



DALLAS AREA RAPID TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2019 and 2018 Dallas, Texas





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**For the Fiscal Years Ended
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Dallas, Texas

Gary C. Thomas
President/Executive Director

Joseph Costello
Chief Financial Officer

Prepared by:
General Accounting Division of the Finance Department



**DALLAS AREA RAPID TRANSIT
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FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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

February 6, 2020

To the Citizens and Stakeholders of the Dallas Area Rapid Transit 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, 2019 and 2018. This report provides information regarding the financial position and operating results of DART to the DART Board, citizens of DART's Service Area, and other interested parties.

The management of DART is responsible for the overall accuracy of the financial statements and their conformity with generally accepted accounting principles (GAAP). 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 LLP, Independent Auditors, have issued an unqualified opinion on the DART financial statements for the years ended September 30, 2019 and 2018. 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.

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

Profile of Reporting Entity

Dallas Area Rapid Transit (DART) is a sub-regional transportation authority, created by a voting majority of the citizens on August 13, 1983, to organize and provide public transportation and complementary services to jurisdictions pursuant to Chapter 452 of the Texas Transportation Code (the "Act"). Our service area is comprised of 13 North Texas municipalities (Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park). Our headquarters is located in downtown Dallas. Under the Act, we are authorized to collect a 1% sales and use tax on certain transactions. Revenue from the one-cent sales and use tax, federal funds, investment income, fares, and other revenues fund the operations and ongoing development of DART's multimodal Transit System.

DART started its Transit operation with bus service in 1983. In 1996, DART entered into an inter-local agreement with the Fort Worth Transportation Authority, which recently rebranded itself as Trinity Metro, to jointly operate commuter rail service, under the assumed name of Trinity Railway Express (TRE). The TRE operates along a 34-mile rail corridor between the cities of Dallas and Fort Worth with stops in the mid-cities. The first segment of light rail opened in 1996 and in May 1997, the 20-mile Light Rail Starter System was completed.

Since then, DART has expanded its services considerably. DART's extensive network of light rail, Trinity Railway Express commuter rail, bus routes, paratransit services, and vanpools enables more than 200,000 passengers per day to get to where they need to go across a 700-square-mile service area which services employment, medical, shopping, and entertainment destinations.

DART currently operates and maintains 681 buses with 10,610 bus stops; a total of 93 miles of light rail with 163 modern light rail vehicles, and 64 light rail stations; 2.5 miles of the Dallas Streetcar system with 4 modern streetcars; and 34 miles of commuter rail with 34 locomotives, bi-level coaches, and bi-level cab cars. Paratransit service is provided through a contract with MV Transportation, Inc. (MV), which operates and maintains a fleet of 117 vehicles through dedicated services and manages a fleet of 115 taxi vehicles provided and operated by Irving Holdings. DART's vanpool program is run by a third-party contractor with up to 167 vans.

DART also operates special event services (bus, light rail, and TRE) to the State Fair of Texas, the New Year's Eve celebration in downtown Dallas, concerts, basketball, hockey games and a wide variety of other events. Consequently, most special event services are provided on the light rail and commuter rail systems, with bus generally restricted to supplementing the capacity of the rail system during periods of very high usage.

Additional operating information can be found in the Operating Information Section of the Statistical Section of this CAFR.

Governance

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

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. The Twenty-Year Financial Plan provides the framework by which the agency balances the scope of DART projects and capital expansion with available funding. It 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.

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 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 ten votes).

Local Economy

The Dallas-Fort Worth (DFW) economy experienced robust growth in 2019. DFW nonfarm employment expanded annually by approximately 3.2%. According to the Bureau of Labor Statistics, among the 12 largest metropolitan areas in the country, DFW ranked first in both the number of jobs added over the year and the annual rate of job

growth. The unemployment rate was around 3.1% in September 2019 and was 2.9% in December 2019, which was well below state and national levels. The region's job growth was particularly strong in certain sectors including professional/business services, education/health services, leisure/hospitality, manufacturing, and construction. At the end of 2019, the Dallas business-cycle index posted solid gains. Produced by the Dallas Federal Reserve, the index reflects broad movements in local job growth, unemployment rates, wages, and retail sales.

Forbes named Texas as the second-best state for business for 2019. Texas ranked fourth for economic climate and first for growth prospects due to strong employment and gross state product growth over the past five years. The DFW area continues to be a major contributor to the state's economic climate.

DART Economic Outlook

DART's principal source of revenue is the 1% sales and use tax that is levied on taxable items sold, rented, purchased, or acquired for use, within the boundaries of the DART Service Area. Sales and use tax revenues were up by 4% in 2017, 5% in 2018 and increased again in 2019 by 5%.

Projected sources of funds for the next 20-year period, FY 2020 through FY 2039, total \$29 billion, anticipates a greater amount of sales tax revenues, reflecting the continued strong increases in this source of funding, while reflecting flat sales tax growth every seven years to incorporate cyclic economic slowdowns. Operating revenues are also projected to improve, reflecting service improvements and expansion.

Projected uses of funds for the next 20 years total \$29 billion, which includes operating expense of \$14 billion driven primarily by expanded bus service and capital expenditures projected to be \$7 billion, reflecting new infrastructure projects including the Silver Line commuter rail and a second central business district light rail line. The uses of funds also include debt service totaling \$8 billion reflecting the additional borrowing associated with the major capital projects.

DART's coverage ratio standards require an external coverage ratio (annual sales tax revenues divided by debt service) of 2.0 or better and an internal coverage ratio of 1.0 or better (revenues available to pay for operations, minus operating expense, must cover current year debt service). These ratios demonstrate the long-term financial health of the Agency. Coverage ratios meet or exceed DART financial standards throughout the FY 2020 Twenty-Year Financial Plan. The Plan demonstrates that DART has the financial capacity to achieve its strategic priorities over the next 20 years.

Looking to the Future

As the region continues to grow, DART continues system expansion to meet demand. DART's Program of Interrelated Projects (the Core Capacity program) that was initially incorporated into the FY 2015 Financial Plan is underway to increase the core capacity of DART's Light Rail.

It includes three separate initiatives:

- Platform extensions to the twenty-eight older stations on the Red and Blue lines to enable them to accommodate three-car trains is under construction. The platform extension will allow DART to accommodate more riders by lengthening platforms at 28 stations that currently have capacity for only two-car trains
- A second rail corridor through downtown Dallas (known as D2 Subway) is in preliminary design. The project will both increase capacity and provide operating flexibility in the event of a service disruption; and
- The Dallas Streetcar Central Link project from near Union Station to Uptown is in the planning phase. This project is being done in cooperation with the City of Dallas.

The platform extensions have an expected completion date of 2022. The Streetcar projects and D2 projects are expected to be completed by 2024.

Work has begun along the Silver Line corridor in the northern part of the DART Service Area. The Silver Line will provide passenger rail connections and service; improving mobility, accessibility and system linkages to major employment, population and activity centers in the northern part of the DART Service Area. It will run from Plano, through Richardson, North Dallas, Addison, and Carrollton and into DFW International Airport and is designed to link up with TEX Rail, operated by Trinity Metro. TEX Rail has been in operation from downtown Fort Worth to DFW Airport since January 2019. Long-term, this will allow for a single-seat ride from Plano all the way to Fort Worth. Service along the Silver Line is scheduled to begin in 2022. Initially, headways will be 30 minutes in the peak periods and 60 minutes in the off-peak periods. The line will receive funding over the next 20 years from a variety of sources, some of which will help fund construction and some of which will be used to pay for annual operating and/or debt service costs. Completion of this project is expected in December 2022.

DART is also in the planning and design stage on two additional infill stations along the Orange Line in Irving at Loop 12 and Hidden Ridge. They are to be completely funded by external contributions, will provide access to major land use developments in the area, and are expected to generate additional ridership. Service at Hidden Ridge is scheduled to begin in May 2020.

In addition to expansion, there is increased focus on attracting and retaining customers with responsive service and a sustainable system. DART's Comprehensive Operations Analysis (COA) of the Transit System Plan was the basis for service enhancements implemented from 2016 through 2019. An additional \$8 million was incorporated in the FY2020 operating budget to further implement the recommendations resulting from that analysis.

DART is developing a new Transit System Plan with a 2045 horizon year. Key work elements of the new plan include frequent and flexible Service, fare payment system enhancements, State of Good Repair initiatives, core capacity upgrades, and rail service expansion. Also included in the new plan are strategies to improve service and safety experiences which include improved bus service, improved service reliability, timeliness, service connections, in-transit customer communication services, mobile platforms, initial installation of interactive kiosks, enhancement of the GoPass mobile ticketing solution, new marketing and promotion initiatives, and improved strategies for responding to service disruptions

Fiscal Year 2019 – Year-in-Review

October 2018

DART contracts with Landmark Infrastructure Partners LP to develop a smart media and communications digital platform which will include the deployment of content-rich kiosks at strategic high-traffic locations throughout the DART network. DART's digital kiosk platform will provide local content, real-time information and connectivity that enhances the overall experience for DART customers. Additionally, the kiosks will provide digital advertising, public wi-fi, emergency notification and cameras for safety and security.

November 2018

DART signs an agreement with Element Markets Renewable Energy to provide renewable natural gas for DART's fleet of CNG powered buses. By monetizing Renewable Identification Number credits, DART can potentially generate up to \$11 million in revenue over the life of the contract.

December 2018

DART supports the annual "Stuff a Bus" event. The initiative delivers socks and blankets to area nursing facilities - as well as unwrapped toys and canned food for children and families in need throughout the North Texas area.

Coors Light® partners with DART to help regional residents and visitors celebrate the New Year responsibly. In partnership with Andrews Distributing, Coors Light Free Rides® are available on all DART buses, trains and paratransit services as well as on Trinity Railway Express trips between Union Station to Centre Port/DFW Airport Station on New Year's Eve.

DART employees and contractors deliver 16 tons of food to the Union Gospel Mission. The contributions are part of DART's annual "Friendly Food Fight," to benefit the non-profit agency helping persons who are hungry and homeless in the North Texas area.

January 2019

DART spearheads local awareness efforts on human trafficking during January's National Slavery and Human Trafficking Prevention Month.

March 2019

DART adds GoLink, DART's on-demand shuttle, to the GoPass app. The update puts the best travel options and trip-planning tools at customer's fingertips.

DART partners with Uber for a one-year pilot program to provide North Texas riders greater flexibility and more options for their transportation needs. Using the GoPass app, customers can book an UberPool shared ride.

April 2019

DART's long-standing tradition makes it easier for people to get to the polls. A valid voter registration card is a free ticket to ride DART on Election Day, Saturday, May 4. Riders can ride DART bus, light rail, Paratransit, or Trinity Railway Express (TRE) commuter rail by showing a valid voter registration card.

May 2019

DART adds new 40-ft long CNG-fueled buses to the existing fleet. The new buses feature USB ports, larger interior monitors, vinyl upholstery seats, flush-mounted tinted windows, and automatic passenger counters.

The DART Board approves interlocal agreements with the cities of Dallas, Garland, Farmers Branch, Addison, Carrollton, Richardson and Plano for the operation of a 5-year Transit Signal Priority (TSP) pilot program for buses. The \$2.9 million program will reduce or eliminate unnecessary stops at signalized intersections starting in 2020.

President Donald Trump presents the Public Safety Officer Medal of Valor posthumously to DART Police Officer Brent Thompson. Police Officer Thompson, 43, became the first DART police officer killed in the line of duty when he gave his life while engaging a mass shooter and saving the lives of countless civilians and fellow officers during a protest march in Dallas on July 7, 2016.

June 2019

The DART Board of Directors approves a resolution to use the name "Silver Line" to refer to future service along the Cotton Belt.

The DART Board selects Stadler US for the contract to assemble and build eight FLIRTs (Fast Light Intercity and Regional Train) and design an Equipment Maintenance Facility (EMF) for the Silver Line Project scheduled to go into service in 2022.

The American Public Transportation Association (APTA) awards DART its 2019 Gold Award for Security for light rail and streetcar systems at the annual APTA Rail Conference in Toronto, Ontario.

The U.S. Department of Transportation's (USDOT) Federal Transit Administration (FTA) announces a \$60.76 million grant agreement with DART for construction of the Red and Blue Line Platform Extensions.

July 2019

DART receives the American Public Transportation Association's (APTA) 2019 Innovation Award for the GoPass app; the first public transit ticket-purchasing application in the nation that involves multiple agencies and different types of transportation.

September 2019

DART held a series of ground-breaking ceremonies to officially launch construction of the Silver Line Construction.

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, 2018. 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 2019 Business Plan) for the fiscal year beginning October 1, 2018. 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.

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 DART staff and managers who contributed to the preparation of this report, especially those employees in the Accounting Division of the Finance Department who were instrumental in the successful completion of this report.

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

Sincerely,



Joseph Costello
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Dallas Area Rapid Transit
Texas**

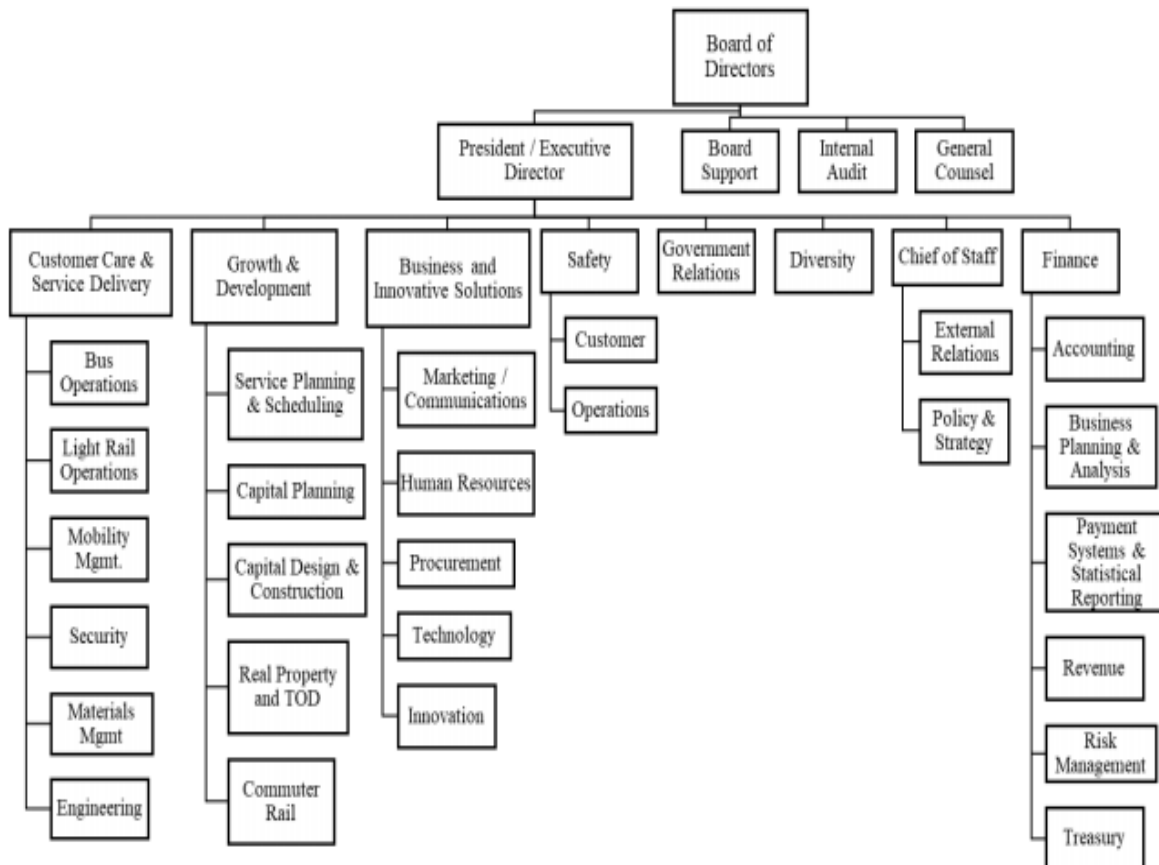
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

Dallas Area Rapid Transit Functional Organization Chart



**Dallas Area Rapid Transit
Board of Directors**

Officers

Paul N. Wageman, Chair
City of Plano

Michele Wong Krause, Vice Chair
City of Dallas

Jonathan R. Kelly, Secretary
City of Garland

Ray Jackson, Assistant Secretary
City of Dallas

City of Dallas

Sue Bauman
Patrick Kennedy
Jon-Bertrell Killen
Amanda Moreno
Dominique P. Torres

Cities of Dallas and Cockrell Hill

Eliseo Ruiz III

City of Irving

Rick Stopfer

Cities of Richardson and University Park, Towns of Addison and Highland Park

Gary Slagel

Cities of Carrollton & Irving

Dough HrBacek

Cities of Plano and Farmers Branch

Lissa Smith

Cities of Garland, Rowlett, and Glenn Heights

Mark C. Enoch

DART BOARD MEMBERS



Sue S. Bauman
Dallas



Mark C. Enoch
Garland,
Rowlett and
Glenn Heights



Doug Hrbacek
Carrollton
and Irving



Ray Jackson
*Assistant
Secretary*
Dallas



Jonathan R. Kelly
Secretary
Garland



Patrick Kennedy
Dallas



Jon-Bertrell Killen
Dallas



Michele Wong Krause
Vice Chair
Dallas



Amanda Moreno
Dallas



Eliseo Ruiz III
Dallas and
Cockrell Hill



Gary Slagel
Richardson,
University Park,
Addison and
Highland Park



Lissa Smith
Plano and
Farmers Branch



Rick Stopfer
Irving

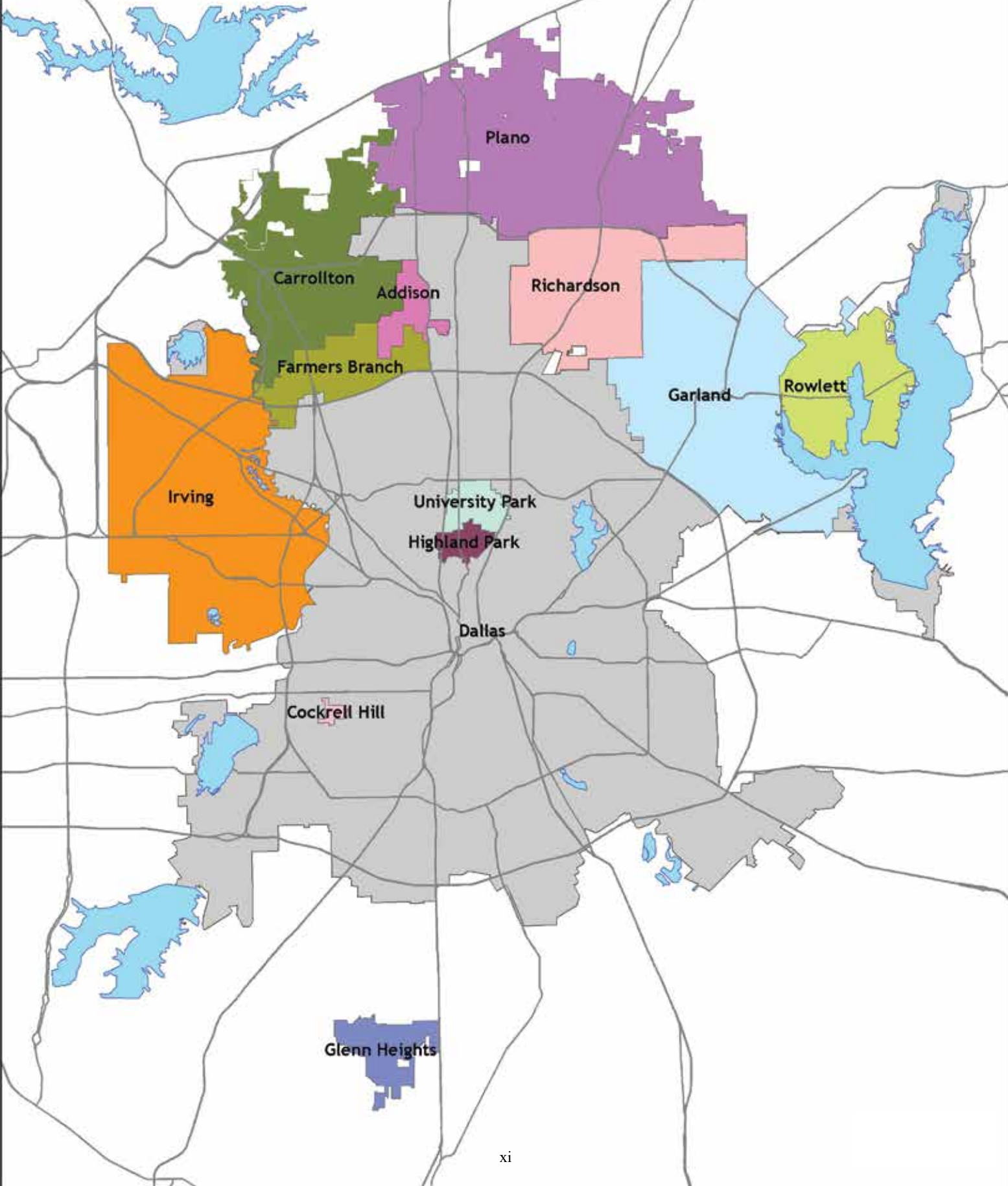


Dominique P. Torres
Dallas



Paul N. Wageman
Chair
Plano

DART SERVICE AREA



The map illustrates the Dallas Area Rapid Transit (DART) system, highlighting several key rail lines and their stations. The TEXRail line (orange) connects DFW Airport North and South to Fort Worth. The TREN line (blue) connects Fort Worth to downtown Dallas. Other lines (green, red, yellow) serve the Dallas area, including the DART Light Rail and the DART Rapid Rail. Key stations include DFW Airport, Union Station, and various transit centers. The map also shows major highways and geographical features like the Trinity River and Lake Ray Hubbard.

Map Legend

A map showing the TEXRail line, a blue line with a white circle at each station. The line starts at Fort Worth Central Station and Fort Worth T&P Station, goes north through Fort Worth, then east through Richland Hills, and finally north through Bell. The line is labeled 'TEXRail' and 'TRE'. Major highways are shown as red and blue lines: I-35W, I-20, and I-30.

A detailed map of the M-Line Trolley route in Dallas. The route is shown as a multi-colored line (red, orange, yellow, green, blue) connecting several stations. Key stations include CityPlace/Uptown Station, Victory Station, West End Station, West Transfer Center, Akard Station, St. Paul Station, Pearl/Arts District Station, East Transfer Center, and Deep Ellum Station. The map also shows the Convention Center Station and the EB/Union Station. Major streets like I-35E, I-30, and various local streets (e.g., Victory, Akard, St. Paul, Pearl, East, Deep Ellum) are labeled. A north arrow is present in the top right corner.

	Blue Line
	Red Line
	Green Line
	Orange Line
	Orange Line
	Weekdays Peak Only
	Trinity Railway Express
	(no Sunday Service)
	TEXRail (Trinity Metro)
	A-Train (DCTA)
	M-Line Trolley
	Dallas Streetcar
	Transit Center or Park & Ride

FINANCIAL SECTION



Dallas Area Rapid Transit Dallas, Texas

Financial Statements and Supplemental Information
Years Ended September 30, 2019 and 2018 and
Independent Auditor's Report

**DALLAS AREA RAPID TRANSIT
DALLAS, TEXAS
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Net Pension Liability, the Schedule of Employer Contributions – Defined Benefit Pension Plan, Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Schedule of Employer Contributions – OPEB 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 LLP

Dallas, Texas
February 6, 2020

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (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, 2019 and 2018. 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, 2019 and 2018, total assets and deferred outflows of resources of DART exceeded total liabilities by \$1,202,501 and \$1,304,378, respectively. The amount of unrestricted net position as of September 30, 2019, was \$343,465 compared to \$474,215 as of September 30, 2018.

The net position of DART decreased by \$101,877 during fiscal year 2019 compared to a decrease of \$140,660 last year. The decreases in both 2019 and 2018 are due to expenses being higher than revenues. Fiscal year 2019 decrease in net position is lower than that of 2018 due to an increase in total revenues that exceeded the increase in total expenses.

DART's total debt decreased by \$71,715 (2%) during fiscal year 2019 compared to a decrease of \$68,785 (2%) in fiscal year 2018. The decline in 2019 was due to principal payments on bonds. The decline in 2018 was due to principal payments on bonds and commercial paper notes. Debt information is summarized on page 12 of this management discussion and analysis.

Sales and use tax revenue was \$621,129 in 2019 compared to \$596,400 in 2018. Sales and use tax revenue increased by 4% (\$24,729) in 2019 compared to a 5% (\$28,982) increase in 2018.

Capital contributions from federal, state and local governments were \$82,025 in 2019 and \$24,251 in 2018. 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 \$54,932 in 2019 compared to \$69,445 in 2018.

For fiscal year 2019, total expenses exceeded total revenues resulting in a loss before capital contributions of \$183,902 compared to a loss of \$153,874 for 2018. The loss in 2019 is higher than that of 2018 due to an increase in total operating and non-operating expenses as shown on page 8.

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

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 18-47 of this report.

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

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

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

FINANCIAL ANALYSIS

Statements of Net Position – DART's total assets and deferred outflows of resources exceeded total liabilities by \$1,202,501 and \$1,304,378 as of September 30, 2019 and 2018, respectively. The largest portion of this excess (65% in 2019 and 59% in 2018) was net investment in capital assets (capital assets less related outstanding debt). DART uses these capital assets to provide public transportation services to customers and member jurisdictions; consequently, these assets are not available for future spending. Although DART's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be obtained from other sources such as sales and use tax and farebox revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	2019	2018	2017
Current assets	\$734,622	\$840,148	\$886,981
Other non-current assets	191,971	125,472	136,856
Capital assets (net of accumulated depreciation)	4,189,759	4,237,296	4,391,215
Total assets	5,116,352	5,202,916	5,415,052
Deferred outflows of resources	80,679	89,210	86,293
Total assets and deferred outflows of resources	5,197,031	5,292,126	5,501,345
Current liabilities	496,041	426,580	439,762
Non-current liabilities	3,482,861	3,556,505	3,614,367
Total liabilities	3,978,902	3,983,085	4,054,129
Deferred inflows of resources	15,628	4,663	2,178
Total liabilities and deferred inflows of resources	3,994,530	3,987,748	4,056,307
Net position			
Net investment in capital assets	784,924	764,341	837,067
Restricted for:			
Debt service	68,370	59,026	56,405
Security for lease/leaseback liabilities	5,742	6,796	7,751
Unrestricted	343,465	474,215	543,815
Total net position	\$1,202,501	\$1,304,378	\$1,445,038

Current assets decreased by \$105,526 in 2019 compared to a decrease of \$46,833 in 2018. The decreases in both 2019 and 2018 were due to use of cash for debt service payments and spending on capital projects.

Other non-current assets increased by \$66,499 in 2019 compared to a decrease of \$11,384 in 2018. The increase in 2019 is due to restricted investments (proceeds from the sale of commercial paper notes payable) held to pay for capital projects. The decrease in 2018 is due to losses on investments in HOV lanes and investment in joint venture.

As of September 30, 2019, \$5,742 of DART's net position is restricted to satisfy the requirements of an amended lease/leaseback agreement compared to \$6,796 as of September 30, 2018. The unrestricted portion of net position, \$343,465 in 2019 and \$474,215 in 2018 represent resources available to meet DART's ongoing obligations. The DART Board committed \$87,919 in 2019 and \$85,700 in 2018 of the unrestricted net position for Insurance, Financial Reserve, and Mobility Assistance and Innovation funds (see footnote 3 on page 25). The decrease in unrestricted net position of \$130,750 (28%) in 2019 and \$69,600 (13%) in 2018 were due to net losses and spending on capital projects.

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

Statements of Revenues, Expenses, and Changes in Net Position – During fiscal year 2019, DART's activities resulted in a decrease in net position of \$101,877 compared to a decrease in net position of \$140,660 in 2018. The decrease during both 2019 and 2018 are due to expenses being higher than revenues. The key elements of the changes in net position for the fiscal years ended September 30, 2019 and 2018 with comparative information for 2017 are shown in the following table.

Summary of Revenues, Expenses, and Changes in Net Position			
	2019	2018	2017
Operating revenues			
Passenger revenues	\$63,941	\$62,845	\$65,412
Advertising, rent and other	13,532	13,241	14,175
Total operating revenues	77,473	76,086	79,587
Operating expenses			
Labor	259,186	249,894	239,382
Benefits	118,592	98,581	103,288
Services	53,282	48,331	40,883
Materials and supplies	51,017	47,531	43,203
Purchased transportation	58,537	55,978	52,531
Depreciation	248,064	250,210	239,381
Utilities	16,619	19,673	18,830
Taxes, leases, and other	6,679	4,029	4,778
Casualty and liability	7,156	4,925	3,238
Total operating expenses	819,132	779,152	745,514
Net Operating loss	(741,659)	(703,066)	(665,927)
Non-operating revenues (expenses)			
Sales and use tax revenue	621,129	596,400	567,418
Investment income	23,482	14,810	13,815
Build America Bonds tax credit	25,021	28,443	28,381
Other federal grants	54,932	69,445	68,564
Other non-operating revenues	15,463	19,375	17,552
Interest expense	(157,452)	(162,568)	(163,620)
Gain (loss) on HOV lane investments	-	(11,100)	600
Street improvements	(11,301)	(3,644)	(20)
Other non-operating expenses	(13,517)	(1,969)	(3,151)
Total net non-operating revenues	557,757	549,192	529,539
Loss before capital contributions and grants	(183,902)	(153,874)	(136,388)
Capital contributions	82,025	24,251	10,843
Decrease in net position	(101,877)	(129,623)	(125,545)
Net position, beginning of the year	1,304,378	1,445,038	1,570,583
Cumulative effect of change in accounting principle	-	(11,037)	-
Net position, end of the year	\$1,202,501	\$1,304,378	\$1,445,038

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

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

REVENUES

The following table summarizes revenues for fiscal years 2019 and 2018 with comparative information for 2017:

REVENUES AND CAPITAL CONTRIBUTIONS

Revenues	2019	2018	2017
Passenger revenues	\$63,941	\$62,845	\$65,412
Advertising, rent and other	13,532	13,241	14,175
Sales and use tax revenue	621,129	596,400	567,418
Other federal grants	54,932	69,445	68,564
Investment income	23,482	14,810	13,815
Capital contributions	82,025	24,251	10,843
Build America Bonds tax credit	25,021	28,443	28,381
Other revenues	15,463	19,375	18,152
Total	<u>\$899,525</u>	<u>\$828,810</u>	<u>\$786,760</u>

Passenger revenue – Passenger revenue includes farebox receipts, monthly and annual pass revenue, paratransit revenue, and special event fares. Passenger revenues increased by \$1,096 (2%) in 2019 compared to a decrease of \$2,567 (4%) in 2018. The increase in 2019 is due to fare increase that became effective in during fiscal year 2019. The decrease in 2018 was due to a decreases in ridership.

Advertising, rent, and other – Advertising income includes revenues from advertisements at transit stations, on DART buses and light rail cars. Rental income includes revenue from the rental of land along the rail corridor and other properties. Advertising, rent and other income increased by 2% (\$291) in 2019 compared to a decrease of 7% (\$934) in 2018. The increase during 2019 is due to an increase in advertising revenue and marketing promotions. In 2018 the decrease in revenue is due to a decrease in usage of DART rail right-of-way.

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 4% (\$24,729) in 2019 compared to an increase of 5% (\$28,982) in 2018. The increases in both 2019 and 2018 are due to a relative improvement in the local economy resulting in better than previous years' retail sales. Sales and use tax revenue constituted approximately 69% of DART's total revenues and capital contributions in 2019 and compared to 72% in 2018.

Other federal grants – Other federal grant revenues decreased by 21% (\$14,513) in 2019 compared to an increase of 1% (\$881) in 2018. The decrease in 2019 is due to a delay in approval of grant agreements. The increase in 2018 is due to receipt of federal funding related to the preventive maintenance program.

Capital contributions – Capital contributions include federal, state and local grants and contributions. Capital contributions increased by 238% (\$57,774) in 2019 compared to an increase of 124% (\$13,408) in 2018. The increase in 2019 and 2018 are due to receipt of previously delayed federal funding and federally funded projects that are moving forward.

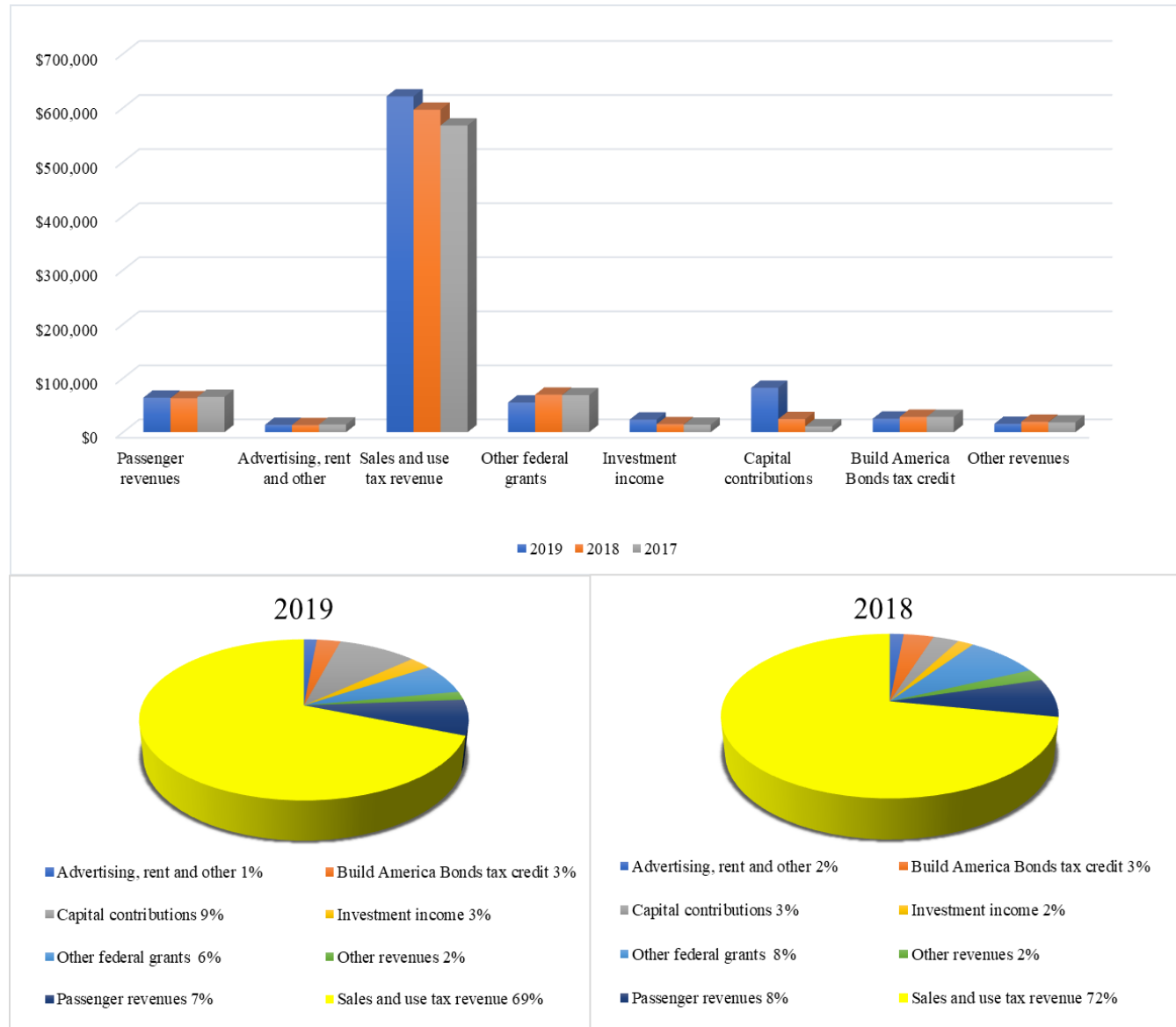
Investment income – Investment income increased by 59% (\$8,672) in 2019 compared to an increase of 7% (\$995) in 2018. The increase in 2019 is due to an increase in interest rate that resulted in better yield on investments held by DART during the year. The increase in 2018 is due to an increase in the fair value of investments held at year end.

Build America Bonds tax credit – The Build America Bonds (BABs) tax credit decreased by 12% (\$3,422) in 2019 compared to an increase of \$62 in 2018. The decrease in 2019 is due to partial refunding of the Series 2009B BABs. The increase in 2018 was due to changes in the reimbursement rate on BABs as a result of federal budget cuts.

Other revenues – Other revenues decreased by 20% (\$3,912) in 2019 compared to an increase of 7% (\$1,223) in 2018. Other revenues include: revenues from billings to the Trinity Metro for their share of the Trinity Railway Express (TRE) commuter rail service; billings to the University of Texas at Dallas (UTD) for their share of the UTD shuttle service; and alternative fuel tax credit. Other revenues decreased during 2019 due to discontinuation of the alternative fuel tax credit offered by the federal government. The increase in 2018 is due to an alternative fuel tax credit received from the federal government for use of compressed natural gas.

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

The following charts summarize revenues for fiscal years 2017 through 2019:



**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

EXPENSES

The following table summarizes expenses for fiscal year 2019 and 2018 with comparative information for 2017:

EXPENSES BY OBJECT CLASS			
Expenses	2019	2018	2017
Labor	259,186	\$249,894	\$239,382
Benefits	118,592	98,581	103,288
Services	53,282	48,331	40,883
Materials and supplies	51,017	47,531	43,203
Purchased transportation	58,537	55,978	52,531
Depreciation and amortization	248,064	250,210	239,381
Utilities	16,619	19,673	18,830
Taxes, leases and other	6,679	4,029	4,778
Casualty and liability	7,156	4,925	3,238
Street improvements	11,301	3,644	20
Interest and financing expenses	157,452	162,568	163,620
Other non-operating expense	13,517	1,969	3,151
Loss on HOV lane investments	-	11,100	-
Total	<u>\$1,001,402</u>	<u>\$958,433</u>	<u>\$912,305</u>

Labor – Labor costs increased by 4% (\$9,292) in 2019 compared to an increase of 4% (\$10,512) in 2018. The increases in both 2019 and 2018 were due to annual merit and wage increases, and more positions filled.

Benefits – Benefits increased by 20% (\$20,011) in 2019 compared to a decrease of 5% (\$4,707) in 2018. The increase in 2019 was due to an increase in the defined benefit pension expense and healthcare claims. The increase in the DART Defined Benefit Pension Plan expense was as a result of a change in the mortality table used for actuarial valuations. Under the new mortality table, the assumption is that employees are living longer. This resulted in increased pension costs. Healthcare costs increased because of increased usage by employees and their dependents. The decrease in 2018 is due to a decrease in employee medical claims.

Services – Services include contracted services such as: security, vehicles, equipment and right-of-way maintenance, advertising, marketing, computing, communication, legal, governmental, and environmental services. Services increased by 10% (\$4,951) in 2019 compared to an increase of 18% (\$7,448) in 2018. The increase in 2019 was due continued focus safety and security, increased spending on software licenses/maintenance, cloud and managed computing services as well as TRE right-of-way maintenance. The increase in 2018 is due to increased focus on security, an increase in the number of technology projects, and maintenance of light rail vehicles.

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 increased by 7% (\$3,486) in 2019 compared to an increase of 10% (\$4,328) in 2018. The increase in 2019 was attributable to an amount of CNG fuel used and parts needed to maintain aging buses and light rail vehicles. The increase in 2018 was due to an increase in upgrading DART technology software and hardware as well as the need for more parts in order to maintain DART buses and light rail vehicles.

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 5% (\$2,559) in 2019 compared to an increase of 7% (\$3,447) in 2018. The increases in both 2019 and 2018 were due to an increase Go-Link and paratransit services.

Depreciation – Depreciation expenses decreased by 1% (\$2,146) in 2019 compared to an increase of 5% (\$10,829) in 2018. The decrease in 2019 was due to some assets that became fully depreciated in 2018. DART took most of its small (ARBOC) buses out of service earlier than anticipated. This action resulted in higher depreciation expense.

Utilities – Utilities represent the cost of electricity, telecommunications, water, sewer, and natural gas. Utilities decreased by 16% (\$3,054) in 2019 compared to an increase of 4% (\$843) in 2018. The decrease in 2019 is due to savings from a new electricity contract. The new electricity contract became effective on October 1, 2018 and it was negotiated at a lower rate. The increase in 2018 is due to more electricity consumption because of expanded light rail and streetcar services.

Taxes, leases, and other – Taxes, leases, and other includes fuel and lube taxes, equipment rentals, leases of operating and passenger facilities, training, travel, business meetings, membership dues, subscriptions, employee programs and allowance for uncollectible receivables. Taxes, leases, and other expenses increased by 66% (\$2,650) in 2019 compared to a decrease of 16% (\$749) in 2018. Some of the increases in 2019 are due to training related to the new buses, and implementation of a new accounting rule related to retiree benefits or OPEB plans. The new rule requires State and Local governments to recognize net OPEB liability and expense on their financial statements.

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

Casualty and liability – Casualty and liability expenses increased by 45% (\$2,231) in 2019 and 52% (\$1,687) in 2018. The increases in both 2019 and 2018 were due to changes in estimated claim losses. U

Street improvements – Local assistance is provided to eligible member jurisdictions in the form of technical and financial assistance to reduce traffic congestion and complement bus and public transit operations. Street improvement program costs increased by 210% (\$7,657) in 2019 compared to an increase of \$3,624 in 2018. The increase in both 2019 and 2018 were due to street improvement project costs and transit related improvements program (TRIP) project costs for DART municipalities that do not have existing or planned and funded rail stations.

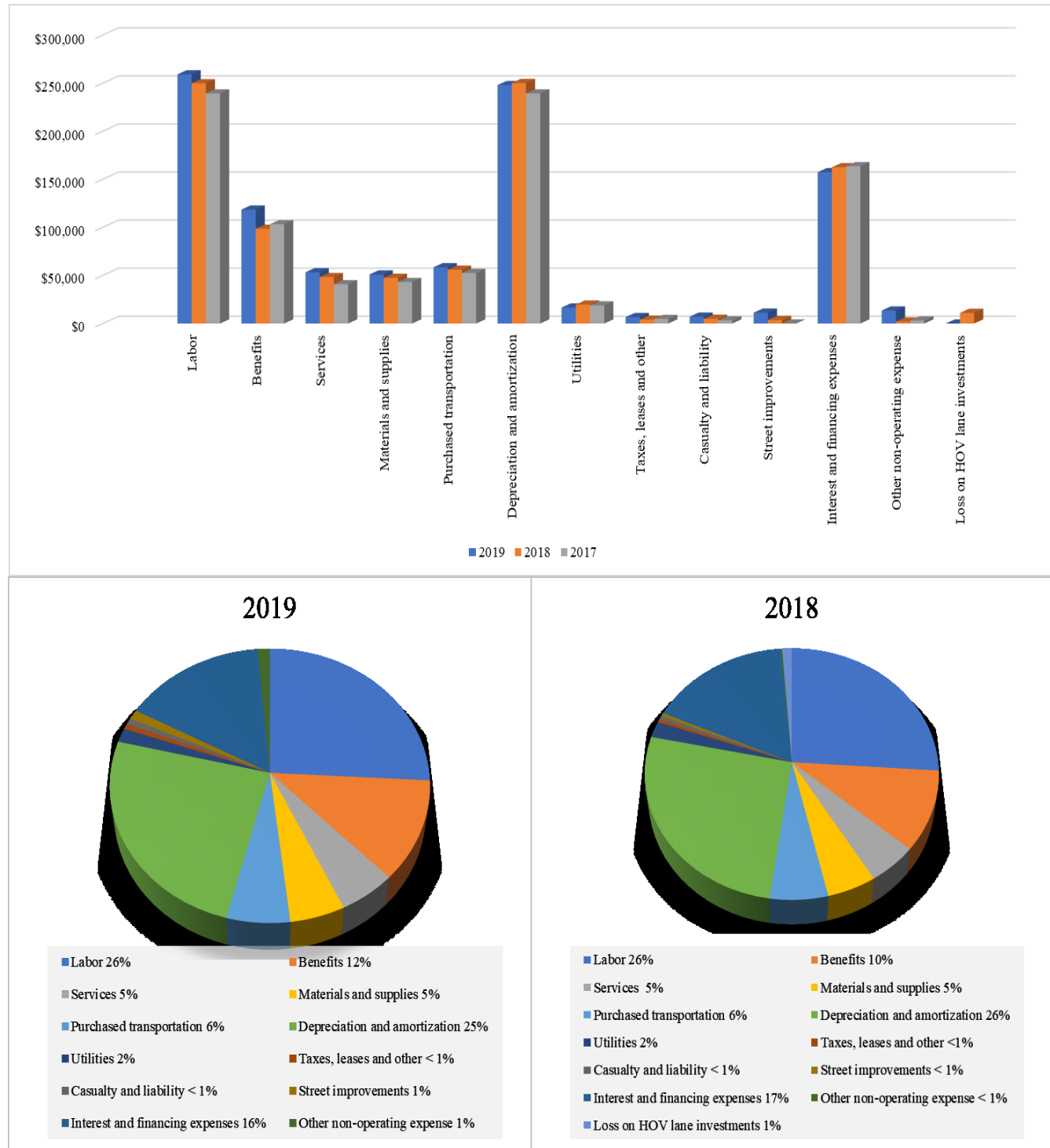
Interest and financing expenses – Interest expense decreased by 3% (\$5,116) in 2019 compared to a decrease of 1% (\$1,052) in 2018. The decreases in both 2019 and 2018 were due to lower outstanding debt because of principal payments. A refunding of some of the existing bonds to lower interest rate bonds during 2019 also resulted in saving in interest expense.

Other non-operating expenses – Other non-operating expenses increased by 586% (\$11,548) in 2019 compared to a decrease of 38% (\$1,182) in 2018. The increase in 2019 was mainly due to a payment made to the North Central Texas Council of Governments for the transit improvement program. Transit planning costs also contributed to the 2019 increase. The decreases in 2018 was due to the transfer of remaining costs associated with Streetcar assets to the city of Dallas. Also, 2018 amounts decreased due to completion of some of the system planning work in 2017.

Gain (loss) on HOV lane investments – DART and TxDOT entered into agreements related to two managed HOV lane projects. DART provided a portion of the funding for the two projects in anticipation that DART would participate in HOV toll revenue streams. As of September 30, 2017, the value of DART's investment in managed HOV lane projects was \$11.1 million. However, based on an updated financial analysis performed during FY 2018, it was determined that reimbursement of excess toll road revenue to DART is not likely. As a result, DART's investment in managed HOV lane projects of \$11,100 was written-off during fiscal year 2018.

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

The following charts summarize expenses for fiscal years 2017 through 2019:



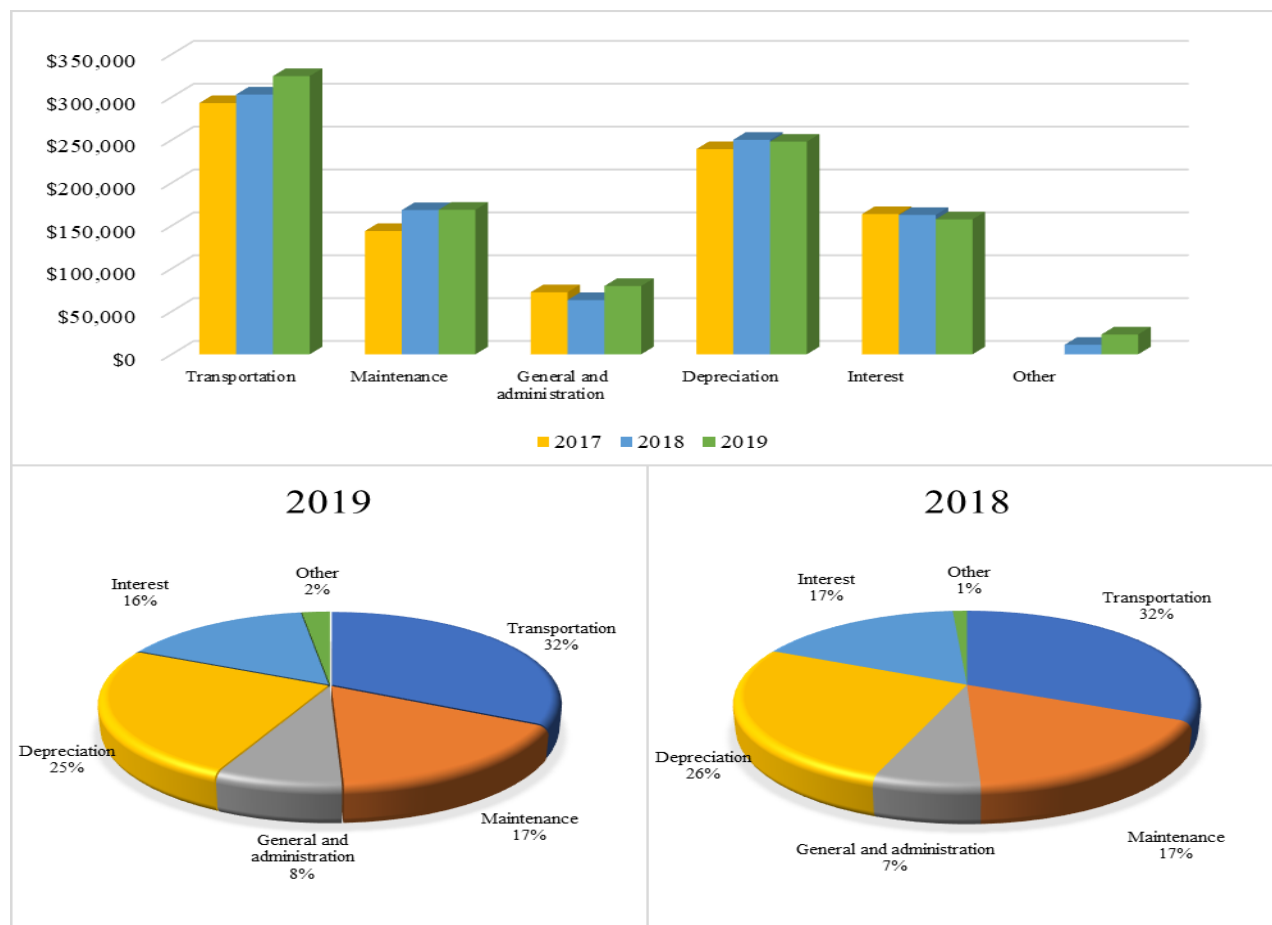
**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

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

EXPENSES BY FUNCTION

	2019	2018	2017
Transportation	\$324,552	\$303,082	\$293,060
Maintenance	168,579	168,222	143,845
General and administration	79,624	63,251	72,399
Depreciation and amortization	248,064	250,210	239,381
Interest	157,452	162,568	163,620
Other	23,131	11,100	-
Total	\$1,001,402	\$958,433	\$912,305



**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (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, 2019, is \$4,189,759 compared to \$4,237,296 in 2018. The net decrease in capital assets during 2019 is \$47,537 (1%) compared to a decrease of \$153,919 (4%) in 2018.

The following table summarizes capital assets net of depreciation as of September 30, 2019 and 2018 with comparative information for 2017.

	Capital Assets (Net of Depreciation)		
	2019	2018	2017
Land and rights-of-way	\$618,596	\$619,043	\$619,026
Projects in progress	227,111	93,435	66,867
Transitways	2,456,894	2,589,537	2,695,295
Buildings and improvements	313,084	334,346	358,555
Revenue and non-revenue vehicles and equipment	551,784	590,001	645,335
Furniture, fixtures, and leasehold improvements	22,290	10,934	6,137
Total	<u>\$4,189,759</u>	<u>\$4,237,296</u>	<u>\$4,391,215</u>

The net decreases in both 2019 and 2018 are due to depreciation. Additional information on DART's capital assets is shown in note 7 on pages 27-28.

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, 2019, DART had total outstanding debt of \$3,378,074 compared to \$3,449,789 as of September 30, 2018. Outstanding debt decreased by 2% (\$71,715) in 2019 compared to a decrease of 2% (\$68,785) in 2018.

The following table summarizes DART's total outstanding debt.

	2019	2018	2017
Sales tax revenue commercial paper notes	\$159,100	\$125,000	\$140,000
Senior lien revenue bonds payable	2,992,355	3,110,045	3,163,890
TIFIA bonds payable	98,726	100,878	102,968
RRIF bonds Payable	11,706	-	-
Capital lease/leaseback liabilities	116,187	113,866	111,716
Total debt	<u>\$3,378,074</u>	<u>\$3,449,789</u>	<u>\$3,518,574</u>

The sales tax revenue commercial paper notes outstanding balance was \$159,100 as of September 30, 2019, compared to \$125,000 as of September 30, 2018. Commercial paper notes are issued as a senior subordinate lien to sales and use tax revenues and are payable from the 1% sales and use tax receipts. The increase during 2019 was due to additional borrowing to pay for capital projects while the decrease during 2018 was due to payments made on commercial paper notes.

Senior lien revenue bonds outstanding are \$2,992,355 as of September 30, 2019, and \$3,110,045 as of September 30, 2018. 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 \$117,690 in 2019 is due to principal payments and bond refunding during 2019. The decrease of \$53,845 in 2018 is due to principal payments during the year. The senior lien revenue bonds shown above are at face value. The amounts shown in the Statements of Net Position include the unamortized balance of original issuance premium of \$226,612 and \$182,966 as of September 30, 2019 and 2018, respectively.

During 2019, DART maintained a AA+ credit rating from Standard & Poor's, AA+ from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains a AA- on DART's Series 2007 bonds.

TIFIA bonds payable are \$98,726 as of September 30, 2019, compared to \$100,878 as of September 30, 2018. 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 were 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.

**DALLAS AREA RAPID TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

RRIF bonds payable are \$11,706 as of September 30, 2019. On December 20, 2018 DART entered into the Railroad Rehabilitation and Improvement Financing (RRIF) loan agreement with the U.S Department of Transportation. Under this loan agreement, DART will issue a Senior Lien Obligation bond to borrow up to \$908 million from the U.S Department of Transportation. The proceeds from the bond will be used to pay for the 26-mile Silver Line commuter rail line extending from Terminal B of Dallas/Fort Worth International Airport to a terminus on Shiloh Road in the City of Plano, with 9 stations and 8 vehicles. The current estimate of eligible project costs for the project is approximately \$1.24 billion. The RRIF financing agreement is reimbursement-based and DART will request (draw down) the money after paying for the capital project costs. Additional information on the RRIF loan is shown in note 15.

Capital lease/leaseback liabilities are \$116,187 and \$113,866 as of September 30, 2019 and 2018, respectively. The increases in both 2019 and 2018 are due to accrued interest.

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

ECONOMIC OUTLOOK

Sales and use tax is the largest source of revenue for DART, representing 69% of total revenues in 2019 and compared to 72% in 2018. Sales and use tax revenues are affected by changes in the local economy. During fiscal year 2019, DART's sales and use tax revenues showed a 4.1% increase compared to the previous year. Actual sales and use tax revenues in 2019 are \$621,129 compared to \$596,400 in 2018. The sales and use tax budget for 2020 is \$628,111 compared to \$621,129 actual for 2019. The budget for 2020 represents a 1.1% increase from the 2019 actual sales and use tax revenues.

REQUESTS FOR INFORMATION

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

**DALLAS AREA RAPID TRANSIT
STATEMENTS OF NET POSITION**

SEPTEMBER 30, 2019 AND 2018 (Dollars in Thousands)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$98,979	\$98,361
Investments	258,921	390,208
Sales and use tax receivable	105,250	97,949
Transit revenue receivable, net	7,472	7,001
Due from federal and other governments	25,460	21,840
Materials and supplies inventory, net	37,724	35,915
Prepaid transit expense and other	5,399	4,107
Restricted investments held by trustee for debt service	119,603	113,533
Restricted investments held for advance funding agreements	69,440	64,860
Restricted investments held to pay capital lease/leaseback liabilities	6,374	6,374
TOTAL CURRENT ASSETS	734,622	840,148
NONCURRENT ASSETS		
Restricted investments held as security for capital lease/leaseback liabilities	5,742	6,796
Restricted investments for system expansion and acquisition	66,924	-
Investment in joint venture	8,924	10,497
Capital assets		
Land and rights-of-way	618,596	619,043
Projects in progress	227,111	93,435
Depreciable capital assets, net of depreciation	3,344,052	3,524,818
Restricted investments held to pay capital lease/leaseback liabilities	109,813	107,492
Unamortized bond insurance premium and other	568	687
TOTAL NONCURRENT ASSETS	4,381,730	4,362,768
TOTAL ASSETS	5,116,352	5,202,916
DEFERRED OUTFLOWS OF RESOURCES	80,679	89,210
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,197,031	5,292,126
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	89,687	61,742
Commercial paper notes payable	159,100	125,000
Current portion of capital lease/leaseback liabilities	6,374	6,374
Current portion of repayment due to State Comptroller	824	824
Local Assistance Program payable	3,193	1,531
Retainage payable	11,520	7,002
Unearned revenue and other liabilities	114,136	111,309
Accrued interest payable from restricted assets	51,233	54,507
Current portion of bonds payable	59,974	58,291
TOTAL CURRENT LIABILITIES	496,041	426,580
NONCURRENT LIABILITIES		
Accrued liabilities	41,066	39,748
Net pension liability	47,330	44,898
Net other post-employment benefits (OPEB) liability	9,948	22,667
Repayment due to State Comptroller	5,279	6,103
Senior lien revenue bonds payable	3,172,913	3,236,871
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	96,512	98,726
Capital lease/leaseback liabilities	109,813	107,492
TOTAL NONCURRENT LIABILITIES	3,482,861	3,556,505
TOTAL LIABILITIES	3,978,902	3,983,085
DEFERRED INFLOWS OF RESOURCES	15,628	4,663
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,994,530	3,987,748
NET POSITION		
Net investment in capital assets	784,924	764,341
Restricted for debt service	68,370	59,026
Restricted as security for capital lease/leaseback liabilities	5,742	6,796
Unrestricted	343,465	474,215
TOTAL NET POSITION	\$1,202,501	\$1,304,378

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, 2019 AND 2018 (Dollars in Thousands)

	2019	2018
OPERATING REVENUES		
Passenger revenues	\$63,941	\$62,845
Advertising, rent, and other	13,532	13,241
TOTAL OPERATING REVENUES	<u>77,473</u>	<u>76,086</u>
OPERATING EXPENSES		
Labor	259,186	249,894
Benefits	118,592	98,581
Services	53,282	48,331
Materials and supplies	51,017	47,531
Purchased transportation	58,537	55,978
Depreciation and amortization	248,064	250,210
Utilities	16,619	19,673
Taxes, leases, and other	6,679	4,029
Casualty and liability	7,156	4,925
TOTAL OPERATING EXPENSES	<u>819,132</u>	<u>779,152</u>
NET OPERATING LOSS	<u>(741,659)</u>	<u>(703,066)</u>
NON-OPERATING REVENUES (EXPENSES)		
Sales and use tax revenue	621,129	596,400
Investment income	14,787	6,286
Interest income from investments held to pay capital lease/leaseback	8,695	8,524
Interest expense on capital lease/leaseback	(8,695)	(8,524)
Gain(loss) on HOV lane investments	-	(11,100)
Street improvements	(11,301)	(3,644)
Interest and financing expenses	(148,757)	(154,044)
Build America Bonds tax credit	25,021	28,443
Other federal grants	54,932	69,445
Other non-operating revenues	15,463	19,375
Other non-operating expenses	(13,517)	(1,969)
NET NON-OPERATING REVENUES	<u>557,757</u>	<u>549,192</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	<u>(183,902)</u>	<u>(153,874)</u>
CAPITAL CONTRIBUTIONS AND GRANTS		
Federal capital contributions	80,426	24,122
State capital contributions	1,599	129
TOTAL CAPITAL CONTRIBUTIONS AND GRANTS	<u>82,025</u>	<u>24,251</u>
CHANGE IN NET POSITION	(101,877)	(129,623)
TOTAL NET POSITION – BEGINNING OF YEAR	1,304,378	1,445,038
Cumulative effect of change in accounting principle (see note 1, page 19 - 20)	-	(11,037)
TOTAL NET POSITION – END OF YEAR	<u>\$1,202,501</u>	<u>\$1,304,378</u>

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, 2019 AND 2018 (Dollars in Thousands)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$77,540	\$74,817
Cash flows from other sources	9,997	18,023
Payments to suppliers of goods and services	(139,665)	(128,234)
Payments to purchased transportation service providers	(57,685)	(54,425)
Payments to employees	(259,186)	(247,711)
Benefit payments on behalf of employees	(115,541)	(102,641)
NET CASH USED BY OPERATING ACTIVITIES	(484,540)	(440,171)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales and use tax receipts	613,005	592,970
Other federal grants	53,490	69,902
Build America Bonds tax credit	27,490	28,452
Local Assistance Program and street improvements	(9,638)	(2,798)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	684,347	688,526
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	8,705	6,624
Proceeds from sales and maturity of investments	392,489	471,064
Purchase of investments	(254,882)	(363,167)
Increase in restricted assets	(76,519)	2,162
NET CASH PROVIDED BY INVESTING ACTIVITIES	69,793	116,683
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(176,590)	(95,602)
Proceeds from the issuance of commercial paper notes	754,100	715,000
Payment on commercial paper notes	(720,000)	(730,000)
		-
Proceeds from the Railroad Rehabilitation and Improvement Financing Bonds	11,706	-
		-
Principal payment on revenue bonds	(58,291)	(55,936)
Interest and financing expenses	(160,818)	(165,585)
Payment of debt issuance costs	(2,954)	-
Federal capital contributions	79,889	24,354
State capital contributions	3,359	950
Proceeds from the sale of capital assets	617	204
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(268,982)	(306,615)
NET DECREASE IN CASH AND CASH EQUIVALENTS	618	58,423
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	98,361	39,938
CASH AND CASH EQUIVALENTS, END OF YEAR	\$98,979	\$98,361

(Continued)

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

**DALLAS AREA RAPID TRANSIT
STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (Dollars in Thousands)

	2019	2018
RECONCILIATION OF OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	\$(741,659)	\$(703,066)
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation and amortization	248,064	250,210
Miscellaneous non-operating income	14,847	19,171
Miscellaneous non-operating expenses	(13,517)	(1,969)
Changes in assets and liabilities:		
(Increase) decrease in transit receivable	(455)	1,540
Decrease in due from federal & other governments	(3,814)	(1,824)
Decrease (increase) in materials and supplies inventory	(1,809)	(1,060)
Decrease (increase) in prepaid expenses and other current assets	(1,413)	(222)
Increase (decrease) in net pension liability	2,432	(7,229)
Increase (decrease) in accounts payable and accrued liabilities	10,739	3,139
Increase (decrease) in unearned revenue and other liabilities	2,045	1,139
NET CASH USED BY OPERATING ACTIVITIES	<u>\$(484,540)</u>	<u>\$(440,171)</u>
NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Interest income from investments held to pay capital lease/leaseback	\$8,695	\$8,524
Interest expense on capital lease/leaseback	(8,695)	(8,524)
Increase in capital lease/leaseback obligations	2,321	2,150
Increase in investments held to pay capital lease/leaseback	(2,321)	(2,150)
Increase (decrease) in fair value of investments	4,286	(2,361)
Amortization of premium, discount, bond insurance premium costs, and loss on debt refunding	(15,968)	(10,721)
Purchases of capital assets in accounts payable at year-end	32,650	14,134
Gain (loss) on HOV lane investments	-	(11,100)
Decrease in deferred outflows of resources – derivative instrument	1,457	856
Change in due from federal governments – capital contributions	537	233
Change in advance payments received from the State – capital contributions	1,760	820
Proceeds from the issuance of sales tax revenue bonds	365,655	-
Payment for advance refunding of sales tax revenue bonds	(365,655)	-

(Concluded)

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

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Amendments to DART's enabling legislation require approval of the Texas State Legislature, which holds its regular session every two years. Past legislative changes allowed the issuance of lease/leaseback transactions (see Note 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 2021.

On August 12, 2000, the voters of the DART Service Area passed a referendum that allows DART to issue up to \$2.9 billion of bonds or notes that are solely payable from and secured by the DART sales and use tax revenue, have maturities beyond five years, and are issued pursuant to the authority granted at the election. 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.

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

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 Note 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 Note 13). On November 15, 2012, DART issued and sold \$127,775 in Senior Lien Sales Tax Revenue Bonds (Series 2012 Bonds). Series 2012 Bonds were issued to refund \$150,000 Commercial Paper Notes. The Commercial Paper Notes were issued to finance capital expenditures for DART's system expansion and acquisition. On December 13, 2012 DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S. Department of Transportation (see note 14). Under this agreement, DART borrowed \$105,000 from the U.S. Department of Transportation. The proceeds from the bond were used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extended DART's light rail service from Irving to the Dallas Fort Worth International Airport. These bonds are Senior Lien Revenue Bonds that are secured by, and payable from, a senior lien on Pledged Revenues. On December 11, 2014, DART issued and sold \$426,035 in Senior Lien Sales Tax Revenue Bonds (\$379,480 in Series 2014A Bonds and \$46,555 in Series 2014B Bonds). The Series 2014A and 2014B bonds were issued to refund part of the 2007 and 2008 bonds. On December 15, 2015, DART issued and sold \$117,470 in Series 2015 Senior Lien Sales Tax Revenue Bonds to refund part of the 2007 bonds. On February 18, 2016, DART issued and sold \$482,530 Series 2016A Senior Lien Sales Tax Revenue Bonds to refund part of the 2008 bonds; and on September 21, 2016 DART issued and sold \$228,900 Series 2016B Senior Lien Sales Tax Revenue Bonds to refund part of the 2007, 2008, and 2009A bonds.

On December 20, 2018 DART entered into the Railroad Rehabilitation and Improvement Financing (RRIF) loan agreement with the U.S. Department of Transportation. Under this loan agreement, DART will borrow up to \$908 million from the U.S. Department of Transportation. The proceeds from the bond will be used to pay for the 26-mile Silver Line commuter rail line extending from Terminal B of Dallas/Fort Worth International Airport to a terminus in Shiloh Road in the City of Plano, with 9 stations and 8 vehicles. The current estimate of eligible project costs for the project is approximately \$1.1 billion.

DART received approximately \$621,129 in 2019 from a 1% sales and use tax imposed on certain items within its member jurisdictions compared to \$596,400 in 2018. These revenues constitute approximately 69% of DART's total revenues during fiscal year 2019 compared to 72% during 2018. Approximately 49%, 14%, and 12% of these sales and use tax revenues were collected from sales in the cities of Dallas, Plano, and Irving respectively during fiscal year 2019 compared to 50%, 14%, and 11% in the cities of Dallas, Plano, and Irving during 2018.

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

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

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

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

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

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

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

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

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

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

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

New Accounting Pronouncements – In November 2016, GASB issued Statement No. 83 *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This statement became effective for DART during fiscal year 2019 and its implementation did not have an impact on DART financial statements.

In April 2018, GASB issued Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*. This statement requires additional information related to debt to be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement became effective for DART during fiscal year 2019.

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 \$98,979 and \$98,361 as of September 30, 2019, and 2018, respectively.

Investments – The investment balances, other than investments held to pay lease/leaseback obligations (see Note 3), on September 30, 2019, and 2018 are stated at fair value except for money market funds which are valued at amortized cost. Fair value is the amount at which an investment may be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. DART utilizes quoted market prices or other measurements on September 30, 2019, and 2018, 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 2019, total interest and financing expense of \$151,892 was incurred, and \$3,135 of this total was capitalized. In 2018, total interest and financing expense of \$155,198 was incurred, and \$1,154 of this total was capitalized. Donated assets are capitalized at estimated acquisition 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 \$82,025 in federal, state and local capital contributions during 2019 compared to \$24,251 during 2018. None of the total capital contributions received during 2019 were based on capital expenditures made during the previous years. In addition to capital contributions, DART also received \$54,932 in 2019 compared to \$69,445 in 2018 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.

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

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

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

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

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 2019, 2018, 2017 for DART's self-insured programs are as follows:

Description	2019	2018	2017
Beginning balance	\$18,799	\$17,970	\$17,445
Current year claims and changes in estimates	6,717	4,949	5,707
Payments	(4,978)	(4,120)	(5,182)
Ending balance	<u>\$20,538</u>	<u>\$18,799</u>	<u>\$17,970</u>
Amounts due in one year	<u>\$5,177</u>	<u>\$4,864</u>	<u>\$5,158</u>

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

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

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

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

2. SERVICE AGREEMENTS

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

Summary of major services rendered in 2019 and 2018 and the current contract terms, including option periods is shown as follows:

Contractor's Name	Service Type	Annual Payments		Contract Terms	
		2019	2018	Began	Expires
Herzog Transit Services, Inc.	Commuter Rail Service	\$20,940	\$22,114	10/1/2015	9/30/2025
MV Transportation, Inc.	Paratransit, and On-call services	31,807	27,877	10/1/2012	9/30/2022
Others	Various	5,790	5,987	Various	Various
Total		<u>\$58,537</u>	<u>\$55,978</u>		

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

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:

	9/30/2019	9/30/2018
Cash and cash equivalents	\$98,979	\$98,361
Investments	258,921	390,208
Restricted investments held by trustee for debt service	119,603	113,533
Restricted investments held for advance funding agreements	69,440	64,860
Restricted investments held for system expansion and acquisition	66,924	-
Restricted investments held as security for capital lease/leaseback liabilities	5,742	6,796
Total cash and investments	<u>\$619,609</u>	<u>\$673,758</u>

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

	9/30/2019	9/30/2018
Cash	\$2,368	\$1,525
Cash equivalents	96,611	96,836
Investments	520,630	575,397
Total cash and investments	<u>\$619,609</u>	<u>\$673,758</u>

Deposits

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

On September 30, 2019, the carrying amount of DART's deposits was \$2,368 compared to \$1,525 at September 30, 2018. Bank balances at September 30, 2019 and 2018 were entirely covered either by Federal Depository Insurance or by collateral held by DART's agent in DART's name.

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

Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer at the Time of Purchase
U.S. Government Securities	None	None	None
Federal Agency Securities	None	None	25%
Municipal Securities	None	None	10%
Repurchase 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

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

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

Investment Type	Total Amount	Remaining Maturity (in months) as of September 30, 2019		
		12 Months or Less	12 to 24 Months	24 to 60 Months
Federal Agricultural Mortgage Corporation	\$20,092	\$10,064	\$ -	\$ 10,028
Federal Farm Credit Banks	34,496	31,494	3,002	-
Federal Home Loan Bank	97,554	47,249	40,047	10,258
Federal Home Loan Mortgage Corporation	43,630	9,990	4,115	29,525
Federal National Mortgage Association	42,332	42,332	-	-
Money Market Funds:				
Logic*	252,783	252,783	-	-
TexPool **	93,473	93,473	-	-
Other Money Market Funds	32,881	32,881	-	-
Total	<u>\$617,241</u>	<u>\$520,266</u>	<u>\$47,164</u>	<u>\$49,811</u>

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

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

Investment Type	Total Amount	Remaining Maturity (in months) as of September 30, 2018		
		12 Months or Less	12 to 24 Months	24 to 60 Months
Federal Agricultural Mortgage Corporation	\$2,298	\$2,298	\$ -	\$ -
Federal Home Loan Bank	139,478	17,931	50,107	71,440
Federal Farm Credit Banks	67,729	33,733	31,071	2,925
Federal Home Loan Mortgage Corporation	51,492	31,852	9,847	9,793
Federal National Mortgage Association	93,602	35,153	49,749	8,700
Commercial Paper	52,464	52,464	-	-
Money Market Funds:				
Logic	161,013	161,013	-	-
TexPool	102,061	102,061	-	-
Other Money Market Funds	2,096	2,096	-	-
Total	<u>\$672,233</u>	<u>\$438,601</u>	<u>\$140,774</u>	<u>\$92,858</u>

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.

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Rating as of September 30, 2019				
Investment Type	Total Amount	AA+/ Aaa	AAAm	Not Rated
Federal Agricultural Mortgage Corporation	\$20,092	\$ -	\$ -	\$20,092
Federal Farm Credit Banks	34,496	34,496	-	-
Federal Home Loan Bank	97,554	97,554	-	-
Federal Home Loan Mortgage Corporation	43,630	43,630	-	-
Federal National Mortgage Association	42,332	42,332	-	-
Money Market Funds:				
Logic	252,783	-	252,783	-
TexPool	93,473	-	93,473	-
Other Money Market Funds	32,881	-	32,881	-
Total	<u>\$617,241</u>	<u>\$218,012</u>	<u>\$379,137</u>	<u>\$20,092</u>

Rating as of September 30, 2018				
Investment Type	Total Amount	AA+/ Aaa	A1/P1	AAAm
Federal Agricultural Mortgage Corporation	\$2,298	\$ 2,298	\$ -	\$ -
Federal Farm Credit Banks	67,729	67,729	-	-
Federal Home Loan Bank	139,478	139,478	-	-
Federal Home Loan Mortgage Corporation	51,492	51,492	-	-
Federal National Mortgage Association	93,602	93,602	-	-
Commercial Paper	52,464	-	52,464	-
Money Market Funds:				
Logic	161,013	-	-	161,013
TexPool	102,061	-	-	102,061
Other Money Market Funds	2,096	-	-	2,096
Total	<u>\$672,233</u>	<u>\$354,599</u>	<u>\$52,464</u>	<u>\$265,170</u>

On August 5, 2011, Standard and Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term United States sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists. DART's investment portfolio includes \$218,012 as of September 30, 2018 compared to \$354,999 as of September 30, 2018 with credit ratings of AA+ by Standard and Poor's.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of DART's investment in a single issuer. DART's Investment Policy contains limitations on the amount that can be invested in any one issuer as shown in the table on page 23. 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, 2019		
Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Logic	\$252,783	41%
Federal Home Loan Bank	97,554	16%
TexPool	93,473	15%
Federal Home Loan Mortgage Corporation	43,630	7%
Federal National Mortgage Association	42,332	7%
Federal Farm Credit Banks	34,496	6%
September 30, 2018		
Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Logic	\$161,013	24%
Federal Home Loan Bank	139,478	21%
TexPool	102,051	15%
Federal National Mortgage Association	93,602	14%
Federal Farm Credit Banks	67,729	10%
Federal Home Loan Mortgage Corporation	51,492	8%

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

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Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, DART will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of DART’s investments except for money market mutual funds, which by design provide ownership of shares within the fund, are registered in DART’s name as of September 30, 2019 and 2018 and are not exposed to custodial credit risk.

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

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

DART has the following fair value measurements as of September 30, 2019 and 2018.

Fair Value Measurements as of September 30, 2019				
Investment Type	Total Amount	Level 1	Level 2	Level 3
Federal Agricultural Mortgage Corporation	\$20,092	\$ -	\$20,092	\$ -
Federal Home Loan Bank	97,554	-	97,554	-
Federal Farm Credit Banks	34,496	-	34,496	-
Federal Home Loan Mortgage Corporation	43,630	-	43,630	-
Federal National Mortgage Association	42,332	-	42,332	-
Total	<u>\$238,104</u>	<u>\$ -</u>	<u>\$238,104</u>	<u>\$ -</u>

Fair Value Measurements as of September 30, 2018				
Investment Type	Total Amount	Level 1	Level 2	Level 3
Federal Agricultural Mortgage Corporation	\$2,298	\$ -	\$2,298	\$ -
Federal Home Loan Bank	139,478	-	139,478	-
Federal Farm Credit Banks	67,729	-	67,729	-
Federal Home Loan Mortgage Corporation	51,492	-	51,492	-
Federal National Mortgage Association	93,602	-	93,602	-
Commercial Paper	52,464	-	52,464	-
Total	<u>\$407,063</u>	<u>\$ -</u>	<u>\$407,063</u>	<u>\$ -</u>

Restricted investments held to pay capital lease/leaseback liabilities – As of September 30, 2019, DART had one outstanding lease/leaseback obligation. When DART entered into the capital lease/leaseback transactions it received advance rental payments. A portion of the advance rental payment received by DART was used to purchase contractual undertakings from certain financial institutions. These institutions assumed and agreed to pay the sublease rental payments due through the purchase option date, together with the purchase option price owed if DART were to exercise the purchase option rights. For other leases, DART deposited a portion of the advance rental payment with a trustee, who was to purchase direct obligations of the US government and other securities that would mature on the dates in the amounts required to pay sublease rental payments and the respective purchase option price. These investments are held by the trustee in the name of DART and are invested in U.S. Treasury strips, U.S. government sponsored enterprise obligations, and guaranteed investment contracts. They include a combination of investments with short-term and long-term maturities which minimizes the exposure to interest rate risk. Because these investments are insured by a third party and are held in U.S. Treasuries and government investment contracts, they are not recorded at fair value but are recorded at amortized cost in the Statements of Net Position.

Assigned assets – The DART Board has assigned certain cash and investment balances to be maintained for self-insurance and financial reserve. These amounts are shown as unrestricted investments in the accompanying financial statements. The assets for self-insurance include amounts assigned by the Board to fund future claims and workers' compensation liabilities. The Board established a financial reserve to accumulate sales and use taxes in years when sales and use tax revenues exceed the budgeted amount. Sales and use tax revenues, net of annual repayments to the State Comptroller, were \$7,806 lower than budget for fiscal year 2019 compared to \$1,703 more than budget for fiscal year 2018. In addition, the Board of Directors authorized the establishment of Mobility Assistance and Innovation Fund. Should the Financial Reserve exceed \$50 million, excess funds are placed in the Mobility Assistance and Innovation Fund.

An affirmative vote of two-thirds of the Board is required to draw upon the Financial Reserve and Mobility Assistance and Innovation Fund. The funds may be used for any purpose approved by the Board. During 2011, the DART Board approved a request to set aside a portion of the financial reserve investments for potential collateral as required by an amendment to one of the lease/leaseback agreements. The amount set aside for this purpose is \$5,742 as of September 30, 2019, compared to \$6,796 as of September 30, 2018. These amounts are shown as restricted investments held as security for capital lease/leaseback liabilities in the Statements of Net Position and are excluded from the financial reserve amount of September 30, 2019 and 2018 shown as follows:

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Assigned for	2019	2018
Self-Insurance	\$12,281	\$12,064
Financial Reserve*	44,517	42,758
Silver Line Project Fund**	20,100	20,100
Mobility Assistance and Innovation Fund***	11,021	10,778
Total	<u>\$ 87,919</u>	<u>\$ 85,700</u>

*The financial reserve amounts shown here are net of \$5,742 as of September 30, 2019, and \$6,796 as of September 30, 2018. These amounts are set aside as collateral security for a certain lease/leaseback obligation.

** On October 25, 2016, the DART Board approved the Fiscal Year 2017 Twenty-Year Financial Plan which included an authorization to move \$20.1 million from Mobility Assistance and Innovation Fund (formerly Capital Reserve) to the Silver Line Project Fund to pay for the Silver Line commuter rail capital project costs.

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

4. RESTRICTED ASSETS

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

DART entered into three advance funding agreements with the Texas Department of Transportation and received money for construction of three parking lots. DART also entered into an inter-local agreement with the City of Dallas to plan and design a modern streetcar system for the City of Dallas and received money for this purpose. The remaining balances of these monies are shown as *restricted investments held for advance funding agreements* in the Statements of Net Position as of September 30, 2019 and 2018.

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, 2019, DART has set aside \$5,742 compared to \$6,796 as of September 30, 2018, for this purpose. These amounts are shown as *investments restricted as security for lease/leaseback liabilities* in the Statements of Net Position.

5. INVESTMENT IN JOINT VENTURE

DART and Trinity Metro jointly provide commuter rail service between downtown Dallas and downtown Fort Worth. The authorities have adopted the name *Trinity Railway Express* ("TRE") to provide this service. The operation and maintenance of commuter rail service is contracted to Herzog Transit Services, Inc. The cost of operating TRE, net of operating revenues, is shared between DART and Trinity Metro based on revenue 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 and Trinity Metro have jointly contributed the capital for seven rehabilitated locomotives, two new locomotives, ten rehabilitated bi-level coaches, five new bi-level coaches, two rehabilitated bi-level cab cars, and five new bi-level cab cars. The book value of DART's share of these capital assets jointly owned with Trinity Metro is recorded as Investment in Joint Venture in the Statements of Net Position in accordance with GASB Statement No. 61. There are no separate financial statements for the TRE. Each authority includes its share of revenues, operating costs and capital assets in its own financial statements.

6. INVESTMENT IN MANAGED HOV LANE AGREEMENTS

In October 2010, DART entered into agreements with TxDOT to invest in managed HOV lane projects that fall under the Regional Transportation Council's (RTC) policy for Excess Toll Revenue Sharing. RTC's policy allows local governments and transportation authorities to invest in Comprehensive Development Agreement (CDA) projects. Any excess revenue will be returned to the funding partners in proportion to their shares and be used to fund future transportation projects. At September 30, 2017, the fair value of DART investment in managed HOV lane projects (using future projected cash flows as Level 3 inputs within the fair value hierarchy established by GAAP), was \$11.1 million. An updated financial analysis performed during FY 2018 determined that reimbursement of excess toll road revenue to DART was not likely. As a result, DART's investment in managed HOV lane projects of \$11,100 was written-off during fiscal year 2018.

**DALLAS AREA RAPID TRANSIT
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7. CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2019 and 2018 are shown as follows:

	Beginning Oct. 1, 2018	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2019
Non-Depreciable Assets					
Land and right-of-way	\$619,043	\$ -	(\$447)	\$ -	\$618,596
Capital projects in progress	93,435	200,117	-	(66,441)	227,111
Total non-depreciable assets	712,478	200,117	(447)	(66,441)	845,707
Depreciable Assets					
Transitways	4,050,153	-	-	4,296	4,054,449
Buildings and improvements	750,296	-	-	3,352	753,648
Revenue and non-revenue vehicles and equipment	1,302,474	-	(13,675)	38,814	1,327,613
Furniture, fixtures, and Leasehold improvements	77,131	-	-	19,979	97,110
Total depreciable assets	6,180,054	-	(13,675)	66,441	6,232,820
Less accumulated depreciation					
Transitways	1,460,616	136,939	-	-	1,597,555
Buildings and improvements	415,950	24,614	-	-	440,564
Revenue and non-revenue vehicles and equipment	712,473	76,951	(13,595)	-	775,829
Furniture, fixtures, and Leasehold improvements	66,197	8,623	-	-	74,820
Total accumulated depreciation	2,655,236	247,127	(13,595)	-	2,888,768
Depreciable assets, net	3,524,818	(247,127)	(80)	66,441	3,344,052
Total capital assets	\$4,237,296	\$(47,010)	\$(527)	\$ -	\$4,189,759
	Beginning Oct. 1, 2017	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2018
Non-Depreciable Assets					
Land and right-of-way	\$619,026	\$ -	\$ -	\$ 17	\$619,043
Capital projects in progress	66,867	95,189	-	(68,621)	93,435
Total non-depreciable assets	685,893	95,189	-	(68,604)	712,478
Depreciable Assets					
Transitways	4,019,867	-	-	30,286	4,050,153
Buildings and improvements	749,860	-	-	436	750,296
Revenue and non-revenue vehicles and equipment	1,301,880	-	(28,148)	28,742	1,302,474
Furniture, fixtures, and Leasehold improvements	69,636	-	(1,645)	9,140	77,131
Total depreciable assets	6,141,243	-	(29,793)	68,604	6,180,054
Less accumulated depreciation					
Transitways	1,324,572	136,044	-	-	1,460,616
Buildings and improvements	391,305	24,645	-	-	415,950
Revenue and non-revenue vehicles and equipment	656,545	84,069	(28,141)	-	712,473
Furniture, fixtures, and Leasehold improvements	63,499	4,343	(1,645)	-	66,197
Total accumulated depreciation	2,435,921	249,101	(29,786)	-	2,655,236
Depreciable assets, net	3,705,322	(249,101)	(7)	68,604	3,524,818
Total capital assets	\$4,391,215	\$(153,912)	\$(7)	\$ -	\$4,237,296

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

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

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

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

Description	2019	2018
Accounts payable and accrued liabilities		
Payroll	\$11,050	\$9,404
Accrued paid time off, vacation and sick leave	27,304	27,234
Self-insurance liabilities	20,538	18,799
Other operating liabilities	39,192	31,908
Total operating expense related	98,084	87,345
Non-operating expense and capital related	32,669	14,145
Total accounts payable and accrued liabilities	130,753	101,490
Non-current	41,066	39,748
Current	<u>\$89,687</u>	<u>\$61,742</u>

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

Description	2019	2018
Beginning balance	\$6,927	\$7,751
Payments	(824)	(824)
Ending balance	6,103	6,927
Non-current	5,279	6,103
Current	<u>\$824</u>	<u>\$824</u>

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	2019	2018
Beginning balance	\$27,234	\$25,889
Additions	1,757	2,831
Payments	(1,687)	(1,486)
Ending balance	<u>\$27,304</u>	<u>\$27,234</u>
Amounts due in one year	<u>\$1,599</u>	<u>\$1,421</u>

10. LOCAL ASSISTANCE PROGRAMS

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

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

Description	2019	2018
Beginning balance	583	\$685
Payments	-	(102)
Ending balance	<u>\$583</u>	<u>\$583</u>

- ii. Transit Related Improvement Program – In January 2017, DART created a Transit Related Improvement Program (TRIP). This program will provide alternative mobility benefits to eligible non-rail cities by funding transit related improvement projects. Eligible municipalities are Cockrell Hill, Glenn Heights, Highland Park, and University Park. The maximum amount of annual DART funding for any municipal project is 21% of the annual projected DART sales tax revenue from such city. To be eligible for reimbursement, a project must be authorized under and consistent with the provisions of Chapter 452 of the Texas Transportation Code. Particular consideration and weight will be given to projects that enhance transportation modes provided by DART, public transit safety, ridership or efficiency anywhere in the DART service area, and innovative and additional approaches to public transportation. The TRIP program will end on September 30, 2025. Under the TRIP program, DART paid \$5,484 to eligible non-rail cities during fiscal year 2019 compared to \$2,696 during 2018.

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 shows DART capital lease/leaseback transactions that is outstanding as of September 30, 2019

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

The 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 under the lease/lease back agreements as of September 30, 2019 and 2018.

Lease Date	Property	Book value as of 9/30/2019	Book value as of 9/30/2018
9/28/2000	28 Light rail cars	\$15,908	\$18,958

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

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

	2019	2018
Amounts due within one year	\$6,374	\$6,374
Amounts due in more than one year	109,813	107,492
Total	<u>\$116,187</u>	<u>\$113,866</u>

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

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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, 2019, DART has set aside \$5,742 compared to \$6,796 as of September 30, 2018 for this purpose. These amounts are shown as restricted investment held as security for lease/lease back liabilities in the Statements of Net Position.

As of September 30, 2019, DART has only one outstanding lease/lease back obligation. Changes in the capital lease/lease back obligations for the years ended September 30 are shown below:

Description	2019	2018
Beginning balance	\$113,866	\$111,716
Accrued interest	8,695	8,524
Retirements	(6,374)	(6,374)
Ending Balance	<u>\$116,187</u>	<u>\$113,866</u>

The following schedule shows future minimum sublease payments as of September 30, 2019 for the outstanding lease capital lease/leaseback transactions.

Year Ending September 30	Minimum Sublease Payments
2020	\$6,374
2021	6,374
2022	18
2023	126,629
2024	8,663
Total minimum sublease payments due under capital lease/leaseback	<u>148,058</u>
Less: amount representing interest	<u>(31,871)</u>
Present value of minimum sublease payments	<u>\$116,187</u>

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.

Self-liquidity backed Commercial Paper Program – in June 2014, the DART Board approved a new Commercial Paper Self-liquidity Program that allowed DART to issue up to \$200 million in commercial paper notes backed by self-liquidity. Under this program, DART provides self-liquidity in an aggregate principal amount of \$200 million and 90 days interest calculated at an interest rate 12% of the outstanding commercial paper debt. DART also maintains at least 2.0 times the debt service coverage amount for the self-liquidity commercial paper notes and ensures that no more than \$35 million of the commercial paper notes mature within five days. In September 2018, the DART Board authorized the reduction of the self-liquidity backed commercial paper program from \$200 million to \$125 million for the purpose of reducing the coverage requirement. During fiscal year 2019 and 2018, DART has complied with these requirements of the self-liquidity program.

As of September 30, 2019, DART had \$80 million in outstanding commercial paper notes payable and \$45 million unused line of credit under the self-liquidity backed commercial paper program compared to \$125 million outstanding as of September 30, 2018.

Bank backed Commercial Paper Program – in November 2018, the DART Board authorized the establishment of bank-backed commercial paper program in the amount of \$125 million for the purpose of interim financing of capital projects. DART entered into a revolving credit agreement with JPMorgan Chase Bank N.A that allows it to issue up to \$125 million in bank backed commercial paper notes. Under this program, the Bank provides a liquidity facility which constitutes 270 days of interest at 10% on the maximum available principal of \$125 million calculated on the basis of actual number of days and a 365-day year. As of September 30, 2019, DART has an unused line of credit of \$46 million and \$79 million in outstanding commercial paper notes issued under this bank-backed program.

Commercial Paper Extendible Program – the DART Board approved a Commercial Paper Extendible Program that allows DART to issue up to \$125 million in commercial paper notes not to exceed 270 days outstanding and backed by the faith and credit of DART. As of September 30, 2019, DART has an unused line of credit of \$125 million and zero outstanding commercial paper notes issued under the extendible program.

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Commercial paper notes are from direct placements and are issued in blocks for terms from 1 to 270 days and recorded as current liabilities on the Statements of Net Position. The average interest rate on outstanding commercial paper was 1.38% at September 30, 2019, and 1.61% at September 30, 2018. Changes in the Commercial Paper Notes for the years ended September 30, 2019 and 2018 are shown below.

Description	2019	2018
Beginning balance	\$125,000	\$140,000
Additions	754,100	715,000
Retirement	(720,000)	(730,000)
Ending Balance	<u>\$159,100</u>	<u>\$125,000</u>

DART has pledged sales and use tax and farebox revenues (pledged revenue) as security for commercial paper notes. The amount of the pledge is equal to the remaining debt service requirements for these obligations. Commercial paper notes have subordinate lien to pledged revenue. Senior Lien Revenue bonds, TIFIA bonds, and RRIF bonds have senior lien to pledged revenues. No assets have been pledged as collateral to secure commercial paper notes except for money accumulated in the Subordinate Lien Debt Service Fund which was \$246 as of September 30, 2019. The Master Debt Resolution, which can found in its entirety at www.dart.org or by contacting our Chief Financial Officer at our corporate address, establishes the provisions, terms, and conditions of, and the security for, DART's bonds, notes, and credit agreements. The Master Debt Resolution contains a provision that in an event of default, the trustee shall transfer all future gross sales tax revenues and apply to them to debt service payments based on the times, order and priority set forth in The Master Debt Resolution. In the event of default, The Master Debt Resolution also contains a provision that no right of acceleration shall be granted unless that right is extended to holders and payees of all outstanding bond and credit agreement obligations.

13. 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:

Bond Series	Board Approval Date	Original Issue Amount	Date issued	Interest rates (Yields) range		Maturity date range		Optional Redemption	
				From	To	From	To	Bonds maturing after	Earliest call date
2007 (a)	Jan. 2007	\$770,270	03/08/07	4.00%	5.30%	12/1/07	12/1/36	12/1/17	12/1/16
2008 (b)	Apr. 2008	731,415	06/23/08	4.50%	5.30%	12/1/09	12/1/48	12/1/18	12/1/17
2009A	May 2009	170,385	06/25/09	2.80%	4.30%	12/1/14	12/1/22	12/1/19	6/1/19
2009B	May 2009	829,615	06/25/09	6.00%	6.30%	12/1/23	12/1/44	12/1/34	5/31/19
2010A	Sep. 2010	95,235	10/07/10	2.00%	5.00%	12/1/13	12/1/23	12/1/21	12/1/20
2010B	Sep. 2010	729,390	10/07/10	4.90%	5.00%	12/1/37	12/1/48	Not applicable	
2012	April 2012	127,775	11/15/12	1.00%	5.00%	12/1/13	12/1/42	12/1/22	12/1/22
2014A (c)	Oct. 2014	379,480	12/11/14	2.00%	5.00%	12/1/17	12/1/36	12/1/25	12/1/24
2014B (c)	Nov. 2014	46,555	12/11/14	5.00%	5.30%	12/1/33	12/1/43	12/1/36 & 12/1/43	12/1/33 & 12/1/39
2015 (d)	Nov. 2015	117,470	12/15/15	2.06%	2.30%	12/1/16	12/1/27	Not applicable	
2016A (e)	Nov. 2015	482,530	02/18/16	5.00%	5.00%	12/1/26	12/1/48	12/1/25	12/1/25
2016B (f)	Mar. 2016	228,900	09/21/16	3.00%	5.00%	12/1/19	12/1/38	12/1/27	12/1/26
2019 (g)	Feb. 2019	301,095	04/08/19	5.00%	5.00%	12/1/24	12/1/35	12/1/30	12/1/29

- a) The series 2007 bond issuance included \$328,235 to partially refund Series 2001 and 2002 bonds.
- b) The Series 2008 bonds maturing after December 1, 2018 are subject to optional redemption.
- c) The series 2014A and 2014B were issued to refund series 2007 and 2008 bonds totaling \$453,125.
- d) The series 2015 were issued to refund a portion of series 2007 bonds totaling \$112,720. The Series 2015 bonds were issued with an initial taxable rate of 2.30% converting to tax-exempt rate of 2.06% on 12/01/2016.
- e) The series 2016A were issued to refund a portion of series 2008 bonds totaling \$512,370.
- f) The series 2016B were issued to refund a portion of series 2007, 2008, and 2009A bonds totaling \$252,440.
- g) The series 2019 were issued to refund a portion of series 2009B bonds totaling \$362,645.

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).

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In October 2010, DART issued and sold \$95,235 in tax exempt Senior Lien Sales Tax Revenue Bonds (Series 2010A Bonds), and \$729,390 in taxable Senior Lien Sales Tax Revenue Bonds (Series 2010B Bonds) to finance capital expenditures for DART's system expansion and acquisition. The Series 2010B bonds are taxable bonds issued under the Build America Bond program of the American Recovery and Reinvestment Act of 2009 (ARRA).

In accordance with ARRA, DART receives a tax credit from the United States Treasury in amounts equal to 35% of the interest payable amount on the Series 2009B and 2010B Bonds. However, during fiscal years 2019 and 2018, this tax credit was reduced by 6.2% and 6.6% due to budget cuts or "sequestration" by the federal government. During 2019, DART recorded tax credits of \$25,021 compared to \$28,443 for 2018 as Build America Bonds tax credit (for Series 2009B and 2010B bonds combined) in the Statements of Revenues, Expenses and Changes in Net Position.

Additional bonds may not be issued unless gross sales and use tax revenues exceed maximum debt service by at least 200% for 12 of the last 18 months. Changes in revenue bonds (shown at par) for the years ended September 30, 2019 and 2018 are as shown on the next page.

Changes in revenue bonds (shown at par) for the years ended September 30, 2019 and 2018

Bond Series	Balance, 9/30/2017	Retirement	Balance, 9/30/2018	Additions	Retirement	Balance, 9/30/2019	Amounts due in one year
2007	\$118,395	\$ -	\$118,395	\$ -	\$ -	\$118,395	\$ -
2008	18,340	(8,940)	9,400	-	(9,400)	-	-
2009A	36,630	(17,865)	18,765	-	(18,765)	-	-
2009B	829,615	-	829,615	-	(362,645)	466,970	-
2010A	59,125	(1,895)	57,230	-	(1,535)	55,695	15,720
2010B	729,390	-	729,390	-	-	729,390	-
2012	118,900	(2,410)	116,490	-	(2,495)	113,995	2,620
2014A	379,480	(12,110)	367,370	-	(12,935)	354,435	15,220
2014B	46,555	-	46,555	-	-	46,555	-
2015	116,030	(10,625)	105,405	-	(11,010)	94,395	5,440
2016A	482,530	-	482,530	-	-	482,530	-
2016B	228,900	-	228,900	-	-	228,900	18,760
2019	-	-	-	301,095	-	301,095	-
Total	\$3,163,890	\$(53,845)	\$3,110,045	\$301,095	\$(418,785)	\$2,992,355	\$57,760

The revenue bonds shown above are at face value. The amounts shown in the Statements of Net Position include the unamortized balance of original issuance premium of \$226,611 and \$182,935 as of September 30, 2019 and 2018, respectively. Below is a summary of debt service requirements of the Senior Lien Revenue Bonds outstanding as of September 30, 2019:

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2020	\$57,760	\$148,822	\$206,582	\$(21,201)	\$185,381
2021	60,410	146,174	206,584	(21,201)	185,383
2022	63,105	143,478	206,583	(21,201)	185,382
2023	65,945	140,633	206,578	(21,201)	185,377
2024	46,265	138,070	184,335	(22,531)	161,804
2025 – 2029	353,690	647,273	1,000,963	(112,654)	888,309
2030 – 2034	448,780	550,244	999,024	(112,654)	886,370
2035 – 2039	616,990	414,787	1,031,777	(104,123)	927,654
2040 – 2044	703,465	243,440	946,905	(61,784)	885,121
2045 – 2049	575,945	68,940	644,885	(15,844)	629,041
TOTAL	\$2,992,355	\$2,641,861	\$5,634,216	\$(514,394)	\$5,119,822

DART has pledged sales and use tax and farebox revenues (pledged revenue) as security for Senior Lien Revenue bonds. The amount of the pledge is equal to the remaining debt service requirements for these obligations. Senior Lien Revenue bonds have senior lien to pledged revenue on parity with TIFIA bonds, and RRIF bonds. No assets have been pledged as collateral to secure the Senior Lien Revenue bonds except for money accumulated in the Senior Lien Debt Service Fund which was \$119,357 as of September 30, 2019. The Master Debt Resolution, which can found in its entirety at www.dart.org or by contacting our Chief Financial Officer at our corporate address, establishes the provisions, terms, and conditions of, and the security for DART's bonds, notes, and credit agreements. The Master Debt Resolution contains a provision that in an event of default, the trustee shall transfer all future gross sales tax revenues and apply to them to debt service

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payments based on the times, order and priority set forth in The Master Debt Resolution. In the event of default, The Master Debt Resolution also contains a provision that no right of acceleration shall be granted unless that right is extended to holders and payees of all outstanding bond and credit agreement obligations.

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

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

The table below summarizes debt service requirements of the TIFIA bonds as of September 30, 2019:

Year Ended September 30	Principal	Interest	Total TIFIA Bond Debt Service
2020	\$2,214	\$2,845	\$5,059
2021	2,279	2,772	5,051
2022	2,345	2,702	5,047
2023	2,413	2,633	5,046
2024	2,483	2,565	5,048
2025 – 2029	13,543	11,660	25,203
2030 – 2034	15,632	9,539	25,171
2035 – 2039	18,042	7,088	25,130
2040 – 2044	20,825	4,259	25,084
2045 – 2048	18,950	1,101	20,051
TOTAL	<u>\$98,726</u>	<u>\$47,164</u>	<u>\$145,890</u>

The annual debt service requirements for the TIFIA bond range from \$5,009 in fiscal year 2046 to \$5,059 in fiscal year 2020.

15. RAILROAD REHABILITATION AND IMPROVEMENT FINANCING (RRIF) BONDS

On December 20, 2018 DART entered into the Railroad Rehabilitation and Improvement Financing (RRIF) loan agreement with the U.S Department of Transportation. Under this loan agreement, DART will issue a Senior Lien Obligation bond to borrow up to \$908 million from the U.S Department of Transportation. The proceeds from the bond will be used to pay for the 26-mile Silver Line commuter rail line extending from Terminal B of Dallas/Fort Worth International Airport to a terminus in Shiloh Road in the City of Plano, with 9 stations and 8 vehicles. The current estimate of eligible project costs for the RRIF loan is approximately \$1.24 billion. The RRIF financing agreement is reimbursement-based and DART will request reimbursement (draw down) after paying for the capital project costs. The expected draw down are as follows:

Year Ended September 30	Principal
2019	\$11,706
2020	196,933
2021	292,346
2022	250,847
2023	156,168
Total	<u>\$908,000</u>

The RRIF bond is a Senior Lien Obligation and is secured by and payable from Pledged Revenues on parity with other Senior Lien Obligations. The interest rate on the RRIF bond is 2.98% and is fixed for the term of the loan.

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The following table summarizes estimated debt service requirements of the RRIF financing agreement executed on December 20, 2018 based on expected draw down of \$908,000 shown above. The amounts and timing of the debt service for the RRIF Bond are subject to change depending on the amount and timing of the draw down.

Year Ended September 30	Principal	Interest	Total RRIF Bond Debt Service
2020	\$ -	\$1,572	\$1,572
2021	-	10,222	10,222
2022	-	18,504	18,504
2023	-	24,881	24,881
2024	-	27,102	27,102
2025 – 2029	-	135,249	135,249
2030 – 2034	15,000	134,622	149,622
2035 – 2039	88,430	128,725	217,155
2040 – 2044	170,327	107,522	277,849
2045 – 2049	197,263	80,134	277,397
2050 – 2054	228,460	48,499	276,959
2055 - 2058	208,520	12,664	221,184
TOTAL	\$908,000	\$729,696	\$1,637,696

The annual debt service requirements for the RRIF bond range from \$1,572 in fiscal year 2020 to \$55,625 in fiscal year 2040.

16. PLEDGED REVENUES

DART has pledged sales and use tax and farebox revenues as security for revenue bonds, TIFIA bonds, RRIF bonds, and commercial paper debts. The amount of the pledge is equal to the remaining debt service requirements for these obligations. These obligations were issued to pay for DART's system expansion and acquisition costs. The pledge continues for the remaining life of these obligations.

Total principal and interest remaining on the revenue bonds as of September 30, 2019 is \$5.63 billion before BABs tax credits of \$514 million and \$5.12 billion net of BABs tax credits (see the second table on page 32). The annual debt service requirements for these bonds, net of BABs tax credits, range from \$215,140 in fiscal year 2036 to \$114,512 in fiscal year 2049. For the current fiscal year, debt service on the bonds (including principal and interest net of BABs tax credits) is \$186,515. Bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest remaining on TIFIA bonds as of September 30, 2019 is \$145,890 million. The annual debt service requirements for the TIFIA bonds range from \$5,009 in fiscal year 2046 to \$5,059 in fiscal year 2020. For fiscal year 2019, debt service on the TIFIA bonds (including principal and interest) was \$5,055. TIFIA bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest outstanding on the RRIF bonds as of September 30, 2019 is \$11,823 million. The estimated annual debt service requirements for the RRIF bonds range from \$1,572 in fiscal year 2020 to \$55,625 in fiscal year 2040. For fiscal year 2019, debt service on the RRIF bonds was \$85 (interest only). RRIF bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest remaining on commercial paper as of September 30, 2019 is \$159,189 compared to \$125,127 as of September 30, 2018. Interest payments on commercial paper notes during the current fiscal year totaled \$1,776. Commercial Paper notes have a subordinate senior lien on pledged revenues.

17. DEBT REFUNDINGS

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

In December 2015, DART issued the Series 2015 bonds to refund a portion of Series 2007 bonds. As a result, the Series 2007 bonds in the total amount of \$112,720 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 2015 refunding, DART recognized a book loss of \$2,537, a reduction in debt service of \$17,173 and an economic gain of \$15,027.

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In February 2016, DART issued the Series 2016A bonds to refund a portion of Series 2008 bonds. As a result, the Series 2008 bonds in the total amount of \$512,370 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 2016A refunding, DART recognized a book loss of \$47,493, a reduction in debt service of \$90,144 and an economic gain of \$49,263.

In September 2016, DART issued the Series 2016B bonds to refund a portion of Series 2007, 2008 and 2009A bonds. As a result, a total amount of \$252,440 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 2016B refunding, DART recognized a book loss of \$8,764, a reduction in debt service of \$62,098 and an economic gain of \$44,534.

In February 2019, DART issued the Series 2019 bonds to refund a portion of Series 2009B bonds. As a result, a total amount of \$362,645 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 2019 refunding, DART recognized a book loss of \$2,086, a reduction in debt service of \$56,452 and an economic gain of \$44,291.

As of September 30, 2019, none of these refunded DART bonds remains outstanding compared to \$727,305 outstanding as of September 30, 2018. The unamortized portion of the book loss of \$60,911 and \$67,069, respectively, have been included in the Statements of Net Position under the deferred outflows of resources section as of September 30, 2019 and 2018.

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

Plan description. The DART Employees Defined Benefit Retirement Plan and Trust (the DB Plan) is a single-employer defined benefit pension plan that was designed to provide retirement, death, and disability benefits to certain employees of DART. On October 1, 1995, the DTS Employees Retirement Plan (Plan A) was amended to become the DB Plan. Participants of the DB Plan are those employees who were members of the former plan on September 30, 1995. Those employees who elected to be covered under Plan A have eligibility, vesting, and benefit provisions different from those who elected the DB Plan. The DB Plan is a closed Plan and is not open to new employees.

Contributions. Contributions to the DB Plan, as stipulated by the "Sale, Purchase, and Transfer Contract Between the City of Dallas and Dallas Area Rapid Transit," are based upon Dallas Area Rapid Transit's agreement to contribute an amount at least equal to the minimum funding standard under Section 412 of the Internal Revenue Code of 1986, as if the Plan were subject to Section 412. An actuary determines the contribution amount that DART pays to the plan each year. Participants who were in the Plan on September 30, 1995 are required to contribute 3% of their base monthly salaries to the Plan. Other participants are not required to contribute to the DB Plan. DART's contribution amount is actuarially determined on an annual basis. Actual contributions made to the DB Plan during the years ended September 30, 2018 and 2017 are as follows:

	2019	2018
Employer contributions	\$10,000	\$10,000
Employee contributions	2	2
	<u>\$10,002</u>	<u>\$10,002</u>

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

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

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Employees covered by the benefit terms. The following participants were covered by the benefit terms as of October 1, 2018 and 2017:

	10/1/2018	10/1/2017
Inactive employees or beneficiaries currently receiving benefits	796	768
Inactive employee entitled to but not yet receiving benefits	141	150
Active employees	212	245
	<u>1,149</u>	<u>1,163</u>

Actuarial Assumptions – The total pension liability in the September 30, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to the periods included in the measurement:

Valuation Dates	September 30, 2018 and 2017
Inflation	2.5% per annum
Salary Increases	3.00% per annum
Investment Return	6.75 compounded annually, net of expenses
Measurement Date	For the September 30, 2018 valuation, census data was collected as of October 1, 2017. Liabilities measured as of the census date were projected to September 30, 2018, assuming no demographic gains or losses.
	For the September 30, 2017 valuation, census data was collected as of October 1, 2016. Liabilities measured as of the census date were projected to September 30, 2017, assuming no demographic gains or losses.
Mortality Rate Active Lives	PubG-2010 (Below-median, amount-weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2018.
Mortality Rate Retiree and Vested Terminated Lives	PubG-2010 (Below-median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2018.
Mortality Rate Contingent Survivor Lives	PubG-2010 (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2018.
Disability Mortality	PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2018.
Early Retirement Age	55 and 10 years of credited service
Normal Retirement Age	60
Actuarial Cost Method	Entry Age Normal (level percent of pay)

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2018 and 2017 are summarized in the following table (note that the rates shown below include the inflation components):

September 30, 2018 Valuation	Target Allocation	Estimate of expected long-term rate of return
U.S. Market Equities	39%	3.60%
Global Bonds	40%	1.90%
International Equities	10%	5.30%
Real Estate	10%	6.10%
Cash	1%	0.30%
September 30, 2017 Valuation	Target Allocation	Estimate of expected long-term rate of return
U.S. Market Equities	39%	4.30%
U.S. Market Fixed Income	40%	0.70%
International Equities	10%	5.60%
Real Estate	10%	6.70%
Cash	1%	-0.50%

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

Discount rate. The discount rate used to measure the total pension liability was 6.75% at September 30, 2018 and 2017. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For purpose of this valuation, the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 4.18% (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Bond Buyer); and the resulting single discount rate is 6.75%. The following table summarizes changes in Net Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balance at 9/30/2017	\$220,461	\$168,334	\$52,127
Service cost	1,107	-	1,107
Interest	14,501	-	14,501
Differences between expected and actual experience	2,655	-	2,655
Benefit payments	(13,471)	(13,471)	-
Contributions-employer	-	10,000	(10,000)
Contributions-employee	-	2	(2)
Net investment income, net of expenses	-	15,590	(15,590)
Administrative expenses	-	(100)	100
Net Changes	4,792	12,021	(7,229)
Balance at 9/30/2018	\$225,253	\$180,355	\$44,898
Service cost	988	-	988
Interest	14,795	-	14,795
Differences between expected and actual experience	1,920	-	2,655
Changes in assumptions	5,326	-	5,326
Benefit payments	(14,107)	(14,107)	-
Contributions-employer	-	10,000	(10,000)
Contributions-employee	-	2	(2)
Net investment income, net of expenses	-	10,679	(10,679)
Administrative expenses	-	(84)	84
Net Changes	8,922	6,490	2,432
Balance at 9/30/2019	\$234,175	\$186,845	\$47,330

Changes of assumptions:

For measurement date of 09/30/2018, the assumed rates of mortality have been amended to adopt the Pub-2010 Public Retirement Plan mortality Tables for General Employees (Below-Median, Amount-Weighted) which were released with an exposure draft based on a comprehensive review of recent mortality experience of public retirement plans in the United State as performed by The Society of Actuaries' Retirement Plans Experience Committee.

Sensitivity of the net pension liability to changes in discount rate. The following presents the net pension liability of DART, calculated using the discount rate of 6.75% at September 30, 2019 and 2018, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
DART's net pension liability, 9/30/2019	\$70,952	\$47,330	\$27,056
DART's net pension liability, 9/30/2018	\$67,609	\$44,898	\$25,289

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

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

For the year ended September 30, 2019, DART recognized pension expense of \$12,310 compared to \$4,048 for fiscal year 2018.

At September 30, 2019, DART reported deferred inflows/outflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,586
Employer contribution made after measurement date	10,000	-
Total	<u>\$10,000</u>	<u>\$1,586</u>

The \$10,000 reported as deferred outflows of resources resulting from DART pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Year ended September 30:

2020	\$407
2021	(1,665)
2022	(599)
2023	271
Thereafter	-

At September 30, 2018, DART reported deferred inflows/outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,328	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,037
Employer contribution made after measurement date	10,000	-
Total	<u>\$11,328</u>	<u>\$3,037</u>

The \$10,000 reported as deferred outflows of resources resulting from DART pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension were recognized in the pension expense as follows:

Year ended September 30:

2019	\$961
2020	136
2021	(1,936)
2022	(870)
Thereafter	-

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

DART Retirement Plan

DART has adopted a defined contribution retirement plan for all employees not covered by the pension plans described above. DART contributes an amount equal to 7.7% of each participant's annual compensation to the plan. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART's contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately \$18,582 and \$17,083 for the years ended September 30, 2019 and 2018, respectively.

DART Capital Accumulation Plan – 401(k)

DART has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k), which allows employees to contribute up to 50% of their annual compensation to the plan subject to the annual contribution limits of the Internal Revenue Service. DART matches 50% of the employee's contribution up to a maximum of 3% of the employee's annual compensation. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART's contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately \$6,063 and \$5,842 for the years ended September 30, 2019 and 2018, respectively.

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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.

19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Covered Participants – As of the September 30, 2018 and 2017 actuarial valuation, the following active and inactive participants were covered by the benefit terms under the plan:

	Number of Covered Participants	
	9/30/2018	9/30/2017
Active employees	3,670	3,586
Retirees, beneficiaries, and disabled members	336	336
Total	4,006	3,922

Contributions – DART contributions are made based on amounts required to be funded as determined by annual actuarial valuations and are designed to fund the OPEB Trust on a level cost basis, cover normal cost each year and cover amortization of any unfunded actuarial liabilities. DART's contribution rate was 3.5 percent of covered employee payroll for the year ended September 30, 2019. Retirees also make monthly contributions to the healthcare plan. Such contributions are determined annually by the plan administrator based on expected annual cost. DART contributed \$7,489 to the plan during 2019. This amount includes \$3,627 for 2019 which was contributed on September 4, 2019 and \$3,862 for 2018 which was contributed on October 1, 2018.

Net OPEB Liability – DART's net OPEB liability was measured as of September 30, 2018 and 2017 and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as of that date.

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

Actuarial valuations were performed for the OPEB Plan as of September 30, 2018 and 2017. The following tables show a summary of significant actuarial assumptions:

Valuation Date	September 30, 2018
Discount Rate	7.00%
Inflation	3% included in health care cost trend
Salary Increases	3.25% per annum
Investment Rate of Return	7.00%
Health Care Cost Trend Rate	Starts with 6.50% and ultimate trend rate is 5.00%. Years to ultimate six (6).
Mortality Rate	RP-2014 Mortality Fully Generational using Projection Scale MP-2017
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage.
Eligibility for Coverage	For Defined Benefit Pension Plan participants: age 55 and 10 years of service and for Defined Contribution Pension Plan participants: age 60 and 10 years of service
Dependent coverage	For active employees, 25% are assumed to be married at retirement with the spouse electing coverage. Female spouses are assumed to be four (4) years younger than their husbands. Percent of future retirees with coverage who elect coverage on spouse is 100%. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Measurement Date	September 30, 2018

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Valuation Date	September 30, 2017
Discount Rate	7.00%
Inflation	3% included in health care cost trend
Salary Increases	3.25% per annum
Investment Rate of Return	7.00%
Health Care Cost Trend Rate	Starts with 6.75% in year 2018 and goes down to 5% in year 2025 and after for Pre-65. For Medicare it starts with 33.10% in year 2018 and goes down to 5% in year 2025 and after.
Mortality Rate	RP-2014 Mortality Fully Generational using Projection Scale MP-2015
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage.
Eligibility for Coverage	For Defined Benefit Pension Plan participants: age 55 and 10 years of service and for Defined Contribution Pension Plan participants: age 60 and 10 years of service
Dependent coverage	For active employees, 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. Percent of future retirees with coverage who elect coverage on spouse is 100%. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Measurement Date	September 30, 2017

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for September 30, 2018 and 2017 valuations:

	Target Allocation	Estimate of expected long-term rates of return
Domestic Equity	39%	7.50%
International Equity	21%	7.40%
Fixed Income	40%	5.90%

Discount rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that DART contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
DART's Net OPEB liability, 9/30/2019	\$20,008	\$9,948	\$1,894
DART's Net OPEB liability, 9/30/2018	\$35,644	\$22,667	\$12,415

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates for September 30, 2018 Valuation. The following presents the net OPEB liability of DART, as well as what the DART's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 4.00%)	Health Care Cost Trend Rates (6.50% decreasing to 5%)	1% Increase (7.50% decreasing to 6%)
DART's Net OPEB liability, 9/30/2019	\$1,404	\$9,948	\$20,749

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Sensitivity of the net OPEB liability to changes in healthcare cost trend rates for September 30, 2017 Valuation. The following presents the net OPEB liability of DART, as well as what the DART's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.75 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.75% decreasing to 4%)	Health Care Cost Trend Rates (6.75% decreasing to 5%)	1% Increase (7.75% decreasing to 6%)
Pre-65	(32.1% decreasing to 4%)	(33.1% decreasing to 5%)	(34.1% decreasing to 6%)
Medicare			
DART's Net OPEB liability, 9/30/2018	\$11,593	\$22,667	\$36,861

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) – (b)
Balance at 9/30/2017	\$58,230	\$41,372	\$16,858
Service cost	2,762	-	2,762
Interest	4,218	-	4,218
Differences between expected and actual experience	4,514	-	4,514
Changes of assumptions or other inputs	2,437	-	2,437
Contributions-employer	-	4,239	(4,239)
Net investment income, net of expenses	-	3,883	(3,883)
Benefit payments	(1,470)	(1,470)	-
Administrative expenses	-	-	-
Net Changes	12,461	6,652	5,809
Balance at 9/30/2018	70,691	48,024	22,667
Adjustment to reflect actual assets	-	1,888	(1,888)
Adjusted Balance at 9/30/2018	70,691	49,912	20,779
Service cost	3,200	-	3,200
Interest	5,129	-	5,129
Differences between expected and actual experience	(4,931)	-	(4,931)
Changes of assumptions or other inputs	(10,289)	-	(10,289)
Contributions-employer	-	-	-
Contributions-participant	-	460	(460)
Net investment income, net of expenses	-	3,650	(3,650)
Benefit payments	(2,920)	(2,920)	-
Administrative expenses	-	(170)	170
Net Changes	(9,811)	1,020	(10,831)
Balance at 9/30/2019	\$60,880	\$50,932	\$9,948

OPEB Expense - For the year ended September 30, 2019, DART recognized OPEB expense of \$4,167 compared to \$5,821 for the ended September 30, 2018.

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

At September 30, 2019, DART reported deferred inflows/outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,988	\$4,384
Changes of assumptions	2,153	9,146
Net difference between Projected and Actual Earnings on OPEB Plan	-	198
Employer contribution made after measurement date	3,627	-
Total	\$9,768	\$13,728

The \$3,627 reported as deferred outflows of resources related to OPEB resulting from DART contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending on September 30, 2020.

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

<u>Year ended September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$810	\$ 1,741
2021	810	1,741
2022	810	1,741
2023	810	1,741
2024	811	1,691
Thereafter	2,090	5,073

At September 30, 2018, DART reported deferred inflows/outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,514	\$ -
Changes of assumptions	2,437	-
Total	<u>\$6,951</u>	<u>\$ -</u>

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

<u>Year ended September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2019	\$810	\$ -
2020	810	-
2021	810	-
2021	810	-
2023	811	-
Thereafter	\$2,900	-

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.

OPEB Plan Investments

In accordance with the OPEN Plan's investment policy, the trustee invests in, among others, obligations of the United States or its agencies and instrumentalities, domestic equity, international equity and fixed income investment.

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.

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

<u>Investment Type</u>	<u>Total Amount</u>	<u>Remaining Maturity (in years) as of September 30, 2018</u>			
		<u>Less 1 Year</u>	<u>1 to 5 Years</u>	<u>5 to 10 Years</u>	<u>Greater than 10 Years</u>
Government Obligations	\$388	\$388	\$ -	\$ -	\$ -
Mutual Funds - Equity	32,529	32,529	-	-	-
Mutual Funds – Fixed Income	18,015	2,334	7,326	5,927	2,428
Total	<u>\$50,932</u>	<u>\$35,251</u>	<u>\$7,326</u>	<u>\$5,927</u>	<u>\$2,428</u>

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Investment Type	Total Amount	Remaining Maturity (in years) as of September 30, 2017			
		Less 1 Year	1 to 5 Years	5 to 10 Years	Greater than 10 Years
Government Obligations	\$3,983	\$3,983	\$ -	\$ -	\$ -
Mutual Funds - Equity	28,006	28,006	-	-	-
Mutual Funds – Fixed Income	16,035	752	4,078	7,782	3,423
Total	<u>\$48,024</u>	<u>\$32,741</u>	<u>\$4,078</u>	<u>\$7,782</u>	<u>\$3,423</u>

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

September 30, 2018								
Investment Type	Total Amount	AAA/	AA/		BBB/	< BBB/	Cash or	
		AAAm	Aaa	Aa	A	Baa	Baa	Not Rated
Government Obligations	\$388	\$388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual Funds - Equity	32,529	-	-	-	-	-	-	32,529
Mutual Funds – Fixed Income	18,015	-	6,135	1,115	4,758	3,998	1,424	585
Total	<u>\$50,932</u>	<u>\$388</u>	<u>\$6,135</u>	<u>\$1,115</u>	<u>\$4,758</u>	<u>\$3,998</u>	<u>\$1,424</u>	<u>\$33,114</u>

September 30, 2017								
Investment Type	Total Amount	AAA/	AA/		BBB/	< BBB/	Cash or	
		AAAm	Aaa	Aa	A	Baa	Baa	Not Rated
Government Obligations	\$3,983	\$3,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual Funds - Equity	28,006	-	-	-	-	-	-	28,006
Mutual Funds – Fixed Income	16,035	-	5,187	1,034	3,715	3,466	2,199	434
Total	<u>\$48,024</u>	<u>\$3,983</u>	<u>\$5,187</u>	<u>\$1,034</u>	<u>\$3,715</u>	<u>\$3,466</u>	<u>\$2,199</u>	<u>\$28,440</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan’s investment in a single issuer. Investments in any one issuer that represent 5% or more of total investment portfolio of OPEB Plan as of September 30 are as shown below:

September 30, 2018		
Issuer	Reported Amount	Percentage of Total Portfolio
Vanguard	\$32,803	65%
Baird Asset Management	5,954	12%
J O Hambro Capital Management Group	2,782	6%
DoubleLine Capital	2,700	5%

September 30, 2017		
Issuer	Reported Amount	Percentage of Total Portfolio
Vanguard	\$28,186	61%
Baird Asset Management	5,283	11%
First American Funds	3,983	8%
J O Hambro Capital Management Group	2,821	6%
DoubleLine Capital	2,406	5%

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the OPEB Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of the OPEB Plan’s investments were invested in mutual funds, which by design provide ownership of shares within the fund, are not exposed to custodial credit risk.

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Foreign Currency Risk – Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The OPEB Plan's foreign currency net position (foreign currency denominated investments) were \$9,233 (18%) as of September 30, 2018 compared to \$10,237 (21.31%) as of September 30, 2017. The Plan's exposure to foreign currency risk is shown below. The amounts are shown in U.S. Dollars.

Investment Type	Currency	2018 Fair Value (USD)	2017 Fair Value (USD)
International Equity	Australian Dollar	\$387	\$419
	Brazil Real	201	82
	British Pound	971	1,317
	Canadian Dollar	320	330
	Chilean Peso	7	-
	Chinese Yuan Renminbi	665	313
	Colombian Peso	3	-
	Danish Krone	241	191
	Egyptian Pound	3	-
	European Monetary Unit	1,925	2,110
	Hong Kong Dollar	148	144
	Hungarian Forint	23	-
	Indian Rupee	146	149
	Indonesian Rupiah	26	30
	Israeli New Shekel	145	55
	Japanese Yen	2,251	2,209
	Kuwait Dinar	7	-
	Malaysian Ringgit	20	-
	Mexican Peso	59	508
	New Zealand Dollar	10	-
	Norwegian Kroner	44	54
	Philippine peso	10	-
	Poland zloty	7	-
	Qatari Rial	7	-
	Russian Ruble	122	21
	Saudi Riyal	17	-
	Singapore Dollar	83	58
	South African Rand	71	73
	South Korean Won	335	192
	Swedish Krona	140	144
	Switzerland Franc	526	467
	Taiwan New Dollar	248	1,117
	Thai Baht	51	30
	Turkish Lira	7	-
	United Arab Emirates dirham	7	-
Total		<u>\$9,233</u>	<u>\$10,013</u>

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

DART has the following fair value measurements as of September 30, 2018 and 2017.

Fair Value Measurements as of September 30, 2018				
Investment Type	Total Amount	Level 1	Level 2	Level 3
Government Obligations	\$388	\$ -	\$388	\$ -
Mutual Funds - Equity	32,529	-	32,529	-
Mutual Funds - Fixed Income	18,015	-	18,015	-
Total	<u>\$50,932</u>	<u>\$ -</u>	<u>\$50,932</u>	<u>\$ -</u>

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

Fair Value Measurements as of September 30, 2017				
Investment Type	Total Amount	Level 1	Level 2	Level 3
Government Obligations	\$3,983	\$ -	\$3,983	\$ -
Mutual Funds - Equity	28,006	-	28,006	-
Mutual Funds – Fixed Income	16,035	-	16,035	-
Total	<u>\$48,024</u>	<u>\$ -</u>	<u>\$48,024</u>	<u>\$ -</u>

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 included the design and construction the Silver Line for commuter rail service and Dallas Central Business District (D2) Alignment for light rail service. The Silver Line is a 26-mile long, regional rail corridor that extends from DFW International Airport through the northern portion of the DART service area to the existing DART Red Line, passing through the cities of Grapevine, Coppell, Carrollton, Addison, Dallas, Richardson, and Plano, with nine proposed stations along the way. The second CBD alignment (D2) will double the downtown LRT capacity and connects Victory Station and the Green Line. The timing and completion of the Transit System Plan is based on economic assumptions made in DART's Twenty-Year Financial Plan and is subject to change based on changing economic conditions. The FY 2020 Twenty-Year Financial Plan includes \$6.97 billion for capital and non-operating projects. DART has entered into contract commitments for these and other capital developments in the amount of \$1.1 billion and has spent approximately \$226 million of the committed amount as of September 30, 2019.

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

DART has entered into certain operating lease agreements. Operating lease expenses were approximately \$846 and \$868 in 2019 and 2018, respectively.

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

Fiscal Year	2020	2021	2022	2023	2024
Minimum Lease Payments	\$917	\$489	\$487	\$440	\$346

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

DART has fuel delivery contracts with suppliers for commuter rail vehicles (diesel fuel) and DART buses (CNG) and service vehicles (gasoline). However, the price DART pays for the fuel fluctuates depending on market prices. This exposes DART to significant risk related to fluctuations in the amounts it pays for fuel. It also creates uncertainty in budgeting for fuel costs. In order to minimize the impact of fluctuating fuel market prices on its cash flow, DART has entered into fuel hedge contracts.

Diesel and Gasoline Fuel Hedge

The fair values of the derivative instrument associated with diesel and gasoline hedge contract were \$314 as of September 30, 2019 and \$1,626 as of September 30, 2018.

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

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 and gasoline for DART buses, commuter rail cars, and service vehicles. The terms of the agreement include DART paying monthly fixed prices and receiving floating prices based on an average of daily mean of Platts US Gulf Coast ultralow sulfur diesel (ULSD) and Gasoline-UNIL 87 Gulf Cost (Pipeline) – Platts U. S. for each month.

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

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 2019 and the last contract for diesel fuel hedge will expire on 9/30/2020 and for gasoline expired on 9/30/2019.

Contingencies – The fuel hedge contracts include provisions that require DART to post collateral in the event its credit rating falls below A- or A3 as issued by Standard & Poor's or Moody's and if the exposure exceeds threshold amounts specified in the derivative instruments (contracts). During 2019, DART maintained an AA+ credit rating from Standard & Poor's, AA+ from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

Compressed Natural Gas (CNG)

During fiscal year 2010, DART entered into a fixed price and indexed price CNG delivery contract for the CNG needed to operate DART buses and paratransit vehicles. The contract 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 volume than 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, 2019 and 2018.

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.

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 2019 and 2018.

Natural Gas Hedge

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

Credit risk – As of the end of fiscal year 2019, DART's position in the derivative instrument (natural gas hedge) was a liability of \$1,457. DART could have been exposed to credit risk if the counterparty to the transaction becomes insolvent but that did not happen. Standard and Poor's credit rating for the counterparty was A3 during 2019.

Termination risk – DART or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The effect of termination risk on DART is that it will pay market prices for natural gas purchased for its operations. No termination event has occurred during fiscal year 2019 and the last contract for natural gas hedge will expire on 9/30/2023.

Contingencies – The natural gas hedge contracts include provisions that require DART to post collateral in the event its credit rating falls below A- or A3 as issued by Standard & Poor's or Moody's and if the exposure exceeds threshold amounts specified in the derivative instruments (contracts). During 2019, DART maintained an AA+ credit rating from Standard & Poor's, AA+ from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

**DALLAS AREA RAPID TRANSIT
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)

23. NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, GASB issued Statement No. 84 *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In June 2017, GASB issued Statement No. 87 *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; sets standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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

**DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF NET PENSION LIABILITY
SEPTEMBER 30, 2019 and 2018 (Dollars in Thousands)**

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

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$988	\$1,107	\$1,281	\$954	\$502
Interest	14,795	14,501	14,969	14,644	14,674
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	1,920	2,655	(2,815)	(5,082)	-
Changes in assumptions	5,326	-	63	-	-
Benefit payments	(14,107)	(13,471)	(11,203)	(11,369)	(11,364)
Net change in total pension liability	8,922	4,792	2,295	(853)	3,812
Total pension liability – beginning	225,253	220,461	218,166	219,019	215,207
Total pension liability – ending (a)	234,175	225,253	220,461	218,166	219,019
Plan Fiduciary Net Position					
Contributions – employer	10,000	10,000	9,217	8,706	9,122
Contributions – employee	2	2	2	2	2
Net investment income, net of expenses	10,679	15,590	16,067	520	12,532
Benefit payments	(14,107)	(13,471)	(11,203)	(11,369)	(11,364)
Administrative expenses	(84)	(100)	(218)	(219)	(250)
Net change in plan fiduciary net position	6,490	12,021	13,865	(2,360)	10,042
Plan fiduciary net position – beginning	180,355	168,334	154,469	156,829	146,787
Plan fiduciary net position - ending (b)	186,845	180,355	168,334	154,469	156,829
DART's net pension liability (a) – (b)	\$47,330	\$44,898	\$52,127	\$63,697	\$62,190
Plan fiduciary net position as a percentage of total pension liability	79.79%	80.07%	76.36%	70.80%	71.61%
Covered payroll	\$14,333	\$15,642	\$18,914	\$19,129	\$19,438
DART's net pension liability as a percentage of covered payroll	330.22%	287.04%	275.61%	332.99%	319.94%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

Note to Schedule: Starting from fiscal year 2017, the discount rate decreased from 7.00% to 6.75%. There were no significant changes in assumptions for other fiscal years.

Changes of assumptions:

For measurement date 09/30/2018, the assumed rates of mortality have been amended to adopt the Pub-2010 Public Retirement Plan Mortality Tables for General Employees (Below-Median, Amount-Weighted) which were released with an exposure draft based on a comprehensive review of recent mortality experience of public retirement plans in the United State as performed by The Society of Actuaries' Retirement Plans Experience Committee.

**DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2019 (Dollars in Thousands)**

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

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14	9/30/13	9/30/12	9/30/11	9/13/10
Contractually required contribution	\$7,235	\$7,755	\$9,217	\$9,221	\$8,706	\$9,122	\$9,074	\$8,045	\$6,266	\$6,212
Contribution in relation to the contractually required contribution	10,000	10,000	10,000	9,221	8,706	9,122	9,074	8,045	6,266	6,212
Contribution deficiency (excess)	\$(2,765)	\$(2,245)	\$(783)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$14,333	\$15,642	\$18,914	\$19,129	\$19,438	\$19,467	\$19,306	\$23,727	\$23,904	\$24,721
Contribution as a percentage of covered payroll	69.77%	63.93%	52.87%	45.51%	44.79%	46.93%	46.61%	41.67%	26.41%	25.99%

Notes to Schedule

Valuation date: Most recent valuation date is October 1, 2018.

Contractually required contribution rates are calculated by an actuary as of October 1, in the fiscal year in which contributions are reported. That is, the contribution calculated as of October 1, 2018 was made during the fiscal year ended September 30, 2019, and as of October 1, 2017 was made during the fiscal year ended September 30, 2018.

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

Funding Method	The minimum required contribution is based upon DART's agreement to contribute an amount at least equal to the minimum funding standard under Section 412 of the Internal Revenue Code of 1986, as if the Plan were subject to Section 412, per the stipulation of the "Sale, Purchase and Transfer contract between the City of Dallas and Dallas Area Rapid Transit
Actuarial Cost Method	Entry Age Normal starting from 9/30/2017 measurement date. Before that it was Projected Unit Credit.
Asset valuation method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	2.5%.
Investment Return	6.75% per year compounded annually, net of all expenses starting from September 30, 2016 measurement dates. Before that it was 7.00%.
Retirement age	7.5% at age 55 reaching 100% at age 70.
Salary Increases	3% starting from September 30, 2016 measurement date. Before that it was 3.25%.
Mortality	<i>Healthy Lives:</i> RP-2000 Combined Health Table (sex distinct) with rates increased by 8.59% and with mortality improvement projections to the valuation date (previously fully generational) using Scale AA. <i>Disabled Lives:</i> RP-2000 Disabled Mortality Table (sex distinct). The assumed rates of mortality are reasonable as they sufficiently accommodate expected future mortality improvements. The rates were approved in conjunction with an actuarial experience study performed in 2016.
Marital Status	85% of male participants and 65% of female participants are assumed to be married. Additionally, male spouses are assumed to be three years older than female spouses.
Termination Rate	1.50% per year prior to age 54, and 1.00% per year on and after attainment of age 54.

**DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN FISCAL YEARS**

SEPTEMBER 30, 2019 (Dollars in Thousands)

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

	2019	2018
Total OPEB Liability		
Service cost	\$3,200	\$2,762
Interest	5,129	4,218
Changes of benefit terms	-	-
Difference between expected and actual experience with regard to economic or demographic assumptions	(4,931)	4,514
Changes in assumptions about future economic or demographic or other inputs	(10,289)	2,437
Benefit payments	(2,920)	(1,470)
Net change in total pension liability	(9,811)	12,461
Total OPEB liability – beginning	70,691	58,230
Total OPEB liability – ending (a)	60,880	70,691
Plan Fiduciary Net Position		
Contributions – participant	460	-
Contributions – employer	-	5,821
Net investment income, net of expenses	3,650	3,883
Benefit payments	(2,920)	(1,470)
Administrative expenses	(170)	-
Adjustment to reflect actual assets		306
Net change in plan fiduciary net position	1,020	8,540
Plan fiduciary net position – beginning	49,912	41,372
Plan fiduciary net position - ending (b)	50,932	49,912
DART's net OPEB liability* (a) – (b)	\$9,948	\$20,779
Plan fiduciary net position as a percentage of total OPEB liability	83.66%	70.61%
Covered payroll	\$214,754	\$205,345
DART's net OPEB liability as a percentage of covered payroll	4.63%	11.12%

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

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

**DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2019 (Dollars in Thousands)**

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

	9/30/19	9/30/18*	9/30/17	9/30/16	9/30/15	9/30/14	9/30/13	9/30/12	9/30/11*	9/13/10
Actuarially determined contribution	\$3,627	\$3,862	\$5,821	\$4,625	\$4,313	\$5,141	\$4,996	\$5,024	\$4,591	\$3,654
Contribution in relation to the actuarially determined contribution	7,489	\$ -	5,821	4,625	4,313	5,141	4,996	9,615	\$ -	3,654
Contribution deficiency (excess)	(\$3,862)	\$3,862	\$ -	\$ -	\$ -	\$ -	\$ -	(\$4,591)	\$4,591	\$ -
Covered payroll	\$221,734	\$214,754	\$205,345	\$196,688	\$185,181	\$174,557	\$174,557	\$169,196	\$175,685	\$171,371
Contribution as a percentage of covered payroll	3.38%	0.00%	2.83%	2.35%	2.33%	2.95%	2.86%	5.68%	0%	2.13%

* Contribution for fiscal year ended September 30, 2011 was made on October 13, 2011. Contribution for fiscal year ended September 30, 2018 was made on October 1, 2018.

Notes to Schedule

Valuation date: Most recent valuation date is September 30, 2018.

Actuarially determined contribution rates shown above are calculated as of September 30 for the plan/fiscal year in which contributions are reported.

For fiscal year 2019, Covered Payroll is projected from the valuation date to the end of the fiscal year, using applicable salary increase assumptions.

Methods and assumptions used to determine contribution rates include the following:

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
Discount Rate	7.00%
Inflation	3.00% included in health care cost trend
Salary Increases	3.25% per annum
Investment Rate of Return	7.00%
Health Care Cost Trend Rate	Starts with 6.75% in year 2019 and grading down the ultimate of 5% in year 2025.
Mortality Rate	RP-2014 Mortality Fully Generational using Projection Scale MP-2017
Health Care participation	50% participation assumed, with 100% electing spouse coverage.
Life Insurance participation	100% participation assumed
Marital Status	25% assumed married, with male spouses 4 years older than female spouses.
Impact of Cadillac tax	3%
Actuarial Cost Method	Entry Age Actuarial Cost Method

* * * * *

STATISTICAL SECTION



let's go.

DALLAS AREA RAPID TRANSIT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION (Unaudited)

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.

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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.

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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.

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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.

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

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

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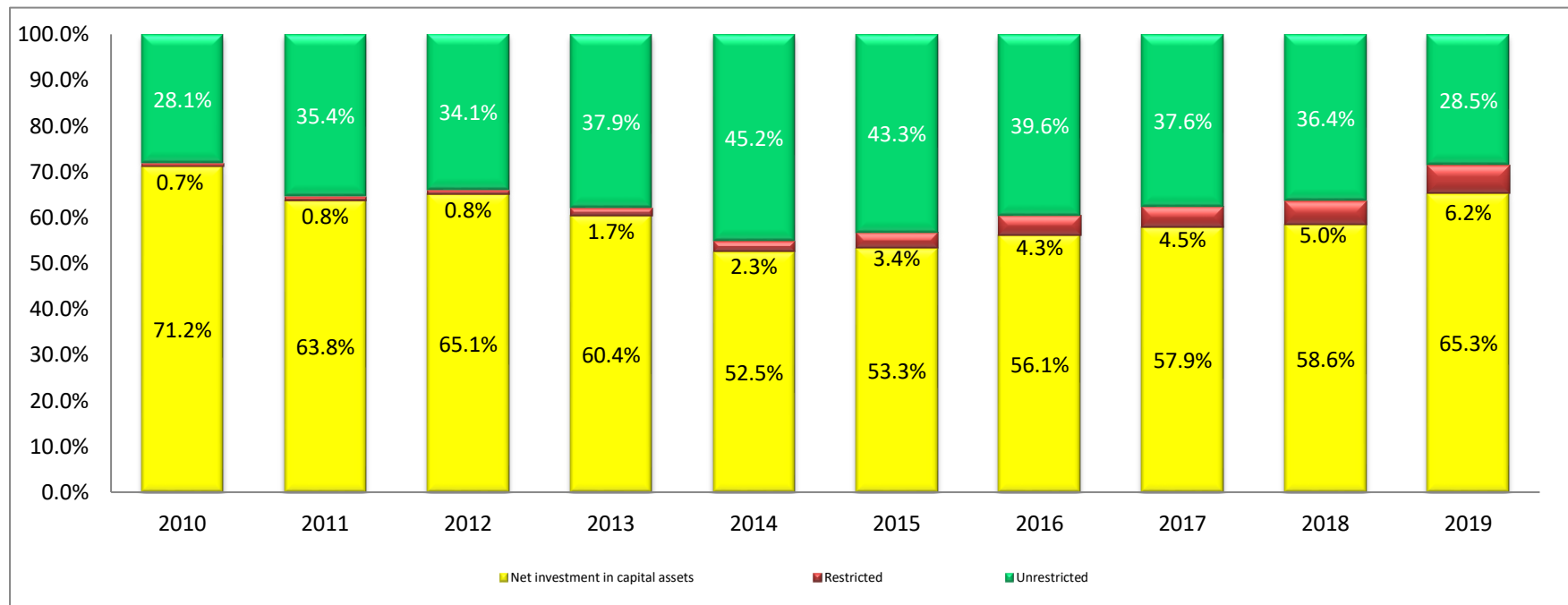
FINANCIAL TRENDS



let's go.

**DALLAS AREA RAPID TRANSIT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (Amounts In Thousands)**

Components of Net Position	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net investment in capital assets	\$1,741,742	\$1,515,210	\$1,512,832	\$1,320,349	\$1,071,576	\$938,644	\$881,241	\$837,067	\$764,341	\$784,924
Restricted	15,765	18,104	21,303	37,633	47,345	59,091	67,928	64,156	65,822	74,112
Unrestricted	687,987	840,297	788,997	827,165	920,666	761,771	621,414	543,815	474,215	343,465
Total Net Position	\$2,445,494	\$2,373,611	\$2,323,132	\$2,185,147	\$2,039,587	\$1,759,506	\$1,570,583	\$1,445,038	\$1,304,378	\$1,202,501



Source: Annual Financial Reports

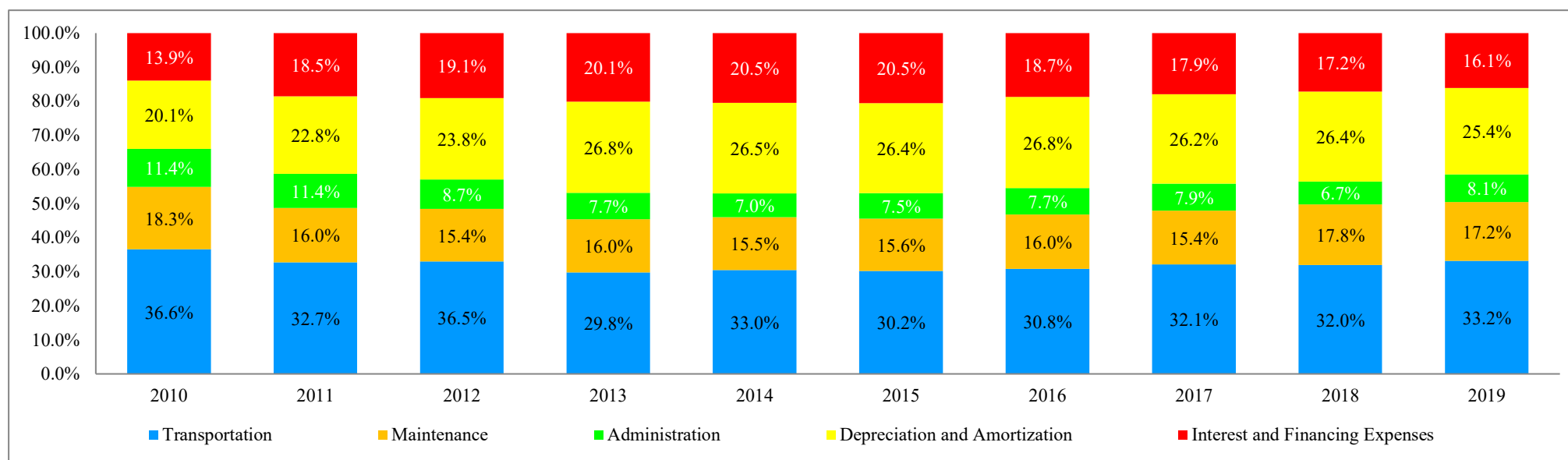
**DALLAS AREA RAPID TRANSIT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (Amounts In Thousands)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATING REVENUES										
Passenger (fare) revenues	\$52,081	\$57,329	\$59,809	\$67,569	\$70,902	\$71,012	\$67,749	\$65,412	\$62,845	\$63,941
Advertising, rent and other	11,149	12,049	20,306	16,146	13,573	14,412	14,121	14,175	13,241	13,532
TOTAL OPERATING REVENUES	63,230	69,378	80,115	83,715	84,475	85,424	81,870	79,587	76,086	77,473
OPERATING EXPENSES										
Labor	193,213	198,290	202,009	211,801	216,188	220,723	229,795	239,382	249,894	259,186
Benefits	80,714	86,548	86,734	87,302	99,851	96,432	96,528	103,288	98,581	118,592
Services	32,323	33,832	30,153	34,775	33,869	35,785	41,998	40,883	48,331	53,282
Materials and Supplies	57,585	51,096	49,120	53,224	44,327	38,487	43,458	43,203	47,531	51,017
Purchased Transportation	50,452	53,466	55,640	43,716	46,900	45,608	50,316	52,531	55,978	58,537
Utilities	13,805	17,047	18,499	20,946	17,151	17,983	18,008	18,830	19,673	16,619
Taxes, Leases, and Other	5,288	5,737	5,732	5,604	5,245	4,829	4,835	4,778	4,029	6,679
Casualty and Liability	3,841	3,878	5,048	5,329	4,582	5,983	7,536	3,238	4,925	7,156
Operating Expenses (excluding depreciation and amortization)	437,221	449,894	452,935	462,697	468,113	465,830	492,474	506,133	528,942	571,068
Depreciation and amortization expense	135,324	179,119	192,875	238,710	236,406	239,439	246,794	239,381	250,210	248,064
TOTAL OPERATING EXPENSES	572,545	629,013	645,810	701,407	704,519	705,269	739,268	745,514	779,152	819,132
NET OPERATING LOSS	(509,315)	(559,635)	(565,695)	(617,692)	(620,044)	(619,845)	(657,398)	(665,927)	(703,066)	(741,659)
NON-OPERATING REVENUES (EXPENSES)										
Sales and use tax	376,295	403,228	433,302	456,524	486,564	519,448	545,907	567,418	596,400	621,129
Investment income	6,842	5,966	5,896	2,272	4,037	8,290	5,552	5,450	6,286	14,787
Interest income from investments held to pay capital lease/leaseback	22,697	22,468	21,419	18,029	15,510	15,189	9,336	8,365	8,524	8,695
Interest expense on capital lease/leaseback	(22,697)	(22,468)	(21,419)	(18,029)	(15,510)	(15,189)	(9,336)	(8,365)	(8,524)	(8,695)
Gain (loss) on HOV lane investments	-	-	-	-	-	(66,465)	(3,100)	600	(11,100)	-
Street improvement for member cities	(1,010)	(1,244)	(5,615)	(6,615)	(2,127)	(560)	(501)	(20)	(3,644)	(11,301)
Interest and financing expenses	(71,055)	(123,046)	(132,839)	(160,824)	(167,071)	(170,744)	(163,004)	(155,255)	(154,044)	(148,757)
Build America Bonds tax credit	17,736	30,250	30,462	28,406	28,259	28,289	28,391	28,381	28,443	25,021
Other federal and state grants	50,913	47,566	56,161	17,418	92,211	82,112	43,731	68,564	69,445	54,932
Other non-operating revenues	12,039	13,562	11,392	12,226	15,760	24,371	16,412	17,552	19,375	15,463
Other non-operating expenses	(7,251)	(10,844)	(3,445)	(3,848)	(1,621)	(13,691)	(9,939)	(3,151)	(1,969)	(13,517)
Loss on transfer of HOV operations	-	-	-	-	(20,392)	-	-	-	-	-
Transfer of assets to the City of Dallas	-	-	-	-	-	(19,041)	-	-	-	-
NET OPERATING REVENUES, NET	384,509	365,438	395,314	345,559	435,620	392,009	463,449	529,539	549,192	557,757
LOSS BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	(124,806)	(194,197)	(170,381)	(272,133)	(184,424)	(227,836)	(193,949)	(136,388)	(153,874)	(183,902)
Capital Contributions	151,836	122,314	141,669	134,148	38,864	18,400	5,026	10,843	24,251	82,025
Total capital contribution and grants	151,836	122,314	141,669	134,148	38,864	18,400	5,026	10,843	24,251	82,025
CHANGE IN NET POSITION	27,030	(71,883)	(28,712)	(137,985)	(145,560)	(209,436)	(188,923)	(125,545)	(129,623)	(101,877)
NET POSITION, BEGINNING OF YEAR	2,418,464	2,445,494	2,373,611	2,323,132	2,185,147	2,039,587	1,759,506	1,570,583	1,445,038	1,304,378
Adjustments Due to Change in Accounting Principles	-	-	(21,767)	-	-	(70,645)	-	-	(11,037)	-
NET POSITION, END OF YEAR	2,445,494	2,373,611	2,323,132	2,185,147	2,039,587	1,759,506	1,570,583	1,445,038	1,304,378	1,202,501

Source: Annual Financial Reports and internal financial records

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

FUNCTION	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transportation	\$246,631	\$257,546	\$267,001	\$265,378	\$271,425	\$273,552	\$284,136	\$293,060	\$303,082	\$324,552
Maintenance	123,596	125,778	124,708	139,146	138,154	138,662	147,499	143,845	168,222	168,579
Administration	75,255	78,658	70,286	68,636	62,282	67,867	71,279	72,399	63,251	79,624
Depreciation and Amortization	135,324	179,119	192,875	238,710	236,406	239,439	246,794	239,381	250,210	248,064
Interest and Financing Expenses	93,752	145,514	154,258	178,853	182,581	185,933	172,340	163,620	162,568	157,452
TOTAL*	\$674,558	\$786,615	\$809,128	\$890,723	\$890,848	\$905,453	\$922,048	\$912,305	\$947,333	\$978,271



* For comparative purposes, total expenses shown above do not include the following items:

	2014	2015	2016	2018	2019
Loss on HOV lane investments/Other		\$66,465	\$3,100	\$11,100	\$23,131
Loss on transfer of HOV operations	\$20,392				
Transfer of assets to the City of Dallas		\$19,041			
	\$20,392	\$85,506	\$3,100	\$11,100	\$23,131

Source: Annual Financial Reports

OPERATING EXPENSES COMPARISON TO INDUSTRY TREND DATA
LAST TEN FISCAL YEARS

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dallas Area Rapid Transit ¹										
Labor and Benefits	62.7%	63.3%	63.7%	64.6%	67.5%	68.1%	66.3%	67.7%	65.9%	66.2%
Materials and Supplies	13.2%	11.4%	10.8%	11.5%	9.5%	8.3%	8.8%	8.5%	9.0%	8.9%
Services	7.4%	7.5%	6.7%	7.5%	7.2%	7.7%	8.5%	8.1%	9.1%	9.3%
Utilities	3.2%	3.8%	4.1%	4.5%	3.7%	3.9%	3.7%	3.7%	3.7%	2.9%
Casualty and Liability	0.9%	0.9%	1.1%	1.2%	1.0%	1.3%	1.5%	0.6%	0.9%	1.3%
Purchased Transportation	11.5%	11.9%	12.2%	9.3%	10.0%	9.8%	10.2%	10.3%	10.6%	10.2%
Others	1.2%	1.3%	1.3%	1.2%	1.1%	1.0%	1.0%	0.9%	0.8%	1.2%
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	64.9%	65.2%	65.0%	64.1%	60.7%	62.0%	62.0%	62.0%	61.0%	N/A
Materials and Supplies	11.2%	10.7%	11.4%	11.7%	11.2%	10.0%	9.0%	9.0%	9.0%	N/A
Services	6.6%	6.6%	6.6%	6.9%	7.1%	7.0%	8.0%	8.0%	8.0%	N/A
Utilities	3.5%	3.4%	3.3%	3.2%	3.1%	3.0%	3.0%	3.0%	3.0%	N/A
Casualty and Liability	2.3%	2.6%	2.6%	2.2%	2.4%	2.0%	3.0%	3.0%	3.0%	N/A
Purchased Transportation	14.0%	13.8%	13.3%	13.8%	13.7%	14.0%	14.0%	14.0%	14.0%	N/A
Others	-2.5%	-2.3%	-2.2%	-1.9%	1.8%	2.0%	1.0%	1.0%	2.0%	N/A
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	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 2018 and 2019.

Source:

(1) Ratios are calculated based on the amounts shown on page 54.

(2) The American Public Transit Association, APTA Fact Book for each year.

DALLAS AREA RAPID TRANSIT
REVENUES BY SOURCE
LAST TEN FISCAL YEARS (Amounts In Thousands)

Revenue source	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Passenger (fare) revenues	\$52,081	\$57,329	\$59,809	\$67,569	\$70,902	\$71,012	\$67,749	\$65,412	\$62,845	\$63,941
Advertising, rent and other	11,149	12,049	20,306	16,146	13,573	14,412	14,121	14,175	13,241	13,532
Sales and use tax	376,295	403,228	433,302	456,524	486,564	519,448	545,907	567,418	596,400	621,129
Federal operating grants	50,913	47,566	56,161	17,418	92,211	82,112	43,731	68,564	69,445	54,932
Investment income	6,842	5,966	5,896	2,272	4,037	8,290	5,552	5,450	6,286	14,787
Interest income from investments held to pay capital lease/leaseback	22,697	22,468	21,419	18,029	15,510	15,189	9,336	8,365	8,524	8,695
Build America Bonds tax credit	17,736	30,250	30,462	28,406	28,259	28,289	28,391	28,381	28,443	25,021
Other non-operating revenues	12,039	13,562	11,392	12,226	15,760	24,371	16,412	18,152	19,375	15,463
	549,752	592,418	638,747	618,590	726,816	763,123	731,199	775,917	804,559	817,500
Capital contributions:										
Federal capital contributions	147,832	117,217	119,443	123,877	36,023	17,738	3,656	9,957	24,122	80,426
State capital contributions	2,712	839	19,865	2,676	1,596	333	1,217	885	129	1,599
Local capital contributions	1,292	4,258	2,361	7,595	1,245	329	153	1	-	-
	151,836	122,314	141,669	134,148	38,864	18,400	5,026	10,843	24,251	82,025
Total revenues	\$701,588	\$714,732	\$780,416	\$752,738	\$765,680	\$781,523	\$736,225	\$786,760	\$828,810	\$899,525

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dallas Area Rapid Transit										
Fare revenue ¹	9.5%	9.7%	9.4%	10.9%	9.8%	9.3%	9.3%	8.4%	7.8%	7.8%
Other revenues ²	12.7%	14.1%	14.0%	12.5%	10.6%	11.9%	10.1%	9.6%	9.4%	9.5%
	22.3%	23.9%	23.4%	23.4%	20.4%	21.2%	19.4%	18.0%	17.2%	17.3%
State and local operating assistance ³	68.4%	68.1%	67.8%	73.8%	66.9%	68.1%	74.7%	73.0%	74.0%	76.0%
Federal operating assistance ⁴	9.3%	8.0%	8.8%	2.8%	12.7%	10.8%	6.0%	8.8%	8.6%	6.7%
	77.7%	76.1%	76.6%	76.6%	79.6%	78.8%	80.6%	82.0%	82.8%	82.7%
Total ⁵	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Transit Industry⁶										
Fare revenue	31.5%	32.1%	32.8%	32.5%	32.5%	32.0%	24.0%	23.0%	28.7%	N/A
Other revenues	12.4%	11.9%	11.1%	11.1%	10.2%	10.8%	14.0%	16.0%	0.2%	N/A
	43.9%	44.0%	43.9%	43.6%	42.7%	42.8%	38.0%	39.0%	29.0%	N/A
State and local operating assistance	47.9%	46.6%	46.3%	47.5%	48.3%	48.6%	44.0%	44.0%	54.6%	N/A
Federal operating assistance	8.2%	9.4%	9.8%	8.9%	8.9%	8.6%	18.0%	17.0%	16.4%	N/A
	56.1%	56.0%	56.1%	56.4%	57.2%	57.2%	62.0%	61.0%	71.0%	N/A
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A

N/A= Fiscal year 2018 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.
- (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 for fiscal years 2008 to 2015 and National Transit Database's national transit summary report for 2016 and 2017.

REVENUE CAPACITY



let's go.

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

The major local source of revenues for DART is a 1% sales and use tax imposed on certain items within its service area. The table below shows estimated sales and use tax revenue and population by city in the service area for fiscal year 2019 compared to 2010 to show how sales and use tax and population have changed.

City	Sales and Use Tax Revenue ¹ (Amounts in Thousands)				Population ²			
	2019	2010	Percentage Change from 2010 to 2019	Percentage of total in 2019	2019	2010	Percentage Change from 2010 to 2019	Percentage of total in 2019
Dallas	\$304,850	\$189,773	60.6%	49.1%	1,301,970	1,197,816	8.7%	52.8%
Plano	86,282	54,921	57.1%	13.9%	284,070	256,841	10.6%	11.5%
Irving	73,690	41,127	79.2%	11.9%	240,420	216,290	11.2%	9.8%
Richardson	39,829	23,244	71.4%	6.4%	113,710	99,223	14.6%	4.6%
Carrollton	39,035	18,527	110.7%	6.3%	136,170	119,097	14.3%	5.5%
Garland	28,856	18,555	55.5%	4.6%	237,270	226,876	4.6%	9.6%
Farmers Branch	16,949	10,460	62.0%	2.7%	31,780	28,616	11.1%	1.3%
Addison	14,770	8,240	79.2%	2.4%	59,300	56,199	5.5%	2.4%
Rowlett	7,018	5,799	21.0%	1.1%	15,790	13,056	20.9%	0.6%
University Park	4,539	2,867	58.3%	0.7%	22,910	23,068	-0.7%	0.9%
Highland Park	4,205	2,247	87.1%	0.7%	8,500	8,564	-0.7%	0.3%
Glenn Heights	698	237	194.5%	0.1%	11,680	11,278	3.6%	0.5%
Cockrell Hill	408	298	36.9%	0.1%	4,190	4,193	-0.1%	0.2%
Total	\$621,129	\$376,295	65.1%	100.0%	2,467,760	2,261,117	9.1%	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 estimate is provided by the North Central Texas Council of Governments.

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

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

City	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dallas	\$189,773	\$203,349	\$218,561	\$231,377	\$244,007	\$261,309	\$273,573	\$284,150	\$295,618	\$304,850
Plano	54,921	59,510	67,745	66,524	71,817	73,829	76,170	79,462	87,005	86,282
Irving	41,127	45,392	45,940	50,282	54,617	60,220	62,319	63,852	65,420	73,690
Richardson	23,244	23,159	23,767	25,602	28,529	29,804	31,815	34,800	35,775	39,829
Carrollton	18,527	20,522	23,090	24,722	26,528	30,138	33,590	35,454	38,953	39,035
Garland	18,555	18,850	20,174	21,151	22,138	23,884	27,755	27,581	27,704	28,856
Farmers Branch	10,460	11,568	12,146	12,968	12,746	13,831	13,512	13,861	14,125	16,949
Addison	8,240	9,159	10,702	12,042	13,105	12,691	12,504	13,288	15,577	14,770
Rowlett	5,799	5,454	4,671	5,163	5,405	5,741	6,481	6,665	7,098	7,018
University Park	2,867	3,253	3,124	3,216	3,645	3,839	3,877	4,059	4,147	4,539
Highland Park	2,247	2,426	2,774	2,819	3,278	3,356	3,471	3,368	3,948	4,205
Glenn Heights	237	333	353	399	437	491	507	516	580	698
Cockrell Hill	298	253	255	259	312	315	333	362	450	408
Total	\$376,295	\$403,228	\$433,302	\$456,524	\$486,564	\$519,448	\$545,907	\$567,418	\$596,400	\$621,129

Sales and use tax rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
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Estimated service area population ²

City	Fiscal Year									
	2010 ³	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dallas	1,197,816	1,205,490	1,207,420	1,213,600	1,232,360	1,244,270	1,257,730	1,270,170	1,286,380	1,301,970
Plano	256,841	260,500	261,900	264,910	269,330	271,140	274,960	277,720	281,390	284,070
Irving	216,290	218,080	218,850	220,750	227,030	228,610	231,040	234,710	237,490	240,420
Richardson	99,223	99,870	100,450	100,850	101,820	102,430	104,300	107,400	110,140	113,710
Carrollton	119,097	119,360	121,150	122,280	124,400	125,250	127,980	130,820	132,330	136,170
Garland	226,876	227,670	228,060	229,120	231,700	232,960	234,300	234,710	236,030	237,270
Farmers Branch	28,616	28,600	28,620	28,800	29,660	30,350	30,480	31,560	31,590	31,780
Rowlett	56,199	56,230	56,310	56,420	56,450	56,910	57,220	57,840	58,830	59,300
Addison	13,056	13,060	13,680	13,840	15,180	15,530	15,600	15,730	15,760	15,790
University Park	23,068	23,020	23,040	22,920	22,860	22,840	22,720	22,820	22,890	22,910
Highland Park	8,564	8,520	8,520	8,500	8,480	8,440	8,430	8,510	8,520	8,500
Glenn Heights	11,278	11,330	11,330	11,410	11,440	11,440	11,680	11,680	11,680	11,680
Cockrell Hill	4,193	4,200	4,200	4,180	4,170	4,160	4,160	4,160	4,170	4,190
Total	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880	2,354,330	2,380,600	2,407,830	2,437,200	2,467,760

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.

**PASSENGER FARE REVENUE AND RIDERSHIP
CURRENT FISCAL YEAR COMPARED TO NINE YEARS AGO**

The second major local source of revenue for DART is passenger revenue (fare revenue) collected from customers who use DART's public transportation services. The following table shows passenger revenue and ridership for fiscal year 2019 compared to 2010.

Type of Service	Passenger Revenues ¹ (Amounts in Thousands)				Ridership ² (Amounts in Thousands)			
	2019	2010	Percentage Change from 2010 to 2019	Percentage of total in 2019	2019	2010	Percentage Change from 2010 to 2019	Percentage of total in 2019
Bus	\$27,251	\$27,826	-2.1%	42.6%	37,231	37,693	-1.2%	53.9%
Light Rail	26,389	13,140	100.8%	41.4%	28,336	17,799	59.2%	41.0%
Commuter Rail ³	6,419	8,027	-20.0%	10.0%	2,007	2,432	-17.5%	2.9%
Demand Response	989	2,493	-60.3%	1.5%	415	1,136	-63.5%	0.6%
Demand Response-Taxi	1,392	-	N/A	2.2%	591	-	N/A	0.9%
Vanpool	1,501	595	152.3%	2.3%	496	925	-46.4%	0.7%
Total	\$63,941	\$52,081	22.8%	100.0%	69,076	59,985	15.2%	100.0%

N/A= Not applicable

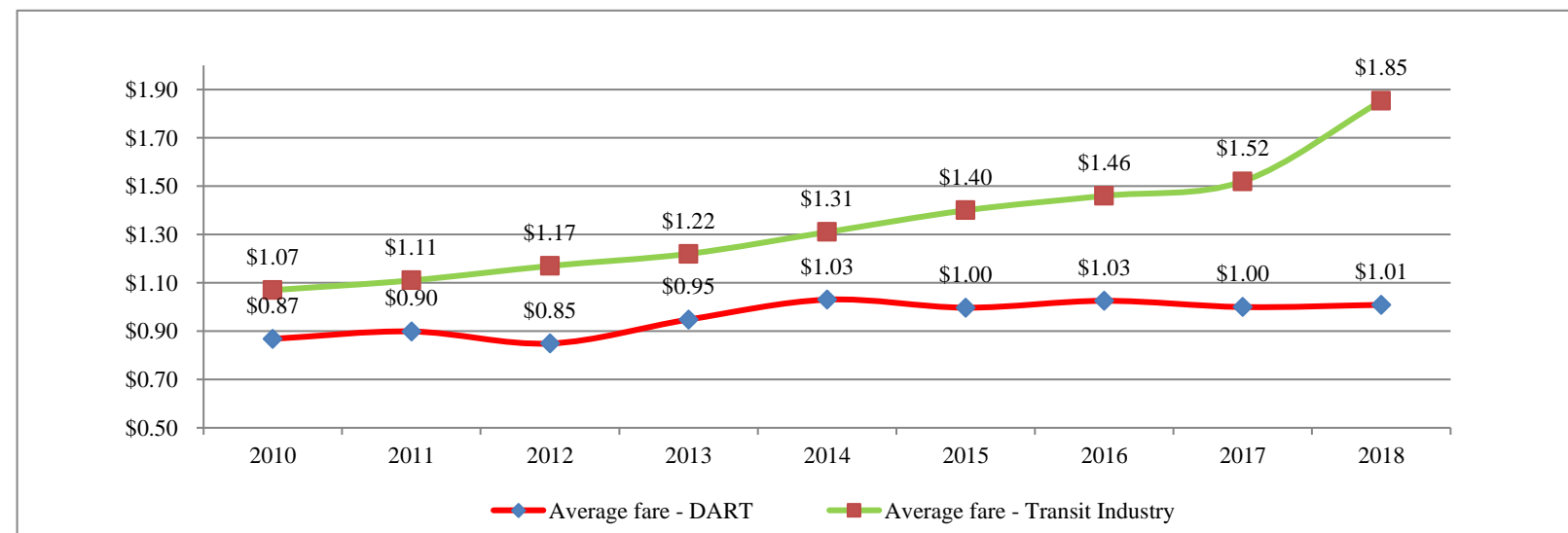
Notes:

1. The increase in total passenger revenue from \$52.1 million in 2010 to \$63.9 million in 2019 is due to increases in fares and ridership.
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 increase in light rail ridership is due to service expansion. The decrease in ridership for other modes is due to lower gas price and an increase in car ownership in our service area.
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. The Commuter Rail mode does not include fare collected by the Fort Worth Transportation Authority.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Passenger revenues¹										
Bus	\$27,826	\$28,245	\$32,525	\$37,133	\$32,564	\$30,834	\$29,005	\$27,960	\$26,995	\$27,251
Light Rail	13,140	17,788	17,962	20,435	27,905	26,387	27,596	27,830	26,142	26,389
Commuter Rail	8,027	8,036	6,044	6,880	9,478	9,383	8,849	6,501	6,561	6,419
Demand Response	2,493	2,506	2,465	2,154	1,149	1,021	838	876	885	989
Demand Response-Taxi	-	-	-	-	922	1,213	1,421	1,346	1,308	1,392
Vanpool	595	754	813	967	996	787	749	899	954	1,501
Total	\$52,081	\$57,329	\$59,809	\$67,569	\$73,014	\$69,625	\$68,458	\$65,412	\$62,845	\$63,941
Ridership²										
Bus	37,693	36,971	38,379	37,937	37,383	36,366	33,521	31,951	30,011	37,231
Light Rail	17,799	22,302	27,654	29,472	29,458	29,841	29,762	29,994	28,873	28,336
Commuter Rail	2,432	2,388	2,252	2,093	2,284	2,173	2,054	2,098	2,039	2,007
Demand Response	1,136	1,140	1,141	832	469	397	335	339	357	415
Demand Response-Taxi	-	-	-	-	376	471	562	530	527	591
Vanpool	925	985	1,033	947	893	577	515	515	483	496
Total	59,985	63,786	70,459	71,281	70,863	69,825	66,749	65,427	62,290	69,076
Average fare per passenger³	\$0.87	\$0.90	\$0.85	\$0.95	\$1.03	\$1.00	\$1.03	\$1.00	\$1.01	\$0.93
Average fare per passenger, Transit Industry - all agencies⁴	\$1.07	\$1.11	\$1.17	\$1.22	\$1.31	\$1.40	\$1.46	\$1.52	\$1.85	N/A



N/A = Fiscal year 2019 transit industry average fare information is not available.

Sources:

- (1) National Transit Database (NTD) Report and internal financial records
- (2) National Transit Database (NTD) Report and internal ridership records
- (3) Average fare, per passenger, is calculated by dividing total passenger revenues by total ridership
- (4) National Transit Database Report - National Transit Profile Summary.

**DALLAS AREA RAPID TRANSIT
FARE STRUCTURE
LAST TEN FISCAL YEARS**

	2010 Effective 10/1/09*	2011 to 2012 Effective 10/1/10*	2013 to 2018 Effective 12/3/12	2018 to 2019 Effective 8/1/18
BASE SINGLE RIDE FARE				
Local Service	\$1.75	\$1.75	N/A	\$2.50
Commuter Rail - Zone 1 and Express Bus ¹	\$2.50	\$3.50	N/A	N/A
Commuter Rail - Zone 2 and Express Bus ²	\$3.75	\$5.00	N/A	N/A
Reduced Fare ³	\$0.85	\$0.85	N/A	\$1.25
Paratransit - Demand Response Van/Sedan Service	\$3.00	\$3.00	N/A	\$3.50
Paratransit Trips to Fixed Route Stops	\$0.75	\$0.75	N/A	\$1.00
Paratransit Eligible Riders on Fixed Route Service	Free	Free	N/A	Free
BASE TWO-HOUR FARE (replaced by A.M./P.M. effective Aug. 1, 2018)				
Local Service ¹⁰			\$2.50	N/A
Regional Service ¹¹			\$5.00	N/A
Reduced Fare ³			\$1.25	N/A
Paratransit - Demand Response Van/Sedan Service			\$3.00	N/A
Paratransit Trips to Fixed Route Stops			\$0.75	N/A
Paratransit Eligible Riders on Fixed Route Service			Free	N/A
A.M./P.M. ¹²				
Local Service				\$3.00
Regional Service				\$6.00
Reduced Fare ³				\$1.50
MID-DAY FARE ⁹				
Local Service ¹⁰			\$1.75	\$2.00
Regional Service ¹¹			\$3.50	\$4.00
DAY PASS ⁴				
Local Service ¹⁰	\$4.00	\$4.00	\$5.00	\$6.00
Commuter Rail - Zone 1 and Express Bus ¹	\$5.00	\$7.00		
Commuter Rail - Zone 2 and Express Bus ²	\$7.50	\$10.00		
Regional Service ¹¹			\$10.00	\$12.00
Reduced Fare ³	\$2.00	\$2.00	\$2.50	\$3.00
Regional Day Pass Book of Ten			\$30.00	\$36.00
10-Ticket Paratransit Coupon Book			\$30.00	N/A
WEEKLY PASS ⁵				
Local Service ¹⁰	\$20.00	\$20.00	\$25.00	N/A
Commuter Rail - Zone 1 and Express Bus ¹	\$25.00	\$35.00		N/A
Commuter Rail - Zone 2 and Express Bus ²	\$37.50	\$50.00		N/A
Regional Service ¹¹			\$50.00	N/A
MONTHLY PASS ⁶				
Local Service ¹⁰	\$65.00	\$65.00	\$80.00	\$96.00
Commuter Rail - Zone 1 and Express Bus ¹	\$75.00	\$100.00		
Commuter Rail - Zone 2 and Express Bus ²	\$105.00	\$120.00		
Regional Service ¹¹			\$160.00	\$192.00
Reduced Fare ³	\$32.00	\$32.00	\$40.00	\$48.00
Lone Star Card - Local ⁸			\$40.00	\$48.00
Lone Star Card - Regional ⁸			\$80.00	\$96.00
ANNUAL PASS ⁷				
Local Service ¹⁰	\$650.00	\$650.00	\$800.00	\$960.00
Commuter Rail - Zone 1 and Express Bus ¹	\$750.00	\$1,000.00		
Commuter Rail - Zone 2 and Express Bus ²	\$1,050.00	\$1,200.00		
Regional Service ¹¹			\$1,600.00	\$1,920.00
Senior - Regional			\$480.00	\$576.00
Corporate - Local				\$720.00
Corporate - Regional				\$1,440.00

During the last ten years, the DART Board approved three amendments to fare structures with the following effective dates: 10/1/2009, 10/1/2010, 12/03/2012, and 8/1/2018.

*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.

N/A= not applicable

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
- (8) Lone Star cardholders with Temporary Assistance for Needy Families (TANF) benefits are eligible to purchase Monthly Passes at a 50% discount from listed fares. This discount does not apply to Reduced or High School Monthly Pass purchases.
- (9) Mid-Day Pass allows unlimited travel between 9:30 a.m. and 2:30 p.m. Monday through Friday.
- (10) All DART buses and trains; TRE service between Union Station and CentrePort Station; DART On-Call and Flex service.
- (11) All DART buses and trains; all TRE services; The T in Fort Worth; the A-Train and DCTA in Denton.
- (12) A.M./P.M.: tickets purchased from start of service day until noon are valid for travel until noon; tickets purchased at noon to end of service day are valid until end of DART service day. Valid for travel on all DART buses and trains, Trinity Railway Express Service, DART On-Call and Flex service.

Source: DART Board Resolutions 020192, 030146, 070064, 090067, 120105, and 18017.

DEBT CAPACITY



let's go.

**DALLAS AREA RAPID TRANSIT
OUTSTANDING DEBT RATIO
LAST TEN FISCAL YEARS**

OUTSTANDING DEBT RATIO

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total outstanding debt (in thousands)¹										
Senior Lien Revenue Bonds*	\$2,641,677	\$3,361,548	\$3,351,255	\$3,550,250	\$3,564,499	\$3,547,683	\$3,542,484	\$3,468,794	\$3,393,888	\$3,329,399
Capital Lease Obligations	322,240	323,903	289,559	220,704	200,005	201,098	109,725	111,716	113,866	116,187
	\$2,963,917	\$3,685,451	\$3,640,814	\$3,770,954	\$3,764,504	\$3,748,781	\$3,652,209	\$3,580,510	\$3,507,754	\$3,445,586
Total personal income (in thousands)²	\$66,205,506	\$66,007,116	\$66,384,193	\$68,328,835	\$69,851,833	\$72,618,226	\$73,140,525	\$77,086,584	\$82,290,173	\$83,309,687
Outstanding debt ratio	0.04	0.06	0.05	0.06	0.05	0.05	0.05	0.05	0.04	0.04

OUTSTANDING DEBT PER CAPITA

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total outstanding debt (in thousands) as shown above	\$2,963,917	\$3,685,451	\$3,640,814	\$3,770,954	\$3,764,504	\$3,748,781	\$3,652,209	\$3,580,510	\$3,507,754	\$3,445,586
Service area population³	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880	2,354,330	2,380,600	2,407,830	2,437,200	2,467,760
Outstanding debt per capita	\$1,311	\$1,619	\$1,594	\$1,641	\$1,612	\$1,592	\$1,534	\$1,487	\$1,439	\$1,396

*Includes unamortized premium, and Transit Infrastructure Financing and Innovation Act (TIFIA) bonds starting from 9/30/2013.

Sources:

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Senior Lien Revenue Bonds(1)										
Voted Debt Limit	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1	See note 1
Debt Issuance Subject to Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Limit Available	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Limit Issued										

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.

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales and Use Tax	\$376,295	\$403,228	\$433,302	\$456,524	\$486,564	\$519,448	\$545,907	\$567,418	\$596,400	\$621,129
Passenger (Fare) Revenue	57,329	59,809	59,809	67,569	70,902	71,012	67,749	65,412	62,845	63,941
	\$433,624	\$463,037	\$493,111	\$524,093	\$557,466	\$590,460	\$613,656	\$632,830	\$659,245	\$685,070
Debt Service requirements**										
Principal - Bond	\$17,935	\$18,790	\$8,370	\$6,740	\$33,175	\$38,215	\$48,115	\$53,962	\$53,936	\$58,291
Interest Payments	135,819	161,274	173,768	176,695	180,580	188,949	176,371	164,072	165,585	160,818
	153,754	180,064	182,138	183,435	213,755	227,164	224,486	218,034	219,521	219,109
Less: Build America Bond Credit	(16,554)	(26,008)	(30,462)	(28,406)	(28,259)	(28,289)	(28,391)	(28,381)	(28,443)	(25,021)
Net debt service	\$153,754	\$180,064	\$151,676	\$155,029	\$185,496	\$198,875	\$196,095	\$189,653	\$191,078	\$194,088
Coverage Ratio***	2.82	2.57	3.25	3.38	3.01	2.97	3.13	3.34	3.45	3.53

*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 starting in fiscal year 2011 because of additional issuances of revenue bonds.

*** 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

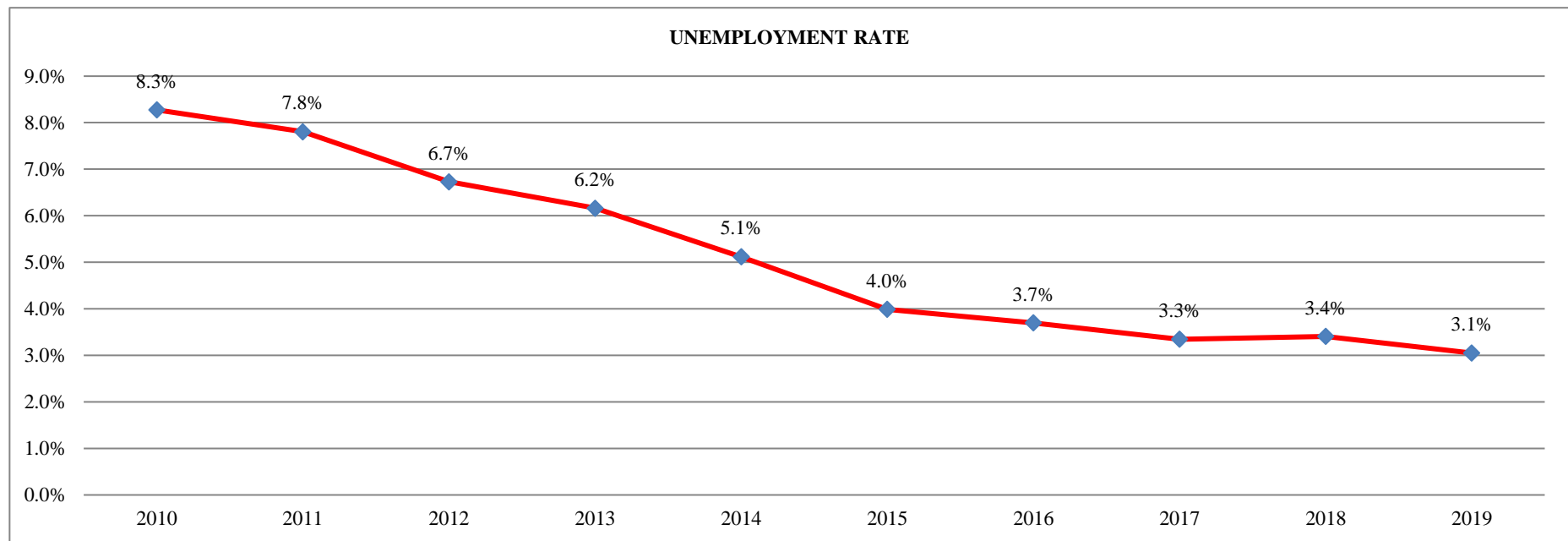
DEMOGRAPHIC AND ECONOMIC INFORMATION



let's go.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Population ¹	2,261,117	2,275,930	2,283,530	2,297,580	2,334,880	2,354,330	2,380,600	2,407,830	2,437,200	2,467,760
Per Capita Income ²	\$29,280	\$29,002	\$29,071	\$29,739	\$29,917	\$30,845	\$30,724	\$32,015	\$33,764	\$33,759
Total Personal Income (in thousands) ²	\$66,205,506	\$66,007,116	\$66,384,193	\$68,328,835	\$69,851,833	\$72,618,226	\$73,140,525	\$77,086,584	\$82,290,173	\$83,309,687
Unemployment Rate ³	8.3%	7.8%	6.7%	6.2%	5.1%	4.0%	3.7%	3.3%	3.4%	3.1%



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 THE DART SERVICE AREA
CURRENT FISCAL YEAR AND NINE YEARS AGO**

2019				2010			
Rank	Name of Employer	Number of Employees	Percentage of Total Employment	Rank	Name of Employer	Number of Employees	Percentage of Total Employment
1	Baylor Scott & White Health	24,088	0.98%	1	Dallas Independent School District (DISD)	20,554	21.48%
2	Dallas Independent School District	22,222	0.91%	2	City of Dallas	13,427	14.03%
3	UT Southwestern Medical Center at Dallas	18,666	0.76%	3	UT Southwestern Medical Center	12,671	13.24%
4	Medical City Healthcare	17,000	0.69%	4	Texas Instruments	9,800	10.24%
5	Baylor Scott & White Health	16,500	0.67%	5	Parkland Health and Hospital System	9,405	9.83%
6	City of Dallas	15,331	0.63%	6	Dallas County Community College District	7,230	7.56%
7	AT&T Inc.	15,000	0.61%	7	United States Post Office	6,674	6.97%
8	Parkland Health and Hospital System	12,857	0.52%	8	Dallas County Personnel/Civil Service	6,150	6.43%
9	JPMorgan Chase Bank N.A.	12,400	0.51%	9	Pilgrim's Pride	5,350	5.59%
10	Southwest Airlines	10,694	0.44%	10	Baylor Health Care System	4,425	4.62%

Sources for 2019:

Dallas Business Journal, Book of Lists 2019, Volume 43, Number 22
Dallas Independent School District 2019 CAFR
City of Dallas 2019-2020 Adopted Budget

Sources for 2010: Dallas Business Journal's Elists, and City of Dallas 2010 CAFR

OPERATING INFORMATION



let's go.

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

FUNCTION	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transport Operations										
Bus Operations	1,537	1,451	1,487	1,522	1,470	1,511	1,556	1,576	1,569	1,682
Commuter Rail Operations	14	13	14	14	11	14	14	14	15	20
HOV Lane Operations*	67	63	63	55	3	-	-	-	-	-
Light Rail Operations	272	266	313	292	298	285	308	323	323	376
Paratransit Operations	67	64	63	59	55	59	60	64	59	58
Vanpool Operations	2	2	2	2	2	2	2	2	2	2
	1,959	1,859	1,942	1,944	1,839	1,871	1,940	1,979	1,968	2,138
Maintenance										
Vehicle Maintenance	695	657	630	738	733	710	722	701	706	668
Non-vehicle Maintenance	282	303	342	270	302	297	286	317	308	319
	977	960	972	1,008	1,035	1,007	1,008	1,018	1,014	987
Public Safety and Fare Enforcement	309	309	319	340	352	336	326	322	381	403
Operations Total	3,245	3,128	3,233	3,292	3,226	3,214	3,274	3,319	3,363	3,528
Administrative	435	398	359	369	353	352	374	386	395	365
Total	3,680	3,526	3,592	3,661	3,579	3,566	3,648	3,705	3,758	3,893

* HOV Lane is managed and operated by Texas Department of Transportation starting from October 1, 2013.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PASSENGERS (RIDERSHIP)										
Bus	37,693,438	36,971,366	38,378,872	37,937,209	37,383,043	36,366,269	33,521,239	31,951,162	30,011,020	37,230,755
Light Rail	17,799,186	22,302,390	27,653,893	29,471,890	29,458,289	29,841,000	29,762,161	29,993,849	28,873,235	28,335,785
Commuter Rail*	2,432,174	2,388,407	2,252,140	2,092,782	2,283,895	2,173,653	2,054,001	2,097,999	2,038,947	2,006,996
Demand Response	1,135,997	1,140,165	1,141,015	832,271	468,964	396,672	334,880	339,483	356,620	415,034
Demand Response-Taxi	-	-	-	-	376,174	471,177	562,000	529,783	526,891	590,600
Vanpool	924,600	985,046	1,033,042	946,976	892,966	576,804	515,880	514,893	483,243	495,882
	<u>59,985,395</u>	<u>63,787,374</u>	<u>70,458,962</u>	<u>71,281,128</u>	<u>70,863,331</u>	<u>69,825,575</u>	<u>66,750,161</u>	<u>65,427,169</u>	<u>62,289,956</u>	<u>69,075,052</u>
REVENUE MILES										
Bus	27,323,659	25,727,585	27,144,101	27,250,680	26,785,827	27,343,486	27,501,704	27,557,587	28,242,935	28,574,907
Light Rail	4,941,155	6,897,909	7,560,914	9,123,662	9,262,430	9,721,956	9,829,532	10,244,288	10,236,821	10,310,712
Commuter Rail*	1,239,709	1,142,577	1,109,867	1,144,466	1,152,029	1,153,406	1,164,706	1,630,259	1,627,050	1,633,624
Demand Response	8,458,570	8,638,492	8,813,149	4,198,696	2,939,099	2,373,541	1,986,108	2,184,726	2,407,024	2,934,943
Demand Response-Taxi	-	-	-	3,357,344	4,144,030	4,975,169	5,614,299	5,513,890	5,850,754	7,160,994
Vanpool	3,505,934	3,816,639	3,919,736	3,632,332	3,426,983	2,695,134	3,061,242	3,087,735	3,031,554	2,838,832
	<u>45,469,027</u>	<u>46,223,202</u>	<u>48,547,767</u>	<u>48,707,180</u>	<u>47,710,398</u>	<u>48,262,692</u>	<u>49,157,591</u>	<u>50,218,485</u>	<u>51,396,138</u>	<u>53,454,012</u>
REVENUE HOURS										
Bus*	2,009,486	1,953,954	2,010,240	2,100,705	2,077,637	2,148,462	2,159,309	2,174,863	2,222,726	2,264,372
Light Rail	248,127	348,543	381,882	451,717	453,951	468,421	473,059	491,854	458,345	500,544
Commuter Rail**	49,836	47,440	48,247	49,496	49,789	49,720	49,554	72,469	73,746	73,830
Demand Response	513,131	521,623	529,754	501,626	223,948	185,498	157,192	215,791	195,261	225,099
Demand Response-Taxi	-	-	-	-	241,078	276,047	328,641	308,413	337,873	397,133
Vanpool	87,648	95,416	97,993	90,808	85,675	69,437	80,758	80,844	79,552	77,361
	<u>2,908,228</u>	<u>2,966,976</u>	<u>3,068,116</u>	<u>3,194,352</u>	<u>3,132,078</u>	<u>3,197,585</u>	<u>3,248,513</u>	<u>3,344,234</u>	<u>3,367,503</u>	<u>3,538,339</u>
PASSENGERS PER REVENUE MILE										
Bus	1.38	1.44	1.41	1.39	1.40	1.33	1.22	1.16	1.06	1.30
Light Rail	3.60	3.23	3.66	3.23	3.18	3.07	3.03	2.93	2.82	2.75
Commuter Rail**	1.96	2.09	2.03	1.83	1.98	1.88	1.76	1.29	1.25	1.23
Demand Response	0.13	0.13	0.13	0.20	0.16	0.17	0.17	0.16	0.15	0.14
Demand Response-Taxi	-	-	-	-	-	-	0.10	0.10	0.09	0.08
Vanpool	0.26	0.26	0.26	0.26	0.26	0.21	0.17	0.17	0.16	0.17
	<u>1.32</u>	<u>1.38</u>	<u>1.45</u>	<u>1.46</u>	<u>1.49</u>	<u>1.45</u>	<u>1.36</u>	<u>1.30</u>	<u>1.21</u>	<u>1.29</u>
PASSENGERS PER REVENUE HOUR										
Bus	18.76	18.92	19.09	18.06	17.99	16.93	15.52	14.69	13.50	16.44
Light Rail	71.73	63.99	72.41	65.24	64.89	63.71	62.91	60.98	62.99	56.61
Commuter Rail**	48.80	50.35	46.68	42.28	45.87	43.72	41.45	28.95	27.65	27.18
Demand Response	2.21	2.19	2.15	1.66	2.09	2.14	2.13	1.57	1.83	1.84
Demand Response-Taxi	-	-	-	-	-	-	1.71	1.72	1.56	1.49
Vanpool	10.55	10.32	10.54	10.43	10.42	8.31	6.39	6.37	6.07	6.41
	<u>20.63</u>	<u>21.50</u>	<u>22.96</u>	<u>22.31</u>	<u>22.63</u>	<u>21.84</u>	<u>20.55</u>	<u>19.56</u>	<u>18.50</u>	<u>19.52</u>
Operating expense***	<u>\$437,221</u>	<u>\$449,894</u>	<u>\$452,935</u>	<u>\$462,697</u>	<u>\$468,113</u>	<u>\$465,830</u>	<u>\$492,474</u>	<u>\$506,133</u>	<u>\$528,942</u>	<u>\$571,068</u>
Fare Revenue (Passenger revenue)	\$52,080,754	\$57,329,000	\$59,809,000	\$67,569,000	\$73,014,000	\$69,625,000	\$68,458,000	\$65,412,000	\$62,845,000	\$63,941,000
Operating expense per mile	\$9.62	\$9.73	\$9.33	\$9.50	\$9.81	\$9.65	\$10.02	\$10.08	\$10.29	\$10.68
Operating expense per hour	\$150.34	\$151.63	\$147.63	\$144.85	\$149.46	\$145.68	\$151.60	\$151.34	\$157.07	\$161.39
Operating expense per passenger	\$7.29	\$7.05	\$6.43	\$6.49	\$6.61	\$6.67	\$7.38	\$7.74	\$8.49	\$8.27
Fare revenue per passenger	\$0.87	\$0.90	\$0.85	\$0.95	\$1.03	\$1.00	\$1.03	\$1.00	\$1.01	\$0.93

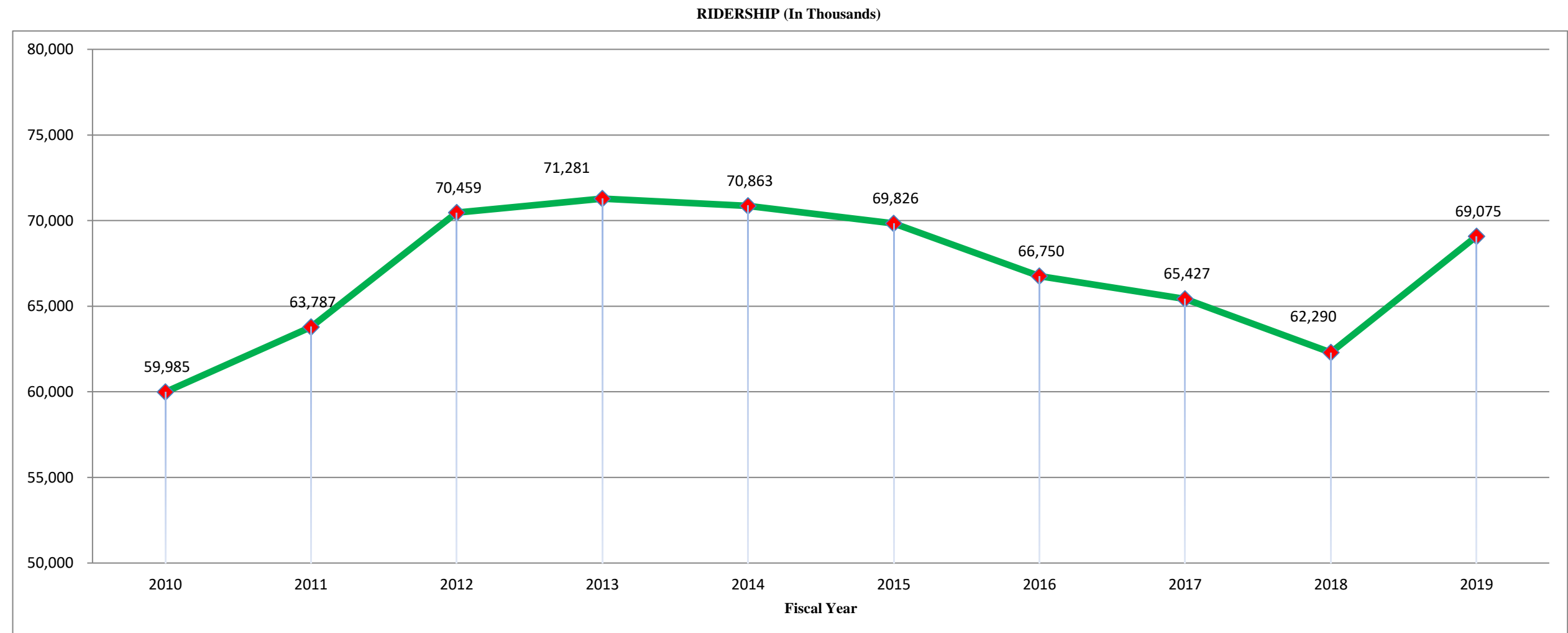
* Bus ridership increased by 7.2 million trips or 19% from 2018 to 2019 due to a change in ridership counting method manual to automated passenger counter (APC).

** Commuter Rail service information shown here includes information reported to the National Transit Database by both DART and The Fort Worth Transportation Authority.

*** Operating expense does not include depreciation and amortization, interest expense and non-operating expenses.

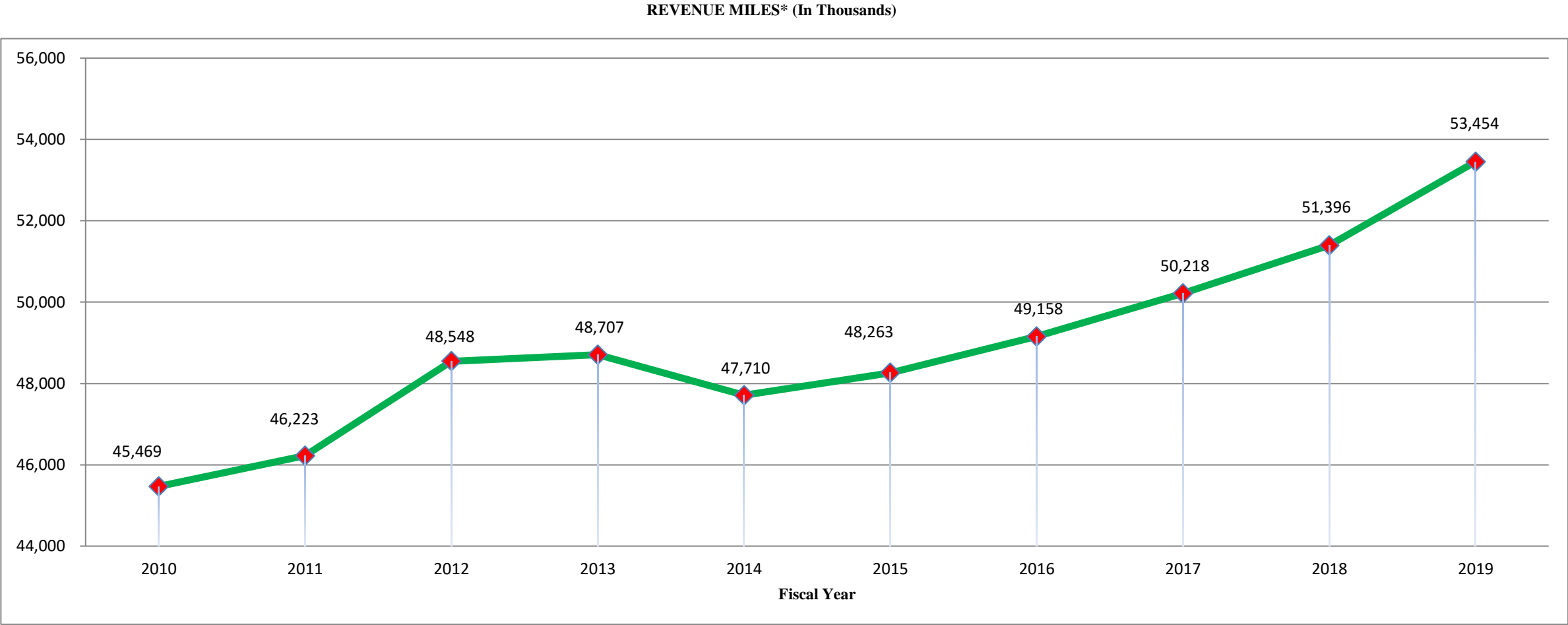
Source: National Transit Database

**DALLAS AREA RAPID TRANSIT
RIDERSHIP
LAST TEN FISCAL YEARS**



* Total ridership increased by 6.8 million trips or 11% from 2018 to 2019 due to a change in ridership counting method manual to automated passenger counter (APC) for bus service.

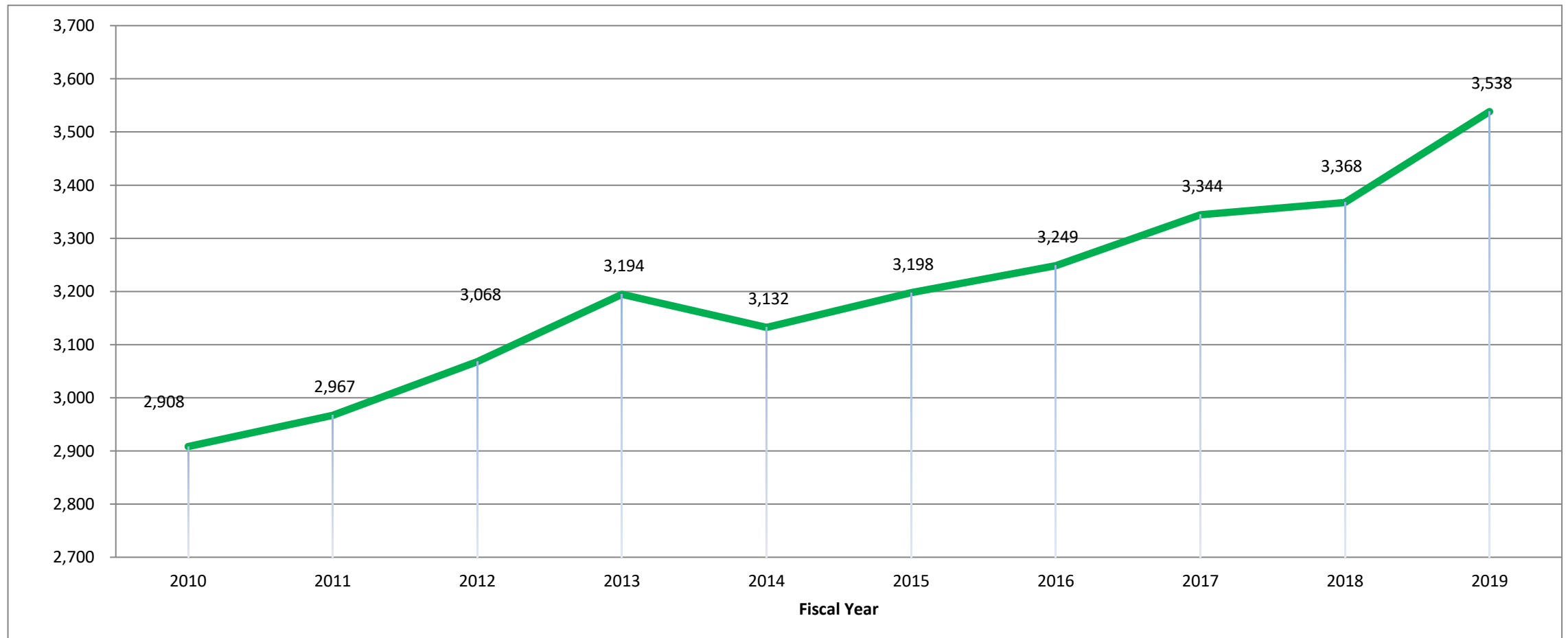
DALLAS AREA RAPID TRANSIT
REVENUE MILES
LAST TEN FISCAL YEARS



* Revenue miles for rail services are car revenue miles.

**DALLAS AREA RAPID TRANSIT
REVENUE HOURS
LAST TEN FISCAL YEARS**

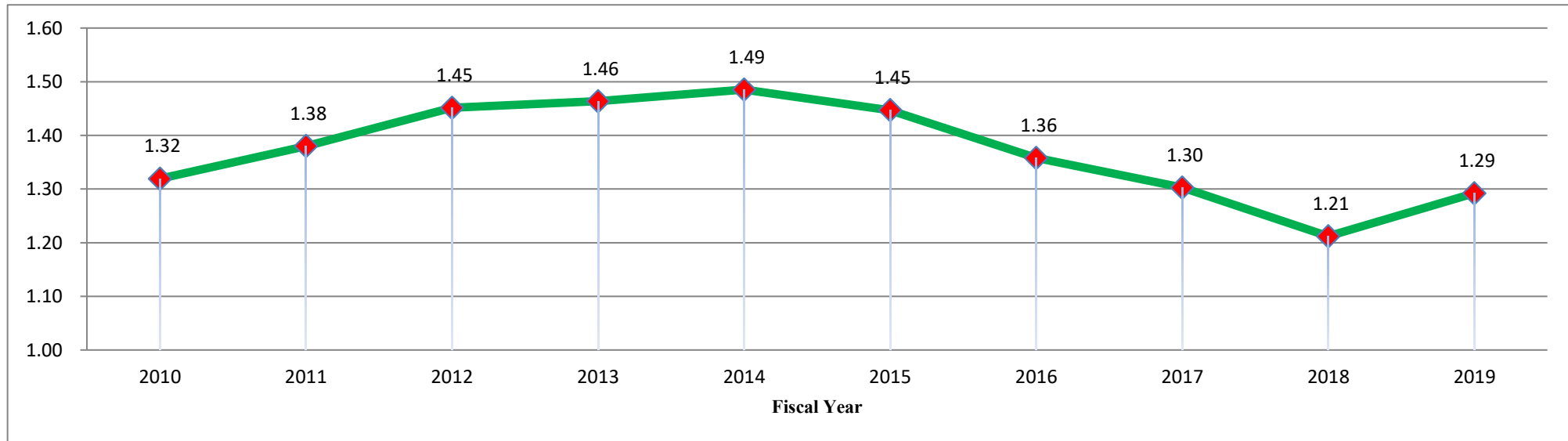
REVENUE HOURS* (In Thousands)



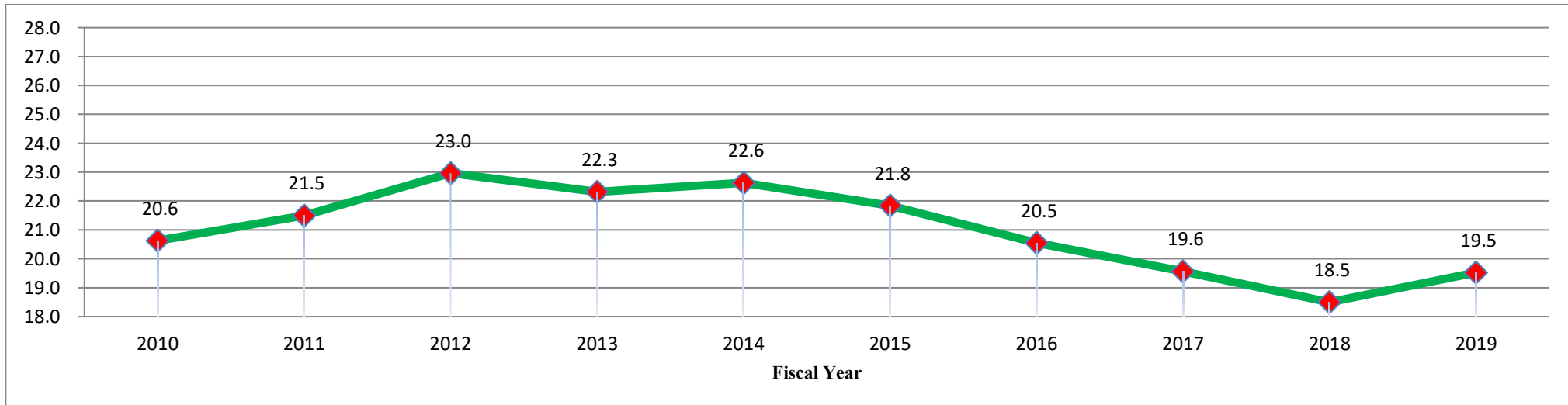
* Revenue hours for rail services are car revenue hours.

**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
AVERAGE WEEKDAY PASSENGERS (RIDERSHIP)										
Bus	128,532	126,426	131,186	129,683	127,432	122,695	113,229	108,722	101,063	123,072
Light Rail	59,785	71,748	90,182	96,354	96,523	97,824	96,781	97,112	93,466	92,099
Commuter Rail	8,689	8,482	8,080	7,556	8,229	7,907	7,395	7,413	7,221	7,071
Demand Response	4,004	4,001	4,001	1,845	1,692	17,612	1,233	1,253	1,318	1,519
Demand Response-Taxi	-	-	-	-	1,233	18,484	N/A	N/A	N/A	N/A
Vanpool	3,640	3,893	4,067	3,728	3,516	1,855	1,954	1,876	1,761	1,808
	204,650	214,550	237,516	239,166	238,625	266,377	220,592	216,376	204,829	225,569
AVERAGE WEEKDAY REVENUE MILES										
Bus	89,626	84,194	87,949	88,750	87,157	89,079	89,039	89,195	90,818	91,528
Light Rail ¹	16,123	21,897	23,688	28,022	28,493	31,046	31,080	31,827	31,792	31,953
Commuter Rail ¹	4,421	3,815	3,866	3,992	3,992	3,992	4,078	5,575	5,674	5,709
Demand Response	28,660	29,242	29,898	14,481	10,175	8,482	7,097	7,822	8,613	10,360
Demand Response-Taxi	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Vanpool	13,803	15,086	15,432	14,301	13,492	8,666	11,589	11,271	11,137	10,400
	152,633	154,234	160,833	149,546	143,309	141,265	142,883	145,690	148,034	149,950
AVERAGE WEEKDAY REVENUE HOURS										
Bus	6,552	6,353	6,468	6,792	6,706	6,942	7,510	6,945	7,083	7,138
Light Rail ¹	804	1,105	1,194	1,377	900	1,486	1,487	1,518	1,417	1,426
Commuter Rail ¹	180	166	169	171	172	173	173	251	254	253
Demand Response	1,752	1,779	1,811	1,035	792	674	570	775	703	801
Demand Response-Taxi	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Vanpool	345	377	386	358	337	223	306	297	293	284
	9,633	9,780	10,028	9,733	8,907	9,498	10,046	9,786	9,750	9,902
AVERAGE WEEKDAY PASSENGERS PER REVENUE MILE										
Bus	1.43	1.50	1.49	1.46	1.46	1.38	1.27	1.22	1.11	1.34
Light Rail	3.71	3.28	3.81	3.44	3.39	3.15	3.11	3.05	2.94	2.88
Commuter Rail	1.97	2.22	2.09	1.89	2.06	1.98	1.81	1.33	1.27	1.24
Demand Response	0.14	0.14	0.13	0.13	0.17	2.08	0.17	0.16	0.15	0.15
Demand Response-Taxi	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Vanpool	0.26	0.26	0.26	0.26	0.26	0.21	0.17	0.17	0.16	0.17
	1.34	1.39	1.48	1.60	1.67	1.89	1.54	1.49	1.38	1.50
AVERAGE WEEKDAY PASSENGERS PER REVENUE HOUR										
Bus	19.62	19.90	20.28	19.09	19.00	17.67	15.08	15.65	14.27	17.24
Light Rail	74.36	64.93	75.53	69.97	107.25	65.83	65.08	63.97	65.96	64.59
Commuter Rail ¹	48.27	51.10	47.81	44.19	47.84	45.71	42.75	29.53	28.43	27.95
Demand Response	2.29	2.25	2.21	1.78	2.14	26.13	2.16	1.62	1.87	1.90
Demand Response-Taxi	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Vanpool	10.55	10.33	10.54	10.41	10.43	8.32	6.39	6.32	6.01	6.37
	21.24	21.94	23.69	24.57	26.79	28.05	21.96	22.11	21.01	22.78

N/A= Not applicable

Notes

(1) Average weekday revenue miles and hours for rail services are car revenue miles and hours.

Source: National Transit Database

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of vehicles available for service ¹										
Bus	663	658	629	650	861	744	648	580	640	681
Light Rail	122	163	163	163	163	163	163	162	162	162
Commuter Rail	44	47	35	35	35	32	32	32	35	34
Demand Response	209	209	209	175	165	107	96	96	96	117
Demand Response-Taxi	-	-	-	-	79	125	-	115	115	115
Vanpool	178	200	215	204	190	229	190	208	174	167
Total	1,216	1,277	1,251	1,227	1,493	1,400	1,129	1,193	1,222	1,276
Number of vehicles operated during weekday ¹										
Bus	556	507	509	527	544	535	533	530	537	561
Light Rail	76	77	78	102	103	105	104	107	109	117
Commuter Rail	18	18	18	18	23	18	18	23	23	23
Demand Response	190	186	186	148	148	92	106	96	96	107
Demand Response-Taxi	-	-	-	-	79	115	-	115	115	115
Vanpool	173	190	196	183	183	162	175	186	174	167
Total	1,013	978	987	978	1,080	1,027	936	1,057	1,054	1,090
Operating Facilities ²										
Bus										
Number of operating garages	3	3	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	12,500	12,500	12,500	12,500	11,973	11,973	11,271	11,271	11,086	10,610
Light Rail										
Miles of tracks	48	48	72	77	85	85	85	93	93	93
Number of stations	39	39	55	58	61	62	62	64	64	64
Number of operating garages	1	1	2	2	2	2	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) Internal DART records

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Non-Depreciable Capital Assets										
Land and right-of-way	\$397,997	\$548,904	\$554,714	\$578,169	\$609,498	\$616,728	\$615,709	\$619,026	\$619,043	\$618,596
Capital projects in progress	2,305,270	859,872	662,567	205,542	70,845	101,124	190,992	66,867	93,435	227,111
Total Non-Depreciable Capital Assets	2,703,267	1,408,776	1,217,281	783,711	680,343	717,852	806,701	685,893	712,478	845,707
Depreciable Capital Assets										
Transit-ways	1,631,987	2,779,751	3,188,305	3,696,268	3,845,836	3,860,836	3,861,876	4,019,867	4,050,153	4,054,449
Buildings and Improvements	419,849	696,102	702,179	745,314	746,585	748,445	749,160	749,860	750,296	753,648
Revenue and Non-Revenue Vehicles and Equipment	935,898	1,218,639	1,275,561	1,319,261	1,303,485	1,287,039	1,282,270	1,301,880	1,302,474	1,327,613
Furniture, Fixtures, and Leasehold Improvements	38,940	43,242	49,537	61,184	59,872	64,523	65,909	69,636	77,131	97,110
Total Depreciable Capital Assets	3,026,674	4,737,734	5,215,582	5,822,027	5,955,778	5,960,843	5,959,215	6,141,243	6,180,054	6,232,820
Less Accumulated Depreciation										
Transit-ways	508,156	593,902	690,650	820,845	931,205	1,060,638	1,190,044	1,324,572	1,460,616	1,597,555
Buildings and Improvements	221,232	240,967	265,881	292,055	316,802	341,810	366,599	391,305	415,950	440,564
Revenue and Non-Revenue Vehicles and Equipment	447,998	499,242	559,630	568,776	527,137	536,743	605,467	656,545	712,473	775,829
Furniture, Fixtures, and Leasehold Improvements	31,939	36,569	38,929	46,450	50,973	57,584	60,150	63,499	66,197	74,820
Total Accumulated Depreciation	1,209,325	1,370,680	1,555,090	1,728,126	1,826,117	1,996,775	2,222,260	2,435,921	2,655,236	2,888,768
Net Depreciable Capital Assets	1,817,349	3,367,054	3,660,492	4,093,901	4,129,661	3,964,068	3,736,955	3,705,322	3,524,818	3,344,052
Net Capital Assets	\$ 4,520,616	\$ 4,775,830	\$ 4,877,773	\$ 4,877,612	\$ 4,810,004	\$ 4,681,920	\$ 4,543,656	\$ 4,391,215	\$ 4,237,296	\$ 4,189,759

Source: Annual financial statements

DALLAS AREA RAPID TRANSIT
P.O. BOX 660163
DALLAS, TX 75266



let's go.