MAINTAINING MOMENTUM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WASHINGTON, DC

M A I N T A I N I N G   M O M E N T U M

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

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

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WASHINGTON, DC

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

Office of the Chief Financial Officer

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Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2016 and 2015
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SECTION ONE — INTRODUCTORY (UNAUDITED)

Paul S. Sarbanes Transit Center, Maryland

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November 18, 2016

Chairman and Members of the Board of Directors:

I am 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, 2016. 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, has issued an unmodified "clean" audit opinion on the Authority's fiscal year 2016 financial statements on October 12, 2016. The independent auditor's report is located in the financial section of this report.

The Authority's management 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 Authority's MD&A complements this letter of transmittal and should be read in conjunction with it.

Washington Metropolitan Area Transit Authority

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A District of Columbia, Maryland and Virginia Transit Partnership

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 National Capital area. In fulfillment of this goal, the Authority provides the region with three coordinated types of transportation services: bus (Metrobus), rail (Metrorail) and paratransit (MetroAccess).

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 3.2 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 new Metrorail line (Silver) with five Metrorail stations and approximately 11.5 miles of track.

Metrorail carries the second largest number of passengers and Metrobus carries the sixth largest number of passengers in the nation. The Authority serves a population of approximately 3.4 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 Administrator of General Services.

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

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.

Budget Process

The Authority begins planning each annual budget in August of the previous fiscal year with the development of the General Manager's Business Plan. The budget must be adopted by June 30, and the fiscal year begins on July 1. Budgeting for the fiscal year is divided into seven major phases: business plan development, budget formulation and preparation, budget review, general manager proposed budget, Board of Directors discussion/public outreach and public hearings, budget adoption, and budget implementation/amendment.

For fiscal year 2016, the Board approved an annual budget of approximately $3.1 billion with the largest portion, $1.8 billion, dedicated to operating the system. The budget contained approximately 12,900 authorized staff positions. The budget also includes $1.2 billion for capital improvement programs, $47.3 million for operating reimbursable programs and $73.7 million for capital reimbursable programs.

It is the responsibility of each department to administer its operation in such a manner as to ensure that the use of the funds is consistent with the goals and programs authorized by the Board and that approved spending levels are not exceeded.

Economic Condition

Local Economy

The Authority's operations are directly influenced by the economic conditions in the District of Columbia and the surrounding jurisdictions in the State of Maryland and the Commonwealth of Virginia. The regional economy underperformed other metro areas during 2012-2014. This underperformance was primarily the result of the fiscal drag from reduced federal government spending and employment, including the impacts of sequestration; the drawdown of overseas military engagements; and the retirement of older federal employees. That underperformance affected not just transit ridership, but office and commercial vacancy rates, local jurisdictional tax revenues, and overall incomes in the region. However, job growth and overall economic performance in the region improved in 2015 and into 2016.

Strengths and weaknesses: The long-term outlook for population growth in both the District of Columbia and the surrounding region as a whole remains positive, particularly as revitalized downtown neighborhoods continue to draw young professionals. The region boasts a highly educated workforce that commands above-average salaries; and employment continues to grow in non-government sectors such as technology, healthcare, and education as the District of Columbia expands as a hub for the east coast of the United States. The region also benefits from a steady supply of tourists to the nation's capital, as well as convention and business visitors. Residential construction has moderated after several years of rapid growth, but the real estate market overall remains strong. The region's weaknesses include relatively high business and regulatory costs as well as income inequality and a high cost of living, although the primary risk facing the region is the reliance on the federal government.

Reliance on federal government: The regional economy remains tightly linked to the federal government, although that reliance is slowly decreasing as federal employment (including government contractors) stagnates or declines compared to other sectors. This reliance on the federal government impacts the Authority in a number of ways:

- **Federal employment**: One of the primary reasons for creating the Metrorail system in the 1970s was to provide commuting options for federal employees and contractors, particularly from park-and-ride locations outside of the downtown core. This has remained a primary peak-hour market served by Metrorail, but as those federal employee and contractor jobs have declined, ridership has also been negatively impacted.
- **Federal transit benefit**: Given Metrorail's relatively high fares, the monthly transit benefit offered by many employers in the region is important in reducing the out-of-pocket commuting cost. When the transit benefit was reduced to $130/month in 2014, while the federal parking benefit remained at $250/month, this impacted the 'rail vs. driving' decision for some commuters. The transit benefit has now returned to parity with the parking benefit, but the changes and uncertainty did negatively impact Metrorail ridership.
- **Telecommuting**: Federal agencies have offered telecommuting options as a benefit to their employees for many years. Recently, however, the federal government (through the General Services Administration and the Office of Personnel Management) is implementing more stringent telecommuting requirements on agencies in order to reduce real estate costs. The telecommuting requirements reduce trip taking by employees on all modes, including Metrorail and Metrobus.

Long-term outlook: The longer-term outlook for the Washington region is mixed. Even as the immediate risks of sequestration and other spending reductions have been mitigated, overall federal government spending is not expected to grow nearly as strongly in the future as it did during the previous two decades. This will remove some of the insulation that the Washington region has had in the past from broader macroeconomic trends. However, healthcare, education, and technology are expected to be bright spots in the region's economy, with healthcare in particular providing a buffer to future recessions.

Other broad economic and lifestyle changes are also impacting when and how people travel, and these changes are affecting transit ridership. This includes changing cultural values, such as the importance of living closer to work (allowing for more walking and bicycling), declining auto ownership, changing housing tenure patterns and decisions about renting vs. owning; and the continued growth of online shopping and other online activities. The nature of work is also changing, with increasing self-employment and part-time employment, declining labor force participation, and new work and business environments. Finally, many observers are predicting that autonomous or self-driving vehicles will become a reality on American roads in the near future, although the nature and timing of such a momentous change is uncertain. If that occurs, the entire business model of public transportation could be forced to change.

As a result of the trends outlined above, as well as recent challenges related to service quality and reliability (which the Authority is addressing through the comprehensive SafeTrack investment effort), the Authority is not projecting any near-term growth in rail passenger ridership. However, projected growth in population and employment, as well as the demonstrated demand for dense commercial and residential development around Metrorail stations, should provide a basis for continued ridership demand.

Long-term Financial Planning

Capital Improvement Program

The Authority and the local jurisdictions executed a comprehensive Capital Funding Agreement for supporting capital improvements between fiscal years 2011 and 2016, which was subsequently extended by all parties to include fiscal year 2017. The Capital Improvement Program (CIP), which is renewed and adopted each year by the Board, matches these funding sources with the capital project investments needed to ensure safety, maintain the Authority's assets in a state of good repair, and provide expansion capacity where possible. The CIP is an expenditure-based plan and has the following primary components:

- **Vehicles/Vehicle Parts:** Replacement or purchase of new rail cars, buses, paratransit vehicles and/or service vehicles, rehabilitation of rail cars and buses and replacement parts to maintain the vehicle fleet.
- **Rail System Infrastructure Rehabilitation:** Multiple systems and equipment within the rail stations and tunnels that enable safe, reliable service.
- **Maintenance Facilities:** Rehabilitation, maintenance, replacement and/or new bus garages and rail yards to support repairs to vehicle fleet.
- **Systems and Technology:** Technology systems, software and equipment supporting transit operations and business functions.
- **Track and Structures:** 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.
- **Passenger Facilities:** Facilities at the Authority's 91 Metrorail stations, including bus loops, bus stops, parking garages, surface lots, Kiss-and-Ride spaces, access roads, bike racks and bike lockers.
- **Maintenance Equipment**: Equipment to rehabilitate track and maintain the vehicle fleet (rail and bus).
- **Other Facilities:** Facilities that house administrative offices, training rooms, revenue processing activities, material storage, police work and a print shop.

The CIP includes funding from Federal Transit Administration (FTA) formula grant programs and from dedicated federal funds. The dedicated federal funds were approved under the Passenger Rail Investment and Improvement Act (PRIIA) of 2008 (P.L. 110-432). 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 jurisdictions in accordance with the Compact.

Major Initiatives and Accomplishments

The Authority continues to aggressively pursue the largest capital program since the original construction of the system. Key rebuilding investments and accomplishments include:

SafeTrack

The Authority's highest priority is customer and employee safety. The Authority recruited a new Chief Safety Officer to lead the GM/CEO's charge to improve safety, security and restore public trust. Among the key safety initiatives undertaken in fiscal year 2016 are projects to continue progress on ongoing and new National Transportation Safety Board (NTSB) and FTA safety recommendations. In addition, the Authority invested in improvements that will enhance training and operations at the Rail Operations Control Center, improve rail station and tunnel ventilation, and strengthen standards for electrical connections on the third rail. The presence of Metro Transit Police officers was increased at Metrorail stations and on Metrobus routes to improve customer safety and deter criminal activity.

In June 2016, the Authority initiated the SafeTrack program to address the FTA and NTSB safety recommendations to rehabilitate the Metrorail system to improve safety and reliability. The SafeTrack program accelerates three years' worth of maintenance work into approximately one year, by either continuous single-tracking or line segment shutdowns.

Silver Spring Transit Center

On September 20, 2015, the Authority opened the Paul S. Sarbanes Silver Spring Transit Center, a new three-tiered, urban, multi-modal, state of the art transit facility adjacent to the Silver Spring Metro Station located in downtown Silver Spring, Maryland. The facility features over 30 bus bays; 26 kiss and ride and taxi spaces; and connections to regional hiking, biking and local trails.

Delivering Quality Service

Significant investments were also made to replace and rehabilitate rail cars and buses; replacement of obsolete bus garages; and rehabilitation of rail stations and maintenance facilities and tracks. Improvements include new software to improve train prediction information for displays and internet applications, the release of real-time train data for third-party application developers, upgrading and or replacing elevators and escalators.

Financial Management

The Authority made investments to strengthen the financial management organization with improved financial controls and enhanced compliance monitoring. Additionally, a comprehensive review of the Authority's significant business processes is underway, which will further improve the internal control structure.

Measures have been taken to positively affect the Authority's fiscal trajectory. The Authority has eliminated redundant and non-essential positions. A framework has been developed for collective bargaining agreement negotiations that respects workforce, is more responsive to customers and delivers enhanced cost efficiencies. Additionally, with the approval of the Fiscal Year 2017 Capital Budget and FY2017-2022 Capital Improvement Program on April 28, 2016, the Authority has committed to prioritizing safety and customer service improvements.

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, 2015. The Authority has received this prestigious award for twenty-eight 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 Comptroller, LaToya Thomas and the knowledgeable and dedicated staff of the Office of Accounting. A special note of appreciation is extended to the many diligent employees who gave their time and efforts to the production of this CAFR. I would also like to thank the Board and the officers of the Authority for their continuing support in planning and conducting the financial operations of the Authority in a responsible manner.

Respectfully submitted,

Paul J. Wiedefeld
General Manager/CEO

Dennis Anosike
Chief Financial Officer

Board of Directors
As of June 30, 2016

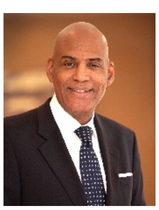
The Washington Metropolitan Area Transit Authority is governed by a 16-member Board of Directors composed of eight Principal and eight Alternate members. The District of Columbia, Maryland, Virginia and the federal government each appoint two Principal and two Alternate members. Below are the members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

Jack Evans, Chair, was appointed to the Board as the Principal Director, representing the District of Columbia, in January 2015. Mr. Evans has served on the Council of the District of Columbia (Ward 2) since 1991.

Keturah D. Harley, First Vice Chair, was appointed to the Board in April 2016 representing Maryland. She has worked in the federal government as an Appellate Litigation Attorney at the U.S. Department of Veterans Affairs and with the District of Columbia Public Employee Relations Board (PERB), where she served as General Counsel and Executive Director (Acting).

Jim Corcoran, Second Vice Chair, was appointed to the Metro Board in February 2016, representing the Commonwealth of Virginia. Since April 2010, he has served as President & CEO of the Fairfax County Chamber of Commerce (“Fairfax Chamber”). Under his leadership the Fairfax Chamber has grown to a $2.5 million Chamber of significant influence.

David L. Strickland was appointed to the Board in June 2016 as a Director representing the federal government. Mr. Strickland most recently served as the fourteenth Administrator of the National Highway Traffic Safety Administration (NHSTA).



Corbett A. Price was appointed to the Board in March 2015 as a Director representing the District of Columbia. He currently serves as Chairman and CEO of Quantix Health Capital, LLC.

Michael Goldman was appointed to the Board as a Principal Director, representing the State of Maryland, in June 2013. Mr. Goldman has practiced in the areas of international, antitrust, and transportation law.

Catherine Hudgins joined the Board in January 2004 as an Alternate Director. She was appointed as Principal Director in 2008 representing Fairfax County, Virginia and served as Chair in both 2011 and 2012. Mrs. Hudgins was elected to the Fairfax County Board of Supervisors in November 1999.

Carol Carmody was appointed to the Board in June 2016 as a Principal Director, representing the federal government. She served for five years as a member of the National Transportation Safety Board, was appointed Vice Chairman by President Clinton and served twice as Acting Chairman.

Tom Bulger was appointed to the Board in July 2011 as an Alternate Director for the District of Columbia. He is President of Government Relations Inc., and has been a federal advocate and policy consultant.

Malcom Augustine was appointed as an Alternate Director in January 2016 representing Prince George's County, Maryland. Mr. Augustine is a multi-channel marketing, sales, analytics and customer relationship executive in the direct marketing sector with specialty in higher education, non-profit, and healthcare at Intra Mail Network.

Christian Dorsey joined the Board in January 2016 as an Alternate Director representing Arlington County, Virginia. Mr. Dorsey was elected to the Arlington County Board in November 2015. He also represents Arlington on the Board of the Metropolitan Washington Council of Governments and serves as one of three Arlington commissioners of The Northern Virginia Transportation Commission (NVTC).

Anthony E. Costa joined the Board in July 2014 as an Alternate Director representing the federal government. Mr. Costa is currently Senior Advisor to the Administrator of the General Services Administration (GSA) and is leading GSA's efforts to help direct federal real estate activities to encourage the provision of environments where communities and employees live and work.

Leif A. Dormsjo joined the Board in March 2015 as an Alternate director representing the District of Columbia. In the same month, Mr. Dormsjo was confirmed as the Director of the District Department of Transportation (DDOT) after serving as an Alternate Director. He has served as Deputy Secretary of the Maryland Department of Transportation (MDOT) since 2012.

Kathy Porter joined the Board in January 2011 as an Alternate Director from Montgomery County, Maryland. Ms. Porter served as the Mayor of the City of Takoma Park, Maryland, from 1991 to 1997.

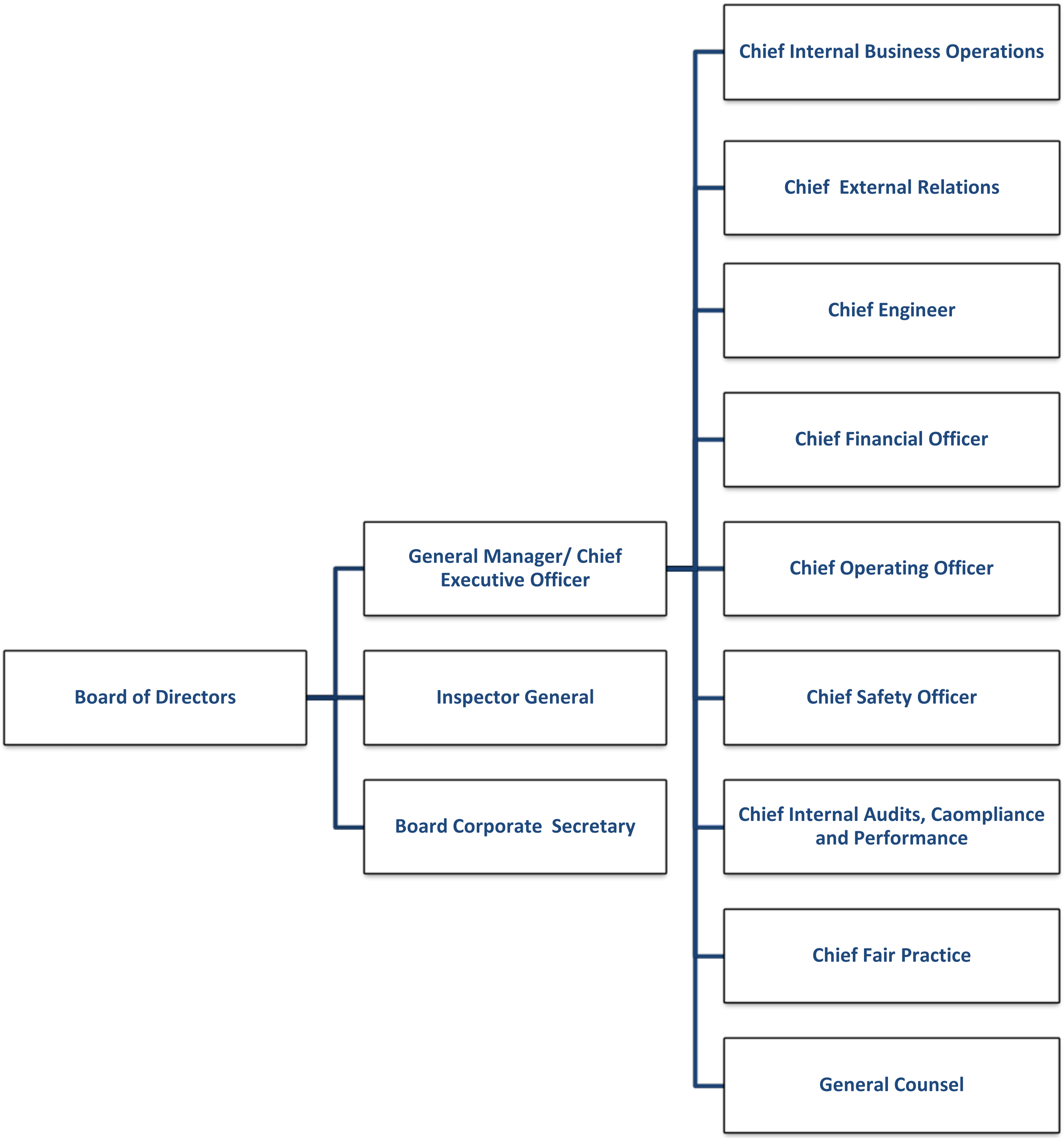
Paul C. Smedberg joined the Board in January 2016 as an Alternate Director representing the Commonwealth of Virginia. Mr. Smedberg was first elected to the Alexandria City Council in 2003 and was reelected for a fifth term in November 2015. He is currently the Vice-Chairman of the Virginia Railway Express (VRE) Operations Board and Director of Advocacy & Government Affairs at the American Academy of Physical Medicine & Rehabilitation.

Robert C. Lauby was appointed to the Board in June 2016 as an Alternate Director representing the federal government. Mr. Lauby is currently the Associate Administrator for Railroad Safety and Chief Safety Officer with the Federal Railroad Administration (FRA).

General Manager's Executive Leadership Team
As of June 30, 2016

General Manager/CEO	Paul J. Wiedefeld
Chief Internal Business Operations	John Kuo
Chief External Relations	Barbara Richardson
Acting, Chief Engineer	John Thomas
Chief Financial Officer	Dennis Anosike
Acting, Chief Operating Officer	Jack Requa
Chief Safety Officer	Pat Lavin
Acting, Chief Internal Audits, Compliance and Performance	Andrea Burnside
Acting, Chief Fair Practice	Jim Wynne
Inspector General	Helen Lew
Acting, General Counsel	Mark R. Pohl
Board Corporate Secretary	Jennifer Ellison

Organizational Chart
As of June 30, 2016



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washington Metropolitan Area Transit Authority, Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

SECTION TWO — FINANCIAL

Train approaching McLean Metrorail Station

Independent Auditor's Report

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements

Required Supplementary Information (Unaudited)

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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 year ended June 30, 2016 and 2015, 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 opinions 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 Authority, as of June 30, 2016 and 2015, and the changes in financial position and, cash flows for the year 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, the schedule of employer contributions, and the schedule of funding progress for postemployment benefits other than pensions 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, District of Columbia
October 12, 2016

Management's Discussion and Analysis
June 30, 2016 and 2015

As management of the Washington Metropolitan Area Transit Authority (Authority), we offer readers of the basic financial statements this overview and analysis of the financial activities of the Authority as of June 30, 2016 and 2015.

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 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 2016 Financial Highlights

- The assets of the Authority exceeded its liabilities as of the close of the fiscal year by $10.5 billion (net position).
- The Authority's total net position increased $305.6 million, primarily due to donated assets that resulted in an increase in capital contributions.
- Net capital assets increased by $393.3 million primarily due to the following:
  - The Authority purchased 50 new state-of-the-art 7000 series rail cars and 125 new hybrid buses totaling $277.0 million collectively.
  - Montgomery County, Maryland donated the Paul S. Sarbanes Transit Center (Silver Spring Transit Center) to the Authority at a value of $144.1 million. This transit center is a three level, multi-modal, fully ADA accessible facility with a number of new customer amenities including real-time bus departure information, public restrooms, water fountains, escalators, bike racks/lockers, and enhanced neighborhood map displays.
  - The Metropolitan Washington Airports Authority (MWAA) donated $76.9 million in additional assets relating to Phase 1 of the Silver Line to the Authority.
- Total liabilities increased by $266.0 million, which was primarily due to the $220.0 million issuance of the Series 2016A Gross Revenue Transit Bonds to finance capital costs.

Fiscal Year 2015 Financial Highlights

- The Silver Line, a new major service offered by the Authority during fiscal year 2015 including five rail stations and 11.7 miles of right-of-way, was donated by MWAA. This resulted in an increase in capital assets of approximately $3.0 billion. In conjunction with the transfer, the Authority purchased 56 new 7000 series state-of-the-art railcars.
- Noncurrent liabilities increased by $957.4 million which was primarily due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (Statement No. 68).
- The Authority issued, in October 2014, a privately-placed one-year Grant Anticipation Note (GAN) for $200.0 million to support the capital program. The Authority exercised a series of early repayment options totaling $116.7 million during fiscal year 2015.

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 other 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.

- The **Statements of Net Position** presents 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 operating subsidies, passenger fares, ridership levels, general economic conditions in the metropolitan area and the age and condition of capital assets used by the Authority.
- The **Statements of Revenues, Expenses, and Changes in Net Position** reports all of the revenues, Federal and jurisdiction subsidies, and capital contributions earned and all operating and nonoperating expenses incurred during the reporting periods. This statement presents how the Authority's net position changed from the prior fiscal year.
- The **Statements of Cash Flows** provides 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 14-69 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 other postemployment benefit (OPEB) plans to its employees. The RSI can be found on pages 70-85 of this report.

Financial Analysis

Condensed Statements of Net Position

The following table provides an overview of the Authority's financial position as of June 30, 2016, 2015 and 2014:

Condensed Statements of Net Position
June 30, 2016, 2015 and 2014
(in thousands)

				2016 vs 2015 Increase (decrease)		2015 vs 2014 Increase (decrease)	
	2016	**2015**	**2014**	**Amount**	**%**	**Amount**	**%**
Current assets	$ 986,191	$ 1,024,474	$ 670,231	$ (38,283)	(3.7)	$ 354,243	52.9
Capital assets, net	12,218,882	11,825,566	8,840,110	393,316	3.3	2,985,456	33.8
Other noncurrent assets	480,193	459,195	623,914	20,998	4.6	(164,719)	(26.4)
Total assets	13,685,266	13,309,235	10,134,255	376,031	2.8	3,174,980	31.3
Deferred outflows of resources	299,649	230,235	-	69,414	30.1	230,235	100.0
Current liabilities	768,750	818,026	873,987	(49,276)	(6.0)	(55,961)	(6.4)
Noncurrent liabilities	2,483,513	2,168,242	1,210,864	315,271	14.5	957,378	79.1
Total liabilities	3,252,263	2,986,268	2,084,851	265,995	8.9	901,417	43.2
Deferred inflows of resources	207,583	333,694	117,698	(126,111)	(37.8)	215,996	183.5
Net position:							
Net investment in capital assets	11,573,665	11,135,124	8,211,764	438,541	3.9	2,923,360	35.6
Restricted	17,900	30,404	195,842	(12,504)	(41.1)	(165,438)	(84.5)
Unrestricted	(1,066,496)	(946,020)	(475,900)	(120,476)	12.7	(470,120)	98.8
Total net position	$ 10,525,069	$ 10,219,508	$ 7,931,706	$ 305,561	3.0	$ 2,287,802	28.8

Current Year

The Authority's total net position at June 30, 2016 increased $305.6 million, or 3.0%, from June 30, 2015. The significant changes are described below:

- Current assets decreased by $38.3 million, or 3.7%. The decrease was partially due to a decrease in cash and cash equivalents of $149.2 million, or 63.7%. The decrease in cash and cash equivalents was offset by an increase in investments totaling $85.3 million, or 250.3%, which was due to the investment of the 2016A bond proceeds.
- Capital assets, net, increased by $393.3 million, or 3.3%, which primarily resulted from an increase in capital spending. The Authority purchased 50 new 7000 series railcars for $130.0 million and 125 new hybrid buses for $147.0 million. In August 2015, Montgomery County, Maryland donated the Silver Spring Transit Center to the Authority, which consisted of $9.0 million in land and $135.1 million in transit facilities. In addition, $76.9 million of assets relating to Phase 1 of the Silver Line were transferred to the Authority.

Financial Analysis (continued)

Condensed Statements of Net Position (continued)

- Current liabilities decreased by $49.3 million, or 6.0%, due to a $58.8 million reduction in the line of credit and final payment of the GAN totaling $83.3 million. These decreases were offset by the following:
  - Accounts payable and accrued expenses increased $50.3 million due to an increase in accrued capital costs.
  - Due to other governments increased $18.6 million due to the timing of billings in advance as compared to expenses incurred for reimbursable projects.
  - Accrued salaries and benefits increased $11.4 million due to increases in the vacation liability totaling $5.1 million and increases in accrued salaries totaling $5.2 million.
  - Litigation and claims increased $11.6 million due to an increase in case reserves and changes in trend assumptions in the actuarial projections of the liability.
- Noncurrent liabilities increased by $315.3 million, or 14.5%, due to the issuance of bonds, and increases in OPEB and pension liabilities. On June 8, 2016, the Authority issued Series 2016A Gross Revenue Transit bonds for $220.0 million to be used to finance capital costs. The liability for OPEB and pensions increased by $57.1 million and $35.5 million, respectively, both attributed to the increase of the projected actuarial costs of the respective benefits.

<u>Prior Year</u>

Significant changes are described below:

- Current assets increased by $354.2 million, or 52.9%, due largely to the receivables due from other governments for bus and rail Federal grants for fiscal year 2015, which are in line with the Authority's fiscal year 2015 capital spending.
- Other noncurrent assets decreased by $164.7 million due largely to the implementation of Statement No. 68, which changed the manner in which government pensions are reported and which eliminated the $184.2 million pension asset.
- Capital assets, net increased by approximately $3.0 billion, or 33.8%, which was primarily due to the transfer of Phase 1 of the Silver Line assets from MWAA and the purchase of 56 new railcars.
- Noncurrent liabilities increased by $957.4 million, or 79.1% and deferred inflows of resources increased by $216.0 million, or 183.5%, which were primarily due to the adoption of Statement No. 68. Concurrently, the Authority adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* (Statement No. 71). Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning pension liability. These adoptions resulted in increases to the net pension liability and deferred inflows of resources totaling approximately, $871.2 million and $221.7 million, respectively.
- Net investment in capital assets increased $2.9 billion, or 35.6%, as a result of the asset transfer from MWAA for Phase 1 of the Silver Line.

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, 2016, 2015 and 2014:

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2016, 2015 and 2014
(in thousands)

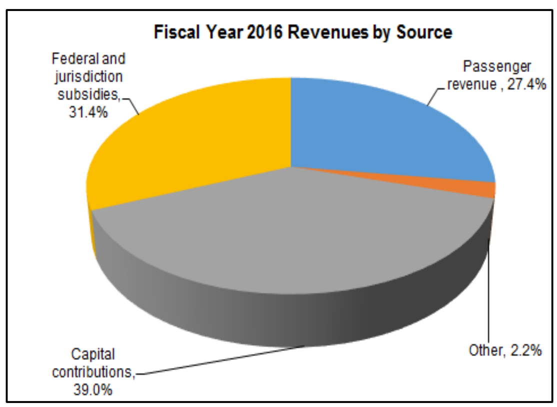
				2016 vs 2015 Increase (decrease)		2015 vs 2014 Increase (decrease)	
	2016	**2015**	**2014**	**Amount**	**%**	**Amount**	**%**
Operating and nonoperating revenues:							
Operating revenues	$ 859,165	$ 898,644	$ 854,580	$ (39,479)	(4.4)	$ 44,064	5.2
Nonoperating revenues	18,532	32,446	35,870	(13,914)	(42.9)	(3,424)	(9.5)
Total operating and nonoperating revenues	877,697	931,090	890,450	(53,393)	(0.1)	40,640	4.6
Subsidies and capital contributions:							
Federal and jurisdiction subsidies	927,960	839,477	758,385	88,483	10.5	81,092	10.7
Capital contributions	1,153,762	4,138,387	619,512	(2,984,625)	(72.1)	3,518,875	568.0
Total subsidies and capital contributions	2,081,722	4,977,864	1,377,897	(2,896,142)	(58.2)	3,599,967	261.3
Total revenues	2,959,419	5,908,954	2,268,347	(2,949,535)	(49.9)	3,640,607	160.5
Operating expenses	2,629,099	2,547,453	2,337,911	81,646	3.2	209,542	9.0
Nonoperating expenses	24,759	27,588	34,566	(2,829)	(10.3)	(6,978)	(20.2)
Total expenses	2,653,858	2,575,041	2,372,477	78,817	3.1	202,564	8.5
Change in net position	305,561	3,333,913	(104,130)	(3,028,352)	(90.8)	3,438,043	(3301.7)
Net position, beginning of year	10,219,508	6,885,595	8,035,836	3,333,913	32.6	(1,150,241)	(16.7)
Net position, end of year	$ 10,525,069	$ 10,219,508	$ 7,931,706	$ 305,561	3.0	$ 2,287,802	28.8

Due to the implementation of Statements No. 68 and and 71, the Authority's net position as of July 1, 2014 was reduced by approximately $1.0 billion reflecting the cumulative retrospective effect of the adoption.

Revenues

<u>Current Year</u>

Total fiscal year 2016 revenues decreased by $2.9 billion, or 49.9%, from fiscal year 2015. Capital contributions, Federal and jurisdiction subsidies, and passenger revenue account for 39.0%, 31.4%, and 27.4% of total fiscal year 2016 revenues, respectively.



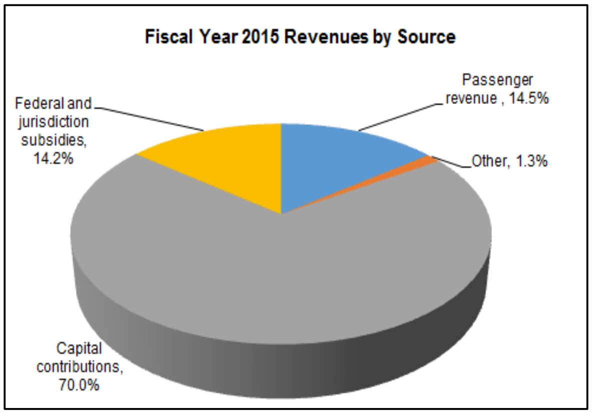
Total operating revenues for fiscal year 2016 decreased $39.5 million, or 4.4%, from fiscal year 2015. Significant changes are described below:

- Capital contributions decreased $2.9 billion, or 72.1%, primarily due to the $3.0 billion donation of Phase 1 of the Silver Line assets in fiscal year 2015.
- Passenger revenue decreased $45.0 million, or 5.3%, due to a decrease in rail and bus ridership. Additional information on passenger trips is provided on the following page.
- Federal and jurisdiction subsidies increased by $88.4 million to offset operating expenses in fiscal year 2016.

Financial Analysis (continued)

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

Prior Year



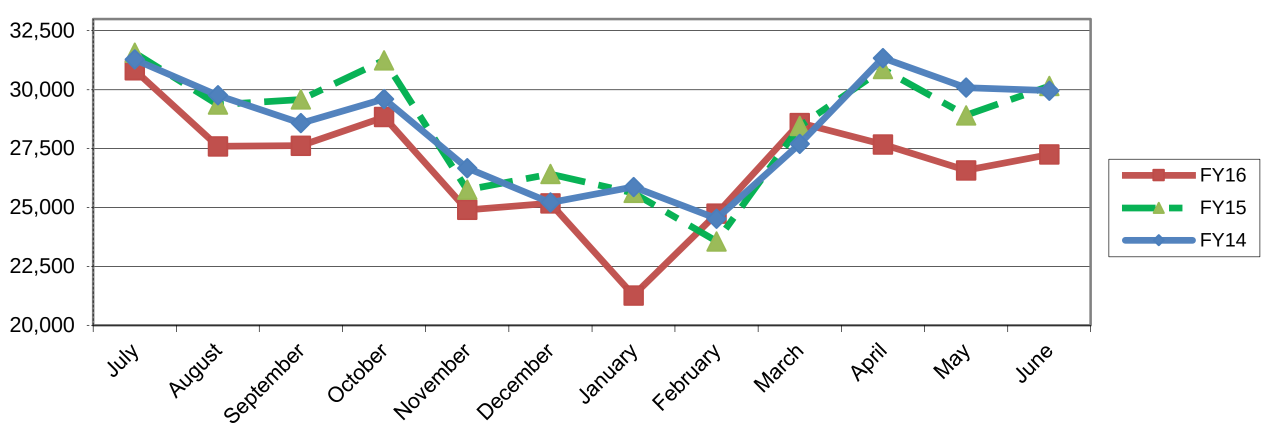
Total fiscal year 2015 revenues increased by $3.6 billion, or 160.5%, from fiscal year 2014. The largest portion of the Authority's revenues in fiscal year 2015 was capital contributions and passenger revenue, which accounted for 70.0% and 14.5% of total fiscal year 2015 revenues, respectively.

Total operating and nonoperating revenues for fiscal year 2015 was $931.1 million. Operating revenues including passenger revenue, totaled $898.6 million, an increase from fiscal year 2014 of $44.1 million, or 5.2%. A review of significant changes is described below:

- Passenger revenue, a significant portion of the Authority's operating revenues, increased by $42.8 million, or 5.3%. This increase is primarily attributable to an increase in total passenger trips for approximately eleven months resulting from the new Silver Line service and an average increase in bus and rail fares of 3.0% in July 2014.
- Nonoperating revenues includes interest income from leasing transactions, which decreased by $7.6 million, or 40.1%, due to one railcar lease termination.
- Federal and jurisdictional subsidies increased by $81.1 million to offset operating expenses for fiscal year 2015. In fiscal year 2015, jurisdictional operating subsidy accounted for 14.2% of revenues.
- Capital contributions increased by $3.5 billion due primarily to the noncash transfer of Phase 1 of the Silver Line assets in July 2014 totaling $3.0 billion and Federal grant and jurisdictional capital contributions.

Passenger Trips

Below is a trend of the number of passenger trips by month for the fiscal years ended June 30, 2016, 2015 and 2014 (in thousands):



Financial Analysis (continued)

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

Passenger trips decreased in fiscal year 2016 by 20.4 million, or 6.0%, in large part due to service reliability, which caused baseline ridership to drop starting in August 2015. Ridership levels were impacted by the following significant events during fiscal year 2016:

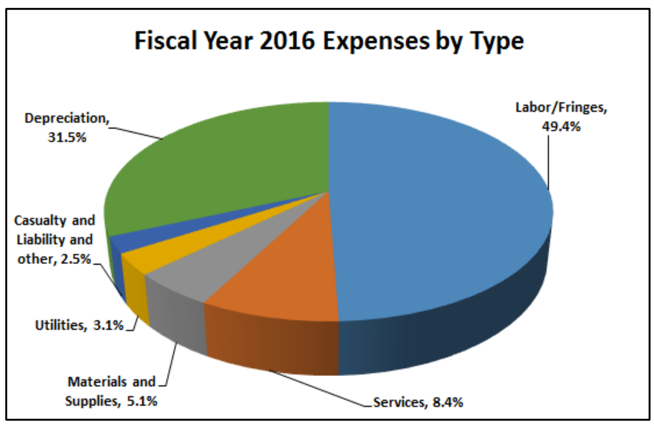
- Full two-day closure of Metrorail, Metrobus and MetroAccess due to the January 2016 blizzard. This resulted in very limited rail service on day three and modified operating schedules in the following days after the blizzard.
- In March 2016, the Metrorail system was closed for one-day in response to the McPherson Square cable fire incident. The Metrorail system was closed for emergency safety inspections.
- Initiation of the SafeTrack Metrorail system closures that commenced in June 2016 to address safety recommendations and rehabilitate the Metrorail system.

Passenger trips increased in fiscal year 2015 by 0.9 million, or 0.3%, due to the increased service related to the Silver Line, which began in July 2014.

Fiscal Year Expenses by Type

Current Year

Total operating and nonoperating expenses for fiscal year 2016, increased by $78.8 million, or 3.1%, from fiscal year 2015.



Labor and fringe benefits are consistently the Authority's largest expenses, comprising 49.4% of total expenses. Depreciation is the next largest expense, which is expected due to the Authority's large capital base. All other types of expenses, as compared to total expenses, has remained relatively consistent since the prior year.

A review of significant changes is described below:

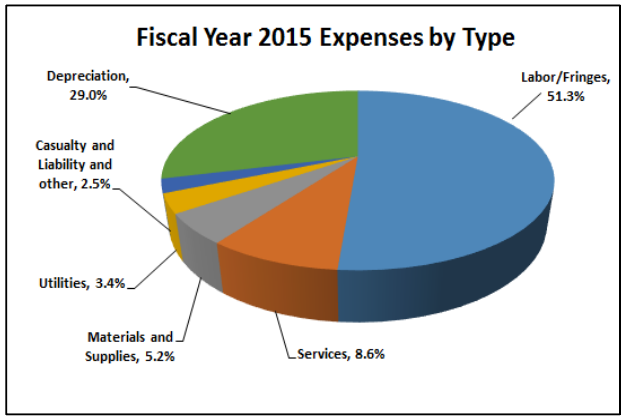
- Depreciation expense increased by $86.9 million, which accounts for 31.5% of current year expenses, due primarily to an increase in depreciable assets placed into service which included the donation of the Silver Spring Transit Center, located in Montgomery County, Maryland, additional Phase 1 Silver Line costs, purchase of series 7000 state-of-the-art railcars, buses and other assets.
- Utilities decreased by $4.5 million, or 5.2%, due primarily to the reduction of fuel prices and decreased volume consumption of electricity due to the lower-than-scheduled railcar miles.

Financial Analysis (continued)

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

Prior Year

Operating expenses increased by $209.5 million, or 9.0%, compared to fiscal year 2014. A review of significant changes is described below:



- Labor and fringe benefits, which accounts for 51.3% of fiscal year 2015 expenses, increased by $76.7 million, or 6.2%, due to an increase in pension expense of $30.3 million, an increase in health benefits of $16.5 million and an increase in the reserve for workers compensation cases of $27.8 million.
- Depreciation expenses, the Authority's second largest operating expense increased by $104.9 million, or 16.3%, due largely to an additional $3.7 billion in depreciable assets placed into service, which included the Silver Line and other assets.
- Materials and supplies decreased by approximately $14.5 million, or 9.8%, due primarily to the reduction of fuel prices.

Capital Assets and Debt Administration

Capital Assets

The following table shows the capital assets of the Authority as of June 30, 2016, 2015 and 2014:

Schedule of Capital Assets
June 30, 2016, 2015 and 2014
(in thousands)

				2016 vs 2015 Increase (decrease)		2015 vs 2014 Increase (decrease)	
	2016	**2015**	**2014**	**Amount**	**%**	**Amount**	**%**
Land	$ 559,772	$ 550,934	$ 474,193	$ 8,838	1.6	$ 76,741	16.2
Buildings and improvements	1,026,372	951,631	853,272	74,741	7.9	98,359	11.5
Transit facilities	12,547,487	12,350,483	10,037,262	197,004	1.6	2,313,221	23.0
Revenue vehicles	3,710,978	3,086,776	2,910,389	624,202	20.2	176,387	6.1
Other equipment	3,848,741	3,595,571	2,745,683	253,170	7.0	849,888	31.0
Construction in progress	686,686	724,669	528,996	(37,983)	(5.2)	195,673	37.0
Total capital assets	22,380,036	21,260,064	17,549,795	1,119,972	5.3	3,710,269	21.1
Less: accumulated depreciation	10,161,154	9,434,498	8,709,685	726,656	7.7	724,813	8.3
Capital assets, net	$12,218,882	$11,825,566	$8,840,110	$ 393,316	3.3	$2,985,456	33.8

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

Current Year

Capital assets, net increased by $393.3 million, or 3.3%, which was due to an increase of planned capital spending of $303.3 million. A large portion of the increase in capital spending is attributable to the purchase of 50 new 7000 series railcars for $130.0 million, 125 new hybrid buses for $147.0 million and $76.9 million of additional Silver Line assets donated to the Authority. Additionally, the Silver Spring Transit Center was donated to the Authority in August 2015, which consisted of $9.0 million in land and $135.1 million in transit facilities.

The Silver Spring Transit Center is a three-tired, urban, multi-modal, state of the art transit facility adjacent to the Silver Spring Metro Station, which is the first station in Maryland on the eastern end of the red line, and is the second-busiest metro station in Maryland. The facility eliminates the existing traffic conflicts, increases pedestrian safety, and facilitates multi-modal transfers. Specifically, it features over 30 bus bays serving Metrobus, Montgomery County Ride-On, VanGo, and University of Maryland shuttle; direct access to Metrorail and MARC trains; 26 kiss and ride and taxi spaces; bicycle access; and connections to regional hiking, biking, and local trails. The Silver Spring Transit Center opened on September 20, 2015 and is serving thousands of commuters who make transfers in downtown Silver Spring, Maryland.

Prior Year

The Authority's capital assets, net balance was $11.8 billion as of June 30, 2015, an increase of $3.0 billion, or 33.8%, as a result of the addition of Silver Line assets. This includes five additional transit facilities, other equipment, revenue vehicles including the 7000 series state-of-the-art railcars, land, building improvements and construction in progress. Accumulated depreciation increased by $724.8 million, or 8.3%, due primarily to the transfer of the Silver Line assets from MWAA to the Authority.

Additional information on the Authority's capital assets can be found in note 7 on pages 31-32 of this report.

Bonds and Other Debt

A schedule of the Authority's debt activity for the years ended June 30, 2016, 2015 and 2014 is shown below:

Schedule of Outstanding Debt
June 30, 2016, 2015 and 2014
(in thousands)

				2016 vs 2015 Increase (decrease)		2015 vs 2014 Increase (decrease)	
	2016	**2015**	**2014**	**Amount**	**%**	**Amount**	**%**
Outstanding bonds	$ 476,195	$ 264,095	$ 277,335	$ 212,100	80.3	$ (13,240)	(4.8)
Net unamortized bond premium (discount)	22,683	9,992	10,420	12,691	127.0	(428)	(4.1)
Grant anticipation note	-	83,333	-	(83,333)	(100.0)	83,333	100.0
Lines of credit	160,000	218,750	170,000	(58,750)	(26.9)	48,750	28.7
Tax advantage lease agreement	258,649	273,054	296,973	(14,405)	(5.3)	(23,919)	(8.1)
Total debt	$ 917,527	$ 849,224	$ 754,728	$ 68,303	8.0	$ 94,496	12.5

Capital Assets and Debt Administration (continued)

Bonds and Other Debt (continued)

Current Year

The Authority's total debt increased by $68.3 million, or 8.0%, from fiscal year 2015. Significant activities are described below:

- The Authority issued $220.0 million of the Series 2016A Gross Revenue Transit Bonds in June 2016, to finance capital costs, fund a deposit to the debt service fund and pay certain issuance costs. The uninsured ratings of the Authority's bonds were AA- from Standard and Poor's, and A1 from Moody's as of June 30, 2016.
- The Authority paid off the remaining $83.3 million of the GAN in October 2015.
- Short-term lines of credit were renegotiated and the issuing financial institutions were reduced from three to two with the available amount remaining at $302.5 million with the same terms. The outstanding balance on the lines of credit was $160.0 million as of June 30, 2016.

Prior Year

- The Authority's bonded debt decreased $13.7 million, or 4.7%, due to principal payments on the outstanding debt in fiscal year 2015. The bonds' uninsured ratings were AA- from Standard and Poor's, and A1 from Moody's.
- A privately placed one-year GAN was issued in October 2014 for $200.0 million. During the year, the Authority exercised options to pay off $116.7 million. No additional debt was issued by the Authority during fiscal year 2015.
- The Authority terminated one of the remaining four tax advantage lease agreements. Termination payments resulted in no additional liability to the Authority.

Additional information on the Authority's short and long-term liabilities can be found in note 9 on pages 33-37 and on the tax advantage lease agreements in note 13 on pages 67-68 of the report.

Future Capital Plans

Capital Improvement Program

On June 24, 2010, the Board approved a six-year, $5.0 billion Capital Funding Agreement (CFA) with the Authority's jurisdictional partners. Effective June 30, 2016, the Board approved a one-year extension to the existing CFA. This agreement provides the Authority with resources to procure new rail cars and buses, advance safety initiatives, replace deteriorated or damaged track, repair and upgrade stations and tunnels, replace obsolete communications and train control equipment, and perform other general rehabilitation and replacement work at Authority facilities.

As part of the CFA, the Board of Directors (Board) is responsible for approving an annual capital budget and a new six-year capital plan prior to the start of each fiscal year. On April 28, 2016, the Board approved the fiscal year 2017-2022 Capital Improvement Plan, which includes $6.0 billion of capital investments by the Authority's jurisdictional partners.

Future Capital Plans (continued)

Capital Improvement Program (continued)

The fiscal year 2017-2022 approved Capital Improvement Program contains more than $1.0 billion in safety-enhancing investments to fund all known National Transportation Safety Board (NTSB) recommendations and the Federal Transit Administration's (FTA) Safety Management Inspection Requirements.

In June 2016, the Authority initiated the SafeTrack program to address safety recommendations from the FTA and NTSB and rehabilitate the Metrorail system to improve safety and reliability. The SafeTrack program accelerates three years' worth of maintenance work into approximately one year.

The Authority is required to update 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 MWAA for the Silver Line as part of the Dulles Corridor Metrorail Project. The Silver Line, under the direction of MWAA will expand the current system from 106.3 miles to a total of 129.4 miles in two phases.

On July 26, 2014, Phase 1 was substantially completed and transferred to the Authority and was placed into service. Phase 1 added 11.7 miles to the existing metrorail system traveling west of the East Falls Church metrorail station to Wiehle Avenue in the Reston area of Fairfax County along the Dulles Corridor. The expansion included construction of five new stations: McLean, Tysons Corner, Greensboro, Spring Hill and Wiehle-Reston, a large park-and-ride lot at Wiehle Avenue and expanded storage capacity at the West Falls Church rail yard.

Construction on Phase 2 of the project began on August 7, 2013 and will include extending the metrorail system beginning at Wiehle Avenue to Reston Town Center, Herndon, Dulles International Airport and ending in Eastern Loudoun County in Ashburn. Phase 2 is slated to be operational by the year 2020.

Economic Factors

The regional economy and job market in the Washington, D.C. metropolitan area has performed relatively well compared to other large metro areas and the nation as a whole. According to the Bureau of Labor Statistics, the Washington metro area unemployment rate of 4.8% compares favorably to the national rate of 5.5%, and the metro area job growth rate of 2.2% was similar to the national average of 2.1%. The region added over 74,000 new jobs during the twelve months ending June 30, 2016, and ranked in the top 12 among major job markets. The Federal government is the region's largest employer and accounts for approximately 30% of the region's economy, according to the George Mason University Center for Regional Analysis, which helps the regional economy to remain stable.

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 Comptroller, Office of Accounting, Washington Metropolitan Area Transit Authority, 600 Fifth Street, NW, Washington, D.C. 20001.

Statements of Net Position
June 30, 2016 and 2015
(in thousands)

Exhibit 1
(continued)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 84,918	$ 234,071
Restricted cash and cash equivalents	30,743	27,550
Investments	119,420	34,088
Due from other governments	502,907	520,112
Accounts receivable and other assets, net of allowance	103,406	71,233
Prefunded tax advantage lease defeasance contract	15,076	14,405
Materials and supplies inventory, net of obsolescence	129,721	123,015
Total current assets	986,191	1,024,474
Noncurrent assets:		
Due from other governments	236,620	200,546
Prefunded tax advantage lease defeasance contract	243,573	258,649
Capital assets:		
Construction in progress	686,686	724,669
Land	559,772	550,934
Buildings and improvements	1,026,372	951,631
Transit facilities	12,547,487	12,350,483
Revenue vehicles	3,710,978	3,086,776
Other equipment	3,848,741	3,595,571
Less: accumulated depreciation	(10,161,154)	(9,434,498)
Total capital assets, net	12,218,882	11,825,566
Total noncurrent assets	12,699,075	12,284,761
Total assets	13,685,266	13,309,235
Deferred outflows of resources:		
Accumulated decrease in fair value of hedging derivative	-	161
Deferred outflows from pensions	299,649	230,074
Total deferred outflows of resources	299,649	230,235
Total assets and deferred outflows of resources	$ 13,984,915	$ 13,539,470

Statements of Net Position
June 30, 2016 and 2015
(in thousands)

Exhibit 1
(concluded)

	2016	2015
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 217,034	$ 166,679
Accrued salaries and benefits	58,835	47,469
Compensated absences	64,471	59,492
Due to other governments	88,225	69,600
Accrued interest payable	7,735	7,483
Unearned revenue	92,990	97,475
Litigation and claims	44,893	33,271
Retainage on contracts	11,206	12,169
Grant anticipation note	-	83,333
Lines of credit debt	160,000	218,750
Bonds payable	8,285	7,900
Obligations under tax advantage lease agreements	15,076	14,405
Total current liabilities	768,750	818,026
Noncurrent liabilities:		
Compensated absences	25,137	25,167
Litigation and claims	135,373	124,578
Retainage on contracts	10,936	8,430
Bonds payable	490,593	266,187
Obligations under tax advantage lease agreements	243,573	258,649
Net pension liability	907,602	872,064
Net OPEB obligation	670,299	613,167
Total noncurrent liabilities	2,483,513	2,168,242
Total liabilities	3,252,263	2,986,268
Deferred inflows of resources:		
Jurisdictional operating advances	-	80,620
Jurisdictional capital advances	3,906	23,871
Deferred inflows from pensions	195,483	221,739
Accumulated increase in fair value of hedging derivatives	1,629	-
Deferred gain on tax advantage lease	6,565	7,464
Total deferred inflows of resources	207,583	333,694
Total liabilities and deferred inflows of resources	3,459,846	3,319,962
NET POSITION		
Net investment in capital assets	11,573,665	11,135,124
Restricted – operating contingency	17,900	30,404
Unrestricted (deficit)	(1,066,496)	(946,020)
Total net position	$ 10,525,069	$ 10,219,508

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, 2016 and 2015
(in thousands)

	2016	2015
OPERATING REVENUES		
Passenger	$ 809,407	$ 854,392
Advertising	22,792	22,422
Rental	26,722	21,601
Other	244	229
Total operating revenues	859,165	898,644
OPERATING EXPENSES		
Labor	752,270	701,723
Fringe benefits	558,684	618,169
Services	224,087	222,156
Materials and supplies	135,533	134,021
Utilities	83,364	87,905
Casualty and liability costs	27,174	25,020
Leases and rentals	6,749	6,658
Miscellaneous	6,927	4,422
Depreciation	834,311	747,379
Total operating expenses	2,629,099	2,547,453
Operating loss	(1,769,934)	(1,648,809)
NONOPERATING REVENUES (EXPENSES)		
Investment income	224	769
Interest income from leasing transactions	10,621	11,407
Interest expense from leasing transactions	(10,621)	(11,407)
Interest expense	(14,138)	(16,181)
Other	7,687	20,270
Federal and jurisdiction subsidies:		
Federal	31,987	44,213
Jurisdictional	895,973	795,264
Total nonoperating revenues (expenses), net	921,733	844,335
Loss before capital contributions	(848,201)	(804,474)
Capital contributions	1,153,762	4,138,387
Change in net position	305,561	3,333,913
Total net position, beginning of year	10,219,508	6,885,595
Total net position, end of year	$ 10,525,069	$ 10,219,508

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

Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015
(in thousands)

Exhibit 3 (continued)

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from operations	$ 822,507	$ 912,750
Cash paid to suppliers	(453,458)	(541,194)
Cash paid to employees	(1,297,800)	(1,475,152)
Cash (paid) received for operating claims	(4,757)	721
Net cash used in operating activities	(933,508)	(1,102,875)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from jurisdictional subsidies	823,195	796,425
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to construct capital assets	(962,908)	(808,046)
Receipts from capital contributions	930,063	1,072,399
Payment of interest and fiscal charges	(14,785)	(16,322)
Principal payments on bonds and other debt	(255,858)	(183,668)
Proceeds from debt issuance	338,566	302,083
Jurisdictional receipts for debt service	12,890	13,381
Proceeds from sale of property	1,493	6,919
Net cash provided by capital and related financing activities	49,461	386,746
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	3,458,966	7,853,049
Purchases of investments	(3,544,158)	(7,863,424)
Interest received from operational investments	84	974
Net cash used in investing activities	(85,108)	(9,401)
Net change in cash and cash equivalents	(145,960)	70,895
Cash and cash equivalents, beginning of year	261,621	190,726
Cash and cash equivalents, end of year	$ 115,661	$ 261,621

Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015
(in thousands)

Exhibit 3 (concluded)

	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (1,769,934)	$ (1,648,809)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	834,311	747,379
Effect of changes in operating assets and liabilities:		
Accounts receivables, (net of allowance), and other assets	(32,173)	13,748
Materials and supplies inventory, net of obsolescence	(6,706)	1,729
Deferred outflows from pensions	(69,575)	-
Accounts payable and accrued expenses	8,118	(88,174)
Accrued salaries and benefits	11,366	(12,215)
Compensated absences	4,949	15,032
Unearned revenue	(4,485)	1,760
Litigation and claims	22,417	25,741
Net pension liability	35,538	(212,419)
Net OPEB obligation	57,132	54,342
Deferred inflows from pensions	(26,256)	-
Accumulated increase in fair value of hedging derivatives	1,790	(989)
Total adjustments	836,426	545,934
Net cash used in operating activities	$ (933,508)	$ (1,102,875)
Noncash operating, investing, capital and financing activities:		
Decrease in fair value of investments	$ (137)	$ (201)
Donated assets	$ 220,939	$ 3,044,834
Capital asset additions included in accounts payable	$ 128,445	$ 86,208

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

Notes to the Basic Financial Statements
June 30, 2016 and 2015

1. Background, Governance and Reporting Entity

(a) Organization

The Washington Metropolitan Area Transit Authority (Authority) was created, effective February 20, 1967, by the Interstate Compact (Compact) by and between Maryland, 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 (Zone). The 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 Directors and Alternates 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 Administrator of General Services.

The Board governs and sets policy for the Authority. Subject to policy direction and delegations from the Board, the General Manager 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

In accordance with the requirements of accounting principles generally accepted in the United States of America (US GAAP), as applicable to government entities, the financial statements must present the organization and its component units. The criteria used to determine whether organizations are to be included as component units within the Authority's reporting entity are as follows:

1) The Authority appoints the voting majority of the separate organization's Board, and the Authority has either:
    a. a financial benefit or burden relationship with the separate organization or,
    b. the Authority is able to impose its will upon the separate organization.
2) The separate organization is fiscally dependent upon the Authority and also has a financial benefit or burden relationship with the Authority.
3) It would be misleading to exclude the separate organization from the Authority's financial statements due to the nature and significance of the organization's relationship with the Authority.

1. Background, Governance and Reporting Entity (continued)

(c) Financial Reporting Entity (continued)

In evaluating the Authority as a reporting entity in accordance with the criteria above, management has analyzed all potential component units that may fall within the Authority's oversight and control, and, as such, be included within the Authority's basic financial statements and has determined that the Authority does not have any component units.

Included within the Authority's financial reporting entity are the planning, development and operation of the transit facilities serving the Washington, D.C. metropolitan area which are funded from the combined resources of the U.S. Government, the State of Maryland, the Commonwealth of Virginia, the District of Columbia, the participating local jurisdictions, and the Authority's operations.

The Authority participates in six pension plans and four other postemployment benefit (OPEB) plans, which are further described in notes 9 and 10 to the basic financial statements (collectively referred to as the Plans). The Plans are not included as fiduciary funds or component units of the Authority. The Plans 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 Plans. Accordingly, the accounts of the Plans 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 nonexchange 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 considered to be 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 at year end consists of 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.

2. Summary of Significant Accounting Policies (continued)

(d) Investments

The Authority's investments are reported at fair value using quoted market price or other fair value techniques as required by GASB Statement No. 72, *Fair Value Measurements*. Fair value is defined by GASB Statement No. 72, 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.

(e) Accounts Receivable and Other Assets

The major components of the accounts receivable and other assets balance are payments due from governmental agencies, companies, other receivables, and prepaid expenses. The accounts receivable balances are reported net of allowances totaling $2.6 million and $0.9 million as of June 30, 2016 and 2015, respectively.

(f) Materials and Supplies Inventory

Materials and supplies inventory is reported using the average cost method, net of an allowance for obsolete inventory of $2.7 million and $2.5 million as of June 30, 2016 and 2015, respectively.

(g) Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets also include replacement parts with a unit cost of $500 or more and an estimated useful life in excess of 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, buildings and improvements, revenue vehicles and other equipment. Capital assets are reported at historical costs and include labor and other ancillary costs associated with placing the capital asset into service. Donated or transferred capital assets are recognized at acquisition value.

Determinations of the cost of heavy rail assets placed in service are made with the assistance of the Authority's engineers. Such cost determinations are based upon the historical costs of the project. Interest expense related to construction and amounts expended for testing each phase of the rail system prior to commencement of revenue producing operations are capitalized.

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 employed in computing depreciation on principal classes of assets are as follows:

Buildings and improvements	20-45 years
Transit facilities	10-75 years
Revenue vehicles	12-35 years
Other equipment	2-20 years

(h) Accounts Payable and Accrued Expenses

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

2. Summary of Significant Accounting Policies (continued)

(i) Due to Other Governments

Due to other governments consists of payments received in advance from other government organizations for reimbursable projects.

(j) Compensated Absences

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

Employee group	Employee Subgroup	Years of Service	Maximum Annual Leave Limit	Disposition in Excess of maximum Carryover Limit
Non-Represented employees	Non-Represented – 7.5 hour workdays	0–15 years 15+ years	225 hours 337.5 hours	50% of excess leave converted to sick leave Remaining balance is lost
	Non-Represented – 8 hour workdays	0–15 years 15+ years	240 hours 360 hours	50% of excess leave converted to sick leave Remaining balance is lost
Local 2 employees	Local 2 – 7.5 hour workdays	0–15 years 15+ years	225 hours 337.5 hours	100% converted to sick leave
	Local 2 – 8 hour workdays	0–15 years 15+ years	240 hours 360 hours	100% converted to sick leave
Special Police Officers	Special Police Officers	N/A	240 hours	Remaining balance is lost
Executive and Senior Management	Executive and Senior Management	N/A	337.5 hours	Remaining balance is lost

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. All unused vacation is accrued when incurred as a portion of compensated absences on the Statements of Net Position. Generally, unused vacation in excess of the maximum annual carryover limit for the current period must be used by December 31 of the following period. Depending on the employees' respective group, remaining and unused vacation amounts in excess of the Authority's carryover limit are either forfeited or converted to sick leave and no longer included as a liability to the Authority.

The Authority's policy and the related collective bargaining agreements permit certain eligible employees to accumulate compensatory time. Exempt employees forfeit compensatory time in excess of 75 hours. All non-exempt employees may accrue up to 240 hours of compensatory time each year. All unused compensatory leave is included as a portion of compensated absences in the liabilities section on the Statements of Net Position.

(k) Unearned Revenue

Unearned revenues are primarily payments received in advance for unredeemed fare media.

2. Summary of Significant Accounting Policies (continued)

(l) Hedging Derivative Instrument

The Authority enters into fixed price agreements associated with the purchase of fuel for specified periods of time. These agreements enable the Authority to plan its fuel costs for the year and to protect itself against increases in the market price of fuel. These agreements are reported at fair value, and amounts due to the Authority are included in “Deferred inflows of resources” and amounts owed by the Authority are included in “Deferred outflows of resources.”

(m) 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 the 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 the liabilities on the Statements of Net Position.

The Authority has the following items that qualify for reporting 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; deferred lease revenue received from sale-leaseback of railcars; deferred inflows and outflows from pensions; and jurisdictional advances for operating and capital subsidies.

(n) Operating and Nonoperating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating transactions. Operating revenues and expenses are those that 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 transportation that result in passenger fares. The Authority also recognizes as operating revenue amounts received for rental and advertisements. These amounts are recorded as revenue at the time services are performed.

Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, or investing activities.

Nonoperating revenues include Federal and jurisdictional subsidies, investment income and interest income from leasing transactions and nonoperating expenses include interest expenses. Investment income is generated from the following sources: advance contributions for capital and operating needs, construction grant funds, and capital improvement grant funds. Interest from these sources is recognized when earned.

The Authority operates at a loss, which is fully subsidized by participating jurisdictions. 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. The determination of the Authority’s jurisdictional subsidies is based on its operating loss and nonoperating revenues, and does not include depreciation expense or the noncash amount related to OPEB and noncash pension benefits.

2. Summary of Significant Accounting Policies (continued)

(o) Capital Contributions

The Authority's capital program is supported primarily through funding from Federal agencies and the jurisdictions totaling approximately 49.1% and 29.8%, respectively, for fiscal years 2016, and 15.6% and 10.4%, respectively, for fiscal year 2015, of the Authority's capital contributions reported on the Statements of Revenues, Expenses, and Changes in Net Position in fiscal year 2016. Any reduction in jurisdictional support or Federal grants will have a major impact on the Authority's capital program.

Revenue is recognized on the Federal share of capital grants upon grant award and the incurrence of eligible expenditures approved for reimbursement from the Federal grant awarding agencies.

Revenue is recognized on the jurisdictional share of capital grants upon appropriation of funds from the jurisdictions to which the appropriation period pertains.

The Authority receives donated property and equipment from other governmental agencies, which represents approximately 19.2% and 73.9% of the Authority's capital contributions during fiscal years 2016 and 2015, respectively.

(p) 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 net position, 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted net position** – This category represents 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.
- **Unrestricted net position** - This category represents the portion of net position that is not classified as "restricted" or "net investments in capital assets". Unrestricted net position may be designated for specific purposes by action of management or the Board or may be otherwise limited by contractual agreements with outside parties. The deficit balance will require future funding.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority considers restricted funds to have been spent first.

(q) Reclassifications

Certain reclassifications were made to the comparative fiscal year 2015 amounts to conform to the fiscal year 2016 presentation in the basic financial statements.

2. Summary of Significant Accounting Policies (continued)

(r) 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, capital contributions, and disclosure of contingent assets and 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.

(s) Adoption of New GASB Pronouncements

The Authority adopted the following GASB Statements in fiscal year 2016:

- ***GASB Statement No. 72, Fair Value Measurements:*** This Statement addresses accounting and financial reporting issues related to fair value measurements, and is applicable to assets and liabilities measured at fair value. It defines fair value, defines an investment and generally requires investments to be measured at fair value, provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments, changes the measurement guidance for donated capital assets, donated works of art, historical treasures and similar assets, and capital assets received in a service concession agreement (on a prospective basis), and requires disclosures to be made about fair value measurement, the level of fair value hierarchy, and valuation techniques. The adoption of this Statement resulted in expanded note disclosures regarding the Authority's fair value measurements.

- ***GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statements 68, and Amendments to Certain Provisions of GASB Statements 67 and 68:*** This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Statement No. 68 for pension plans, and pensions that are within their respective scopes. The adoption of this Statement had no impact on the Authority's basic financial statements.

- ***GASB Statement No. 82, Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73:*** This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement adjusted the presentation of payroll-related measures in the required supplementary information, but did not have an impact on the Authority's basic financial statements.

2. Summary of Significant Accounting Policies (continued)

(t) Pronouncements Issued but Not Yet Adopted

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

GASB Statement No.	GASB Statement	Adoption Required in Fiscal Year
75	*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*	2018
77	*Tax Abatement Disclosures*	2017
78	*Pensions Provided through Certain Multiple-Employer Defined Benefit Pensions*	2017
81	*Irrevocable Split Interest Agreements*	2018

Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This Statement will have a significant impact on the financial position of the Authority. The applicability and implications on the Authority's fiscal practices and financial reports of the other Standards are being evaluated.

3. Plans of Financing

The planning, development and operation of the transit facilities serving the Washington, D.C. metropolitan area are funded from the combined resources of the U.S. Government; subsidy payments from participating jurisdictions in the State of Maryland, Commonwealth of Virginia, and District of Columbia; and the Authority's operations, which are primarily funded by passenger farebox 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.

The shares of the jurisdictions' operating subsidy requirements per the approved fiscal years 2016 and 2015 budgets are as follows:

Jurisdiction	2016	2015
District of Columbia	37.3 %	37.7 %
Prince George's County, Maryland	21.4	21.1
Montgomery County, Maryland	16.6	16.7
Fairfax County, Virginia	13.6	13.3
All other jurisdictions	11.1	11.2
Total	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 generally by Federal grants; substantial capital contributions provided by participating jurisdictions in excess of Federal match requirements; and the issuance of debt.

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 obligation 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.

(a) Cash and Cash Equivalents

The Authority's bank balances as of June 30, 2016 and 2015 are as follows (in thousands):

	2016		2015	
Cash and Cash Equivalents	**Carrying Amount**	**Bank Balance**	**Carrying Amount**	**Bank Balance**
Deposits insured or collateralized	$ 1,456	$ 4,270	$ 66,779	$ 72,411
Money market account	33	33	32	32
Repurchase agreements (unrestricted)	77,065	77,065	160,424	160,424
Repurchase agreements (restricted)	30,743	30,743	27,550	27,550
Cash on hand	6,364	-	6,836	-
Total cash and deposits	$ 115,661	$ 112,111	$ 261,621	$ 260,417

The Authority's bank deposit account balances are Federal Deposit Insurance Corporation (FDIC) insured up to $250,000, and any excess amounts are secured at 102%, by the pledge of eligible collateral. The depository banks pledge collateral to the Authority, which is held in a restricted account at the 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 the Federal Home Loan Bank, which is held by the Authority.

The Authority's cash equivalents are valued at amortized cost.

4. Cash, Deposits and Investments (continued)

(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. On average, investment maturities are less than six months at June 30, 2016 and 2015.

As of June 30, 2016 and 2015, the Authority had the following investments (in thousands):

		Investment Maturities as of June 30, 2016			
Investment Type	**Fair Value June 30, 2016**	**Less than 6 Months**	**7 Months – 1 Year**	**1–3 Years**	**More than 3 Years**
United States Treasuries	$ 2,861	$ -	$ -	$ -	$ 2,861
United States Agencies	116,512	116,512	-	-	-
Total investments	119,373	116,512	-	-	2,861
Accrued interest	47	-	-	-	-
Total	$ 119,420	$ 116,512	$ -	$ -	$ 2,861

		Investment Maturities as of June 30, 2015			
Investment Type	**Fair Value June 30, 2015**	**Less than 6 Months**	**7 Months – 1 Year**	**1–3 Years**	**More than 3 Years**
United States Treasuries	$ 2,686	$ -	$ -	$ -	$ 2,686
United States Agencies	31,356	31,356	-	-	-
Total investments	34,042	31,356	-	-	2,686
Accrued interest	46	-	-	-	-
Total	$ 34,088	$ 31,356	$ -	$ -	$ 2,686

ii) Credit Risk

The Authority's Compact, Article XVI, section 69(b), signed by the governing jurisdictions, includes investments that are direct obligations of, or obligations guaranteed by, the U.S. Government as well as evidences of indebtedness issued by agencies of the U.S. 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.

4. Cash, Deposits and Investments (continued)

(b) Investments (continued)

ii) Credit Risk (continued)

The Authority's investments which have the implicit guarantee of the U.S. 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.

The following table summarizes the ratings of the Authority's debt securities from Moody's Investor Service as of June 30, 2016 and 2015 (in thousands):

Investment Type	Fair Value June 30, 2016	Fair Value June 30, 2015	Rating
United States Treasuries	$ 2,861	$ 2,686	Aaa
United States Agencies	116,512	31,356	Aaa
Total investments at fair value	$ 119,373	$ 34,042	

iii) Custodial Credit Risk

The Authority does not have a formal policy for custodial credit risk. The Authority is not exposed to custodial credit risk because all securities are in the Authority's name.

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, 2016 and 2015 (in thousands):

	June 30, 2016			
	Fair Value	Level 1	Level 2	Level 3
Investments by type:				
United States Treasuries	$ 2,861	$ 2,861	$ -	$ -
United States Agencies	116,512	-	116,512	-
Total investments	$ 119,373	$ 2,861	$ 116,512	$ -
Fuel swap derivative	$ 1,629	$ -	$ 1,629	$ -

5. Fair Value Measurements (continued)

	June 30, 2015			
	Fair Value	Level 1	Level 2	Level 3
Investments by type:				
United States Treasuries	$ 2,686	$ 2,686	$ -	$ -
United States Agencies	31,356	-	31,356	-
Total investments	$ 34,042	$ 2,686	$ 31,356	$ -
Fuel swap derivative	$ (161)	$ -	$ (161)	$ -

United States Treasuries are valued using prices quoted in active markets. The United States Agencies are valued using matrix pricing. The fuel swap derivative was 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. Due from Other Governments

Since inception, the Authority has operated at a loss, which has been fully subsidized each year by the participating jurisdictions pursuant to the Compact. For purposes of determining the current year's operating loss to be funded by the local participating jurisdictions, the Authority calculates the results of transit operations on an agreed upon basis different from that reflected in the Statements of Revenues, Expenses, and Changes in Net Position.

The current amounts due from other governments are as follows at June 30, 2016 and 2015 (in thousands):

	June 30, 2016	June 30, 2015
Federal grants receivable	$ 487,179	$ 507,969
Jurisdiction operating subsidy	15,728	12,143
Total	$ 502,907	$ 520,112

The cumulative effects of the different agreed upon bases, which result in long term amounts due from other governments are as follows at June 30, 2016 and 2015 (in thousands):

	June 30, 2016	June 30, 2015
Agreed-upon funding of employee vacation liability and related taxes	$ 79,994	$ 74,969
Agreed-upon funding of claims for injuries and damages	156,626	125,577
Total accumulated difference	$ 236,620	$ 200,546

7. Capital Assets

Capital assets activity for the years ended June 30, 2016 and 2015 was as follows (in thousands):

	June 30, 2015	Additions	Reductions	June 30, 2016
Capital assets not being depreciated:				
Land	$ 550,934	$ 9,462	$ (624)	$ 559,772
Construction in progress	724,669	999,620	(1,037,603)	686,686
Total capital assets not being depreciated	1,275,603	1,009,082	(1,038,227)	1,246,458
Capital assets being depreciated:				
Buildings and improvements	951,631	74,741	-	1,026,372
Transit facilities	12,350,483	197,457	(453)	12,547,487
Revenue vehicles	3,086,776	726,556	(102,354)	3,710,978
Other equipment	3,595,571	259,651	(6,481)	3,848,741
Total capital assets being depreciated	19,984,461	1,258,405	(109,288)	21,133,578
Less accumulated depreciation for:				
Buildings and improvements	459,032	36,858	-	495,890
Transit facilities	4,842,671	384,400	(453)	5,226,618
Revenue vehicles	1,803,160	171,843	(102,354)	1,872,649
Other equipment	2,329,635	242,843	(6,481)	2,565,997
Total accumulated depreciation	9,434,498	835,944	(109,288)	10,161,154
Total capital assets being depreciated, net	10,549,963	422,461	-	10,972,424
Total capital assets, net	$ 11,825,566	$ 1,431,543	$ (1,038,227)	$ 12,218,882

During the fiscal year ended June 30, 2016, Montgomery County, Maryland donated the Paul S. Sarbanes Transit Center to the Authority. On August 13, 2015, land and transit facilities in the amount of $9.0 million and $135.1 million, respectively, were recorded at their acquisition value and reported as a capital contribution in the Statements of Revenues, Expenses, and Changes in Net Position.

The Metropolitan Washington Airports Authority (MWAA) donated $76.9 million of assets to the Authority relating to subsequent costs incurred during fiscal year 2016 to bring Phase I of the Dulles Corridor Metrorail Project to completion. These capital assets were recorded at their acquisition value and were reported as a capital contribution in the Statements of Revenues, Expenses, and Changes in Net Position.

Additions to construction in progress include capitalized labor and the related overhead of approximately $210.3 million and $184.8 million in fiscal years 2016 and 2015, respectively.

7. Capital Assets (continued)

	June 30, 2014	Additions	Reductions	June 30, 2015
Capital assets not being depreciated:				
Land	$ 474,193	$ 77,004	$ (263)	$ 550,934
Construction in progress	528,996	696,281	(500,608)	724,669
Total capital assets not being depreciated	1,003,189	773,285	(500,871)	1,275,603
Capital assets being depreciated:				
Buildings and improvements	853,272	98,359	-	951,631
Transit facilities	10,037,262	2,313,221	-	12,350,483
Revenue vehicles	2,910,389	194,781	(18,394)	3,086,776
Other equipment	2,745,683	854,489	(4,601)	3,595,571
Total capital assets being depreciated	16,546,606	3,460,850	(22,995)	19,984,461
Less accumulated depreciation for:				
Buildings and improvements	426,019	33,013	-	459,032
Transit facilities	4,483,084	359,587	-	4,842,671
Revenue vehicles	1,665,583	155,971	(18,394)	1,803,160
Other equipment	2,134,999	199,237	(4,601)	2,329,635
Total accumulated depreciation	8,709,685	747,808	(22,995)	9,434,498
Total capital assets being depreciated, net	7,836,921	2,713,042	-	10,549,963
Total capital assets, net	$ 8,840,110	$ 3,486,327	$ (500,871)	$ 11,825,566

In fiscal year 2015, Phase 1 of the Dulles Corridor Metrorail Project, consisting of an 11.7 mile extension of the existing metrorail system and the construction of five new stations, was substantially completed and donated to the Authority by MWAA. On July 26, 2014, the Authority recorded capital assets totaling $3.0 billion at the acquisition value as a capital contribution in the Statements of Revenues, Expenses, and Changes in Net Position. The capital assets included the rail track, rail stations, buildings, power substations, rail cars, land, and right of ways.

8. Due to Other Governments

The amounts in due to other governments include parking garage surcharges the Authority collects on behalf of several local jurisdictions, which total $31.5 million and $29.6 million as of June 30, 2016 and 2015, respectively.

Also included in due to other governments are funds the Authority receives in advance to perform reimbursable construction projects on behalf of other jurisdictions. During fiscal years 2016 and 2015, the Authority received $68.3 million and $31.6 million, respectively, and expended $51.6 million and $60.4 million, respectively, on labor, overhead, materials, and equipment to perform these services. As of June 30, 2016 and 2015, the remaining advances due to jurisdictions for these reimbursable projects totaled $56.7 million and $40.0 million, respectively.

9. Short and Long-Term Liabilities

Changes in short and long term liabilities for the years ended June 30, 2016 and 2015 were as follows (in thousands):

	June 30, 2015	Additions	Reductions	June 30, 2016	Due within one year
Short-term liabilities:					
Grant anticipation note	$ 83,333	$ -	$ (83,333)	$ -	$ -
Lines of credit	218,750	105,000	(163,750)	160,000	160,000
Total short-term liabilities	$ 302,083	$ 105,000	$ (247,083)	$ 160,000	$ 160,000
Long-term liabilities:					
Bonds payable:					
Series 2009A	$ 209,095	$ -	$ (7,900)	$ 201,195	$ 8,285
Series 2009B	55,000	-	-	55,000	-
Series 2016A	-	220,000	-	220,000	-
Net unamortized premium (discount)	9,992	13,566	(875)	22,683	-
Total bonds payable	274,087	233,566	(8,775)	498,878	8,285
Compensated absences	84,659	75,243	(70,294)	89,608	64,471
Tax advantage leases	273,054	-	(14,405)	258,649	15,076
Litigation and claims liability	157,849	55,054	(32,637)	180,266	44,893
Retainage on contracts	20,599	9,142	(7,599)	22,142	11,206
Total long-term liabilities	$ 810,248	$ 373,005	$ (133,710)	$ 1,049,543	$ 143,931

	June 30, 2014	Additions	Reductions	June 30, 2015	Due within one year
Short-term liabilities:					
Grant anticipation note	$ -	$ 200,000	$ (116,667)	$ 83,333	$ 83,333
Lines of credit	170,000	132,500	(83,750)	218,750	218,750
Total short-term liabilities	$ 170,000	$ 332,500	$ (200,417)	$ 302,083	$ 302,083
Long-term liabilities:					
Bonds payable:					
Series 2003	$ 5,680	$ -	$ (5,680)	$ -	$ -
Series 2009A	216,655	-	(7,560)	209,095	7,900
Series 2009B	55,000	-	-	55,000	-
Net unamortized premium (discount)	10,420	-	(428)	9,992	-
Total bonds payable	287,755	-	(13,668)	274,087	7,900
Compensated absences	79,530	70,066	(64,937)	84,659	59,492
Tax advantage leases	296,973	-	(23,919)	273,054	14,405
Litigation and claims liability	132,107	31,181	(5,439)	157,849	33,271
Retainage on contracts	24,165	14,386	(17,952)	20,599	12,169
Total long-term liabilities	$ 820,530	$ 115,633	$ (125,915)	$ 810,248	$ 127,237

9. Short and Long-Term Liabilities (continued)

(a) Grant Anticipation Note

A privately placed one year Grant Anticipation Note (GAN) was issued in October 2014 for $200.0 million, at an interest rate of 0.75%, to support the short-term cash flow needs of the capital program. Levels of unrestricted cash for the Authority's capital program were impacted by timing delays of Federal grant reimbursements due to restrictions imposed by the Federal Transit Administration resulting from findings identified in a June 2014 Financial Management Oversight Review report. In March 2015, the interest rate increased from 0.75% to 0.80% as a result of Moody's Ratings Service downgrading the Authority's credit rating. The Authority paid the final installment on the GAN's on October 22, 2015. The outstanding GAN balance at June 30, 2015 was $83.3 million.

(b) Lines of Credit

The total amount available under the "364 day" lines of credit was $302.5 million in both fiscal years 2016 and 2015. The current two lines of credit are due April 2017 and May 2017. The availability fees and accrued interest are payable either monthly or quarterly, depending on the terms of the agreements, commencing July 2010. Accrued interest is computed based on the London Interbank Offered Rate (LIBOR), plus a margin of less than 100 basis points. The one-month LIBOR rate was 0.47% and 0.19% for June 30, 2016 and June 30, 2015, respectively. As of June 30, 2016 and 2015, $160.0 million and $218.8 million were the drawn balances on the lines of credit, respectively. The lines of credit are collateralized by security interests in all of the Authority's gross revenues.

(c) Bonds Payable

Pursuant to the Compact and the Bond Resolution of the Authority, the following bonds were outstanding at June 30, 2016 and 2015 (in thousands):

	2016		
	Principal	Unamortized premium (discount)	Net
Series 2009A, 4.677% dated June 9, 2009, due semi-annually through July 1, 2032	$ 201,195	$ 10,418	$ 211,613
Series 2009B, 4.749% dated June 9, 2009, due semi-annually through July 1, 2034	55,000	(875)	54,125
Series 2016A, 4.359% dated June 8, 2016, due semi-annually through July 1, 2019	220,000	13,140	233,140
	$ 476,195	$ 22,683	$ 498,878

9. Short and Long-Term Liabilities (continued)

(c) Bonds Payable (continued)

	2015					
		Principal		**Unamortized premium (discount)**		**Net**
Series 2009A, 4.677% dated June 9, 2009, due semi-annually through July 1, 2032	$	209,095	$	10,901	$	219,996
Series 2009B, 4.749% dated June 9, 2009, due semi-annually through July 1, 2034		55,000		(909)		54,091
	$	264,095	$	9,992	$	274,087

On June 8, 2016, the Authority issued $220.0 million of the Series 2016A Gross Revenue Transit Bonds, with an average interest rate of 4.359%, primarily to finance capital costs.

On June 9, 2009, the Authority issued $242.7 million of the Series 2009A Gross Revenue Transit Bonds, with an average interest rate of 4.677%, 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 4.749%. 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% of the total coupon interest paid to investors.

The Authority is required to make semiannual payments of principal and/or interest on each series of bonds. The Authority must comply with certain covenants associated with these 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.
- 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 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.

9. Short and Long-Term Liabilities (continued)

(d) Bonds Debt Service Requirements

Debt service requirements for the bonds payable are as follows (in thousands):

	Principal	Interest
Fiscal Year:		
2017	$ 8,285	$ 19,276
2018	58,690	22,050
2019	94,125	18,469
2020	94,580	14,165
2021	10,060	11,937
2022–2026	58,780	50,743
2027–2031	75,910	32,758
2032–2035	75,765	8,202
	476,195	177,600
Net unamortized premium (discount)	22,683	-
	$ 498,878	$ 177,600

(e) Pledged Revenues

The Authority has pledged certain gross revenues to repay the Series 2016A, Series 2009A, and Series 2009B Gross Revenue Transit Bonds, collectively referred to as Transit Bonds. The total principal and interest payments remaining to be paid on the Transit Bonds is $653.8 million and $441.9 million as of June 30, 2016 and 2015, respectively, and are payable through July 1, 2034. Gross revenues are defined in the official statements of the Transit Bonds as all revenues exclusive of lease-related revenues, capital contributions, and federal operating subsidies, which include the Authority's operating revenues and jurisdiction operating subsidies.

Gross revenues recognized as defined by the Transit Bonds' indentures for the years ended June 30, 2016 and 2015 are as follows (in thousands):

	2016	2015
Passenger revenues	$ 809,407	$ 854,392
Other pledged revenues	49,758	44,252
Operating subsidies	915,070	826,096
Total gross revenues	$ 1,774,235	$ 1,724,740

9. Short and Long-Term Liabilities (continued)

(e) Pledged Revenues (continued)

Principal and interest payments on the Transit Bonds totaled for the years ended June 30, 2016 and 2015 are as follows (in thousands):

	2016	2015
Debt service principal and interest:		
Interest	$ 14,854	$ 12,748
Principal	7,900	13,240
Total	$ 22,754	$ 25,988
Percentage of debt service payment to gross revenue	1.28%	1.51%

(f) Interest Expense

Interest expense incurred during the years ended June 30, 2016 and 2015 is as follows (in thousands):

	2016	2015
Grant anticipation note	$ 208	$ 923
Lines of credit	2,681	2,421
Bonds	14,854	12,748
Total interest incurred	17,743	16,092
Less: capitalized interest	4,068	-
Total interest expense	$ 13,675	$ 16,092

10. Pension Plans

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

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

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, D.C. 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. Below is a summary of each respective Plan's membership for the years ended June 30, 2016 and 2015:

Plan membership	Retirement Plan	Local 689	Transit Police	Local 922	Local 2	Total
June 30, 2016:						
Active	295	9,244	433	430	89	10,491
Inactive, receiving benefits	1,178	4,384	227	227	293	6,309
Inactive, not receiving benefits	348	776	81	44	63	1,312
Total membership	1,821	14,404	741	701	445	18,112

Plan membership	Retirement Plan	Local 689	Transit Police	Local 922	Local 2	Total
June 30, 2015:						
Active	308	9,040	448	429	98	10,323
Inactive, receiving benefits	1,164	4,239	213	210	281	6,107
Inactive, not receiving benefits	359	740	76	44	64	1,283
Total membership	1,831	14,019	737	683	443	17,713

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 the Board of Trustees, which is comprised of four members. Three 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 Salaried Personnel Plan.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

i) Retirement Plan (continued)

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. Early retirement benefits are available upon reaching age 55 with 10 years of credited service or meeting the “Rule of 83” with years of service and age. The maximum normal retirement benefit is not to exceed 80% of final average compensation. The 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% 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 $19.9 million and $20.4 million for the years ended June 30, 2016 and 2015, respectively. Participants are not required to contribute to the Retirement Plan.

ii) Local 689

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

Eligible employees

Any regular full-time or part-time Authority employee, who is a member of Union Local 689 of the Amalgamated Transit Union (Local 689), after a 90-day probationary period, is eligible to participate in the Local 689 Plan. The Plan is governed by the terms of the employees’ collective bargaining agreement. After ten years of service, participants are 100% vested.

Benefits

The 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 1.85% of the highest 4-year average monthly total compensation times the number of years of continuous service up to 27 years, plus 1.95% of average compensation times continuous service in excess of 27 years of service. The minimum benefit is $600 monthly.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

ii) Local 689 (continued)

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 $22.1 million and $127.5 million, respectively, for the year ended June 30, 2016. Employee and Authority contributions totaled $6.9 million and $136.1 million, respectively, for the year ended June 30, 2015.

iii) Transit Police

The Transit Police Plan is administered by the 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 both early and later 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% 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 2.56% 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 0.50% of final average of the highest 36 months of earnings for each year of credited service.

Contributions and Funding Policy

Employees are required to contribute 7.27% of compensation beginning October 1, 2003. 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 17.05% 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 $2.4 million and $8.7 million, respectively, for the year ended June 30, 2016. Employee and Authority contributions totaled $2.5 million and $8.7 million, respectively, for the year ended June 30, 2015.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

iv) Local 922

The Local 922 Plan is administered by the 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.

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% vested.

Benefits

Effective for employees retiring on or after November 1, 2007, the annual retirement benefits are equal to 1.85% of the average compensation for each year (or fraction thereof based on completed months) of service up to 27 years at retirement, plus 1.95% 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, 1973. The minimum benefit is $175 monthly. 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 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% of wages for the period November 1, 2014 through October 31, 2015. Employee and Authority contributions totaled $0.7 million and $5.6 million, respectively, for the year ended June 30, 2016. Employee and Authority contributions totaled $0.2 million and $5.2 million, respectively, for the year ended June 30, 2015.

v) Local 2

The Local 2 Plan is administered by the Board of Trustees, which consists of six members. Five members are appointed by management of the Authority, and one member is appointed by the Local 2 Union.

Eligible employees

All full-time employees covered by the Local 2 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% vested.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

v) Local 2 (continued)

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 meeting the “Rule of 83” with years of service and age. The maximum normal retirement benefit is not to exceed 80% of final average compensation. The 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.

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 $4.8 million and $5.2 million for the years ended June 30, 2016 and 2015, respectively.

(b) Net Pension Liability

The Authority’s net pension liabilities for each of the Plans were measured as of their fiscal year end dates, which were determined using actuarial valuations as of each Plan’s fiscal year end.

The total pension liabilities in the actuarial valuations were determined using the following actuarial assumptions as of June 30, 2016 and 2015.

	Retirement Plan	Local 689	Transit Police	Local 922	Local 2
June 30 2016:					
Measurement date	6/30/2015	6/30/2015	12/31/2015	12/31/2015	6/30/2015
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%	4.0% to 4.5%	3.0% to 6.3%
Long-term rate of return, net of expense, including price inflation	7.0%	7.9%	7.5%	7.0%	7.5%
June 30 2015:					
Measurement date	6/30/2014	6/30/2014	12/31/2014	12/31/2014	6/30/2014
Inflation	2.5%	3.0%	2.5%	3.5%	2.5%
Salary and wage increases	3.0% to 6.3%	3.0% to 3.5%	varies by age	4.5%	3.0% to 6.3%
Long-term rate of return, net of expense, including price inflation	7.0%	7.9%	7.5%	7.0%	7.5%

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

i) Retirement Plan

The RP-2000 Fully Generational Combined Mortality table was used for the mortality assumptions.

The actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of an actuarial experience study conducted for the period of 2009 thru 2014.

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

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, 2015 and 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return 2015	Long-term expected real rate of return 2014
U.S. core fixed income	34.0%	4.4%	4.4%
U.S. equity large cap	37.0%	8.9%	9.0%
U.S. equity small cap	18.0%	12.1%	12.3%
Developed world ex U.S.	11.0%	10.4%	10.2%

The discount rate used to measure the total pension liability for June 30, 2015 and 2014 was 7.0%. The projection of cash flows used to determine the discount rate assumed that the employer 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.

ii) Local 689

For the fiscal year ended June 30, 2015, the RP-2000 male distinct rates projected to 2015 were used for the mortality assumptions. For the fiscal year ended June 30, 2014, the 1983 Group Annuity Mortality tables for males, set back 2 years, and the 1983 Group Annuity Mortality tables for females, unadjusted, were used for the mortality assumptions.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study conducted for the five years ending December 31, 2013. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study conducted for the five years ending December 31, 2010.

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

ii) Local 689 (continued)

The long term expected rate of return of pension plan investments was determined based on a weighted average of the expected real rates of return and the Plan's target asset allocation.

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, 2015 and 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Large cap equities	38.0%	5.5%
Mid cap equities	5.0%	6.1%
Small cap equities	5.0%	6.7%
Non-U.S. developed equities	10.0%	5.6%
Fixed income	15.0%	1.2%
Global tactical assets allocation	10.0%	4.0%
Real estate	7.0%	4.6%
Fund of hedge funds	5.0%	4.0%
Private equity	5.0%	8.9%

The discount rate used to measure the total pension liability for June 30, 2015 and 2014 was 7.85%. The projection of cash flows used to determine the discount rate assumed that participant 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.

iii) Transit Police

For the year ended December 31, 2015 and 2014, the RP-2000 Combined Healthy Blue Collar Mortality table with generational projection by Scale AA was used for the mortality assumptions. A ten year set forward was used for post disability mortality.

The actuarial assumptions used in the December 31, 2015 and 2014 valuations were based on the results of an actuarial experience study conducted for the five years ending January 1, 2015.

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

iii) Transit Police (continued)

The long term expected rate of return of pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation (2.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is the same as of December 31, 2015 and 2014 and are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return
Equity (U.S. and International)	50.0%–70.0%	
U.S.		6.7%
International		7.2%
Fixed income	25.0%–45.0%	
Core		2.3%
International		2.4%
Real estate	0%–10.0%	4.5%

The discount rate used to measure the total pension liability for December 31, 2015 and 2014 was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

iv) Local 922

The RP-2000 Blue Collar Mortality table, projected to 2017 using Scale AA, was used for the mortality assumptions for the year ended December 31, 2014, updated for the year ended December 31, 2015 for active and healthy retirees to use a fully-operational mortality improvement scale.

The actuarial assumptions used in the December 31, 2015 and 2014 valuations were based on the results of an actuarial experience study conducted for the eight years ending December 31, 2014.

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

iv) Local 922 (continued)

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

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, 2015 and 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return 2015	2014
Large cap equities	29.0%	7.5%	7.8%
Small/mid cap equities	6.0%	7.8%	8.0%
International equities	12.0%	8.0%	8.3%
Core bonds	23.0%	4.0%	4.4%
Global bonds	5.0%	2.3%	3.0%
Real estate	5.0%	6.5%	6.5%
Global asset allocations	10-20%	6.9%	7.2%

The discount rate used to measure the total pension liability for December 31, 2015 and 2014 was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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) Net Pension Liability (continued)

v) Local 2

The RP-2000 Fully Generational Combined Mortality Table (Projected w/Scale AA) without collar adjustment was used for the mortality assumptions for the fiscal years ended June 30, 2015 and 2014.

The actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of an actuarial experience study conducted for the six years ending June 30, 2014.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return 2015	2014
U.S. core fixed income	29.0%	4.5%	4.4%
U.S. equity large cap	36.0%	8.9%	9.0%
U.S. equity mid cap	17.0%	10.9%	10.3%
U.S. equity small cap	14.0%	12.1%	12.3%
Developed world ex U.S.	4.0%	10.4%	10.3%

The discount rate used to measure the total pension liability for June 30, 2015 and 2014 was 7.5%. The projection of cash flows used to determine the discount rate assumed that the employer 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)

(b) Net Pension Liability (continued)

Changes in the Authority's net pension liabilities for the fiscal years ended June 30, 2016 and 2015, based on each Plan's respective measurement dates, are as follows (in thousands):

Retirement Plan

	2016		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30, 2014	$ 533,590	$ 373,806	$ 159,784
Changes for the year:			
Service cost	1,953	-	1,953
Interest	36,104	-	36,104
Differences between expected and actual experience	(5,072)	-	(5,072)
Changes in assumptions	-	-	-
Changes in benefit terms	(1,102)	-	(1,102)
Contributions – employer	-	20,398	(20,398)
Net investment income	-	14,698	(14,698)
Benefit payments, including refunds of employee contributions	(39,542)	(39,542)	-
Administrative expenses	-	(16)	16
Transfer of funds to Local 2	-	(1,078)	1,078
Net change	(7,659)	(5,540)	(2,119)
Balance at June 30, 2015	$ 525,931	$ 368,266	$ 157,665

	2015		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30, 2013	$ 485,050	$ 338,257	$ 146,793
Changes for the year:			
Service cost	1,815	-	1,815
Interest	37,268	-	37,268
Differences between expected and actual experience	(2,896)	-	(2,896)
Changes in assumptions	53,908	-	53,908
Changes in benefit terms	477	-	477
Contributions – employer	-	20,585	(20,585)
Contributions – employee	-	312	(312)
Net investment income	-	56,703	(56,703)
Benefit payments, including refunds of employee contributions	(42,032)	(42,032)	-
Administrative expenses	-	(19)	19
Net change	48,540	35,549	12,991
Balance at June 30, 2014	$ 533,590	$ 373,806	$ 159,784

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

Local 689

	2016		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30, 2014	$ 3,253,514	$ 2,628,691	$ 624,823
Changes for the year:			
Service cost	71,473	-	71,473
Interest	251,235	-	251,235
Differences between expected and actual experience	(29,971)	-	(29,971)
Changes in assumptions	(13,395)	-	(13,395)
Contributions – employer	-	136,075	(136,075)
Contributions – employee	-	6,894	(6,894)
Net investment income	-	130,680	(130,680)
Benefit payments, including refunds of employee contributions	(159,466)	(159,466)	-
Administrative expenses	-	(865)	865
Net change	119,876	113,318	6,558
Balance at June 30, 2015	$ 3,373,390	$ 2,742,009	$ 631,381

	2015		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30, 2013	$ 3,032,773	$ 2,247,134	$ 785,639
Changes for the year:			
Service cost	66,090	-	66,090
Interest	234,275	-	234,275
Differences between expected and actual experience	66,534	-	66,534
Contributions – employer	-	123,234	(123,234)
Net investment income	-	405,761	(405,761)
Benefit payments, including refunds of employee contributions	(146,158)	(146,158)	-
Administrative expenses	-	(947)	947
Other	-	(333)	333
Net change	220,741	381,557	(160,816)
Balance at June 30, 2014	$ 3,253,514	$ 2,628,691	$ 624,823

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

Transit Police

	2016		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at December 31, 2014	$ 231,532	$ 186,746	$ 44,786
Changes for the year:			
Service cost	6,094	-	6,094
Interest	16,900	-	16,900
Differences between expected and actual experience	(2,726)	-	(2,726)
Contributions – employer	-	8,748	(8,748)
Contributions – employee	-	2,407	(2,407)
Net investment income	-	(5,396)	5,396
Benefit payments, including refunds of employee contributions	(12,406)	(12,406)	-
Administrative expenses	-	(252)	252
Net change	7,862	(6,899)	14,761
Balance at December 31, 2015	$ 239,394	$ 179,847	$ 59,547

	2015		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at December 31, 2013	$ 222,446	$ 174,128	$ 48,318
Changes for the year:			
Service cost	5,824	-	5,824
Interest	16,250	-	16,250
Differences between expected and actual experience	(1,415)	-	(1,415)
Contributions – employer	-	8,737	(8,737)
Contributions – employee	-	2,463	(2,463)
Net investment income	-	13,201	(13,201)
Benefit payments, including refunds of employee contributions	(11,573)	(11,573)	-
Administrative expenses	-	(210)	210
Net change	9,086	12,618	(3,532)
Balance at December 31, 2014	$ 231,532	$ 186,746	$ 44,786

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

Local 922

	2016		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at December 31, 2014	$ 195,465	$ 180,977	$ 14,488
Changes for the year:			
Service cost	4,463	-	4,463
Interest	13,757	-	13,757
Differences between expected and actual experience	213	-	213
Changes in assumptions	2,318	-	2,318
Contributions – employer	-	5,583	(5,583)
Contributions – employee	-	369	(369)
Net investment income	-	(2,275)	2,275
Benefit payments, including refunds of employee contributions	(6,809)	(6,809)	-
Administrative expenses		(219)	219
Net change	13,942	(3,351)	17,293
Balance at December 31, 2015	$ 209,407	$ 177,626	$ 31,781

	2015		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at December 31, 2013	$ 183,958	$ 173,765	$ 10,193
Changes for the year:			
Service cost	4,767	-	4,767
Interest	12,832	-	12,832
Contributions – employer	-	5,634	(5,634)
Contributions – employee	-	41	(41)
Net investment income	-	7,801	(7,801)
Benefit payments, including refunds of employee contributions	(6,092)	(6,092)	-
Administrative expenses	-	(172)	172
Net change	11,507	7,212	4,295
Balance at December 31, 2014	$ 195,465	$ 180,977	$ 14,488

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

Local 2

	2016		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30, 2014	$ 168,989	$ 140,806	$ 28,183
Changes for the year:			
Service cost	676	-	676
Interest	12,300	-	12,300
Differences between expected and actual experience	(2,115)	-	(2,115)
Changes in benefit terms	1,028	-	1,028
Contributions – employer	-	5,156	(5,156)
Net investment income	-	6,684	(6,684)
Benefit payments, including refunds of employee contributions	(11,324)	(11,324)	-
Administrative expenses	-	(74)	74
Transfer of funds from Retirement Plan	-	1,078	(1,078)
Net change	565	1,520	(955)
Balance at June 30, 2015	$ 169,554	$ 142,326	$ 27,228

	2015		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30, 2013	$ 152,159	$ 125,027	$ 27,132
Changes for the year:			
Service cost	664	-	664
Interest	11,780	-	11,780
Differences between expected and actual experience	5,817	-	5,817
Changes of assumptions	10,168	-	10,168
Changes in benefit terms	(446)	-	(446)
Contributions – employer	-	4,758	(4,758)
Net investment income	-	22,493	(22,493)
Benefit payments, including refunds of employee contributions	(11,153)	(11,153)	-
Administrative expenses	-	(7)	7
Transfer of funds to Retirement Plan	-	(312)	312
Net change	16,830	15,779	1,051
Balance at June 30, 2014	$ 168,989	$ 140,806	$ 28,183

10. Pension Plans (continued)

(b) Net Pension Liability (continued)

Total Plans

	2016		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30 or December 31, 2014, based on each respective Plan	$ 4,383,090	$ 3,511,026	$ 872,064
Changes for the year:			
Service cost	84,659	-	84,659
Interest	330,296	-	330,296
Differences between expected and actual experience	(39,671)	-	(39,671)
Changes in assumptions	(11,077)	-	(11,077)
Changes in benefit terms	(74)	-	(74)
Contributions – employer	-	175,960	(175,960)
Contributions – employee	-	9,670	(9,670)
Net investment income	-	144,391	(144,391)
Benefit payments, including refunds of employee contributions	(229,547)	(229,547)	-
Administrative expenses	-	(1,426)	1,426
Net change	134,586	99,048	35,538
Balance at June 30 or December 31, 2015, based on each respective Plan	$ 4,517,676	$ 3,610,074	$ 907,602

	2015		
	Total pension liability	**Plan fiduciary net position**	**Net pension liability**
Balance at June 30 or December 31, 2013, based on each respective Plan	$ 4,076,386	$ 3,058,311	$ 1,018,075
Changes for the year:			
Service cost	79,160	-	79,160
Interest	312,405	-	312,405
Differences between expected and actual experience	68,040	-	68,040
Changes in assumptions	64,076	-	64,076
Changes in benefit terms	31	-	31
Contributions – employer	-	162,948	(162,948)
Contributions – employee	-	2,816	(2,816)
Net investment income	-	505,959	(505,959)
Benefit payments, including refunds of employee contributions	(217,008)	(217,008)	-
Administrative expenses	-	(1,355)	1,355
Transfer of funds to Retirement Plan	-	(312)	312
Other	-	(333)	333
Net change	306,704	452,715	(146,011)
Balance at June 30 or December 31, 2013, based on each respective Plan	$ 4,383,090	$ 3,511,026	$ 872,064

10. Pension Plans (continued)

(c) Pension Expense

Pension expense recognized by the Authority for the fiscal years ended June 30, 2016 and 2015 is as follows (in thousands):

	Pension expense	
	2016	**2015**
Plan:		
Retirement Plan	$ 3,396	$ 58,635
Local 689	84,145	89,579
Transit Police	10,228	6,594
Local 922	9,795	6,455
Local 2	(1,336)	16,158
Total	$ 106,228	$ 177,421

10. Pension Plans (continued)

(d) Pension Deferred Outflows and Inflows of Resources

At June 30, 2016 and 2015, the Authority reported deferred outflows and inflows of resources for the respective Plans as follows (in thousands):

	June 30, 2016	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Retirement Plan:		
Differences between projected and actual investment earnings	$ -	$ 10,178
Contributions made after the measurement date	19,877	-
Subtotal	19,877	10,178
Local 689:		
Differences between projected and actual investment earnings	59,210	138,706
Differences between expected and actual experience	49,026	26,403
Changes in assumptions	-	11,800
Contributions made after the measurement date	127,516	-
Subtotal	235,752	176,909
Transit Police:		
Differences between projected and actual investment earnings	15,477	98
Differences between expected and actual experience	-	3,485
Contributions made after the measurement date	4,374	-
Subtotal	19,851	3,583
Local 922:		
Differences between projected and actual investment earnings	14,530	-
Differences between expected and actual experience	170	-
Changes of assumptions	1,854	-
Contributions made after the measurement date	2,792	-
Subtotal	19,346	-
Local 2:		
Differences between projected and actual investment earnings	-	4,813
Contributions made after the measurement date	4,823	-
Subtotal	4,823	4,813
Total deferred outflows of resources and inflows of resources		
Differences between projected and actual investment earnings	89,217	153,795
Differences between expected and actual experience	49,196	29,888
Changes in assumptions	1,854	11,800
Contributions made after the measurement date	159,382	-
Total	$ 299,649	$ 195,483

10. Pension Plans (continued)

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

	June 30, 2015	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Retirement Plan:		
Differences between projected and actual investment earnings	$ -	$ 25,060
Contributions made after the measurement date	20,398	-
Subtotal	20,398	25,060
Local 689:		
Differences between projected and actual investment earnings	-	184,941
Differences between expected and actual experience	57,780	-
Contributions made after the measurement date	136,075	-
Subtotal	193,855	184,941
Transit Police:		
Differences between projected and actual investment earnings	-	130
Differences between expected and actual experience	-	1,258
Contributions made after the measurement date	4,374	-
Subtotal	4,374	1,388
Local 922:		
Differences between projected and actual investment earnings	3,474	-
Contributions made after the measurement date	2,817	-
Subtotal	6,291	-
Local 2:		
Differences between projected and actual investment earnings	-	10,350
Contributions made after the measurement date	5,156	-
Subtotal	5,156	10,350
Total deferred outflows of resources and inflows of resources		
Differences between projected and actual investment earnings	3,474	220,481
Differences between expected and actual experience	57,780	1,258
Changes in assumptions		
Contributions made after the measurement date	168,820	-
Total	$ 230,074	$ 221,739

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, 2016 and 2015 will be recognized as a reduction in the net pension liability in the fiscal years ending June 30, 2017 and June 30, 2016, 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):

Year ending	Retirement Plan	Local 689	Transit Police	Local 922	Local 2	Total
2017	$ 4,111	$ 27,841	$ (3,339)	$ (4,356)	$ 1,850	$ 26,107
2018	4,111	27,841	(3,339)	(4,356)	1,850	26,107
2019	4,111	27,842	(3,339)	(4,356)	1,850	26,108
2020	(2,155)	(18,392)	(3,371)	(3,486)	(737)	(28,141)
2021	-	(3,591)	498	-	-	(3,093)
Thereafter	-	7,132	996	-	-	8,128
	$ 10,178	$ 68,673	$ (11,894)	$ (16,554)	$ 4,813	$ 55,216

(e) 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):

	As of June 30, 2016			
Plan	Discount rate	1% Decrease	Current rate	1% Increase
Retirement Plan	7.00%	$ 209,265	$ 157,665	$ 113,605
Local 689	7.85%	1,076,796	631,381	286,560
Transit Police	7.50%	91,761	59,547	32,972
Local 922	7.00%	61,248	31,781	7,664
Local 2	7.50%	43,871	27,228	12,962
Total net pension liability		$ 1,482,941	$ 907,602	$ 453,763

10. Pension Plans (continued)

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

	As of June 30, 2015			
Plan	**Discount rate**	**1% Decrease**	**Current rate**	**1% Increase**
Retirement Plan	7.00%	$ 212,996	$ 159,784	$ 114,424
Local 689	7.85%	1,032,885	624,823	283,011
Transit Police	7.50%	76,195	44,786	18,903
Local 922	7.00%	40,867	14,488	(7,211)
Local 2	7.50%	45,086	28,183	13,721
Total net pension liability		$ 1,408,029	$ 872,064	$ 422,848

(f) Defined Contribution Retirement Plan

The Authority offers a defined contribution retirement plan, Washington Metropolitan Area Transit Authority Defined Contribution Retirement Plan and Trust, for salaried employees under the terms of the Internal Revenue Code 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 four percent 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 three percent of base salary to the 457 Deferred Compensation plan, the Authority will contribute an additional amount of up to three percent to the 401(a) plan to equal the employee's contribution to the 457 plan. Employees are 100% 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 plan can be amended by the Board. This right to amend the 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 plan.

The Authority contributed $9.8 million and $9.3 million for the years ended June 30, 2016 and 2015, respectively.

(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% of salary, on a pretax basis, not to exceed limits prescribed in the Internal Revenue Code. 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.

11. Other Postemployment Benefits

(a) Plan Descriptions

The Authority contributes to four single employer defined benefit healthcare plans: Local 689, Local 2, Transit Police and Nonrepresented. Transit Police and Nonrepresented provide healthcare, prescription drug and life insurance benefits to retirees and their dependents. Local 2 and Local 689 provides healthcare, prescription drug and life insurance benefits to employees hired before January 1, 2010.

The Local 689, Local 2, and Transit Police plans are governed by the terms of their respective collective bargaining agreements. The Nonrepresented plan is governed by the Authority's Board.

(b) Funding Policy and Annual OPEB Cost

For the Local 689, Local 2, and Transit Police plans, contribution requirements of the plan members and the Authority are established and may be amended through negotiation between the Authority and the unions. For the Nonrepresented plan, the Board established and may amend the contribution requirements for the plan members and the Authority.

The Authority's OPEB cost for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

11. Other Postemployment Benefits (continued)

(b) Funding Policy and Annual OPEB Cost (continued)

The Authority's annual OPEB cost for the years ended June 30, 2016 and 2015, and the related information are as follows (in thousands):

	Local 689	Local 2	Transit Police	Non-Represented	Total
Contributions rates:					
Authority	Pay-as -you-go	Pay-as -you-go	Pay-as -you-go	Pay-as -you-go	
Employees (plan members)	N/A	N/A	N/A	N/A	
Annual required contribution	$ 59,488	$ 9,242	$ 6,646	$ 31,997	$ 107,373
Interest on net OPEB obligation	14,279	2,568	1,576	6,104	24,527
Adjustment to annual required contribution	(13,641)	(2,453)	(1,506)	(5,831)	(23,431)
Annual OPEB costs	60,126	9,357	6,716	32,270	108,469
Contributions made	(29,731)	(4,300)	(2,926)	(14,380)	(51,337)
Increase in net OPEB obligation	30,395	5,057	3,790	17,890	57,132
Net OPEB obligation – July 1, 2015	356,984	64,198	39,402	152,583	613,167
Net OPEB obligation – June 30, 2016	$ 387,379	$ 69,255	$ 43,192	$ 170,473	$ 670,299

	Local 689	Local 2	Transit Police	Non-Represented	Total
Contributions rates:					
Authority	Pay-as -you-go	Pay-as -you-go	Pay-as -you-go	Pay-as -you-go	
Employees (plan members)	N/A	N/A	N/A	N/A	
Annual required contribution	$ 52,988	$ 9,298	$ 6,738	$ 30,011	$ 99,035
Interest on net OPEB obligation	13,264	2,275	1,424	5,192	22,155
Adjustment to annual required contribution	(12,670)	(2,174)	(1,361)	(4,960)	(21,165)
Annual OPEB Costs	53,582	9,399	6,801	30,243	100,025
Contributions made	(28,189)	(3,278)	(3,018)	(11,198)	(45,683)
Increase in net OPEB obligation	25,393	6,121	3,783	19,045	54,342
Net OPEB obligation – July 1, 2014	331,591	58,077	35,619	133,538	558,825
Net OPEB obligation – June 30, 2015	$ 356,984	$ 64,198	$ 39,402	$ 152,583	$ 613,167

11. Other Postemployment Benefits (continued)

(b) Funding Policy and Annual OPEB Cost (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations for fiscal years 2016, 2015 and 2014 for each of the plans were as follows (in thousands):

Plan	Fiscal year ended	Annual OPEB cost	Percentage of OPEB cost contributed
Local 689	June 30, 2016	$ 60,126	49.4%
	June 30, 2015	$ 53,582	52.6%
	June 30, 2014	$ 51,547	45.1%
Local 2	June 30, 2016	$ 9,357	45.1%
	June 30, 2015	$ 9,399	34.9%
	June 30, 2014	$ 10,167	30.4%
Transit Police	June 30, 2016	$ 6,716	43.6%
	June 30, 2015	$ 6,801	44.4%
	June 30, 2014	$ 6,477	28.4%
Non-Represented	June 30, 2016	$ 32,270	44.6%
	June 30, 2015	$ 30,243	37.0%
	June 30, 2014	$ 32,544	30.5%

(c) Funded Status and Funding Progress

The funded status of the plans, as of June 30, 2016 and 2015, are as follows (in thousands):

	Local 689	Local 2	Transit Police	Non-Represented	Total
Actuarial accrued liability (a)	$ 1,026,115	$ 153,581	$ 105,957	$ 481,661	$ 1,767,314
Actuarial value of plan assets (b)	-	-	-	-	-
Unfunded actuarial accrued Liability (funding excess) (a)-(b)	$ 1,026,115	$ 153,581	$ 105,957	$ 481,661	$ 1,767,314
Funded ratio (b)/(a)	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll (c)	N/A	N/A	N/A	N/A	$ 627,000
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c)	N/A	N/A	N/A	N/A	281.9%

11. Other Postemployment Benefits (continued)

(c) Funded Status and Funding Progress (continued)

	Local 689	Local 2	Transit Police	Non-Represented	Total
Actuarial accrued liability (a)	$ 853,454	$ 136,286	$ 95,267	$ 397,255	$ 1,482,262
Actuarial value of plan assets (b)	-	-	-	-	-
Unfunded actuarial accrued Liability (funding excess) (a)-(b)	$ 853,454	$ 136,286	$ 95,267	$ 397,255	$ 1,482,262
Funded ratio (b)/(a)	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll (c)	N/A	N/A	N/A	N/A	$ 734,000
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c)	N/A	N/A	N/A	N/A	201.9%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the financial accrued liabilities for benefits.

(d) Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits in force at the valuation date and pattern of sharing benefits costs between the Authority and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

11. Other Postemployment Benefits (continued)

(d) Actuarial Methods and Assumptions (continued)

The Authority's significant methods and assumptions were as follows:

	Local 689	Local 2	Transit Police	Non-Represented
Actuarial valuation date	July 1, 2015	July 1, 2015	July 1, 2015	July 1, 2015
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay
Remaining amortization period	Open-30 years	Open-30 years	Open-30 years	Open-30 years
Asset valuation method	N/A	N/A	N/A	N/A
Discount rate	4.0%	4.0%	4.0%	4.0%
Projected salary increases	4.5%	4.5%	4.5%	4.5%
Inflation rate	2.1%	2.1%	2.1%	2.1%
Healthcare cost trend rate:				
Pre-65 Years old	7.6%	7.6%	7.6%	7.6%
65 Years and older	9.0%	9.0%	9.0%	9.0%

(e) Defined Contribution Plan

The Authority contributes to the 922/Employees Health Trust (the Plan), which is a cost sharing multiple employer defined contribution healthcare plan that provides healthcare, prescription drug, and life insurance benefits to retirees and their dependents who are members of the Local 922 Union. The Plan is administered by the Local 922 Union, 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 are eliminated for Local 922 Union employees hired on or after January 1, 2012.

The Plan requires the Authority to contribute $800 each month for each Local 922 Union employee and each Local 922 Union retiree enrolled in the Plan under the age of 65. The Plan determines the amount of employee and retiree contributions necessary to fund the remaining cost of the benefits. The Authority's contributions were $4.3 million and $4.0 million for the fiscal years ended June 30, 2016 and 2015, respectively. Employee and retiree contributions were $1.6 million and $1.0 million for the fiscal years ended June 30, 2016 and 2015, respectively.

12. Commitments and Contingencies

(a) Litigation and 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) Workers compensation claims up to $2.5 million per occurrence;
3) Employment practices liability claims up to $1.0 million per occurrence;
4) First party (the Authority) property and business interruption loss up to $10.0 million for derailment, track and roadbed and $5.0 million for stations and tunnels; and up to $1.0 million for all other loss or damage;
5) Directors and Officers, Employment Practices Liability, Fiduciary Liability, Crime (including Employee Dishonesty), Pollution Liability, 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.

i) Key Insurance Program Changes

In fiscal year 2016, the self-insured retention for MetroAccess auto liability claims was increased to $5.0 million per occurrence in alignment with all other WMATA third party liability. There were no material changes to the insurance programs in fiscal year 2015.

ii) Open Liability Claims $1.0 Million and Greater

Third Party Claims

As of June 30, 2016 and 2015, there were four liability claims with open reserves greater than $1.0 million falling within the $5.0 million SIR.

Workers' Compensation

As of June 30, 2016 and 2015, there were nine and ten, respectively, workers' compensation claims with open reserves greater than $1.0 million, with an aggregate total of $11.8 million and $13.5 million, respectively. Workers' compensation claims have a longer tail than liability claims, with the expected payout period of these nine claims ranging over the next several decades.

Directors and Officers/Employment Practices Liability

As of June 30, 2016, the Authority has two claims pending, of which expenses exceeded the $1.0 million SIR.

12. Commitments and Contingencies (continued)

(a) Litigation and 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% or more of the SIR. When a third party liability or workers compensation claim is either made against the Authority or when there is sufficient reason to believe that the Authority may be liable for the loss, a dollar amount for estimated losses is reserved for that claim. Estimated loss values are adjusted as the claims develop. The reserve for estimated losses is evaluated by an independent actuary who determines the total liability 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, 2016 and 2015 are as follows (in thousands):

	2016	2015
Estimated net present value of the liability for litigation and claims, beginning of year	$ 157,849	$ 132,108
Incurred new claims	35,626	31,181
Changes in estimate for claims of prior periods	19,428	28,295
Payments on claims	(32,637)	(33,735)
Estimated net present value of the liability for litigation and claims, end of year	$ 180,266	$ 157,849
Due within one year	$ 44,893	$ 33,271

The Authority is a party to a number of claims arising from the construction of the transit system. These matters principally relate to contractor claims for additional compensation in excess of the original contract price. In the opinion of management, including its General Counsel, the ultimate resolution of these matters will not have a material effect on the Authority's financial position and results of operations.

(b) Operating Leases

The Authority has entered into various operating leases for office space within the District of Columbia, State of Maryland and Commonwealth of Virginia. The terms of the various leases have a time span ranging from four to twenty 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 the Metro system.

Lease payments for years ended June 30, 2016 and 2015 were $5.1 million and $4.9 million, respectively.

12. Commitments and Contingencies (continued)

(b) Operating Leases (continued)

The Authority's minimum future lease payments for noncancelable operating leases, as of June 30, 2016 are as follows (in thousands):

	Total
Fiscal year:	
2017	$ 4,277
2018	3,167
2019	3,167
2020	2,081
2021	1,697
2022–2025	2,294
	$ 16,683

(c) Hedging Derivative Instrument

The Authority enters into master commodity swap agreements or contracts as a hedge against the price volatility of diesel fuel. The agreements allow the Authority to plan and manage its diesel fuel, reduce risk, and improve budget stability. In fiscal years 2016 and 2015, the Authority maintained diesel fuel swap agreements (hedging derivative instruments).

Payment between the swap parties is the difference between the swap price per gallon and the unweighted arithmetic mean of the daily Heating Oil – New York Mercantile Exchange (NYMEX) closing price of the first nearby month.

The fair value of the swaps 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 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 values of the diesel swap agreements as of June 30, 2016 and 2015:

	Per calculation effective date	Period maturity date	Monthly notional gallons	Annual notional gallons	Fair value (in thousands)
June 30, 2016	July 1, 2017	June 30, 2017	654,000	7,848,000	$ 1,629
June 30, 2015	July 1, 2016	June 30, 2016	625,000	7,500,000	$ (161)

The Authority is exposed to credit risk when swap fair values are negative. 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.

12. Commitments and Contingencies (continued)

(c) Hedging Derivative Instrument (continued)

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) Labor Contracts

During fiscal year 2016, 82% of the Authority's labor force, was covered by five labor contracts. As of June 30, 2016, no labor contracts were expired.

(e) Construction and Capital Commitments

Construction and capital improvement costs are funded by Federal grants, jurisdictional matching funds, and third party agreements. As of June 30, 2016, the Authority had committed to expend $183.7 million on future construction, capital improvement and other miscellaneous projects.

The Federal funding is subject to audit by the U.S. Government. In the opinion of management, disallowed costs, if any, would not have a material effect on the financial position of the Authority.

13. Tax Advantage Lease Agreements

(a) Historical Information

During fiscal year 1999, the Authority entered into 13 contracts to lease the Authority's interest in 680 railcars and simultaneously subleased the railcars back. At settlement, these railcars had a fair value of $1.2 billion and a net book value of $226.3 million. During fiscal year 2003, the Authority entered into two additional contracts to sublease 78 railcars valued at $194.1 million and had a net book value of $66.8 million.

Trusts were created coincident to these transactions to serve as the lessee/sublessor. Under the sublease agreements, the Authority retains the right to use the railcars and is responsible for their continued maintenance and insurance. The Authority's sublease arrangements have been recorded at present value of the future lease payments and has been recognized on the Statements of Net Position as obligations under tax advantage lease agreements.

As part of the headlease agreements, the Authority received prepayments equivalent to the net present value of the headlease obligations. The Authority transferred a portion of these proceeds to third party equity payment undertakers (EPU's) in accordance with the terms of contractual obligations known as debt and equity payment undertaking agreements. These agreements constitute commitments by the EPU's to pay the Authority's sublease and buy-out options under the terms of the subleases. The EPU's performance under the agreement is guaranteed by their parent company. As the debt and equity payment undertaking agreements have been structured to meet all future obligations under the sublease, the Authority has recorded the amounts held by the EPU's as a prefunded tax advantage lease defeasance contract on the Statements of Net Position.

13. Tax Advantage Lease Agreements (continued)

(b) Future Minimum Lease Requirements

The obligation under tax advantage lease agreements and the prefunded tax advantage lease commitment are adjusted annually to reflect the change in the net present value of the related sublease and buy-out options.

The following table sets forth the aggregate future minimum payment amounts due under the sublease agreements as of June 30, 2016 (in thousands):

		Total
Fiscal year:		
2017	$	20,711
2018		94,457
2019		22,491
2020		22,491
2021		22,491
2022–2026		65,270
2027–2031		74,607
2032–2034		18,574
Total future minimum payments		341,092
Less imputed interest		82,443
Present value of minimum lease payments	$	258,649

The deferred gain on the tax advantage lease (i.e., excess of the prepayments received over the prepayment paid to the EPU's) is recorded as a deferred inflow of resources on the Statements of Net position will be recognized by the Authority over the life of the lease.

(c) Additional Leasing Disclosure

The tax advantage lease agreements allow the equity investors to replace the EPU's in the event that their financial ratings are downgraded below a specified level. In the event a suitable replacement or other mutually acceptable solution cannot be reached, accelerated payment of the liability could be requested. Due to events in the financial markets, certain specified downgrades had occurred for all lease agreements. To date, the Authority has terminated 13 of the original 16 lease agreements (one termination occurred during the fiscal year ended June 30, 2015). Of the three remaining leases, two equity investors waived the Authority's obligation to replace the defeasance provider and the one remaining equity investor has granted an extension, with an approved extension date to June 30, 2018. The remaining period of these lease agreements ranges from approximately five to 17 years.

It is currently unknown what the cost of the resolutions to any future equity investor's requests will be to the Authority, and as such, no liability has been recognized.

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Schedule of Changes in the Net Pension Liability
Last Ten Fiscal Years *
(in thousands)

Exhibit 4
(continued)

WMATA Retirement Plan:	**2016**	**2015**
Total pension liability:		
Service cost	$ 1,953	$ 1,815
Interest	36,104	37,268
Changes of benefit terms	(1,102)	477
Differences between expected and actual experience	(5,072)	(2,896)
Changes of assumptions	-	53,908
Benefit payments, including refunds of member contributions	(39,542)	(42,032)
Net change in total pension liability	(7,659)	48,540
Total pension liability – beginning	533,590	485,050
Total pension liability – ending	$ 525,931	$ 533,590
Plan fiduciary net position	$ 368,266	$ 373,806
Net pension liability	$ 157,665	$ 159,784
Plan fiduciary net position as a percentage of the total pension liability	70.02%	70.05%
Covered employee payroll	$ 23,265	$ 23,674
Net pension liability as a percentage of covered employee payroll	677.68%	674.93%

* Data reported for fiscal years 2016 and 2015 is based on the WMATA Retirement Plan's measurement dates of June 30, 2015 and 2014, 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.

See accompanying independent auditor's report.

Schedule of Changes in the Net Pension Liability
Last Ten Fiscal Years *
(in thousands)

Exhibit 4
(continued)

WMATA Transit Employees Retirement (Local 689) Plan:	**2016**	**2015**
Total pension liability:		
Service cost	$ 71,473	$ 66,090
Interest	251,235	234,275
Differences between expected and actual experience	(29,971)	66,534
Changes of assumptions	(13,395)	-
Benefit payments, including refunds of member contributions	(159,466)	(146,158)
Net change in total pension liability	119,876	220,741
Total pension liability – beginning	3,253,514	3,032,773
Total pension liability – ending	$ 3,373,390	$ 3,253,514
Plan fiduciary net position	$ 2,742,009	$ 2,628,691
Net pension liability	$ 631,381	$ 624,823
Plan fiduciary net position as a percentage of the total pension liability	81.28%	80.80%
Covered employee payroll	$ 745,231	$ 710,331
Net pension liability as a percentage of covered employee payroll	84.72%	87.96%

* Data reported for fiscal years 2016 and 2015 is based on the Local 689 Plan's measurement dates of June 30, 2015 and 2014, 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.

See accompanying independent auditor's report.

Schedule of Changes in the Net Pension Liability
Last Ten Fiscal Years *
(in thousands)

Exhibit 4
(continued)

WMATA Transit Police Retirement Plan:	**2016**	**2015**
Total pension liability:		
Service cost	$ 6,094	$ 5,824
Interest	16,900	16,250
Differences between expected and actual experience	(2,726)	(1,415)
Benefit payments, including refunds of member contributions	(12,406)	(11,573)
Net change in total pension liability	7,862	9,086
Total pension liability – beginning	231,532	222,446
Total pension liability – ending	$ 239,394	$ 231,532
Plan fiduciary net position	$ 179,847	$ 186,746
Net pension liability	$ 59,547	$ 44,786
Plan fiduciary net position as a percentage of the total pension liability	75.13%	80.66%
Covered employee payroll	$ 34,122	$ 35,412
Net pension liability as a percentage of covered employee payroll	174.51%	126.47%

* Data reported for fiscal years 2016 and 2015 is based on the WMATA Transit Police Retirement Plan's measurement dates of December 31, 2015 and 2014, respectively, from the m ost 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.

See accompanying independent auditor's report.

Schedule of Changes in the Net Pension Liability
Last Ten Fiscal Years *
(in thousands)

Exhibit 4
(continued)

WMATA Local 922 Retirement (Local 922) Plan:	**2016**	**2015**
Total pension liability:		
Service cost	$ 4,463	$ 4,767
Interest	13,757	12,832
Differences between expected and actual experience	213	-
Changes of assumptions	2,318	-
Benefit payments, including refunds of member contributions	(6,809)	(6,092)
Net change in total pension liability	13,942	11,507
Total pension liability – beginning	195,465	183,958
Total pension liability – ending	$ 209,407	$ 195,465
Plan fiduciary net position	$ 177,626	$ 180,977
Net pension liability	$ 31,781	$ 14,488
Plan fiduciary net position as a percentage of the total pension liability	84.82%	92.59%
Covered employee payroll	$ 30,251	$ 32,324
Net pension liability as a percentage of covered employee payroll	105.06%	44.82%

* Data reported for fiscal years 2016 and 2015 is based on the Local 922 Plan's measurement dates of December 31, 2015 and 2014, 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.

See accompanying independent auditor's report.

Schedule of Changes in the Net Pension Liability
Last Ten Fiscal Years *
(in thousands)

Exhibit 4 (concluded)

WMATA Local 2 Retirement (Local 2) Plan:	**2016**	**2015**
Total pension liability:		
Service cost	$ 676	$ 664
Interest	12,300	11,780
Changes in benefit terms	1,028	(446)
Differences between expected and actual experience	(2,115)	5,817
Changes of assumptions	-	10,168
Benefit payments, including refunds of member contributions	(11,324)	(11,153)
Net change in total pension liability	565	16,830
Total pension liability – beginning	168,989	152,159
Total pension liability – ending	$ 169,554	$ 168,989
Plan fiduciary net position	$ 142,326	$ 140,806
Net pension liability	$ 27,228	$ 28,183
Plan fiduciary net position as a percentage of the total pension liability	83.94%	83.32%
Covered employee payroll	$ 9,052	$ 9,954
Net pension liability as a percentage of covered employee payroll	300.79%	283.13%

* Data reported for fiscal years 2016 and 2015 is based on the Local 2 Plan's measurement dates of June 30, 2015 and 2014, 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.

See accompanying independent auditor's report.

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Schedule of Employer Contributions
Last Ten Fiscal Years *
(in thousands)

	2016	2015	2014	2013	2012
WMATA Retirement Plan:					
Actuarially determined contribution	$ 19,877	$ 20,398	$ 20,585	$ 19,998	$ 18,416
Contributions in relation to the actuarially determined contribution	19,877	20,398	20,585	19,998	15,469
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 2,947
Covered-employee payroll	Not Available	$ 23,265	$ 23,674	$ 25,327	$ 26,551
Contributions as a percentage of covered-employee payroll	Not Available	87.68%	86.95%	78.96%	58.26%
WMATA Transit Employees' Retirement Plan (Local 689):					
Actuarially determined contribution	$ 120,613	$ 136,075	$ 123,234	$ 95,552	$ 71,717
Contributions in relation to the actuarially determined contribution	127,516	136,075	123,234	99,581	72,149
Contribution deficiency (excess)	$ (6,903)	$ -	$ -	$ (4,029)	$ (432)
Covered-employee payroll	$ 771,693	$ 753,590	$ 736,872	$ 683,789	$ 586,202
Contributions as a percentage of covered-employee payroll	16.52%	18.06%	16.72%	14.56%	12.31%
WMATA Transit Police Retirement Plan:					
Actuarially determined contribution	$ 9,263	$ 8,742	$ 8,594	$ 7,944	$ 7,954
Contributions in relation to the actuarially determined contribution	8,747	8,742	8,594	$ 7,944	$ 7,954
Contribution deficiency (excess)	$ 516	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 34,243	$ 35,412	$ 34,086	$ 32,976	$ 30,351
Contributions as a percentage of covered-employee payroll	25.54%	24.69%	25.21%	24.09%	26.21%

* 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. Covered payroll in fiscal year 2016 was not available in the most recent actuarial valuations for the WMATA Retirement and Local 2 Plans.

See accompanying independent auditor's report. See accompanying independent auditor's report.

Exhibit 5
(continued)

2011	2010	2009	2008	2007	
					WMATA Retirement Plan:
$ 17,884	$ 17,716	$ 16,177	$ 11,327	$ 10,373	Actuarially determined contribution
20,832	17,718	16,139	11,733	9,967	Contributions in relation to the actuarially determined contribution
$ (2,948)	$ (2)	$ 38	$ (406)	$ 406	Contribution deficiency (excess)
$ 27,200	$ 29,321	$ 31,343	$ 33,497	$ 35,598	Covered-employee payroll
76.59%	60.43%	51.49%	35.03%	28.00%	Contributions as a percentage of covered-employee payroll
					WMATA Transit Employees' Retirement Plan (Local 689):
$ 56,721	$ 48,386	$ 33,231	$ 20,167	$ 15,003	Actuarially determined contribution
61,129	48,440	30,280	20,193	15,016	Contributions in relation to the actuarial determined contribution
$ (4,408)	$ (54)	$ 2,951	$ (26)	$ (13)	Contribution deficiency (excess)
$ 570,353	$ 544,629	$ 549,381	$ 515,245	$ 483,010	Covered-employee payroll
10.72%	8.89%	5.51%	3.92%	3.11%	Contributions as a percentage of covered-employee payroll
					WMATA Transit Police Retirement Plan:
$ 7,843	$ 7,503	$ 5,422	$ 5,612	$ 4,928	Actuarially determined contribution
$ 7,843	$ 7,503	$ 5,422	$ 5,612	$ 4,928	Contributions in relation to the actuarially determined contribution
$ -	$ -	$ -	$ -	$ -	Contribution deficiency (excess)
$ 31,507	$ 31,083	$ 28,017	$ 24,950	Not Available	Covered-employee payroll
24.89%	24.14%	19.35%	22.49%	Not Available	Contributions as a percentage of covered-employee payroll

Schedule of Employer Contributions
Last Ten Fiscal Years *
(in thousands)

	2016	2015	2014	2013	2012
WMATA Local 922 Retirement Plan:					
Actuarially determined contribution	$ 5,694	$ 5,194	$ 6,920	$ 5,583	$ 6,203
Contributions in relation to the actuarially determined contribution	5,558	$ 5,194	$ 6,920	$ 5,583	$ 6,203
Contribution deficiency (excess)	$ 136	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 31,066	$ 30,251	$ 32,324	$ 29,593	$ 27,065
Contributions as a percentage of covered-employee payroll	17.89%	17.17%	21.41%	18.87%	22.92%
WMATA Local 2 Retirement Plan:					
Actuarially determined contribution	$ 4,824	$ 5,156	$ 4,758	$ 4,822	$ 4,966
Contributions in relation to the actuarially determined contribution	4,824	5,156	4,758	4,822	4,093
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 873
Covered-employee payroll	Not Available	$ 9,052	$ 9,954	$ 10,583	$ 11,521
Contributions as a percentage of covered-employee payroll	Not Available	56.96%	47.80%	45.56%	35.53%

* 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. Covered payroll in fiscal year 2016 was not available in the most recent actuarial valuations for the WMATA Retirement and Local 2 Plans.

See accompanying independent auditor's report.

Exhibit 5
(concluded)

2011	2010	2009	2008	2007	
					WMATA Local 922 Retirement Plan:
$ 5,363	$ 5,868	$ 4,127	$ 3,647	$ 3,354	Actuarially determined contribution
5,363	5,868	4,127	3,647	3,354	Contributions in relation to the actuarially determined contribution
$ -	$ -	$ -	$ -	$ -	Contribution deficiency (excess)
$ 26,543	$ 25,400	$ 25,498	$ 23,787	$ 22,462	Covered-employee payroll
20.20%	23.10%	16.19%	15.33%	14.93%	Contributions as a percentage of covered-employee payroll
					WMATA Local 2 Retirement Plan:
$ 5,103	$ 5,456	$ 4,982	$ 4,037	$ 3,035	Actuarially determined contribution
5,975	5,456	4,968	4,027	3,045	Contributions in relation to the actuarially determined contribution
$ (872)	$ -	$ 14	$ 10	$ (10)	Contribution deficiency (excess)
$ 12,852	$ 13,764	$ 14,933	$ 16,533	$ 17,893	Covered-employee payroll
46.49%	39.64%	33.27%	24.36%	17.02%	Contributions as a percentage of covered-employee payroll

Schedule of Funding Progress **Exhibit 6**
Historical Trend Information –
Postemployment Benefits Other Than Pensions
(in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a))/c
Fiscal Year 2016:							
Local 689	7/1/2015	$ -	$ 1,026,115	$ 1,026,115	0.0%	N/A	N/A
Local 2	7/1/2015	-	153,581	153,581	0.0%	N/A	N/A
Transit Police	7/1/2015	-	105,957	105,957	0.0%	N/A	N/A
Non-Represented	7/1/2015	-	481,661	481,661	0.0%	N/A	N/A
Fiscal Year 2016 Total [1]		$ -	$ 1,767,314	$ 1,767,314	0.0%	$ 627,000	281.9%
Fiscal Year 2015:							
Local 689	7/1/2013	$ -	$ 853,454	$ 853,454	0.0%	N/A	N/A
Local 2	7/1/2013	-	136,286	136,286	0.0%	N/A	N/A
Transit Police	7/1/2013	-	95,267	95,267	0.0%	N/A	N/A
Non-Represented	7/1/2013	-	397,255	397,255	0.0%	N/A	N/A
Fiscal Year 2015 Total [2]		$ -	$ 1,482,262	$ 1,482,262	0.0%	$ 734,000	201.9%
Fiscal Year 2014:							
Local 689	7/1/2013	$ -	$ 826,384	$ 826,384	0.0%	N/A	N/A
Local 2	7/1/2013	-	147,825	147,825	0.0%	N/A	N/A
Transit Police	7/1/2013	-	90,872	90,872	0.0%	N/A	N/A
Non-Represented	7/1/2013	-	427,444	427,444	0.0%	N/A	N/A
Fiscal Year 2014 Total [2]		$ -	$ 1,492,525	$ 1,492,525	0.0%	$ 734,000	203.3%

[1] The Actuarial Accrued Liability is based on the census as of July 1, 2015 and on updated actuarial assumptions.

[2] The Actuarial Accrued Liability is based on the census as of July 1, 2013 and on updated assumptions.

See accompanying independent auditor’s report.

Notes to the Required Supplementary Information

1. Schedule of Changes in the Net Pension Liability

The changes in the net pension liability for years prior to the fiscal years ending June 30, 2016 and 2015 were not available and accordingly, were not included in the schedule.

2. Schedule of Employer Contributions

Following are the significant assumptions used to determine the actuarially required contributions for each defined benefit single employer pension plan.

WMATA Retirement Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
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%
2010	7/1/2009	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2009	7/1/2008	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2008	7/1/2007	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2007	7/1/2006	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 Healthy Mortality, projected to the relevant year using Scale AA for healthy lives.

2. Schedule of Employer Contributions (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 Increases
2016	1/1/2015	Aggregate Cost	Smoothed market	Level dollar	30 years	7.85%	2.50%	2.50%
2015	1/1/2014	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.85%	3.00%	3.50%
2014	1/1/2013	Aggregate Cost	Smoothed market	N/A	N/A	7.85%	3.00%	3.50%
2013	1/1/2012	Aggregate Cost	5-yr assumed yield	N/A	N/A	7.85%	3.00%	3.50%
2012	1/1/2011	Aggregate Cost	3-yr assumed yield	N/A	N/A	7.85%	3.00%	3.50%
2011	1/1/2010	Aggregate Cost	3-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%
2010	1/1/2009	Aggregate Cost	3-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%
2009	1/1/2008	Aggregate Cost	3-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%
2008	1/1/2007	Aggregate Cost	3-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%
2007	1/1/2006	Aggregate Cost	3-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%

The mortality table used for fiscal year 2016 was the RP2000 male distinct rates projected to 2015. The mortality table used for fiscal years 2007 through 2015 was the 1983 Group Annuity Mortality Tables, males set back two years and females unadjusted.

2. Schedule of Employer Contributions (continued)

Transit Police Retirement Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2016	1/1/2016	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.50%	2.50%	3.00% - 7.00%
2015	1/1/2015	Aggregate Cost	Smoothed market	Level percentage of payroll	10 years	7.50%	2.50%	3.00% - 6.00%
2014	1/1/2014	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	3.00%	4.75% - 9.0%
2013	1/1/2012	Aggregate Cost	Smoothed market	N/A	N/A	7.50%	2.50%	4.75% - 9.0%
2012	1/2/2011	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	2.50%	4.75% - 9.0%
2011	1/1/2010	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	2.50%	4.75% - 9.0%
2010	1/1/2009	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	2.50%	4.75% - 9.0%
2009	1/1/2008	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	2.50%	4.75% - 9.0%
2008	1/1/2007	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	2.50%	4.75% - 9.0%
2007	1/1/2006	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	2.50%	4.75% - 9.0%

The mortality table used for fiscal year 2016 was the RP2014 with Blue Collar adjustment for males and females with generational projection by scale MP2015.The mortality table used for the fiscal years 2007 through 2015 was the RP 2000 Combined Healthy with Blue Collar adjustment set forward ten years with generational projection by Scale AA.

2. Schedule of Employer Contributions (continued)

Local 922 Retirement Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2016	1/1/2016	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	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%
2010	1/1/2009	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2009	1/1/2008	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2008	1/1/2007	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2007	1/1/2006	Projected unit credit	Smoothed market value	Level dollar	30 years open	7.00%	3.00%	4.50%

The mortality table used for fiscal years 2007 through 2015 was the RP 2000 Blue Collar Mortality projected using Scale AA, which was updated in fiscal year 2016 for active and healthy retirees to use a fully generational mortality improvement scale.

2. Schedule of Employer Contributions (continued)

Local 2 Retirement Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
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%
2010	7/1/2009	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2009	7/1/2008	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2008	7/1/2007	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2007	7/1/2006	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%

The mortality table used for all of the fiscal years was the RP 2000 Combined Healthy Mortality, projected to the relevant year using Scale AA for healthy lives.

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SECTION THREE — STATISTICAL (UNAUDITED)

MetroAccess Vehicle

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)

	2016	2015	2014	2013	2012
Net investment in capital assets	$ 11,573,665	$ 11,135,124	$ 8,211,764	$ 8,088,386	$ 8,377,565
Restricted	17,900	30,404	195,842	273,671	88,641
Unrestricted	(1,066,496)	(946,020)	(475,900)	(326,221)	(390,381)
Total net position	$ 10,525,069	$ 10,219,508	$ 7,931,706	$ 8,035,836	$ 8,075,825

* Certain reclassifications were made to the fiscal year 2007 through fiscal year 2015 financial statements to conform to the fiscal year 2016 financial statement presentation. The reclassifications did not have an effect on the net position or changes thereto.

Source: The Authority's Audited Financial Statements.

Exhibit 7
(concluded)

2011	2010	2009	2008	2007	
$ 8,360,891	$ 7,982,687	$ 7,755,314	$ 7,708,754	$ 7,839,778	Net investment in capital assets
177,228	144,700	180,708	32,686	63,095	Restricted
(160,554)	(57,434)	12,373	113,404	202,789	Unrestricted
$ 8,377,565	$ 8,069,953	$ 7,948,395	$ 7,854,844	$ 8,105,662	Total net position

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

	2016	2015	2014	2013	2012
Operating revenues	$ 859,165	$ 898,644	$ 854,580	$ 856,829	$ 816,670
Nonoperating revenues	18,532	32,446	35,870	50,054	55,003
Total revenues	877,697	931,090	890,450	906,883	871,673
Operating expenses	2,629,099	2,547,453	2,337,911	2,290,062	2,122,748
Nonoperating expenses	24,759	27,588	34,566	48,050	51,377
Total expenses	2,653,858	2,575,041	2,372,477	2,338,112	2,174,125
Jurisdictional subsidies, capital grants, and capital subsidies	2,081,722	4,977,864	1,377,897	1,391,240	1,000,712
Increase (decrease) in net position	$ 305,561	$ 3,333,913	$ (104,130)	$ (39,989)	$ (301,740)

Source: The Authority's audited financial statements.

Exhibit 8
(concluded)

2011	2010	2009	2008	2007	
$ 804,504	$ 727,832	$ 745,303	$ 690,572	$ 625,092	Operating revenues
54,964	76,013	74,924	102,198	104,873	Nonoperating revenues
859,468	803,845	820,227	792,770	729,965	Total revenues
2,079,881	2,004,945	1,905,047	1,803,396	1,606,408	Operating expenses
56,390	59,694	61,473	90,335	99,712	Nonoperating expenses
2,136,271	2,064,639	1,966,520	1,893,731	1,706,120	Total expenses
1,584,415	1,382,352	1,239,844	850,143	797,995	Jurisdictional subsidies, capital grants, and capital subsidies
$ 307,612	$ 121,558	$ 93,551	$ (250,818)	$ (178,160)	Increase (decrease) in net position

Revenue Base
Last Ten Fiscal Years
(in thousands)

	2016	2015	2014	2013	2012
Operating revenues:					
Passenger revenue	$ 809,407	$ 854,392	$ 811,628	$ 817,615	$ 777,528
Charter and contract revenue	-	-	-	-	-
Advertising revenue	22,792	22,422	19,846	16,732	18,284
Rental revenue	26,722	21,601	22,826	22,246	20,604
Other revenue	244	229	280	236	254
Total operating revenues	859,165	898,644	854,580	856,829	816,670
Nonoperating revenues:					
Investment income	224	769	585	818	1,309
Interest income from leasing transactions	10,621	11,407	19,053	32,936	34,882
Other	7,687	20,270	16,232	16,300	18,812
Total nonoperating revenues	18,532	32,446	35,870	50,054	55,003
Total revenues	$ 877,697	$ 931,090	$ 890,450	$ 906,883	$ 871,673

Source: The Authority's audited financial statements.

Exhibit 9
(concluded)

2011	2010	2009	2008	2007	
					Operating revenues:
$ 763,900	$ 660,319	$ 683,302	$ 625,607	$ 563,356	Passenger revenue
-	-	255	8,047	6,767	Charter and contract revenue
17,518	42,104	38,319	35,296	33,000	Advertising revenue
22,335	24,161	22,179	20,451	20,777	Rental revenue
751	1,248	1,248	1,171	1,192	Other revenue
804,504	727,832	745,303	690,572	625,092	Total operating revenues
					Nonoperating revenues:
1,377	1,578	2,494	5,068	4,718	Investment income
38,452	40,114	52,430	80,802	87,874	Interest income from leasing transactions
15,135	34,321	20,000	16,328	12,281	Other
54,964	76,013	74,924	102,198	104,873	Total nonoperating revenues
$ 859,468	$ 803,845	$ 820,227	$ 792,770	$ 729,965	Total revenues

Passenger Fare Structure
Last Ten Fiscal Years

Exhibit 10 (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
2016	$1.75	$1.75	$1.75	$2.15	$.326 (3-6 miles)	$1.75 (0-3miles)	$.244 (3-6 miles)
					$.288 (6+ miles)		$.216 (6+ miles)
					$5.90 (Max. fare)		$3.60 (Max. fare)
2015	$1.75	$1.75	$1.75	$2.15	$.326 (3-6 miles)	$1.75 (0-3miles)	$.244 (3-6 miles)
					$.288 (6+ miles)		$.216 (6+ miles)
					$5.90 (Max. fare)		$3.60 (Max. fare)
2014	$1.60	$1.60	$1.60	$2.10	$.316 (3-6 miles)	$1.70 (0-3miles)	$.237 (3-6 miles)
					$.280 (6+ miles)		$.210 (6 + miles)
					$5.75 (Max. fare)		$3.50 (Max. fare)
2013	$1.60	$1.60	$1.60	$2.10	$.316 (3-6 miles)	$1.70 (0-3miles)	$.237 (3-6 miles)
					$.280 (6+ miles)		$.210 (6 + miles)
					$5.75 (Max. fare)		$3.50 (Max. fare)
2012	$1.50	$1.50	$1.50	$1.95	$.299 (3-6 miles)	$1.60 (0-7miles)	n/a
					$.265 (6+ miles)	$2.15 (7-10miles)	n/a
					$5.00 (Max. fare)	$2.75 (10+ miles)	n/a
2011	$1.50	$1.50	$1.50	$1.95	$.299 (3-6 miles)	$1.60 (0-7miles)	n/a
					$.265 (6+ miles)	$2.15 (7-10miles)	n/a
					$5.00 (Max. fare)	$2.75 (10+ miles)	n/a
2010	$1.35	$1.35	$1.35	$1.75	$.26 (3-6 miles)	$1.45 (0-7miles)	n/a
					$.23 (6+ miles)	$1.95 (7-10miles)	n/a
					$4.60 (Max. fare)	$2.45 (10+ miles)	n/a
2009	$1.25	$1.25	$1.25	$1.65	$.26 (3-6 miles)	$1.35 (0-7miles)	n/a
					$.23 (6+ miles)	$1.85 (7-10miles)	n/a
					$4.50 (Max. fare)	$2.35 (10+ miles)	n/a

Passenger Fare Structure
Last Ten Fiscal Years

Exhibit 10
(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
2008	$1.25	$1.25	$1.25	$1.65	$.26 (3-6 miles)	$1.35 (0-7 miles)	n/a
					$.23 (6+ miles)	$1.85 (7-10 miles)	n/a
					$4.50 (Max. fare)	$2.35 (10+ miles)	n/a
2007	$1.25	$1.25	$1.25	$1.35	$.22 (3-6 miles)	$1.35 (0-7 miles)	n/a
					$.195 (6+ miles)	$1.85 (7-10 miles)	n/a
					$3.90 (Max. fare)	$2.35 (10+ miles)	n/a

- The paratransit (MetroAccess) fare is twice the equivalent fixed route SmarTrip fare based on fastest trip.
- For more details on the Authority's fare structure, refer to www.wmata.com.

Source: Tariff of the Washington Metropolitan Area Transit Authority.

Ratios of Oustanding Debt By Type
Last Ten Fiscal Years
(in thousands)

	2016	2015	2014	2013	2012
Transit bonds	$ 498,878	$ 274,087	$ 287,755	$ 309,104	$ 337,847
Lines of credit	160,000	218,750	170,000	-	-
Grant anticipation note	-	83,333	-	-	-
Tax advantage leases	258,649	273,054	296,973	427,955	523,580
Total debt	$ 917,527	$ 849,224	$ 754,728	$ 737,059	$ 861,427
Total personal income [1]	$ 395,632,173	$ 395,632,173	$ 377,032,086	$ 362,272,713	$ 366,884,692
Outstanding debt ratio	0.2%	0.2%	0.2%	0.2%	0.2%
Service area population [2]	6,098	6,098	6,034	5,964	5,873
Outstanding debt per capita	$ 150,471	$ 139,270	$ 125,081	$ 123,576	$ 146,684
Total annual passenger unlinked trips	379,142	405,267	406,063	407,927	418,279
Total debt ratio as a percentage of annual passenger unlinked trips [3]	242.0%	209.5%	185.9%	180.7%	205.9%

Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

1 Total personal income information for the Authority is obtained from the Bureau of Economic Analysis, 2016 based on 2015 available data.

2 Census Bureau midyear population estimates. Estimates for 2010 – 2015 reflect county population estimates available as of March 2016. Estimates for 2016 based on population estimates available as of March 2016.

3 Annual Passenger Unlinked trip data can be found on the Operating Indicators statistical section.

Source: The Authority's Audited Financial Statements and Bureau of Economic Analysis: Metropolitan Statistical Area.

Exhibit 11
(concluded)

2011	2010	2009	2008	2007	
$ 370,589	$ 406,935	$ 435,871	$ 153,126	$ 178,902	Transit bonds
-	-	-	40,000		Lines of credit
-	-	-	-		Grant anticipation note
576,644	670,754	840,118	1,375,610	1,427,072	Tax advantage leases
$ 947,233	$ 1,077,689	$ 1,275,989	$ 1,568,736	$ 1,605,974	Total debt
$ 352,431,040	$ 329,497,452	$ 314,320,686	$ 318,718,599	$ 305,684,371	Total personal income [1]
0.3%	0.3%	0.4%	0.5%	0.5%	Outstanding debt ratio
5,778	5,667	5,548	5,445	5,373	Service area population [2]
$ 163,929	$ 190,185	$ 229,995	$ 288,101	$ 298,902	Outstanding debt per capita
414,046	413,529	432,739	422,601	409,393	Total annual passenger unlinked trips
228.8%	260.6%	294.9%	371.2%	392.3%	Total debt ratio as a percentage of annual passenger unlinked trips [3]

Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands)

	2016	2015	2014	2013	2012
Pledged Revenues					
Operating revenues	859,165	898,644	854,580	856,829	816,670
Jurisdictional operating subsidies	895,973	795,264	727,701	655,721	666,375
Total pledged revenue (a)	$ 1,755,138	$ 1,693,908	$ 1,582,281	$ 1,512,550	$ 1,483,045
Debt Service Requirements					
Principal - revenue bonds	$ 7,900	$ 13,240	$ 20,335	$ 27,360	$ 31,210
Interest payments	14,854	12,748	14,764	15,113	16,495
Net debt service (b)	$ 22,754	$ 25,988	$ 35,099	$ 42,473	$ 47,705
Coverage Ratio (b/a)	1.30%	1.53%	2.22%	2.81%	3.22%

Source: The Authority's audited financial statements.

Exhibit 12
(concluded)

2011	2010	2009	2008	2007	
					Pledged Revenues
$ 804,504	$ 727,832	$ 745,303	$ 690,572	$ 625,092	Operating revenues
697,818	702,125	661,538	617,655	615,014	Jurisdictional operating subsidies
$ 1,502,322	$ 1,429,957	$ 1,406,841	$ 1,308,227	$ 1,240,106	Total pledged revenue (a)
					Debt Service Requirements
$ 34,705	$ 27,815	$ 26,380	$ 25,025	$ 23,865	Principal - revenue bonds
17,938	19,580	7,244	7,654	8,983	Interest payments
$ 52,643	$ 47,395	$ 33,624	$ 32,679	$ 32,848	Net debt service (b)
3.50%	3.31%	2.39%	2.50%	2.65%	Coverage Ratio (b/a)

Demographic and Econcomic Statistics
Last Ten Fiscal Years
(in thousands)

Exhibit 13

Fiscal Year	Population [1]	Personal Income	Per Capital Personal Income [2]	Unemployment Rate [3]
2016	6,098	$ 395,632,173	$ 64,882	3.9%
2015	6,098	$ 395,632,173	$ 64,882	4.7%
2014	6,034	$ 377,032,086	$ 62,486	5.3%
2013	5,964	$ 362,272,713	$ 60,739	6.0%
2012	5,873	$ 366,884,692	$ 62,473	6.1%
2011	5,778	$ 352,431,040	$ 60,992	6.5%
2010	5,667	$ 329,497,452	$ 58,148	6.5%
2009	5,548	$ 314,320,686	$ 56,656	6.3%
2008	5,445	$ 318,718,599	$ 58,533	3.8%
2007	5,373	$ 305,684,371	$ 56,894	3.2%

1 Census Bureau midyear population estimates. Estimates for 2010 — 2015 reflect county population estimates available as of March 2016. Estimates for 2016 are based on population estimates available as of March 2016.

2 Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2016 are based on per capita personal income as of March 2016.

3 Unemployment rates are as of June 30 of the indicated fiscal years.

Source: Bureau of Economic Analysis; Metropolitan Statistical Area, last updated November 17, 2016.

Major Private Employers
Current Fiscal Year and Nine Years Ago

Exhibit 14

	2016			2007		
Employer	**Rank**	**Area Employees**	**Percentage of Total Employment**	**Rank**	**Area Employees**	**Percentage of Total Employment**
MedStar Health	1	16,598	0.5%			
Inova Health System	2	16,000	0.5%			
Marriott International Inc.	3	15,286	0.5%			
Booz Allen Hamilton Inc.	4	11,010	0.3%			
Verizon Communications Inc.	5	11,000	0.3%			
Giant Food LLC	6	10,666	0.3%			
Safeway Inc.	7	9,081	0.3%			
Lockheed Martin Corp.	8	9,000	0.3%			
Deloitte LLP	9	8,013	0.3%			
General Dynamics Corp.	10	8,000	0.3%			
McDonald's Corp.				1	32,000	1.1%
Northrup Grumman Corp.				2	20,220	0.7%
Verizon Communications Inc.				3	18,200	0.6%
Science Applications International Corp.				4	16,630	0.6%
Wal-Mart Stores Inc.				5	14,900	0.5%
Ahold USA				6	14,206	0.5%
Safeway Inc.				7	11,000	0.4%
Computer Sciences Corp.				8	10,416	0.4%
Federated Department Stores Inc.				9	8,000	0.3%
International Business Machines Corp.				10	7,600	0.3%
		114,654	3.8%		153,172	5.3%

Sources: Washington Business Journal, Book of Lists 2016 - Largest Employers — Ranked by Nonfederal Public and Private Metro-Area Employees in 2015, Volume 34, Issue 35.

Washingtonpost.com - 2007 Post 200 Top Major Businesses.

Authorized Employee Positions
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Non-Represented [1]	2,339	2,233	2,124	2,012	1,814
Office & Professional Employees International Union, Local - 2, American Federation of Labor-Congress of Industrial Organizations	1,229	1,137	1,028	980	879
International Brotherhood of Teamsters, Local - 639	138	136	165	164	126
Amalgamated Transit Union, Local - 689	8,562	8,603	8,593	8,408	7,768
International Brotherhood of Teamsters, Local - 922	379	382	383	378	375
Faternal Order of Police, - Transit Police	385	414	396	390	357
Total Authority Positions	13,032	12,905	12,689	12,332	11,319

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

Sources: The Authority's Approved Annual Budgets (FY 2002 — 2009).

The Authority's Office of Management and Budget Services (FY 2010 — 2016).

Exhibit 15
(concluded)

2011	2010	2009	2008	2007	
1,650	1,633	1,718	1,669	1,673	Non-Represented [1]
740	730	771	778	818	Office & Professional Employees International Union, Local - 2, American Federation of Labor-Congress of Industrial Organizations
126	102	89	89	89	International Brotherhood of Teamsters, Local - 639
7,731	7,650	7,911	8,203	7,809	Amalgamated Transit Union, Local - 689
370	370	367	385	357	International Brotherhood of Teamsters, Local - 922
357	368	376	359	356	Faternal Order of Police, - Transit Police
10,974	10,853	11,232	11,483	11,102	Total Authority Positions

Operating Indicators
Last Ten Fiscal Years

Exhibit 16
(continued)

Fiscal Year	Vehicle Operated In Maximum Service	Annual Vehicle Revenue Miles	Annual Vehicle Revenue Hours	Annual Unlinked Passenger Trips	Passenger Miles Traveled
2016 [1]					
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	2,281,044	20,376,046
Total	3,174	138,065,563	9,036,926	379,141,810	1,895,077,856
2015 [2]					
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
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	1281	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	2949	129,631,682	8,494,458	418,279,471	2,009,449,198

Operating Indicators — Exhibit 16
Last Ten Fiscal Years — (concluded)

Fiscal Year	Vehicle Operated In Maximum Service	Annual Vehicle Revenue Miles	Annual Vehicle Revenue Hours	Annual Unlinked Passenger Trips	Passenger Miles Traveled
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
2010					
Metrobus	1,242	37,647,546	3,465,216	123,847,193	394,906,087
Metrorail	850	66,699,259	2,653,498	287,304,340	1,635,967,269
MetroAccess	1,071	22,734,212	2,086,624	2,377,423	19,247,346
Total	3,163	127,081,017	8,205,338	413,528,956	2,050,120,702
2009					
Metrobus	1,273	41,168,424	3,797,304	133,773,567	418,038,773
Metrorail	850	71,803,305	2,823,870	296,857,158	1,667,899,731
MetroAccess	996	19,476,367	1,833,296	2,107,775	17,192,565
Total	3,119	132,448,096	8,454,470	432,738,500	2,103,131,069
2008					
Metrobus	1,261	38,875,286	3,555,114	132,848,806	445,952,733
Metrorail	830	69,792,997	2,749,921	288,039,725	1,639,628,551
MetroAccess	452	17,332,239	1,452,709	1,712,537	20,036,683
Total	2,543	126,000,522	7,757,744	422,601,068	2,105,617,967
2007					
Metrobus	1,261	38,431,274	3,396,732	131,489,651	410,761,850
Metrorail	782	67,029,516	2,636,654	276,440,693	1,590,316,851
MetroAccess	406	14,861,434	1,270,731	1,462,604	14,861,435
Total	2,449	120,322,224	7,304,117	409,392,948	2,015,940,136

1 Preliminary Data

2 Revised: Close-out data

Source: National Transit Database

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WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
WASHINGTON, D.C.