blended component units in accordance with GASB Statement No. 61.

Internally prepared financial statements for either RRRC or LGC may be obtained by contacting the Chief Financial Officer at Dallas Area Rapid Transit, 1401 Pacific Avenue, P.O. Box 660163, Dallas, TX 75266-7220.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

New Accounting Pronouncements – In January 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This Statement specifies accounting, financial reporting and disclosure requirements for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The requirements of this Statement became effective for DART during fiscal year 2015 and implemented as of October 1, 2014. Fiscal year 2014 GASB 68 disclosures are not presented as they are not deemed practical. The implementation of GASB Statement No. 68 resulted in a reduction of DART's net position by $70,645, which included deferred outflows of resources of $9,123, and a recognition of $62,190 net pension liability on DART's Statement of Net Position as of September 30, 2015 (see note 18).

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The requirements of this statement became effective for DART during fiscal year 2015 simultaneously with the provisions of Statement 68.

Reclassifications: Certain reclassifications have been made to present prior year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net position or total net position.

Cash and Cash Equivalents – DART considers investments in unrestricted funds with original maturities of less than 90 days at the date of purchase to be cash equivalents. Cash and cash equivalents were $66,985 and $27,217 as of September 30, 2015 and 2014, respectively.

Investments – The investment balances, other than investments held to pay lease/leaseback obligations (see Note 3), on September 30, 2015 and 2014 are stated at fair value. Fair value is the amount at which an investment may be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. DART utilizes quoted market prices on September 30, 2015 and 2014, as the equivalent of the fair value of investments. When both restricted and unrestricted funds are available, it is DART's policy to spend restricted funds first on eligible expenditures.

Material and Supplies Inventory – An inventory of supplies and parts is maintained at different DART warehouses for use in the operation and is recorded as an expense when consumed or placed in service. Inventory is stated at average cost.

Capital Assets – Capital assets are assets with an initial individual cost of more than five thousand dollars ($5,000) and an estimated useful life in excess of one year. Such assets are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as indicated in note 7. Major improvements to buildings and equipment are capitalized. Maintenance and repairs are charged to expense as incurred. Improvements and betterments that extend the useful lives of capital assets or add new functionality are capitalized. Transit system development costs for services such as project-related design, construction, construction management, and project management costs are capitalized when incurred. Interest expense incurred during the construction phase of a capital asset is capitalized. In 2015, total interest and financing expense of $173,442 was incurred, and $2,698 of this total was capitalized. In 2014, total interest and financing expense of $175,629 was incurred, and $8,558 of this total was capitalized. Donated assets are capitalized at estimated fair value on the date of donation.

Federal, State and Local Capital Contributions, and Grants – Grant funds used for the acquisition of property and equipment are recorded as capital contribution revenues when the related grant eligibility requirements are met and qualified expenditures are incurred. DART received $18,400 in federal, state and local capital contributions during 2015 compared to $38,864 during 2014. None of the total capital contributions received during 2015 was based on capital expenditures made during the previous years. This amount is included in Federal Capital Contributions on the Statements of Revenues, Expenses and Changes in Net Position for the fiscal year ended September 30, 2015. In addition to capital contributions, DART also received $82,112 in 2015 compared to $92,211 in 2014 in the form of other federal grants. Included in these amounts are grants that are substantially related to capital maintenance grants from the federal government.

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. The deferred outflow of resources shown on the Statements of Net Position includes the following items:

Description	2015	2014
*Loss on bond refunding (Note 16, page 33)	$36,039	$13,965
Contribution to the Defined Benefit Pension Plan after measurement date (Note 18, page 34)	8,706	
Derivative instrument – fuel hedge (Note 22, page 40)	937	
	$45,682	$13,965

*Loss on bond refunding is the difference between the reacquisition price and the net carrying amount of the old debt.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

Deferred Inflows of Resources A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

	2015
Differences between projected and actual earnings on pension plan investments (Note 18, page 34)	$2,011

Paid Time Off, Vacation and Sick Leave – Salaried exempt and non-exempt employees are eligible for a "Paid Time Off" (PTO) benefits program. Accumulated PTO hours have no cash value unless the employee has five or more years of service. Upon termination of employment, a percentage of unused PTO hours will be paid in a lump sum based on number of years of continued service with DART. Hourly employees earn vacation and sick leave, which may be taken or accumulated up to certain levels, until paid upon retirement or termination. The liability for PTO, vacation, and sick leave has been calculated in accordance with GASB Statement No. 16, *Accounting for Compensated Absences,* and is included in the accounts payable and accrued liabilities line item in the accompanying Statements of Net Position.

Operating Revenues and Expenses – Operating revenues are generated from activities related to providing public transportation services such as bus, light rail, commuter rail, paratransit, and vanpool to DART customers. DART's operating revenues include passenger fare revenues, advertising revenues, and certain rental income. Non-operating revenues are revenues not directly related to the operations of DART's transit service. Sales and use tax revenues, Build America Bond tax credit, and investment income are classified as non-operating revenues.

Operating expenses are incurred for activities directly related to providing public transportation services to DART customers. Such activities include transportation, maintenance, transit police, and general and administrative functions. Non-operating expenses include interest and financing costs, general planning and consulting work not related to current service, and the local assistance provided to eligible member jurisdictions.

Revenue Recognition – Operating revenues are recognized when transit service is provided. Monthly tickets and annual passes are sold for revenue service, including bus and rail operations. An estimate of unused tickets and passes is recorded as unearned transit revenue and is included in the unearned revenue and other liabilities line item in the accompanying Statements of Net Position.

Sales and Use Tax Revenues – Sales and use tax revenues are recognized when the underlying transactions occur. Sales and use tax revenues are subject to audits by the State Comptroller, which sometimes results in refunds to the State.

Self-Insurance Liabilities – DART administers and maintains self-insured reserves for employee medical, operational workers compensation, auto, and general liability (including bus/rail accidents), directors and officers liability, and light rail construction workers compensation and general liability claims. These programs are administered by DART, or in some instances, a third party. DART accrues the estimated cost of self-insurance liabilities based on actuarial review and the estimate is included in the accounts payable and accrued liabilities line item in the accompanying Statements of Net Position.

The estimate includes incurred but not reported (IBNR) claims. Changes in the liabilities in 2015 and 2014 for DART's self-insured programs are as follows:

Description	2015	2014	2013
Beginning balance	$16,864	$15,024	$17,014
Current year claims and changes in estimates	4,153	6,275	2,438
Payments	(5,000)	(4,435)	(4,428)
Ending balance	$16,017	$16,864	$15,024
Amounts due in one year	$4,621	$4,509	$4,867

DART purchases liability insurance coverage for all-risk property, commuter rail, leased premises, crime, directors and officers and light rail project-specific professional liability and light rail build-out workers compensation and general liability. Coverage is evaluated annually and adjusted as necessary based upon exposure and claim payments. There was no significant reduction in insurance coverage from the previous year and the settlement amounts did not exceed insurance coverage for each of the past three fiscal years.

Premium and Discounts on Revenue Bonds - Premiums and discounts on Senior Lien Revenue Bonds are amortized using the effective interest method. Bond insurance premiums and gains/losses on refunding are also amortized using the effective interest method over the life of the bonds.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

Net position – *Net Investment in Capital Assets*, includes capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is DART's policy to use restricted resources first, and then unrestricted resources when they are needed. Unrestricted consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the DART Employees Defined Benefit Retirement Plan and Trust (the DB Plan) and additions to/deductions from the DB Plan's fiduciary net position have been determined on the same basis as they are reported by the DB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. SERVICE AGREEMENTS

DART has entered into several long-term agreements with contractors to provide paratransit, commuter rail, DART on-call and shuttle services. Payments to service providers are recorded as purchased transportation in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

Summary of major services rendered in 2015 and 2014 and the current contract terms, including option periods is shown as follows:

		Annual Payments		Contract Terms	
Contractor's Name	Service Type	2015	2014	Began	Expires
Herzog Transit Services, Inc.	Commuter Rail	$17,907	$18,782	10/1/2010	9/30/2015*
MV Contract Transportation, Inc	Paratransit, and DART On-call Services	24,182	21,330	10/1/2012	9/30/2019
Others	Various	3,519	6,788	Various	Various
Total		$45,608	$46,900		

*A new contract has been awarded to Herzog Transit Service, Inc for commuter rail service. It begins on 10/01/2015 and expires on 9/30/2025.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and investments, excluding investments held for lease/leaseback liabilities, as of September 30 are classified in the Statements of Net Position as follows:

	9/30/2015	9/30/2014
Cash and cash equivalents	$66,985	$27,217
Investments	714,640	760,593
Restricted investments held by trustee for debt service	108,952	97,808
Restricted investments held for advance funding agreements	67,576	12,013
Restricted investments for system expansion and acquisition	-	39,252
Restricted investments held as security for capital lease/leaseback liabilities	9,334	9,785
Total cash and investments	$967,487	$946,668

Cash and investments as of September 30 consist of the following:

	9/30/2015	9/30/2014
Cash on hand	$7,802	$2,080
Cash equivalents	59,183	25,137
Investments	900,502	919,451
Total cash and investments	$967,487	$946,668

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

Deposits

State statutes authorize DART's cash to be deposited in demand deposits, time deposits, or certificates of deposit and require that all deposits be fully collateralized or insured.

On September 30, 2015, the carrying amount of DART's deposits was $7,802 compared to $2,080 at September 30, 2014. Bank balances at September 30, 2015 were covered either by Federal Depository Insurance or by collateral held by DART's agent in DART's name except for an $8.8 million that was not covered due to a failed trade on September 30, 2015. This was cured by the next business day (October 1, 2015) and DART did not incur any loss as a result of this incident. Bank balances at September 30, 2014 were entirely covered either by Federal Depository Insurance or by collateral held by DART's agent in DART's name.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, DART will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party**.** DART's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by F.D.I.C. insurance. Securities that can be accepted as collateral are limited to U.S. Government Securities, Federal Agency Securities, and Municipal Securities.

Investments

In accordance with the Texas Public Funds Investment Act and DART's investment policy, DART invests in, among others, obligations of the United States or its agencies and instrumentalities, and obligations of states, agencies, counties, cities, and other state political subdivisions with ratings from a nationally recognized investment rating firm of not less than "A" or its equivalent and commercial paper with ratings of not less than "A1" or "P1." In addition, State statutes authorize DART to invest funds in other cash equivalents such as money market mutual funds among other things. All DART investments are subject to the Texas Public Funds Investment Act. The following table identifies the investment types that are authorized by DART's Investment Policy. The table also identifies certain provisions of DART Investment Policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer at the time of purchase
U.S. Government Securities	None	None	None
Federal Agency Securities	None	None	25%
Municipal Securities	None	None	10%
Repurchase Agreements and Reverse Repurchase Agreements	90 days	50%	5%
Money Market Mutual Funds	10 years	None	None
Commercial Paper	270 days	None	5%
Banker's Acceptance	270 days	None	5%
Certificate of Deposit	10 years	None	None

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that DART manages exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of it matures evenly over time as necessary to provide the cash flow and liquidity needed for operations.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

Information about the sensitivity of the fair values of DART investments to market interest rate fluctuations as of September 30 is provided in the following tables, which show the distribution of DART investments by maturity.

		Remaining Maturity (in months) as of September 30, 2015		
Investment Type	Total Amount	12 Months or Less	12 to 24 Months	24 to 60 Months
Federal Home Loan Bank	$225,947	$104,919	$51,032	$69,996
Federal Farm Credit Banks	179,781	45,493	92,554	41,734
Federal Home Loan Mortgage Corporation	147,918	17,619	44,575	85,724
Federal National Mortgage Association	64,472	11,458	27,032	25,982
Commercial Paper	206,567	206,567	-	-
Money Market Funds	126,992	126,992	-	-
US Treasury Note	8,008	8,008	-	-
Total	$959,685	$521,056	$215,193	$223,436

		Remaining Maturity (in months) as of September 30, 2014		
Investment Type	Total Amount	12 months or Less	12 to 24 Months	24 to 60 Months
Federal Farm Credit Banks	$227,150	$9,992	$140,678	$76,480
Federal Home Loan Bank	207,922	74,265	39,997	93,660
Federal Home Loan Mortgage Corporation	201,196	15,491	70,746	114,959
Federal National Mortgage Association	124,159	4,005	35,544	84,610
Commercial Paper	133,656	133,656	-	-
Money Market Funds	46,506	46,506	-	-
US Treasury Note	3,999	3,999	-	-
Total	$944,588	$287,914	$286,965	$369,709

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating agency. The following tables show actual ratings as of September 30 for each investment type. Money market funds listed are SEC regulated 2a.7 funds.

		Rating as of September 30, 2015		
Investment Type	Total Amount	AA+/ Aaa	A1/P1	AAAm
Federal Home Loan Bank	$225,947	$225,947	$ -	$ -
Federal Home Loan Bank	179,781	179,781	-	-
Federal Home Loan Mortgage Corporation	147,918	147,918	-	-
Federal National Mortgage Association	64,472	64,472	-	-
Commercial Paper	206,567	-	206,567	-
Money Market Funds	126,992	126,992	-	-
US Treasury Note	8,008	8,008	-	-
Total	$959,685	$753,118	$206,567	$ -

		Rating as of September 30, 2014		
Investment Type	Total Amount	AA+/ Aaa	A1/P1	AAAm
Federal Farm Credit Banks	$227,150	$227,150	$ -	$ -
Federal Home Loan Bank	207,922	207,922	-	-
Federal Home Loan Mortgage Corporation	201,196	201,196	-	-
Federal National Mortgage Association	124,159	124,159	-	-
Commercial Paper	133,656	-	133,656	-
Money Market Funds	46,506	36,342	-	10,164
US Treasury Note	3,999	3,999	-	-
Total	$944,588	$800,768	$133,656	$10,164

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On August 5, 2011, Standard and Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term United States sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists. Included in DART's investment portfolio as of September 30, 2015 is $626,126 compared to $764,426 as of September 30, 2014 that was downgraded from AAA to AA+ by Standard and Poor's.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of DART's investment in a single issuer. The Investment Policy of DART contains limitations on the amount that can be invested in any one issuer as shown in the table on page 22. Investments in any one issuer that represent 5% or more of total investment portfolio of DART as of September 30 are as shown below:

September 30, 2015

Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Federal Home Loan Bank	$225,947	24%
Federal Farm Credit Banks	179,781	19%
Federal Home Loan Mortgage Corporation	147,918	15%
Wells Fargo	67,748	7%
Federal National Mortgage Association	64,472	7%

September 30, 2014

Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Federal Farm Credit Banks	$227,150	24%
Federal Home Loan Bank	207,922	22%
Federal Home Loan Mortgage Corporation	201,196	21%
Federal National Mortgage Association	124,159	13%

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, DART will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of DART's investments with the exception of money market mutual funds, which by design provide ownership of shares within the fund, are registered in DART's name as of September 30, 2015 and 2014 and are not exposed to custodial credit risk.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. None of DART's Investment is in foreign currency-denominated investments.

Restricted investments held to pay capital lease/leaseback liabilities – As of September 30, 2015, DART had two outstanding lease/leaseback obligations. One of these two lease/leaseback obligations was terminated on November 24, 2015. When DART entered into these transactions it received advance rental payments. A portion of the advance rental payment received by DART was used to purchase contractual undertakings from certain financial institutions. These institutions assumed and agreed to pay the sublease rental payments due through the purchase option date, together with the purchase option price owed if DART were to exercise the purchase option rights. For other leases, DART deposited a portion of the advance rental payment with a trustee, who was to purchase direct obligations of the US government and other securities that would mature on the dates and the amounts required to pay sublease rental payments and the respective purchase option price. These investments are held by the trustee in the name of DART and are invested in U.S. Treasury strips, U.S. government sponsored enterprise obligations, and guaranteed investment contracts. They include a combination of investments with short-term and long-term maturities which minimizes the exposure to interest rate risk. Because these investments are insured by a third party and are held in U.S. Treasuries and government investment contracts they are not recorded at fair value but are recorded at amortized cost in the Statements of Net Position.

Assigned assets – The DART Board has assigned certain cash and investment balances to be maintained for self-insurance and financial reserve. These amounts are shown as unrestricted investments in the accompanying financial statements. The assets for self-insurance include amounts assigned by the Board to fund future claims and workers' compensation liabilities. The Board established the financial reserve to accumulate sales and use taxes in years when sales and use tax revenues exceed the budgeted amount. Sales and use tax revenues, net of annual repayments to the State Comptroller, were $15,638 more than budget for fiscal year 2015 compared to $7,255 for fiscal year 2014. In addition, the Board of Directors authorized the establishment of a Capital Project Reserve Account. Should the Financial Reserve exceed $50 million, excess funds are placed in the Capital Project Reserve Account.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

An affirmative vote of two-thirds of the Board is required to draw upon the Financial and Capital Project Reserves, and the funds may be used for any purpose approved by the Board. During 2011, the DART Board approved a request to set aside a portion of the financial reserve investments for potential collateral as required by an amendment to one of the lease/leaseback agreements. The amount set aside for this purpose is $9,334 as of September 30, 2015 compared to $9,785 as of September 30, 2014. These amounts are shown as restricted investments held as security for capital lease/lease back liabilities in the Statements of Net Position and are excluded from the financial reserve amount of September 30, 2015 and 2014 shown on the next page:

As of September 30, assets (investments) assigned by the DART Board for specific purposes consisted of the following:

Assigned for	2015	2014
Self-Insurance	$ 11,292	$ 12,576
Financial Reserve*	40,729	36,452
Capital Reserve	3,964	-
Total	$ 55,985	$ 49,028

*The financial reserve amount shown here are net of $9,334 as of September 30, 2015 and $9,785 as of September 30, 2014 set aside as security for a certain lease/leaseback obligation.

4. RESTRICTED ASSETS

As security for the Senior Lien Obligations (Bonds) and Senior Subordinate Lien Obligations (Commercial Paper Notes), DART is required to maintain a certain amount of money in trust accounts created for this purpose. The money maintained in the trust accounts is reported as *Investments held by trustee for debt service* in the Statements of Net Position. The trustee uses all the monies and investments in the account for payment of principal, interest for bonds and commercial paper notes, and administrative expenses.

The System Expansion and Acquisition Fund (SEA Fund) includes monies on deposit to be used solely for paying the costs of acquisition and construction of capital assets.

Restricted assets shown in the Statements of Net Position also include bond proceeds which will be used to fund capital expenditures.

DART entered into three advance funding agreements with the Texas Department of Transportation and received money for construction of three parking lots and light rail stations platform extension projects. DART also entered into an inter-local agreement with the City of Dallas to plan and design a modern street car system for the City of Dallas and received money for this purpose. The remaining balances of these monies are shown as restricted investments held for advance funding agreements in the Statements of Net Position as of September 30, 2015 and 2014.

DART also entered into an additional Equity Security Agreement that requires it to set aside certain investments as security for a certain lease/leaseback obligation. As of September 30, 2015, DART has set aside $9,334 compared to $9,785 as of September 30, 2014 for this purpose. These amounts are shown as investments restricted as security for lease/lease back liabilities in the Statements of Net Position.

5. INVESTMENT IN JOINT VENTURE

DART and the Fort Worth Transportation Authority ("The T") jointly provide commuter rail service between downtown Dallas and downtown Fort Worth. The authorities have adopted the name *Trinity Railway Express* ("TRE") to provide this service. The operation and maintenance of commuter rail service is contracted to Herzog Transit Services, Inc. The cost of operating TRE, net of operating revenues, is shared between DART and the T based on revenue seat miles operated in Dallas County and Tarrant County, respectively. The transit authorities separately contributed the capital for the passenger stations and track storage areas in their respective counties, including fixtures and fare collection equipment at those stations. DART has separately contributed the capital for thirteen rail diesel cars (RDCs) purchased for the initial TRE commuter rail service. DART and the T have jointly contributed the capital for seven rehabilitated locomotives, two new locomotives, ten rehabilitated bi-level coaches, five new bi-level coaches, two rehabilitated bi-level cab cars, and five new bi-level cab cars. The book value of DART's share of these capital assets jointly owned with the T is recorded as Investment in Joint Venture in the Statements of Net Position in accordance with GASB Statement No. 61. There are no separate financial statements for the TRE. Each authority includes its share of revenues, operating costs and capital assets in its own financial statements.

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6. INVESTMENT IN MANAGED HOV LANE AGREEMENTS

In October 2010, DART entered into agreements with TXDOT to invest in managed HOV lane projects that fall under the Regional Transportation Council's (RTC) policy for Excess Toll Revenue Sharing. RTC's policy allows local governments and transportation authorities to invest in Comprehensive Development Agreement (CDA) projects. Any excess revenue will be returned to the funding partners in proportion to their shares and be used to fund future transportation projects. Since DART's investment and related CDA projects are on-going, information needed to estimate fair market value based on current revenue projections were not available as of September 30, 2014. As of September 30, 2015, a financial analysis of the value of DART investment managed HOV lane projects is determined to be $13.6 million. As a result a decline in value of $66.5 million is recorded as a loss on HOV lane investment in the Statements of Changes in Net Position as of September 30, 2015. These investments are shown on the Statement of Net Position at fair value as of September 30, 2015 and will be reviewed annually for a change in value. As of September 30, 2015, the Statements of Net Position reflects these Investments in Managed HOV Lane Agreements totaling $13,600 compared to $65,704 as of September 30, 2014.

7. CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2015 and 2014 are shown as follows:

	Beginning Oct. 1, 2014	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2015
Non-Depreciable Assets					
Land and right-of-way	$609,498	$ -	$(139)	$7,369	$616,728
Capital projects in progress	70,845	110,251	-	(79,972)	101,124
Total non-depreciable assets	680,343	110,251	(139)	(72,603)	717,852
Depreciable Assets					
Transitways	3,845,836	-	-	15,000	3,860,836
Buildings and improvements	746,585	-	-	1,860	748,445
Revenue and non-revenue vehicles and equipment	1,303,485	-	(67,530)	51,084	1,287,039
Furniture, fixtures, and Leasehold improvements	59,872	-	(8)	4,659	64,523
Total depreciable assets	5,955,778	-	(67,538)	72,603	5,960,843
Less accumulated depreciation					
Transitways	931,205	129,433	-	-	1,060,638
Buildings and improvements	316,802	25,008	-	-	341,810
Revenue and non-revenue vehicles and equipment	527,137	76,992	(67,386)	-	536,743
Furniture, fixtures, and Leasehold improvements	50,973	6,619	(8)	-	57,584
Total accumulated depreciation	1,826,117	238,052	(67,394)	-	1,996,775
Depreciable assets, net	4,129,661	(238,052)	(144)	72,603	3,964,068
Total capital assets	$4,810,004	$(127,801)	$(283)	$ -	$4,681,920

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	Beginning Oct. 1, 2013	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2014
Non-Depreciable Assets					
Land and right-of-way	$578,169	$ -	$(951)	$32,280	$609,498
Capital projects in progress	205,542	189,189	-	(323,886)	70,845
Total non-depreciable assets	783,711	189,189	(951)	(291,606)	680,343
Depreciable Assets					
Transitways	3,696,268	-	(34,751)	184,319	3,845,836
Buildings and improvements	745,314	-	(833)	2,104	746,585
Revenue and non-revenue vehicles and equipment	1,319,261	-	(119,603)	103,827	1,303,485
Furniture, fixtures, and Leasehold improvements	61,184	-	(2,668)	1,356	59,872
Total depreciable assets	5,822,027	-	(157,855)	291,606	5,955,778
Less accumulated depreciation					
Transitways	820,845	124,719	(14,359)	-	931,205
Buildings and improvements	292,055	25,565	(818)	-	316,802
Revenue and non-revenue vehicles and equipment	568,776	77,597	(119,236)	-	527,137
Furniture, fixtures, and leasehold improvements	46,450	7,189	(2,666)	-	50,973
Total accumulated depreciation	1,728,126	235,070	(137,079)	-	1,826,117
Depreciable assets, net	4,093,901	(235,070)	(20,776)	291,606	4,129,661
Total capital assets	$4,877,612	$(45,881)	$(21,727)	$ -	$4,810,004

Depreciation included $2,503 of impairment loss for two light rail vehicles and two buses damaged in accidents in 2014.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Years
Buildings and improvements	20-30
Buses and equipment	4-12
Furniture, fixtures, and leasehold improvements	3-10
Facilities and transitways (LRT System and HOV lanes)	20-30
Light rail transit vehicles and remanufactured diesel cars	25

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND REPAYMENT DUE TO STATE COMPTROLLER

Accounts payable and accrued liabilities at September 30 are as follows:

Description	2015	2014
Accounts payable and accrued liabilities		
Payroll	$16,808	$15,462
Accrued paid time off, vacation and sick leave	24,313	23,211
Self insurance liabilities	16,017	16,864
Other operating liabilities	37,846	31,959
Total operating expense related	94,984	87,496
Non-operating expense and capital related	9,445	19,422
Total accounts payable and accrued liabilities	104,429	106,918
Non-current	34,636	34,573
Current	$69,793	$72,345

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The Texas State Comptroller collects the 1% sales and use tax from tax payers for DART. Sales and use tax revenues are subject to audits by the State Comptroller, which sometimes results in repayments to the State. Outstanding repayments and changes in the repayments due to the State Comptroller at September 30 are as follows:

Description	2015	2014
Beginning balance	$10,223	$11,047
Payments	(824)	(824)
Ending balance	9,399	10,223
Non-current	8,575	9,399
Current	$824	$824

9. ACCRUED PAID TIME OFF (PTO) VACATION AND SICK LEAVE

Changes in accrued PTO, vacation, and sick leave for the years ended September 30 are shown in the following table.

Description	2015	2014
Beginning balance	$23,211	$22,495
Additions	2,361	1,788
Payments	(1,259)	(1,072)
Ending balance	$24,313	$23,211
Amounts due in one year	$1,072	$993

10. LOCAL ASSISTANCE PROGRAM

In 1989, DART created a Local Assistance Program (LAP) to provide technical and financial assistance to cities for the implementation of projects to reduce traffic congestion and complement bus and public transit operations. Eligible member jurisdictions are responsible for developing and submitting projects to DART for approval in order to receive distribution of these funds. According to the terms of inter-local agreements, DART allocated a percentage of its annual sales and use tax collections for the LAP program. Eligible member jurisdictions received 15% of the estimated sales and use taxes collected within that jurisdiction, except Irving, which received 7.5%. Dallas, University Park, and Highland Park were not eligible. The LAP program ended in 2004. Accrued but unpaid funds were carried over to succeeding years and were recorded as a liability on the accompanying Statements of Net Position.

Changes in Local Assistance Program Payable for the years ended September 30 are as follows:

Description	2015	2014
Beginning balance	$1,497	$1,997
Payments	(161)	(500)
Ending balance	$1,336	$1,497

11. FINANCE OBLIGATIONS UNDER CAPITAL LEASE/LEASEBACK

DART has entered into lease transactions in which certain capital assets are leased to investors (headlease) and simultaneously leased back (sublease). Under these transactions, DART maintains the right to continued use and control of the assets through the end of the lease term and is required to insure and maintain the assets. The headleases and subleases have been recorded as capital lease/leaseback for accounting purposes. The following table summarizes DART capital lease/leaseback transactions as of the respective transaction date.

Lease Date	Property	Fair Market Value At Closing Date	Prepayment Received On Head Lease	Amount Invested to Satisfy Sublease Obligation	Cash Benefit	Repurchase Option Date	Sublease Termination Date
9/28/00	28 Light rail cars	$91,000	$91,000	$84,000	$7,000	01/02/23	12/15/23
10/26/00	25 Light rail cars	81,000	81,000	74,700	6,300	01/02/25	12/15/25
7/10/02	Buses – Lot 3	15,367	15,367	14,838	529	01/01/14	12/15/14

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The subleases provide DART with an opportunity, at its sole discretion, to repurchase equipment on specified dates. As these dates approach, DART will complete a financial analysis on each specific lease to determine if it is financially beneficial to repurchase the equipment. At this point in time, DART anticipates that it will exercise the repurchase option on all of its remaining leases at the specified dates and has reflected this option in the amortization.

The following table shows the book value of the light rail cars and buses under the lease/lease back agreements as of September 30, 2015 and 2014.

Lease Date	Property	Book value as of 9/30/2015	Book value as of 9/30/2014
9/28/00	28 Light rail cars	$28,117	$31,168
10/26/00	25 Light rail cars	28,737	31,620
7/10/02	Buses – Lot 3	-	13

The net present value of the future sublease payments has been recorded as both a short-term and long-term liability in the accompanying Statements of Net Position. Prepayments received from the head lease were invested to satisfy the sublease obligations. Since the investments have been structured to meet all future obligations under the subleases at all times when due, the investment balances have been recorded to equal the sublease liabilities on the accompanying Statements of Net Position. The benefits from these transactions, net of transaction costs, were recorded as non-operating revenues in the Statements of Revenues, Expenses, and Changes in Net Position in the fiscal year each transaction occurred.

The capital lease/leaseback liabilities are reported as follows on the Statements of Net Position:

	2015	2014
Amounts due within one year	$12,210	$14,096
Amounts due in more than one year	188,888	185,909
Total	$201,098	$200,005

Each of the lease/leaseback transactions has specific performance requirements for DART when the financial rating of the Payment Undertaker insurer falls below a specified level. During fiscal year 2010, credit ratings of two of three financial institutions insuring DART's lease/leaseback transactions were downgraded below certain levels specified in the lease/leaseback agreements. As a result, DART has entered into an amended agreement to reset the acceptable credit rating to be maintained at or above BBB for one of these two transactions. For the other lease/leaseback obligation, DART also entered into an additional Equity Security Agreement that requires it to set aside certain investments as security. As of September 30, 2015, DART has set aside $9,334 compared to $9,785 as of September 30, 2014 for this purpose. These amounts are shown as investments restricted as security for lease/lease back liabilities in the Statements of Net Position.

Changes in the capital lease/lease back obligations for the years ended September 30 are shown below:

Description	2015	2014
Beginning balance	$200,005	$220,704
Accrued interest	15,189	15,510
Retirements	(14,096)	(36,209)
Ending Balance	$201,098	$200,005

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The following schedule shows future minimum sublease payments as of September 30, 2015 for the outstanding lease capital lease/leaseback transactions.

Year Ending September 30	Minimum Sublease Payments
2016	$12,210
2017	12,210
2018	12,210
2019	12,210
2020	12,210
2021 – 2025	271,613
2026	7,801
Total minimum sublease payments due under capital lease/leaseback	340,464
Less: amount representing interest	(139,366)
Present value of minimum sublease payments	$201,098

12. SENIOR SUBORDINATE LIEN SALES TAX REVENUE COMMERCIAL PAPER NOTES PAYABLE

In January 2001, the DART Board approved the issuance of up to $650 million of Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes under the provisions of the Master Debt Resolution.

Commercial Paper Self-liquidity Program- after the Revolving Credit Agreement was terminated, the DART Board approved a new Commercial Paper Self-liquidity Program that allows DART to issue up to $200 million in commercial paper notes backed by self-liquidity. Under this program, DART provides self-liquidity in an aggregate principal amount of $200 million and 90 days interest calculated at an interest rate 12% of the outstanding commercial paper debt. DART also maintains at least 2.0 times the debt service coverage amount for the self-liquidity commercial paper notes and ensures that no more than $35 million of the commercial paper notes mature within five days. During fiscal year 2015 and 2014, DART has complied with these requirements of the self-liquidity program. As of September 30, 2015, DART has $200 million in outstanding commercial paper notes issued under the self-liquidity program.

Commercial paper notes are issued in blocks for terms from 1 to 270 days and recorded as current liabilities on the Statements of Net Position. The average interest rate on outstanding commercial paper was 0.08% at September 30, 2015 and 0.24% at September 30, 2014.

Changes in the Commercial Paper Notes for the years ended September 30 are shown below:

Description	2015	2014
Beginning balance	$ 180,000	$ 100,000
Additions	530,000	550,000
Retirement	(510,000)	(470,000)
Ending Balance	$ 200,000	$ 180,000

The maximum principal of outstanding Commercial Paper Notes did not exceed the $200 million limit during either year.

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13. SENIOR LIEN REVENUE BONDS

The DART Board has approved several issuances in accordance with the Master Debt Resolution. These bonds are Senior Lien Revenue Bonds that are secured by, and payable from pledged revenues. Pertinent information related to each bond outstanding is shown below:

	Board	Original		Interest rates (Yields) range		Maturity date range		Optional Redemption	
Bond Series	Approval Date	Issue Amount	Date issued	From	To	From	To	Bonds maturing after	Earliest call date
2007*	Jan. 2007	$770,270	3/08/07	4.0%	5.3%	12/1/07	12/1/36	12/1/17	12/1/16
2008	Apr. 2008	731,415	6/23/08	4.5%	5.3%	12/1/09	12/1/48	12/1/18**	12/1/17
2009A	May 2009	170,385	6/25/09	2.8%	4.3%	12/1/14	12/1/22	12/1/19	6/1/19
2009B	May 2009	829,615	6/25/09	6.0%	6.3%	12/1/23	12/1/44	12/1/34	5/31/19
2010A	Sep. 2010	95,235	10/7/10	2.0%	5.0%	12/1/13	12/1/23	12/1/21	12/1/20
2010B	Sep. 2010	729,390	10/7/10	4.9%	5.0%	12/1/37	12/1/48	Not applicable	
2012	April 2012	127,775	11/15/12	1.0%	5.0%	12/1/13	12/1/42	12/1/22	12/1/22
2014A***	Oct. 2014	379,480	12/11/14	2.0%	5.0%	12/1/14	12/1/36	12/1/25	12/1/24
2014B***	Nov. 2014	46,555	12/11/14	5.0%	5.3%	12/1/33	12/1/43	12/1/36 & 12/1/43	12/1/33 & 12/1/39

* The series 2007 bond issuance included $328,235 to partially refund Series 2001 and 2002 bonds.
** The Series 2008 bonds maturing after December 1, 2018 are subject to optional redemption with the exception of those maturing on December 1, 2029 and 2030.
***The series 2014A and 2014B were issued to refund series 2007 and 2008 bonds totaling $453,125.

In June 2009, DART issued and sold $170,385 in tax exempt Senior Lien Sales Tax Revenue Bonds (Series 2009A Bonds), and $829,615 in taxable Senior Lien Sales Tax Revenue Bonds (Series 2009B Bonds) to finance capital expenditures for DART's system expansion and acquisition. The Series 2009B bonds are taxable bonds issued under the Build America Bond program of the American Recovery and Reinvestment Act of 2009 (ARRA). In accordance with ARRA, DART receives a tax credit from the United States Treasury in amounts equal to 35% of the interest payable amount on the Series 2009B Bonds. However, during fiscal years 2015 and 2014, this tax credit was reduced by 7.3% and 7.2% due to budget cuts or "sequestration" by the federal government.

In October 2010, DART issued and sold $95,235 in tax exempt Senior Lien Sales Tax Revenue Bonds (Series 2010A Bonds), and $729,390 in taxable Senior Lien Sales Tax Revenue Bonds (Series 2010B Bonds) to finance capital expenditures for DART's system expansion and acquisition. The Series 2010B bonds are taxable bonds issued under the Build America Bond program of the American Recovery and Reinvestment Act of 2009 (ARRA). In accordance with ARRA, DART receives a tax credit from the United States Treasury in amounts equal to 35% of the interest payable amount on the Series 2010B Bonds. However, during fiscal years 2015 and 2014, this tax credit was reduced by 7.3% and 7.2% respectively, due to budget cuts or "sequestration" by the federal government.

During 2015, DART recorded tax credits of $28,289 compared to $28,259 for 2014 as Build America Bonds tax credit in the Statements of Revenues, Expenses and Changes in Net Position.

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Additional bonds may not be issued unless gross sales and use tax revenues exceed maximum debt service by at least 200% for 12 of the last 18 months. Changes in revenue bonds (shown at par) for the years ended September 30, 2015 and 2014 are as shown below:

Changes in revenue bonds (shown at par) for the years ended September 30, 2015 and 2014 are as follows:

Bond Series	Balance, 9/30/2013	Retirement	Balance, 9/30/2014	Additions	Retirement	Balance, 9/30/2015	Amounts due in one year
2007	$740,155	$(5,350)	$734,805	$	$(348,015)	$386,790	$17,115
2008	718,540	(11,335)	707,205	-	(110,755)	596,450	8,090
2009A	170,385	-	170,385	-	(15,465)	154,920	16,230
2009B	829,615	-	829,615	-	-	829,615	-
2010A	95,235	(14,365)	80,870	-	(14,935)	65,935	4,435
2010B	729,390	-	729,390	-	-	729,390	-
2012	127,775	(2,125)	125,650	-	(2,170)	123,480	2,245
2014A	-	-	-	379,480	-	379,480	-
2014B	-	-	-	46,555	-	46,555	-
Total	$3,411,095	$(33,175)	$3,377,920	$426,035	$(491,340)	$3,312,615	$48,115

The revenue bonds shown above are at face value. They are shown in the Statements of Net Position includes the original issuance premium of $130,068 and $86,579 as of September 30, 2015 and 2014, respectively. Below is a summary of debt service requirements of the Senior Lien Revenue Bonds outstanding as of September 30, 2015:

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2016	$48,115	$172,557	$220,672	$(28,391)	$192,281
2017	50,490	170,150	220,640	(28,391)	192,249
2018	52,365	167,698	220,063	(28,391)	191,672
2019	54,905	165,031	219,936	(28,391)	191,545
2020	57,650	162,265	219,915	(28,391)	191,524
2021 – 2025	332,195	763,311	1,095,506	(144,683)	950,823
2026 – 2030	408,955	664,961	1,073,916	(138,480)	935,436
2031 – 2035	515,760	538,289	1,054,049	(121,147)	932,902
2036 – 2040	625,580	382,799	1,008,379	(95,562)	912,817
2041 – 2045	732,045	198,668	930,713	(47,891)	882,822
2046 – 2049	434,555	38,088	472,643	(8,258)	464,385
TOTAL	$3,312,615	$3,423,817	$6,736,432	$(697,976)	$6,038,456

14. TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) BONDS

On December 13, 2012 DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S Department of Transportation. Under this agreement, DART issued a Senior Lien Obligation bond to borrow up to $119,972 from the U.S Department of Transportation at an interest rate of 2.91%. The proceeds from the bond were used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extended DART's light rail service from Irving to the Dallas Fort Worth International Airport. According to the TIFIA financing agreement, the U.S. Department of Transportation (DOT) reimburses DART for eligible capital project costs. DART received $45,000 during fiscal year 2013, $55,000 during fiscal year 2014 and $5,000 during fiscal year 2015. Since the project cost is lower than budget, DART borrowed only $105,000 instead of the maximum amount of $119,972 allowed in the agreement. The TIFIA bond is a Senior Lien Obligation and is secured by and payable from Pledged Revenues on parity with other Senior Lien Obligations.

The table on the next page summarizes estimated debt service requirements of the TIFIA financing agreement executed on December 13, 2012.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

Summary of estimated debt service requirements of TIFIA bonds as of September 30, 2015 is as follows:

Year Ended September 30	Principal	Interest	Total TIFIA Bond Debt Service
2016	$ -	$3,059	$3,059
2017	2,032	3,018	5,050
2018	2,091	2,961	5,052
2019	2,151	2,899	5,050
2020	2,214	2,839	5,053
2021 – 2025	12,075	13,153	25,228
2026 – 2030	13,937	11,262	25,199
2031 – 2035	16,087	9,076	25,163
2036 – 2040	18,568	6,555	25,123
2041 – 2045	21,431	3,641	25,072
2046 – 2049	14,414	603	15,017
TOTAL	$105,000	$59,066	$164,066

The annual debt service requirements for the TIFIA bond range from $3,059 in fiscal year 2016 to $5,053 in fiscal year 2020.

15. PLEDGED REVENUES

DART has pledged sales and use tax and farebox revenues as security for revenue bonds, TIFIA Bonds and commercial paper debts. The amount of the pledge is equal to the remaining debt service requirements for these obligations. These obligations were issued to pay for DART's system expansion and acquisition costs. The pledge continues for the remaining life of these obligations, which is currently through fiscal year 2049. Total principal and interest remaining on the revenue bonds as of September 30, 2015 is $6.7 billion before Build America Bonds tax credits of $698 million (see the second table on page 31). The annual debt service requirements for these bonds, before Build America Bonds tax credits, range from $220,672 in fiscal year 2016 to $116,201 in fiscal year 2049. For the current fiscal year, debt service on the bonds (including principal and interest) is $226,564. Bonds have a senior lien on pledged revenues.

Total estimated principal and interest remaining on the revenue bonds as of September 30, 2015 is $164 million. The annual debt service requirements for the TIFIA bonds range from $3,059 in fiscal year 2016 to $5,053 in fiscal year 2020. For the current fiscal year, debt service on the TIFIA bonds is $2,953 for payments of interest. TIFIA bonds have a senior lien on pledged revenues.

Total principal and interest remaining on commercial paper as of September 30, 2015 is $200,025 compared to $180,020 as of September 30, 2014. Interest payments on commercial paper notes during the current fiscal year totaled $162. Commercial Paper notes have a subordinate senior lien on pledged revenues.

16. DEBT REFUNDINGS

In fiscal year 2007, DART issued $770,270 in Senior Lien Sales Tax Revenue Bonds (Series 2007 bonds) to refund the Series 2001 and 2002 Bonds and the Series 2001 Commercial Paper Notes. As a result, the Series 2001 Commercial Paper Notes, and a portion of the Series 2001 and 2002 bonds are considered defeased and the liability for those notes, bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2007 refunding, DART recognized a book loss (a difference between the reacquisition price and the carrying amount of the old debt) of $16,534, a reduction in debt service of $21,413 and an economic gain of $9,294. During 2011, DART issued the Series 2010A bonds to refund a portion of Series 2001, 2002 and 2008 bonds. As a result, the Series 2001, 2002 and 2008 bonds in the total amount of $102,775 are considered to be defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2011 refunding, DART recognized a book loss of $7,883, a reduction in debt service of $3,945 and an economic gain of $8,786.

In December 2014, DART issued the Series 2014A and 2014B bonds to refund a portion of Series 2007 and 2008 bonds. As a result, the Series 2007 and 2008 bonds in the total amount of $453,125 are considered to be defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2014 refunding, DART recognized a book loss of $29,477, a reduction in debt service of $51,446 and an economic gain of $35,555.

As of September 30, 2015 and 2014, the unamortized portion of the book loss of $36,039 and $13,965 respectively have been included in the Statements of Net Position under the deferred outflows of resources section.

As of September 30, 2015, $403,125 of these refunded DART bonds remains outstanding compared to none as of September 30, 2014.

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17. EARLY EXTINGUISHMENT OF DEBT

In May 2014, DART used its own financial resources and paid $7,887 to defease a bond with a face value of $7,695 and an interest of $192. The maturity date for this bond was December 1, 2014. The difference between the reacquisition price and the carrying amount of this debt is not material.

18. PENSION, RETIREMENT, AND DEFERRED COMPENSATION PLANS

DART operates several employee benefit plans. The plans include DART Employees' Defined Benefit Plan (formerly the Dallas Transit System [DTS] pension plan), DART Retirement Plan, and DART Capital Accumulation Plan and Trust. DART is the administrator of these retirement plans and has the authority to establish and amend the plans.

Defined Benefit Plan

GASB Statements No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No.71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

Plan description. The DART Employees Defined Benefit Retirement Plan and Trust (the DB Plan) is a single-employer defined benefit pension plan that was designed to provide retirement, death, and disability benefits to certain employees of DART. On October 1, 1995, the DTS Employees Retirement Plan (Plan A) was amended to become the DB Plan. Participants of the DB Plan are those employees who were members of the former plan on September 30, 1995. Those employees who elected to be covered under Plan A have eligibility, vesting, and benefit provisions different from those who elected the DB Plan.

Contributions. Contributions to the DB Plan, as stipulated by the "Sale, Purchase, and Transfer Contract Between the City of Dallas and Dallas Area Rapid Transit," are based upon Dallas Area Rapid Transit's agreement to contribute an amount at least equal to the minimum funding standard under Section 412 of the Internal Revenue Code of 1986, as if the Plan were subject to Section 412. An actuary determines the contribution amount that DART pays to the plan each year. Participants who were in the Plan on September 30, 1995 are required to contribute 3% of their base monthly salaries to the Plan. Other participants are not required to contribute to the DB Plan. DART's contribution amount is actuarially determined on an annual basis.

Actual contributions made to the DB Plan during the years ended September 30, 2015 and 2014 are as follows:

	2015	2014
Employer contributions	$8,706	$9,122
Employee contributions	2	2
	$8,708	$9,124

Benefit terms. Participants under the provisions of Original Plan A may elect normal retirement at age 60 or at the date at which the sum of their credited service and age equals 90. Participants who elected to remain under the provisions of the original plan receive monthly benefits equal to 2% times the years of credited service multiplied by the participant's final average monthly compensation. Participants in Amended Plan A are entitled to monthly benefits equal to: 2% times the number of years of credited service up to October 1, 1983; plus 1.5% times the number of years of credited service after October 1, 1983; times the participant's final average monthly compensation. A participant may elect early retirement at age 55 with 10 years of service (30 years of service for participants under the Original Plan A). Monthly income under this election will equal normal retirement benefits reduced by 5/12 of 1% for each full month by which the participant's early retirement date precedes the normal retirement date.

Cost of living adjustments. Annually each monthly retirement payment made to or on behalf of a retired participant, or a beneficiary, shall be subject to a cost of living adjustment. But such adjustment in any year shall only be made with respect to the benefits of persons whose immediate entitlement to benefits commenced prior to such year. The adjustment, up or down, shall be applied to each benefit so payable, except that in the case of commuted amounts and/or lump sum settlements no account shall be taken of future changes in cost of living adjustment occurring after the date as of which such settlement is made. The adjustment, up or down, shall for any year result in a percentage change in the base benefit.

Employees covered by the benefit terms. The following participants were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	751
Inactive employee entitled to but not yet receiving benefits	187
Active employees	326
	1,264

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Actuarial Assumptions - The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to the periods included in the measurement:

Valuation Date	September 30, 2014
Inflation	2.5% per annum
Salary Increases	3.25% per annum
Investment Return	7% compounded annually, net of expenses
Measurement date	Census data was collected as of October 1, 2013. Liabilities measured as of the census date were projected to September 30, 2014 assuming no demographic gains or losses.
Mortality	RP-2000 combined mortality table for males and females increased by 8.59% and projected generationally from 2000 by Scale AA.
Disability Mortality	RP-2000 disabled mortality tables for males and females.
Early Retirement Age	55
Normal Retirement Age	60
Actuarial Cost Method	Entry Age Normal (level percent of pay)

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of October 1, 2014 are summarized in the following table (note that the rates shown below include the inflation components):

	Target Allocation	Estimate of expected long-term rate of return
U.S. Market Equities	44%	12.92%
U.S. Market Fixed Income	40%	10.70%
International Equities	8%	4.84%
Opportunity Fund (hedge funds and other alternative investments)	8%	8.16%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that DART contributions will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a municipal bond rate of 3.51% would have been used in the development of the blended GASB discount rate after that point. The 3.51% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 9/30/2014	$215,207	$146,787	$68,420
Change for the year:			
Service cost	502	-	502
Interest	14,674	-	14,674
Benefit payments	(11,364)	(11,364)	-
Contributions-employer	-	9,122	(9,122)
Contributions-employee	-	2	(2)
Net investment income, net of expenses	-	12,532	(12,532)
Administrative expenses	-	(250)	250
Net Changes	3,812	10,042	(6,230)
Balance at 9/30/2015	$219,019	$156,829	$62,190

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*Sensitivity of the net pension liability to changes in discount rate***.** The following presents the net pension liability of DART, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
DART's net pension liability	$88,366	$62,190	$40,258

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued DART Employees Defined Benefit Retirement Plan and Trust financial report.

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

For the year ended September 30, 2015, DART recognized pension expense of $4,903. At September 30, 2015, DART reported deferred inflows of resources related to pensions from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on pension plan investments	$ -	$2,011
Employer contribution made after measurement date	8,706	-
Total	$8,706	$2,011

DART reported $8,706 as a deferred outflows of resources related to pensions resulting from contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Year ended September 30:	
2016	$(503)
2017	(503)
2018	(503)
2019	(502)

GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*

Actuarial Assumptions for fiscal year 2014 - The net pension assets for fiscal years 2014 were computed as part of an actuarial valuation performed and dated as of the first day of the fiscal periods, October 1, 2013. Significant actuarial assumptions for the DB Plan are shown below:

Valuation Date	October 1, 2013
Investment Return	7% compounded annually, net of expenses
Salary Increases	3.25% per annum
Mortality	RP 2000 combined mortality tables for males and females with rates increased by 8.59% and with generational projection from 2000 by Scale AA
Disability Mortality	RP 2000 mortality tables for males and females
Early Retirement Age	55
Normal Retirement Age	60
Cost-of-Living Adjustments	2.5% per annum
Actuarial Cost Method	Projected Unit Credit Cost Method

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For plan years 2014 and 2013, the net pension asset was as follows:

	2014	2013
Annual required contribution	$7,133	$7,310
Interest on net pension asset	(662)	(544)
Adjustment to annual required contribution	762	626
Annual pension cost	7,233	7,392
Employer contributions	9,122	9,074
Increase in net pension asset	1,889	1,682
Net pension asset, beginning of year	9,457	7,775
Net pension asset, end of year	$11,346	$9,457
Percentage of annual pension cost contributed	126%	123%

The actuarial value of plan net position is determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized using a level dollar amount on a closed basis with no amortization period exceeding 30 years.

Funding Progress - The schedule of funding progress for the DART Employees Defined Benefit Retirement Plan is included in the Required Supplementary Information. The data for the most recent valuation is as follows:

	Actuarial Valuation Date 10/1/13
Actuarial value of assets	$142,664
Actuarial accrued liability (AAL) projected unit credit	201,706
Unfunded AAL (UAAL)	59,042
Funded ratio	70.7%
Covered payroll	19,438
UAAL as a % of covered payroll	303.7%

Additional trend information for the DB Plan can be obtained by writing to the DB Plan, Dallas Area Rapid Transit, P.O. Box 660163, Dallas, Texas 75266-7240.

DART Retirement Plan – DART has adopted a defined contribution retirement plan for all employees not covered by the pension plans described above. DART contributes an amount equal to 7.7% of each participant's annual compensation to the plan. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART's contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately $14,879 and $14,451 for the years ended September 30, 2015 and 2014, respectively.

DART Capital Accumulation Plan – 401(k) – DART has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k), which allows employees to contribute up to 50% of their annual compensation to the plan subject to the annual contribution limits of the Internal Revenue Service. DART matches 50% of the employee's contribution up to a maximum of 3% of the employee's annual compensation. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART's contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately $4,890 and $4,920 for the years ended September 30, 2015 and 2014, respectively.

Annual financial statements for each of the three retirement plans discussed above may be obtained by contacting the Chief Financial Officer at Dallas Area Rapid Transit, 1401 Pacific Avenue, P.O. Box 660163, Dallas, TX 75266-7220.

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19. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS

Plan Description - DART administers a single-employer defined benefit of other post employment benefits (OPEB) Plan. The plan provides healthcare and life insurance for eligible retirees and their spouses through DART's group health plan and group life plan, which covers both active employees and retired members. Eligibility criteria for the post employment health care and life insurance benefits are as follows: Participants of the defined benefit pension plan will be eligible at age 55 with a minimum of ten years of service to DART. Participants of the defined contribution pension plan will be eligible at age 60 with a minimum of ten years of service to DART. The plan does not issue separate stand-alone financial reports.

Funding Policy - DART's contribution to the retiree healthcare and life insurance is an annual required contribution (ARC) determined actuarially based on the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortization of any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The ARC is 2.3% and 3.0% of annual covered payroll for fiscal years 2015 and 2014. Retirees also make monthly contributions to the healthcare plan. Such contributions are determined annually by the plan administrator based on expected annual cost. For the years ended September 30, 2015 and 2014, DART's annual required contributions to other post employment benefits (OPEB) trust were $4,313 and $5,141. These contribution amounts are the same as annual OPEB costs for both years. The OPEB trust was set up during the fiscal year 2008 for the first time and is not included in those financial statements. DART has 299 retirees and surviving spouses that participate in the medical plan and 286 that participate in the life insurance plan as of September 30, 2015 compared to 269 participants in the medical plan and 287 in the life insurance plan as of September 30, 2014.

Actuarial Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial evaluations were performed for the OPEB Plan as of September 30. The following two tables show the summaries of significant actuarial assumptions:

Valuation Date	September 30, 2015
Investment Return	7.00%
CPI increase	2.5%
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage
Health Care Trend rate (Health care inflation rate)	Initial (year 2015) 8%, ultimate 5%. Ultimate year 2024.
Mortality	For active employees and healthy retirees and dependents, the SOA RP-2014 Blue Collar Headcount-weighted mortality projected with the MP-2014 improvement scale on a fully generational basis. For disabled retirees, the SOA RP-2014 Disabled Headcount-weighted mortality projected with the MP-2014 improvement scale on a fully generational basis.
Aging Factor	3% per annum for Pre-65 and 2% for Post-65
Eligibility for Coverage	For Defined Benefit Pension Plan participants: age 55 and 10 years of service and for Defined Contribution Pension Plan participants: age 60 and 10 years of service
Dependent coverage	For active employees, 40% are assumed to be married at retirement with the spouse electing coverage. Female spouses are assumed to be four (4) years younger than their husbands. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Projected Unit Credit
Salary Increases	3.25% per annum
Amortization	30 Years Level Dollar Amortization Method, Open period
Measurement Date	September 30, 2014

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Valuation Date	September 30, 2014
Investment Return	7.00%
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage
Health Care Trend rate (Health care inflation rate)	Year 2014 trend is 8% for Aetna dropping to 5% in 2016. Year 2014 trend is 10.5% for Secure Horizons Medicare Advantage Plan, trending down to 8.5% in 1% increments where they stay level for five years before dropping to 5% in 2022.
Mortality	RP 2000 combined mortality tables for males and females with rates increased by 8.59% and with generational projection from 2000 by Scale AA.
Aging Factor	3% per annum for Pre-65 and 2% for Post-65
Eligibility for Coverage	For Defined Benefit Pension Plan participants: age 55 and 10 years of service and for Defined Contribution Pension Plan participants: age 60 and 10 years of service
Dependent coverage	For active employees, 40% are assumed to be married at retirement with the spouse electing coverage. Female spouses are assumed to be four (4) years younger than their husbands. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Projected Unit Credit
Salary Increases	3.25% per annum
Amortization	30 Years Level Dollar Amortization Method, Open period

Annual OPEB Cost and Net OPEB Asset - For plan years 2015 and 2014, annual OPEB cost and the net OPEB asset were as follows:

	2015	2014	2013
Annual required contribution	$4,313	$5,141	$4,996
Annual OPEB cost	4,313	5,141	4,996
Total employer contributions	4,313	5,141	4,996
Increase in net OPEB obligation (decrease in net OPEB asset)	-	-	-
Net OPEB asset (obligation), beginning of year	-	-	-
Net OPEB asset (obligation), end of year	$ -	$ -	$ -
Percentage of annual OPEB cost contributed	100%	100%	100%

Funding Progress - The schedule of funding progress for the DART Other Postemployment Benefits (OPEB) is included in the Required Supplementary Information. The data for the two most recent valuations are as follows:

	Fiscal Year Ended	
	9/30/15	9/30/14
Actuarial value of assets	$36,235	$30,243
Actuarial accrued liability (AAL)	$52,034	$58,315
Unfunded AAL (UAAL)	$15,799	$28,072
Funded ratio	69.6%	51.9%
Covered payroll	$185,181	$174,557
UAAL as a % of covered payroll	8.5%	16.1%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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20. CLAIMS AND LITIGATION

In the ordinary course of business, a number of claims and lawsuits arise from individuals seeking compensation for personal injury, death, and/or property damage resulting from accidents occurring in the operation of the system. In addition, DART has been named as a defendant in a number of lawsuits relating to personnel and contractual matters. Management does not believe that the outcome of these claims will have a material adverse effect on DART's financial statements.

21. COMMITMENTS AND CONTINGENCIES

The Board has approved a Transit System Plan, which includes the design and construction of a 46-mile light rail transit (LRT) extension from Downtown Dallas to Buckner Blvd. (the Southeast Corridor) and from Downtown Dallas to Farmers Branch, Carrollton, and Irving (the Northwest Corridor) and from downtown Garland to Rowlett (Rowlett extension) and the three miles extension of the Blue Line from Ledbetter Station toward the University of North Texas (UNT) Dallas Campus located at the southeast corner of Camp Wisdom Road and University Hills Blvd. The timing and completion of the Transit System Plan is based on economic assumptions made in DART’s 20-year financial plan and is subject to change based on changing economic conditions. The Transit System Plan is forecasted at $4.1 billion as of September 30, 2015. The first section of the southeast extension, Bryan Street to Fair Park, opened for service on September 14, 2009. Other northwest and southeast extensions opened for service during Fiscal Year 2011 and the first section of Irving line segment opened for service in July 2012. The second section of the Irving line segment and the northeast (Rowlett) extension opened for revenue service in December 2012. The third section of the Irving line (Irving-3) opened for service in August 2014. DART has entered into contract commitments for the LRT build out and other capital developments in the amount of $3.5 billion and has spent approximately $3.3 billion of the committed amount as of September 30, 2015.

DART participates in several federal and state grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, no significant contingent liabilities exist relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

DART has entered into certain operating lease agreements. Operating lease expenses are approximately $735 and $817 in 2015 and 2014, respectively.

Future minimum lease payments for all non-cancelable operating leases are as follows:

Fiscal Year	2016	2017	2018	2019	2020
Minimum Lease Payments	$647	$482	$482	$455	$443

DART owns and operates a number of facilities. It also acquires new properties for light rail expansion projects. In some of these properties DART has discovered contamination that may require pollution remediation activity. DART is working with relevant state and federal agencies on pollution remediation plans. Management does not believe that the outcome of these remediation activities will have a material adverse effect on DART’s financial position. Management has accrued an estimate which is included in the accounts payable and accrued liabilities line item in the accompanying Statements of Net Position.

22. DERIVATIVE INSTRUMENTS

Diesel Fuel Hedge

DART has diesel fuel delivery contracts with suppliers for commuter rail vehicles and some DART buses and a gasoline contract for service vehicles. However, the price DART pays for the fuel fluctuates depending on market prices. This exposes DART to significant risk related to fluctuations in the amounts it pays for fuel. It also creates uncertainty in budgeting for fuel costs. In order to minimize the impact of fluctuating fuel market prices on its cash flow, DART has entered into fuel hedge contracts that run from May 1, 2015 to September 30, 2017. The fair values of the derivative instrument associated with this hedge contract were $937 as of September 30, 2015 and no value as of September 30, 2014. The $937 fair value of the fuel hedge contract as of September 30, 2015 is included in the Deferred Outflows of Resources on the Statements of Net Position.

Objective and terms of the fuel hedge contracts

The objective of each of the derivative instruments (diesel fuel hedge contracts) is to hedge changes in cash flows due to market price fluctuations related to expected purchases of diesel fuel for DART buses, commuter rail cars, and service vehicles. The terms of the agreement include DART paying monthly fixed prices and receiving floating prices based on an average of daily mean of Platts US Gulf Coast ultra low sulfur diesel (ULSD) for each month.

Risks

Credit risk – The derivative instrument for fiscal year 2015 to 2017 is held by the same counterparty. As of the end of fiscal year 2015, DART's position in the derivative instrument was a potential outflow of resources. DART could have been exposed to credit risk if the counterparty to the transaction becomes insolvent but that did not happen. The credit rating for the counterparty was A2 during 2015.

Termination risk – DART or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The effect of termination risk on DART is that it will pay market prices for diesel fuel purchased for its operations. No termination event has occurred during fiscal year 2015 and the contract will expire on 9/30/2017.

Contingencies

The fuel hedge contracts include provisions that require DART to post collateral in the event its credit rating falls below A- or A3 as issued by Standard & Poors or Moody's and if the exposure exceeds threshold amounts specified in the derivative instruments (contracts). DART's credit rating as of September 30, 2013 is AA+ as issued by Standards & Poor's or Aa2 as issued by Moody's.

Compressed Natural Gas (CNG) Delivery Contract

Starting from October 1, 2012, DART is replacing its existing diesel and liquefied natural gas operated fleet of buses with new buses that are operated with compressed natural gas (CNG). DART also buys CNG for contractor-owned and operated paratransit vehicles.

During fiscal year 2010, DART entered into a fixed price and indexed price CNG delivery contract for the CNG needed to operate these vehicles. The contract specifies monthly volumes of CNG to be used by DART from October 1, 2012 to September 30, 2020 with 85% of the monthly volumes at a fixed price and 15% at an indexed price. When DART uses lower than the volumes specified in the contract, the excess CNG has to be sold back to market at market price. The market price could be lower or higher than the fixed price and indexed price specified in the contract. The difference between the contract and market price can result in an exposure for DART. The amount of this exposure for DART is not expected to be material and no liability is included in the Statements of Net Position as of September 30, 2015 and 2014.

Objective and terms of the CNG delivery contract - The objectives of the CNG delivery contract are: to ensure that DART has delivery of natural gas for its transit buses and contractor owned and operated paratransit vehicles during the contract period; to fix the price for 85% of monthly volumes; and to minimize the fluctuations in cash flows caused by changes in market prices of CNG.

Risks

Early Termination – subject to payment of early termination damages, either party to the delivery contract may terminate the CNG delivery contract by giving at least thirty (30) days written notice to the other party. The effect of termination risk on DART is that it will pay market prices for CNG purchased for its operations. No termination event occurred during fiscal years 2015 and 2014.

23. NEW ACCOUNTING PRONOUNCEMENTS

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for DART's fiscal year ended September 30, 2016.

In June 2015, GASB issued Statement No. 73**,** *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions in

Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016.

In June 2015, GASB issued statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

In June 2015, GASB issued Statement No. 76**,** *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

In August 2015, GASB issued Statement No. 77**,** *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

In December 2015 GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015 but are not applicable to DART.

In December 2015 GASB issued Statement No. 79 *Certain External Investment Pools and Pool Participants.* This statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for provisions on portfolio quality, custodial credit risk, and shadow pricing which are effective for reporting periods beginning after December 15, 2015.

Management has not yet determined the impact of these statements on the basic financial statements.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (Dollars in Thousands)

24. SUBSEQUENT EVENTS

In December 2015, DART issued and sold $117,470 in Senior Lien Sales Tax Revenue Refunding Bonds (Series 2015 Bonds). These refunding bonds are issued to partially refund existing Series 2007 bonds and are secured by and payable from pledged revenues. Pledged revenues include sales and use tax and farebox revenues. The following table summarizes debt service requirements of the Senior Lien Sales Tax Revenue Bonds including the Series 2015 bonds issued on December 15, 2015 and excluding and TIFIA Loan.

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2016	$48,115	$169,346	$217,461	$(28,391)	$189,070
2017	51,930	167,240	219,170	(28,391)	190,779
2018	53,845	164,933	218,778	(28,391)	190,387
2019	56,140	162,524	218,664	(28,391)	190,273
2020	58,700	159,891	218,591	(28,391)	190,200
2021 – 2025	334,055	755,119	1,089,174	(144,683)	944,491
2026 – 2030	406,640	663,629	1,070,269	(138,480)	931,789
2031 – 2035	515,760	538,289	1,054,049	(121,147)	932,902
2036 – 2040	625,580	382,799	1,008,379	(95,562)	912,817
2041 – 2045	732,045	198,668	930,713	(47,891)	882,822
2046 – 2049	434,555	38,088	472,643	(8,258)	464,385
TOTAL	$3,317,365	$3,400,526	$6,717,891	$(697,976)	$6,019,915

The debt service amounts shown above are net of expected federal subsidies payments on the Series 2009B and 2010B Bonds, with a 6.8% sequestration reduction projected until fiscal year 2024.

Lease/lease back termination- On November 23, 2015, DART entered into a lease termination agreement and terminated the October 26, 2000 lease/lease back transaction. The following amounts related to this terminated lease transaction were included in the Statements of Net Position as September 30, 2015 and 2014.

	9/30/2015	9/30/2014
Restricted investments held to pay capital lease/leaseback liabilities - current	$5,836	$5,836
Restricted investments held to pay capital lease/leaseback liabilities – non-current	87,402	86,153
	$93,238	$91,989
Current portion of Capital lease/leaseback liabilities	$5,836	$5,836
Capital lease/leaseback liabilities (non-current)	87,402	86,153
	$93,238	$91,989

The following schedule shows future minimum sublease payments for the remaining outstanding lease capital lease/leaseback transaction after the November 23, 2015 termination of one of the two leases that were outstanding as of September 30, 2015.

Year Ending September 30	Minimum Sublease Payments
2016	$6,374
2017	6,374
2018	6,374
2019	6,374
2020	6,374
2021 – 2025	141,684
Total minimum sublease payments due under capital lease/leaseback	173,554
Less: amount representing interest	(65,694)
Present value of minimum sublease payments	$107,860

DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF NET PENSION LIABILITY

September 30, 2015 (Dollars in Thousands)

The schedule of changes in the DART's Net Pension Liability and Related Ratios (Dollar amounts in thousands)

	2015
Total pension liability	
Service cost	$502
Interest	14,674
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(11,364)
Net change in total pension liability	3,812
Total pension liability – beginning	215,207
Total pension liability – ending (a)	$219,019
Plan fiduciary net position	
Contributions – employer	$9,122
Contributions – employee	2
Net investment income, net of expenses	12,532
Benefit payments	(11,364)
Administrative expenses	(250)
Net change in plan fiduciary net position	10,042
Plan fiduciary net position - beginning	146,787
Plan fiduciary net position - ending (b)	$156,829
DART's net pension liability (a) – (b)	$62,190
Plan fiduciary net position as a percentage of total pension liability	71.61%
Covered employer payroll	$19,438
DART's net pension liability as a percentage of covered employer payroll	319.94%

Notes to Schedule

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

September 30, 2015 (Dollars in Thousands)

The schedule of DART Contribution to DB Pension Plan (Dollar amounts in thousands)

	9/30/2015	9/30/2014
Actuarially determined contribution	$8,706	$9,122
Contribution in relation to the actuarially determined contribution	8,706	9,122
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll*		$19,438
Contribution as a percentage of covered employer payroll*		46.93%

*Covered employee payroll information as of September 30, 2015 is not available.

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of October 1, in the fiscal year in which contributions are reported. That is, the contribution calculated as of October 1, 2014 will be made during the fiscal year ended September 30, 2015.

Actuarial Cost Method	Projected Unit Credit
Amortization method	Level dollar
Amortization period	Gains and losses are amortized over 15 years, assumption changes are amortized over 30 years, and plan changes are amortized over 30 years.
Asset valuation method	Based on 5-year phase-in of investment gains and losses.
Inflation	2.5%
Investment Return	7.00%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.50%.
Salary Increases	3.25%
Mortality	Healthy mortality rates were based on the RP-2000 combined mortality table for males and females increased by 8.59% and projected generationally from 2000 by Scale AA. Disabled mortality rates were based on the RP-2000 disabled mortality tables for males and females.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

September 30, 2015 (Dollars in Thousands)

The schedule of funding progress for the DART Defined Benefit Pension Plan calculated by the actuaries is as follows:

	Actuarial Valuation Date		
	10/1/13	10/1/12	10/1/11
Actuarial Value of Assets	$142,664	$137,946	$141,480
Actuarial Accrued Liability (AAL) Projected Unit Credit	201,706	199,447	195,504
Unfunded AAL (UAAL)	59,042	61,501	54,024
Funded Ratio	70.7%	69.2%	72.4%
Covered Payroll	19,438	19,467	19,306
UAAL as a % of Covered Payroll	303.7%	315.9%	279.8%

Annual financial statements for the DART Defined Benefit Pension Plan may be obtained by contacting the Chief Financial Officer at Dallas Area Rapid Transit, 1401 Pacific Avenue, P.O. Box 660163, Dallas, TX 75266-7220.

The schedule of funding progress for the DART Other Postemployment Benefits (OPEB) calculated by the actuaries is as follows: The data for the two most recent valuations is based on payroll information as of September 30, 2014

	Actuarial Valuation Date		
	9/30/2015	9/30/2014	9/30/2013
Actuarial Value of Assets	$36,235	$30,243	$24,162
Actuarial Accrued Liability (AAL)	$52,034	$58,315	$52,676
Unfunded AAL (UAAL)	$15,799	$28,072	$28,514
Funded Ratio	69.6%	51.9%	45.9%
Covered Payroll	$185,181	$174,557	$174,557
UAAL as a % of Covered Payroll	8.5%	16.1%	16.3%

* * * * * * * *

STATISTICAL SECTION

The statistical section provides financial statement users with historical perspective and context for understanding the information presented in the financial statements, notes to financial statements, and required supplementary information. It includes five categories of trend information.

Contents **Pages**

Financial Trends - The schedules in this section assist users in understanding and assessing how DART's financial performance and position have changed over the last ten fiscal years.

Revenue Capacity - The schedules in this section assist users in understanding and assessing DART's ability to generate revenues. It focuses on its two major sources of revenues: sales and use tax and passenger fare revenues.

Debt Capacity - These schedules present information to help the reader assess DART's current levels of outstanding debt and ability to issue additional debt in the future.

Demographic and Economic Information - The schedules in this section assist users in understanding the socioeconomic environment in which DART operates.

Operating Information - The schedules in this section provide information on the level of services provided by DART and resources used in providing the services. This section helps users understand how the information in the financial statements relate to the level of services provided and resources used in providing the services.

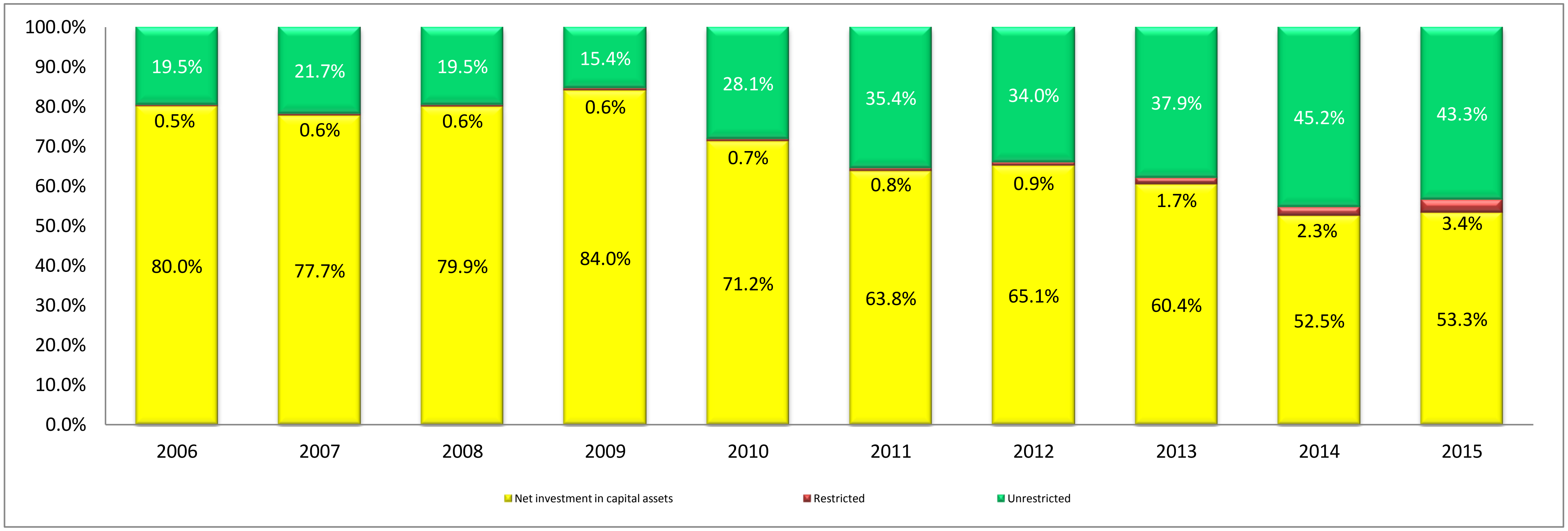
FINANCIAL TRENDS

DALLAS AREA RAPID TRANSIT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
Components of Net Position	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Net investment in capital assets	$1,582,230	$1,627,343	$1,779,450	$2,030,937	$1,741,742	$1,515,210	$1,512,832	$1,320,349	$1,071,576	$938,644
Restricted	9,666	11,827	12,612	15,065	15,765	18,104	21,303	37,633	47,345	59,091
Unrestricted	384,826	454,505	433,770	372,462	687,987	840,297	788,997	827,165	920,666	761,771
Total Net Position	**$1,976,722**	**$2,093,675**	**$2,225,832**	**$2,418,464**	**$2,445,494**	**$2,373,611**	**$2,323,132**	**$2,185,147**	**$2,039,587**	**$1,759,506**



Source: Annual Financial Reports

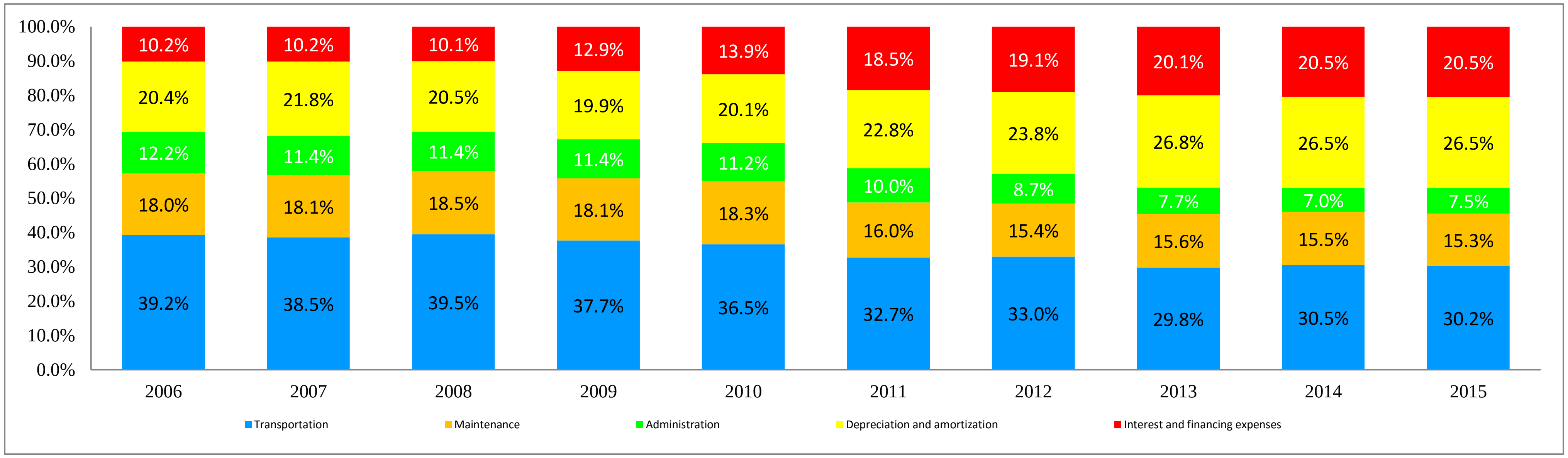
DALLAS AREA RAPID TRANSIT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
OPERATING REVENUES										
Passenger (fare) revenues	$40,799	$41,114	$48,957	$46,712	$52,081	$57,329	$59,809	$67,569	$70,902	$71,012
Advertising, rent and other	9,196	9,430	10,846	10,640	11,149	12,049	20,306	16,146	13,573	14,412
TOTAL OPERATING REVENUES	49,995	50,544	59,803	57,352	63,230	69,378	80,115	83,715	84,475	85,424
OPERATING EXPENSES										
Labor	152,804	160,209	171,804	180,834	193,213	198,290	202,009	211,801	216,188	220,723
Benefits	59,659	54,512	66,422	69,157	80,714	86,548	86,734	87,302	99,851	96,432
Services	27,511	27,919	32,156	31,894	32,323	33,832	30,153	34,775	33,869	35,785
Materials and Supplies	47,140	45,996	57,040	51,279	57,585	51,096	49,120	53,224	44,327	38,487
Purchased Transportation	41,172	42,411	46,749	47,291	50,452	53,466	55,640	43,716	46,900	45,608
Utilities	10,623	10,371	10,765	12,362	13,805	17,047	18,499	20,946	17,151	17,983
Taxes, Leases, and Other	4,806	4,773	5,305	5,685	5,288	5,737	5,732	5,604	5,245	4,829
Casualty and Liability	(1,183)	1,778	3,020	3,320	3,841	3,878	5,048	5,329	4,582	5,983
Operating Expenses (excluding depreciation and amortization)	342,532	347,969	393,261	401,822	437,221	449,894	452,935	462,697	468,113	465,830
Depreciation and amortization expense	104,593	112,965	118,905	121,765	135,324	179,119	192,875	238,710	236,406	239,439
TOTAL OPERATING EXPENSES	447,125	460,934	512,166	523,587	572,545	629,013	645,810	701,407	704,519	705,269
NET OPERATING LOSS	(397,130)	(410,390)	(452,363)	(466,235)	(509,315)	(559,635)	(565,695)	(617,692)	(620,044)	(619,845)
NON-OPERATING REVENUES (EXPENSES)										
Sales and use tax	358,248	389,953	413,341	378,421	376,295	403,228	433,302	456,524	486,564	519,448
Investment income	42,463	47,506	44,947	48,985	29,539	28,434	27,315	2,272	4,037	8,290
Interest income from investments held to pay capital lease/leaseback								18,029	15,510	15,189
Loss on HOV lane investments										(66,465)
Interest expense on capital lease/leaseback								(18,029)	(15,510)	(15,189)
Street improvement for member cities	(2,242)	(684)	(683)	(645)	(1,010)	(1,244)	(5,615)	(6,615)	(2,127)	(560)
Interest and financing expenses	(52,437)	(52,688)	(58,273)	(78,873)	(93,752)	(145,514)	(154,258)	(160,824)	(167,071)	(170,744)
Build America Bonds tax credit				4,730	17,736	30,250	30,462	28,406	28,259	28,289
Other federal and state grants	39,090	40,931	42,490	57,759	50,913	47,566	56,161	17,418	92,211	82,112
Other non-operating revenues	8,960	9,784	17,446	11,997	12,039	13,562	11,392	12,226	15,760	24,371
Other non-operating expenses	(11,143)	(4,439)	(7,636)	(8,431)	(7,251)	(10,844)	(3,445)	(3,848)	(1,621)	(13,691)
Loss on transfer of HOV operations									(20,392)	
Transfer of assets to the City of Dallas										(19,041)
NET OPERATING REVENUES, NET	382,939	430,363	451,632	413,943	384,509	365,438	395,314	345,559	435,620	392,009
LOSS BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	(14,191)	19,973	(731)	(52,292)	(124,806)	(194,197)	(170,381)	(272,133)	(184,424)	(227,836)
Capital Contributions	32,405	96,980	132,888	244,924	151,836	122,314	141,669	134,148	38,864	18,400
Total capital contribution and grants	32,405	96,980	132,888	244,924	151,836	122,314	141,669	134,148	38,864	18,400
CHANGE IN NET POSITION	18,214	116,953	132,157	192,632	27,030	(71,883)	(28,712)	(137,985)	(145,560)	(209,436)
NET POSITION, BEGINNING OF YEAR	1,958,508	1,976,722	2,093,675	2,225,832	2,418,464	2,445,494	2,373,611	2,323,132	2,185,147	2,039,587
Adjustment Due to Change in Accounting Principles							(21,767)			(70,645)
NET POSITION, END OF YEAR	1,976,722	2,093,675	$2,225,832	$2,418,464	$2,445,494	$2,373,611	2,323,132	2,185,147	2,039,587	1,759,506

Source: Annual Financial Reports and internal financial records

DALLAS AREA RAPID TRANSIT
EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
FUNCTION	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Transportation	$201,239	$199,858	$228,431	$230,331	$246,631	$257,546	$267,001	$265,378	$271,425	$273,552
Maintenance	92,478	94,040	107,144	110,691	123,596	125,778	124,708	139,146	138,154	138,662
Administration	62,200	59,194	66,005	69,876	75,255	78,658	70,286	68,636	62,282	67,867
Depreciation and Amortization	104,593	112,965	118,905	121,765	135,324	179,119	192,875	238,710	236,406	239,439
Interest and Financing Expenses	52,437	52,688	58,273	78,873	93,752	145,514	154,258	178,853	182,581	185,933
TOTAL*	**$512,947**	**$518,745**	**$578,758**	**$611,536**	**$674,558**	**$786,615**	**$809,128**	**$890,723**	**$890,848**	**$905,453**



* Total expenses shown above for fiscal years 2014 and 2015 do not include the following items:

	2014	2015
Loss on HOV lane investments		$66,465
Loss on transfer of HOV operations	$20,392	
Transfer of assets to the City of Dallas		$19,041
	$20,392	**$85,506**

Source: Annual Financial Reports

DALLAS AREA RAPID TRANSIT
OPERATING EXPENSES COMPARISON TO INDUSTRY TREND DATA
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Dallas Area Rapid Transit [1]										
Labor and Benefits	62.0%	61.7%	60.6%	62.2%	62.7%	63.3%	63.7%	64.6%	67.5%	68.1%
Materials and Supplies	13.8%	13.2%	14.5%	12.8%	13.2%	11.4%	10.8%	11.5%	9.5%	8.3%
Services	8.0%	8.0%	8.2%	7.9%	7.4%	7.5%	6.7%	7.5%	7.2%	7.7%
Utilities	3.1%	3.0%	2.7%	3.1%	3.2%	3.8%	4.1%	4.5%	3.7%	3.9%
Casualty and Liability	-0.3%	0.5%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.0%	1.3%
Purchased Transportation	12.0%	12.2%	11.9%	11.8%	11.5%	11.9%	12.3%	9.4%	10.0%	9.8%
Others	1.4%	1.4%	1.3%	1.4%	1.2%	1.3%	1.3%	1.2%	1.1%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Transit Industry [2]										
Labor and Benefits	66.9%	66.0%	65.8%	63.9%	64.9%	65.2%	65.0%	64.1%	N/A	N/A
Materials and Supplies	10.1%	11.2%	11.6%	12.8%	11.2%	10.7%	11.4%	11.7%	N/A	N/A
Services	5.8%	5.9%	6.1%	6.3%	6.6%	6.6%	6.6%	6.9%	N/A	N/A
Utilities	3.2%	3.2%	3.4%	3.4%	3.5%	3.4%	3.3%	3.2%	N/A	N/A
Casualty and Liability	2.5%	2.5%	2.4%	2.2%	2.3%	2.6%	2.6%	2.2%	N/A	N/A
Purchased Transportation	13.8%	13.4%	13.0%	13.7%	14.0%	13.8%	13.3%	13.8%	N/A	N/A
Others	-2.3%	-2.2%	-2.3%	-2.3%	-2.5%	-2.3%	-2.2%	-1.9%	N/A	N/A
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A	N/A

Note - Operating expenses for which ratios are shown here do not include depreciation and amortization expenses.
N/A= Industry information is not available for fiscal years 2014 and 2015.

Source:
(1) Ratios are calculated from amounts shown on page 49.
(2) The American Public Transit Association, APTA 2014 Public Transportation Fact Book, Appendix A, Table 69.

DALLAS AREA RAPID TRANSIT

REVENUES BY SOURCE

LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
Revenue source	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Passenger (fare) revenues	$40,799	$41,114	$48,957	$46,712	$52,081	$57,329	$59,809	$67,569	$70,902	$71,012
Advertising, rent and other	9,196	9,430	10,846	10,640	11,149	12,049	20,306	16,146	13,573	14,412
Sales and use tax	358,248	389,953	413,341	378,421	376,295	403,228	433,302	456,524	486,564	519,448
Federal operating grants	39,090	40,931	42,490	57,759	50,913	47,566	56,161	17,418	92,211	82,112
State operating grants	-	-	-	-	-	-	-	-	-	
Investment income	18,314	24,368	21,809	27,267	6,842	5,966	5,896	2,272	4,037	8,290
Interest income from investments held to pay capital lease/leaseback	24,149	23,138	23,138	21,718	22,697	22,468	21,419	18,029	15,510	15,189
Build America Bonds tax credit	-	-	-	4,730	17,736	30,250	30,462	28,406	28,259	28,289
Other non-operating revenues	8,960	9,784	17,446	11,997	12,039	13,562	11,392	12,226	15,760	24,371
	498,756	538,718	578,027	559,244	549,752	592,418	638,747	618,590	726,816	763,123
Capital contributions:										
Federal capital contributions	30,405	96,980	131,090	242,343	147,832	117,217	119,443	123,877	36,023	17,738
State capital contributions	-	-	1,798	77	2,712	839	19,865	2,676	1,596	333
Local capital contributions	2,000	-	-	2,504	1,292	4,258	2,361	7,595	1,245	329
	32,405	96,980	132,888	244,924	151,836	122,314	141,669	134,148	38,864	18,400
Total revenues	$531,161	$635,698	$710,915	$804,168	$701,588	$714,732	$780,416	$752,738	$765,680	$781,523

Source: Annual Financial Reports and internal financial records

DALLAS AREA RAPID TRANSIT
REVENUE BY SOURCE COMPARISON TO INDUSTRY TREND DATA
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Dallas Area Rapid Transit										
Fare revenue (1)	8.2%	7.6%	8.5%	8.3%	9.4%	9.7%	9.4%	10.9%	9.8%	9.3%
Other revenues (2)	12.2%	12.4%	12.7%	13.7%	12.8%	14.2%	14.0%	12.5%	10.6%	11.9%
	20.4%	20.0%	21.2%	22.0%	22.2%	23.9%	23.4%	23.4%	20.4%	21.2%
State and local operating assistance(3)	71.8%	72.4%	71.5%	67.7%	68.4%	68.1%	67.8%	73.8%	66.9%	68.1%
Federal operating assistance (4)	7.8%	7.6%	7.4%	10.3%	9.3%	8.0%	8.8%	2.8%	12.7%	10.8%
	79.6%	80.0%	78.9%	78.0%	77.7%	76.1%	76.6%	76.6%	79.6%	78.9%
Total (5)	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Transit Industry (6)										
Fare revenue	33.2%	31.4%	31.2%	31.5%	32.1%	32.8%	32.5%	32.5%	N/A	N/A
Other revenues	15.3%	14.1%	12.9%	12.4%	11.9%	11.1%	11.1%	10.2%	N/A	N/A
	48.5%	45.5%	44.1%	43.9%	44.0%	43.9%	43.6%	42.7%	N/A	N/A
State and local operating assistance	43.8%	47.0%	48.8%	47.9%	46.6%	46.3%	47.5%	48.3%	N/A	N/A
Federal operating assistance	7.7%	7.5%	7.1%	8.2%	9.4%	9.8%	8.9%	8.9%	N/A	N/A
	51.5%	54.5%	55.9%	56.1%	56.0%	56.1%	56.4%	57.2%	N/A	N/A
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A	N/A

N/A= Fiscal year 2014 and 2015 industry information is not available

Notes
(1) Fare revenue is reported as passenger revenue for DART.
(2) Other revenues include Advertising, Rent and Other, Investment Income, Build America Tax Credit and other non-operating revenues.
(3) State and local operating assistance includes sales and use tax revenues and state operating grants.
(4) Federal operating assistance includes federal operating grants.
(5) Revenues shown here do not include capital contributions.
(6) The source for industry information is American Public Transit Association 2015 Public Transportation Fact Book, Appendix A, Table 86.

REVENUE CAPACITY

DALLAS AREA RAPID TRANSIT
SALES AND USE TAX REVENUE AND SERVICE AREA POPULATION
CURRENT FISCAL YEAR AND NINE YEARS AGO

The major local source of revenues for DART is a 1% sales and use tax imposed on certain items within its service area. The table below shows estimated sales and use tax revenue and population by city in the service area for fiscal year 2015 compared to 2006 to show how sales and use tax and population have changed.

City	Sales and Use Tax Revenue[1] (Amounts in Thousands)				Population [2]			
	2015	2006	Percentage Change from 2006 to 2015	Percentage of total in 2015	2015	2006	Percentage Change from 2006 to 2015	Percentage of total in 2015
Dallas	$261,309	$190,875	36.9%	50.3%	1,244,270	1,260,950	-1.3%	52.8%
Plano	73,829	54,083	36.5%	14.2%	271,140	252,950	7.2%	11.5%
Irving	60,220	39,795	51.3%	11.6%	228,610	201,950	13.2%	9.7%
Richardson	29,804	18,877	57.9%	5.7%	102,430	97,300	5.3%	4.4%
Carrollton	30,138	18,406	63.7%	5.8%	125,250	118,700	5.5%	5.3%
Garland	23,884	18,385	29.9%	4.6%	232,960	222,400	4.7%	9.8%
Farmers Branch	13,831	10,628	30.1%	2.7%	30,350	27,850	9.0%	1.3%
Addison	12,691	8,787	44.4%	2.4%	15,530	14,900	4.2%	0.7%
Rowlett	5,741	6,576	-12.7%	1.1%	56,910	53,100	7.2%	2.4%
University Park	3,839	2,817	36.3%	0.7%	22,840	23,250	-1.8%	1.0%
Highland Park	3,356	1,862	80.3%	0.6%	8,440	8,750	-3.5%	0.4%
Glenn Heights	491	175	179.8%	0.1%	11,440	10,500	9.0%	0.5%
Cockrell Hill	315	165	90.1%	0.1%	4,160	4,400	-5.5%	0.2%
Total	$519,448	$371,432	39.9%	100.0%	2,354,330	2,297,000	2.5%	100.0%

Sources:

(1) Sales and use tax revenue estimated allocation to each city is performed by DART based on sales tax information from the State Comptroller.

(2) Population data is from the North Central Texas Council of Governments.

DALLAS AREA RAPID TRANSIT
SALES AND USE TAX REVENUE AND SERVICE AREA POPULATION
LAST TEN FISCAL YEARS

Sales and use tax revenue estimated allocation by service area city [1] (Amounts in thousands)

City	Fiscal Year 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Dallas	$184,100	$199,271	$212,863	$193,527	$189,773	$203,349	$218,561	$231,377	$244,007	$261,309
Plano	52,163	56,484	59,039	53,246	54,921	59,510	67,745	66,524	71,817	73,829
Irving	38,382	41,806	46,876	44,391	41,127	45,392	45,940	50,282	54,617	60,220
Richardson	18,207	21,216	21,335	17,588	23,244	23,159	23,767	25,602	28,529	29,804
Carrollton	17,753	19,658	19,927	19,492	18,527	20,522	23,090	24,722	26,528	30,138
Garland	17,732	19,369	20,466	18,881	18,555	18,850	20,174	21,151	22,138	23,884
Farmers Branch	10,251	12,022	12,010	11,692	10,459	11,568	12,146	12,968	12,746	13,831
Addison	8,475	9,426	9,870	8,936	8,240	9,159	10,702	12,042	13,105	12,691
Rowlett	6,342	5,585	5,461	5,327	5,799	5,454	4,671	5,163	5,405	5,741
University Park	2,717	2,806	2,883	2,726	2,867	3,253	3,124	3,216	3,645	3,839
Highland Park	1,796	2,016	2,235	2,154	2,247	2,426	2,774	2,819	3,278	3,356
Glenn Heights	169	198	220	211	237	333	353	399	437	491
Cockrell Hill	160	96	158	249	298	253	255	259	312	315
Total	$358,247	$389,953	$413,343	$378,420	$376,294	$403,228	$433,302	$456,524	$486,564	$519,448
Sales and use tax rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

Estimated service area population [2]

City	Fiscal Year 2006	2007	2008	2009	2010 [3]	2011	2012	2013	2014	2015
Dallas	1,260,950	1,280,500	1,300,350	1,306,350	1,197,816	1,205,490	1,207,420	1,213,600	1,232,360	1,244,270
Plano	252,950	255,700	260,900	263,800	256,841	260,500	261,900	264,910	269,330	271,140
Irving	201,950	205,600	210,150	212,250	216,290	218,080	218,850	220,750	227,030	228,610
Richardson	97,300	97,700	97,450	99,700	99,223	99,870	100,450	100,850	101,820	102,430
Carrollton	118,700	120,150	120,550	120,950	119,097	119,360	121,150	122,280	124,400	125,250
Garland	222,400	224,750	228,450	228,350	226,876	227,670	228,060	229,120	231,700	232,960
Farmers Branch	27,850	28,500	28,750	31,100	28,616	28,600	28,620	28,800	29,660	30,350
Rowlett	53,100	53,750	54,150	54,250	56,199	56,230	56,310	56,420	56,450	15,530
Addison	14,900	15,250	15,300	13,400	13,056	13,060	13,680	13,840	15,180	56,910
University Park	23,250	23,150	22,850	23,350	23,068	23,020	23,040	22,920	22,860	22,840
Highland Park	8,750	8,600	8,600	8,650	8,564	8,520	8,520	8,500	8,480	8,440
Glenn Heights	10,500	11,450	11,650	12,100	11,278	11,330	11,330	11,410	11,440	11,440
Cockrell Hill	4,400	4,400	4,450	4,450	4,193	4,200	4,200	4,180	4,170	4,160
Total	2,297,000	2,329,500	2,363,600	2,378,700	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880	2,354,330

Sources:

(1) Sales and use tax revenue estimated allocation to each city is performed by DART based on sales tax information from the State Comptroller.
(2) Service area population estimate is from the North Central Texas Council of Governments except for fiscal year 2010.
(3) Service area population for fiscal year 2010 is obtained from the US Census Bureau.

DALLAS AREA RAPID TRANSIT
SALES AND USE TAX REVENUE BY INDUSTRY
CURRENT FISCAL YEAR COMPARED TO EIGHT YEARS AGO

	2015		2008		Percentage Change from
INDUSTRY	**Amount**	**Percent**	**Amount**	**Percent**	**2008 to 2015**
Retail Trade	$166,924	32.1%	$145,461	35.2%	14.8%
Information Technology	55,425	10.7%	41,382	10.0%	33.9%
Accommodation and Food Services	52,739	10.2%	38,195	9.2%	38.1%
Wholesale Trade	48,637	9.4%	41,740	10.1%	16.5%
Manufacturing	41,783	8.0%	26,713	6.6%	56.4%
Professional, Scientific, and Technical Services	32,444	6.2%	18,708	4.5%	73.4%
Construction	28,347	5.5%	21,244	5.1%	33.4%
Administrative and Support and Waste Management and Remediation Services	22,070	4.2%	17,947	4.3%	23.0%
Utilities	15,405	3.0%	20,622	5.0%	-25.3%
Real Estate and Rental and Leasing	12,293	2.4%	11,490	2.8%	7.0%
Finance and Insurance	11,452	2.2%	8,976	2.2%	27.6%
	487,519	93.9%	392,478	95.0%	24.2%
Other industries	31,929	6.1%	20,861	5.0%	53.1%
Total	**$519,448**	**100.0%**	**$413,339**	**100.0%**	**25.7%**

Note – information for fiscal years prior to 2008 is not available.

Source: Texas State Comptroller

DALLAS AREA RAPID TRANSIT

PASSENGER FARE REVENUE AND RIDERSHIP

CURRENT FISCAL YEAR COMPARED TO NINE YEARS AGO

The second major local source of revenue for DART is passenger revenues (fare revenues) collected from customers who use DART's public transportation services. The following table shows passenger revenues and ridership for fiscal year 2015 compared to 2006.

	Passenger Revenues (Amounts in Thousands)[1]				Ridership [2] (Amounts in Thousands)			
Type of Service	2015	2006	Percentage Change from 2006 to 2015	Percentage of total in 2015	2015	2006	Percentage Change from 2006 to 2015	Percentage of total in 2015
Bus	$30,834	$28,201	9.3%	43.4%	36,366	44,693	-18.6%	52.1%
Light Rail	26,387	9,276	184.5%	37.2%	29,841	18,581	60.6%	42.7%
Commuter Rail [3]	7,100	1,203	490.2%	10.0%	2,173	2,410	-9.8%	3.1%
Demand Response	2,556	1,689	51.3%	3.6%	397	705	-43.7%	0.6%
Demand Response-Taxi	3,035	0	N/A	4.3%	471	0	N/A	0.7%
Vanpool	1,100	431	155.5%	1.5%	577	440	31.1%	0.7%
Total	$71,012	$40,800	74.1%	100.0%	69,825	66,829	4.5%	100.0%

N/A= Not applicable

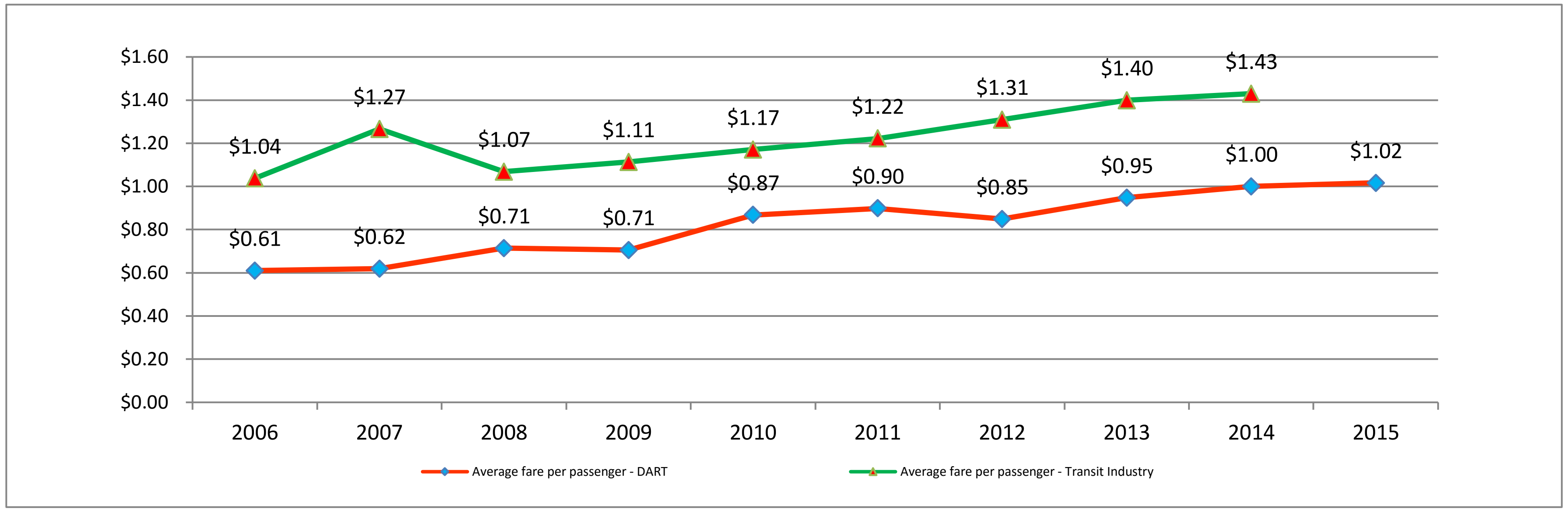
Note:

1. The increase in total passenger revenue from $40.8 million in 2006 to $71 million in 2015 is due to increases in ridership and fares.
2. Ridership is reported as unlinked passenger trips. For example, a passenger who transfers from a bus to rail is counted as two unlinked passenger trips.
   The decrease in bus ridership and increase in light rail ridership in 2015 compared to 2006 is due to the replacement of some bus routes with light rail lines as a result the opening of the Green Line light rail service, the Orange Line light rail service and the Blue line extension between 2009 and 2014.
3. The increase in passenger revenue for the Commuter Rail mode is due to a change in the allocation method of passenger revenue to each mode in addition to fare increases.

Source: National Transit Database and internal financial and ridership records

DALLAS AREA RAPID TRANSIT
PASSENGER FARE REVENUE AND RIDERSHIP
LAST TEN FISCAL YEARS (Amounts in Thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Passenger revenues(1)										
Bus	$28,201	$28,141	$31,214	$29,236	$27,826	$28,245	$32,525	$37,133	$32,564	$30,834
Light Rail	9,276	9,453	13,557	13,041	$13,140	17,788	17,962	20,435	27,905	26,387
Commuter Rail	1,203	1,284	1,954	1,926	$8,027	8,036	6,044	6,880	7,366	7,100
Demand Response	1,689	1,807	1,921	1,976	$2,493	2,506	2,465	2,154	1,149	2,556
Demand Response-Taxi	-	-	-	-	-	-	-	-	922	3,035
Vanpool	431	430	311	533	$595	754	813	967	996	1,100
Total	**$40,800**	**$41,115**	**$48,957**	**$46,712**	**$52,081**	**$57,329**	**$59,809**	**$67,569**	**$70,902**	**$71,012**
Ridership (2)										
Bus	44,693	44,690	44,752	42,517	37,693	36,971	38,379	37,937	37,383	36,366
Light Rail	18,581	17,893	19,438	18,965	17,799	22,302	27,654	29,472	29,458	29,841
Commuter Rail	2,410	2,475	2,717	2,739	2,432	2,388	2,252	2,093	2,284	2,173
Demand Response	705	822	910	1,039	1,136	1,140	1,141	832	469	397
Demand Response-Taxi	-	-	-	-	-	-	-	-	376	471
Vanpool	440	492	697	881	925	985	1,033	947	893	577
Total	**66,829**	**66,372**	**68,514**	**66,141**	**59,985**	**63,786**	**70,459**	**71,281**	**70,863**	**69,825**
Average fare per passenger (3)	**$0.61**	**$0.62**	**$0.71**	**$0.71**	**$0.87**	**$0.90**	**$0.85**	**$0.95**	**$1.00**	**$1.02**
Average fare per passenger, Transit Industry - all agencies (4)	**$1.04**	**$1.27**	**$1.07**	**$1.11**	**$1.17**	**$1.22**	**$1.31**	**$1.40**	**$1.43**	**N/A**



N/A = Fiscal year 2015 transit industry average fare information is not available.

The decrease in bus ridership starting in 2010 is due to the replacement of some bus routes with light rail lines as a result the opening of the Green Line light rail service, Orange Line light rail service and Blue Line extension between 2009 and 2014.

Sources:
(1) National Transit Database (NTD) Report and internal financial records
(2) National Transit Database (NTD) Report and internal ridership records
(3) Calculated by dividing total passenger revenues by total ridership
(4) National Transit Database (NTD) Report - Fiscal Year 14 Table 26

DALLAS AREA RAPID TRANSIT
FARE STRUCTURE
LAST TEN FISCAL FISCAL YEARS

	2005 to 2007	2008 Effective 10/1/07	2009	2009 Effective 9/14/09*	2010 Effective 10/1/09*	2011 to 2012 Effective 10/1/10*	2013 to 2015 Effective 12/3/12
BASE SINGLE RIDE FARE							
Local Service	$1.25	$1.50	$1.50	$1.75	$1.75	$1.75	
Commuter Rail - Zone 1 and Express Bus (1)	$1.25	$1.50	$1.50	$2.50	$2.50	$3.50	
Commuter Rail - Zone 2 and Express Bus (2)	$2.25	$2.50	$2.50	$3.75	$3.75	$5.00	
Reduced Fare	$0.50	$0.75	$0.75	$0.85	$0.85	$0.85	
Paratransit - Demand Response Van/Sedan Service	$2.50	$2.75	$2.75	$2.75	$3.00	$3.00	
Paratransit Trips to Fixed Route Stops		$0.75	$0.75	$0.75	$0.75	$0.75	
Paratransit Eligible Riders on Fixed Route Service	Free	Free	Free	Free	Free	Free	
BASE TWO-HOUR FARE							
Local Service (10)							$2.50
Regional Service (11)							$5.00
Reduced Fare							$1.25
Paratransit - Demand Response Van/Sedan Service							$3.00
Paratransit Trips to Fixed Route Stops							$0.75
Paratransit Eligible Riders on Fixed Route Service							Free
MID-DAY FARE (9)							
Local Service (10)							$1.75
Regional Service (11)							$3.50
DAY PASS (5)							
Local Service (10)	$2.50	$3.00	$3.00	$4.00	$4.00	$4.00	$5.00
Commuter Rail - Zone 1 and Express Bus (1)	$2.50	$3.00	$3.00	$5.00	$5.00	$7.00	
Commuter Rail - Zone 2 and Express Bus (2)	$4.50	$5.00	$5.00	$7.50	$7.50	$10.00	
Regional Service (11)							$10.00
Reduced Fare	$1.00	$1.50	$1.50	$2.00	$2.00	$2.00	$2.50
Regional Day Pass Book of Ten							$30.00
10-Ticket Paratransit Coupon Book							$30.00
WEEKLY PASS (6)							
Local Service (11)		$15.00	$15.00	$20.00	$20.00	$20.00	$25.00
Commuter Rail - Zone 1 and Express Bus (1)		$15.00	$15.00	$25.00	$25.00	$35.00	
Commuter Rail - Zone 2 and Express Bus (2)		$25.00	$25.00	$37.50	$37.50	$50.00	
Regional Service (11)							$50.00
MONTHLY PASS (6)							
Local Service (10)	$40.00	$50.00	$50.00	$65.00	$65.00	$65.00	$80.00
Commuter Rail - Zone 1 and Express Bus (1)	$40.00	$50.00	$50.00	$75.00	$75.00	$100.00	
Commuter Rail - Zone 2 and Express Bus (2)	$70.00	$80.00	$80.00	$105.00	$105.00	$120.00	
Regional Service (11)							$160.00
Reduced Fare (3)	$15.00	$25.00	$25.00	$32.00	$32.00	$32.00	$40.00
Lone Star Card (8)							50% discount
ANNUAL PASS (7)							
Local Service (10)	$400.00	$500.00	$500.00	$650.00	$650.00	$650.00	$800.00
Commuter Rail - Zone 1 and Express Bus (1)	$400.00	$500.00	$500.00	$750.00	$750.00	$1,000.00	
Commuter Rail - Zone 2 and Express Bus (2)	$700.00	$800.00	$800.00	$1,050.00	$1,050.00	$1,200.00	
Regional Service (11)							$1,600.00
Senior							$480.00

During the last ten years, the DART Board approved five amendments to fare structures with the following effective dates: 10/1/2007, 9/14/2009, and 12/03/2012.
*The September 14, 2009 amendment has three effective dates: 9/14/09, 10/01/09 & 10/01/10 with additional fare changes becoming effective on 10/1/09 and 10/1/10 as shown in the schedule above.

Notes
(1) Commuter Rail-Zone 1 level of service is for customers that use commuter rail (TRE) service between Union Station in Downtown Dallas and CentrePort/DFW Station. Express bus service is a bus service with fewer stops and providing trips during morning and afternoon rush hours.
(2) Commuter Rail-Zone 2 level of service is for customers that use the commuter rail (TRE) service to travel to destinations on the commuter rail(TRE) west of the CentrePort/DFW Station.
(3) Reduced fares are applicable on bus and rail service to the following: seniors, non-paratransit disabled, high school students with valid identification, children age 5 through junior high school (children under age 5 ride free) and shuttle bus routes. Reduced passes are not available in the form of weekly passes and annual passes.
(4) Day passes are valid for unlimited use on the date of purchase only through 3a.m. the following day.
(5) Weekly passes are valid for seven consecutive days. Weekly pass fares were introduced on October 1, 2007.
(6) Monthly passes available for calendar months or 31 consecutive days.
(7) Annual passes are valid for a calendar year and expire at mid-night on December 31. Annual pass fares shown here are for individual customers. Pricing for annual passes bought by employers for their employees varies depending on the number of employees and the location of the employer within DART service area. The annual pass fare option for individuals was introduced on December 1, 2003.
(8) Lone Star cardholders with Temporary Assistance for Needy Families (TANF) benefits are eligible to purchase Monthly Passes at a 50% discount from listed fares. This discount does not apply to Reduced or High School Monthly Pass purchases.
(9) Mid-Day Pass allows unlimited travel between 9:30 a.m. and 2:30 p.m. Monday through Friday.
(10) All DART buses and trains; TRE sevice between Union Station and CentrePort Station; DART On-Call and Flex service.
(11) All DART buses and trains; all TRE sevices; The T in Fort Worth; the A-Train and DCTA in Denton.

Source: DART Board Resolutions 020192, 030146, 070064, 090067, and 120105

DEBT CAPACITY

DALLAS AREA RAPID TRANSIT
OUTSTANDING DEBT RATIO
LAST TEN FISCAL YEARS

OUTSTANDING DEBT RATIO

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total outstanding debt (in thousands)[1]										
Senior Lien Revenue Bonds*	$475,719	$943,861	$1,683,678	$2,680,675	$2,641,677	$3,361,548	$3,351,255	$3,550,250	$3,564,499	$3,547,683
Senior Subordinate Lien Sales Tax Revenue Notes	415,645	180,000	20,000	150,000	150,000	150,000	70,000	100,000	180,000	200,000
Capital Lease Obligations	406,044	433,737	447,125	336,159	322,240	323,903	289,559	220,704	200,005	201,098
	$1,297,408	**$1,557,598**	**$2,150,803**	**$3,166,834**	**$3,113,917**	**$3,835,451**	**$3,710,814**	**$3,870,954**	**$3,944,504**	**$3,948,781**
Total personal income (in thousands)[2]	**$61,099,987**	**$64,577,303**	**$64,697,797**	**$68,217,198**	**$66,205,506**	**$66,007,116**	**$66,384,193**	**$68,328,835**	**$69,851,833**	**$72,618,226**
Outstanding debt ratio	**0.02**	**0.02**	**0.03**	**0.05**	**0.05**	**0.06**	**0.06**	**0.06**	**0.06**	**0.05**

OUTSTANDING DEBT PER CAPITA

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total outstanding debt (in thousands) as shown above	$1,297,408	$1,557,598	$2,150,803	$3,166,834	$3,113,917	$3,835,451	$3,710,814	$3,870,954	$3,944,504	$3,948,781
Service area population [3]	2,297,000	2,329,500	2,363,600	2,378,700	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880	2,354,330
Outstanding debt per capita	$565	$669	$910	$1,331	$1,377	$1,685	$1,625	$1,685	$1,689	$1,677

*Includes Transit Infrastructure Financing and Innovation Act (TIFIA) bonds at 9/30/2013, 9/30/2014 and 9/30/2015.

Sources:

(1) Outstanding debt information is obtained from annual financial reports and internal financial records.

(2) Total personal income information for DART Service Area is obtained from the US Census Bureau and published reports of service area municipalities.

(3) Service area population is obtained from the North Central Texas Council of Governments.

DALLAS AREA RAPID TRANSIT
DEBT LIMIT
LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Senior Lien Revenue Bonds(1)										
Voted Debt Limit	$2,900,000	$2,900,000	$2,900,000	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1
Debt Issuance Subject to Limit	499,399	980,251	1,731,623							
Limit Available	2,400,601	1,919,749	1,168,377							
Percent of Limit Issued	17%	34%	60%							
Subord										
Debt Limit (2)	600,000	600,000	600,000	600,000	150,000	150,000	150,000	150,000	200,000	200,000
Debt Issuance Subject to Limit	415,645	180,000	20,000	150,000	150,000	150,000	70,000	100,000	180,000	200,000
Limit Available	184,355	420,000	580,000	450,000	-	-	80,000	50,000	20,000	-
Percent of Limit Issued	69%	30%	3%	25%	100%	100%	47%	67%	90%	100%
Total										
Debt Limit	3,500,000	3,500,000	3,500,000	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1
Debt Issuance Subject to Limit	915,044	1,160,251	1,751,623							
Limit Available	2,584,956	2,339,749	1,748,377							
Percent of Limit Issued	26%	33%	50%							

N/A= Not Applicable

Notes:

1 In August 2000, the citizens of DART's members cities and towns voted to authorize DART to issue up to $2.9 billion in bonds secured solely by sales and use tax revenues. Bonds issued through and including the Series 2008 bonds were solely secured with a sales tax revenue pledge and therefore subject to the $2.9 billion voter authorized limit on sales tax only pledged bonds. Prior to the issuance of the Series 2009 bonds the security pledge for all bonds, retroactive to and including Series 2001, was expanded to include sales tax revenues and other pledged revenues. Therefore, new bonds issued with the expanded security pledge bonds are no longer subject to the $2.9 billion limitation. However, DART can only issue additional bonds if its projected gross pledged revenues exceed projected debt service requirements by 200%. Each issuance of DART's revenue bond is subject to approval by the Attorney General of the State of Texas.

2 The Senior Subordinate Lien Sales Tax Revenue notes is limited to the amount of the commercial paper line of credit agreement entered into between DART and the financial institutions.

Source: Internal financial records

DALLAS AREA RAPID TRANSIT

DEBT COVERAGE RATIO

LAST TEN FISCAL YEARS (Amounts In Thousands)

DEBT COVERAGE RATIO BASED ON PLEDGED REVENUES*

	Fiscal Year									
Pledged Revenues	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Sales and Use Tax	$358,248	$389,953	$413,341	$378,421	$376,295	$403,228	$433,302	$456,524	$486,564	$519,448
Passenger (Fare) Revenue	N/A	N/A	N/A	52,081	57,329	59,809	59,809	67,569	70,902	71,012
	$358,248	**$389,953**	**$413,341**	**$430,502**	**$433,624**	**$463,037**	**$493,111**	**$524,093**	**$557,466**	**$590,460**
Debt Service requirements**										
Principal - Bond	$10,470	$10,820	$13,680	$14,295	$17,935	$18,790	$8,370	$6,740	$33,175	$38,215
Interest Payments	35,016	37,321	51,637	79,681	136,435	161,892	174,122	176,783	180,711	189,157
	45,486	48,141	65,317	93,976	154,370	180,682	182,492	183,523	213,886	227,372
Less: Build America Bond Credit	N/A	N/A	N/A	N/A	(16,554)	(26,008)	(30,462)	(28,406)	(28,259)	(28,289)
Net debt service	**$45,486**	**$48,141**	**$65,317**	**$93,976**	**$137,816**	**$154,674**	**$152,030**	**$155,117**	**$185,627**	**$199,083**
Coverage Ratio***	**7.88**	**8.10**	**6.33**	**4.58**	**3.15**	**2.99**	**3.24**	**3.38**	**3.00**	**2.97**

N/A=Not applicable

*Sales and Use Tax and fare revenues are pledged as securities for debt service. Passenger fare revenues were pledged for debt service starting fiscal year 2009. Gross revenues are not shown net of expense since the debt has a senior lien (priority claim) against the pledge revenues.

** Debt service requirements increased significantly starting in fiscal year 2008 because of additional issuances of revenue bonds each year between 2007 and 2010.
Debt service requirements include actual principal and interest payments, net of the Build America Bond credit.

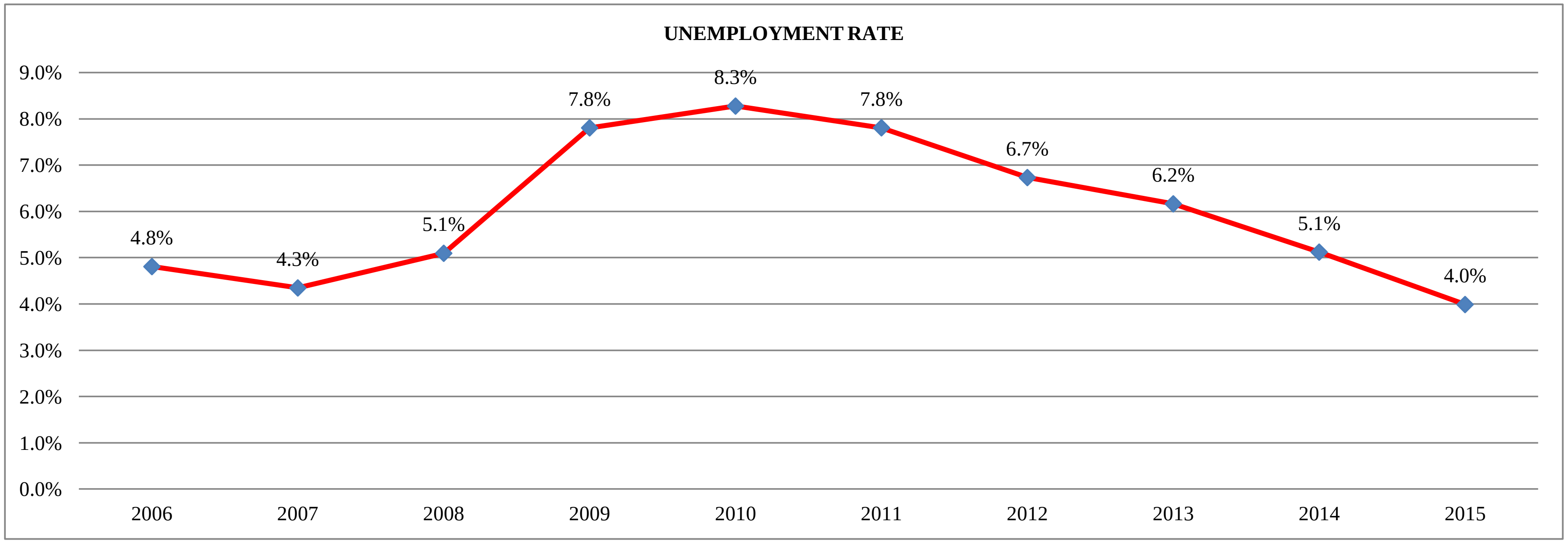
*** The coverage ratios shown here differ from the coverage ratios that are included in DART's debt documents.
The ratios in this schedule are not an attempt to calculate the additional bonds test coverage ratio included in DART's debt documents.

Source: Annual financial statements and internal accounting records

DEMOGRAPHIC AND ECONOMIC INFORMATION

DALLAS AREA RAPID TRANSIT
ECONOMIC AND DEMOGRAPHIC INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population (1)	2,297,000	2,329,500	2,363,600	2,378,700	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880	2,354,330
Per Capita Income (2)	$26,600	$27,722	$27,373	$28,678	$29,280	$29,002	$29,071	$29,739	$29,917	$30,845
Total Personal Income (in thousands) (2)	$61,099,987	$64,577,303	$64,697,797	$68,217,198	$66,205,506	$66,007,116	$66,384,193	$68,328,835	$69,851,833	$72,618,226
Unemployment Rate (3)	4.8%	4.3%	5.1%	7.8%	8.3%	7.8%	6.7%	6.2%	5.1%	4.0%



Sources:

1 North Central Texas Council of Governments (NCTCOG) except for 2010 which is based on census data.

2 Total personal income and per capita income for DART Service Area are obtained from the US Census Bureau and published reports of service area municipalities.

3 Texas Workforce Commission (unemployment rate information presented here is for the five counties where DART's member cities and towns are located).

DALLAS AREA RAPID TRANSIT
PRINCIPAL EMPLOYERS IN DART SERVICE AREA
CURRENT FISCAL YEAR AND NINE YEARS AGO

2015

Rank	Name of Employer	Number of Employees	Percentage of Total Employment
1	Wal-Mart Stores Inc.	25,534	1.15%
2	Dallas Independent School District	20,000	0.90%
3	Baylor Scott & White Health	16,860	0.76%
4	Bank of America	14,463	0.65%
5	City of Dallas	13,000	0.59%
6	Texas Instruments Inc.	13,000	0.59%
7	JPMorgan Chase Bank N.A.	12,600	0.57%
8	UT Southwestern Medical Center at Dallas	12,499	0.56%
9	HCA North Texas Division	11,612	0.52%
10	Parkland Health & Hospital System	9,700	0.44%

Sources for 2015: Dallas Business Journal, Book of Lists 2016, Volume 39, Number 20

2006

Rank	Name of Employer	Number of Employees	Percentage of Total Employment
1	Wal-Mart Stores Inc.	31,700	1.70%
2	Dallas Independent School District (DISD)	19,535	1.05%
3	Baylor Health Care System	15,065	0.81%
4	Verison Communications Inc.	13,500	0.72%
5	A&T Inc.	13,300	0.71%
6	City of Dallas	13,359	0.72%
7	Kroger Food Stores	11,500	0.62%
8	Texas Instruments	10,400	0.56%
9	HCA Healthcare	9,878	0.53%
10	Brinker International	9,400	0.50%

Sources for 2006: Dallas Business Journal's Elists, and City of Dallas & DISD websites.

OPERATING INFORMATION

DALLAS AREA RAPID TRANSIT
NUMBER OF EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
FUNCTION	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Transport Operations										
Bus Operations	1,510	1,516	1,534	1,539	1,537	1,451	1,487	1,522	1,470	1,511
Commuter Rail Operations	15	14	15	16	14	13	14	14	11	14
HOV Lane Operations	42	58	71	69	67	63	63	55	3	-
Light Rail Operations	160	176	192	225	272	266	313	292	298	285
Paratransit Operations	72	68	67	71	67	64	63	59	55	59
Vanpool Operations	2	2	2	2	2	2	2	2	2	2
	1,801	1,834	1,881	1,922	1,959	1,859	1,942	1,944	1,839	1,871
Maintenance										
Vehicle Maintenance	580	599	609	626	695	657	630	738	733	710
Non-vehicle Maintenance	187	187	197	214	282	303	342	270	302	297
	767	786	806	840	977	960	972	1,008	1,035	1,007
Public Safety and Fare Enforcement	171	171	189	221	309	309	319	340	352	336
Operations Total	2,739	2,791	2,876	2,983	3,245	3,128	3,233	3,292	3,226	3,214
Administrative	415	419	433	447	435	398	359	369	353	352
Total	3,154	3,210	3,309	3,430	3,680	3,526	3,592	3,661	3,579	3,566

Note – Number of employees presented here is actual head count of full-time, temporary and part-time employees at the end of each fiscal year.

Source: DART's personnel data

DALLAS AREA RAPID TRANSIT
LEVEL OF SERVICE - ANNUAL
LAST TEN FISCAL YEARS

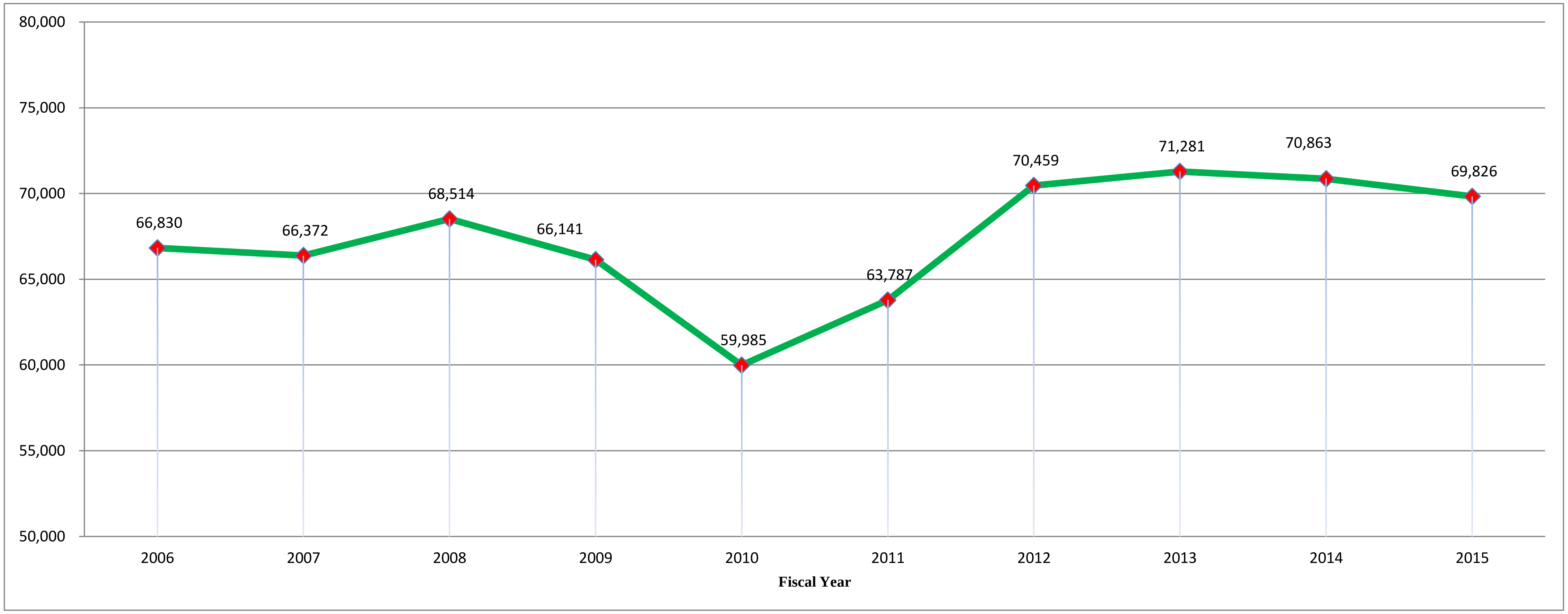
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PASSENGERS (RIDERSHIP)										
Bus	44,693,400	44,689,900	44,752,343	42,517,272	37,693,438	36,971,366	38,378,872	37,937,209	37,383,043	36,366,269
Light Rail	18,581,066	17,892,532	19,437,603	18,965,249	17,799,186	22,302,390	27,653,893	29,471,890	29,458,289	29,841,000
Commuter Rail*	2,410,027	2,475,495	2,717,162	2,738,856	2,432,174	2,388,407	2,252,140	2,092,782	2,283,895	2,173,653
Demand Response	704,614	822,262	910,157	1,038,686	1,135,997	1,140,165	1,141,015	832,271	468,964	396,672
Demand Response-Taxi	-	-	-	-	-	-	-	-	376,174	471,177
Vanpool	440,432	492,202	697,050	880,678	924,600	985,046	1,033,042	946,976	892,966	576,804
	66,829,539	66,372,391	68,514,315	66,140,741	59,985,395	63,787,374	70,458,962	71,281,128	70,863,331	69,825,575
REVENUE MILES										
Bus	27,675,007	27,666,962	27,781,344	27,547,241	27,323,659	25,727,585	27,144,101	27,250,680	26,785,827	27,343,486
Light Rail	5,096,186	5,224,548	5,250,953	5,007,225	4,941,155	6,897,909	7,560,914	9,123,662	9,262,430	9,721,956
Commuter Rail*	1,087,437	1,137,231	1,565,010	1,292,607	1,239,709	1,142,577	1,109,867	1,144,466	1,152,029	1,153,406
Demand Response	7,428,206	7,406,058	8,109,876	7,818,699	8,458,570	8,638,492	8,813,149	4,198,696	2,939,099	2,373,541
Demand Response-Taxi	-	-	-	-	-	-	-	3,357,344	4,144,030	4,975,169
Vanpool	1,687,567	1,952,128	2,750,115	3,294,533	3,505,934	3,816,639	3,919,736	3,632,332	3,426,983	2,695,134
	42,974,403	43,386,927	45,457,298	44,960,305	45,469,027	46,223,202	48,547,767	48,707,180	47,710,399	48,262,692
REVENUE HOURS										
Bus	1,984,900	1,990,866	2,028,437	2,021,031	2,009,486	1,953,954	2,010,240	2,100,705	2,077,637	2,148,462
Light Rail	237,706	243,357	244,033	235,160	248,127	348,543	381,882	451,717	453,951	468,421
Commuter Rail*	48,361	47,813	54,743	56,156	49,836	47,440	48,247	49,496	49,789	49,720
Demand Response	472,865	450,966	441,543	455,030	513,131	521,623	529,754	501,626	223,948	185,498
Demand Response-Taxi	-	-	-	-	-	-	-	-	241,078	276,047
Vanpool	41,160	47,613	67,076	80,354	87,648	95,416	97,993	90,808	85,675	69,437
	2,784,992	2,780,615	2,835,832	2,847,731	2,908,228	2,966,976	3,068,116	3,194,352	3,132,078	3,197,585
PASSENGERS PER REVENUE MILE										
Bus	1.62	1.61	1.54	1.38	1.44	1.41	1.39	1.39	1.40	1.33
Light Rail	3.42	3.70	3.79	3.60	3.23	3.66	3.23	3.23	3.18	3.07
Commuter Rail*	2.18	1.74	2.12	1.96	2.09	2.03	1.83	1.83	1.98	1.88
Demand Response	0.11	0.11	0.13	0.13	0.13	0.13	0.11	0.11	0.16	0.17
Demand Response-Taxi	-	-	-	-	-	-	-	-	0.09	0.09
Vanpool	0.25	0.25	0.27	0.26	0.26	0.26	0.26	0.26	0.26	0.21
	1.56	1.53	1.51	1.47	1.32	1.38	1.45	1.46	1.49	1.45
PASSENGERS PER REVENUE HOUR										
Bus	22.52	22.45	22.06	21.04	18.76	18.92	19.09	18.06	17.99	16.93
Light Rail	78.17	73.52	79.65	80.65	71.73	63.99	72.41	65.24	64.89	63.71
Commuter Rail*	49.83	51.77	49.63	48.77	48.80	50.35	46.68	42.28	45.87	43.72
Demand Response	1.49	1.82	2.06	2.28	2.21	2.19	2.15	1.66	2.09	2.14
Demand Response-Taxi									1.56	1.71
Vanpool	10.70	10.34	10.39	10.96	10.55	10.32	10.54	10.43	10.42	8.31
	24.00	23.87	24.16	23.23	20.63	21.50	22.96	22.31	22.63	21.84
Operating expense**	$342,532	$347,969	$393,261	$401,822	$437,221	$449,894	$452,935	$462,697	$468,113	$465,830
Operating expense per mile	$7.97	$8.02	$8.65	$8.94	$9.62	$9.73	$9.33	$9.50	$9.81	$9.65
Operating expense per hour	$122.99	$125.14	$138.68	$141.10	$150.34	$151.63	$147.63	$144.85	$149.46	$145.68
Operating expense per passenger	$5.13	$5.24	$5.74	$6.08	$7.29	$7.05	$6.43	$6.49	$6.61	$6.67
Fare revenue per passenger	$0.61	$0.62	$0.71	$0.71	$0.87	$0.90	$0.85	$0.95	$1.00	$1.02

* Commuter Rail service information shown here includes information reported to the National Transit Database by both DART and The Fort Worth Transportation Authority (The T).
**Operating expense does not include depreciation and amortization, interest expense and non-operating expenses.

Source: National Transit Database
Bus ridership for fiscal year 2007 is based on internal ridership records

DALLAS AREA RAPID TRANSIT
RIDERSHIP
LAST TEN FISCAL YEARS

RIDERSHIP (In Thousands)

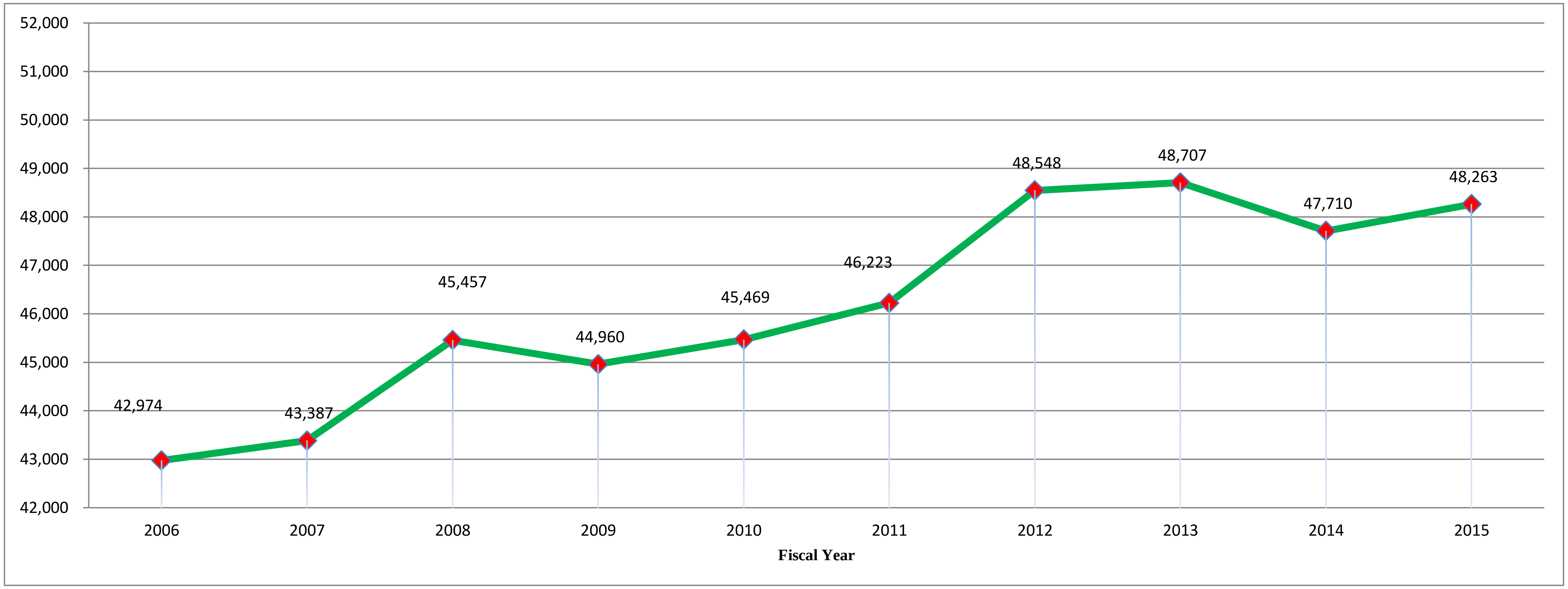


DALLAS AREA RAPID TRANSIT

REVENUE MILES

LAST TEN FISCAL YEARS

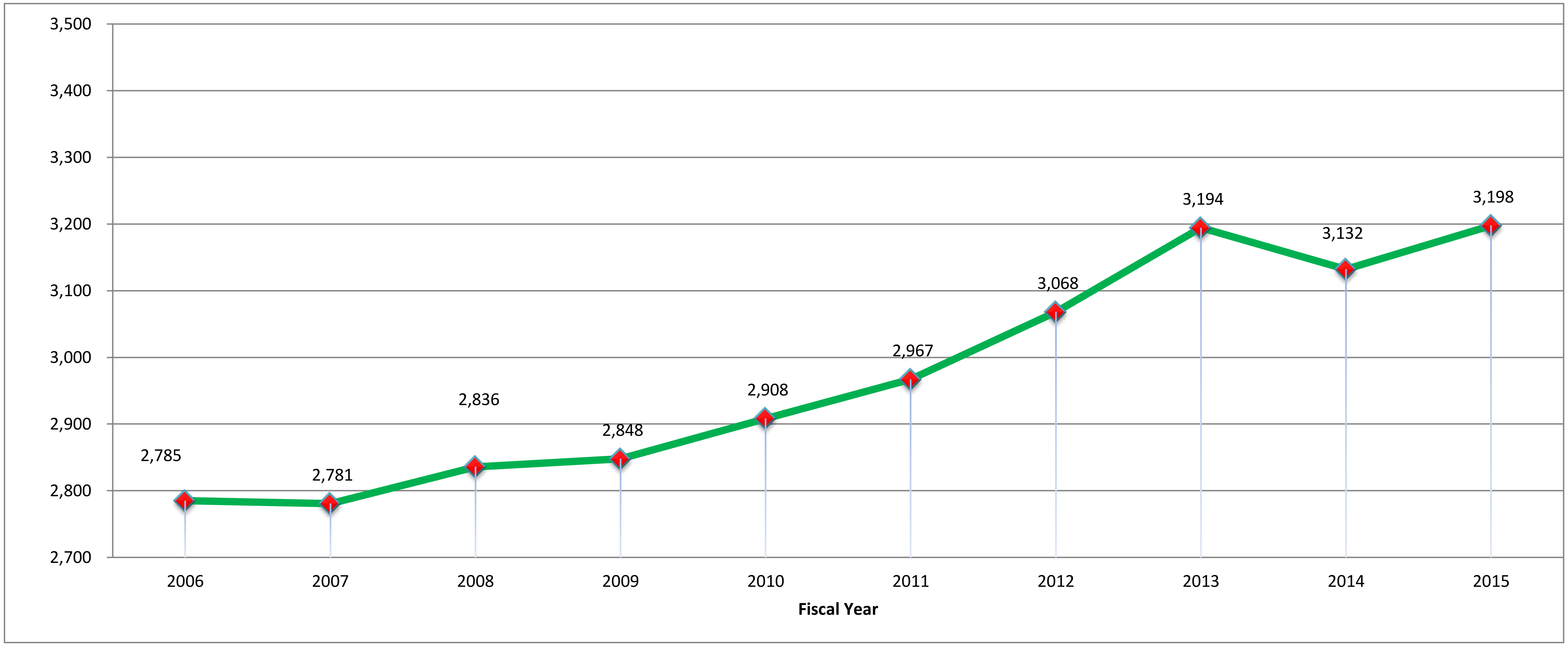
REVENUE MILES* (In Thousands)



* Revenue miles for rail services are car revenue miles.

DALLAS AREA RAPID TRANSIT
REVENUE HOURS
LAST TEN FISCAL YEARS

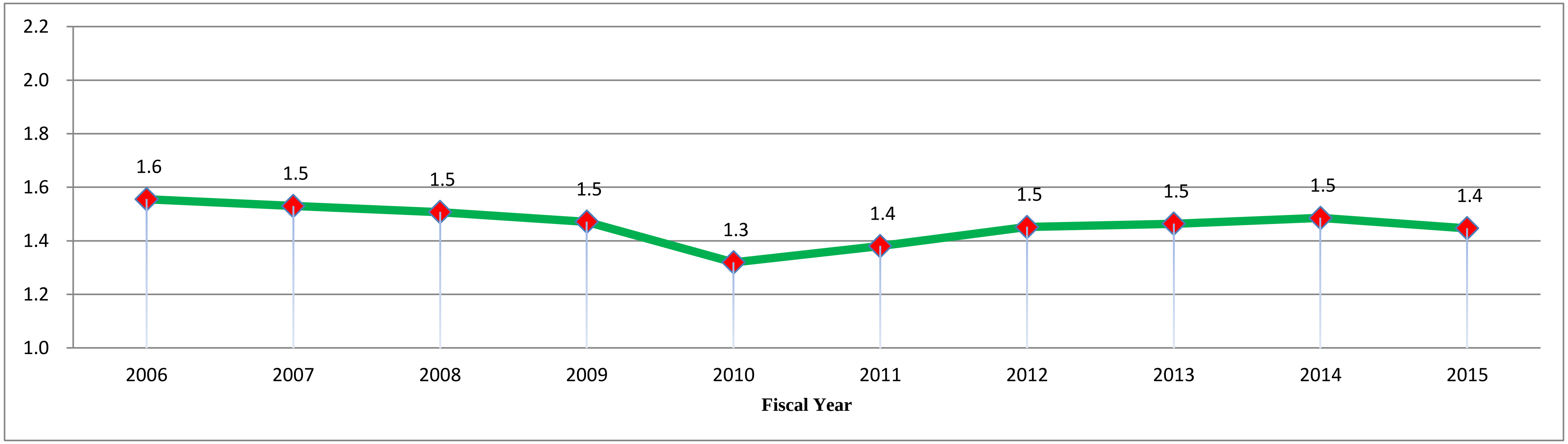
REVENUE HOURS* (In Thousands)



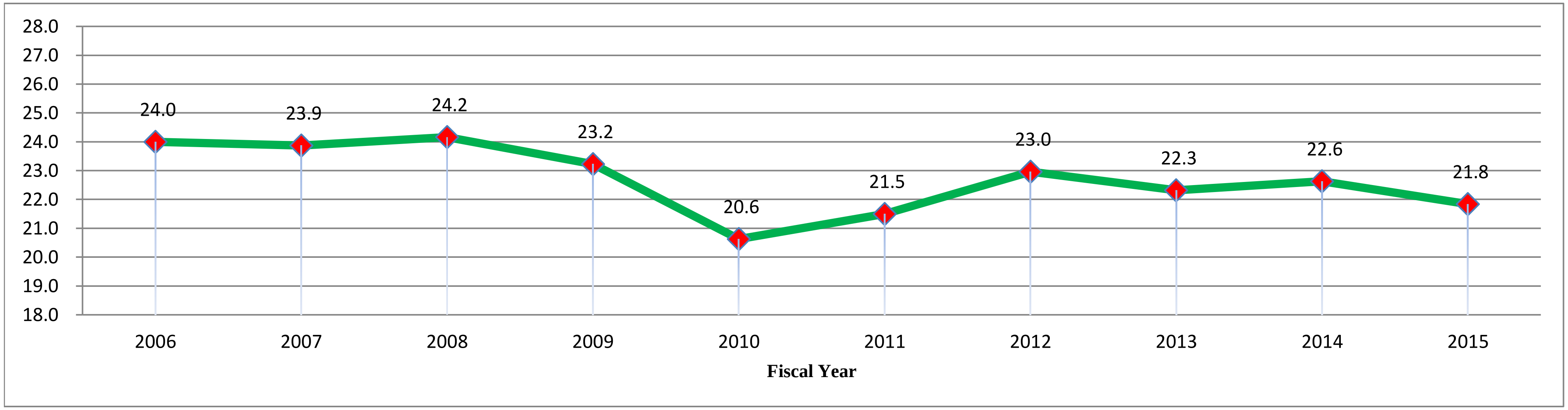
* Revenue hours for rail services are car revenue hours.

DALLAS AREA RAPID TRANSIT
PASSENGERS PER REVENUE MILE AND REVENUE HOUR
LAST TEN FISCAL YEARS

PASSENGERS PER REVENUE MILE



PASSENGERS PER REVENUE HOUR



DALLAS AREA RAPID TRANSIT
LEVEL OF SERVICE - AVERAGE WEEKDAY
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
AVERAGE WEEKDAY PASSENGERS (RIDERSHIP)										
Bus	152,123	151,869	153,693	146,023	128,532	126,426	131,186	129,683	127,432	122,695
Light Rail	62,007	60,596	65,757	64,381	59,785	71,748	90,182	96,354	96,523	97,824
Commuter Rail (1)	5,218	5,357	5,371	5,839	8,689	8,482	8,080	7,556	8,229	7,907
Demand Response	2,695	2,899	3,150	3,662	4,004	4,001	4,001	1,845	1,692	17,612
Demand Response-Taxi	-	-	-	-	-	-	-	-	1,233	18,484
Vanpool	1,741	1,969	2,755	3,481	3,640	3,893	4,067	3,728	3,516	1,855
	223,784	222,690	230,726	223,386	204,650	214,550	237,516	239,166	238,625	266,377
AVERAGE WEEKDAY REVENUE MILES										
Bus	90,962	90,600	90,302	89,839	89,626	84,194	87,949	88,750	87,157	89,079
Light Rail (2)	16,966	17,483	17,476	16,627	16,123	21,897	23,688	28,022	28,493	31,046
Commuter Rail (1) (2)	1,972	1,972	2,379	1,768	4,421	3,815	3,866	3,992	3,992	3,992
Demand Response	25,564	25,396	27,456	26,319	28,660	29,242	29,898	14,481	10,175	101,789
Demand Response-Taxi	-	-	-	-	-	-	-	-	13,572	194,431
Vanpool	6,670	7,809	10,870	13,022	13,803	15,086	15,432	14,301	13,492	8,666
	142,134	143,260	148,483	147,575	152,633	154,234	160,833	149,546	156,882	429,003
AVERAGE WEEKDAY REVENUE HOURS										
Bus	6,422	6,462	6,547	6,545	6,552	6,353	6,468	6,792	6,706	6,942
Light Rail (2)	788	811	809	778	804	1,105	1,194	1,377	900	1,486
Commuter Rail (1) (2)	90	91	100	87	180	166	169	171	172	173
Demand Response	1,642	1,560	1,500	1,542	1,752	1,779	1,811	1,035	792	8,087
Demand Response-Taxi	-	-	-	-	-	-	-	-	1,332	10,877
Vanpool	163	190	265	318	345	377	386	358	337	223
	9,105	9,114	9,221	9,270	9,633	9,780	10,028	9,733	10,239	27,788
AVERAGE WEEKDAY PASSENGERS PER REVENUE MILE										
Bus	1.67	1.68	1.70	1.63	1.43	1.50	1.49	1.46	1.46	1.38
Light Rail	3.65	3.47	3.76	3.87	3.71	3.28	3.81	3.44	3.39	3.15
Commuter Rail (1)	2.65	2.72	2.26	3.30	1.97	2.22	2.09	1.89	2.06	1.98
Demand Response	0.11	0.11	0.11	0.14	0.14	0.14	0.13	0.13	0.17	0.17
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	-
Vanpool	0.26	0.25	0.25	0.27	0.26	0.26	0.26	0.26	0.26	0.21
	1.57	1.55	1.55	1.51	1.34	1.39	1.48	1.60	1.52	0.62
AVERAGE WEEKDAY PASSENGERS PER REVENUE HOUR										
Bus	23.69	23.50	23.48	22.31	19.62	19.90	20.28	19.09	19.00	17.67
Light Rail	78.69	74.72	81.28	82.75	74.36	64.93	75.53	69.97	107.25	65.83
Commuter Rail (1)	57.98	58.87	53.71	67.11	48.27	51.10	47.81	44.19	47.84	45.71
Demand Response	1.64	1.86	2.10	2.37	2.29	2.25	2.21	1.78	2.14	2.18
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	-
Vanpool	10.68	10.36	10.40	10.95	10.55	10.33	10.54	10.41	10.43	8.32
	24.58	24.43	25.02	24.10	21.24	21.94	23.69	24.57	23.31	9.59

Notes

(1) Average weekday information for commuter rail for fiscal years 2006 to 2009 does not include service provided outside DART Service Area.
(2) Average weekday revenue miles and hours for rail services are car revenue miles and hours.

Source: National Transit Database and internal records

DALLAS AREA RAPID TRANSIT

NUMBER OF VEHICLES AND OPERATING FACILITIES

LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of vehicles available for service (1)										
Bus	742	740	728	663	663	658	629	650	861	744
Light Rail	107	115	115	115	122	163	163	163	163	163
Commuter Rail	36	36	36	36	44	47	35	35	35	32
Demand Response	186	199	209	209	209	209	209	175	165	107
Demand Response-Taxi	-	-	-	-	-	-	-	-	79	125
Vanpool	88	103	145	175	178	200	215	204	190	229
Total	1,159	1,193	1,233	1,198	1,216	1,277	1,251	1,227	1,493	1,400
Number of vehicles operated during weekday (1)										
Bus	565	559	564	564	556	507	509	527	544	535
Light Rail	83	85	85	84	76	77	78	102	103	105
Commuter Rail	21	21	19	19	18	18	18	18	23	18
Demand Response	173	169	184	190	190	186	186	148	148	92
Demand Response-Taxi	-	-	-	-	-	-	-	-	79	115
Vanpool	80	92	129	162	173	190	196	183	183	162
Total	922	926	981	1,019	1,013	978	987	978	1,080	1,027
Operating Facilities (2)										
Bus										
Number of operating garages	4	4	3	3	3	3	3	3	3	3
Number of transit centers	15	15	15	15	15	15	15	15	15	15
Number of bus stops	11,961	11,961	11,961	12,322	12,500	12,500	12,500	12,500	11,973	11,973
Light Rail										
Miles of tracks	45	45	45	45	48	48	72	77	85	85
Number of stations	35	35	35	35	39	39	55	58	61	62
Number of operating garages	1	1	1	1	1	1	2	2	2	2
Commuter Rail										
Miles of tracks	34	34	34	34	34	34	34	34	34	34
Number of stations	10	10	10	10	10	10	10	10	10	10
Number of operating garages	1	1	1	1	1	1	1	1	1	1
Demand Response										
Number of operating garages	1	1	1	1	1	1	1	1	1	1

Sources:

1) National Transit Database

2) Quarterly Performance Reports for the 4th quarter of each fiscal year.

DALLAS AREA RAPID TRANSIT
COST OF CAPITAL ASSETS
LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Non-Depreciable Capital Assets										
Land and right-of-way	$387,009	$388,000	$387,934	$398,914	$397,997	$548,904	$554,714	$578,169	$609,498	$616,728
Capital projects in progress	469,652	745,171	1,210,357	1,755,739	2,305,270	859,872	662,567	205,542	70,845	101,124
Total Non-Depreciable Capital Assets	856,661	1,133,171	1,598,291	2,154,653	2,703,267	1,408,776	1,217,281	783,711	680,343	717,852
Depreciable Capital Assets										
Transit-ways	1,371,496	1,369,288	1,408,118	1,607,364	1,631,987	2,779,751	3,188,305	3,696,268	3,845,836	3,860,836
Buildings and Improvements	366,067	369,411	404,477	416,472	419,849	696,102	702,179	745,314	746,585	748,445
Revenue and Non-Revenue Vehicles and Equipment	613,603	703,230	719,346	804,314	935,898	1,218,639	1,275,561	1,319,261	1,303,485	1,287,039
Furniture, Fixtures, and Leasehold Improvements	31,423	33,083	35,370	38,189	38,940	43,242	49,537	61,184	59,872	64,523
Total Depreciable Capital Assets	2,382,589	2,475,012	2,567,311	2,866,339	3,026,674	4,737,734	5,215,582	5,822,027	5,955,778	5,960,843
Less Accumulated Depreciation										
Transit-ways	311,617	357,424	403,562	452,524	508,156	593,902	690,650	820,845	931,205	1,060,638
Buildings and Improvements	159,854	175,430	191,518	207,275	221,232	240,967	265,881	292,055	316,802	341,810
Revenue and Non-Revenue Vehicles and Equipment	282,125	321,540	357,358	395,183	447,998	499,242	559,630	568,776	527,137	536,743
Furniture, Fixtures, and Leasehold Improvements	29,740	31,244	29,214	31,868	31,939	36,569	38,929	46,450	50,973	57,584
Total Accumulated Depreciation	783,336	885,638	981,652	1,086,850	1,209,325	1,370,680	1,555,090	1,728,126	1,826,117	1,996,775
Net Depreciable Capital Assets	1,599,253	1,589,374	1,585,659	1,779,489	1,817,349	3,367,054	3,660,492	4,093,901	4,129,661	3,964,068
Net Capital Assets	$ 2,455,914	$ 2,722,545	$ 3,183,950	$ 3,934,142	$ 4,520,616	$ 4,775,830	$ 4,877,773	$ 4,877,612	$ 4,810,004	$ 4,681,920

Source: Annual financial statements

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