MEMORANDUM

SUBJECT: Results of the Audit of WMATA's Financial Statements for FYs 2021 & 2020 (OIG 22-03)

DATE: February 4, 2022

FROM: OIG – Geoffrey A. Cherrington [redacted]

TO: GMGR – Paul J. Wiedefeld

The Compact requires an independent external auditor, as determined by the Inspector General, to annually audit WMATA's financial statements in accordance with applicable standards. In compliance with this requirement, OIG retained RSM US, LLP (RSM) to conduct this annual audit. Transmitted with this memorandum is RSM's report which contains the following:

- Opinion on the Financial Statements.
- Management's Discussion and Analysis (Unaudited).

Objective of a Financial Statement Audit

To determine whether the audited entity's financial statements are free of material misstatement. An audit 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.

The audit included, among other things, obtaining an understanding of WMATA and its operations, including internal control over financial reporting; evaluating the design and operating effectiveness of internal control and assessing risk; and testing relevant internal controls over financial reporting. Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies, or procedures may deteriorate.

FY 2021 Audit Results

- Unmodified opinion.

OIG Oversight of RSM Performance
RSM is responsible for the attached auditor's report, dated October 22, 2021, and the conclusions expressed therein. OIG is responsible for technical and administrative oversight regarding the firm's performance under the terms of the contract.

To fulfill our responsibilities under the contract for ensuring the quality of the audit work performed, we monitored RSM's audit of WMATA's FY 2021 and FY 2020 financial statements by:

- Reviewing RSM's audit approach and planning.
- Monitoring audit progress at key points.
- Examining the working papers related to planning and performing the audit and assessing WMATA's internal controls.
- Reviewing RSM's audit report to ensure compliance with applicable auditing standards.
- Coordinating the issuance of the audit report.
- Performing other procedures deemed necessary.

Our oversight, as differentiated from an audit in conformance with applicable standards, was not intended to enable us to express, and accordingly we do not express an opinion on WMATA's financial statements. However, our monitoring review, as described above, disclosed no instances where RSM did not comply, in all material respects, with applicable auditing standards.

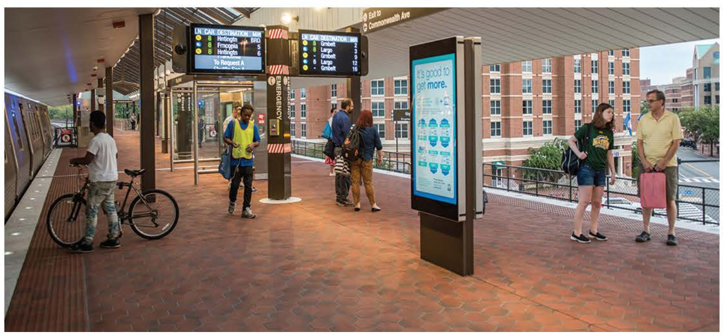
Meeting with the Board Executive Committee
RSM discussed the results of the audit with the Board Executive Committee on October 14, 2021.

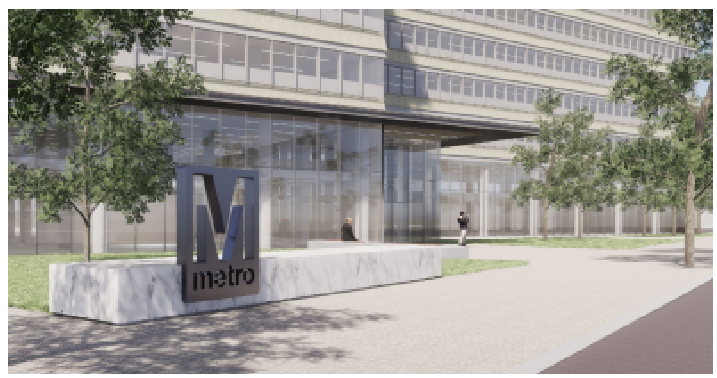
Attachment

Washington Metropolitan Area Transit Authority

Financial Report Issued in Accordance with Government Auditing Standards

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020





Washington Metropolitan Area Transit Authority
Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020

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RSM

Independent Auditor's Report

RSM US LLP

Board of Directors
Washington Metropolitan Area Transit Authority

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Washington Metropolitan Area Transit Authority (the Authority), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Washington Metropolitan Area Transit Authority Retirement Plan (Retirement Plan) or the Washington Metropolitan Area Transit Authority Local 2 Retirement Plan (Local 2 Plan), which collectively represent 83%, 83%, and 64%, respectively, of the assets, net position, and revenues of the aggregate remaining fund information as of and for the year ended June 30, 2021 and 85%, 84%, and 24%, respectively, of the assets, net position, and revenues of the aggregate remaining fund information as of and for the year ended June 30, 2020. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Retirement Plan and the Local 2 Plan, is based solely on the reports of the other auditors. We conducted our audits 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 from material misstatement. The financial statements of the Retirement Plan and the Local 2 Plan were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Washington Metropolitan Area Transit Authority, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Notes 2 and 14 to the accompanying financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Accordingly, net position was restated to reflect the balance of the Authority's fiduciary activities as part of the Pension and Other Employee Benefit Trust Funds, as of July 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, the schedules of employer contributions – pension plans, the schedule of changes in net OPEB liability and related ratios, the schedule of employer required contributions – Teamsters Local 922 Employers Health Trust Plan, and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements of fiduciary net position and combining statements of changes in fiduciary net position (collectively, the other supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021, 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 solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

Washington, District of Columbia
October 22, 2021

Management's Discussion and Analysis
June 30, 2021 and 2020
(Unaudited)

As management of the Washington Metropolitan Area Transit Authority (Authority or WMATA), we offer readers of the basic financial statements this overview and analysis of the financial activities of the Authority as of and for the years ended June 30, 2021 and 2020.

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

Fiscal Year 2021 Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of the close of the fiscal year by $8.5 billion (net position), of which, $11.2 billion, or 131.2%, represents the Authority's net investment in capital assets.
- The Authority incurred $1.4 billion in capital improvement costs, which primarily included construction on three new administrative buildings, passenger station rehabilitation, costs related to railcar and bus overhauls and renovations of the Northern and Bladensburg Metrobus garages.
- In June 2021, the Authority issued its first ever certified climate green bonds, Dedicated Revenue Bonds Series 2021A, totaling $973.4 million, including a premium of $189.0 million, which will be used to finance capital costs to support climate change solutions.
- On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the COVID-19 pandemic (pandemic). The CARES Act authorized an $876.8 million federal grant to the Authority to assist with lost revenue and additional costs incurred due to the pandemic. The Authority expended the remaining $648.9 million of this grant award during fiscal year 2021.
- In December 2020, Congress approved the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA Act) in response to the pandemic. The CRRSAA Act authorized a $713.9 million federal grant to the Authority to assist with lost revenue and additional costs incurred due to the pandemic. The Authority expended $53.9 million of this grant award during fiscal year 2021.

Fiscal Year 2020 Financial Highlights

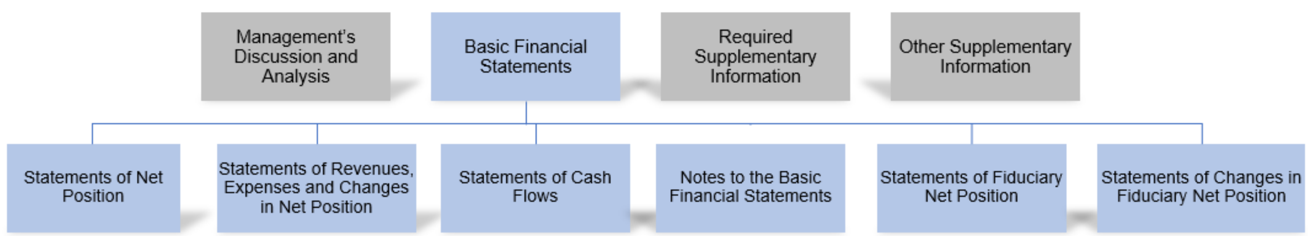
- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of the close of the fiscal year by $8.4 billion (net position), of which, $11.6 billion, or 138.5%, represents the Authority's net investment in capital assets.
- The Authority incurred $1.4 billion in capital improvement costs, which primarily included transit facility and track rehabilitation, communication systems and infrastructure, transit system control structures, office building construction, and bus overhauls.
- In June 2020, the Authority issued Dedicated Revenue Bonds Series 2020A totaling $694.9 million, including a premium of $149.9 million, to finance capital costs.
- The State of Maryland, District of Columbia, and the Commonwealth of Virginia lawmakers established legislation to jointly provide an annual dedicated revenue source (Dedicated Funding) to support funding the Authority's capital programs beginning in fiscal year 2020. The Authority reported a total of $500.0 million in Dedicated Funding during the fiscal year.

Fiscal Year 2020 Financial Highlights (continued)

- The Authority contributed $78.3 million to the WMATA Post-Employment Benefits Trust to fund other postemployment benefits (OPEB), of which $75.0 million was accounted for in the actuarial valuation for the fiscal year ended June 30, 2021 and $3.3 million will be accounted for in the actuarial valuation for the fiscal year ended June 30, 2022.
- In fiscal year 2020, the Authority expended $227.9 million of the CARES grant.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Authority's basic financial statements. The basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), as applicable to governmental entities using the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred regardless of the timing of the related cash flows. This report also contains Required Supplementary Information and Other Supplementary Information in addition to the basic financial statements.



Basic Financial Statements

The Authority's basic financial statements include business-type and fiduciary activities.

Business-type Activities are those activities of a government that are financed in whole or in part by fees charged to external parties for goods or services. The business-type activities are reported in the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and Statements of Cash Flows.

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

Overview of the Financial Statements (continued)

Basic Financial Statements (continued)

Fiduciary Activities are used to account for resources held for the benefit of parties outside of the Authority. These activities are excluded from the business-type activities because the resources of these funds are restricted and cannot be used to finance the Authority's operations. The fiduciary activities of the Authority include certain pension and OPEB plans for which the Authority appoints a majority of the governing boards.

The fiduciary activities are reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

- The **Statements of Fiduciary Net Position** present a point-in-time snapshot of the amounts the pension and OPEB plans have accumulated in net position to pay for future benefits and any liabilities that are owed as of the date of the statements.
- The **Statements of Changes in Fiduciary Net Position** present the additions and deductions for the fiscal years. Major sources of additions are contributions and net investment income. Major sources of deductions include benefit payments and administrative expenses. These statements present how the net position changed from the prior fiscal year.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements can be found on pages 20-90 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 defined benefit pension plans and OPEB plans for its employees.

The required supplementary information can be found on pages 91-106 of this report.

Other Supplementary Information

Combining Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position are presented to provide additional detail on the individual pension and OPEB plans that make up the pension and other employee benefit trust funds that are presented in the basic financial statements. Other supplementary information is presented following the required supplementary information.

The other supplementary information can be found on pages 107-111 of this report.

Financial Analysis Business-Type Activities

Condensed Statements of Net Position

The following provides an overview of the Authority's financial position as of June 30, 2021, 2020 and 2019:

Condensed Statements of Net Position
June 30, 2021, 2020 and 2019
(in thousands)

				2021 vs 2020		2020 vs 2019	
	2021	**2020**	**2019**	**Amount**	**%**	**Amount**	**%**
Current assets	$ 1,740,370	$ 1,072,171	$ 623,494	$ 668,199	62.3	$ 448,677	72.0
Capital assets, net	13,346,414	13,004,791	12,648,294	341,623	2.6	356,497	2.8
Other noncurrent assets	29,261	42,744	-	(13,483)	(31.5)	42,744	100.0
Total assets	15,116,045	14,119,706	13,271,788	996,339	7.1	847,918	6.4
Deferred outflows of resources	862,645	715,426	408,379	147,219	20.6	307,047	75.2
Current liabilities	917,029	896,096	965,114	20,933	2.3	(69,018)	(7.2)
Noncurrent liabilities	6,268,186	5,219,539	4,202,356	1,048,647	20.1	1,017,183	24.2
Total liabilities	7,185,215	6,115,635	5,167,470	1,069,580	17.5	948,165	18.3
Deferred inflows of resources	263,243	356,158	409,359	(92,915)	(26.1)	(53,201)	(13.0)
Net position:							
Net investment in capital assets	11,189,706	11,582,955	11,315,608	(393,249)	(3.4)	267,347	2.4
Restricted for capital	258,243	121,007	62,745	137,236	113.4	58,262	92.9
Unrestricted deficit	(2,917,717)	(3,340,623)	(3,275,015)	422,906	12.7	(65,608)	(2.0)
Total net position	$ 8,530,232	$ 8,363,339	$ 8,103,338	$ 166,893	2.0	$ 260,001	3.2

Current Year

The Authority's total net position, in the amount of $8.5 billion at June 30, 2021, increased by $166.9 million, or 2.0%, from June 30, 2020. The significant changes are described below:

- Current assets increased by $668.2 million, or 62.3%, primarily due to the following:
  - Restricted cash and cash equivalents increased $484.2 million, or 78.9%, due to unspent proceeds from the issuance of the Series 2021A Bonds.
  - Cash and cash equivalents increased by $178.2 million primarily due to Series 2021A Bond proceeds.
- Other noncurrent assets decreased by $13.5 million, or 31.5%, mainly due to the following:
  - Restricted cash and cash equivalents held with fiscal agent decreased $26.4 million, or 66.7%, due to a payment of $28.9 million from the escrow account for the Series 2020A Bonds interest.
  - Net pension assets increased by $13.0 million, primarily due to a change in benefit terms for the WMATA Local 922 Retirement Plan.
- Deferred outflows of resources increased by $147.2 million, or 20.6%, primarily due to the net differences between the projected and actual investment earnings for the pension and OPEB plans.

Financial Analysis Business-Type Activities (continued)

Condensed Statements of Net Position (continued)

Current Year (continued)

- Current liabilities increased by $20.9 million, or 2.3%, primarily due to the following:
  - Accounts payable and accrued expenses increased by $82.1 million, or 26.0% primarily due to an increase of $82.1 million in capital related accruals.
  - Accrued interest payable, increased by $13.3 million, or 52.4%, primarily due to Series 2020A bonds issued in June 2020 with scheduled payment due in July 2021.
  - Unearned revenue, increased by $5.3 million, or 4.6%, mainly due to the decline in ridership during the pandemic as value added to SmarTrip cards continues to outpace usage.
  - The increases above were offset by the following:
    - Accrued salaries and benefits decreased by $50.2 million, or 61.2%, due to prior year accruals of $21.2 million for two months of health insurance payments resulting from vendor delays in providing the invoices that were paid in the current year. In addition, due to travel restrictions imposed in response to the pandemic, many employees did not use their accumulated vacation leave in the prior year. As such, on July 1, 2020, the Authority made a one-time payment to employees of $11.7 million for fiscal year 2020 earned, unused vacation to avoid leave forfeiture in excess of the carryover limits. In the current year, the Authority also received a credit of $8.7 million for health insurance due to higher-than-expected prescription drug rebates and lower than expected claims costs.
    - Due to other governments decreased by $36.6 million, or 18.7%, resulting primarily from $22.5 million that was owed to the federal government from its interest in the early retirement of assets that the Authority was authorized to use to fund other eligible capital projects and a $15.5 million payment to Prince George's County, Maryland from the parking garage surcharge account to fund their debt service payment. The decreases were offset by $5.5 million owed to the federal government from the sale of multiple properties initially purchased with federal funds.
- Noncurrent liabilities, increased by $1.0 billion, or 20.1%, primarily due to:
  - Bonds payable increased by $922.1 million, or 53.3%, resulting from the issuance of the Series 2021A bonds.
  - Net pension liability increased by $194.0 million, or 19.9%, mainly due to changes in assumptions and a reduction in net investment income.
  - The increases were offset by the change in net OPEB liability, which decreased by $102.4 million, or 4.4%, due to changes in assumptions and benefit terms.
- Deferred inflows of resources decreased by $92.9 million, or 26.1%, primarily due to:
  - Deferred inflows from pensions decreased by $29.5 million, or 22.7%, due to changes in assumptions, changes in the expected and actual experience, and differences in the projected and actual investment earnings.
  - Deferred inflows from OPEB decreased by $65.1 million, or 28.8%, primarily due to changes in discount rates, mortality table and salary increases.
- Restricted net position increased by $137.2 million, or 113.4%, mostly due to an increase in unspent Dedicated Funding that is restricted to pay capital costs.

Financial Analysis Business-Type Activities (continued)

Condensed Statement of Net Position (continued)

Prior Year

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

- Current assets increased by $448.7 million, or 72.0%, primarily due to the following:
  - Restricted cash and cash equivalents increased $496.1 million, or 488.7%, due to proceeds from the issuance of the Series 2020A Bonds and the receipt of Dedicated Funding.
  - Cash and cash equivalents and investments decreased by $48.3 million and $38.7 million, respectively, primarily due to scheduled principal and interest payments on the bonds. In addition, cash deposits from operations decreased due to reduced ridership as a result of the stay-at-home orders to address the pandemic.
  - Restricted cash and cash equivalents held with fiscal agent increased due to $15.7 million held in escrow to pay fiscal year 2021 interest on the Series 2020A Bonds. Additionally, restricted investments held with fiscal agent decreased by $62.7 million due to the payment of the 2009B and 2018 Bonds on July 1, 2019.
  - Accounts receivable, net of allowance, increased by $54.8 million, or 33.4%, due primarily to a federal grant billing for costs related to the pandemic and an increase in outstanding amounts owed to the Authority for jurisdictional subsidies.
  - Materials and supplies inventory increased by $26.5 million, or 23.9%, due to an increase in pandemic-related personal protective equipment, such as masks, gloves, hand sanitizers and disinfectants.
- Other noncurrent assets consisting of restricted cash and cash equivalents held with fiscal agent increased mainly due to $42.7 million held in escrow to pay fiscal years 2022 and 2023 interests on the Series 2020A Bonds.
- Deferred outflows of resources increased by $307.0 million, or 75.2%, primarily due to the net differences between the projected and actual investment earnings for the pension and OPEB plans.
- Current liabilities decreased by $69.0 million, or 7.2%, primarily due to the following:
  - Accounts payable and accrued expenses decreased by $101.1 million, or 24.3% primarily due to decreased capital accruals.
  - Current portion of bonds payable, decreased by $49.6 million, or 65.6%, due to scheduled principal payments on the Series 2009A, 2009B and 2017B Bonds.
  - The decreases above were offset by the following:
    - Accrued salaries and benefits increased by $37.2 million, or 83.3%, due to a current year accrual of $21.2 million for two months of health insurance payments resulting from vendor delays in providing the invoices. In addition, due to travel restrictions imposed in response to the pandemic, the Authority authorized a onetime payment to employees of $11.7 million for fiscal year 2020 earned, unused vacation to avoid leave forfeiture in excess of the carryover limits, which was paid on July 1, 2020.

Financial Analysis Business-Type Activities (continued)

Condensed Statement of Net Position (continued)

<u>Prior Year (continued)</u>

- Due to other governments increased by $26.4 million, or 15.6%, resulting primarily from $34.1 million owed to the federal government due to the sale of land and revenue vehicles, offset by an $8.5 million net decrease in amounts owed for reimbursable projects due to the timing of cash received from jurisdictions in advance of the Authority incurring eligible costs.
- Unearned revenue increased by $25.3 million, or 28.7%, mainly due to automatic loading of fares onto SmarTrip cards, as ridership usage decreased during the pandemic.

- Restricted net position increased by $58.3 million, or 92.9%, primarily due to unspent Dedicated Funding that the Authority began receiving in fiscal year 2020.

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

The following table provides an overview of the revenues, expenses, and changes in net position for the years ended June 30, 2021, 2020 and 2019:

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021, 2020 and 2019
(in thousands)

				2021 vs 2020		2020 vs 2019	
	2021	**2020**	**2019**	**Amount**	**%**	**Amount**	**%**
Operating and nonoperating revenues:							
Operating revenues	$ 146,174	$ 582,574	$ 789,678	$ (436,400)	(74.9)	$ (207,104)	(26.2)
Federal and jurisdictional	1,788,707	1,502,025	1,121,805	286,682	19.1	380,220	33.9
All other nonoperating revenues	10,808	18,061	20,195	(7,253)	(40.2)	(2,134)	(10.6)
Total operating and nonoperating revenues	1,945,689	2,102,660	1,931,678	(156,971)	(7.5)	170,982	8.9
Operating expenses	3,080,216	3,206,877	3,088,055	(126,661)	(3.9)	118,822	3.8
Nonoperating expenses	61,999	44,148	201,153	17,851	40.4	(157,005)	(78.1)
Total expenses	3,142,215	3,251,025	3,289,208	(108,810)	(3.3)	(38,183)	(1.2)
Loss before capital contributions and extraordinary items	(1,196,526)	(1,148,365)	(1,357,530)	(48,161)	(4.2)	209,165	15.4
Capital contributions	1,346,819	1,410,114	975,500	(63,295)	(4.5)	434,614	44.6
Extraordinary items	16,600	(1,748)	-	18,348	1049.7	(1,748)	(100.0)
Change in net position	166,893	260,001	(382,030)	(93,108)	(35.8)	642,031	168.1
Net position, beginning of year	8,363,339	8,103,338	8,485,368	260,001	3.2	(382,030)	(4.5)
Net position, end of year	$ 8,530,232	$ 8,363,339	$ 8,103,338	$ 166,893	2.0	$ 260,001	3.2

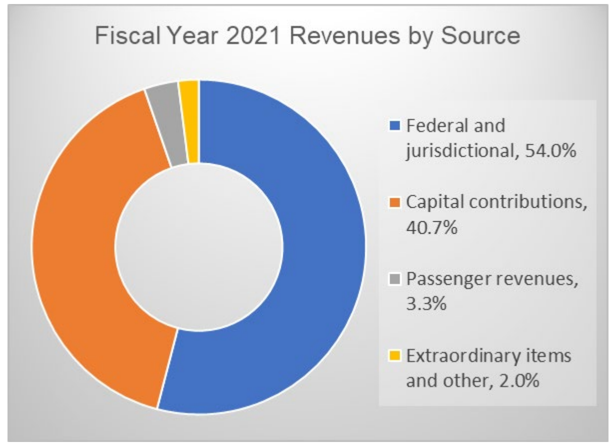
Financial Analysis Business-Type Activities (continued)

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

Revenues

Current Year

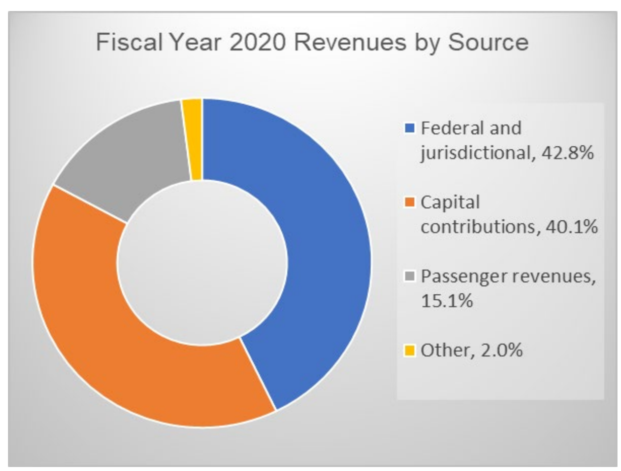
Total fiscal year 2021 revenues, including capital contributions and extraordinary items, in the amount of $3.3 billion decreased by $203.7 million, or 5.8%, from fiscal year 2020. Federal and jurisdictional revenues, passenger revenues and capital contributions account for 54.0%, 3.3%, and 40.7% of total fiscal year 2021 revenues, respectively.



- Total operating revenues decreased by $436.4 million, or 74.9%, from fiscal year 2020 primarily due to a decrease in passenger revenues in the amount of $423.3 million, or 79.6%, due to decreased ridership in fiscal year 2021 during the pandemic. Additional information on passenger trips is provided on the following page.
- Federal and jurisdictional revenues increased by $286.7 million, or 19.1%, from fiscal year 2020 mainly due to:
  - Federal grants increased by $465.8 million, or 171.2%, primarily due to an additional $421.0 million received in CARES Act funds and $53.9 million of CRRSAA Act funds.
  - The increases were partly offset by a decrease of $179.1 million or 14.6%, in jurisdictional subsidies due to $238.9 million that the Authority allocated to participating jurisdictions in the form of credits, which were applied to their operating subsidies in fiscal year 2021.
- Extraordinary items increased by $18.3 million due to insurance proceeds of $16.6 million received in the current year that related to the fire at the Authority's headquarters in the prior year, which resulted in an impairment loss of $1.7 million reported in fiscal year 2020.

Prior Year

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



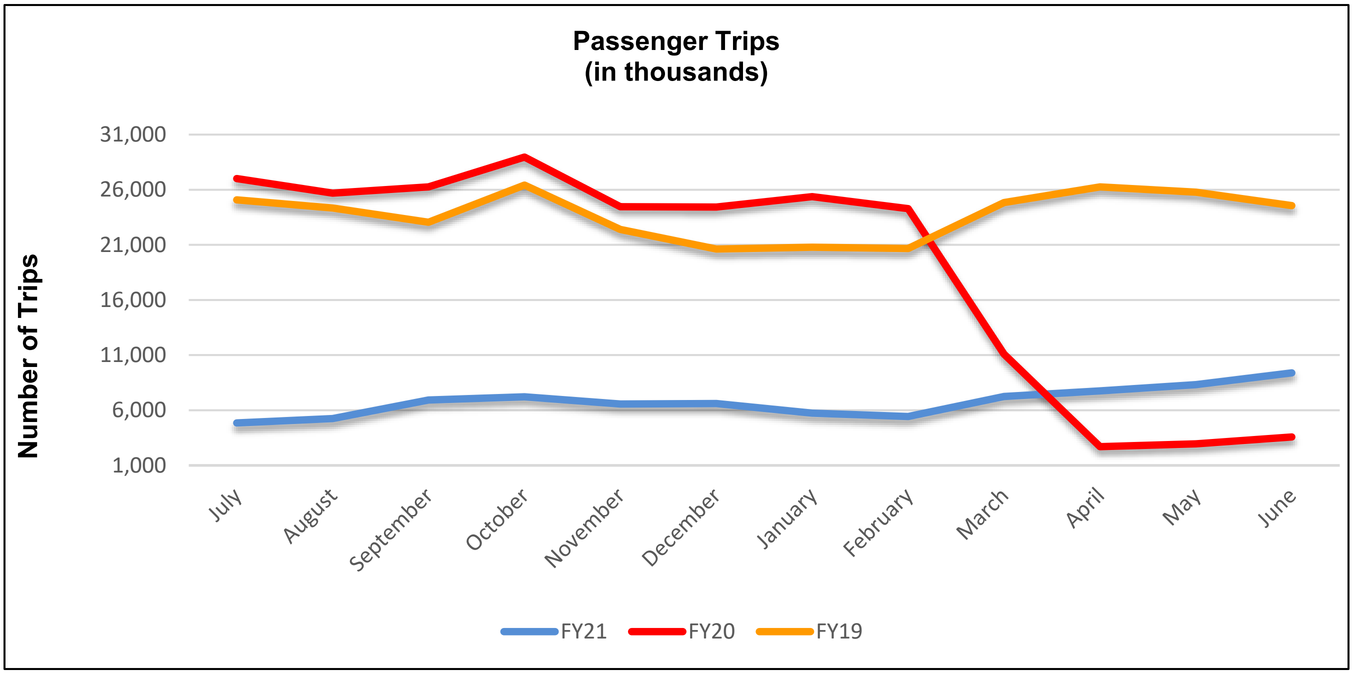
- Total operating revenues decreased by $207.1 million, or 26.2%, from fiscal year 2019 primarily due to a decrease in passenger revenues in the amount of $198.5 million, or 27.2%, due to decreased ridership in fiscal year 2020 during the pandemic.
- Capital contributions increased by $434.6 million,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

Financial Analysis Business-Type Activities (continued)

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

Passenger Trips

Below is a trend of the number of passenger trips by month for the fiscal years ended June 30, 2021, 2020 and 2019 (in thousands):



Passenger trips decreased in fiscal year 2021 from fiscal year 2020, by a cumulative total of 145.5 million trips, or 64.1%, primarily due to the pandemic that drastically reduced ridership.

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

Overall, the pandemic had a greater impact on rail ridership than bus.

Financial Analysis Business-Type Activities (continued)

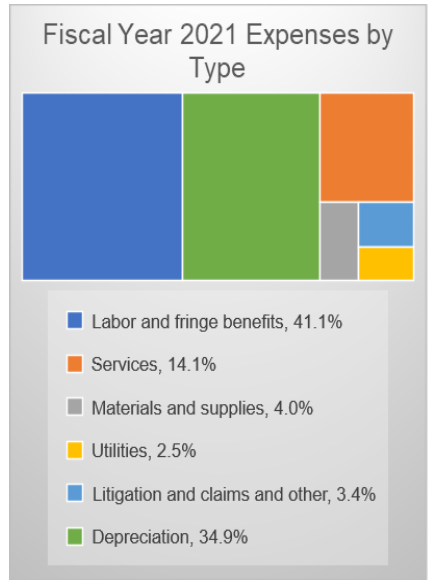
Condensed Statements of Revenues, Expenses, and Changes in Net Position (continued)

Expenses

Current Year

Total expenses for fiscal year 2021, in the amount of $3.1 billion, decreased by $108.8 million, or 3.3%, from fiscal year 2020.

Labor and fringe benefits are consistently the Authority's largest expenses, comprising 41.1% of total expenses. Depreciation is the next largest expense, which is expected due to the Authority's large capital asset base.

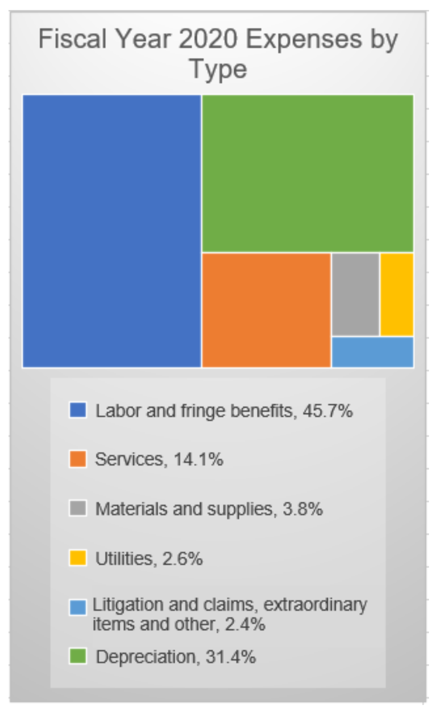


A review of significant changes is described below:

- Operating expenses decreased by $126.7 million, or 3.9%, primarily due to the following:
  - Labor and fringe benefits decreased by $194.7 million, or 13.1%, primarily due to OPEB expenses decreasing by $237.7 million mainly due to a plan change from a self-insured program to a fully insured Medicare Advantage program.
  - Depreciation increased by $75.8 million, or 7.4%, primarily due to additional assets placed in service, which includes revenue vehicles, non-revenue vehicles and transit facility improvements.
- Nonoperating expenses increased by $17.9 million, or 40.4%, largely due to interest expense from the issuance of the 2020A Bond series in June 2020.

Prior Year

Total expenses, including extraordinary items, for fiscal year 2020, in the amount of $3.3 billion, decreased by $38.2 million, or 1.2%, from fiscal year 2019. This increase included the following:



- Labor and fringe benefits increased by $138.1 million, or 10.2%, primarily due to an increase of $87.7 million in the actuarially calculated expense for pension and OPEB, $53.6 million mainly related to salary increases and filling vacant positions, and $29.5 million increase due to less capitalized labor in fiscal year 2020. These increases were offset by a decrease of $28.4 million in workers compensation reserve contribution due to an increase in the discount rate.
- Materials and supplies decreased by $14.6 million, or 10.6%, primarily due to a $14.0 million reduction in actual obsolescence write-offs from the prior year.

Financial Analysis Business-Type Activities (continued)

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

Expenses (continued)

Prior Year (continued)

- Nonoperating expenses decreased by $157.0 million, or 78.1%, largely due to $167.2 million in losses in prior year from the early retirement of the 5000-series railcars.
- Extraordinary items increased by $1.7 million due to a fire at the Authority's headquarters that damaged several floors of the building resulting in an impairment loss of $1.7 million.

Capital Assets and Debt Administration Business-Type Activities

Capital Assets

The following table shows the capital assets of the Authority as of June 30, 2021, 2020 and 2019:

Schedule of Capital Assets
June 30, 2021, 2020 and 2019
(in thousands)

				2021 vs 2020		2020 vs 2019	
	2021	**2020**	**2019**	**Amount**	**%**	**Amount**	**%**
Land	$ 567,233	$ 562,176	$ 565,720	$ 5,057	0.9	$ (3,544)	(0.6)
Construction in progress	964,419	798,282	803,823	166,137	20.8	(5,541)	(0.7)
Buildings and improvements	1,268,744	1,243,246	1,046,063	25,498	2.1	197,183	18.9
Transit facilities	15,567,889	14,686,336	13,819,459	881,553	6.0	866,877	6.3
Revenue vehicles	4,928,446	4,723,586	4,561,314	204,860	4.3	162,272	3.6
Equipment and other	4,435,960	4,326,716	4,262,370	109,244	2.5	64,346	1.5
Total capital assets	27,732,691	26,340,342	25,058,749	1,392,349	5.3	1,281,593	5.1
Less: accumulated depreciation	14,386,277	13,335,551	12,410,455	1,050,726	7.9	925,096	7.5
Capital assets, net	$ 13,346,414	$ 13,004,791	$ 12,648,294	$ 341,623	2.6	$ 356,497	2.8

Current Year

Capital assets, net increased by $341.6 million, or 2.6%, from fiscal year 2020. Significant capital asset activity during fiscal year 2021 is as follows:

- Transit facilities increased by $881.6 million, or 6.0%, partly due to transit facility and track rehabilitation which includes construction completed on four Orange line stations (East Falls Church, West Falls Church, Dunn Loring and Vienna), railcar power upgrades, traction power electrification, faregate collection system and radio and cellular infrastructure.
- Revenue vehicles increased by $204.9 million, or 4.3%, which resulted from the rehabilitation of 194 railcars and 100 buses and the purchase of 187 buses and 125 MetroAccess vehicles.

Capital Assets and Debt Administration Business-Type Activities (continued)

Capital Assets (continued)

Current Year (continued)

- Construction in progress increased by $166.1 million, or 20.8%, due to costs of several projects that will be placed in service in future years, including the office consolidation project and ongoing platform rehabilitation project.
- Equipment and other increased by $109.2 million, or 2.5%, mainly due to technology system upgrades to allow staff to work remotely during the pandemic, completion of a new timekeeping system, and Vendor Managed Inventory system upgrades.
- Accumulated depreciation increased by $1.1 billion, or 7.9%, because of additions to asset placed in service and fewer assets being disposed of as compared to the previous fiscal year.

Prior Year

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

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

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

Capital Assets and Debt Administration Business-Type Activities (continued)

Bonds and Other Debt

A schedule of the Authority's debt activity for the years ended June 30, 2021, 2020 and 2019 is as follows:

Schedule of Outstanding Debt
June 30, 2021, 2020 and 2019
(in thousands)

				2021 vs 2020		2020 vs 2019	
	2021	**2020**	**2019**	**Amount**	**%**	**Amount**	**%**
Outstanding bonds	$ 2,226,245	$ 1,467,820	$ 998,370	$ 758,425	51.7	$ 469,450	47.0
Net unamortized bond premium	452,331	287,363	148,784	164,968	57.4	138,579	93.1
Total debt	$ 2,678,576	$ 1,755,183	$ 1,147,154	$ 923,393	52.6	$ 608,029	53.0

Current Year

The Authority's total debt increased by $923.4 million, or 52.6%, from fiscal year 2020. Significant activities are described below:

- The Authority issued Series 2021A Dedicated Revenue Bonds totaling $973.4 million, including a premium of $189.0 million, on June 8, 2021. The proceeds will be used to fund capital costs that support the growth and maintenance of a high-quality public transportation system with low carbon emissions.
- The Authority made total principal payments of $26.0 million on the Series 2017A, 2017B and 2018 Bonds during the fiscal year.

Prior Year

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

- The Authority issued Series 2020A Dedicated Revenue Bonds totaling $694.9 million, including a premium of $149.9 million, on June 11, 2020. The proceeds will be used to fund capital costs and will be repaid by Dedicated Funding.
- The Authority made total principal payments of $75.6 million on the Series 2009A, 2009B and 2017B Bonds in July 2019.

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

Future Capital Plans Business-Type Activities

Capital Improvement Program

The Board of Directors (Board) approved a six-year, $12.3 billion Capital Improvement Program (CIP) on April 22, 2021. The six-year CIP focuses on system preservation and state of good repair requirements that were identified by a capital needs forecast and includes driving operating efficiency and improvements in service reliability and customer experience. Funding for the CIP assumes federal formula funding will continue at current levels, but the federal Passenger Rail Investment and Improvement Act (PRIIA) is not reauthorized beyond fiscal year 2021. The funding assumptions include continuation of the state and local portion of PRIIA funding, despite the expiration of the federal portion, and Dedicated Funding.

The fiscal year 2022 capital budget contains $2.6 billion in investments for safety, state of good repair, and the reliability of Metrorail, Metrobus and MetroAccess vehicles. The Authority updates the jurisdictions and the Board quarterly about the progress of the capital program.

Silver Line Rail Expansion

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

Phase 1 was transferred to the Authority and placed into service on July 26, 2014, adding 11.6 miles to the existing Metrorail system. Construction on Phase 2 of the project began on August 7, 2013 and is expected to be placed into service in fiscal year 2023. Phase 2 will extend the Metrorail system an additional 11.5 miles beginning at Wiehle Avenue to Reston Town Center, Herndon, Dulles International Airport and ending in Eastern Loudoun County in Ashburn, Virginia.

Office Consolidation

The Authority began its office consolidation project by purchasing a building to renovate for a new headquarters in the District of Columbia in fiscal year 2018. Two additional buildings are being constructed on property that the Authority already owned in Maryland and Virginia. These sites will be used to consolidate office staff from the current headquarters and various leased spaces throughout the Washington DC metropolitan area into three locations. Construction on the new headquarters in Washington DC is expected to be completed in fiscal year 2022, and the other two buildings are expected to be completed in fiscal year 2023.

The Authority has plans to redevelop its headquarters located at the Jackson Graham Building in Washington, DC as a mixed-use commercial development through long-term ground lease with the sale of the building, which is anticipated to close in fiscal year 2023. The Authority plans to vacate the current headquarters and will consolidate its operations into the three newly built properties.

These projects support the efficient use of office space across the Authority through the reduction of leased space and is projected to save $130.0 million over 20 years.

Yellow/Blue Line Improvements

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

Future Capital Plans Business-Type Activities (continued)

Zero-Emission Bus Program

The zero-emission bus program will have potential to reduce local air pollution; provide a quieter, smoother ride; and support a more livable and equitable region. Strategies are underway in assessing challenges associated with extending energy infrastructure to fueling locations. These strategies will enable the future large-scale rollout of a zero-emission technology, obtain low or no emission program grant, continued incorporation of "electric bus ready" design in new bus garages and establish ongoing engagement with regional utilities. The zero-emission bus fleet is expected to be 100% complete by calendar year 2045.

Acquisition of 8000-Series Railcars

The Authority will acquire up to 800 new 8000 series railcars. The acquisition of the new railcars will allow retirement of the 2000 and 3000 series cars at the end of their 40-year service life. New railcars reduce maintenance needs, prevent future safety and reliability concerns and provide improved customer features.

Economic Factors

The CRRSAA Act authorized $14.0 billion to help transit agencies prevent, prepare for and respond to the pandemic. This resulted in a total of $13.3 billion in funding for urbanized areas, of which $713.9 million was made available to the Authority to include additional funding for transit and will be directed to cover payroll and operations of public transit.

Even with the additional CRRSAA Act funding, the Authority continues to face overall funding shortfalls in the operating budget stemming from the continued impact on ridership caused by the pandemic. The relief will enable Metro to minimize proposed service cuts, employee lay-offs, limit subsidy growth from jurisdictional partners, incentivize ridership growth and support the regional economy.

According to the Bureau of Labor Statistics, the Washington, DC metropolitan area had an unemployment rate of 5.4% compared to the national rate of 6.1%, while the metropolitan area's job growth rate increased by 5.8% as of June 30, 2021. The region gained over 177,000 jobs during the 12 months ending June 30, 2021. The region is gradually recovering from the pandemic with pandemic-related capacity restrictions lifting and in-person education beginning in fiscal year 2022. The recovery will support the region in continued employment growth.

Requests for Information

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

Business-Type Activities
Statements of Net Position
June 30, 2021 and 2020
(in thousands)

Exhibit 1
(continued)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 269,017	$ 90,797
Restricted cash and cash equivalents	1,071,056	597,586
Restricted cash and cash equivalents held with fiscal agent	26,447	15,721
Investments	2,523	2,676
Accounts receivable, net of allowance	215,682	218,914
Prepaid items	2,633	9,091
Materials and supplies inventory, net of obsolescence	153,012	137,386
Total current assets	1,740,370	1,072,171
Noncurrent assets:		
Restricted cash and cash equivalents held with fiscal agent	13,230	39,670
Net pension asset	16,031	3,074
Capital assets:		
Land	567,233	562,176
Construction in progress	964,419	798,282
Buildings and improvements	1,268,744	1,243,246
Transit facilities	15,567,889	14,686,336
Revenue vehicles	4,928,446	4,723,586
Equipment and other	4,435,960	4,326,716
Less: accumulated depreciation	(14,386,277)	(13,335,551)
Total capital assets, net	13,346,414	13,004,791
Total noncurrent assets	13,375,675	13,047,535
Total assets	15,116,045	14,119,706
Deferred outflows of resources:		
Accumulated decrease in fair value of hedging derivatives	-	5,384
Deferred loss on debt defeasance	3,019	3,294
Deferred outflows from pensions	522,607	378,985
Deferred outflows from OPEB	337,019	327,763
Total deferred outflows of resources	862,645	715,426
Total assets and deferred outflows of resources	$ 15,978,690	$ 14,835,132

Business-Type Activities
Statements of Net Position
June 30, 2021 and 2020
(in thousands)

Exhibit 1
(concluded)

	2021	2020
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 397,744	$ 315,671
Accrued salaries and benefits	31,780	81,943
Compensated absences	73,636	75,442
Due to other governments	158,551	195,128
Accrued interest payable	38,594	25,316
Unearned revenue	118,852	113,601
Litigation and claims	54,261	51,711
Retainage on contracts	16,296	11,284
Bonds payable	27,315	26,000
Total current liabilities	917,029	896,096
Noncurrent liabilities:		
Compensated absences	43,368	22,129
Litigation and claims	136,969	136,389
Retainage on contracts	36,618	23,451
Bonds payable	2,651,261	1,729,183
Net pension liability	1,167,571	973,555
Net OPEB liability	2,232,399	2,334,832
Total noncurrent liabilities	6,268,186	5,219,539
Total liabilities	7,185,215	6,115,635
Deferred inflows of resources:		
Accumulated increase in fair value of hedging derivatives	1,704	-
Deferred inflows from pensions	100,262	129,755
Deferred inflows from OPEB	161,277	226,403
Total deferred inflows of resources	263,243	356,158
Total liabilities and deferred inflows of resources	7,448,458	6,471,793
NET POSITION		
Net investment in capital assets	11,189,706	11,582,955
Restricted for:		
Capital	258,243	121,007
Unrestricted (deficit)	(2,917,717)	(3,340,623)
Total net position	$ 8,530,232	$ 8,363,339

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

Business-Type Activities — Exhibit 2
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020
OPERATING REVENUES		
Passenger	$ 108,188	$ 531,513
Advertising	14,233	25,947
Rental	23,554	24,823
Other	199	291
Total operating revenues	146,174	582,574
OPERATING EXPENSES		
Labor and fringe benefits	1,290,965	1,485,709
Services	441,603	457,614
Materials and supplies	127,367	124,047
Utilities	79,683	85,420
Litigation and claims	26,121	20,691
Leases and rentals	11,099	8,199
Miscellaneous	7,056	4,672
Depreciation	1,096,322	1,020,525
Total operating expenses	3,080,216	3,206,877
Operating loss	(2,934,042)	(2,624,303)
NONOPERATING REVENUES (EXPENSES)		
Investment income	45	2,519
Interest expense and fiscal charges	(54,717)	(41,197)
Net loss on disposition of assets	(7,282)	(2,951)
Other	10,763	15,542
Federal and jurisdictional:		
Federal grants	737,776	272,001
Jurisdictional subsidies	1,050,931	1,230,024
Total nonoperating revenues (expenses), net	1,737,516	1,475,938
Loss before capital contributions and extraordinary items	(1,196,526)	(1,148,365)
Capital contributions	1,346,819	1,410,114
Extraordinary items	16,600	(1,748)
Change in net position	166,893	260,001
Total net position, beginning of year	8,363,339	8,103,338
Total net position, end of year	$ 8,530,232	$ 8,363,339

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

Business-Type Activities
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020
(in thousands)

Exhibit 3
(continued)

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from operations	$ 149,350	$ 629,253
Cash received from other sources	10,763	15,542
Cash paid to suppliers	(672,651)	(735,424)
Cash paid to employees	(1,490,566)	(1,442,307)
Cash paid for operating litigation and claims	(22,991)	(41,516)
Net cash used in operating activities	(2,026,095)	(1,574,452)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from federal grants and jurisdictional subsidies	1,798,376	1,470,053
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to construct capital assets	(1,350,111)	(1,464,711)
Receipts from capital contributions	1,277,162	1,335,800
Payment of interest and fiscal charges	(65,162)	(52,850)
Principal payments on bonds and other debt	(26,000)	(545,550)
Proceeds from debt issuance and other debt	973,391	1,164,880
Jurisdictional receipts for debt service	44,841	46,141
Proceeds from sale of capital assets	9,376	19,939
Net cash provided by capital and related financing activities	863,497	503,649
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	88,909	175,044
Purchases of investments	(88,916)	(73,501)
Interest received from operational investments	205	2,398
Net cash provided by investing activities	198	103,941
Net change in cash and cash equivalents	635,976	503,191
Cash and cash equivalents, beginning of year	743,774	240,583
Cash and cash equivalents, end of year	$ 1,379,750	$ 743,774

Business-Type Activities — Exhibit 3 (concluded)
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (2,934,042)	$ (2,624,303)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,096,322	1,020,525
Miscellaneous receipts	10,763	15,542
Accumulated increase (decrease) in fair value of hedging derivatives	7,088	(4,416)
Effect of changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables, net of allowance	(2,075)	21,380
Decrease (increase) in prepaid items	6,458	(5,242)
(Increase) in materials and supplies inventory, net of obsolescence	(15,626)	(26,507)
(Increase) in deferred outflows from pensions	(143,622)	(162,932)
(Increase) in deferred outflows from OPEB	(9,256)	(139,973)
(Increase) in net pension asset	(12,957)	(3,074)
(Decrease) in accounts payable and accrued expenses	(3,763)	(16,233)
(Decrease) increase in accrued salaries and benefits	(50,163)	37,245
Increase in compensated absences	19,433	11,666
Increase in unearned revenue	5,251	25,299
Increase (decrease) in litigation and claims	3,130	(20,825)
Increase in net pension liability	194,016	136,662
(Decrease) increase in net OPEB liability	(102,433)	213,935
(Decrease) increase in deferred inflows from pensions	(29,493)	25,515
(Decrease) in deferred inflows from OPEB	(65,126)	(78,716)
Total adjustments	907,947	1,049,851
Net cash used in operating activities	$ (2,026,095)	$ (1,574,452)
NONCASH OPERATING, INVESTING, CAPITAL AND FINANCING ACTIVITIES		
(Loss) gain in fair value of investments	$ (160)	$ 121
Donated assets included in capital asset additions	$ 477	$ 10,296
Loss on disposal of assets	$ 11,018	$ 16,364
Capital asset additions included in accounts payable	$ 279,780	$ 193,943
Adjustment to previously recognized capital assets	$ 5,359	$ 247
Use of federal interest included in capital contributions	$ 22,533	$ -
Extraordinary item - fire loss	$ -	$ 1,748

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

Fiduciary Activities **Exhibit 4**
Statements of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2021 and 2020
(in thousands)

	2021	2020
ASSETS		
Cash and cash equivalents	$ 7,872	$ 8,799
Receivables:		
Employer contributions	-	3,273
Due from broker for investments sold	1,000	2,700
Due from Retirement Plan	-	507
Accrued income	-	2
Total receivables	1,000	6,482
Investments:		
Equity index funds-domestic	189,835	157,771
Equity index funds-international	139,313	107,403
Bond index funds-domestic	118,385	138,109
Bond index funds-international	65,246	60,549
Real estate investment fund-domestic	65,495	26,915
Virginia pooled trust	118,989	88,770
Total investments	697,263	579,517
Total assets	706,135	594,798
LIABILITIES		
Accrued pension benefits	4,917	4,822
Due to Local 2 Plan	-	507
Accounts payable	396	349
Total liabilities	5,313	5,678
NET POSITION		
Restricted for:		
Pension benefits	581,833	497,078
Postemployment benefits other than pensions	118,989	92,042
Total net position	$ 700,822	$ 589,120

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

Fiduciary Activities — Exhibit 5
Statements of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020
ADDITIONS		
Contributions:		
Employer	$ 80,510	$ 157,926
Assets transferred from Retirement Plan	-	507
Total contributions	80,510	158,433
Investment Income:		
Net appreciation value of investments	137,197	12,507
Interest, dividends and other	5,857	2,424
Total investment income	143,054	14,931
Less investment expenses:		
Custodial fees	867	886
Other	-	1
Net investment income	142,187	14,044
Total additions	222,697	172,477
DEDUCTIONS		
Benefits paid to participants or beneficiaries	106,666	106,030
Administrative expenses	4,329	4,743
Assets transferred to Local 2 Plan	-	507
Other	-	24
Total deductions	110,995	111,304
Net increase in fiduciary net position	111,702	61,173
Net position - beginning (as restated)	589,120	527,947
Net position - ending	$ 700,822	$ 589,120

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

Notes to the Basic Financial Statements
June 30, 2021 and 2020

1. Background, Governance and Reporting Entity

(a) Organization

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

(b) Governance

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

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

(c) Financial Reporting Entity

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

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

Component units can also be other organizations for which its exclusion from the financial reporting entity would cause the financial statements to be misleading.

1. Background, Governance and Reporting Entity (continued)

(c) Financial Reporting Entity (continued)

If an organization is engaged in fiduciary activities, it is a fiduciary component unit if it meets the criteria above for a component unit and is one of the following arrangements:

1) A pension or other postemployment benefit (OPEB) plan that is administered through a qualified trust, or
2) A circumstance in which assets from an entity that is not part of the reporting entity is accumulated for pensions or OPEB that is not administered through a qualified trust.

Based on the application of these criteria and the current year adoption of GASB Statement No. 84, *Fiduciary Activities*, the Authority includes three fiduciary component units in its reporting entity: the WMATA Retirement (Retirement) Plan; the WMATA Local 2 Retirement (Local 2) Plan; and the WMATA Healthcare Plan. Each of these Plans are legally separate and administered through a qualified trust. In addition, the Authority appoints a voting majority of each of the boards, and the Authority can impose its will on the organizations. Accordingly, these plans are reported as fiduciary activities in Pension and Other Employee Benefit Trust Funds in the Authority's fiduciary fund financial statements.

The WMATA Transit Employees' Retirement (Local 689), WMATA Transit Police Retirement (Transit Police), WMATA Local 922 Retirement (Local 922), Deferred Compensation 457, and Defined Contribution 401(a) Plans are not included as fiduciary funds or component units of the Authority. These Plans are all legally separate and distinct entities from the Authority and are administered by their own boards. The Authority assumes no fiduciary responsibility and has no direct control over the Plans or of their assets. Accordingly, they are not reported as fiduciary activities in the Authority's basic financial statements.

Additional information on the pension and OPEB plans, including their relationship with the Authority and how to obtain their separately issued financial statements, as applicable, are further described in Note 10, *Pension Plans*, and Note 11, *Other Postemployment Benefits*, respectively, to the basic financial statements.

2. Summary of Significant Accounting Policies

The basic financial statements provide information about the Authority's business-type activities and fiduciary activities. The Authority's business-type activities are comprised of its operations of the rail, bus, and paratransit systems. The Authority's fiduciary activities include resources held in trusts for retires and beneficiaries covered by the Retirement, Local 2 and WMATA Healthcare Plans.

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

(a) Basis of Accounting

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

2. Summary of Significant Accounting Policies (continued)

(b) Cash and Cash Equivalents

The cash and cash equivalent for business-type activities consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less at the date of acquisition.

Cash and cash equivalents for fiduciary activities consist of open-ended mutual funds.

(c) Restricted Cash and Cash Equivalents

The Authority's restricted cash and cash equivalents consist of unspent proceeds from dedicated capital funding (Dedicated Funding) and from the issuances of Series 2021A and 2020A Dedicated Revenue Bonds and Series 2018 Gross Revenue Transit Bonds that are restricted for capital costs. Dedicated Funding, which was enacted by legislation, is an annual revenue stream that is jointly provided to the Authority by the State of Maryland, District of Columbia, and Commonwealth of Virginia to fund capital projects.

Additionally, other amounts in restricted cash and cash equivalents include unspent surcharge amounts collected at parking facilities per agreements with Fairfax County, Virginia and the counties of Montgomery and Prince George's in Maryland. The cash received from parking surcharges, as governed by the terms of the Parking Surcharge Agreements, are required to be used for payment of the expenses related to the parking structures in each of the respective jurisdictions, including lease and financing payments.

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

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

(e) Investments

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

The fiduciary activities' investments are measured at fair value using net asset value (NAV) as a practical expedient.

(f) Accounts Receivable, Net of Allowance

Accounts receivable, net of allowance in the business-type activities include amounts due from governmental agencies, companies, and other customers. The accounts receivable balances are reported net of allowance for doubtful accounts. Management estimates the probability of collection of receivables and adjusts the allowance accordingly.

(g) Prepaid Items

Prepaid items include certain payments for insurance, leases, workers compensation and other prepaid times where cost are applicable to future accounting periods.

2. Summary of Significant Accounting Policies (continued)

(h) Materials and Supplies Inventory, Net of Obsolescence

Materials and supplies inventory is reported using the average cost method, net of an allowance for obsolete inventory of $10.1 million and $16.1 million as of June 30, 2021 and 2020, respectively. Obsolete inventory is estimated by taking the highest of the current and prior two fiscal years' actual inventory write-offs.

(i) Capital Assets

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

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

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

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

(j) Accounts Payable and Accrued Expenses

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

(k) Accrued Salaries and Benefits

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

(l) Accrued Pension Benefits

Accrued pension benefits in the fiduciary activities consist of pension or other postemployment benefits due to the Retirement Plan and Local 2 Plan participants.

(m) Due to Other Governments

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

2. Summary of Significant Accounting Policies (continued)

(m) Due to Other Governments (continued)

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

(n) Compensated Absences

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

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

The Authority records a liability for unused vacation balances that are estimated to be used or paid out by June 30th of each year. Depending on the employees' respective group, remaining unused vacation amounts in excess of the Authority's maximum carryover limit must be used by December 31 or June 30, or they are either forfeited, converted to sick leave, or paid out to employees and are no longer included as a compensated absence liability to the Authority.

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

2. Summary of Significant Accounting Policies (continued)

(n) Compensated absences (continued)

The Authority's policy and the related collective bargaining agreements permit certain eligible employees to accumulate compensatory time. Non-represented, exempt employees may accrue compensatory time up to 75 hours in a calendar year. The other employee groups may accrue and carry forward compensatory time up to 240 hours in a calendar year. Compensatory time balances in excess of the maximum annual carryover limits as of December 31 each year are either paid out as overtime or forfeited, as dictated by the applicable policy or collective bargaining agreement. The compensatory balances accrued at June 30, 2021 and 2020 were $2.5 million and $2.6 million, respectively, and are included as a component of compensated absences on the Statements of Net Position.

(o) Unearned Revenue

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

(p) Litigation and Claims

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

(q) Retainage on Contracts

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

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

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

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

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

(s) Hedging Derivative Instrument

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

2. Summary of Significant Accounting Policies (continued)

(s) Hedging Derivative Instrument (continued)

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

(t) Operating and Nonoperating Revenues and Expenses

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

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

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

(u) Capital Contributions

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

(v) Extraordinary Items

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

(w) Net Position

The business-type activities net position represents the residual interest in assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and consists of the net investment in capital assets, restricted and unrestricted net position, as follows:

2. Summary of Significant Accounting Policies (continued)

(w) Net Position (continued)

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

The fiduciary activities net position represents the financial position of the assets and liabilities, which are classified as restricted for payments of pension and postemployment benefits to the members and beneficiaries of the Retirement Plan, Local 2 Plan and WMATA Healthcare Plan.

(x) Reclassifications

Certain reclassifications were made to the comparative fiscal year 2020 amounts to conform to the fiscal year 2021 presentation in the basic financial statements.

(y) Use of Estimates

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

(z) GASB Pronouncements

The Authority adopted the following GASB Statements in fiscal year 2021:

- **GASB Statement No. 84, *Fiduciary Activities*** (GASB 84)**:** This Statement establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria are reported in one of four fiduciary fund types in the basic financial statements, which are: 1) Pension (or other employee benefit) trust fund, 2) Investment trust fund 3) Private-purpose trust fund, and 4) Custodial fund.

2. Summary of Significant Accounting Policies (continued)

(z) GASB Pronouncements (continued)

The implementation resulted in the identification of the following fiduciary component units: the Retirement Plan, the Local 2 Plan, and the WMATA Healthcare Plan. Accordingly, the Authority has included the financial statements of these plans as fiduciary activities in pension and other employee benefit trust funds in the Authority's financial statements. Refer to Note 15, *Prior Period Adjustments,* to the basic financial statements for additional information.

- **GASB Statement No. 90, *Majority Equity Interests*:** The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Authority currently does not have any majority equity interests; therefore, the adoption of this Statement did not have an impact on the Authority's financial statements.

- **GASB Statement No. 93, *Replacement of Interbank Offered Rates:*** This Statement was issued to address accounting and financial reporting implications that result from the replacement of the London Interbank Offered Rate (LIBOR) or any other Interbank Offered Rate. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, requiring governments to amend or replace instruments to replace LIBOR with other reference rates. GASB 53 requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the change in the use of LIBOR as a reference rate. Additionally, replacement of a rate such as LIBOR on which variable payments depend in a lease contract accounted for under GASB 87*, Leases,* would require a government to apply the lease modification provisions. Therefore, this Statement provides exceptions to certain provisions in GASB 53 that will allow governments to retain hedge accounting and to GASB 87 as it relates to requirements for modifications when LIBOR ceases to exist. The Authority does not have any hedging derivative instruments for which to measure effectiveness, and has not yet implemented GASB 87, therefore the adoption of this Statement did not have an impact on the Authority's financial statements.

- **GASB Statement No. 97**, ***Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32***: This Statement modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution other postemployment benefit plans, and other employee benefit plans, including Section 457 plans. This Statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The Authority applied the criteria during the implementation of GASB Statement No. 84, and the adoption of this Statement did not have an impact on the Authority's financial statements because none of the Authority's defined contribution plans met the definition of a fiduciary activity.

2. Summary of Significant Accounting Policies (continued)

(z) GASB Pronouncements (continued)

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

GASB Statement No.	GASB Statement	Adoption Required in Fiscal Year
87	*Leases*	2022
91	*Conduit Debt Obligation*	2023
92	*Omnibus 2020*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-Based Information Technology Arrangements*	2023

GASB statements with required and early adoption in fiscal year 2022:

- **GASB Statement No. 87**, ***Leases*:** This Statement revises and expands the definition of a lease and requires the recognition of certain lease assets and liabilities and deferred inflows of resources based on the payment provisions of lease agreements. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Statement also requires expanded note disclosures and is applicable to the Authority. The adoption of this Statement is expected to have an impact on the Authority's financial statements; however, the Authority is in the process of determining the extent of such impact.
- **GASB Statement No. 92**, ***Omnibus 2020*:** This Statement addresses the following topics:
  - *Intra-Entity Transfers of Assets* – addresses transfers of capital or financial assets between a governmental employer or nonemployer contributing entity and a defined benefit pension or other postemployment benefit plan that are within the same reporting entity. The Authority does not expect to have any intra-entity transfers of assets meeting this definition; therefore, the adoption of this topic is not expected to impact the Authority.
  - *Reporting Assets Accumulated for Defined Benefit Postemployment Benefits Provided through Plans that are Not Administered through Trusts That Meet Specified Criteria* – require these assets be reported in a custodial fund if the government is holding these assets in a fiduciary capacity. The Authority does not have any defined benefit postemployment benefit plans meeting this criterion; therefore, the adoption of this topic is not expected to impact the Authority.

2. Summary of Significant Accounting Policies (continued)

(z) GASB Pronouncements (continued)

- *Applicability of Certain Requirements of GASB 84 to Postemployment Benefit Arrangements* – requires governments reporting fiduciary activities for postemployment benefit arrangements that are not administered through trusts that meet the criteria as qualified trusts should recognize a liability to the employer when an event occurs that compels the government to disburse the assets. The Authority does not report any postemployment benefit arrangements that are not administered through qualified trusts as fiduciary activities; therefore, the adoption of this topic is not expected to impact the Authority.

- *Exception to Acquisition Value in a Government Acquisition* – when applying GASB 69, *Government Combinations and Disposals of Government Operations*, this topic requires the acquiring government to measure liabilities and assets related to the acquired entity's asset retirement obligations in accordance with the provisions of GASB 83, *Certain Asset Retirement Obligations*. The Authority currently does not have transactions that would meet the requirements of GASB 69; therefore, the adoption of this topic is not expected to impact the Authority.

- *Reinsurance Recoveries* – apply to accounting for risk finance and insurance-related activities of public entity risk pools and, therefore, does not apply to the Authority.

- *Nonrecurring Fair Value Measurements* – provide a reference to GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraph 455 for examples of assets or liabilities that require nonrecurring fair value measurement disclosures as described in GASB 72 paragraph 81. The Authority does not have any assets or liabilities that require nonrecurring fair value measurements therefore the adoption of this topic is not expected to impact the Authority.

- *Terminology Used to Refer to Derivative Instruments* – requires all derivatives to be referred to as "derivative instruments." The Authority will revise the terminology used in its comprehensive annual financial report; however, the adoption of this topic is not expected to have a significant impact on the Authority.

- **GASB Statement No. 96**, ***Subscription-Based Information Technology Arrangements:*** This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA and 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The Authority intends to adopt this standard a year early, simultaneously with GASB 87, due to the similarities of both statements. The adoption of this Statement is expected to have an impact on the Authority's financial statements however the Authority is in the process of determining the extent of such impact.

The Authority is currently evaluating the applicability and impact of GASB Statements which have required adoption periods after fiscal year 2022.

3. Plans of Financing

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

3. Plans of Financing (continued)

The shares of the jurisdictions' operating subsidy requirements per the approved fiscal years 2021 and 2020 budgets are as follows:

Jurisdiction	2021	2020
District of Columbia	35.9 %	36.2 %
Prince George's County, Maryland	21.7	21.6
Montgomery County, Maryland	16.5	16.8
Fairfax County, Virginia	13.8	13.9
All other jurisdictions	12.1	11.5
Total	100.0 %	100.0 %

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

The amounts of capital contributions are as follows for the years ended June 30, 2021 and 2020 (in thousands):

Capital Contributions	2021	2020
Federal grants	$ 403,581	$ 449,872
Dedicated Funding	500,000	500,000
Jurisdictional capital subsidies	439,286	446,721
Donated assets	477	10,296
Other capital contributions	3,475	3,225
Total	$ 1,346,819	$ 1,410,114

4. Cash, Deposits and Investments

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

1) Direct obligations of, or obligations guaranteed by, the United States;
2) Bonds, debentures, notes, or other evidences of indebtedness issued by agencies of the United States;
3) Domestic and Eurodollar certificates of deposit;
4) Securities that qualify as lawful investments and may be accepted as security for fiduciary, trust and public funds under the control of the United States or any officer or officers thereof; or securities eligible as collateral for deposits of monies of the United States; or
5) Bonds, debentures, notes or other evidences of indebtedness issued by a domestic corporation provided that such obligations are nonconvertible and at the time of their purchase are rated in the highest rating categories by one or more nationally recognized bond rating agencies.

4. Cash, Deposits and Investments (continued)

The investment policies for the Retirement and Local 2 Plans are determined by the Plans' respective trustees based on recommendations of an independent investment advisor. The investment policies have guidelines rather than specific authorized investments to follow. Asset allocations policies are approved annually and are referenced in Note 10, *Pension Plans*. The trustees for the Retirement and Local 2 Plans have also entered into custody agreements with Northern Trust, which serves as the custodian of the Plans' funds.

The Trustees of the WMATA Healthcare Plan have entered into an agreement with the Virginia Pooled Trust to manage the trust assets according to a predefined investment pool. Additional information regarding this external investment pool is located in Note 5, *Fair Value Measurements*.

(a) Cash and Cash Equivalents

Business-Type Activities

The carrying amounts and bank balances as of June 30, 2021 and 2020 are as follows (in thousands):

	June 30, 2021	
Cash and Cash Equivalents	**Carrying Amount**	**Bank Balance**
Unrestricted:		
Deposits insured or collateralized	$ 172,429	$ 184,421
Money market account	92,341	92,341
Cash on hand	4,247	-
Restricted:		
Deposits insured or collateralized	861,060	861,060
Money market account	49,681	49,675
Government agency discount note	199,992	199,992
Total cash and cash equivalents	$ 1,379,750	$ 1,387,489

	June 30, 2020	
Cash and Cash Equivalents	**Carrying Amount**	**Bank Balance**
Unrestricted:		
Deposits insured or collateralized	$ 44,834	$ 102,311
Money market account	42,206	42,206
Cash on hand	3,757	-
Restricted:		
Deposits insured or collateralized	617,412	617,419
Money market account	35,565	35,565
Total cash and cash equivalents	$ 743,774	$ 797,501

4. Cash, Deposits and Investments (continued)

(a) Cash and Cash Equivalents (continued)

Business-Type Activities (continued)

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

As of June 30, 2021, the amounts reported in restricted deposits insured or collateralized consist of unspent proceeds from the issuances of the Series 2021A and 2020A Dedicated Revenue Bonds; amounts received from Dedicated Funding; and amounts received from parking garage surcharges.

As of June 30, 2020, the amounts in restricted deposits insured or collateralized consisted of unspent Dedicated Funding and proceeds from the issuances of the Series 2020A Bonds and Series 2018 Gross Revenue Transit Bonds.

As of June 30, 2021 and 2020, the amounts recorded in the restricted money market accounts consist of cash received from parking surcharges. As of June 30, 2021, the amounts recorded in restricted money market accounts also consist of unspent proceeds held in escrow with fiscal agent to pay scheduled debt service payments from the Series 2020A Bonds.

As of June 30, 2021, the amounts recorded in restricted government agency discount note consist of a portion of the unspent proceeds from the Series 2021A Bonds.

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

Fiduciary Activities

The fiduciary activities do not have a formal policy related to custodial credit risk. The fiduciary activities cash equivalents are open-ended mutual funds and are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Cash and cash equivalents in the amount of $7.9 million and $8.8 million as of June 30, 2021 and 2020, respectively, consist of amounts in the Northern Trust Short-Term Investment Fund, which is composed of high quality and highly-liquid money market instruments with short maturities.

4. Cash, Deposits and Investments (continued)

(b) Investments

i) Interest Rate Risk

The interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment.

Business-Type Activities

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

As of June 30, 2021 and 2020, the business-type activities investments are as follows (in thousands):

		Investment Maturities as of June 30, 2021			
Investment Type	Fair Value June 30, 2021	Less than 6 Months	7 Months – 1 Year	1–3 Years	More than 3 Years
United States Treasuries	$ 2,473	$ -	$ -	$ -	$ 2,473
Accrued interest	50	-	-	-	-
Total	$ 2,523	$ -	$ -	$ -	$ 2,473

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

4. Cash, Deposits and Investments (continued)

(b) Investments (continued)

i) Interest Rate Risk (continued)

Fiduciary Activities

The fiduciary activities do not have a formal policy for interest rate risk.

As of June 30, 2021 and 2020, the fixed income funds in the fiduciary activities have the following investments (in thousands):

		Investment Maturities as of June 30, 2021			
Investment Type	Fair Value June 30, 2021	Less than 6 Months	7 Months - 1 Year	1-3 Years	More than 3 Years
1-10 Year TIPS Index fund	$ 20,919	$ 20,919	-	-	-
FIAM tactical bond fund	65,246	65,246	-	-	-
Aggregate bond index fund	36,171	36,171	-	-	-
PIMCO all asset fund	61,295	61,295	-	-	-
Total	$ 183,631	$ 183,631	$ -	$ -	$ -

		Investment Maturities as of June 30, 2020			
Investment Type	Fair Value June 30, 2020	Less than 6 Months	7 Months - 1 Year	1–3 Years	More than 3 Years
1-10 Year TIPS Index fund	$ 19,622	$ 19,622	-	-	-
FIAM tactical bond fund	60,549	60,549	-	-	-
Aggregate bond index fund	69,090	69,090	-	-	-
PIMCO all asset fund	49,397	49,397	-	-	-
Total	$ 198,658	$ 198,658	$ -	$ -	$ -

ii) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Business-Type Activities

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

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

4. Cash, Deposits and Investments (continued)

(b) Investments (continued)

ii) Credit Risk (continued)

Business-Type Activities (continued)

The following table summarizes the rating of the Authority's business-type activities from Moody's Investor Services as of June 30, 2021 and 2020 (in thousands):

Investment Type	Fair Value June 30, 2021	Fair Value June 30, 2020	Rating
United States Treasuries	$ 2,473	$ 2,628	Aaa

Fiduciary Activities

The fiduciary activities have no formal credit risk policies. The Aggregate bond index fund and 1-10 Year TIPS index fund consist of US Government and US Agency debt securities that are explicitly or implicitly guaranteed by the US Government and therefore have no credit risk. The remaining fixed income mutual funds were not rated.

The following table includes the fiduciary activities fixed income mutual funds as of June 30, 2021 and 2020 (in thousands).

Investment Type	Fair Value June 30, 2021	Fair Value June 30, 2020
1-10 Year TIPS index fund	$ 20,919	$ 19,622
FIAM tactical bond fund	65,246	60,549
Aggregate bond index fund	36,171	69,090
PIMCO all asset fund	61,295	49,397
Total fixed income mutual funds	$ 183,631	$ 198,658

iii) Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of the counterparty to the transaction, the Authority will not be able to recover the value of the deposits or investments that are in the possession of an outside party.

Business-type Activities

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

4. Cash, Deposits and Investments (continued)

(b) Investments (continued)

iii) Custodial Credit Risk (continued)

Fiduciary Activities

The fiduciary activities have no formal custodial credit risk policies for investments. The investments are open-ended mutual funds and are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

5. Fair Value Measurements

Business Type Activities

The Authority's business-type activities categorizes its fair value measurements within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are unobservable inputs. Investments measured at fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

(a) Fair Value Measurements

The business-type activities have the following recurring fair value measurements as of June 30, 2021 and 2020 (in thousands):

	June 30, 2021			
	Fair Value	Level 1	Level 2	Level 3
United States Treasuries	$ 2,473	$ 2,473	$ -	$ -
Fuel swap derivative	$ 1,704	$ -	$ 1,704	$ -

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

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

5. Fair Value Measurements (continued)

(a) Fair Value Measurements (continued)

Fiduciary Activities

The fiduciary activities investments are measured at NAV per share (or its equivalent) as a practical expedient and therefore have not been classified in the fair value hierarchy. Investments reported at NAV may be sold for amounts different than the NAV per share (or its equivalent).

The fiduciary activities have the following investments reported at fair value as of June 30, 2021 and 2020 (in thousands):

	June 30, 2021	June 30, 2020
Equity mutual funds:		
World ex-US investable market index fund-lending	$ 45,121	$ 34,463
Collective MSCI ACWI Ex. US index fund non-lending	94,192	72,940
S&P Small Cap 600	7,480	4,475
S&P 400 index fund-lending	5,876	3,834
S&P 500 index fund-lending	34,451	27,979
Loomis Sayles Multisector	34,890	34,236
Russell 1000 index fund non lending	77,158	63,831
Russell 2000 index fund non lending	29,980	23,416
Fixed income mutual funds:		
FIAM Tactical bond fund	65,246	60,549
1-10 year TIPS index fund	20,919	19,622
Aggregate bond index fund-lending	36,171	69,090
PIMCO all asset fund	61,295	49,397
Real estate funds:		
IR&M core bond real estate fund	37,735	-
US real estate investment fund	27,760	26,915
Virginia pooled trust	118,989	88,770
Total investments	$ 697,263	$ 579,517

The WMATA Healthcare Plan's investments are managed by the Virginia Pooled Trust and is governed by the Trust Agreement. The Authority can resign or withdraw from this Agreement by written notice of its Local Finance Board. The Board of Trustees may terminate the Authority's participation in the Trust Agreement for any reason by vote of three-fourths of the Board of Trustees.

The fair value of the position in the pool is the same as the value of the pool shares. The value of each share is determined by dividing the total net position of the portfolio by the number of units outstanding at the end of the month. The portfolio includes investments diversified across fixed income, equities and real assets and it is constructed to achieve an expected rate of return of approximately 7.5%.

The Virginia Pooled Trust is not subject to regulatory oversight and is not registered with the Securities and Exchange Commission as an investment company. Specific investment information for the Virginia Pooled Trust can be obtained by writing to VACo/VML Finance, 8 E. Canal Street, Suite 100, Richmond, Virginia 23219.

6. Accounts Receivable, Net of Allowance

Amounts in accounts receivable, net of allowance, for business-type activities are as follows at June 30, 2021 and 2020 (in thousands):

	June 30, 2021	June 30, 2020
Federal grants receivables	$ 103,106	$ 116,407
Jurisdictional receivables	67,642	59,648
Other receivables	49,101	47,026
Allowance for doubtful accounts	(4,167)	(4,167)
Total accounts receivable, net of allowance	$ 215,682	$ 218,914

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

7. Capital Assets

Capital assets activity for the years ended June 30, 2021 and 2020 is as follows (in thousands):

	June 30, 2020	Additions	Reductions	June 30, 2021
Capital assets not being depreciated:				
Land	$ 562,176	$ 5,057	$ -	$ 567,233
Construction in progress	798,282	1,449,069	(1,282,932)	964,419
Total capital assets not being depreciated	1,360,458	1,454,126	(1,282,932)	1,531,652
Capital assets being depreciated:				
Buildings and improvements	1,243,246	25,498	-	1,268,744
Transit facilities	14,686,336	897,582	(16,029)	15,567,889
Revenue vehicles	4,723,586	232,209	(27,349)	4,928,446
Equipment and other	4,326,716	112,622	(3,378)	4,435,960
Total capital assets being depreciated	24,979,884	1,267,911	(46,756)	26,201,039
Less accumulated depreciation for:				
Buildings and improvements	644,750	43,519	-	688,269
Transit facilities	7,068,841	578,065	(16,028)	7,630,878
Revenue vehicles	2,313,259	254,729	(26,190)	2,541,798
Equipment and other	3,308,701	220,009	(3,378)	3,525,332
Total accumulated depreciation	13,335,551	1,096,322	(45,596)	14,386,277
Total capital assets being depreciated, net	11,644,333	171,589	(1,160)	11,814,762
Total capital assets, net	$ 13,004,791	$ 1,625,715	$ (1,284,092)	$ 13,346,414

7. Capital Assets (continued)

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

During fiscal year 2021, the Authority purchased land use rights, totaling $5.1 million; retired 10 buses, which resulted in a loss of $1.2 million due to the remaining net book value; and reported an impairment loss, totaling $10.4 million, due to construction stoppage of a project that did not meet expectations. This impairment loss is reported in net loss on disposition of assets on the Statements of Revenues, Expenses, and Changes in Net Position. Additionally, land and buildings were sold resulting in proceeds of $8.2 million, of which $5.5 million was owed to the federal government for their share of the proceeds and included in due to other governments. Also, during the fiscal year, the Metropolitan Washington Airports Authority (MWAA) donated 10 non-revenue vehicles, valued at $0.4 million, and 13 tractors, valued at $0.1 million.

Additions to construction in progress include capitalized labor of approximately $208.6 million in fiscal year 2021.

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

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

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

8. Due to Other Governments

The current amounts due to other governments as of June 30, 2021 and June 30, 2020 are as follows (in thousands):

	June 30, 2021	June 30, 2020
Due to Jurisdictions:		
Parking garage surcharges	$ 16,771	$ 35,560
Reimbursable advances	24,034	24,882
Federal share of capital asset disposals	117,746	134,686
Total due to other governments	$ 158,551	$ 195,128

9. Short and Long-Term Liabilities

Changes in short and long-term liabilities for the years ended June 30, 2021 and 2020 are as follows (in thousands):

	June 30, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Long-term liabilities:					
Bonds payable:					
Series 2017A1	$ 148,515	$ -	$ (9,165)	$ 139,350	$ 9,615
Series 2017A2	48,855	-	-	48,855	-
Series 2017B	485,530	-	(11,535)	473,995	12,125
Series 2018	239,920	-	(5,300)	234,620	5,575
Series 2020A	545,000	-	-	545,000	-
Series 2021A	-	784,425	-	784,425	-
Unamortized premium	287,363	188,966	(23,998)	452,331	-
Total bonds payable	1,755,183	973,391	(49,998)	2,678,576	27,315
Compensated absences	97,571	87,903	(68,470)	117,004	73,636
Litigation and claims	188,100	44,194	(41,064)	191,230	54,261
Retainage on contracts	34,735	40,135	(21,956)	52,914	16,296
Total long-term liabilities	$ 2,075,589	$ 1,145,623	$ (181,488)	$ 3,039,724	$ 171,508

9. Short and Long-Term Liabilities (continued)

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

(a) Lines of Credit

On May 27, 2020, the Authority entered into four “364 day” lines of credit, which expired on May 26, 2021. On May 26, 2021, the Authority entered into two new lines of credit and extended three existing lines of credit, which will expire on May 25, 2022. The total amount available under the combined five lines of credit is $350.0 million. The availability fees and accrued interest are payable both monthly and quarterly, depending on the lender and on the terms of each agreement. Accrued interest on drawn balances is computed based on either the one-month LIBOR or SOFR plus a margin. The lines of credit are collateralized by security interests in all of the Authority’s gross revenues and jurisdictional capital subsidy revenues. The lines of credit can be used as funding for both operating and capital costs.

At June 30, 2021 and 2020, there were no outstanding balances on any of the lines of credit.

9. Short and Long-Term Liabilities (continued)

(b) Bonds Payable

The Authority may issue bonds pursuant to the Compact and the Bond Resolution of the Authority. The following bonds are outstanding at June 30, 2021 and 2020 (in thousands):

	June 30, 2021		
	Principal	**Unamortized Premium**	**Net**
Series 2017A1, 5.0% dated July 12, 2017, due semi-annually through July 1, 2032	$ 139,350	$ 18,247	$ 157,597
Series 2017A2, 5.0% dated July 12, 2017, due semi-annually through July 1, 2034	48,855	7,859	56,714
Series 2017B, 5.0% dated August 17, 2017 due semi-annually through July 1, 2042	473,995	75,851	549,846
Series 2018, 5.0% dated December 18, 2018 due semi-annually through July 1, 2043	234,620	26,519	261,139
Series 2020A, 4.0% to 5.0% dated June 11, 2020 due semi-annually through July 15, 2045	545,000	135,880	680,880
Series 2021A, 3.0% to 5.0% dated June 08, 2021 due semi-annually through July 15, 2046	784,425	187,975	972,400
	$ 2,226,245	$ 452,331	$ 2,678,576

9. Short and Long-Term Liabilities (continued)

(b) Bonds payable (continued)

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

i) Series 2017 Bonds

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

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

Series 2017A1 Advance Refunding

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

The remaining $165.5 million of principal outstanding on the defeased Series 2009A Bonds was paid off during fiscal year 2020.

9. Short and Long-Term Liabilities (continued)

(b) Bonds Payable (continued)

i) Series 2017 Bonds (continued)

Series 2017A2 Crossover Advance Refunding

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

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

Series 2017B Gross Revenue Transit Bonds

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

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

ii) Series 2018 Bonds

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

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

iii) Series 2020A Bonds

On June 11, 2020, the Authority issued Dedicated Revenue Bonds Series 2020A, totaling $694.9 million, including a premium of $149.9 million, primarily to finance capital costs.

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

9. Short and Long-Term Liabilities (continued)

(b) Bonds Payable (continued)

iii) Series 2020A Bonds (continued)

As of June 30, 2021 and 2020, $39.7 million and $55.4 million, respectively, was held in escrow to pay interest on the Series 2020A Bonds through fiscal year 2023. As of June 30, 2021 and 2020, the short-term portion totaling $26.5 million and $15.7 million, respectively; and the long-term portion totaling $13.2 million and $39.7 million, respectively, are reported as restricted cash and cash equivalents held with fiscal agent on the Statements of Net Position.

iv) Series 2021A Bonds

On June 8, 2021, the Authority issued Dedicated Revenue Bonds Series 2021A, totaling $973.4 million, including a premium of $189.0 million, primarily to finance capital cost with a focus on the environment and sustainability.

The Series 2021A Bonds will be repaid with the Authority's Dedicated Funding. The Bonds were issued with coupon rates between 3.0% to 5.0% payable semi-annually on January 15, and July 15 each year. Principal payments are due annually from July 15, 2023 through July 15, 2046. The ratings of the uninsured bonds were AA from Standard and Poor's, AA from Fitch and AA+ from Kroll as of June 8, 2021.

(c) Bond Covenants

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

- The Authority must punctually pay principal and interest according to provisions in the bond document.
- An event of default occurs if payment is not punctually made and continues for a period of 30 days; however, a failure or refusal occurs if continued for a period of 60 days after written notice, unless the Trustee agrees in writing to an extension of such time prior to its expiration. If the event of default is not remedied, either the Trustee or the owners of the bonds may declare the principal and interest to be due and payable immediately.
- Except for certain instances, the Authority cannot sell, mortgage, lease, or otherwise dispose of transit system assets without filing a certification by the General Manager/Chief Executive Officer and Treasurer with the Trustee that such action will not impede or restrict the operation of the transit system.
- The Authority must maintain certain insurance or self-insurance covering the assets and operations of the transit system at all times.
- The Authority must file annual financial information with the Trustees by December 31 following the end of the fiscal year.
- The Authority must provide an annual statement to the Climate Bonds Initiative, no later than 120 days following the end of the fiscal period, that it is in conformance with the Certification requirements of the Climate Bond Standard.

9. Short and Long-Term Liabilities (continued)

(d) Bonds Debt Service Requirements

Debt service requirements for the bonds payable as of June 30, 2021 are as follows (in thousands):

Fiscal Year	Principal	Interest
2022	$ 27,315	$ 91,258
2023	28,695	103,467
2024	61,395	101,215
2025	64,520	98,067
2026	67,810	94,759
2027–2031	394,650	417,949
2032–2036	486,580	307,024
2037–2041	529,700	189,550
2042–2046	514,660	63,692
2047	50,920	1,103
	2,226,245	1,468,084
Unamortized premium	452,331	-
	$ 2,678,576	$ 1,468,084

(e) Pledged Revenues

i) Dedicated Revenue Bonds

The Authority has pledged certain Dedicated Funding revenues to repay the Series 2020A and Series 2021A Dedicated Revenue Bonds. The District of Columbia, Maryland and Virginia provide an annual Dedicated Revenue stream in the amount of $500.0 million to fund capital costs. Virginia's funding statute provides for the Dedicated Funding to be deposited into both unrestricted and restricted accounts. The Authority may only pledge the unrestricted Dedicated Funding for debt service as security for the Dedicated Revenue Bonds.

Unrestricted Dedicated Funding and debt service payments on the Dedicated Revenue Bonds for the years ended June 30, 2021 and 2020 are as follows (in thousands):

Dedicated Revenue Bonds	2021	2020
Unrestricted dedicated funding	$ 460,228	$ 468,383
Debt Service Interest	$ 29,649	$ 2,233
Percentage of debt service payment to Dedicated Funding revenue	6.4%	0.5%

9. Short and Long-Term Liabilities (continued)

(e) Pledged Revenues (continued)

i) Dedicated Revenue Bonds (continued)

The total principal and interest remaining on the Dedicated Revenue Bonds is $2.3 billion and $968.9 million as of June 30, 2021 and 2020, respectively, payable through July 15, 2046.

ii) Gross Revenue Transit Bonds

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

Gross revenues recognized, as defined by the Transit Bonds' indentures, for the years ended June 30, 2021 and 2020 are as follows (in thousands):

Gross Revenues	2021	2020
Series 2017 Bonds:		
Passenger revenues	$ 104,300	$ 499,463
Other pledged revenues	48,794	69,122
Jurisdictional subsidies	1,050,931	1,230,024
Unrestricted Dedicated Funding	460,228	468,383
Total Series 2017 Bonds	$ 1,664,253	$ 2,266,992
Series 2018 Bonds:		
Passenger revenues	$ 104,300	$ 499,463
Other pledged revenues	48,794	69,122
Jurisdictional subsidies	1,050,931	1,230,024
Total Series 2018 Bonds	$ 1,204,025	$ 1,798,609

9. Short and Long-Term Liabilities (continued)

(e) Pledged Revenues (continued)

ii) Gross Revenue Transit Bonds (continued)

Principal and interest payments on the Gross Revenue Transit Bonds for the years ended June 30, 2021 and 2020 are as follows (in thousands):

	2021	2020
Debt service:		
Interest	$ 44,841	$ 46,141
Principal	26,000	75,550
Total debt service	$ 70,841	$ 121,691
Percentage of debt service payments to gross revenues for the Series 2017 Bonds	4.3%	5.4%
Percentage of debt service payments to gross revenues for the Series 2018 Bonds	5.9%	6.8%

The total principal and interest payments outstanding on the Transit Bonds is $1.4 billion and $1.5 billion as of June 30, 2021 and 2020, respectively.

(f) Interest Expense

Interest expense incurred during the years ended June 30, 2021 and 2020 is as follows (in thousands):

	2021	2020
Lines of credit	$ -	$ 428
Bonds	74,490	48,387
Amortization	(23,724)	(11,025)
Issuance costs	3,951	3,407
Total interest expense	$ 54,717	$ 41,197

10. Pensions

(a) Description of Pension Plans

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

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

The Plans are administered through trusts dedicated to providing pension benefits to plan members and beneficiaries. Contributions to the trusts are irrevocable and legally protected from creditors.

Each Plan is governed by a separate Board of Trustees responsible for administering the Plans. Financial statements are issued separately for each Plan and may be obtained by contacting the Retirement Planning Manager in writing at Washington Metropolitan Area Transit Authority, Human Capital TRCB, 600 Fifth Street, NW, Washington, DC 20001.

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

The Retirement and Local 2 Plans are reflected as fiduciary activities in the Authority's basic financial statements.

Below is a summary of each respective Plan's membership as of June 30, 2021 and 2020:

	June 30, 2021					
Plan Membership	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan	Total
Active	154	8,621	387	412	38	9,612
Inactive, receiving benefits	1,230	5,460	271	271	333	7,565
Inactive, not receiving benefits	320	1,428	116	54	46	1,964
Total membership	1,704	15,509	774	737	417	19,141

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

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

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

i) Retirement Plan

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

Eligible employees

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

Benefits

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

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

Contributions and Funding Policy

The Authority is required to contribute pursuant to the Compact an amount equal to the actuarially determined contribution. Authority contributions totaled $22.5 million and $21.6 million for the years ended June 30, 2021 and 2020, respectively. Participants are not required to contribute to the Retirement Plan.

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

ii) Local 689 Plan

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

Eligible employees

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

Benefits

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

Contributions and Funding Policy

The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. Employee and Authority contributions totaled $23.6 million and $156.3 million, respectively, for the year ended June 30, 2021. Employee and Authority contributions totaled $23.5 million and $133.5 million, respectively, for the year ended June 30, 2020.

iii) Transit Police Plan

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

Eligible employees

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

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

iii) Transit Police Plan (continued)

Benefits

The normal retirement age is upon completing 25 years of credited service, but no later than age 65. The normal retirement benefit is 2.6% of final average earnings multiplied by years of credited service. The resulting benefit, if paid following the participant's 66th birthday, will be reduced by 0.5% of final average of the highest 36 months of earnings for each year of credited service. Effective October 1, 2019, the resulting benefit, if paid following the participant's 67th birthday, will be reduced by 0.3% of final average of the highest 36 months of earnings for each year of credited service.

Contributions and Funding Policy

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

Employee and Authority contributions totaled $3.0 million and $11.3 million, respectively, for the year ended June 30, 2021. Employee and Authority contributions totaled $3.0 million and $12.0 million, respectively, for the year ended June 30, 2020.

iv) Local 922 Plan

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

Eligible employees

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

Benefits

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

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

iv) Local 922 Plan (continued)

Contributions and Funding Policy

The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. Based upon the collective bargaining agreement, employees contribute 1.0% of wages for the period November 1, 2014 through October 31, 2015 and 3.0% of wages for periods beginning November 1, 2015. Employee and Authority contributions totaled $1.0 million and $4.6 million, respectively, for the year ended June 30, 2021. Employee and Authority contributions totaled $1.0 million and $4.1 million, respectively, for the year ended June 30, 2020.

v) Local 2 Plan

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

Eligible employees

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

Benefits

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

10. Pension Plans (continued)

(a) Description of Pension Plans (continued)

v) Local 2 Plan (continued)

Contributions and Funding Policy

The Authority is required to contribute per the collective bargaining agreement an amount equal to the actuarially determined contribution. Authority contributions totaled $5.6 million and $5.4 million for the years ended June 30, 2021 and 2020, respectively. Participants are not required to contribute to the Local 2 Plan.

Plan actuaries determine the dollar amount of assets to be transferred between plans to account for participants who transfer between plans. The dollar amount of the assets is based on the present value of benefits transferred and the funded status of the respective plans. The assets contributed to the Local 2 Plan from the Retirement Plan was $0.0 and $506.7 thousand for the years ended June 30, 2021 and 2020, respectively.

(b) Measurement of Net Pension Liability

The Authority's total and net pension liabilities reported at June 30, 2021 and 2020 for each of the Plans were measured as of their fiscal year end dates, which were determined using the following actuarial assumptions as of each of the Plan's respective measurement dates, which coincide with each plan's fiscal year end:

	June 30, 2021				
	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan
Measurement date	6/30/2020	6/30/2020	12/31/2020	12/31/2020	6/30/2020
Inflation	2.5%	2.5%	2.5%	1.5%	2.5%
Salary and wage increases	3.0% to 6.3%	2.0% to 2.5%	3.0% to 7.0%	1.5% to 4.5%	3.0% to 6.3%
Long-term rate of return, net of expense, including price of inflation	7.0%	7.5%	7.0%	7.0%	7.3%

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

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

i) Retirement Plan

The RP-2000 Fully Generational Combined Mortality Table projected with Scale AA was used for the mortality assumptions for the Retirement Plan fiscal years ended June 30, 2020 and 2019.

The actuarial assumptions used in the Retirement Plan's June 30, 2020 and 2019 valuations were both based on the results of an actuarial experience study conducted for the period of 2009 through 2014.

The valuation assumption of the annual non-investment end of year expense was adjusted upwards from $215,000 to $330,000 to better reflect recent experience.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Retirement Plan's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2020**	**2019**	**2020**	**2019**
Core bonds	16.0%	16.0%	3.4%	4.4%
Global asset allocation	10.0%	10.0%	6.0%	6.9%
Large cap	18.0%	18.0%	6.7%	7.5%
Multi-sector fixed income	18.0%	18.0%	4.7%	5.7%
TIPS	4.0%	4.0%	2.7%	4.0%
Core real estate	5.0%	5.0%	6.0%	6.3%
Small cap	7.0%	7.0%	7.1%	—
Global equity, excluding US	22.0%	22.0%	7.9%	7.8%

The discount rate used to measure the Retirement Plan's total pension liability for June 30, 2020 and 2019 was 7.0%. The projection of cash flows used to determine the discount rate assumed that the Authority contributions would be made at rates equal to the actuarially determined contribution rates. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

ii) Local 689 Plan

The RP-2014 Blue Collar Mortality Table projected with Scale MP-2019 was used for the mortality assumptions for the Local 689 Plan for the fiscal year ended June 30, 2020. The RP-2014 Blue Collar Mortality Table projected with Scale MP-2015 was used for the mortality assumptions for the Local 689 Plan for the fiscal year ended June 20, 2019.

The actuarial assumptions used in the Local 689 Plan's June 30, 2020 valuation were based on the results of an experience study conducted for the five years ending December 31, 2019. The actuarial assumptions used in the Local 689 Plan's June 30, 2019 valuation were based on the results of an experience study conducted for the five years ending December 31, 2016.

The withdrawal rates were changed to reflect experiences from 2015 through 2019. Rates reflected higher turnover at most ages. The retirement rates were changed to reflect mostly earlier retirements for those eligible for unreduced benefits. The mortality tables were changed to the RP-2014 table projected with 90% of scale MP-2019.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Local 689 Plan's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2020**	**2019**	**2020**	**2019**
Large cap equities	38.0%	38.0%	5.3%	6.7%
Mid cap equities	5.0%	5.0%	5.7%	7.3%
Small cap equities	5.0%	5.0%	5.4%	7.8%
Non-U.S. developed equities	10.0%	10.0%	4.2%	4.9%
Fixed income	15.0%	15.0%	1.0%	2.3%
Global tactical assets allocation	10.0%	10.0%	2.8%	4.6%
Real estate	7.0%	7.0%	4.2%	5.5%
Fund of hedge funds	5.0%	5.0%	3.8%	3.3%
Private equity	5.0%	5.0%	8.8%	9.2%

The discount rate used to measure the Local 689 Plan's total pension liability for June 30, 2020 and 2019 was 7.5% and 7.9%, respectively. The projection of cash flows used to determine the discount rate assumed that employee and Authority contributions would continue to be made at the rates set forth in the most recent collective bargaining agreement. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

iii) Transit Police Plan

The RP-2014 Blue Collar Mortality Table projected with Scale MP-2020 was used for the mortality assumptions for the Transit Police Plan for the fiscal years ended December 31, 2020. The RP-2014 Blue Collar Mortality Table projected with Scale MP-2015 was used for the mortality assumption for the Transit Police Plan for the fiscal year ended December 31, 2019. A ten-year set forward was used for both years for post disability mortality.

The actuarial assumptions used in the Transit Police Plan's December 31, 2020 and 2019 valuations were based on the results of an actuarial experience study conducted for the five years ending January 1, 2015.

The projected mortality improvement scale was changed from the MP-2015 table to the MP-2020 table.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Transit Police Plan's target asset allocation is the same as of December 31, 2020 and 2019 and are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2020**	**2019**	**2020**	**2019**
Equity composite	50.0%	50.0%	5.3%	5.3%
International equity composite	10.0%	10.0%	6.3%	6.3%
Global bond composite	35.0%	35.0%	0.2%	0.2%
Real estate	5.0%	5.0%	5.9%	5.9%

The discount rate used to measure the Transit Police Plan's total pension liability was 7.0% for December 31, 2020 and December 31, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Authority contributions will be made according to the funding method used in the annual valuation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

iv) Local 922 Plan

The RP-2000 Healthy Combined Mortality table with Blue Collar Adjustment, projected fully generational with Scale AA, was used for the mortality assumptions for the Local 922 Plan years ended December 31, 2020 and 2019.

The actuarial assumptions used in the Local 922 Plan's December 31, 2020 and 2019 valuations were based on the results of an actuarial experience study conducted for the eight years ending December 31, 2014.

Compensation increases were updated to reflect the current Memorandum of Understanding, dated October 6, 2020. In addition, an additional one time 17.0% wage increase was applied in order to reflect a rebound in pay levels for the 2021 year and stabilize the contributions required.

The long-term expected rate of return on Local 922 Plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (1.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the Local 922 Plan's target asset allocation as of December 31, 2020 and 2019 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2020**	**2019**	**2020**	**2019**
Large cap equities	24.0%	24.0%	6.7%	7.5%
Small/mid cap equities	5.0%	5.0%	7.2%	7.8%
International equities	20.0%	20.0%	7.0%	7.8%
Core bonds	26.0%	26.0%	3.4%	4.4%
Emerging market blended debt	5.0%	5.0%	5.2%	6.5%
TIPS	5.0%	5.0%	2.7%	4.0%
Alternative investment classes	5.0%	5.0%	6.0%	6.3%
Global asset allocations	10.0%	10.0%	5.7%	6.7%

The discount rate used to measure the Local 922 Plan's total pension liability for December 31, 2020 and 2019 was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Authority contributions will be made according to the valuation method. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Pension Plans (continued)

(b) Measurement of Net Pension Liability (continued)

v) Local 2 Plan

The RP-2000 Fully Generational Combined Mortality Table projected with Scale AA was used for the mortality assumptions for the Local 2 Plan fiscal years ended June 30, 2020 and 2019.

The actuarial assumptions used in the Local 2 Plan's June 30, 2020 and 2019 valuations were based on the results of an actuarial experience study conducted for the six years ending June 30, 2014.

The valuation assumption of the annual non-investment end of year expense was adjusted upwards from $105,000 to $125,000 to better reflect recent experience.

The long-term expected rate of return on Local 2 Plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation (2.5%).

Best estimates of arithmetic real rates of return for each major asset class included in the Local 2 Plan's target asset allocation as of June 30, 2020 and 2019 are summarized as follows:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2020**	**2019**	**2020**	**2019**
Core bonds	10.0%	10.0%	3.4%	4.4%
Global asset allocation	10.0%	10.0%	6.0%	6.9%
US equity large cap	20.0%	20.0%	6.7%	7.5%
Global multi-sector fixed income	18.0%	18.0%	4.7%	5.7%
TIPS	5.0%	5.0%	2.7%	4.0%
Core real estate	5.0%	5.0%	6.0%	6.3%
Small/mid cap equities	7.0%	7.0%	7.1%	—
Global equity, excluding US	25.0%	25.0%	7.9%	7.8%

The discount rate used to measure the Local 2 Plan's total pension liability was 7.3% for June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that Authority contributions would be made at rates equal to the actuarially determined contribution rates. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Pension Plans (continued)

(c) Changes in Net Pension Asset

Changes in the Authority's net pension asset reported for the fiscal years ended June 30, 2021 and 2020, based on the Local 922 Plan's measurement date, are as follows (in thousands):

Local 922 Plan

	2021		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance, beginning of year	$ 240,688	$ 243,762	$ (3,074)
Changes for the year:			
Service cost	4,583	-	4,583
Interest	16,841	-	16,841
Differences between expected and actual experience	3,551	-	3,551
Changes in assumptions	(683)	-	(683)
Contributions – employer	-	4,630	(4,630)
Contributions – employee	-	952	(952)
Net investment income	-	31,878	(31,878)
Benefit payments, including refunds of employee contributions	(9,525)	(9,525)	-
Administrative expenses	-	(211)	211
Net change	14,767	27,724	(12,957)
Balance, end of year	$ 255,455	$ 271,486	$ (16,031)

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

10. Pension Plans (continued)

(d) Changes in Net Pension Liability

Changes in the Authority's net pension liabilities reported for the fiscal years ended June 30, 2021 and 2020, based on each Plan's respective measurement dates, are as follows (in thousands):

Retirement Plan

	2021		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 507,181	$ 367,273	139,908
Changes for the year:			
Service cost	1,057	-	1,057
Interest	34,033	-	34,033
Contributions – employer	-	21,606	(21,606)
Net investment income	-	11,099	(11,099)
Benefit payments, including refunds of employee contributions	(44,112)	(44,112)	-
Administrative expenses	-	(335)	335
Net change	(9,022)	(11,742)	2,720
Balance, end of year	$ 498,159	$ 355,531	$ 142,628

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

10. Pension Plans (continued)

(d) Changes in Net Pension Liability (continued)

Local 689 Plan

	2021		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 4,217,761	$ 3,442,669	$ 775,092
Changes for the year:			
Service cost	86,499	-	86,499
Interest	324,811	-	324,811
Differences between expected and actual experience	(14,027)	-	(14,027)
Changes in assumptions	94,168	-	94,168
Contributions – employer	-	133,489	(133,489)
Contributions – employee	-	23,643	(23,643)
Net investment income	-	126,706	(126,706)
Benefit payments, including refunds of employee contributions	(222,519)	(222,519)	-
Administrative expenses	-	(1,038)	1,038
Other	-	(90)	90
Net change	268,932	60,191	208,741
Balance, end of year	$ 4,486,693	$ 3,502,860	$ 983,833

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

10. Pension Plans (continued)

(d) Changes in Net Pension Liability (continued)

Transit Police Plan

	2021		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 304,845	$ 266,047	$ 38,798
Changes for the year:			
Service cost	9,519	-	9,519
Interest	20,774	-	20,774
Differences between expected and actual experience	3,180	-	3,180
Changes in assumptions	(6,874)	-	(6,874)
Contributions – employer	-	12,041	(12,041)
Contributions – employee	-	3,168	(3,168)
Net investment income	-	33,156	(33,156)
Benefit payments, including refunds of employee contributions	(15,052)	(15,052)	-
Administrative expenses	-	(222)	222
Net change	11,547	33,091	(21,544)
Balance, end of year	$ 316,392	$ 299,138	$ 17,254

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

10. Pension Plans (continued)

(d) Changes in Net Pension Liability (continued)

Local 2 Plan

	2021		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 167,295	$ 147,538	$ 19,757
Changes for the year:			
Service cost	271	-	271
Interest	11,648	-	11,648
Contributions – employer	-	5,423	(5,423)
Net investment income	-	2,575	(2,575)
Benefit payments, including refunds of employee contributions	(13,811)	(13,811)	-
Administrative expenses	-	(178)	178
Net change	(1,892)	(5,991)	4,099
Balance, end of year	$ 165,403	$ 141,547	$ 23,856

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

10. Pension Plans (continued)

(d) Changes in Net Pension Liability (continued)

Total Net Pension Liability

	2021		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 5,197,082	$ 4,223,527	$ 973,555
Changes for the year:			
Service cost	97,346	-	97,346
Interest	391,266	-	391,266
Differences between expected and actual experience	(10,847)	-	(10,847)
Changes in assumptions	87,294	-	87,294
Contributions – employer	-	172,559	(172,559)
Contributions – employee	-	26,811	(26,811)
Net investment income	-	173,536	(173,536)
Benefit payments, including refunds of employee contributions	(295,494)	(295,494)	-
Administrative expenses	-	(1,773)	1,773
Other	-	(90)	90
Net change	269,565	75,549	194,016
Balance, end of year	$ 5,466,647	$ 4,299,076	$ 1,167,571

	2020		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance, beginning of year	$ 4,833,394	$ 4,029,886	$ 803,508
Changes for the year:			
Service cost	88,563	-	88,563
Interest	363,221	-	363,221
Changes of benefit terms	6,618	-	6,618
Differences between expected and actual experience	53,436	-	53,436
Changes in assumptions	139,200	-	139,200
Contributions – employer	-	148,060	(148,060)
Contributions – employee	-	26,231	(26,231)
Net investment income	-	308,585	(308,585)
Benefit payments, including refunds of employee contributions	(287,350)	(287,350)	-
Administrative expenses	-	(1,738)	1,738
Other	-	(147)	147
Net change	363,688	193,641	170,047
Balance, end of year	$ 5,197,082	$ 4,223,527	$ 973,555

10. Pension Plans (continued)

(e) Pension Deferred Outflows and Inflows of Resources

At June 30, 2021 and 2020, the Authority reported deferred outflows and inflows of resources for the respective Plans as follows (in thousands):

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Retirement Plan:		
Differences between projected and actual investment earnings	$ 12,790	$ -
Contributions made after the measurement date	22,537	-
Subtotal	35,327	-
Local 689 Plan:		
Differences between projected and actual investment earnings	62,468	-
Differences between expected and actual experience	54,200	32,241
Changes in assumptions	178,467	3,825
Contributions made after the measurement date	156,348	-
Subtotal	451,483	36,066
Transit Police Plan:		
Differences between projected and actual investment earnings		22,335
Differences between expected and actual experience	3,922	10,120
Changes in assumptions	9,084	5,891
Contributions made after the measurement date	5,349	-
Subtotal	18,355	38,346
Local 922 Plan:		
Differences between projected and actual investment earnings	-	20,568
Differences between expected and actual experience	3,343	4,770
Changes in assumptions	-	512
Contributions made after the measurement date	2,315	-
Subtotal	5,658	25,850
Local 2 Plan:		
Differences between projected and actual investment earnings	6,229	-
Contributions made after the measurement date	5,555	-
Subtotal	11,784	-
Total Plans:		
Differences between projected and actual investment earnings	81,487	42,903
Differences between expected and actual experience	61,465	47,131
Changes in assumptions	187,551	10,228
Contributions made after the measurement date	192,104	-
Total	$ 522,607	$ 100,262

10. Pension Plans (continued)

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

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

Deferred outflows of resources from contributions made after the measurement date for each of the Plans reflected in the above tables as of June 30, 2021 and 2020 will be recognized as a reduction in the net pension liability in the fiscal years ending June 30, 2022 and June 30, 2021, respectively.

10. Pension Plans (continued)

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

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

	Deferred Outflows (Inflows)					
June 30,	Retirement Plan	Local 689 Plan	Transit Police Plan	Local 922 Plan	Local 2 Plan	Total
2022	$ 1,110	$ 23,165	$ (7,480)	$ (7,345)	$ 525	$ 9,975
2023	4,754	50,434	(2,933)	(4,514)	2,048	49,789
2024	4,161	66,226	(7,589)	(7,655)	2,093	57,236
2025	2,765	65,665	(5,272)	(2,993)	1,563	61,728
2026	-	38,136	(1,538)	-	-	36,598
Thereafter	-	15,443	(528)	-	-	14,915
Total	$ 12,790	$ 259,069	$ (25,340)	$ (22,507)	$ 6,229	$ 230,241

(f) Pension Expense

Pension expense recognized by the Authority for the fiscal years ended June 30, 2021 and 2020 is as follows (in thousands):

	Pension Expense	
Plan	2021	2020
Retirement Plan	$ 16,254	$ 14,730
Local 689 Plan	190,797	142,306
Transit Police Plan	667	16,258
Local 922 Plan	(3,344)	(6,114)
Local 2 Plan	3,908	5,605
Total	$ 208,282	$ 172,785

10. Pension Plans (continued)

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

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

	Discount	June 30, 2021		
Plan	**Rate**	**1% Decrease**	**Current Rate**	**1% Increase**
Retirement Plan	7.0%	$ 186,860	$ 142,628	$ 104,554
Local 689 Plan	7.5%	1,569,098	983,833	504,216
Transit Police Plan	7.0%	61,122	17,254	18,822
Local 922 Plan	7.0%	18,576	(16,031)	(44,524)
Local 2 Plan	7.3%	38,409	23,856	11,283
Total net pension liability (asset)		$ 1,874,065	$ 1,151,540	$ 594,351

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

(h) Deferred Compensation Plan

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

(i) Defined Contribution Retirement Plan

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

10. Pension Plans (continued)

(i) Defined Contribution Retirement Plan (continued)

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

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

The Authority contributed $15.0 million and $12.3 million for the years ended June 30, 2021 and 2020, respectively.

11. Other Postemployment Benefits

(a) WMATA Healthcare Plan

i) Description of Plan

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

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

The Authority established the WMATA Other Postemployment Benefits Trust (OPEB Trust) to accumulate assets to fund benefits for WMATA Healthcare Plan participants and their beneficiaries. Contributions to the OPEB Trust are irrevocable and legally protected from creditors. The OPEB Trust is administered by a Board of Trustees, which is comprised of three members appointed by the Authority. Financial information for the OPEB Trust can be obtained by contacting the Office of Accounting in writing at Washington Metropolitan Area Transit Authority, 600 Fifth Street, NW, Washington, DC 20001.

The WMATA Healthcare Plan is reflected as a fiduciary activity in the Authority's basic financial statements.

11. Other Postemployment Benefits (continued)

(a) WMATA Healthcare Plan (continued)

i) Description of Plan (continued)

Below is a summary of the WMATA Healthcare Plan's membership as of June 30, 2021 and 2020:

Plan Membership	June 30, 2021	June 30, 2020
Active	17,504	17,504
Inactive, receiving benefits	11,339	11,339
Total membership	28,843	28,843

Eligible Employees and Benefits

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

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

The amount of benefits paid by the Authority for the WMATA Healthcare Plan during the fiscal years ended June 30, 2021 and 2020 was $53.9 million and $48.1 million, respectively.

Contributions and Funding Policy

The Authority administers the WMATA Healthcare Plan on a pay-as-you-go basis and additional ad-hoc funding contributions based upon budgetary results at the end of each fiscal year. The Authority did not make ad-hoc funding contributions in fiscal year ended June 30, 2021. In fiscal year ended June 30, 2020, the Authority contributed $78.3 million to the OPEB Trust to accumulate assets to fund the OPEB liability. Employees are not required to contribute to the WMATA Healthcare Plan.

11. Other Postemployment Benefits (continued)

(a) WMATA Healthcare Plan (continued)

ii) Measurement of Net OPEB Liability

The Authority's net OPEB liabilities reported at June 30, 2021 and 2020, respectively, were determined using actuarial valuations as of June 30, 2020 and 2019, which is the WMATA Healthcare Plan's fiscal year end. The net OPEB liability for the WMATA Healthcare Plan was determined using the following measurement dates and actuarial assumptions:

	June 30, 2021	June 30, 2020
Measurement date	6/30/2020	6/30/2019
Actuarial valuation date	6/30/2020	6/30/2019
Salary and wage increases, including inflation	3.5%	4.5%
Health care cost trend rate:		
Pre-65 years old	6.5%	7.4%
65 years and older	6.0%	8.0%
Medicare Advantage Part D (MAPD)	6.9%	Not applicable
Discount rate	2.2%	3.5%
Expected rate of return	7.8%	7.9%
Mortality tables used	Pub-2010, "General" Classification, Mortality Table, projected using Scale MP-2019	RP-2014 Blue Collar Mortality Table, fully generational projected using Scale MP-2015
Date of experience study on which significant assumptions were based	4/4/2018	4/4/2018

The changes in the assumptions during the fiscal year ended June 30, 2021 reflect the changes in the discount rate, which was decreased from 3.5% to 2.2%, and changes in the health care cost trend rates, which decreased from 7.4% to 6.5% for participants under 65 years of age, and from 8.0% to 6.0% for participants 65 years and older. The health care cost trend rate assumptions were based on the national average information available from the Standard and Poor's Healthcare Economic Index, National Health Expenditure data, plan renewal data and vendor prescription reports, with adjustments based on provisions of the benefits provided with the Authority. Multiple healthcare cost trend rate assumptions were used for different benefit components and participant groups (pre-65 and post-65 age groups).

The changes in benefit terms during the fiscal year ended June 30, 2021 reflect a change from a partially self-insured plan to a fully insured MAPD plan for the non-represented, Local 2, and Special Police employees.

11. Other Postemployment Benefits (continued)

(a) WMATA Healthcare Plan (continued)

ii) Measurement of Net OPEB Liability (continued)

The healthcare cost trend rates used to calculate the net OPEB liability as of June 30, 2021 and 2020 are as follows:

	June 30,2021			June 30,2020	
Fiscal Year	**Pre-65**	**Post-65**	**MAPD**	**Pre-65**	**Post-65**
2020	6.8%	6.3%	7.1%	7.4%	8.0%
2021	6.5%	6.0%	6.9%	7.0%	7.5%
2022	6.3%	5.8%	6.7%	6.6%	7.0%
2023	6.0%	5.5%	6.5%	6.2%	6.6%
2024	5.8%	5.5%	6.3%	5.8%	6.1%
2025	5.5%	5.3%	6.1%	5.4%	5.6%
2026	5.3%	5.0%	5.7%	4.9%	5.0%
2027	5.0%	4.8%	5.3%	4.5%	4.5%
2028	4.8%	4.8%	4.9%	—	—
2029+	4.5%	4.5%	4.5%	—	—

As of the June 30, 2020 measurement date, the best estimate of real rates of return for each major asset class included in the WMATA Healthcare Plan's target asset allocation is summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**2021**	**2020**	**2021**	**2020**
Large cap equities (Domestic)	26.0%	26.0%	7.2%	7.2%
Small cap equities (Domestic)	10.0%	10.0%	8.4%	8.4%
International equity (Developed)	13.0%	13.0%	7.9%	8.1%
Emerging markets	5.0%	5.0%	9.1%	9.4%
Private equity	5.0%	5.0%	10.4%	10.4%
Long/short equity	6.0%	6.0%	5.7%	5.6%
Core bonds	7.0%	7.0%	2.6%	2.6%
Core plus	14.0%	14.0%	2.9%	2.9%
Liquid absolute return	4.0%	4.0%	3.3%	3.8%
Core real estate	10.0%	10.0%	6.7%	4.8%

The WMATA Healthcare Plan assets are not sufficient to achieve a long-term rate of return to cover the WMATA Healthcare Plan liabilities, therefore the municipal bond rate was used for all periods to project the actuarial present value of benefit payments. The municipal bond rate was obtained from the Bond Buyer General Obligation 20-Bond Municipal Bond Index and was 2.2% and 3.5% for the fiscal years ended June 30, 2021 and 2020, respectively.

11. Other Postemployment Benefits (continued)

(a) WMATA Healthcare Plan (continued)

iii) Changes in Net OPEB Liability

Changes in the Authority's net OPEB liability based on the measurement date for the fiscal years ended June 30, 2021 and 2020, respectively, are as follows (in thousands):

	2021		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance, beginning of year	$ 2,347,968	$ 13,136	$ 2,334,832
Changes for the year:			
Service cost	58,735	-	58,735
Interest	83,560	-	83,560
Changes of benefit terms	(261,657)	-	(261,657)
Differences between expected and actual experience	(16,214)	-	(16,214)
Changes in assumptions	164,673	-	164,673
Benefit payments	(52,624)	(52,624)	-
Contribution - employer	-	130,897	(130,897)
Net investment income	-	633	(633)
Net change	(23,527)	78,906	(102,433)
Balance, end of year	$ 2,324,441	$ 92,042	$ 2,232,399

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

In fiscal year 2019, the Authority contributed $10.0 million to fund the net OPEB liability as of June 30, 2020. In fiscal year 2020, $78.3 million was contributed to fund the liability as of June 30, 2021.

11. Other Postemployment Benefit (continued)

(a) WMATA Healthcare Plan (continued)

iv) OPEB Expense

OPEB expense recognized by the Authority for the fiscal years ended June 30, 2021 was a positive $118.4 million and $119.3 million expense for 2020.

v) OPEB Deferred Outflows and Inflows of Resources

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 2,935	$ -
Differences between projected and actual experience	61,029	13,590
Contributions after measurement date	53,866	-
Changes in assumptions	219,189	147,687
Total	$ 337,019	$ 161,277

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

Deferred outflows of resources from contributions made after the measurement date for OPEB as of June 30, 2021 and 2020 will be recognized as a reduction in the net OPEB liability in the fiscal years ending June 30, 2022 and June 30, 2021, respectively.

11. Other Postemployment Benefits (continued)

(a) WMATA Healthcare Plan (continued)

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

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

June 30,	Deferred Outflows (Inflows)
2022	$ 4,793
2023	11,081
2024	47,583
2025	30,068
2026	24,024
Thereafter	4,327
Total	$ 121,876

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

Health Care Cost Trend Sensitivity

The following presents the Authority's net OPEB liability as of June 30, 2021 and 2020 calculated using health care cost trend rates as of June 30, 2020 and 2019, respectively, as well as what the amounts would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as of the WMATA Healthcare Plan's measurement date (in thousands):

	Net OPEB Liability *		
	1% Decrease	Current Rate	1% Increase
June 30, 2021	$ 1,847,872	$ 2,232,399	$ 2,745,031
June 30, 2020	$ 1,974,043	$ 2,334,832	$ 2,802,459

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

11. Other Postemployment Benefits (continued)

(a) WMATA Healthcare Plan (continued)

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

Discount Rate Sensitivity

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

The following presents the net OPEB liability as of June 30, 2021 and 2020, calculated using the WMATA Healthcare Plan's discount rate, as well as what the amounts would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as of the Plan's measurement date (in thousands):

	Discount	Net OPEB Liability		
	Rate	1% Decrease	Current Rate	1% Increase
June 30, 2021	2.2%	$ 2,682,908	$ 2,232,399	$ 1,886,914
June 30, 2020	3.5%	$ 2,768,596	$ 2,334,832	$ 1,994,485

(b) Local 922 Health Trust

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

The Health Trust is administered by a Joint Board of Trustees consisting of two Local 922 union representatives and two employer representatives and is governed by the terms of the Local 922 collective bargaining agreement. Plan provisions may be amended through negotiation between the Authority and the Local 922 union. Retiree health benefits were discontinued for the Authority's Local 922 union employees hired on or after January 1, 2012. At June 30, 2021 and 2020, the Authority had 40 and 43 participants, respectively, covered under the Health Trust.

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

11. Other Postemployment Benefits (continued)

(b) Local 922 Health Trust Plan (continued)

The Authority was required to contribute $900 per month for each participant through October 31, 2019 and then $950 per month through October 31, 2020. Effective November 1, 2020, the required contribution amount was increased to $1,015 per month. The Authority's contributions were $0.5 million and $0.4 million for the fiscal years ended June 30, 2021 and 2020, respectively.

12. Commitments and Contingencies

(a) Litigation and Claims

i) Insured Claims

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

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

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

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

12. Commitments and Contingencies (continued)

(a) Litigation and Claims (continued)

i) Insured Claims (continued)

The actuarially developed liability for the years ended June 30, 2021 and 2020, discounted at 2.6%, and 3.0%, respectively, is as follows (in thousands):

	2021	2020
Estimated net present value of the liability for litigation and claims, beginning of year	$ 188,100	$ 208,925
Incurred new claims	44,194	30,790
Changes in estimate for claims of prior periods	(820)	(2,022)
Payments on claims	(40,244)	(49,593)
Estimated net present value of the liability for litigation and claims, end of year	$ 191,230	$ 188,100
Due within one year	$ 54,261	$ 51,711

ii) Insured Claims $1.0 Million and Greater

Third Party Claims

As of June 30, 2021 and 2020, there were eight and five liability claims, respectively, with estimated losses greater than $1.0 million falling within the $5.0 million SIR.

Workers' Compensation

As of June 30, 2021 and 2020, there were eleven and nine, respectively, workers' compensation claims in which the outstanding liability is greater than $1.0 million, with an aggregate total of $15.9 million and $15.5 million, respectively.

Property Claims

As of June 30, 2021 and 2020, there was three and one claim, respectively, pending with an estimated claim value greater than the $1.0 million deductible.

Directors and Officers/Employment Practices Liability

As of June 30, 2021, the Authority had zero claims with an estimated loss exceeding the $1.0 million SIR.

iii) Uninsured Claims $1.0 Million and Greater

As of June 30, 2021 and 2020, there were four and two contractor claims, respectively, that if supported by an adverse ruling, could each exceed $1.0 million.

12. Commitments and Contingencies (continued)

(b) Operating Leases

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

Rent expense for the fiscal years ended June 30, 2021 and 2020 was $11.1 million and $8.2 million, respectively.

The Authority's minimum future lease payments for non-cancelable operating leases, as of June 30, 2021 are as follows (in thousands):

Fiscal Year	Lease Payments
2022	$ 8,079
2023	5,994
2024	4,850
2025	2,273
2026	1,335
2027-2031	5,942
2032-2035	3,174
Total	$ 31,647

(c) Hedging Derivative Instrument

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

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

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

The change in the fair values of the swap agreement is reported as either a deferred outflow of resources or a deferred inflow of resources, as applicable, on the Statements of Net Position.

12. Commitments and Contingencies (continued)

(c) Hedging Derivative Instrument (continued)

The following table shows the terms and a summary of the fair value of the diesel fuel swap agreement as of June 30, 2021 and 2020:

	Per Calculation Effective Date	Period Maturity Date	Monthly Notional Gallons	Annual Notional Gallons	Fair Value (in thousands)	
June 30, 2021	July 1, 2021	June 30, 2022	499,393 - 677,799	7,000,000	$	1,704
June 30, 2020	July 1, 2020	June 30, 2021	599,271 - 813,359	8,400,002	$	(5,384)

The Authority is exposed to credit risk when swap fair values are positive. The Authority's policy for mitigating credit risk is to require the counterparty to have a long-term investment grade rating of BBB or higher by Standard and Poor's, Moody's, or Fitch. As of June 30, 2021, the fair value of the swap was positive, and the long-term investment grade rating for the counterparty was AA from Fitch.

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

(d) Construction and Capital Commitments

Construction and capital improvement costs are funded by federal grants, jurisdictional matching funds, third party agreements, and debt. As of June 30, 2021 and 2020, respectively, the Authority had committed to expend $782.5 million and $503.8 million on future construction, capital improvement and other miscellaneous projects.

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

13. Extraordinary Items

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

Insurance recoveries relating to the fire, totaling $16.6 million, were received during fiscal year 2021 and reported as extraordinary items in the Statements of Revenues, Expenses, and Changes in Net Position.

14. Prior Period Adjustment

The Authority implemented the provisions of GASB 84 as of July 1, 2019. This Statement establishes criteria for identifying and reporting fiduciary activities. In accordance with the provision of GASB 84, net position was restated to reflect the balance of the Authority's fiduciary activities as part of the Pension and Other Employee Benefit Trust Funds, as of July 1, 2019.

As of June 30, 2020, amount adjusted as a result of the implementation of GASB 84 in the Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are as follows (in thousands):

June 30, 2020	Net Position, Beginning of Year	Total Assets	Total Liabilities
Balance, as previously reported	$ -	$ -	$ -
Adjustment due to implementation of GASB 84	527,947	533,050	5,103
Balance, as restated	$ 527,947	$ 533,050	$ 5,103

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

	2021[2]	2020[3]	2019[4]	2018	2017	2016	2015
Retirement Plan:							
Total pension liability:							
Service cost	$ 1,057	$ 1,226	$ 1,425	$ 1,670	$ 1,797	$ 1,953	$ 1,815
Interest	34,033	34,734	35,032	35,249	35,549	36,104	37,268
Changes of benefit terms	-	(577)	-	362	736	(1,102)	477
Differences between expected and actual experience	-	(1,372)	2,594	1,814	(1,710)	(5,072)	(2,896)
Changes in assumptions	-	-	-	-	-	-	53,908
Benefit payments, including refunds of employee contributions	(44,112)	(43,610)	(42,603)	(41,306)	(39,760)	(39,542)	(42,032)
Net change in total pension liability	(9,022)	(9,599)	(3,552)	(2,211)	(3,388)	(7,659)	48,540
Total pension liability – beginning	507,181	516,780	520,332	522,543	525,931	533,590	485,050
Total pension liability – ending	$ 498,159	$ 507,181	$ 516,780	$ 520,332	$ 522,543	$ 525,931	$ 533,590
Plan fiduciary net position:							
Contributions – employer	$ 21,606	$ 21,269	$ 20,778	$ 20,349	$ 19,877	$ 20,398	$ 20,585
Transfer of funds from WMATA plan	-	(507)	-	-	-	-	-
Net investment income	11,099	18,274	22,307	42,042	1,896	14,698	56,703
Benefit payments, including refunds of member contributions	(44,112)	(43,610)	(42,603)	(41,306)	(39,760)	(39,542)	(42,032)
Administrative expenses	(335)	(326)	(102)	(123)	(135)	(16)	(19)
Transfer of funds (to) from Local 2 Plan	-	-	-	249	438	(1,078)	312
Net change in total pension liability	(11,742)	(4,900)	380	21,211	(17,684)	(5,540)	35,549
Plan fiduciary net position – beginning	367,273	372,173	371,793	350,582	368,266	373,806	338,257
Plan fiduciary net position – ending	$ 355,531	$ 367,273	$ 372,173	$ 371,793	$ 350,582	$ 368,266	$ 373,806
Net pension liability	$ 142,628	$ 139,908	$ 144,607	$ 148,539	$ 171,961	$ 157,665	$ 159,784
Plan fiduciary net position as a percentage of the total pension liability	71.37%	72.41%	72.02%	71.45%	67.09%	70.02%	70.05%
Covered payroll	$ 12,920	$ 13,744	$ 15,366	$ 17,899	$ 21,492	$ 23,265	$ 23,674
Net pension liability as a percentage of covered payroll	1103.93%	1017.96%	941.08%	829.87%	800.12%	677.69%	674.93%

1 Data reported for fiscal years 2015 through 2021 is based on the WMATA Retirement Plan's measurement dates of June 30, 2014 through 2020, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015 or prior to the measurement date of June 30, 2014, were not available and accordingly, not included in the schedule.

2 During fiscal year 2021, the valuation assumption of the annual non-investment end of year expense was adjusted upwards from $215 thousand to $330 thousand to better reflect recent experience.

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

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

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

	2021[2]	2020[3]	2019	2018	2017	2016	2015
Local 689 Plan:							
Total pension liability:							
Service cost	$ 86,499	$ 78,507	$ 82,170	$ 80,611	$ 78,200	$ 71,473	$ 66,090
Interest	324,811	296,691	285,869	272,852	260,365	251,235	234,275
Differences between expected and actual experience	(14,027)	62,743	(18,013)	6,783	(2,484)	(29,971)	66,534
Changes in assumptions	94,168	135,761	-	-	-	(13,395)	-
Benefit payments, including refunds of employee contributions	(222,519)	(215,157)	(205,151)	(183,562)	(171,814)	(159,466)	(146,158)
Net change in total pension liability	268,932	358,545	144,875	176,684	164,267	119,876	220,741
Total pension liability – beginning	4,217,761	3,859,216	3,714,341	3,537,657	3,373,390	3,253,514	3,032,773
Total pension liability – ending	$4,486,693	$4,217,761	$3,859,216	$3,714,341	$3,537,657	$3,373,390	$3,253,514
Plan fiduciary net position:							
Contributions – employer	$ 133,489	$ 110,043	$ 116,653	$ 118,975	$ 127,516	$ 136,075	$ 123,234
Contributions – employee	23,643	23,572	21,727	22,777	22,183	6,894	-
Net investment income	126,706	239,294	299,482	373,693	4,441	130,680	405,761
Benefit payments, including refunds of member contributions	(222,519)	(215,157)	(205,151)	(183,562)	(171,814)	(159,466)	(146,158)
Administrative expenses	(1,038)	(999)	(976)	(869)	(873)	(865)	(947)
Other	(90)	(147)	(100)	(2)	(46)	-	(333)
Net change in total pension liability	60,191	156,606	231,635	331,012	(18,593)	113,318	381,557
Plan fiduciary net position – beginning	3,442,669	3,286,063	3,054,428	2,723,416	2,742,009	2,628,691	2,247,134
Plan fiduciary net position – ending	$3,502,860	$3,442,669	$3,286,063	$3,054,428	$2,723,416	$2,742,009	$2,628,691
Net pension liability	$ 983,833	$ 775,092	$ 573,153	$ 659,913	$ 814,241	$ 631,381	$ 624,823
Plan fiduciary net position as a percentage of the total pension liability	78.07%	81.62%	85.15%	82.23%	76.98%	81.28%	80.80%
Covered payroll	$ 794,216	$ 757,448	$ 759,138	$ 775,487	$ 762,642	$ 745,231	$ 710,331
Net pension liability as a percentage of covered payroll	123.87%	102.33%	75.50%	85.10%	106.77%	84.72%	87.96%

1 Data reported for fiscal years 2015 through 2021 is based on the Local 689 Plan's measurement dates of June 30, 2014 through 2020, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of June 30, 2014, were not available and accordingly, not included in the schedule.

2 During fiscal year 2021, the withdrawal rates were changed to reflect experiences from 2015 to 2019. Rates reflected higher turnover at most ages. The retirement rates were changed to reflect mostly earlier retirements for those eligible for unreduced benefits. The mortality tables were changed to the PR2014 table projected with 90% of scale MP2019.

3 During fiscal year 2020, the retirement rates were changed to reflect mostly earlier retirements for those eligible for unreduced benefits.

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

	2021[2]	2020	2019	2018[3,4]	2017	2016	2015
Transit Police Plan:							
Total pension liability:							
Service cost	$ 9,519	$ 8,549	$ 8,311	$ 7,949	$ 6,772	$ 6,094	$ 5,824
Interest	20,774	19,862	19,384	17,175	17,469	16,900	16,250
Changes of benefit terms	-	6,634	-	-	-	-	-
Differences between expected and actual experience	3,180	(7,075)	(5,665)	2,792	(2,221)	(2,726)	(1,415)
Changes in assumptions	(6,874)	-	-	17,870	3,802	-	-
Benefit payments, including refunds of employee contributions	(15,052)	(14,787)	(14,581)	(13,846)	(12,943)	(12,406)	(11,573)
Net change in total pension liability	11,547	13,183	7,449	31,940	12,879	7,862	9,086
Total pension liability – beginning	304,845	291,662	284,213	252,273	239,394	231,532	222,446
Total pension liability – ending	$ 316,392	$ 304,845	$ 291,662	$ 284,213	$ 252,273	$ 239,394	$ 231,532
Plan fiduciary net position:							
Contributions - employer	$ 12,041	$ 11,942	$ 12,647	$ 12,355	$ 9,778	$ 8,748	$ 8,737
Contributions - employee	3,168	2,659	2,480	2,446	2,408	2,407	2,463
Net investment income	33,156	42,883	(9,469)	36,453	16,784	(5,396)	13,201
Benefit payments, including refunds of member contributions	(15,052)	(14,787)	(14,581)	(13,846)	(12,943)	(12,406)	(11,573)
Administrative expenses	(222)	(249)	(249)	(261)	(250)	(252)	(210)
Net change in total pension liability	33,091	42,448	(9,172)	37,147	15,777	(6,899)	12,618
Plan fiduciary net position – beginning	266,047	223,599	232,771	195,624	179,847	186,746	174,128
Plan fiduciary net position – ending	$ 299,138	$ 266,047	$ 223,599	$ 232,771	$ 195,624	$ 179,847	$ 186,746
Net pension liability	$ 17,254	$ 38,798	$ 68,063	$ 51,442	$ 56,649	$ 59,547	$ 44,786
Plan fiduciary net position as a percentage of the total pension liability	94.55%	87.27%	76.66%	81.90%	77.54%	75.13%	80.66%
Covered payroll	$ 37,532	$ 35,414	$ 35,853	$ 34,485	$ 34,265	$ 34,122	$ 35,412
Net pension liability as a percentage of covered payroll	45.97%	109.56%	189.84%	149.17%	165.33%	174.51%	126.47%

1 Data reported for fiscal years 2015 through 2021 is based on the WMATA Transit Police Retirement Plan's measurement dates of December 31, 2014 through 2020, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of December 31, 2014 were not available and accordingly, not included in the schedule.

2 During fiscal year 2021, the projected mortality improvement scale was changed from the MP-2015 table to the MP-2020 table.

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

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

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

	2021[2]	2020	2019[3]	2018	2017	2016	2015
Local 922 Plan:							
Total pension liability:							
Service cost	$ 4,583	$ 4,839	$ 4,586	$ 4,670	$ 4,493	$ 4,463	$ 4,767
Interest	16,841	17,015	16,617	15,553	14,717	13,757	12,832
Changes of benefit terms	-	(11,256)	-	-	-	-	-
Differences between expected and actual experience	3,551	(3,404)	(6,819)	3,400	347	213	-
Changes in assumptions	(683)	-	-	-	-	2,318	-
Benefit payments, including refunds of employee contributions	(9,525)	(9,333)	(8,547)	(8,159)	(7,438)	(6,809)	(6,092)
Net change in total pension liability	14,767	(2,139)	5,837	15,464	12,119	13,942	11,507
Total pension liability – beginning	240,688	242,827	236,990	221,526	209,407	195,465	183,958
Total pension liability – ending	$ 255,455	$ 240,688	$ 242,827	$ 236,990	$ 221,526	$ 209,407	$ 195,465
Plan fiduciary net position:							
Contributions – employer	$ 4,630	$ 4,784	$ 6,140	$ 6,833	$ 5,803	$ 5,583	$ 5,634
Contributions – employee	952	1,021	946	938	963	369	41
Net investment income	31,878	38,033	(7,294)	30,712	11,553	(2,275)	7,801
Benefit payments, including refunds of member contributions	(9,525)	(9,333)	(8,547)	(8,159)	(7,438)	(6,809)	(6,092)
Administrative expenses	(211)	(185)	(200)	(176)	(258)	(219)	(172)
Net change in total pension liability	27,724	34,320	(8,955)	30,148	10,623	(3,351)	7,212
Plan fiduciary net position – beginning	243,762	209,442	218,397	188,249	177,626	180,977	173,765
Plan fiduciary net position – ending	$ 271,486	$ 243,762	$ 209,442	$ 218,397	$ 188,249	$ 177,626	$ 180,977
Net pension liability (asset)	$ (16,031)	$ (3,074)	$ 33,385	$ 18,593	$ 33,277	$ 31,781	$ 14,488
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.28%	101.28%	86.25%	92.15%	84.98%	84.82%	92.59%
Covered payroll	$ 33,643	$ 32,016	$ 31,915	$ 32,578	$ 31,066	$ 30,251	$ 32,324
Net pension liability (asset) as a percentage of covered payroll	-47.65%	-9.60%	104.61%	57.07%	107.12%	105.06%	44.82%

1 Data reported for fiscal years 2015 through 2021 is based on the Local 922 Plan's measurement dates of December 31, 2014 through 2020, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of December 31, 2014 were not available and accordingly, not included in the schedule.

2 During fiscal year 2021, the compensation increased assumption was updated to reflect the current Memorandum of Understanding, dated October 6, 2020. In addition, an additional one time 17% wage increase was applied in order to reflect a rebound in pay levels for the 2021 year and stabilize the contributions required.

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

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

Exhibit 6 (concluded)

	2021[2]	2020[3]	2019[4]	2018	2017	2016	2015
Local 2 Plan:							
Total pension liability:							
Service cost	$ 271	$ 281	$ 322	$ 464	$ 572	$ 676	$ 664
Interest	11,648	11,934	12,045	12,166	12,321	12,300	11,780
Changes of benefit terms	-	561	-	(348)	(699)	1,028	(446)
Differences between expected and actual experience	-	(860)	(658)	(577)	(1,952)	(2,115)	5,817
Changes in assumptions	-	3,439	575	-	-	-	10,168
Benefit payments, including refunds of employee contributions	(13,811)	(13,796)	(13,658)	(12,702)	(11,689)	(11,324)	(11,153)
Net change in total pension liability	(1,892)	1,559	(1,374)	(997)	(1,447)	565	16,830
Total pension liability – beginning	167,295	165,736	167,110	168,107	169,554	168,989	152,159
Total pension liability – ending	$ 165,403	$ 167,295	$ 165,736	$ 167,110	$ 168,107	$ 169,554	$ 168,989
Plan fiduciary net position:							
Contributions – employer	$ 5,423	$ 4,806	$ 4,700	$ 4,748	$ 4,824	$ 5,156	$ 4,758
Net investment income	2,575	8,134	10,864	17,581	2,006	6,684	22,493
Benefit payments, including refunds of member contributions	(13,811)	(13,796)	(13,658)	(12,702)	(11,689)	(11,324)	(11,153)
Administrative expenses	(178)	(164)	(96)	(67)	(99)	(74)	(7)
Transfer of funds (to) from Retirement Plan	-	507	-	(249)	(438)	1,078	(312)
Net change in total pension liability	(5,991)	(513)	1,810	9,311	(5,396)	1,520	15,779
Plan fiduciary net position – beginning	147,538	148,051	146,241	136,930	142,326	140,806	125,027
Plan fiduciary net position – ending	$ 141,547	$ 147,538	$ 148,051	$ 146,241	$ 136,930	$ 142,326	$ 140,806
Net pension liability	$ 23,856	$ 19,757	$ 17,685	$ 20,869	$ 31,177	$ 27,228	$ 28,183
Plan fiduciary net position as a percentage of the total pension liability	85.58%	88.19%	89.33%	87.51%	81.45%	83.94%	83.32%
Covered payroll	$ 4,119	$ 4,159	$ 4,089	$ 4,930	$ 7,290	$ 9,052	$ 9,954
Net pension liability as a percentage of covered payroll	579.17%	475.04%	432.50%	423.31%	427.67%	300.80%	283.13%

See accompanying notes to the required supplementary information.

1 Data reported for fiscal years 2015 through 2021 is based on the Local 2 Plan's measurement dates of June 30, 2014 through 2020, respectively, from the most recent actuarial valuation accounting disclosures report. Changes in the net pension liability for the fiscal years prior to 2015, or prior to the measurement date of June 30, 2014 were not available and accordingly, not included in the schedule.

2 During fiscal year 2021, the valuation assumption of the annual non-investment end of year expense was adjusted upwards from $105 thousand to $125 thousand to better reflect recent experience.

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

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

Schedules of Employer Contributions – Pension Plans[1] Exhibit 7
Last Ten Fiscal Years (continued)
(in thousands)

	2021[2]	2020	2019	2018	2017	2016	2015	2014	2013	2012
Retirement Plan:										
Actuarially determined contribution	$ 22,537	$ 21,606	$ 21,269	$ 20,778	$ 20,349	$ 19,877	$ 20,398	$ 20,585	$ 19,998	$ 18,416
Contributions in relation to the actuarially determined contribution	22,537	21,606	21,269	20,778	20,349	19,877	20,398	20,585	19,998	15,469
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,947
Covered payroll	Not Available	$ 12,920	$ 13,744	$ 15,366	$ 17,899	$ 21,492	$ 23,265	$ 23,674	$ 25,327	$ 26,551
Contributions as a percentage of covered payroll	Not Available	167.23%	154.75%	135.22%	113.69%	92.49%	87.68%	86.95%	78.96%	58.26%
Local 689 Plan:										
Actuarially determined contribution	$ 156,348	$ 133,489	$ 110,043	$ 116,653	$ 118,975	$ 127,516	$ 136,075	$ 123,234	$ 95,552	$ 71,717
Contributions in relation to the actuarially determined contribution	156,348	133,489	110,043	116,653	118,975	127,516	136,075	123,234	99,581	72,149
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,029)	$ (432)
Covered payroll	Not Available	$ 794,216	$ 757,448	$ 759,138	$ 775,487	$ 762,642	$ 745,231	$ 710,331	$ 634,996	$ 578,278
Contributions as a percentage of covered payroll	Not Available	16.81%	14.53%	15.37%	15.34%	16.72%	18.26%	17.35%	15.68%	12.48%
Transit Police Plan:										
Actuarially determined contribution	$ 11,345	$ 11,992	$ 12,319	$ 12,501	$ 11,067	$ 9,263	$ 8,742	$ 8,594	$ 7,944	$ 7,954
Contributions in relation to the actuarially determined contribution	11,345	11,992	11,766	13,974	10,662	8,747	8,742	8,594	7,944	7,954
Contribution deficiency (excess)	$ -	$ -	$ 553	$ (1,473)	$ 405	$ 516	$ -	$ -	$ -	$ -
Covered payroll	$ 38,433	$ 37,532	$ 35,413	$ 35,853	$ 34,485	$ 34,243	$ 35,412	$ 34,086	$ 32,976	$ 30,351
Contributions as a percentage of covered payroll	29.52%	31.95%	33.23%	38.98%	30.92%	25.54%	24.69%	25.21%	24.09%	26.21%

Schedules of Employer Contributions – Pension Plans[1] Exhibit 7
Last Ten Fiscal Years (concluded)
(in thousands)

	2021[2]	2020	2019	2018	2017	2016	2015	2014	2013	2012
Local 922 Plan:										
Actuarially determined contribution	$ 4,388	$ 4,707	$ 5,462	$ 6,487	$ 6,318	$ 5,694	$ 5,194	$ 6,920	$ 5,583	$ 6,203
Contributions in relation to the actuarially determined contribution	4,553	4,106	5,794	7,832	5,430	5,558	5,194	6,920	5,583	6,203
Contribution deficiency (excess)	$ (165)	$ 601	$ (332)	$ (1,345)	$ 888	$ 136	$ -	$ -	$ -	$ -
Covered payroll	$ 32,650	$ 33,643	$ 32,016	$ 31,915	$ 32,578	$ 31,066	$ 30,251	$ 32,324	$ 29,593	$ 27,065
Contributions as a percentage of covered payroll	13.94%	12.20%	18.10%	24.54%	16.67%	17.89%	17.17%	21.41%	18.87%	22.92%
Local 2 Plan:										
Actuarially determined contribution	$ 5,555	$ 5,423	$ 4,806	$ 4,700	$ 4,748	$ 4,824	$ 5,156	$ 4,758	$ 4,822	$ 4,966
Contributions in relation to the actuarially determined contribution	5,555	5,423	4,806	4,700	4,748	4,824	5,156	4,758	4,822	4,093
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 873
Covered payroll	Not Available	$ 4,119	$ 4,159	$ 4,089	$ 4,930	$ 7,290	$ 9,052	$ 9,954	$ 10,583	$ 11,521
Contributions as a percentage of covered payroll	Not Available	131.67%	115.57%	114.94%	96.31%	66.17%	56.96%	47.80%	45.56%	35.53%

See accompanying notes to the required supplementary information.

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

2 Covered payroll in fiscal year 2021 was not available in the most recent actuarial valuations for the WMATA Retirement, Local 689, and Local 2 Plans.

Schedule of Changes in Net OPEB Liability and Related Ratios — Exhibit 8
Last Ten Fiscal Years[1]
(in thousands)

	2021[2]	2020	2019	2018[3]	2017
WMATA Healthcare Plan:					
Total OPEB liability:					
Service cost	$ 58,735	$ 56,444	$ 58,829	$ 74,229	$ 54,562
Interest	83,560	83,307	78,075	66,012	72,064
Changes of benefit terms	(261,657)	-	-	(58,194)	-
Differences between expected and actual experience	(16,214)	8,383	-	182,842	348,360
Changes in assumptions	164,673	131,888	(108,094)	(333,670)	-
Benefit payments	(52,624)	(55,952)	(53,461)	(48,988)	(51,337)
Net change in total OPEB liability	(23,527)	224,070	(24,651)	(117,769)	423,649
Total OPEB liability – beginning	2,347,968	2,123,898	2,148,549	2,266,318	1,842,669
Total OPEB liability – ending	$ 2,324,441	$ 2,347,968	$ 2,123,898	$ 2,148,549	$ 2,266,318
Plan fiduciary net position:					
Contributions - employer	$ 130,897	$ 65,952	$ 56,461	$ -	$ -
Net investment income	633	135	1	-	-
Benefit payments, including refunds of member contributions	(52,624)	(55,952)	(53,461)	-	-
Net change in total OPEB liability	78,906	10,135	3,001	-	-
Plan fiduciary net position – beginning	13,136	3,001	-	-	-
Plan fiduciary net position – ending	$ 92,042	$ 13,136	$ 3,001	$ -	$ -
Net OPEB liability	$ 2,232,399	$ 2,334,832	$ 2,120,897	$ 2,148,549	$ 2,266,318
Plan fiduciary net position as a percentage of the total OPEB liability	3.96%	0.56%	0.14%	-	-
Covered payroll	$ 559,000	$ 540,000	$ 583,000	$ 558,000	$ 627,000
Net OPEB liability as a percentage of covered payroll	399.36%	432.38%	363.79%	385.04%	361.45%

See accompanying notes to the required supplementary information.

1 Amounts reported for the Authority's fiscal years ended June 30, 2017 through 2021 are based on the WMATA Healthcare Plan's fiscal years ended June 30, 2016 through 2020, respectively, which are the measurement dates used by the Authority. Changes in the net OPEB liability for the fiscal years prior to 2017, or prior to the measurement date of June 30, 2016, were not available and accordingly, are not included in the schedule.

2 In fiscal year 2021, all post-65 retirees for Local 2, Non-Represented, and Local 639 Special Police were moved to a Medicare Advantage plan that includes Medicare Part D prescription drug coverage effective January 1,2020.

3 The Authority established a qualified trust to accumulate assets for OPEB benefits in fiscal year 2018.

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

Exhibit 9

Fiscal Year Ending	Required Contribution
June 30, 2021	$ 450,485
June 30, 2020	$ 447,670
June 30, 2019	$ 385,200
June 30, 2018	$ 413,600
June 30, 2017	$ 300,800

See accompanying notes to the required supplementary information.

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

Notes to the Required Supplementary Information

1. Pension Plans

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

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

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

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

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

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

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

(b) Schedules of Employer Contributions – Pension Plans

The Schedules of Employer Contributions provide the actuarially determined contribution for each plan. The actuarially determined contribution rates are calculated as of the respective plans' fiscal year end, one year prior to the beginning of the fiscal year in which contributions are reported. For example, the Authority's actuarially determined contribution for the fiscal year ending June 30, 2021 is based on the July 1, 2020 funding valuation provided by the Authority's actuary.

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

1. Pension Plans (continued)

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

Retirement Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2021	7/1/2020	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2020	7/1/2019	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2019	7/1/2018	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2018	7/1/2017	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2017	7/1/2016	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2016	7/1/2015	Entry age	Smoothed market	Level dollar	14 years open	7.00%	2.50%	3.00% to 6.30%
2015	7/1/2014	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2014	7/1/2013	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2013	7/1/2012	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%
2012	7/1/2011	Entry age	Smoothed market	Level dollar	15 years open	8.00%	2.50%	3.50% to 8.00%

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

1. Pension Plans (continued)

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

Local 689 Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2021	1/1/2020	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.50%	2.50%	2.00% to 2.50%
2020	1/1/2019	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2019	1/1/2018	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2018	1/1/2017	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2017	1/1/2016	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2016	1/1/2015	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	2.50%	3.00% to 3.50%
2015	1/1/2014	Aggregate Cost	Smoothed market	Level percentage of payroll	30 years	7.90%	3.00%	3.50%
2014	1/1/2013	Aggregate Cost	Smoothed market	Not Available	Not Available	7.90%	3.00%	3.50%
2013	1/1/2012	Aggregate Cost	5-yr assumed yield	Not Available	Not Available	7.90%	3.00%	3.50%
2012	1/1/2011	Aggregate Cost	3-yr assumed yield	Not Available	Not Available	7.90%	3.00%	3.50%

The mortality table used for fiscal year 2021 was the RP-2014 Blue Collar projected with Scale MP-2019. The mortality table used for fiscal year 2020 was the RP-2014 Blue Collar projected with Scale MP-2015. The mortality table used for fiscal years 2016 through 2019 was the RP-2000 Blue Collar Mortality Table with Scale AA. The mortality table used for fiscal years 2012 through 2015 was the 1983 Group Annuity Mortality Tables, males set back two years and females unadjusted.

1. Pension Plans (continued)

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

Transit Police Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2021	1/1/2020	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.00%	2.50%	3.00% to 7.00%
2020	1/1/2020	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.00%	2.50%	3.00%
2019	1/1/2019	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.00%	2.50%	3.00% to 7.00%
2018	1/1/2018	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.00%	2.50%	3.00% to 7.00%
2017	1/1/2017	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.50%	2.50%	3.00% to 7.00%
2016	1/1/2016	Aggregate Cost	Smoothed market	Level percentage of payroll	5 years	7.50%	2.50%	3.00% to 7.00%
2015	1/1/2015	Aggregate Cost	Smoothed market	Level percentage of payroll	10 years	7.50%	2.50%	3.00% to 6.00%
2014	1/1/2014	Aggregate Cost	Smoothed market	Not Available	Not Available	8.00%	3.00%	4.75% to 9.00%
2013	1/1/2012	Aggregate Cost	Smoothed market	Not Available	Not Available	7.50%	2.50%	4.75% to 9.00%
2012	1/2/2011	Aggregate Cost	Smoothed market	Not Available	Not Available	8.00%	2.50%	4.75% to 9.00%

The mortality table used for fiscal year 2021 was the RP 2014 Blue Collar Mortality table with generational projection by scale MP-2020. The mortality table used for fiscal years 2016 through 2020 was the RP-2014 Blue Collar Mortality table with generational projection by Scale MP-2015. The mortality table used for the fiscal years 2012 through 2015 was the RP-2000 with Blue Collar adjustment set forward ten years with generational projection by Scale AA.

1. Pension Plans (continued)

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

Local 922 Plan:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
2021	1/1/2021	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	1.50%	1.50% to 4.50%
2020	1/1/2020	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	1.50%	4.50%
2019	1/1/2019	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.50%
2018	1/1/2018	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.00% to 4.50%
2017	1/1/2017	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.00% to 4.50%
2016	1/1/2016	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.00% to 4.50%
2015	1/1/2015	Entry age normal cost	Smoothed Market value	Level dollar	20 years closed	7.00%	3.00%	4.50%
2014	1/1/2014	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2013	1/1/2012	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%
2012	1/1/2012	Projected unit credit	Actuarial value of assets	Level dollar	30 years open	7.00%	3.00%	4.50%

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

1. Pension Plans (continued)

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

Local 2 Plan:

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

The mortality table used for fiscal years 2015 through 2021 was the RP-2000 Fully Generational Combined Mortality Table projected with Scale AA. The mortality table used for fiscal years 2012 through 2014 was the RP-2000 Combined Mortality Table, projected to 2012 with Scale AA.

2. Other Postemployment Benefits (OPEB)

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

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

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

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

The data reported in the Schedule of Changes in Net OPEB Liability and Related Ratios for the WMATA Healthcare Plan for the Authority's fiscal years ending June 30, 2021 and 2020 are based upon the measurement dates of June 30, 2020 and 2019, respectively. The changes in the assumptions during the fiscal year ended June 30, 2021 reflect the changes in the discount rate, which was decreased from 3.5% to 2.2% and changes in the health care cost trend rates, which decreased from 7.4% to 6.5% for participants under 65 year of age, and from 8.0% to 6.0% for participants 65 years and older. The changes in the assumptions during the fiscal year ended June 30, 2020 reflect the changes in the discount rate, which was decreased from 3.9% to 3.5%.

The changes in benefit terms during fiscal year 2021 was a change from a partially self-insured plan to a fully insured Medicare Advantage Part D plan for non-represented, Local 2, and Special Police employees.

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

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

The data reported in the Schedule of Employer Required Contributions consists of the total amount of contributions the Authority makes to the Teamsters Local 922 Employers Health Trust for retirees during the Authority's respective fiscal year-end. The Authority is required to make a fixed contribution per retiree in accordance with the collective bargaining agreement. The Authority was required to contribute $900 per month for each participant through October 31, 2019 and then $950 per month through October 31, 2020. Effective November 1, 2020, the required contribution amount was adjusted to $1,015 per month.

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

Fiduciary Activities
Pension and Other Employee Benefit Trust Funds

The pension and other employee benefit trust funds accounts for the activities of the following plans, which accumulates resources for pension and other postemployment benefit payments to qualified beneficiaries:

- WMATA Retirement (Retirement) Plan – to account for the resources accumulated for management and non-represented employees.
- WMATA Local 2 Retirement (Local 2) Plan – to account for the resources accumulated for Local 2 employees.
- WMATA Healthcare Plan – to account for other postemployment benefit resources accumulated for management, represented, and non-represented active and inactive employees and their dependents.

Fiduciary Activities
Combining Statements of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2021
(in thousands)

Exhibit 10
(continued)

	Pension		OPEB	
	Retirement Plan	Local 2 Plan	WMATA Healthcare Plan	Total
ASSETS				
Cash and cash equivalents	$ 6,247	$ 1,625	$ -	$ 7,872
Receivables:				
Due from broker for investments sold	-	1,000	-	1,000
Investments:				
Equity index funds-domestic	142,028	47,807	-	189,835
Equity index funds-international	94,192	45,121	-	139,313
Bond index funds-domestic	80,874	37,511	-	118,385
Bond index funds-international	36,605	28,641	-	65,246
Real estate investment fund-domestic	57,825	7,670	-	65,495
Virginia pooled trust	-	-	118,989	118,989
Total investments	411,524	166,750	118,989	697,263
Total assets	417,771	169,375	118,989	706,135
LIABILITIES				
Accrued pension benefits	3,752	1,165	-	4,917
Accounts payable	280	116	-	396
Total liabilities	4,032	1,281	-	5,313
NET POSITION				
Restricted for:				
Pension benefits	413,739	168,094	-	581,833
Postemployment benefits other than pensions	-	-	118,989	118,989
Total net position	$ 413,739	$ 168,094	$ 118,989	$ 700,822

Fiduciary Activities **Exhibit 10**
Combining Statements of Fiduciary Net Position **(concluded)**
Pension and Other Employee Benefit Trust Funds
June 30, 2020
(in thousands)

	Pension		OPEB	
	Retirement Plan	Local 2 Plan	WMATA Healthcare Plan	Total
ASSETS				
Cash and cash equivalents	$ 4,906	$ 3,893	$ -	$ 8,799
Receivables:				
Employer contributions	-	-	3,273	3,273
Due from broker for investments sold	2,000	700	-	2,700
Due from Retirement Plan	-	507	-	507
Accrued income	1	1	-	2
Total receivables	2,001	1,208	3,273	6,482
Investments:				
Equity index funds-domestic	121,483	36,288	-	157,771
Equity index funds-international	72,939	34,464	-	107,403
Bond index funds-domestic	105,186	32,923	-	138,109
Bond index funds-international	33,970	26,579	-	60,549
Real estate investment fund-domestic	19,479	7,436	-	26,915
Virginia pooled trust	-	-	88,770	88,770
Total investments	353,057	137,690	88,770	579,517
Total assets	359,964	142,791	92,043	594,798
LIABILITIES				
Accrued pension benefits	3,680	1,142	-	4,822
Due to Local 2 Plan	507	-	-	507
Accounts payable	246	102	1	349
Total liabilities	4,433	1,244	1	5,678
NET POSITION				
Restricted for:				
Pension benefits	355,531	141,547	-	497,078
Postemployment benefits other than pensions	-	-	92,042	92,042
Total net position	$ 355,531	$ 141,547	$ 92,042	$ 589,120

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

Fiduciary Activities — Exhibit 11 (continued)
Combining Statements of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2021
(in thousands)

	Pension		OPEB	
	Retirement Plan	Local 2 Plan	WMATA Healthcare Plan	Total
ADDITIONS				
Contributions:				
Employer	$ 22,538	$ 5,555	$ 52,417	$ 80,510
Investment Income:				
Net increase in investments	76,928	33,258	27,011	137,197
Interest, dividends and other	4,048	1,809	-	5,857
Total investment income	80,976	35,067	27,011	143,054
Less investment expenses:				
Custodial fees	627	240	-	867
Net investment income	80,349	34,827	27,011	142,187
Total additions	102,887	40,382	79,428	222,697
DEDUCTIONS				
Benefits paid to participants or beneficiaries	44,530	13,744	48,392	106,666
Administrative expenses	149	91	4,089	4,329
Total deductions	44,679	13,835	52,481	110,995
Net increase in fiduciary net position	58,208	26,547	26,947	111,702
Net position - beginning	355,531	141,547	92,042	589,120
Net position - ending	$ 413,739	$ 168,094	$ 118,989	$ 700,822

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Fiduciary Activities — Exhibit 11 (concluded)
Combining Statements of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2020
(in thousands)

	Pension		OPEB	
	Retirement Plan	Local 2 Plan	WMATA Healthcare Plan	Total
ADDITIONS				
Contributions:				
Employer	$ 21,606	$ 5,423	$ 130,897	$ 157,926
Assets transferred from Retirement Plan		507		507
Total contributions	21,606	5,930	130,897	158,433
Investment Income:				
Net increase in investments	9,824	2,025	658	12,507
Interest, dividends and other	1,702	722	-	2,424
Total investment income	11,526	2,747	658	14,931
Less investment expenses:				
Custodial fees	636	250	-	886
Other	-	-	1	1
Net investment income	10,890	2,497	657	14,044
Total additions	32,496	8,427	131,554	172,477
DEDUCTIONS				
Benefits paid to participants or beneficiaries	44,112	13,811	48,107	106,030
Administrative expenses	126	100	4,517	4,743
Asset transferred to Local 2 Plan	507	-	-	507
Other	-	-	24	24
Total deductions	44,745	13,911	52,648	111,304
Net increase (decrease) in fiduciary net position	(12,249)	(5,484)	78,906	61,173
Net position - beginning (as restated)	367,780	147,031	13,136	527,947
Net position - ending	$ 355,531	$ 141,547	$ 92,042	$ 589,120

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

metro System Map

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

Legend

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

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

Connecting Rail Systems

Transfer Station
Station in Service
Under Construction
Full-Time Service
Service operates Monday-Friday 10:00am - 3:00pm 7:30pm - Close All day Saturday & Sunday

♿ Metro is accessible.

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

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

202-962-1234

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