COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2009

WASHINGTON METROPOLITAN
AREA TRANSIT AUTHORITY
WASHINGTON, D.C.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2009

CAROL DILLON KISSAL, CHIEF FINANCIAL OFFICER

PREPARED BY: OFFICE OF ACCOUNTING

STEPHANIE AUDETTE, COMPTROLLER

WASHINGTON METROPOLITAN
AREA TRANSIT AUTHORITY
WASHINGTON, DC

THINK SAFETY

Vision

The Best Ride in the Nation

Mission

Provide the Nation's best transit service
to our customers and
improve the quality of life in
the Washington metropolitan area

Values

Safety & Security
Professionalism
Integrity
Continuous Improvement
Respect for All

Goals

Create a Safety Culture
Deliver Quality Service
Use Every Resource Wisely
Maintain and Enhance the Authority's Image
Retain and Attract the Best and the Brightest

Comprehensive Annual Financial Report
Year Ended June 30, 2009

Table of Contents

SECTION ONE – INTRODUCTORY (Unaudited)

Washington
Metropolitan Area
Transit Authority

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

www.metroopensdoors.com

A District of Columbia,
Maryland and Virginia
Transit Partnership

December 21, 2009

Chairman and Members of the Board of Directors:

We are submitting the Comprehensive Annual Financial Report (CAFR) of the Washington Metropolitan Area Transit Authority (Authority) for the fiscal year ended June 30, 2009 prepared by the Authority's Office of Accounting.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the Authority's management has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to gather sufficient reliable information for the preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

The cost of internal controls should not outweigh their benefits; consequently, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Clifton Gunderson LLP, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the Authority's financial statements. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Authority

On February 20, 1967, the Authority was created by an interstate compact (the Compact) through legislation passed by the District of Columbia, the State of Maryland, the Commonwealth of Virginia and the United States Congress. The Authority's mission is to plan, build, finance and operate a transportation system in the National Capital area. In fulfillment of this goal, the Authority provides the region with three coordinated types of transportation services: rail (Metrorail), bus (Metrobus) and paratransit (MetroAccess).

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

On January 13, 2001, the Authority completed the original 103-mile Metrorail system with the opening of the 6.5 miles extension of the Green Line from Anacostia to Branch Avenue. And in the second quarter of fiscal year 2005, three Metrorail stations and approximately 3.2 miles of track were added to the Metrorail system resulting in a total of 86 stations, approximately 106.1 miles of track and five Metrorail lines (Blue, Green, Orange, Yellow and Red).

The Authority serves a population of approximately 3.4 million within a 1,500-square–mile area. Its transit zone consists of the District of Columbia, the suburban Maryland counties of Montgomery and Prince George's and the Northern Virginia counties of Arlington, Fairfax and Loudoun, as well as the Northern Virginia cities of Alexandria, Falls Church, Fairfax, Manassas and Manassas Park.

Metrorail carries the second largest number of passengers and Metrobus carries the sixth largest number of passengers in the nation.

Organizational Structure
The Authority is governed by a board of six Directors and six Alternates, composed of two Directors and two Alternates from the states of Maryland and Virginia, and the District of Columbia. The Board of Directors (Board) determines policy for the Authority.

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

Budget
The Authority's annual budget serves as the foundation for its financial planning and control. The GM and staff prepare and submit the budget to the Board for approval. The annual budget consists of two budgets: an operating budget and a capital budget.

For fiscal year 2009, the Authority had an approved annual budget of approximately $1.90 billion with the largest portion, $1.36 billion, including debt service, dedicated to operating the system. The budget contained approximately 11,200 authorized staff positions.

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

Economic Condition

Local Economy
Located in the nation's capital, the Authority's operations are influenced by the economic conditions of the District of Columbia (DC), and the surrounding jurisdictions of Maryland and Virginia.

During the first part of fiscal year 2009, the region experienced growth as a result of an expansion in federal spending and jobs. However, during the latter part of the fiscal year, the loss of private sector jobs led to the increase in the DC unemployment rate to 10.9 percent, directly impacting bus and rail ridership. Rail capacity and ridership were also impacted by the June 22, 2009 rail car accident.

Current economic indicators are mixed. While the impact of the recession is lessened by the presence of the federal government, the unemployment rate will continue to impact the region's economy and the Authority's ridership. Additional growth of the federal government – and spending – is anticipated. In addition to direct federal job creation, the region's defense and other contractors are anticipated to benefit from increased government spending in the short-term. This is expected to continue to lessen the impact that the recession has on the DC area.

Long-term Financial Planning

Metro Matters
The Authority and the local jurisdictions developed and executed a formal long-range comprehensive funding agreement for capital improvements, commonly known as "Metro Matters". This is the sixth year of the six-year Metro Matters program. Metro Matters uses a pay-as-you-go funding strategy and has the following six main components:

- Infrastructure Renewal Program: including Metrorail and Metrobus maintenance and rehabilitation,
- Rail Car Program: including purchase of new rail cars, the upgrade of power and signal systems required for eight-car train operations and modifications to facilities to create additional maintenance capacity for fleet expansion,
- Bus Program: including purchase of advanced technology buses to address overcrowding, regional bus stop database, maps and stop improvements, and analysis of future service requirements,
- Security Program: including providing a continuity of operations, mainly in the form of an alternative operations control center,
- System Expansion Program: including providing for future investments,
- Credit facility: including providing funds as required.

The current version of Metro Matters will expire on June 30, 2010. The Authority and the local jurisdictions are working on a new funding agreement that will support a continuing commitment to fund the Authority's capital improvement program after June 30, 2010.

American Recovery and Reinvestment Act of 2009
The Authority has received a commitment of nearly $202 million from the American Recovery and Reinvestment Act of 2009 to fund 29 projects. The Authority's projects are focused on stimulating the local and national economy by creating jobs and building a stronger regional transit system. All of the projects are linked to the Authority's strategic goals of ensuring safety, delivering quality service, improving reliability and using resources wisely.

The projects target improved passenger and maintenance facilities, safety and security, information technology, operations and equipment.

Some examples of the Authority's stimulus projects include:
- Replacing crumbling platforms,
- Rehabilitating the oldest stretch of track in the rail system,
- Replacing the oldest diesel buses with new hybrid-electric buses,
- Installing SmarTrip purchase capabilities at more fare vending machines,
- Enhancing bus garage security,
- Installing technologies to improve bus route and schedule information,
- Replacing the Southeastern bus garage,
- Updating train arrival signs on platforms and mezzanines,
- Expanding and replacing vehicles for paratransit service.

Awards and Acknowledgements

Award

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the Authority for its CAFR for the fiscal year ended June 30, 2008. This is the twenty-second consecutive year that the Authority has received this prestigious award.

In order to be awarded a Certificate the Authority had to publish an easily readable and efficiently organized CAFR. The content of the CAFR had to satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for only one year. We believe that this current CAFR will meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgement

Completion of this CAFR would not have been possible without the leadership of the Comptroller and the knowledgeable and dedicated staff of the Office of Accounting. A special note of appreciation is extended to the many diligent employees who gave their time and efforts to the production of this CAFR. We would also like to thank the Board and the officers of the Authority for their continuing support in planning and conducting the financial operations of the Authority in a responsible manner.

Respectfully submitted,

John B. Catoe, Jr.
General Manager

Carol Dillon Kissal
Assistant General Manager,
and Chief Financial Officer

Board of Directors

As of June 30, 2009

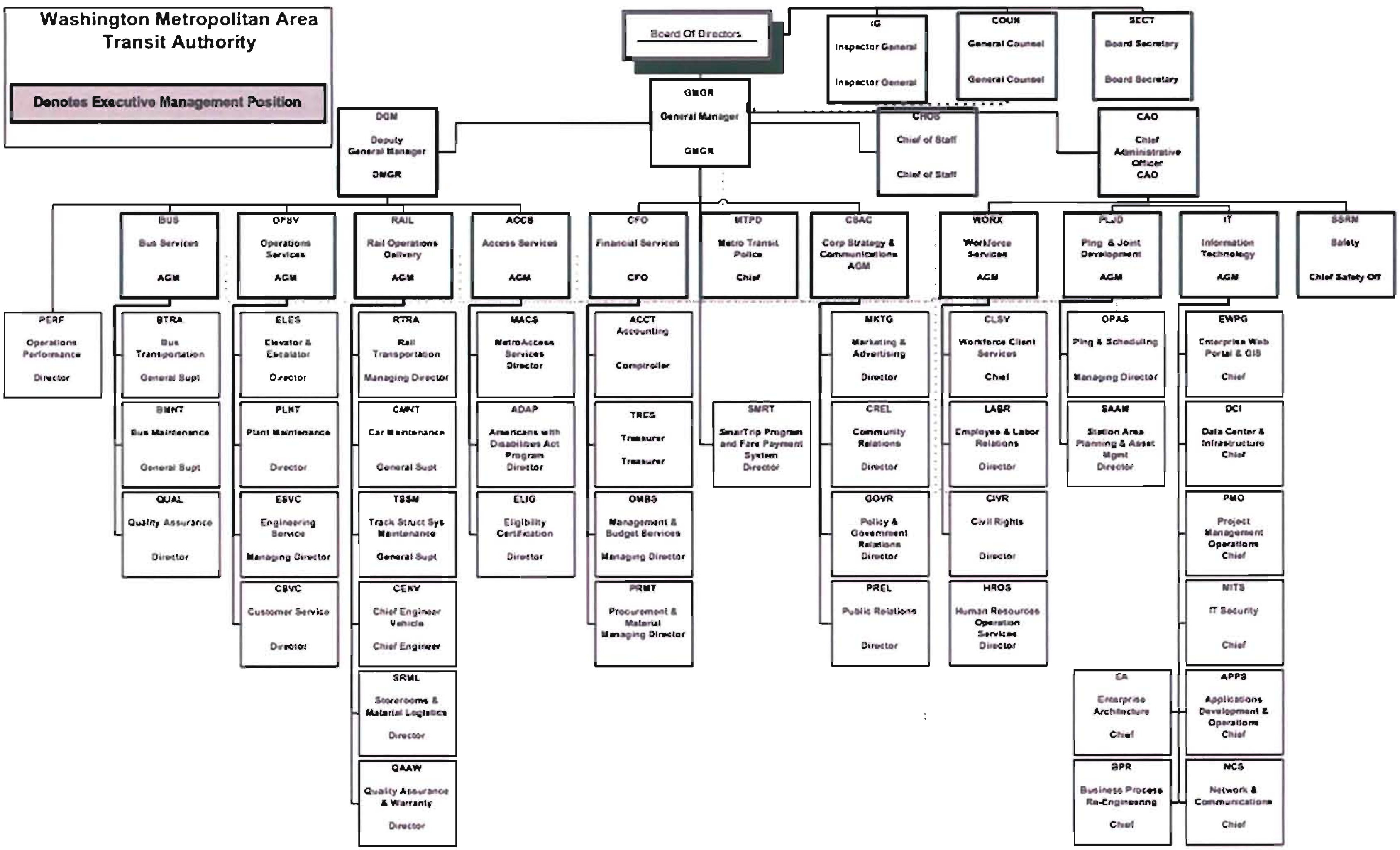
Chairman	Jim Graham District of Columbia
First Vice-Chairman	Peter Benjamin Maryland
Second Vice-Chairman	Catherine Hudgins Virginia
Directors	Neil Albert District of Columbia
	Elizabeth M. Hewlett Maryland
	Christopher Zimmerman Virginia
Alternate Directors	Michael Brown District of Columbia
	Gordon Linton Maryland
	Jeffery C. McKay Virginia
	Anthony R. Giancola, P.E. District of Columbia
	Marcell Solomon Maryland
	William D. Euille Virginia

General Manager's Executive Leadership Team

General Manager	John B. Catoe, Jr.
Deputy General Manager, Chief Operating Officer	Gerald Francis
Chief of Staff	Shiva Pant
Assistant General Manager, Planning and Joint Development	Nat Bottigheimer
Assistant General Manager, Workforce Services (until August 2009) Chief Performance Officer (August 2009)	Andrea Burnside
Assistant General Manager, Chief Safety Officer	Alexa Dupigny-Samuels
Assistant General Manager, Access Services	Christian T. Kent
Assistant General Manager, and Chief Financial Officer	Carol Dillon Kissal
Assistant General Manager, Rail Operations Delivery	Dave J. Kubicek
Inspector General	Helen Lew
Chief Administrative Officer	Emeka C. Moneme
General Counsel	Carol B. O'Keeffe
Assistant General Manager, Information Technology and Chief Information Officer	Suzanne Peck
Assistant General Manager, Operations Services	Jack Requa
Chief, Human Resources Officer (August 2009)	Delicia Sampson
Chief, Metro Transit Police	Michael Taborn
Assistant General Manager, Bus Operations	Milo Victoria
Assistant General Manager, Corporate Strategy and Communication	Sara Procacci Wilson

Organizational Chart

As of June 30,2009



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washington Metropolitan Area Transit Authority District of Columbia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

This Page Intentionally Left Blank

SECTION TWO - FINANCIAL

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

To the Board of Directors
Washington Metropolitan Area Transit Authority

We have audited the accompanying statement of net assets, and the related statements of revenues, expenses and changes in net assets of Washington Metropolitan Area Transit Authority (Authority) as of and for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not jointly audit the financial statements of the pension plans of the Authority. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for those pension plans, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009 and 2008, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information on pages 11 through 20 and 61 and 62 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The accompanying introductory section and statistical tables are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Calverton, Maryland
October 22, 2009

Management's Discussion and Analysis

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, 2009, 2008 and 2007 and for the years ended June 30, 2009, 2008 and 2007. 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 taken as a whole.

Fiscal Year 2009 Financial Highlights

- Net assets increased by $93.5 million or 1.2 percent due primarily to increased capital contributions.
- Capital assets before depreciation and amortization increased by $323.6 million, largely attributable to new rail car and bus purchases, facilities enhancements, and rail rehabilitation. Capital contributions were $578.3 million.
- Current liabilities decreased by $432.5 million or 44.6 percent, decrease due to the repayment of the line of credit debt and replacement of commercial paper with long-term bonds.
- Operating revenues increased by $54.7 million or 7.9 percent, due to a mid-year fare increase effective January 2008, and an increase in ridership. Special capital region events such as the Presidential Inauguration and sporting events contributed to the increase in revenue and ridership.
- Operating expenses increased by $101.7 million or 5.6 percent, due primarily to an increase in wages, pension plan contributions and workers compensation claims reserves, and investments in risk and safety assessments. In addition, the continuous growth of the Authority's paratransit service and propulsion power usage, also contributed to this increase in expenses. Operating expenses include the increase in estimated liability for injury and damage claims related to the June 22, 2009 rail car accident.

Overview of the Basic Financial Statements

This required annual report consists of three parts: Management's Discussion and Analysis, Basic Financial Statements and Required Supplementary Information. The basic financial statements also include notes that provide in more detail some of the information in the basic financial statements.

Basic Financial Statements. The Authority's basic financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to an enterprise 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.

The Authority's basic financial statements are the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows.

The Statements of Net Assets report the Authority's net assets. Net assets, the difference between assets and liabilities, are one way to measure the financial position of the Authority. This is only one measure, however, and the reader should consider other indicators, such as the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions in the metropolitan area and the age and condition of capital assets used by the Authority.

The Statements of Revenues, Expenses and Changes in Net Assets report all of the revenues earned and expenses incurred during the reporting periods.

The Statement of Cash Flows provide information on cash receipts and cash payments during the reporting periods.

The basic financial statements can be found on pages 21-25 of this report.

Management's Discussion and Analysis

Overview of the Basic Financial Statements (Continued)

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 26-60 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits and other post employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 61-62 of this report.

Financial Analysis

Statements of Net Assets

As noted earlier, net assets may serve over time as an indicator of the Authority's financial position. This is only one measure; however, the reader should consider other indicators, such as the age and condition of the Authority's three-decade system, as well as its need for increasing operating subsidies and ridership levels. The following table provides an overview of the Authority's financial position for the years ended June 30, 2009, 2008 and 2007:

Table 1
Condensed Statements of Net Assets
June 30, 2009, 2008 and 2007
(in thousands)

	2009	2008	2007
Current and other assets	$1,789,547	$2,175,759	$2,270,758
Capital assets	8,107,460	8,193,220	8,193,773
Total assets	9,897,007	10,368,979	10,464,531
Current liabilities	537,094	969,625	767,616
Noncurrent liabilities	1,411,518	1,544,510	1,591,253
Total liabilities	1,948,612	2,514,135	2,358,869
Net assets:			
Investment in capital assets, net of related debt	7,642,442	7,649,507	7,839,778
Restricted	305,953	205,337	265,884
Total net assets	$ 7,948,395	$ 7,854,844	$ 8,105,662

Current Year

Net assets increased by $93.5 million or 1.2 percent due primarily to increased capital contributions.

Management's Discussion and Analysis

Statements of Net Assets (Continued)

Current Year (Continued)

The largest portion of the Authority's net assets, $7.6 billion or 96.2 percent, reflects its investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles), less any related debt used to acquire those assets. The Authority uses these capital assets to provide public transportation services for the metropolitan area. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Authority's net assets, $306.0 million or 3.8 percent, represents resources that are subject to external restrictions set by the governing jurisdictions. Restricted net assets include advance contributions for future construction, reimbursable projects and other targeted programs.

Capital assets before depreciation and amortization increased by $323.6 million, largely attributable to new rail car purchases, clean natural gas bus purchases, facilities enhancements, and rail rehabilitation. Capital contributions were $578.3 million.

Current liabilities decreased by $432.5 million or 44.6 percent, decrease due to the repayment of the line of credit debt and replacement of commercial paper, with long-term bonds. In addition as of June 30, 2009 five of the sixteen rail car leasing transactions were terminated reducing both assets and liabilities, but with minimal cost to the Authority.

Prior Year

Net assets decreased by $250.8 million or 3.1 percent due to increased capital borrowing and a decrease in the investment portfolio in support of the capital improvement program (CIP).

The largest portion of the Authority's net assets, $7.6 billion or 97.4 percent, reflects its investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles), less any related debt used to acquire those assets. The Authority uses these capital assets to provide public transportation services for the metropolitan area. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Authority's net assets, $205.3 million or 2.6 percent, represents resources that are subject to external restrictions set by the governing jurisdictions. Restricted net assets include advance contributions for future construction, reimbursable projects and other targeted programs.

Capital assets before depreciation increased by $398.4 million, largely attributable to new rail car purchases, facilities enhancements, and rail rehabilitation. Capital contributions were $252.2 million.

Current liabilities increased by $202.0 million or 26.3 percent, largely due to increase in usage of commercial paper required to support the capital improvements program and an outstanding line of credit balance.

Management's Discussion and Analysis

Statements of Revenues, Expenses, and Changes in Net Assets

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

	2009	2008	2007
OPERATING REVENUES			
Passenger	$ 683,302	$ 625,607	$ 563,356
Charter and contract	255	8,047	6,767
Advertising	38,319	35,296	33,000
Rental	22,179	20,451	20,777
Other	1,248	1,171	1,192
Total operating revenues	745,303	690,572	625,092
NONOPERATING REVENUES			
Investment income	2,494	5,068	4,718
Interest income from leasing transactions	52,430	80,802	87,874
Other	20,000	16,328	12,281
Total nonoperating revenues	74,924	102,198	104,873
Total revenues	820,227	792,770	729,965
OPERATING EXPENSES			
Labor	587,175	571,589	573,514
Fringe benefits	471,173	415,453	302,416
Services	170,336	143,816	117,867
Materials and supplies	117,559	148,467	144,584
Utilities	110,635	84,725	72,286
Casualty and liability costs	16,132	23,445	28,223
Leases and rentals	3,106	2,349	2,925
Miscellaneous	3,581	1,211	3,452
Depreciation and amortization	425,350	412,341	361,141
Total operating expenses	1,905,047	1,803,396	1,606,408
NONOPERATING EXPENSES			
Interest expense	61,473	90,335	99,712
Total nonoperating expenses	61,473	90,335	99,712
Total expenses	1,966,520	1,893,731	1,706,120
Loss before capital grants/subsidies	(1,146,293)	(1,100,961)	(976,155)
Jurisdictional subsidies:			
Operations	654,293	610,001	606,031
Interest	7,245	7,654	8,983
Capital contributions	578,306	252,239	223,371
Change in net assets	93,551	(231,067)	(137,770)
Net assets, beginning of year (as restated)	7,854,844	8,105,662	8,283,822
Adjustment to restate	-	(19,751)	(40,390)
Net assets, beginning of year (as restated)	7,854,844	8,085,911	8,243,432
Net assets, ending of year (as restated)	$ 7,948,395	$ 7,854,844	$ 8,105,662

Management's Discussion and Analysis

Statements of Revenues, Expenses, and Changes in Net Assets (Continued)

Revenues

Current Year

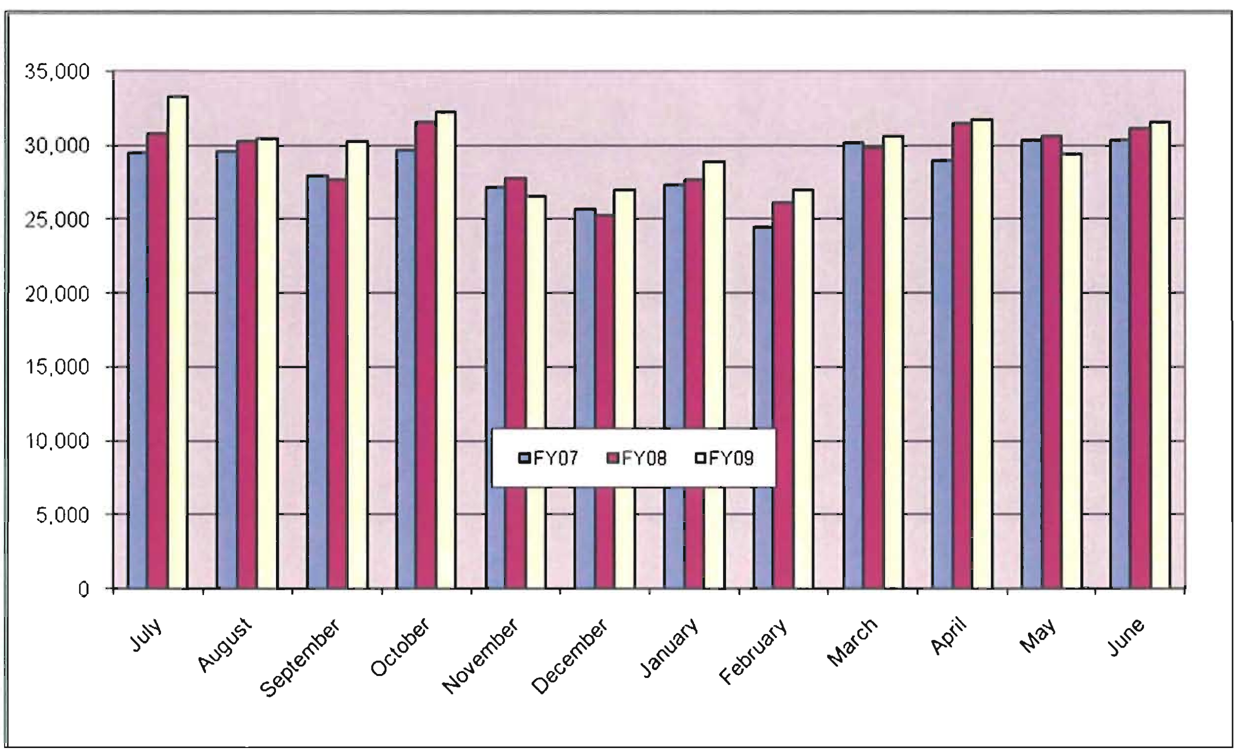
Total revenues for fiscal year 2009 totaled $820.2 million. Operating revenues, which include passenger revenue, totaled $745.3 million, an increase of $54.7 million or 7.9 percent as described below.

Passenger revenue, a significant portion of the Authority's operating revenues, increased by $57.7 million or 9.2 percent. The increase can be attributed to a mid-year fare increase effective January 2008 as well as higher ridership, which reached record levels in fiscal year 2009.

Metrorail ridership climbed to a record level of over 222.9 million annual trips for an increase of 3.7 percent. Metrobus ridership grew to 133.8 million annual trips resulting in an increase of 0.8 percent. National capital events, such as the 2009 Presidential Inauguration, which set historic ridership records, the Independence Day Celebration, the Cherry Blossom Festival, and regional professional sporting events contributed to the increase in passenger revenue and ridership.

A strong regional economy and the Authority's ability to attract and retain riders for the first three quarters of fiscal year 2009 contributed to higher transit usage. The effects of a weaker regional economy and the June 22, 2009 rail car accident negatively impacted the fourth quarter. Passenger trips for the last three years are shown below:

Passenger Trips
(in thousands)

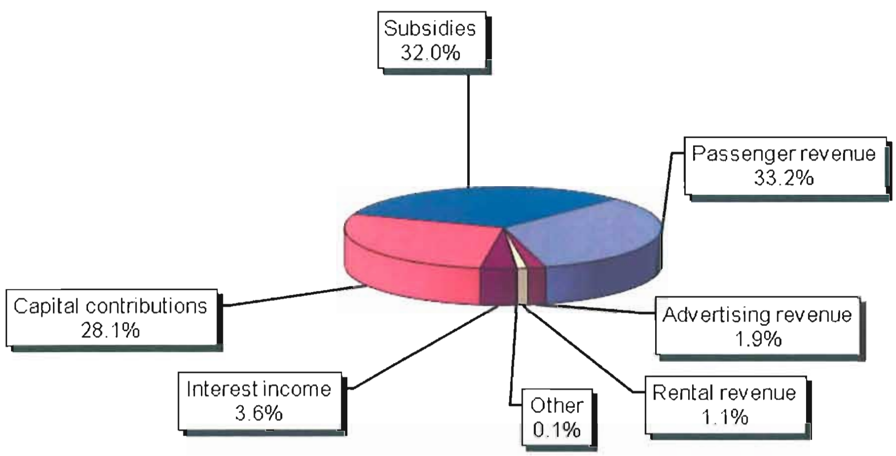


Management's Discussion and Analysis

Statements of Revenues, Expenses, and Changes in Net Assets (Continued)

Revenues (Continued)

Fiscal Year 2009 Revenues



Prior Year

Total revenues for fiscal year 2008 totaled $792.8 million. Operating revenues, which include passenger revenue, totaled $690.6 million, an increase of $65.5 million or 10.5 percent as described below.

Passenger revenue, a significant portion of the Authority's operating revenues, increased by $62.3 million or 11.1 percent. The increase can be attributed to a mid-year fare increase as well as higher ridership, which reached record levels in fiscal year 2008.

Metrorail ridership climbed to a record level of over 215.0 million annual trips for an increase of 3.9 percent. Metrobus ridership grew to 132.8 million annual trips resulting in an increase of 1.0 percent. Sporting events, such as the Washington Wizards and the Washington Redskins home games, and national capital events, such as the Independence Day Celebration, the Cherry Blossom Festival, and the Papal Mass contributed to the increase in passenger revenue and ridership. Additionally, record gas prices also contributed to the increase in annual trips.

A strong regional economy and the Authority's ability to attract and retain riders contributed to higher transit usage. Passenger trips for the last three years are shown below:

Charter and contract revenue for rail increased by $1.3 million or 18.9 percent, primarily due to new reimbursable projects such as the yellow line to Fort Totten rail service extension, and the red line Grosvenor Turnback.

Management's Discussion and Analysis

Statements of Revenues, Expenses, and Changes in Net Assets (Continued)

Expenses

Current Year

Total expenses remained relatively flat at $1.9 million in fiscal year 2009 when compared to prior fiscal year 2008. Operating expenses of $101.7 million or 5.6 percent partially offset by a decrease in interest expense. A review of significant changes is described below.

Salaries and benefits increased by $71.3 million or 7.2 percent. Salaries and benefits were influenced by increases in wages, pension plan contributions, an adjustment to workers compensation claims reserves, investments in risk and safety assessments.

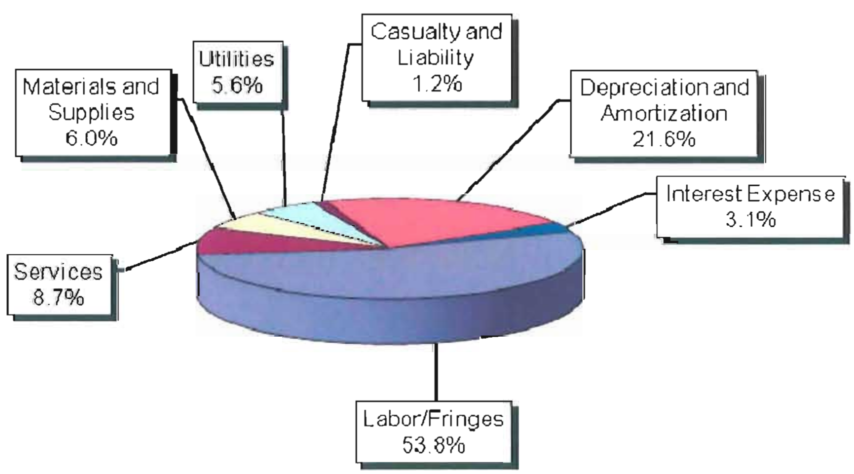
Services increased by $26.5 million or 18.4 percent. Service expenses were $170.3 million as compared to fiscal year 2008 with costs of $143.8 million. The rise in costs was primarily driven by the increased usage of MetroAccess, and the Authority wide upgrade of computer equipment and operating system platforms.

Materials and supplies decreased by $30.9 million or 20.8 percent. The Authority was able to better manage cost due to significant outlays last year to restock bus supplies, propulsion parts and PC equipment and replace obsolete inventory.

Utilities increased by $25.9 million or 30.6 percent, due to increased propulsion usage to operate eight-car passenger trains and an increase in electricity rates.

Interest expense decreased $28.9 million reflecting the termination of the five rail car leasing transactions.

Fiscal Year 2009 Expenses



Management's Discussion and Analysis

Statements of Revenues, Expenses, and Changes in Net Assets (Continued)

Expenses (Continued)

Prior Year

Total expenses increased by $187.6 million or 11.0 percent to $1.9 billion in fiscal year 2008 as compared to $1.7 billion for fiscal year 2007. A review of significant changes in operating expenses is described below.

Salaries and benefits increased by $111.1 million or 12.7 percent. Salaries and benefits were driven by increased workers compensation claims, pension plan contributions, including a prepaid pension cost adjustment, and an increase in OPEB as a result of the adoption of GASB Statement 45.

Services increased by $25.9 million or 22.0 percent. Service expenses were $143.8 million as compared to fiscal year 2007 with costs of $117.9 million. The increase in costs was primarily driven by the increased usage of MetroAccess and transportation consultation services.

Materials and supplies increased by $3.9 million or 2.7 percent. The largest rise in expenses for materials and supplies can be attributed to purchases of bus tires and write-offs of obsolete inventory. Additionally, increased outlays for pc equipment, propulsion parts and brake parts also helped drive expenses.

Utilities increased by $12.4 million or 17.2 percent, due to increased propulsion usage to operate eight-car passenger trains and higher natural gas costs.

Capital Assets and Debt Administration

The following table shows the capital assets of the Authority:

Table 3
Schedules of Capital Assets
June 30, 2009, 2008 and 2007
(in thousands)

	2009	2008	2007
Land	$ 447,314	$ 448,586	$ 431,291
Buildings and improvements	644,753	611,867	453,633
Transit facilities	7,463,111	7,365,743	7,431,297
Revenue vehicles	2,347,628	2,212,266	1,933,396
Other equipment	1,985,175	1,832,165	1,296,290
Construction in progress	168,965	262,685	830,855
Intangible costs	1,199,067	1,199,067	1,157,217
	14,256,013	13,932,379	13,533,979
Less accumulated depreciation and amortization	6,148,553	5,739,159	5,340,206
Net capital assets	$ 8,107,460	$ 8,193,220	$ 8,193,773

Management's Discussion and Analysis

Capital Assets and Debt Administration (Continued)

Capital Assets

Current Year

The Authority's net capital asset balance was $8,107 million (net of accumulated depreciation and amortization) as of June 30, 2009, a decrease of $85.8 or 1.0 percent. Capital assets before depreciation and amortization increased by $323.6 million as described below.

Buildings and Improvements increased by $32.9 million or 5.4 percent as a result of rehabilitation activities.

Transit facilities increased by $97.4 million or 1.3 percent as a result of the completion of the West Ox bus garage and rehabilitation costs.

Revenue vehicles increased by $135.4 million or 6.1 percent, as a result of placing new rail cars and clean natural gas bus transportation vehicles into service. In addition, costs associated with railcar rehabilitation also contributed to the increase.

Other equipment increased by $153.0 million or 8.4 percent. This increase can be attributed to the acquisition of service vehicles and maintenance shop equipment. In addition, rehabilitation costs associated with power distribution facilities, passenger stations, and revenue vehicle control equipment contributed to the increase.

Additional information on the Authority's capital assets can be found in note 5 on pages 35-36 of this report.

Prior Year

Net capital assets were substantially unchanged for fiscal year 2007 to fiscal year 2008.

Capital assets before depreciation and amortization increased by $398.4 million.

Revenue vehicles increased by $278.9 million or 14.4 percent, as a result of placing new rail cars into service. In addition, costs associated with railcar rehabilitation also contributed to the increase.

Future Capital Plans

In fiscal year 2010, the Authority will work with its funding jurisdictions to renew the multi-year capital funding agreement that will begin on July 1, 2010 (fiscal year 2011). The previous funding agreement that covered the period from fiscal year 2005 to fiscal year 2010 provided $3.2 billion in funding for projects including replacing deteriorated or damaged track, repairing cracks and leaks in stations and tunnels, replacing obsolete communications and train control equipment, and performing general building maintenance at many WMATA facilities. To date, approximately $2.2 billion has been expended.

Metro is currently working with the Board and its funding partners on the specifics of the next funding arrangement that will be effective July 1, 2010.

Management's Discussion and Analysis

Bonds and Other Debt

The Authority's total outstanding bond debt as of June 30, 2009 and 2008 was $435.9 million and $153.1 million, respectively. By insuring some of its bonds, the Authority has obtained a AAA rating from Standard and Poor's for these issuances. The bonds' uninsured rating is A.

The Authority's total outstanding Commercial Paper Notes, Series A debt as of June 30, 2009 and 2008 was $0 and $330.0 million, respectively.

Additional information on the Authority's bonds and other debt can be found in note 6 on pages 37-40 of this report.

Lease Obligations

Information on these transactions can be found in note 11 on pages 57-59 of this report.

Economic Factors

Employment in the Washington, D.C. metropolitan area, although performing better than the national average, felt the impact of the economic downturn. According to the U.S. Department of Labor, Bureau of Labor Statistics, the employed labor force was 2.8 million at June 30, 2009, a decrease of nearly 95,000 jobs or 3.2 percent. The regional unemployment rate of 6.5 percent compares favorably with the national unemployment rate of 9.5 percent at June 2009. The region is the seat of the federal government, which accounts for more than 30.0 percent of the region's economy, according to George Mason University Center for Regional Analysis.

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 Office of Accounting, Washington Metropolitan Area Transit Authority, 600 Fifth St., NW, Washington, D.C. 20001, telephone number (202) 962-1602

Statements of Net Assets

June 30, 2009 and 2008

(in thousands)

	2009	2008
ASSETS		
Current assets:		
Cash and deposits (note 3)	$ 190,478	$ 13,670
Investments (note 3)	164,088	232,481
Contributions receivable (note 4)	131,549	90,611
Accounts receivable and other assets (net of uncollectible accounts of $.08 million in 2009 and $.06 million in 2008)	38,011	52,814
Current portion of prefunded lease commitments (note 11)	83,543	162,925
Materials and supplies inventory (net of allowance of $4,641 in 2009 and $10,000 in 2008)	95,092	88,416
Total current assets	702,761	640,917
Noncurrent assets:		
Long-term portion of contributions receivable (note 4)	168,890	149,506
Net pension asset (note 8)	161,321	172,651
Prefunded lease commitments (notes 11 and 12)	756,575	1,212,685
Capital assets (note 5):		
Construction in progress	168,965	262,685
Land	447,314	448,586
Transit facilities and equipment, net	7,491,181	7,481,949
Total noncurrent assets	9,194,246	9,728,062
Total assets	$ 9,897,007	$ 10,368,979

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

Statements of Net Assets (Continued)

June 30, 2009 and 2008

(in thousands)

	2009	2008
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 214,825	$ 207,168
Accrued salaries and benefits	91,444	80,996
Accrued interest payable	3,984	4,628
Deferred revenue	60,305	69,209
Current portion of estimated liability for injury and damage claims (notes 10 and 12)	47,462	39,220
Current portion of retainage on contracts (note 12)	2,437	1,847
Current portion of deferred lease revenue (note 12)	3,401	5,469
Current portion of bonds payable and other debt (notes 6 and 12)	29,693	398,163
Current portion of obligations under lease agreements (notes 11 and 12)	83,543	162,925
Total current liabilities	537,094	969,625
Noncurrent liabilities:		
Estimated liability for injury and damage claims (notes 10 and 12)	78,681	72,305
Retainage on contracts (note 12)	26,927	30,292
Deferred lease revenue (note 12)	24,504	45,018
Bonds payable and other debt (notes 6 and 12)	406,178	124,963
Obligations under lease agreements (notes 11 and 12)	756,575	1,212,685
Unfunded OPEB Liability (note 9)	118,653	59,247
Total noncurrent liabilities	1,411,518	1,544,510
Total liabilities	1,948,612	2,514,135
Commitments and contingencies (notes 8, 9, 10 and 11)		
NET ASSETS		
Invested in capital assets, net of related debt	7,642,442	7,649,507
Restricted	305,953	205,337
Total net assets	$ 7,948,395	$ 7,854,844

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

Statements of Revenues, Expenses, and Changes in Net Assets

For the Years Ended June 30, 2009 and 2008

(in thousands)

	2009	2008
OPERATING REVENUES		
Passenger	$ 683,302	$ 625,607
Charter and contract	255	8,047
Advertising	38,319	35,296
Rental	22,179	20,451
Other	1,248	1,171
Total operating revenues	745,303	690,572
OPERATING EXPENSES		
Labor	587,175	571,589
Fringe benefits	471,173	415,453
Services	170,336	143,816
Materials and supplies	117,559	148,467
Utilities	110,635	84,725
Casualty and liability costs	16,132	23,445
Leases and rentals	3,106	2,349
Miscellaneous	3,581	1,211
Depreciation and amortization	425,350	412,341
Total operating expenses	1,905,047	1,803,396
Operating loss	(1,159,744)	(1,112,824)
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,494	5,068
Interest income from leasing transactions	52,430	80,802
Interest expense from leasing transactions	(52,430)	(80,802)
Interest expense	(9,043)	(9,533)
Other	20,000	16,328
Jurisdiction subsidies:		
Operations	654,293	610,001
Interest	7,245	7,654
Total nonoperating revenues (expenses), net	674,989	629,518
Loss before capital contributions	(484,755)	(483,306)
Revenue from capital contributions	578,306	252,239
Change in net assets	93,551	(231,067)
Total net assets, beginning of year (as restated)	7,854,844	8,105,662
Adjustment to restate (note 13)	-	(19,751)
Total net assets, beginning of year (as restated)	7,854,844	8,085,911
Total net assets, ending of year (as restated)	$ 7,948,395	$ 7,854,844

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

Statement of Cash Flows

For the Years Ended June 30, 2009 and 2008

(in thousands)

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from operations	$ 751,202	$ 655,763
Cash paid to suppliers	(407,012)	(370,539)
Cash paid to employees	(977,163)	(894,580)
Cash paid for operating claims	(1,514)	(9,185)
Net cash used in operating activities	(634,487)	(618,541)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from jurisdictional subsidies	595,098	623,299
Net cash provided by noncapital financing activities	595,098	623,299
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction of capital assets	(340,022)	(431,952)
Capital contributions	553,798	233,953
Interest paid on bonds and other debt	(9,687)	(10,082)
Principal paid on bonds, commercial paper and other debt	(4,670,581)	(1,186,825)
Proceeds from commercial paper and other debt	4,584,115	1,316,800
Interest subsidy for revenue bonds	7,245	7,654
Net cash provided by (used in) capital and related financing activities	124,868	(70,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	15,891,411	13,565,457
Purchases of investments	(15,821,697)	(13,516,095)
Interest received from operational investments	21,615	20,426
Net cash provided by investing activities	91,329	69,788
Net change in cash and deposits	176,808	4,094
Cash and deposits, beginning of year	13,670	9,576
Cash and deposits, end of year	$ 190,478	$ 13,670

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

Statement of Cash Flows (Continued)

For the Years Ended June 30, 2009 and 2008

(in thousands)

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (1,159,744)	$ (1,112,824)
Adjustments to reconcile operating loss to net cash used in Operating activities:		
Depreciation and amortization expense	425,350	412,341
Effect of changes in operating assets and liabilities		
(Increase) decrease in accounts receivables (net) and other assets	14,803	(26,138)
(Increase) decrease in materials and supplies inventory	(6,676)	(5,813)
(Increase) decrease in net pension asset	11,330	30,138
Increase (decrease) in accounts payable and accrued expenses	7,657	17,941
Increase (decrease) in accrued salaries and benefits	10,448	3,076
Increase (decrease) in estimated liability for injury and damage claims	14,618	14,261
Increase (decrease) in deferred revenue	(8,904)	(8,671)
Increase (decrease) in retainage on contracts	(2,775)	(2,099)
Increase (decrease) in OPEB obligation	59,406	59,247
Total adjustments	525,257	494,283
Net cash used in operating activities	$ (634,487)	$ (618,541)
Noncash operating, investing, capital and financing activities:		
Increase (decrease) in fair value of investments	$ 1,127	$ 528
Interest expense from leasing transaction	$ (52,430)	$ (80,802)
Interest income from leasing transaction	$ 52,430	$ 80,802

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

Notes to Basic Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies

(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; the cities of Alexandria, Falls Church, Fairfax, Manassas and Manassas Park; and the counties of Arlington, Fairfax, Loudoun and Prince William in Virginia, and Montgomery, Anne Arundel, Charles and Prince George's in Maryland.

The Authority is governed by a Board of six Directors and six Alternates, composed of two Directors and two Alternates from each signatory to the Compact. The Directors and Alternates for Virginia are appointed by the Northern Virginia Transportation Commission from among its members; for the District of Columbia, by the City Council from among its members and mayoral nominees; and, for Maryland, by the Washington Suburban Transit Commission from among its members.

The Board of Directors (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.

Based upon the provisions of GAAP, as applicable to government entities in the United States of America, management of the Authority has determined that it is a joint venture of the participating local jurisdictions.

(b) Financial Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed 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. As defined by GAAP, established by the Governmental Accounting Standards Board (GASB), a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies (Continued)

The relative importance of each criterion must be evaluated in light of specific circumstances. The decision to include or exclude a potential component unit is left to the professional judgment of management. 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 does not report any component units within its financial reporting entity.

(c) Basis of Accounting

The Authority prepares its basic financial statements using the accrual basis of accounting. The activities of the Authority are similar to those of proprietary funds of local jurisdictions, and, are therefore, reported in conformity with governmental accounting and financial reporting principles issued by GASB. The Authority records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of the cash flows. Revenues collected in advance are deferred until the period in which it is earned. The Authority had applied all applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, issued on or before November 30, 1989 that did not conflict with or contradict GASB pronouncements. The government has elected not to follow subsequent private sector guidance.

(d) Receivables and Payables

The major components of the accounts receivable balance are payments due from governmental agencies (53.6 percent), companies (46.0 percent) and other receivables (0.4 percent).

The major components of the accounts payable balance are payments due to vendors and contractors (67.9 percent), governmental agencies (27.0 percent) and other payables (5.1 percent).

(e) Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. 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 revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services that have not been performed are recorded as deferred revenue.

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

Nonoperating revenues and expenses include investment income and expense from the Authority's pension assets that represents the excess or shortage of contributions over the annual required contributions.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies (Continued)

(f) Investments

Investments are stated at fair value, which is based on quoted market prices. Investments consist primarily of advanced contributions and interest earned on such contributions. These advanced contributions are restricted for specific future capital projects.

(g) Materials and Supplies Inventory

Materials and supplies inventory is stated at average cost, net of an allowance for obsolete inventory.

(h) Transit Facilities and Equipment

Transit facilities and equipment are stated at cost, less accumulated depreciation and amortization.

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 (MIOS) reports. Interest expense related to construction and amounts expended in operating and testing each phase of the rail system prior to commencement of revenue-producing operations are capitalized as intangible costs.

Transit facilities and equipment in service are depreciated or amortized using the straight-line method over the estimated useful lives of the assets. The useful lives employed in computing depreciation and amortization on principal classes of transit facilities and equipment are as follow:

Buildings and improvements	20-45 years
Rail transit facilities	10-75 years
Revenue vehicles	12-35 years
Other equipment	2-20 years
Intangible costs	40 years

Capital assets include repairable assets, which are replacement parts with a unit cost of $500 or more. 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 on the date of donation.

The Authority's policy is to expense maintenance and repair costs as incurred.

(i) Grants

Capital grants and operating grants, such as jurisdictional, operating and interest subsidies, are recognized as revenue when all applicable eligibility requirements have been met.

The determination of the Authority’s jurisdictional subsidies is based on its operating loss and nonoperating revenues, and does not include depreciation expense or the non-cash amount of OPEB. As a result, the Authority’s change in net assets represents revenues from capital grants and subsidies, less depreciation expense and the non-cash amount of OPEB.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies (Continued)

(j) Investment Income

Interest 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 Statements of Revenues, Expenses and Changes in Net Assets. Interest earned on construction grant funds is classified as restricted net assets until it is used for the designated capital projects, at which time it is transferred to "Invested in capital assets, net of related debt."

(k) Restricted Net Assets

The Authority separates net assets that are subject to external restrictions based on individual agreements. The restrictions are established by the Authority's governing jurisdictions. These restricted net assets include advance contributions for future construction programs, reimbursable projects and other targeted programs.

(l) Fuel Price Swap Arrangement

The Authority enters into agreements to fix the price 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 "Accounts receivable and other assets" and amounts owed by the Authority are included in "Accounts payable and accrued expenses".

(m) 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 and liabilities 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.

(n) Recent Pronouncements

The Authority, in fiscal year 2009, adopted the following GASB Statement:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* establishes accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The adoption of this GASB Statement had no material effect on the basic financial statements of the Authority.

(o) Tax Status

The Authority is not subject to federal, state, or local income taxes and accordingly, no provision for income taxes is recorded.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies (Continued)

(p) Reclassifications

Certain reclassifications were made to fiscal year 2008 financial statements to conform to the fiscal year 2009 financial statement presentation.

(2) 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, the State of Maryland, the Commonwealth of Virginia, the District of Columbia, the 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 majority of the balance of the Authority's operating budget is provided through operating subsidy payments from the participating jurisdictions.

Funding of these subsidy payments is authorized by the participating jurisdictions through their budgeting processes. Any subsequent operations funding requirements in excess of the initially budgeted estimates are due two years thereafter, and are included in the accompanying basic financial statements as contributions receivable. Any excess funding up to one percent of operating expenses is held as a contingency to be used as directed by the Board; any amount above the one percent is credited to individual jurisdictional accounts for refund or for use as payment on current or future obligations as determined by the funding jurisdiction.

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 by grants that use federal funds and substantial local contributions provided by participating jurisdictions, in excess of federal match requirements, and the issuance of debt.

(3) 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

Notes to Basic Financial Statements

June 30, 2009 and 2008

(3) Cash, Deposits and Investments (Continued)

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 agency.

(a) Cash and Deposits

The Authority's bank balances as of June 30, 2009 and 2008 are grouped to give an indication of the level of custodial risk assumed by the Authority as follows (in thousands):

	2009		2008	
Cash and Deposits	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Deposits insured or collateralized	$ 169,953	$ 176,050	$ 487	$ 674
Deposits uninsured or uncollateralized	10,404	10,404	6,745	7,857
Total deposits	180,357	186,454	7,232	8,531
Cash on hand	10,121	-	6,438	-
Total cash and deposits	$ 190,478	$ 186,454	$ 13,670	$ 8,531

The Authority's interest bearing checking account balances are Federal Deposit Insurance Corporation (FDIC) insured up to $250,000, any excess amounts are secured, at 102 percent, by the pledge of eligible collateral. The depository bank pledges collateral to the Authority, which is held in a restricted account at the Federal Reserve.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(3) Cash, Deposits and Investments (Continued)

(b) Investments

As of June 30, 2009, the Authority had the following investments and maturities (in thousands):

		Investment Maturities			
Investment Type	Fair Value	Less than 6 Months	7 Months - 1 Year	1-3 Years	More than 3 Years
Money market funds	$ 19,600	$ 19,600	$ -	$ -	$ -
Repurchase agreements	118,301	118,301	-	-	-
United States treasuries	12,408	9,997	-	-	2,411
United States agencies	13,584	2,013	-	2,107	9,464
	163,893	149,911	-	2,107	11,875
Accrued interest	195	195	-	-	-
Total	$ 164,088	$ 150,106	$ -	$ 2,107	$ 11,875

As of June 30, 2008, the Authority had the following investments and maturities (in thousands):

Investment Type	Fair Value	Less than 6 Months	7 Months - 1 Year	1-3 Years	More than 3 Years
Money market funds	$ 19,330	$ 19,330	$ -	$ -	$ -
Repurchase agreements	161,350	161,350	-	-	-
United States treasuries	7,344	5,000	-	-	2,344
United States agencies	44,014	6,012	11,019	9,069	17,914
	232,038	191,692	11,019	9,069	20,258
Accrued interest	443	443	-	-	-
Total	$ 232,481	$ 192,135	$ 11,019	$ 9,069	$ 20,258

Interest Rate Risk

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, maturities are less than two years at June 30, 2009 and 2008.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(3) Cash, Deposits and Investments (Continued)

Credit Risk

The Authority's investments in repurchase agreements and issues of governmental agencies, which have the implicit guarantee of the United States 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

In the event of failure of the counterparty, the Authority will be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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. The custodial risk, in regard to cash, is mitigated up to the FDIC limit.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(4) Contributions Receivable (including Jurisdictional Operating Subsidy)

Since inception, the Authority has operated at a loss, which has been fully subsidized each year by the participating jurisdictions. For purposes of determining the current year's operating loss to be funded by the local participating jurisdictions, the Authority calculates the results of transit operations on an agreed-upon basis different from that reflected in the Statements of Revenues, Expenses and Changes in Net Assets, as follows at June 30, 2009 and 2008 (in thousands):

	2009	2008
Jurisdictional operating subsidy per financial statements	$ 654,293	$ 610,001
Add (deduct) operating costs (not) requiring current funding:		
Preventive maintenance subsidy	(20,700)	(20,700)
Prepaid pension cost adjustment	(11,330)	(30,138)
Unrealized gain from investments	1,127	528
Agreed-upon funding of employee vacations liability and related taxes	(5,180)	(1,532)
Agreed-upon funding of claims for injuries and damages	(13,818)	(9,247)
Rail repairable parts	58	130
Maximum fare assistance	5,389	5,484
Fare Increase	(36,200)	36,200
Operating expenses funded by capital grants	(42,730)	(103,100)
Jurisdictional operating subsidy - funding basis	$ 530,909	$ 487,626

The cumulative effects of the different agreed-upon basis, which result in long-term contributions receivable, are as follows at June 30, 2009 and 2008 (in thousands):

	2009	2008
Agreed-upon funding of employee vacation liability and related taxes	$ 48,561	$ 42,995
Agreed-upon funding of claims for injuries and damages	120,329	106,511
Total accumulated difference	$ 168,890	$ 149,506

The current portion of contributions receivable at June 30, 2009 and 2008 of $131,549 and $90,611 respectively are related primarily to federal grants.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(5) Capital Assets

Capital assets activity for the years ended June 30, 2009 and 2008, was as follows (in thousands):

	June 30, 2008	Additions	Reductions	June 30, 2009
Capital assets not being depreciated:				
Land	$ 448,586	-	(1,272)	$ 447,314
Construction in progress	262,685	340,160	(433,880)	168,965
Total capital assets not being depreciated	711,271	340,160	(435,152)	616,279
Capital assets being depreciated:				
Buildings and improvements	611,867	35,969	(3,083)	644,753
Transit facilities	7,365,743	111,142	(13,774)	7,463,111
Revenue vehicles	2,212,266	145,838	(10,476)	2,347,628
Other equipment	1,832,165	155,838	(2,828)	1,985,175
Intangible costs:				
Bond interest capitalized	244,358	-	-	244,358
Construction supervision and consulting	480,765	-	-	480,765
Project and executive management	321,916	-	-	321,916
Pre-rail operations and testing	152,028	-	-	152,028
Total capital assets being depreciated	13,221,108	448,787	(30,161)	13,639,734
Less accumulated depreciation and amortization for:				
Buildings and improvements	245,314	29,452	(3,083)	271,683
Transit facilities	2,318,043	158,725	-	2,476,768
Revenue vehicles	1,039,341	98,535	(10,476)	1,127,400
Other equipment	1,167,858	121,611	(2,828)	1,286,641
Intangible costs	968,603	17,458	-	986,061
Total accumulated depreciation and amortization of intangible costs	5,739,159	425,781	(16,387)	6,148,553
Total capital assets being depreciated, net	7,481,949	23,006	(13,774)	7,491,181
Total capital assets, net	$ 8,193,220	$ 363,166	$ (448,926)	$ 8,107,460

Notes to Basic Financial Statements

June 30, 2009 and 2008

(5) Capital Assets (Continued)

	June 30, 2007	Additions	Reductions	June 30, 2008
Capital assets not being depreciated:				
Land	$ 431,291	17,295	$ -	$ 448,586
Construction in progress	830,855	430,887	(999,057) (1)	262,685
Total capital assets not being depreciated	1,262,146	448,182	(999,057)	711,271
Capital assets being depreciated:				
Buildings and improvements	453,633	158,234	-	611,867
Transit facilities	7,431,297	-	$ (65,554)	7,365,743
Revenue vehicles	1,933,396	286,040	(7,170)	2,212,266
Other equipment	1,296,290	546,637	(10,762)	1,832,165
Intangible costs:				
Bond interest capitalized	244,358	-	-	244,358
Construction supervision and consulting	480,765	-	-	480,765
Project and executive management	321,916	-	-	321,916
Pre-rail operations and testing	110,178	41,850	-	152,028
Total capital assets being depreciated	12,271,833	1,032,761	(83,486)	13,221,108
Less accumulated depreciation and amortization for:				
Buildings and improvements	220,196	25,118	-	245,314
Transit facilities	2,185,270	132,773	-	2,318,043
Revenue vehicles	954,656	91,855	(7,170)	1,039,341
Other equipment	1,028,765	145,724	(6,631)	1,167,858
Intangible costs:	951,319	17,284	-	968,603
Total accumulated depreciation and amortization of intangible costs	5,340,206	412,754	(13,801)	5,739,159
Total capital assets being depreciated, net	6,931,627	620,007	(69,685)	7,481,949
Total capital assets, net	$ 8,193,773	$ 1,068,189	$ (1,068,742)	$ 8,193,220

(1) Includes $19,751,000 adjustment to restate, (See Note 13).

Notes to Basic Financial Statements

June 30, 2009 and 2008

(6) Bonds Payable and Other Debt

(a) Bonds Payable

Pursuant to the Compact and the Bond Resolution of the Authority, the following bonds were outstanding at June 30, 2009 and 2008 (in thousands):

	2009			2008
	Principal	Unamortized Issuance Cost Net of Premium	Net	Net
Series 1993, 5.18% dated November 1, 1993, due semi-annually through July 1, 2010	$ 22,230	$ (245)	$ 21,985	$ 31,989
Series 2003, 4.60% dated October 23, 2003, due semi-annually through July 1, 2014	87,705	4,657	92,362	103,911
Series 2003B, 4.06% dated November 20, 2003, due semi-annually through July 1, 2010	11,150	459	11,609	17,226
Series 2009A, 4.677% dated June 9, 2009, due semi-annually through July 1, 2032	242,675	13,149	255,824	-
Series 2009B, 4.749% dated June 9, 2009, due semi-annually through July 1, 2034	55,000	(909)	54,091	-
	$ 418,760	$ 17,111	$ 435,871	$ 153,126

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.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(6) Bonds Payable and Other Debt (Continued)

(a) Bonds Payable (Continued)

- 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.

The Authority is in full compliance with all significant bond covenants.

(b) Bonds Debt Service Requirements

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

Fiscal Year	Principal	Interest	Total
2010	$ 27,815	$ 14,630	$ 42,445
2011	34,705	20,103	54,808
2012	31,210	18,622	49,832
2013	27,360	17,049	44,409
2014	20,335	15,858	36,193
2015-2019	47,240	70,189	117,429
2020-2024	53,090	58,143	111,233
2025-2029	68,535	42,277	110,812
2030-2034	88,215	21,448	109,663
2035	20,255	709	20,964
	418,760	279,028	697,788
Plus unamortized premium net of issuance cost	17,111	-	17,111
	$435,871	$ 279,028	$714,899

(c) Issuance and Refunding of Debt

On November 30, 1993, the Authority issued $334,015,000 of Series 1993 Gross Revenue Transit Refunding Bonds, with an average interest rate of 5.2 percent, to refund $332,333,000 of outstanding A, B, C, D, and E Series Transit Bonds. The federal government provided the Authority with the funds necessary to redeem the remaining $664,667,000 of such bonds. As a result, the outstanding A, B, C, D, and E Series Transit Bonds were retired.

On October 23, 2003, the Authority issued $163,495,000 of Series 2003 Gross Revenue Transit Refunding Bonds, with an average interest rate of 4.6 percent, to refund $168,490,000, the callable amount of outstanding Series 1993 Gross Revenue Transit Refunding Bonds.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(6) Bonds Payable and Other Debt (Continued)

(c) Issuance and Refunding of Debt (Continued)

On November 20, 2003, the Authority issued $35,640,000 of Series 2003B Gross Revenue Transit Bonds, with an average interest rate of 4.1 percent, to accelerate the Authority's Vertical Transportation Modernization Program and other capital projects.

The Authority refunded the A, B, C, D and E Series Transit Bonds to reduce its total debt service payments over the next 20 years by approximately $288,000,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $4,700,000. The Authority partially refunded the Series 1993 Gross Revenue Transit Refunding Bonds to reduce its total debt service payments over the next 10 years by approximately $13,000,000 and to obtain an economic gain of approximately $1,697,000. As of June 30, 2009 and 2008, the unamortized cost of refunding the bonds was $2,013,000 and $2,510,000, respectively. This unamortized cost relates primarily to the call premium on the Series E Transit Bond, and the Series 1993 Gross Revenue Transit Refunding Bonds, which are being amortized over the life of the outstanding bonds.

On June 9, 2009, the Authority issued $242,675,000 of the Series 2009A Gross Revenue Transit Bonds, with an average interest rate of 4.67%, to retire a portion of the Commercial Paper Notes Payable. The Authority also issued $55,000,000 of the 2009B Gross Revenue Transit Bonds, with an average net interest of 4.79%. The 2009B Funds will be used to finance Capital Cost components for the Authority's Metro Matters Programs.

The American Recovery and Reinvestment Act of 2009 created the Build America Bond (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.

(d) Commercial Paper Notes Payable, Series A

Pursuant to the Compact and the Note resolution of the Authority, Commercial Paper Notes, (Series A) were issued during fiscal year 2008, these Notes were repaid in fiscal year 2009. The Series A Notes activity for the year ended June 30, 2009 was as follows (amounts in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Commercial Paper Notes, Series A	$330,000	$4,274,200	$4,604,200	$ 0

The Series A Notes are authorized to be issued and reissued from time to time in denominations of any integral multiple of $5,000 equal to, or, in excess of $100,000 and to mature no later than 270 days from the respective dates of issuance. The maximum principal amount of Series A Notes currently authorized to be outstanding at any time is $330,000,000. The principal and redemption price of and interest on the Series A Notes are special obligations of the Authority payable solely from and secured solely by the funds pledged pursuant to the Note Resolution including the proceeds of sale of Series A Notes and Gross Revenues of the Authority. Such pledge of Gross Revenues is subject and subordinate to pledges securing certain outstanding and future indebtedness of the Authority. The Series A Notes

Notes to Basic Financial Statements

June 30, 2009 and 2008

(6) Bonds Payable and Other Debt (Continued)

(d) Commercial Paper Notes Payable, Series A (Continued)

are further secured by an irrevocable direct pay letter of credit issued by a major national bank. The issuance of Series A Notes does not constitute a debt or legal obligation and will not create a lien upon the revenues of the participating jurisdictions or the Federal Government or Federal Government agencies.

(e) Lines of Credit

Pursuant to the Compact and the Line of Credit Resolution of the Authority, a 364 day Line of Credit for $100,000,000 was secured during fiscal year 2008. This Line of Credit was renewed on June 1, 2009. The note is due and payable in consecutive monthly payments of accrued interest only commencing on July 1, 2009. All principal and accrued interest, computed based on the London Interbank Offered Rate (LIBOR), plus a certain margin, will be due and payable on May 26, 2010. The LIBOR rate, was 0.32 percent and 2.46 percent for June 30, 2009 and 2008, respectively.

For the year ending June 30, 2009 and 2008, the outstanding debt on both the Lines of Credit was $0 and $40,000,000 respectively.

(f) Interest Expense

Interest expense on bonds for the years ended June 30, 2009 and 2008 was $7,244,000 and $7,654,000, respectively.

Fiscal year 2009 interest expense for Series A Notes and the line of credit were $4,925,000 and $1,031,000 respectively.

Fiscal year 2008 Series A Notes and line of credit interest expense were $7,763,000 and $46,000, respectively.

Capitalization cost for fiscal year 2009 Series A Notes and the line of credit was $4,159,000 and fiscal year 2008 with capitalization cost Series A Notes only, was $5,884,000.

(7) Termination Benefits

The General Manager may authorize a general reduction, in the work force, which is accomplished by a reduction in positions and may result in the termination of personnel. This course of action is approved by the Authority's Board of Directors and outlined in the Authority's Personnel Policies and Procedures Manual, which details the basis for severance pay to be made to employees subject to a reduction-in-force. The financial statements of the Authority contained a liability and expense of $700,065 and $744,080, representing benefits to be paid to employees affected by a reduction-in-force implemented in the fiscal years ended June 30, 2009 and 2008, respectively.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans

The Authority is the administrator of five defined benefit, single-employer retirement plans covering substantially all of its employees: Salaried Personnel, Transit Police, Union Local 689, Union Local 922 and Union Local 2. Each plan issues an available financial report which may be obtained by writing or calling the plan administrator.

WMATA Retirement Plan
c/o WMATA, HRMP, Benefits Branch
600 Fifth Street, N.W.
Washington, D.C. 20001
(202) 962-1076

WMATA Transit Employees' Retirement Plan
c/o WMATA, HRMP, Benefits Branch
600 Fifth Street, N.W.
Washington, D.C. 20001
(202) 962-1076

WMATA Transit Police Retirement Plan
c/o WMATA, HRMP, Benefits Branch
600 Fifth Street, N.W.
Washington, D.C. 20001
(202) 962-1076

WMATA Local 922 Retirement Plan
c/o WMATA, HRMP, Benefit Branch
600 Fifth Street, N.W.
Washington, D.C. 20001
(202) 962-1076

WMATA Local 2 Retirement Plan
c/o WMATA, HRMP, Benefit Branch
600 Fifth Street, N.W.
Washington, D.C. 20001
(202) 962-1076

(a) Plan Descriptions

(i) Salaried Personnel Plan

All full-time regular management and non-union employees hired prior to January 1, 1999, and certain Transit Police Officials and Special Police Officers represented by Teamsters Union Local 639 are eligible to participate in the Salaried Personnel 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 age is 65, and such retirees are entitled to annual retirement benefits equal to 1.6 percent of final average compensation multiplied by years of credited services, plus 0.9 percent of final average compensation in excess of the Social Security breakpoint multiplied by years of credited service not in excess of 20 years. Unreduced retirement benefits are available upon reaching age 55 and 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. The Authority contributes the total cost of the plan. After five years of service, participants are 100 percent vested.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

(ii) Transit Police Plan

Transit Police Officers and Transit Police Officials of the Authority are eligible to participate in the Transit Police Plan. The plan is governed by the terms of the employees' collective bargaining agreement. The normal retirement age is upon completing 25 years of credited service, but in no event later than the attainment of 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 .50 percent of final average earnings for each year of credit service. Employees are required to contribute 7.27 percent of compensation beginning October 1, 2003. The Authority is responsible for contributions required in excess of the employee contribution level. 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. The benefit provisions and employee contribution obligations are established pursuant to a collective bargaining agreement between the Authority and the Fraternal Order of Police. 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.

(iii) Union Local 689 Plan

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 Union Local 689 Plan. The plan is governed by the terms of the employees' collective bargaining agreement. 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 or average compensation time continuous service in excess of 27 years of service. The minimum benefit is $600 monthly. The Authority contributes the total cost of the plan. For each fiscal year, the Authority shall contribute the required contribution as determined by the plan actuary. The plan also provides early retirement, disability and pre-retirement spouse death benefits. After ten years of service, participants are 100 percent vested.

(iv) Union Local 922 Plan

All regular full-time and part-time employees, who are members of Union Local 922, after a 90-day probationary period, are eligible to participate in the Union 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 service; upon completion of 27 years of service regardless of age; or after the sum of years of service plus attained age is 83 or more.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

(iv) Union Local 922 Plan (Continued)

The normal retirement monthly pension is the sum of 1.0 percent for years of service prior to May 1, 1973 plus 1.85 percent for years of service after May 1, 1973 of the highest 4-year average earnings with a minimum benefit of $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. The Authority contributes that amount required to fund the normal cost of the plan plus an additional amount necessary to amortize the unfunded actuarial accrued liability as required by the collective bargaining agreement between the Authority and Union Local 922. After ten years of service participants, are 100 percent vested.

(v) Union Local 2 Plan

All full-time employees covered by the Local 2 bargaining agreement hired prior to January 1, 1999 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 age is 65, and such retirees are entitled to annual retirement benefits equal to 1.6 percent of final average compensation multiplied by years of credited services, plus 0.9 percent of final average compensation in excess of the Social Security breakpoint multiplied by years of credited service not in excess of 20 years. Unreduced retirement benefits are available upon reaching age 55 and 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. The Authority contributes the total cost of the plan. After five years of service, participants are 100 percent vested.

(b) Funding Status and Annual Pension Cost

(i) Salaried Personnel Plan

The Salaried Personnel Plan's funding policy, as approved by the Board of Directors, provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The actuarial cost method is the individual entry age method of funding.

As of July 1, 2008, the plan was 74.7% funded. The actuarial accrued liability for benefits was $455.3 million, and the actuarial value of assets was $340.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of $115.0 million. The covered payroll (annual payroll of active employees covered by the plan) was $33.5 million, and the ratio of the UAAL to the covered payroll was 343.4%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

(ii) Transit Police Plan

The Transit Police Plan's funding policy, as set forth in the collective bargaining agreement, provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the current year's normal cost. The percentage of payroll that the Authority contributes is actuarially determined using the aggregate cost funding method. The entry age actuarial cost method is used as a surrogate for calculating information related to the plan's funding progress.

As of January 1, 2008, the plan was 84.3% funded. The actuarial accrued liability for benefits was $145.9 million, and the actuarial value of assets was $123.0 million, resulting in a UAAL of $22.9 million. The covered payroll (annual payroll of active employees covered by the plan) was $25.0 million, and the ratio of the UAAL to the covered payroll was 91.8%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(iii) Union Local 689 Plan

The Union Local 689 Plan's funding policy, as set forth in the collective bargaining agreement, provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the current year's normal cost. The actuarial funding method used to compute the contribution requirements it the aggregate cost method. The entry age actuarial cost method is used as a surrogate for calculating information related to the plan's funding progress.

As of January 1, 2008, the plan was 104.1% funded. The actuarial accrued liability for benefits was $2.2 billion, and the actuarial value of assets was $2.3 billion, resulting in a funding excess of $0.1 billion. The covered payroll (annual payroll of active employees covered by the plan) was $515.3 million, and the ratio of the funding excess to the covered payroll was 17.7%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(iv) Union Local 922 Plan

The Union Local 922 Plan's funding policy, as set forth in the collective bargaining agreement, provides for periodic contributions, expressed both in dollar amounts and as a percentage of covered payroll, sufficient to cover normal costs and amortize any unfunded actuarial accrued liability over the 30-year period that began on the valuation date. The actuarial method used to compute contribution requirements is the projected unit credit method.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

(iv) Union Local 922 Plan (Continued)

As of January 1, 2008, the plan was 95.6% funded. The actuarial accrued liability for benefits was $123.7 million, and the actuarial value of assets was $118.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of $5.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $23.8 million, and the ratio of the UAAL to the covered payroll was 23.0%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(v) Union Local 2 Plan

The Union Local 2 Plan's funding policy, as approved by the Board of Directors, provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The actuarial cost method is the individual entry age method of funding.

As of July 1, 2008, the plan was 77.5% funded. The actuarial accrued liability for benefits was $138.1 million, and the actuarial value of assets was $107.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $31.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $16.5 million, and the ratio of the UAAL to the covered payroll was 187.8%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

(vi) The Authority's annual pension cost (APC) and related assumptions for the current year follows (dollars in thousands):

	Salaried Personnel Plan	Transit Police Plan	Union Local 689 Plan	Union Local 922 Plan	Union Local 2 Plan
Contribution rates:*					
Authority	48.3%	19.8%	6.9%	17.0%	30.1%
Employees (Plan Members)	0.0%	7.3%	0.0%	0.0%	0.0%
Annual pension cost	$ 16,177	$ 5,134	$ 33,511	$ 4,305	$ 4,982
Contributions made:					
Authority	$ 16,177	$ 5,441	$ 23,115	$ 3,632	$ 4,982
Actuarial valuation date	7/1/2008	1/1/2008	1/1/2008	1/1/2008	7/1/2008
Actuarial cost method	Individual entry age	Aggregate cost	Aggregate cost	Projected unit credit	Individual entry age
Amortization method	Level dollar	N/A	N/A	Level dollar	Level dollar
Amortization period	15 years	N/A	N/A	30 years	15 years
Remaining amortization period	Open	N/A	N/A	Open	Open
Asset valuation method	Smoothed market value	Smoothed market value	3-yr assumed yield	Actuarial value of assets	Smoothed market value
Actuarial assumptions:					
Investment rate of return	8.0%	8.0%	8.0%	7.0%	8.0%
Projected salary increases	3.5-8.0%	4.75-9.0%	3.5%	4.5%	3.5-8.0%
Post-retirement benefit	3.5%	up to 6.0%	3.0%	4.0%	3.5%
Inflation rate	2.5%	2.5%	3.0%	3.0%	2.5%

*As a percentage of covered payroll

The Salaried Personnel Plan had two changes in the actuarial method. The asset valuation method was changed from a 3-year smoothing method to a 10-year smoothing method for July 1, 2008 valuation. This change decreased the actuarial value of the assets by $21,845,977. Also, as of July 1, 2008, the amortization method was updated. All prior amortization bases were eliminated and the unfunded actuarial liability was amortized as a level dollar amount over a 15-year period. All subsequent plan, method, and assumption changes and gains and losses will be amortized as a level dollar amount over a 15-year period. Additionally, the actuarial assumption relating to the mortality for healthy lives was updated to the RP-2000 Table projected to 2012 from the RP-2000 Table projected to 2007. The change in mortality assumption increased the actuarial accrued liability by $4,306,995.

The Local 2 Plan had two changes in the actuarial method. The asset valuation method was changed from a 3-year smoothing method to a 10-year smoothing method for July 1, 2008 valuation. This change decreased the actuarial value of the assets by $8,318,800. Also, as of July 1, 2008, the amortization method was updated. All prior amortization bases were wiped out and the unfunded actuarial liability was amortized as a level dollar amount over a 15-year period. All subsequent plan, method and assumption

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

changes and gains and losses will be amortized as a level dollar amount over a 15-year period. Additionally, actuarial assumption relating to all of the mortality for healthy lives was updated to the RP-2000 Table projected to 2012 from the RP-2000 Table projected to 2007. The change in mortality assumption increased the actuarial accrued liability by $1,189,988. There were no significant changes in actuarial method and assumptions for the Transit Police Plan, Union Local 689 Plan and Union Local 922 Plan.

The significant components of the APC and changes in the net pension obligation (asset) are as follows (in thousands):

	Salaried Personnel Plan	Transit Police Plan	Union Local 689 Plan	Union Local 922 Plan	Union Local 2 Plan	
	7/1/2008	1/1/2008	1/1/2008	1/1/2008	7/1/2008	Total
Net pension assets beginning of year	$ (2,160)	$ -	$(167,010)	$ (3,124)	$ (357)	$ (172,651)
Annual required contribution	16,177	5,134	25,208	4,291	4,982	55,792
Interest on net pension assets	-	-	(13,361)	(185)	-	(13,546)
Adjustment to annual required contribution	-	-	21,664	199	-	21,863
Annual pension cost (income)	16,177	5,134	33,511	4,305	4,982	64,109
Net pension obligations (assets) before contributions	14,017	5,134	(133,499)	1,181	4,625	(108,542)
Adjustments to beginning balance	80	-	-	475	13	568
Contributions made	(16,177)	(5,441)	(23,115)	(3,632)	(4,982)	(53,347)
Net pension assets end of year	$ (2,080)	$ (307)	$(156,614)	$ (1,976)	$ (344)	$ (161,321)
	7/1/2007	1/1/2007	1/1/2007	1/1/2007	7/1/2007	
Net pension assets beginning of year	$ (1,145)	$ -	$(198,249)	$ (3,029)	$ (366)	$ (202,789)
Annual required contribution	11,327	5,441	18,724	3,495	4,037	43,024
Interest on net pension assets	-	-	(13,642)	-	-	(13,642)
Adjustment to annual required contribution	-	-	21,442	-	-	21,442
Annual pension cost (income)	11,327	5,441	26,524	3,495	4,037	50,824
Net pension obligations (assets) before contributions	10,182	5,441	(171,725)	466	3,671	(151,965)
Adjustments to beginning balance	(1,015)	-	27,726	-	9	26,720
Contributions made	(11,327)	(5,441)	(23,011)	(3,590)	(4,037)	(47,406)
Net pension assets end of year	$ (2,160)	$ -	$(167,010)	$ (3,124)	$ (357)	$ (172,651)

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

(c) Trend Information

A summary of trend information for each plan follows (dollars in thousands):

	Fiscal Year Ended	Annual Pension Cost (Income)	Percentage of APC Contribution	Net Pension Asset
Salaried Personnel Plan	7/01/08	$ 16,177	100.0%	$ (2,080)
	7/01/07	$ 11,327	100.0%	$ (2,160)
	7/01/06	$ 10,456	89.5%	$ (1,145)
Transit Police Plan	1/01/08	$ 5,134	106.0%	$ (307)
	1/01/07	$ 5,441	100.0%	$ -
	1/01/06	$ 5,098	100.0%	$ -
Union Local 689	1/01/08	$ 33,511	69.0%	$ (156,614)
	1/01/07	$ 26,524	87.0%	$ (167,010)
	1/01/06	$ (8,684)	N/A	$ (198,249)
Union Local 922	1/01/08	$ 4,305	84.4%	$ (1,976)
	1/01/07	$ 3,495	102.7%	$ (3,124)
	1/01/06	$ 3,394	96.5%	$ (3,029)
Union Local 2	7/01/08	$ 4,982	100.0%	$ (344)
	7/01/07	$ 4,037	100.0%	$ (357)
	7/01/06	$ 3,048	100.0%	$ (366)

Schedules related to the funded status of the pension plans included in this footnote are located in the Required Supplementary Information located on pages 61 and 62 of these financial statements.

(d) 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 4 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 3 percent of base salary to the 457 Deferred Compensation plan, the Authority will contribute an additional amount of up to 3 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 of Directors. 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.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(8) Pension Plans (Continued)

(d) Defined Contribution Retirement Plan (Continued)

The Authority contributed $4,262,000 and $3,697,000 for the years ended June 30, 2009 and 2008, respectively.

(e) 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) Postemployment Benefits Other than Pensions (OPEB)

Plan Descriptions

The Authority contributes to four single- employer defined benefit healthcare plans: Union Local 689, Union Local 2, Transit Police and Non-represented. Each plan provides healthcare, prescription drug and life insurance benefits to retirees and their dependents.

The Union Local 689, Union 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 of Directors.

Funding policy and Annual OPEB Cost

For the Union Local 689, Union 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 of Directors 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 of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an onging 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.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(9) Postemployment Benefits Other than Pensions (OPEB) (Continued)

Funding policy and Annual OPEB Cost (Continued)

The Authority's annual OPEB cost for the years ended June 30, 2009 and 2008, and the related information are as follows (dollar amounts in thousands):

	Union Local 689	Union 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	$ 70,954	$ 7,741	$ 2,656	$ 16,143	$ 97,494
Interest on net OPEB obligation	1,572	233	96	469	2,370
Adjustment to annual required contribution	(1,516)	(225)	(92)	(452)	(2,285)
Annual OPEB cost	$ 71,010	$ 7,749	$ 2,660	$ 16,160	$ 97,579
Contribution made	(31,552)	(2,006)	(121)	(4,494)	(38,173)
Increase in net OPEB obligation	39,458	5,743	2,539	11,666	59,406
Net OPEB obligation - July 1, 2008	39,296	5,829	2,397	11,725	59,247
Net OPEB obligation - June 30, 2009	$ 78,754	$ 11,572	$ 4,936	$ 23,391	$ 118,653

Notes to Basic Financial Statements

June 30, 2009 and 2008

(9) Postemployment Benefits Other than Pensions (OPEB) (Continued)

Funding policy and Annual OPEB Cost (Continued)

	Union Local 689	Union 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	$ 67,894	$ 7,333	$ 2,499	$ 15,348	$ 93,074
Interest on net OPEB obligation	-	-	-	-	-
Adjustment to annual required contribution	-	-	-	-	-
Annual OPEB cost	$ 67,894	$ 7,333	$ 2,499	$ 15,348	$ 93,074
Contribution made	(28,598)	(1,504)	(102)	(3,623)	(33,827)
Increase in net OPEB obligation	39,296	5,829	2,397	11,725	59,247
Net OPEB obligation - July 1, 2007	-	-	-	-	-
Net OPEB obligation - June 30, 2008	$ 39,296	$ 5,829	$ 2,397	$ 11,725	$ 59,247

Notes to Basic Financial Statements

June 30, 2009 and 2008

(9) Postemployment Benefits Other than Pensions (OPEB) (Continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations for fiscal year 2009 and 2008 for each of the plans were as follows (dollar amounts in thousands):

	Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
Union Local 689	6/30/2009	$ 71,010	44.4%	$ 78,754
	6/30/2008	$ 67,894	42.1%	$ 39,296
Union Local 2	6/30/2009	$ 7,749	25.9%	$ 11,572
	6/30/2008	$ 7,333	20.5%	$ 5,829
Transit Police	6/30/2009	$ 2,660	4.5%	$ 4,936
	6/30/2008	$ 2,499	4.1%	$ 2,397
Non-Represented	6/30/2009	$ 16,160	27.8%	$ 23,391
	6/30/2008	$ 15,348	23.6%	$ 11,725

Funded Status and Funding Progress. The funded status of the plans, as of June 30, 2009, was as follows (dollar amounts in thousands):

	Union Local 689	Union Local 2	Transit Police	Non-Represented	Total
Actuarial accrued liability (a)	$ 1,015,846	$ 103,363	$ 34,569	$ 237,038	$ 1,390,816
Actuarial value of plan assets (b)	-	-	-	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	$ 1,015,846	$ 103,363	$ 34,569	$ 237,038	$ 1,390,816
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	$ 663,000
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll {(a)-(b)}/ (c)	N/A	N/A	N/A	N/A	209.8%

Notes to Basic Financial Statements

June 30, 2009 and 2008

(9) Postemployment Benefits Other than Pensions (OPEB) (Continued)

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 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.

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:

	Union Local 689	Union Local 2	Transit Police	Non-Represented
Actuarial valuation date	7/1/2007	7/1/2007	7/1/2007	7/1/2007
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	Open	Open	Open
Asset valuation method	N/A	N/A	N/A	N/A
Actuarial assumptions:				
Discount Rate	4.0%	4.0%	4.0%	4.0%
Projected salary increases	4.5%	4.5%	4.5%	4.5%
Healthcare cost trend rate	8.0%	8.0%	8.0%	8.0%

Notes to Basic Financial Statements

June 30, 2009 and 2008

(9) Postemployment Benefits Other than Pensions (OPEB) (Continued)

Defined Contribution Plan

The Authority contributes to one cost-sharing multiple-employer defined contribution healthcare plan: Union 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 Union 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 contributed $4,113,400 for the year ended June 30, 2009.

(10) Commitments and Contingencies

(a) Litigation and Claims

The Authority is exposed to liability for bodily injury and property damage; physical damage to and loss of its property; and liability for financial loss suffered by employees and others as a result of decisions and judgments made by the Authority. The Authority self-insures and adjusts third party liability claims up to $5 million per occurrence. In fiscal year 2009, the Authority purchased Excess Liability insurance with an annual aggregate limit of $95 million for claims whose value exceeds the maximum of $5 milion per occurrence covered by the self-insured retention. In fiscal year 2010, the Authority purchased an additional $50 million annual aggregate limits, taking the Excess Liability insurance program to $145 million excess of the $5 million per occurrence self insured retention. Claim settlements/ judgments have not penetrated into the attachment point of Excess Liability insurance during any of the past three fiscal years. In fiscal year 2009 the Authority suffered two severe loss occurrences both of which are expected to penetrate the attachment point of insurance. The first loss was a Metro Bus collision with a taxi, which resulted in a death and three serious injuries. The second loss was a Metro Rail car collision which occurred on June 22, 2009 and resulted in the deaths of 8 passengers and one employee and multiple passenger injuries. As described below, these cases were included in the case reserves evaluated by an independent actuary and is included in the estimated liability for injury and damage claims which totaled $126.1 million as of June 30, 2009. In fiscal year 2009, the Authority was completely self-insured for its workers' compensation obligations; in fiscal year 2010, the Authority purchased Excess Workers' Compensation insurance capping the Authority's exposure at $2.5 million per incident.

Loss occurrences are reported to the commercial insurers when it is determined that the loss is covered by insurance and it's reasonable to suspect that the value of the loss may penetrate the attachment point of insurance. 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 (i.e. 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 financial statements.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(10) Commitments and Contingencies (Continued)

(a) Litigation and Claims (Continued)

Changes in the actuarially developed liability for years ended June 30, 2009 and 2008 are as follows (in thousands):

	2009	2008
Estimated net present value of the liability for injury and damage claims, beginning of year	$ 111,525	$ 97,264
Incurred new claims	39,365	23,826
Changes in estimate for claims of prior periods	11,110	18,191
Payments on claims	(35,857)	(27,756)
Estimated net present value of the liability for injury and damage claims, end of year	$ 126,143	$ 111,525
Due within one year	$ 47,462	$ 39,220

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) Leasing Commitment

In September 1999, the Authority entered into a 10-year operating lease for office space in Silver Spring, MD. The terms of the lease set forth scheduled rent increases to occur annually. Lease payments for years ended June 30, 2009 and 2008 are $963,443 and $727,000, respectively. In addition, the Authority entered into a new 10 year three month operating lease for office space in Hyattsville, MD on September 2008. The terms of the new lease set forth a scheduled minimum annual rent of $880,000.

The Authority's minimum lease payments as of June 30, 2009 are as follows (in thousands):

Fiscal Year	Total
2010	$ 1,123
2011	880
2012	880
2013	880
2014	880
2015	880
2016	880
2017	880
2018	880
2019	880
2020	73
	$ 9,116

Notes to Basic Financial Statements

June 30, 2009 and 2008

(10) Commitments and Contingencies (Continued)

(c) Fuel Price Swap Agreements

Objective: The Authority enters into fuel swap agreements or contracts as a hedge against price volatility of diesel fuel. In fiscal year 2009, the Authority entered into four fuel swap agreements, which allowed the Authority to plan and manage fuel costs, reduce risk, and improve budget stability.

Terms: During fiscal year 2009, the Authority entered into commodity derivative agreements for NYMEX No. 2 heating oil with various counterparties, as shown below (in thousands):

Per Calculation Effective Date	Period Maturity Date	Gallons	Total Quantity (gallons)	Fair Market Value as 6/30/09	
10/01/2008	06/30/2010	252	5292	$	(2,804)
07/01/2009	06/30/2010	378	1512		(1,125)
07/01/2009	06/30/2010	378	1512		(12)
07/01/2009	06/30/2010	756	3024		1,053
				$	(2,888)

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 quoted by the NYMEX, on each NYMEX trading day, during the settlement period for the No. 2 heating oil futures.

Fair Market Value: As of June 30, the swap agreements had a fair market value of ($2,888,000) estimated by a mathematical approximation of the market, derived from proprietary model as of a given date, and based on certain assumptions regarding past, present and future market conditions, as well as certain financial information.

Credit Value: The Authority is exposed to credit risk in the amount of the fair market value. To mitigate the credit risk, the Authority entered into swap agreements with counterparties with long-term deposit ratings of Aa2 and AA by Moody's and Fitch, respectively.

Termination Risk: 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 market value, the Authority would be liable to the counterparty for a payment equal to the fair market value.

(d) Labor Contracts

Approximately 85.0 percent of the Authority's labor force is covered by five labor contracts. As of June 30, 2008, three of these contracts which represent approximately 81.0 percent of the labor force expired and are currently either in arbitration or negotiation. The June 30, 2009, accrued salaries and benefits liability includes an estimated amount related to the settlement of these contracts.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(10) Commitments and Contingencies (Continued)

(e) Other

Construction and capital improvement costs are funded by federal grants, local matching funds, and third party agreements. As of June 30, 2009 and 2008, the Authority was committed to expend approximately $226,090,100 and $144,369,400 (unaudited), respectively, 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, will not have a material effect on the financial position of the Authority.

(11) Leasing Transactions

(a) Leasing Historical Information

During fiscal year 1999, the Authority entered into 13 transactions to lease 680 rail cars to 13 equity investors (the "headlease") and simultaneously subleased the rail cars 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 rail cars and is also responsible for their continued maintenance and insurance.

During fiscal year 2003, the Authority entered into two additional transactions to lease 78 rail cars. These transactions resulted in a net payment to the Authority in fiscal year 2003 of approximately $8,700,000, which will be amortized over the life of the lease. Subsequent to the execution of the fiscal year 2003 leases, $1,000,000 of the proceeds was reserved to cover any potential liabilities, in the event that the Authority is required to obtain a new lender.

In August 2003, the Authority entered into a lease transaction for 48 rail cars. This transaction resulted in a net payment to the Authority of approximately $10,000,000, which was recorded as deferred lease revenue and will be amortized over the life of the lease. Of this amount, $500,000 was reserved for any contingencies.

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 Statements of Net Assets as obligations under lease agreements.

At closing, the rail cars for fiscal year 1999 leases had a fair value of approximately $1,200,000,000 and a net book value of approximately $226,301,000. The rail cars for fiscal year 2003 leases had a fair value of approximately $194,100,000 and a net book value of approximately $66,834,000. The rail cars for the fiscal year 2004 lease had a fair value of $130,780,000 and a net book value of approximately $78,800,000.

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 in accordance with the terms of 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

Notes to Basic Financial Statements

June 30, 2009 and 2008

(11) Leasing Transactions (Continued)

(a) Leasing Historical Information (Continued)

sublease, the Authority has recorded the amounts held by the payment undertakers as a prefunded lease commitment on the Statements of Net Assets.

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:	
2010	$ 83,543
2011	99,368
2012	95,519
2013	77,032
2014	121,681
2015-2019	539,079
2020-2024	107,816
2025-2029	83,295
2030-2031	19,465
Total future minimum payments	1,226,798
Less imputed interest	386,680
Present value of minimum lease payments	$ 840,118

(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 federal government assistance cannot be obtained 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 six lease agreements (five as of June 30, 2009 and one in July 2009), Termination payments on five of the six 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, three of the equity investors have not exercised their rights and have not notified the Authority to request a change in the defeasance provider. One equity investor waived the Authority's obligation to replace the defeasance provider. The remaining six equity investors have granted extensions, with approved extension dates ranging from October 31, 2009 to March 31, 2010.

Notes to Basic Financial Statements

June 30, 2009 and 2008

(11) Leasing Transactions (Continued)

(b) Leasing Disclosure (Continued)

The remaining period of these agreements ranges from approximately seven to twenty-three years. In addition, as a result of the impact of events on other major metropolitan transportation authorities, the Authority is requesting assistance with this situation from the federal government.

In summary, as a result of the events described above, it is currently unknown what the cost of the resolutions to any future equity investors requests will be to the Authority, and as such, no liability has been recognized.

(12) Changes in Long-Term Liabilities

Long-term liabilities activity for the years ended June 30, 2009 and 2008, was as follows (in thousands):

	Injury & Damage Claims	Retainage on Contracts	Deferred Lease Revenue	Bonds Payable	Obligations Under Lease Agreements
Beginning balance, July 1, 2007	$ 97,264	$ 34,238	$ 56,189	$ 178,902	$ 1,427,072
Additions	23,826	24,165	-	-	-
Reductions	(9,565)	(26,264)	(5,702)	(25,776)	(51,462)
Balance, June 30, 2008	111,525	32,139	50,487	153,126	1,375,610
Additions	39,365	4,657	-	311,320	-
Reductions	(24,747)	(7,432)	(22,582)	(28,575)	(535,492)
Ending balance, June 30, 2009	$ 126,143	$ 29,364	$ 27,905	$ 435,871	$ 840,118
Due within one year	$ 47,462	$ 2,437	$ 3,401	$ 29,693	$ 83,543
Noncurrent portion	$ 78,681	$ 26,927	$ 24,504	$ 406,178	$ 756,575

Notes to Basic Financial Statements

June 30, 2009 and 2008

(13) Prior Period Adjustment

The Authority's financial statements included a $40,390,000 error in construction in progress (CIP) as of June 30, 2007, that represented a judgment related to capital projects.

In addition, the Authority's financial statements included a $19,751,000 error in CIP for non-capital projects as of June 30, 2008, that were also included in the operation expenses for the year.

The total effect of these errors was a $60,141,000 overstatement of CIP and the invested in capital assets, net of related debt accounts as of June 30, 2008. The decreases in CIP are shown in Note 5 as follows (in thousands):

	Construction in Progress	Net Assets
Amounts as Originally Reported at June 30, 2007	$ 871,245	$ 8,146,052
Correction for Construction in Progress Expensed	(40,390)	(40,390)
Amounts as Restated at July 1, 2007	$ 830,855	$ 8,105,662
Amounts as Restated at June 30, 2008	$ 282,436	$ 8,105,662
Correction for Construction in Progress Expensed	(19,751)	(19,751)
Amounts as Restated at July 1, 2008	$ 262,685	$ 8,085,911

Required Supplementary Information

Historical Trend Information – Pension Plans

Schedules of Funding Progress

(dollars in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll (Funding Excess)
Salaried Personnel Plan	7/1/2008	$ 340,288	$ 455,318	$ 115,030	74.7%	$ 33,497	343.4%
	7/1/2007	$ 364,954	$ 434,709	$ 69,755	84.0%	$ 35,598	196.0%
	7/1/2006	$ 349,796	$ 412,855	$ 63,059	84.7%	$ 37,769	167.0%
Union Local 2	7/1/2008	$ 107,022	$ 138,077	$ 31,055	77.5%	$ 16,533	187.8%
	7/1/2007	$ 112,544	$ 126,949	$ 14,405	88.7%	$ 17,893	80.5%
	7/1/2006	$ 109,041	$ 116,915	$ 7,874	93.3%	$ 17,628	44.7%
Union Local 689 Plan	1/1/2008	$ 2,284,506	$ 2,193,491 (1)	$ (91,015)	104.1%	$ 515,245	(17.7)%
	1/1/2007	$ 2,184,472	$ 2,184,472 (1)	$ -	100.0%	$ 483,010	0.0%
	1/1/2006	$ 2,068,831	$ 2,068,831 (1)	$ -	100.0%	$ 465,458	0.0%
Union Local 922 Plan	1/1/2008	$ 118,282	$ 123,746	$ 5,464	95.6%	$ 23,787	23.0%
	1/1/2007	$ 113,133	$ 116,139	$ 3,006	97.4%	$ 22,462	13.4%
	1/1/2006	$ 99,332	$ 113,544	$ 14,212	87.5%	$ 22,267	63.8%
Transit Police Plan	1/1/2008	$ 122,958	$ 145,859 (1)	$ 22,901	84.3%	$ 24,950	91.8%
	1/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
	1/1/2006	N/A	N/A	N/A	N/A	N/A	N/A

(1) The ARC is calculated using the aggregate acturaial cost method for this plan. Information in this schedule is calculated using the entry age acturial cost method as a surrogate for funding progress of the plan.

Required Supplementary Information

Historical Trend Information – Postemployment Benefits Other than Pensions (OPEB)

Schedules of Funding Progress

(dollars in thousands)

	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	**6/30/2009**	$ -	$ 1,015,846	$ 1,015,846	0.0%	N/A	N/A
Union Local 2	**6/30/2009**	$ -	$ 103,363	$ 103,363	0.0%	N/A	N/A
Transit Police	**6/30/2009**	$ -	$ 34,569	$ 34,569	0.0%	N/A	N/A
Non-Represented	**6/30/2009**	$ -	$ 237,038	$ 237,038	0.0%	N/A	N/A
TOTAL			**1,390,816**	**1,390,816**	**0.0%**	**663,000**	**209.8%**
Union Local 689	**6/30/2008**	$ -	$ 975,740	$ 975,740	0.0%	N/A	N/A
Union Local 2	**6/30/2008**	$ -	$ 97,425	$ 97,425	0.0%	N/A	N/A
Transit Police	**6/30/2008**	$ -	$ 32,128	$ 32,128	0.0%	N/A	N/A
Non-Represented	**6/30/2008**	$ -	$ 225,066	$ 225,066	0.0%	N/A	N/A
TOTAL			**1,330,359**	**1,330,359**	**0.0%**	**663,000**	**200.7%**

SECTION THREE – STATISTICAL (Unaudited)

This part of the of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents **Page**

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Assets by Component
For Fiscal Year 2002 to Fiscal Year 2009
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	Restated 2007	Restated 2008	2009
Invested in capital assets, net of related debt	$ 7,148,786	$ 7,368,413	$ 7,414,886	$ 7,547,065	$ 7,904,568	$ 7,839,778	$ 7,649,507	$ 7,642,442
Restricted	810,257	830,017	707,353	572,675	379,254	265,884	205,337	305,953
Total Net Assets	$ 7,959,043	$ 8,198,430	$ 8,122,239	$ 8,119,740	$ 8,283,822	$ 8,105,662	$ 7,854,844	$ 7,948,395

Note: The Authority implemented GASB Statement 34 in FY 2002.

Source: The Authority's Audited Financial Statements.

Changes in Net Assets
For Fiscal Year 2002 to Fiscal Year 2009
(amounts expressed in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	Restated 2007	Restated 2008	2009
Operating Revenues								
Passenger revenue	$ 394,153	$ 404,211	$ 453,043	$ 522,475	$ 555,262	$ 563,356	$ 625,607	$ 683,302
Charter and contract revenue	7,746	9,597	3,806	3,395	3,909	6,767	8,047	255
Advertising revenue	20,001	23,001	26,002	29,000	30,000	33,000	35,296	38,319
Rental revenue	12,536	13,101	15,786	16,466	17,108	20,777	20,451	22,179
Other revenue	2,563	1,195	1,348	1,206	1,199	1,192	1,171	1,248
Total operating revenues	436,999	451,105	499,985	572,542	607,478	625,092	690,572	745,303
Nonoperating revenues								
Investment income	19,830	26,975	1,450	5,011	3,981	4,718	5,068	2,494
Interest income from leasing transactions	78,181	80,560	88,562	91,924	88,548	87,874	80,802	52,430
Income from pension plans	53,702	17,610	-	16,687	-	-	-	-
Other	1,924	3,544	3,277	3,790	9,413	12,281	16,328	20,000
Total nonoperating revenues	153,637	128,689	93,289	117,412	101,942	104,873	102,198	74,924
Total revenues	590,636	579,794	593,274	689,954	709,420	729,965	792,770	820,227
Operating expenses								
Labor	437,380	460,435	485,124	498,865	536,439	573,514	571,589	587,175
Fringe benefits	201,061	215,878	250,784	272,756	271,577	302,416	415,453	471,173
Services	64,140	62,192	67,696	77,063	102,081	117,867	143,816	170,336
Materials and supplies	76,721	87,418	89,586	105,560	123,439	144,584	148,467	117,559
Utilities	46,843	49,758	52,681	61,517	67,010	72,286	84,725	110,635
Casualty and liability costs	4,842	4,871	12,467	16,869	44,688	28,223	23,445	16,132
Leases and rentals	3,042	3,067	1,913	4,096	3,999	2,925	2,349	3,106
Miscellaneous	5,364	3,749	2,778	3,253	5,205	3,452	1,211	3,581
Depreciation and amortization	275,896	294,300	296,485	299,707	306,955	361,141	412,341	425,350
Total operating expenses	1,115,289	1,181,668	1,259,514	1,339,686	1,461,393	1,606,408	1,803,396	1,905,047
Nonoperating expenses								
Interest expenses from leasing transactions	78,181	80,560	88,562	91,924	88,548	87,874	80,802	52,430
Interest expenses	12,411	11,706	12,517	10,611	9,978	11,838	9,533	9,043
Pension plans expense	-	-	23,808	-	14,514	-	-	-
Total nonoperating expenses	90,592	92,266	124,887	102,535	113,040	99,712	90,335	61,473
Total Expenses	1,205,881	1,273,934	1,384,401	1,442,221	1,574,433	1,706,120	1,893,731	1,966,520
Jurisdictional subsidies, capital grants and capital subsidies	1,077,138	933,527	714,936	749,768	1,029,095	838,385	869,894	1,239,844
Adjustment to prior year						(40,390)	(19,751)	
Increase in Net Assets	$ 461,893	$ 239,387	$ (76,191)	$ (2,499)	$ 164,082	$(178,160)	$(250,818)	$ 93,551

Certain reclassifications were made to Fiscal Year 2007 financial statements to conform to the Fiscal Year 2008 financial statement presentation.

In Fiscal Year 2008, the Authority adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

Note: The Authority implemented GASB Statement 34 in Fiscal Year 2002.

Source: The Authority's Audited Financial Statements.

Passenger Fare Structure
For Fiscal Year 2000 to Fiscal Year 2009

Fiscal Year	Metrobus Peak/Off Peak			Metrorail			
				Peak		Off Peak	
	DC Base	MD Base	VA Base	Boarding Charge	Each Additional Composite Mile	Boarding Charge	Each Additional Composite Mile
2000	$1.10	$1.10	$1.10	$1.10	$.19 (3-6miles)	$1.10 (0-7miles)	n/a
					$.165 (6+miles)	$1.60 (7-10miles)	n/a
					$3.25 (Max.fare)	$2.10 (10+miles)	n/a
2001	$1.10	$1.10	$1.10	$1.10	$.19 (3-6miles)	$1.10 (0-7miles)	n/a
					$.165 (6+miles)	$1.60 (7-10miles)	n/a
					$3.25 (Max.fare)	$2.10 (10+miles)	n/a
2002	$1.10	$1.10	$1.10	$1.10	$.19 (3-6miles)	$1.10 (0-7miles)	n/a
					$.165 (6+miles)	$1.60 (7-10miles)	n/a
					$3.25 (Max.fare)	$2.10 (10+miles)	n/a
2003	$1.20	$1.20	$1.20	$1.20	$.21 (3-6miles)	$1.20 (0-7miles)	n/a
					$.185 (6+miles)	$1.70 (7-10miles)	n/a
					$.3.60 (Max. fare)	$2.20 (10+miles)	n/a
2004	$1.25	$1.25	$1.25	$1.35	$.22 (3-6miles)	$1.35 (0-7miles)	n/a
					$.195 (6+miles)	$1.85 (7-10miles)	n/a
					$3.90 (Max. fare)	$2.35 (10+miles)	n/a
2005	$1.25	$1.25	$1.25	$1.35	$.22 (3-6miles)	$1.35 (0-7miles)	n/a
					$.195 (6+miles)	$1.85 (7-10miles)	n/a
					$3.90 (Max.fare)	$2.35 (10+miles)	n/a
2006	$1.25	$1.25	$1.25	$1.35	$.22 (3-6miles)	$1.35 (0-7miles)	n/a
					$.195 (6+miles)	$1.85 (7-10miles)	n/a
					$3.90 (Max. fare)	$2.35 (10+miles)	n/a
2007	$1.25	$1.25	$1.25	$1.35	$.22 (3-6miles)	$1.35 (0-7miles)	n/a
					$.195 (6+miles)	$1.85 (7-10miles)	n/a
					$3.90 (Max. fare)	$2.35 (10+miles)	n/a
2008	$1.25	$1.25	$1.25*	$1.65	$.26 (3-6miles)	$1.35 (0-7miles)	n/a
					$.23 (6+miles)	$1.85 (7-10miles)	n/a
					$4.50 (Max. fare)	$2.35 (10+miles)	n/a
2009	$1.25	$1.25	$1.25*	$1.65	$.26 (3-6miles)	$1.35 (0-7miles)	n/a
					$.23 (6+miles)	$1.85 (7-10miles)	n/a
					$4.50 (Max. fare)	$2.35 (10+ miles)	n/a

* Metrobus cash boarding fare is $1.35, effective January 6, 2008.

**The paratransit (MetroAccess) fare, per Tariff number 23, is $2.50 or double the regular base fare, if less.

Source: Tariff of the Metropolitan Area Transit Authority

Passenger Revenue by Mode of Service
For Fiscal Year 2002 to Fiscal Year 2009

Fiscal Year	Metrobus	Metrorail	Metro Access
2002	$89,707,652	$284,054,189	$1,550,263
2003	$89,370,986	$292,800,830	$1,927,790
2004	$96,633,174	$322,272,047	$2,364,806
2005	$101,691,022	$373,329,768	$2,825,930
2006	$104,846,639	$398,547,775	$2,993,461
2007	$105,727,177	$404,837,785	$2,949,841
2008	$106,588,703	$458,304,931	$3,271,303
2009*	$111,328,651	$506,151,701	$3,521,539

*Preliminary Data

Note: The Authority implemented GASB Statement 34 in FY 2002

Source: National Transit Database

Pledged-Revenue Coverage
For Fiscal Year 2000 to Fiscal Year 2009
(amounts expressed in thousands)

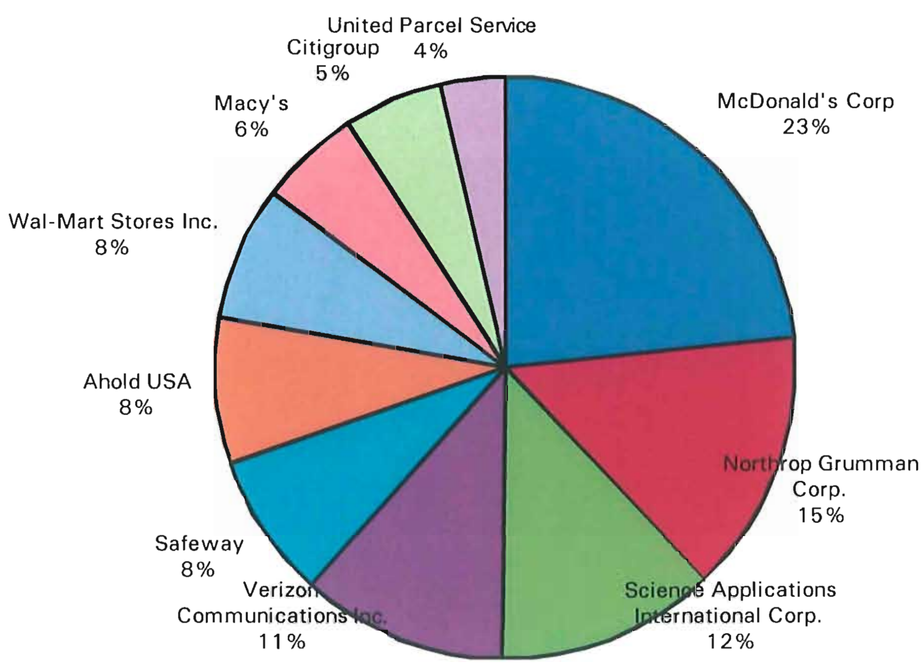
Fiscal Year		Revenue	Less: Operating Expenses		Net Available Revenue		Debt Service Principal	Debt Service Interest		Debt Service Total	Coverage
2000	$	754,423	727,296	$	27,127	$	13,440	13,687	$	27,127	100%
2001	$	838,899	811,734	$	27,165	$	14,095	13,070	$	27,165	100%
2002	$	866,539	839,393	$	27,146	$	14,735	12,411	$	27,146	100%
2003	$	914,489	887,368	$	27,121	$	15,415	11,706	$	27,121	100%
2004	$	1,175,871	986,837	$	189,034	$	176,470	12,517	$	188,987	100%
2005	$	1,072,480	1,039,979	$	32,501	$	21,890	10,611	$	32,501	100%
2006	$	1,201,970	1,168,952	$	33,018	$	23,040	9,978	$	33,018	100%
2007	$	1,280,970	1,245,267	$	35,703	$	23,865	11,838	$	35,703	100%
2008	$	1,354,648	1,320,090	$	34,558	$	25,025	9,533	$	34,558	100%
2009	$	1,455,715	1,420,292	$	35,423	$	26,380	9,043	$	35,423	100%

Revenues consist of operating revenues, non-operating revenues, jurisdictional subsidies and principal paid on revenue bonds. Income from leasing transactions is excluded. Operating expenses consist of operating expenses, excluding depreciation and amortization and other unfunded operating expenses.

Source: The Authority's Audited Financial Statements.

Major Private Employers
For Fiscal Year 2009

Employer	Rank	Area Employees	Industry
McDonald's Corp.	1	33,050	Hospitality and Travel
Northrup Grumman Corp.	2	20,700	Aerospace and Defense
Science Applications International Corp.	3	17,425	Information Technology
Verizon Communications Inc.	4	16,100	Telecommunications
Safeway	5	11,500	Retail
Ahold USA	6	11,452	Retail
Wal-Mart Stores Inc.	7	10,602	Retail
Macy's	8	8,000	Retail
Citigroup	9	7,700	Financial Services
United Parcel Service	10	5,185	Transportation



Source: Washingtonpost.com – 2009 Post 200 Top DC-Area Employers

Authorized Employee Positions
For Fiscal Year 2000 to Fiscal Year 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Non-Union	1,313	1,511	1,525	1,586	1,457	1,540	1,640	1,673	1,669	1,718
AFL-CIO/OPIEU Local - 2	601	622	662	689	739	785	794	818	778	771
Teamsters Local - 639	65	65	70	75	90	89	89	89	89	89
AFL-CIO ATU Local - 689	6,310	6,580	7,064	7,133	7,042	7,207	7,237	7,809	8,203	7,911
Teamsters Local - 922	321	370	339	368	368	352	355	357	385	367
FOP Transit Police	257	271	305	305	319	321	336	356	359	376
Total Authority Positions	8,867	9,419	9,965	10,156	10,015	10,294	10,451	11,102	11,483	11,232

Note: Non-Union positions are salaried positions in the management, administrative, supervisory or clerical work force that have been exempted from union participation.

Source: The Authority's Approved Annual Budgets.

Operating Indicators
For Fiscal Year 2000 to Fiscal Year 2009

Fiscal Year	Annual Vehicle Revenue Miles	Annual Vehicle Revenue Hours	Annual Unlinked Passenger Trips	Passenger Miles Traveled
2000				
Metrobus	34,192,726	3,065,946	129,524,241	452,855,175
Metrorail	48,243,553	2,260,586	218,273,257	1,190,448,841
Metro Access	3,643,119	238,648	246,071	2,498,629
2001				
Metrobus	36,447,570	3,247,015	142,647,640	457,028,244
Metrorail	51,553,445	2,316,049	235,731,726	1,362,866,338
Metro Access	5,569,594	357,000	556,982	5,419,598
2002				
Metrobus	37,934,187	3,349,152	147,771,191	450,768,806
Metrorail	52,192,185	2,269,529	242,794,078	1,438,336,161
Metro Access	8,021,812	505,105	738,284	8,021,812
2003				
Metrobus	38,897,499	3,433,521	147,831,547	447,551,132
Metrorail	56,470,216	2,241,771	243,188,066	1,451,856,563
Metro Access	9,786,953	631,341	972,425	9,786,953
2004				
Metrobus	38,901,318	3,458,658	146,010,344	436,436,653
Metrorail	58,205,365	2,312,490	250,659,980	1,507,072,928
Metro Access	11,030,419	698,401	1,112,358	12,269,308
2005				
Metrobus	38,458,955	3,422,983	153,392,000	453,290,328
Metrorail	62,152,936	2,460,432	259,430,086	1,401,105,158
Metro Access	12,179,777	765,719	1,253,948	13,686,293
2006				
Metrobus	38,364,771	3,557,212	131,339,757	419,809,808
Metrorail	63,577,383	2,513,934	274,767,272	1,577,789,264
Metro Access	12,135,331	1,015,815	1,340,201	14,318,204
2007				
Metrobus	38,431,274	3,961,092	131,489,651	410,761,850
Metrorail	67,029,516	2,636,654	276,440,693	1,588,657,621
Metro Access	12,469,267	1,123,848	1,276,870	17,442,601
2008				
Metrobus	38,875,286	3,555,114	132,848,806	445,952,733
Metrorail	69,792,997	2,749,921	288,039,725	1,639,628,551
Metro Access	17,332,239	1,452,709	1,712,537	20,036,683
2009 *				
Metrobus	41,168,424	3,797,304	133,773,567	418,038,773
Metrorail	71,803,305	2,823,870	296,857,158	1,667,899,731
Metro Access	22,056,188	1,833,296	2,107,775	17,192,565

* Preliminary Data
Source: National Transit Database

metro
System Map
Legend
Red Line • Glenmont to Shady Grove
Orange Line • New Carrollton to Vienna/Fairfax-GMU
Blue Line • Franconia-Springfield to Largo Town Center
Green Line • Branch Avenue to Greenbelt
Yellow Line • Huntington to Fort Totten
Station in Service
Commuter Rail
Virginia Railway Express
MARC
Transfer Station
Bus to Airport
Parking
RED LINE
Shady Grove
Rockville
Twinbrook
White Flint
Grosvenor-Strathmore
Every other outbound Red Line train terminates at Grosvenor-Strathmore station Weekdays 7:00 to 9:30 a.m. and 4:00 to 6:30 p.m.
Medical Center
Bethesda
Friendship Heights
Tenleytown-AU
Van Ness-UDC
Cleveland Park
Woodley Park-Zoo/Adams Morgan
Dupont Circle
Farragut North
Capital Beltway
Montgomery County
District of Columbia
Glenmont
Wheaton
Forest Glen
Silver Spring
Takoma
Montgomery County
Prince George's County
Yellow Line service operates between Mt Vernon Sq/7th St-Convention Center and Fort Totten stations except Weekdays 5:00 to 9:30 a.m. and 3:00 to 7:00 p.m.
B30 to BWI Thurgood Marshall Airport
GREEN LINE
Greenbelt
College Park-U of Md
Prince George's Plaza
West Hyattsville
Fort Totten
Georgia Ave-Petworth
Columbia Heights
U St/African-Amer Civil War Memorial/Cardozo
Shaw-Howard U
Brookland-CUA
Rhode Island Ave-Brentwood
New York Ave-Florida Ave-Gallaudet U
Mt Vernon Sq/7th St-Convention Center
Union Station
New Carrollton
Landover
Cheverly
Deanwood
Minnesota Ave
Benning Road
Capitol Heights
McPherson Sq
Gallery Pl-Chinatown
Judiciary Sq
Metro Center
Federal Triangle
Smithsonian
Archives-Navy Mem'l-Penn Quarter
L'Enfant Plaza
Foggy Bottom-GWU
Farragut West
Rosslyn
5A to Dulles Airport
Fairfax County
Arlington County
ORANGE LINE
Vienna/Fairfax-GMU
Dunn Loring-Merrifield
West Falls Church-VT/UVA
East Falls Church
Ballston-MU
Virginia Sq-GMU
Clarendon
Court House
Stadium-Armory
Potomac Ave
Eastern Market
Capitol South
Federal Center SW
Addison Road-Seat Pleasant
Morgan Boulevard
Largo Town Center
Potomac River
Arlington Cemetery
Pentagon
YELLOW LINE
Pentagon City
Crystal City
Ronald Reagan Washington National Airport
Waterfront-SEU
Navy Yard
Anacostia
Congress Heights
Southern Ave
Naylor Road
Suitland
Branch Ave
Anacostia River
Arlington County
Fairfax County
Alexandria
Braddock Road
King Street
District of Columbia
Prince George's County
Van Dorn Street
Eisenhower Ave
Huntington
BLUE LINE
Alexandria
Fairfax County
Capital Beltway
Franconia-Springfield
N
Metro is accessible.