REBUILDING AMERICA'S TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Washington, DC

REBUILDING AMERICA'S TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

Dennis Anosike, Executive Vice President and Chief Financial Officer
La Toya Thomas, Vice President and Comptroller
Prepared by the Office of Accounting

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
Washington, DC

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This Comprehensive Annual Financial Report (CAFR) was prepared by:

Office of the Chief Financial Officer

Vice President and Comptroller, Office of Accounting
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Special thanks to all Office of Accounting and support personnel whose inputs contributed to the preparation of this document.

Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2020 and 2019

Table of Contents

Table of Contents (continued)

Page

SECTION ONE - INTRODUCTORY (UNAUDITED)

Letter of Transmittal

Board of Directors

Organizational Chart

Certificate of Achievement for Excellence in Financial Reporting

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October 22, 2020

Chairman and Members of the Board of Directors:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Washington Metropolitan Area Transit Authority (Authority) for the fiscal year ended June 30, 2020. The Authority's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) as promulgated by the Governmental Accounting Standards Board and audited by a firm of independent certified public accountants retained by the Authority.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority's management. To the best of our knowledge and belief, the information contained in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary for the reader to gain an understanding of the Authority's financial activity have been included.

The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are adequately safeguarded against loss, theft, or misuse and to maintain accurate and reliable financial records for the preparation of financial statements and the representations made by management. The cost of internal controls should not outweigh their benefits; consequently, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the Authority's internal controls adequately safeguard its assets and provide reasonable assurance of the proper recording of financial transactions.

RSM US LLP, a firm of licensed certified public accountants, issued an unmodified "clean" audit opinion on the Authority's fiscal year 2020 financial statements on October 21, 2020. The independent auditor's report is located in the financial section of this report.

The Authority's management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Authority

The Authority was created in 1967 by an Interstate Compact (Compact) through legislation passed by the District of Columbia, the State of Maryland, the Commonwealth of Virginia and the United States Congress. The Authority's mission is to plan, build, finance and operate a transportation system in the Washington Metropolitan Area Transit Zone (Transit Zone). In fulfillment of this goal, the Authority provides the region with three coordinated types of transportation services: bus (Metrobus), rail (Metrorail) and paratransit (MetroAccess).

Washington Metropolitan Area Transit Authority

600 Fifth Street, NW
Washington, D.C. 20001
202/962-1234

By Metrorail:
Judiciary Square-Red Line
Gallery Place-Chinatown
Red, Green and
Yellow Lines

A District of Columbia
Maryland and Virginia
Transit Partnership

Construction of the Metrorail system began in December 1969. Later, by February 1973, four area bus companies were acquired forming the basis for the Metrobus system. In May 1994, MetroAccess, the paratransit service for mobility impaired passengers unable to use fixed route transit service, began operation.

The original 103-mile Metrorail system was completed with the opening of the 6.5 miles extension of the Green Line from Anacostia to Branch Avenue on January 13, 2001. In the second quarter of fiscal year 2005, three Metrorail stations and approximately 3.1 miles of track were added to the Metrorail system resulting in a total of 86 stations, approximately 106.1 miles of track, and five Metrorail lines (Blue, Green, Orange, Yellow and Red). On July 26, 2014, the Authority opened the first phase of a sixth Metrorail line (Silver) adding five Metrorail stations and approximately 11.6 miles of track.

Metrorail carries the third largest number of passengers and Metrobus carries the sixth largest number of passengers in the nation. The Authority serves a population of over six million within a 1,500- square–mile area. Its transit zone consists of the District of Columbia; the suburban Maryland counties of Montgomery, Prince George’s, and portions of Charles and Anne Arundel; Northern Virginia counties of Arlington, Fairfax, Loudoun and Prince William; and the Northern Virginia cities of Alexandria, Falls Church, Fairfax, Manassas and Manassas Park.

Organizational Structure

The Board of Directors (Board) governs and determines policy for the Authority. The Board is composed of eight voting Directors and eight alternate Directors from each signatory to the Compact and from the federal government. The Directors and Alternates for the Commonwealth of Virginia are appointed by the Northern Virginia Transportation Commission; for the District of Columbia, by the City Council; for the State of Maryland, by the Washington Suburban Transit Commission; and for the federal Government, by the US Secretary of Transportation.

Subject to policy direction and delegations from the Board, the General Manager/Chief Executive Officer (GM/CEO) is responsible for the operations and functions of the Authority. The GM/CEO directs staff in implementing and carrying out the programs and initiatives of the Authority.

Budget Process

The Authority’s annual budget serves as the foundation for its financial planning and control. The GM/CEO and staff prepare and submit the budget to the Board for approval. The annual budget includes both an operating budget and a capital budget.

The Authority begins planning each annual budget in August of the previous fiscal year with the development of budget priorities and assumptions for the plan year. The budget must be adopted by June 30, and the fiscal year begins on July 1. Budgeting for the fiscal year is divided into six major phases: development of key assumptions, and budget formulation; budget review and justification; presentation of the proposed budget to the Board; Board of Directors discussion/public outreach and public hearings; budget adoption; and budget implementation and amendment.

For fiscal year 2020, the Board approved an annual budget of approximately $3.8 billion, which included $1.9 billion dedicated to operating the system and $1.8 billion for capital improvement and reimbursable programs and $72.1 million of debt service. The budget reflects 12,225 authorized staff positions.

It is the responsibility of each department to manage its operation in such a manner as to ensure that the use of the Authority’s funds is consistent with the goals and programs authorized by the Board.

Economic Condition

Local Economy

The Authority's ridership and overall financial outlook are directly influenced by the population, economic conditions, and employment growth in the District of Columbia and the surrounding jurisdictions in Maryland and Virginia. Beginning in March 2020, the Washington Metropolitan Region began implementing stay at home orders to slow the spread of the coronavirus. In a short period of time, the Authority's overall ridership declined nearly 88%. In late March, in efforts to support the United States Centers for Disease Control's (CDC) social distancing recommendation and protect the health of both the Authority's bus operators and riding public, the Authority implemented rear door only boarding for bus passengers. The Board of Directors made the decision to suspend bus fare collection while rear door boarding was in place since there would be considerable cost associated with the bus fare equipment configuration. The suspension of bus fare collection, along with greatly reduced Metrorail and MetroAccess ridership, resulted in a nearly 95% reduction in fare revenue.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized an $876.8 million grant to assist with the lost revenue and additional costs incurred due to the pandemic. However, these funds are anticipated to be depleted by the end of December 2020 and additional budget shortfalls are projected. The reduction in fare revenue and the pandemic recovery plan has also resulted in a budget shortfall for fiscal year 2021 and is anticipated to affect fiscal year 2022 as well. The Board of Directors has approved measures to resume fare collection on Metrobus and reduce costs to address these budget shortfalls, which include service reductions and layoffs, furloughing employees and limiting the use of contractors.

The Authority has implemented a pandemic recovery plan that is closely aligned with steps planned by local governments and employers and the federal government. It is designed to phase in actions that will position the Authority to emerge stronger and more resilient for post-pandemic operations. The plan calls for continuous monitoring and evaluation during the unprecedented situation presented by the pandemic.

Federal Presence and Ridership: The regional economy remains tightly linked to the federal government as it is the largest employer in the region. More than half of Metrorail stations serve federal facilities, and over a quarter of peak service Metrorail trips on an average weekday are taken by federal employees**.** Federal jobs are estimated to decrease from 12% in 2015 to 8% in 2045 per a study by the Metropolitan Washington Council of Governments (COGS). The slow job growth and future expectations related to federal government spending impact the Authority's forecast for Metrorail and Metrobus ridership. However, the stay at home orders put into place in March to stem the spread of the pandemic has significantly reduced ridership. The recovery and return to full service and ridership levels is expected to be gradual as economic activity begins to be restored and federal government employees who are teleworking during the pandemic return to work.

The Washington, DC metropolitan area is making efforts to diversify and grow the economy and reduce reliance on the federal government by attracting additional industries, such as professional and business services, over the next decade. Additionally, the Authority has faced certain infrastructure challenges that have continued to have an impact on ridership. To combat this effect, the Authority has continued to invest in long and near-term capital improvement projects. As such, prior to the pandemic, ridership was beginning to rebound as the investment in safety and reliability improvements began to increase rider confidence.

Benefits to the Region: Despite the challenges of delivering safer, more reliable service after decades of chronic underinvestment, the Authority remains a powerful economic engine that drives the region's economy. Nearly 28% of the region's tax base and 54% of all jobs are located within a half-mile of either a Metrorail station or a Metrobus stop. In addition to the Authority providing over 230 million customer trips in fiscal year 2020, the Authority has one of the most active joint development programs in the transit industry and has spurred economic development activity in and around our Metrorail stations.

Long-term Financial Planning

Capital Improvement Program

The Authority and local jurisdictions executed a comprehensive Capital Funding Agreement for supporting capital improvements between fiscal years 2011 and 2016, which was subsequently extended annually by the parties to cover fiscal years through 2019. A new agreement was executed in fiscal year 2020 and extended through fiscal year 2021. The Capital Improvement Program (CIP), which is renewed and adopted each year by the Board, matches available funding sources with the capital project investments needed primarily to maintain the Authority's assets in a state of good repair. The CIP is an expenditure-based plan with the following primary investment components:

- **Railcars:** Replacement and purchase of new railcars, rehabilitation and maintenance of the railcar fleet and other railcar maintenance facilities.

- **Rail Systems:** Ongoing state of good repair efforts critical to maintaining and improving Metrorail's propulsion power and signals and communications systems.

- **Track and Structures Rehabilitation:** Track includes steel running rail that guides the train cars, the crossties and fasteners that hold the rail in place, the ballast bed that supports the cross ties, and the third rail that provides power to the train. Structures include the retaining walls that protect the track bed and underground tunnels, the concrete pads that keep the track bed properly elevated and the bridges that span roads and bodies of water.

- **Stations & Passenger Facilities:** Facilities at the Authority's 91 Metrorail stations, including elevators, escalators, fare collection equipment, fire safety systems, bus loops, bus stops, parking garages, surface lots, access roads, bike racks, and bike lockers.

- **Bus & Paratransit:** Replacement and purchase of new buses and paratransit vehicles, rehabilitation and maintenance of these fleets and of other maintenance and customer facilities.

- **Business Support:** Facilities for collecting and storing system data, network infrastructure and other IT assets, as well as support of Metro Transit Police facilities and equipment, and the non-revenue vehicle fleet.

The CIP includes funding from the Federal Transit Administration formula grant programs and from dedicated federal funds approved under the Passenger Rail and Investment Improvement Act (PRIIA) of 2008. PRIIA authorized $1.5 billion over ten years for the Authority's capital and preventive maintenance projects, to be matched dollar-for-dollar by the District of Columbia, Maryland, and Virginia.

The fiscal years 2021-2026 CIP assumes that federal formula funding, and state and local funding will continue at current levels, including the state and local portions of PRIIA, even though the federal PRIIA is not authorized beyond fiscal year 2021. Additionally, in fiscal year 2020, Maryland, the District of Columbia, and Virginia started providing the Authority $500.0 million of annual dedicated capital funding. The remaining funding required over the six-year CIP will come in the form of federal grants, jurisdictional capital contributions, continuation of state PRIIA contributions, and debt.

Major Initiatives and Accomplishments

Ensuring Safety and Service Reliability

The Authority continues to aggressively pursue a large capital program to enhance and upgrade the original construction of the system. Safety remains the Authority's highest priority, while ensuring that the full capacity of the transit system is utilized.

During fiscal year 2020, the Authority completed multiple major capital improvement projects to improve safety and reliability and to modernize bus and rail facilities. The Authority upgraded 32 additional underground stations to LED lighting totaling 48 underground stations, achieving substantial progress in upgrading tunnel lighting across rail system and launched Phase 2 of facility LED lighting upgrades. In addition, the Authority completed major rehabilitation and customer experience improvements, which included the completion of full platform reconstruction and infrastructure improvements to six Blue and Yellow line stations south of Ronald Reagan Washington National Airport.

Improving Customer Experiences

The Authority continues to work with major wireless companies, AT&T, Sprint, T-Mobile and Verizon to complete installation of wireless service throughout the Authority's rail tunnels. Wireless voice and data service is now available on tunnel portions of all six Metrorail lines covering approximately 80% of underground tunnel track. In addition, the Authority launched SmarTrip, a new iOS-based application for the iPhone and Apple Watch, on September 1, 2020, the first of its kind in North America. This new feature will let riders simply hold their device near the card reader to pay anywhere SmarTrip is accepted, including at all Metrorail stations, Metrobus routes and regional bus systems. SmarTrip can also be used to pay for parking at Metrorail stations and commuter lots.

Environmental Sustainability

Construction began on the Authority's new headquarters located in Washington, DC and two additional sites located in Prince George's County, Maryland, and Alexandria, Virginia, as locations for new office buildings. This was the first major step in a broader office consolidation strategy to reduce the number of office buildings from 10 to four and save the Authority $130.0 million over the next 20 years. The buildings will be designed with the goal of achieving LEED Gold certification to benefit the environment and reduce long-term operating costs.

The Authority developed a five-year Energy Action Plan. The initiatives of the plan are to cut greenhouse gas emissions and generate energy and operational cost savings. The Authority plans to invest $65.0 million by 2025 in energy-efficient technology, modernized operations, and innovation to reduce operating costs and support a more sustainable future. A recent step in this plan is a deal worth up to $50.0 million over 25 years with SunPower and Goldman Sachs Renewable Power LLC to install solar paneled canopies over surface lots and above parking garages at four rail stations. Combined, the four sites will have 12.8 megawatts of electrical capacity, making this the largest community solar project in the Washington, DC metropolitan area.

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR for the fiscal year ended June 30, 2019. The Authority has received this prestigious award for 32 years.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both US GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this current CAFR will meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.

Acknowledgements

Completion of this CAFR would not have been possible without the leadership of the Vice President and Comptroller, La Toya Thomas, and the knowledgeable and dedicated staff of the Office of Accounting. A special note of appreciation is extended to the many diligent employees across the Authority whose time and efforts helped produce this CAFR. We would also like to thank the Board and the officers of the Authority for their continuing support in executing the financial operations of the Authority and in meeting the Authority's fiscal responsibilities to our customers and the region.

Respectfully submitted,

Paul J. Wiedefeld

Dennis Anosike Digitally signed by Dennis Anosike Date: 2020.10.20 17:21:19 -04'00'

Paul J. Wiedefeld
General Manager and
Chief Executive Officer

Dennis Anosike
Executive Vice President and
Chief Financial Officer

Board of Directors
As of June 30, 2020

The Washington Metropolitan Area Transit Authority is governed by a 16-member Board of Directors composed of eight Principal and eight Alternate members. The District of Columbia, Maryland, Virginia and the federal government each appoint two Principal and two Alternate members. Below are the members serving on the Board as of June 30, 2020.

Principal Directors

Paul C. Smedberg was elected Chairman of the Board in June 2019. He was first appointed to the Board as an Alternate Director in 2016 and appointed Principal Director in January 2019 representing the Commonwealth of Virginia. He served on the Alexandria City Council from 2003 to 2018, the Virginia Railway Express Operations Board from 2006 to 2018, serving as Chairman in 2013 and 2017, and the Northern Virginia Transportation Commission (NVTC) from 2006 to 2018. Mr. Smedberg currently serves as Chair of WMATA's Executive Committee and is a member of the Finance and Capital Committee.

Stephanie Gidigbi was appointed to the Board in December 2019 as First Vice Chair representing the District of Columbia. As Director of Policy & Partnerships for the Natural Resources Defense Council Healthy People, Thriving Communities Program, Gidigbi serves as part of the senior leadership team for the Resilient Communities division and Federal Climate Management Team. She previously served as the Director for Strategic Initiatives at the US Department of Transportation under Secretary Anthony Foxx. She served as Chief of Staff for the City of Orange in New Jersey. Ms. Gidigbi is a member of WMATA's Safety and Operation Committee.

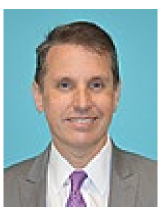
Michael Goldman was appointed to the Board as a Principal Director in June 2013 representing the State of Maryland. Mr. Goldman has practiced in the areas of international, antitrust and transportation law since 1972. Mr. Goldman serves as Chair of WMATA's Safety and Operations Committee and Second Vice Chair of the Executive Committee. Mr. Goldman is currently an active member of the District of Columbia Bar, the American Bar Association sections on antitrust and administrative law, and the Forum on Air & Space Law..

David Horner, Executive Committee Member, was appointed to the Board as a Principal Director in July 2017 representing the federal government. Mr. Horner is a partner with the law firm of Hunton Andrews Kurth LLP. He also served at the US Department of Transportation as Deputy Assistant Secretary for Transportation Policy and Chief Counsel of the Federal Transit Administration. Mr. Horner currently serves as Vice Chair of WMATA's Safety and Operations Committee in addition to his service on the Executive Committee.

Principal Directors (continued)

Matt Letourneau joined the Board as an Alternate Director representing Virginia in January 2019 and was appointed Principal Director in March 2020. He was elected to represent the Dulles District on the Loudoun County Board of Supervisors in 2011 and re-elected in 2015. Mr. Letourneau serves as Chairman of the Loudoun Board's Finance, Government Operations and Economic Development Committee. He represents Loudoun on NVTC and is its Immediate Past Chair. Mr. Letourneau serves on WMATA's Safety and Operations Committee.

Gregory Slater was appointed to the WMATA Board of Directors as a Principal Director representing the State of Maryland in January of 2020. Mr. Slater began serving as the Secretary of the Maryland Department of Transportation (MDOT) in December 2019 after more than two decades of public service at the MDOT State Highway Administration (MDOT SHA). Mr. Slater leads a transportation department with more than 10,000 employees and an operating budget of nearly $5.4 billion. He oversees every aspect of state transportation, from its highways, roadways, transit systems/services and toll facilities to motor vehicles, the BWI Thurgood Marshall Airport and the Helen Delich Bentley Port of Baltimore. Mr. Slater currently serves as a member of WMATA's Finance and Capital Committee.



Steve McMillin was appointed to the Board as a Principal Director in July 2017 representing the Federal Government. Mr. McMillin is a partner in the economic and public policy consulting firm US Policy Metrics LLC. He spent 19 years in federal government service as a fiscal policy specialist, in both the legislative and executive branches. From 2006 through 2009, he was Deputy Director of the Office of Management and Budget (OMB), and previously served as the OMB Associate Director responsible for transportation matters. Mr. McMillin serves as Chair of WMATA's Finance and Capital Committee.

The District of Columbia had a Principal Director vacancy as of June 30, 2020.

Alternate Directors

Canek Aguirre was appointed to WMATA Board of Directors in March 2020. He was appointed to the NVTC in January 2019 and is currently serving as its vice-chair. Mr. Aguirre was elected in November 2018 to serve a three-year term on the Alexandria City Council, the first Latino elected to that body. He is a past chair of the Economic Opportunities Commission, past president of the Tenants and Workers United Board of Directors, and past vice-chairman of the Health Systems Agency of Northern Virginia Board of Directors. In 2016, Mr. Aguirre was appointed to the Virginia Board of Social Work by Governor Terry McAuliffe.

Alternate Directors (continued)

Tom Bulger was appointed to the Board as an Alternate Director in July 2011 representing the District of Columbia. He is President of Government Relations Inc. and has been a federal advocate and policy consultant who represents private and public clients before Congress and the Administration. After spending the first few years of his career in the Office of Management and Budget in Fairfax County, VA, Mr. Bulger was an environmental policy director and legislative representative at the National Association of Counties.

Devin Rouse was appointed to the Board as an Alternate Director in December 2018 representing the federal government. Mr. Rouse is the Director of the Passenger Rail Division within the Federal Railroad Administration's (FRA) Office of Railroad Safety. Prior to joining FRA, Mr. Rouse served in numerous roles for Bechtel Corporation in the design, engineering and construction of railway infrastructure, and began his railroad career at Norfolk Southern's Roanoke Locomotive Shops.

Walter L. Alcorn was appointed to the Board in January 2020 as an Alternate Director representing Fairfax County, Virginia when he began his first term as the Hunter Mill District Supervisor on the Fairfax County Board of Supervisors. Mr. Alcorn's focus is on transit-oriented development, pedestrian/bicyclist mobility and safety, affordable housing and diversifying the local economy. Previously, Mr. Alcorn served on the county's Planning Commission for 16 years and also served on the Park Authority Board. Professionally, he has worked on environmental issues in the tech industry and is a nationally recognized expert on electronics recycling systems.

Jeff Marootian joined the Board as an Alternate Director in September 2017 representing the District of Columbia. He joined the District Department of Transportation from the US Department of Transportation, where he served under Transportation Secretary Anthony Foxx from 2013 to 2017. Mr. Marootian was appointed by President Barack Obama to serve as the White House Liaison from 2013 to 2015 where he worked to promote President Obama's transportation agenda. Mr. Marootian serves as Interim Vice Chair of the Finance and Capital Committee.

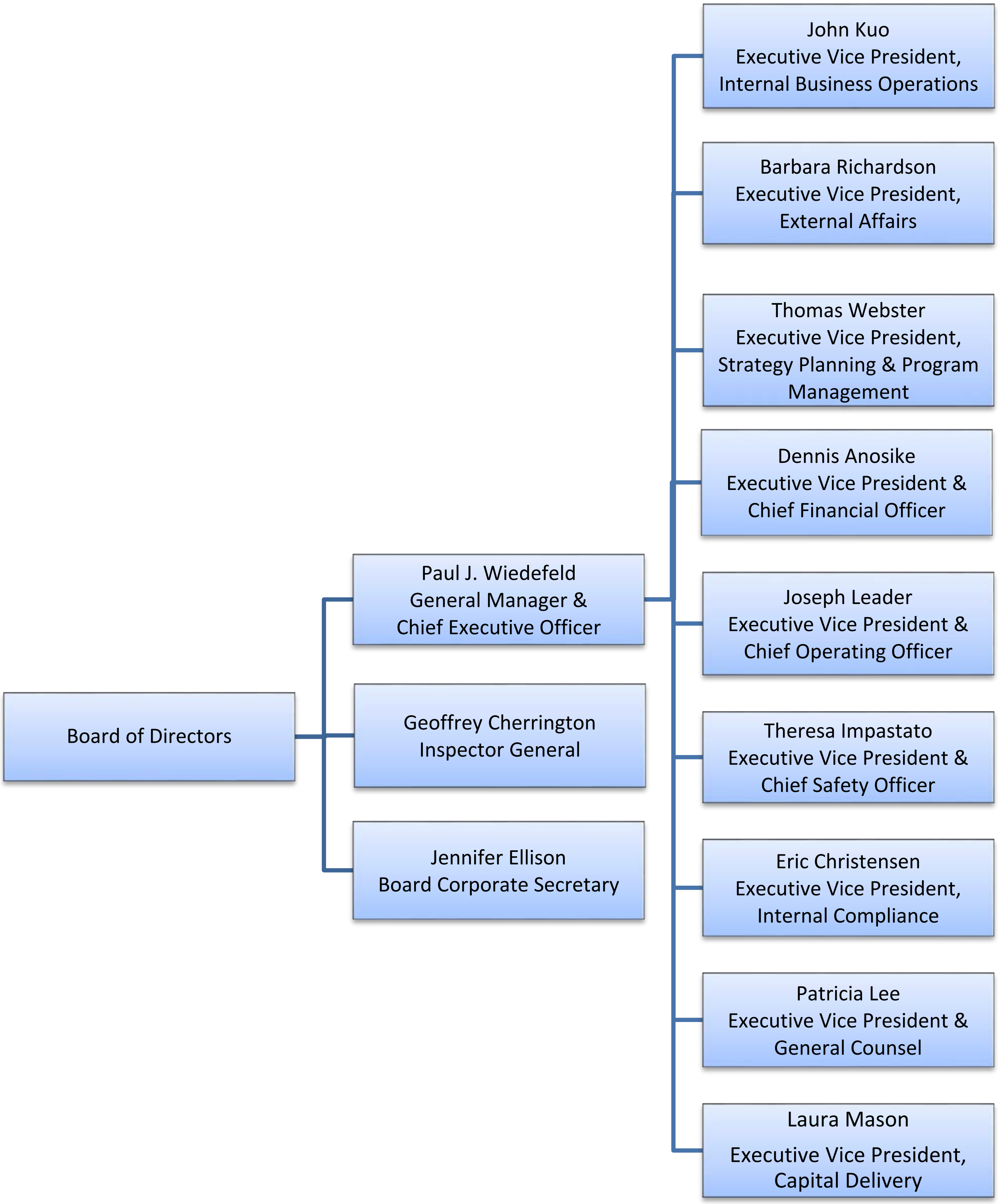
Thomas H. Graham was appointed to the Board of Directors in May 2019 as an Alternate Director representing Prince George's County, Maryland. Mr. Graham is the founder of T.H. Graham and Associates, a strategic consulting firm. Prior to his work as a consultant, Mr. Graham served in several leadership positions at Pepco Holdings, Inc. before retiring in 2016. Mr. Graham currently serves on the board of the Center of Energy Workforce Development and Maryland Chamber of Commerce, in addition to several other boards.

Alternate Directors (continued)

Anthony E. Costa was appointed to the Board as an Alternate Director in July 2014 representing the federal government. Mr. Costa is currently Associate Executive Director for Real Property and Planning for the US Department of Veterans Affairs, where he is leading efforts to ensure the agency's real estate assets support the provision of services to our nation's veterans.

The State of Maryland had an Alternate Director vacancy as of June 30, 2020.

Organizational Chart
As of June 30, 2020



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washington Metropolitan Area Transit Authority
District of Columbia

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

SECTION TWO - FINANCIAL

Independent Auditor's Report

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements

Required Supplementary Information (Unaudited)

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Washington Metropolitan Area Transit Authority

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities of the Washington Metropolitan Area Transit Authority (the Authority) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2020 and 2019, and the changes in financial position and 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 schedules of changes in the net pension liability and related ratios, the schedule of employer contributions – pension plans, the schedule of changes in net OPEB liability and related ratios, the schedule of employer required contributions -Teamsters Local 922 employers health trust plan, and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not required part of the basic financial statements.

The introductory and statistical sections 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.

RSM US LLP

Washington, D.C.
October 21, 2020

Management's Discussion and Analysis
June 30, 2020 and 2019
(Unaudited)

As management of the Washington Metropolitan Area Transit Authority (Authority or WMATA), we offer readers of the basic financial statements this overview and analysis of the financial activities of the Authority as of June 30, 2020 and 2019.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any noteworthy changes in the Authority's financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which immediately follow this section.

Fiscal Year 2020 Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of the close of the fiscal year by $8.4 billion (net position), of which, $11.6 billion, or 138.5%, represents the Authority's net investment in capital assets.
- The Authority incurred $1.4 billion in capital improvement costs, which primarily included transit facility and track rehabilitation, communication systems and infrastructure, transit system control structures, office building construction, and bus overhauls.
- In June 2020, the Authority issued Dedicated Revenue Bonds Series 2020A totaling $545.0 million to finance capital costs.
- The State of Maryland (Maryland), District of Columbia, and the Commonwealth of Virginia (Virginia) lawmakers established legislation to jointly provide a dedicated revenue source (Dedicated Funding) to support funding the Authority's capital programs beginning in fiscal year 2020. The Authority reported a total of $500.0 million in Dedicated Funding during the fiscal year.
- The Authority contributed $78.3 million to the WMATA Postemployment Benefits Trust to fund other postemployment benefits (OPEB), which will be accounted for in the June 30, 2020 actuarial valuation for the fiscal year ended June 30, 2021.
- On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the COVID-19 pandemic (pandemic). The CARES Act authorized an $876.8 million federal grant to the Authority to assist with lost revenue and additional costs incurred due to the pandemic. The Authority expended $227.9 million of this grant award during fiscal year 2020.

Fiscal Year 2019 Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of the close of the fiscal year by $8.1 billion (net position), of which, over $11.3 billion, or 139.6%, represents the Authority's net investment in capital assets.
- The Authority incurred $1.2 billion in capital improvement costs, which primarily included the rebuilding and repairing of track infrastructure, improving platform boarding, and escalator and bus replacements.
- In December 2018, the Authority issued Gross Revenue Transit Bonds Series 2018 totaling $239.9 million to finance capital costs.

Fiscal Year 2019 Financial Highlights (continued)

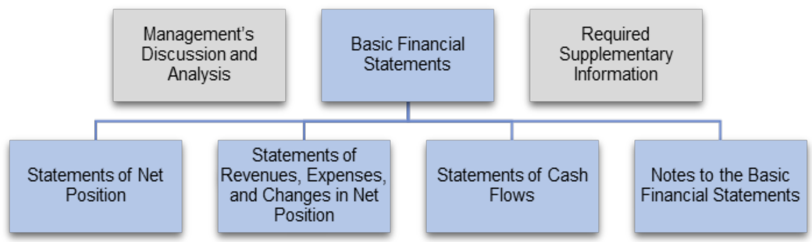
- The Authority retired 182 units of 5000-series railcars prior to the end of their useful lives due to safety and reliability issues, which resulted in a net loss of $167.2 million.
- In June 2019, the Authority contributed $10.0 million to the WMATA Postemployment Benefits Trust to fund OPEB, which is accounted for in the June 30, 2019 actuarial valuation for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Authority's basic financial statements, which are comprised of the Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and the Notes to the Basic Financial Statements. This report also contains required supplementary information in addition to the basic financial statements.

Basic Financial Statements. The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), as applicable to governmental entities using the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred regardless of the timing of the related cash flows.

Basic Financial Statements



- The **Statements of Net Position** present financial information on all of the Authority's assets, liabilities, deferred outflows of resources and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial condition; however, the reader should also consider other indicators, such as the rate of growth of federal and jurisdictional subsidies, passenger fares, ridership levels, general economic conditions in the Washington, DC metropolitan area and the age and condition of capital assets used by the Authority.
- The **Statements of Revenues, Expenses, and Changes in Net Position** report all of the operating revenues, federal and jurisdictional subsidies, investments, capital contributions earned, and all operating and nonoperating expenses incurred during the reporting period. This statement presents how the Authority's net position changed from the prior fiscal year.
- The **Statements of Cash Flows** provide information on cash receipts and cash payments during the reporting period. This statement allows financial statement users to assess whether the Authority's current cash flows are sufficient to pay its obligations.
- The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements can be found on pages 18-80 of this report.

Required Supplementary Information (RSI). In addition to the basic financial statements and accompanying notes, this report also presents certain RSI concerning the Authority's defined benefit pension plans and OPEB plans to its employees.

The RSI can be found on pages 81-96 of this report.

Financial Analysis

Condensed Statements of Net Position

The following provides an overview of the Authority's financial position as of June 30, 2020, 2019 and 2018:

Condensed Statements of Net Position
June 30, 2020, 2019 and 2018
(in thousands)

				2020 vs 2019 Increase (Decrease)		2019 vs 2018 Increase (Decrease)	
	2020	**2019**	**2018**	**Amount**	**%**	**Amount**	**%**
Current assets	$ 1,072,171	$ 623,494	$ 832,634	$ 448,677	72.0	$ (209,140)	(25.1)
Capital assets, net	13,004,791	12,648,294	12,486,960	356,497	2.8	161,334	1.3
Other noncurrent assets	39,670	-	57,329	39,670	100.0	(57,329)	(100.0)
Total assets	14,116,632	13,271,788	13,376,923	844,844	6.4	(105,135)	(0.8)
Deferred outflows of resources	715,426	408,379	428,555	307,047	75.2	(20,176)	(4.7)
Current liabilities	896,096	965,114	848,167	(69,018)	(7.2)	116,947	13.8
Noncurrent liabilities	5,216,465	4,202,356	4,113,825	1,014,109	24.1	88,531	2.2
Total liabilities	6,112,561	5,167,470	4,961,992	945,091	18.3	205,478	4.1
Deferred inflows of resources	356,158	409,359	358,118	(53,201)	(13.0)	51,241	14.3
Net position:							
Net investment in capital assets	11,582,955	11,315,608	11,327,174	267,347	2.4	(11,566)	(0.1)
Restricted	121,007	62,745	70,385	58,262	92.9	(7,640)	(10.9)
Unrestricted	(3,340,623)	(3,275,015)	(2,912,191)	(65,608)	2.0	(362,824)	12.5
Total net position	$ 8,363,339	$ 8,103,338	$ 8,485,368	$ 260,001	3.2	$ (382,030)	(4.5)

Current Year

The Authority's total net position in the amount of $8.4 billion at June 30, 2020 increased by $260.0 million, or 3.2%, from June 30, 2019. The significant changes are described below:

- Current assets increased by $448.7 million, or 72.0%, primarily due to the following:
  - Restricted cash and cash equivalents increased $496.1 million, or 488.7%, due to proceeds from the issuance of the Series 2020A Bonds and the receipt of Dedicated Funding.
  - Cash and cash equivalents and investments decreased by $48.3 million and $38.7 million, respectively, primarily due to scheduled principal and interest payments on the bonds. In addition, cash deposits from operations decreased due to reduced ridership as a result of the stay at home orders to address the pandemic.
  - Restricted cash and cash equivalents held with fiscal agent increased due to $15.7 million held in escrow to pay fiscal year 2021 interest on the Series 2020A Bonds. Additionally, restricted investments held with fiscal agent decreased by $62.7 million due to the payment of the 2009B and 2018 Bonds on July 1, 2019.
  - Accounts receivable, net of allowance, and other assets increased by $60.1 million, or 35.8%, due primarily to a federal grant billing for costs related to the pandemic and an increase in outstanding amounts owed to the Authority for jurisdictional subsidies.

Financial Analysis (continued)

Condensed Statements of Net Position (continued)

Current Year (continued)

  - Materials and supplies inventory increased by $26.5 million, or 23.9%, due to an increase in pandemic-related personal protective equipment, such as masks, gloves, hand sanitizers and disinfectants.

- Other noncurrent assets consisting of restricted cash and cash equivalents held with fiscal agent increased due to $39.7 million held in escrow to pay fiscal years 2022 and 2023 interests on the Series 2020A Bonds.

- Deferred outflows of resources increased by $307.0 million, or 75.2%, primarily due to the net differences between the projected and actual investment earnings for the pension and OPEB plans.

- Current liabilities decreased by $69.0 million, or 7.2%, primarily due to the following:

  - Accounts payable and accrued expenses decreased by $101.1 million, or 24.3% primarily due to decreased capital accruals.

  - Current portion of bonds payable, decreased by $49.6 million, or 65.6%, due to scheduled principal payments on the Series 2009A, 2009B and 2017B Bonds.

  - The decreases above were offset by the following:

    - Accrued salaries and benefits increased by $37.2 million, or 83.3%, due to a current year accrual of $21.2 million for two months of health insurance payments resulting from vendor delays in providing the invoices. In addition, due to travel restrictions imposed in response to the pandemic, many employees did not use their accumulated vacation leave. As such, on July 1, 2020, the Authority made a onetime payment to employees of $11.7 million for fiscal year 2020 earned, unused vacation to avoid leave forfeiture for being in excess of the carryover limits.

    - Due to other governments increased by $26.4 million, or 15.6%, resulting primarily from $34.1 million owed to the federal government due to the sale of land and revenue vehicles, offset by an $8.5 million net decrease in amounts owed for reimbursable projects due to the timing of cash received from jurisdictions in advance of the Authority incurring eligible costs.

    - Unearned revenue increased by $25.3 million, or 28.7%, mainly due to automatic loading of fares onto SmarTrip cards, while ridership usage decreased during the pandemic.

- Restricted net position increased by $58.3 million, or 92.9%, due to an escrow established for the Series 2020A Bonds that are held with fiscal agent to pay scheduled debt service payment and unspent Dedicated Funding that is restricted to fund capital costs totaling $121.0 million. These increases are offset by scheduled debt service payments in the amount of $62.7 million from amounts held in escrow in the prior year.

Prior Year

The Authority's total net position in the amount of $8.1 billion at June 30, 2019 decreased by $382.0 million, or 4.5%, from June 30, 2018. The significant changes are described below:

- Current assets decreased by $209.1 million, or 25.1%, primarily due to the following:

  - Cash and cash equivalents and investments decreased by $158.2 million and $44.5 million, respectively, primarily due to the Authority paying off the remaining balance in the amount of $170.0 million on the Series 2016A Bonds and an early payment of $9.1 million on the Series 2009A Bonds.

  - Restricted cash and cash equivalents decreased $26.5 million, or 20.7%, due to the use of Series 2017B Bonds proceeds for construction costs, netted against an increase in proceeds from issuance of the Series 2018 Bonds.

Financial Analysis (continued)

Condensed Statements of Net Position (continued)

Prior Year (continued)

- Restricted investments held with fiscal agent increased by $62.7 million, $56.2 million due to the reclassification from long-term to short-term in fiscal year 2019 for Series 2009B. These investments defeased the 2009B Bonds on July 1, 2019. In addition, $6.5 million for Series 2018 held with fiscal agent was used on July 1, 2019 for scheduled interest payment.
- Accounts receivable, net of allowance, and other assets decreased by $30.1 million, or 15.2%, due primarily to reductions in federal grants receivables of $59.8 million. This was offset by an increase in jurisdictional and other receivables of $27.3 million.
- Materials and supplies inventory decreased by $12.5 million, or 10.2%, due mainly to an increase in the reserve for obsolete inventory.

- Other noncurrent assets included restricted investments held with fiscal agent, which was reclassified from noncurrent assets to current asset to defease the 2009B Bonds on July 1, 2019.
- Current liabilities increased by $116.9 million, or 13.8%, primarily due to the following:
  - Accounts payable and accrued expenses increased by $158.9 million, or 61.6% primarily due to an increase in accrued capital costs.
  - Due to other governments increased by $75.2 million, or 80.3%, resulting primarily from $86.0 million owed to the federal government due to the early retirement of the 5000-series railcars, partially offset by advances received from jurisdictions for reimbursable projects.
  - Current portion of litigation and claims increased by $10.3 million, or 21.2%, due to an increase in the expected loss rate for workers' compensation.
  - The increases above were offset by the following:
    - Current portion of bonds payable, decreased by $103.6 million, or 57.8%, due to scheduled principal payments on the 2016A and 2009A Bonds.
    - Accrued salaries and benefits decreased by $41.1 million, or 47.9%, due to the payout in fiscal year 2019 of accrued wages and vacation leave from the settlement of the Local 2 and Local 689 union contracts, and retroactive wage and salary increases for all other employee groups.
- Restricted net position includes escrows established for Series 2018 and 2009B Bond proceeds that are held with fiscal agents to pay scheduled debt service. The net decrease of $7.6 million, or 10.9% is due to scheduled debt service payment.

Financial Analysis (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

The following table provides an overview of the revenues, expenses, and changes in net position for the years ended June 30, 2020, 2019 and 2018:

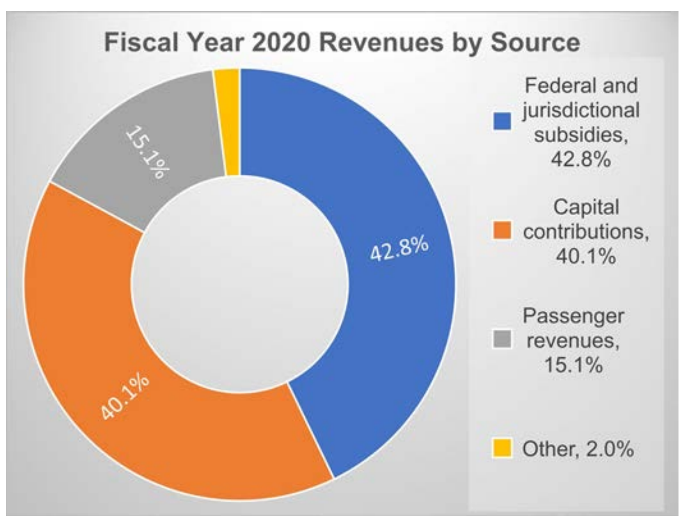
Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020, 2019 and 2018
(in thousands)

	2020	2019	2018	2020 vs 2019 Amount	2020 vs 2019 %	2019 vs 2018 Amount	2019 vs 2018 %
Operating and nonoperating revenues:							
Operating revenues	$ 582,574	$ 789,678	$ 800,523	$ (207,104)	(26.2)	$ (10,845)	(1.4)
Nonoperating revenues	18,061	20,195	14,400	(2,134)	(10.6)	5,795	40.2
Total operating and nonoperating revenues	600,635	809,873	814,923	(209,238)	(25.8)	(5,050)	(0.6)
Federal and jurisdictional subsidies	1,502,025	1,121,805	1,120,346	380,220	33.9	1,459	0.1
Total revenues before capital contributions	2,102,660	1,931,678	1,935,269	170,982	8.9	(3,591)	(0.2)
Operating expenses	3,206,877	3,088,055	2,772,642	118,822	3.8	315,413	11.4
Nonoperating expenses	44,148	201,153	53,339	(157,005)	(78.1)	147,814	277.1
Total expenses	3,251,025	3,289,208	2,825,981	(38,183)	(1.2)	463,227	16.4
Loss before capital contributions and extraordinary items	(1,148,365)	(1,357,530)	(890,712)	209,165	(15.4)	(466,818)	52.4
Capital contributions	1,410,114	975,500	983,574	434,614	44.6	(8,074)	(0.8)
Extraordinary items	(1,748)	-	-	(1,748)	100.0	-	0.0
Change in net position	260,001	(382,030)	92,862	642,031	(168.1)	(474,892)	(511.4)
Net position, beginning of year	8,103,338	8,485,368	8,721,920	(382,030)	(4.5)	(236,552)	(2.7)
Cumulative effect of change in accounting principle	-	-	(329,414)	-	0.0	329,414	(100.0)
Net position, beginning of year	8,103,338	8,485,368	8,392,506	(382,030)	(4.5)	92,862	1.1
Net position, end of year	$ 8,363,339	$ 8,103,338	$ 8,485,368	$ 260,001	3.2	$ (382,030)	(4.5)

Revenues

Current Year

Total fiscal year 2020 revenues including capital contributions in the amount of $3.5 billion increased by $605.6 million, or 20.8%, from fiscal year 2019. Federal and jurisdictional subsidies, passenger revenues and capital contributions account for 42.8%, 15.1%, and 40.1% of total fiscal year 2020 revenues, respectively.



- Total operating revenues decreased by $207.1 million, or 26.2%, from fiscal year 2019 primarily due to a decrease in passenger revenues in the amount of $198.5 million, or 27.2%, due to decreased ridership in fiscal year 2020 during the pandemic. Additional information on passenger trips is provided on the following page.
- Capital contributions increased by $434.6 million, or 44.6%, from fiscal year 2019 primarily due to the addition of $500.0 million for Dedicated Funding, offset by a decrease in jurisdictional capital subsidies of $47.0 million and other capital contributions of $12.0 million.

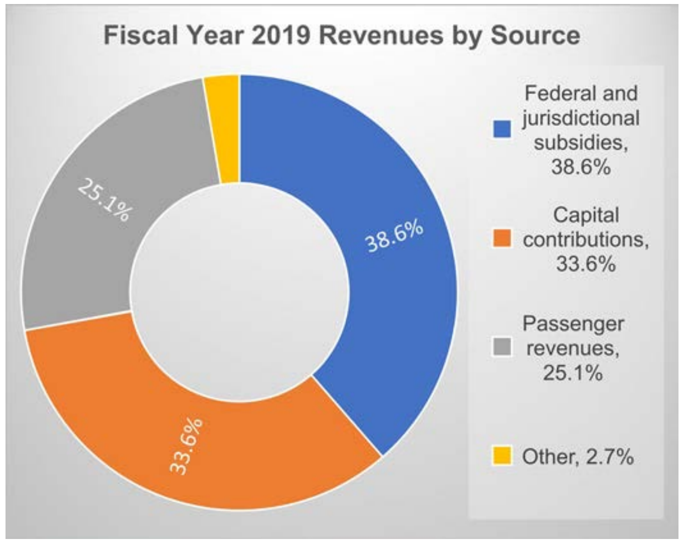
Financial Analysis (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position (continued)

Revenues (continued)

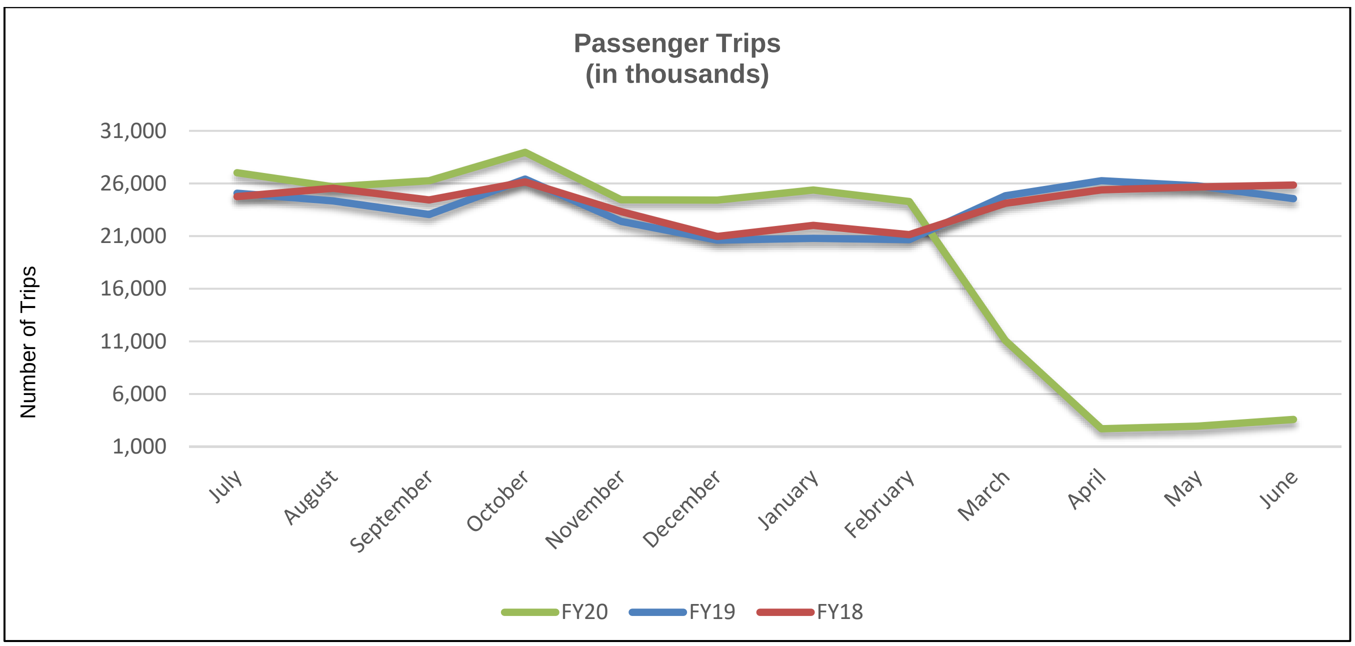
Prior Year

- Total fiscal year 2019 revenues in the amount of $2.9 billion decreased by $11.7 million, or 0.4%, from fiscal year 2018. Federal and jurisdictional subsidies, passenger revenues and capital contributions account for 38.6%, 25.1%, and 33.6% of total fiscal year 2019 revenues, respectively.
- Total operating revenues decreased by $10.8 million, or 1.4%, from fiscal year 2018 primarily due to a decrease in ridership during fiscal year 2019, resulting in a decrease in passenger revenues in the amount of $23.6 million, or 3.1%. Additional information on passenger trips is provided below.



Passenger Trips

Below is a trend of the number of passenger trips by month for the fiscal years ended June 30, 2020, 2019 and 2018 (in thousands):



Financial Analysis (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position (continued)

Passenger Trips (continued)

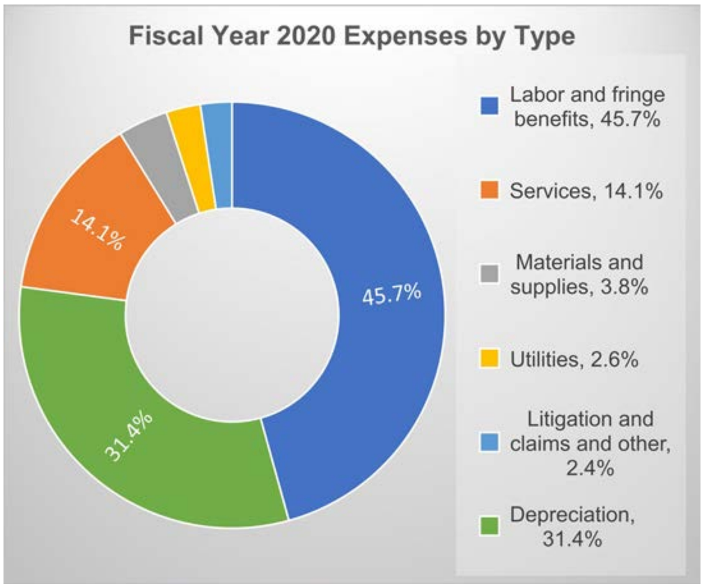
Passenger trips decreased in fiscal year 2020 from fiscal year 2019, by a cumulative total of 58.0 million trips, or 20.4%, primarily due to the pandemic outbreak and stay at home orders as well as planned service disruptions for major capital projects. The pandemic had a greater impact on rail ridership than bus.

Passenger trips decreased in fiscal year 2019 from fiscal year 2018, by a cumulative total of 4.6 million trips, or 1.6%, primarily due to the 35-day federal government shutdown and planned service disruptions for major capital projects. The federal government shutdown impacted rail and bus ridership equally.

Expenses

Current Year

Total expenses for fiscal year 2020, in the amount of $3.3 billion, decreased by $38.2 million, or 1.2%, from fiscal year 2019.



Labor and fringe benefits are consistently the Authority's largest expenses, comprising 45.7% of total expenses. Depreciation is the next largest expense, which is expected, due to the Authority's large capital asset base.

A review of significant changes is described below:

- Operating expenses increased by $118.8 million, or 3.8%, primarily due to the following:
  - Labor and fringe benefits increased by $138.1 million, or 10.2%, primarily due to an increase of $87.7 million in the actuarially calculated expense for pension and OPEB, $53.6 million mainly related to salary increases and filling vacant positions, and $29.5 million increase due to less capitalized labor in fiscal year 2020. These increases were offset by a decrease of $28.4 million in workers compensation reserve contribution due to an increase in the discount rate.
  - Materials and supplies decreased by $14.6 million, or 10.6%, primarily due to a $14.0 million reduction in actual obsolescence write-offs from the prior year.
- Nonoperating expenses decreased by $157.0 million, or 78.1%, largely due to $167.2 million in losses in prior year from the early retirement of the 5000-series railcars.
- Extraordinary items increased by $1.7 million due to a fire at the Authority's headquarters that damaged several floors of the building resulting in an impairment loss of $1.7 million.

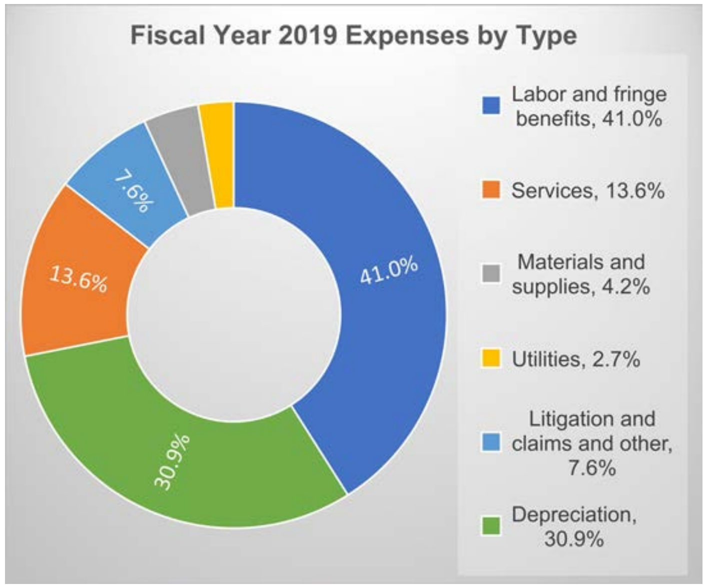
Financial Analysis (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position (continued)

Expenses (continued)

Prior Year

Total expenses for fiscal year 2019, in the amount of $3.3 billion, increased by $463.2 million, or 16.4%, from fiscal year 2018. This increase included the following:



- Labor and fringe benefits increased by $173.8 million, or 14.8%. This increase is largely due to an increase in the actuarially calculated expense for OPEB. In fiscal year 2018, a plan amendment reduced benefits and was recognized with a reduction in the expense for that year, whereas the fiscal year 2019 calculation did not include such reduction.
- Services increased by $110.7 million, or 32.8%, from fiscal year 2018 due primarily to increases in MetroAccess service provider costs, and consulting and engineering contracts for $31.6 million, and $67.9 million, respectively. Additionally, a contract for outsourced maintenance for $16.2 million began in fiscal year 2019.
- Nonoperating expenses increased by $147.8 million, or 277.1%, due primarily to $167.2 million in losses from the early retirement of the 5000-series railcars, of which, $81.2 million resulted from the remaining net book value of the railcars, and $86.0 million related to amounts the Authority owed to the federal government for their interest in the railcars at the time they were retired.

Capital Assets and Debt Administration

Capital Assets

The following table shows the capital assets of the Authority as of June 30, 2020, 2019 and 2018:

Schedule of Capital Assets
June 30, 2020, 2019 and 2018
(in thousands)

				2020 vs 2019 Increase (Decrease)		2019 vs 2018 Increase (Decrease)	
	2020	**2019**	**2018**	**Amount**	**%**	**Amount**	**%**
Land	$ 562,176	$ 565,720	$ 534,636	$ (3,544)	(0.6)	$ 31,084	5.8
Construction in progress	798,282	803,823	468,550	(5,541)	(0.7)	335,273	71.6
Buildings and improvements	1,243,246	1,046,063	1,016,339	197,183	18.9	29,724	2.9
Transit facilities	14,686,336	13,819,459	13,396,178	866,877	6.3	423,281	3.2
Revenue vehicles	4,723,586	4,561,314	4,548,552	162,272	3.6	12,762	0.3
Equipment and other	4,326,716	4,262,370	4,221,117	64,346	1.5	41,253	1.0
Total capital assets	26,340,342	25,058,749	24,185,372	1,281,593	5.1	873,377	3.6
Less: accumulated depreciation	13,335,551	12,410,455	11,698,412	925,096	7.5	712,043	6.1
Capital assets, net	$ 13,004,791	$ 12,648,294	$ 12,486,960	$ 356,497	2.8	$ 161,334	1.3

Current Year

Capital assets, net increased by $356.5 million, or 2.8%, from fiscal year 2019. Significant capital asset activity during fiscal year 2020 is as follows:

- Transit facilities increased by $866.9 million, or 6.3%, due in part to transit facility and track rehabilitation which includes construction completed on six Blue/Silver line stations (Braddock Rd, King St-Old Town, Eisenhower Ave, Huntington, Van Dorn St and Franconia-Springfield), LED lighting in underground stations, installation of equipment in passenger stations, traction power electrification, radio and cellular infrastructure, and other improvements in safety systems.
- Building and improvements increased by $197.2 million, or 18.9%, which is attributable to roof rehabilitation, bus garage overhaul, facility lighting, railcar rooftop maintenance access, and facility improvements.
- Revenue vehicles increased by $162.3 million, or 3.6%, which resulted from the rehabilitation of railcars and purchase of 108 buses and 98 MetroAccess vehicles.
- Accumulated depreciation increased by $925.1 million, or 7.5%, because of additions to the capital assets base and less assets being disposed of as compared to the previous fiscal year. The current year depreciation expense totaling $1.0 billion was offset by a reduction of $110.0 million in assets removed from service that had accumulated depreciation of $97.2 million.

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

Prior Year

Capital assets, net increased by $161.3 million, or 1.3%, from fiscal year 2018. Significant capital asset activity during fiscal year 2019 is as follows:

- Transit facilities increased by $423.3 million, or 3.2%, due in part to station lighting improvements, rail track and rail bridge rehabilitation, power train upgrades, replacement of escalators and other improvements in safety systems.
- Construction in progress increased by $335.3 million, or 71.6%, attributable to approximately $1.2 billion of new capital costs incurred, of which $911.9 million was placed into service during fiscal year 2019.
- Land increased by $31.1 million, or 5.8%, due in part to the purchase of property in the District of Columbia for the Authority's new headquarters and office consolidation in the amount of $27.4 million.
- Accumulated depreciation increased by $712.0 million, or 6.1%, due to current year depreciation expense totaling $1.0 billion, offset by a reduction of $385.0 million in assets removed from service that had accumulated depreciation of $302.9 million.

Additional information on the Authority's capital assets can be found in Note 7, *Capital Assets*, to the basic financial statements.

Bonds and Other Debt

A schedule of the Authority's debt activity for the years ended June 30, 2020, 2019 and 2018 is as follows:

Schedule of Outstanding Debt
June 30, 2020, 2019 and 2018
(in thousands)

				2020 vs 2019 Increase (Decrease)		2019 vs 2018 Increase (Decrease)	
	2020	2019	2018	Amount	%	Amount	%
Outstanding bonds	$1,467,820	$ 998,370	$ 937,575	$ 469,450	47.0	$ 60,795	6.5
Net unamortized bond premium	287,363	148,784	130,244	138,579	93.1	18,540	14.2
Total debt	$1,755,183	$1,147,154	$1,067,819	$ 608,029	53.0	$ 79,335	7.4

Current Year

The Authority's total debt increased by $608.0 million, or 53.0%, from fiscal year 2019. Significant activities are described below:

- The Authority issued Series 2020A Dedicated Revenue Bonds totaling $545.0 million, including a premium of $149.9 million, on June 11, 2020. The proceeds will be used to fund capital costs and will be repaid by Dedicated Funding.
- The Authority made a total principal payment of $75.6 million on Series 2009A, 2009B and 2017B Bonds, in July 2019.

Capital Assets and Debt Administration (continued)

Bonds and Other Debt (continued)

Prior Year

The Authority's total debt increased by $79.3 million, or 7.4%, from fiscal year 2018. Significant activities are described below:

- The Authority issued Series 2018 Gross Revenue Transit Bonds totaling $239.9 million, including a premium of $30.9 million, on December 18, 2018.
- The Authority made principal payments of $170.0 million and $9.1 million on Series 2016A and Series 2009A Bonds, respectively, in July 2018.

Additional information on the Authority's bonds and other debt can be found in Note 9, *Short and Long-Term Liabilities*, to the basic financial statements.

Future Capital Plans

Capital Improvement Program

The Board of Directors (Board) approved a six-year, $9.8 billion Capital Improvement Program (CIP) on March 28, 2020. The six-year CIP focuses on system preservation and state of good repair requirements that were identified by a capital needs forecast and includes driving operating efficiency and improvements in service reliability and customer experience. Funding for the CIP assumes federal formula funding will continue at current levels, but the federal Passenger Rail Investment and Improvement Act (PRIIA) is not reauthorized beyond fiscal year 2021. The funding assumptions include continuation of the state and local portion of PRIIA funding, despite the expiration of the federal portion, and Dedicated Funding.

The fiscal year 2021 capital budget contains $1.8 billion in investments for safety, state of good repair, and the reliability of Metrorail, Metrobus and MetroAccess vehicles. The Authority updates the jurisdictions and the Board quarterly about the progress of the capital program.

Silver Line Rail Expansion

On September 14, 2007, the Authority entered into a cooperative agreement with Metropolitan Washington Airports Authority for the Silver Line as part of the Dulles Corridor Metrorail Project. The Silver Line was designed to expand the system from 106.1 miles to a total of 129.2 miles in two phases.

Phase 1 was transferred to the Authority and placed into service on July 26, 2014, adding 11.6 miles to the existing Metrorail system. Construction on Phase 2 of the project began on August 7, 2013 and is expected to be completed and placed into service in July 2021. Phase 2 will extend the Metrorail system an additional 11.5 miles beginning at Wiehle Avenue to Reston Town Center, Herndon, Dulles International Airport and ending in Eastern Loudoun County in Ashburn, Virginia.

Future Capital Plans (continued)

Office Consolidation

The Authority began an office consolidation project by purchasing a building to renovate for a new headquarters in the District of Columbia in fiscal year 2018. Two additional buildings are being constructed on property that the Authority already owned in Maryland and Virginia. These sites will be used to consolidate office staff into three locations. Construction on the headquarters is expected to be completed by December 2021 and the other two buildings are expected to be completed by December 2022. This project supports the efficient use of office space across the Authority through the reduction of leased space and is projected to save $130.0 million over 20 years.

Yellow/Blue Line Improvements

The addition of Amazon's second headquarters in northern Virginia is expected to add 25,000 new jobs to the region over the next 25 years. In anticipation of this growth, the City of Alexandria, Virginia in conjunction with the Authority, is building a new Metrorail station at Potomac Yard, which is estimated to be substantially complete in June 2023. In addition, Arlington County, Virginia and the Authority are proceeding with the design and construction of a second entrance at the Crystal City metro station.

Economic Factors

The CARES Act authorized $25.0 billion to help transit agencies prevent, prepare for and respond to the pandemic. This resulted in a total of $1.0 billion in funding for the Washington, DC Urbanized Area, of which $876.8 million was made available to the Authority to provide fiscal relief associated with operational expenditures being incurred due to the pandemic to maintain critical transit operations, safeguard jobs, and provide protection to ensure the safety of passengers, employees and contractors.

Even with the infusion of CARES Act funding, the Authority continues to face overall funding shortfalls in both the capital and operating budgets stemming from the national shutdown, stay at home orders, and social distancing requirements caused by the pandemic.

The CARES Act grant funding is expected to be exhausted by the end of calendar year 2020, and there is currently no additional funding to replace the shortfall while the Authority and the nation rebound. Further, the reduction in ridership is expected to impact the Authority in future years and is not anticipated to return to pre-pandemic levels in the near future.

The regional economy and job market in the Washington, DC metropolitan area has been impacted with decreases in jobs and increased unemployment. According to the Bureau of Labor Statistics, the Washington, DC metropolitan area had an unemployment rate of 8.5% compared to the national rate of 11.2%, while the metropolitan area's job growth rate declined by 8.6% as of June 30, 2020, which is the same as the national average. The region lost over 257,000 jobs during the 12 months ending June 30, 2020 due to the pandemic.

Requests for Information

This financial report is designed to provide interested readers with a general overview of the Authority's finances. Questions concerning this report or requests for additional financial information should be directed to the VP & Comptroller, Office of Accounting, Washington Metropolitan Area Transit Authority, 600 Fifth Street, NW, Washington, DC 20001.

Statements of Net Position
June 30, 2020 and 2019
(in thousands)

Exhibit 1
(continued)

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 90,797	$ 139,073
Restricted cash and cash equivalents	597,586	101,510
Restricted cash and cash equivalents held with fiscal agent	15,721	-
Investments	2,676	41,353
Restricted investments held with fiscal agent	-	62,745
Accounts receivable, net of allowance, and other assets	228,005	167,934
Materials and supplies inventory, net of obsolescence	137,386	110,879
Total current assets	1,072,171	623,494
Noncurrent assets:		
Restricted cash and cash equivalents held with fiscal agent	39,670	-
Capital assets:		
Land	562,176	565,720
Construction in progress	798,282	803,823
Buildings and improvements	1,243,246	1,046,063
Transit facilities	14,686,336	13,819,459
Revenue vehicles	4,723,586	4,561,314
Equipment and other	4,326,716	4,262,370
Less: accumulated depreciation	(13,335,551)	(12,410,455)
Total capital assets, net	13,004,791	12,648,294
Total noncurrent assets	13,044,461	12,648,294
Total assets	14,116,632	13,271,788
Deferred outflows of resources:		
Accumulated decrease in fair value of hedging derivatives	5,384	968
Deferred loss on debt defeasance	3,294	3,568
Deferred outflows from pensions	378,985	216,053
Deferred outflows from OPEB	327,763	187,790
Total deferred outflows of resources	715,426	408,379
Total assets and deferred outflows of resources	$ 14,832,058	$ 13,680,167

Statements of Net Position
June 30, 2020 and 2019
(in thousands)

Exhibit 1
(concluded)

	2020	2019
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 315,671	$ 416,729
Accrued salaries and benefits	81,943	44,698
Compensated absences	75,442	75,263
Due to other governments	195,128	168,767
Accrued interest payable	25,316	25,942
Unearned revenue	113,601	88,302
Litigation and claims	51,711	59,149
Retainage on contracts	11,284	10,714
Bonds payable	26,000	75,550
Total current liabilities	896,096	965,114
Noncurrent liabilities:		
Compensated absences	22,129	10,642
Litigation and claims	136,389	149,776
Retainage on contracts	23,451	12,544
Bonds payable	1,729,183	1,071,604
Net pension liability	970,481	836,893
Net OPEB liability	2,334,832	2,120,897
Total noncurrent liabilities	5,216,465	4,202,356
Total liabilities	6,112,561	5,167,470
Deferred inflows of resources:		
Deferred inflows from pensions	129,755	104,240
Deferred inflows from OPEB	226,403	305,119
Total deferred inflows of resources	356,158	409,359
Total liabilities and deferred inflows of resources	6,468,719	5,576,829
NET POSITION		
Net investment in capital assets	11,582,955	11,315,608
Restricted	121,007	62,745
Unrestricted (deficit)	(3,340,623)	(3,275,015)
Total net position	$ 8,363,339	$ 8,103,338

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

Statements of Revenues, Expenses, and Changes in Net Position — Exhibit 2
For the Years Ended June 30, 2020 and 2019
(in thousands)

	2020	2019
OPERATING REVENUES		
Passenger	$ 531,513	$ 730,061
Advertising	25,947	29,042
Rental	24,823	30,265
Other	291	310
Total operating revenues	582,574	789,678
OPERATING EXPENSES		
Labor and fringe benefits	1,485,709	1,347,638
Services	457,614	448,261
Materials and supplies	124,047	138,679
Utilities	85,420	88,578
Litigation and claims	20,691	34,502
Leases and rentals	8,199	9,298
Miscellaneous	4,672	6,118
Depreciation	1,020,525	1,014,981
Total operating expenses	3,206,877	3,088,055
Operating loss	(2,624,303)	(2,298,377)
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,519	4,790
Interest expense and fiscal charges	(41,197)	(35,535)
Net loss on disposition of assets	(2,951)	(165,618)
Other	15,542	15,405
Federal and jurisdictional subsidies:		
Federal	272,001	51,534
Jurisdictional	1,230,024	1,070,271
Total nonoperating revenues (expenses), net	1,475,938	940,847
Loss before capital contributions and extraordinary items	(1,148,365)	(1,357,530)
Capital contributions	1,410,114	975,500
Extraordinary items	(1,748)	-
Change in net position	260,001	(382,030)
Total net position, beginning of year	8,103,338	8,485,368
Total net position, end of year	$ 8,363,339	$ 8,103,338

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

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019
(in thousands)

Exhibit 3
(continued)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from operations	$ 626,012	$ 772,356
Cash received from other sources	15,542	15,405
Cash paid to suppliers	(727,107)	(643,700)
Cash paid to employees	(1,445,381)	(1,396,816)
Cash paid for operating litigation and claims	(41,516)	(14,789)
Net cash used in operating activities	(1,572,450)	(1,267,544)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from federal and jurisdictional subsidies	1,423,948	1,161,642
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to construct capital assets	(1,464,712)	(1,215,997)
Receipts from capital contributions	1,383,620	1,009,054
Payment of interest and fiscal charges	(52,849)	(45,206)
Principal payments on bonds and other debt	(545,550)	(179,125)
Proceeds from debt issuance and other debt	1,164,879	270,784
Jurisdictional receipts for debt service	46,141	35,325
Proceeds from sale of capital assets	16,223	2,501
Net cash provided by (used in) capital and related financing activities	547,752	(122,664)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	175,044	1,440,878
Purchases of investments	(73,501)	(1,401,217)
Interest received from operational investments	2,398	4,175
Net cash provided by investing activities	103,941	43,836
Net change in cash and cash equivalents	503,191	(184,730)
Cash and cash equivalents, beginning of year	240,583	425,313
Cash and cash equivalents, end of year	$ 743,774	$ 240,583

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019
(in thousands)

Exhibit 3
(concluded)

		2020		2019
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES				
Operating loss	$	(2,624,303)	$	(2,298,377)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense		1,020,525		1,014,981
Miscellaneous receipts		15,542		15,405
Accumulated (decrease) in fair value of hedging derivatives		(4,416)		(4,066)
Effect of changes in operating assets and liabilities:				
Decrease (increase) in accounts receivables, net of allowance, and other assets		18,139		(14,597)
(Increase) decrease in materials and supplies inventory, net of obsolescence		(26,507)		12,545
(Increase) in deferred outflows from pensions		(162,932)		(1,673)
(Increase) decrease in deferred outflows from OPEB		(139,973)		22,542
(Decrease) increase in accounts payable and accrued expenses		(16,232)		38,755
Increase (decrease) in accrued salaries and benefits		37,245		(41,070)
Increase in compensated absences		11,666		6,799
Increase (decrease) in unearned revenue		25,299		(2,725)
(Decrease) increase in litigation and claims		(20,825)		19,713
Increase (decrease) in net pension liability		133,588		(62,463)
Increase (decrease) in net OPEB liability		213,935		(27,652)
Increase in deferred inflows from pensions		25,515		24,961
(Decrease) increase in deferred inflows from OPEB		(78,716)		29,378
Total adjustments		1,051,853		1,030,833
Net cash used in operating activities	$	(1,572,450)	$	(1,267,544)
NONCASH OPERATING, INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Increase in fair value of investments	$	121	$	615
Donated assets included in capital asset additions and capital contributions	$	10,296	$	11,036
Loss on disposal of assets	$	16,364	$	81,244
Capital asset additions included in accounts payable	$	193,943	$	278,769
Adjustment to previously recognized capital assets	$	247	$	3,892
Extraordinary items	$	1,748	$	-

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

Notes to the Basic Financial Statements
June 30, 2020 and 2019

1. Background, Governance and Reporting Entity

(a) Organization

The Washington Metropolitan Area Transit Authority (Authority or WMATA) was created, effective February 20, 1967, by the Interstate Compact (Compact) by and between the State of Maryland (Maryland), the Commonwealth of Virginia (Virginia) and the District of Columbia, pursuant to Public Law 89 774, approved November 6, 1966. The Authority was created to plan, construct, finance and operate a public transit system serving the Washington Metropolitan Area Transit Zone (Transit Zone). The Transit Zone includes the following local jurisdictions: the District of Columbia; cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park and counties of Arlington, Fairfax, Loudoun, and Prince William in Virginia; and the counties of Montgomery, Anne Arundel, Charles, and Prince George's in Maryland.

(b) Governance

The Authority is governed by a Board of Directors (Board) consisting of eight voting Principal Directors and eight Alternate Directors with each signatory to the Compact and the federal government appointing two voting Directors and two Alternate Directors each. The Principal and Alternate Directors for Virginia are appointed by the Northern Virginia Transportation Commission; for the District of Columbia, by the City Council; for Maryland, by the Washington Suburban Transit Commission; and for the federal government, by the US Secretary of Transportation.

The Board governs and sets policy for the Authority. Subject to policy direction and delegations from the Board, the General Manager/Chief Executive Officer is responsible for all activities of the Authority. The staff carries out these activities through the approved organizational structure of the Authority.

(c) Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America (US GAAP), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1) Appointment of a voting majority of the organization's board and either:
    a. the ability to impose will by the primary government or
    b. the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2) The organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to or impose financial burdens on the primary government.

In addition, component units can be other organizations for which its exclusion from the financial reporting entity would cause the financial statements to be misleading. Based upon the application of these criteria, the Authority has no component units and is not a component unit of any other entity.

1. Background, Governance and Reporting Entity (continued)

(c) Financial Reporting Entity (continued)

The Authority participates in seven pension plans and a single employer other postemployment benefit (OPEB) plan, which are further described in Notes 10 and 11, respectively, to the basic financial statements. The pension and OPEB plans are not included as fiduciary funds or component units of the Authority, are legally separate and distinct entities from the Authority and are administered by their own boards. The Authority assumes no fiduciary responsibility and has no direct authority over the pension plans. Accordingly, their accounts are not included in the accompanying basic financial statements.

2. Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in conformity with US GAAP, as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards. The Authority's significant accounting policies are described below.

(a) Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and other non-exchange transactions are recognized when all eligibility requirements imposed by the provider have been met.

(b) Cash and Cash Equivalents

The Authority's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less at the date of acquisition.

(c) Restricted Cash and Cash Equivalents

The Authority's restricted cash and cash equivalents consist of unspent proceeds from dedicated capital funding (Dedicated Funding) and the issuances of Series 2020A Dedicated Revenue Bonds and 2018 and 2017B Gross Revenue Transit Bonds that are restricted for capital costs. Additionally, other amounts in restricted cash and cash equivalents include unspent surcharge amounts collected at parking facilities per agreements with Fairfax County, Virginia and the counties of Montgomery and Prince George's in Maryland. These surcharge amounts are to be used for payment of expenses related to the parking structures in the respective jurisdictions.

(d) Restricted Cash and Cash Equivalents Held with Fiscal Agent

Restricted cash and cash equivalents with fiscal agent include proceeds held in escrow from the issuance of the Series 2020A Dedicated Revenue Bonds to pay for fiscal years 2021 to 2023 debt service interest. Interest payable within one fiscal year is reported as current assets; subsequent years' interest payments are reported as noncurrent.

(e) Investments

The Authority's investments are reported at fair value using quoted market price or other observable inputs. GASB statement No.72, Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2. Summary of Significant Accounting Policies (continued)

(f) Restricted Investments Held with Fiscal Agent

Restricted investments held with fiscal agent represent proceeds held in escrow from the Series 2017A2 Gross Revenue Transit Refunding Bonds to legally defease the Series 2009B Gross Revenue Transit Bonds that were called on the crossover refunding date, July 1, 2019. Additional amounts include proceeds from the Series 2018 Gross Revenue Transit Bonds, which were used to pay interest on July 1, 2019.

(g) Accounts Receivable and Other Assets

Accounts receivable and other assets include prepaid expenses and amounts due from governmental agencies, companies, and other customers. The accounts receivable balances are reported net of allowance for doubtful accounts.

(h) Materials and Supplies Inventory

Materials and supplies inventory is reported using the average cost method, net of an allowance for obsolete inventory of $16.1 million as of June 30, 2020 and 2019. Obsolete inventory is estimated by taking the highest of the current and prior two fiscal years' actual inventory write-offs.

(i) Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life more than one year. The Authority's policy is to expense maintenance and repair costs as incurred.

The Authority's capital assets are comprised of construction in progress, land, transit facilities (e.g., stations, track, tunnels), buildings and improvements, revenue vehicles, equipment and other assets. Capital assets are reported at historical costs and include labor and other ancillary costs associated with placing the capital asset into service. Donated land is recorded at assessed value. All other donated capital asset classes are recorded at their acquisition value.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. A full month's depreciation is calculated in the month an asset is placed in service. The useful lives for calculating depreciation on principle classes of assets are as follows:

Buildings and improvements	10-45 years
Transit facilities	10-75 years
Revenue vehicles	4-35 years
Equipment and other	2-20 years

(j) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of amounts due to vendors and contractors.

(k) Accrued Salaries and Benefits

Accrued salaries and benefits consist of amounts due to employees for earned wages and benefits and postemployment benefits owed to retirees.

2. Summary of Significant Accounting Policies (continued)

(l) Due to Other Governments

The amounts in due to other governments include unspent parking garage surcharges the Authority collects on behalf of several local jurisdictions and funds the Authority receives in advance to perform reimbursable construction projects on behalf of other jurisdictions.

Additional amounts in due to other governments reflect federal interest from the sale or retirement of capital assets that is owed to the federal government. Federal interest is the percentage of funding provided by the federal government to acquire the asset, applied to the net proceeds, or remaining book value, of the retired asset. The net book value for federal interest is calculated using the federal agencies' approved useful lives, which may differ from the useful lives used by the Authority. The Authority will utilize these funds to offset future capital asset acquisitions upon approval by the federal agencies to retain the funds.

(m) Compensated Absences

The Authority's policy permits eligible employees to accumulate earned, but unused, sick, vacation and compensatory leave benefits. Vacation may be accumulated up to the maximum amounts shown in the table below:

Employee Group	Years of Service	Maximum Annual Leave Carryover Limit	Disposition in Excess of Maximum Carryover Limit
Executive and Senior Management	Not applicable	337.5 hours	Remaining balance is forfeited
Non-Represented:			
7.5 hour workdays	0–15 years 15+ years	225.0 hours 337.5 hours	Remaining balance is forfeited
8 hour workdays	0–15 years 15+ years	240.0 hours 360.0 hours	Remaining balance is forfeited
Local 2:			
7.5 hour workdays	0–15 years 15+ years	225.0 hours 337.5 hours	100% converted to sick leave
8 hour workdays	0–15 years 15+ years	240.0 hours 360.0 hours	100% converted to sick leave
Fraternal Order of Police	Not applicable	400.0 hours	50% converted to sick leave
Special Police Officers	Not applicable	240.0 hours	Remaining balance is forfeited
Local 689:			
Fiscal year 2019	Not applicable	40.0 hours	Balance up to 5 days is paid out and any remaining balance is forfeited
Fiscal year 2020	0–15 years 15+ years	240.0 hours 360.0 hours	Remaining balance is forfeited
Local 922	0–15 years 15+ years	240.0 hours 360.0 hours	Remaining balance is forfeited

2. Summary of Significant Accounting Policies (continued)

(m) Compensated Absences (continued)

Depending on the employees' respective group, remaining unused vacation amounts in excess of the Authority's maximum carryover limit must be used by December 31 or June 30, or they are either forfeited, converted to sick leave, or paid out to employees and are no longer included as a compensated absence liability to the Authority. All unused vacation is included in compensated absences when earned.

There is no liability for accumulated sick leave since the Authority's policy does not allow payment of unused sick leave to employees when they separate from service.

The Authority's policy and the related collective bargaining agreements permit certain eligible employees to accumulate compensatory time. Non-represented, exempt employees may accrue compensatory time up to 75 hours in a calendar year. The other employee groups may accrue and carry forward compensatory time up to 240 hours in a calendar year. Compensatory time balances in excess of the maximum annual carryover limits as of December 31 each year are either paid out as overtime or forfeited, as dictated by the applicable policy or collective bargaining agreement. The compensatory balances accrued at June 30, 2020 and 2019 were $2.6 million and $2.4 million, respectively, and are included as a component of compensated absences on the Statements of Net Position.

(n) Unearned Revenue

Unearned revenues primarily consist of unredeemed passenger fares and payments received in advance for fiber optic and real estate leases.

(o) Litigation and Claims

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

(p) Retainage on Contracts

Retainage on contracts includes the portion withheld from vendor payments until the completion of the contract.

(q) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and as such will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below assets on the Statements of Net Position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and as such will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below liabilities on the Statements of Net Position.

The Authority reports the following items as deferred outflows of resources or deferred inflows of resources: the accumulated change in the fair value component of the master commodity swap agreement for diesel fuel; amortization of deferred loss for the Series 2009A Bond defeasance; and deferred inflows and outflows from pensions and OPEB as a result of contributions made after the measurement date and differences between expected and actual experience.

2. Summary of Significant Accounting Policies (continued)

(r) Hedging Derivative Instrument

The Authority entered into a contract to purchase a minimum amount of diesel fuel based upon a differential price on the New York Mercantile Exchange (NYMEX) index. At the same time, the Authority entered into a fuel swap agreement to take advantage of market conditions, or hedge, the price of fuel.

In accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, the swap agreement is reported at fair value, and amounts owed by the Authority are included in deferred outflows of resources; and amounts due to the Authority are included in deferred inflows of resources on the Statements of Net Position.

(s) Operating and Nonoperating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating transactions. Operating revenues and expenses are those that generally result from providing services in connection with the Authority's principal ongoing operation. The principal operating revenues of the Authority are charges to customers for parking and transportation that result in passenger fares. The Authority also recognizes operating revenues as amounts received for rental, advertisements, and other services. Operating revenues are recorded as revenue at the time services are performed. Operating expenses include the costs of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating.

Nonoperating revenues include federal operating grants and jurisdictional subsidies, investment income, non-passenger parking, fines, inspections, and other miscellaneous collections. Nonoperating expenses include interest expenses and the loss on the disposition of capital assets, which also include the remaining interest in federally funded assets disposed of before their end of the useful lives, netted with proceeds from the sale of surplus property. Investment income is generated from advance contributions for capital and operating needs.

The Authority operates at a loss, which is subsidized by participating jurisdictions. Jurisdictional operating subsidies are recognized as revenue when the jurisdictions appropriate the amount to the Authority and the period to which the appropriation pertains has begun.

(t) Capital Contributions

The Authority's capital program is supported primarily through funding from federal agencies and the jurisdictions. Capital subsidies from jurisdictions include matching contributions to federal grants and Dedicated Funding. Capital grant revenue from federal awards is recognized upon grant award and the incurrence of eligible expenditures. Capital subsidies from jurisdictions are recognized in the year for which the appropriation was made. Capital contributions include Federal grants, jurisdictional capital subsidies, donated capital assets, Dedicated Funding and other miscellaneous capital contributions.

(u) Extraordinary Items

The Authority reports significant transactions or other events that are not in control of management and are both unusual and infrequent as extraordinary items in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

2. Summary of Significant Accounting Policies (continued)

(v) Net Position

Net position represents the residual interest in the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and consists of the net investment in capital assets, restricted and unrestricted net position, as follows:

- **Net investment in capital assets** – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** – This category represents the portion of net position with external restrictions imposed by creditors, grantors, contributors; laws or regulations of other governments; or constraints imposed by law through constitutional provisions or enabling legislation that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Included in this category are unspent Dedicated Funding proceeds and amounts held in escrow to cover debt service payments.
- **Unrestricted net position** – This category represents the portion of net position that is not classified as "restricted" or "net investment in capital assets". Unrestricted net position may be designated for specific purposes by action of management or the Board. The deficit balance will require future funding.

(w) Reclassifications

Certain reclassifications were made to the comparative fiscal year 2019 amounts to conform to the fiscal year 2020 presentation in the basic financial statements.

(x) Use of Estimates

The preparation of the basic financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of restricted assets and contingent liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(y) Adoption of New GASB Pronouncements

The Authority adopted the following GASB Statements in fiscal year 2020:

- **GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*:** This Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in GASB statements and implementation Guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018 and later. The adoption of this Statement resulted in the postponement of GASB Statement Nos. 84 through 93 and was effective immediately.

2. Summary of Significant Accounting Policies (continued)

(y) Adoption of New GASB Pronouncements (continued)

- **GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32***: This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units, and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution plans, and other employee benefit plans (for example, certain Section 457 plans). This Statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

  The provisions of this Statement have different implementation dates. The portion of the standard that was effective immediately pertains to component unit evaluations wherein a potential component unit does not have a governing board. As the Authority does not have any component units that do not have a governing board, that portion of the standard is not applicable and did not impact the Authority.

  The remaining provisions of this Statement are effective for fiscal years beginning after June 15, 2021, and the Authority is currently evaluating the impact to its financial statements.

(z) GASB Pronouncements Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect future financial presentation or fiscal practices of the Authority upon implementation:

GASB Statement No.	GASB Statement	Adoption Required in Fiscal Year
84	*Fiduciary Activities*	2021*
87	*Leases*	2022*
90	*Majority Equity Interests*	2021*
91	*Conduit Debt Obligation*	2023*
92	*Omnibus 2020*	2022*
93	*Replacement of Interbank Offered Rates*	2021*, 2022*
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-Based Information Technology Arrangements*	2023
97	*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*	2022

* Adoption year adjusted due to the implementation of GASB Statement No. 95

2. Summary of Significant Accounting Policies (continued)

(z) GASB Pronouncements Issued but Not Yet Adopted (continued)

GASB statements with required adoption in fiscal year 2021:

- **GASB 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. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The adoption of Statement No. 84 is expected to have an impact on the Authority's basic financial statements with the addition of the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.
- **GASB Statement No. 90, *Majority Equity Interests*:** 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Authority currently does not have any majority equity interest; therefore, the adoption of Statement No. 90 is not expected to have an impact on the Authority's financial statements.
- **GASB Statement No. 93, *Replacement of Interbank Offered Rates:*** This Statement addresses accounting and financial reporting implications that results from the replacement of an interbank offered rate. Paragraph 11b of this Statement, which discusses appropriate benchmark interest rates for a derivative instrument that hedges the interest rate risk of taxable debt is effective for reporting periods ending after December 31, 2021. The remaining statement is effective for reporting periods beginning after June 15, 2021. The Authority is evaluating the impact of this adoption.

The Authority is currently evaluating the applicability and impact of GASB Statements which have required adoption periods after fiscal year 2021.

3. Plans of Financing

The planning, development and operation of the transit facilities serving the Transit Zone are funded from the combined resources of the federal government; subsidy payments from participating jurisdictions in Maryland, Virginia, and the District of Columbia; and the Authority's operations, which are primarily funded by passenger fare revenues. In establishing its budget each year, the Authority makes an estimate of the revenues it expects to receive from operation of the system based on the current or projected fare schedule and ridership.

3. Plans of Financing (continued)

The shares of the jurisdictions' operating subsidy requirements per the approved fiscal years 2020 and 2019 budgets are as follows:

Jurisdiction	2020	2019
District of Columbia	36.2 %	37.1 %
Prince George's County, Maryland	21.6	20.9
Montgomery County, Maryland	16.8	17.0
Fairfax County, Virginia	13.9	13.6
All other jurisdictions	11.5	11.4
	100.0 %	100.0 %

The Authority's Capital Improvement Program is based on the results of an extensive needs assessment, the requirement to align resources to rehabilitate the existing systems, and to grow ridership. The Authority's capital budget is funded primarily by federal grants, Dedicated Funding, substantial capital contributions provided by participating jurisdictions, and the issuance of debt.

The amounts of capital contributions are as follows for the years ended June 30, 2020 and 2019 (in thousands):

Capital Contributions	2020	2019
Federal grants	$ 449,872	$ 455,440
Dedicated Funding	500,000	-
Jurisdictional capital subsidies	446,721	493,764
Donated assets	10,296	11,036
Other capital contributions	3,225	15,260
Total	$ 1,410,114	$ 975,500

4. Cash, Deposits and Investments

As provided in the amended Compact, any monies of the Authority may, at the discretion of the Board and subject to any agreement or covenant between the Authority and the holders of its debt obligations limiting or restricting classes of investments, be invested in the following:

1) Direct obligations of, or obligations guaranteed by, the United States;

2) Bonds, debentures, notes, or other evidences of indebtedness issued by agencies of the United States;

3) Domestic and Eurodollar certificates of deposit;

4) Securities that qualify as lawful investments and may be accepted as security for fiduciary, trust and public funds under the control of the United States or any officer or officers thereof; or securities eligible as collateral for deposits of monies of the United States; or

5) Bonds, debentures, notes or other evidences of indebtedness issued by a domestic corporation provided that such obligations are nonconvertible and at the time of their purchase are rated in the highest rating categories by one or more nationally recognized bond rating agencies.

4. Cash, Deposits and Investments (continued)

(a) Cash and Cash Equivalents

The Authority's bank balances as of June 30, 2020 and 2019 are as follows (in thousands):

Cash and Cash Equivalents	June 30, 2020 Carrying Amount	June 30, 2020 Bank Balance	June 30, 2019 Carrying Amount	June 30, 2019 Bank Balance
Deposits insured or collateralized (unrestricted)	$ 44,834	$ 102,311	$ 105,813	$ 115,416
Deposits insured or collateralized (restricted)	617,412	617,419	-	-
Deposit money market accounts (unrestricted)	42,206	42,206	29,480	29,480
Deposit money market accounts (restricted)	35,565	35,565	88,052	88,052
Repurchase agreements (restricted)	-	-	13,458	13,458
Cash on hand	3,757	-	3,780	-
Total cash and cash equivalents	$ 743,774	$ 797,501	$ 240,583	$ 246,406

The Authority's bank deposit account balances are Federal Deposit Insurance Corporation insured up to $250,000, and any excess amounts are fully collateralized by the pledge of eligible collateral. The depository banks pledge collateral to the Authority, which is held in a restricted account at a Federal Reserve Bank as a custodian, and at the Bank of New York Mellon as a custodian and collateral agent. In addition, one depository bank has pledged an irrevocable standby letter of credit as collateral, issued by a Federal Home Loan Bank, which is held by the Authority.

Under the terms of the parking surcharge agreements, the amounts received from parking surcharges (restricted repurchase agreements, restricted money market accounts) are to be used for payment of the expenses related to the parking structures in each of the respective jurisdictions, including lease and financing payments.

Proceeds from the issuances of the Series 2020A Dedicated Revenue Bonds and 2018 Gross Revenue Transit Bonds, and proceeds from Dedicated Funding (restricted repurchase agreements, restricted money market accounts, restricted deposits insured or collateralized) are to be used to finance capital costs.

The Authority's cash equivalents are valued at amortized cost, as defined by GASB Statement No. 31, Accounting and Financial Reporting for Investments.

(b) Investments

i) Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities. However, as a means of limiting its exposure to fair value losses caused by rising interest rates, the Authority's practice is to structure its investment portfolio maturities to meet cash flow requirements. This results in short-term maturities for investments for operations and capital projects.

4. Cash Deposits and Investments (continued)

(b) Investments (continued)

i) Interest Rate Risk (continued)

As of June 30, 2020 and 2019, the Authority has the following investments (in thousands):

Investment Type	Fair Value June 30, 2020	Investment Maturities as of June 30, 2020: Less than 6 Months	7 Months – 1 Year	1–3 Years	More than 3 Years
United States Treasuries	$ 2,628	$ -	$ -	$ -	$ 2,628
Accrued interest	48	-	-	-	-
Total	$ 2,676	$ -	$ -	$ -	$ 2,628

Investment Type	Fair Value June 30, 2019	Investment Maturities as of June 30, 2019: Less than 6 Months	7 Months – 1 Year	1–3 Years	More than 3 Years
United States Treasuries	$ 2,514	$ -	$ -	$ -	$ 2,514
United States Agencies	101,141	101,141	-	-	-
Total investments	103,655	101,141	-	-	2,514
Accrued interest	443	-	-	-	-
Total	$ 104,098	$101,141	$ -	$ -	$ 2,514

As of June 30, 2020, the Authority reported $55.4 million of restricted cash and cash equivalents held with fiscal agent to pay the interest on the Series 2020A Bonds for fiscal years 2021 to 2023.

As of June 30, 2019, the Authority reported $62.7 million in United States Agencies investments in restricted investments held with fiscal agent to defease the Series 2009B Gross Revenue Transit Bonds on July 1, 2019 and scheduled interest payment for the Series 2018 Bonds.

ii) Credit Risk

The Authority's Compact, allows for investments that are direct obligations of, or obligations guaranteed by, the US Government as well as evidences of indebtedness issued by agencies of the US Government or indebtedness issued by a domestic corporation, provided that such obligations are rated at the time of purchase in the highest rating categories by a nationally recognized bond rating agency.

The Authority's investments which have the implicit guarantee of the US Government, were, at the time of purchase, awarded the highest rating by one or more of the nationally recognized rating organizations: Standard and Poor's, Moody's Investor Service, or Fitch Ratings.

4. Cash, Deposits and Investments (continued)

(b) Investments (continued)

ii) Credit Risk (continued)

The following table summarizes the ratings of the Authority's debt securities from Moody's Investor Service as of June 30, 2020 and 2019 (in thousands):

Investment Type	Fair Value June 30, 2020	Fair Value June 30, 2019	Rating
United States Treasuries	$ 2,628	$ 2,514	Aaa
United States Agencies	-	101,141	Aaa
Total investments at fair value	$ 2,628	$ 103,655	

iii) Custodial Credit Risk

The Authority does not have a formal policy for custodial credit risk. The Authority's investments are held by third party custodians. All individual securities are held in the name of the Authority.

5. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2020 and 2019 (in thousands):

	June 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Investments by Type:				
United States Treasuries	$ 2,628	$ 2,628	$ -	$ -
Fuel swap derivative	$ (5,384)	$ -	$ (5,384)	$ -

5. Fair Value Measurements (continued)

	June 30, 2019			
	Fair Value	Level 1	Level 2	Level 3
Investments by Type:				
United States Treasuries	$ 2,514	$ 2,514	$ -	$ -
United States Agencies	101,141	-	101,141	-
Total investments	$ 103,655	$ 2,514	$ 101,141	$ -
Fuel swap derivative	$ (968)	$ -	$ (968)	$ -

United States Treasuries are valued using prices quoted in active markets. The United States Agencies are valued using matrix pricing. The fuel swap derivative is valued using an income approach, which is a mathematical approximation of the market, derived from proprietary models that are based on certain assumptions regarding past, present and future market conditions, as well as certain financial information.

6. Accounts Receivable, Net of Allowance, and Other Assets

The amounts in accounts receivable, net of allowance, and other assets are as follows at June 30, 2020 and 2019 (in thousands):

	June 30, 2020	June 30, 2019
Federal grants receivables	$ 116,407	$ 73,926
Jurisdictional receivables	59,648	25,920
Other receivables	47,026	68,415
Allowance for doubtful accounts	(4,167)	(4,176)
Total accounts receivable, net of allowance	218,914	164,085
Prepaid expenses	9,091	3,849
Total accounts receivable, net of allowance, and other assets	$ 228,005	$ 167,934

Federal grants receivables represent amounts due from federal grantor agencies for unreimbursed, eligible program costs. Jurisdictional receivables consist of amounts due from jurisdictions for Dedicated Funding and operating and capital subsidies. Other receivables are amounts due from other governmental agencies for reimbursable projects and amounts due from entities for fiber optic and real estate leases.

7. Capital Assets

Capital assets activity for the years ended June 30, 2020 and 2019 is as follows (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020
Capital assets not being depreciated:				
Land	$ 565,720	$ -	$ (3,544)	$ 562,176
Construction in progress	803,823	1,391,363	(1,396,904)	798,282
Total capital assets not being depreciated	1,369,543	1,391,363	(1,400,448)	1,360,458
Capital assets being depreciated:				
Buildings and improvements	1,046,063	198,750	(1,567)	1,243,246
Transit facilities	13,819,459	894,068	(27,191)	14,686,336
Revenue vehicles	4,561,314	231,856	(69,584)	4,723,586
Equipment and other	4,262,370	76,000	(11,654)	4,326,716
Total capital assets being depreciated	23,689,206	1,400,674	(109,996)	24,979,884
Less accumulated depreciation for:				
Buildings and improvements	604,116	42,150	(1,516)	644,750
Transit facilities	6,586,281	509,751	(27,191)	7,068,841
Revenue vehicles	2,130,908	239,348	(56,997)	2,313,259
Equipment and other	3,089,150	231,023	(11,472)	3,308,701
Total accumulated depreciation	12,410,455	1,022,272	(97,176)	13,335,551
Total capital assets being depreciated, net	11,278,751	378,402	(12,820)	11,644,333
Total capital assets, net	$ 12,648,294	$ 1,769,765	$ (1,413,268)	$ 13,004,791

In fiscal year 2020, the Authority retired eight 5000-series railcars, resulting in a loss of $2.9 million for the remaining net book value and an additional $2.8 million loss due to the federal government's share of interest remaining in the railcars at the time of retirement. In addition, land and buildings were sold resulting in proceeds of $46.2 million, of which $30.9 million of federal interest was set aside in due to other governments. Also, during the fiscal year, Metropolitan Washington Airports Authority (MWAA) donated $10.3 million in additional cost associated with 128 railcars donated during Phases 1 and 2 of Silver Line project.

The Authority reported an impairment loss on a building due to a fire that occurred in fiscal year 2020 and recorded a $1.7 million increase in accumulated depreciation on the Statements of Net Position and in extraordinary items on the Statements of Revenues, Expenses, and Changes in Net Position.

Additions to construction in progress include capitalized labor of approximately $169.3 million in fiscal year 2020.

7. Capital Assets (continued)

	June 30, 2018	Additions	Reductions	June 30, 2019
Capital assets not being depreciated:				
Land	$ 534,636	$ 31,084	$ -	$ 565,720
Construction in progress	468,550	1,247,222	(911,949)	803,823
Total capital assets not being depreciated	1,003,186	1,278,306	(911,949)	1,369,543
Capital assets being depreciated:				
Buildings and improvements	1,016,339	29,724	-	1,046,063
Transit facilities	13,396,178	462,976	(39,695)	13,819,459
Revenue vehicles	4,548,552	347,959	(335,197)	4,561,314
Equipment and other	4,221,117	51,399	(10,146)	4,262,370
Total capital assets being depreciated	23,182,186	892,058	(385,038)	23,689,206
Less accumulated depreciation for:				
Buildings and improvements	568,649	35,493	(26)	604,116
Transit facilities	6,157,026	467,603	(38,348)	6,586,281
Revenue vehicles	2,111,069	273,939	(254,100)	2,130,908
Equipment and other	2,861,668	237,946	(10,464)	3,089,150
Total accumulated depreciation	11,698,412	1,014,981	(302,938)	12,410,455
Total capital assets being depreciated, net	11,483,774	(122,923)	(82,100)	11,278,751
Total capital assets, net	$ 12,486,960	$ 1,155,383	$ (994,049)	$ 12,648,294

In fiscal year 2019, the Authority accelerated the retirement of 182 units of the 5000-series railcars, resulting in a net loss of $81.2 million from the remaining net book value of the railcars at the time of disposal. The Authority incurred an additional loss of $86.0 million due to the federal government for their share of interest remaining in the railcars.

During the fiscal year, MWAA donated 14 non-revenue vehicles valued at $0.6 million. Additionally, MWAA donated $6.7 million in supplemental costs relating to 64 railcars previously donated in fiscal year 2018. Maryland donated a portion of land at New Carrollton with an assessed value of $3.7 million.

Additions to construction in progress include capitalized labor of approximately $239.0 million in fiscal year 2019.

8. Due to Other Governments

The current amounts due to other governments as of June 30, 2020 and June 30, 2019 are as follows (in thousands):

	June 30, 2020	June 30, 2019
Due to Jurisdictions:		
Parking garage surcharges	$ 35,560	$ 34,735
Reimbursable advances	24,882	33,397
Federal share of capital asset disposals	134,686	100,635
Total due to other governments	$ 195,128	$ 168,767

9. Short and Long-Term Liabilities

Changes in short and long-term liabilities for the years ended June 30, 2020 and 2019 are as follows (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
Short-term liabilities:					
Lines of credit	$ -	$ 470,000	$ (470,000)	$ -	$ -
Long-term liabilities:					
Bonds payable:					
Series 2009A	$ 9,580	$ -	$ (9,580)	$ -	$ -
Series 2009B	55,000	-	(55,000)	-	-
Series 2017A1	148,515	-	-	148,515	9,165
Series 2017A2	48,855	-	-	48,855	-
Series 2017B	496,500	-	(10,970)	485,530	11,535
Series 2018	239,920	-	-	239,920	5,300
Series 2020A	-	545,000	-	545,000	-
Net unamortized premium	148,784	149,880	(11,301)	287,363	-
Total bonds payable	1,147,154	694,880	(86,851)	1,755,183	26,000
Compensated absences	85,905	89,275	(77,609)	97,571	75,442
Litigation and claims	208,925	30,790	(51,615)	188,100	51,711
Retainage on contracts	23,258	21,333	(9,856)	34,735	11,284
Total long-term liabilities	$ 1,465,242	$ 836,278	$ (225,931)	$ 2,075,589	$ 164,437
Total short-term and long-term liabilities	1,465,242	1,306,278	(695,931)	2,075,589	164,437

9. Short and Long-Term Liabilities (continued)

	June 30, 2018	Additions	Reductions	June 30, 2019	Due within one Year
Long-term liabilities:					
Bonds payable:					
Series 2009A	$ 18,705	$ -	$ (9,125)	$ 9,580	$ 9,580
Series 2009B	55,000	-	-	55,000	55,000
Series 2016A	170,000	-	(170,000)	-	-
Series 2017A1	148,515	-	-	148,515	-
Series 2017A2	48,855	-	-	48,855	-
Series 2017B	496,500	-	-	496,500	10,970
Series 2018	-	239,920		239,920	-
Net unamortized premium	130,244	30,864	(12,324)	148,784	-
Total bonds payable	1,067,819	270,784	(191,449)	1,147,154	75,550
Compensated absences	79,105	81,630	(74,830)	85,905	75,263
Litigation and claims	189,212	50,215	(30,502)	208,925	59,149
Retainage on contracts	26,164	14,172	(17,078)	23,258	10,714
Total long-term liabilities	$ 1,362,300	$ 416,801	$ (313,859)	$ 1,465,242	$ 220,676

(a) Lines of Credit

During fiscal year 2018, the Authority entered into four “364 day” lines of credit, which expired on May 28, 2019. The four lines of credit were extended to May 27, 2020. During fiscal year 2020, the Authority entered into two new lines of credit and extended two existing lines of credit which expire on May 26, 2021. The total amount available under the lines of credit is $350.0 million. The availability fees and accrued interest are payable both monthly and quarterly, depending on the lender and on the terms of each agreement. Accrued interest on drawn balances is computed based on the one-month LIBOR, plus a margin of approximately 155 basis points, on average. The lines of credit are collateralized by security interests in all of the Authority’s gross revenues and jurisdictional capital subsidy revenues. The lines of credit can be used as funding for both operating and capital costs.

At June 30, 2020 and 2019, there were no outstanding balances on the four lines of credit.

9. Short and Long-Term Liabilities (continued)

(b) Bonds Payable

The Authority may issue bonds pursuant to the Compact and the Bond Resolution of the Authority. The following bonds are outstanding at June 30, 2020 and 2019 (in thousands):

	June 30, 2020		
	Principal	Unamortized Premium	Net
Series 2017A1, 5.0% dated July 12, 2017, due semi-annually through July 1, 2032	$ 148,515	$ 21,326	$ 169,841
Series 2017A2, 5.0% dated July 12, 2017, due semi-annually through July 1, 2034	48,855	8,373	57,228
Series 2017B, 5.0% dated August 17, 2017 due semi-annually through July 1, 2042	485,530	81,055	566,585
Series 2018, 5.0% dated December 18, 2018 due semi-annually through July 1, 2043	239,920	28,170	268,090
Series 2020A, 4.0% to 5.0% dated June 11, 2020 due semi-annually through July 15, 2045	545,000	148,439	693,439
	$ 1,467,820	$ 287,363	$ 1,755,183

9. Short and Long-Term Liabilities (continued)

(b) Bonds Payable (continued)

	June 30, 2019		
	Principal	Unamortized Premium (Discount)	Net
Series 2009A, 4.7% dated June 9, 2009, due semi-annually through July 1, 2032	$ 9,580	$ -	$ 9,580
Series 2009B, 4.7% dated June 9, 2009, due semi-annually through July 1, 2034	55,000	(745)	54,255
Series 2017A1, 5.0% dated July 12, 2017, due semi-annually through July 1, 2032	148,515	24,564	173,079
Series 2017A2, 5.0% dated July 12, 2017, due semi-annually through July 1, 2034	48,855	8,870	57,725
Series 2017B, 5.0% dated August 17, 2017 due semi-annually through July 1, 2042	496,500	86,277	582,777
Series 2018, 5.0% dated December 18, 2018 due semi-annually through July 1, 2043	239,920	29,818	269,738
	$ 998,370	$ 148,784	$ 1,147,154

i) Series 2009 Bonds

On June 9, 2009, the Authority issued $242.7 million of the Series 2009A Gross Revenue Transit Bonds, with an average interest rate of 4.7%, to retire a portion of commercial paper notes payable. The Authority also issued $55.0 million of the 2009B Gross Revenue Transit Bonds, with an average net interest rate of 4.7%. The 2009B Funds were used to finance capital cost components for the Authority's Metro Matters Programs. The 2009B Gross Revenue Transit Bonds were issued under the Build America Bond (BAB) Program.

The American Recovery and Reinvestment Act of 2009 created the BAB program, which authorizes state and local governments (Municipal Issuers) to issue BABs as taxable bonds in 2009 and 2010 to finance any capital expenditures for which they otherwise could issue tax-exempt governmental bonds. The Municipal Issuers receive a direct federal subsidy payment for a portion of their borrowing costs on BABs equal to 35.0% of the total coupon interest paid to investors.

9. Short and Long-Term Liabilities (continued)

b) Bonds Payable (continued)

ii) Series 2016A Bonds

On June 8, 2016, the Authority issued $220.0 million of the Series 2016A Gross Revenue Transit Bonds, with an average interest rate of 4.4%, primarily to finance capital costs.

The Authority was required to make semi-annual payments of principal and interest on these bonds. The final payment on the outstanding bonds was made on July 2, 2018. A gain of $1.8 million was recognized related to the unamortized premium and is reported in other nonoperating revenues on the Statements of Net Position.

iii) Series 2017 Bonds

On July 12, 2017, the Authority issued Gross Revenue Transit Refunding Bonds Series 2017A1 totaling $148.5 million, including a premium of $30.6 million and Series 2017A2 totaling $48.9 million, including a premium of $9.8 million (collectively referred to as the Series 2017A Refunding Bonds).

The Series 2017A Refunding Bonds were issued with a 5.0% coupon, payable semi-annually on January 1, and July 1 each year. Principal payments on the 2017A1 and 2017A2 Bonds are due annually from July 1, 2020 through July 1, 2032 and July 1, 2020 through July 1, 2034, respectively, and will be repaid with the gross revenues of the Authority. The uninsured ratings of the bonds were AA- from Standard and Poor's and AA- from Fitch as of July 12, 2017.

Series 2017A1 Advance Refunding

The Series 2017A1 Bonds were issued to refund a portion of the Series 2009A Gross Revenue Transit Bonds. During fiscal year 2018, proceeds from the sale of the 2017A1 Bonds were placed into an irrevocable trust and was used to defease $165.5 million of the Series 2009A Bonds, resulting in $4.1 million in deferred loss on debt defeasance and the liability being removed from the Statements of Net Position. The difference in cash flows between the old debt and the new debt was $28.1 million, which resulted in an economic gain totaling $23.5 million.

As of June 30,2019, $165.5 million of principal remained outstanding on the defeased Series 2009A Bonds, which was subsequently paid off in fiscal year 2020.

Series 2017A2 Crossover Advance Refunding

The Series 2017A2 Bonds were issued as a crossover refunding of the Series 2009B Bonds, which were not legally defeased until July 1, 2019. Proceeds from the sale of the 2017A2 Bonds were placed in a crossover escrow fund in certain authorized investments. Such investments were structured to pay the price of the Series 2009B Bonds when called on July 1, 2019 (the crossover date) and the interest due on the principal amount of the 2017A2 Bonds on the crossover date.

As of June 30, 2019, $56.2 million remaining in restricted investments held with fiscal agent on the Statements of Net Position was used to defease the Series 2009B Bonds that were called on the crossover date, July 1, 2019.

9. Short and Long-Term Liabilities (continued)

(b) Bonds Payable (continued)

iii) Series 2017 Bonds (continued)

Series 2017B Gross Revenue Transit Bonds

On August 17, 2017, the Authority issued Gross Revenue Transit Bonds Series 2017B totaling $496.5 million, including a premium of $94.4 million, primarily to finance capital costs.

The Series 2017B Bonds will be repaid with the gross revenues of the Authority and were issued with a 5.0% coupon, payable semi-annually on January 1 and July 1 each year. Principal payments are due annually from July 1, 2019 through July 1, 2042. The uninsured bond ratings were AA- from Standard and Poor's and AA- from Fitch as of August 17, 2017.

iv) Series 2018 Bonds

On December 18, 2018, the Authority issued Gross Revenue Transit Bonds Series 2018 totaling $239.9 million, including a premium of $30.9 million, primarily to finance capital costs.

The Series 2018 Bonds will be repaid with the gross revenues of the Authority, and were issued with a 5.0% coupon, payable semi-annually on January 1, and July 1 each year. Principal payments are due annually from July 1, 2020 through July 1, 2043. The uninsured ratings of the bonds were AA- from Standard and Poor's and AA- from Fitch as of December 18, 2018.

v) Series 2020A Bonds

On June 11, 2020, the Authority issued Dedicated Revenue Bonds Series 2020A, totaling $545.0 million, including a premium of $149.9 million, primarily to finance capital costs.

The Series 2020A Bonds will be repaid with the Dedicated Funding of the Authority and were issued with coupon rates between 4.0% to 5.0% payable semi-annually on January 15, and July 15 each year. Principal payments are due annually from July 15, 2023 through July 15, 2045. The uninsured ratings of the bonds were AA from Standard and Poor's, AA from Fitch and AA+ from Kroll as of June 11, 2020.

As of June 30, 2020, $55.4 million was held in escrow to pay interest on Series 2020A Bonds for fiscal years 2021 to 2023. The short-term portion totaling $15.7 million, and the long-term portion totaling $39.7 million, are reported as restricted cash and cash equivalents held with fiscal agent on the Statements of Net Position.

9. Short and Long-Term Liabilities (continued)

(c) Bond Covenants

The Authority must comply with certain covenants associated with outstanding bonds, the more significant of which are as follows:

- The Authority must punctually pay principal and interest according to provisions in the bond document.
- An event of default occurs if payment is not punctually made and continues for a period of 30 days; however, such failure or refusal shall have continued for a period of 60 days after written notice, unless the Trustee shall agree in writing to an extension of such time prior to its expiration. If the event of default is not remedied, either the trustee or the owners of the bonds may declare the principle and interest to be due and payable immediately.
- Except for certain instances, the Authority cannot sell, mortgage, lease, or otherwise dispose of transit system assets without filing a certification by the General Manager/Chief Executive Officer and Treasurer with the Trustee and Bond Insurers that such action will not impede or restrict the operation of the transit system.
- The Authority must maintain certain insurance or self-insurance covering the assets and operations of the transit system at all times.
- The Authority must file annual financial information with the Trustees by December 31 following the end of the fiscal year.

(d) Bonds Debt Service Requirements

Debt service requirements for the bonds payable as of June 30, 2020 are as follows (in thousands):

Fiscal Year	Principal	Interest
2021	$ 26,000	$ 61,212
2022	27,315	70,605
2023	28,695	69,205
2024	43,180	67,408
2025	45,370	65,194
2026–2030	263,960	288,614
2031–2035	338,450	213,681
2036–2040	328,925	130,224
2041–2045	327,685	43,254
2046	38,240	901
	1,467,820	1,010,298
Net unamortized premium	287,363	-
	$ 1,755,183	$ 1,010,298

9. Short and Long-Term Liabilities (continued)

(e) Pledged Revenues

i) Dedicated Revenue Bonds

The Authority has pledged certain Dedicated Funding revenues to repay the Series 2020A Dedicated Revenue Bonds. The District of Columbia, Maryland and Virginia provide an annual Dedicated Revenue stream in the amount of $500.0 million to fund capital costs. Virginia's funding statute provides for the Dedicated Funding to be deposited into both non-restricted and restricted accounts. The Authority may only pledge the non-restricted Dedicated Funding for debt service as security for the Dedicated Revenue Bonds. The Authority began receiving Dedicated Funding in fiscal year 2020. Non-restricted Dedicated Funding for the year ended June 30, 2020 totaled $468.4 million.

Debt service interest on the Dedicated Revenue Bonds for the fiscal year ended June 30, 2020 totaled $2.2 million. The debt service payment as a percentage of non-restricted Dedicated Funding is 0.5%.

The total principal and interest remaining on the Dedicated Revenue Bonds is $968.9 million as of June 30, 2020, payable through July 15, 2045.

ii) Gross Revenue Transit Bonds

The Authority has pledged certain gross revenues to repay the Series 2018, 2017, 2016A, and 2009 Gross Revenue Transit Bonds, collectively referred to as Transit Bonds. Gross revenues are defined in the official statements of the Transit Bonds and include the Authority's operating revenues, nonoperating revenues, the unrestricted portion of Dedicated Funding and exclude parking revenues, certain lease-related revenues, and federal subsidies. Additionally, the definition of gross revenues for the Series 2018 Bonds explicitly excludes all Dedicated Funding in the pledge for repayment of these bonds.

Gross revenues recognized, as defined by the Transit Bonds' indentures, for the years ended June 30, 2020 and 2019 are as follows (in thousands):

Gross Revenues	2020	2019
Transit Bonds, excluding Series 2018 Bonds:		
Passenger revenues	$ 499,463	$ 685,701
Other pledged revenues	69,122	79,812
Jurisdictional subsidies	1,230,024	1,070,271
Non-restricted Dedicated Funding	468,383	-
Total Transit Bonds, excluding Series 2018 Bonds	$ 2,266,992	$ 1,835,784
Series 2018 Bonds:		
Passenger revenues	$ 499,463	$ 685,701
Other pledged revenues	69,122	79,812
Jurisdictional subsidies	1,230,024	1,070,271
Total Series 2018 Bonds	$ 1,798,609	$ 1,835,784

9. Short and Long-Term Liabilities (continued)

(e) Pledged Revenues (continued)

ii) Gross Revenue Transit Bonds (continued)

Principal and interest payments on the Transit Bonds for the years ended June 30, 2020 and 2019 are as follows (in thousands):

	2020	2019
Debt service principal and interest:		
Interest	$ 46,141	$ 45,454
Principal	75,550	179,125
Total	$ 121,691	$ 224,579
Percentage of debt service payments to total gross revenues for the Transit Bonds, excluding Series 2018	5.4%	12.2%
Percentage of debt service payments to gross revenues for the Series 2018 Bonds	6.8%	12.2%

The total principal and interest payments outstanding on the Transit Bonds is $1.5 billion and $1.6 billion as of June 30, 2020 and 2019, respectively.

(f) Interest Expense

Interest expense incurred during the years ended June 30, 2020 and 2019 are as follows (in thousands):

	2020	2019
Lines of credit	$ 428	$ -
Bonds	48,387	45,454
Amortization	(11,025)	(11,560)
Issuance costs	3,407	1,641
Total interest expense	$ 41,197	$ 35,535

10. Pensions

(a) Description of Pension Plans

The Authority participates in five single-employer defined benefit pension plans (collectively referred to as the Plans) covering substantially all of its employees, as shown in the table below:

Name of Plan	Plan Year End	Covered Employees
WMATA Retirement (Retirement) Plan	June 30	Management and non-union employees
WMATA Transit Employees' Retirement (Local 689) Plan	June 30	Full or part-time Local 689 employees
WMATA Transit Police Retirement (Transit Police) Plan	December 31	Transit police officers and officials
WMATA Local 922 Retirement (Local 922) Plan	December 31	Full or part-time Local 922 employees
WMATA Local 2 Retirement (Local 2) Plan	June 30	Full-time Local 2 employees

Each Plan is governed by a separate Board of Trustees responsible for administering the Plans. Financial statements for each Plan may be obtained by contacting the Plan administrator in writing at Washington Metropolitan Area Transit Authority, HRCB Benefits Branch, 600 Fifth Street, NW, Washington, DC 20001, or by calling (202) 962-1076.

The Local 689, Transit Police, Local 922, and Local 2 Plans are governed by the terms of the respective collective bargaining agreements, which are the basis by which benefit terms and contribution requirements are established and amended.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

Below is a summary of each respective Plan's membership as of June 30, 2020 and 2019:

Plan Membership	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan	Total
June 30, 2020:						
Active	171	8,671	405	418	40	9,705
Inactive, receiving benefits	1,235	5,360	258	275	337	7,465
Inactive, not receiving benefits	322	1,389	108	55	47	1,921
Total membership	1,728	15,420	771	748	424	19,091

Plan Membership	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan	Total
June 30, 2019:						
Active	196	8,572	406	426	41	9,641
Inactive, receiving benefits	1,239	5,230	253	256	337	7,315
Inactive, not receiving benefits	328	1,306	106	56	47	1,843
Total membership	1,763	15,108	765	738	425	18,799

Below is a summary of the eligible employees, benefits, and contributions and funding policy for each Plan:

i) Retirement Plan

The Retirement Plan is administered by its Board of Trustees, which is comprised of three members. Two members are appointed by management of the Authority, and one member is elected.

Eligible employees

All full-time regular management and non-union employees hired prior to January 1, 1999, and certain Transit Police Officials who are not covered by any other Authority pension plan, and Special Police Officers represented by Teamsters Local 639 are eligible to participate in the Retirement Plan.

Benefits

The normal retirement eligibility is age 65 with 5 years of credited service. The annual normal retirement benefit comprises of 1.6% of final average compensation multiplied by the number of years of credited service (including any unused sick leave as credited service for purpose of normal retirement benefit), plus 0.9% of final average compensation in excess of the Social Security breakpoint multiplied by years of credited service (including any unused sick leave as credited service for purpose of normal retirement benefit amount) not in excess of 20 years.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

i) Retirement Plan (continued)

Early retirement benefits are available upon reaching age 55 with 10 years of credited service or after the sum of years of service plus attained age is 83 or more. The maximum normal retirement benefit is not to exceed 80.0% of final average compensation. The retirement plan provides retired participants annual cost of living increases, permits both early and later retirement, and provides for benefits in the event of death, disability and terminated vested employment. After five years of service, participants are 100.0% vested.

Contributions and Funding Policy

The Authority is required to contribute pursuant to the Compact an amount equal to the actuarially determined contribution. Authority contributions totaled $21.6 million and $21.3 million for the years ended June 30, 2020 and 2019, respectively. Participants are not required to contribute to the Retirement Plan.

ii) Local 689 Plan

The Local 689 Plan is governed by its Retirement Allowance Committee, which consists of six members. Three members are appointed by management of the Authority and three members are appointed by the Local 689 union.

Eligible employees

Any regular full-time or part-time Authority employee, who is a member of Local 689 of the Amalgamated Transit Union, after a 90-day probationary period, is eligible to participate in the Local 689 Plan. The retirement plan is governed by the terms of the employees' collective bargaining agreement. After ten years of service, participants are 100.0% vested.

Benefits

The Local 689 Plan provides for normal retirement, early retirement, disability and preretirement spouse death benefits. Employees are eligible for the normal retirement allowance upon either attainment of age 70; attainment of age 65 and the completion of 10 years of continuous service; upon completion of 27 years of continuous service regardless of age; or after the sum of years of service plus attained age is 83 or more. The normal retirement monthly pension is 1.9% of the highest 4-year average monthly total compensation times the number of years of continuous service up to 27 years, plus 2.0% of average compensation times continuous service in excess of 27 years of service. The minimum benefit is $600 monthly.

Contributions and Funding Policy

The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. Employee and Authority contributions totaled $23.5 million and $133.5 million, respectively, for the year ended June 30, 2020. Employee and Authority contributions totaled $23.5 million and $110.0 million, respectively, for the year ended June 30, 2019.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

iii) Transit Police Plan

The Transit Police Plan is administered by its Board of Trustees, which is comprised of four members. Two members are appointed by management of the Authority and two members are appointed by the Fraternal Order of Police.

Eligible employees

Transit Police Officers and Transit Police Officials of the Authority are eligible to participate in the Transit Police Plan. The Plan provides retired participants annual cost of living increases, permits early retirement, and provides for benefits in the event of death, disability and terminated vested employment disability benefits. After ten years of service, participants are 100.0% vested.

Benefits

The normal retirement age is upon completing 25 years of credited service, but no later than age 65. The normal retirement benefit is 2.7% of final average earnings multiplied by years of credited service. The resulting benefit, if paid following the participant's 66th birthday, will be reduced by 0.5% of final average of the highest 36 months of earnings for each year of credited service. Effective October 1, 2019 the resulting benefit, if paid following the participant's 67th birthday, will be reduced by 0.3% of final average of the highest 36 months of earnings for each year of credited service.

Contributions and Funding Policy

Employees were required to contribute 7.3% of compensation beginning October 1, 2003. Effective October 1, 2019, the required contribution increased to 8.5%. The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. The Authority may limit the amount of contribution to 17.1% of gross earnings in any plan year and defer any balance. This deferral can be for no more than three consecutive plan years or for no more than four plan years out of any consecutive seven years.

Employee and Authority contributions totaled $3.0 million and $12.0 million, respectively, for the year ended June 30, 2020. Employee and Authority contributions totaled $2.5 million and $11.8 million, respectively, for the year ended June 30, 2019.

iv) Local 922 Plan

The Local 922 Plan is administered by its Board of Trustees, which is comprised of four members. Two members are appointed by management of the Authority, and two members are appointed by the Local 922 union.

Eligible employees

All regular full-time and part-time employees, who are members of Local 922, after a 90-day probationary period, are eligible to participate in the Local 922 Plan. The Plan is governed by the terms of the employees' collective bargaining agreement. Employees are eligible for the normal pension benefits after attaining age 65 and 10 years of credited service; upon completion of 27 years of credited service regardless of age; or after the sum of years of service plus attained age is 83 or more. After ten years of service, participants are 100.0% vested.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

iv) Local 922 Plan (continued)

Benefits

Effective for employees retiring on or after November 1, 2007, the annual retirement benefits are equal to 1.9% of the average compensation for each year (or fraction thereof based on completed months) of service up to 27 years at retirement, plus 2.0% of average compensation for each year (or fraction thereof based on completed months) of service in excess of 27 years at retirement plus 1.0% for years of service prior to May 1, 1993. The minimum benefit is $175 monthly. The Local 922 Plan provides retired participants annual cost of living increases, permits early retirement, and provides for benefits in the event of death, disability and terminated employment.

Contributions and Funding Policy

The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. Based upon the collective bargaining agreement, employees contribute 1.0% of wages for the period November 1, 2014 through October 31, 2015 and 3.0% of wages for periods beginning November 1, 2015. Employee and Authority contributions totaled $1.0 million and $4.1 million, respectively, for the year ended June 30, 2020. Employee and Authority contributions totaled $1.0 million and $5.8 million, respectively, for the year ended June 30, 2019.

v) Local 2 Plan

The Local 2 Plan is administered by its Board of Trustees, which consists of five members. Three members are appointed by management of the Authority, and two members are appointed by the Local 2 union.

Eligible employees

All full-time employees covered by the Local 2 collective bargaining agreement hired prior to January 1, 1999 and who are not covered by any other Authority pension plan are eligible to participate in the Local 2 Plan. The Plan is governed by the Authority's Board of Directors with consideration of both the applicable union agreements and Authority personnel practices. The normal retirement eligibility is age 65 with 5 years of credited service. After five years of service, participants are 100.0% vested.

Benefits

The annual normal retirement benefit comprises of 1.6% of final average compensation multiplied by years of credited service (including any unused sick leave as credited service for purpose of normal retirement benefit), plus 0.9% of final average compensation in excess of the Social Security breakpoint multiplied by years of credited service (including any unused sick leave as credited service for purpose of normal retirement benefit amount) not in excess of 20 years. Early retirement benefits are available upon reaching age 55 with 10 years of credited service or after the sum of years of service plus attained age is 83 or more. The maximum normal retirement benefit is not to exceed 80.0% of final average compensation. The Local 2 Plan provides retired participants annual cost of living increases, permits both early and later retirement, and provides for benefits in the event of death, disability, and terminated vested employment.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

v) Local 2 Plan (continued)

Contributions and Funding Policy

The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. Authority contributions totaled $5.4 million and $4.8 million for the years ended June 30, 2020 and 2019, respectively. Participants are not required to contribute to the Local 2 Plan.

(b) Measurement of Net Pension Liability

The Authority's total and net pension liabilities reported at June 30, 2020 and 2019 for each of the Plans were measured as of their fiscal year end dates, which were determined using the following actuarial assumptions as of each of the Plan's respective measurement dates, which coincide with each plan's fiscal year end:

	June 30, 2020				
	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan
Measurement date	6/30/2019	6/30/2019	12/31/2019	12/31/2019	6/30/2019
Inflation	2.5%	2.5%	2.5%	1.5%	2.5%
Salary and wage increases	3.0% to 6.3%	3.0% to 3.5%	3.0% to 7.0%	4.5%	3.0% to 6.3%
Long-term rate of return, net of expense, including price of inflation	7.0%	7.9%	7.0%	7.0%	7.3%

	June 30, 2019				
	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan
Measurement date	6/30/2018	6/30/2018	12/31/2018	12/31/2018	6/30/2018
Inflation	2.5%	2.5%	2.5%	3.0%	2.5%
Salary and wage increases	3.0% to 6.3%	3.0% to 3.5%	3.0% to 7.0%	4.5%	3.0% to 6.3%
Long-term rate of return, net of expense, including price of inflation	7.0%	7.9%	7.0%	7.0%	7.5%

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

i) Retirement Plan

The RP-2000 Fully Generational Combined Mortality Table projected with Scale AA was used for the mortality assumptions for the Retirement Plan fiscal years ended June 30, 2019 and 2018.

The actuarial assumptions used in the Retirement Plan's June 30, 2019 and 2018 valuations were both based on the results of an actuarial experience study conducted for the period of 2009 thru 2014.

The valuation assumption of the annual non-investment end of year expense was adjusted upwards from $125,000 to $215,000 to better reflect recent experience.

The long-term expected rate of return on Retirement 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 (2.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2019**	**2018**	**2019**	**2018**
Core bonds	16.0%	16.0%	4.4%	3.8%
Global asset allocation	10.0%	10.0%	6.9%	6.2%
International	—	22.0%	7.8%	7.8%
Large cap	18.0%	20.0%	7.5%	7.5%
Multi-sector fixed income	18.0%	20.0%	5.7%	5.1%
TIPS	4.0%	4.0%	4.0%	3.8%
Core real estate	5.0%	—	6.3%	—
Small cap	7.0%	8.0%	—	7.8%
Global equity	22.0%	—	—	—

The discount rate used to measure the Retirement Plan's total pension liability for June 30, 2019 and 2018 was 7.0%. The projection of cash flows used to determine the discount rate assumed that the Authority contributions would be made at rates equal to the actuarially determined contribution rates. Based on this assumption, 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.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

ii) Local 689 Plan

The RP-2014 Blue Collar Mortality Table projected with Scale MP-2015 was used for the mortality assumptions for the Local 689 Plan for the fiscal year ended June 30, 2019. The RP-2000 Blue Collar Mortality Table projected with Scale AA was used for the mortality assumptions for the Local 689 Plan for the fiscal year ended June 20, 2018.

The actuarial assumptions used in the Local 689 Plan's June 30, 2019 valuation were based on the results of an experience study conducted for the five years ending December 31, 2016. The actuarial assumptions used in the Local 689 Plan's June 30, 2018 valuation were based on the results of an actuarial experience study conducted for the five years ending December 31, 2013.

The retirement rates were changed to reflect mostly earlier retirements for those eligible for unreduced benefits.

The long-term expected rate of return on Local 689 Plan investments was determined based on a weighted average of the expected real rates of return and the Local 689 Plan's target asset allocation and by adding expected inflation (2.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the Local 689 Plan's target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

		Long-Term Expected Real Rate of Return	
Asset Class	**Target Allocation**	**2019**	**2018**
Large cap equities	38.0%	6.7%	6.7%
Mid cap equities	5.0%	7.3%	7.3%
Small cap equities	5.0%	7.8%	7.8%
Non-U.S. developed equities	10.0%	4.9%	4.9%
Fixed income	15.0%	2.3%	2.3%
Global tactical assets allocation	10.0%	4.6%	4.6%
Real estate	7.0%	5.5%	5.5%
Fund of hedge funds	5.0%	3.3%	3.3%
Private equity	5.0%	9.2%	9.2%

The discount rate used to measure the total pension liability for June 30, 2019 and 2018 was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and Authority contributions would continue to be made at the rates set forth in the most recent collective bargaining agreement. Based on that assumption, 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.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

iii) Transit Police Plan

The RP-2014 Blue Collar Mortality Table projected with Scale MP-2015 was used for the mortality assumptions for the Transit Police Plan for the fiscal years ended December 31, 2019 and December 31, 2018. A ten-year set forward was used for post disability mortality.

The actuarial assumptions used in the Transit Police Plan's December 31, 2019 and 2018 valuations were based on the results of an actuarial experience study conducted for the five years ending January 1, 2015.

The long-term expected rate of return on Transit Police 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 (2.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation is the same as of December 31, 2019 and 2018 and are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity composite	50.0%	5.3%
International equity composite	10.0%	6.3%
Global bond composite	35.0%	0.2%
Real estate	5.0%	5.9%

The discount rate used to measure the total pension liability was 7.0% for December 31, 2019 and December 31, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Authority contributions will be made according to the funding method used in the annual valuation. 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.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

iv) Local 922 Plan

The RP-2000 Healthy Combined Mortality table with Blue Collar Adjustment, projected fully generational with Scale AA, was used for the mortality assumptions for the Local 922 Plan years ended December 31, 2019 and 2018.

The actuarial assumptions used in the Local 922 Plan's December 31, 2019 and 2018 valuations were based on the results of an actuarial experience study conducted for the eight years ending December 31, 2014.

The assumptions for compensation increases and cost of living were adjusted to reflect the recent Memorandum of Understanding, dated February 7, 2019.

The long-term expected rate of return on Local 922 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 (1.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 and 2018 are summarized in the following table:

		Long-Term Expected Real Rate of Return	
Asset Class	**Target Allocation**	**2019**	**2018**
Large cap equities	24.0%	7.5%	7.5%
Small/mid cap equities	5.0%	7.8%	7.8%
International equities	20.0%	7.8%	7.8%
Core bonds	26.0%	4.4%	3.8%
Emerging market blended debt	5.0%	6.5%	—
TIPS	5.0%	4.0%	3.8%
Alternative investment classes	5.0%	6.3%	6.5%
Global asset allocations	10.0%	6.7%	6.2%

The discount rate used to measure the total pension liability for December 31, 2019 and 2018 was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Authority contributions will be made according to the valuation method. 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.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

v) Local 2 Plan

The RP-2000 Fully Generational Combined Mortality Table projected with Scale AA was used for the mortality assumptions for the Local 2 Plan fiscal years ended June 30, 2019 and 2018.

The actuarial assumptions used in the Local 2 Plan's June 30, 2019 and 2018 valuations were based on the results of an actuarial experience study conducted for the six years ending June 30, 2014.

The valuation assumption of the annual non-investment end of year expense was adjusted upwards from $85,000 to $105,000 to better reflect recent experience. The annual investment return assumption was reduced from 7.5% to 7.3% to better reflect the Local 2 Plan's risk tolerance, as well as taking into account recent experience and future trends.

The long-term expected rate of return on Local 2 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 (2.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the Local 2 Plan's target asset allocation as of June 30, 2019 and 2018 are summarized as follows:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2019**	**2018**	**2019**	**2018**
Core bonds	10.0%	—	4.4%	—
Global asset allocation	10.0%	10.0%	6.9%	6.2%
International equity	—	—	7.8%	—
US equity large cap	20.0%	22.0%	7.5%	7.5%
Global multi-sector fixed income	18.0%	20.0%	5.7%	5.1%
TIPS	5.0%	5.0%	4.0%	3.8%
Core real estate	5.0%	—	6.3%	—
Small/mid cap equities	7.0%	—	—	—
Global equity, excluding US	25.0%	25.0%	—	8.5%
US core fixed income	—	10.0%	—	3.8%
US equity mid cap	—	3.0%	—	7.8%
US equity small cap	—	5.0%	—	7.8%

The discount rate used to measure the total pension liability was 7.3% and 7.5% for June 30, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that Authority contributions would be made at rates equal to the actuarially determined contribution rates. Based on this assumption, Local 2'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.

10. Pension Plans (continued)

(c) Changes in Net Pension Liability

Changes in the Authority's net pension liabilities reported for the fiscal years ended June 30, 2020 and 2019, based on each Plan's respective measurement dates, are as follows (in thousands):

Retirement Plan

	2020		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 516,780	$ 372,173	$ 144,607
Changes for the year:			
Service cost	1,226	-	1,226
Interest	34,734	-	34,734
Differences between expected and actual experience	(1,372)	-	(1,372)
Changes of benefit terms	(577)	-	(577)
Contributions – employer	-	21,269	(21,269)
Net investment income	-	18,274	(18,274)
Benefit payments, including refunds of employee contributions	(43,610)	(43,610)	-
Administrative expenses	-	(326)	326
Transfer of funds to Local 2 Plan	-	(507)	507
Net change	(9,599)	(4,900)	(4,699)
Balance, end of year	$ 507,181	$ 367,273	$ 139,908

	2019		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 520,332	$ 371,793	$ 148,539
Changes for the year:			
Service cost	1,425	-	1,425
Interest	35,032	-	35,032
Differences between expected and actual experience	2,594	-	2,594
Contributions – employer	-	20,778	(20,778)
Net investment income	-	22,307	(22,307)
Benefit payments, including refunds of employee contributions	(42,603)	(42,603)	-
Administrative expenses	-	(102)	102
Net change	(3,552)	380	(3,932)
Balance, end of year	$ 516,780	$ 372,173	$ 144,607

10. Pension Plans (continued)

(c) Changes in Net Pension Liability (continued)

Local 689 Plan

	2020		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 3,859,216	$ 3,286,063	$ 573,153
Changes for the year:			
Service cost	78,507	-	78,507
Interest	296,691	-	296,691
Differences between expected and actual experience	62,743	-	62,743
Changes in assumptions	135,761	-	135,761
Contributions – employer	-	110,043	(110,043)
Contributions – employee	-	23,572	(23,572)
Net investment income	-	239,294	(239,294)
Benefit payments, including refunds of employee contributions	(215,157)	(215,157)	-
Administrative expenses	-	(999)	999
Other	-	(147)	147
Net change	358,545	156,606	201,939
Balance, end of year	$ 4,217,761	$ 3,442,669	$ 775,092

	2019		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 3,714,341	$ 3,054,428	$ 659,913
Changes for the year:			
Service cost	82,170	-	82,170
Interest	285,869	-	285,869
Differences between expected and actual experience	(18,013)	-	(18,013)
Contributions – employer	-	116,653	(116,653)
Contributions – employee	-	21,727	(21,727)
Net investment income	-	299,482	(299,482)
Benefit payments, including refunds of employee contributions	(205,151)	(205,151)	-
Administrative expenses	-	(976)	976
Other	-	(100)	100
Net change	144,875	231,635	(86,760)
Balance, end of year	$ 3,859,216	$ 3,286,063	$ 573,153

10. Pension Plans (continued)

(c) Changes in Net Pension Liability (continued)

Transit Police Plan

	2020		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 291,662	$ 223,599	$ 68,063
Changes for the year:			
Service cost	8,549	-	8,549
Interest	19,862	-	19,862
Changes of benefit terms	6,634	-	6,634
Differences between expected and actual experience	(7,075)	-	(7,075)
Contributions – employer	-	11,942	(11,942)
Contributions – employee	-	2,659	(2,659)
Net investment income	-	42,883	(42,883)
Benefit payments, including refunds of employee contributions	(14,787)	(14,787)	-
Administrative expenses	-	(249)	249
Net change	13,183	42,448	(29,265)
Balance, end of year	$ 304,845	$ 266,047	$ 38,798

	2019		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 284,213	$ 232,771	$ 51,442
Changes for the year:			
Service cost	8,311	-	8,311
Interest	19,384	-	19,384
Differences between expected and actual experience	(5,665)	-	(5,665)
Contributions – employer	-	12,647	(12,647)
Contributions – employee	-	2,480	(2,480)
Net investment income	-	(9,469)	9,469
Benefit payments, including refunds of employee contributions	(14,581)	(14,581)	-
Administrative expenses	-	(249)	249
Net change	7,449	(9,172)	16,621
Balance, end of year	$ 291,662	$ 223,599	$ 68,063

10. Pension Plans (continued)

(c) Changes in Net Pension Liability (continued)

Local 922 Plan

	2020		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, beginning of year	$ 242,827	$ 209,442	$ 33,385
Changes for the year:			
Service cost	4,839	-	4,839
Interest	17,015	-	17,015
Changes of benefit terms	(11,256)		(11,256)
Differences between expected and actual experience	(3,404)	-	(3,404)
Contributions – employer	-	4,784	(4,784)
Contributions – employee	-	1,021	(1,021)
Net investment income	-	38,033	(38,033)
Benefit payments, including refunds of employee contributions	(9,333)	(9,333)	-
Administrative expenses	-	(185)	185
Net change	(2,139)	34,320	(36,459)
Balance, end of year	$ 240,688	$ 243,762	$ (3,074)

	2019		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 236,990	$ 218,397	$ 18,593
Changes for the year:			
Service cost	4,586	-	4,586
Interest	16,617	-	16,617
Differences between expected and actual experience	(6,819)	-	(6,819)
Contributions – employer	-	6,140	(6,140)
Contributions – employee	-	946	(946)
Net investment income	-	(7,294)	7,294
Benefit payments, including refunds of employee contributions	(8,547)	(8,547)	-
Administrative expenses	-	(200)	200
Net change	5,837	(8,955)	14,792
Balance, end of year	$ 242,827	$ 209,442	$ 33,385

10. Pension Plans (continued)

(c) Changes in Net Pension Liability (continued)

Local 2 Plan

	2020		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 165,736	$ 148,051	$ 17,685
Changes for the year:			
Service cost	281	-	281
Interest	11,934	-	11,934
Changes of benefit terms	561	-	561
Differences between expected and actual experience	(860)	-	(860)
Changes in assumptions	3,439	-	3,439
Contributions – employer	-	4,806	(4,806)
Transfer of funds from Retirement Plan	-	507	(507)
Net investment income	-	8,134	(8,134)
Benefit payments, including refunds of employee contributions	(13,796)	(13,796)	-
Administrative expenses	-	(164)	164
Net change	1,559	(513)	2,072
Balance, end of year	$ 167,295	$ 147,538	$ 19,757

	2019		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 167,110	$ 146,241	$ 20,869
Changes for the year:			
Service cost	322	-	322
Interest	12,045	-	12,045
Differences between expected and actual experience	(658)	-	(658)
Changes in assumptions	575	-	575
Contributions – employer	-	4,700	(4,700)
Net investment income	-	10,864	(10,864)
Benefit payments, including refunds of employee contributions	(13,658)	(13,658)	-
Administrative expenses	-	(96)	96
Net change	(1,374)	1,810	(3,184)
Balance, end of year	$ 165,736	$ 148,051	$ 17,685

10. Pension Plans (continued)

(c) Changes in Net Pension Liability (continued)

Total Plans

	2020		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 5,076,221	$ 4,239,328	$ 836,893
Changes for the year:			
Service cost	93,402	-	93,402
Interest	380,236	-	380,236
Changes of benefit terms	(4,638)	-	(4,638)
Differences between expected and actual experience	50,032	-	50,032
Changes in assumptions	139,200	-	139,200
Contributions – employer	-	152,844	(152,844)
Contributions – employee	-	27,252	(27,252)
Net investment income		346,618	(346,618)
Benefit payments, including refunds of employee contributions	(296,683)	(296,683)	-
Administrative expenses	-	(1,923)	1,923
Other	-	(147)	147
Net change	361,549	227,961	133,588
Balance, end of year	$ 5,437,770	$ 4,467,289	$ 970,481

	2019		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 4,922,986	$ 4,023,630	$ 899,356
Changes for the year:			
Service cost	96,814	-	96,814
Interest	368,947	-	368,947
Differences between expected and actual experience	(28,561)	-	(28,561)
Changes in assumptions	575	-	575
Contributions – employer	-	160,918	(160,918)
Contributions – employee	-	25,153	(25,153)
Net investment income	-	315,890	(315,890)
Benefit payments, including refunds of employee contributions	(284,540)	(284,540)	-
Administrative expenses	-	(1,623)	1,623
Other	-	(100)	100
Net change	153,235	215,698	(62,463)
Balance, end of year	$ 5,076,221	$ 4,239,328	$ 836,893

10. Pension Plans (continued)

(d) Pension Deferred Outflows and Inflows of Resources

At June 30, 2020 and 2019, the Authority reported deferred outflows and inflows of resources for the respective Plans as follows (in thousands):

	June 30, 2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Retirement Plan:		
Differences between projected and actual investment earnings	$ 4,717	$ -
Contributions made after the measurement date	21,606	-
Subtotal	26,323	-
Local 689 Plan:		
Differences between projected and actual investment earnings		49,894
Differences between expected and actual experience	72,397	26,612
Changes in assumptions	117,164	5,420
Contributions made after the measurement date	133,489	-
Subtotal	323,050	81,926
Transit Police Plan:		
Differences between projected and actual investment earnings		16,161
Differences between expected and actual experience	1,595	12,716
Changes in assumptions	12,112	-
Contributions made after the measurement date	6,045	-
Subtotal	19,752	28,877
Local 922 Plan:		
Differences between projected and actual investment earnings	-	12,137
Differences between expected and actual experience	1,430	6,815
Contributions made after the measurement date	2,392	-
Subtotal	3,822	18,952
Local 2 Plan:		
Differences between projected and actual investment earnings	616	-
Contributions made after the measurement date	5,422	-
Subtotal	6,038	-
Total Plans:		
Differences between projected and actual investment earnings	5,333	78,192
Differences between expected and actual experience	75,422	46,143
Changes in assumptions	129,276	5,420
Contributions made after the measurement date	168,954	-
Total	$ 378,985	$ 129,755

10. Pension Plans (continued)

(d) Pension Deferred Outflows and Inflows of Resources (continued)

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Retirement Plan:		
Differences between projected and actual investment earnings	$ 2,878	$ -
Contributions made after the measurement date	21,269	-
Subtotal	24,147	-
Local 689 Plan:		
Differences between projected and actual investment earnings	-	49,992
Differences between expected and actual experience	27,851	32,885
Changes in assumptions	-	7,015
Contributions made after the measurement date	110,043	-
Subtotal	137,894	89,892
Transit Police Plan:		
Differences between projected and actual investment earnings	9,513	-
Differences between expected and actual experience	1,994	8,236
Changes in assumptions	15,140	-
Contributions made after the measurement date	5,995	-
Subtotal	32,642	8,236
Local 922 Plan:		
Differences between projected and actual investment earnings	10,808	-
Differences between expected and actual experience	2,222	5,455
Changes in assumptions	464	-
Contributions made after the measurement date	3,070	-
Subtotal	16,564	5,455
Local 2 Plan:		
Differences between projected and actual investment earnings	-	657
Contributions made after the measurement date	4,806	-
Subtotal	4,806	657
Total Plans:		
Differences between projected and actual investment earnings	23,199	50,649
Differences between expected and actual experience	32,067	46,576
Changes in assumptions	15,604	7,015
Contributions made after the measurement date	145,183	-
Total	$ 216,053	$ 104,240

Deferred outflows of resources from contributions made after the measurement date for each of the Plans reflected in the above tables as of June 30, 2020 and 2019 will be recognized as a reduction in the net pension liability in the fiscal years ending June 30, 2021 and June 30, 2020, respectively.

10. Pension Plans (continued)

(d) Pension Deferred Outflows and Inflows of Resources (continued)

Amounts reported as deferred outflows and inflows of resources related to pensions for the respective Plans (exclusive of the deferred outflows of resources from contributions made after the measurement date) will be recognized in pension expense based on each respective Plan's measurement dates as follows (in thousands):

	Deferred Outflows (Inflows)					
June 30,	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan	Total
2021	$ 2,987	$ 28,347	$ (4,694)	$ (4,831)	$ 641	$ 22,450
2022	(1,655)	(16,924)	(4,028)	(5,070)	(1,039)	(28,716)
2023	1,989	10,345	520	(2,240)	484	11,098
2024	1,396	26,137	(4,137)	(5,381)	530	18,545
2025	-	25,577	(1,820)	-	-	23,757
Thereafter	-	34,153	(1,011)	-	-	33,142
Total	$ 4,717	$ 107,635	$ (15,170)	$ (17,522)	$ 616	$ 80,276

(e) Pension Expense

Pension expense recognized by the Authority for the fiscal years ended June 30, 2020 and 2019 is as follows (in thousands):

	Pension Expense	
Plan	2020	2019
Retirement Plan	$ 14,730	$ 11,362
Local 689 Plan	142,306	78,223
Transit Police Plan	16,258	14,781
Local 922 Plan	(6,114)	10,131
Local 2 Plan	5,605	5
Total	$ 172,785	$ 114,502

10. Pension Plans (continued)

(f) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability for each Plan, calculated using each Plan's discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as of each Plan's measurement date (in thousands):

Plan	Discount Rate	June 30, 2020 1% Decrease	June 30, 2020 Current Rate	June 30, 2020 1% Increase
Retirement Plan	7.0%	$ 185,886	$ 139,908	$ 100,400
Local 689 Plan	7.9%	1,334,371	775,092	312,726
Transit Police Plan	7.0%	81,892	38,798	3,511
Local 922 Plan	7.0%	29,832	(3,074)	(30,076)
Local 2 Plan	7.3%	34,880	19,757	6,722
Total net pension liability		$ 1,666,861	$ 970,481	$ 393,283

Plan	Discount Rate	June 30, 2019 1% Decrease	June 30, 2019 Current Rate	June 30, 2019 1% Increase
Retirement Plan	7.0%	$ 192,507	$ 144,607	$ 103,531
Local 689 Plan	7.9%	1,049,370	573,153	173,826
Transit Police Plan	7.0%	108,790	68,063	34,749
Local 922 Plan	7.0%	66,548	33,385	6,151
Local 2 Plan	7.5%	32,648	17,685	4,778
Total net pension liability		$ 1,449,863	$ 836,893	$ 323,035

(g) Deferred Compensation

The Authority offers a deferred compensation plan for all active employees under the terms of the Internal Revenue Section 457(g). Under the 457 Plan, employees are permitted to defer up to 100.0% of salary, on a pretax basis, not to exceed limits prescribed in the Internal Revenue Code (IRC). Deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority does not match employees' contributions to the 457 Plan.

(h) Defined Contribution Retirement Plan

The Authority offers a defined contribution retirement plan, WMATA Defined Contribution Retirement Plan and Trust, for salaried employees under the terms of the IRC 401(a). The 401(a) Plan, adopted on December 10, 1998 for employees hired on or after January 1, 1999, provides for the Authority to contribute an amount equivalent to 4.0% of the employee's base salary into a trust. The employee is not required to contribute into the 401(a) Plan; however, if the employee contributes up to 3.0% of base salary to the 457 Plan, the Authority will contribute an additional amount of up to 3.0% to the 401(a) Plan to equal the employee's contribution to the 457 Plan.

10. Pension Plans (continued)

(h) Defined Contribution Retirement Plan (continued)

Employees are 100.0% vested after three years of service. A year of vesting is 1,000 hours of service in a calendar year. There is no interim vesting. Accrued 401(a) benefits will be paid to the employee (or rolled over) upon leaving Authority employment any time after full vesting.

The provisions of the 401(a) Plan can be amended by the Board. This right to amend the 401(a) Plan is subject to the condition that all of the plan assets be used exclusively for the benefit of the participants, retired participants and their beneficiaries under the 401(a) Plan.

The Authority contributed $12.3 million and $11.2 million for the years ended June 30, 2020 and 2019, respectively.

11. Other Postemployment Benefits

(a) Description of OPEB Plans

The Authority participates in a single-employer defined benefit OPEB plan (WMATA Healthcare Plan) which provides medical, dental, life insurance, accidental death, short-term disability, and long-term disability to management, union and non-represented active and inactive employees and their dependents. In April 2018, the Authority established a qualified trust for the WMATA Healthcare Plan.

The Authority's Board has the authority to establish and amend benefit terms and contribution requirements for management and non-represented employees. The collective bargaining agreements govern the benefit terms and contribution requirements for Local 689, Transit Police, Special Police, and Local 2 employees, and are the basis by which benefit terms and contribution requirements are established and amended.

Below is a summary of the WMATA Healthcare Plan's membership as of June 30, 2020 and 2019:

Plan Membership	June 30, 2020	June 30, 2019
Active	17,504	18,176
Inactive, receiving benefits	11,339	11,492
Total membership	28,843	29,668

Eligible Employees and Benefits

Authority employees, dependent children, and surviving spouses are eligible to continue in the Authority's group insurance coverage upon retirement. The Authority's contributions towards the premiums, participant deductibles, participant copayments, and participant out-of-pocket maximum costs depends on the group insurance plan offered under the collective bargaining agreement, and the type of group insurance plan selected by the employee. The surviving spouse and dependent children who are covered under any of the Authority sponsored health plans have the right to continue coverage upon the death of the Authority employee or retiree. The life insurance benefit for Local 2, Transit Police, Special Police, and the non-represented employees is half of the base salary upon retirement, with a maximum benefit of $50,000. Beginning on the retiree's 66th birthday, the life insurance benefit is reduced by 10.0% each year. The life insurance benefit for Local 689 employees is a flat $10,000 after retirement.

11. Other Postemployment Benefits (continued)

(a) Description of OPEB Plans (continued)

Eligible Employees and Benefits (continued)

Local 689 and Local 2 employees hired on or after January 1, 2010 and non-represented employees hired on or after January 1, 2017 are not entitled to receive retiree health benefits.

The amount of benefits paid by the Authority for the WMATA Healthcare Plan during the fiscal years ended June 30, 2020 and 2019 was $48.1 million and $58.3 million, respectively.

Contributions and Funding Policy

The Authority administers the WMATA Healthcare Plan on a pay-as-you-go basis and additional ad-hoc funding contributions based upon budgetary results at the end of each fiscal year. The Authority made ad-hoc funding contributions totaling $78.3 million and $10.0 million to the WMATA Healthcare Plan during the fiscal years ended June 30, 2020 and 2019, respectively, to accumulate assets to fund the OPEB liability. Employees are not required to contribute to the WMATA Healthcare Plan.

(b) Measurement of Net OPEB Liability

The Authority's net OPEB liabilities reported at June 30, 2020 and 2019, respectively, were determined using actuarial valuations as of June 30, 2019 and 2018, which is the WMATA Healthcare Plan's fiscal year end. The net OPEB liability for the WMATA Healthcare Plan was determined using the following measurement dates and actuarial assumptions:

	June 30, 2020	June 30, 2019
Measurement date	6/30/2019	6/30/2018
Actuarial valuation date	6/30/2019	6/30/2017
Salary and wage increases	4.5%	4.5%
Health care cost trend rate:		
Pre-65 years old	7.4%	7.8%
65 years and older	8.0%	8.4%
Discount rate	3.5%	3.9%
Mortality tables used	RP-2014 Blue Collar Mortality Table, fully generational projected using Scale MP-2015	RP-2014 Blue Collar Mortality Table, fully generational projected using Scale MP-2015
Date of experience study on which significant assumptions were based	4/4/2018	4/4/2018

11. Other Postemployment Benefits (continued)

(b) Measurement of net OPEB Liability (continued)

The changes in the assumptions during the fiscal year ended June 30, 2020 reflect the changes in the discount rate, which was decreased from 3.9% to 3.5%, and changes in the health care cost trend rates, which decreased from 7.8% to 7.4% for participants under 65 years of age, and from 8.4% to 8.0% for participants 65 years and older. The health care cost trend rate assumptions were based on the national average information available from the Standard and Poor's Healthcare Economic Index, National Health Expenditure data, plan renewal data and vendor prescription reports, with adjustments based on provisions of the benefits provided with the Authority. Multiple healthcare cost trend rate assumptions were used for different benefit components and participant groups (pre-65 and post-65 age groups).

The healthcare cost trend rates used to calculate the net OPEB liability as of June 30, 2020 and 2019 are as follows:

Year	Pre-65	Post-65
2017 to 2018	7.9%	8.5%
2018 to 2019	7.8%	8.4%
2019 to 2020	7.4%	8.0%
2020 to 2021	7.0%	7.5%
2021 to 2022	6.6%	7.0%
2022 to 2023	6.2%	6.6%
2023 to 2024	5.8%	6.1%
2024 to 2025	5.4%	5.6%
2025 to 2026	4.9%	5.0%
2026 to 2027+	4.5%	4.5%

As of the June 30, 2019 measurement date, the best estimate of real rates of return for each major asset class included in the WMATA Healthcare Plan's target asset allocation is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equities (Domestic)	26.0%	7.2%
Small cap equities (Domestic)	10.0%	8.4%
International equity (Developed)	13.0%	8.1%
Emerging markets	5.0%	9.4%
Private equity	5.0%	10.4%
Long/short equity	6.0%	5.6%
Fixed income	25.0%	3.0%
Real assets	10.0%	4.8%

11. Other Postemployment Benefits (continued)

(b) Measurement of Net OPEB Liability (continued)

The WMATA Healthcare Plan assets are not sufficient to achieve a long-term rate of return to cover the WMATA Healthcare Plan liabilities, therefore the municipal bond rate was used for all periods to project the actuarial present value of benefit payments. The municipal bond rate was obtained from the Bond Buyer General Obligation 20-Bond Municipal Bond Index and was 3.5% and 3.9% for the fiscal years ended June 30, 2020 and 2019, respectively.

(c) Changes in Net OPEB Liability

Changes in the Authority's net OPEB liability based on the measurement date for the fiscal years ended June 30, 2020 and 2019, respectively, are as follows (in thousands):

	2020		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance, beginning of year	$ 2,123,898	$ 3,001	$ 2,120,897
Changes for the year:			
Service cost	56,444	-	56,444
Interest	83,307	-	83,307
Differences between expected and actual experience	8,383	-	8,383
Changes in assumptions	131,888	-	131,888
Benefit payments	(55,952)	(55,952)	-
Contribution - employer	-	65,952	(65,952)
Net investment income	-	135	(135)
Net change	224,070	10,135	213,935
Balance, end of year	$ 2,347,968	$ 13,136	$ 2,334,832

11. Other Postemployment Benefits (continued)

(c) Changes in Net OPEB Liability (continued)

	2019		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance, beginning of year	$ 2,148,549	$ -	$ 2,148,549
Changes for the year:			
Service cost	58,829	-	58,829
Interest	78,075	-	78,075
Changes in benefit terms	(108,094)	-	(108,094)
Benefit payments	(53,461)	(53,461)	-
Contribution - employer	-	56,461	(56,461)
Net investment income	-	1	(1)
Net change	(24,651)	3,001	(27,652)
Balance, end of year	$ 2,123,898	$ 3,001	$ 2,120,897

In fiscal year 2018 the Authority contributed $3.0 million to fund the liability as of June 30, 2019. In fiscal year 2019, $10.0 million was contributed to fund the liability as of June 30, 2020.

(d) OPEB Expense

OPEB expense recognized by the Authority for the fiscal years ended June 30, 2020 and 2019 was $119.3 million and $89.8 million, respectively.

(e) OPEB Deferred Outflows and Inflows of Resources

At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 462	$ -
Differences between projected and actual experience	94,384	-
Contributions after measurement date	126,392	-
Changes in assumptions	106,525	226,403
Total	$ 327,763	$ 226,403

11. Other Postemployment Benefits (continued)

(e) OPEB Deferred Outflows and Inflows of Resources (continued)

	June 30, 2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between projected and actual experience	$ 119,452	$ -
Contributions after measurement date	68,338	-
Changes in assumptions	-	305,119
Total	$ 187,790	$ 305,119

Deferred outflows of resources from contributions made after the measurement date for OPEB as of June 30, 2020 and 2019 will be recognized as a reduction in the net OPEB liability in the fiscal years ending June 30, 2021 and June 30, 2020, respectively.

Amounts reported as deferred outflows and inflows for resources related to OPEB (exclusive of the deferred outflows of resources from contributions made after the measurement date) will be recognized in OPEB expense measurement dates as follows (in thousands):

June 30,	Deferred Outflows (Inflows)
2021	$ (19,877)
2022	(19,877)
2023	(13,589)
2024	22,913
2025	5,398
	$ (25,032)

(f) Sensitivity of Net OPEB Liability to Changes in the Health Care Cost Trend Rate and Discount Rate

i) Health Care Cost Trend Sensitivity

The following presents the Authority's net OPEB liability as of June 30, 2020 and 2019 calculated using health care cost trend rates as of June 30, 2019 and 2018, respectively, as well as what the amounts would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as of the WMATA Healthcare Plan's measurement date (in thousands):

11. Other Postemployment Benefits (continued)

(f) Sensitivity of Net OPEB Liability to Changes in the Health Care Cost Trend Rate and Discount Rate (continued)

i) Health Care Cost Trend Sensitivity (continued)

	Net OPEB Liability *		
	1% Decrease	Current Rate	1% Increase
June 30, 2020	$ 1,974,043	$ 2,334,832	$ 2,802,459
June 30, 2019	$ 1,787,997	$ 2,120,897	$ 2,551,798

* Multiple health care cost trend rates were used to calculate the net OPEB liability. See Note 11(b), Measurement of Net OPEB Liability, for the rates.

ii) Discount Rate Sensitivity

The discount rate used was obtained from the yield or index rate for a 20-year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher from the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

The following presents the net OPEB liability as of June 30, 2020 and 2019, calculated using the WMATA Healthcare Plan's discount rate, as well as what the amounts would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as of the Plan's measurement date (in thousands):

	Discount	Net OPEB Liability		
	Rate	1% Decrease	Current Rate	1% Increase
June 30, 2020	3.5%	$ 2,768,596	$ 2,334,832	$ 1,994,485
June 30, 2019	3.9%	$ 2,500,070	$ 2,120,897	$ 1,821,722

(g) Defined Benefit Plan

The Authority contributes to the Teamsters Local 922 Employers Health Trust Plan (Health Trust), which is a cost-sharing multiple-employer defined benefit health and welfare plan that provides life insurance, hospitalization, surgical, medical disability, dental, vision care, pharmaceutical care, and major medical benefits to eligible participants and their qualified dependents. All active employees, retirees age 52 or older with at least 15 years of service, and disabled retirees with at least 10 years of service are eligible to participate in the Health Trust, if employed by a Local 922 participating employer. The benefits under the Health Trust terminate when the participant is eligible for Medicare.

11. Other Postemployment Benefits (continued)

(g) Defined Benefit Plan (continued)

The Health Trust is administered by a Joint Board of Trustees consisting of two Local 922 union representatives and two employer representatives and is governed by the terms of the Local 922 collective bargaining agreement. Plan provisions may be amended through negotiation between the Authority and the Local 922 union. Retiree health benefits were discontinued for the Authority's Local 922 union employees hired on or after January 1, 2012. At June 30, 2020 and 2019, the Authority had 43 and 39 participants, respectively, covered under the Health Trust.

The Health Trust provides benefits to both employees of government and nongovernment employers. Accordingly, the Health Trust is subject to the Employee Retirement Income and Security Act of 1974 and follows accounting standards promulgated by the Financial Accounting Standards Board. The Health Trust issues a publicly available financial report which may be obtained by contacting the Health Trust administrator in writing at 7130 Columbia Gateway Drive, Suite A, Columbia, MD 21046, or by calling (410) 872-9500.

The Authority was required to contribute $900 per month for each participant through October 31, 2019. Effective November 1, 2019, the required contribution amount was adjusted to $950 per month. The Authority's contributions were $0.4 million and $0.4 million for the fiscal years ended June 30, 2020 and 2019, respectively.

The Local 922 collective bargaining agreement expired on October 31, 2016. The Authority and the Local 922 union agreed to the terms of a new agreement on February 7, 2019 which included scheduled increases for wages.

12. Commitments and Contingencies

(a) Litigation and Claims

i) Insured Claims

The Authority is exposed to liability for third party bodily injury and property damage; injury to its employees arising out of and in the course of their employment; physical damage to and loss of its property; and liability for financial loss as a result of decisions and judgments made by the Authority. The Authority carries various types of insurance coverage with varying limits through commercial insurers for these risks, subject to the following self-insured retentions (SIRs) and deductibles. The Authority self-insures for the following:

1) Third party bodily injury, and property damage liability claims up to $5.0 million per occurrence;
2) Pollution claims up to $3.0 million except $5.0 million for hostile fire;
3) Workers compensation claims up to $2.5 million per occurrence;
4) First party (the Authority) property and business interruption loss up to $10.0 million for derailment, $5.0 million for track and roadbed, stations and tunnels; and up to $1.0 million for all other loss or damage; the Authority also began co-insuring 10.0% of the primary $50.0 million (up to $5.0 million) insurance layer;
5) Directors and officers, employment practices liability, fiduciary liability, crime (including employee dishonesty), and privacy/network security liability claims up to $1.0 million per occurrence; and
6) Medical facilities liability claims up to $0.3 million per occurrence.

12. Commitments and Contingencies (continued)

(a) Litigation and Claims (continued)

i) Insured Claims (continued)

Loss occurrences are reported to the commercial insurers when it is determined that the loss is covered by insurance and when the loss results in severe bodily injury (e.g., death, dismemberment, brain damage, paralysis, etc.) or when the loss is valued at 50.0% or more of the SIR or deductible. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported and incremental claims adjustment expenses which are net of salvage and subrogation. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Estimated loss values are adjusted as the claims develop. The reserve for estimated losses is evaluated annually by an independent actuary who determines the total litigation claims to be included in the Statements of Net Position. Claim settlements have not exceeded insurance coverage for each of the three most recent years.

The actuarially developed liability for the years ended June 30, 2020 and 2019, discounted at 3.0%, and 1.3%, respectively, is as follows (in thousands):

	2020	2019
Estimated net present value of the liability for litigation and claims, beginning of year	$ 208,925	$ 189,212
Incurred new claims	30,790	50,215
Changes in estimate for claims of prior periods	(2,022)	28,836
Payments on claims	(49,593)	(59,338)
Estimated net present value of the liability for litigation and claims, end of year	$ 188,100	$ 208,925
Due within one year	$ 51,711	$ 59,149

ii) Insured Claims $1.0 Million and Greater

Third Party Claims

As of June 30, 2020 and 2019, there were five and seven liability claims, respectively, with estimated losses greater than $1.0 million falling within the $5.0 million SIR.

Workers' Compensation

As of June 30, 2020 and 2019, there were nine and seven, respectively, workers' compensation claims in which the outstanding liability is greater than $1.0 million, with an aggregate total of $15.5 million and $9.6 million, respectively.

Property Claims

As of June 30, 2020, there was one claim pending with an estimated claim value greater than the $1.0 million deductible.

12. Commitments and Contingencies (continued)

(a) Litigation and Claims (continued)

ii) Insured Claims $1.0 Million and Greater (continued)

Directors and Officers/Employment Practices Liability

As of June 30, 2019, the Authority had one claim with an estimated loss exceeding the $1.0 million SIR. This claim was closed during fiscal year 2020.

iii) Uninsured Claims $1.0 Million and Greater

As of June 30, 2020 and 2019, there were two and one contractor claims, respectively, that if supported by an adverse ruling could each exceed $1.0 million.

(b) Operating Leases

The Authority has entered into various operating leases for office space within the District of Columbia, Maryland and Virginia. The terms of the various leases have a time span ranging from four to 23 years, with various option years and escalating increases over the lease periods. Additionally, the Authority leases space within the District of Columbia, Maryland and Virginia for various communications and testing equipment used throughout WMATA.

Rent expense for the fiscal years ended June 30, 2020 and 2019 was $8.2 million and $9.3 million, respectively.

The Authority's minimum future lease payments for non-cancelable operating leases, as of June 30, 2020 are as follows (in thousands):

Fiscal Year	Lease Payments
2021	$ 8,988
2022	8,079
2023	5,994
2024	4,850
2025	2,273
2026-2030	6,218
2031-2035	4,233
Total	$ 40,635

(c) Hedging Derivative Instrument

The Authority entered into a contract to purchase a minimum of diesel fuel, and at the same time entered into a fuel swap agreement to hedge the price of the diesel fuel contract. The diesel fuel contract and the related swap agreement allow the Authority to manage its diesel fuel expense, limit exposure to price volatility and improve budget stability.

12. Commitments and Contingencies (continued)

(c) Hedging Derivative Instrument (continued)

Payment between the swap parties is the difference between the swap price per gallon and the unweighted arithmetic mean of the daily settlement prices for Ultra Low Sulfur Diesel – New York Harbor (NYMEX) closing price of the first nearby month.

The fair value of the swap is estimated by a mathematical approximation of the market, derived from proprietary models as of a given date, and based on certain assumptions regarding past, present, and future market conditions, as well as certain financial information.

The change in fair values for the swap agreements are reported as either deferred outflows of resources or deferred inflows of resources, as applicable, on the Statements of Net Position.

The following table shows the terms and a summary of the fair value of the diesel fuel swap agreements as of June 30, 2020 and 2019:

	Per Calculation Effective Date	Period Maturity Date	Monthly Notional Gallons	Annual Notional Gallons	Fair Value (in thousands)	
June 30, 2020	July 1, 2021	June 30, 2021	599,271 - 813,359	8,400,002	$	(5,384)
June 30, 2019	July 1, 2020	June 30, 2020	520,795 - 706,847	7,300,000	$	(968)

The Authority is exposed to credit risk when swap fair values are positive. To mitigate the credit risk, the Authority entered into swap agreements with counterparties with long-term investment grade ratings by Standard and Poor's, Moody's, and Fitch.

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. In addition, if at the time of the termination the swap has negative fair value, the Authority would be liable to the counterparty for a payment equal to the fair value.

(d) Construction and Capital Commitments

Construction and capital improvement costs are funded by federal grants, jurisdictional matching funds, third party agreements, and debt. As of June 30, 2020 and 2019, respectively, the Authority had committed to expend $503.8 million and $272.9 million on future construction, capital improvement and other miscellaneous projects.

The Authority's federal grants are subject to review and audit by the grantor agencies. Construction and capital improvement costs funded with these resources are generally conditioned upon compliance with the terms and conditions of the grant agreements and federal regulations. Any disallowance of such costs is not expected to be material.

13. Extraordinary Items

The Authority suffered a fire incident at its main office, the Jackson Graham building, on May 27, 2020. The fire damaged several areas of the building, resulting in an impairment loss of $1.7 million, calculated using the restoration cost approach. This loss is recorded as an increase in accumulated depreciation in the Statements of Net Position and in extraordinary items on the Statements of Revenues, Expenses, and Changes in Net Position in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

The insurance recoveries for the fire could not be estimated at the issuance of the financial statements and were therefore not recorded.

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years[1]
(in thousands)

Exhibit 4
(continued)

	2020[2]	2019[3]	2018	2017	2016	2015
Retirement Plan:						
Total pension liability:						
Service cost	$ 1,226	$ 1,425	$ 1,670	$ 1,797	$ 1,953	$ 1,815
Interest	34,734	35,032	35,249	35,549	36,104	37,268
Changes of benefit terms	(577)	-	362	736	(1,102)	477
Differences between expected and actual experience	(1,372)	2,594	1,814	(1,710)	(5,072)	(2,896)
Changes in assumptions	-	-	-	-	-	53,908
Benefit payments, including refunds of employee contributions	(43,610)	(42,603)	(41,306)	(39,760)	(39,542)	(42,032)
Net change in total pension liability	(9,599)	(3,552)	(2,211)	(3,388)	(7,659)	48,540
Total pension liability – beginning	516,780	520,332	522,543	525,931	533,590	485,050
Total pension liability – ending	$ 507,181	$ 516,780	$ 520,332	$ 522,543	$ 525,931	$ 533,590
Plan fiduciary net position:						
Contributions – employer	$ 21,269	$ 20,778	$ 20,349	$ 19,877	$ 20,398	$ 20,585
Transfer of funds from WMATA plan	(507)	-	-	-	-	-
Net investment income	18,274	22,307	42,042	1,896	14,698	56,703
Benefit payments, including refunds of member contributions	(43,610)	(42,603)	(41,306)	(39,760)	(39,542)	(42,032)
Administrative expenses	(326)	(102)	(123)	(135)	(16)	(19)
Transfer of funds (to) from Local 2 Plan	-	-	249	438	(1,078)	312
Net change in total pension liability	(4,900)	380	21,211	(17,684)	(5,540)	35,549
Plan fiduciary net position – beginning	372,173	371,793	350,582	368,266	373,806	338,257
Plan fiduciary net position – ending	$ 367,273	$ 372,173	$ 371,793	$ 350,582	$ 368,266	$ 373,806
Net pension liability	$ 139,908	$ 144,607	$ 148,539	$ 171,961	$ 157,665	$ 159,784
Plan fiduciary net position as a percentage of the total pension liability	72.41%	72.02%	71.45%	67.09%	70.02%	70.05%
Covered payroll	$ 13,744	$ 15,366	$ 17,899	$ 21,492	$ 23,265	$ 23,674
Net pension liability as a percentage of covered payroll	1017.96%	941.08%	829.87%	800.12%	677.69%	674.93%

1 Data reported for fiscal years 2015 through 2020 is based on the WMATA Retirement Plan's measurement dates of June 30, 2014 through 2019, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015 or prior to the measurement date of June 30, 2014, were not available and accordingly, not included in the schedule.

2 During fiscal year 2020, the valuation assumption of the annual non-investment end of year expense was adjusted upwards from $125 thousand to $215 thousand to better reflect recent experience.

3 During fiscal year 2019, the valuation assumption of the annual non-investment end of year expense was adjusted downwards from $135 thousand to $125 thousand to better reflect recent experience.

Schedule of Changes in Net Pension Liability and Related Ratios — Exhibit 4 (continued)
Last Ten Fiscal Years[1]
(in thousands)

	2020[2]	2019	2018	2017	2016	2015
Local 689 Plan:						
Total pension liability:						
Service cost	$ 78,507	$ 82,170	$ 80,611	$ 78,200	$ 71,473	$ 66,090
Interest	296,691	285,869	272,852	260,365	251,235	234,275
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	62,743	(18,013)	6,783	(2,484)	(29,971)	66,534
Changes in assumptions	135,761	-	-	-	(13,395)	-
Benefit payments, including refunds of employee contributions	(215,157)	(205,151)	(183,562)	(171,814)	(159,466)	(146,158)
Net change in total pension liability	358,545	144,875	176,684	164,267	119,876	220,741
Total pension liability – beginning	3,859,216	3,714,341	3,537,657	3,373,390	3,253,514	3,032,773
Total pension liability – ending	$4,217,761	$3,859,216	$3,714,341	$3,537,657	$3,373,390	$3,253,514
Plan fiduciary net position:						
Contributions – employer	$ 110,043	$ 116,653	$ 118,975	$ 127,516	$ 136,075	$ 123,234
Contributions – employee	23,572	21,727	22,777	22,183	6,894	-
Net investment income	239,294	299,482	373,693	4,441	130,680	405,761
Benefit payments, including refunds of member contributions	(215,157)	(205,151)	(183,562)	(171,814)	(159,466)	(146,158)
Administrative expenses	(999)	(976)	(869)	(873)	(865)	(947)
Other	(147)	(100)	(2)	(46)	-	(333)
Net change in total pension liability	156,606	231,635	331,012	(18,593)	113,318	381,557
Plan fiduciary net position – beginning	3,286,063	3,054,428	2,723,416	2,742,009	2,628,691	2,247,134
Plan fiduciary net position – ending	$3,442,669	$3,286,063	$3,054,428	$2,723,416	$2,742,009	$2,628,691
Net pension liability	$ 775,092	$ 573,153	$ 659,913	$ 814,241	$ 631,381	$ 624,823
Plan fiduciary net position as a percentage of the total pension liability	81.62%	85.15%	82.23%	76.98%	81.28%	80.80%
Covered payroll	$ 757,448	$ 759,138	$ 775,487	$ 762,642	$ 745,231	$ 710,331
Net pension liability as a percentage of covered payroll	102.33%	75.50%	85.10%	106.77%	84.72%	87.96%

1 Data reported for fiscal years 2015 through 2020 is based on the Local 689 Plan's measurement dates of June 30, 2014 through 2019, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of June 30, 2014, were not available and accordingly, not included in the schedule.

2 The retirement rates were changed to reflect mostly earlier retirements for those eligible for unreduced benefits.

Schedule of Changes in Net Pension Liability and Related Ratios **Exhibit 4**
Last Ten Fiscal Years[1] **(continued)**
(in thousands)

	2020	2019	2018[2,3]	2017	2016	2015
Transit Police Plan:						
Total pension liability:						
Service cost	$ 8,549	$ 8,311	$ 7,949	$ 6,772	$ 6,094	$ 5,824
Interest	19,862	19,384	17,175	17,469	16,900	16,250
Changes of benefit terms	6,634	-	-	-	-	-
Differences between expected and actual experience	(7,075)	(5,665)	2,792	(2,221)	(2,726)	(1,415)
Changes in assumptions	-	-	17,870	3,802	-	-
Benefit payments, including refunds of employee contributions	(14,787)	(14,581)	(13,846)	(12,943)	(12,406)	(11,573)
Net change in total pension liability	13,183	7,449	31,940	12,879	7,862	9,086
Total pension liability – beginning	291,662	284,213	252,273	239,394	231,532	222,446
Total pension liability – ending	$ 304,845	$ 291,662	$ 284,213	$ 252,273	$ 239,394	$ 231,532
Plan fiduciary net position:						
Contributions - employer	$ 11,942	$ 12,647	$ 12,355	$ 9,778	$ 8,748	$ 8,737
Contributions - employee	2,659	2,480	2,446	2,408	2,407	2,463
Net investment income	42,883	(9,469)	36,453	16,784	(5,396)	13,201
Benefit payments, including refunds of member contributions	(14,787)	(14,581)	(13,846)	(12,943)	(12,406)	(11,573)
Administrative expenses	(249)	(249)	(261)	(250)	(252)	(210)
Net change in total pension liability	42,448	(9,172)	37,147	15,777	(6,899)	12,618
Plan fiduciary net position – beginning	223,599	232,771	195,624	179,847	186,746	174,128
Plan fiduciary net position – ending	$ 266,047	$ 223,599	$ 232,771	$ 195,624	$ 179,847	$ 186,746
Net pension liability	$ 38,798	$ 68,063	$ 51,442	$ 56,649	$ 59,547	$ 44,786
Plan fiduciary net position as a percentage of the total pension liability	87.27%	76.66%	81.90%	77.54%	75.13%	80.66%
Covered payroll	$ 35,414	$ 35,853	$ 34,485	$ 34,265	$ 34,122	$ 35,412
Net pension liability as a percentage of covered payroll	109.56%	189.84%	149.17%	165.33%	174.51%	126.47%

1 Data reported for fiscal years 2015 through 2020 is based on the WMATA Transit Police Retirement Plan's measurement dates of December 31, 2014 through 2019, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of December 31, 2014 were not available and accordingly, not included in the schedule.

2 During fiscal year 2018, the salary improvement assumption was revised to be based on years of service rather than employee age. Salary improvement is assumed to be 7.00% for employees with under 10 years of services, 4.50% after 10 years of service, and 3.00% after 20 years of service.

3 During fiscal year 2018, the administrative expense load assumption was updated from $180 thousand to the average of actual annual expenses for the two years preceding the valuation date.

Schedule of Changes in Net Pension Liability and Related Ratios — Exhibit 4
Last Ten Fiscal Years[1] — (continued)
(in thousands)

	2020	2019[2]	2018	2017	2016	2015
Local 922 Plan:						
Total pension liability:						
Service cost	$ 4,839	$ 4,586	$ 4,670	$ 4,493	$ 4,463	$ 4,767
Interest	17,015	16,617	15,553	14,717	13,757	12,832
Changes of benefit terms	(11,256)	-	-	-	-	-
Differences between expected and actual experience	(3,404)	(6,819)	3,400	347	213	-
Changes in assumptions	-	-	-	-	2,318	-
Benefit payments, including refunds of employee contributions	(9,333)	(8,547)	(8,159)	(7,438)	(6,809)	(6,092)
Net change in total pension liability	(2,139)	5,837	15,464	12,119	13,942	11,507
Total pension liability – beginning	242,827	236,990	221,526	209,407	195,465	183,958
Total pension liability – ending	$ 240,688	$ 242,827	$ 236,990	$ 221,526	$ 209,407	$ 195,465
Plan fiduciary net position:						
Contributions – employer	$ 4,784	$ 6,140	$ 6,833	$ 5,803	$ 5,583	$ 5,634
Contributions – employee	1,021	946	938	963	369	41
Net investment income	38,033	(7,294)	30,712	11,553	(2,275)	7,801
Benefit payments, including refunds of member contributions	(9,333)	(8,547)	(8,159)	(7,438)	(6,809)	(6,092)
Administrative expenses	(185)	(200)	(176)	(258)	(219)	(172)
Net change in total pension liability	34,320	(8,955)	30,148	10,623	(3,351)	7,212
Plan fiduciary net position – beginning	209,442	218,397	188,249	177,626	180,977	173,765
Plan fiduciary net position – ending	$ 243,762	$ 209,442	$ 218,397	$ 188,249	$ 177,626	$ 180,977
Net pension liability (asset)	$ (3,074)	$ 33,385	$ 18,593	$ 33,277	$ 31,781	$ 14,488
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.28%	86.25%	92.15%	84.98%	84.82%	92.59%
Covered payroll	$ 32,016	$ 31,915	$ 32,578	$ 31,066	$ 30,251	$ 32,324
Net pension liability (asset) as a percentage of covered payroll	-9.60%	104.61%	57.07%	107.12%	105.06%	44.82%

1 Data reported for fiscal years 2015 through 2020 is based on the Local 922 Plan's measurement dates of December 31, 2014 through 2019, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of December 31, 2014 were not available and accordingly, not included in the schedule.

2 During fiscal year 2019, the compensation increase assumption and the cost of living assumption were adjusted to reflect the recent Memorandum of Understanding, dated February 7, 2019 regarding the new collective bargaining agreement.

Schedule of Changes in Net Pension Liability and Related Ratios — Exhibit 4 (concluded)
Last Ten Fiscal Years[1]
(in thousands)

	2020[2]	2019[3]	2018	2017	2016	2015
Local 2 Plan:						
Total pension liability:						
Service cost	$ 281	$ 322	$ 464	$ 572	$ 676	$ 664
Interest	11,934	12,045	12,166	12,321	12,300	11,780
Changes of benefit terms	561	-	(348)	(699)	1,028	(446)
Differences between expected and actual experience	(860)	(658)	(577)	(1,952)	(2,115)	5,817
Changes in assumptions	3,439	575	-	-	-	10,168
Benefit payments, including refunds of employee contributions	(13,796)	(13,658)	(12,702)	(11,689)	(11,324)	(11,153)
Net change in total pension liability	1,559	(1,374)	(997)	(1,447)	565	16,830
Total pension liability – beginning	165,736	167,110	168,107	169,554	168,989	152,159
Total pension liability – ending	$ 167,295	$ 165,736	$ 167,110	$ 168,107	$ 169,554	$ 168,989
Plan fiduciary net position:						
Contributions – employer	$ 4,806	$ 4,700	$ 4,748	$ 4,824	$ 5,156	$ 4,758
Net investment income	8,134	10,864	17,581	2,006	6,684	22,493
Benefit payments, including refunds of member contributions	(13,796)	(13,658)	(12,702)	(11,689)	(11,324)	(11,153)
Administrative expenses	(164)	(96)	(67)	(99)	(74)	(7)
Transfer of funds (to) from Retirement Plan	507	-	(249)	(438)	1,078	(312)
Net change in total pension liability	(513)	1,810	9,311	(5,396)	1,520	15,779
Plan fiduciary net position – beginning	148,051	146,241	136,930	142,326	140,806	125,027
Plan fiduciary net position – ending	$ 147,538	$ 148,051	$ 146,241	$ 136,930	$ 142,326	$ 140,806
Net pension liability	$ 19,757	$ 17,685	$ 20,869	$ 31,177	$ 27,228	$ 28,183
Plan fiduciary net position as a percentage of the total pension liability	88.19%	89.33%	87.51%	81.45%	83.94%	83.32%
Covered payroll	$ 4,159	$ 4,089	$ 4,930	$ 7,290	$ 9,052	$ 9,954
Net pension liability as a percentage of covered payroll	475.04%	432.50%	423.31%	427.67%	300.80%	283.13%

See accompanying notes to the required supplementary information.

1 Data reported for fiscal years 2015 through 2020 is based on the Local 2 Plan's measurement dates of June 30, 2014 through 2019, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of June 30, 2014 were not available and accordingly, not included in the schedule.

2 During fiscal year 2020, the valuation assumption of the annual non-investment end of year expense was adjusted upwards from $85 thousand to $105 thousand to better reflect recent experience. Also during fiscal year 2020, the annual investment return assumption was reduced from 7.50% to 7.25% to better reflect the Plan's risk tolerance, as well as taking into account recent experience and future trends.

3 During fiscal year 2019, the valuation assumption of the annual non-investment end of year expense was adjusted upwards from $65 thousand to $85 thousand to better reflect recent experience. Also during fiscal year 2019, the salary scale assumption was adjusted to reflect the Memorandum of Understanding, dated July 20, 2018, regarding the new collective bargaining agreement.

Schedule of Employer Contributions – Pension Plans[1] **Exhibit 5**
Last Ten Fiscal Years **(continued)**
(in thousands)

	2020[2]	2019	2018	2017	2016	2015	2014	2013	2012	2011
Retirement Plan:										
Actuarially determined contribution	$ 21,606	$ 21,269	$ 20,778	$ 20,349	$ 19,877	$ 20,398	$ 20,398	$ 20,398	$ 20,398	$ 17,884
Contributions in relation to the actuarially determined contribution	21,606	21,269	20,778	20,349	19,877	20,398	20,398	20,398	20,398	20,832
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,948)
Covered payroll	Not Available	$ 13,744	$ 15,366	$ 17,899	$ 21,492	$ 23,265	$ 23,265	$ 23,265	$ 23,265	$ 27,200
Contributions as a percentage of covered payroll	Not Available	154.75%	135.22%	113.69%	92.49%	87.68%	87.68%	87.68%	87.68%	76.59%
Local 689 Plan:										
Actuarially determined contribution	$ 133,489	$ 110,043	$ 116,653	$ 118,975	$ 127,516	$ 136,075	$ 136,075	$ 136,075	$ 136,075	$ 56,721
Contributions in relation to the actuarially determined contribution	133,489	110,043	116,653	118,975	127,516	136,075	136,075	136,075	136,075	61,128
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,407)
Covered payroll	Not Available	$ 757,448	$ 759,138	$ 775,487	$ 762,642	$ 745,231	$ 745,231	$ 745,231	$ 745,231	$ 557,491
Contributions as a percentage of covered payroll	Not Available	14.53%	15.37%	15.34%	16.72%	18.26%	18.26%	18.26%	18.26%	10.96%
Transit Police Plan:										
Actuarially determined contribution	$ 11,992	$ 12,319	$ 12,501	$ 11,067	$ 9,263	$ 8,742	$ 8,742	$ 8,742	$ 8,742	$ 7,843
Contributions in relation to the actuarially determined contribution	11,992	11,766	13,974	10,662	8,747	8,742	8,742	8,742	8,742	$ 7,843
Contribution deficiency (excess)	$ -	$ 553	$ (1,473)	$ 405	$ 516	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 37,532	$ 35,413	$ 35,853	$ 34,485	$ 34,243	$ 35,412	$ 35,412	$ 35,412	$ 35,412	$ 31,507
Contributions as a percentage of covered payroll	31.95%	33.23%	38.98%	30.92%	25.54%	24.69%	24.69%	24.69%	24.69%	24.89%

Schedule of Employer Contributions – Pension Plans[1]
Last Ten Fiscal Years
(in thousands)

Exhibit 5
(concluded)

	2020[2]	2019	2018	2017	2016	2015	2014	2013	2012	2011
Local 922 Plan:										
Actuarially determined contribution	$ 4,707	$ 5,462	$ 6,487	$ 6,318	$ 5,694	$ 5,194	$ 6,920	$ 5,583	$ 6,203	$ 5,363
Contributions in relation to the actuarially determined contribution	4,106	5,794	7,832	5,430	5,558	5,194	6,920	5,583	6,203	5,363
Contribution deficiency (excess)	$ 601	$ (332)	$ (1,345)	$ 888	$ 136	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 33,643	$ 32,016	$ 31,915	$ 32,578	$ 31,066	$ 30,251	$ 32,324	$ 29,593	$ 27,065	$ 26,543
Contributions as a percentage of covered payroll	12.20%	18.10%	24.54%	16.67%	17.89%	17.17%	21.41%	18.87%	22.92%	20.20%
Local 2 Plan:										
Actuarially determined contribution	$ 5,423	$ 4,806	$ 4,700	$ 4,748	$ 4,824	$ 5,156	$ 4,758	$ 4,822	$ 4,966	$ 5,103
Contributions in relation to the actuarially determined contribution	5,423	4,806	4,700	4,748	4,824	5,156	4,758	4,822	4,093	5,975
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 873	$ (872)
Covered payroll	Not Available	$ 4,159	$ 4,089	$ 4,930	$ 7,290	$ 9,052	$ 9,954	$ 10,583	$ 11,521	$ 12,852
Contributions as a percentage of covered payroll	Not Available	115.57%	114.94%	96.31%	66.17%	56.96%	47.80%	45.56%	35.53%	46.49%

See accompanying notes to the required supplementary information.

1 Contribution data reported represents the amounts the Authority contributed to each respective Plan during the Authority's fiscal years ended June 30, which was obtained from the Plans' most recent actuarial valuations.

2 Covered payroll in fiscal year 2020 was not available in the most recent actuarial valuations for the WMATA Retirement, Local 689, and Local 2 Plans.

Schedule of Changes in Net OPEB Liability and Related Ratios — Exhibit 6
Last Ten Fiscal Years[1]
(in thousands)

	2020	2019	2018[2,3]	2017
WMATA Healthcare Plan:				
Total OPEB liability:				
Service cost	$ 56,444	$ 58,829	$ 74,229	$ 54,562
Interest	83,307	78,075	66,012	72,064
Changes of benefit terms	-	-	(58,194)	-
Differences between expected and actual experience	8,383	-	182,842	348,360
Changes in assumptions	131,888	(108,094)	(333,670)	-
Benefit payments	(55,952)	(53,461)	(48,988)	(51,337)
Net change in total OPEB liability	224,070	(24,651)	(117,769)	423,649
Total OPEB liability – beginning	2,123,898	2,148,549	2,266,318	1,842,669
Total OPEB liability – ending	$ 2,347,968	$ 2,123,898	$ 2,148,549	$ 2,266,318
Plan fiduciary net position:				
Contributions - employer	$ 65,952	$ 56,461	$ -	$ -
Net investment income	135	1	-	-
Benefit payments, including refunds of member contributions	(55,952)	(53,461)	-	-
Net change in total pension liability	10,135	3,001	-	-
Plan fiduciary net position – beginning	3,001	-	-	-
Plan fiduciary net position – ending	$ 13,136	$ 3,001	$ -	$ -
Net OPEB liability	$ 2,334,832	$ 2,120,897	$ 2,148,549	$ 2,266,318
Plan fiduciary net position as a percentage of the total OPEB liability	0.56%	0.14%	-	-
Covered payroll	$ 540,000	$ 583,000	$ 558,000	$ 627,000
Net OPEB liability as a percentage of covered payroll	432.38%	363.79%	385.04%	361.45%

See accompanying notes to the required supplementary information.

1 Amounts reported for the Authority's fiscal years ended June 30, 2017 through 2020 are based on the WMATA Healthcare Plan's fiscal years ended June 30, 2016 through 2019, respectively, which are the measurement dates used by the Authority. Changes in the net OPEB liability for the fiscal years prior to 2017, or prior to the measurement date of June 30, 2016, were not available and accordingly, are not included in the schedule.

2 The WMATA Healthcare Plan began to be administered through a qualified trust effective for its fiscal year ended June 30, 2018.

3 The changes in the benefit terms during the fiscal year ended June 30, 2018 reflect reduction in coverage for the Local 2 and non-represented employees from 80.00% to 75.00%.

Schedule of Employer Required Contributions – Teamsters Local 922 Employers Health Trust Plan Last Ten Fiscal Years[1]

Exhibit 7

Fiscal Year Ending	Required Contribution
June 30, 2020	$ 447,670
June 30, 2019	$ 385,200
June 30, 2018	$ 413,600
June 30, 2017	$ 300,800

See accompanying notes to the required supplementary information.

[1] Employer contributions for fiscal years prior to 2017 were not available and therefore not included in the schedule.

Notes to the Required Supplementary Information

1. Pension Plans

Ten-year historical trend information of the pension plans is presented as required supplementary information. This information is intended to help users assess each plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and enhance the comparability of the information with other pension plans. This information is reported as of the measurement date.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each plan's funding status. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the plan.

Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

Additional information pertaining to the retirement plans can be found in Note 10 to the basic financial statements.

(a) Schedule of Changes in Net Pension Liability and Related Ratios

The Schedule of Changes in Net Pension Liability and related ratios illustrates whether each plan's net position is increasing or decreasing over time relative to the total pension liability and the net pension liability as it relates to covered payroll.

This schedule is intended to show information for 10 years. The changes in the net pension liability for years prior to the fiscal year ending June 30, 2015 were not available and accordingly, were not included in the schedule. Additional years will be displayed as they become available.

(b) Schedule of Employer Contributions – Pension Plans

The Schedule of Employer Contributions provides the actuarially determined contribution for each plan. The actuarially determined contribution rates are calculated as of the respective plans' fiscal year end, one year prior to the beginning of the fiscal year in which contributions are reported. For example, the Authority's actuarially determined contribution for the fiscal year ending June 30, 2020 is based on the July 1, 2019 funding valuation provided by the Authority's actuary.

On the following pages are the significant assumptions used to determine the actuarially determined contributions for each defined benefit single employer pension plan. These assumptions may differ from the assumptions used to determine the net pension liability.

1. Pension Plans (continued)

(b) Schedule of Employer Contributions – Pension Plans (continued)

Retirement Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2020	7/1/2019	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2019	7/1/2018	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2018	7/1/2017	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2017	7/1/2016	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2016	7/1/2015	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2015	7/1/2014	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2014	7/1/2013	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2013	7/1/2012	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2012	7/1/2011	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2011	7/1/2010	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%

The mortality table used for all fiscal years was the RP-2000 Fully Generational Combined Mortality table projected with Scale AA.

1. Pension Plans (continued)

(b) Schedule of Employer Contributions – Pension Plans (continued)

Local 689 Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increase
2020	1/1/2019	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2019	1/1/2018	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2018	1/1/2017	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2017	1/1/2016	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2016	1/1/2015	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2015	1/1/2014	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	3.00%	3.50%
2014	1/1/2013	Aggregate Cost	Smoothed market	Not Available	Not Available	7.90%	3.00%	3.50%
2013	1/1/2012	Aggregate Cost	5-yr assumed yield	Not Available	Not Available	7.90%	3.00%	3.50%
2012	1/1/2011	Aggregate Cost	3-yr assumed yield	Not Available	Not Available	7.90%	3.00%	3.50%
2011	1/1/2010	Aggregate Cost	3-yr assumed yield	Not Available	Not Available	8.00%	3.00%	3.50%

The mortality table used for fiscal year 2020 was the RP-2014 Blue Collar projected with Scale MP-2015. The mortality table used for fiscal years 2016 through 2019 was the RP-2000 Blue Collar Mortality Table with Scale AA.

1. Pension Plans (continued)

(b) Schedule of Employer Contributions – Pension Plans (continued)

Transit Police Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2020	1/1/2020	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.00%	2.50%	3.00%
2019	1/1/2019	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.00%	2.50%	3.00% to 7.00%
2018	1/1/2018	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.00%	2.50%	3.00% to 7.00%
2017	1/1/2017	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.50%	2.50%	3.00% to 7.00%
2016	1/1/2016	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.50%	2.50%	3.00% to 7.00%
2015	1/1/2015	Aggregate Cost	Smoothed market	Level percentage of payroll	10 years	7.50%	2.50%	3.00% to 6.00%
2014	1/1/2014	Aggregate Cost	Smoothed market	Not Available	Not Available	8.00%	3.00%	4.75% to 9.00%
2013	1/1/2012	Aggregate Cost	Smoothed market	Not Available	Not Available	7.50%	2.50%	4.75% to 9.00%
2012	1/2/2011	Aggregate Cost	Smoothed market	Not Available	Not Available	8.00%	2.50%	4.75% to 9.00%
2011	1/1/2010	Aggregate Cost	Smoothed market	Not Available	Not Available	8.00%	2.50%	4.75% to 9.00%

The mortality table used for fiscal years 2016 through 2020 was the RP-2014 Blue Collar Mortality table with generational projection by Scale MP-2015. The mortality table used for the fiscal years 2011 through 2015 was the RP-2000 with Blue Collar adjustment set forward ten years with generational projection by Scale AA.

1. Pension Plans (continued)

(b) Schedule of Employer Contributions – Pension Plans (continued)

Local 922 Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2020	1/1/2020	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	1.50%	4.50%
2019	1/1/2019	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.50%
2018	1/1/2018	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.00% to 4.50%
2017	1/1/2017	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.00% to 4.50%
2016	1/1/2016	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.00% to 4.50%
2015	1/1/2015	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.50%
2014	1/1/2014	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2013	1/1/2012	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2012	1/1/2012	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2011	1/1/2011	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%

The mortality table used for all fiscal years was the RP-2000 Healthy Combined Mortality table with Blue Collar Adjustment, projected fully generational with Scale AA, which was updated in fiscal year 2016 for active and healthy retirees to use a fully generational mortality improvement scale.

1. Pension Plans (continued)

(b) Schedule of Employer Contributions – Pension Plans (continued)

Local 2 Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2020	7/1/2019	Entry age	Smoothed market	Level dollar	9 years open	7.30%	2.50%	3.00% to 6.30%
2019	7/1/2018	Entry age	Smoothed market	Level dollar	9 years open	7.50%	2.50%	3.00% to 6.30%
2018	7/1/2017	Entry age	Smoothed market	Level dollar	9 years open	7.50%	2.50%	3.00% to 6.30%
2017	7/1/2016	Entry age	Smoothed market	Level dollar	9 years open	7.50%	2.50%	3.00% to 6.30%
2016	7/1/2015	Entry age	Smoothed market	Level dollar	9 years open	7.50%	2.50%	3.00% to 6.30%
2015	7/1/2014	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2014	7/1/2013	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2013	7/1/2012	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2012	7/1/2011	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2011	7/1/2010	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%

The mortality table used for fiscal years 2015 through 2020 was the RP-2000 Fully Generational Combined Mortality Table projected with Scale AA. The mortality table used for fiscal years 2011 through 2014 was the RP-2000 Combined Mortality Table, projected to 2012 with Scale AA.

2. Other Postemployment Benefits (OPEB)

Ten-year historical trend information is presented as required supplementary information for the Authority's OPEB plans. The Authority administers the WMATA Healthcare Plan on a pay-as-you-go basis with additional ad-hoc funding contributions based on budgetary results, and there is no actuarial required contribution. Accordingly, a Schedule of Employer Required Contributions is not presented in the required supplementary information for this plan. Additional information pertaining to the OPEB plans can be found in Note 11 to the basic financial statements.

Analysis of the dollar amounts of plan fiduciary net position, total OPEB liability, and net OPEB liability in isolation can be misleading. Expressing plan net position as a percentage of the total OPEB liability provides one indication of funding status. Analysis of this percentage over time indicates whether the OPEB plan is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the plan.

Trends in the net OPEB liability and covered payroll are both affected by inflation. Expressing the net OPEB liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the OPEB plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

(a) Schedule of Changes in Net OPEB Liability and Related Ratios – WMATA Healthcare Plan

The data reported in the Schedule of Changes in Net OPEB Liability and Related Ratios for the WMATA Healthcare Plan for the Authority's fiscal years ending June 30, 2020 and 2019 are based upon the measurement dates of June 30, 2019 and 2018, respectively. The changes in the assumptions during the fiscal year ended June 30, 2020 reflect the changes in the discount rate, which was decreased from 3.9% to 3.5% and changes in the health care cost trend rates, which decreased from 7.8% to 7.4% for participants under 65 year of age, and from 8.4% to 8.0% for participants 65 years and older. The changes in the assumptions during the fiscal year ended June 30, 2019 reflect the changes in the discount rate, which was increased from 3.6% to 3.9%.

This schedule is intended to show information for 10 years. The changes in the net OPEB liability for years prior to the fiscal year ending June 30, 2017 were not available and accordingly, were not included in the schedule. Additional years will be displayed as they become available.

(b) Schedule of Employer Required Contributions – Teamsters Local 922 Employers Health Trust

The data reported in the Schedule of Employer Required Contributions consists of the total amount of contributions the Authority makes to the Teamsters Local 922 Employers Health Trust for retirees during the Authority's respective fiscal year-end. The Authority is required to make a fixed contribution per retiree in accordance with the collective bargaining agreement. The Authority was required to contribute $900 per month for each participant through October 31, 2019. Effective November 1, 2019, the required contribution amount was adjusted to $950 per month.

This schedule is intended to show information for 10 years. The employer required contributions for years prior to the fiscal years ending June 30, 2017 were not available and accordingly, were not included in the schedule. Additional years will be displayed as they become available.

SECTION THREE - STATISTICAL (UNAUDITED)

Financial Trends
Trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity
Information to help the reader assess the Authority's most significant local revenue source, passenger revenue.

Debt Capacity
Information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information
Demographic and economic indicators to help the reader to understand the environment within which the Authority's financial activities take place.

Operating Information
Service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and activities it performs.

Net Position by Component
Last Ten Fiscal Years
(in thousands)

Exhibit 8

	2020[1]	2019[2]	2018[2,3]	2017[4]	2016	2015[5]	2014	2013	2012	2011
Net investment in capital assets	$ 11,582,955	$ 11,315,608	$ 11,327,174	$ 11,610,645	$ 11,573,665	$ 11,135,124	$ 8,211,764	$ 8,088,386	$ 8,377,565	$ 8,360,891
Restricted	121,007	62,745	70,385	-	-	-	-	-	-	-
Unrestricted	(3,340,623)	(3,275,015)	(2,912,191)	(2,888,725)	(1,048,596)	(915,616)	(280,058)	(52,550)	(301,740)	16,674
Total net position	$ 8,363,339	$ 8,103,338	$ 8,485,368	$ 8,721,920	$ 10,525,069	$ 10,219,508	$ 7,931,706	$ 8,035,836	$ 8,075,825	$ 8,377,565

1 Fiscal year 2020 restricted net position reflects unspent Dedicated Funding proceeds that are restricted for capital costs and amounts held in escrow to cover debt service payments.

2 Fiscal years 2019 – 2018 restricted net position were reclassed from unrestricted net position for amounts held in escrows to cover debt service payments to conform with fiscal year 2020 presentation.

3 Fiscal year 2018 unrestricted net position was adjusted as a result of the cumulative effect of a change in accounting principle.

4 Fiscal year 2017 unrestricted net position was restated due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

5 Fiscal year 2015 unrestricted net position was restated due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Source: The Authority's fiscal years 2011 – 2020 Comprehensive Annual Financial Reports (CAFRs).

Changes in Net Position Exhibit 9
Last Ten Fiscal Years
(in thousands)

	2020[1]	2019	2018[2]	2017[3]	2016	2015	2014	2013	2012	2011
Operating revenues	$ 582,574	$ 789,678	$ 800,523	$ 788,813	$ 859,165	$ 898,644	$ 854,580	$ 856,829	$ 816,670	$ 804,504
Nonoperating revenues	18,061	20,195	14,400	19,202	18,532	32,446	35,870	50,054	55,003	54,964
Total revenues	600,635	809,873	814,923	808,015	877,697	931,090	890,450	906,883	871,673	859,468
Federal and jurisdictional subsidies	1,502,025	1,121,805	1,120,346	1,074,539	927,960	839,477	758,385	726,190	696,880	697,818
Total revenues before capital contributions	2,102,660	1,931,678	1,935,269	1,882,554	1,805,657	1,770,567	1,648,835	1,633,073	1,568,553	1,557,286
Operating expenses	3,206,877	3,088,055	2,772,642	3,162,623	2,629,972	2,547,881	2,337,911	2,290,062	2,122,748	2,079,881
Nonoperating expenses	44,148	201,153	53,339	21,586	23,886	27,160	34,566	48,050	51,377	56,390
Total expenses	3,251,025	3,289,208	2,825,981	3,184,209	2,653,858	2,575,041	2,372,477	2,338,112	2,174,125	2,136,271
Loss before capital contributions and extraordinary items	(1,148,365)	(1,357,530)	(890,712)	(1,301,655)	(848,201)	(804,474)	(723,642)	(705,039)	(605,572)	(578,985)
Capital contributions	1,410,114	975,500	983,574	722,213	1,153,762	4,138,387	619,512	665,050	303,832	886,597
Extraordinary items	(1,748)	-	-	-	-	-	-	-	-	-
Increase (decrease) in net position	$ 260,001	$ (382,030)	$ 92,862	$ (579,442)	$ 305,561	$ 3,333,913	$ (104,130)	$ (39,989)	$ (301,740)	$ 307,612

1 Fiscal year 2020 extraordinary items represent an impairment loss on a building due to a fire.

2 Fiscal year 2018 unrestricted net position was adjusted as a result of the cumulative effect of a change in accounting principle.

3 Certain reclassifications were made to the fiscal year 2017 financial statement to conform to the fiscal year 2018 financial statement presentation.

Source: The Authority's fiscal years 2011 – 2020 CAFRs.

Revenue Base
Last Ten Fiscal Years
(in thousands)

Exhibit 10

	2020	2019	2018	2017[1]	2016	2015	2014	2013	2012	2011
Operating revenues:										
Passenger revenue	$ 531,513	$ 730,061	$ 753,699	$ 741,044	$ 809,407	$ 854,392	$ 811,628	$ 817,615	$ 777,528	$ 763,900
Advertising revenue	25,947	29,042	22,590	21,926	22,792	22,422	19,846	16,732	18,284	17,518
Rental revenue	24,823	30,265	23,994	25,601	26,722	21,601	22,826	22,246	20,604	22,335
Other revenue	291	310	240	242	244	229	280	236	254	751
Total operating revenues	582,574	789,678	800,523	788,813	859,165	898,644	854,580	856,829	816,670	804,504
Nonoperating revenues:										
Investment income (loss)	2,519	4,790	1,827	(98)	224	769	585	818	1,309	1,377
Interest income from leasing transactions	-	-	2,049	5,206	10,621	11,407	19,053	32,936	34,882	38,452
Other	15,542	15,405	10,524	14,094	7,687	20,270	16,232	16,300	18,812	15,135
Total nonoperating revenues	18,061	20,195	14,400	19,202	18,532	32,446	35,870	50,054	55,003	54,964
Total revenues	$ 600,635	$ 809,873	$ 814,923	$ 808,015	$ 877,697	$ 931,090	$ 890,450	$ 906,883	$ 871,673	$ 859,468

[1] Certain reclassifications were made to the fiscal year 2017 financial statement to conform to the fiscal year 2018 financial statement presentation.

Source: The Authority's fiscal years 2011 – 2020 CAFRs.

Passenger Fare Structure
Last Ten Fiscal Years

Exhibit 11
(continued)

	Metrobus			Metrorail						
	Peak/Off Peak			Peak			Off Peak			
Fiscal Year	DC Base	MD Base	VA Base	Boarding Charge	Each Additional Composite Mile		Boarding Charge		Each Additional Composite Mile	
2020	$2.00	$2.00	$2.00	$2.25	$ 0.33	(3-6 miles)	$2.00	(0-3 miles)	$0.24	(3-6 miles)
					$ 0.29	(6+ miles)			$0.22	(6+ miles)
					$ 6.00	(Max. fare)			$3.85	(Max. fare)
2019	$2.00	$2.00	$2.00	$2.25	$ 0.33	(3-6 miles)	$2.00	(0-3 miles)	$0.24	(3-6 miles)
					$ 0.29	(6+ miles)			$0.22	(6+ miles)
					$ 6.00	(Max. fare)			$3.85	(Max. fare)
2018	$2.00	$2.00	$2.00	$2.25	$0.33	(3-6 miles)	$2.00	(0-3 miles)	$0.24	(3-6 miles)
					$0.29	(6+ miles)			$0.22	(6+ miles)
					$6.00	(Max. fare)			$3.85	(Max. fare)
2017	$2.00	$2.00	$2.00	$2.25	$0.33	(3-6 miles)	$2.00	(0-3 miles)	$0.24	(3-6 miles)
					$0.29	(6+ miles)			$0.22	(6+ miles)
					$6.00	(Max. fare)			$3.85	(Max. fare)
2016	$1.75	$1.75	$1.75	$2.15	$0.33	(3-6 miles)	$1.75	(0-3 miles)	$0.24	(3-6 miles)
					$0.29	(6+ miles)			$0.22	(6+ miles)
					$5.90	(Max. fare)			$3.60	(Max. fare)
2015	$1.75	$1.75	$1.75	$2.15	$0.33	(3-6 miles)	$1.75	(0-3 miles)	$0.24	(3-6 miles)
					$0.29	(6+ miles)			$0.22	(6+ miles)
					$5.90	(Max. fare)			$3.60	(Max. fare)
2014	$1.60	$1.60	$1.60	$2.10	$0.32	(3-6 miles)	$1.70	(0-3 miles)	$0.24	(3-6 miles)
					$0.28	(6+ miles)			$0.21	(6+ miles)
					$5.75	(Max. fare)			$3.50	(Max. fare)
2013	$1.60	$1.60	$1.60	$2.10	$0.32	(3-6 miles)	$1.70	(0-3 miles)	$0.24	(3-6 miles)
					$0.28	(6+ miles)			$0.21	(6+ miles)
					$5.75	(Max. fare)			$3.50	(Max. fare)
2012	$1.50	$1.50	$1.50	$1.95	$0.30	(3-6 miles)	$1.60	(0-7 miles)	Not applicable	
					$0.27	(6+ miles)	$2.15	(7-10 miles)	Not applicable	
					$5.00	(Max. fare)	$2.75	(10+ miles)	Not applicable	

Passenger Fare Structure
Last Ten Fiscal Years

Exhibit 11
(concluded)

	Metrobus			Metrorail			
	Peak/Off Peak			Peak		Off Peak	
Fiscal Year	DC Base	MD Base	VA Base	Boarding Charge	Each Additional Composite Mile	Boarding Charge	Each Additional Composite Mile
2011	$1.50	$1.50	$1.50	$1.95	$0.30 (3-6 miles)	$1.60 (0-7 miles)	Not applicable
					$0.27 (6+ miles)	$2.15 (7-10 miles)	Not applicable
					$5.00 (Max. fare)	$2.75 (10+ miles)	Not applicable

Source: Washington Metropolitan Area Transit Authority Tariffs on Metro Fares and Rates as of June 30 for each fiscal year. For more details on the Authority's fare structure, refer to www.wmata.com.

Ratios of Outstanding Debt By Type[1]
Last Ten Fiscal Years
(in thousands, except per capita amounts)

Exhibit 12
(continued)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Transit bonds	$ 1,061,744	$ 1,147,154	$ 1,067,819	$ 483,641	$ 498,878	$ 274,087	$ 287,755	$ 309,104	$ 337,847	$ 370,589
Dedicated revenue bonds	693,439	-	-	-	-	-	-	-	-	-
Tax advantage leases	-	-	-	152,081	258,649	273,054	296,973	427,955	523,580	576,644
Total debt	$ 1,755,183	$ 1,147,154	$ 1,067,819	$ 635,722	$ 757,527	$ 547,141	$ 584,728	$ 737,059	$ 861,427	$ 947,233
Total personal income	$453,978,195	$453,978,195	$432,558,000	$409,203,181	$396,039,729	$376,576,397	$362,272,713	$366,884,692	$352,431,040	$329,497,452
Outstanding debt ratio	0.4%	0.3%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.3%
Service area population	6,280	6,250	6,217	6,151	6,092	6,030	5,963	5,872	5,776	5,666
Outstanding debt per capita	$ 279	$ 184	$ 172	$ 103	$ 124	$ 91	$ 98	$ 126	$ 149	$ 167
Total annual unlinked passenger trips	354,656	354,656	351,299	352,546	379,142	405,267	406,063	407,927	418,279	414,046
Total debt ratio as a percentage of annual unlinked passenger trips	494.9%	323.5%	304.0%	180.3%	199.8%	135.0%	144.0%	180.7%	206.0%	228.8%

[1] Details regarding the Authority's outstanding debt can be found in Note 9 to the basic financial statements.

Sources:

- Total debt: The Authority's fiscal years 2011 – 2020 CAFRs.
- Total personal income: US Bureau of Economic Analysis. Total personal income information for the fiscal years 2011 – 2018 are based on 2010 – 2017 data, and fiscal years 2019 – 2020 are based on 2018 latest available data updated November 14, 2019.
- Service area population: US Census Bureau, Population Division. Estimates for fiscal years 2011 – 2020 reflect midyear population estimates as of April 1, 2010 to July 1, 2019 available as of March 2020.
- Total annual unlinked passenger trips: Exhibit 17, *Operating Indicators*, in the statistical section.

Pledged Revenue Coverage[1]
Last Ten Fiscal Years
(in thousands)

Exhibit 13 (continued)

	2020	2019	2018[5]	2017[6]	2016	2015	2014	2013	2012	2011
Gross Revenue Transit Bonds, excluding Series 2018:[2]										
Operating revenues	$ 550,524	$ 745,318	$ 758,081	$ 747,409	$ 814,126	$ 852,131	$ 807,966	$ 811,189	$ 771,116	$ 761,207
Other	18,061	20,195	12,351	13,996	7,911	21,039	16,817	17,118	20,121	16,512
Jurisdictional operating subsidies	1,230,024	1,070,271	1,058,495	891,548	895,973	826,096	743,875	711,103	680,385	679,880
Unrestricted dedicated funding	468,383	-	-	-	-	-	-	-	-	-
Total pledged revenues	$ 2,266,992	$ 1,835,784	$ 1,828,927	$ 1,652,953	$ 1,718,010	$ 1,699,266	$ 1,568,658	$ 1,539,410	$ 1,471,622	$ 1,457,599
Principal	$ 75,550	$ 179,125	$ 58,690	$ 8,285	$ 7,900	$ 13,240	$ 20,335	$ 27,360	$ 31,210	$ 34,705
Interest	46,141	45,454	43,655	23,485	14,854	12,748	14,764	15,113	16,495	17,938
Total debt service	$ 121,691	$ 224,579	$ 102,345	$ 31,770	$ 22,754	$ 25,988	$ 35,099	$ 42,473	$ 47,705	$ 52,643
Coverage ratio	5.4%	12.2%	5.6%	1.9%	1.3%	1.5%	2.2%	2.8%	3.2%	3.6%
Series 2018 Bonds:[3]										
Operating revenues	$ 550,524	$ 745,318	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	18,061	20,195	-	-	-	-	-	-	-	-
Jurisdictional operating subsidies	1,230,024	1,070,271	-	-	-	-	-	-	-	-
Total pledged revenues	$ 1,798,609	$ 1,835,784	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Principal	$ 75,550	$ 179,125	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	46,141	45,454	-	-	-	-	-	-	-	-
Total debt service	$ 121,691	$ 224,579	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Coverage ratio	6.8%	12.2%	-	-	-	-	-	-	-	-

Pledged Revenue Coverage[1]
Last Ten Fiscal Years
(in thousands)

Exhibit 13
(concluded)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Dedicated Revenue Bonds:[4]										
Unrestricted dedicated funding	$ 468,383	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt service interest	$ 2,223	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Coverage ratio	0.5%	-	-	-	-	-	-	-	-	-

1 Details regarding the Authority's pledged revenue can be found in Note 9 to the basic financial statements.

2 Includes Series 2003, 2009A, 2009B, 2016A, 2017A, and 2017B Gross Revenue Transit Bonds.

3 Includes Series 2018 Gross Revenue Transit Bonds. Pledged revenues for the Series 2018 Bonds explicitly excludes all dedicated funding.

4 Includes Series 2020A Dedicated Revenue Bonds.

5 Fiscal year 2018 jurisdictional operating subsidies were adjusted as a result of the cumulative effect of a change in accounting principles.

6 Certain reclassifications were made to the fiscal year 2017 financial statement to conform to the fiscal year 2018 financial statement presentation.

Source: The Authority's fiscal years 2011 – 2020 CAFRs.

Demographic and Economic Statistics **Exhibit 14**
Last Ten Fiscal Years
(in thousands, except per capita amounts)

Fiscal Year	Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate
2020	6,280	$ 453,978,195	$ 72,290	8.4%
2019	6,250	$ 453,978,195	$ 72,637	3.4%
2018	6,217	$ 432,558,000	$ 69,577	3.7%
2017	6,151	$ 409,203,181	$ 66,526	3.9%
2016	6,092	$ 396,039,729	$ 65,010	4.1%
2015	6,030	$ 376,576,397	$ 62,450	4.7%
2014	5,963	$ 362,272,713	$ 60,753	5.3%
2013	5,872	$ 366,884,692	$ 62,480	6.0%
2012	5,776	$ 352,431,040	$ 61,016	6.1%
2011	5,666	$ 329,497,452	$ 58,153	6.5%

Sources:

- Population: US Census Bureau, Population Division. Estimates for fiscal years 2011 – 2020 reflect midyear population estimates as of April 1, 2010 to July 1, 2019 available as of March 2020.
- Total personal income: US Bureau of Economic Analysis. Total personal income information for the fiscal years 2011 - 2018 are based on 2010 – 2017 data, and fiscal years 2019 – 2020 are based on latest available data updated November 14, 2019.
- Unemployment rate: US Bureau of Labor Statistics. Unemployment rates are as of June 30 of the indicated fiscal years.

Major Private Employers
Current Fiscal Year and Nine Years Ago

Exhibit 15

	2020			2011		
Employer	**Rank**	**Area Employees**	**Percentage of Total Employment**	**Rank**	**Area Employees**	**Percentage of Total Employment**
Inova Health System	1	19,300	0.6%			
Marriott International	2	17,590	0.6%			
MedStar Health	3	16,754	0.5%			
Verizon Communications	4	15,259	0.5%			
DXC Technology Co	5	15,000	0.5%			
Booz Allen Hamilton	6	13,200	0.4%			
Deloitte LLP and subsidiaries	7	12,832	0.4%			
General Dynamics Corp	8	12,600	0.4%			
Safeway	9	11,858	0.4%			
Amazon.com	10	10,700	0.3%			
MedStar Health				1	15,559	0.5%
Inova Health System				2	15,534	0.5%
Northrop Grumman				3	15,053	0.5%
Science Applications International Corp				4	15,000	0.5%
McDonald's				5	14,980	0.5%
Booz Allen Hamilton				6	14,000	0.5%
Marriott International				7	13,330	0.5%
Verizon Communications				8	13,100	0.5%
Lockheed Martin				9	12,800	0.4%
Safeway				10	10,700	0.4%
Total		145,093	4.6%		140,056	4.8%

Sources:

- Washington Business Journal, Largest Employers in Greater DC 2020.
- Washingtonpost.com – 2011 Top DC Companies.

Authorized Employee Positions
Last Ten Fiscal Years

Exhibit 16

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Non-Represented[1]	2,485	2,377	2,205	2,339	2,286	2,233	2124	2,012	1814	1650
Local 2	1,121	1,110	1,102	1,229	1,210	1,137	1028	980	879	740
Local 639	119	121	121	138	138	136	165	164	126	126
Local 689	7,772	7,892	8,038	8,562	8,591	8,603	8,593	8,408	7,768	7,731
Local 922	362	372	378	379	374	382	383	378	375	370
Transit Police	366	388	388	385	396	414	396	390	357	357
Total authority positions	12,225	12,260	12,232	13,032	12,995	12,905	12,689	12,332	11,319	10,974

[1] Non-represented positions are salaried positions in the management and administrative work force that have been excluded from union participation.

Source: The Authority's Office of Management and Budget Services.

Operating Indicators
Last Ten Fiscal Years

Exhibit 17
(continued)

Fiscal Year	Vehicles Operated In Maximum Service	Annual Vehicle Revenue Miles	Annual Vehicle Revenue Hours	Annual Unlinked Passenger Trips	Annual Passenger Miles Traveled
2020:					
Metrobus	1,278	31,622,828	3,182,178	97,210,648	275,963,172
Metrorail	904	79,847,615	3,421,264	173,524,939	994,547,950
MetroAccess	1,028	17,546,235	1,787,230	1,794,500	20,342,876
Total	3,210	129,016,678	8,390,672	272,530,087	1,290,853,998
2019:					
Metrobus	1,379	37,413,280	3,784,849	123,333,115	367,558,782
Metrorail	920	85,106,645	3,667,616	228,974,810	1,313,511,151
MetroAccess	1,092	21,969,382	2,214,347	2,348,324	24,377,770
Total	3,391	144,489,307	9,666,812	354,656,249	1,705,447,703
2018:					
Metrobus	1,278	37,061,070	3,767,231	119,681,096	366,498,831
Metrorail	888	81,751,483	3,537,625	229,233,254	1,314,002,629
MetroAccess	973	22,414,842	2,220,627	2,384,612	25,618,933
Total	3,139	141,227,395	9,525,483	351,298,962	1,706,120,393
2017:					
Metrobus	1,290	40,026,923	3,949,021	123,124,352	369,020,804
Metrorail	954	78,379,605	3,208,614	227,053,037	1,326,262,650
MetroAccess	885	21,330,012	2,037,988	2,368,549	22,768,393
Total	3,129	139,736,540	9,195,623	352,545,938	1,718,051,847
2016:					
Metrobus	1,301	39,363,678	3,878,258	127,687,553	399,016,612
Metrorail	954	77,967,424	3,169,676	249,173,213	1,475,685,198
MetroAccess	919	20,734,461	1,988,992	2,281,047	18,903,138
Total	3,174	138,065,563	9,036,926	379,141,813	1,893,604,948
2015:					
Metrobus	1,300	38,258,564	3,867,179	132,870,013	421,925,287
Metrorail	954	85,523,746	3,424,083	270,162,145	1,590,762,766
MetroAccess	902	20,644,376	1,952,356	2,235,295	18,062,120
Total	3,156	144,426,686	9,243,618	405,267,453	2,030,750,173

Operating Indicators
Last Ten Fiscal Years

Exhibit 17
(concluded)

Fiscal Year	Vehicles Operated In Maximum Service	Annual Vehicle Revenue Miles	Annual Vehicle Revenue Hours	Annual Unlinked Passenger Trips	Annual Passenger Miles Traveled
2014:					
Metrobus	1,294	39,158,562	3,788,792	134,407,528	425,698,966
Metrorail	878	74,078,897	3,020,971	269,529,019	1,519,705,315
MetroAccess	840	19,399,839	1,844,436	2,126,461	17,059,877
Total	3,012	132,637,298	8,654,199	406,063,008	1,962,464,158
2013:					
Metrobus	1,293	39,176,488	3,750,556	132,064,874	413,821,534
Metrorail	878	75,884,602	3,094,597	273,828,461	1,552,619,378
MetroAccess	846	18,912,706	1,784,166	2,033,299	16,375,823
Total	3,017	133,973,796	8,629,319	407,926,634	1,982,816,735
2012:					
Metrobus	1,281	39,226,293	3,714,074	130,889,914	408,162,738
Metrorail	868	70,867,572	2,883,528	285,306,675	1,584,631,040
MetroAccess	800	19,537,817	1,896,856	2,082,882	16,655,420
Total	2,949	129,631,682	8,494,458	418,279,471	2,009,449,198
2011:					
Metrobus	1,260	38,397,186	3,579,459	125,089,229	382,103,348
Metrorail	860	67,234,252	2,731,796	286,620,549	1,624,750,032
MetroAccess	729	22,387,399	2,101,395	2,336,219	19,334,010
Total	2,849	128,018,837	8,412,650	414,045,997	2,026,187,390

Source: National Transit Database. Fiscal year 2020 data is based on preliminary information available. Data for fiscal years 2019 and prior are final reported results.

metro System Map

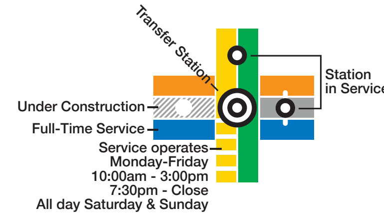
wmata.com
Customer Information Service: 202-637-7000
TTY Phone: 202-962-2033
Metro Transit Police: 202-962-2121

Legend

- RD **Red Line** • Glenmont / Shady Grove
- OR **Orange Line** • New Carrollton / Vienna
- BL **Blue Line** • Franconia-Springfield / Largo Town Center
- GR **Green Line** • Branch Ave / Greenbelt
- YL **Yellow Line** • Huntington / Mt Vernon Sq / Fort Totten
- SV **Silver Line** • Wiehle-Reston East / Largo Town Center

Station Features
- Bus to Airport
- P Parking
- H Hospital
- Airport

Connecting Rail Systems
AMTRAK VRE MARC



♿ Metro is accessible.

No Smoking | No Eating or Drinking | No Animals (except service animals) | No Audio (without earphones) | No Littering or Spitting | No Dangerous or Flammable Items

Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

202-962-2033

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