Dallas Area Rapid Transit
Dallas, Texas

Financial Statements and Supplemental Information
Years Ended September 30, 2021 and 2020 and
Independent Auditor's Report

DALLAS AREA RAPID TRANSIT
DALLAS, TEXAS
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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Crowe LLP
Independent Member Crowe Global

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 business-type activities and the fiduciary activities of the Dallas Area Rapid Transit ("DART"), as of and for the years ended September 30, 2021 and 2020, 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the entity'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 the entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of DART, as of September 30, 2021 and 2020, and the respective changes in financial position and, where applicable, 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, during the year ended September 30, 2021, DART implemented GASB Statement No. 84, *Fiduciary Activities*, which resulted in reporting the DART Employees' Defined Benefit Retirement Plan and Trust, DART Other Post Employment Benefits Plan, DART Capital Accumulation Plan and Trust, and DART Retirement Plan and Trust as pension and other employee benefit trust funds in the financial statements as of September 30, 2021 and 2020. 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 - Defined Benefit Pension Plan, the Schedule of Employer Contributions - Defined Benefit Pension Plan, the Schedule Net OPEB Liability, and the Schedule of Employer Contributions - OPEB Plan, as listed in 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 opinions on the financial statements that collectively comprise DART's basic financial statements. The combining statements of fiduciary net position and combining statements of changes in fiduciary net position, 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 combining statements of fiduciary net position and combining statements of changes in fiduciary net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of fiduciary net position and combining statements of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2022 on our consideration of DART's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DART's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DART's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Dallas, Texas
February 22, 2022

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, 2021 and 2020. 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, 2021 and 2020, total assets and deferred outflows of resources of DART exceeded total liabilities by $1,450,178 and $1,340,980, respectively. The amount of unrestricted net position as of September 30, 2021, was $526,182 compared to $466,826 as of September 30, 2020.

The net position of DART increased by $109,198 during the fiscal year 2021 compared to an increase of $138,479 last year. The increases in both 2021 and 2020 were a result of higher revenues than expenses.

DART's total debt increased by 0.4% ($14,076) in 2021 compared to a decrease of 2% ($60,618) in 2020. The increase in 2021 was due to additional borrowing to pay for capital project costs. The decline in 2020 was due to the partial principal paydown of bonds and commercial paper notes. Debt information is summarized on page 13 of this management discussion and analysis.

Sales and use tax revenue was $683,171 in 2021 compared to $616,220 in 2020. Sales and use tax revenue increased by 11% ($66,951) in 2021 compared to a 1% ($4,909) decrease in 2020.

Capital contributions from federal, state, and local governments were $78,508 in 2021 and $119,259 in 2020. 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 $197,655 in 2021 compared to $294,136 in 2020. The decrease in 2021 was due to less federal COVID-19 relief money received compared to the year before.

For the fiscal year 2021, total revenues exceeded total expenses resulting in an income before capital contributions of $30,690 compared to an income of $19,220 for 2020. The gain in 2021 was due to an increase in sales tax revenue. The gain in 2020 was due to an increase in other federal grant revenue.

BASIC FINANCIAL STATEMENTS

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

The Statements of Net Position present 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 and 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 are shown on page 15 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 in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of DART's current year operations on its financial position. The Statements of Revenues, Expenses, and Changes in Net Position are shown on page 16 of this report.

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 the 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 17-18 of this report.

The Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position present information showing how the fiduciary funds' net position changed during the years presented. These statements are shown on page 19.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

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 20-57 of this report.

DART's activities 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, passenger revenues, 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, Dallas Area Rapid Transit Mobility Service, LGC, DART Employees' Defined Benefit Retirement Plan and Trust, Other Post Employment Benefits (OPEB) Plan, DART Capital Accumulation Plan and Trust, and DART Retirement Plan and Trust.

FINANCIAL ANALYSIS

Statements of Net Position – DART's total assets and deferred outflows of resources exceeded total liabilities by $1,450,178 and $1,340,980 as of September 30, 2021 and 2020, respectively. The largest portion of this excess (58% in 2021 and 59% in 2020) 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

	2021	2020	2019
Current assets	$866,106	$841,716	$734,622
Other non-current assets	140,609	183,246	191,971
Capital assets (net of accumulated depreciation)	4,219,469	4,171,958	4,189,759
Total assets	5,226,184	5,196,920	5,116,352
Deferred outflows of resources	98,137	92,195	80,679
Total assets and deferred outflows of resources	5,324,321	5,289,115	5,197,031
Current liabilities	432,126	414,423	496,041
Non-current liabilities	3,416,348	3,514,503	3,482,861
Total liabilities	3,848,472	3,928,926	3,978,902
Deferred inflows of resources	25,671	19,209	15,628
Total liabilities and deferred inflows of resources	3,874,143	3,948,135	3,994,530
Net position			
Net investment in capital assets	838,658	796,675	784,924
Restricted for:			
Debt service	81,923	72,863	68,370
Security for lease/leaseback liabilities	3,415	4,616	5,742
Unrestricted	526,182	466,826	343,465
Total net position	$1,450,178	$1,340,980	$1,202,501

Current assets increased by $24,390 in 2021 compared to a decrease of $107,094 in 2020. The increase in 2021 was due to increased sales tax revenue resulting in more investment and additional receivables at year-end. The increase in 2020 was due to additional grants received compared to the year before.

Other non-current assets decreased by $42,637 in 2021 compared to a decrease of $8,725 in 2020. The decreases in both 2021and 2020 were due to spending on capital projects.

As of September 30, 2021, $3,415 of DART's net position is restricted to satisfy the requirements of an amended lease/leaseback agreement compared to $4,616 as of September 30, 2020. The unrestricted portion of net position, $526,182 in 2021 and $466,826 in 2020 represent resources available to meet DART's ongoing obligations. The DART Board committed $102,226 in 2021 and $89,962 in 2020 of the unrestricted net position for Insurance, Financial Reserve, and Mobility Assistance and Innovation funds (see note 3). The increases in unrestricted net position of $59,356 (13%) in 2021 and $123,361 (36%) in 2020 were due to increase in revenues.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

Statements of Revenues, Expenses, and Changes in Net Position – During the fiscal year 2021, DART's activities resulted in an increase in net position of $109,198 compared to an increase in net position of $138,479 in 2020. The increase in 2021 was due to grant and increased sales tax revenues. The increase in 2020 was due to additional grant revenues. The key elements of the changes in net position for the fiscal years ended September 30, 2021 and 2020 with comparative information for 2019 are shown in the following table.

Summary of Revenues, Expenses, and Changes in Net Position

	2021	2020	2019
Operating revenues			
Passenger revenues	$28,975	$42,119	$63,941
Advertising, rent and other	11,902	13,023	13,532
Total operating revenues	40,877	55,142	77,473
Operating expenses			
Labor	256,170	268,436	259,186
Benefits	116,517	108,341	118,592
Services	55,247	55,943	53,282
Materials and supplies	47,344	55,753	51,017
Purchased transportation	57,044	57,079	58,537
Depreciation	251,045	249,778	248,064
Utilities	16,034	16,717	16,619
Taxes, leases, and other	5,649	3,492	6,679
Casualty and liability	5,444	6,266	7,156
Total operating expenses	810,494	821,805	819,132
Net Operating loss	(769,617)	(766,663)	(741,659)
Non-operating revenues (expenses)			
Sales and use tax revenue	683,171	616,220	621,129
Investment income	9,704	15,479	23,482
Build America Bonds tax credit	21,286	21,390	25,021
Other federal grants	197,655	294,136	54,932
Other non-operating revenues	37,275	15,156	15,463
Interest expense	(143,005)	(151,317)	(157,452)
Street improvements	(5,361)	(14,566)	(11,301)
Other non-operating expenses	(418)	(10,615)	(13,517)
Total net non-operating revenues	800,307	785,883	557,757
Income (loss) before capital contributions and grants	30,690	19,220	(183,902)
Capital contributions	78,508	119,259	82,025
Change in net position	109,198	138,479	(101,877)
Net position, beginning of the year	1,340,980	1,202,501	1,304,378
Net position, end of the year	$1,450,178	$1,340,980	$1,202,501

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

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

REVENUES

The following table summarizes revenues for fiscal years 2021 and 2020 with comparative information for 2019:

REVENUES AND CAPITAL CONTRIBUTIONS

Revenues	2021	2020	2019
Passenger revenues	$28,975	$42,119	$63,941
Advertising, rent and other	11,902	13,023	13,532
Sales and use tax revenue	683,171	616,220	621,129
Other federal grants	197,655	294,136	54,932
Investment income	9,704	15,479	23,482
Capital contributions	78,508	119,259	82,025
Build America Bonds tax credit	21,286	21,390	25,021
Other revenues	37,275	15,156	15,463
Total	$1,068,476	$1,136,782	$899,525

Passenger revenue – Passenger revenue includes farebox receipts, monthly and annual pass revenue, paratransit revenue, and special event fares. Passenger revenue decreased by $13,144 (31%) in 2021 compared to an increase of $21,822 (34%) in 2020. The decreases in both 2021 and 2020 were due to a decrease in ridership as a result of the COVID-19 pandemic.

Advertising, rent, and other – Advertising income includes revenue from advertisement at transit stations, on DART buses, and light rail vehicles. Rental income includes revenue from leases on land along the rail corridor and other properties. Advertising, rent, and other income decreased by 9% ($1,121) in 2021 compared to a decrease of 4% ($509) in 2020. The decreases in both 2021 and 2021 were due to a decline in advertising market as a result of the COVID-19 pandemic.

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 11% ($66,951) in 2021 compared to a decrease of 1% ($4,909) in 2020. The increase in 2021 was due to an improvement in the local economy The decrease in 2020 was due to a slowdown in the economy as a result of the COVID-19 pandemic. Sales and use tax revenue constituted approximately 64% of DART's total revenues and capital contributions in 2021 compared to 54% in 2020.

Other federal grants – Other federal grant revenue decreased by 33% ($96,481) in 2021 compared to an increase of 435% ($239,204) in 2020. The decrease in 2021 is due to less federal COVID-19 relief money received compared to the year before. The increase in 2020 was due to an additional assistance provided by the federal government in the form of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 in response to the COVID-19 pandemic.

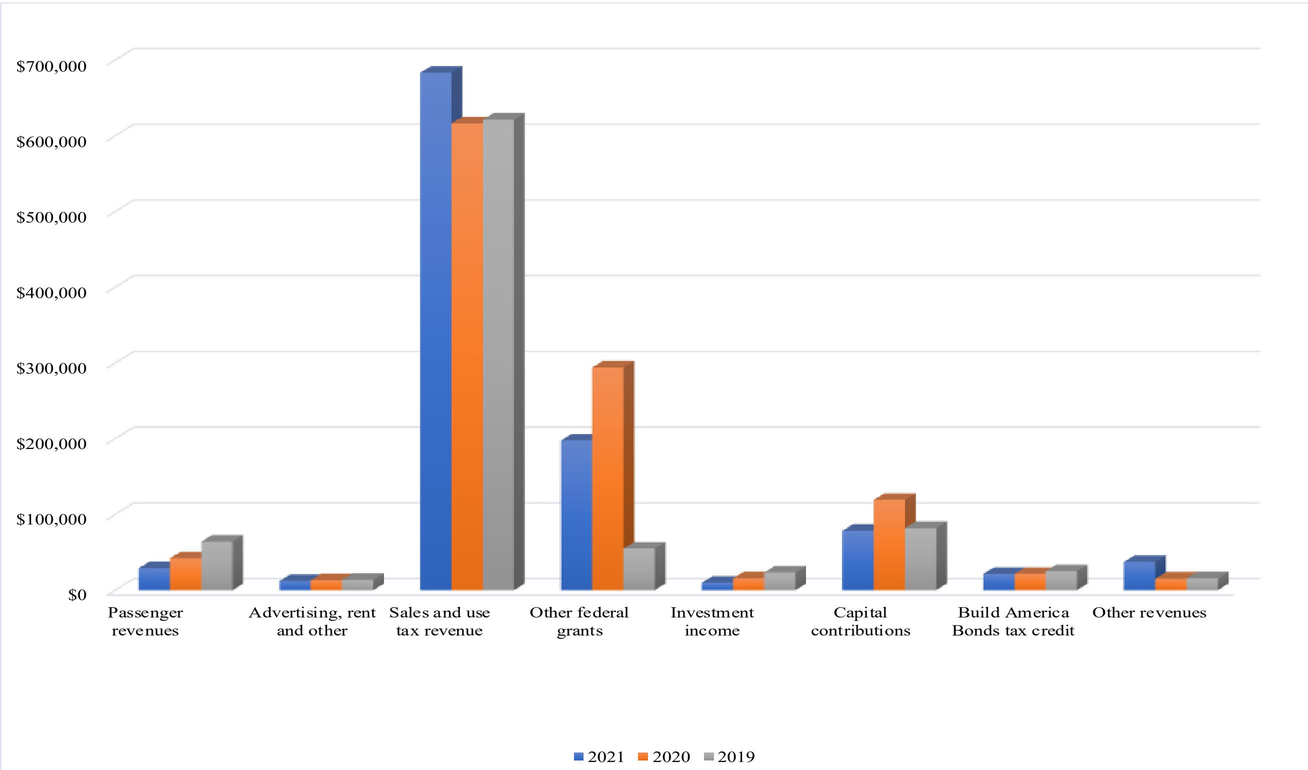
Capital contributions – Capital contributions include federal, state and local grants and contributions. Capital contributions decreased by 34% ($40,751) in 2021 compared to an increase of 45% ($37,234) in 2020. The decrease in 2021 was due to the Silver Line grant being fully drawn down. For the Silver Line commuter rail project, DART received $28,344 federal grant during 2021 compared to $80,656 during 2020. The increase in 2020 was due to receipt of previously delayed federal funding and federally funded projects that are moving forward.

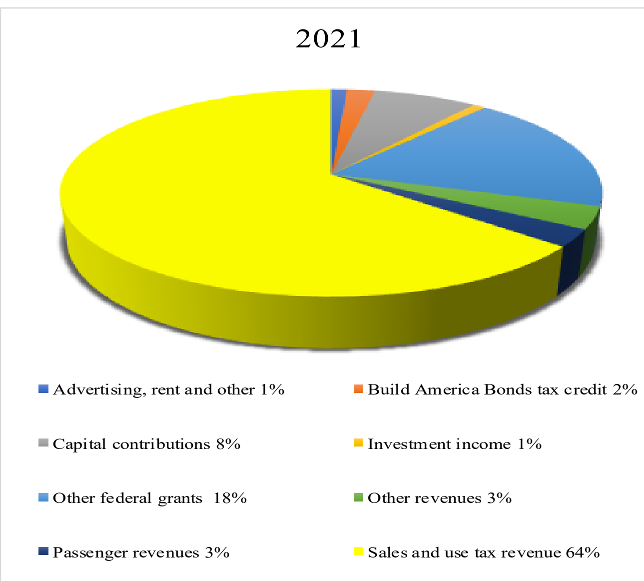
Investment income – Investment income decreased by 37% ($5,775) in 2021 compared to a decrease of 34% ($8,003) in 2020. The decreases in both 2021 and 2020 were due to changes in interest rate.

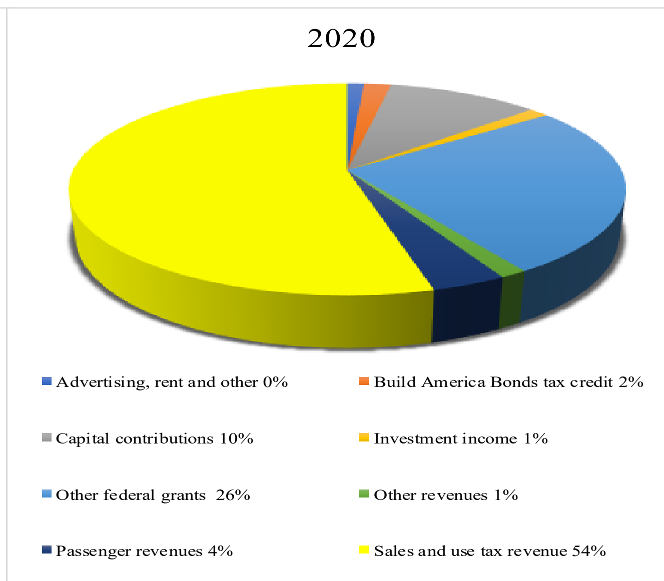
Build America Bonds tax credit – The Build America Bonds (BABs) tax credit decreased by 0.5% ($104) in 2021 compared to a decrease of 15% ($3,631) in 2020. The decrease in both 2021 and 2020 was due to partial refunding of bonds that were eligible for the credit.

Other revenues – Other revenues decreased by 146% ($22,119) in 2021 compared to a decrease of 2% ($307) in 2020. Other revenues include: revenues from billings to Fort Worth Transportation Authority (Trinity Metro) for their share of the Trinity Railway Express (TRE) commuter rail service; billings to the University of Texas at Dallas (UTD) for their share of the UTD shuttle service; gain/loss on disposal of assets and an alternative fuel tax credit. Other revenues increased during 2021 due to receipt of alternative fuel tax credit, more reimbursement from Trinity Metro due to an increase in TRE operating expenses, and renewable energy credit. Other revenues decreased during 2020 due to lower gain on disposal of assets compared to the prior year.

The following charts summarize revenues for fiscal years 2019 through 2021:







FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

EXPENSES

The following table summarizes expenses for fiscal year 2021 and 2020 with comparative information for 2019:

EXPENSES BY OBJECT CLASS

Expenses	2021	2020	2019
Labor	$256,170	$268,436	$259,186
Benefits	116,517	108,341	118,592
Services	55,247	55,943	53,282
Materials and supplies	47,344	55,753	51,017
Purchased transportation	57,044	57,079	58,537
Depreciation and amortization	251,045	249,778	248,064
Utilities	16,034	16,717	16,619
Taxes, leases and other	5,649	3,492	6,679
Casualty and liability	5,444	6,266	7,156
Street improvements	5,361	14,566	11,301
Interest and financing expenses	143,005	151,317	157,452
Other non-operating expense	418	10,615	13,517
Total	$959,278	$998,303	$1,001,402

Labor – Labor expense decreased by 5% ($12,266) in 2021 compared to an increase of 4% ($9,250) in 2020. The decrease in 2021 was due a decrease in the number of employees as a result of voluntary retirement. The increases in 2020 was due to annual merit and wage increases, and filling of vacant positions. During 2020, in response to the COVID-19 pandemic and expected negative impact on the economy, DART offered a voluntary retirement incentive program to eligible employees to reduce operating expenses. The increase in labor expense during 2020 includes some costs associated with retirement incentives for employees that accepted the offer before the end of fiscal year 2020.

Benefits – Benefits increased by 8% ($8,176) in 2021 compared to a decrease of 9% ($10,251) in 2020. The increase in 2021 was due to increases workers compensation claims because of a significant number of large claims. The decrease in 2020 was due to lower defined benefit pension, healthcare, and other post-employment benefit costs compared to the year before.

Services – Services include contracted services such as: security, vehicles, equipment and right-of-way maintenance, advertising, marketing, computing, communication, legal, government, and environmental services. Services decreased by 1% ($696) in 2021 compared to an increase of 5% ($2,661) in 2020. The decrease in 2021 was due to lower credit card processing fee because of less credit card payments by customers and lower healthcare claims administrative fees. The increase in 2020 was due to increased vehicle and facility cleaning and disinfecting services to protect DART customers and employees from COVID-19.

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 expense decreased by 15% ($8,409) in 2021 compared to an increase of 9% ($4,736) in 2020. The decrease in 2021 was attributable to lower market price of CNG fuel, and less parts needed for buses and light rail vehicles maintenance. The increase in 2020 was due to the cost of disinfectant products and cleaning supplies needed for vehicles and facilities to protect DART customers and employees from COVID-19.

Purchased transportation – Purchased transportation represents the costs of contracted transportation services such as commuter rail, paratransit, Go-Link, and shuttle services. Purchased transportation expenses decreased by less than 1% ($35) in 2021 compared to a decrease of 2% ($1,458) in 2020. The slight decrease in 2021 was due to less usage of the vanpool services compared to the year before. The decrease in 2020 was due to a decline in demand for shuttle and paratransit services as a result of the COVID-19 pandemic and related shelter-at-home orders.

Depreciation and amortization – Depreciation and amortization expenses increased by 1% ($1,267) in 2021 compared to an increase of 1% ($1,714) in 2020. The increases in both 2021 and 2020 were due to additional assets placed in service.

Utilities – Utilities represent the cost of electricity, telecommunications, water, sewer, and natural gas. Utilities decreased by 4% ($683) in 2020 compared to an increase of 1% ($98) in 2020. The decrease in 2021 was due to less electricity usage for light rail vehicles because of lower hours and miles of service. The slight increase in 2020 is due to rate increase for local telephone calls/lines. The decrease in 2019 is due to savings from a new electricity contract.

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 increased by 62% ($2,157) in 2021 compared to a decrease of 48% ($3,187) in 2020. The increase in 2021 was due to COVID-19 relief payments made to employees as a reimbursement of additional costs incurred by employees to work in the difficult environment created by COVID-19. The decrease in 2020 was due to a decrease in employee programs, less business travel, meetings and training due to the COVID-19 pandemic.

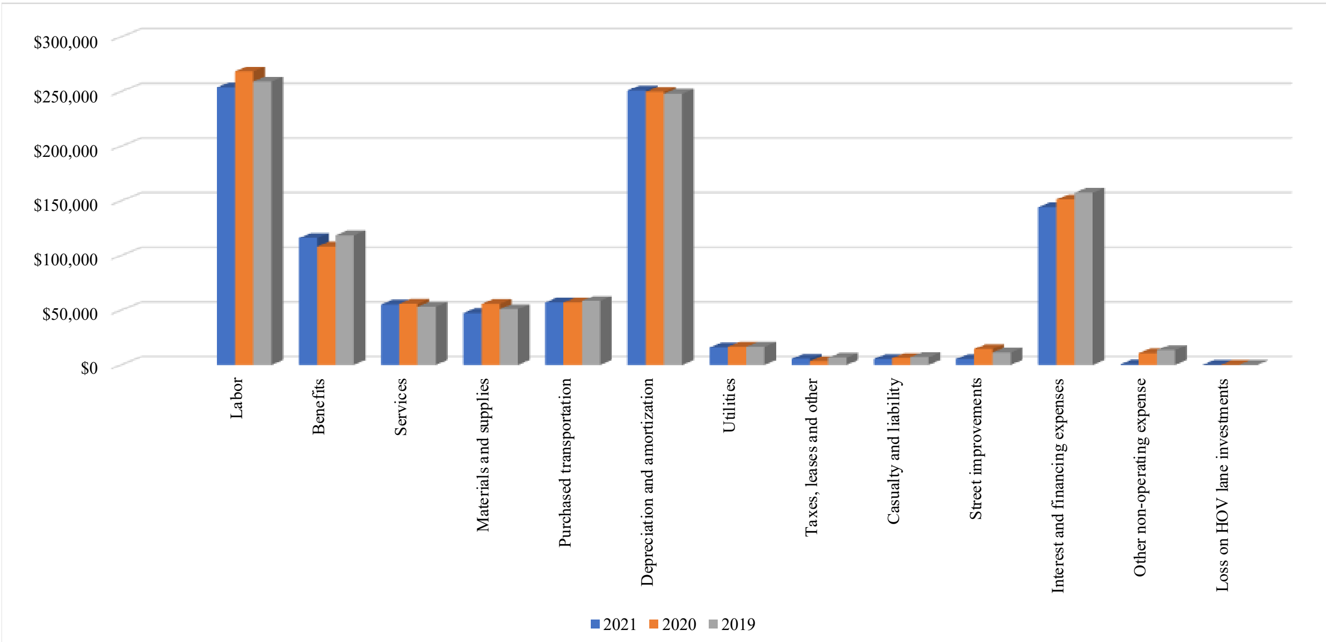
Casualty and liability – Casualty and liability expenses decreased by 13% ($822) in 2021 and decreased by 12% ($890) in 2020. The decrease in 2021 was due to due to favorable general liability claim experience partially offset by an increase in rail liability insurance premiums. The decrease in 2020 was due to favorable claim experience compared to last year.

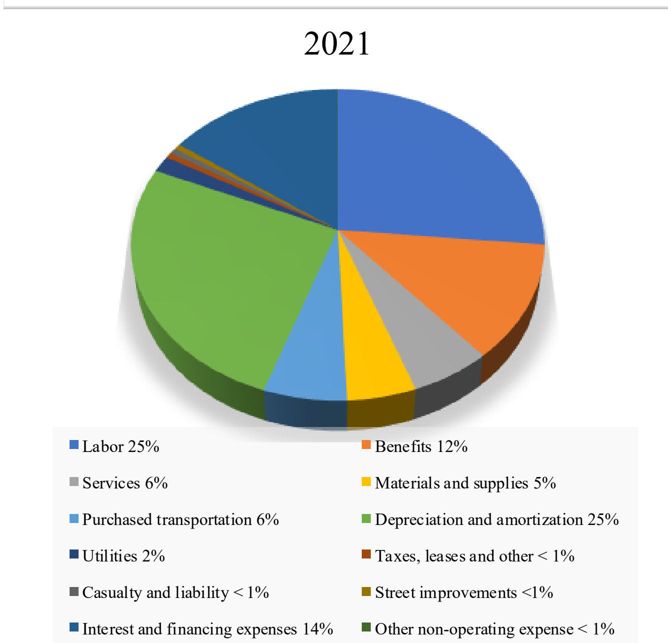
Street improvements – Local assistance is provided to eligible member jurisdictions in the form of technical and financial assistance to reduce traffic congestion and complement bus and public transit operations. Street improvement program costs decreased by 63% ($9,205) in 2020 compared to an increase of 29% ($3,265) in 2020. The decrease in 2021 was due to less requests for reimbursement from DART municipalities that do not have existing or planned and funded rail stations for street improvement project costs related to transit related improvements program (TRIP) while the increase in 2020 was due to more of such requests.

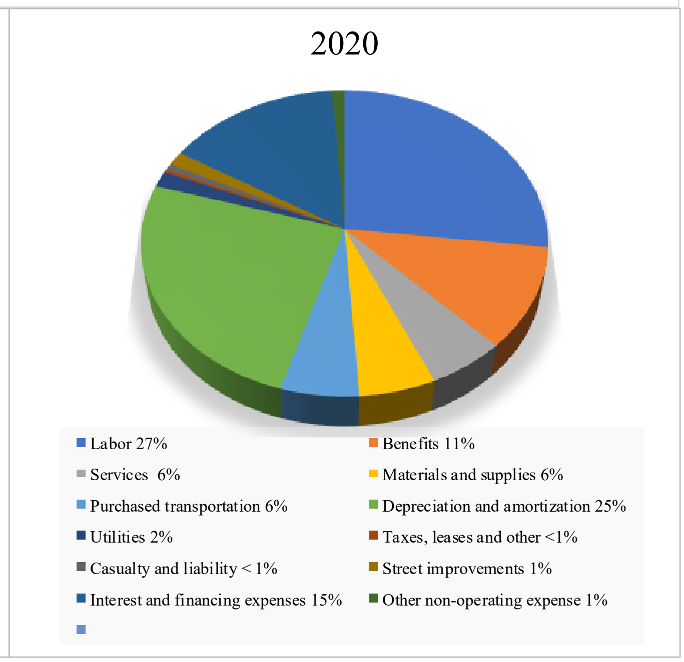
Interest and financing expenses – Interest expense decreased by 5% ($8,312) in 2021 and 4% ($6,135) in 2020. The decreases in both 2021 and 2020 were due to refunding of some of the existing bonds to lower interest rate bonds. This resulted in savings in interest expense.

Other non-operating expenses – Other non-operating expenses decreased by 96% ($10,197) in 2021 compared to a decrease of 21% ($2,902) in 2020. Fiscal year 2020 amount included a $10 million payment to the North Central Texas Council of Governments for the transit improvement program. There was such payment during 2021 resulting in a significant decrease in other non-operating expenses during 2021. The decrease in 2020 was due to lower spending on transit-oriented development and transit planning work.

The following charts summarize expenses for fiscal years 2019 through 2021:





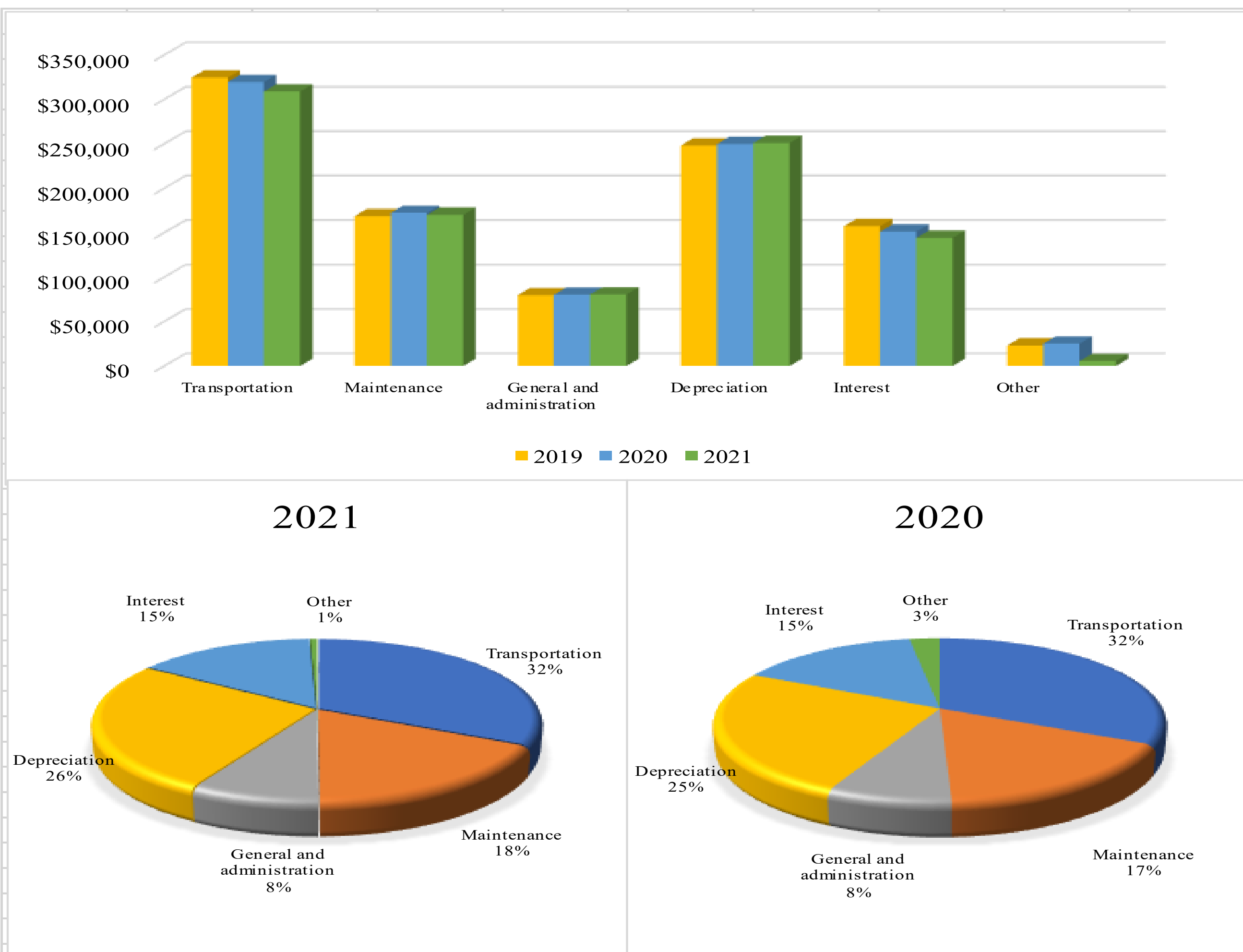


FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

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 items such 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, personnel 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, 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. *Other* – other expenses include non-operating items such as payments for transit related improvement programs (TRIP) and loss on transfer of HOV operations.

EXPENSES BY FUNCTION

	2021	2020	2019
Transportation	$309,042	$319,463	$324,552
Maintenance	170,126	172,309	168,579
General and administration	80,511	80,255	79,624
Depreciation and amortization	251,045	249,778	248,064
Interest	143,005	151,317	157,452
Other	5,549	25,181	23,131
Total	$959,278	$998,303	$1,001,402



FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (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, 2021, is $4,219,469 compared to $4,171,958 in 2020. The net increase in capital assets during 2021 is $47,511 (1%) compared to a decrease of $17,801 (less than 1%) in 2020. The following table summarizes capital assets net of depreciation as of September 30, 2021 and 2020 with comparative information for 2019.

Capital Assets (Net of Depreciation)

	2021	2020	2019
Land and rights-of-way	$618,572	$618,572	$618,596
Projects in progress	658,168	405,380	227,111
Transitways	2,220,215	2,324,469	2,456,894
Buildings and improvements	269,783	292,622	313,084
Revenue and non-revenue vehicles and equipment	417,957	488,167	551,784
Furniture, fixtures, and leasehold improvements	34,774	42,748	22,290
Total	$4,219,469	$4,171,958	$4,189,759

The net increase in 2021 is due to additional work and spending on capital projects. The decrease during 2020 was due to depreciation. Additional information on DART's capital assets is shown in note 6.

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, 2021, DART had total outstanding debt of $3,331,532 compared to $3,317,456 as of September 30, 2020. Outstanding debt increased by 0.4% ($14,076) in 2021 compared to a decrease of 2% ($60,618) in 2020.

The following table summarizes DART's total outstanding debt.

	2021	2020	2019
Sales tax revenue commercial paper notes	$119,100	$74,100	$159,100
Senior lien revenue bonds payable	3,055,360	3,074,810	2,992,355
TIFIA bonds payable	35,845	38,124	98,726
RRIF bonds Payable	50	11,706	11,706
Capital lease/leaseback liabilities	121,177	118,716	116,187
Total debt	$3,331,532	$3,317,456	$3,378,074

The sales tax revenue commercial paper notes outstanding balance was $119,100 as of September 30, 2021, compared to $74,100 as of September 30, 2020. Commercial paper notes are issued as a senior subordinate lien to sales and use tax revenues and are payable from the 1% sales and use tax receipts and farebox revenues (pledged revenues). The increase during 2021 was due to additional borrowing to pay for capital project costs. The decrease during 2020 was due to payment made on commercial paper notes of $85,000.

Senior lien revenue bonds outstanding are $3,055,360 as of September 30, 2021, and $3,074,810 as of September 30, 2020. These senior lien bonds are secured by and payable from the 1% sales and use tax receipts and farebox revenues (pledged revenues). The decrease of $19,450 in 2021is due to principal payment partially offset by additional borrowing. The increase of $82,455 in 2020 was to additional borrowing. The senior lien revenue bonds shown above are at face value. The amounts shown in the Statements of Net Position include the unamortized balance of the original issuance premium of $192,954 and $235,571 as of September 30, 2021 and 2020, respectively.

During 2021, DART maintained an AA+ credit rating from Standard & Poor's, AAA from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

TIFIA bonds payable are $35,845 as of September 30, 2021, compared to $38,124 as of September 30, 2020. The decreases in TIFIA bonds during both 2021 and 2020 were due to principal payments. After September 30, 2021 (on December 1, 2021) DART refunded the remaining balance of TIFIA bonds and fully paid off the $35,845 (see note 24, subsequent events note).

RRIF bonds payable are $50 as of September 30, 2021 compared to $11,706 as of September 30, 2020. During 2021 DART paid off the $11,706 balance and executed a new RRIF loan agreement to lower interest rate. Additional information on the RRIF loan is shown in note 14.

Capital lease/leaseback liabilities are $121,177 and $118,716 as of September 30, 2021 and 2020, respectively. The increase during both 2021 and 2020 are due to accrued interest.

Additional information on DART's outstanding debt is shown in notes 10-16.

ECONOMIC OUTLOOK

Sales and use tax is the largest source of revenue for DART, representing 64% of total revenues in 2021 and compared to 54% in 2020. Sales and use tax revenues are affected by changes in the local economy. During fiscal year 2021, DART's sales and use tax revenues showed a 11% increase compared to the previous year. Actual sales and use tax revenues in 2021 are $683,171 compared to $616,220 in 2020. The sales and use tax budget for 2022 is $673,245 compared to $683,171 actual for 2021. The budget for 2022 represents a 1.5% decrease from the 2021 actual sales and use tax revenues.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has changed the landscape of just about every facet of the world, and DART is no exception. It has impacted economic activity and financial markets globally and locally. For DART, it has resulted in a decrease in ridership, passenger fare, and sales tax revenues during the fiscal year 2020. Ridership decreased by about 29% or 20.5 million trips and fare revenue also decreased by $22,331 or 29%. Sales tax revenue decreased by $4,909 or 1%. In response, DART reduced the level of service during the second half of the fiscal year 2020. DART also offered a voluntary retirement incentive to eligible employees to resize its staffing with the level of service. During the fiscal year 2021, ridership decreased by 28% of 14.1 million trips and passenger revenues decreased by $13,144 or 31% compared to 2020. On the positive side, DART received Federal CARES Act funding and created health and safety guidelines to help mitigate the impact of the disruption in operations. During 2021, sales tax revenue exceeded expectations and increased significantly. Ridership also started showing improvement, but it is still below the pre-pandemical level. Despite the challenges caused by the COVID-19 pandemic, DART is in a strong financial position and plans to implement a new bus network during 2022 to increase ridership. The goal is to increase ridership and maintain coverage by increasing bus service hours and frequency, while also expanding access to on-demand service.

The continued spread of the disease represents a significant risk. The extent to which COVID-19 continues to impact DART will depend on future developments, which are still highly uncertain and cannot be predicted. As a result, DART has not yet determined the impact this disruption may have on its financial statements for the year ending September 30, 2022.

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, 2021 AND 2020 (Dollars in Thousands)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$314,744	$384,038
Investments	195,203	108,028
Sales and use tax receivable	121,139	101,988
Transit revenue receivable, net	5,337	4,835
Due from federal and other governments	31,518	20,050
Materials and supplies inventory, net	35,454	36,870
Prepaid transit expense and other	5,605	4,217
Restricted investments held by trustee for debt service	129,607	123,111
Restricted investments held for advance funding agreements	27,481	52,205
Restricted investments held to pay capital lease/leaseback liabilities	18	6,374
TOTAL CURRENT ASSETS	866,106	841,716
NONCURRENT ASSETS		
Restricted investments held as security for capital lease/leaseback liabilities	3,415	4,616
Restricted investments for system expansion and acquisition	943	57,931
Investment in joint venture	7,946	7,821
Capital assets		
Land and rights-of-way	618,572	618,572
Projects in progress	658,168	405,380
Depreciable capital assets, net of depreciation	2,942,729	3,148,006
Restricted investments held to pay capital lease/leaseback liabilities	121,159	112,342
Net other post-employment benefit (OPEB) asset	6,653	-
Unamortized bond insurance premium and other	493	536
TOTAL NONCURRENT ASSETS	4,360,078	4,355,204
TOTAL ASSETS	5,226,184	5,196,920
DEFERRED OUTFLOWS OF RESOURCES	98,137	92,195
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,324,321	5,289,115
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	96,245	103,363
Commercial paper notes payable	119,100	74,100
Current portion of capital lease/leaseback liabilities	18	6,374
Current portion of repayment due to State Comptroller	2,410	1,393
Local Assistance Program payable	6,524	5,622
Retainage payable	24,755	17,669
Unearned revenue and other liabilities	64,035	92,965
Accrued interest payable from restricted assets	47,684	50,248
Current portion of bonds payable	71,355	62,689
TOTAL CURRENT LIABILITIES	432,126	414,423
NONCURRENT LIABILITIES		
Accrued liabilities	38,348	40,172
Net pension liability	38,283	51,025
Net other post-employment benefits (OPEB) liability	-	5,048
Repayment due to State Comptroller	5,702	8,394
Senior lien revenue bonds payable	3,177,009	3,261,677
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	35,845	35,845
Capital lease/leaseback liabilities	121,159	112,342
TOTAL NONCURRENT LIABILITIES	3,416,346	3,514,503
TOTAL LIABILITIES	3,848,472	3,928,926
DEFERRED INFLOWS OF RESOURCES	25,671	19,209
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,874,143	3,948,135
NET POSITION		
Net investment in capital assets	838,658	796,675
Restricted for debt service	81,923	72,863
Restricted as security for capital lease/leaseback liabilities	3,415	4,616
Unrestricted	526,182	466,826
TOTAL NET POSITION	$1,450,178	$1,340,980

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, 2021 and 2020 (Dollars in Thousands)

	2021	2020
OPERATING REVENUES		
Passenger revenues	$28,975	$42,119
Advertising, rent, and other	11,902	13,023
TOTAL OPERATING REVENUES	40,877	55,142
OPERATING EXPENSES		
Labor	256,170	268,436
Benefits	116,517	108,341
Services	55,247	55,943
Materials and supplies	47,344	55,753
Purchased transportation	57,044	57,079
Depreciation and amortization	251,045	249,778
Utilities	16,034	16,717
Taxes, leases, and other	5,649	3,492
Casualty and liability	5,444	6,266
TOTAL OPERATING EXPENSES	810,494	821,805
OPERATING LOSS	(769,617)	(766,663)
NON-OPERATING REVENUES (EXPENSES)		
Sales and use tax revenue	683,171	616,220
Investment income	869	6,575
Interest income from investments held to pay capital lease/leaseback	8,835	8,904
Interest expense on capital lease/leaseback	(8,835)	(8,904)
Street improvements	(5,361)	(14,566)
Interest and financing expenses	(134,170)	(142,413)
Build America Bonds tax credit	21,286	21,390
Other federal grants	197,655	294,136
Other non-operating revenues	37,275	15,156
Other non-operating expenses	(418)	(10,615)
NET NON-OPERATING REVENUES	800,307	785,883
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	30,690	19,220
CAPITAL CONTRIBUTIONS AND GRANTS		
Federal capital contributions	54,189	98,924
State capital contributions	19,922	19,843
Local Capital Contribution	4,397	492
TOTAL CAPITAL CONTRIBUTIONS AND GRANTS	78,508	119,259
CHANGE IN NET POSITION	109,198	138,479
TOTAL NET POSITION – BEGINNING OF YEAR	1,340,980	1,202,501
TOTAL NET POSITION – END OF YEAR	$1,450,178	$1,340,980

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, 2021 and 2020 (Dollars in Thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$39,826	$56,001
Cash flows from other sources	28,594	19,572
Payments to suppliers of goods and services	(108,610)	(150,467)
Payments to purchased transportation service providers	(56,462)	(57,821)
Payments to employees	(258,715)	(261,199)
Benefit payments on behalf of employees	(136,104)	(114,391)
NET CASH USED BY OPERATING ACTIVITIES	(491,471)	(511,305)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales and use tax receipts	662,345	623,165
Other federal grants	197,637	294,168
Build America Bonds tax credit	16,663	21,314
Local Assistance Program and street improvements	(4,459)	(12,137)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	872,186	926,510
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	564	4,763
Proceeds from sales and maturity of investments	598,691	1,855,645
Purchase of investments	(616,312)	(1,678,668)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(17,057)	181,740
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(301,786)	(214,591)
Proceeds from the issuance of commercial paper notes	479,000	466,000
Payment on commercial paper notes	(434,000)	(551,000)
Proceeds from the issuance of revenue bonds	-	100,000
Proceeds from the issuance of RRIF bonds	50	-
Payment of RRIF Bonds	(11,706)	-
Issuers contribution to debt refunding	(5,377)	-
Principal payment on revenue bonds	(62,689)	(59,974)
Interest and financing expenses	(148,272)	(151,667)
Payment of debt issuance costs	(2,803)	(1,915)
Federal capital contributions	54,539	98,845
State and local capital contributions	86	2,376
Proceeds from the sale of capital assets	6	40
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(432,952)	(311,886)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(69,294)	285,059
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	384,038	98,979
CASH AND CASH EQUIVALENTS, END OF YEAR	$314,744	$384,038

(Continued)

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, 2021 and 2020 (Dollars in Thousands)

	2021	2020
RECONCILIATION OF OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	$(769,617)	$(766,663)
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation and amortization	251,045	249,778
Miscellaneous non-operating income	37,268	15,117
Miscellaneous non-operating expenses	(418)	(10,615)
Changes in assets and liabilities:		
(Increase) decrease in transit receivable	(555)	2,637
Decrease in due from federal & other governments	(9,920)	5,359
Decrease (increase) in materials and supplies inventory	1,416	854
Decrease (increase) in prepaid expenses and other current assets	(1,398)	777
Increase (decrease) in net pension liability	(12,742)	3,694
Increase (decrease) in defined benefit pension plan deferred inflows of resources	(356)	(1,586)
Increase (decrease) in OPEB deferred inflows of resources	(6,106)	(5,482)
Increase (decrease) in net OPEB liability	(5,048)	(4,900)
Increase (decrease) in net OPEB asset	6,653	-
Increase (decrease) in defined benefit pension plan deferred outflow of resources	4,535	5,966
Increase (decrease) in OPEB deferred outflows of resources	4,077	(4,535)
Increase (decrease) in accounts payable and accrued liabilities	4,015	2,240
Increase (decrease) in unearned revenue and other liabilities	5,680	(3,947)
NET CASH USED BY OPERATING ACTIVITIES	$(491,471)	$(511,305)
NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Interest income from investments held to pay capital lease/leaseback	$8,835	$8,904
Interest expense on capital lease/leaseback	(8,835)	(8,904)
Increase in capital lease/leaseback obligations	2,460	2,530
Increase in investments held to pay capital lease/leaseback	(2,460)	(2,530)
Increase (decrease) in fair value of investments	81	(34)
Amortization of premium, discount, bond insurance premium costs, and loss on debt refunding	22,201	(23,153)
Purchases of capital assets in accounts payable at year-end	54,926	60,829
Decrease in deferred outflows of resources – derivative instruments	-	314
Change in due from federal governments – capital contributions	350	161
Change in advance payments received from the State – capital contributions	19,884	17,960
Proceeds from the issuance of sales tax revenue bonds	279,920	209,689
Payment for advance refunding of sales tax revenue bonds	(279,920)	(209,689)

(Concluded)

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

DALLAS AREA RAPID TRANSIT
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021 AND 2020 (Dollars in Thousands)

	2021	2020
ASSETS		
Cash and cash equivalents	$15,329	$15,746
Receivables:		
Notes receivables from participants	14,556	16,489
Employee contribution	1,595	-
Employer contribution	1,983	-
Other receivables	-	283
Total receivables	18,134	32,518
Investments:		
Investments at contract value	84,615	84,701
Investments at fair value		
Equity	498,368	485,765
Fixed income	218,922	206,926
Real Estate	50,991	37,167
Total investments	852,896	814,559
TOTAL ASSETS	886,359	847,077
LIABILITIES		
Accounts payable, investment management, accrued benefits, and administrative	1,401	106
Accounts payable, investments in-transit	1,307	1,348
TOTAL LIABILITIES	2,708	1,454
NET POSITION RESTRICTED FOR:		
Pensions	810,529	780,021
Other post retirement benefits	73,122	65,602
TOTAL NET POSITION	$883,651	$845,623

DALLAS AREA RAPID TRANSIT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020 (Dollars in Thousands)

	2021	2020
ADDITIONS:		
Investment income:		
Net investment gain	$70,272	$90,661
Interest and dividends	26,237	20,822
Investment manager fees	(1,057)	(542)
Total investment income, net	95,452	110,941
Contributions:		
Employer	38,660	36,163
Employee/participant	21,057	18,114
Other	23	24
Total contributions	59,740	54,301
Total additions	155,192	165,242
DEDUCTIONS:		
Benefit payments	116,567	61,253
Administrative expenses	597	694
Total deductions	117,164	61,947
NET INCREASE IN NET POSITION	38,028	103,295
NET POSITION:		
BEGINNING OF YEAR	845,623	742,328
END OF YEAR	$883,651	$845,623

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, and 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 10), 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 2021.

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. A change to DART's enabling legislation was enacted during the 2009 Texas Legislative Session allowing DART to pledge multiple revenue sources as a first lien on Senior Lien Long-Term Bonds. This legislative change allowed DART to issue more than $2.9 billion in long-term debt, provided that DART issues multi-revenue bonds. On July 23, 2012, DART filed a Bond Validation Petition in District Court 160 in Dallas County. DART sought a judicial ruling clarifying whether a $2.9 billion limitation on "solely" pledged Sales Tax Revenue Bonds applies to "combined" Pledged Revenue Bonds. The hearing was conducted on August 13, 2012, and the Court concurred with DART's position. As a result, DART is no longer limited to $2.9 billion in long-term debt so long as the debt is backed by a combined pledge of revenues (sales taxes plus another revenue source). Based on voters' authorization and changes in its enabling legislation, DART issued and sold varies bonds shown in notes 12, 13 and 14.

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. DART's fiduciary activities are also presented on an accrual basis.

Reporting Entity – DART has two component units, Regional Rail Right-Of-Way Corporation (RRROW) and Dallas Area Rapid Transit Mobility Service, LGC (LGC).

Regional Rail Right of Way – The RRROW is a not-for-profit Corporation formed under Article 1396-1.01 of the Texas Non-Profit Corporation Act on October 9, 1990 to facilitate the acquisition of certain properties and right-of-way for DART. On July 9, 2002, The DART Board of Directors authorized the transfer to DART of real estate interest for certain railroad right of way held by RRROW and granted easement rights to RRROW to continue freight rail operations on all of DART active freight rail corridors. DART retains all real estate interests in the active freight rail corridors and RRROW is the common carrier authority under the freight operating easement. RRROW discharges the common carrier obligations through existing trackage rights agreements that are managed by DART personnel on behalf of RRROW. RRROW collects all trackage rights fees from freight operations on active DART owned railroad corridors. At the end of each fiscal year DART receives income earned by the Corporation that is not needed to pay the Corporation's expenses or obligations. DART retains the right to use the railroad corridors for reasonable purposes provided such uses do not materially interfere with common carrier freight service on the railroad corridors.

All powers of the RRROW corporation are vested in a Board of Directors, each member of which is appointed by the DART Board. The RRROW Board of Directors consists of not fewer than three nor more than five directors of which DART is the sole corporate member. Any director may be removed from office at any time, with or without cause, by the DART Board. The DART Board may review and revise the structure, organization, and activities of the Corporation. The property and affairs of RRROW are subject to the restrictions imposed by the DART Board. In the event of dissolution all assets will be turned over to DART.

Dallas Area Rapid Transit Mobility Service – The LGC is a not-for-profit Corporation formed on March 6, 2012 under Subchapter D of Chapter 431, Texas Transportation Code, to aide and act on behalf of DART in performance of its governmental purpose of providing a public transportation system by bus primarily outside the DART service area. The Corporation can issue bonds, notes or other obligations and it can also acquire real property, all subject to prior approval of the DART Board of Directors. The LGC must comply with all DART policies and, when applicable, with all Federal Transit Administration requirements in performance of its duties.

There are five members on the LGC Board: Chairman of the DART Board of Directors; one other DART Board member that is appointed by the DART Board of Directors; and three DART employees recommended by the President & Chief Executive Officer of DART and subject to the approval from the DART Board of Directors. DART is the sole corporate member of the LGC. The DART Board of Directors may remove any member from the LGC board, with or without cause. Any vacancy on the Board shall be filled by a majority vote of the DART Board of Directors. Staff functions for the Corporation are performed by DART employees, as directed by the DART President & Chief Executive Officer. The DART Board of Directors may at any time consider and approve a resolution directing the LGC Board of Directors to proceed with the dissolution of the Corporation in which case, all assets will be turned over to DART. At the end of each fiscal year, DART receives income earned by the Corporation that is not needed to pay the Corporation's expenses or obligations.

Both RRROW and LGC meet the criteria of a blended component unit for the following reasons: They are both non-profit corporations in which the agency is the sole corporate member. DART Board appoints/approves the voting majority of each Board. The DART Board can impose its will on the corporations and may at any time consider and approve a resolution directing their Boards to proceed with the dissolution of the Corporation in which case, all assets will be turned over to DART. Also, the DART Board may remove any member from the LGC or RRROW Board at any time, with or without cause. In the case of RRROW, the corporation provides services that benefit the primary government (DART) by discharging the common carrier obligations through DARTs existing trackage rights agreements and collecting the related trackage rights fees. DART is legally entitled to or can otherwise access the organizations resources as it retains the right to use the railroad corridors and at the end of each fiscal year receives income earned by RRROW via the trackage right fees received. In the case of LGC, the LGC benefits DART by aiding and acting on behalf of DART in performance of its governmental purpose of providing a public transportation system. The LGC also provides a financial benefit to DART. At the end of each fiscal year DART receives the income earned by the LGC that is not needed to pay the Corporation's expenses or obligations.

The financial information of the RRROW and LGC are included in the accompanying financial statements of DART as blended component units in accordance with GASB Statement No. 61 and GASB Statement No. 80.

Internally prepared financial statements for either RRROW 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.

Fiduciary Activities – DART implemented GASB Statement No. 84, *Fiduciary Activities* during the fiscal year 2021. This Statement established the criteria for identifying fiduciary activities of state and local governments and for fiduciary funds that meet the criteria, it requires governments to present the statement of fiduciary net position and a statement of changes in fiduciary net position. The fiduciary financial statements include four fiduciary funds. DART Employees' Defined Benefit Retirement Plan and Trust (DB Plan), DART Other Post Employment Benefits Plan (OPEB Plan), DART Capital Accumulation Retirement Plan and Trust, and DART Retirement Plan and Trust. These four plans are administered by DART which may amend plan provisions and is also responsible for the management of plan assets. Each of these four plans is a single-employer plan and each plan's assets are held in trust. The DART Employees' Defined Benefit Retirement Plan and Trust is a closed plan and new employees participate in the DART Retirement Plan and Trust. The balances for the DART Capital Accumulation Retirement and Trust, and DART Retirement Plan and Trust are as of December 31, 2020 and 2019 since these plans are reported on a calendar year basis.

New Accounting Pronouncements – In January 2017, GASB issued Statement No. 84 *Fiduciary Activities.* This Statement became effective for DART during 2021.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61.* This statement establishes the reporting requirements for a primary government's majority equity interest in a legally separate organization. GASB Statement No. 90 became effective for DART during 2021 and did not have any impact on DART financial statements.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates.* This Statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offer Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. Statement No 93 became effective for DART during 2021 except for paragraphs 13 and 14. This statement becoming effective did not have any impact on DART financial statements.

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 $314,744 and $384,038 as of September 30, 2021, and 2020, respectively.

Investments – The investment balances, other than investments held to pay lease/leaseback obligations (see Note 3), on September 30, 2021, and 2020 are stated at fair value except for money market funds which are valued at amortized cost. 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 or other measurements on September 30, 2021, and 2020, as the equivalent of the fair value of investments.

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 6. 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. Total interest and financing expense of $135,407 was incurred during 2021 compared $142,413 during 2020. None of these totals was capitalized due to early implementation of GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of Construction Period* starting in 2020. Donated assets are capitalized at estimated acquisition value on the date of donation. There were no donated capital assets during 2021 and 2020.

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Current/non-current classification – Liability balances due within one year are classified as current and balances due after a year are classified as non-current. Asset balances reasonably expected to be realized in cash or sold or consumed within a year are classified as current. Asset balances that are restricted as to withdrawal or use for other than current operations, that are designated for disbursement in the acquisition or construction of noncurrent assets, or that are segregated for the liquidation of long-term debts are classified as noncurrent.

Deferred Outflow and Inflow of Resources ─ GASB 63 took effect for fiscal years beginning after December 15, 2011. The statement requires the reclassification of any deferred amounts into appropriate categories for all years presented. Deferred outflow of resources is defined as the current consumption of net position that is applicable to a future reporting period while deferred inflows of resources is defined as the current acquisition of net position that is applicable to a future reporting period.

Amounts that make up the balances of deferred outflows of resources and deferred inflows of resources reported in the statements of net position as of September 30 are shown below.

Deferred Outflow of Resources	9/30/2021	9/30/2020
Debt Refunding Difference	$ 76,480	$ 61,926
Defined Benefit Pension Plan	10,000	14,535
OPEB Plan	11,657	15,734
Total Deferred Outflow of Resources	$ 98,137	$ 92,195
Deferred Inflow of Resources		
Defined Benefit Pension Plan	$ 356	$ -
OPEB Plan	25,315	19,209
Total Deferred Inflow of Resources	$ 25,671	$ 19,209

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 $78,508 in federal, state, and local capital contributions during 2021 compared to $119,259 during 2020. None of the total capital contributions received during 2021 and 2020 were based on capital expenditures made during the previous years. In addition to capital contributions, DART also received $197,655 in 2021 compared to $294,136 in 2020 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. The 2021 includes $128,511 compared to $229,628 during 2020 received from the federal government in the form of a COVID-19 relief grant.

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, BABs 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.

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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. These estimates include incurred but not reported (IBNR) claims.

Changes in the liabilities in 2021 and 2020 for DART's self-insured programs are as follows:

	Injury, Damage and Personal Liabilities	Workers' Compensation Liabilities	Employee Medical, Dental, and Vision Liabilities*	Total Self-Insurance Liabilities
Beginning Balance, 10/01/2018	**$4,235**	**$7,270**	**$7,294**	**$18,799**
Add: Claims and changes in estimates	2,410	2,568	60,500	65,478
Less: Payments	(2,280)	(3,950)	(57,509)	(63,739)
Ending balance, 09/30/2019	**4,365**	**5,888**	**10,285**	**20,538**
Add: Claims and changes in estimates	3,018	5,591	56,239	64,848
Less: Payments	(3,059)	(5,138)	(56,225)	(64,422)
Ending balance, 09/30/2020	**4,324**	**6,341**	**10,299**	**20,964**
Add: Claims and changes in estimates	457	20,397	53,962	74,816
Less: Payments	(1,559)	(9,158)	(53,770)	(64,487)
Ending balance, 09/30/2021	**3,222**	**17,580**	**10,491**	**31,293**
Non-current	1,388	13,401	-	14,789
Current portion	**$1,834**	**$4,179**	**$10,491**	**$16,504**

*DART employees pay their share of medical, dental, and vision claims through bi-weekly payroll deductions. Employees' share of medical, dental, and vision claims was $8,682 during 2021, $9,697 during 2020, and $9,711 during 2019. Payment amounts shown in the table above are gross amounts and not netted against employee contributions.

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.

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.

Other Post Employments Benefits (OPEB) – For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of retiree contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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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* resources consist of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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 2021 and 2020 and the current contract terms, including option periods is shown as follows:

		Annual Payments		Contract Terms	
Contractor's Name	Service Type	2021	2020	Began	Expires
Herzog Transit Services, Inc.	Commuter Rail Service	$24,777	$21,313	10/1/2015	9/30/2025
MV Transportation, Inc.	Paratransit, and mobility services	26,312	31,011	10/1/2012	9/30/2022
Others	Various	5,955	4,755	Various	Various
Total		$57,044	$57,079		

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:

	9/30/2021	9/30/2020
Cash and cash equivalents	$314,744	$384,038
Investments	195,203	108,028
Restricted investments held by trustee for debt service	129,607	123,111
Restricted investments held for advance funding agreements	27,481	52,205
Restricted investments held for system expansion and acquisition	943	57,931
Restricted investments held as security for capital lease/leaseback liabilities	3,415	4,616
Total cash and investments	$671,393	$729,929

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

	9/30/2021	9/30/2020
Cash	$1,438	$2,530
Cash equivalents	313,306	381,508
Investments	356,649	345,891
Total cash and investments	$671,393	$729,929

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, 2021, the carrying amount of DART's deposits was $1,438 compared to $2,530 on September 30, 2020. Bank balances on September 30, 2021 and 2020 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.

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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. Securities with a rating of A or better from a nationally recognized rating agency may be purchased. 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	25%
Repurchase and Reverse Repurchase Agreements	90 days	50%	5%
Money Market Mutual Funds	None	None	None
Commercial Paper	365 days	None	5%
Banker's Acceptance	270 days	None	5%
Certificate of Deposit	None	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.

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. Investment maturity is based on call dates when applicable.

		Remaining Maturity (in months) as of September 30, 2021		
Investment Type	Total Amount	12 Months or Less	12 to 24 Months	24 to 60 Months
Federal Farm Credit Banks	$60,083	$54,989	$5,094	$ -
Federal Home Loan Bank	24,974	10,002	14,972	-
Federal Home Loan Mortgage Corporation	16,882	14,096	-	2,786
Commercial Papers	37,999	37,999	-	-
Total	$139,938	$117,086	$20,066	$2,786

		Remaining Maturity (in months) as of September 30, 2020		
Investment Type	Total Amount	12 Months or Less	12 to 24 Months	24 to 60 Months
Federal Farm Credit Banks	$23,043	$ -	$13,042	$10,001
Federal Home Loan Bank	25,889	-	5,026	20,863
Federal Home Loan Mortgage Corporation	21,990	-	-	21,990
Total	$70,922	$ -	$18,068	$52,854

*Logic (Local Government Investment Cooperative) is an AAAm rated investment pool tailored to the investment needs of Texas local governments. The Portfolio invests only in A1/P1 commercial paper and government back securities (treasuries/agencies and repurchase agreements) which are in compliance with the Public Fund Investment Act. LOGIC is overseen by a Governing Board consisting of individuals from participating Government Entities in the pool. The Portfolio will maintain a dollar-weighted average portfolio maturity that does not exceed 60 days calculated in accordance with the 2a-7 or 90 days based on stated maturity of fund investments. The fair value of LOGIC portfolio is determined using amortized cost.

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**TexPool is the largest and oldest local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. It operates according to Government Code 2256 (Public Funds Investment Act) requirements. The weighted average maturities of the pool cannot exceed 60 days. TexPool invests only in investments authorized under the Public Funds Investment Act.
The fair value of TexPool portfolio is also determined using amortized cost.

***TexasClass is a Texas Cooperative Liquid Assets Securities System Trust ("the Trust"). It is a Participant controlled trust created in accordance with the Texas Public Funds Investment Act. Texas Class investments are AAAm by Standard and Poor's.

****TexasDaily is one of the investment options offered by the Texas Term Investment Pool which is a professionally managed portfolios that are available to government entities in the State of Texas. TexasDaily is a money market portfolio with daily liquidity that is rated AAAm by Standard & Poor's. Average maturity is 52 days.

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, 2021

Investment Type	Total Amount	AA+/ Aaa	AAAm	A1	Not Rated
Federal Farm Credit Banks	$60,083	$60,083	$ -	$ -	$ -
Federal Home Loan Bank	24,974	24,974	-	-	-
Federal Home Loan Mortgage Corporation	16,882	16,882	-	-	-
Money Market Funds:					
Logic*	243,367	-	243,367	-	-
TexPool **	178,410	-	178,410	-	-
TexasClass***	101,243	-	101,243	-	-
Other Money Market Funds	6,997	-	1,997	-	5,000
Commercial Papers	37,999	5,000	-	32,999	-
Total	$669,955	$106,939	$525,017	$32,999	$5,000

Rating as of September 30, 2020

Investment Type	Total Amount	AA+/ Aaa	AAAm	Not Rated
Federal Farm Credit Banks	$23,043	$23,043	$ -	$ -
Federal Home Loan Bank	25,889	25,889	-	-
Federal Home Loan Mortgage Corporation	21,990	21,990	-	-
Money Market Funds:			-	-
Logic	319,528	-	319,528	-
TexPool	179,333	-	179,333	
TexasClass	105,824	-	105,824	-
TexasDaily	30,018	-	30,018	-
Other Money Market Funds	21,774	-	1,759	20,015
Total	$727,399	$70,922	$636,462	$20,015

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. DART's investment portfolio includes $106,939 as of September 30, 2021 compared to $70,922 as of September 30, 2020 with credit ratings of 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. DART's Investment Policy contains limitations on the amount that can be invested in any one issuer as shown in the table on page 25. 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, 2021

Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Logic	$243,367	36%
TexPool	178,410	27%
TexasClass	101,243	15%
Federal Farm Credit Banks	60,083	9%
Dallas Fort Worth International Airport	32,998	5%

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September 30, 2020		
Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Logic	$319,528	44%
TexPool	179,333	25%
TexasClass	105,824	15%

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 except for money market mutual funds, which by design provide ownership of shares within the fund, are registered in DART's name as of September 30, 2021 and 2020 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 are in foreign currency-denominated investments.

DART categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs.

DART has the following fair value measurements as of September 30, 2021 and 2020.

Fair Value Measurements as of September 30, 2021				
Investment Type	Total Amount	Level 1	Level 2	Level 3
Federal Farm Credit Banks	$60,083	$ -	$60,083	$ -
Federal Home Loan Bank	24,974	-	24,974	-
Federal Home Loan Mortgage Corporation	16,882	-	16,882	-
Total	$101,939	$ -	$101,939	$ -

Fair Value Measurements as of September 30, 2020				
Investment Type	Total Amount	Level 1	Level 2	Level 3
Federal Farm Credit Banks	$23,043	$ -	$23,043	$ -
Federal Home Loan Bank	25,889	-	25,889	-
Federal Home Loan Mortgage Corporation	21,990	-	21,990	-
Total	$70,922	$ -	$70,922	$ -

Restricted investments held to pay capital lease/leaseback liabilities – As of September 30, 2021, DART had one outstanding lease/leaseback obligation. When DART entered into the capital lease/leaseback 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 in 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 a 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 $97,731 more than budget for fiscal year 2021 compared to $11,891 less than budget for fiscal year 2020. In addition, the Board of Directors authorized the establishment of Mobility Assistance and Innovation Fund. Should the Financial Reserve exceed $50 million, excess funds are placed in the Mobility Assistance and Innovation Fund.

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An affirmative vote of two-thirds of the Board is required to draw upon the Financial Reserve and Mobility Assistance and Innovation Fund. 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 $3,415 as of September 30, 2021, compared to $4,616 as of September 30, 2020.

These amounts are shown as restricted investments held as security for capital lease/leaseback liabilities in the Statements of Net Position and are excluded from the financial reserve amount of September 30, 2021 and 2020 shown as follows:

Assigned for	2021	2020
Self-Insurance	$23,013	$12,247
Financial Reserve*	46,560	45,277
Silver Line Project Fund**	20,206	20,110
Mobility Assistance and Innovation Fund***	12,447	12,328
Total	$ 102,226	$ 89,962

*The financial reserve amounts shown here are net of $3,415 as of September 30, 2021, and $4,616 as of September 30, 2020. These amounts are set aside as collateral security for a certain lease/leaseback obligation.
** On October 25, 2016, the DART Board approved the Fiscal Year 2017 Twenty-Year Financial Plan which included an authorization to move $20.1 million from Mobility Assistance and Innovation Fund (formerly Capital Reserve) to the Silver Line Project Fund to pay for the Silver Line commuter rail capital project costs.

*** On May 14, 2019 the DART Board renamed the Capital Reserve Fund as the Mobility Assistance and Innovation Fund by Resolution No. 190053.

Fiduciary Fund investments

DART Employees' Defined Benefit Retirement Plan and Trust (the "Plan")

The Plan is a single-employer defined benefit pension plan that was designed to provide retirement, death, and disability benefits to certain employees of Dallas Area Rapid Transit. This is a closed plan and new employees are not eligible to participate in the Plan. The Plan is administered by a Plan Committee consisting of five members: two persons appointed by the Chairman of the DART Board, two persons elected by Plan participants, and one person appointed by the President & Chief Executive Officer of DART.

Investments – The Plan's investments are stated at fair value. If available, quoted market prices are used to value investments. Shares of mutual funds are valued at the value of shares held by the Plan at year end. The fair value of the common collective trust investments and of the other investment funds is estimated by the issuer based on the fair value of the underlying investments.

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk is measured by the assignment of credit rating by nationally recognized rating agencies such as S&P and Moody's. The following tables show the rating of the Plan's investments as of September 30, 2021 and 2020.

		Credit Rating as of September 30, 2021				
Investment Type	Total Amount	AA+/ AAA	AA	A	< BAA	Not Rated
Fixed Income Investments:						
Agency	$ 403	$ 19	$ 34	$ 31	$ 304	$ 15
Corporate Bonds and Notes	30,055	2,039	1,174	4,004	22,516	322
Mortgage-Backed Securities	13,653	87	230	209	2,230	10,897
U.S. Treasury Bonds & Notes	22,909	3,148	1,024	1,077	2,936	22
Non-U.S. Government Bonds	8,207	16,790	1,025	1,072	3,982	40
	75,227	22,083	3,487	6,393	31,968	11,296
Equity Investments	95,623	-	-	-	-	95,623
Real Estate Funds	37,232	-	-	-	-	37,232
Total	$ 208,082	$ 22,083	$ 3,487	$6,393	$31,968	$144,151

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Investment Type	Total Amount	Credit Rating as of September 30, 2020 AA+/ AAA	AA	A	< BAA	Not Rated
Fixed Income Investments:						
Agency	$11,740	$11,280	$ 13	$ 57	$ 324	$ 66
Corporate Bonds and Notes	41,542	1,823	474	16,014	22,518	713
Mortgage Backed Securities	4,383	138	74	321	1,882	1,968
U.S. Treasury Bonds & Notes	7,388	3,175	225	987	2,930	71
Non-U.S. Government Bonds	7,884	1,647	434	1,919	3,884	-
	72,937	18,063	1,220	19,298	31,538	2,818
Equity Investments	91,718	-	-	-	-	91,718
Real Estate Funds	22,668	-	-	-	-	22,668
Total	$187,323	$18,063	$ 1,220	$19,298	$31,538	$117,204

On August 5, 2011, Standard and Poor, 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 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.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Approximately 69.44% ($144,499) of the Plan's Net Position represent investments in external investment pools and open-ended mutual funds for 2021 compared to 64.68% ($121,152) for 2020. The existence of these investments is not evidenced by securities that exist in physical form and therefore, they are not exposed to custodial credit risk. The investments managed by Garcia Hamilton & Associates, Jo Hambro, Earnest Partners, and Seizert Capital Partners which represent approximately 30.56% ($63,583) of the total net position of the Plan for 2021 compared to approximately 35.32% ($66,171) for 2020, are registered in the name of the Plan and therefore, are not exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investments in a single issuer. In the investment portfolios managed separately, there is no individual investment in any one issuer that represents five percent or more of the Plan's net position (see table of investments on footnote 3) as of September 30, 2021 or 2020.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, longer the maturities date of an investment, the greater the sensitivity of its fair value to changes in market interest rates. At September 30, 2021, the Plan's portfolio consists of 45.95% ($95,623) equity investments, 17.90% ($37,232) real estate funds, and 36.15% ($75,227) debt securities. At September 30, 2020, the Plan's portfolio consists of 48.96% ($91,718) equity investments, 12.10% ($22,668) real estate funds, and 38.94% ($72,937) debt securities. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuation as of September 30, 2021 and 2020, are shown as follows:

Investment Type	Total Amount	Maturity (in Months as of September 30, 2021) 12 Months or less	13 to 24 Months	25 to 60 Months	More than 60 Months	Not Applicable
Fixed Income Investments:						
Agency	$ 403	$ -	$ -	$ 8	$ 395	$ -
Corporate Bonds and Notes	30,055	672	1,938	5,924	19,804	1,717
Mortgage Backed Securities	13,653	18	3	250	13,381	1
U.S. Treasury Bonds & Notes	22,909	469	6,443	4,455	10,106	1,436
Non-U.S. Government Bonds	8,207	1183	479	547	5,998	-
	75,227	2,342	8,863	11,184	49,684	3,154
Equity Investments	95,623	-	-	-	-	95,623
Real Estate Funds	37,232	-	-	-	-	37,232
Total	$208,082	$2,342	$8,863	$11,184	$49,684	$136,009

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

		Maturity (in Months as of September 30, 2020)				
Investment Type	Total Amount	12 Months or less	13 to 24 Months	25 to 60 Months	More than 60 Months	Not Applicable
Fixed Income Investments:						
Agency	$ 11,740	$11,255	$ 437	$ 11	$ 37	$ -
Corporate Bonds and Notes	41,542	1,773	2,395	5,483	30,935	956
Mortgage Backed Securities	4,383	50	1	249	4,083	-
U.S. Treasury Bonds & Notes	7,388	64	3,221	637	2,330	1,136
Non-U.S. Government Bonds	7,884	545	538	701	6,100	-
	72,937	13,687	6,592	7,081	43,485	2,092
Equity Investments	91,718	-	-	-	-	91,718
Real Estate Funds	22,668	-	-	-	-	22,668
Total	$187,323	$13,687	$6,592	$7,081	$43,485	$116,478

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. Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Some of the Plan's investments were invested in international mutual funds. The mutual funds are denominated in the U.S. dollar and are not exposed to foreign currency risk.

Fair Value -The plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs and are valued using future projected cash flows. DART has the following fair value measurements as of September 30, 2021 and 2020.

Fair Value Measurements as of September 30, 2021

Investment Type	Total Amount	Level 1	Level 2	Level 3
Agency	$ 403	$ -	$403	$ -
Corporate Bonds and Notes	30,055	-	30,055	-
Mortgage Backed Securities	13,653	-	13,653	-
U.S. Treasury Bonds & Notes	22,909	-	22,909	-
Non-U.S. Government Bonds	8,207	-	-	8,207
Equity Investments	95,623	95,623	-	-
Real Estate Funds	37,232	-	-	37,232
Total	$208,082	$95,623	$67,020	$45,439

Fair Value Measurements as of September 30, 2020

Investment Type	Total Amount	Level 1	Level 2	Level 3
Agency	$ 11,740	$ -	$11,740	$ -
Corporate Bonds and Notes	41,542	-	41,542	-
Mortgage Backed Securities	4,383	-	4,383	-
U.S. Treasury Bonds & Notes	7,388	-	7,388	-
Non-U.S. Government Bonds	7,884	-	-	7,884
Equity Investments	91,718	91,718	-	-
Real Estate Funds	22,668	-	-	22,668
Total	$187,323	$91,718	$65,053	$30,552

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN

The OPEB Plan is a single-employer defined benefit plan that provides healthcare and life insurance to 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 is administered by DART. The plan does not issue separate stand-alone financial reports.

OPEB Plan Investments

In accordance with the OPEB Plan's investment policy, the trustee invests in, among others, obligations of the United States or its agencies and instrumentalities, domestic equity, international equity and fixed income investment. DART established the investment OPEB Plan investment policy and can amend it as needed. There was no amendment of OPEB investment policy during 2021.

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. All the OPEB Plan's investments were invested in mutual funds, which by design provide ownership of shares within the fund, are not exposed to interest rate risk.

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.

September 30, 2021

Investment Type	Total Amount	AAA m	AAA/ Aaa	AA/Aa	A	BBB/ Baa	< BBB/ Baa	Cash or Not Rated
Cash and cash equivalent	$2,816	$2,816	$ -	$ -	$ -	$ -	$ -	$ -
Equity	45,928	-	-	-	-	-	-	45,928
Fixed Income	25,453	-	9,000	1,048	3,056	5,671	2,217	4,461
	$74,197	$2,816	$9,000	$1,048	$3,056	$5,671	$2,217	$50,389

September 30, 2020

Investment Type	Total Amount	AAA m	AAA/ Aaa	AA/ Aa	A	BBB/ Baa	< BBB/ Baa	Cash or Not Rated
Cash and cash equivalent	$3,594	$3,594	$ -	$ -	$ -	$ -	$ -	$ -
Equity	38,113	-	-	-	-	-	-	38,113
Fixed Income	23,895	-	10,004	1,239	3,711	6,133	2,281	527
Total	$65,602	$3,594	$10,004	$1,239	$3,711	$6,133	$2,281	$38,640

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. All the OPEB Plan's investments were invested in mutual funds, which by design provide ownership of shares within the fund, are not exposed to concentration of credit risk.

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, the OPEB Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All the OPEB Plan's investments were invested in mutual funds, which by design provide ownership of shares within the fund, 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. Some of the OPEB Plan's investments were invested in international mutual funds. The mutual funds are denominated in the U.S. dollar and are not exposed to foreign currency risk.

Fair Value - DART categorizes its fair value measurements of the OPEB Plan within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs. DART has the following fair value measurements as of September 30, 2021 and 2020.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

Fair Value Measurements as of September 30, 2021

Investment Type	Total Amount	Level 1	Level 2	Level 3
Cash and cash equivalent	$2,816	$2,816	$ -	$ -
Mutual Funds - Equity	45,928	45,928	-	-
Mutual Funds – Fixed Income	25,453	25,453	-	-
Total	$74,197	$74,197	$ -	$ -

Fair Value Measurements as of September 30, 2020

Investment Type	Total Amount	Level 1	Level 2	Level 3
Cash and cash equivalent	$3,594	$3,594	$ -	$ -
Mutual Funds - Equity	38,113	38,113	-	-
Mutual Funds – Fixed Income	23,895	23,895	-	-
Total	$65,602	$65,602	$ -	$ -

DART CAPITAL ACCUMULATION PLAN AND TRUST

The DART Capital Accumulation Plan and Trust (the Plan) is a single employer defined contribution retirement plan designed to provide retirement benefits to all full-time employees of the Dallas Area Rapid Transit (DART). Participants should refer to the Plan Document for more detailed information.

The Plan is administered by a retirement committee consisting of not less than five persons appointed by DART's President & Chief Executive Officer.

DART has an agreement whereby the Trustee receives Plan contributions and allocates such contributions to the appropriate fund managers, as directed by the plan participants. Investment income of each fund is credited to each participant's account at the end of each day based on the account's relative percentage in each fund to total net position available for Plan benefits in each fund prior to credit for such income. During the 2020 and 2019 plan years, participants directed their contributions among the following investment funds. Below is a summary of those investments reflecting different risks

Credit Risk - Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized rating agencies such as S&P and Moody's. The following tables show the ratings of the underlying investments of the investment funds held by the plan as of December 31, 2020 and 2019.

		Credit rating as of December 31, 2020				
Investment Type	Total Amount	Aa+/ Aaa	Aa	A	Baa	Not Rated
Short-term Investments & Bonds	$65,511	$41,171	$5,805	$13,110	$5,425	$ -
Balanced (Bonds & Stocks)	94,196	-	-	-	-	94,196
Domestic Equity (Stocks)	94,656	-	-	-	-	94,656
International Equity (Stocks)	22,276	-	-	-	-	22,276
Total Investments	$276,639	$41,171	$5,805	$13,110	$5,425	$211,128

		Credit rating as of December 31, 2019				
Investment Type	Total Amount	Aa+/ Aaa	Aa	A	Baa	Not Rated
Short-term Investments & Bonds	$64,273	$21,098	$24,226	14,526	$4,423	$ -
Balanced(Bonds & Stocks)	99,968	-	-	-	-	99,968
Domestic Equity (Stocks)	104,257	-	-	-	-	104,257
International Equity (Stocks)	21,590	-	-	-	-	21,590
Total Investments	$290,088	$21,098	$24,226	14,526	$4,423	$225,815

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

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, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All the Plan's investments are in open-ended mutual funds and a common collective trust fund. The existence of these investments is not evidenced by securities that exist in physical book entry form and therefore, they are not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investments in a single issuer. All the investments held for the Plan are in mutual funds or a common collective trust fund.

Interest Rate Risk - Interest rate risk is the risk that changes in 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. The Plan's balanced, and equity investments portfolio was $211,128 (76.32%) in 2020 compared to $225,815 (77.84%) in 2019. Short-term investment and bonds were $65,511 (23.68%) in 2020 compared to $64,273 (22.16%) in 2019. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuation as of December 31, 2020 and 2019 is shown below.

		Maturity in Years as of December 31, 2020						
Investment Type	Total Amount	<1 Year	1-5 Years	5-10 Years	10-20 Years	20-30 Years	>30 Years	N/A
Short-term Investments and bonds	$65,511	$3,587	$42,425	$13,984	$1,602	$3,676	$237	$ -
Balanced (Bonds & Stocks)	94,196	-	-	-	-	-	-	94,196
Domestic Equity (Stocks)	94,656	-	-	-	-	-	-	94,656
International Equity (Stocks)	22,276	-	-	-	-	-	-	22,276
Total	$276,639	$3,587	$42,425	$13,984	$1,602	$3,676	$237	$211,128

		Maturity in Years as of December 31, 2019						
Investment Type	Total Amount	<1 Year	1-5 Years	5-10 Years	10-20 Years	20-30 Years	>30 Years	N/A
Short-term Investments and bonds	$64,273	$7,797	$36,950	$14,751	$1,119	$3,531	$125	$ -
Balanced (Bonds & Stocks)	99,968	-	-	-	-	-	-	99,968
Domestic Equity (Stocks)	104,257	-	-	-	-	-	-	104,257
International Equity (Stocks)	21,590	-	-	-	-	-	-	21,590
Total	$290,088	$7,797	$36,950	$14,751	$1,119	$3,531	$125	$225,815

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. Some of the Plan's investments were invested in international mutual funds. The mutual funds are denominated in the U.S. dollar and are not exposed to foreign currency risk.

Fair Value - The plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The following tables show the fair value measurements of the underlying investments of the investment funds held by the plan as of December 31, 2020 and 2019.

Fair Value Measurements as of December 31, 2020

Investment Type	Total Amount	Level 1	Level 2	Level 3
Short-term Investments and Bonds	$27,513	$27,513	-	-
Balanced (Bonds & Stocks)	94,196	94,196	-	-
Domestic Equity (Stocks)	94,656	94,656	-	-
International Equity (Stocks)	22,276	22,276	-	-
Total	$238,641	$238,641	$ -	$ -

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

Fair Value Measurements as of December 31, 2019

Investment Type	Total Amount	Level 1	Level 2	Level 3
Short-term Investments and Bonds	$25,273	$25,273	-	-
Balanced (Bonds & Stocks)	99,968	99,968	-	-
Domestic Equity (Stocks)	104,257	104,257	-	-
International Equity (Stocks)	21,590	21,590	-	-
Total	$251,088	$251,088	$ -	$ -

DART RETIREMENT PLAN AND TRUST

The DART Retirement Plan and Trust (the Plan) is a single employer defined contribution plan designed to provide retirement benefits to employees of Dallas Area Rapid Transit (DART). Participants should refer to the Plan Document for more detailed information.

The Plan is administered by a retirement committee consisting of eight members appointed by the President & Chief Executive Officer of DART. DART has the right to amend this Plan to the extent that it may deem advisable, provided; that no such amendment shall impair or adversely affect the right of any participant which has matured, and no such amendment shall increase the duties or responsibilities of the Trustee without its consent given in writing. Although the employer has not expressed any intent to discontinue the Plan, it reserves the right in its sole discretion to terminate the Plan. In such event, each participant shall have a non-forfeitable right in one hundred percent (100%) of his/her account balance.
The assets of the Plan are held in the DART Retirement Plan and Trust. Except for the Vanguard Retirement Savings Trust, which is held at contract value, the Plan's investments are stated at fair value. Below is a summary of the Plans investment reflecting different risks.

Credit Risk - Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized rating agencies such as S&P and Moody's. The following tables show the ratings of the underlying investments of the investment funds held by the Plan as of December 31, 2020 and 2019.

		Credit rating as of December 31, 2020				
Investment Type	Total Amount	Aa+/ Aaa	Aa	A	Baa	Not Rated
Short-term investments & Bonds	$137,346	$93,487	$8,686	$21,606	$13,567	$ -
Domestic Equity (Stocks)	96,710	-	-	-	-	96,710
International Equity (Stocks)	48,979	-	-	-	-	48,979
Real Estate Funds	13,759	-	-	-	-	13,759
Total Investments	$296,794	$93,487	$8,686	$21,606	$13,567	$159,448

		Credit rating as of December 31, 2019				
Investment Type	Total Amount	Aa+/ Aaa	Aa	A	Baa	Not Rated
Short-term investments & Bonds	$130,522	$67,345	$30,053	$21,857	$11,267	$ -
Domestic Equity (Stocks)	86,521	-	-	-	-	86,521
International Equity (Stocks)	43,598	-	-	-	-	43,598
Real Estate Funds	14,499	-	-	-	-	14,499
Total Investments	$275,140	$67,345	$30,053	$21,857	$11,267	$144,618

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, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All the Plan's investments are in open-ended mutual funds and a common collective trust fund. The existence of these investments is not evidenced by securities that exist in physical book entry form and therefore, they are not exposed to custodial credit risk.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investments in a single issuer. All the investments held for the Plan are in mutual funds or a common collective trust fund.

Interest Rate Risk - Interest rate risk is the risk that changes in 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. The Plan's equity and real estate investments portfolio was $159,448 (53.72%) in 2020 compared to $144,618 (52.56%) in 2019. Debt securities were $137,346 (46.28%) in 2020 compared to $130,522 (47.44%) in 2019. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuation as of December 31, 2020 and 2019 is shown as follows:

		Maturity in Years as of December 31, 2020						
Investment Type	Total Amount	<1 Year	1-5 Years	5-10 Years	10-20 Years	20-30 Years	>30 Years	N/A
Short-term Investments & Bonds	$137,346	$5,079	$94,521	$ 26,260	$2,867	$8,217	$402	$ -
Domestic Equity (Stocks)	96,710	-	-	-	-	-	-	96,710
International Equity (Stocks)	48,979	-	-	-	-	-	-	48,979
Real Estate Funds	13,759	-	-	-	-	-	-	13,759
Total	$296,794	$5,079	$94,521	$ 26,260	$2,867	$8,217	$402	$159,448

		Maturity in Years as of December 31, 2019						
Investment Type	Total Amount	<1 Year	1-5 Years	5-10 Years	10-20 Years	20-30 Years	>30 Years	N/A
Short-term Investments & Bonds	$130,522	$9,795	$85,138	$ 26,139	$1,830	$7,424	$196	$ -
Domestic Equity (Stocks)	86,521	-	-	-	-	-	-	86,521
International Equity (Stocks)	43,598	-	-	-	-	-	-	43,598
Real Estate Funds	14,499	-	-	-	-	-	-	14,499
Total	$275,140	$9,795	$85,138	$26,139	$1,830	$7,424	$196	$144,618

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. The Plan's Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Some of the Plan's investments were invested in international mutual funds. The mutual funds are denominated in the U.S. dollar and are not exposed to foreign currency risk.

Fair Value - The plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. DART has the following fair value measurements as of December 31, 2020 and 2019.

Fair Value Measurement as of December 31, 2020				
	Total Amount	Level 1	Level 2	Level 3
Short-term Investments & Bonds	$90,729	$90,729	-	-
Domestic Equity (Stocks)	96,710	96,710	-	-
International Equity (Stocks)	48,979	48,979	-	-
Real Estate Funds	13,759	13,759	-	-
Total	$250,177	$250,177	$ -	$ -

Fair Value Measurement as of December 31, 2019				
	Total Amount	Level 1	Level 2	Level 3
Short-term Investments & Bonds	$84,821	$84,821	-	-
Domestic Equity (Stocks)	86,521	86,521	-	-
International Equity (Stocks)	43,598	43,598	-	-
Real Estate Funds	14,499	14,499	-	-
Total	$229,439	$229,439	$ -	$ -

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. Restricted assets shown in the Statements of Net Position also include debt 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. DART also entered into an inter-local agreement with the City of Dallas to plan and design a modern streetcar 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, 2021 and 2020.

DART issues short-term debt (commercial paper notes) and long-term debt (bonds) as needed to pay for capital project costs. Due to unavoidable timing differences between the time when debt is issued and when capital project cost is paid, unspent debt proceeds are held in investments. Such amounts are shown as *restricted investments held system expansion and acquisition* in the Statements of Net Position as of September 30, 2021 and 2020.

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, 2021, DART has set aside $3,415 compared to $4,616 as of September 30, 2020, for this purpose. These amounts are shown as *investments restricted as security for lease/leaseback liabilities* in the Statements of Net Position.

5. INVESTMENT IN JOINT VENTURE

DART and Trinity Metro 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 Trinity Metro based on revenue linear single-track 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 and Trinity Metro 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 Trinity Metro 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.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

6. CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2021 are shown as follows:

	Beginning Oct. 1, 2020	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2021
Non-Depreciable Assets					
Land and right-of-way	$ 618,572	$ -	$ -	$ -	$ 618,572
Capital projects in progress	405,380	297,611	-	(44,823)	658,168
Total non-depreciable assets	1,023,952	297,611	-	(44,823)	1,276,740
Depreciable Assets					
Transitways	4,059,781	-	-	34,551	4,094,332
Buildings and improvements	755,314	-	(105)	1,888	757,097
Revenue and non-revenue vehicles and equipment	1,310,486	-	(2,824)	820	1,308,482
Furniture, fixtures, and Leasehold improvements	128,009	-	(2,990)	7,564	132,583
Total depreciable assets	6,253,590	-	(5,919)	44,823	6,292,494
Less accumulated depreciation					
Transitways	1,735,312	138,806	-	-	1,874,118
Buildings and improvements	462,692	24,725	(105)	-	487,312
Revenue and non-revenue vehicles and equipment	822,319	71,031	(2,824)	-	890,526
Furniture, fixtures, and Leasehold improvements	85,261	15,534	(2,986)	-	97,809
Total accumulated depreciation	3105,584	250,096	(5,915)	-	3,349,765
Depreciable assets, net	3,148,006	(250,096)	(4)	44,823	2,942,729
Total capital assets	$4,171,958	$47,515	$ (4)	$ -	$4,219,469

Changes in capital assets for the years ended September 30, 2020 are shown as follows:

	Beginning Oct. 1, 2019	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2020
Non-Depreciable Assets					
Land and right-of-way	$ 618,596	$ -	$ (309)	$ 285	$ 618,572
Capital projects in progress	227,111	231,184	-	(52,915)	405,380
Total non-depreciable assets	845,707	231,184	(309)	(52,630)	1,023,952
Depreciable Assets					
Transitways	4,054,449	-	-	5,332	4,059,781
Buildings and improvements	753,648	-	(3,805)	5,471	755,314
Revenue and non-revenue vehicles and equipment	1,327,613	-	(26,808)	9,681	1,310,486
Furniture, fixtures, and Leasehold improvements	97,110	-	(1,247)	32,146	128,009
Total depreciable assets	6,232,820	-	(31,860)	52,630	6,253,590
Less accumulated depreciation					
Transitways	1,597,555	137,757	-	-	1,735,312
Buildings and improvements	440,564	25,933	(3,805)	-	462,692
Revenue and non-revenue vehicles and equipment	775,829	73,298	(26,808)	-	822,319
Furniture, fixtures, and Leasehold improvements	74,820	11,688	(1,247)	-	85,261
Total accumulated depreciation	2,888,768	248,676	(31,860)	-	3105,584
Depreciable assets, net	3,344,052	(248,676)	-	52,630	3,148,006
Total capital assets	$4,189,759	$(17,492)	$ (309)	$ -	$4,171,958

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

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 commuter rail vehicles	25
Rebuilt/Remanufactured rail cars	10

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

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

Description	2021	2020
Accounts payable and accrued liabilities		
Payroll	$ 12,742	$ 15,287
Accrued paid time off, vacation and sick leave	26,491	29,906
Self-insurance liabilities	31,293	20,964
Other operating liabilities	33,813	34,167
Total operating expense related	104,339	100,324
Non-operating expense and capital related	30,254	43,211
Total accounts payable and accrued liabilities	134,593	143,535
Non-current	38,348	40,172
Current	$96,245	$103,363

The Texas State Comptroller collects the 1% sales and use tax from taxpayers 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	2021	2020
Beginning balance	$9,787	$6,103
Additions	-	4,096
Payments	(1,675)	(412)
Ending balance	8,112	9,787
Non-current	5,702	8,394
Current	$2,410	$1,393

8. 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	2021	2020
Beginning balance	$29,906	$27,304
Additions	2,113	4,183
Payments	(5,528)	(1,581)
Ending balance	26,491	29,906
Non-current	23,559	25,386
Amounts due in one year	$ 2,932	$ 4,520

9. LOCAL ASSISTANCE PROGRAMS

i. 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.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

Changes in Local Assistance Program Payable for the two years ended September 30, 2021 and 2020 are as follows:

Description	2021	2020
Beginning balance	$583	$583
Payments	(559)	-
Ending balance	$24	$583

ii. Transit Related Improvement Program – In January 2017, DART created a Transit Related Improvement Program (TRIP). This program will provide alternative mobility benefits to eligible non-rail cities by funding transit related improvement projects. Eligible municipalities are Cockrell Hill, Glenn Heights, Highland Park, and University Park. The maximum amount of annual DART funding for any municipal project is 21% of the annual projected DART sales tax revenue from such city. To be eligible for reimbursement, a project must be authorized under and consistent with the provisions of Chapter 452 of the Texas Transportation Code. Particular consideration and weight are given to projects that enhance transportation modes provided by DART, public transit safety, ridership or efficiency anywhere in the DART service area, and innovative approaches to public transportation. The TRIP program will end on September 30, 2025. Under the TRIP program, DART paid $1,992 to eligible non-rail cities during fiscal year 2021 compared to $2,551 paid during 2020.

10. 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). As of September 30, 2021 and 2020, DART has only one outstanding lease/lease back obligation. Under this transaction, 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 headlease and sublease has been recorded as a capital lease/leaseback for accounting purposes. The following table shows the DART capital lease/leaseback transaction that is outstanding as of September 30, 2021.

Lease Date	Property	Fair Value at Closing Date	Prepayment Received on Head Lease	Amount Invested to Satisfy Sublease Obligation	Cash Benefit	Repurchase Option Date	Sublease Termination Date
9/28/2000	28 Light rail cars	$91,000	$91,000	$84,000	$7,000	01/02/23	12/15/23

The sublease provides DART with an opportunity, at its sole discretion, to repurchase equipment on specified dates. As these dates approach, DART will complete a financial analysis 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 at the specified date and has reflected this option in the amortization.

The following table shows the net book value of the light rail cars under the lease/lease back agreement as of September 30, 2021 and 2020.

Lease Date	Property	Net book value as of 9/30/2021	Net book value as of 9/30/2020
9/28/2000	28 Light rail cars	$9,798	$12,849

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 headlease were invested to satisfy the sublease obligations. Since the investments have been structured to meet all future obligations under the sublease 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:

	2021	2020
Amounts due within one year	$18	$6,374
Amounts due in more than one year	121,159	112,342
Total	$121,177	$118,716

The lease/leaseback transaction 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 rating of the financial institution insuring DART's lease/leaseback transaction was downgraded below levels specified in the lease/leaseback agreement. As a result, DART entered into an amended agreement to reset the acceptable credit rating to be maintained at or above BBB. DART also entered into an additional Equity Security Agreement that requires it to set aside certain investments as security. As of September 30, 2021, DART has set aside $3,415 compared to $4,616 as of September 30, 2020 for this purpose. These amounts are shown as restricted investments held as security for lease/lease back liabilities in the Statements of Net Position.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

As of September 30, 2021, DART has only one outstanding lease/lease back obligation. Changes in the capital lease/lease back obligations for the years ended September 30 are shown below:

Description	2021	2020
Beginning balance	$118,716	$116,187
Accrued interest	8,835	8,903
Payments	(6,374)	(6,374)
Ending Balance	$121,177	$118,716

The following schedule shows future minimum sublease payments as of September 30, 2021 for the outstanding lease capital lease/leaseback transaction.

Year Ending September 30	Minimum Sublease Payments
2022	$ 18
2023	126,629
2024	8,663
Total minimum sublease payments due under capital lease/leaseback	135,310
Less: amount representing interest	(14,133)
Present value of minimum sublease payments	$121,177

11. 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 – in June 2014, the DART Board approved a new Commercial Paper Self-Liquidity Program that allowed 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. In September 2018, the DART Board authorized the reduction of the self-liquidity backed commercial paper program from $200 million to $125 million for the purpose of reducing the coverage requirement. During fiscal year 2021 and 2020, DART has complied with these requirements of the self-liquidity program.

As of September 30, 2021, DART had $20 million in outstanding commercial paper notes payable and $105 million unused line of credit under the Commercial Paper Self-Liquidity Program compared to $50 million outstanding as of September 30, 2020.

Bank-backed Commercial Paper Program – in November 2018, the DART Board authorized the establishment of bank-backed commercial paper program in the amount of $125 million for the purpose of interim financing of capital projects. DART entered into a revolving credit agreement with JPMorgan Chase Bank N.A that allows it to issue up to $125 million in bank backed commercial paper notes. Under this program, the Bank provides a liquidity facility which constitutes 270 days of interest at 10% on the maximum available principal of $125 million calculated based on actual number of days and a 365-day year. As of September 30, 2021, DART has an unused line of credit of $41 million and $84 million in outstanding commercial paper notes issued under this bank-backed program compared to $101 million unused line of credit and $24 million in outstanding commercial paper notes as of September 30, 2020.

Commercial Paper Extendible Program – the DART Board approved a Commercial Paper Extendible Program that allows DART to issue up to $125 million in commercial paper notes not to exceed 270 days outstanding and backed by the faith and credit of DART. As of September 30, 2021, DART has an unused line of credit of $110 million and $15 million outstanding commercial paper notes issued under the extendible program compared to $125 million unused line of credit and zero outstanding commercial paper notes as of September 30, 2020.

Commercial paper notes are from direct placements and 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 0.09% at September 30, 2021, and 0.90% at September 30, 2020.

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

Changes in the Commercial Paper Notes for the years ended September 30, 2021 and 2020 are shown below.

Description	2021	2020
Beginning balance	$74,100	$159,100
Additions	479,000	466,000
Retirement	(434,000)	(551,000)
Ending Balance	$119,100	$74,100

DART has pledged sales and use tax and farebox revenues (pledged revenue) as security for commercial paper notes. The amount of the pledge is equal to the remaining debt service requirements for these obligations. Commercial paper notes have subordinate liens to pledged revenue. Senior Lien Revenue bonds, TIFIA bonds, and RRIF bonds have senior liens to pledged revenues. No assets have been pledged as collateral to secure commercial paper notes except for money accumulated in the Subordinate Lien Debt Service Fund which was $119 as of September 30, 2021 and $198 as of September 30, 2020. The Master Debt Resolution, which can be found in its entirety at www.dart.org or by contacting our Chief Financial Officer at our corporate address, establishes the provisions, terms, and conditions of, and the security for, DART's bonds, notes, and credit agreements. The Master Debt Resolution contains a provision that in an event of default, the trustee shall transfer all future gross sales tax revenues and apply them to debt service payments based on the times, order and priority set forth in The Master Debt Resolution. In the event of default, the Master Debt Resolution also contains a provision that no right of acceleration shall be granted unless that right is extended to holders and payees of all outstanding bond and credit agreement obligations.

12. 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:

				Interest rate (Yields) range		Maturity date range		Optional Redemption	
Bond Series	Board Approval Date	Original Issue Amount	Date issued	From	To	From	To	Bonds maturing after	Earliest call date
2007 (a)	Jan. 2007	$770,270	03/08/07	4.00%	5.30%	12/1/07	12/1/36	12/1/17	12/1/16
2009B	May 2009	829,615	06/25/09	6.00%	6.30%	12/1/23	12/1/44	12/1/34	5/31/19
2010A	Sep. 2010	95,235	10/07/10	2.00%	5.00%	12/1/13	12/1/23	12/1/21	12/1/20
2010B	Sep. 2010	729,390	10/07/10	4.90%	5.00%	12/1/37	12/1/48	Not applicable	
2012	April 2012	127,775	11/15/12	1.00%	5.00%	12/1/13	12/1/42	12/1/22	12/1/22
2014A (b)	Oct. 2014	379,480	12/11/14	2.00%	5.00%	12/1/17	12/1/36	12/1/25	12/1/24
2014B (b)	Nov. 2014	46,555	12/11/14	5.00%	5.30%	12/1/33	12/1/43	12/1/36 & 12/1/43	12/1/33 & 12/1/39
2015 (c)	Nov. 2015	117,470	12/15/15	2.06%	2.30%	12/1/16	12/1/27	Not applicable	
2016A (d)	Nov. 2015	482,530	02/18/16	5.00%	5.00%	12/1/26	12/1/48	12/1/25	12/1/25
2016B (e)	Mar. 2016	228,900	09/21/16	3.00%	5.00%	12/1/19	12/1/38	12/1/27	12/1/26
2019 (f)	Feb. 2019	301,095	04/08/19	5.00%	5.00%	12/1/24	12/1/35	12/1/30	12/1/29
2020A (g)	Dec. 2019	130,470	03/26/20	1.25%	5.00%	12/1/21	12/1/50	Not applicable	
2020B (h)	Dec. 2019	32,060	09/02/20	5.00%	5.00%	12/1/21	12/1/23	Not applicable	
2020C (i)	Dec. 2019	115,220	03/26/20	0.895%	2.816%	12/1/20	12/1/42	Not applicable	
2020D (j)	Nov. 2020	281,090	11/18/20	0.0247%	3.039%	06/1/21	12/1/42	Not applicable	

(a) The series 2007 bond issuance included $328,235 to partially refund Series 2001 and 2002 bonds.
(b) The series 2014A and 2014B were issued to refund series 2007 and 2008 bonds totaling $453,125.
(c) The series 2015 were issued to refund a portion of series 2007 bonds totaling $112,720. The Series 2015 bonds were issued with an initial taxable rate of $2.30% converting to tax-exempt rate of 2.06% on 12/01/2016.
(d) The series 2016A were issued to refund a portion of series 2008 bonds totaling $512,370.
(e) The series 2016B were issued to refund a portion of series 2007, 2008, and 2009A bonds totaling $252,440.
(f) The series 2019 were issued to refund a portion of series 2009B bonds totaling $362,645.
(g) The series 2020A were issued to refund a portion of TIFIA bonds totaling $58,389 and to finance capital projects.
(h) The series 2020B were issued to refund a portion of series 2010A bonds totaling $34,700.
(i) The series 2020C were issued to refund a portion of series 2012 bonds totaling $105,835.
(j) The series 2020D were issued to refund a portion of series 2014A and 2014B bonds with total face value of $235,435.

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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 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 2009B and 2010B Bonds. However, during fiscal years 2021 and 2020, this tax credit was reduced by 5.7% during 2021 and 5.9% 2020 due to budget cuts or "sequestration" by the federal government. During 2021, DART recorded tax credits of $21,286 compared to $21,390 for 2020 as Build America Bonds tax credit (for Series 2009B and 2010B bonds combined) in the Statements of Revenues, Expenses and Changes in Net Position.

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, 2021 and 2020 are shown below.

Bond Series	Balance, 10/01/2019	Additions	Retirement	Balance, 9/30/2020	Additions	Retirement	Balance, 9/30/2021	Amounts due in one year
2007	$118,395	$ -	$ -	$118,395	$ -	$ -	$118,395	$ -
2009B	466,970	-	-	466,970	-	-	466,970	-
2010A	55,695	-	(50,420)	5,275	-	(5,275)	-	-
2010B	729,390	-	-	729,390	-	-	729,390	-
2012	113,995	-	(105,455)	8,540	-	(2,745)	5,795	2,840
2014A	354,435	-	(15,220)	339,215	-	(211,385)	127,830	23,645
2014B	46,555	-	-	46,555	-	(46,555)	-	-
2015	94,395	-	(5,440)	88,955	-	(10,185)	78,770	10,400
2016A	482,530	-	-	482,530	-	-	482,530	-
2016B	228,900	-	(18,760)	210,140	-	(19,700)	190,440	20,680
2019	301,095		-	301,095	-	-	301,095	-
2020A	-	130,470	-	130,470	-	-	130,470	1,620
2020B	-	32,060	-	32,060	-	-	32,060	4,700
2020C	-	115,220	-	115,220	-	(1,530)	113,690	1,545
2020D	-	-	-	-	$281,090	(3,165)	277,925	5,925
Total	$2,992,355	$277,750	$(195,295)	$3,074,810	$281,090	$(300,540)	$3,055,360	$71,355

The revenue bonds shown above are at face value. The amounts shown in the Statements of Net Position include the unamortized balance of original issuance premium of $192,954 and $235,571 as of September 30, 2021 and 2020, respectively. Below is a summary of debt service requirements of the Senior Lien Revenue Bonds outstanding as of September 30, 2021:

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2022	$71,355	$140,375	$211,730	$(21,246)	$190,484
2023	74,275	137,454	211,729	(21,246)	190,483
2024	52,950	134,904	187,854	(21,246)	166,608
2025	74,605	132,428	207,033	(21,246)	185,787
2026	77,120	129,437	206,557	(21,246)	185,311
2027 – 2031	428,325	600,812	1,029,137	(107,516)	921,621
2032– 2036	570,190	495,803	1,065,993	(112,245)	953,748
2037 – 2041	658,705	352,280	1,010,985	(90,241)	920,744
2042 – 2046	700,165	172,438	872,603	(41,249)	831,354
2047 – 2051	347,670	26,606	374,276	(5,609)	368,667
TOTAL	$3,055,360	$2,322,537	$5,377,897	$(463,090)	$4,914,807

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DART has pledged sales and use tax and farebox revenues (pledged revenue) as security for Senior Lien Revenue bonds. The amount of the pledge is equal to the remaining debt service requirements for these obligations. Senior Lien Revenue bonds have senior lien to pledged revenue on parity with TIFIA bonds, and RRIF bonds. No assets have been pledged as collateral to secure the Senior Lien Revenue bonds except for money accumulated in the Senior Lien Debt Service Fund which was $129,607 as of September 30, 2021 and $123,111 as of September 30, 2020. The Master Debt Resolution, which can found in its entirety at www.dart.org or by contacting our Chief Financial Officer at our corporate address, establishes the provisions, terms, and conditions of, and the security for DART's bonds, notes, and credit agreements. The Master Debt Resolution contains a provision that in an event of default, the trustee shall transfer all future gross sales tax revenues and apply to them to debt service payments based on the times, order and priority set forth in The Master Debt Resolution. In the event of default, The Master Debt Resolution also contains a provision that no right of acceleration shall be granted unless that right is extended to holders and payees of all outstanding bond and credit agreement obligations.

13. 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. 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. On March 26, 2020, DART refunded $58,389 of the outstanding TIFIA bonds and the remaining balance of $35,845 was refunded on December 1, 2021.

Changes in the TIFIA bonds for the years ended September 30, 2021 and 2020 are shown below.

Description	2021	2020
Beginning balance	$38,124	$98,726
Retirement	(2,279)	(60,602)
Ending Balance	$35,845	$38,124

With the planned December 1, 2021 refunding, the debt service requirement of the TIFIA bonds as of September 30, 2021 is as follows:

Year Ended September 30	Principal	Interest	Total TIFIA Bond Debt Service
2022	$35,845	$605	$36,450
TOTAL	$35,845	$605	$36,450

14. RAILROAD REHABILITATION AND IMPROVEMENT FINANCING (RRIF) BONDS

RRIF bonds payable are $50 as of September 30, 2021 compared to $11,706 as of September 30, 2020. On December 20, 2018 DART entered into the Railroad Rehabilitation and Improvement Financing (RRIF) loan agreement with the U.S Department of Transportation (U.S. DOT) to borrow up to $908 million at an annual interest rate of 2.98%. However, on February 24, 2021, DART and the U.S. DoT terminated the December 20, 2018 loan agreement and entered into a new loan agreement to borrow up to $908 million at an annual interest rate of 2.26%. This new loan agreement is Senior Lien Obligation bond and the proceeds from the bond will be used to pay for the 26-mile Silver Line commuter rail line extending from Terminal B of Dallas/Fort Worth International Airport to a terminus on Shiloh Road in the City of Plano, with 10 stations and 8 vehicles. The current estimate of eligible project costs for the project is approximately $1.899 billion. The RRIF financing agreement is reimbursement-based, and DART will request (draw down) the money after paying for the capital project costs. Debt service for RRIF bonds payable depends on future drawdowns since the loan is reimbursement-based.

Changes in the RRIF bonds for the years ended September 30, 2021 and 2020 are shown below.

Description	2021	2020
Beginning balance	$11,706	$11,706
Addition	50	-
Retirement	(11,706)	-
Ending Balance	$50	$11,706

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For the $50 outstanding RRIF bonds payable on September 30, 2021, the debt service schedule is as follows:

Year Ended September 30	Principal	Interest	Total
2022	$ -	$1	$1
2023	-	1	1
2024	-	1	1
2025	-	1	1
2026	-	1	1
2027 – 2031	-	6	6
2032 – 2036	2	6	8
2037 – 2041	9	5	14
2042 – 2046	10	4	14
2047 – 2051	12	3	15
2052 – 2056	14	1	15
2057	3	-	3
TOTAL	$50	$30	$80

The annual debt service requirements for the outstanding RRIF bonds as of September 30, 2021 range from $1 during the first five fiscal years to $3 in fiscal year 2057.

15. PLEDGED REVENUES

DART has pledged sales and use tax and farebox revenues as security for revenue bonds, TIFIA bonds, RRIF 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.

Total principal and interest remaining on the revenue bonds as of September 30, 2021 is $5.38 billion before BABs tax credits of $463 million and $4.91 billion net of BABs tax credits (see last table in note 12 above). As of September 30, 2020, total principal and interest remaining on the revenue bonds was $5.58 billion before BABs tax credits of $493 million and $5.09 billion net of BABs tax credits. The annual debt service requirements for these bonds, net of BABs tax credits, range from $5,019 in fiscal year 2051 to $221,445 in fiscal year 2036. Debt service on the bonds (including principal and interest net of BABs tax credits) was $186,877 as of September 30, 2021 and $189,493 as of September 30, 2020. Bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest remaining on TIFIA bonds as of September 30, 2021 is $36,249 and $38,526 as of September 30, 2020. The TIFIA bonds were refunded on December 1, 2021 and fully paid off by this date(see subsequent event note). For fiscal year 2021, debt service on the TIFIA bonds (including principal and interest) was $3,495. TIFIA bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest outstanding on the RRIF bonds as of September 30, 2021was $50 compared to $11,823 as of September 30, 2020. The annual debt service requirements for the outstanding RRIF bonds as of September 30, 2021 range from $1 during the first five fiscal years to $3 in fiscal year 2057. For fiscal year 2021, debt service on the RRIF bonds was $11,962 (principal and interest). The 2021 annual debt service amount was high because DART paid off the outstanding RRIF amount plus accrued interest in full and entered into a new RRIF loan agreement to lower interest rate on the loan. RRIF bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest remaining on commercial paper as of September 30, 2021 is $119,119 compared to $74,115 as of September 30, 2020. Interest payments on commercial paper notes were $146 during 2021 and $2,137 during 2020. Commercial Paper notes have a subordinate senior lien on pledged revenues.

16. DEBT REFUNDINGS

In March 2020, DART issued the Series 2020A bonds to refund a portion of TIFIA bonds. As a result, a total amount of $58,389 are 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 this refunding, DART recognized a reduction in debt service of $6,119 and an economic gain of $4,986. There was no book loss with this refunding.

In March 2020, DART issued the Series 2020C bonds to refund a portion of series 2012 bonds. As a result, a total amount of $10,835 are 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 this refunding, DART recognized a book loss of $11,571, a reduction in debt service of $25,119 and an economic gain of $19,066.

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In September 2020, DART issued the Series 2020B bonds to refund a portion of series 2010A bonds. As a result, a total amount of $34,700 are 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 this refunding, DART recognized a book gain of $390, a reduction in debt service of $3,379 and an economic gain of $3,313.

In November 2020, DART issued the Series 2020D bonds to refund a portion of series 2014A and 2014B bonds. As a result, a total amount of $235,435 are 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 this refunding, DART recognized a book loss of $22,487, a reduction in debt service of $32,632 and an economic gain of $24,046.

As of September 30, 2021, $338,270 of the refunded DART bonds remains outstanding compared to $137,535 as of September 30, 2020. The unamortized portion of the book loss of $63,746 and $61,926, respectively, are in the Statements of Net Position included in deferred outflows of resources as of September 30, 2021 and 2020.

17. 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

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. The DB Plan is a closed Plan and is not open to new employees.

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, 2021 and 2020 are as follows:

	2021	2020
Employer contributions	$10,000	$10,000
Employee contributions	-	1
	$10,000	$10,001

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. 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.

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Employees covered by the benefit terms. The following participants were covered by the benefit terms as of October 1, 2020 and 2019:

	10/1/2020	10/1/2019
Inactive employees or beneficiaries currently receiving benefits	820	811
Inactive employee entitled to but not yet receiving benefits	127	137
Active employees	159	179
	1,106	1,127

Actuarial Assumptions – The total pension liability in the September 30, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to the periods included in the measurement:

Valuation Dates	September 30, 2020
Inflation	2.5% per annum
Salary Increases	3.00% per annum
Investment Return	6.75% compounded annually, net of expenses
Measurement Date	For the September 30, 2020 valuation, census data was collected as of October 1, 2020. Liabilities measured as of the census date were projected to September 30, 2020, assuming no demographic gains or losses.
Early Retirement Age	55 and 10 years of credited service. Members are assumed to retire at varying rates with 7.5% of them retiring at age 55 and 100% of them retiring at age 70.
Normal Retirement Age	60
Actuarial Cost Method	Entry Age Normal (level percent of pay)
Termination Rate	1.50% per year prior to age 54, and 1.00% per year on and after attainment of age 54.
Disability Rate	Members are assumed to become disabled prior to retirement at varying rates based on age. Sample rates are as follows: Age 45, rate 0.06%, age 50, rate 0.12%, age 55, rate 0.21%, age 60, rate 0.30%.
Marital status	85% of male participants and 65% of female participants are assumed to be married. Additionally, male spouses are assumed to be three years older than female spouses.
Mortality Rate:	
Active Lives	PubG-2010 (Below-median, amount-weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2020.
Retired and Vested Terminated Lives	PubG-2010 (Below-median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2020.
Contingent Survivor Lives	PubG-2010 (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2020.
Disabled Lives	PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2020.

Valuation Dates	September 30, 2019
Inflation	2.5% per annum
Salary Increases	3.00% per annum
Investment Return	6.75% compounded annually, net of expenses
Measurement Date	For the September 30, 2019 valuation, census data was collected as of October 1, 2019. Liabilities measured as of the census date were projected to September 30, 2019, assuming no demographic gains or losses.
Early Retirement Age	55 and 10 years of credited service
Normal Retirement Age	60
Actuarial Cost Method	Entry Age Normal (level percent of pay)
Mortality Rate:	
Active Lives	PubG-2010 (Below-median, amount-weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2019.
Retired and Vested Terminated Lives	PubG-2010 (Below-median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2019.
Contingent Survivor Lives	PubG-2010 (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2019.
Disabled Lives	PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2019.

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Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2020 and 2019 are summarized in the following table (note that the rates shown below include the inflation components):

September 30, 2020 Valuation	Target Allocation	Estimate of expected long-term rate of return
U.S. Market Equities	39%	7.3%
Global Bonds	40%	3.6%
International Equities	10%	7.5%
Real Estate	10%	8.0%
Cash	1%	0.1%

September 30, 2019 Valuation	Target Allocation	Estimate of expected long-term rate of return
U.S. Market Equities	39%	4.40%
Global Bonds	40%	1.40%
International Equities	10%	5.60%
Real Estate	10%	7.10%
Cash	1%	-0.10%

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 6.75% at September 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For purpose of this valuation, the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 2.14% (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Bond Buyer); and the resulting single discount rate is 6.75%. The next table summarizes changes in Net Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 9/30/2019	$234,176	$186,845	$47,331
Service cost	859	-	859
Interest	15,350	-	15,350
Differences between expected and actual experience	1,480	-	1,480
Benefit payments	(15,256)	(15,256)	-
Contributions-employer	-	10,000	(10,000)
Contributions-employee	-	1	(1)
Net investment income, net of expenses	-	4,267	(4,267)
Administrative expenses	-	(273)	273
Balance at 9/30/2020	$236,609	$185,584	$51,025
Service cost	916	-	916
Interest	15,504	-	15,504
Differences between expected and actual experience	(781)	-	(781)
Changes in assumptions	-		-
Benefit payments	(15,661)	(15,661)	-
Contributions-employer	-	10,000	(10,000)
Contributions-employee	-	-	-
Net investment income, net of expenses	-	18,488	(18,488)
Administrative expenses	-	(107)	107
Net Changes	(22)	12,720	(12,742)
Balance at 9/30/2021	$236,587	$198,304	$38,283

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Changes of assumptions: For measurement date of 09/30/2020, The valuation reflects an update to use the most recently published mortality improvement scale by the Society of Actuaries (MP-2020). For measurement date of 09/30/2019, the assumed rates of mortality have been amended to adopt the Pub-2010 Public Retirement Plan mortality Tables for General Employees (Below-Median, Amount-Weighted) which were released with an exposure draft based on a comprehensive review of recent mortality experience of public retirement plans in the United State as performed by The Society of Actuaries' Retirement Plans Experience Committee.

*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 6.75% at September 30, 2020 and 2019, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
DART's net pension liability, 9/30/2021	$61,126	$38,283	$18,623
DART's net pension liability, 9/30/2020	$74,440	$51,025	$30,912

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, 2021, DART recognized pension expense of $2,149 compared to $7,574 for fiscal year 2020.

At September 30, 2021, DART reported deferred inflows/outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 356
Employer contribution made after measurement date	10,000	-
Total	$10,000	$ 356

The $10,000 reported as deferred outflows of resources resulting from DART pension contributions subsequent to the measurement date of September 30, 2020 will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. 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:	
2022	$(198)
2023	672
2024	401
2025	(1,231)
2026	-
Thereafter	-

At September 30, 2020, DART reported deferred inflows/outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 4,535	$ -
Employer contribution made after measurement date	10,000	-
Total	$14,535	$ -

The $10,000 reported as deferred outflows of resources resulting from DART pension contributions after the September 30, 2019 measurement date was recognized as a reduction of the net pension liability in the year ended September 30, 2021.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension were recognized in the pension expense as follows:

Year ended September 30:	
2021	$(33)
2022	1,033
2023	1,903
2024	1,632
2025	-
Thereafter	-

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 $18,756 and $18,514 for the years ended September 30, 2021 and 2020, 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 $6,104 and $6,561 for the years ended September 30, 2021 and 2020, 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.

18. 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.

Covered Participants – As of the September 30, 2020 and 2019 actuarial valuation, the following active and inactive participants were covered by the benefit terms under the plan:

	Number of Covered Participants	
	9/30/2020	9/30/2019
Active employees	3,649	3,789
Retirees, beneficiaries, disabled members, and covered spouses	439	443
Total	4,088	4,232

Contributions – DART contributions are made based on amounts as determined by annual actuarial valuations and are designed to fund the OPEB Trust on a level cost basis, cover normal cost each year and cover amortization of any unfunded actuarial liabilities. Retirees also make monthly contributions to the healthcare plan. Such contributions are determined annually by the plan administrator based on expected annual cost. DART contributed $1,655 to the plan during 2021 and $3,229 during 2020.

Net OPEB Liability – DART's net OPEB liability was measured as of September 30, 2020 and 2019 and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as of that date.

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Actuarial Assumptions – Projection 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 valuations were performed for the OPEB Plan as of September 30, 2020 and 2019. The following tables show a summary of significant actuarial assumptions:

Valuation Date	September 30, 2020
Discount Rate	7.00%
Inflation	2.50% included in health care cost trend
Salary Increases	3.25% per annum
Investment Rate of Return	7.00% per year, compounded annually, net of investment related expenses
Health Care Cost Trend Rate	Starts with 7.00% in 2021 and ultimate trend rate is 4.00% in 2075 and the future.
Mortality Rate – Non-Special Risk	*Active Lives*: - PubG-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2020. *Healthy Inactive Lives:* - PubG-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2020. *Beneficiaries:* - PubG-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2020. *Disabled Lives:* - PubG-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2020.
Mortality Rate – Special Risk	*Active Lives*: - PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2020. *Healthy Inactive Lives*: - PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2020. *Beneficiaries*: - Pub-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2020. *Disabled Lives*: - PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2020.
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage.
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, 25% 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. Percent of future retirees with coverage who elect coverage on spouse is 100%. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Measurement Date	September 30, 2019

Valuation Date	September 30, 2018
Discount Rate	7.00%
Inflation	3% included in health care cost trend
Salary Increases	3.25% per annum
Investment Rate of Return	7.00%
Health Care Cost Trend Rate	Starts with 6.50% and the ultimate trend rate is 5.00%. Years to ultimate six (6).
Mortality Rate	RP-2014 Mortality Fully Generational using Projection Scale MP-2017
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are to elect life coverage.
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, 25% 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. Percent of future retirees with coverage who elect coverage on the spouse is 100%. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Measurement Date	September 30, 2018

An actuarial experience study for the OPEB plan was also performed during fiscal year 2019.

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The long-term expected rate of return on OPEB 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 OPEB 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for September 30, 2020 valuations:

	Target Allocation	Estimate of expected long-term rates of return
Domestic Equity	39%	6.28%
International Equity	15%	6.55%
Emerging Markets Equity	6%	7.40%
Core Fixed	20%	1.43%
Investment Grade Corporate Debt	10%	1.95%
Emerging Markets debt	5%	4.10%
High Yield	5%	3.91%

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for September 30, 2019 valuations:

	Target Allocation	Estimate of expected long-term rates of return
Domestic Equity	39%	6.18%
International Equity	15%	6.25%
Emerging Markets Equity	6%	6.90%
Core Fixed	20%	2.53%
Investment Grade Corporate Debt	10%	3.55%
Emerging Markets debt	5%	4.50%
High Yield	5%	4.31%

Money-weighted rate of return – Money-weighted rate of return was 18.37% for 2021 compared to 12.16% for 2020.

Discount rate. The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that DART contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the net OPEB liability to changes in discount rate***.** The following presents the net OPEB liability of DART as well as what DART's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
DART's Net OPEB liability (Asset), 9/30/2021	$1,315	($6,653)	$(13,255)
DART's Net OPEB liability (Asset), 9/30/2020	$13,387	$5,048	$(1,861)

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates. The following presents the net OPEB liability of DART, as well as what the DART's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

DART's Net OPEB liability (Asset)	1% Decrease	Health Care Cost Trend Rates	1% Increase
As of 9/30/2020	3.00% decreasing to 6.00%	4.00% decreasing to 7.00%	5.00% decreasing to 8.00%
	(13,711)	($6,653)	$1,956
As of 9/30/2020	6.50% decreasing to 3.00%	7.50% decreasing to 4.00%	8.50% decreasing to 5.00%
	$2,380	$5,048	$14,113

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Changes in Net OPEB Liability: The changes in the total OPEB liability for the plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balance at 9/30/2019	$60,880	$50,932	$9,948
Service cost	2,559	-	2,559
Interest	4,338	-	4,338
Differences between expected and actual experience	7,047	-	7,047
Changes of assumptions or other inputs	(8,292)	-	(8,292)
Contributions-employer	-	7,489	(7,489)
Contributions-participant	-	806	(806)
Net investment income, net of expenses	-	2,421	(2,421)
Benefit payments	(3,003)	(3,003)	-
Administrative expenses	-	(164)	164
Net Changes	2,649	7,549	(4,900)
Adjusted Balance at 9/30/2020	63,529	58,481	5,048
Service cost	2,436	-	2,436
Interest	4,505	-	4,505
Differences between expected and actual experience	(1,795)	-	(1,795)
Changes of assumptions or other inputs	(6,443)	-	(6,443)
Contributions-employer	-	3,229	(3,229)
Contributions-participant	-	482	(482)
Net investment income, net of expenses	-	6,860	(6,860)
Benefit payments	(3,283)	(3,283)	-
Administrative expenses	-	(168)	168
Other income		1	(1)
Net Changes	(4,580)	7,121	(11,701)
Balance at 9/30/2021	$58,949	$65,602	($6,653)

OPEB Expense - For the year ended September 30, 2021, DART recognized OPEB expense of $621 compared to $2,512 for the ended September 30, 2020.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2021, DART reported deferred inflows/outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,417	$4,858
Changes of assumptions	1,585	18,946
Net difference between Projected and Actual Earnings on OPEB Plan investments	-	1,511
Employer contribution made after measurement date	1,655	-
Total	$11,657	$25,315

The $1,655 reported as deferred outflows of resources related to OPEB resulting from DART contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending on September 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended September 30	
2022	$(2,385)
2023	(2,385)
2024	(2,336)
2025	(2,601)
2026	(2,049)
Thereafter	(3,557)

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

On September 30, 2020, DART reported deferred inflows/outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,726	$3,836
Changes of assumptions	1,869	15,373
Net difference between Projected and Actual Earnings on OPEB Plan	910	-
Employer contribution made after measurement date	3,229	-
Total	$15,734	$19,209

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended September 30:	
2021	$(804)
2022	(804)
2023	(804)
2024	(755)
2025	(1,099)
Thereafter	(2,517)

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.

19. 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.

20. COMMITMENTS AND CONTINGENCIES

The Board-approved Transit System Plan includes the design and construction of the Silver Line for commuter rail service and the Dallas Central Business District (D2) Alignment for light rail service. The Silver Line is a 26-mile long, regional rail corridor that extends from DFW International Airport through the northern portion of the DART service area to the existing DART Red Line, passing through the cities of Grapevine, Coppell, Carrollton, Addison, Dallas, Richardson, and Plano, with ten proposed stations along the way. The second CBD alignment (D2) will double the downtown LRT capacity and connects Victory Station and the Green Line. The timing and completion of the Transit System Plan is based on economic assumptions made in DART’s Twenty-Year Financial Plan and is subject to change based on changing economic conditions. The FY 2022 Twenty-Year Financial Plan includes $8.15 billion for capital and non-operating projects. DART has entered contract commitments for these and other capital developments in the amount of $1.6 billion and has spent approximately $700 million of the committed amount as of September 30, 2021.

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 were approximately $681 and $832 in 2021 and 2020, respectively.

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

Fiscal Year	2022	2023	2024	2025	2026
Minimum Lease Payments	$512	$458	$353	$282	$-

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.

21. DERIVATIVE INSTRUMENTS

DART had fuel delivery contracts with suppliers for commuter rail vehicles (diesel fuel), DART buses (CNG) and service vehicles (gasoline). The price for fuel fluctuates depending on the market which exposes DART to significant risk in the amount it pays for fuel as well as uncertainty in budgeting for fuel costs. In order to minimize the impact of fluctuating fuel market prices on its cash flow, DART entered into diesel and gasoline fuel hedge contracts.

Diesel and Gasoline Fuel Hedge

The diesel and gasoline fuel hedge contract expired on September 30, 2020. The fair value of the derivative instrument associated with the diesel and gasoline hedge contract was $314 as of September 30, 2019.

Objective and terms of the fuel hedge contracts –The objective of the derivative instruments (diesel fuel hedge contracts) was to hedge changes in cash flows due to market price fluctuations related to expected purchases of diesel and gasoline for DART buses, commuter rail cars, and service vehicles. The terms of the agreement included DART paying monthly fixed prices and receiving floating prices based on an average of the daily mean of Platts US Gulf Coast ultralow sulfur diesel (ULSD) and Gasoline-UNIL 87 Gulf Cost (Pipeline) – Platts U. S. for each month.

Credit risk – The derivative instrument for diesel fuel for the fiscal years 2018 to 2020 and for gasoline from 2017 to 2019 were held by the same counterparty. As of the end of the fiscal year 2019, DART's position in the derivative instrument was a receivable of $314. DART could have been exposed to credit risk if the counterparty to the transaction had become insolvent but that did not happen. Standard and Poor's credit rating for the counterparty was A3 during 2020.

Termination risk – DART or its counterparties could terminate the derivative instrument if the other party failed to perform under the terms of the contract. The effect of termination risk on DART was that it would have to pay market prices for diesel fuel purchased for its operations. No termination event occurred during the fiscal year 2019 and the contract for the diesel fuel hedge expired on 9/30/2020 and the gasoline fuel hedge expired on 9/30/2019.

Contingencies – The fuel hedge contracts included provisions that required DART to post collateral in the event its credit rating fell below A- or A3 as issued by Standard & Poor's or Moody's and if the exposure exceeded threshold amounts specified in the derivative instruments (contracts). During 2020, DART maintained an AA+ credit rating from Standard & Poor's, AAA from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

Compressed Natural Gas (CNG)

During fiscal year 2010, DART entered into a fixed price and indexed price CNG delivery contract for the CNG needed to operate DART buses and paratransit vehicles. The contract specified 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 used lower volume than specified in the contract, the excess CNG had to be sold back to market at market price. The market price could have been lower or higher than the fixed price and indexed price specified in the contract. The difference between the contract and market price could have resulted in an exposure for DART. The amount of this exposure for DART was not material and no liability is included in the Statements of Net Position as of September 30, 2019 and as the contract expired on September 30, 2020, there is no liability going forward. However, a new delivery contract with a term of five years is in place starting from October 1, 2020.

Objective and terms of the CNG delivery contract – The objectives of the CNG delivery contract were: to ensure that DART had 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.

Early Termination – Subject to payment of early termination damages, either party to the delivery contract could 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 was that it would have to market prices for CNG purchased for its operations. No termination event occurred during fiscal years 2021 and 2020.

Natural Gas Hedge

The fixed price natural gas delivery contract expired on September 30, 2020. DART has entered a new natural gas delivery contract. This new delivery contract is based on the market price. In order to minimize the risk of exposure to fluctuations in the market prices, DART entered into a natural gas hedge contact for a three-year period, October 1, 2020 to September 30, 2023. The objective of the natural gas hedge contract is to limit DART's exposure to market price fluctuations related to expected purchase of natural gas for DART buses, and paratransit service vehicles. The terms of the agreement include DART paying monthly fixed prices and receiving floating prices based on the West Texas, Waha index.

Credit risk – As of the end of fiscal year 2021, DART's position in the derivative instrument (natural gas hedge) was a liability of $744. DART could have been exposed to credit risk if the counterparty to the transaction becomes insolvent but that did not happen. Standard and Poor's credit rating for the counterparty was A+ during 2021.

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 natural gas purchased for its operations. No termination event has occurred during fiscal year 2021 and the last contract for natural gas hedge will expire on 9/30/2023.

Contingencies – The natural gas 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 & Poor's or Moody's and if the exposure exceeds threshold amounts specified in the derivative instruments (contracts). During 2021, DART maintained an AA+ credit rating from Standard & Poor's, AAA from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

22. COVID-19 IMPACT ON DART

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has changed the landscape of just about every facet of the world, and DART is no exception. It has impacted economic activity and financial markets globally and locally. For DART, it has resulted in a decrease in ridership, passenger fare, and sales tax revenues during the fiscal year 2020. Ridership decreased by about 29% or 20.5 million trips and fare revenue also decreased by $22,331 or 29%. Sales tax revenue decreased by $4,909 or 1%. In response, DART reduced the level of service during the second half of the fiscal year 2020. DART also offered a voluntary retirement incentive to eligible employees to resize its staffing with the level of service. During the fiscal year 2021, ridership decreased by 28% of 14.1 million trips and passenger revenues decreased by $13,144 or 31% compared to 2020. On the positive side, DART received Federal CARES Act funding and created health and safety guidelines to help mitigate the impact of the disruption in operations..During 2021, sales tax revenue exceeded expectations and increased significantly. Ridership also started showing improvement, but it is still below the pre-pandemical level.

The continued spread of the disease represents a significant risk. The extent to which COVID-19 continues to impact DART will depend on future developments, which are still highly uncertain and cannot be predicted. As a result, DART has not yet determined the impact this disruption may have on its financial statements for the year ending September 30, 2022.

23. NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB issued Statement No. 87 *Leases.* This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations.* This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; sets standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In February 2020, GASB issued Statement No. 92 *Omnibus 2020.* This Statement addresses a variety of topics including the effective date of Statement No. 87 and Implementation Guide (IG) No. 2019-3 for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73 and 74 to reporting assets accumulated for postemployment benefits (PEBs); the applicability of certain requirements of Statement No. 84 to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements of this Statement related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements of this Statement related to the application of Statement No. 84 to PEBs, those related to nonrecurring fair value measurements of assets or liabilities, and those related to the measurement of liabilities (and assets, if any) associated with AROs are effective for reporting periods beginning after June 15, 2021. The requirements related to the effective date of Statement No. 87 and IG No. 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates.* LIBOR is expected to cease to exist in its current form at the end of 2021. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. This Statement addresses those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for DART except for paragraphs 11b, 13 and 14. Paragraph 11b is effective for reporting periods ending after December 31, 2021. GASB Statement No. 95 postpones the effective date of paragraphs 13 and 14 by one year and they will become effective for. DART during the year 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The requirements of this Statement are effective immediately.
In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units when the component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for (1) and (2) as outlined above are effective immediately. The requirements related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

In October 2021, GASB issued Statement No. 98, *the Annual Comprehensive Financial Report.* This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

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

FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020 (Dollars in Thousands)

24. SUBSEQUENT EVENTS

On December 1, 2021, DART issued and sold $576,355 in Series 2021A Bonds to partially refund Series 2014A and 2016AB bonds. DART also issued and sold another $448,965 on December 1, 2021 in Series 2021B Bonds to fully refund the $35,845 outstanding balance of the Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable and raise new money to finance capital project costs. As a result of this refunding, DART bonds debt service requirements shown on the last table in note 12 will change. Updated to debt service requirement will be as follows:

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2022	$71,355	$145,938	$217,293	$(21,246)	$196,047
2023	77,990	148,753	226,743	(21,246)	205,497
2024	56,815	146,052	202,867	(21,246)	181,621
2025	78,630	143,418	222,048	(21,246)	200,802
2026	81,145	140,423	221,568	(21,247)	200,321
2027 – 2031	448,360	655,841	1,104,201	(107,517)	996,684
2032– 2036	586,705	554,355	1,141,060	(112,245)	1,028,815
2037 – 2041	674,190	418,979	1,093,169	(90,242)	1,002,927
2042 – 2046	776,000	246,275	1,022,275	(41,249)	981,026
2047 – 2051	682,810	68,048	750,858	(5,609)	745,249
2052	67,055	1,341	68,396	-	68,396
TOTAL	$3,601,055	$2,669,423	$6,270,478	$(463,093)	$5,807,385

DART EMPLOYEES DEFINED BENEFIT PENSION PLAN AND TRUST
SCHEDULE OF NET PENSION LIABILITY

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

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	$916	$859	$988	$1,107	$1,282	$954	$502
Interest	15,504	15,350	14,795	14,501	14,969	14,644	14,674
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(781)	1,480	1,920	2,655	(2,815)	(5,082)	-
Changes in assumptions	-	-	5,326	-	63	-	-
Benefit payments	(15,661)	(15,256)	(14,107)	(13,471)	(11,203)	(11,369)	(11,364)
Net change in total pension liability	(22)	2,433	8,922	4,792	2,296	(853)	3,812
Total pension liability – beginning	236,609	234,176	225,254	220,462	218,166	219,019	215,207
Total pension liability – ending (a)	236,587	236,609	234,176	225,254	220,462	218,166	219,019
Plan Fiduciary Net Position							
Contributions – employer	10,000	10,000	10,000	10,000	9,217	8,706	9,122
Contributions – employee	-	1	2	2	2	2	2
Net investment income, net of expenses	18,488	4,267	10,679	15,590	16,067	520	12,532
Benefit payments	(15,661)	(15,256)	(14,107)	(13,471)	(11,203)	(11,369)	(11,364)
Administrative expenses	(107)	(274)	(84)	(100)	(218)	(219)	(250)
Net change in plan fiduciary net position	12,720	(1,2261)	6,490	12,021	13,865	(2,360)	10,042
Plan fiduciary net position – beginning	185,584	186,845	180,355	168,334	154,469	156,829	146,787
Plan fiduciary net position - ending (b)	198,304	185,584	186,845	180,355	168,334	154,469	156,829
DART's net pension liability (a) – (b)	$38,283	$51,025	$47,331	$44,899	$52,128	$63,697	$62,190
Plan fiduciary net position as a percentage of total pension liability	83.82%	78.43%	79.79%	80.07%	76.36%	70.80%	71.61%
Covered payroll	$11,104	$12,374	$14,333	$15,642	$18,914	$19,129	$19,438
DART's net pension liability as a percentage of covered payroll	344.78%	412.36%	330.22%	287.04%	275.61%	332.99%	319.94%

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

Changes of assumptions:
Starting with measurement date 09/30/2018, the assumed rates of mortality were amended to adopt the Pub-2010 Public Retirement Plan Mortality Tables for General Employees. Starting from fiscal year 2017, the discount rate decreased from 7.00% to 6.75%. There were no significant changes in assumptions for other fiscal years.

DART EMPLOYEES DEFINED BENEFIT PENSION PLAN AND TRUST
SCHEDULE OF EMPLOYER CONTRIBUTION

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

	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14	9/30/13	9/30/12
Contractually required contribution	$5,540	$6,624	$6,928	$7,235	$7,755	$9,217	$8,706	$9,122	$9,074	$8,045
Contribution in relation to the contractually required contribution	10,000	10,000	10,000	10,000	10,000	9,217	8,706	9,122	9,074	8,045
Contribution deficiency (excess)	$(4,460)	$(3,376)	$(2,765)	$(2,245)	$(783)	$ -	$ -	$ -	$ -	$ -
Covered payroll	N/A	11,104	$12,374	$14,333	$15,642	$18,914	$19,129	$19,438	$19,467	$19,306
Contribution as a percentage of covered payroll	N/A	90.06%	80.81%	69.77%	63.93%	48.73%	45.51%	46.93%	46.61%	41.67%

Notes to Schedule

Valuation date: Most recent valuation date is October 1, 2020.

Contractually required contribution rates are calculated by an actuary as of October 1, in the fiscal year in which contributions are reported. That is, the contribution calculated as of October 1, 2019 was made during the fiscal year ended September 30, 2020, and as of October 1, 2018 was made during the fiscal year ended September 30, 2019.

Significant actuarial assumption and methods used to determine contribution rates include the following:

Funding Method	The minimum required contribution is based upon DART'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, per the stipulation of the "Sale, Purchase and Transfer contract between the City of Dallas and Dallas Area Rapid Transit
Actuarial Cost Method	Entry Age Normal starting from 9/30/2017 measurement date. Before that it was Projected Unit Credit.
Asset valuation method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	2.5%.
Investment Return	6.75% per year compounded annually, net of all expenses starting from September 30, 2016 measurement dates. Before that it was 7.00%.
Retirement age	7.5% at age 55 reaching 100% at age 70.
Salary Increases	3% starting from September 30, 2016 measurement date. Before that it was 3.25%.
Mortality	*Active Lives:* PubG-2010 (Below-median, amount weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2020. *Retiree and Vested Terminated Lives:* PubG-2010 (Below median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2020. *Contingent Survivor Lives: PubG-2010* (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2020. *Disabled Lives:* PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2020.
Marital Status	85% of male participants and 65% of female participants are assumed to be married. Additionally, male spouses are assumed to be three years older than female spouses.
Termination Rate	1.50% per year prior to age 54, and 1.00% per year on and after attainment of age 54.

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF NET OPEB LIABILITY

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$2,436	$2,559	$3,200	$2,762
Interest	4,505	4,338	5,129	4,218
Changes of benefit terms	-	7,047	-	-
Difference between expected and actual experience with regard to economic or demographic assumptions	(1,795)	-	(4,931)	4,514
Changes in assumptions about future economic or demographic or other inputs	(6,443)	(8,292)	(10,289)	2,437
Benefit payments	(3,283)	(3,003)	(2,920)	(1,470)
Net change in total pension liability	(4,580)	2,649	(9,811)	12,461
Total OPEB liability – beginning	63,529	60,880	70,691	58,230
Total OPEB liability – ending (a)	58,949	63,529	60,880	70,691
Plan Fiduciary Net Position				
Contributions – employer	3,229	7,489	-	5,821
Contributions – participant	482	806	460	-
Net investment income, net of expenses	6,860	2,421	3,650	3,883
Benefit payments	(3,283)	(3,003)	(2,920)	(1,470)
Administrative expenses	(168)	(164)	(170)	-
Other income	1			
Adjustment to reflect actual assets	-	-		306
Net change in plan fiduciary net position	7,121	7,549	1,020	8,540
Plan fiduciary net position – beginning	58,481	50,932	49,912	41,372
Plan fiduciary net position - ending (b)	65,602	58,481	50,932	49,912
DART's net OPEB liability(asset)* (a) – (b)	($6,653)	$5,048	$9,948	$20,779
Plan fiduciary net position as a percentage of total OPEB liability	111.29%	92.05%	83.66%	70.61%
Covered employee payroll	$227,484	$229,824	$214,754	$205,345
DART's net OPEB liability (asset) as a percentage of covered employee payroll	(2.92%)	2.20%	4.63%	11.12%
Annual Money-weighted rate of return for OPEB investments	18.37%	12.16%	4.49%	7.32%

*For the fiscal year ended September 30, 2018 a net OPEB liability of $22,667 was reported since an estimated value of assets was used for actuarial valuation. Based on the actual value of the OPEB Plan assets, the updated net OPEB liability is $20,779.

Change of Assumptions and Other Changes – the following changes are reflected above as assumption changes. The annual per capita claims costs have been updated based on plan experience during the 36 months preceding the valuation date. Premiums were updated to reflect those in effect for the 2021 calendar year for active health plans and the 2020 calendar year for the Aetna Medicare supplement plan. • Health care inflation rates have been updated to reflect recent healthcare trend rate surveys, blended with the Getzen model published by the Society of Actuaries. Mortality improvement has been updated to reflect mortality improvement scale MP-2020.

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

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTION

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

	9/30/21	9/30/20	9/30/19	9/30/18*	9/30/17	9/30/16	9/30/15	9/30/14	9/30/13	9/30/12
Actuarially determined contribution	$1,655	$3,229	$3,627	$3,862	$5,821	$4,625	$4,313	$5,141	$4,996	$5,024
Contribution in relation to the actuarially determined contribution	1,655	3,229	7,489	$ -	5,821	4,625	4,313	5,141	4,996	9,615
Contribution deficiency (excess)	$ -	$ -	($3,862)	$3,862	$ -	$ -	$ -	$ -	$ -	($4,591)
Covered employee payroll	N/A	$227,484	$229,824	$221,734	$214,754	$205,345	$196,688	$185,181	$174,557	$174,557
Contribution as a percentage of covered employee payroll	N/A	1.4%	3.26%	0.00%	2.71%	2.25%	2.19%	2.78%	2.86%	5.57%%

*Contribution for the fiscal year ended September 30, 2018, was made on October 1, 2018.

Notes to Schedule:

Actuarially determined contribution rates shown above are calculated as of September 30 for the plan/fiscal year in which contributions are reported. Covered Payroll is reported as actual payroll for years prior to September 30, 2019. Covered payroll as of September 30, 2019 is projected from the September 30, 2018 payroll amount. The contribution for the fiscal year ending September 30, 2018 was made during fiscal year ending September 30, 2019.

SEPTEMBER 30, 2021 (Dollars in Thousands)

COMBINING STATEMENT OF FIDUCIARY NET POSITION
September 30, 2021

	DART Employees' Defined Benefit Pension Plan and Trust	Other Post Employment Benefits Plan	DART Capital Accumulation Plan and Trust	DART Retirement Plan and Trust	Total
ASSETS					
Cash and cash equivalents	$12,513	$2,816	$ -	$ -	$15,329
Receivables:				-	
Note receivable from participants	-	-	14,556	-	14,556
Employee/Plan participant contribution	-	-	1,595	-	1,595
Employer contribution	-	-	534	1,449	1,983
Total receivables	-	-	16,685	1,449	18,134
Investments:					
Investments at contract value	-	-	37,998	46,617	84,615
Investments at fair value:					
Equity	95,623	45,928	211,128	145,689	498,368
Fixed income	75,227	25,453	27,513	90,729	218,922
Real Estate	37,232	-	-	13,759	50,991
Total investments	208,082	71,381	276,639	296,794	852,896
TOTAL ASSETS	220,595	74,197	293,324	298,243	886,359
LIABILITIES					
Accounts payable, investment management, accrued benefits, and administrative fees	326	1,075	-	-	1,401
Accounts payable, investments in-transit	1,307	-	-	-	1,307
TOTAL LIABILITIES	1,633	1,075	-	-	2,708
NET POSITION RESTRICTED FOR:					
Pensions	218,962	-	293,324	298,243	810,529
Other post employment benefits	-	73,122	-	-	73,122
TOTAL NET POSITION	$218,962	$73,122	$293,324	$298,243	$883,651

SEPTEMBER 30, 2021 (Dollars in Thousands)

COMBINING STATEMENT OF FIDUCIARY NET POSITION
September 30, 2020

	DART Employees' Defined Benefit Pension Plan and Trust	Other Post Employment Benefits Plan	DART Capital Accumulation Plan and Trust	DART Retirement Plan and Trust	Total
ASSETS					
Cash and cash equivalents	$12,152	$3,594	$ -	$ -	$15,746
Receivables:				-	
Note receivable from participants	-	-	16,489	-	16,489
Other receivables	283	-	-	-	283
Total receivables	283	-	16,489		16,772
Investments:					
Investments at contract value	-	-	39,000	45,701	84,701
Investments at fair value:					
Equity	91,718	38,113	225,815	130,119	485,765
Fixed income	72,937	23,895	25,273	84,821	206,926
Real Estate	22,668	-	-	14,499	37,167
Total investments	187,323	62,008	290,088	275,140	814,559
TOTAL ASSETS	199,758	65,602	306,577	275,140	847,077
LIABILITIES					
Accounts payable, investment management, accrued benefits, and administrative fees	106	-	-	-	106
Accounts payable, investments in-transit	1,348	-	-	-	1,348
TOTAL LIABILITIES	1,454	-	-	-	1.454
NET POSITION RESTRICTED FOR:					
Pensions	198,304	-	306,577	275,140	780,021
Other post employment benefits	-	65,602	-	-	65,602
TOTAL NET POSITION	$198,304	$65,602	$306,577	$275,140	$845,623

SEPTEMBER 30, 2021 (Dollars in Thousands)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2021

	DART Employees' Defined Benefit Pension Plan and Trust	Other Post Employment Benefits Plan	DART Capital Accumulation Plan and Trust	DART Retirement Plan and Trust	Total
ADDITIONS:					
Investment income:					
Net investment gain	32,695	11,337	18,092	$8,148	$70,272
Interest and dividends	3,437	-	7,713	15,087	26,237
Investment manager fees	(1,057)	-	-	-	(1,057)
Total investment income, net	35,075	11,337	25,805	23,235	95,452
Contributions:					
Employer	10,000	1,655	6,880	20,125	38,660
Employee/participant	-	903	20,154	-	21,057
Other additions	-	-	-	23	23
Total contributions	10,000	2,558	27,034	20,148	59,740
Total additions	45,075	13,895	52,839	43,383	155,192
DEDUCTIONS:					
Benefit payments	24,308	6,375	65,649	20,235	116,567
Administrative expenses	109	-	443	45	597
Total deductions	24,417	6,375	66,092	20,280	117,164
NET INCREASE/(DECREASE) IN NET POSITION	20,658	7,520	(13,253)	23,103	38,028
NET POSITION:					
BEGINNING OF YEAR	198,304	65,602	306,577	275,140	845,623
END OF YEAR	$218,962	$73,122	$293,324	$298,243	$883,651

SEPTEMBER 30, 2021 (Dollars in Thousands)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2020

	DART Employees' Defined Benefit Pension Plan and Trust	Other Post Employment Benefits Plan	DART Capital Accumulation Plan and Trust	DART Retirement Plan and Trust	Total
ADDITIONS:					
Investment income:					
Net investment gain	$15,827	$6,861	$38,094	$29,879	$90,661
Interest and dividends	3,203	-	9,779	7,840	20,822
Investment manager fees	(542)	-	-	-	(542)
Total investment income, net	18,488	6,861	47,873	37,719	110,941
Contributions:					
Employer	10,000	3,229	5,774	17,160	36,163
Employee/participant	-	482	17,632	-	18,114
Other additions	-	-	-	24	24
Total contributions	10,000	3,711	23,406	17,184	54,301
Total additions	28,488	10,572	71,279	54,903	165,242
DEDUCTIONS:					
Benefit payments	15,661	3,283	22,654	19,655	61,253
Administrative expenses	107	168	384	35	694
Total deductions	15,768	3,451	23,038	19,690	61,947
NET INCREASE/(DECREASE) IN NET POSITION	12,720	7,121	48,241	35,213	103,295
NET POSITION:					
BEGINNING OF YEAR	185,584	58,481	258,336	239,927	742,328
END OF YEAR	$198,304	$65,602	$306,577	$275,140	$845,623

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