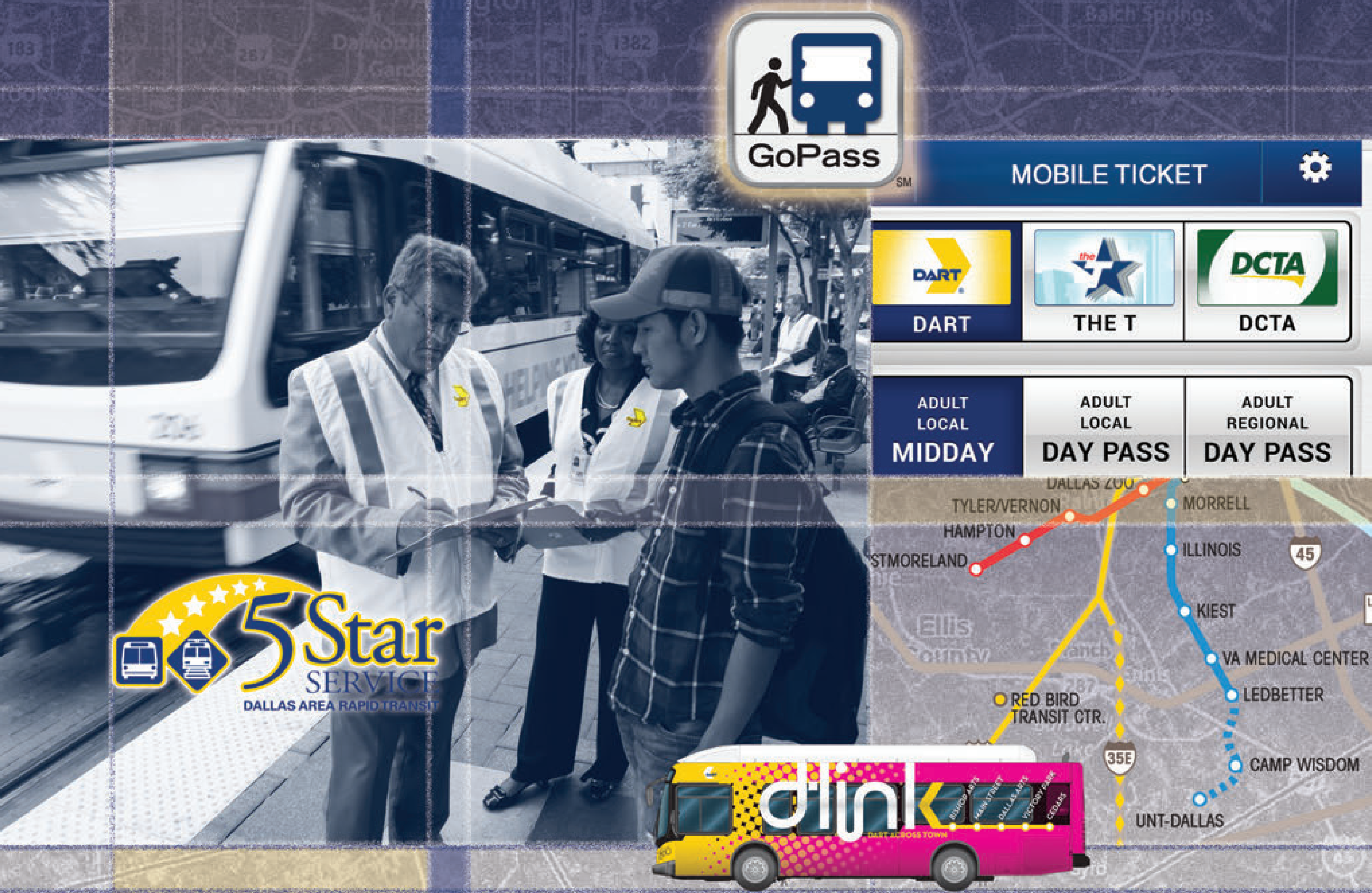
Comprehensive Annual Financial Report

Dallas Area Rapid Transit

For the Fiscal Year Ended September 30, 2014   Dallas, Texas



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DALLAS AREA RAPID TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2014

Dallas, Texas

DALLAS AREA RAPID TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2014

Dallas, Texas

Gary C. Thomas
President/Executive Director

David Leininger
Executive Vice President, Chief Financial Officer

Prepared by:

General Accounting Division of the Finance Department

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

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INTRODUCTORY SECTION

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

February 3, 2015

To the Citizens and Stakeholders of the DART Service Area:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Dallas Area Rapid Transit (DART) for the fiscal years ended September 30, 2014 and 2013. This report is published to provide the DART Board, citizens of DART's Service Area, and other interested parties information regarding the financial position and operating results of DART.

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

Pursuant to Section 452.451 of the Texas Transportation Code, the financial statements and required supplementary information contained herein are required to be independently audited. Crowe Horwath LLP, Independent Auditors, have issued an unqualified opinion on the DART financial statements for the years ended September 30, 2014 and 2013. The Independent Auditor's Report is located at the front of the financial section of this report.

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

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

Profile of Reporting Entity

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

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

DART provides its service area cities with local and express bus routes, 34 miles of commuter rail, 175 vans for paratransit service for persons who are mobility impaired, 204 vans for vanpool service, and 90 miles of light rail and 62 stations, making it the longest light rail system in North America.

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

In 2014, DART's extensive network of bus, commuter rail, light rail, paratransit (demand response), and vanpool served about 71 million passengers across a 700-square-mile service area. DART's light rail system, which services employment, shopping, and entertainment destinations in the service area, served 29.5 million passengers. Approximately 2.3 million customers rode the TRE in 2014. More than 37.4 million passengers used DART's local and express bus route service and 1.6 million customers used Paratransit and Vanpool service. Additional operating information can be found in the Operating Section of the Statistical Section of this CAFR.

Governance

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

Local Economy and DART Economic Outlook

"The Texas Economy", the Texas Economic Development and Local Government Portal from the Office of the Texas Comptroller, states that "Job growth, sales tax collections and building permits all signal that the Texas economy continues to outpace the national economy. Over the past year, Texas added jobs in all of the 11 major industries, including professional and business services, trade, transportation and utilities, leisure and hospitality, education and health services, construction, mining and logging, government, financial activities, information, other services, and manufacturing."

The economy in the Dallas-Fort Worth (DFW) area continued to expand during 2014, outperforming most of the cities in the U.S. and Texas. Forbes in its January 2015 America's Fastest Growing Cities article reported: "Texas placed five cities on the list, the most of any state: after Houston, the top 3 of our list is rounded out by Austin and Dallas, followed by Fort Worth (No. 8) and San Antonio (No. 10), to give Texas half the cities in the top 10, propelled by strong population growth and unemployment levels under 5%. "

According to Forbes, the population growth rate in Dallas was 1.98% for 2014 with the local economy's year-over-year growth rate of 3.57%. Over the past two years, some 51 companies moved or announced plans to move to the Dallas-Fort Worth area. Among them are Neovia Logistics Services, a logistics company that moved its headquarters from Illinois to Las Colinas in Irving, and Kohl's, which announced plans to open a customer-service center in Dallas. The job growth rate was 4.1%, unemployment was 5.1%, and the median pay rate was $67,500 in 2014 compared to $66,700 in 2013. Job creation was broad-based across sectors.

DART's principal source of revenue is the 1% Sales and Use Tax that is levied on taxable items that are sold, rented, purchased, or acquired for use, within the boundaries of our Participating Municipalities. Sales and use tax revenue was up 7% in 2014 compared to 2013.

Despite strong sales tax growth and continued improvement in the economy, DART still faces substantial challenges confronting many Transit Agencies as the status of federal funding support for transit continues to be in a state of flux. State and local governments are again facing the prospects of shortfalls in the federal highway trust fund. In July 2014, Congress approved an infusion of $10.8 billion dollars into the federal highway trust fund from the general fund, which is expected to support current spending levels but only until May 2015.

As revenue for rail expansion becomes harder to come by, one of the ways that DART will advance rail projects now and in the future will be through collaboration with other entities. DART is currently working with Federal Transit Administration (FTA) and the American Public Transportation Association (APTA) to advance a Program of Interrelated Projects under the FTA Capital Development program to help satisfy a number of system capacity and growth related issues. The proposed Program could include phasing of D2, second Light Rail Transit alignment in the Dallas Central Business District (CBD), along with LRT platform extensions along the Red and Blue lines, and a potential streetcar component. Advancing these projects under the concept of a program of interrelated projects provides for a greater benefit to the region by managing the capital outlay while providing the capacity needs in a phased but timely manner.

The agency is also working on several collaborative efforts with the city of Dallas, who has partnered with DART to improve transit in parts of Dallas Oak Cliff District. DART is helping the city of Dallas build two streetcar projects that will open in 2015. These streetcar lines will complement the DART Rail System as part of a growing rail network through the city center. DART has designed and constructed the modern streetcar line, and will operate and maintain it under contracts with the city.

DART is also assisting the city of Dallas to construct new streetcar tracks that will allow the McKinney Avenue Transit Authority's (MATA) heritage M-Line Trolley to loop through the Dallas Arts District. The trolley will connect the Dallas Uptown district to the Central Business District, expanding the line's utility from tourist attraction to functional mode of transportation for the many commuters who use it each day.

For the past 20 years DART's focus has been on expanding the bus and rail systems but when the Blue Line Extension to UNT Dallas Station opens in 2016, the current rail expansion program will be complete. Over the past five years, the light rail system has doubled in size from 45 miles in 2009 to the current 90 miles. As DART transitions from expansion to maintenance and operations, DART will have to make efficient use of resources, find new sources of revenue, and continue to stay relevant to its customers.

DART is currently performing a Comprehensive Operations Analysis, which is a comprehensive review of all transit service as a system. This analysis will help us better understand our customer and market needs and will create a solid foundation for the 2040 Transit System Plan. The Transit System Plan along with the 20-Year Financial Plan guides how the DART system will change and grow through 2040. The plans incorporate everything from major service changes, asset replacement, capital expansion and state-of-good-repair projects and how DART will finance each. The DART Board will be asked to approve the new 2040 Transit System Plan when it is completed in 2016.

With the majority of the light rail build-out complete, DART's plans reflect an increasing focus on attracting and retaining customers with responsive service and a sustainable system and on funding to ensure that DART serves the community with high-quality, reliable vehicles and infrastructure.

Budget Process and Long-term Financial Planning

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

The approved total budget for Fiscal Year 2015 is \$983.9 million: \$475.9 million for operating expenses, \$316.9 million for capital and non-operating expenditures, and \$191.1 million for net debt service. The budget includes funding for 25 million bus revenue miles; 10.1 million light rail revenue car miles; 1.7 million commuter rail revenue car miles; 708,000 paratransit trips; and funding for up to 206 Vanpools.

DART's Twenty-Year Financial Plan provides the Board of Directors, taxpayers, and elected officials of our region with a comprehensive summary of the Agency's plans and commitments with emphasis on fiscal responsibility and ensuring long-term sustainability. As DART continues maturing as a transit agency, a significant portion of the agency's resources will shift to maintenance and replacement of infrastructure and vehicles. The 2015 Twenty-Year Financial Plan approved by the DART Board reflects the financial resources needed for maintaining and replacing those assets. In fact, approximately 66 percent of DART's capital spending over the next 20 years is dedicated to "state of good repair" projects. The FY 2015 Twenty-Year Financial Plan contains \$20.1 billion in sources of funds and \$21.4 billion in uses of funds. It provides for the Blue Line extension, South Oak Cliff-3; Phase 1 of the second alignment through downtown Dallas (known as "D2"), and the Orange Line tunnel from Victory Station to Union Station. It includes \$2.5 billion dedicated to state-of-good repair projects out of \$3.8 billion in total capital expenditures.

Fiscal Year 2014 – Year-in-Review

On Monday, August 18, 2014, DART and Dallas/Fort Worth International Airport officially opened the last segment of the Orange Line at the new DFW Airport Station to the public. It connected DART to the country's second-largest airport, providing more transportation options for travelers from across North Texas and around the world.

The 5-mile segment linked newly renovated Terminal A and Belt Line Station, with continuing service to major regional destinations including Irving-Las Colinas, Dallas Market Center and downtown Dallas. With this opening, DFW Airport offers a direct rail connection to the city center for its more than 61 million passengers.

Numerous "DART to DFW" events celebrated completion of the Orange Line to DFW International Airport. The project added another five miles of rail to what was already the longest light rail system in North America, now a totaling 90 miles and 62 stations.

Accomplishments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas Area Rapid Transit for its comprehensive annual financial report for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Government Finance Officers Association also awarded the Distinguished Budget Presentation Award to DART for its annual budget document (FY 2014 Business Plan) for the fiscal year beginning October 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Acknowledgements

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

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

Sincerely,

David Leininger

David Leininger
Executive Vice President
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas Area Rapid Transit

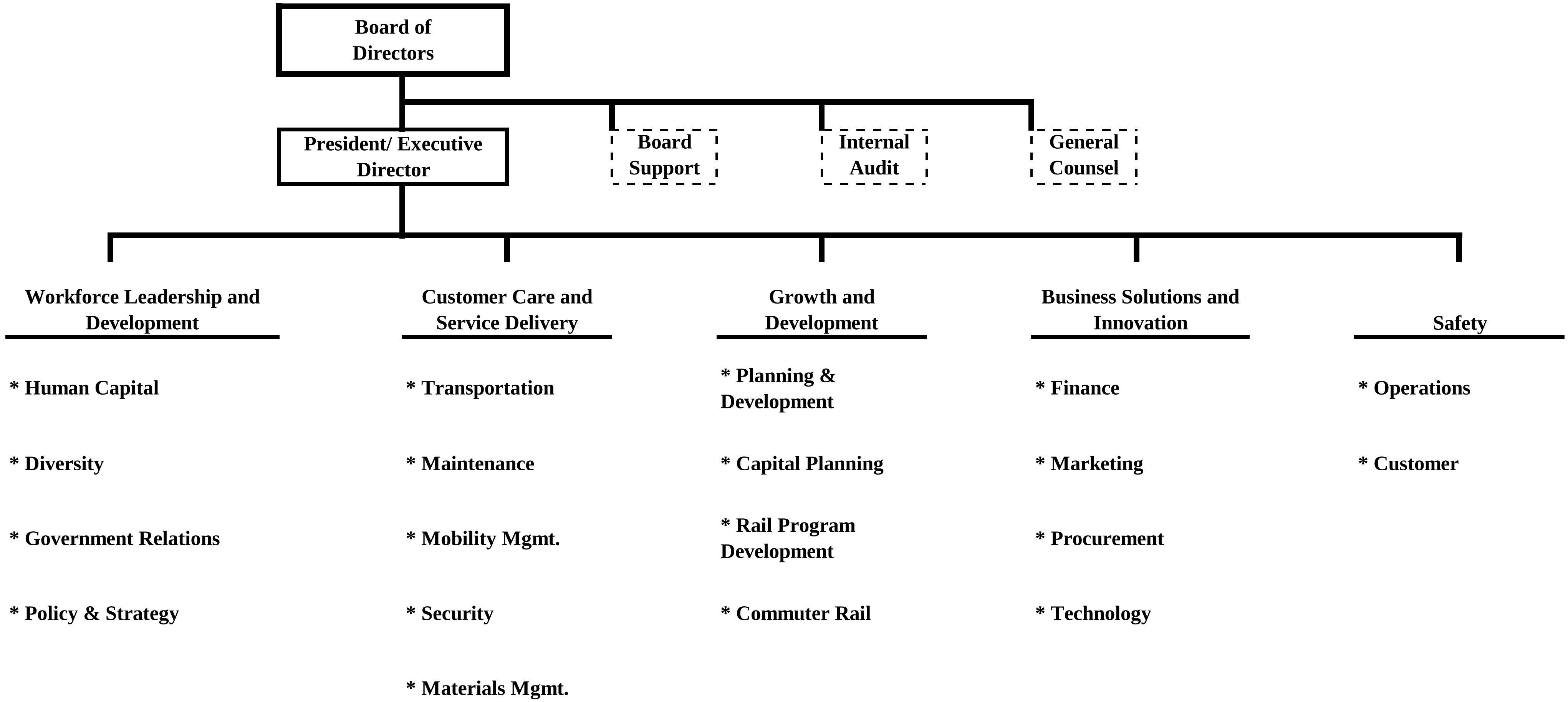
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

Dallas Area Rapid Transit
Functional Organization Chart



Dallas Area Rapid Transit
Board of Directors

Officers

Robert W. Strauss, Chairman
City of Dallas

Faye Moses-Wilkins, Vice Chairman
Cities of Plano and Farmers Branch

Richard Carrizales, Secretary
City of Dallas

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

City of Dallas
Jim Adams
Jerry Christian
Amanda Moreno Cross
Pamela Dunlop Gates
Michele Wong Krause

Cities of Dallas and Cockrell Hill
William Velasco, II

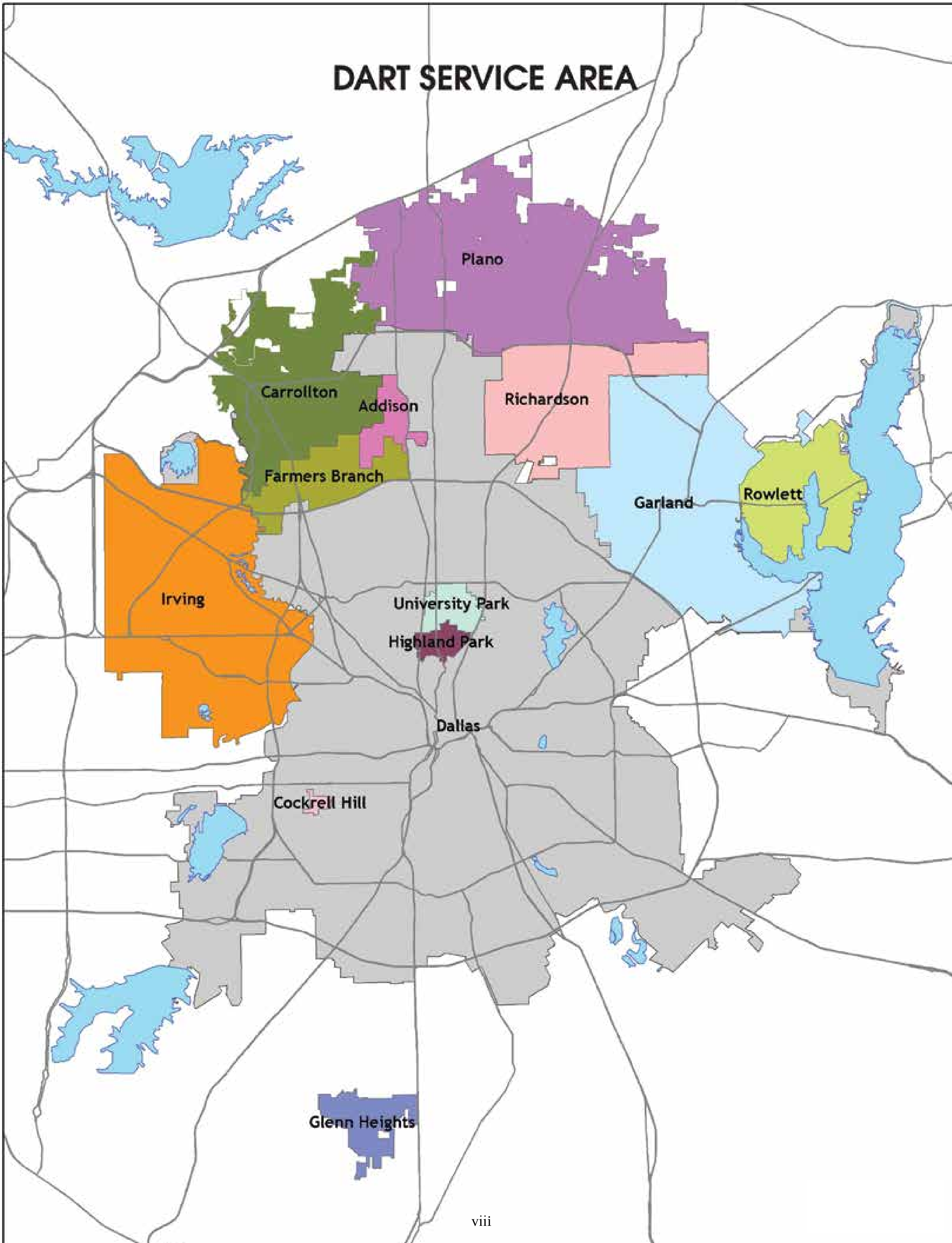
City of Garland
Michael T. Cheney

City of Irving
Rick Stopfer

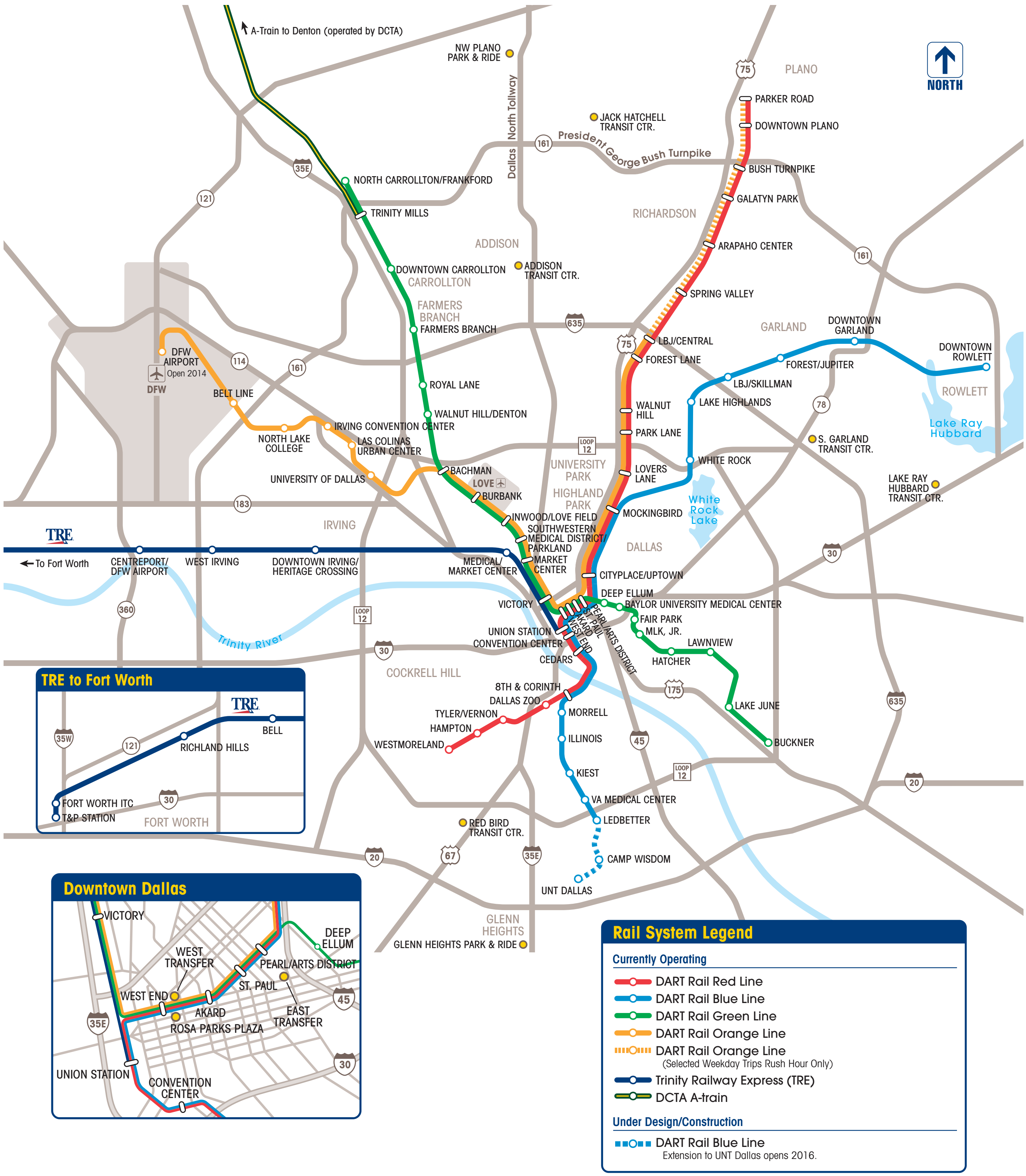
City of Plano
Paul N. Wageman

Cities of Carrollton & Irving
Timothy A. Hayden

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


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

DART Current and Future Services



FINANCIAL SECTION

Dallas Area Rapid Transit
Dallas, Texas

Financial Statements
Years Ended September 30, 2014 and 2013 and
Independent Auditors' Report

DALLAS AREA RAPID TRANSIT
DALLAS, TEXAS
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Dallas Area Rapid Transit ("DART"), as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise DART's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DART, as of September 30, 2014 and 2013, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in March 2012, the GASB issued GASB Statement 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement are effective for DART's fiscal year ended September 30, 2014. DART has implemented this Statement retroactively for the year ended September 30, 2013 resulting in restated net position. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. 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 and the Schedule of Funding Progress, 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 an opinion on the financial statements that collectively comprise DART's basic financial statements. The Introductory Section and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Crowe Horwath LLP

Crowe Horwath LLP

Dallas, Texas
February 3, 2015

DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

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, 2014 and 2013. 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, 2014 and 2013, total assets and deferred outflows of resources of DART exceeded total liabilities by $2,039,587 and $2,185,147 respectively. The amount of unrestricted net position as of September 30, 2014 was $920,666 compared to $827,165 in 2013.

The net position of DART decreased by $145,560 during the current fiscal year compared to a decrease of $137,985 last year. The decrease during 2014 is mainly due to a loss recognized on the transfer of high occupancy vehicle (HOV) lane operation to Texas Department of Transportation, as well as increases in benefits, labor, interest, purchased transportation and decreases in federal grant revenues. The decrease in 2013 was due to increases in interest and depreciation expenses and decreases in federal grants.

DART's total debt increased by $81,126 (2%) during the current fiscal year compared to an increase of $127,180 (3%) in 2013. The increase in 2014 is due to additional borrowings in the form of commercial paper notes and Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds. The increase in 2013 was due to additional borrowings in the form of bonds, commercial paper notes and TIFIA bonds. The proceeds from these additional borrowings were used to pay for capital project costs. Debt information is summarized on page 12 of this management discussion and analysis.

Sales and use tax revenue was $486,564 in 2014 compared to $456,524 in 2013. It increased by 7% ($30,040) in 2014 compared to an increase of 5% ($23,222) in 2013.

Capital contributions from federal, state and local governments were $38,864 in 2014 and $134,148 in 2013. 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 $92,211 in 2014 compared to $17,418 in 2013.

For fiscal year 2014, total expenses exceeded total revenues resulting in a loss before capital contributions and grants of $164,032 compared to $272,133 for 2013. The loss in 2014 is lower than that of 2013 due primarily to an increase in sales and use tax revenue.

BASIC FINANCIAL STATEMENTS

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

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

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

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

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

Notes to the Financial Statements provide additional information that is essential to fully understand the data provided in the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Notes to the Financial Statements are shown on pages 18-39 of this report.

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

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

FINANCIAL ANALYSIS

Statements of Net Position – Total assets and deferred outflows of resources of DART exceeded total liabilities by $2,039,587 and $2,185,147 as of September 30, 2014 and 2013, respectively. The largest portion of this excess (53% in 2014 and 60% in 2013) was net investment in capital assets (capital assets less related outstanding debt). DART uses these capital assets to provide public transportation services to customers and member jurisdictions; consequently, these assets are not available for future spending. Although DART's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be obtained from other sources such as sales and use tax and farebox revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	2014	2013	2012
Current assets	$1,064,407	$999,342	$1,000,872
Other non-current assets	335,358	401,700	438,479
Capital assets (net of accumulated depreciation)	4,810,004	4,877,612	4,877,773
Total assets	6,209,769	6,278,654	6,317,124
Deferred outflows of resources	13,965	15,664	17,505
Total assets and deferred outflows of resources	6,223,734	6,294,318	6,334,629
Current liabilities	427,982	358,554	389,506
Non-current liabilities	3,756,165	3,750,617	3,617,126
Total liabilities	4,184,147	4,109,171	4,006,632
Deferred inflows of resources			
Accumulated increase in fair value of fuel hedging Derivative	-	-	4,865
Total liabilities and deferred inflows of resources	4,184,147	4,109,171	4,011,497
Net position			
Net investment in capital assets	1,071,576	1,320,349	1,512,832
Restricted for:			
Debt service	37,560	27,415	10,760
Security for lease/leaseback liabilities	9,785	10,218	10,543
Unrestricted	920,666	827,165	788,997
Total net position	$2,039,587	$2,185,147	$2,323,132

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

Other non-current assets decreased by $66,342 in 2014 compared to a decrease of $36,779 in 2013. The decrease in 2014 is due to a decrease in restricted investments held for system expansion and acquisition as a result of spending on capital projects. The decrease in 2013 was mainly due to decreases in restricted investments held for system expansion and acquisition as a result of spending on capital projects and payments made on capital lease/leaseback liabilities.

As of September 30, 2014, $9,785 of DART's net position is restricted to satisfy the requirements of an amended lease/leaseback agreement compared to $10,218 as of September 30, 2013. The unrestricted portion of net position, $920,666 in 2014 and 827,165 in 2013 represent resources available to meet DART's ongoing obligations. The DART Board committed $49,028 and $44,746 of the unrestricted net position for self-insurance and financial reserves in 2014 and 2013, respectively. The increase in unrestricted net position of $93,501 (11%) in 2014 is due to an increase in sales tax revenue. The increase in unrestricted net position of $38,168 (5%) in 2013 was due to an increase in sales tax revenue.

<u>Statements of Revenues, Expenses, and Changes in Net Position</u> – During fiscal year 2014, DART's activities resulted in a decrease in net position of $145,560 compared to a decrease of $137,985 in 2013. The decrease during 2014 is due to a loss on the transfer of HOV operations as well as increases in benefits, labor, interest, purchased transportation and decreases in federal capital contributions. The decrease during 2013 was due to increases in interest and depreciation expense and decreases in federal grants. The key elements of the changes in net position for the fiscal years ended September 30 with comparative information for 2012 are shown in the following table.

Summary of Revenues, Expenses, and Changes in Net Position

	2014	2013	2012
Operating revenues			
Passenger revenues	$ 70,902	$ 67,569	$ 59,809
Advertising, rent and other	13,573	16,146	20,306
Total operating revenues	84,475	83,715	80,115
Operating expenses			
Labor	216,188	211,801	202,009
Benefits	99,851	87,302	86,734
Services	33,869	34,775	30,153
Materials and supplies	44,327	53,224	49,120
Purchased transportation	46,900	43,716	55,640
Depreciation	236,406	238,710	192,875
Utilities	17,151	20,946	18,499
Taxes, leases, and other	5,245	5,604	5,732
Casualty and liability	4,582	5,329	5,048
Total operating expenses	704,519	701,407	645,810
Operating loss	(620,044)	(617,692)	(565,695)
Non-operating revenues (expenses)			
Sales and use tax revenue	486,564	456,524	433,302
Investment income	19,547	20,301	27,315
Build America Bonds tax credit	28,259	28,406	30,462
Other federal grants	92,211	17,418	56,161
Other non-operating revenues	15,760	12,226	11,392
Interest expense	(182,581)	(178,853)	(154,258)
Street improvements for member cities	(2,127)	(6,615)	(5,615)
Other non-operating expenses	(1,621)	(3,848)	(3,445)
Total net non-operating revenues	456,012	345,559	395,314
Loss before capital contributions and grants	(164,032)	(272,133)	(170,381)
Capital contributions	38,864	134,148	141,669
Loss before special item	(125,168)	(137,985)	(28,712)
Special Item:			
Loss on transfer of HOV operations to TXDOT	(20,392)	-	-
Decrease in net position	(145,560)	(137,985)	(28,712)
Net position, beginning of the year (as restated)	2,185,147	2,323,132	2,351,844
Net position, end of the year	$2,039,587	$2,185,147	$2,323,132

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

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

REVENUES

The following table summarizes revenues for fiscal year 2014 and 2013 with comparative information for 2012:

REVENUES AND CAPITAL CONTRIBUTIONS

Revenues	**2014**	**2013**	**2012**
Passenger revenues	$ 70,902	$ 67,569	$ 59,809
Advertising, rent and other	13,573	16,146	20,306
Sales and use tax revenue	486,564	456,524	433,302
Other federal grants	92,211	17,418	56,161
Investment income	19,547	20,301	27,315
Capital contributions	38,864	134,148	141,669
Build America Bonds tax credit	28,259	28,406	30,462
Other revenues	15,760	12,226	11,392
Total	**$765,680**	**$752,738**	**$780,416**

Passenger revenues – include farebox receipts, monthly and annual pass revenues, paratransit revenue, and special event fares. Passenger revenues increased by 5% ($3,333) in 2014 compared to a 13% ($7,760) increase in 2013. The increase in 2014 is due to increases in commuter rail ridership and additional receipts related to the DLink and Arlington MAX services. The increase in 2013 was due to an increase in light rail ridership and a fare increase that became effective December 2012.

Advertising, rent and other – Advertising income includes revenues from advertisements at transit stations, on DART buses, and electronic signs on light rail cars. Rental income includes revenue from the rental of land along the rail corridor and other properties. Advertising, rent and other income decreased by 16% ($2,573) in 2014 compared to a decrease of 20% ($4,160) in 2013. The decreases in both 2014 and 2013 were due to lower amount of reimbursement of HOV operating costs for service provided outside of the DART service area compared to the previous years. In 2014 advertising also decreased due to the decrease in the size of DART bus fleet.

Sales and use tax revenue **–** Sales and use tax revenue is a dedicated 1% tax imposed on certain items within DART's member jurisdictions or service area. Sales and use tax revenue increased by 7% ($30,040) in 2014 compared to an increase of 5% ($23,222) in 2013. The increases in both 2014 and 2013 are due to a relative improvement in the local economy resulting in better than previous year's retail sales. Sales and use tax revenue constituted approximately 64% of DART's total revenues in 2014 compared to 61% in 2013.

Other federal grants – Other federal grant revenues increased by 429% ($74,793) in 2014 compared to a decrease of 69% ($38,743) in 2013. The decrease in 2013 was due to a delay by the metropolitan planning organization in calculating sub-allocation of formula funds. This resulted in higher revenues for 2014. DART received $1,528 in 2014 and $1,545 in 2013 from the Federal Transit Administration (FTA) for vanpool and ozone programs and $777 in 2014 compared to $706 in 2013 in the form of grants from the United States Department of Homeland Security.

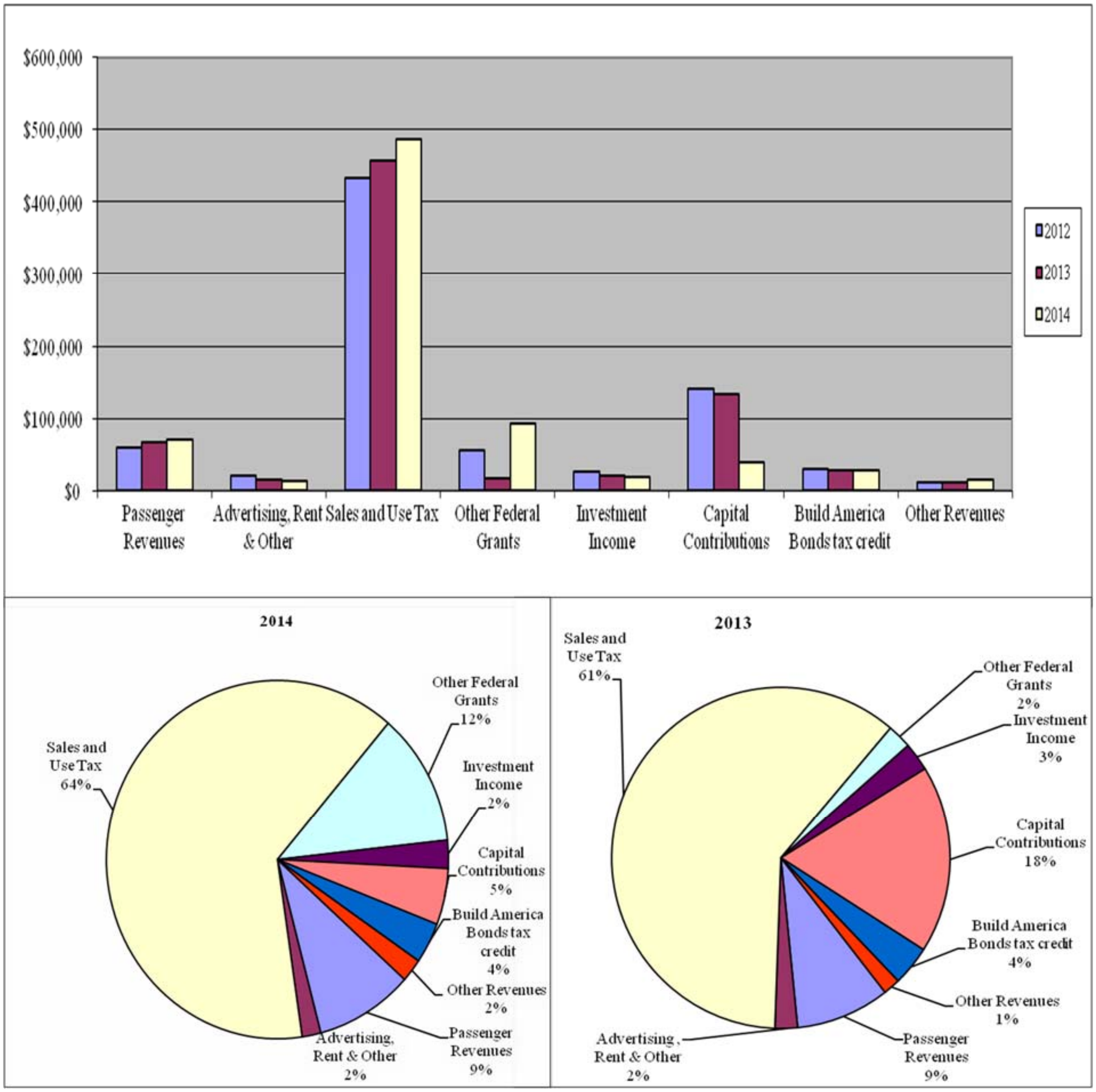
Capital contributions – Capital contributions include federal, state and local grants and contributions. Capital contributions decreased by 71% ($95,284) in 2014 compared to a decrease of 5% ($7,521) in 2013. The decreases in both 2014 and 2013 were mainly due to lower federal and state capital contributions as a result of completion of projects funded with such grants.

Investment income – Investment income decreased by 4% ($754) in 2014 compared to 26% ($7,014) decrease in 2013. The decrease in 2014 is due to a decrease in investments held to pay lease/leaseback obligations The decrease in 2013 wes due to changes in the market value of investments, a decrease in investments held to pay lease/leaseback obligations and a slightly lower interest rate during 2013.

Build America Bonds tax credit – The Build America Bonds (BABs) tax credit decreased by 0.5% ($147) in 2014 compared to a 7% ($2,056) decrease in 2013. The decreases in both 2014 and 2013 were due to budget cuts by the Federal government, or "sequestration".

Other revenues – Other revenues increased by 29% ($3,534) in 2014 compared to a 7% ($834) increase in 2013. Other revenues include: revenues from billings to the Fort Worth Transportation Authority (The T) for their share of the Trinity Railway Express (TRE) commuter rail service; toll credits received from the State of Texas as a local match for FTA capital grants; and alternative fuel tax credits. Factors contributing to the increases in both 2014 and 2013 include a gain on disposal of assets and an increase in alternative fuel tax credits received due to conversion of diesel fuel operated buses to compressed natural gas (CNG) operated new bus fleet and paratransit vehicles.

The following charts summarize revenues for fiscal years 2012 through 2014



FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

EXPENSES

The following table summarizes expenses for fiscal year 2014 and 2013 with comparative information for 2012:

EXPENSES BY OBJECT CLASS

Expenses	**2014**	**2013**	**2012**
Labor	$216,188	$211,801	$202,009
Benefits	99,851	87,302	86,734
Services	33,869	34,775	30,153
Materials and supplies	44,327	53,224	49,120
Purchased transportation	46,900	43,716	55,640
Depreciation and amortization	236,406	238,710	192,875
Utilities	17,151	20,946	18,499
Taxes, leases and other	5,245	5,604	5,732
Casualty and liability	4,582	5,329	5,048
Street improvements for member cities	2,127	6,615	5,615
Interest and financing expenses	182,581	178,853	154,258
Other non-operating expense	1,621	3,848	3,445
Loss on transfer of HOV operations	20,392	-	-
Total	**$ 911,240**	**$ 890,723**	**$ 809,128**

Labor – Labor costs increased by 2% ($4,387) in 2014 compared to an increase of 5% ($9,792) in 2013. The increase in 2014 is due to merit increases. The increase in 2013 was due to positions filled in Maintenance, DART Police, Technology, and Revenue Operations. Termination payment to some HOV employees and merit increase also contributed to the increase.

Benefits – Benefits increased by 14% ($12,549) in 2014 compared to a 0.7% ($568) increase in 2013. The increase in 2014 is mainly due to a significant (32%) increase in healthcare costs as a result of the increase in the number of large medical and pharmacy claims. The smaller increase in 2013 was due to increases in healthcare costs, payroll taxes, and contributions to retirement plans net of a decrease in workers compensation claim costs as a result of improved claim experience. Increases in payroll taxes and contributions to retirement plans in 2013 were as a result of an increase in labor cost.

Services – Services include contracted services such as: security, vehicles, equipment and right-of-way maintenance, advertising, marketing, computing, communication, legal, governmental, and environmental services. Services decreased by 3% ($906) in 2014 compared to an increase of 15% ($4,622) in 2013. The decrease in 2014 is due to less marketing and advertising costs in 2014 compared to the year before because there was only one light rail station opening in 2014 compared to two stations opened in 2013. The increase in 2013 was due to increased work on the commuter rail right-of-way maintenance, spending on the 511 traffic information system that became operational during 2013, advertising costs associated with the Irving II and Rowlett light rail openings in December 2012, and an increase in software licenses needed for the new radio communications program.

Materials and supplies – Materials and supplies include the cost of fuel, parts and supplies used to operate and maintain vehicles, equipment, and facilities. Materials and supplies expenses decreased 17% (8,897) in 2014 compared to an increase of 8% (4,104) in 2013. The decrease in 2014 is due to less spending on bus parts and savings in fuel costs as a result of replacing the older bus fleet with new compressed natural gas (CNG) buses, and a decrease in allowance for obsolete parts. The increase in 2013 is mainly due to obsolete/surplus parts expense as a result of replacing the older bus fleet with new compressed natural gas (CNG) buses. Some of the spare parts maintained for the old buses could not be used on the new buses.

Purchased transportation – Purchased transportation represents the costs of contracted transportation services such as commuter rail, paratransit, DART on-call, and shuttle services. Purchased transportation expenses increased by 7% ($3,184) in 2014 compared to a 21% ($11,924) decrease in 2013. The increase in 2014 is mainly due to modifications to the paratransit service contract that resulted in additional charges during 2014. The decrease in 2013 is due to changes in the paratransit service delivery program and service provider which resulted in cost savings during 2013.

Depreciation – Depreciation expenses decreased by 1% ($2,304) in 2014 compared to a 24% ($45,835) increase in 2013. Depreciation was lower in 2014 than 2013 because 2013 numbers included an accelerated depreciation for an impairment loss of $8,318 due to the unexpected wear of the Central Business (CBD) light rail line segment rail. The increase in 2013 was also due to new assets placed in service and $834 for a light rail vehicle that was derailed and damaged during 2013.

Utilities – Utilities represent the cost of electricity, telecommunications, water, sewer, and natural gas. Utilities decreased by 18% ($3,795) in 2014 compared to an increase of 13% ($2,447) in 2013. The decrease in 2014 is due to a new electricity contract with a lower rate compared to the previous year. The increase in 2013 was due to an increase in electricity usage as a result of opening new light rail segments and operating facilities.

Taxes, leases, and other **–** Taxes, leases, and other includes fuel and lube taxes, equipment rentals, leases of operating and passenger facilities, training, travel, business meetings, membership dues, subscriptions, employee programs and allowance for uncollectible receivables. Taxes, leases, and other expenses decreased by 6% ($359) in 2014 compared to a decrease of 2% ($128) in 2013. The decrease in 2014 is due to less bad debt expense compared to last year. The decrease in 2013 was due to leases terminated during the year.

Casualty and liability – Casualty and liability expenses decreased by 14% ($747) in 2014 compared to an increase of 6% ($281) in 2013. The decrease in 2014 is due to favorable claims experience. The increase in 2013 was due to higher claim losses.

Street improvements – Local assistance is provided to eligible member jurisdictions in the form of technical and financial assistance to reduce traffic congestion and complement bus and public transit operations. The street improvement program costs decreased by 68% ($4,488) in 2014 compared to an increase of 18% ($1,000) in 2013. The decrease in 2014 is due to less work on intelligent transportation systems as a result of projects getting close to completion. The increase in 2013 was due to increased work on intelligent transportation systems and street improvement projects that are expected to improve the flow of vehicle traffic.

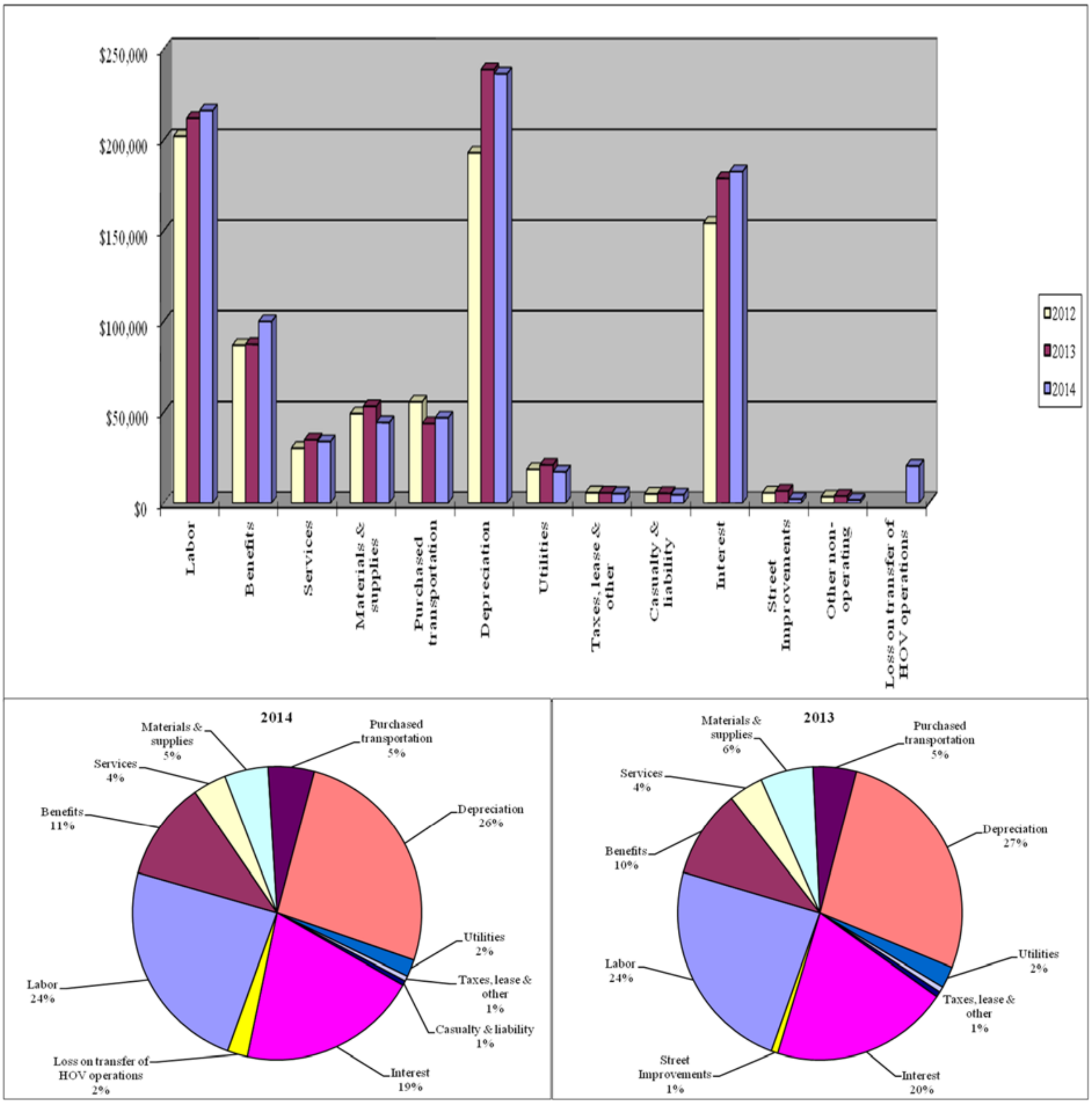
Interest **–** Interest expense increased by 2% ($3,728) in 2014 compared to an increase of 16% ($24,595) in 2013. In both 2014 and 2013, interest expense increased due to additional borrowings and less interest capitalized as a result of the completion of Rowlett extension, Irving I, Irving II and Irving III light rail service expansion projects.

Other non-operating expenses – Other non-operating expenses decreased by 58% ($2,227) in 2014 compared to an increase of 12% ($403) in 2013. The decrease in 2014 is due to less spending related to the regional commuter rail project during 2014. The increase in 2013 was due to general planning and consulting service costs.

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

The charts on the following page summarize expenses for fiscal years 2012 through 2014.

The following charts summarize expenses for fiscal years 2012 through 2014:

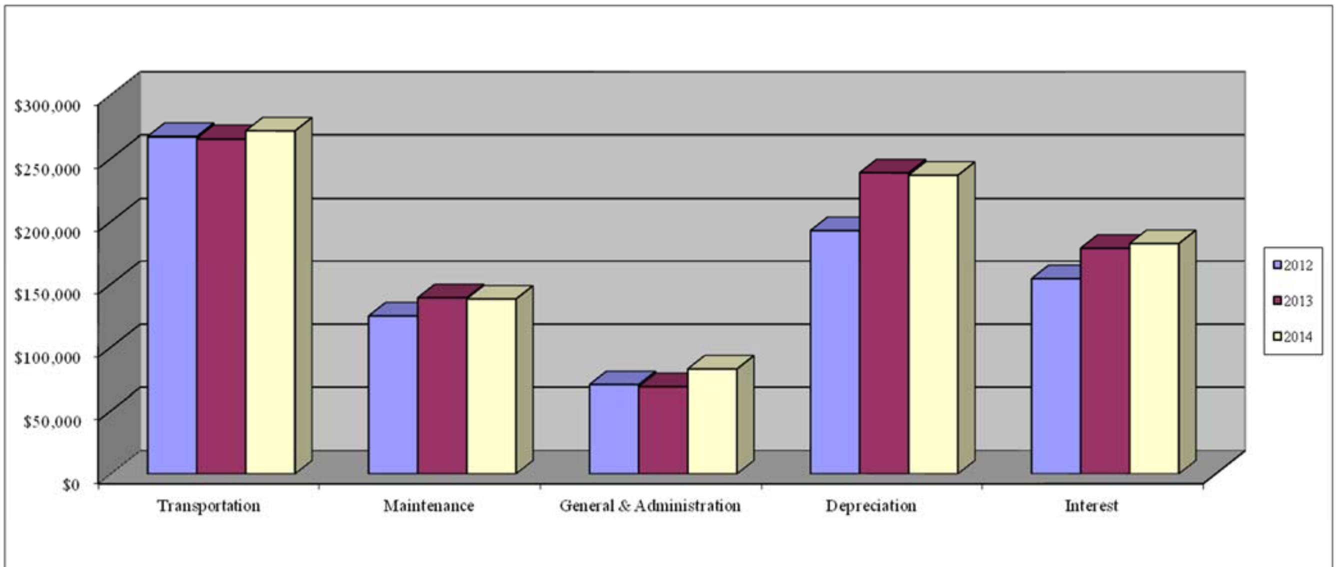


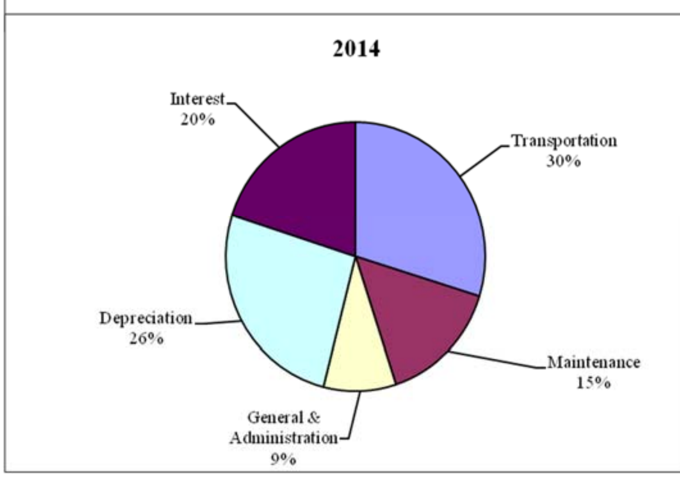
FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

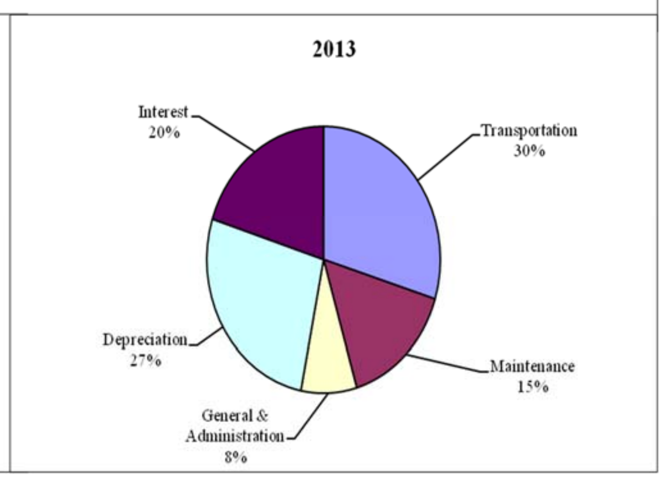
Expenses by function – *Transportation* – includes expenses that are directly related to the operation of bus, light rail, commuter rail, vanpool, paratransit, high occupancy vehicle (HOV) lanes, DART on-call and shuttle services. These expenses include such items as wages and benefits for operators, transit center service employees, transportation supervisors and managers, DART police, cost of fuel, tires and tubes, propulsion power, purchased transportation, customer service, revenue collection, and other related costs. *Maintenance* – includes labor costs and benefits for vehicle and facility maintenance, materials and supplies, utilities, and all other costs incurred for maintenance purposes. *General and administration* – includes administrative personnel costs, benefits, accident, general liability and contract claims, street improvements; loss on transfer on HOV operations during 2014, and other related costs. *Depreciation* – includes depreciation expense on all depreciable capital assets. *Interest* – includes interest expense incurred on debt net of capitalized interest.

EXPENSES BY FUNCTION

	2014	2013	2012
Transportation	$ 271,425	$ 265,378	$ 267,001
Maintenance	138,154	139,146	124,708
General and administration	82,674	68,636	70,286
Depreciation and amortization	236,406	238,710	192,875
Interest	182,581	178,853	154,258
Total	**$ 911,240**	**$ 890,723**	**$ 809,128**







FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (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, 2014, is $4,810,004 compared to $4,877,612 in 2013. The net decrease in capital assets during 2014 is $67,608 (1%) compared to a slight decrease of $161 in 2013.

The following table summarizes capital assets net of depreciation as of September 30 with comparative information for 2012.

Capital Assets (Net of Depreciation)

	2014	2013	2012
Land and rights-of-way	$ 609,498	$ 578,169	$ 554,714
Projects in progress	70,845	205,542	662,567
Transitways	2,914,631	2,875,423	2,497,655
Buildings and improvements	429,783	453,259	436,298
Revenue and non-revenue vehicles and equipment	776,348	750,485	715,931
Furniture, fixtures, and leasehold improvements	8,899	14,734	10,608
Total	$4,810,004	$4,877,612	$4,877,773

The net decreases in both 2014 and 2013 are due to depreciation. However, there were increases before depreciation in both fiscal years due to the cost of planning, designing and building the Light Rail Transit (LRT) Phase II and Phase III expansions. The Phase II expansion consists of approximately 46 miles of light rail transit lines. These new lines extend northwest from Downtown Dallas to the cities of Carrollton, Farmers Branch, and Irving and southeast from Downtown Dallas to Buckner Blvd. in South Dallas and northeast from the Downtown Garland Station to the Rowlett Park-and-Ride. The first section of the southeast extension, Bryan Street to Fair Park, opened for service on September 14, 2009. Other northwest and southeast extensions opened for service during fiscal year 2011 and the first section of Irving line segment opened for service in July 2012. The second section of the Irving line segment and the northeast (Rowlett) opened for service in December 2012 and the third Irving line segment opened for service in August 2014. The Phase III light rail build-out consists of approximately three miles extension of the Blue Line from Ledbetter Station toward the University of North Texas (UNT) Dallas Campus located at the southeast corner of Camp Wisdom Road and University Hills Blvd.

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

Outstanding debt – Outstanding debt includes sales tax revenue commercial paper notes, senior lien revenue bonds, TIFIA bonds payable, and capital lease/leaseback liabilities. As of September 30, 2014, DART had total outstanding debt of $3,857,925 compared to $3,776,799 as of September 30, 2013. Outstanding debt increased by 2% ($81,126) in 2014 compared to a 3% ($127,180) increase in 2013.

The following table summarizes DART's total outstanding debt.

Outstanding Debt

	2014	2013	2012
Sales tax revenue commercial paper notes	$ 180,000	$ 100,000	$ 70,000
Senior lien revenue bonds payable	3,377,920	3,411,095	3,290,060
TIFIA bonds payable	100,000	45,000	
Capital lease/leaseback liabilities	200,005	220,704	289,559
Total debt	$3,857,925	$3,776,799	$3,649,619

The sales tax revenue commercial paper notes outstanding balance was $180,000 as of September 30, 2014 compared to $100,000 as of September 30, 2013. The commercial paper notes were issued as a senior subordinate lien to sales and use tax revenues and are payable from the 1% sales and use tax receipts. The increases during both 2014 and 2013 are due to additional borrowings to pay for capital project costs.

Senior lien revenue bonds outstanding are $3,377,920 as of September 30, 2014 and $3,411,095 as of September 30, 2013. These are senior lien bonds secured by and payable from the 1% sales and use tax receipts and farebox revenues (pledged revenues). The decrease of $33,175 in 2014 is due to $25,480 principal payment made on December 1, 2013 and $7,695 early payment of bond (extinguishment of debt) made in May 2014. The increase of $121,035 in 2013 was due to an additional borrowing during fiscal year 2013 net of principal payments. All DART bonds are issued to finance capital projects. The senior lien revenue bonds are shown net of original issuance premium (discount) of $86,579 and $94,155 as of September 30, 2014 and 2013 in the Statements of Net Position.

During 2014, DART maintained a AA+ credit rating from Standard & Poor's, and a Aa2 from Moody's for its bonds.

TIFIA bonds payable are $100,000 as of September 30, 2014 compared to $45,000 as of September 30, 2013. On December 13, 2012 DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S Department of Transportation (DOT). Under this loan agreement, DART issued a Senior Lien Obligation bond to borrow up to $105,000 from the DOT. The proceeds from the bond are used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extends DART's light rail service from Irving to the Dallas Fort Worth International Airport. The TIFIA financing agreement is reimbursement-based and DART requested the money after paying for the capital project costs. The TIFIA bond is a Senior Lien Obligation and is secured by and payable from Pledged Revenues on parity with other Senior Lien Obligations.

Capital lease/leaseback liabilities are $200,005 and $220,704 as of September 30, 2014 and 2013, respectively. The decreases in capital lease/leaseback liabilities in both 2014 and 2013 are due to lease payments.

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

ECONOMIC OUTLOOK

Sales and use tax is the largest source of revenue for DART, representing 64% of total revenues in 2014 compared to 61% in 2013. Sales and use tax revenues are affected by changes in the local economy. During fiscal year 2014, DART's sales and use tax revenues showed a 7% increase compared to the previous year. Actual sales and use tax revenues in 2014 are $486,564 compared to $456,524 in 2013. The sales and use tax budget for 2015 is $502,986 compared to $486,564 actual for 2014. The budget for 2015 represents a 3.4% increase from the 2014 actual sales and use tax revenues.

REQUESTS FOR INFORMATION

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

DALLAS ARE RAPID TRANSIT
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 27,217	$ 75,826
Investments	760,593	656,424
Sales and use tax receivable	85,319	77,752
Transit revenue receivable, net	2,553	2,759
Due from federal and other governments	33,275	24,575
Materials and supplies inventory, net	28,693	24,252
Prepaid transit expense and other	2,840	2,455
Restricted investments held by trustee for debt service	97,808	87,353
Restricted investments held for advance funding agreements	12,013	11,737
Restricted investments held to pay capital lease/leaseback liabilities	14,096	36,209
TOTAL CURRENT ASSETS	1,064,407	999,342
NONCURRENT ASSETS		
Restricted investments for system expansion and acquisition	39,252	121,743
Restricted investments held as security for capital lease/leaseback liabilities	9,785	10,218
Investment in joint venture	20,722	22,058
Investment in managed HOV lane agreements	66,706	51,972
Capital assets		
Land and rights-of-way	609,498	578,169
Projects in progress	70,845	205,542
Depreciable capital assets, net of depreciation	4,129,661	4,093,901
Restricted investments held to pay capital lease/leaseback liabilities	185,909	184,495
Net pension asset	11,346	9,457
Unamortized bond insurance premium and other	1,638	1,757
TOTAL NONCURRENT ASSETS	5,145,362	5,279,312
TOTAL ASSETS	6,209,769	6,278,654
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refunding	13,965	15,664
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	6,223,734	6,294,318
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	72,345	76,563
Commercial paper notes payable	180,000	100,000
Current portion of capital lease/leaseback liabilities	14,096	36,209
Current portion of repayment due to State Comptroller	824	824
Local Assistance Program payable	1,497	1,997
Retainage payable	27,860	23,514
Unearned revenue and other liabilities	32,898	34,029
Accrued interest payable from restricted assets	60,247	59,938
Current portion of senior lien revenue bonds payable	38,215	25,480
TOTAL CURRENT LIABILITIES	427,982	358,554
NONCURRENT LIABILITIES		
Accrued liabilities	34,573	31,129
Repayment due to State Comptroller	9,399	10,223
Senior lien revenue bonds payable	3,426,284	3,479,770
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	100,000	45,000
Capital lease/leaseback liabilities	185,909	184,495
TOTAL NONCURRENT LIABILITIES	3,756,165	3,750,617
TOTAL LIABILITIES	4,184,147	4,109,171
NET POSITION		
Net investment in capital assets	1,071,576	1,320,349
Restricted for debt service	37,560	27,415
Restricted as security for capital lease/leaseback liabilities	9,785	10,218
Unrestricted	920,666	827,165
TOTAL NET POSITION	$2,039,587	$2,185,147

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, 2014 and 2013 (Dollars in Thousands)

	2014	2013
OPERATING REVENUES		
Passenger revenues	$ 70,902	$ 67,569
Advertising, rent, and other	13,573	16,146
TOTAL OPERATING REVENUES	84,475	83,715
OPERATING EXPENSES		
Labor	216,188	211,801
Benefits	99,851	87,302
Services	33,869	34,775
Materials and supplies	44,327	53,224
Purchased transportation	46,900	43,716
Depreciation and amortization	236,406	238,710
Utilities	17,151	20,946
Taxes, leases, and other	5,245	5,604
Casualty and liability	4,582	5,329
TOTAL OPERATING EXPENSES	704,519	701,407
NET OPERATING LOSS	(620,044)	(617,692)
NON-OPERATING REVENUES (EXPENSES)		
Sales and use tax revenue	486,564	456,524
Investment income	4,037	2,272
Interest income from investments held to pay capital lease/leaseback	15,510	18,029
Interest expense on capital lease/leaseback	(15,510)	(18,029)
Street improvements	(2,127)	(6,615)
Interest and financing expenses	(167,071)	(160,824)
Build America Bonds tax credit	28,259	28,406
Other federal grants	92,211	17,418
Other non-operating revenues	15,760	12,226
Other non-operating expenses	(1,621)	(3,848)
NET NON-OPERATING REVENUES	456,012	345,559
LOSS BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	(164,032)	(272,133)
CAPITAL CONTRIBUTIONS AND GRANTS		
Federal capital contributions	36,023	123,877
State capital contributions	1,596	2,676
Local capital contributions	1,245	7,595
TOTAL CAPITAL CONTRIBUTIONS AND GRANTS	38,864	134,148
LOSS BEFORE SPECIAL ITEM	(125,618)	(137,985)
SPECIAL ITEM		
Loss on transfer of HOV Lane operations (see note 24)	(20,392)	-
CHANGE IN NET POSITION	(145,560)	(137,985)
TOTAL NET POSITION – BEGINNING OF YEAR (as restated)	2,185,147	2,323,132
TOTAL NET POSITION – END OF YEAR	$2,039,587	$2,185,147

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, 2014 and 2013 (Dollars in Thousands)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 85,171	$ 88,088
Cash flows from other sources	11,045	13,552
Payments to suppliers of goods and services	(116,161)	(114,620)
Payments to purchased transportation service providers	(46,710)	(46,639)
Payments to employees	(212,978)	(209,293)
Benefit payments on behalf of employees	(99,732)	(91,036)
NET CASH USED BY OPERATING ACTIVITIES	(379,365)	(359,948)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales and use tax receipts	478,174	451,874
Other federal grants	92,247	18,804
Other non-capital financing receipts	67	150
Build America Bonds tax credit	28,269	29,137
Other non-capital financing payments	(67)	(152)
Local Assistance Program and street improvements	(2,627)	(10,846)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	596,063	488,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,356	2,529
Proceeds from sales and maturity of investments	972,162	779,030
Purchase of investments	(1,076,767)	(836,775)
Decrease (increase) in restricted assets	71,761	(1,389)
Investment in managed HOV lane agreements	(14,734)	(13,187)
NET CASH USED BY INVESTING ACTIVITIES	(43,222)	(69,792)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(186,069)	(270,349)
Proceeds from the issuance of commercial paper notes	550,000	440,000
Payment on commercial paper notes	(470,000)	(410,000)
Proceeds from the issuance of revenue bonds		151,097
Proceeds from TIFIA Bonds	55,000	45,000
Payment of debt issuance costs		(2,454)
Principal payment on revenue bonds	(25,480)	(6,740)
Payment for early extinguishment of revenue bonds	(7,887)	-
Interest and financing expenses	(172,323)	(162,486)
Federal capital contributions	29,727	121,426
State capital contributions	1,591	204
Local capital contributions	1,246	3,675
Proceeds from the sale of capital assets	2,110	694
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(222,085)	(89,933)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,609)	(30,706)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	75,826	106,532
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 27,217	$ 75,826

(Continued)

DALLAS AREA RAPID TRANSIT
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

	2014	2013
RECONCILIATION OF OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	$(620,044)	$(617,692)
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation and amortization	236,406	238,710
Miscellaneous non-operating income	13,582	11,352
Miscellaneous non-operating expenses	(1,553)	(3,665)
Changes in assets and liabilities		
Decrease in transit receivable	206	5,776
(Increase) Decrease in due from federal & other governments	(1,166)	483
(Increase) Decrease in materials and supplies inventory	(4,441)	4,662
(Increase) Decrease in prepaid expenses and other current assets	192	(503)
(Increase) in pension assets	(1,889)	(1,682)
Increase in accounts payable and accrued liabilities	723	3,377
(Decrease) in unearned revenue and other liabilities	(1,381)	(766)
NET CASH USED BY OPERATING ACTIVITIES	$(379,365)	$(359,948)
NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Interest income from investments held to pay capital lease/leaseback	$15,510	$18,029
Interest expense on capital lease/leaseback	(15,510)	(18,029)
Decrease in capital lease/leaseback obligations	(20,699)	(68,855)
Decrease in investments held to pay capital lease/leaseback	20,699	68,855
Decrease in fair value of investments	(1,592)	(1,291)
Amortization of premium, discount, bond insurance premium costs, and loss on debt refunding	(9,325)	(4,645)
Mass transit easements granted to DART	-	7,287
Loss on transfer of HOV Lane operations	(20,392)	-
Purchases of capital assets in accounts payable at year-end	19,376	20,905

(Concluded)

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Amendments to DART's enabling legislation require approval of the Texas State Legislature, which holds its regular session every two years. Past legislative changes allowed the issuance of lease/leaseback transactions (see note 11), changed the collection period of sales taxes from quarterly to monthly, and allowed a joint pledge of sales and use tax and farebox revenues as security for long-term debt. Future changes to DART's enabling legislation could have a material impact on DART's financial position. The next session of the State Legislature is scheduled to begin in January 2015.

On August 12, 2000, the voters of the DART service area passed a referendum that allows DART to issue up to $2.9 billion of bonds or notes that are solely payable from and secured by the DART sales and use tax revenue, have maturities beyond five years, and are issued pursuant to the authority granted at the election. On August 9, 2001, DART issued $400 million of the authorized $2.9 billion bonds. On September 10, 2002, $98.7 million of the authorized bonds were issued. On March 8, 2007, an additional $770.3 million of the authorized bonds were issued. From the $770.3 million, $317.7 million was issued to refund part of the 2001 and 2002 bonds. The remaining $452.6 million was issued to pay-off commercial paper notes. In April 2008, the Board approved the fourth issuance of Bonds (Series 2008), for $731.4 million as authorized by the Master Debt Resolution. This issuance included $341 million to refund commercial paper notes. In May 2009, the Board approved the fifth issuance of Bonds (Series 2009A and Series 2009B), for $1 billion as authorized by the Master Debt Resolution (see notes 13). In September 2010, the Board approved the sixth issuance of Bonds (Series 2010A and Series 2010B), for $824.6 million as authorized by the Master Debt Resolution (see notes 13). On November 15, 2012, DART issued and sold $127,775 in Senior Lien Sales Tax Revenue Bonds (Series 2012 Bonds). Series 2012 Bonds were issued to refund $150,000 Commercial Paper Notes. The Commercial Paper Notes were issued to finance capital expenditures for DART's system expansion and acquisition. On December 13, 2012 DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S Department of Transportation (see note 14). Under this agreement, DART borrowed $100,000 from the U.S Department of Transportation and plans to borrow an additional $5,000 during fiscal year 2015. The proceeds from the bond were used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extended DART's light rail service from Irving to the Dallas Fort Worth International Airport. These bonds are Senior Lien Revenue Bonds that are secured by, and payable from, a senior lien on Pledged Revenues.

DART received approximately $486,564 in 2014 from a 1% sales and use tax imposed on certain items within its member jurisdictions compared to $456,524 in 2013. These revenues constituted approximately 64% of DART's total revenues during fiscal year 2014 compared to 61% during 2013. Approximately 50%, 15%, and 11% of these sales and use tax revenues were collected from sales in the cities of Dallas, Plano, and Irving during fiscal years 2014 compared to 51%, 15%, and 11% for fiscal year 2013.

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, transactions are accounted for using the accrual basis of accounting.

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

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

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

New Accounting Pronouncements – In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement specifies items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. This Statement became effective for DART during 2014. As a result of implementing GASB Statement No. 65, DART has written off $22,157 in prepaid debt issuance costs. In order to present comparative numbers in accordance with GASB Statement No. 65, prior years' amounts have been restated. The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position shown on pages 14 and 15 reflect such restatements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.* This Statement became effective for DART during 2014 and had no material impact on DART during 2014..

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations.* This Statement specifies accounting, financial reporting and disclosure requirements related to government combinations and disposals of government operations. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2013 which is fiscal year 2015 for DART. However, DART chose to implement this statement early in order to account for and report the transfer of HOV operations to Texas Department of Transportation (TXDOT) in accordance with GASB Statement No. 69 (see note 24 on page 39).

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement (1) requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee; (2) requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities, and (3) specifies the information required to be disclosed by governments that extend nonexchange financial guarantees, and (4) requires new information to be disclosed by governments that receive non-exchange financial guarantees. As of September 30, 2013, DART did not extend a non-exchange financial guarantee to another organization or individual. This Statement became effective for DART during 2014 and had no material impact on DART during 2014.

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 $27,217 and $75,826 as of September 30, 2014 and 2013, respectively.

Investments – The investment balances, other than investments held to pay lease/leaseback obligations (see Note 3), on September 30, 2014 and 2013 are stated at fair value. Fair value is the amount at which an investment may be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. DART utilizes quoted market prices on September 30, 2014 and 2013, as the equivalent of the fair value of investments. When both restricted and unrestricted funds are available, it is DART's policy to spend restricted funds first on eligible expenditures.

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

Capital Assets – Capital assets are assets with an initial individual cost of more than five thousand dollars ($5,000) and an estimated useful life in excess of one year. Such assets are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as indicated in note 7. Major improvements to buildings and equipment are capitalized. Maintenance and repairs are charged to expense as incurred. Improvements and betterments that extend the useful lives of capital assets or add new functionality are capitalized. Transit system development costs for services such as project-related design, construction, construction management, and project management costs are capitalized when incurred. Interest expense incurred during the construction phase of a capital asset is capitalized. In 2014, total interest and financing expense of $175,629 was incurred, and $8,558 of this total was capitalized. In 2013, total interest and financing expense of $175,618 was incurred, and $14,794 of this total was capitalized. Donated assets are capitalized at estimated fair value on the date of donation.

Federal, State and Local Capital Contributions, and Grants – Grant funds used for the acquisition of property and equipment are recorded as capital contribution revenues when the related grant eligibility requirements are met and qualified expenditures are incurred. DART received $38,864 in federal, state and local capital contributions during 2014 compared to $134,148 during 2013. Of the total capital contributions amount received during 2014, $18,933 was based on capital expenditures made during the previous years. This amount is included in Federal Capital Contributions on the Statements of Revenues, Expenses and Changes in Net Position for the fiscal year ended September 30, 2014. In addition to capital contributions, DART also received $92,211 in 2014 compared to $17,418 in 2013 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.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

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

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

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

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

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

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

The estimate includes incurred but not reported (IBNR) claims. Changes in the liabilities in 2014 and 2013 for DART's self-insured programs are as follows:

Description	2014	2013	2012
Beginning balance	$15,024	$17,014	$17,816
Current year claims and changes in estimates	6,275	2,438	3,868
Payments	(4,435)	(4,428)	(4,670)
Ending balance	$16,864	$15,024	$17,014
Amounts due in one year	$4,509	$4,867	$5,633

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.

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

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

2. SERVICE AGREEMENTS

DART has entered into several long-term agreements with contractors to provide paratransit, commuter rail, HOV lane, 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.
The following table summarizes major amounts for services rendered in 2014 and 2013 and the current contract terms, including option periods:

Summary of major services rendered in 2014 and 2013 and the current contract terms, including option periods is shown as follows:

		Annual Payments		Contract Terms	
Contractor's Name	Service Type	2014	2013	Began	Expires
Herzog Transit Services, Inc.	Commuter Rail	$18,782	$18,494	10/1/2010	9/30/2015
MV Contract Transportation, Inc	Paratransit , and DART On-call Services	21,330	19,778	10/1/2012	9/30/2019
Others	Various	6,788	5,444	Various	Various
Total		$46,900	$43,716		

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:

	9/30/2014	9/30/2013
Cash and cash equivalents	$27,217	$75,826
Investments	760,593	656,424
Restricted investments held by trustee for debt service	97,808	87,353
Restricted investments held for advance funding agreements	12,013	11,737
Restricted investments for system expansion and acquisition	39,252	121,743
Restricted investments held as security for capital lease/leaseback liabilities	9,785	10,218
Total cash and investments	$946,668	$963,301

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

	9/30/2014	9/30/2013
Cash on hand	$2,080	$988
Cash equivalents	25,137	74,838
Investments	919,451	887,475
Total cash and investments	$946,668	$963,301

<u>Deposits</u>

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, 2014, the carrying amount of DART's deposits was $2,080 compared to $988 at September 30, 2013. Bank balances at September 30, 2014 and 2013 were entirely covered either by Federal Depository Insurance or by collateral held by DART's agent in DART's name.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

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

Investments

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

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

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

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

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

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

Investment Type	Total Amount	Remaining Maturity (in months) as of September 30, 2013 12 months or Less	12 to 24 Months	24 to 60 Months
Federal Farm Credit Banks	$ 193,354	$ 15,004	$ 124,161	$ 54,189
Federal National Mortgage Association	190,344	12,139	16,996	161,209
Federal Home Loan Bank	113,237	50,468	19,995	42,774
Federal Home Loan Mortgage Corporation	74,715	14,615	28,574	31,526
Federal Agricultural Mortgage Corporation	19,997	10,003	9,994	-
Commercial Paper	256,762	256,762	-	-
Money Market Funds	78,095	78,095	-	-
US Treasury Note	35,809	35,809	-	-
Total	$ 962,313	$ 472,895	$ 199,720	$ 289,698

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

		Rating as of September 30, 2013		
Investment Type	Total Amount	AA+/ Aaa	A1/P1	AAAm
Federal Farm Credit Banks	$ 193,354	$ 193,354	$ -	$ -
Federal National Mortgage Association	190,344	190,344	-	-
Federal Home Loan Bank	113,237	113,237	-	-
Federal Home Loan Mortgage Corporation	74,715	74,715	-	-
Federal Agricultural Mortgage Corporation	19,997	19,997	-	-
Commercial Paper	256,762	-	256,762	-
Money Market Funds	78,095	-	-	78,095
US Treasury Note	35,809	35,809	-	-
Total	$ 962,313	$ 627,456	$256,762	$ 78,095

On August 5, 2011, Standard and Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term United States sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists. Included in DART's investment portfolio as of September 30, 2014 is $764,426 compared to $627,456 as of September 30, 2013 that was downgraded from AAA to AA+ by Standard and Poor's.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

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

September 30, 2014

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

September 30, 2013

Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Federal Farm Credit Banks	$193,354	20%
Federal National Mortgage Association	190,344	20%
Federal Home Loan Bank	113,237	12%
Federal Home Loan Mortgage Corporation	74,715	8%

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, DART will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of DART's investments with the exception of money market mutual funds, which by design provide ownership of shares within the fund, are registered in DART's name as of September 30, 2014 and 2013 and are not exposed to custodial credit risk.

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

Restricted investments held to pay capital lease/leaseback liabilities – As of September 30, 2014, DART had three outstanding lease/leaseback obligations. One of these three lease/leaseback obligations is anticipated to be closed out during the first quarter of fiscal year 2015. When DART entered into these transactions it received advance rental payments. A portion of the advance rental payment received by DART was used to purchase contractual undertakings from certain financial institutions. These institutions assumed and agreed to pay the sublease rental payments due through the purchase option date, together with the purchase option price owed if DART were to exercise the purchase option rights. For other leases, DART deposited a portion of the advance rental payment with a trustee, who was to purchase direct obligations of the US government and other securities that would mature on the dates and the amounts required to pay sublease rental payments and the respective purchase option price. These investments are held by the trustee in the name of DART and are invested in U.S. Treasury strips, U.S. government sponsored enterprise obligations, and guaranteed investment contracts. They include a combination of investments with short-term and long-term maturities which minimizes the exposure to interest rate risk. Because these investments are insured by a third party and are held in U.S. Treasuries and government investment contracts they are not recorded at fair value but are recorded at amortized cost in the Statements of Net Position.

Assigned assets – The DART Board has assigned certain cash and investment balances to be maintained for self-insurance and financial reserve. These amounts are shown as unrestricted investments in the accompanying financial statements. The assets for self-insurance include amounts assigned by the Board to fund future claims and workers' compensation liabilities. The Board established the financial reserve to accumulate sales and use taxes in years when sales and use tax revenues exceed the budgeted amount. Sales and use tax revenues, net of annual repayments to the State Comptroller, were $7,255 more than budget for fiscal year 2014 compared to $3,977 for fiscal year 2013. In addition, the Board of Directors authorized the establishment of a Capital Project Reserve Account. Should the Financial Reserve exceed $50 million, excess funds are placed in the Capital Project Reserve Account.

An affirmative vote of two-thirds of the Board is required to draw upon the Financial and Capital Project Reserves, and the funds may be used for any purpose approved by the Board. During 2011, the DART Board approved a request to set aside a portion of the financial reserve investments for potential collateral as required by an amendment to one of the lease/leaseback agreements. The amount set aside for this purpose is $9,785 as of September 30, 2014 compared to $10,218 as of September 30, 2013. These amounts are shown as restricted investments held as security for capital lease/lease back liabilities in the Statements of Net Position and are excluded from the financial reserve amount of September 30, 2014 and 2013 shown on the next page:

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

As of September 30, assets assigned by the DART Board for specific purposes, including investments and accrued interest, consisted of the following:

Assigned for	2014	2013
Self-Insurance	$ 12,576	$ 13,022
Financial Reserve	36,452	31,723
Total	$ 49,028	$ 44,745

4. RESTRICTED ASSETS

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

The System Expansion and Acquisition Fund (SEA Fund) includes monies on deposit to be used solely for paying the costs of acquisition and construction of capital assets. The Board may, but is not required to, use money on deposit in the SEA Fund to pay for obligations in the event of a default.

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

DART entered into three advance funding agreements with the Texas Department of Transportation and received money for construction of three parking lots. DART also entered into an inter-local agreement with the City of Dallas to plan and design a modern street car system for the City of Dallas and received money for this purpose. The remaining balances of these monies are shown as restricted investments held for advance funding agreements in the Statements of Net Position as of September 30, 2014 and 2013.

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, 2014, DART has set aside $9,785 compared to $10,218 as of September 30, 2013 for this purpose. These amounts are shown as investments restricted as security for lease/lease back liabilities in the Statements of Net Position.

5. INVESTMENT IN JOINT VENTURE

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

6. INVESTMENT IN MANAGED HOV LANE AGREEMENTS

In September 2008 and October 2010, DART entered into agreements with TXDOT to invest in managed HOV lane projects that fall under the Regional Transportation Council's (RTC) policy for Excess Toll Revenue Sharing. RTC's policy allows local governments and transportation authorities to invest in Comprehensive Development Agreement (CDA) projects. Any excess revenue will be returned to the funding partner in proportion to their shares and be used to fund future transportation projects. Since DART's investment and related CDA projects are on-going, information needed to estimate fair market value based on current revenue projections are not available. These investments are shown at cost at year end and will be reviewed annually for impairment or decline in value. As of September 30, 2014, the Statements of Net Position reflects these Investments in Managed HOV Lane Projects totaling $66,706 compared to $51,972 as of September 30, 2013.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

7. CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2014 and 2013 are shown as follows:

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

	Beginning Oct. 1, 2012	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2013
Non-Depreciable Assets					
Land and right-of-way	$ 554,714	$ -	$ (206)	$ 23,661	$ 578,169
Capital projects in progress	662,567	237,870	-	(694,895)	205,542
Total non-depreciable assets	1,217,281	237,870	(206)	(671,234)	783,711
Depreciable Assets					
Transitways	3,188,305	-	-	507,963	3,696,268
Buildings and improvements	702,179	-	-	43,135	745,314
Revenue and non-revenue vehicles and equipment	1,275,561	-	(64,789)	108,489	1,319,261
Furniture, fixtures, and Leasehold improvements	49,537	-	-	11,647	61,184
Total depreciable assets	5,215,582	-	(64,789)	671,234	5,822,027
Less accumulated depreciation					
Transitways	690,650	130,195	-	-	820,845
Buildings and improvements	265,881	26,174	-	-	292,055
Revenue and non-revenue vehicles and equipment	559,630	73,582	(64,436)	-	568,776
Furniture, fixtures, and leasehold improvements	38,929	7,521	-	-	46,450
Total accumulated depreciation	1,555,090	237,472	(64,436)	-	1,728,126
Depreciable assets, net	3,660,492	(237,472)	(353)	671,234	4,093,901
Total capital assets	$ 4,877,773	$ 398	$ (559)	$ -	$ 4,877,612

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

Depreciation included $2,503 of impairment loss for two light rail vehicles and two buses damaged in accidents in 2014. In 2013 impairment losses included in depreciation consisted of $8,318 due to unexpected wear and obsolescence of the Dallas Central Business (CBD) light rail line segment rail and $834 for a light rail vehicle that derailed and was damaged during 2013.

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

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

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

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

Description	2014	2013
Accounts payable and accrued liabilities		
Payroll	$ 15,462	$ 13,327
Accrued paid time off, vacation and sick leave	23,211	22,495
Self insurance liabilities	16,864	15,024
Other operating liabilities	31,959	35,867
Total operating expense related	87,496	86,713
Non-operating expense and capital related	19,422	20,979
Total accounts payable and accrued liabilities	106,918	107,692
Non-current	34,573	31,129
Current	$ 72,345	$ 76,563

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

Description	2014	2013
Beginning balance	$ 11,047	$ 11,871
Payments	(824)	(824)
Ending balance	10,223	11,047
Non-current	9,399	10,223
Current	$ 824	$ 824

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

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

Description	2014	2013
Beginning balance	$ 22,495	$ 20,979
Additions	1,788	2,402
Payments	(1,072)	(886)
Ending balance	$ 23,211	$ 22,495
Amounts due in one year	$ 993	$ 919

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

10. LOCAL ASSISTANCE PROGRAM

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

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

Description	2014	2013
Beginning balance	$ 1,997	$ 5,370
Payments	(500)	(3,373)
Ending balance	$ 1,497	$ 1,997

11. FINANCE OBLIGATIONS UNDER CAPITAL LEASE/LEASEBACK

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

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

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

The following table shows the book value of the light rail cars and buses under the lease/lease back agreements as of September 30, 2014 and 2013.

Lease Date	Property	Book value as of 9/30/2014	Book value as of 9/30/2013
9/28/00	28 Light rail cars	$31,168	$34,218
10/26/00	25 Light rail cars	31,620	34,502
7/10/02	Buses – Lot 3	13	977

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

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

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

	2014	2013
Amounts due within one year	$ 14,096	$ 36,209
Amounts due in more than one year	185,909	184,495
Total	$ 200,005	$ 220,704

Each of the lease/leaseback transactions has specific performance requirements for DART when the financial rating of the Payment Undertaker insurer falls below a specified level. During fiscal year 2010, credit ratings of two of three financial institutions insuring DART's lease/leaseback transactions were downgraded below certain levels specified in the lease/leaseback agreements. As a result, DART has entered into an amended agreement to reset the acceptable credit rating to be maintained at or above BBB for one of these two transactions. For the other lease/leaseback obligation, DART also entered into an additional Equity Security Agreement that requires it to set aside certain investments as security. As of September 30, 2014, DART has set aside $9,785 compared to $10,218 as of September 30, 2013 for this purpose. These amounts are shown as investments restricted as security for lease/lease back liabilities in the Statements of Net Position.

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

Description	2014	2013
Beginning balance	$ 220,704	$ 289,559
Accrued interest	15,510	18,029
Retirements	(36,209)	(86,884)
Ending Balance	$ 200,005	$ 220,704

The following schedule shows future minimum sublease payments as of September 30, 2014 for the outstanding lease capital lease/leaseback transactions.

Year Ending September 30	Minimum Sublease Payments
2015	$ 14,096
2016	12,210
2017	12,210
2018	12,210
2019	12,210
2020 – 2024	171,417
2025 – 2026	120,206
Total minimum sublease payments due under capital lease/leaseback	354,559
Less: amount representing interest	(154,554)
Present value of minimum sublease payments	$ 200,005

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

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

Commercial Paper Self-liquidity Program- after the Revolving Credit Agreement was terminated, the DART Board approved a new Commercial Paper Self-liquidity Program that allows DART to issue up to $200 million in commercial paper notes backed by self-liquidity. Under this program, DART provides self-liquidity in an aggregate principal amount of $200 million and 90 days interest calculated at an interest rate 12% of the outstanding commercial paper debt. DART also maintains at least 2.0 times the debt service coverage amount for the self-liquidity commercial paper notes and ensures that no more than $35 million of the commercial paper notes mature within five days. During fiscal year 2014, DART has complied with these requirements of the self-liquidity program. As of September 30, 2014, DART has $180 million in outstanding commercial paper notes issued under the self-liquidity program.

Commercial paper notes are issued in blocks for terms from 1 to 270 days and recorded as current liabilities on the Statements of Net Position. The average interest rate on outstanding commercial paper was 0.24% at September 30, 2014 and 0.13% at September 30, 2013.

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

Description	2014	2013
Beginning balance	$ 100,000	$ 70,000
Additions	550,000	440,000
Retirement	(470,000)	(410,000)
Ending Balance	$ 180,000	$ 100,000

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

13. SENIOR LIEN REVENUE BONDS

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

				Interest rates (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*	Jan. 2007	770,270	3/08/07	4.0%	5.3%	12/1/07	12/1/36	12/1/17	12/1/16
2008	Apr. 2008	731,415	6/23/08	4.5%	5.3%	12/1/09	12/1/48	12/1/18**	12/1/17
2009A	May 2009	170,385	6/25/09	2.8%	4.3%	12/1/14	12/1/22	12/1/19	6/1/19
2009B	May 2009	829,615	6/25/09	6.0%	6.3%	12/1/23	12/1/44	12/1/34	5/31/19
2010A	Sep. 2010	95,235	10/7/10	2.0%	5.0%	12/1/13	12/1/23	12/1/21	12/1/20
2010B	Sep. 2010	729,390	10/7/10	4.9%	5.0%	12/1/37	12/1/48	Not applicable	
2012	April 2012	127,775	11/15/12	1.0%	5.0%	12/1/13	12/1/42	12/1/22	12/1/22

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

In June 2009, DART issued and sold $170,385 in tax exempt Senior Lien Sales Tax Revenue Bonds (Series 2009A Bonds), and $829,615 in taxable Senior Lien Sales Tax Revenue Bonds (Series 2009B Bonds) to finance capital expenditures for DART's system expansion and acquisition. The Series 2009B bonds are taxable bonds issued under the Build America Bond program of the American Recovery and Reinvestment Act of 2009 (ARRA). In accordance with ARRA, DART receives a tax credit from the United States Treasury in amounts equal to 35% of the interest payable amount on the Series 2009B Bonds. However, during fiscal years 2014 and 2013, this tax credit was reduced by 7.3% and 7.2% due to budget cuts or "sequestration" by the federal government.

In October 2010, DART issued and sold $95,235 in tax exempt Senior Lien Sales Tax Revenue Bonds (Series 2010A Bonds), and $729,390 in taxable Senior Lien Sales Tax Revenue Bonds (Series 2010B Bonds) to finance capital expenditures for DART's system expansion and acquisition. The Series 2010B bonds are taxable bonds issued under the Build America Bond program of the American Recovery and Reinvestment Act of 2009 (ARRA). In accordance with ARRA, DART receives a tax credit from the United States Treasury in amounts equal to 35% of the interest payable amount on the Series 2010B Bonds. However, during fiscal years 2014 and 2013, this tax credit was reduced by 7.3% and 7.2% due to budget cuts or "sequestration" by the federal government.

On November 15, 2012, DART issued and sold $127,775 in Senior Lien Sales Tax Revenue Bonds (Series 2012 Bonds). Series 2012 Bonds were issued to refund $150,000 Commercial Paper Notes. The Commercial Paper Notes were issued to finance capital expenditures for DART's system expansion and acquisition.

During 2014, DART recorded tax credits of $28,259 compared to $28,406 for 2013 as Build America Bonds tax credit in the Statements of Revenues, Expenses and Changes in Net Position.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

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, 2014 and 2013 are as shown below:

Changes in revenue bonds (shown at par) for the years ended September 30, 2014 and 2013 are as follows:

Bond Series	Balance, 9/30/2012	Addition	Retirement	Balance, 9/30/2013	Retirement	Balance, 9/30/2014	Amounts due in one year
2002	$ 1,000	$ -	$ (1,000)	$ -	$ -	$ -	$ -
2007	745,895	-	(5,740)	740,155	(5,350)	734,805	5,645
2008	718,540	-	-	718,540	(11,335)	707,205	
2009A	170,385	-	-	170,385	-	170,385	15,465
2009B	829,615	-	-	829,615	-	829,615	-
2010A	95,235	-	-	95,235	(14,365)	80,870	14,935
2010B	729,390	-	-	729,390	-	729,390	-
2012	-	127,775	-	127,775	(2,125)	125,650	2,170
Total	$3,290,060	$127,775	$(6,740)	$3,411,095	$(33,175)	$3,377,920	$38,215

The revenue bonds shown above are at face value. They are shown in the Statements of Net Position includes the original issuance premium of $86,579 and $94,155 as of September 30, 2014 and 2013, respectively. Below is a summary of debt service requirements of the Senior Lien Revenue Bonds outstanding as of September 30, 2014:

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2015	$ 38,215	$ 176,933	$ 215,148	$ (28,239)	$ 186,909
2016	48,115	174,920	223,035	(28,239)	194,796
2017	50,490	172,543	223,033	(28,239)	194,794
2018	53,010	170,065	223,075	(28,239)	194,836
2019	55,610	167,422	223,032	(28,239)	194,793
2020 – 2024	323,310	791,603	1,114,913	(145,378)	969,535
2025 – 2029	396,390	698,808	1,095,198	(142,531)	952,667
2030 – 2034	499,520	579,255	1,078,775	(126,111)	952,664
2035 – 2039	612,125	428,165	1,040,290	(104,532)	935,758
2040 – 2044	713,010	250,973	963,983	(61,784)	902,199
2045 – 2049	588,125	71,837	659,962	(15,844)	644,118
TOTAL	$ 3,377,920	$ 3,682,524	$ 7,060,444	$ (737,375)	$ 6,323,069

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

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

The following table summarizes estimated debt service requirements of the TIFIA financing agreement executed on December 13, 2012 based on expected draw down of an additional $5,000 during fiscal year 2015. The amounts and timing of the debt service for the TIFIA bond are subject to change depending on the amount and timing of the draw down. A summary of estimated debt service requirements of TIFIA bonds as of September 30, 2014 is shown on the next page.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

Summary of estimated debt service requirements of TIFIA bonds as of September 30, 2014 is as follows:

Year Ended September 30	Principal	Interest	Total TIFIA Bond Debt Service
2015	$ -	$ 2,953	$ 2,953
2016	-	3,059	3,059
2017	2,032	3,018	5,050
2018	2,091	2,961	5,052
2019	2,151	2,899	5,050
2020 – 2024	11,734	13,506	25,240
2025 – 2029	13,543	11,660	25,203
2030 – 2034	15,632	9,539	25,171
2035 – 2039	18,043	7,088	25,131
2040 – 2044	20,825	4,259	25,084
2045 – 2048	18,949	1,077	20,026
TOTAL	$ 105,000	$ 62,019	$ 167,019

The annual debt service requirements for the TIFIA bond range from $2,953 in fiscal year 2015 to $5,053 in fiscal year 2020.

15. PLEDGED REVENUES

DART has pledged sales and use tax and farebox revenues as security for revenue bonds, TIFIA Bonds and commercial paper debts. The amount of the pledge is equal to the remaining debt service requirements for these obligations. These obligations were issued to pay for DART's system expansion and acquisition costs. The pledge continues for the remaining life of these obligations, which is currently through fiscal year 2049. Total principal and interest remaining on the revenue bonds as of September 30, 2014 is $7.1 billion before Build America Bonds tax credits of $737.4 million (see the second table on page 31). The annual debt service requirements for these bonds, before Build America Bonds tax credits, range from $223,075 in fiscal year 2018 to $118,162 in fiscal year 2049. For the current fiscal year, debt service on the bonds (including principal and interest) is $213,755. Bonds have a senior lien on pledged revenues.

Total estimated principal and interest remaining on the revenue bonds as of September 30, 2014 is $167 million. The annual debt service requirements for the TIFIA bonds range from $2,953 in fiscal year 2015 to $5,053 in fiscal year 2020. For the current fiscal year, debt service on the TIFIA bonds is $1,709 for payments of interest. TIFIA bonds have a senior lien on pledged revenues.

Total principal and interest remaining on commercial paper as of September 30, 2014 is $180,020 compared to $100,021 as of September 30, 2013. Interest payments on commercial paper notes during the current fiscal year totaled $131. Commercial Paper notes have a subordinate senior lien on pledged revenues.

16. DEBT REFUNDINGS

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

As of September 30, 2014 and 2013, the unamortized portion of the book loss of $13,965 and $15,664 respectively have been shown in the Statements of Net Position as loss on debt refunding under the deferred outflows of resources section.

As of September 30, 2014 and 2013, none of these refunded DART bonds remains outstanding.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

17. EARLY EXTINGUISHMENT OF DEBT

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

18. PENSION, RETIREMENT, AND DEFERRED COMPENSATION PLANS

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

Defined Benefit Plan – 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. DART's covered payroll for the DB Plan as of October 1, 2013 (actuarial valuation date), was approximately $19.4 million compared to $19.5 as of October 1, 2012.

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. 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.

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. A net pension asset of $11,346 and $9,457 is shown in the accompanying Statements of Net Position of DART at September 30, 2014 and 2013, respectively.

In accordance with GASB Statement No. 27, *Accounting for Pension by State and Local Government Employers*, an actuary determines the contribution amount that DART pays to the plan each year. The amount determined is referred to as the "Annual Required Contribution" (ARC). All significant actuarial assumptions used to compute the ARC are the same as those used to compute the actuarial accrued liability. The net pension asset/obligation is the cumulative difference between annual pension cost (including any interest accumulated on the pension asset/obligation, the ARC, and any adjustments to the ARC), and the employer's actual contribution to the plan.

Actuarial Assumptions - The net pension assets for fiscal years 2014 and 2013 were computed as part of an actuarial valuation performed and dated as of the first day of the fiscal periods, October 1, 2013 and 2012. Significant actuarial assumptions for the DB Plan are shown below:

Valuation Date	October 1, 2013 and 2012
Investment Return	7% compounded annually, net of expenses
Salary Increases	3.25% per annum
Mortality	RP 2000 combined mortality tables for males and females with rates increased by 8.59% and with generational projection from 2000 by Scale AA
Disability Mortality	RP 2000 mortality tables for males and females
Early Retirement Age	55
Normal Retirement Age	60
Cost-of-Living Adjustments	2.5% per annum
Actuarial Cost Method	Projected Unit Credit Cost Method

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

For plan years 2014, 2013, and 2012, the net pension asset was as follows:

	2014	2013	2012
Annual required contribution	$7,133	$7,310	$6,686
Interest on net pension asset	(662)	(544)	(454)
Adjustment to annual required contribution	762	626	523
Annual pension cost	7,233	7,392	6,755
Employer contributions	9,122	9,074	8,045
Increase in net pension asset	1,889	1,682	1,290
Net pension asset, beginning of year	9,457	7,775	6,485
Net pension asset, end of year	$11,346	$9,457	$7,775
Percentage of annual pension cost contributed	126%	123%	120%

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

<ins>Funding Progress</ins> - The schedule of funding progress for the DART Employees Defined Benefit Retirement Plan is included in the Required Supplementary Information. The data for the two most recent valuations are as follows:

	Actuarial Valuation Date	
	10/1/13	10/1/12
Actuarial value of assets	$142,664	$137,946
Actuarial accrued liability (AAL) projected unit credit	201,706	199,447
Unfunded AAL (UAAL)	59,042	61,501
Funded ratio	70.7%	69.2%
Covered payroll	19,438	19,467
UAAL as a % of covered payroll	303.7%	315.9%

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.

<ins>DART Retirement Plan</ins> – DART has adopted a defined contribution retirement plan for all employees not covered by the pension plans described above. DART contributes an amount equal to 7.7% of each participant's annual compensation to the plan. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART’s contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately $14,451 and $13,853 for the years ended September 30, 2014 and 2013, respectively.

<ins>DART Capital Accumulation Plan – 401(k)</ins> – DART has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k), which allows employees to contribute up to 50% of their annual compensation to the plan subject to the annual contribution limits of the Internal Revenue Service. DART matches 50% of the employee's contribution up to a maximum of 3% of the employee's annual compensation. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART’s contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately $4,920 and $4,669 for the years ended September 30, 2014 and 2013, 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.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

19. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy - DART's contribution to the retiree healthcare and life insurance is an annual required contribution (ARC) determined actuarially based on the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortization of any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The ARC is 3.0% of annual covered payroll for both fiscal years 2014 and 2013. Retirees also make monthly contributions to the healthcare plan. Such contributions are determined annually by the plan administrator based on expected annual cost. For the years ended September 30, 2014 and 2013, DART's annual required contributions to other post employment benefits (OPEB) trust were $5,141 and $4,996. These contribution amounts are the same as annual OPEB costs for both years. The OPEB trust was set up during the fiscal year 2008 for the first time and is not included in those financial statements. DART has 269 retirees and surviving spouses that participate in the medical plan and 287 that participate in the life insurance plan as of September 30, 2014 compared to 252 participants in the medical plan and 320 in the life insurance plan as of September 30, 2013.

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

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

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

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

Valuation Date	September 30, 2013
Investment Return	7.00%
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage
Health Care Trend rate (Health care inflation rate	Year 2013 trend is 8% for Aetna dropping to 5% in 2016. Year 2013 trend is 10.5% for Secure Horizons Medicare Advantage Plan, trending down to 8.5% in 1% increments where they stay level for five years before dropping to 5% in 2022.
Mortality	RP 2000 combined mortality tables for males and females with rates increased by 8.59% and with generational projection from 2000 by Scale AA.
Aging Factor	3% per annum for Pre-65 and 2% for Post-65
Eligibility for Coverage	For Defined Benefit Pension Plan participants: age 55 and 10 years of service and for Defined Contribution Pension Plan participants: age 60 and 10 years of service
Spouse coverage	For active employees, 40% are assumed to be married at retirement with the spouse electing coverage
Age of Dependent Spouse	Females are assumed to be 4 years younger than males
Actuarial Cost Method	Projected Unit Credit
Salary Increases	3.25% per annum
Amortization	30 Years Level Dollar Amortization Method, Open period

Annual OPEB Cost and Net OPEB Asset - For plan years 2014 and 2013, annual OPEB cost and the net OPEB asset were as follows:

	2014	,2013	2012
Annual required contribution	$ 5,141	$4,996	$5,024
Annual OPEB cost	5,141	4,996	5,024
Total employer contributions	5,141	4,996	9,975
Increase in net OPEB obligation (decrease in net OPEB asset)	-	-	4,951
Net OPEB asset (obligation), beginning of year	-	-	(4,951)
Net OPEB asset (obligation), end of year	$ -	$ -	$ -
Percentage of annual OPEB cost contributed	100%	100%	199%

Funding Progress - The schedule of funding progress for the DART Other Postemployment Benefits (OPEB) is included in the Required Supplementary Information. The data for the two most recent valuations is based on payroll information as of September 30, 2013. The data for the two most recent valuations are as follows:

	Fiscal Year Ended	
	9/30/14	9/30/13
Actuarial value of assets	$ 30,529	$ 24,162
Actuarial accrued liability (AAL)	$ 58,315	$ 52,676
Unfunded AAL (UAAL)	$ 27,786	$ 28,514
Funded ratio	52.4%	45.9%
Covered payroll	$ 174,557	$ 174,557
UAAL as a % of covered payroll	15.9%	16.3%

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.

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

20. CLAIMS AND LITIGATION

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

21. COMMITMENTS AND CONTINGENCIES

The Board has approved a Transit System Plan, which includes the design and construction of a 46-mile light rail transit (LRT) extension from Downtown Dallas to Buckner Blvd. (the Southeast Corridor) and from Downtown Dallas to Farmers Branch, Carrollton, and Irving (the Northwest Corridor) and from downtown Garland to Rowlett (Rowlett extension) and the three miles extension of the Blue Line from Ledbetter Station toward the University of North Texas (UNT) Dallas Campus located at the southeast corner of Camp Wisdom Road and University Hills Blvd. The timing and completion of the Transit System Plan is based on economic assumptions made in DART’s 20-year financial plan and is subject to change based on changing economic conditions. The Transit System Plan is forecasted at $4.1 billion as of September 30, 2014. The first section of the southeast extension, Bryan Street to Fair Park, opened for service on September 14, 2009. Other northwest and southeast extensions opened for service during 2011 and the first section of Irving line segment opened for service in July 2012. The second section of the Irving line segment and the northeast (Rowlett) extension opened for revenue service in December 2012. The third section of the Irving line (Irving-3) opened for service in August 2014. DART has entered into contract commitments for the LRT build out and other capital developments in the amount of $3.4 billion and has spent approximately $3.3 billion of the committed amount as of September 30, 2014.

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

DART has entered into certain operating lease agreements. Operating lease expenses are approximately $817 and $782 in 2014 and 2013, respectively.

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

Fiscal Year	2015	2016	2017	2018	2019
Minimum Lease Payments	$439	$439	$439	$439	$439

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

22. DERIVATIVE INSTRUMENTS

Diesel Fuel Hedge

As part of its normal business of providing public transportation services, DART operates a large fleet of buses, commuter rail cars, and paratransit and innovative service vans, that are currently operated with diesel fuel. DART has diesel fuel delivery contracts with suppliers; however, the price DART pays for the fuel fluctuates depending on market prices. This exposes DART to significant risk related to fluctuations in the amounts it pays for fuel. It also creates uncertainty in budgeting for fuel costs. In order to minimize the impact of fluctuating fuel market prices on its cash flow, DART has entered into diesel fuel hedge contracts. The diesel fuel hedge contract expired on September 30, 2013 and no fuel hedge contract is in place after this date. The fair values of the derivative instrument associated with this hedge contract were $0 as of 9/30/2014 and 9/30/2013.

Objective and terms of the fuel hedge contracts

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

Risks

Credit risk – The derivative instrument for fiscal year 2013 was held by the same counterparty. During fiscal year 2013, DART's position in the derivative instrument was a potential inflow of resources. DART could have been exposed to credit risk if the counterparty to the transaction becomes insolvent but that did happen. The credit rating for the counterparty was A+/Aa3 during 2013.

Termination risk – DART or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The effect of termination risk on DART is that it will pay market prices for diesel fuel purchased for its operations. No termination event has occurred during fiscal year 2013 and the contract expired on 9/30/2013.

Contingencies

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

Compressed Natural Gas (CNG) Delivery Contract

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

During fiscal year 2010, DART entered into a fixed price and indexed price CNG delivery contract for the CNG needed to operate these vehicles. The contract specifies monthly volumes of CNG to be used by DART from October 1, 2012 to September 30, 2020 with 85% of the monthly volumes at a fixed price and 15% at an indexed price. When DART uses lower than the volumes specified in the contract, the excess CNG has to be sold back to market at market price. The market price could be lower or higher than the fixed price and indexed price specified in the contract. The difference between the contract and market price can result in an exposure for DART. The amount of this exposure for DART is not expected to be material and no liability is included in the Statements of Net Position as of September 30, 2014 and 2013.

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

Risks

Early Termination – subject to payment of early termination damages, either party to the delivery contract may terminate the CNG delivery contract by giving at least thirty (30) days written notice to the other party. The effect of termination risk on DART is that it will pay market prices for CNG purchased for its operations. No termination event occurred during fiscal years 2014 and 2013.

23. NEW ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.* This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* related to pensions that are administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2013 which is fiscal year 2014 for the DART Employees Defined Benefit Retirement Plan and Trust (the DB Plan).

FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013 (Dollars in Thousands)

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pension Plans—an amendment of GASB Statement No. 27.* This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures,* related to pensions that are administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014 which is fiscal year 2015 for DART.

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

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

24. SPECIAL ITEM

Loss on transfer of HOV Lane operations

DART has been responsible for the operations, enforcement, and maintenance of the HOV lanes within the DART service area. During fiscal year 2014, DART and TXDOT entered into an agreement to transfer responsibilities for the operation and maintenance of HOV Lanes effective July 9, 2014. HOV related operating expenses during fiscal year 2014 were $3,386 compared to $13,099 during 2013. In anticipation of the upcoming transfer, a number of HOV employees were terminated in fiscal years 2013 and 2014. Termination benefit payments made to employees affected by the transfer have been accrued and included in the Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position as of September 30, 2014 and 2013 in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. There were no direct operating revenues generated by the HOV operations except for reimbursements of costs from NCTCOG for any HOV related service provided by DART outside the DART service area. As of the effective date of the agreement, DART HOV related capital assets had a carrying value of $20,392. This amount has been recorded as a loss on transfer of HOV operations in the Statements of Revenues, Expenses and Changes in Net Position in accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government***.** No financial consideration has been received by DART from TXDOT for these assets. However, DART will save future operating costs that it would have spent to provide HOV lane services.

25. SUBSEQUENT EVENT

In December 2014, DART issued and sold $426,035 in Senior Lien Sales Tax Revenue Refunding Bonds ($379,480 as Series 2014A Bonds and $46,555 as Series 2014B Bonds). These refunding bonds are issued to partially refund existing Series 2007 and Series 2008 bonds and are secured by and payable from pledged revenues. Pledged revenues include sales and use tax and farebox revenues. The following table summarizes debt service requirements of the Senior Lien Sales Tax Revenue Bonds and TIFIA Loan including the bonds issued on December 11, 2014

Year Ended September 30	Total Bond Debt Service
2015	$189,180
2016	196,270
2017	198,262
2018	197,700
2019	197,657
2020 – 2024	988,278
2025 – 2029	966,952
2030 – 2034	966,541
2035 – 2039	953,037
2040 – 2044	925,321
2045 – 2048	664,190
TOTAL	$6,443,388

The debt service amounts shown above are net of expected federal subsidies payments on the Series 2009B and 2010B Bonds, with a 7.3% sequestration reduction projected until fiscal year 2024. It also includes debt service associated with full drawdown of $105 million TIFIA loan but does not include debt service for outstanding senior subordinate lien commercial paper notes.

DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DEFINED BENEFIT PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

September 30, 2014 (Dollars in Thousands)

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

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

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

The schedule of funding progress for the DART Other Postemployment Benefits (OPEB) calculated by the actuaries is as follows: The data for the two most recent valuations is based on payroll information as of September 30, 2013

	Actuarial Valuation Date		
	10/1/14	10/1/13	10/1/12
Actuarial Value of Assets	$30,529	$24,162	$17,892
Actuarial Accrued Liability (AAL)	$58,315	$52,676	$49,384
Unfunded AAL (UAAL)	$27,786	$28,514	$31,493
Funded Ratio	52.4%	45.9%	36.2%
Covered Payroll	$174,557	$174,557	$169,196
UAAL as a % of Covered Payroll	15.9%	16.3%	18.6%

* * * * * * * *

STATISTICAL SECTION

400-014-711 CW

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

Contents **Pages**

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

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

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

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

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

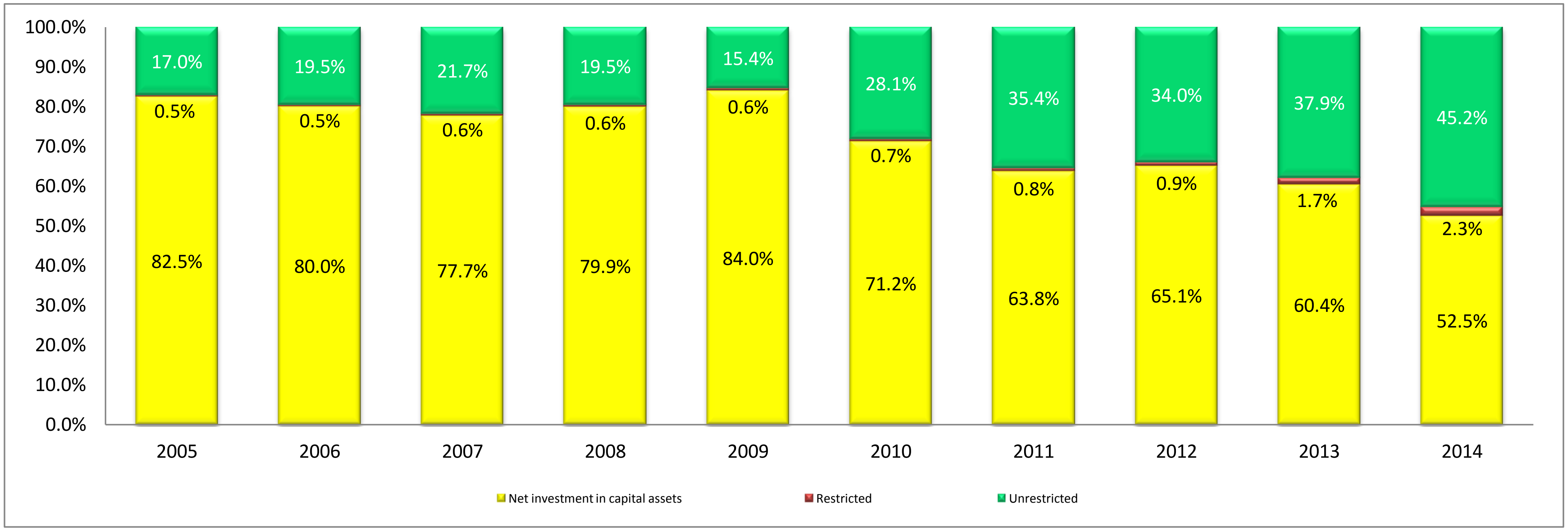
Financial Trends

DALLAS AREA RAPID TRANSIT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
Components of Net Position	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Net investment in capital assets	$1,615,195	$1,582,230	$1,627,343	$1,779,450	$2,030,937	$1,741,742	$1,515,210	$1,512,832	$1,320,349	$1,071,576
Restricted	9,621	9,666	11,827	12,612	15,065	15,765	18,104	21,303	37,633	47,345
Unrestricted	333,692	384,826	454,505	433,770	372,462	687,987	840,297	788,997	827,165	920,666
Total Net Position	**$1,958,508**	**$1,976,722**	**$2,093,675**	**$2,225,832**	**$2,418,464**	**$2,445,494**	**$2,373,611**	**$2,323,132**	**$2,185,147**	**$2,039,587**



Source: Annual Financial Reports

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

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
OPERATING REVENUES										
Passenger (fare) revenues	$37,131	$40,799	$41,114	$48,957	$46,712	$52,081	$57,329	$59,809	$67,569	$70,902
Advertising, rent and other	9,096	9,196	9,430	10,846	10,640	11,149	12,049	20,306	16,146	13,573
TOTAL OPERATING REVENUES	46,227	49,995	50,544	59,803	57,352	63,230	69,378	80,115	83,715	84,475
OPERATING EXPENSES										
Labor	151,572	152,804	160,209	171,804	180,834	193,213	198,290	202,009	211,801	216,188
Benefits	62,325	59,659	54,512	66,422	69,157	80,714	86,548	86,734	87,302	99,851
Services	24,291	27,511	27,919	32,156	31,894	32,323	33,832	30,153	34,775	33,869
Materials and Supplies	41,451	47,140	45,996	57,040	51,279	57,585	51,096	49,120	53,224	44,327
Purchased Transportation	38,071	41,172	42,411	46,749	47,291	50,452	53,466	55,640	43,716	46,900
Utilities	9,799	10,623	10,371	10,765	12,362	13,805	17,047	18,499	20,946	17,151
Taxes, Leases, and Other	5,478	4,806	4,773	5,305	5,685	5,288	5,737	5,732	5,604	5,245
Casualty and Liability	9,554	(1,183)	1,778	3,020	3,320	3,841	3,878	5,048	5,329	4,582
Operating Expenses (excluding depreciation and amortization)	342,541	342,532	347,969	393,261	401,822	437,221	449,894	452,935	462,697	468,113
Depreciation and amortization expense	106,225	104,593	112,965	118,905	121,765	135,324	179,119	192,875	238,710	236,406
TOTAL OPERATING EXPENSES*	448,766	447,125	460,934	512,166	523,587	572,545	629,013	645,810	701,407	704,519
NET OPERATING LOSS*	(402,539)	(397,130)	(410,390)	(452,363)	(466,235)	(509,315)	(559,635)	(565,695)	(617,692)	(620,044)
NON-OPERATING REVENUES (EXPENSES)										
Sales and use tax	342,670	358,248	389,953	413,341	378,421	376,295	403,228	433,302	456,524	486,564
Investment income	32,855	42,463	47,506	44,947	48,985	29,539	28,434	27,315	2,272	4,037
Interest income from investments held to pay capital lease/leaseback									18,029	15,510
Interest expense on capital lease/leaseback									(18,029)	(15,510)
Street improvement for member cities*	(630)	(2,242)	(684)	(683)	(645)	(1,010)	(1,244)	(5,615)	(6,615)	(2,127)
Interest and financing expenses	(52,053)	(52,437)	(52,688)	(58,273)	(78,873)	(93,752)	(145,514)	(154,258)	(160,824)	(167,071)
Build America Bonds tax credit					4,730	17,736	30,250	30,462	28,406	28,259
Other non-operating revenues*	10,822	8,960	9,784	17,446	11,997	12,039	13,562	11,392	12,226	15,760
Other non-operating expenses*	(3,958)	(11,143)	(4,439)	(7,636)	(8,431)	(7,251)	(10,844)	(3,445)	(3,848)	(1,621)
NET OPERATING REVENUES, NET	329,706	343,849	389,432	409,142	356,184	333,596	317,872	339,153	328,141	363,801
LOSS BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	(72,833)	(53,281)	(20,958)	(43,221)	(110,051)	(175,719)	(241,763)	(226,542)	(289,551)	(256,243)
Capital Contributions	39,442	32,405	96,980	132,888	244,924	151,836	122,314	141,669	134,148	38,864
Other federal and state grants	42,104	39,090	40,931	42,490	57,759	50,913	47,566	56,161	17,418	92,211
Total capital contribution and grants	81,546	71,495	137,911	175,378	302,683	202,749	169,880	197,830	151,566	131,075
GAIN (LOSS) BEFORE SPECIAL ITEM	8,713	18,214	116,953	132,157	192,632	27,030	(71,883)	(28,712)	(137,985)	(125,168)
SPECIAL ITEM										
Loss on transfer of HOV operations	-	-	-	-	-	-	-	-	-	(20,392)
CHANGE IN NET POSITION	8,713	18,214	116,953	132,157	192,632	27,030	(71,883)	(28,712)	(137,985)	(145,560)
NET POSITION, BEGINNING OF YEAR	1,949,795	1,958,508	1,976,722	2,093,675	2,225,832	2,418,464	2,445,494	2,373,611	2,323,132	2,185,147
Adjustment Due to Change in Accounting Principles (GASB 65)								(21,767)		
NET POSITION, END OF YEAR	$1,958,508	$1,976,722	$2,093,675	$2,225,832	$2,418,464	$2,445,494	$2,373,611	2,323,132	2,185,147	$2,039,587

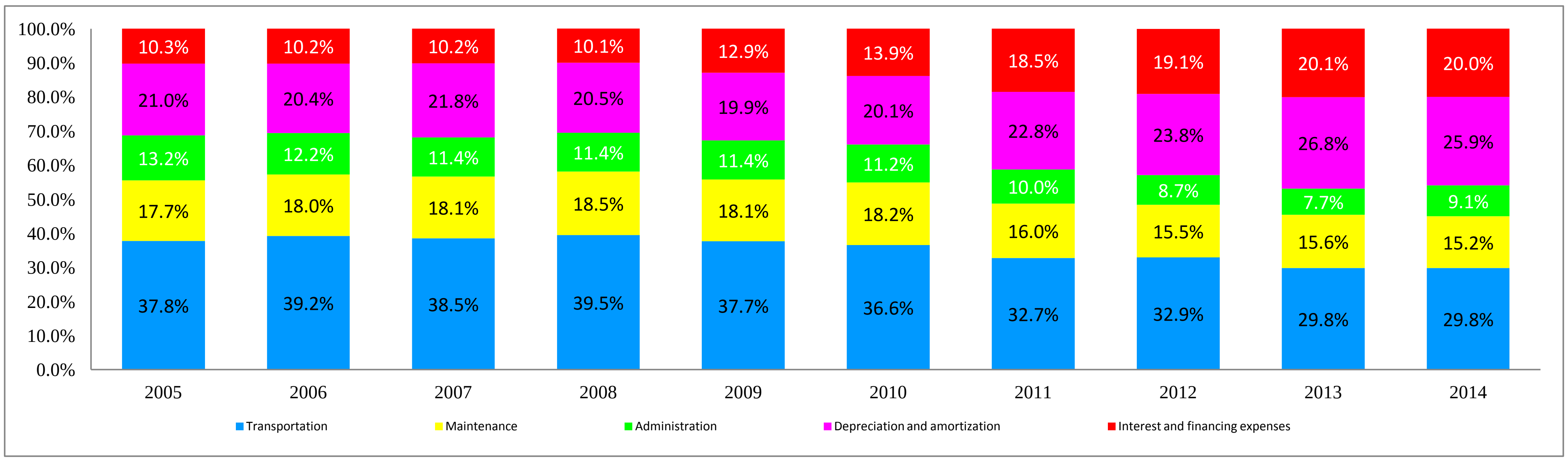
* Presentation of some line items for fiscal year 2005 are modified for consistency with the recent presentation format.

DALLAS AREA RAPID TRANSIT

EXPENSES BY FUNCTION

LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
FUNCTION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Transportation	$190,856	$201,239	$199,858	$228,431	$230,331	$246,631	$257,546	$267,001	$265,378	$271,425
Maintenance	89,627	92,478	94,040	107,144	110,691	123,596	125,778	124,708	139,146	138,154
Administration	66,646	62,200	59,194	66,005	69,876	75,255	78,658	70,286	68,636	82,674
Depreciation and Amortization	106,225	104,593	112,965	118,905	121,765	135,324	179,119	192,875	238,710	236,406
Interest and Financing Expenses	52,053	52,437	52,688	58,273	78,873	93,752	145,514	154,258	178,853	182,581
TOTAL	**$505,407**	**$512,947**	**$518,745**	**$578,758**	**$611,536**	**$674,558**	**$786,615**	**$809,128**	**$890,723**	**$911,240**



Source: Annual Financial Reports

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

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Dallas Area Rapid Transit [1]										
Labor and Benefits	62.4%	62.0%	61.7%	60.6%	62.2%	62.6%	63.3%	63.8%	64.6%	67.5%
Materials and Supplies	12.1%	13.8%	13.2%	14.5%	12.8%	13.2%	11.3%	10.8%	11.5%	9.5%
Services	7.1%	8.0%	8.0%	8.2%	7.9%	7.4%	7.5%	6.7%	7.5%	7.2%
Utilities	2.9%	3.1%	3.0%	2.7%	3.1%	3.2%	3.8%	4.1%	4.5%	3.7%
Casualty and Liability	2.8%	-0.3%	0.5%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.0%
Purchased Transportation	11.1%	12.0%	12.2%	11.9%	11.8%	11.5%	11.9%	12.2%	9.5%	10.0%
Others	1.6%	1.4%	1.4%	1.3%	1.4%	1.2%	1.3%	1.3%	1.2%	1.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Transit Industry [2]										
Labor and Benefits	66.9%	66.0%	65.8%	63.9%	64.9%	65.2%	65.0%	64.1%	N/A	N/A
Materials and Supplies	10.1%	11.2%	11.6%	12.8%	11.2%	10.7%	11.4%	11.7%	N/A	N/A
Services	5.8%	5.9%	6.1%	6.3%	6.6%	6.6%	6.6%	6.9%	N/A	N/A
Utilities	3.2%	3.2%	3.4%	3.4%	3.5%	3.4%	3.3%	3.2%	N/A	N/A
Casualty and Liability	2.5%	2.5%	2.4%	2.2%	2.3%	2.6%	2.6%	2.2%	N/A	N/A
Purchased Transportation	13.8%	13.4%	13.0%	13.7%	14.0%	13.8%	13.3%	13.8%	N/A	N/A
Others	-2.3%	-2.2%	-2.3%	-2.3%	-2.5%	-2.3%	-2.2%	-1.9%	N/A	N/A
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A	N/A

Note - Operating expenses for which ratios are shown here do not include depreciation and amortization expenses.
N/A= Industry information is not available for fiscal years 2013 and 2014.

Source:
(1) Ratios are calculated from amounts shown on page 43.
(2) The American Public Transit Association, APTA 2014 Public Transportation Fact Book, Appendix A, Table 69.

DALLAS AREA RAPID TRANSIT

REVENUES BY SOURCE

LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
Revenue source	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Passenger (fare) revenues	$37,131	$40,799	$41,114	$48,957	$46,712	$52,081	$57,329	$59,809	$67,569	$70,902
Advertising, rent and other	9,096	9,196	9,430	10,846	10,640	11,149	12,049	20,306	16,146	13,573
Sales and use tax	342,670	358,248	389,953	413,341	378,421	376,295	403,228	433,302	456,524	486,564
Federal operating grants	41,925	39,090	40,931	42,490	57,759	50,913	47,566	56,161	17,418	92,211
State operating grants	179	-	-	-	-	-	-	-	-	-
Investment income	7,274	18,314	24,368	21,809	27,267	6,842	5,966	5,896	2,272	4,037
Interest income from investments held to pay capital lease/leaseback	25,581	24,149	23,138	23,138	21,718	22,697	22,468	21,419	18,029	15,510
Build America Bonds tax credit	-	-	-	-	4,730	17,736	30,250	30,462	28,406	28,259
Other non-operating revenues	10,822	8,960	9,784	17,446	11,997	12,039	13,562	11,392	12,226	15,760
	474,678	498,756	538,718	578,027	559,244	549,752	592,418	638,747	618,590	726,816
Capital contributions:										
Federal capital contributions	39,442	30,405	96,980	131,090	242,343	147,832	117,217	119,443	123,877	36,023
State capital contributions	-	-	-	1,798	77	2,712	839	19,865	2,676	1,596
Local capital contributions	-	2,000	-	-	2,504	1,292	4,258	2,361	7,595	1,245
	39,442	32,405	96,980	132,888	244,924	151,836	122,314	141,669	134,148	38,864
Total revenues	$514,120	$531,161	$635,698	$710,915	$804,168	$701,588	$714,732	$780,416	$752,738	$765,680

Source: Annual Financial Reports and internal financial records

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Dallas Area Rapid Transit										
Fare revenue (1)	7.9%	8.2%	7.6%	8.4%	8.3%	9.5%	9.7%	9.4%	10.9%	9.8%
Other revenues (2)	11.1%	12.3%	12.4%	12.7%	13.7%	12.8%	14.2%	14.0%	12.5%	10.6%
	19.0%	20.4%	20.0%	21.1%	22.0%	22.3%	23.9%	23.4%	23.4%	20.4%
State and local operating assistance(3)	72.2%	71.8%	72.4%	71.5%	67.7%	68.4%	68.1%	67.8%	73.8%	66.9%
Federal operating assistance (4)	8.8%	7.8%	7.6%	7.4%	10.3%	9.3%	8.0%	8.8%	2.8%	12.7%
	81.0%	79.6%	80.0%	78.9%	78.0%	77.7%	76.1%	76.6%	76.6%	79.6%
Total (5)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Transit Industry (6)										
Fare revenue	32.4%	33.2%	31.4%	31.2%	31.5%	32.1%	32.8%	32.5%	N/A	N/A
Other revenues	15.7%	15.3%	14.1%	12.9%	12.4%	11.9%	11.1%	11.1%	N/A	N/A
	48.1%	48.5%	45.5%	44.1%	43.9%	44.0%	43.9%	43.6%	N/A	N/A
State and local operating assistance	44.6%	43.8%	47.0%	48.8%	47.9%	46.6%	46.3%	47.5%	N/A	N/A
Federal operating assistance	7.3%	7.7%	7.5%	7.1%	8.2%	9.4%	9.8%	8.9%	N/A	N/A
	51.9%	51.5%	54.5%	55.9%	56.1%	56.0%	56.1%	56.4%	N/A	N/A
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A	N/A

N/A= Fiscal year 2013 and 2014 industry information is not available

Notes
(1) Fare revenue is reported as passenger revenue for DART.
(2) Other revenues include Advertising, Rent and Other, Investment Income, Build America Tax Credit and other non-operating revenues.
(3) State and local operating assistance includes sales and use tax revenues and state operating grants.
(4) Federal operating assistance includes federal operating grants.
(5) Revenues shown here do not include capital contributions.
(6) The source for industry information is American Public Transit Association, APTA 2014 Public Transportation Fact Book, Appendix A, Table 84.

Revenue Capacity

DALLAS AREA RAPID TRANSIT

SALES AND USE TAX REVENUE AND SERVICE AREA POPULATION

CURRENT FISCAL YEAR AND NINE YEARS AGO

The major local source of revenues for DART is a 1% sales and use tax imposed on certain items within its service area. The table below shows estimated sales and use tax revenue and population by member city for fiscal year 2014 compared to 2005 to show how sales and use tax and population have changed.

	Sales and Use Tax Revenue[1] (Amounts in Thousands)				Population [2]			
City	2014	2005	Percentage Change from 2005 to 2014	Percentage of total in 2014	2014	2005	Percentage Change from 2005 to 2014	Percentage of total in 2014
Dallas	$243,594	$178,183	36.7%	50.1%	1,232,360	1,232,100	0.0%	52.8%
Plano	71,695	46,951	52.7%	14.8%	269,330	247,000	9.0%	11.5%
Irving	54,525	36,903	47.8%	11.2%	227,030	197,400	15.0%	9.7%
Richardson	28,481	19,629	45.1%	5.9%	101,820	95,250	6.9%	4.4%
Carrollton	26,483	17,575	50.7%	5.5%	124,400	116,500	6.8%	5.3%
Garland	22,101	16,191	36.5%	4.5%	231,700	221,950	4.4%	9.9%
Farmers Branch	12,724	9,712	31.0%	2.6%	29,660	27,600	7.5%	1.3%
Addison	13,083	8,757	49.4%	2.7%	56,450	52,250	8.0%	2.4%
Rowlett	5,396	3,351	61.0%	1.1%	15,180	14,450	5.1%	0.6%
University Park	3,639	3,480	4.6%	0.7%	22,860	23,150	-1.3%	1.0%
Highland Park	3,272	1,747	87.3%	0.7%	8,480	8,850	-4.2%	0.4%
Glenn Heights	436	126	246.0%	0.1%	11,440	9,400	21.7%	0.5%
Cockrell Hill	311	65	378.5%	0.1%	4,170	4,400	-5.2%	0.2%
Total	$485,740	$342,670	41.8%	100.0%	2,334,880	2,250,300	3.8%	100.0%

Sources:

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

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

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

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

	Fiscal Year									
City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Dallas	$178,183	$184,100	$199,271	$212,863	$193,527	$189,773	$203,349	$218,561	$231,377	$243,594
Plano	46,951	52,163	56,484	59,039	53,246	54,921	59,510	67,745	66,524	71,695
Irving	36,903	38,382	41,806	46,876	44,391	41,127	45,392	45,940	50,282	54,525
Richardson	19,629	18,207	21,216	21,335	17,588	23,244	23,159	23,767	25,602	28,481
Carrollton	17,575	17,753	19,658	19,927	19,492	18,527	20,522	23,090	24,722	26,483
Garland	16,191	17,732	19,369	20,466	18,881	18,555	18,850	20,174	21,151	22,101
Farmers Branch	9,712	10,251	12,022	12,010	11,692	10,459	11,568	12,146	12,968	12,724
Addison	8,757	8,475	9,426	9,870	8,936	8,240	9,159	10,702	12,042	13,083
Rowlett	3,351	6,342	5,585	5,461	5,327	5,799	5,454	4,671	5,163	5,396
University Park	3,480	2,717	2,806	2,883	2,726	2,867	3,253	3,124	3,216	3,639
Highland Park	1,747	1,796	2,016	2,235	2,154	2,247	2,426	2,774	2,819	3,272
Glenn Heights	126	169	198	220	211	237	333	353	399	436
Cockrell Hill	65	160	96	158	249	298	253	255	259	311
Total	$342,670	$358,247	$389,953	$413,343	$378,420	$376,294	$403,228	$433,302	$456,524	$485,740

Sales and use tax rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

Estimated service area population [2]

	Fiscal Year									
City	2005	2006	2007	2008	2009	2010 [3]	2011	2012	2013	2014
Dallas	1,232,100	1,260,950	1,280,500	1,300,350	1,306,350	1,197,816	1,205,490	1,207,420	1,213,600	1,232,360
Plano	247,000	252,950	255,700	260,900	263,800	256,841	260,500	261,900	264,910	269,330
Irving	197,400	201,950	205,600	210,150	212,250	216,290	218,080	218,850	220,750	227,030
Richardson	95,250	97,300	97,700	97,450	99,700	99,223	99,870	100,450	100,850	101,820
Carrollton	116,500	118,700	120,150	120,550	120,950	119,097	119,360	121,150	122,280	124,400
Garland	221,950	222,400	224,750	228,450	228,350	226,876	227,670	228,060	229,120	231,700
Farmers Branch	27,600	27,850	28,500	28,750	31,100	28,616	28,600	28,620	28,800	29,660
Rowlett	52,250	53,100	53,750	54,150	54,250	56,199	56,230	56,310	56,420	56,450
Addison	14,450	14,900	15,250	15,300	13,400	13,056	13,060	13,680	13,840	15,180
University Park	23,150	23,250	23,150	22,850	23,350	23,068	23,020	23,040	22,920	22,860
Highland Park	8,850	8,750	8,600	8,600	8,650	8,564	8,520	8,520	8,500	8,480
Glenn Heights	9,400	10,500	11,450	11,650	12,100	11,278	11,330	11,330	11,410	11,440
Cockrell Hill	4,400	4,400	4,400	4,450	4,450	4,193	4,200	4,200	4,180	4,170
Total	2,250,300	2,297,000	2,329,500	2,363,600	2,378,700	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880

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

DALLAS AREA RAPID TRANSIT

SALES AND USE TAX REVENUE BY INDUSTRY

CURRENT FISCAL YEAR COMPARED TO SIX YEARS AGO

	2014		2008		Percentage Change from
INDUSTRY	**Amount**	**Percent**	**Amount**	**Percent**	**2008 to 2014**
Retail Trade	$161,283	33.2%	$145,461	35.2%	10.9%
Information Technology	51,355	10.6%	41,382	10.0%	24.1%
Accommodation and Food Services	49,480	10.2%	38,195	9.2%	29.5%
Wholesale Trade	48,099	9.9%	41,740	10.1%	15.2%
Manufacturing	40,366	8.3%	26,713	6.6%	51.1%
Professional, Scientific, and Technical Services	31,208	6.4%	18,708	4.5%	66.8%
Construction	26,900	5.5%	21,244	5.1%	26.6%
Administrative and Support and Waste Management and Remediation Services	21,632	4.5%	17,947	4.3%	20.5%
Utilities	10,456	2.2%	20,622	5.0%	-49.3%
Real Estate and Rental and Leasing	12,246	2.5%	11,490	2.8%	6.6%
Finance and Insurance	10,388	2.1%	8,976	2.2%	15.7%
	463,413	95.4%	392,478	95.0%	18.1%
Other industries	22,327	4.6%	20,861	5.0%	7.0%
Total	**$485,740**	**100.0%**	**$413,339**	**100.0%**	**17.5%**

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

Source: Texas State Comptroller

DALLAS AREA RAPID TRANSIT
PASSENGER FARE REVENUE AND RIDERSHIP
CURRENT FISCAL YEAR COMPARED TO TEN YEARS AGO

The second major local source of revenue for DART is passenger revenues (fare revenues) collected from customers who use DART's public transportation services. The following table shows passenger revenues and ridership for fiscal year 2014 compared to 2005.

	Passenger Revenues (Amounts in Thousands)[1]				Ridership [2] (Amounts in Thousands)			
Type of Service	2014	2005	Percentage Change from 2005 to 2014	Percentage of total in 2014	2014	2005	Percentage Change from 2005 to 2014	Percentage of total in 2014
Bus	$32,564	$25,751	26.5%	45.9%	37,383	40,089	-6.7%	52.8%
Light Rail	27,905	8,434	230.9%	39.4%	29,458	17,487	68.5%	41.6%
Commuter Rail [3]	7,366	1,036	611.0%	10.4%	2,284	2,151	6.2%	3.2%
Demand Response	1,149	1,615	-28.9%	1.6%	469	733	-36.0%	0.7%
Demand Response-Taxi	922	0	N/A	1.3%	376	0	N/A	0.5%
Van Pool	996	295	237.6%	1.4%	893	354	152.3%	1.2%
Total	$70,902	$37,131	91.0%	100.0%	70,863	60,814	16.5%	100.0%

N/A= Not applicable

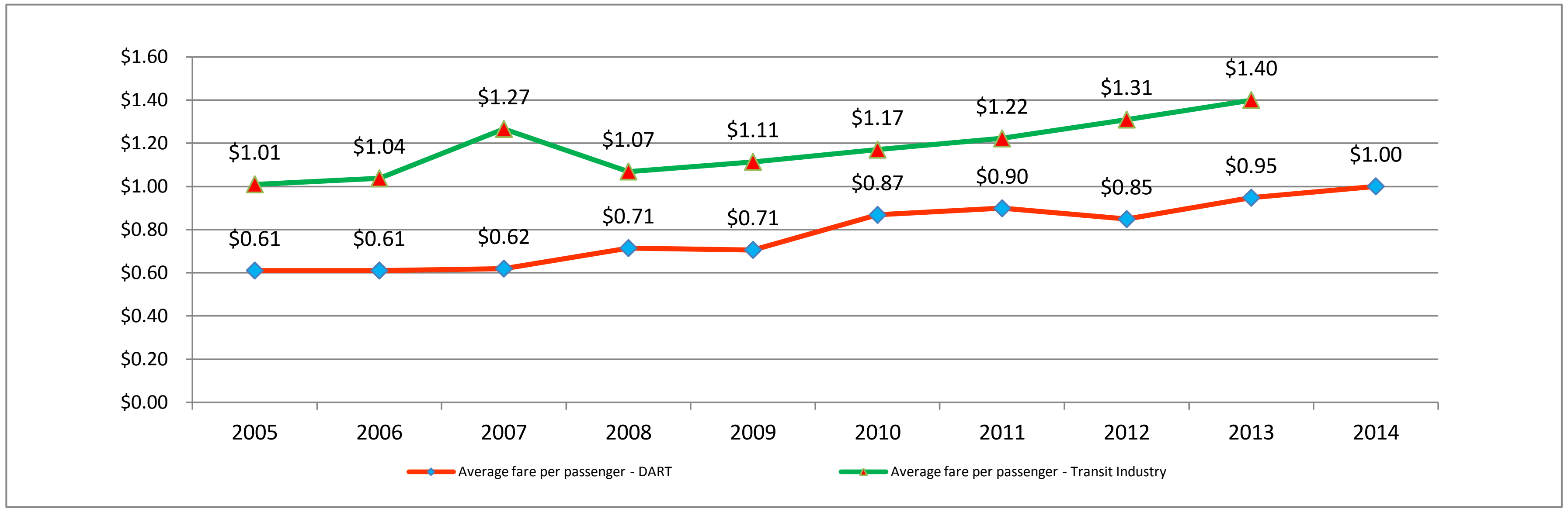
Note:

1. The increase in total passenger revenue from $37.1 million in 2005 to $70.9 million in 2014 is due to increases in ridership and fares.
2. Ridership is reported as unlinked passenger trips. For example, a passenger who transfers from a bus to rail is counted as two unlinked passenger trips.
   The decrease in bus ridership and increase in light rail ridership in 2014 compared to 2005 is due to the replacement of some bus routes with light rail lines as a result the opening of the the Green Line light rail service, the Orange Line light rail service and the Blue line extension between 2009 and 2014.
3. The increase in passenger revenue for the Commuter Rail mode is due to a change in the allocation method of passenger revenue to each mode in addition to fare increases.

Source: National Transit Database and internal financial and ridership records

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Passenger revenues(1)										
Bus	$25,751	$28,201	$28,141	$31,214	$29,236	$27,826	$28,245	$32,525	$37,133	$32,564
Light Rail	8,434	9,276	9,453	13,557	$13,041	13,140	17,788	17,962	20,435	27,905
Commuter Rail	1,036	1,203	1,284	1,954	$1,926	8,027	8,036	6,044	6,880	7,366
Demand Response	1,615	1,689	1,807	1,921	$1,976	2,493	2,506	2,465	2,154	1,149
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	922
Vanpool	295	431	430	311	$533	595	754	813	967	996
Total	**$37,131**	**$40,800**	**$41,115**	**$48,957**	**$46,712**	**$52,081**	**$57,329**	**$59,809**	**$67,569**	**$70,902**
Ridership (2)										
Bus	40,089	44,693	44,690	44,752	42,517	37,693	36,971	38,379	37,937	37,383
Light Rail	17,487	18,581	17,893	19,438	18,965	17,799	22,302	27,654	29,472	29,458
Commuter Rail	2,151	2,410	2,475	2,717	2,739	2,432	2,388	2,252	2,093	2,284
Demand Response	733	705	822	910	1,039	1,136	1,140	1,141	832	469
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	376
Vanpool	354	440	492	697	881	925	985	1,033	947	893
Total	**60,814**	**66,829**	**66,372**	**68,514**	**66,141**	**59,985**	**63,786**	**70,459**	**71,281**	**70,863**
Average fare per passenger (3)	**$0.61**	**$0.61**	**$0.62**	**$0.71**	**$0.71**	**$0.87**	**$0.90**	**$0.85**	**$0.95**	**$1.00**
Average fare per passenger, Transit Industry - all agencies (4)	**$1.01**	**$1.04**	**$1.27**	**$1.07**	**$1.11**	**$1.17**	**$1.22**	**$1.31**	**$1.40**	**N/A**



N/A = Fiscal year 2014 transit industry average fare information is not available.

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

Sources:
(1) National Transit Database (NTD) Report and internal financial records
(2) National Transit Database (NTD) Report and internal ridership records
(3) Calculated by dividing total passenger revenues by total ridership
(4) National Transit Database (NTD) Report - National Transit Summary Profile

DALLAS AREA RAPID TRANSIT
FARE STRUCTURE
LAST TEN FISCAL FISCAL YEARS

	2005 to 2007	2008 Effective 10/1/07	2009	2009 Effective 9/14/09*	2010 Effective 10/1/09*	2011 to 2012 Effective 10/1/10*	2013 to 2014 Effective 12/3/12
BASE SINGLE RIDE FARE							
Local Service	$1.25	$1.50	$1.50	$1.75	$1.75	$1.75	
Commuter Rail - Zone 1 and Express Bus (1)	$1.25	$1.50	$1.50	$2.50	$2.50	$3.50	
Commuter Rail - Zone 2 and Express Bus (2)	$2.25	$2.50	$2.50	$3.75	$3.75	$5.00	
Reduced Fare	$0.50	$0.75	$0.75	$0.85	$0.85	$0.85	
Paratransit - Demand Response Van/Sedan Service	$2.50	$2.75	$2.75	$2.75	$3.00	$3.00	
Paratransit Trips to Fixed Route Stops		$0.75	$0.75	$0.75	$0.75	$0.75	
Paratransit Eligible Riders on Fixed Route Service	Free	Free	Free	Free	Free	Free	
BASE TWO-HOUR FARE							
Local Service (10)							$2.50
Regional Service (11)							$5.00
Reduced Fare							$1.25
Paratransit - Demand Response Van/Sedan Service							$3.00
Paratransit Trips to Fixed Route Stops							$0.75
Paratransit Eligible Riders on Fixed Route Service							Free
MID-DAY FARE (9)							
Local Service (10)							$1.75
Regional Service (11)							$3.50
DAY PASS (5)							
Local Service (10)	$2.50	$3.00	$3.00	$4.00	$4.00	$4.00	$5.00
Commuter Rail - Zone 1 and Express Bus (1)	$2.50	$3.00	$3.00	$5.00	$5.00	$7.00	
Commuter Rail - Zone 2 and Express Bus (2)	$4.50	$5.00	$5.00	$7.50	$7.50	$10.00	
Regional Service (11)							$10.00
Reduced Fare	$1.00	$1.50	$1.50	$2.00	$2.00	$2.00	$2.50
Regional Day Pass Book of Ten							$30.00
10-Ticket Paratransit Coupon Book							$30.00
WEEKLY PASS (6)							
Local Service (11)		$15.00	$15.00	$20.00	$20.00	$20.00	$25.00
Commuter Rail - Zone 1 and Express Bus (1)		$15.00	$15.00	$25.00	$25.00	$35.00	
Commuter Rail - Zone 2 and Express Bus (2)		$25.00	$25.00	$37.50	$37.50	$50.00	
Regional Service (11)							$50.00
MONTHLY PASS (6)							
Local Service (10)	$40.00	$50.00	$50.00	$65.00	$65.00	$65.00	$80.00
Commuter Rail - Zone 1 and Express Bus (1)	$40.00	$50.00	$50.00	$75.00	$75.00	$100.00	
Commuter Rail - Zone 2 and Express Bus (2)	$70.00	$80.00	$80.00	$105.00	$105.00	$120.00	
Regional Service (11)							$160.00
Reduced Fare (3)	$15.00	$25.00	$25.00	$32.00	$32.00	$32.00	$40.00
Lone Star Card (8)							50% discount
ANNUAL PASS (7)							
Local Service (10)	$400.00	$500.00	$500.00	$650.00	$650.00	$650.00	$800.00
Commuter Rail - Zone 1 and Express Bus (1)	$400.00	$500.00	$500.00	$750.00	$750.00	$1,000.00	
Commuter Rail - Zone 2 and Express Bus (2)	$700.00	$800.00	$800.00	$1,050.00	$1,050.00	$1,200.00	
Regional Service (11)							$1,600.00
Senior							$480.00

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

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

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

Debt Capacity

DALLAS AREA RAPID TRANSIT
OUTSTANDING DEBT RATIO
LAST TEN FISCAL YEARS

OUTSTANDING DEBT RATIO

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total outstanding debt (in thousands)[1]										
Senior Lien Revenue Bonds*	$486,008	$475,719	$943,861	$1,683,678	$2,680,675	$2,641,677	$3,361,548	$3,351,255	$3,550,250	$3,564,499
Senior Subordinate Lien Sales Tax Revenue Notes	297,245	415,645	180,000	20,000	150,000	150,000	150,000	70,000	100,000	180,000
Capital Lease Obligations	475,322	406,044	433,737	447,125	336,159	322,240	323,903	289,559	220,704	200,005
	$1,258,575	**$1,297,408**	**$1,557,598**	**$2,150,803**	**$3,166,834**	**$3,113,917**	**$3,835,451**	**$3,710,814**	**$3,870,954**	**$3,944,504**
Total personal income (in thousands)[2]	**$60,202,901**	**$61,099,987**	**$64,577,303**	**$64,697,797**	**$68,217,198**	**$66,205,506**	**$66,007,116**	**$66,384,193**	**$68,328,835**	**$69,851,833**
Outstanding debt ratio	**0.02**	**0.02**	**0.02**	**0.03**	**0.05**	**0.05**	**0.06**	**0.06**	**0.06**	**0.06**

OUTSTANDING DEBT PER CAPITA

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total outstanding debt (in thousands) as shown above	$1,258,575	$1,297,408	$1,557,598	$2,150,803	$3,166,834	$3,113,917	$3,835,451	$3,710,814	$3,870,954	$3,944,504
Service area population [3]	2,250,300	2,297,000	2,329,500	2,363,600	2,378,700	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880
Outstanding debt per capita	$559	$565	$669	$910	$1,331	$1,377	$1,685	$1,625	$1,685	$1,689

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

Sources:

(1) Outstanding debt information is obtained from annual financial reports and internal financial records.
(2) Total personal income information for DART Service Area is obtained from the US Census Bearu and published reports of service area municipalities.
(3) Service area population is obtained from the North Central Texas Council of Governments.

DALLAS AREA RAPID TRANSIT

DEBT LIMIT

LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Senior Lien Revenue Bonds(1)										
Voted Debt Limit	$2,900,000	$2,900,000	$2,900,000	$2,900,000	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1
Debt Issuance Subject to Limit	499,399	499,399	980,251	1,731,623						
Limit Available	2,400,601	2,400,601	1,919,749	1,168,377						
Percent of Limit Issued	17%	17%	34%	60%						
Subord										
Debt Limit (2)	600,000	600,000	600,000	600,000	600,000	150,000	150,000	150,000	150,000	200,000
Debt Issuance Subject to Limit	297,245	415,645	180,000	20,000	150,000	150,000	150,000	70,000	100,000	180,000
Limit Available	302,755	184,355	420,000	580,000	450,000	-	-	80,000	50,000	20,000
Percent of Limit Issued	50%	69%	30%	3%	25%	100%	100%	47%	67%	90%
Total										
Debt Limit	3,500,000	3,500,000	3,500,000	3,500,000	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1
Debt Issuance Subject to Limit	796,644	915,044	1,160,251	1,751,623						
Limit Available	2,703,356	2,584,956	2,339,749	1,748,377						
Percent of Limit Issued	23%	26%	33%	50%						

N/A= Not Applicable

Notes:

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

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

Source: Internal financial records

DALLAS AREA RAPID TRANSIT

DEBT COVERAGE RATIO

LAST TEN FISCAL YEARS (Amounts In Thousands)

DEBT COVERAGE RATIO BASED ON PLEDGED REVENUES*

	Fiscal Year									
Pledged Revenues	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Sales and Use Tax	$342,670	$358,248	$389,953	$413,341	$378,421	$376,295	$403,228	$433,302	$456,524	$486,564
Passenger (Fare) Revenue	N/A	N/A	N/A	N/A	52,081	57,329	59,809	59,809	67,569	70,902
	$342,670	**$358,248**	**$389,953**	**$413,341**	**$430,502**	**$433,624**	**$463,037**	**$493,111**	**$524,093**	**$557,466**
Debt Service requirements**										
Principal - Bond	$6,815	$10,470	$10,820	$13,680	$14,295	$17,935	$18,790	$8,370	$6,740	$33,175
Interest Payments	29,374	35,016	37,321	51,637	79,681	136,435	161,892	174,122	176,783	180,711
	36,189	45,486	48,141	65,317	93,976	154,370	180,682	182,492	183,523	213,886
Less: Build America Bond Credit	N/A	N/A	N/A	N/A	N/A	(16,554)	(26,008)	(30,462)	(28,406)	(28,259)
Net debt service	**$36,189**	**$45,486**	**$48,141**	**$65,317**	**$93,976**	**$137,816**	**$154,674**	**$152,030**	**$155,117**	**$185,627**
Coverage Ratio***	**9.47**	**7.88**	**8.10**	**6.33**	**4.58**	**3.15**	**2.99**	**3.24**	**3.38**	**3.00**

N/A=Not applicable

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

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

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

Source: Annual financial statements and internal accounting records

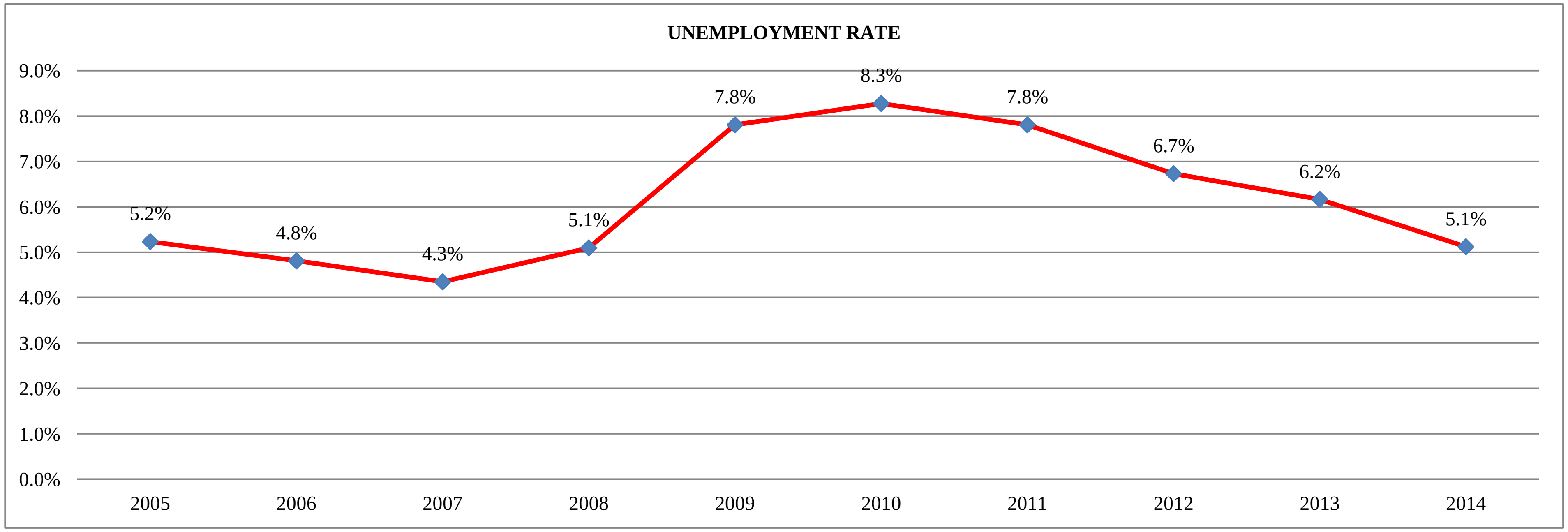
Demographic and Economic Information

DALLAS AREA RAPID TRANSIT

ECONOMIC AND DEMOGRAPHIC INFORMAITON

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population (1)	2,250,300	2,297,000	2,329,500	2,363,600	2,378,700	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880
Per Capita Income (2)	$26,753	$26,600	$27,722	$27,373	$28,678	$29,280	$29,002	$29,071	$29,739	$29,917
Total Personal Income (in thousands) (2)	$60,202,901	$61,099,987	$64,577,303	$64,697,797	$68,217,198	$66,205,506	$66,007,116	$66,384,193	$68,328,835	$69,851,833
Unemployment Rate (3)	5.2%	4.8%	4.3%	5.1%	7.8%	8.3%	7.8%	6.7%	6.2%	5.1%



Sources:

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

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

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

DALLAS AREA RAPID TRANSIT

PRINCIPAL EMPLOYERS IN DART SERVICE AREA

CURRENT FISCAL YEAR AND TEN YEARS AGO

2014

Rank	Name of Employer	Number of Employees	Percentage of Total Employment
1	Baylor Health Care System	22,000	1.05%
2	Dallas Independent School District	20,793	0.99%
3	Bank of America	15,400	0.73%
4	City of Dallas	13,000	0.62%
5	JPMorgan Chase	13,000	0.62%
6	Texas Instruments Inc.	13,000	0.62%
7	UT Southwestern Medical Center at Dallas	11,645	0.55%
8	HCA North Texas Division	11,612	0.55%
9	Southwestern Airlines	8,345	0.40%
10	Verizon Coummunity	8,100	0.39%

2005

Rank	Name of Employer	Number of Employees	Percentage of Total Employment
1	Dallas Independent School District	19,491	1.09%
2	Baylor Health Care System	14,730	0.82%
3	SBC Southwestern Bell	14,000	0.78%
4	Verizon Communications	14,000	0.78%
5	City of Dallas	12,146	0.68%
6	Brinker International	12,000	0.67%
7	Texas Instruments	10,191	0.57%
8	Electronic Data Systems (EDS)	8,000	0.45%
9	Bank of America	8,000	0.45%
10	J.C. Penney Co. Inc.	7,906	0.44%

Sources for 2014: Dallas Business Journal, Book of Lists 2014, Volume 38, Number 16

Sources for 2005: Dallas Business Journal's Elists

Operating Information

DALLAS AREA RAPID TRANSIT

NUMBER OF EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
FUNCTION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Transport Operations										
Bus Operations	1,532	1,510	1,516	1,534	1,539	1,537	1,451	1,487	1,522	1,470
Commuter Rail Operations	16	15	14	15	16	14	13	14	14	11
HOV Lane Operations	43	42	58	71	69	67	63	63	55	3
Light Rail Operations	171	160	176	192	225	272	266	313	292	298
Paratransit Operations	69	72	68	67	71	67	64	63	59	55
Van Pool Operations	2	2	2	2	2	2	2	2	2	2
	1,833	1,801	1,834	1,881	1,922	1,959	1,859	1,942	1,944	1,839
Maintenance										
Vehicle Maintenance	577	580	599	609	626	695	657	630	738	733
Non-vehicle Maintenance	169	187	187	197	214	282	303	342	270	302
	746	767	786	806	840	977	960	972	1,008	1,035
Public Safety and Fare Enforcement	168	171	171	189	221	309	309	319	340	352
Operations Total	2,747	2,739	2,791	2,876	2,983	3,245	3,128	3,233	3,292	3,226
Administration	423	415	419	433	447	435	398	359	369	353
Total	3,170	3,154	3,210	3,309	3,430	3,680	3,526	3,592	3,661	3,579

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

Source: DART's personnel data

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

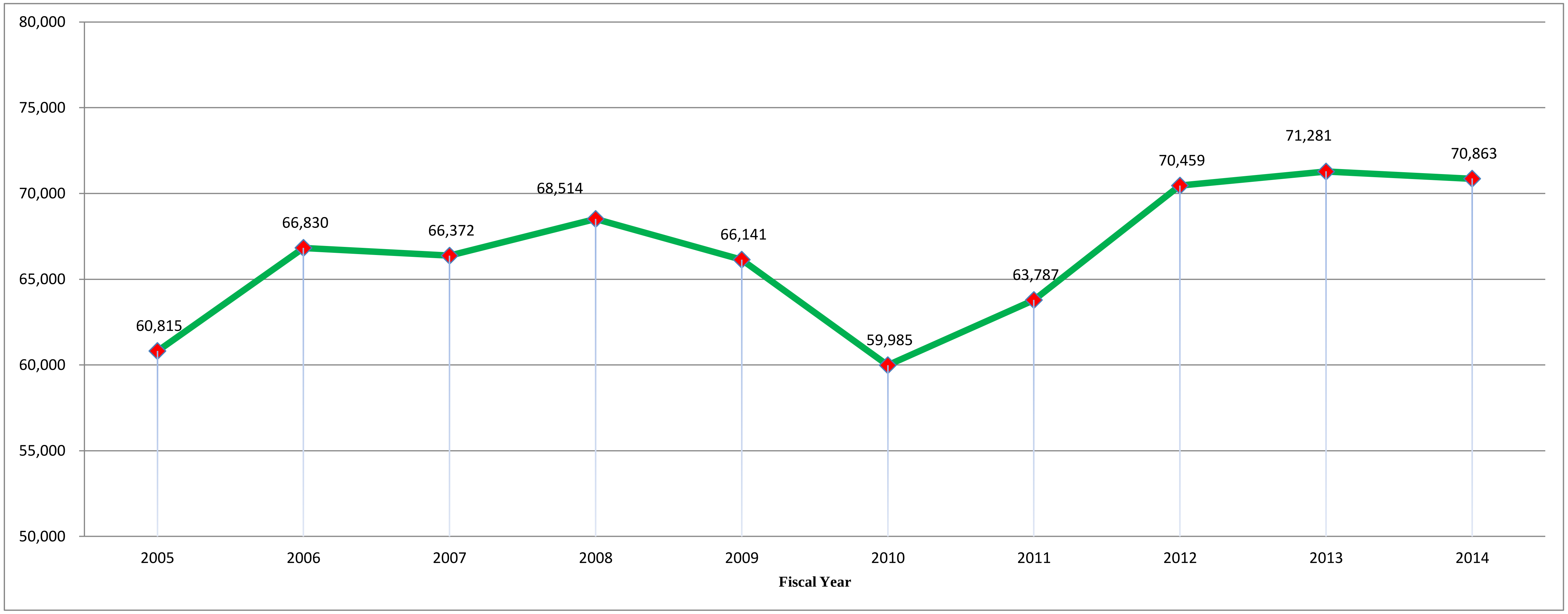
	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PASSENGERS (RIDERSHIP)										
Bus	40,089,100	44,693,400	44,689,900	44,752,343	42,517,272	37,693,438	36,971,366	38,378,872	37,937,209	37,383,043
Light Rail	17,487,057	18,581,066	17,892,532	19,437,603	18,965,249	17,799,186	22,302,390	27,653,893	29,471,890	29,458,289
Commuter Rail*	2,151,130	2,410,027	2,475,495	2,717,162	2,738,856	2,432,174	2,388,407	2,252,140	2,092,782	2,283,895
Demand Response	733,470	704,614	822,262	910,157	1,038,686	1,135,997	1,140,165	1,141,015	832,271	468,964
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	376,174
Vanpool	354,351	440,432	492,202	697,050	880,678	924,600	985,046	1,033,042	946,976	892,966
	60,815,108	66,829,539	66,372,391	68,514,315	66,140,741	59,985,395	63,787,374	70,458,962	71,281,128	70,863,331
REVENUE MILES										
Bus	30,406,714	27,675,007	27,666,962	27,781,344	27,547,241	27,323,659	25,727,585	27,144,101	27,250,680	26,847,955
Light Rail	5,174,725	5,096,186	5,224,548	5,250,953	5,007,225	4,941,155	6,897,909	7,560,914	9,123,662	9,198,085
Commuter Rail*	1,076,333	1,087,437	1,137,231	1,565,010	1,292,607	1,239,709	1,142,577	1,109,867	1,144,466	1,117,922
Demand Response	7,140,043	7,428,206	7,406,058	8,109,876	7,818,699	8,458,570	8,638,492	8,813,149	7,556,040	6,251,699
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	4,144,030
Vanpool	1,411,699	1,687,567	1,952,128	2,750,115	3,294,533	3,505,934	3,816,639	3,919,736	3,632,332	3,426,983
	45,209,514	42,974,403	43,386,927	45,457,298	44,960,305	45,469,027	46,223,202	48,547,767	48,707,180	50,986,674
REVENUE HOURS										
Bus	2,130,533	1,984,900	1,990,866	2,028,437	2,021,031	2,009,486	1,953,954	2,010,240	2,100,705	2,082,551
Light Rail	242,332	237,706	243,357	244,033	235,160	248,127	348,543	381,882	451,717	450,931
Commuter Rail*	48,322	48,361	47,813	54,743	56,156	49,836	47,440	48,247	49,496	49,788
Demand Response	404,331	472,865	450,966	441,543	455,030	513,131	521,623	529,754	501,626	397,755
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	241,078
Vanpool	40,334	41,160	47,613	67,076	80,354	87,648	95,416	97,993	90,808	85,675
	2,865,852	2,784,992	2,780,615	2,835,832	2,847,731	2,908,228	2,966,976	3,068,116	3,194,352	3,307,778
PASSENGERS PER REVENUE MILE										
Bus	1.61	1.62	1.61	1.54	1.38	1.44	1.41	1.39	1.39	1.39
Light Rail	3.65	3.42	3.70	3.79	3.60	3.23	3.66	3.23	3.23	3.20
Commuter Rail*	2.22	2.18	1.74	2.12	1.96	2.09	2.03	1.83	1.83	2.04
Demand Response	0.09	0.11	0.11	0.13	0.13	0.13	0.13	0.11	0.11	0.08
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	0.09
Vanpool	0.26	0.25	0.25	0.27	0.26	0.26	0.26	0.26	0.26	0.26
	1.35	1.56	1.53	1.51	1.47	1.32	1.38	1.45	1.46	1.39
PASSENGERS PER REVENUE HOUR										
Bus	18.82	22.52	22.45	22.06	21.04	18.76	18.92	19.09	18.06	17.95
Light Rail	72.16	78.17	73.52	79.65	80.65	71.73	63.99	72.41	65.24	65.33
Commuter Rail*	44.52	49.83	51.77	49.63	48.77	48.80	50.35	46.68	42.28	45.87
Demand Response	1.81	1.49	1.82	2.06	2.28	2.21	2.19	2.15	1.66	1.18
Demand Response-Taxi										1.56
Vanpool	8.79	10.70	10.34	10.39	10.96	10.55	10.32	10.54	10.43	10.42
	21.22	24.00	23.87	24.16	23.23	20.63	21.50	22.96	22.31	21.42
Operating expense**	$342,541	$342,532	$347,969	$393,261	$401,822	$437,221	$449,894	$452,935	$462,697	$468,113
Operating expense per mile	$7.58	$7.97	$8.02	$8.65	$8.94	$9.62	$9.73	$9.33	$9.50	$9.18
Operating expense per hour	$119.53	$122.99	$125.14	$138.68	$141.10	$150.34	$151.63	$147.63	$144.85	$141.52
Operating expense per passenger	$5.63	$5.13	$5.24	$5.74	$6.08	$7.29	$7.05	$6.43	$6.49	$6.61
Fare revenue per passenger	$0.61	$0.61	$0.62	$0.71	$0.71	$0.87	$0.90	$0.85	$0.95	$1.00

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

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

DALLAS AREA RAPID TRANSIT
RIDERSHIP
LAST TEN FISCAL YEARS

RIDERSHIP (In Thousands)

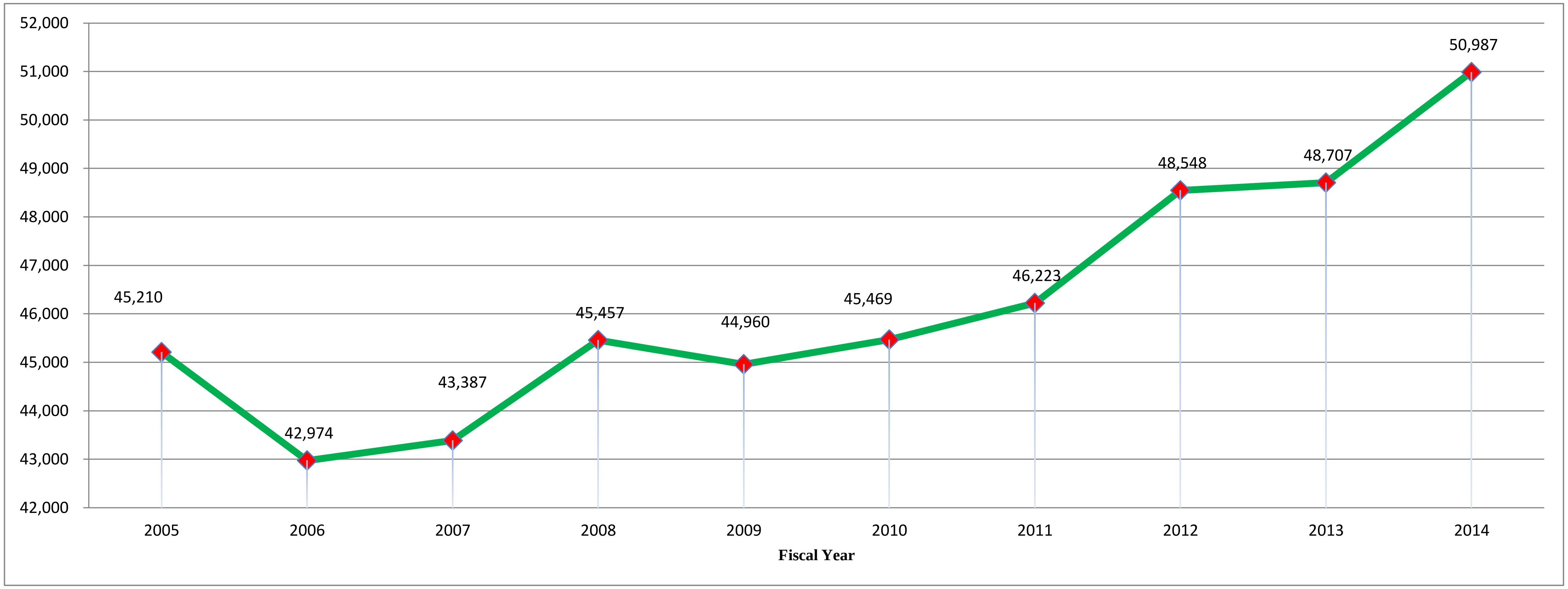


DALLAS AREA RAPID TRANSIT

REVENUE MILES

LAST TEN FISCAL YEARS

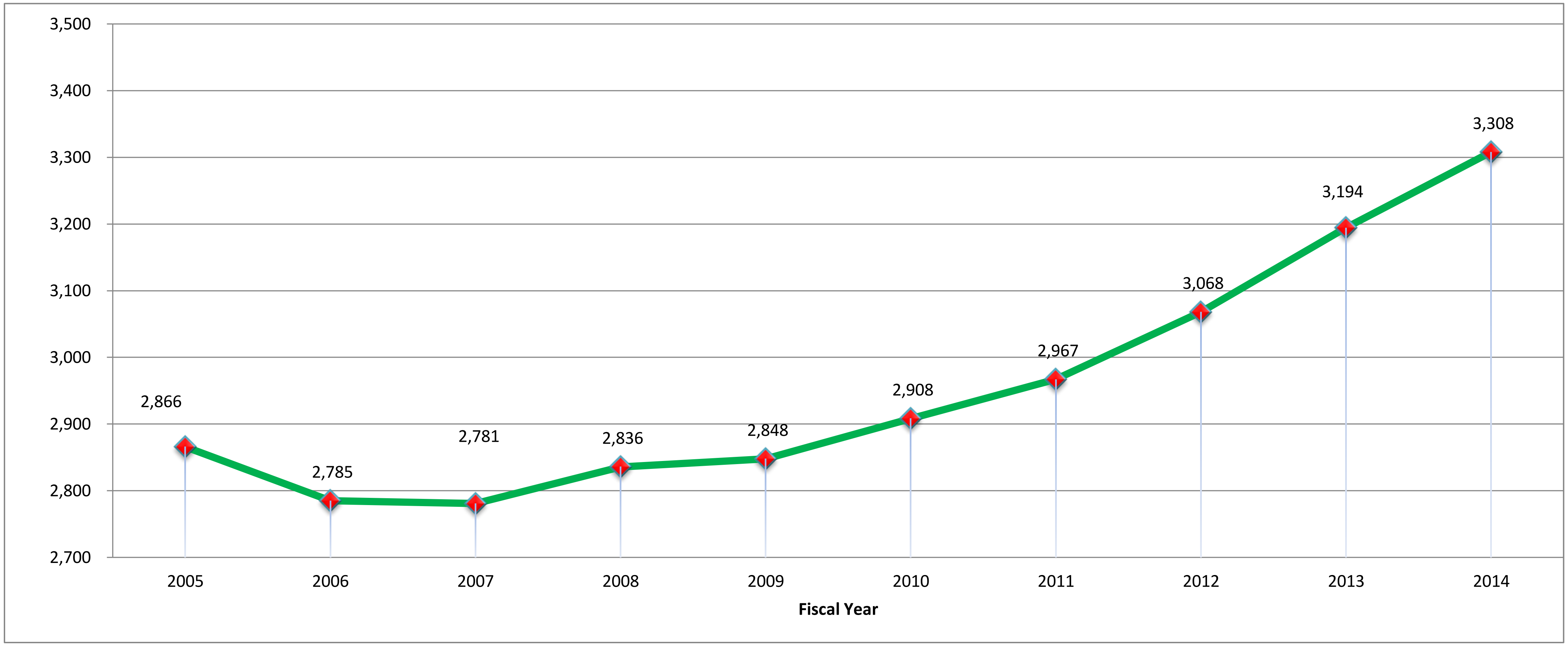
REVENUE MILES* (In Thousands)



* Revenue miles for rail services are car revenue miles.

DALLAS AREA RAPID TRANSIT
REVENUE HOURS
LAST TEN FISCAL YEARS

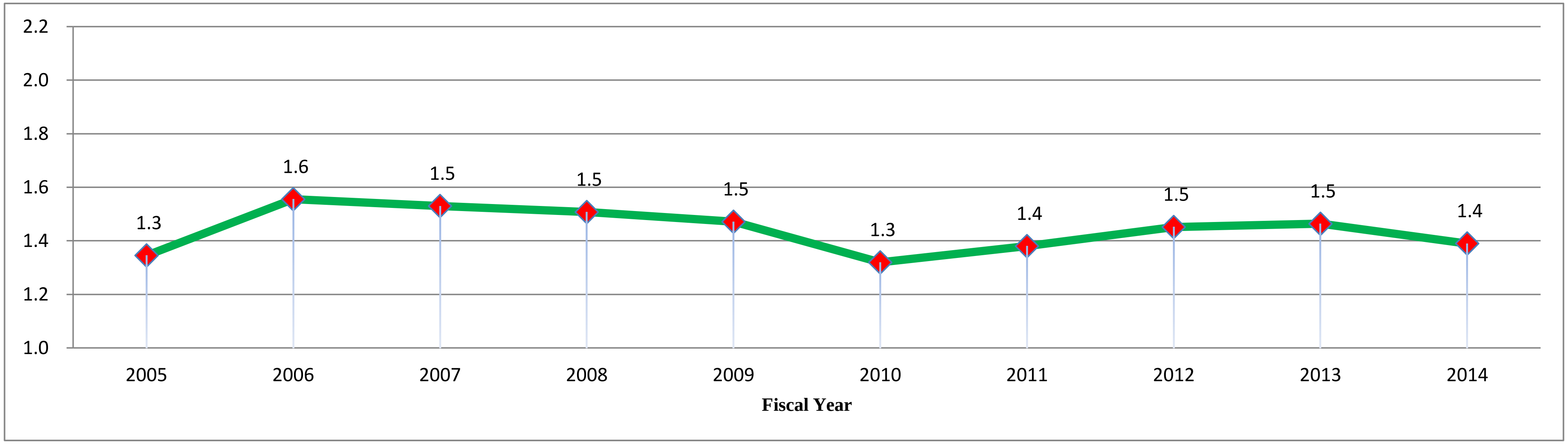
REVENUE HOURS* (In Thousands)



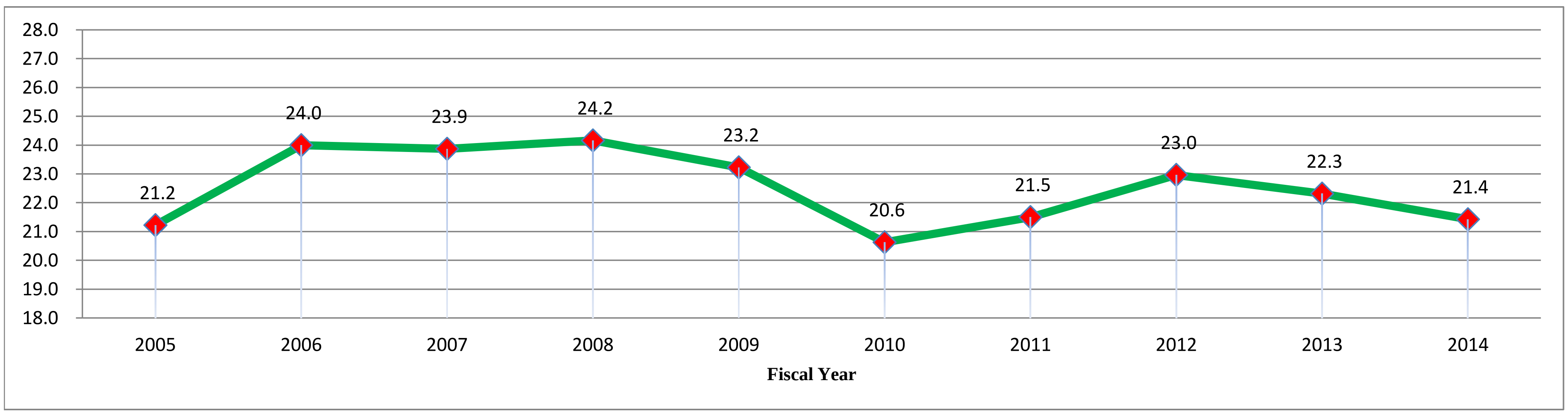
* Revenue hours for rail services are car revenue hours.

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

PASSENGERS PER REVENUE MILE



PASSENGERS PER REVENUE HOUR



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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
AVERAGE WEEKDAY PASSENGERS (RIDERSHIP)										
Bus	131,177	152,123	151,869	153,693	146,023	128,532	126,426	131,186	129,683	127,432
Light Rail	59,259	62,007	60,596	65,757	64,381	59,785	71,748	90,182	96,354	96,523
Commuter Rail (1)	4,748	5,218	5,357	5,371	5,839	8,689	8,482	8,080	7,556	8,229
Demand Response	2,559	2,695	2,899	3,150	3,662	4,004	4,001	4,001	1,845	2,549
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	14,796
Vanpool	1,390	1,741	1,969	2,755	3,481	3,640	3,893	4,067	3,728	3,516
	199,133	223,784	222,690	230,726	223,386	204,650	214,550	237,516	239,166	253,045
AVERAGE WEEKDAY REVENUE MILES										
Bus	99,413	90,962	90,600	90,302	89,839	89,626	84,194	87,949	88,750	87,178
Light Rail (2)	17,064	16,966	17,483	17,476	16,627	16,123	21,897	23,688	28,022	28,392
Commuter Rail (1) (2)	1,932	1,972	1,972	2,379	1,768	4,421	3,815	3,866	3,992	4,005
Demand Response	24,463	25,564	25,396	27,456	26,319	28,660	29,242	29,898	14,481	22,652
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	162,866
Vanpool	5,536	6,670	7,809	10,870	13,022	13,803	15,086	15,432	14,301	13,492
	148,408	142,134	143,260	148,483	147,575	152,633	154,234	160,833	149,546	318,585
AVERAGE WEEKDAY REVENUE HOURS										
Bus	6,904	6,422	6,462	6,547	6,545	6,552	6,353	6,468	6,792	6,707
Light Rail (2)	795	788	811	809	778	804	1,105	1,194	1,377	1,383
Commuter Rail (1) (2)	88	90	91	100	87	180	166	169	171	172
Demand Response	1,392	1,642	1,560	1,500	1,542	1,752	1,779	1,811	1,035	1,433
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	15,986
Vanpool	158	163	190	265	318	345	377	386	358	337
	9,337	9,105	9,114	9,221	9,270	9,633	9,780	10,028	9,733	26,018
AVERAGE WEEKDAY PASSENGERS PER REVENUE MILE										
Bus	1.32	1.67	1.68	1.70	1.63	1.43	1.50	1.49	1.46	1.46
Light Rail	3.47	3.65	3.47	3.76	3.87	3.71	3.28	3.81	3.44	3.40
Commuter Rail (1)	2.46	2.65	2.72	2.26	3.30	1.97	2.22	2.09	1.89	2.05
Demand Response	0.10	0.11	0.11	0.11	0.14	0.14	0.14	0.13	0.13	0.11
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	0.09
Vanpool	0.25	0.26	0.25	0.25	0.27	0.26	0.26	0.26	0.26	0.26
	1.34	1.57	1.55	1.55	1.51	1.34	1.39	1.48	1.60	0.79
AVERAGE WEEKDAY PASSENGERS PER REVENUE HOUR										
Bus	19.00	23.69	23.50	23.48	22.31	19.62	19.90	20.28	19.09	19.00
Light Rail	74.54	78.69	74.72	81.28	82.75	74.36	64.93	75.53	69.97	69.79
Commuter Rail (1)	53.95	57.98	58.87	53.71	67.11	48.27	51.10	47.81	44.19	47.84
Demand Response	1.84	1.64	1.86	2.10	2.37	2.29	2.25	2.21	1.78	1.78
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	0.93
Vanpool	8.80	10.68	10.36	10.40	10.95	10.55	10.33	10.54	10.41	10.43
	21.33	24.58	24.43	25.02	24.10	21.24	21.94	23.69	24.57	9.73

Notes

(1) Average weekday information for commuter rail for fiscal years 2005 to 2009 does not include service provided outside DART Service Area.
(2) Average weekday revenue miles and hours for rail services are car revenue miles and hours.

Source: National Transit Database and internal records

DALLAS AREA RAPID TRANSIT
NUMBER OF VEHICLES AND OPERATING FACILITIES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of vehicles available for service (1)										
Bus	742	742	740	728	663	663	658	629	650	656
Light Rail	95	107	115	115	115	122	163	163	163	163
Commuter Rail	36	36	36	36	36	44	47	35	35	32
Demand Response	192	186	199	209	209	209	209	209	175	115
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	79
Vanpool	68	88	103	145	175	178	200	215	204	190
Total	1,133	1,159	1,193	1,233	1,198	1,216	1,277	1,251	1,227	1,235
Number of vehicles operated during weekday (1)										
Bus	605	565	559	564	564	556	507	509	527	485
Light Rail	82	83	85	85	84	76	77	78	102	103
Commuter Rail	21	21	21	19	19	18	18	18	18	23
Demand Response	173	173	169	184	190	190	186	186	148	100
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	79
Vanpool	64	80	92	129	162	173	190	196	183	183
Total	945	922	926	981	1,019	1,013	978	987	978	973
Operating Facilities (2)										
Bus										
Number of operating garages	4	4	3	3	3	3	3	3	3	3
Number of transit centers	15	15	15	15	15	15	15	15	15	15
Number of bus stops	11,961	11,961	11,961	12,322	12,500	12,500	12,500	12,500	11,973	11,351
Light Rail										
Miles of tracks	45	45	45	45	48	48	72	77	85	90
Number of stations	35	35	35	35	39	39	55	58	61	62
Number of operating garages	1	1	1	1	1	1	2	2	2	2
Commuter Rail										
Miles of tracks	34	34	34	34	34	34	34	34	34	34
Number of stations	10	10	10	10	10	10	10	10	10	10
Number of operating garages	1	1	1	1	1	1	1	1	1	1
Demand Response										
Number of operating garages	1	1	1	1	1	1	1	1	1	1

Sources:

1) National Transit Database

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Non-Depreciable Capital Assets										
Land and right-of-way	$387,010	$387,009	$388,000	$387,934	$398,914	$397,997	$548,904	$554,714	$578,169	$609,498
Capital projects in progress	328,470	469,652	745,171	1,210,357	1,755,739	2,305,270	859,872	662,567	205,542	70,845
Total Non-Depreciable Capital Assets	715,480	856,661	1,133,171	1,598,291	2,154,653	2,703,267	1,408,776	1,217,281	783,711	680,343
Depreciable Capital Assets										
Transit-ways	1,348,788	1,371,496	1,369,288	1,408,118	1,607,364	1,631,987	2,779,751	3,188,305	3,696,268	3,845,836
Buildings and Improvements	364,689	366,067	369,411	404,477	416,472	419,849	696,102	702,179	745,314	746,585
Revenue and Non-Revenue Vehicles and Equipment	620,069	613,603	703,230	719,346	804,314	935,898	1,218,639	1,275,561	1,319,261	1,303,485
Furniture, Fixtures, and Leasehold Improvements	35,315	31,423	33,083	35,370	38,189	38,940	43,242	49,537	61,184	59,872
Total Depreciable Capital Assets	2,368,861	2,382,589	2,475,012	2,567,311	2,866,339	3,026,674	4,737,734	5,215,582	5,822,027	5,955,778
Less Accumulated Depreciation										
Transit-ways	265,436	311,617	357,424	403,562	452,524	508,156	593,902	690,650	820,845	931,205
Buildings and Improvements	143,736	159,854	175,430	191,518	207,275	221,232	240,967	265,881	292,055	316,802
Revenue and Non-Revenue Vehicles and Equipment	252,701	282,125	321,540	357,358	395,183	447,998	499,242	559,630	568,776	527,137
Furniture, Fixtures, and Leasehold Improvements	32,398	29,740	31,244	29,214	31,868	31,939	36,569	38,929	46,450	50,973
Total Accumulated Depreciation	694,271	783,336	885,638	981,652	1,086,850	1,209,325	1,370,680	1,555,090	1,728,126	1,826,117
Net Depreciable Capital Assets	1,674,590	1,599,253	1,589,374	1,585,659	1,779,489	1,817,349	3,367,054	3,660,492	4,093,901	4,129,661
Net Capital Assets	$ 2,390,070	$ 2,455,914	$ 2,722,545	$ 3,183,950	$ 3,934,142	$ 4,520,616	$ 4,775,830	$ 4,877,773	$ 4,877,612	$ 4,810,004

Source: Annual financial statements

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