

DALLAS AREA RAPID TRANSIT
(DART)
EMPLOYEES' DEFINED BENEFIT RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2023

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 28, 2024

Retirement Committee
Dallas Area Rapid Transit
1401 Pacific Avenue
Dallas, TX 75201

Re: DART Employees' Defined Benefit Retirement Plan

Dear Committee Members:

We are pleased to present to the Committee this report of the annual actuarial valuation of the DART Employees' Defined Benefit Retirement Plan. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Committee, and reflect the financing objectives of the Employer, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Retirement Committee, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuations, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the DART faculty, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.


The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in DART, nor does anyone at Foster & Foster, Inc. act as a member of the Retirement Committee of the DART Employees' Defined Benefit Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #23-6901

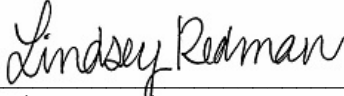

Lindsey E. Redman, ASA, EA, MAAA
Enrolled Actuary #23-9001

TABLE OF CONTENTS

I. Introduction

Summary of Report5

Changes Since Prior Valuation6

Comparative Summary of Principal Valuation Results7

II. Valuation Information

Reconciliation of Unfunded Actuarial Accrued Liabilities.....10

Maintenance Schedule of Minimum Contribution Amortization Bases11

Detailed Actuarial (Gain)/Loss Analysis12

Actuarial Assumptions and Methods13

Discussion of Risk16

Valuation Notes.....20

III. Trust Fund **21**

IV. Member Statistics

Statistical Data.....25

Valuation Participant Reconciliation.....26

V. Summary of Plan Provisions **27**

SUMMARY OF REPORT

The annual actuarial valuation of the DART Employees’ Defined Benefit Retirement Plan, performed as of October 1, 2023, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2024.

The contribution requirements, compared with amounts developed in the October 1, 2022 actuarial valuation, are as follows:

	New Assump	Old Assump	
Valuation Date	10/1/2023	10/1/2023	10/1/2022
Applicable Plan/Fiscal Yr. End	<u>9/30/2024</u>	<u>9/30/2024</u>	<u>9/30/2023</u>
Minimum Required Contribution ¹ (Payable on September 30)	\$4,082,173	\$3,014,534	\$5,470,453

¹ Reflects minimum required contribution payable at end of plan year.

As can be seen, the Minimum Required Contribution has decreased by approximately \$1,388,000 since the previous valuation. This decrease in contribution requirements is primarily due to contributions of \$27,000,000 made to the Plan, which far exceeded the prior year’s contribution requirement. Slightly offsetting the impact of contributions greater than required was an investment return of 4.18% (Actuarial Asset Basis), which fell short of the 6.75% assumption and Cost of Living Adjustments higher than expected. Further offsetting the decrease is a decrease in the investment return assumption from 6.75% to 6.25%.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

The investment return assumption was lowered from 6.75% to 6.25%.

There have been no method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2023</u>	Old Assump <u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data			
Number Included			
Actives	48	48	51
Service Retirees	662	662	676
Beneficiaries	206	206	205
Disability Retirees	18	18	18
Terminated Vested	<u>98</u>	<u>98</u>	<u>101</u>
 Total	 1,032	 1,032	 1,051
 Total Annual Payroll	 \$3,964,851	 \$3,964,851	 \$4,179,908
Payroll Under Assumed Ret. Age	3,582,356	3,582,356	3,847,145
 Annual Rate of Payments to:			
 Service Retirees	 15,969,462	 15,969,462	 15,636,110
Beneficiaries	2,579,291	2,579,291	2,422,259
Disability Retirees	269,487	269,487	260,185
Terminated Vested	907,998	907,998	929,305
 B. Assets			
 Actuarial Value	 218,794,370	 218,794,370	 202,297,624
Market Value	205,596,612	205,596,612	182,666,320
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement/Vested Benefits	26,209,799	24,702,087	25,396,293
Disability Benefits	326,474	308,498	341,128
Death Benefits	270,317	253,593	278,746
Service Retirees	184,537,757	177,030,829	177,691,384
Beneficiaries	26,520,249	25,489,199	23,439,122
Disability Retirees	2,623,297	2,533,808	2,516,752
Terminated Vested	<u>11,405,003</u>	<u>10,883,089</u>	<u>11,014,789</u>
 Total	 251,892,896	 241,201,103	 240,678,214

	New Assump <u>10/1/2023</u>	Old Assump <u>10/1/2023</u>	<u>10/1/2022</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	16,439,996	16,220,555	18,546,523
Normal Cost (Retirement/Vesting)	277,696	235,948	246,748
Normal Cost (Disability)	9,719	8,519	9,149
Normal Cost (Death)	12,142	10,809	11,557
Total Normal Cost	<u>299,557</u>	<u>255,276</u>	<u>267,454</u>
Present Value of Future Normal Costs	1,385,853	1,162,242	1,304,556
Accrued Liability (Retirement/Vesting)	24,926,862	23,629,544	24,193,021
Accrued Liability (Disability)	280,916	269,141	296,577
Accrued Liability (Death)	212,959	203,251	222,013
Accrued Liability (Inactives)	225,086,306	215,936,925	214,662,047
Total Actuarial Accrued Liability (AL)	<u>250,507,043</u>	<u>240,038,861</u>	<u>239,373,658</u>
Unfunded Actuarial Accrued Liability (UAAL)	31,712,673	21,244,491	37,076,034
Funded Ratio (AVA / AL)	87.3%	91.1%	84.5%
D. Actuarial Present Value of Accrued Benefits			
Accrued Benefits			
Inactives	225,086,306	215,936,925	214,662,047
Actives	22,093,330	20,872,892	20,681,315
Total (PVAB)	<u>247,179,636</u>	<u>236,809,817</u>	<u>235,343,362</u>
Funded Ratio (MVA / PVAB)	83.2%	86.8%	77.6%

	New Assump	Old Assump	
Valuation Date	10/1/2023	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2024</u>	<u>9/30/2024</u>	<u>9/30/2023</u>
E. Development of Actuarial Required Contribution			
(1) Total Normal Cost	\$299,557	\$255,276	\$267,454
(2) Expected Employee Contributions	0	0	0
(3) Net Amortization Requirement	3,542,488	2,568,643	4,857,092
(4) Interest at Funding Rate to End of Year	<u>240,128</u>	<u>190,615</u>	<u>345,907</u>
(5) Minimum Required Contribution (End of Year)			
(1)-(2)+(3)+(4)	\$4,082,173	\$3,014,534	\$5,470,453
% of Covered Payroll	114.0%	84.1%	142.2%

(6) Minimum Required Contribution			
a. If paid on September 30	\$4,082,173	\$3,014,534	\$5,470,453
b. If paid on April 1	\$3,962,109	\$2,919,226	\$5,297,499

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	\$37,076,034
(2)	Employer Normal Cost developed as of October 1, 2022	267,454
(3)	Expected interest on (1) and (2)	2,520,685
(4)	Employer contributions to the System during the year ended September 30, 2023	27,000,000
(5)	Expected interest on (4)	911,250
(6)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)-(4)-(5)	11,952,923
(7)	Change to UAAL due to Assumption/Method Changes	10,468,182
(8)	Change to UAAL due to Actuarial (Gain)/Loss	9,291,568
(9)	Unfunded Accrued Liability as of October 1, 2023	31,712,673

MAINTENANCE SCHEDULE OF MINIMUM CONTRIBUTION AMORTIZATION BASES

Charge Bases

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2023 <u>Amount</u>	Amortization <u>Amount</u>
Assum Change	10/1/2001	8	\$1,333,857	\$204,169
Assum Change	10/1/2005	12	48,694	5,542
Actuarial Loss	10/1/2009	1	215,012	215,012
Actuarial Loss	10/1/2010	2	20,669	10,648
Actuarial Loss	10/1/2011	3	394,798	139,653
VRIP Amendment	10/1/2011	18	290,867	25,760
Assum Change	10/1/2011	18	2,356,851	208,729
Actuarial Loss	10/1/2012	4	794,990	217,169
Actuarial Loss	10/1/2013	5	22,714	5,110
Method Change	10/1/2015	22	498,599	39,822
Assum/Method Change	10/1/2016	23	1,308,697	102,369
Actuarial Loss	10/1/2017	9	173,581	24,281
Actuarial Loss	10/1/2018	10	273,331	35,368
Assum Change	10/1/2018	25	1,083,773	81,698
Actuarial Loss	10/1/2019	11	659,812	79,748
Actuarial Loss	10/1/2021	13	1,594,491	172,003
Actuarial Loss	10/1/2022	14	2,526,439	259,793
Actuarial Loss	10/1/2023	15	9,291,568	915,176
Assum Change	10/1/2023	15	<u>10,468,182</u>	<u>1,031,066</u>
<i>Total Charge Bases</i>			\$33,356,925	\$3,773,116

Credit Bases

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2023 <u>Amount</u>	Amortization <u>Amount</u>
Assum Change	10/1/2012	19	(267,629)	(23,017)
Actuarial Gain	10/1/2014	6	(375,498)	(72,436)
Actuarial Gain	10/1/2015	7	(4,071)	(692)
Actuarial Gain	10/1/2016	8	(561,362)	(85,926)
Actuarial Gain	10/1/2020	12	(342,179)	(38,941)
Assum Change	10/1/2022	14	<u>(93,513)</u>	<u>(9,616)</u>
<i>Total Credit Bases</i>			(\$1,644,252)	(\$230,628)
Net Charge			\$31,712,673	\$3,542,488

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	\$37,076,034
(2) Expected UAAL as of October 1, 2023	11,952,923
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	5,299,496
Salary Increases	(342,199)
Active Decrements	(214,462)
Inactive Mortality	630,659
Cost of Living Adjustments	3,637,084
Other	<u>280,990</u>
Increase in UAAL due to (Gain)/Loss	9,291,568
Assumption/Method Changes	<u>10,468,182</u>
(4) Actual UAAL as of October 1, 2023	\$31,712,673

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Active Lives: PubG-2010 (Below-median, amount-weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2021.

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-2021.

Contingent Survivor Lives: PubG-2010 (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2021.

Disabled Lives: PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2021.

We feel the above rates are reasonable based on the covered classification of employees in the plan. We feel that the projection of mortality rates to the valuation date is sufficient.

Interest Rate

6.25% (previously 6.75%) per year compounded annually, net of all expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

3.00% per year until the assumed retirement age. The assumed rate of salary increases was reviewed in conjunction with an actuarial experience study performed in 2022.

Valuation Compensation

Future compensation utilized for valuation purposes is developed as the sum of:

- 1) Base pay (projected with salary increases)
- 2) Bonus pay (projected with salary increases)
- 3) Service-Incentive pay (projected assuming payment of \$6 per month of service (maximum of \$150 per month))

Payroll Growth

None

Retirement Age

<u>Age</u>	<u>Rate</u>
55	6.0%
56	6.0
57	6.0
58	10.0
59	10.0
60	10.0
61	15.0
62	15.0
63	20.0
64	20.0
65	20.0
66	25.0
67	25.0
68	25.0
69	25.0
70	100.0

The assumed rates of retirement were approved in conjunction with an actuarial experience study performed in 2022.

Inflation / COLA

2.50% per year. This is reasonable based on long-term historical increases and current expectation of long-term future increases.

Termination Rate

1.33% per year for all ages. These rates were approved in conjunction with an actuarial experience study performed in 2022.

Disability Rate

Members are assumed to become disabled prior to retirement at varying rates based on age. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>
45	0.06%
50	0.12
55	0.21
60	0.30

These rates were reviewed in conjunction with an actuarial experience study performed in 2022. It was determined that no changes were necessary for the disability rates.

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.

Form of Payment

50% of participants are assumed to elect the 20% lump-sum option. 10% of participants are assumed to elect the leveling option. 40% of participants are assumed to elect neither the lump-sum nor the leveling option. The annuity elections are assumed to be as follows: 45% Life Annuity, 40% Joint and Full Survivor, 10% Joint and Fractional Survivor, 5% 10-Year Certain & Life.

Actuarial Cost Method

Entry Age Normal Actuarial Cost Method.

Actuarial Asset 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.

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 16.8% to 4.9% over the last four years, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 89.9%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements, when expressed as a percentage of payroll, than would be needed for a less mature plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 83.8% to 87.3% over the last four years. If actual contributions continue to be greater than the recommended contributions in future years, the funded ratio will likely continue to increase, given that all assumptions are met.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, is 3.8%. This indicates that contributions are currently covering the plan’s benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of \$283,922,077. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Retirement Committee elected to hold a very low risk asset portfolio. The Retirement Committee actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks in this section as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be helpful and can be provided upon request of the Retirement Committee.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2020</u>	<u>10/1/2021</u>	<u>10/1/2022</u>	<u>10/1/2023</u>
<u>Support Ratio</u>				
Total Actives	159	52	51	48
Total Inactives	947	1,038	1,000	984
Actives / Inactives	16.8%	5.0%	5.1%	4.9%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	169,900,055	215,802,718	214,662,047	225,086,306
Total Accrued Liability	236,587,214	238,669,969	239,373,658	250,507,043
Inactive AL / Total AL	71.8%	90.4%	89.7%	89.9%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	198,259,547	201,348,445	202,297,624	218,794,370
Total Accrued Liability	236,587,214	238,669,969	239,373,658	250,507,043
AVA / Total Accrued Liability	83.8%	84.4%	84.5%	87.3%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ¹	(5,767,652)	(14,417,239)	(9,070,377)	7,727,764
Market Value of Assets (MVA)	198,304,324	218,962,395	182,666,320	205,596,612
Ratio	-2.9%	-6.6%	-5.0%	3.8%

¹ Determined as total contributions minus benefit payments and administrative expenses.

VALUATION NOTES

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Total Annual Payroll is the annual rate of valuation compensation as of the valuation date of all covered Members.

Payroll Under Assumed Retirement Age is the annual rate of valuation compensation for all Members who are not subject to a 100% probability of retirement as of the valuation date.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	8,005,571
Total Cash and Equivalents	8,005,571
Receivables:	
Accounts Receivable, Investments in-transit	53,450
Total Receivable	53,450
Investments:	
Fixed income	73,814,479
Equity investments	88,268,468
Real estate investments	35,942,530
Total Investments	198,025,477
Total Assets	206,084,498
 <u>LIABILITIES</u>	
Payables:	
Accounts payable, expenses accrued	212,980
Accounts payable, investments in-transit	274,906
Total Liabilities	487,886
NET POSITION RESTRICTED FOR PENSIONS	205,596,612

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

ADDITIONS

Contributions:		
Employer	27,000,000	
Total Contributions		27,000,000
Investment Income:		
Net Increase in Fair Value of Investments	10,850,958	
Interest & Dividends	4,987,021	
Less Investment Expense ¹	(635,451)	
Net Investment Income		15,202,528
Total Additions		42,202,528
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	19,124,641	
Total Distributions		19,124,641
Administrative Expense		147,595
Total Deductions		19,272,236
Net Increase in Net Position		22,930,292
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		182,666,320
End of the Year		205,596,612

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2023

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2023	2024	2025	2026	2027
09/30/2019	(8,441,020)	0	0	0	0	0
09/30/2020	6,045,797	1,209,161	0	0	0	0
09/30/2021	22,063,679	8,825,471	4,412,735	0	0	0
09/30/2022	(41,999,534)	(25,199,720)	(16,799,813)	(8,399,906)	0	0
09/30/2023	2,459,163	1,967,330	1,475,497	983,664	491,831	0
Total		(13,197,758)	(10,911,581)	(7,416,242)	491,831	0

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, 09/30/2022	182,666,320
Contributions Less Benefit Payments	7,875,359
Expected Investment Earnings*	12,595,770
Actual Net Investment Earnings	15,054,933
2023 Actuarial Investment Gain/(Loss)	<u>2,459,163</u>

*Expected Investment Earnings = 0.0675 * (182,666,320 + 0.5 * 7,875,359)

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2023	205,596,612
(2) Gains/(Losses) Not Yet Recognized	<u>(13,197,758)</u>
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	218,794,370
(4) Limited Actuarial Value of Assets, 09/30/2023	218,794,370
(A) 09/30/2022 Actuarial Assets:	202,297,624
(I) Net Investment Income:	
1. Interest and Dividends	4,987,021
2. Net Increase in Fair Value of Investments	10,850,958
3. Change in Actuarial Value	(6,433,546)
4. Investment & Administrative Expenses	<u>(783,046)</u>
Total	8,621,387
(B) 09/30/2023 Actuarial Assets:	218,794,370
Actuarial Assets Rate of Return = 2I/(A+B-I):	4.18%
Market Value of Assets Rate of Return:	8.07%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (5,299,496)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2023
 Actuarial Asset Basis

REVENUES		
Contributions:		
Employer	27,000,000	
Total Contributions		27,000,000
Earnings from Investments:		
Interest & Dividends	4,987,021	
Net Increase in Fair Value of Investments	10,850,958	
Change in Actuarial Value	(6,433,546)	
Total Earnings and Investment Gains		9,404,433
EXPENDITURES		
Distributions to Members:		
Benefit Payments	19,124,641	
Total Distributions		19,124,641
Expenses:		
Investment related ¹	635,451	
Administrative	147,595	
Total Expenses		783,046
Change in Net Assets for the Year		16,496,746
Net Assets Beginning of the Year		202,297,624
Net Assets End of the Year²		218,794,370

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	<u>10/1/2020</u>	<u>10/1/2021</u>	<u>10/1/2022</u>	<u>10/1/2023</u>
<u>Actives</u>				
Number	159	52	51	48
Average Current Age	60.8	59.9	60.6	61.7
Average Age at Employment	24.0	22.5	22.4	23.1
Average Past Service	36.8	37.4	38.2	38.6
Average Annual Salary	\$71,849	\$74,086	\$81,959	\$82,601
<u>Service Retirees</u>				
Number	590	694	676	662
Average Current Age	72.2	71.3	71.8	72.5
Average Annual Benefit	\$20,117	\$22,078	\$23,130	\$24,123
<u>Beneficiaries</u>				
Number	210	212	205	206
Average Current Age	74.0	73.7	73.3	73.1
Average Annual Benefit	\$11,384	\$11,236	\$11,816	\$12,521
<u>Disability Retirees</u>				
Number	20	19	18	18
Average Current Age	69.3	70.5	72.2	73.2
Average Annual Benefit	\$14,627	\$14,314	\$14,455	\$14,972
<u>Terminated Vested</u>				
Number	127	113	101	98
Average Current Age	60.2	61.4	62.3	63.3
Average Annual Benefit	\$8,797	\$9,788	\$9,201	\$9,265

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	51
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(3)</u>
f. Continuing participants	47
g. Rehires	0
h. Data Corrections	<u>1</u>
i. Total active life participants in valuation	48

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Beneficiaries, Alt. Payees Receiving <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	676	205	18	101	1,000
Retired	7	0	0	(4)	3
Vested Deferred	0	0	0	1	1
Death, With Survivor	(9)	9	0	0	0
Death, No Survivor	(12)	(11)	0	0	(23)
Disabled	0	0	0	0	0
QDRO	0	2	0	0	2
Rehires	0	0	0	0	0
Expired/Suspended Annuities	0	0	0	0	0
Data Corrections	0	1	0	0	1
b. Number current valuation	662	206	18	98	984

SUMMARY OF PLAN PROVISIONS

<u>Eligibility</u>	Participants who on September 30, 1995 were covered under one of the Former Plans (DTS Employees' Retirement Plan, DTS Retirement Plan A, DTS Retirement Plan B). The current plan is closed to future new entrants.
<u>Credited Service</u>	All service as a Participant until the termination of employment.
<u>Compensation</u>	Actual or equivalent hourly base pay rate in effect on October 1 st of any year multiplied by 2,080 plus the Service-Incentive Pay (SIP) and Operator's Performance Bonus paid in that year.
<u>Final Average Compensation</u>	Average Compensation for the 3 best consecutive calendar years immediately preceding retirement or termination.
<u>Member Contributions</u>	Those electing to contribute under the Prior Plan contribute 3.0% of base pay.
<u>Normal Retirement</u>	
Date	Attainment of Age 60.
Benefit	<i>Non-Contributory Members:</i> 2.0% of Final Average Compensation per year of service through October 1, 1983 plus 1.5% of Final Average Compensation per year of service thereafter. <i>Contributory Members:</i> 2.0% of Final Average Compensation per year of service.
Form of Benefit	Actuarially equivalent 50% Joint & Contingent Survivor Annuity (married) or Life Annuity (single). Options available.
<u>Early Retirement</u>	
Date	Age 55 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced 5.0% per year that the benefit commencement date precedes Age 60.

Vesting

All members are currently 100% vested in their accrued benefit. If a member terminates employment prior to retirement eligibility, the member will receive their accrued benefit payable at Early (reduced) or Normal Retirement Age.

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Benefit

Accrued Benefit.

Death Benefits

Pre-Retirement

Eligibility

10 years of Credited Service.

Benefit

Accrued Benefit (using service assuming member continued employment to age 60) multiplied by 46.0%

Post-Retirement

Benefits payable in accordance with option selected at retirement.

COLA

Equal to the percentage increase (up or down) in the average consumer price index as of September 30, not in excess of 5% in any one year, with such excess held in reserve. The annual adjustment is payable on January 1st of each year and is based on the original annuity at commencement. In no event shall any adjustment downward result in a benefit less than that to which the member was originally entitled.

DALLAS AREA RAPID TRANSIT (DART) EMPLOYEES'
DEFINED BENEFIT RETIREMENT PLAN

REVISED GASB 67/68 DISCLOSURE INFORMATION
MEASUREMENT DATE: SEPTEMBER 30, 2023

GASB 68 REPORTING
AS OF SEPTEMBER 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



February 28, 2024

Retirement Committee

Dallas Area Rapid Transit (DART) Employees' Defined Benefit Retirement Plan

RE: Revised GASB Statements No. 67 and No. 68 – Dallas Area Rapid Transit (DART) Employees' Defined Benefit Retirement Plan

Dear Committee Members:

We are pleased to present this report of the revised GASB Statements No. 67 and No. 68 measured as of September 30, 2023 for the Dallas Area Rapid Transit (DART) Employees' Defined Benefit Retirement Plan.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB No. 67 and No. 68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2023. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

In conducting the valuation, we have relied on personnel and plan design information supplied by the Plan and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (239) 433-5500.

Respectfully submitted,
Foster & Foster, Inc.

A handwritten signature in black ink, appearing to read "Bradley R. Heinrichs". The signature is written in a cursive style with a large initial "B".

Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #23-6901

TABLE OF CONTENTS

Section	Title	Page
I	Summary	5
II	Fiduciary Net Position	
	a. Statement of Fiduciary Net Position	7
	b. Statement of Changes in Fiduciary Net Position	8
III	GASB Exhibits	
	a. Schedule of Changes in Net Pension Liability and Related Ratios	10
	b. Sensitivity to Changes in Discount Rate	11
	c. Pension Expense and Deferred Flows	12
IV	Supplementary GASB 68 Expense Detail	15
V	Additional Information	
	a. Schedule of Contributions	21
	b. Investment Disclosures	22
	c. Assumptions	23
	d. Summary of Current Plan	25

I. SUMMARY
(Amounts in Thousands)

Valuation Date	10/01/2023	10/01/2022
GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2024	09/30/2023
Plan Membership:		
Inactives Currently Receiving Benefits	886	899
Inactives Not Yet Receiving Benefits	98	101
Active Plan Members	<u>48</u>	<u>51</u>
Total	1,032	1,051
Covered Payroll	\$ 3,866	\$ 4,090
Net Pension Liability		
Total Pension Liability	\$ 251,379	\$ 241,657
Plan Fiduciary Net Position	<u>205,597</u>	<u>182,666</u>
Net Pension Liability	\$ 45,782	\$ 58,991
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	81.79%	75.59%
Net Pension Liability		
As a Percentage of Covered Payroll	1184.22%	1442.32%
Total Pension Expense	\$ 20,185	\$ 12,160
Development of Single Discount Rate		
Single Discount Rate	6.21%	6.64%
Long-Term Expected Rate of Return	6.25%	6.75%
High-quality Municipal Bond Rate	4.87%	4.77%
Number of Years Future Benefit Payments Are Expected to be Paid	35	32

II. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	8,005,571
Total Cash and Equivalents	8,005,571
Receivables:	
Accounts Receivable, Investments in-transit	53,450
Total Receivables	53,450
Investments:	
Fixed income	73,814,479
Equity investments	88,268,468
Real estate investments	35,942,530
Total Investments	198,025,477
Total Assets	206,084,498
LIABILITIES	
Payables:	
Accounts payable, expenses accrued	212,980
Accounts payable, investments in-transit	274,906
Total Liabilities	487,886
NET POSITION RESTRICTED FOR PENSIONS	205,596,612

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

ADDITIONS

Contributions:

Employer 27,000,000

Total Contributions 27,000,000

Investment Income:

Net Increase in Fair Value of Investments 10,850,958

Interest & Dividends 4,987,021

Less Investment Expense¹ (635,451)

Net Investment Income 15,202,528

Total Additions 42,202,528

DEDUCTIONS

Distributions to Members:

Benefit Payments 19,124,641

Total Distributions 19,124,641

Administrative Expense 147,595

Total Deductions 19,272,236

Net Increase in Net Position 22,930,292

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 182,666,320

End of the Year 205,596,612

¹ Investment related expenses include investment advisory, custodial and performance monitoring fees.

III. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
(Amounts in Thousands)

GASB 67/68 Measurement Date	09/30/2023	09/30/2022	09/30/2021
GASB 68 Reporting Period Ending	09/30/2024	09/30/2023	09/30/2022
Total Pension Liability			
Service Cost	277	259	806
Interest	15,429	15,494	15,204
Changes in Benefit Terms	0	0	0
Experience Gains/Losses	4,037	3,999	10,381
Changes of Assumptions	9,104	2,015	0
Benefit Payments	<u>(19,125)</u>	<u>(18,780)</u>	<u>(24,308)</u>
Net Change in Total Pension Liability	9,722	2,987	2,083
Total Pension Liability – Beginning	<u>241,657</u>	<u>238,670</u>	<u>236,587</u>
Total Pension Liability – Ending (a)	\$ 251,379	\$ 241,657	\$ 238,670
Plan Fiduciary Net Position			
Contributions – Employer	27,000	10,000	10,000
Contributions – Employee	0	0	0
Net Investment Income	15,203	(27,226)	35,075
Benefit Payments	(19,125)	(18,780)	(24,308)
Administrative Expense	(147)	(290)	(109)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	22,931	(36,296)	20,658
Plan Fiduciary Net Position – Beginning	182,666	218,962	198,304
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	\$ 205,597	\$ 182,666	\$ 218,962
Net Pension Liability – Ending (a) – (b)	\$ 45,782	\$ 58,991	\$ 19,708
Plan Fiduciary Net Position			
As % of Total Pension Liability	81.79%	75.59%	91.74%
Covered Payroll	\$ 3,866	\$ 4,090	\$ 3,752
Net Pension Liability			
As % of Covered Payroll	1184.22%	1442.32%	525.26%

SENSITIVITY TO CHANGES IN DISCOUNT RATE
(Amounts in Thousands)

GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2024	09/30/2023
Discount Rate	6.21%	6.64%
+ 1% Discount Rate	7.21%	7.64%
- 1% Discount Rate	5.21%	5.64%
Sponsor's Net Pension Liability		
Current Discount Rate	\$ 45,782	\$ 58,991
1% Increase in Discount Rate	25,470	39,541
1% Decrease in Discount Rate	69,410	81,610

FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS
YEAR-END SEPTEMBER 30, 2023
(Amounts in Thousands)

For the year ended September 30, 2023, the Sponsor will recognize a Pension Expense of \$12,160. On September 30, 2023, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	19,225	0
Employer contributions subsequent to the measurement date	<u>27,000</u>	<u>0</u>
Total	\$ 46,225	\$ 0

The outcome of the deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2023.

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

Year-ended September 30:

2024	\$	4,306
2025	\$	2,674
2026	\$	3,905
2027	\$	8,340
2028	\$	0
Thereafter	\$	0

PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
YEAR-END SEPTEMBER 30, 2024
(Amounts in Thousands)

For the year ended September 30, 2024, the Sponsor will recognize a Pension Expense of \$20,185. On September 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	12,831	0
Employer contributions subsequent to the measurement date	TBD	0
Total	\$ TBD	\$ 0

The outcome of the deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2024.

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

Year-ended September 30:

2025	\$	2,152
2026	\$	3,383
2027	\$	7,818
2028	\$	(522)
2029	\$	0
Thereafter	\$	0

IV. SUPPLEMENTARY GASB 68 EXPENSE DETAIL

FINAL COMPONENTS OF PENSION EXPENSE
YEAR-END SEPTEMBER 30, 2023
(Amounts in Thousands)

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 19,708	\$ 13,535	\$ 21,433	
Employer Contributions made after September 30, 2022	0	27,000	0	
Total Pension Liability Factors:				
Service Cost	259	0	0	259
Interest	15,494	0	0	15,494
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	3,999	3,999	0	0
Current Year Amortization	0	(3,999)	0	3,999
Changes of Assumptions	2,015	2,015	0	0
Current Year Amortization	0	(2,015)	0	2,015
Benefit Payments	(18,780)	0	0	0
Net Change	<u>2,987</u>	<u>27,000</u>	<u>0</u>	<u>21,767</u>
Plan Fiduciary Net Position:				
Contributions - Employer	10,000	(10,000)	0	0
Projected Net Investment Income	14,474	0	0	(14,474)
Difference in Projected and Actual Earnings	(41,700)	41,700	0	0
Current Year Amortization	0	(10,243)	(5,666)	4,577
Benefit Payments	(18,780)	0	0	0
Administrative Expenses	(290)	0	0	290
Other	0	0	0	0
Net Change	<u>(36,296)</u>	<u>21,457</u>	<u>(5,666)</u>	<u>(9,607)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 58,991	\$ 61,992	\$ 15,767	\$ 12,160

PRELIMINARY COMPONENTS OF PENSION EXPENSE
YEAR-END SEPTEMBER 30, 2024
(Amounts in Thousands)

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 58,991	\$ 61,992	\$ 15,767	
Employer Contributions made after September 30, 2023 ¹	0	TBD	0	
Total Pension Liability Factors:				
Service Cost	277	0	0	277
Interest	15,429	0	0	15,429
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	4,037	4,037	0	0
Current Year Amortization	0	(4,037)	0	4,037
Changes of Assumptions	9,104	9,104	0	0
Current Year Amortization	0	(9,104)	0	9,104
Benefit Payments	(19,125)	0	0	0
Net Change	<u>9,722</u>	<u>0</u>	<u>0</u>	<u>28,847</u>
Plan Fiduciary Net Position:				
Contributions - Employer	27,000	(27,000)	0	0
Projected Net Investment Income	12,591	0	0	(12,591)
Difference in Projected and Actual Earnings	2,612	0	2,612	0
Current Year Amortization	0	(9,972)	(6,190)	3,782
Benefit Payments	(19,125)	0	0	0
Administrative Expenses	(147)	0	0	147
Other	0	0	0	0
Net Change	<u>22,931</u>	<u>(36,972)</u>	<u>(3,578)</u>	<u>(8,662)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 45,782	TBD	\$ 12,189	\$ 20,185

¹ Employer contributions made subsequent to the September 30, 2023 measurement date, but made on or before September 30, 2024 need to be added.

AMORTIZATION SCHEDULE – EXPERIENCE
(Amounts in Thousands)

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ 4,037	1	\$ 0	\$ 4,037	\$ 0	\$ 0	\$ 0	0
2022	3,999	1	3,999	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 3,999	\$ 4,037	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS
(Amounts in Thousands)

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ 9,104	1	\$ 0	\$ 9,104	\$ 0	\$ 0	\$ 0	0
2022	2,015	1	2,015	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 2,015	\$ 9,104	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – INVESTMENTS
(Amounts in Thousands)

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (2,612)	5	\$ 0	\$ (524)	\$ (522)	\$ (522)	\$ (522)	(522)
2022	41,700	5	8,340	8,340	8,340	8,340	8,340	0
2021	(22,176)	5	(4,435)	(4,435)	(4,435)	(4,435)	0	0
2020	(6,156)	5	(1,231)	(1,231)	(1,231)	0	0	0
2019	8,158	5	1,632	1,632	0	0	0	0
2018	1,354	5	271	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 4,577	\$ 3,782	\$ 2,152	\$ 3,383	\$ 7,818	(522)

V. ADDITIONAL INFORMATION

SCHEDULE OF CONTRIBUTIONS
(Amounts in Thousands)

Plan Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2023	\$ 5,470	\$ 27,000	\$ (21,530)	\$ 3,866	698.40%
09/30/2022	\$ 5,133	\$ 10,000	\$ (4,867)	\$ 4,090	244.50%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending September 30, 2023:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2022 valuation date.
Interest Rate	6.75%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2022 Actuarial Valuation Report for the Dallas Area Rapid Transit (DART) Employees' Defined Benefit Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

INVESTMENT DISCLOSURES

Schedule of Investment Returns

For the year ended September 30, 2023, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 8.15 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2023	8.15%
09/30/2022	-12.70%

Support for Long-Term Expected Rate of Return

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 expenses 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 target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2023, as provided by CBIZ Investment Advisory Services, LLC, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Market Equities	39.00%	7.20%
Global Bonds	40.00%	3.80%
International Equities	10.00%	8.80%
Real Estate	10.00%	7.50%
Cash	1.00%	3.10%
Total	100.00%	

Inflation rate of investment advisor 2.50%

Concentrations

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

ASSUMPTIONS

Valuation Date	10/01/2023
GASB 67/68 Measurement Date	09/30/2023
GASB 68 Reporting Date	09/30/2024
Discount Rate	6.21%
Long-Term Rate of Return	6.25%
Mortality	
<i>Active Lives</i>	PubG-2010 (Below-median, amount-weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2021.
<i>Retiree and Vested Terminated Lives</i>	PubG-2010 (Below-median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2021.
<i>Contingent Survivor Lives</i>	PubG-2010 (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2021.
<i>Disabled Lives</i>	PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2021.
Salary Scale	3.00% per year until the assumed retirement age.
Inflation	2.50%
Latest Experience Study Date	January 21, 2022

A summary of other assumptions reflected in the valuation can be found in the October 1, 2023 Actuarial Valuation Report for the Dallas Area Rapid Transit (DART) Employees' Defined Benefit Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

Changes in Assumptions

Total Pension Liability and Preliminary GASB 68 Pension Expense measured as of September 30, 2023 reflect the following assumption change:

- The discount rate was updated from 6.64% to 6.21%.

Development of the Discount Rate

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member and Sponsor contributions will be made at the current contribution rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to provide future benefit payments for 35 years. Therefore benefit payments for 35 years were discounted using a Discount Rate equal to the Long-Term Expected Rate of Return of 6.25 percent.

Future benefit payments beyond 35 years were discounted using a high-quality municipal bond rate of 4.87 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index.

The single equivalent Discount Rate was 6.21 percent.

SUMMARY OF CURRENT 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.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2023 for the Dallas Area Rapid Transit (DART) Employees' Defined Benefit Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

Benefit Changes

No benefit changes have been reflected since the prior year.