

DALLAS AREA RAPID TRANSIT



Quarterly Disclosure Update for the nine-month period ended June 30, 2020

This Quarterly Disclosure Update supplements the information contained in our Annual Disclosure Statement for the period ending September 30, 2019, and dated March 10, 2020. The Annual Disclosure Statement will be filed as a public record with the Municipal Securities Rulemaking Board's website at www.emma.msrb.org, and is posted on the Internet at our website, www.dart.org. You may also obtain a free copy of this Quarterly Disclosure Update by contacting us at the following address or telephone number: Chief Financial Officer, DART, 1401 Pacific Avenue, Dallas, Texas 75202, (214) 749-3148.

GENERAL

We are posting and filing this Quarterly Disclosure Update to supplement our Annual Disclosure Statement for the period ending September 30, 2019. We continue to reserve the right to suspend or stop the postings on the Internet and the quarterly updates at any time. However, we will always provide the annual and periodic information called for under any undertaking made in compliance with Rule 15c2-12 under the Securities Exchange Act of 1934.

Whenever we use capitalized words in this Quarterly Disclosure Update, they refer to the defined terms that are found in or incorporated by reference in the Annual Disclosure Statement for the period ending September 30, 2019 and dated March 10, 2020. See, Annual Disclosure Statement, Appendix B, "SUMMARY OF CERTAIN TERMS OF MASTER DEBT RESOLUTION."

In this Quarterly Disclosure Update, "we," "our," "us," and "DART" refer to Dallas Area Rapid Transit, a subregional transportation authority under the Act.

The information in this Quarterly Disclosure Update is as of the date stated below, except for the unaudited financial information included herein as Exhibit A, which is for the nine-month period ended June 30, 2020.

YOU SHOULD CAREFULLY CONSIDER THE INVESTMENT CONSIDERATIONS IN THE ANNUAL DISCLOSURE STATEMENT.

FORWARD-LOOKING STATEMENTS

We make "forward-looking statements" in the Annual Disclosure Statement and in Quarterly Disclosure Updates by using forward-looking words such as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates," or others. You are cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, conditions in the financial markets, our financial condition, our sales tax revenues, receipt of federal grants, and various other factors that are beyond our control. Because we cannot predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what we include in forward-looking statements.

Dated: August 21, 2020

QUARTERLY DISCLOSURE UPDATE

The Annual Disclosure Statement for the period ending September 30, 2019 and dated March 10, 2020, is updated by the following supplemental information:

Infectious Disease Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (COVID-19), has been characterized as a pandemic by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, pursuant to Chapter 418 of the Texas Government Code, as amended, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation. Due to a recent spike in COVID-19 cases, recent executive orders modified the phased reopening of businesses in Texas, subject to further restrictions in the Governor's discretion. For example, Executive Order GA-28, which was issued on June 26, 2020, and remains in effect until modified, amended, rescinded or superseded by the Governor, established occupancy limits to 50 percent for most businesses in Texas, limited bars and similar establishments to drive-through, pickup or delivery options, and made most outdoor gatherings of more than 100 people subject to approval by local authorities, subject to exceptions outlined in the order. Businesses otherwise subject to a 50 percent occupancy limit and located in a county meeting certain Department of State Health Services criteria are eligible to operate at up to 75 percent of occupancy. In a separate order, the Governor imposed a moratorium on elective surgeries in Harris, Travis, Bexar and Dallas Counties. Executive Order GA-29, issued on July 2, 2020 requires the use of face covering in public spaces with certain exceptions. The Governor retains the authority to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Quarterly Disclosure Update.

The full extent of the ongoing impact of COVID-19 on DART's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. DART continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon DART.

COVID-19 has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. The State may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries. DART has been affected by changes in the economic activity and conditions of the DART service area, which includes a decrease in the receipt of Sales Tax Revenues, and operating revenues caused by COVID-19. The continued outbreak of COVID-19 could have an adverse effect on DART's operations and financial condition. See "COVID-19 Impacts on Certain Financial and Operating Data" for a discussion of the impact of the Outbreak on DART's financial and operating condition.

COVID-19 Impacts on Certain Financial and Operating Data

The U.S. Department of Transportation's Federal Transit Administration (FTA) announced a total of \$25 billion in federal funding allocations to help the nation's public transportation systems respond to the COVID-19. Funding is provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed by President Donald J. Trump on March 27, 2020. On April 9, 2020 the Regional Transportation Council approved the United States Department of Transportation (US DOT) Federal Transit Administration (FTA) funding allocations in response to the Coronavirus (COVID-19). Funding is provided through the CARES Act. CARES funding will be disbursed through FTA apportionments to its Urbanized Area (Section 5307) and Rural Formula (Section 5311) programs. The North Texas Central Texas Council of Governments (NCTCOG) is the FTA's designated recipient for the Dallas Fort Worth-Arlington (DFWA) Urbanized Area (UZA) Program. The DFWA UZA will receive \$318,629,129. Funding will be at a 100 percent federal share, with no local match required, and will be available to support operating, capital and other expenses generally eligible under the UZA Formula Program, and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to COVID-19. On April 23, 2020 the NCTCOG's Executive Board approved the resolution designating the DFWA UZA amount of \$318,629,129 funded by the CARES Act. Of that amount, \$229.6 million was allocated to DART by NCTCOG. On June 5, 2020 DART received CARES Act funding reimbursement for COVID-19 operating expenses incurred from January 20 through April 30, 2020 in the amount of \$123,085,111. On June 12, 2020 DART received \$39,780,046 for COVID-19 operating expenses incurred during the month of May. DART anticipates drawing down approximately \$66.1 million in remaining CARES Act funds before September 30, 2020.

For June 2020, DART received \$56.3 million in Sales Tax receipts, 3.75% (\$2.2 million) less than budgeted for the month. June 2020 Sales Tax receipts were 0.75% (\$0.43 million) under June 2019 actual receipts. For the nine-month period ended June 30, 2020, actual receipts are 0.56% (\$2.6 million) less than the nine-month period ended June 30, 2019 actual receipts and 0.39% (\$2.4 million) under the Fiscal Year 2020 Annual Budget

For May 2020, DART received \$45.3 million in Sales Tax receipts, 9.8% (\$4.9 million) less than budgeted for the month. May 2020 Sales Tax receipts were 8.8% (\$4.4 million) under May 2019 actual receipts. For the eight-month period ended May 31, 2020, actual receipts are 0.53% (\$2.2 million) less than the eight-month period ended May 31, 2019 actual receipts and 0.96% (\$3.9 million) under the Fiscal Year 2020 Annual Budget.

For April 2020, DART received \$41 million in Sales Tax receipts, 18.4% (\$9.3 million) less than budgeted for the month. April 2020 Sales Tax receipts were 19.6% (\$9.9 million) under April 2019 actual receipts. April 2020 Sales Tax receipts included an abnormal audit collection fee in the amount of \$2.2 million. For the seven-month period ended April 30, 2020, actual receipts are 0.61% (\$2.2 million) more than the seven-month period ended April 30, 2019 actual collections and 0.26% (\$959,000) over the Fiscal Year 2020 Annual Budget.

The unaudited year-to-date operating revenues for June 2020 were \$53.6 million, 12.1% less than the unaudited year-to-date operating revenues for June 2019 in the amount of \$61.0 million. The unaudited year-to-date operating revenues for May 2020 were \$50.0 million, 13.2% less than the unaudited year-to-date operating revenues for May 2019 in the amount of \$57.6 million. The unaudited year-to-date operating revenues for April 2020 were \$47.1 million, 6.9% less than the unaudited year-to-date operating revenues for April 2019 in the amount of \$50.6 million.

The unaudited year-to-date operating expenses for June 2020 were \$400.5 million, 5.0% more than the unaudited year-to-date operating expenses for June 2019 of \$381.6 million. The unaudited year-to-date operating expenses for May 2020 were \$356.1 million, 5.2% more than the unaudited year-to-date operating expenses for May 2019 of \$338.4 million. The unaudited year-to-date operating expenses for April 2020 were \$316.7 million, 4.9% more than the unaudited year-to-date operating expenses for April 2019 of \$302.0 million.

For the nine-month period ended June 30, 2020, total actual system ridership decreased by 21.2% (to 41.7 million) as compared to 52.9 million for nine-month period ended June 30, 2019. For the third quarter of Fiscal Year 2020 (the three-month period ended June 30, 2020) total actual system ridership decreased 53.1% (to 8.1 million) as compared to 17.3 million for the third quarter of Fiscal Year 2019 (the three-month period ended June 30, 2019). June 2020 total actual system ridership decreased by 48.1% (to 2.8 million) as compared to 5.4 million in June 2019. The decreases in total actual ridership primarily came from rail, bus, and TRE modes.

For the nine-month period ended June 30, 2020, total actual system ridership revenue decreased by 21.3% (to \$32.6 million) as compared to \$41.4 million for nine-month period ended June 30, 2019. For the third quarter of Fiscal Year 2020 (the three-month period ended June 30, 2020) total actual system ridership revenue decreased 64.5% (to \$4.4 million) as compared to \$12.4 million for the third quarter of Fiscal Year 2019 (the three-month period ended June 30, 2019). June 2020 total actual system ridership decreased by 65.9% (to \$1.5 million) as compared to 4.4 million in June 2019. The decreases in total actual ridership primarily came from rail, bus, and TRE modes.

At this time DART has not delayed or expecting to delay any major capital projects as a result of budgetary constraints; however an infectious disease outbreak may cause a disruption in DART's major capital projects due to delays in the labor market, related supply chains, and projected ridership associated with such major capital projects.

Revenue projections for the fiscal year end (September 30th) and for some time in the future are forecast to be lower. Since DART's budget matches spending to projected revenues, DART is required to reduce overall spending and the number of employees from FY 2020 Budget. Transit services will likely remain at a reduced level, organizational efficiencies will be put into place, some vacant positions will not be filled, and a Voluntary Retirement Incentive Program will be offered to further reduce the number of employees and save on salary and benefit costs. DART is studying the impacts of outsourcing some activities that might produce additional efficiencies and savings. DART has reduced operating expenses in the Fiscal Year 2020 Annual Budget from \$562.3 million to \$551.8 million and from \$574.8 million to \$542.8 million in the proposed Fiscal Year 2021 Annual Budget. The Fiscal Year 2021 Annual Budget is scheduled to be approved by the Board on September 22, 2020.

Unaudited Financial Information

Audited financial statements for our fiscal year ended September 30, 2019, are attached as Appendix A to the Annual Disclosure Statement. An unaudited statement of our principal accounts for the nine-month period ended June 30, 2020 is included as Exhibit A to this Quarterly Disclosure Update. Such quarterly financial statements should be read in conjunction with our annual financial statements. This information is taken from our internal books and records that are created, maintained, and administered by DART in accordance with generally accepted accounting principles. The use of reasonable estimates is a normal part of the preparation of financial statements. Sales tax revenues included in the unaudited quarterly financial statements were accrued using estimates. Actual sales tax receipts could, therefore, differ from those reported in the quarterly financial statements.

We believe that the unaudited financial information for the nine-month period ended June 30, 2020, fairly represents the financial position and operating results of DART and is complete as of, but no later than, such date. However, you are cautioned that such financial information has not been audited or reviewed by any independent accountants. We do not warrant or guarantee that subsequent audited information for these accounts for this nine-month period will not differ from the unaudited financial information presented herein and in Exhibit A.

Management's Comment Regarding Third Quarter Financial Information

DART's unaudited financial statements for the nine-month period ended June 30, 2020, and June 30, 2019, show sales tax revenues as \$462.5 million and \$469.7 million, respectively, which indicates a decrease of 1.5% due to changes in the economic activity and conditions in DART's service area as a result of COVID-19 outbreak. Our operating results for the nine-month period ended June 30, 2020 reflect an increase in net position of \$104.4 million, compared to a \$50.6 million decrease for the nine-month period ended June 30, 2019. This was primarily due to increased federal grant receipts.

DART maintains various cash reserves including a Financial Reserve Account that is funded with sales tax collections that exceed budget during a given year, if any. In addition, the Board of Directors authorized the establishment of a Mobility Assistance and Innovation Fund (MAIF, formerly the "Capital Reserve Account"). Should the Financial Reserve exceed \$50 million, excess sales tax receipts are placed in the MAIF. An affirmative vote of two-thirds of the Board is required to draw upon the Financial or MAIF Reserves, and the funds may be used for any purpose approved by the Board. In Fiscal Year 2019, our sales tax receipts did not exceed our sales tax budget. Therefore, no excess sales tax receipts for FY 2019 were transferred to the MAIF Reserve. According to DART policy, future excess sales tax receipts are to be deposited into the MAIF Reserve. The June 30, 2020 balances in the Financial Reserve and MAIF Reserve were \$50.0 million and \$12.2 million, respectively. By adoption of the FY 2017 Twenty-

Year Financial Plan, the Board authorized utilizing the projected end of year balance of \$20.1 million of the MAIF Reserve Funds for Silver Line/Cotton Belt commuter rail project development. As of June 30, 2020, DART paid down a total of \$25 million in Self-Liquidity Commercial Paper Debt. The Operating Fund balance was \$371.0 million as of June 30, 2020. We maintain a working cash balance in the Operating Fund equal to at least one month of projected payments.

Lease/Leaseback Transactions Update

We have successfully terminated or repaired all lease/leaseback transactions that were non-compliant with their respective operative documents. As of June 30, 2020, one lease/leaseback transaction remained active and is in full compliance with the respective operative documents, as amended.

Litigation

No significant changes have occurred in the status of pending litigation involving DART since the date of the Annual Disclosure Statement. Accruals and estimated losses on claims that are asserted in pending litigation, if any, are included in accounts payable and accrued liabilities in the unaudited statement of our principal accounts attached hereto as Exhibit A.

Other than cases filed in the ordinary course of business as an operating transit agency, no new litigation has been filed against DART since the date of the Annual Disclosure Statement. See, Annual Disclosure Statement, "LITIGATION."

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Exhibit A

**Unaudited Statement of Principal Accounts
for the nine-month period ended June 30, 2020**

**DALLAS AREA RAPID TRANSIT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND SEPTEMBER 30, 2019 (Dollars in Thousands)**

	06/30/2020 Unaudited	9/30/2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$304,890	\$98,979
Investments	158,660	258,921
Sales and use tax receivable	97,875	105,250
Transit revenue receivable, net	6,301	7,472
Due from federal and other governments	16,805	25,460
Materials and supplies inventory, net	37,015	37,724
Prepaid transit expense and other	7,642	5,399
Restricted investments held by trustee for debt service	76,394	119,603
Restricted investments held for advance funding agreements	68,721	69,440
Restricted investments held to pay capital lease/leaseback liabilities	6,374	6,374
TOTAL CURRENT ASSETS	780,677	734,622
NONCURRENT ASSETS		
Restricted investments held as security for capital lease/leaseback liabilities	4,903	5,742
Restricted investments for system expansion and acquisition	124,652	66,924
Investment in joint venture	8,135	8,924
Capital assets		
Land and rights-of-way	618,881	618,596
Projects in progress	366,115	227,111
Depreciable capital assets, net of depreciation	3,164,158	3,344,052
Restricted investments held to pay capital lease/leaseback liabilities	110,157	109,813
Unamortized bond insurance premium and other	538	568
TOTAL NONCURRENT ASSETS	4,397,539	4,381,730
TOTAL ASSETS	5,178,216	5,116,352
DEFERRED OUTFLOWS OF RESOURCES		
	71,895	80,679
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,250,111	5,197,031
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	67,280	89,687
Commercial paper notes payable	134,100	159,100
Current portion of capital lease/leaseback liabilities	6,374	6,374
Current portion of repayment due to State Comptroller	1,353	824
Local Assistance Program payable	3,193	3,193
Retainage payable	14,298	11,520
Unearned revenue and other liabilities	114,992	114,136
Accrued interest payable from restricted assets	12,854	51,233
Current portion of senior lien revenue bonds payable	62,689	59,974
TOTAL CURRENT LIABILITIES	417,133	496,041
NONCURRENT LIABILITIES		
Accrued liabilities	42,582	41,066
Net pension liability	47,330	47,330
Net other post-employment benefits (OPEB) liability	13,913	9,948
Repayment due to State Comptroller	8,228	5,279
Senior lien revenue bonds payable	3,252,410	3,172,913
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	35,845	96,512
Capital lease/leaseback liabilities	110,157	109,813
TOTAL NONCURRENT LIABILITIES	3,510,465	3,482,861
TOTAL LIABILITIES	3,927,598	3,978,902
DEFERRED INFLOWS OF RESOURCES		
	15,628	15,628
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,943,226	3,994,530
NET POSITION		
Net investment in capital assets	799,636	784,924
Restricted for debt service	63,540	68,370
Restricted as security for capital lease/leaseback liabilities	4,903	5,742
Unrestricted	438,806	343,465
TOTAL NET POSITION	\$1,306,885	\$1,202,501

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

FOR THE NINE MONTHS ENDED JUNE 30, 2020 and 2019 (Dollars in Thousands)

	2020 Unaudited	2019 Unaudited
OPERATING REVENUES		
Passenger revenues	\$34,537	\$46,178
Advertising, rent, and other	10,970	10,046
TOTAL OPERATING REVENUES	45,507	56,224
OPERATING EXPENSES		
Labor	192,500	187,049
Benefits	83,153	82,671
Services	38,363	33,980
Materials and supplies	38,563	37,350
Purchased transportation	44,738	43,877
Depreciation and amortization	183,229	184,147
Utilities	11,922	12,065
Taxes, leases, and other	2,569	3,478
Casualty and liability	4,808	4,870
TOTAL OPERATING EXPENSES	599,845	589,487
NET OPERATING LOSS	(554,338)	(533,263)
NON-OPERATING REVENUES (EXPENSES)		
Sales and use tax revenue	462,487	469,692
Investment income	6,138	12,862
Interest income from investments held to pay capital lease/leaseback	6,718	6,293
Interest expense on capital lease/leaseback	(6,718)	(6,293)
Interest and financing expenses	(106,929)	(113,250)
Build America Bonds tax credit	15,855	21,384
Other federal grants	217,231	52,149
Other non-operating revenues	12,459	11,924
Local assistance and street improvements	(10,155)	(4,999)
Other non-operating expenses	(10,401)	(11,011)
NET NON-OPERATING REVENUES	586,685	438,751
LOSS BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	32,347	(94,512)
CAPITAL CONTRIBUTIONS AND GRANTS		
Federal capital contributions	69,489	42,331
State capital contributions	2,443	1,599
Local capital contributions	105	-
TOTAL CAPITAL CONTRIBUTIONS AND GRANTS	72,037	43,930
CHANGE IN NET POSITION	104,384	(50,582)
TOTAL NET POSITION – BEGINNING OF YEAR	1,202,501	1,304,378
TOTAL NET POSITION – END OF THE REPORTING PERIOD	\$1,306,885	\$1,253,796

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

FOR THE NINE MONTHS ENDED JUNE 30, 2020 and 2019 (Dollars in Thousands)

	2020 Unaudited	2019 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$61,991	\$64,516
Payments to suppliers of goods and services	(120,989)	(116,400)
Payments to purchased transportation service providers	(45,459)	(41,595)
Payments to employees	(191,792)	(191,025)
Benefit payments on behalf of employees	(79,286)	(78,009)
NET CASH USED BY OPERATING ACTIVITIES	(375,535)	(362,513)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales and use tax receipts	473,339	459,741
Other federal grants	223,221	52,061
Build America Bonds tax credit	15,232	27,490
Local Assistance Program and street improvements	(10,155)	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	701,637	539,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	5,226	6,897
Proceeds from sales and maturity of investments	1,007,784	259,062
Purchase of investments	(916,820)	(196,004)
(Increase)/Decrease in restricted assets	(12,961)	43,400
NET CASH USED BY INVESTING ACTIVITIES	83,229	113,355
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(145,581)	(116,734)
Proceeds from the issuance of commercial paper notes	389,100	505,100
Payment on commercial paper notes	(414,100)	(540,000)
Proceeds from issuance revenue bonds	100,000	11,706
Principal payment on revenue bonds	(59,974)	(58,291)
Interest and financing expenses	(140,948)	(156,745)
Debt issuance costs	(1,885)	(3,731)
Federal capital contributions	67,654	38,357
State capital contributions	2,209	1,599
Net proceeds from the sale of capital assets	105	277
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(203,420)	(318,462)
NET DECREASE IN CASH AND CASH EQUIVALENTS	205,911	(28,328)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE FISCAL YEAR	98,979	98,361
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$304,890	\$70,033

(Continued)

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

FOR THE NINE MONTHS ENDED JUNE 30, 2020 and 2019 (Dollars in Thousands)

	2020 <u>Unaudited</u>	2019 <u>Unaudited</u>
RECONCILIATION OF OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	\$(554,338)	\$(533,263)
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation and amortization	183,229	184,147
Miscellaneous non-operating income	12,459	11,648
Miscellaneous non-operating expenses	(10,401)	(11,011)
Changes in assets and liabilities:		
Decrease in transit receivable	1,182	613
(Increase)/Decrease in due from federal and other governments	4,184	(3,979)
(Increase)/Decrease in materials and supplies inventory	709	(3,924)
Increase in prepaid expenses and other current assets	(2,452)	(3,781)
Increase in net other post-employment benefits (OPEB) liability	3,966	3,963
Decrease in accounts payable and accrued liabilities	(13,455)	(7,209)
Increase (decrease) in unearned revenue and other liabilities	(618)	283
NET CASH USED BY OPERATING ACTIVITIES	<u>\$(375,535)</u>	<u>\$(362,513)</u>
 NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Interest income from investments held to pay capital lease/leaseback	\$6,718	\$6,393
Interest expense on capital lease/leaseback	(6,718)	(6,393)
Increase in capital lease/leaseback obligations	344	19
Increase in investments held to pay capital lease/leaseback	(344)	(19)
Increase in fair value of investments	306	4,028
Amortization of premium, discount, bond insurance premium costs, and loss on debt refunding	(9,615)	(9,521)
Purchases of capital assets in accounts payable at period-end	25,223	8,704
Proceeds from the issuance of revenue bonds paid into escrow	174,091	366,866
Payment for advance refunding of revenue bonds	(175,267)	(373,713)

(Concluded)