Washington Metropolitan Area Transit Authority

Financial Report
June 30, 2015

Contents

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, 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 an opinion on these financial statements based on our audit. We conducted our audit 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 opinion.

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, 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.

Emphasis of Matters
As discussed in Note 2 to the accompanying financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 and Government Accounting Standards Board Statement No. 71, Pension Transactions for Contributions Made Subsequent to Measurement Date - an Amendment of GASB Statement No. 68. Accordingly, the net position of the Authority has been restated as of July 1, 2014.

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.

RSM US LLP

Washington, District of Columbia.
December 17, 2015

Management's Discussion and Analysis
June 30, 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, 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 2015 Financial Highlights

- The Silver Line is a new major service offered by the Authority and includes five rail stations and 11.7 miles of new right-of-way transferred from the Metropolitan Washington Airports Authority (MWAA). Capital assets, net increased by approximately $3.0 billion, or 33.8 percent, primarily as a result of the transfer. In conjunction with the transfer, the Authority purchased 56 new 7000 series state-of-the-art railcars, which also attributed to the net increase in capital assets.
- The change in net position increased by $3.4 billion, primarily due to an increase of capital contributions in the amount of $3.5 billion, which was due primarily to the Silver Line transfer of assets from MWAA as donated capital.
- Current assets increased by $361.7 million, or 54.0 percent, due largely to the contributions receivable for bus and rail federal grants for fiscal year 2015, which are in line with the Authority's fiscal year 2015 capital spending.
- Noncurrent liabilities increased by $924.7 million, or 76.4 percent, which was primarily due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68 (Statement No. 68), *Accounting and Financial Reporting for Pensions*.
- The Authority issued, in October 2014, a privately-placed one-year Grant Anticipation Note (GAN) in the amount of $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 is intended to serve as an introduction to the Authority's basic financial statements, which comprise of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement 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 (GAAP) for 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 **Statement 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 **Statement 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 **Statement 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 12-16 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 54-68 of this report.

Financial Analysis

Statement of Net Position

The Authority's total net position at June 30, 2015 was approximately $10.2 billion, a $2.3 billion or 28.8 percent increase from June 30, 2014.

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

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

	2015	2014	Increase (Decrease) Amount	Increase (Decrease) %
Current assets	$ 1,031,968	$ 670,231	$ 361,737	54.0
Capital assets, net	11,825,566	8,840,110	2,985,456	33.8
Other noncurrent assets	451,701	623,914	(172,213)	(27.6)
Total assets	13,309,235	10,134,255	3,174,980	31.3
Total deferred outflows of resources	230,235	-	230,235	100
Current liabilities	850,687	873,987	(23,300)	(2.7)
Noncurrent liabilities	2,135,581	1,210,864	924,717	76.4
Total liabilities	2,986,268	2,084,851	901,417	43.2
Total deferred inflows of resources	333,694	117,698	215,996	183.5
Net position:				
Net investment in capital assets	11,135,124	8,211,764	2,923,360	35.6
Restricted for capital projects	-	134,943	(134,943)	(100.0)
Restricted for operating contingency	30,404	60,899	(30,495)	(50.1)
Unrestricted	(946,020)	(475,900)	(470,120)	98.8
Total net position	$ 10,219,508	$ 7,931,706	$ 2,287,802	28.8

A review of significant changes is described below:

- Current assets increased by $361.7 million, or 54.0 percent, due largely to the contributions receivable 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 $172.2 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 percent, which was primarily due to the transfer of Phase 1 of the Silver Line assets from the MWAA. Transferred assets included construction of five additional rail stations and 11.7 miles of new right-of-way. In addition, the Authority purchased 56 new 7000 series, state-of-the-art railcars.
- Noncurrent liabilities increased by $924.7 million, or 76.4 percent, which was primarily due to the adoption of Statement No. 68. Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. 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. As a result of the implementation of Statement No. 68 and Statement No. 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.

- Net investment in capital assets increased $2.9 billion, or 35.6 percent, as a result of the asset transfer from MWAA for Phase 1 of the Silver Line.

Statement of Revenues, Expenses, and Changes in Net Position

The following financial information was derived from the Statement of Revenues, Expenses, and Changes in Net Position and reflects how the Authority's net position changed during the fiscal year:

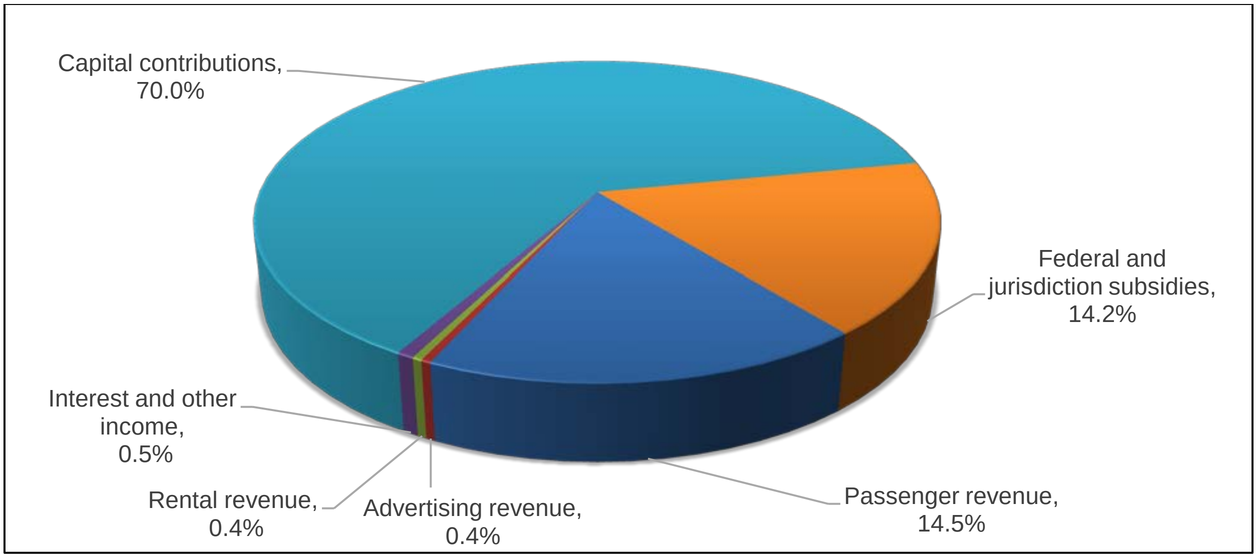
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and 2014
(in thousands)

			Increase (Decrease)	
	2015	**2014**	**Amount**	**%**
Operating and nonoperating revenues:				
Operating revenues	$ 898,644	$ 854,580	$ 44,064	5.2
Nonoperating revenues	32,446	35,870	(3,424)	(9.5)
Total operating and nonoperating revenues	931,090	890,450	40,640	4.6
Subsidies and capital contributions				
Federal and jurisdiction subsidies	839,477	758,385	81,092	10.7
Capital contributions	4,138,387	619,512	3,518,875	568.0
Total subsidies and capital contributions	4,977,864	1,377,897	3,599,967	261.3
Total revenues	5,908,954	2,268,347	3,640,607	160.5
Operating expenses	2,547,453	2,337,911	209,542	9.0
Nonoperating expenses	27,588	34,566	(6,978)	(20.2)
Total expenses	2,575,041	2,372,477	202,564	8.5
Change in net position	3,333,913	(104,130)	3,438,043	(3,301.7)
Net position, beginning of year	7,931,706	8,035,836	(104,130)	(1.3)
Restatement due to the adoption of GASBs 68 and 71	(1,046,111)			
Net position, beginning of year, as restated	6,885,595			
Net position, ending of year	$ 10,219,508	$ 7,931,706	$ 2,283,449	28.8

Revenues

Total revenues increased by $3.6 billion, or 160.5 percent, 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 percent and 14.5 percent of total fiscal year 2015 revenues, respectively.

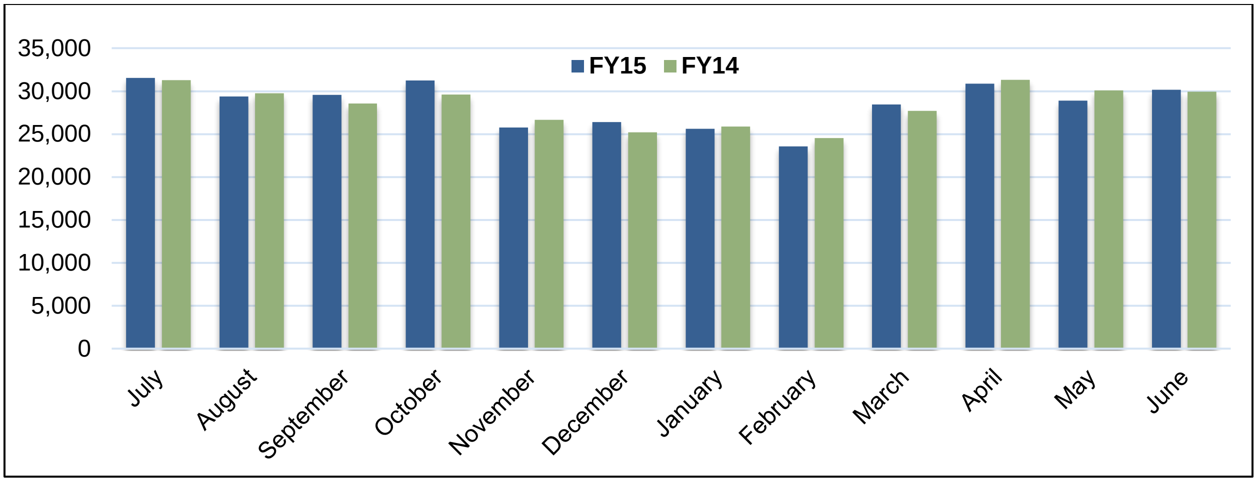
Fiscal Year 2015 Revenues by Source



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 percent. 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 percent. 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 percent in July 2014.
    - – Total passenger trips for fiscal year 2015 remained flat with only a slight increase in ridership of approximately 0.9 million trips when compared to fiscal year 2014. Passenger trips for the last two years are shown on the following page:

**Passenger Trips
(in thousands)**

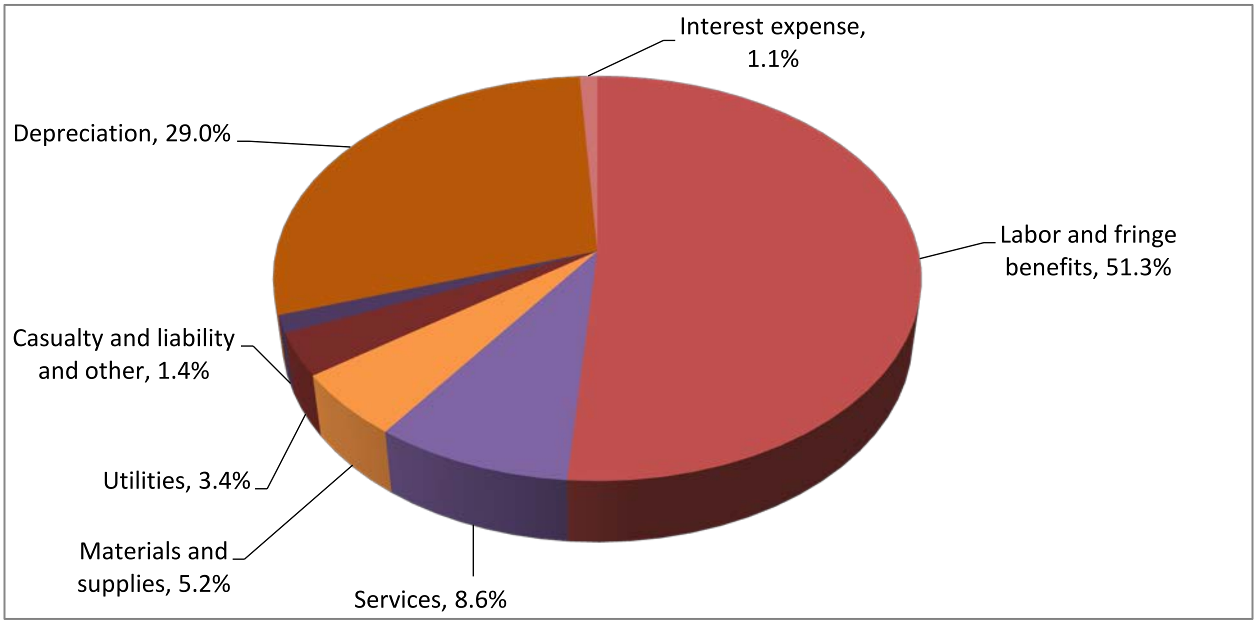


- Nonoperating revenues includes interest income from lease transactions which decreased by $7.6 million or 40.1 percent due to one railcar lease termination.
- Federal and jurisdiction subsidies increased by $81.1 million to offset operating expenses for fiscal year 2015. In fiscal year 2015, jurisdictional operating subsidy accounted for approximately 14.2 percent 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 and Federal grant and jurisdictional capital contributions.

Expenses

Total expenses increased by $202.6 million in fiscal year 2015 compared to fiscal year 2014.

Fiscal Year 2015 Expenses



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

- Labor and fringe benefits, which accounts for over 51.3 percent of current year expenses, increased by $76.7 million, or 6.2 percent, 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.
- Materials and supplies decreased by approximately $14.5 million, or 9.8 percent, due primarily to the reduction of fuel prices.
- Depreciation expenses increased by $104.9 million, or 16.3 percent, due largely to an additional $3.7 billion in depreciable assets placed into service, which included the Silver Line and other assets.

Capital Assets and Debt Administration

Capital Assets

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

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

	2015	2014	Increase (Decrease) Amount	%
Land	$ 550,934	$ 474,193	$ 76,741	16.2
Buildings and improvements	951,631	853,272	98,359	11.5
Transit facilities	12,350,483	10,037,262	2,313,221	23.0
Revenue vehicles	3,086,776	2,910,389	176,387	6.1
Other equipment	3,595,571	2,745,683	849,888	31.0
Construction in progress	724,669	528,996	195,673	37.0
Total capital assets	21,260,064	17,549,795	3,710,269	21.1
Less accumulated depreciation	9,434,498	8,709,685	724,813	8.3
Capital assets, net	$ 11,825,566	$ 8,840,110	$ 2,985,456	33.8

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 percent, as a result of the addition of Silver Line assets. This includes five additional transit facilities, other equipment, revenue vehicles including the 7000 series railcars, land, building improvements and construction in progress.

Accumulated depreciation increased by $724.8 million, or 8.3 percent, 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 6 on page 28 of this report.

Bonds and Other Debt

Bonds Payable. The Authority's total outstanding bond debt as of June 30, 2015 and 2014 was $274.1 million and $287.8 million, respectively. As of June 30, 2015, the bonds' uninsured ratings were AA- from Standard and Poor's and A1 from Moody's.

A schedule of bond debt activity for the year ended June 30, 2015 and 2014 is shown below:

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

			Increase (Decrease)	
	2015	**2014**	**Amount**	**%**
Outstanding bonds	$ 264,095	$ 277,335	$ (13,240)	(4.8)
Unamortized bond premiums	9,992	10,420	(428)	(4.1)
Total bonds	$ 274,087	$ 287,755	$ (13,668)	(4.7)

During fiscal year 2015, the Authority made debt principal payments totaling $13.7 million. The Authority issued no long-term debt during fiscal year 2015.

Additional information on the Authority's bonds can be found in note 7 on pages 29-31.

Lease Obligations. Information on these transactions can be found in note 11 on pages 52-53 of this report.

Future Capital Plans

On June 24, 2010, the Authority's Board approved a six-year, $5.0 billion Capital Funding Agreement with the Authority's jurisdictional partners. The prior six-year agreement expired on June 30, 2010. The current agreement provides the Authority with the resources to, among other things, enter into multi-year agreements to procure new railcars to replace the oldest cars in the fleet, advance safety initiatives, replace deteriorated or damaged track, repair and upgrade stations and tunnels, replace obsolete communications and train control equipment, perform general rehabilitation and replacement work at many Authority facilities, and procure new buses to replace the oldest vehicles in the fleet.

As part of the agreement, the 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 May 28, 2015, the Board approved a new six-year plan, which includes $6.2 billion in capital investments by the Authority's jurisdictional partners. Under the terms of the agreement, 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 the MWAA will expand the current system from 106.3 miles to a total of 129.4 miles in two phases.

- 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.
- Phase 2 of the project 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.

The Silver Line began operating in revenue service on July 26, 2014.

Economic Factors

The Washington, D.C. metropolitan area (D.C. Metro) economy and job market remained strong compared to the national rate and rates of other large metropolitan job markets. According to data from the Bureau of Labor and Statistics, the D.C. Metro unemployment rate of 4.8 percent compares favorably to the national rate of 5.5 percent. The job growth rate of 2.2 percent remained flat in comparison to the national average of 2.1 percent. Additionally, the region added over 68 thousand new jobs during the fiscal year ended, June 30, 2015 and ranked in the top 12 among major job markets. The Federal government represents the region's largest employer and accounts for approximately 30.0 percent of the region's economy, according to the George Mason University Center for Regional Analysis, helping the regional economy to remain robust.

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 St., NW, Washington, D.C. 20001, telephone number (202) 962-1605.

Statement of Net Position
June 30, 2015
(in thousands)

ASSETS	
Current assets:	
Cash and cash equivalents (note 4)	$ 73,615
Restricted investments (note 4)	27,550
Investments (note 4)	194,544
Contributions receivable (note 5)	520,112
Accounts receivable and other assets	71,233
Current portion of prefunded lease defeasance contract (note 11)	21,899
Materials and supplies inventory (net of allowance of $2,488 in 2015)	123,015
Total current assets	1,031,968
Noncurrent assets:	
Long-term portion of contributions receivable (note 5)	200,546
Prefunded lease defeasance contract (notes 11)	251,155
Capital assets, net (note 6) :	
Construction in progress	724,669
Land	550,934
Transit facilities and equipment, net	10,549,963
Total noncurrent assets	12,277,267
Total assets	13,309,235
Deferred outflows of resources:	
Accumulated decrease in fair value of hedging derivative (note 10)	161
Deferred outflows from pensions (note 8)	230,074
Total deferred outflows of resources	230,235
Total assets and deferred outflows of resources	$ 13,539,470

(continued)

Statement of Net Position
June 30, 2015
(in thousands)

LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	$ 166,679
Accrued salaries and benefits	132,128
Due to other governments	52,145
Accrued interest payable	7,483
Unearned revenue	114,930
Current portion of estimated liability for injury and damage claims (notes 7 and 10)	33,271
Current portion of retainage on contracts (note 7)	12,169
Grant anticipation note (note 7)	83,333
Lines of credit debt (note 7)	218,750
Current portion of bonds payable (note 7)	7,900
Current portion of obligations under lease agreements (notes 7 and 11)	21,899
Total current liabilities	850,687
Noncurrent liabilities:	
Estimated liability for injury and damage claims (notes 7 and 10)	124,578
Retainage on contracts (note 7)	8,430
Bonds payable (note 7)	266,187
Obligations under lease agreements (notes 7 and 11)	251,155
Pension liability (note 8)	872,064
Unfunded OPEB liability (note 9)	613,167
Total noncurrent liabilities	2,135,581
Total liabilities	2,986,268
Deferred inflows of resources:	
Jurisdictional operating advance	80,620
Jurisdictional capital advance	23,871
Deferred inflows from pensions (note 8)	221,739
Deferred gain on tax advantage lease	7,464
Total deferred inflows of resources	333,694
Total liabilities and deferred inflows of resources	3,319,962
NET POSITION	
Net investment in capital assets	11,135,124
Restricted	
Operating contingency	30,404
Unrestricted (deficit)	(946,020)
Total net position	$ 10,219,508

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

(concluded)

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015
(in thousands)

OPERATING REVENUES	
Passenger	$ 854,392
Advertising	22,422
Rental	21,601
Other	229
Total operating revenues	898,644
OPERATING EXPENSES	
Labor	701,723
Fringe benefits	618,169
Services	222,156
Materials and supplies	134,021
Utilities	87,905
Casualty and liability costs	25,020
Leases and rentals	6,658
Miscellaneous	4,422
Depreciation	747,379
Total operating expenses	2,547,453
Operating loss	(1,648,809)
NONOPERATING REVENUES (EXPENSES)	
Investment income	769
Interest income from leasing transactions	11,407
Interest expense from leasing transactions	(11,407)
Interest expense	(16,181)
Other	20,270
Federal and jurisdiction subsidies:	
Operations	826,096
Interest	13,381
Total nonoperating revenues (expenses), net	844,335
Loss before capital contributions	(804,474)
Capital contributions	4,138,387
Change in net position	3,333,913
Total net position, beginning of year	7,931,706
Restatement due to the adoption of GASBs 68 and 71	(1,046,111)
Total net position, beginning of year, as restated	6,885,595
Total net position, end of year	$ 10,219,508

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

Statement of Cash Flows
For the Year Ended June 30, 2015
(in thousands)

CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from operations	$ 912,750
Cash paid to suppliers	(541,194)
Cash paid to employees	(1,475,152)
Cash received for operating claims	721
Net cash used in operating activities	(1,102,875)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from jurisdictional subsidies	783,074
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to construct capital assets	(808,046)
Receipts from capital contributions	1,072,399
Payment of interest and fiscal charges	(16,322)
Principal payments on bonds	(183,668)
Proceeds from new debt	302,083
Jurisdictional interest for debt service	13,381
Net cash provided by capital and related financing activities	379,827
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturities of investments	12,747,867
Purchases of investments	(12,777,133)
Other cash received	20,270
Interest received from operational investments	974
Net cash used in investing activities	(8,022)
Net change in cash and cash equivalents	52,004
Cash and cash equivalents, beginning of year	21,611
Cash and cash equivalants, end of year	$ 73,615

(continued)

Statement of Cash Flows
For the Year Ended June 30, 2015
(in thousands)

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (1,648,809)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	747,379
Effect of changes in operating assets and liabilities	
Accounts receivables and other assets	13,748
Unearned revenue	1,760
Accumulated fair value of hedging derivatives	(989)
Materials and supplies inventory	1,729
Accounts payable	(88,174)
Accrued salaries and benefits	2,817
Estimated liability for injury and damage claims	25,741
Pension liability	(212,419)
OPEB obligation	54,342
Total adjustments	545,934
Net cash used in operating activities	$ (1,102,875)

Noncash operating, investing, capital and financing activities:

Decrease in fair value of investments	$ (793)
Interest expense from leasing transaction	$ (11,407)
Interest income from leasing transaction	$ 11,407
Donated assets	$ 3,065,988
Capital asset additions included in accounts payable	$ 106,807

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

(concluded)

Notes to the Basic Financial Statements
June 30, 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 participating local jurisdictions: the District of Columbia; cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park; 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 (GAAP) as applicable to government entities, the financial statement 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.

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 retirement plans and four OPEB plans which are further described in notes 8 and 9 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 the Governmental Accounting Standards Board (GASB) as applicable to governmental entities. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The Authority's significant accounting policies are described below.

(a) Basis of Accounting

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

(b) Receivables and Payables

The major components of the accounts receivable balance are payments due from governmental agencies, companies and other receivables. There are no allowances for doubtful accounts as the Authority expects to collect all receivables.

The major components of the accounts payable balance are payments due to vendors and contractors, governmental agencies and other payables

(c) Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating 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, and expenses contributed to pension plans administered by the Authority.

Non-operating revenues include jurisdictional subsidies, investment income and interest income from leasing transactions and non-operating 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 and is included in the Statement of Revenues, Expenses, and Changes in Net Position.

The Authority operates at a loss, which is fully subsidized by contributions from 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 non-operating revenues, and does not include depreciation expense or the non-cash amount related to other postemployment benefits (OPEB) and non-cash pension benefits.

(d) 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	100% of balance is lost
EXECUTIVE & SENIOR MANAGEMENT	Executive & Senior Management	*N/A*	337.5 hours	Remaining balance lost

There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay any amounts when employees separate from service. All unused vacation is accrued when incurred as a portion of accrued salaries and benefits on the Statement 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.

(e) Unearned Revenue

Unearned revenues are payments received in advance of providing goods and services such as unredeemed fare media and third-party advances for reimbursable capital projects.

(f) 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.

(g) Restricted Investments

The Authority's restricted investments 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; including lease payments and financing payments.

(h) Investments

The Authority's investments are reported at fair value using quoted market price or the best available estimate thereof. Fair value is defined by GASB Statement No. 31, *Certain Investments and External Investment Pools*, as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(i) Materials and Supplies Inventory

Materials and supplies inventory, which includes replacement parts, is reported using the average cost method, net of an allowance for obsolete inventory.

(j) Capital Assets

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 (approximately $188 million in fiscal year 2015) and other ancillary costs associated with putting the capital asset into use.

Determinations of the cost of rapid rail assets placed in service are made with the assistance of the Authority's consulting engineers. Such cost determinations are based upon the historical costs of the project provided by the Modular Input Output System reports. 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.

Transit facilities and equipment in service 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 transit facilities and equipment are as follows:

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

Capital assets include amounts, which are replacement parts with a unit cost of $500 or more and an estimated useful life in excess of one year. Other 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. Any donated capital assets are recognized at their fair value or constructed costs on the date of donation. The Authority's policy is to expense maintenance and repair costs as incurred.

(k) 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 outflows of resources” and amounts owed by the Authority are included in “Deferred inflows of resources.”

(l) 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 Statement 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 Statement 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.

(m) Capital Contribution

The Authority’s capital program is supported primarily through funding from Federal agencies and the jurisdictions. Any reduction in jurisdictional support or Federal grants will have a major impact on the Authority’s capital program.

Capital grants and operating grants are recognized as revenue when all applicable eligibility requirements on incurred expenditures have been met on awarded grants. 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 (Federal Transit Administration and Department of Homeland Security).

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

The Authority accounts for donations and insurance proceeds from Federally funded assets as capital contributions.

(n) Net Position

Net position represents the residual interest in the Authority’s assets plus deferred outflows of resources after liabilities plus deferred inflows of resources are deducted and consist of: net investment in capital assets; restricted net position as applicable; 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. When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted to have been spent first.

- **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 of Directors 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.

(o) Use of Estimates

The preparation of the basic financial statements in conformity with 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.

(p) Adoption of New GASB Pronouncements

The Authority adopted the following GASB Statements in fiscal year 2015:

- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions***: This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit pensions. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

  The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to certain actuarial assets and liabilities.

  For defined contribution pension plans, this Statement requires pension expense to be recognized for the amount of the employer's contribution to the employees' accounts that are defined by the benefit terms as attributable to employees' service in the period, net of forfeited amounts that are removed from employees' accounts. A change in the pension liability is required to be recognized for the difference between amounts recognized in expenses and amounts paid by the employer to a defined contribution pension plan. The provisions of this Statement were effective for the Authority's fiscal year ended June 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*: This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension.

The adoption of Statement No. 68 and Statement No. 71 resulted in the restatement of the Authority's basic financial statements as of July 1, 2013 to reflect the reporting of net pension liabilities and deferred outflows of resources related to contributions made after the measurement date for each of its qualified pension plans. Net position as of July 1, 2013 was decreased by approximately $1.0 billion to reflect the cumulative retrospective effect of adoption, which included the addition of an aggregate net pension liability totaling approximately $1.0 billion, removal of the net pension asset as of June 30, 2014 of $184 million and the addition of deferred outflows of resources related to contributions made after the measurement date totaling approximately $156 million.

- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***: This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The adoption of this Statement had no impact on the basic financial statements of the Authority.

(q) Pronouncements Issued but Not Yet Adopted

The GASB has issued several pronouncements that have effective dates that may impact future financial presentation. The Authority has not adopted the following statements, and the implications on the fiscal practices and financial reports are being evaluated.

GASB Statement No.	GASB Statement	Adoption Required In Fiscal Year
72	*Fair Value Measurement and Application*	2016
73	*Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*	2016
74	*Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*	2017
75	*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*	2018
76	*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*	2016
77	*Tax Abatement Disclosures*	2017
78	*Pensions Provided through Certain Multiple-Employer Defined Benefit Pensions*	2017

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; State of Maryland; Commonwealth of Virginia, and District of Columbia, participating local jurisdictions; and the Authority's operations.

The Authority's operations are funded primarily by farebox revenues from passengers and operating subsidy payments from participating jurisdictions. 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 Authority’s Capital Improvement Program is based on the results of an extensive needs assessment and the requirement to align resources to rehabilitate the existing systems adequately 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 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, 2015 are grouped to give an indication of the level of custodial risk assumed by the Authority as follows (in thousands):

Cash and Cash Equivalents	Carrying Amount	Bank Balance
Deposits insured or collateralized	$ 66,779	$ 72,411
Cash on hand	6,836	-
Total cash and deposits	$ 73,615	$ 72,411

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 percent, 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.

(b) Investments

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

Investment Type	Fair Value	Investment Maturities: Less than 6 Months	7 Months - 1 Year	1-3 Years	More than 3 Years
Money market funds	$ 32	$ 32	$ -	$ -	$ -
Repurchase agreements (unrestricted)	160,424	160,424	-	-	-
Repurchase agreements (restricted)	27,550	27,550	-	-	-
United States treasuries	2,686	-	-	-	2,686
United States agencies	31,356	31,356	-	-	-
Total investments and maturities	222,048	219,362	-	-	2,686
Accrued interest	46	-	-	-	-
Total	$ 222,094	$ 219,362	$ -	$ -	$ 2,686

The Authority's Repurchase Agreement balance as of June 30, 2015 includes parking surcharge funds in the amount of $27.5 million. Under the terms of the parking surcharge agreements, the amounts received from parking surcharges are to be used for payment of the expenses related to the parking structures in each of the respective jurisdictions, including lease payments and financing payments.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates. 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 intermediate maturities for capital projects investments. On average, investment maturities are less than six months at June 30, 2015.

Credit Risk

The Authority's Compact, Article XVI, section 69(b), signed by the governing jurisdictions, includes, but not limited to, 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. 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.

Custodial Credit Risk

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

5. Contributions Receivable

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 Statement of Revenues, Expenses, and Changes in Net Position.

The cumulative effects of the different agreed-upon bases, which result in long-term contributions receivable, are as follows at June 30, 2015 (in thousands):

Agreed-upon funding of employee vacation liability and related taxes	$	74,969
Agreed-upon funding of claims for injuries and damages		125,577
Total accumulated difference	$	200,546

The current portion of contributions receivable at June 30, 2015 of $520.1 million is related primarily to Federal grants.

6. Capital Assets

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

	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

Phase 1 of the Dulles Metrorail Project consisting of the 11.7 mile extension and related assets were transferred to the Authority from the Metropolitan Washington Airports Authority (MWAA) on July 26, 2014. The transfer amounted to $3.0 billion and was recorded at the constructed cost at time of transfer as capital asset additions and a capital contribution. The assets included the rail track, rail stations, buildings, power substations, rail cars, land, easements, and right-of-ways.

7. Short and Long-Term Liabilities

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

	Beginning balance	Additions	Reductions	Ending balance	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
Compensated absences	79,530	70,066	(64,937)	84,658	84,658
Total short-term liabilities	$ 249,530	$ 402,566	$ (265,354)	$ 386,741	$ 386,741
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	-
Unamortized premium	10,420	-	(428)	9,992	-
Total bonds payable	287,755	-	(13,668)	274,087	7,900
Obligations on lease agreements	296,973	-	(23,919)	273,054	21,899
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	$ 741,000	$ 45,567	$ (60,978)	$ 725,589	$ 75,239

(a) Grant Anticipation Note

A privately-placed one-year Grant Anticipation Note (GAN) was issued in October 2014 in the amount of $200.0 million, at an interest rate of 0.75 percent, and was fully drawn 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 percent to 0.80 percent as a result of Moody's Ratings Service downgrading the Authority's credit rating. The Authority has executed several optional repayments throughout the fiscal year totaling $116.7 million on the outstanding GAN balance. The outstanding GAN balance at June 30, 2015 was $83.3 million.

(b) Lines of Credit

The total amounts available under the three "364-day" lines of credit were $302.5 million in fiscal year 2015. The availability fees and accrued interest were payable either monthly or quarterly, depending on the terms of the agreements, commencing July 2010. All principal and interest are computed based on the London Interbank Offered Rate (LIBOR) plus a margin ranging from 68 basis points to 90 basis points. The one-month LIBOR rate was 0.19 percent for June 30, 2015. As of June 30, 2015, there was $218.8 million outstanding on the Lines of Credit. The lines of credits are due August 2015, September 2015, March 2016 and June 2016, respectively. In October 2015 and November 2015, two of the issuing financial institutions renewed the two Lines of Credit that were due August 2015 and September 2015 on substantially the same terms with due dates of April 2016 and May 2016 respectively.

(c) Bonds Payable

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

	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 9, 2009, the Authority issued $242.7 million of the Series 2009A Gross Revenue Transit Bonds, with an average interest rate of 4.67 percent, 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 4.79 percent. 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 percent of the total coupon interest paid to investors.

The Authority is required to make semi-annual payments of principal and interest on each series of bonds. The Authority must comply with certain covenants associated with these outstanding bonds; the more significant of which are:

- 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, at all times, maintain certain insurance or self-insurance covering the assets and operations of the transit system.

(d) Bonds Debt Service Requirements

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

Fiscal Year	Principal	Interest
2016	$ 7,900	$ 14,429
2017	8,285	14,035
2018	8,690	13,618
2019	9,125	13,172
2020	9,580	12,705
2021-2025	55,850	55,295
2026-2030	72,135	38,591
2031-2034	92,530	15,987
	264,095	177,832
Plus unamortized premium	9,992	-
	$ 274,087	$ 177,832

(e) Interest Expense

Interest expense incurred during the year ending June 30, 2015 is as follows (in thousands):

Grant Anticipation Note	$ 923
Lines of credit	2,421
Bonds	12,748
Total	$ 16,092

8. 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

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 year ended June 30, 2015:

Plan Membership	Retirement Plan	Local 689	Transit Police	Local 922	Local 2	Total
Active	308	9,040	448	456	98	10,350
Inactive, receiving benefits	1,164	4,239	213	182	281	6,079
Inactive, not receiving benefits	359	1,147	76	52	64	1,698
Total membership	1,831	14,426	737	690	443	18,127

(i) Retirement Plan

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

Eligible employees

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

Benefits

The normal retirement eligibility is age 65 with 5 years of credited service. The annual normal retirement benefit comprises of 1.6 percent 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 percent 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 percent 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 percent 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 $20.4 million for the year ending June 30, 2015. 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 percent vested.

Benefits

The Plan provides for normal retirement, early retirement, disability and pre-retirement 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 percent of the highest 4 year average monthly total compensation times the number of years of continuous service up to 27 years; plus 1.95 percent of average compensation times continuous service in excess of 27 years of service. The minimum benefit is $600 monthly.

Contributions and Funding Policy

The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. Employee and Authority contributions totaled $6.9 million and $136.1 million, respectively, for the year ending 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 percent 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 percent 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 percent 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 percent 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 percent 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 $2.5 million and $8.7 million, respectively, for the year ending June 30, 2015.

(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 percent vested.

Benefits

Effective for employees retiring on or after November 1, 2007, the annual retirement benefits are equal to 1.85 percent 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 percent 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 percent 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 percent of wages for the period November 1, 2014 through October 31, 2015. Employee and Authority contributions totaled $0.2 million and $5.2 million, respectively, for the year ending June 30, 2015.

(v) Local 2

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

Eligible employees

All full time employees covered by the Local 2 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 percent vested.

Benefits

The annual normal retirement benefit comprises of 1.6 percent 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 percent 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 percent 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 for the year ending June 30, 2015.

(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:

	Retirement Plan	Local 689	Transit Police	Local 922	Local 2
Measurement date	June 30, 2014	June 30, 2014	December 31, 2014	December 31, 2014	June 30, 2014
Inflation	2.5%	3.0%	2.5%	3.5%	2.5%
Salary increases, including 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%

(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, 2014 valuation 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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. core fixed income	34.0%	4.4%
U.S. equity large cap	37.0%	9.0%
U.S. equity small cap	18.0%	12.3%
Developed world ex U.S.	11.0%	10.2%

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that the employer contributions will 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

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, 2014 valuation were based on the results of an actuarial experience study conducted for the five years ending December 31, 2010.

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equities	41.0%	5.5%
Mid cap equities	5.0%	6.1%
Small cap equities	5.0%	6.7%
Non-U.S. developed equities	7.0%	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 was 7.9 percent. The projection of cash flows used to determine the discount rate assumed that participant contributions will 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

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, 2014 valuation were based on the results of an actuarial experience study conducted for the five years ending January 1, 2015.

The long-term expected rate of return 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 percent).

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2014 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 was 7.5 percent. 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.

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

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equities	29.0%	7.8%
Small/mid cap equities	6.0%	8.0%
International equities	12.0%	8.3%
Core bonds	23.0%	4.4%
Global bonds	5.0%	3.0%
Real estate	5.0%	6.5%
Global asset allocations	20.0%	7.2%

The discount rate used to measure the total pension liability was 7.0 percent. 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.

(v) Local 2

The RP-2000 Fully Generational Combined Mortality Table (Projected w/Scale AA) without collar adjustment was used for the mortality assumptions.

The actuarial assumptions used in the June 30, 2014 valuation 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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. core fixed income	29.0%	4.4%
U.S. equity large cap	36.0%	9.0%
U.S. equity mid cap	17.0%	10.3%
U.S. equity small cap	14.0%	12.3%
Developed world ex U.S.	4.0%	10.3%

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that the employer contributions will 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.

Changes in the Authority's net pension liabilities for the fiscal year ended June 30, 2015 are as follows (in thousands):

Retirement Plan

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	$ 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, 2015	$ 533,590	$ 373,806	$ 159,784

Local 689

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	$ 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, 2015	$ 3,253,514	$ 2,628,691	$ 624,823

Transit Police

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	$ 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 June 30, 2015	$ 231,532	$ 186,746	$ 44,786

Local 922

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	$ 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 June 30, 2015	$ 195,465	$ 180,977	$ 14,488

Local 2

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	$ 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, 2015	$ 168,989	$ 140,806	$ 28,183

Total Plans

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	$ 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, 2015	$ 4,383,090	$ 3,511,026	$ 872,064

(c) Pension Expense

Pension expense recognized by the Authority for the fiscal year ending June 30, 2015 is as follows:

Plan	Pension Expense
Retirement Plan	$ 58,635
Local 689	89,579
Transit Police	6,594
Local 922	6,455
Local 2	16,158
Total	$ 177,421

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Retirement Plan		
Differences between projected and actual investment earnings	$ -	$ 25,060
Differences between expected and actual experience	-	-
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	-
Differences between expected and actual experience		-
Contributions made after the measurement date	2,817	-
Subtotal	6,291	-
Local 2		
Differences between projected and actual investment earnings	-	10,350
Differences between expected and actual experience	-	-
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
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 table will be recognized as a reduction in the net pension liability, in the fiscal year ending June 30, 2016.

Amounts reported as deferred outflows of resources and deferred 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 as follows (in thousands):

Year ending June 30, 2015	Retirement Plan	Local 689	Transit Police	Local 922	Local 2	Total
2016	$ 6,265	$ 37,481	$ 190	$ (868)	$ 2,587	$ 45,655
2017	6,265	37,481	190	(868)	2,587	45,655
2018	6,265	37,481	190	(868)	2,587	45,655
2019	6,265	37,482	190	(870)	2,589	45,656
2020	-	(8,754)	158	-	-	(8,596)
Thereafter	-	(14,010)	470	-	-	(13,540)
Total	$ 25,060	$ 127,161	$ 1,388	$ (3,474)	$ 10,350	$ 160,485

(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:

Plan	Discount rate	1% Decrease	Current Rate	1% Increase
Retirement Plan	7.0%	$ 212,996	$ 159,784	$ 114,424
Local 689	7.9%	1,032,885	624,823	283,011
Transit Police	7.5%	76,195	44,786	18,903
Local 922	7.0%	40,867	14,488	(7,211)
Local 2	7.5%	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 make contributions 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 percent 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 $9.3 million for the year ended June 30, 2015.

(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 percent of salary, on a pre-tax 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.

9. Other Postemployment Benefits (OPEB)

(a) Plan Descriptions

The Authority contributes to four single-employer defined benefit healthcare plans: Local 689, Local 2, Transit Police and Non-represented. Transit Police and Non-represented 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 Non-represented 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 Non-represented 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.

The Authority's annual OPEB cost for the year ended June 30, 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	$ 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 cost	53,582	9,399	6,801	30,243	100,025
Contribution 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

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations for fiscal years 2015, 2014 and 2013 for each of the plans were as follows (in thousands):

Plan	Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed
Local 689	6/30/2015	$ 53,582	52.6%
	6/30/2014	$ 51,547	45.1%
	6/30/2013	$ 86,391	37.0%
Local 2	6/30/2015	$ 9,399	34.9%
	6/30/2014	$ 10,167	30.4%
	6/30/2013	$ 13,964	28.1%
Transit Police	6/30/2015	$ 6,801	44.4%
	6/30/2014	$ 6,477	28.4%
	6/30/2013	$ 8,304	24.3%
Non-Represented	6/30/2015	$ 30,243	37.0%
	6/30/2014	$ 32,544	30.5%
	6/30/2013	$ 34,935	33.4%

(c) Funded Status and Funding Progress

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

	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.

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

	Local 689	Local 2	Transit Police	Non-Represented
Actuarial valuation date	July 1, 2013	July 1, 2013	July 1, 2013	July 1, 2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, open	Level percentage of pay, open	Level percentage of pay, open	Level percentage of pay, open
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	2.5%	2.5%	2.5%	2.5%
Healthcare cost trend rate:				
Pre-65 Years Old	7.9%	7.9%	7.9%	7.9%
65 Years and older		7.2%	7.2%	7.2%
- Local 689 Current Retirees	7.0%			
- Local 689 Future Retirees	7.1%			

(e) Defined Contribution Plan

The Authority contributes to one cost-sharing multiple-employer defined contribution healthcare plan: Local 922. This plan provides healthcare, prescription drug and life insurance benefits to retirees and their dependents.

Effective November 1, 2007, the Authority contributed to the 922 Employees Health Trust on behalf of each employee on its payroll covered by the Local 922 agreement and each retiree under age 65, a monthly contribution of $800. The Health Trust determines the extent of any employee and retiree contributions necessary to fund the remaining cost of the benefits. The Authority's contributions were $4.0 million for the year ended June 30, 2015.

Schedules related to the funded status of the OPEB plans included in this note are located in the Required Supplementary Information located on page 56 of these financial statements.

10. 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 self-insures for:

1) Third party bodily injury and property damage liability claims up to $5.0 million per occurrence, except for MetroAccess auto liability claims where the self-insured retention (SIR) is $2.0 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 2013, the Excess Liability insurance program again had an aggregate limit of $145.0 million, but was restructured to establish a uniform SIR of $5.0 million per occurrence; legal expenses are not included in this amount. Further, additional premiums are due if paid claims exceed thresholds as defined in the policy. The Excess Liability insurance program was renewed for fiscal year 2014 at the same level as in fiscal year 2013 with the exception of adding coverage for MetroAccess auto liability claims with a SIR of $2.0 million per occurrence. There were no material changes to the insurance program for fiscal year 2015.

(ii) Open Liability Claims $1.0 million and Greater

Third Party Claims

Red Line Collision, June 22, 2009: Commercial insurance paid for most of the loss. Of the total incurred amount of $45.1 million, $14.5 million is the net cost to the Authority. All Red Line Collison claims have been settled.

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

Workers' Compensation

As of June 30, 2015, there were ten workers' compensation claims with open reserves greater than $1.0 million with an aggregate total of $13.5 million. Workers' compensation claims have a longer tail than liability claims, with the expected payout period of these ten claims ranging over the next several decades. None of these claims is expected to exceed the $2.5 million per occurrence SIR.

Directors and Officers/Employment Practices Liability (D&O/EPL)

As of June 30, 2015, the Authority has settled allegations initially brought by the Department of Justice regarding compliance with procurement processes and procedures. Settlements totaled $7.3 million in fiscal year 2015 to the Department of Justice, $1.3 million; Department of Transportation, $4.3 million; State of Maryland, $0.6 million; Commonwealth of Virginia, $0.5 million; and the District of Columbia, $0.7 million. The Authority will seek recovery as may be available for these costs under our D&O/EPL policy subject to the various policy retentions.

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 percent 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 is reserved for that claim (e.g. a case reserve is established). Case values are adjusted as the claims develop. Total case reserves are evaluated by an independent actuary who develops the total liability to be included in the basic financial statements. Claim settlements have not exceeded insurance coverage for each of the three most recent years.

Changes in the actuarially developed liability for year ended June 30, 2015 and 2014 are as follows (in thousands):

	2015	2014
Estimated net present value of the liability for injury and damage claims, beginning of year	$ 132,108	$ 137,230
Incurred new claims	31,181	34,082
Changes in estimate for claims of prior periods	28,295	(9,005)
Payments on claims	(33,735)	(30,199)
Estimated net present value of the liability for injury and damage claims, end of year	$ 157,849	$ 132,108
Due within one year	$ 33,271	$ 32,937

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 Leasing Commitment

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 year ended June 30, 2015 were $4.9 million.

The Authority's minimum future lease payments for non-cancelable operating leases, as of June 30, 2015, are as follows (in thousands):

Fiscal Year	Total
2016	$ 4,371
2017	3,152
2018	2,052
2019	2,098
2020	1,041
2021-2024	2,726
	$ 15,440

(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 agreement allowed the Authority to plan and manage its diesel fuel, reduce risk, and improve budget stability. In fiscal year 2015, the Authority maintained one diesel fuel swap agreement (hedging derivative instrument). This swap agreement expired on June 30, 2015.

In fiscal year 2015, the Authority entered into a diesel swap agreement (HEATING OIL–New York Mercantile Exchange (NYMEX) to manage its diesel fuel price risk for fiscal year 2016, effective date of July 1, 2015 and an expiration date of June 30, 2016. The notional amount is 625,000 gallons monthly and the hedge price is $1.97 per gallon. Payment between the swap parties is the difference between the swap price per gallon and the unweighted arithmetic mean of each of the closing settlement prices. The fuel swap is based on the closing settlement prices quoted (NYMEX), on each NYMEX trading day, during the settlement period for the first nearby month.

The following tables shows a summary of the diesel swap agreement as of June 30, 2015:

Per Calculation Effective Date	Period Maturity Date	Gallons	Total Quantity (gallons)	Fair Value as of 6/30/15 (in thousands)
7/1/2015	6/30/2016	625,000	7,500,000	$ (161)

The fair value 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 net difference in fair value for the swap agreement was $0.1 million and is reported as a deferred outflow of resources on the Statement of Net Position.

The Authority is exposed to credit risk in the amount of the negative fair value of ($161). To mitigate the credit risk, the Authority entered into swap agreements with counterparties with long-term investment grade ratings by Standard and Poor's, Moody's, and Fitch.

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. Also, 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

Eighty three percent of the Authority's labor force is covered by five labor contracts. As of June 30, 2015, one of these contracts which represent 1.1 percent of the labor force has expired and currently either in arbitration or negotiation. At June 30, 2015, the accrued salaries and benefits liability includes an estimated amount related to the settlement of these contracts.

(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, 2015, the Authority had committed to expend $387.0 million (unaudited) 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.

11. Tax Advantage Lease Agreements

(a) Leasing Historical Information

During fiscal year 1999, the Authority entered into 13 transactions to lease 680 railcars to 13 equity investors (the "headlease") and simultaneously subleased the railcars back (the "sublease"). Trusts were created coincident to these transactions to serve as the lessee/sublessor. Under the headlease agreements, the Authority retains the right to use the railcars and is also responsible for their continued maintenance and insurance.

During fiscal year 2003, the Authority entered into two additional transactions to lease 78 railcars. These transactions resulted in a net payment to the Authority in fiscal year 2003 of $8.7 million, which was recorded as deferred lease revenue and will be amortized over the life of the lease.

In August 2003, the Authority entered into a lease transaction for 48 railcars. This transaction resulted in a net payment to the Authority of approximately $10.0 million, which was recorded as deferred lease revenue and will be amortized over the life of the lease.

The Authority's sublease arrangements have been recorded similar to a capital lease arrangement in that the present value of the future lease payments have been recognized on the Statement of Net Position as obligations under lease agreements.

At closing, the railcars for the fiscal year 1999 leases had a fair value of $1.2 billion and a net book value of $226.3 million. The railcars for the fiscal year 2003 leases had a fair value of $194.1 million and a net book value of $66.8 million. The railcars for the fiscal year 2004 lease had a fair value of $130.8 million and a net book value of $78.8 million.

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 lenders/undertakers, originally rated as AAA/Aaa, in accordance with the terms of contractual obligations known as debt and equity payment undertaking agreements. These agreements constitute commitments by the debt and equity payment undertakers to pay the Authority's sublease and buy-out options under the terms of the subleases. The debt and equity payment undertakers' 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 payment undertakers as a prefunded lease commitment on the Statement of Net Position.

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

The excess of the prepayments received over the prepayment paid to the lease payment undertakers was recorded as deferred lease revenue and will be recognized by the Authority over the life of the lease.

The following table sets forth the aggregate amounts due under the sublease agreements (in thousands):

Future minimum payments due:		
2016	$	21,899
2017		22,009
2018		91,306
2019		19,458
2020		19,585
2021-2025		63,544
2026-2030		61,175
2031-2033		31,756
Total future minimum payments		330,732
Less imputed interest		57,678
Present value of minimum lease payments	$	273,054

(b) Leasing Disclosure

The lease agreements, described above, allow the equity investors to replace the companies specified in the agreements as equity payment undertakers (EPU) in the event that the EPU's 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 16 lease agreements. To date, the Authority has terminated thirteen lease agreements, one in fiscal year 2015, two in fiscal year 2014, one in fiscal year 2012, one in fiscal 2011, three in fiscal year 2010 and five in fiscal year 2009. Termination payments on twelve of the thirteen leases were paid from the defeasance accounts with no or very minimal additional liability to the Authority. After reaching a settlement with the one equity investor, which had demanded accelerated payment of the full liability, the lease agreement was terminated. As part of the settlement, all parties agreed not to discuss the terms of the settlement.

To date, 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, 2016. The remaining period of these lease agreements ranges from approximately three to sixteen 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.

Schedule of Changes in the Net Pension Liability

Last 10 Fiscal Years *

(dollars in thousands)

WMATA Retirement Plan:		**2015**
Total pension liability:		
Service cost	$	1,815
Interest		37,268
Changes of benefit terms		477
Differences between expected and actual experience		(2,896)
Changes of assumptions		53,908
Benefit payments, including refunds of member contributions		(42,032)
Net change in total pension liability		48,540
Total pension liability – beginning		485,050
Total pension liability – ending	$	533,590
Plan fiduciary net position	$	373,806
Net pension liability	$	159,784
Plan fiduciary net position as a percentage of the total pension liability		70.05%
Covered employee payroll	$	23,674
Net pension liability as a percentage of covered employee payroll		674.93%

See accompanying independent auditors' report.

*Changes in the net pension liability for years prior to the fiscal year ending June 30, 2015, were not available and accordingly, were not included in the schedule.

Schedule of Changes in the Net Pension Liability

Last 10 Fiscal Years *

(dollars in thousands)

WMATA Transit Employees Retirement Plan (Union Local 689):	**2015**
Total pension liability:	
Service cost	$ 66,090
Interest	234,275
Differences between expected and actual experience	66,534
Benefit payments, including refunds of member contributions	(146,158)
Net change in total pension liability	220,741
Total pension liability – beginning	3,032,773
Total pension liability – ending	$ 3,253,514
Plan fiduciary net position	$ 2,628,691
Net pension liability	$ 624,823
Plan fiduciary net position as a percentage of the total pension liability	80.80%
Covered employee payroll	$ 710,331
Net pension liability as a percentage of covered employee payroll	87.96%

See accompanying independent auditors' report.

*Changes in the net pension liability for years prior to the fiscal year ending June 30, 2015, were not available and accordingly, were not included in the schedule.

Schedule of Changes in the Net Pension Liability

Last 10 Fiscal Years *

(dollars in thousands)

WMATA Transit Police Retirement Plan:	**2015**
Total pension liability:	
Service cost	$ 5,824
Interest	16,250
Differences between expected and actual experience	(1,415)
Benefit payments, including refunds of member contributions	(11,573)
Net change in total pension liability	9,086
Total pension liability – beginning	222,446
Total pension liability – ending	$ 231,532
Plan fiduciary net position	$ 186,746
Net pension liability	$ 44,786
Plan fiduciary net position as a percentage of the total pension liability	80.66%
Covered employee payroll	$ 39,307
Net pension liability as a percentage of covered employee payroll	113.94%

See accompanying independent auditors' report.

*Changes in the net pension liability for years prior to the fiscal year ending June 30, 2015, were not available and accordingly, were not included in the schedule.

Schedule of Changes in the Net Pension Liability

Last 10 Fiscal Years *

(dollars in thousands)

WMATA Local 922 Retirement Plan		2015
Total pension liability:		
Service cost	$	4,767
Interest		12,832
Benefit payments, including refunds of member contributions		(6,092)
Net change in total pension liability		11,507
Total pension liability – beginning		183,958
Total pension liability – ending	$	195,465
Plan fiduciary net position	$	180,977
Net pension liability	$	14,488
Plan fiduciary net position as a percentage of the total pension liability		92.59%
Covered employee payroll	$	34,859
Net pension liability as a percentage of covered employee payroll		41.56%

See accompanying independent auditors' report.

*Changes in the net pension liability for years prior to the fiscal year ending June 30, 2015, were not available and accordingly, were not included in the schedule.

Schedule of Changes in the Net Pension Liability

Last 10 Fiscal Years *

(dollars in thousands)

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

See accompanying independent auditors' report.

*Changes in the net pension liability for years prior to the fiscal year ending June 30, 2015, were not available and accordingly, were not included in the schedule.

Schedule of Employer Contributions

Last 10 Fiscal Years

(dollars in thousands)

	2015	2014	2013	2012	2011
WMATA Retirement Plan:					
Actuarially determined contribution	$ 20,398	$ 20,585	$ 19,998	$ 18,416	$ 17,884
Contributions in relation to the actuarially determined contribution	20,398	20,585	19,998	18,437	17,884
Contribution deficiency (excess)	$ -	$ -	$ -	$ (21)	$ -
Covered-employee payroll	$ 26,399	$ 23,674	$ 25,327	$ 26,551	$ 27,201
Contributions as a percentage of covered-employee payroll	77.27%	86.95%	78.96%	69.44%	65.75%
WMATA Transit Employees' Retirement Plan (Local 689):					
Actuarially determined contribution	$ 136,075	$ 123,234	$ 95,552	$ 71,717	$ 56,721
Contributions in relation to the actuarially determined contribution	136,075	123,234	94,581	67,128	66,720
Contribution deficiency (excess)	$ -	$ -	$ 971	$ 4,589	$ (9,999)
Covered-employee payroll	$ 753,590	$ 736,872	$ 683,789	$ 586,202	$ 570,353
Contributions as a percentage of covered-employee payroll	18.06%	16.72%	13.83%	11.45%	11.70%
WMATA Transit Police Retirement Plan:					
Actuarially determined contribution	$ 8,742	$ 8,594	$ 7,944	$ 7,954	$ 7,843
Contributions in relation to the actuarially determined contribution	8,742	8,594	7,944	7,954	7,843
Contribution deficiency (excess)	$ -	-	-	-	-
Covered-employee payroll	$ 35,412	$ 34,086	$ 32,976	$ 30,351	$ 31,507
Contributions as a percentage of covered-employee payroll	24.69%	25.21%	24.09%	26.21%	24.89%

See accompanying independent auditors' report.

Schedule of Employer Contributions

Last 10 Fiscal Years

(dollars in thousands)

	2010	2009	2008	2007	2006
WMATA Retirement Plan:					
Actuarially determined contribution	$ 17,716	$ 16,177	$ 11,327	$ 10,373	$ 9,156
Contributions in relation to the actuarially determined contribution	17,718	16,139	11,733	9,967	9,151
Contribution deficiency (excess)	$ (2)	$ 38	$ (406)	$ 406	$ 5
Covered-employee payroll	$ 29,321	$ 31,343	$ 33,497	$ 35,598	$ 37,769
Contributions as a percentage of covered-employee payroll	60.43%	51.49%	35.03%	28.00%	24.23%
WMATA Transit Employees' Retirement Plan (Local 689):					
Actuarially determined contribution	$ 48,386	$ 33,231	$ 20,167	$ 15,003	$ -
Contributions in relation to the actuarially determined contribution	49,796	33,146	20,167	15,003	-
Contribution deficiency (excess)	$ (1,410)	$ 85	$ -	$ -	$ -
Covered-employee payroll	$ 544,629	$ 549,381	$ 515,245	$ 483,010	$ 465,458
Contributions as a percentage of covered-employee payroll	9.14%	6.03%	3.91%	3.11%	0.00%
WMATA Transit Police Retirement Plan:					
Actuarially determined contribution	$ 7,503	$ 5,422	$ 5,612	$ 4,928	$ 6,188
Contributions in relation to the actuarially determined contribution	7,503	5,422	5,612	4,928	6,188
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 31,083	$ 28,017	$ 24,950	Not Available	Not Available
Contributions as a percentage of covered-employee payroll	24.14%	19.35%	22.49%	Not Available	Not Available

See accompanying independent auditors' report.

Schedule of Employer Contributions

Last 10 Fiscal Years

(dollars in thousands)

	2015	2014	2013	2012	2011
WMATA Local 922 Retirement Plan:					
Actuarially determined contribution	$ 5,194	$ 6,920	$ 5,583	$ 6,203	$ 5,363
Contributions in relation to the actuarially determined contribution	5,194	6,920	5,583	6,203	5,363
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 30,251	$ 32,324	$ 29,593	$ 27,065	$ 26,543
Contributions as a percentage of covered-employee payroll	17.17%	21.41%	18.87%	22.92%	20.20%
WMATA Local 2 Retirement Plan:					
Actuarially determined contribution	$ 5,156	$ 4,758	$ 4,822	$ 4,966	$ 5,103
Contributions in relation to the actuarially determined contribution	5,156	4,758	4,822	4,966	5,102
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 1
Covered-employee payroll	$ 11,855	$ 9,954	$ 10,583	$ 11,521	$ 12,852
Contributions as a percentage of covered-employee payroll	43.49%	47.80%	45.56%	43.10%	39.70%

See accompanying independent auditors' report.

Schedule of Employer Contributions

Last 10 Fiscal Years

(dollars in thousands)

	2010	2009	2008	2007	2006
WMATA Local 922 Retirement Plan:					
Actuarially determined contribution	$ 5,868	$ 4,127	$ 3,647	$ 3,354	$ 3,319
Contributions in relation to the actuarially determined contribution	5,868	4,127	3,647	3,354	3,319
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 25,400	$ 25,498	$ 23,787	$ 22,462	$ 22,266
Contributions as a percentage of covered-employee payroll	23.10%	16.19%	15.33%	14.93%	14.91%
WMATA Local 2 Retirement Plan:					
Actuarially determined contribution	$ 5,456	$ 4,982	$ 4,037	$ 3,035	$ 3,065
Contributions in relation to the actuarially determined contribution	5,456	4,968	4,027	3,045	3,064
Contribution deficiency (excess)	$ -	$ 14	$ 10	$ (10)	$ 1
Covered-employee payroll	$ 13,764	$ 14,933	$ 16,533	$ 17,893	$ 17,628
Contributions as a percentage of covered-employee payroll	39.64%	33.27%	24.36%	17.02%	17.38%

See accompanying independent auditors' report.

Historical Trend Information - Postemployment Benefits Other Than Pensions (OPEB)

Schedules of Funding Progress (Unaudited)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded Actuarial Accrued Liability (UAAL) (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (Funding Excess) ((b-a))/c
Union Local 689	7/1/2013	$ -	$ 853,454	$ 853,454	0.0%	N/A	N/A
Union 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 [1]			$ 1,482,262	$ 1,482,262	0.0%	$ 734,000	201.9%
Union Local 689	7/1/2013	$ -	$ 826,384	$ 826,384	0.0%	N/A	N/A
Union 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 [1]			$ 1,492,525	$ 1,492,525	0.0%	$ 734,000	203.3%
Union Local 689	7/1/2011	$ -	$ 1,240,733	$ 1,240,733	0.0%	N/A	N/A
Union Local 2	7/1/2011	$ -	$ 179,529	$ 179,529	0.0%	N/A	N/A
Transit Police	7/1/2011	$ -	$ 108,046	$ 108,046	0.0%	N/A	N/A
Non-Represented	7/1/2011	$ -	$ 498,778	$ 498,778	0.0%	N/A	N/A
Fiscal Year 2013 Total [2]			$ 2,027,086	$ 2,027,086	0.0%	$ 841,000	241.0%

[1] The Annual Required Contribution (ARC), Annual OPEB Cost (AOC) and Actuarial Accrued Liability (AAL) are based on the census as of July 1, 2013, and on updated actuarial assumptions.

[2] The Annual Required Contribution (ARC), Annual OPEB Cost (AOC) and Actuarial Accrued Liability (AAL) are based on the results of July 1, 2011 valuation actuarially projected to June 30, 2013 and June 30, 2012.

(1) Schedule of Changes in the Net Pension Liability

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

(2) Schedule 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
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%
2006	7/1/2005	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.

Local 689 Plan:

Fiscal Year	Valuation date	Actuarial cost method	Asset valuation method	Amorti-zation method	Amorti-zation period	Assumed rate of return	Inflation rate	Salary increases
2015	1/1/2014	Entry age	Smoothed market	Level percentage of payroll	30 years	7.85%	3.00%	3.50%
2014	1/1/2012	Aggregate Cost	5-yr assumed yield	N/A	N/A	7.85%	3.00%	3.50%
2013	1/1/2011	Aggregate Cost	3-yr assumed yield	N/A	N/A	7.85%	3.00%	3.50%
2012	1/1/2010	Aggregate Cost	3-yr assumed yield	N/A	N/A	7.85%	3.00%	3.50%
2011	1/1/2009	Aggregate Cost	5-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%
2010	1/1/2008	Aggregate Cost	3-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%
2009	1/1/2007	Aggregate Cost	3-yr assumed yield	N/A	N/A	8.00%	3.00%	3.50%
2008	1/1/2006	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%
2006	7/1/2004	Aggregate Entry Age	3-yr assumed yield	Level dollar	N/A	8.00%	3.00%	3.50%

The mortality table used for all of the fiscal years was the 1983 Group Annuity Mortality Tables, males set back two years and females unadjusted.

Transit Police Retirement Plan:

Fiscal Year	Valuation date	Actuarial cost method	Asset valuation method	Amorti-zation method	Amorti-zation period	Assumed rate of return	Inflation rate	Salary increases
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%
2006	1/1/2005	Aggregate Cost	Smoothed market	N/A	N/A	8.00%	2.50%	4.75% - 9.0%

The mortality table used for all of the fiscal years was the RP-2000 Combined Healthy with Blue Collar adjustment set forward ten years with generational projection by Scale AA.

Local 922 Retirement Plan:

Fiscal Year	Valuation date	Actuarial cost method	Asset valuation method	Amorti-zation method	Amorti-zation period	Assumed rate of return	Inflation rate	Salary increases
2015	1/1/2015	Entry age normal cost	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	Entry age	Smoothed market value	Level dollar	30 years open	7.00%	3.00%	4.50%
2006	1/1/2005	Entry age	Smoothed market value	Level dollar	30 years open	7.00%	3.00%	4.50%

The mortality table used for fiscal years 2006 through 2014 was the RP-2000 Blue Collar Mortality projected using Scale AA, which was updated in fiscal year 2015 for active and healthy retirees to use a fully generational mortality improvement scale.

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
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%
2006	7/1/2005	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.