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marta 

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

**For the Years Ended
June 30, 2015 & 2014**
Atlanta, Georgia

Comprehensive Annual Financial Report

For the Years Ended June 30,
2015 and 2014
Atlanta, Georgia

Prepared by the Department of Finance
Gordon Hutchinson, Chief Financial Officer



MARTA expands to Clayton County

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INTRODUCTION

Early MARTA expansion: Decatur Station Construction

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December 15, 2015



2424 Piedmont Rd., N.E.
Atlanta, GA 30324-3330
404-848-5000

Board of Directors
Metropolitan Atlanta Rapid Transit Authority

Ladies and Gentlemen:

We are pleased to respectfully submit the Metropolitan Atlanta Rapid Transit Authority's (MARTA's) 22nd Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015 to the MARTA Board of Directors, the citizens of this area and all interested in its financial condition. MARTA is a public body corporate and joint public instrumentality of the City of Atlanta and the counties of Fulton, DeKalb, Cobb, Clayton and Gwinnett by action of the General Assembly of the State of Georgia for the purposes of planning, constructing, financing and operating a public transportation system. This report is published to fulfill the financial reporting requirements of the MARTA Act.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MARTA for its CAFR for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

This endeavor is our continued commitment to MARTA's Standard of Excellence and this report consists of management's representations concerning the financial position of MARTA. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of MARTA has established a comprehensive internal control framework that is designed both to protect MARTA's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of MARTA's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, MARTA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects. Overall, the CAFR is presented in four sections: introductory, financial, statistical, and single audit.

The goal of an independent audit is to provide reasonable assurance that the financial statements of MARTA for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and any significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion and that MARTA's financial statements for the fiscal year ended June 30, 2015, are presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

MARTA is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit is included in the Single Audit Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A which can be found immediately following the report of the independent auditors in the Financial Section of this report.

ORGANIZATION AND MANAGEMENT

The government of MARTA is vested in a Board of Directors (the Board) composed of 12 voting members and two non-voting member. Three members are appointed by Fulton County, four members by DeKalb County, two members by Clayton County, and three members by the City of Atlanta. In addition, the Commissioner of the State Department of Transportation and the Executive Director of the Georgia Regional Transportation (non-voting) Authority serve as ex officio members of the Board.

The administration of MARTA is directed by the General Manager/CEO who is appointed by the Board. A listing of the members of the Board of Directors and General Manager/CEO and Executive Staff is presented in the Introductory Section. An organizational chart is also included.

THE RAPID TRANSIT SYSTEM

The Metropolitan Rapid Transit Plan (the Plan), an engineering report summarizing the Comprehensive Transit Plan for the Atlanta Metropolitan Area, was adopted by the MARTA Board on August 9, 1971, and structured the development of the Rapid Rail System (System). The major components of the System, as presently described in the Plan, are a fixed-rail system and a bus system providing both local and express bus services.

Rail

MARTA's rail system consists of 48 miles of operational double track and 38 fully functioning stations. The fixed rail system, which consists of steel-wheel trains, operates at speeds up to 70 M.P.H. on steel rails using an electrified "third rail" as the power source. The rail transit system consists of 318 air-conditioned vehicles operating as any combination of two vehicle trains, up to a maximum of eight vehicle trains.

The rail system has lines running in east-west and north-south directions. The main lines intersect at the Five Points Station, located in Atlanta's Downtown Business District. The design and construction of the fixed-rail system are divided into phases. Phases A, B, C, D and E are complete and in full revenue service. The last segment, Phase E, added three stations and extended the rail system an additional 3.3 miles. The Dunwoody station was placed in revenue service in 1996, while the Sandy Springs and North Springs stations were completed in December 2000. Phase E also added 56 vehicles to the fleet. Currently, the fleet consists of 100 CQ312 BREDA vehicles, 120 CQ311Hitachi vehicles and 98 CQ310 Franco Belge vehicles. The rail vehicle rehabilitation program, now complete, overhauled 218 CQ310 and CQ311 vehicles.

Bus

The Atlanta Transit System, Inc., a privately owned bus company, was acquired in February, 1972, by MARTA to provide extensive bus transportation services throughout Fulton and DeKalb and a small portion of Cobb, Clayton, and Gwinnett Counties. Currently, MARTA operates only in Fulton, Dekalb, the city of Atlanta, and one route into Cobb County.

MARTA's bus fleet and facilities consists of 565 diesel and compressed natural gas buses; a heavy maintenance facility and three operating garages; several park-and-ride lots and an extensive system of patron bus shelters and stops. MARTA operates 97 different bus routes providing approximately 27 million annual vehicle miles.

Mobility

MARTA Mobility is for persons with disabilities who are unable to negotiate the MARTA fixed route system for some or all of their travel. Passengers must be certified as eligible through a two-part application (client and health care provider). Trips can be delivered curb-to-curb within ¼ mile of MARTA fixed route service in Fulton and DeKalb counties. Mobility services outside of the MARTA service area will be governed by intergovernmental agreement and adhere to federal guidelines. MARTA maintains a fleet size of 198 Lift Vans from a designated operating facility to provide this service which is offered during the same hours and days as the regular bus and rail service.

Budget

MARTA adopts its Operating and Capital Budget in June of each year. Once adopted, total budgeted revenues and/or expenses cannot change. Budgets are allocated to monthly spending levels and a monthly Budget Performance Report is prepared. The monthly Budget Performance Report analyzes expenditures by office relative to monthly and total budgets, and revenues anticipated for the reporting period. For fiscal year 2015, the Authority had an approved budget of \$885.7 million with \$415.6 million allocated to operating expenses and \$470.1 million allocated to the capital improvement program and debt service expenses.

FINANCIAL RESULTS

In fiscal year 2015, MARTA's total net position were \$1.4 billion. Net position decreased by \$16.8 million from the previous fiscal year when net position were \$1.42 billion. Details to all financial results can be found in the accompanying Management's Discussion and Analysis, financial statements and associated notes.

REGIONAL AND STATE OUTLOOK

The "fix MARTA first" regional and state approach from last year yielded positive returns from the Georgia General Assembly resulting into the best legislative session since MARTA inception. The Assembly also passed HB 213, this year's "MARTA bill". This was a bill of historic proportion:

The 50-50 mandate dictating how MARTA can spend its sales tax revenue was permanently lifted.

MARTA's jurisdictional taxing authority was extended through 2057, preserving our 30-year bonding capacity.

MARTA's Board structure was amended to provide voting rights to the Gubernatorial appointment from GRTA (Georgia Regional Transportation Authority) – this vote will now serve as a tiebreaking vote when necessary.

- HB 213 eliminated the ½ penny option as an avenue for joining the system – future jurisdictions will now be mandated to vote on joining the system at a full penny only.
- The Authority was granted permission to develop comprehensive language for fines and fees associated with MARTA's successful "Ride With Respect" code of conduct campaign.
- Board member terms for MARTA's newest jurisdictional member, Clayton County, were modified and staggered to prevent issues with turnover.

In addition to HB 213, MARTA also benefited from HB 202, an omnibus tax bill that restored approximately \$10 million per year in revenue that had previously been redirected through an unintended consequence of changes to the Ad Valorem (aka "the Birthday Tax") taxing structure.

MARTA's next phase of focus will be to revisit its failed legislative funding effort to levy and additional ½ penny from its local jurisdictions. This is seen as a critical step toward funding MARTA's three main expansion projects. If passed, MARTA could raise an additional \$4 billion dollars in dedicated revenue for construction and future operations of Clifton Corridor, I-20 East and GA 400. The Clifton Corridor project would add nearly nine miles of new light -rail service from the Lindbergh Center MARTA Station to the Avondale station. The I-20 East management will continue to focus on fiscal sustainability through efficiency improvements, additional cost savings and adopting an organizational culture of "routine excellence."

Ongoing efforts to transform MARTA will go a long way toward fostering mutually beneficial prospects for its State and Regional partners. The project would initially operate a Bus Rapid Transit (BRT) segment in the thoroughfare providing access to the existing Indian Creek rail station. Following the implementation of BRT, heavy rail would eventually connect to Stonecrest Mall from Indian Creek. About 35 per cent of the planning process has been completed on both components. The planned GA 400 transit extension, which would extend rail service from the North Springs rail station northward to Windward Parkway and feature up to six new stations in north Fulton, also continues to progress. These projects are the vision and future of MARTA and its expanding role in helping to shape the development growth of the metro region and the state of Georgia as a whole.

DEBT ADMINISTRATION

As of June 30, 2015, MARTA had a total of \$ 2 billion bonds outstanding and issued under three debt indentures. Bonds issued under the first indenture bear credit ratings of Aa2 by Moody's Investors Service and AAA by Standard & Poor's; bonds issued under the second and third indentures bear underlying ratings of Aa3 by Moody's, AA+ by Standard & Poor's, and AA- by Fitch Rating Service.

Legally, MARTA's estimated sales tax receipts must be at least twice the total debt service. The debt ratio for fiscal year 2015 was 2.82. MARTA's Board has placed an additional restriction on the debt service coverage requirement, limiting the maximum estimated annual debt service to no more than 45% of the corresponding year's estimated sale tax receipts. The debt service percentage for fiscal year 2015 was 35.5%.

MAJOR INITIATIVES

In fiscal year 2015, MARTA had a very good year marked by increased ridership, rising revenues, and implementation of new technology for our ridership. The authority listened to employees, customers, and many other stakeholders who provided suggestions on how to save money, increase ridership, and improve MARTA's image. As such, our initiatives are mainly focused on Employees, Customers, and Fiscal sustainability.

For employees, we implemented Staff Appreciation, Employee Development, and Merit Based Performance Management Program. For our customers, we had Q-Bus (Quality Care) Program to improve overall bus fleet reliability, we opened additional restrooms, and we had additional Transit Oriented Development Initiatives, Security cameras on Buses and Mobility, with Rail cars installation soon.

Fiscally, MARTA continues to improve its financial position with the realization of its five-year, Fiscal Sustainability Plan (FSP). Enhanced revenues and contained expenditures have allowed the Authority to manage its operations without any reliance on reserves for the last three consecutive years. This is a virtually unprecedented accomplishment not experienced since the time of the 1996 Summer Olympics in Atlanta. MARTA has weathered and overcome several economic challenges in recent years, and we are pleased with our fiscal outlook.

MARTA remains committed to the precept of "Routine Excellence," as the way we do business to ensure efficient, safe and reliable service is exceptional and cost- effective. The Authority endeavors to continue to improve the quality and effectiveness of the service it provides to metro Atlanta. Optimal customer service is a foundational expectation for Routine Excellence.

Our objective is to implement programs and processes to maximize the fiscal stability of the Authority while meeting the needs of our customers and continue to earn the confidence of taxpayers.

CAPITAL PLAN PRIORITIES AND ISSUES

MARTA launched capital improvement projects that will help preserve its capability for high-quality service delivery over a ten-year range. The long-range CIP consists of a portfolio of programs and projects organized by the major asset categories of a transit authority.

These categories, which were adapted from the Federal Transit Administration's (FTA) asset management guidelines are vehicles; facilities and stations; maintenance of way; systems; and non-asset. Each of these categories then includes a number of on-going programs and each program may contain one or more projects. The CIP categories are depicted below, followed by a description of each of the categories.

Due to funding and manpower constraints, MARTA focuses on safety critical, operations critical and state of good repair projects.

I. Vehicles

The vehicles category includes the acquisition and enhancement of vehicles and supporting systems required for MARTA operations. The programs within the vehicles category include:

- Bus vehicle procurement and enhancement
- Rail vehicle procurement and enhancement
- Paratransit vehicles
- Non-revenue vehicles

II. Facilities & Stations

The facilities and stations asset category includes program areas which support design, development, preservation and rehabilitation of various MARTA facilities. Programs in the facilities and stations asset category include:

- Rail facilities and equipment
- Bus facilities and equipment
- Buildings/ offices and equipment
- Parking lots and parking decks
- Paving, structures and drainage
- Roofing and skylights
- Underground storage tanks

III. Maintenance of Way

The maintenance of way asset category includes the design, development and rehabilitation of railroad track infrastructure. Program areas within this asset category include:

- Track maintenance and replacement
- Track structures
- Work equipment

IV. Systems

The systems asset category includes the design, development, implementation and major enhancement of various systems which support MARTA operations. Program areas within the systems asset category include:

- Revenue collection
- Automatic train control
- Electrical power and equipment
- Lighting
- Security
- Tunnel ventilation
- Fire protection

AWARDS

MARTA received the following awards and recognition during 2015:

- GFOA Award for Distinguished Budget Preparation for the Fiscal Year Beginning July 1, 2014
- GFOA Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 2014 Comprehensive Annual Financial Report
- GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for Fiscal Year 2014

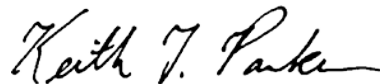
ACKNOWLEDGEMENTS

Special thanks go to the Office of Accounting without whom this report could not have been completed, the Office of Marketing and all the MARTA staff who assisted in this endeavor.

Sincerely,



Gordon Hutchinson
Chief Financial Officer



Keith Parker
General Manager/
Chief Executive Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Metropolitan Atlanta
Rapid Transit Authority
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

2015 Comprehensive Annual Financial Report Years Ended June 30, 2015 and 2014

Board of Directors

OFFICERS



ROBERT L. ASHE III
CHAIRMAN



NONI ELLISON-SOUTHALL
VICE CHAIR



Frederick L. Daniels, Jr.
TREASURER



RODERICK E. EDMOND
SECRETARY

DIRECTORS



Juanita Jones Abernathy



Roberta Abdul-Salaam



Jerry R. Griffin



Harold Buckley, Sr.



Robert F. Dallas



Jim Durrett



Freda Hardage



Barbara Babbit Kaufman

EX-OFFICIO



Russell McMurry, PE



Christopher Tomlinson

GM & Executive Staff



Keith Parker
GENERAL MANAGER

GENERAL MANAGER /CEO

Keith T. Parker, AICP

CHIEF OPERATING OFFICER/COO

Richard Krisak

CHIEF OF STAFF

Rukiya Thomas

CHIEF, ADMINISTRATIVE OFFICER

Edward Johnson

CHIEF FINANCIAL OFFICER/CFO

Gordon Hutchinson

**ASSISTANT GENERAL MANAGER OF
INTERNAL AUDIT**

Terry Thompson

**CHIEF COUNSEL
LEGAL SERVICES**

Elizabeth O'Neill

**ASSISTANT GENERAL MANAGER OF
POLICE & EMERGENCY MANAGEMENT**

Wanda Dunham

**ASSISTANT GENERAL MANAGER OF
TECHNOLOGY/CIO**

Ming Hsi

**ASSISTANT GENERAL MANAGER OF
COMMUNICATIONS & EXTERNAL AFFAIRS**

Ryland McClendon

ASSISTANT GENERAL MANAGER OF PLANNING

Donald Williams (Acting)

**ASSISTANT GENERAL MANAGER OF
HUMAN RESOURCES**

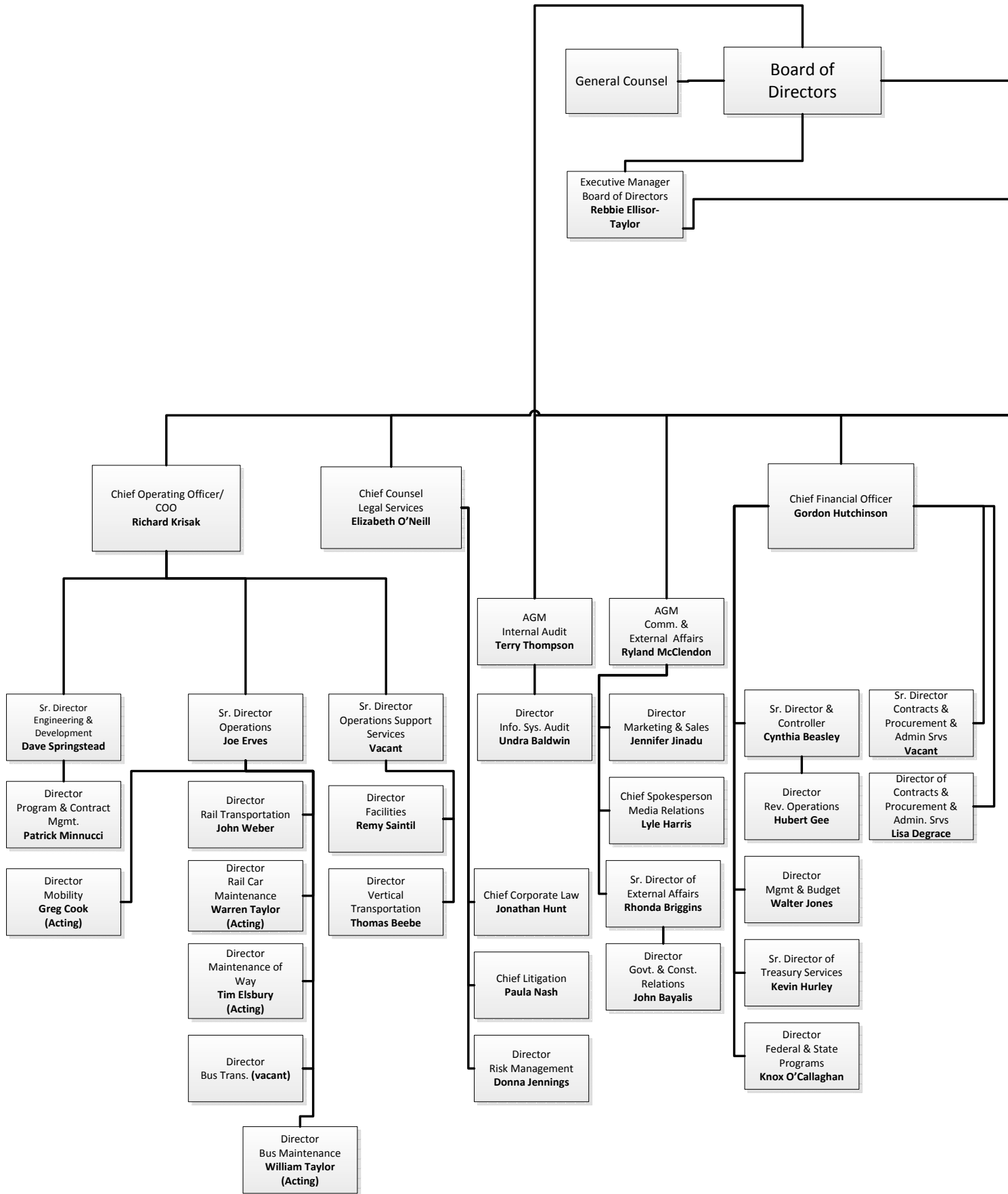
Robin E. Henry

**ASSISTANT GENERAL MANAGER OF
SAFETY & QUALITY ASSURANCE**

Reginald Mason

FY2015 Organizational Chart

2015 Comprehensive Annual Financial Report Years Ended June 30, 2015 and 2014



COMMITTEES
 Operations & Safety
 Business Management
 Planning & External Relations
 Dept. Audit

General Manager/CEO
Keith Parker

Chief of Staff
Rukiya Eaddy

Chief Administrative
 Officer
Edward Johnson

AGM
 Safety & Quality
 Assurance
Reginald Mason

AGM
 Chief of Police &
 Emerg Mgmt
Wanda Dunham

AGM
 Planning
Cheryl King

AGM/CIO
 Technology
Ming Hsi

AGM
 Human Resources
Robin Henry

Director
 Quality Assurance &
 Conf. Mgmt
**Elayne Berry
 (Acting)**

Director
 Safety
Joel T. Larkins

Deputy Chief
Joseph Dorsey

Deputy Chief
Michael Burrows

Sr. Director
 Transit System
 Planning
Donald Williams

Director
 Res. & Analysis
Carol Smith

Director of
 Architecture &
 Design
Connie Krisak

Director
 Technology Infra. &
 Production
Farouk Baksh

Director
 Technology
 Applications
Tremayne Kirby

Director
 Technology Support
 Services
Diane Hamilton

Sr. Director
 Human Resources
LaShanda Dawkins

Director
 Labor Relations
**Louise Jackson
 Williams**

Director
 Training
Vivian Squire

Executive Director
 DEO
Ferdinand Risco

Sr. Director
 TOD
Amanda Rhein

Director
 Dev. & Reg.
 Coord.
Vacant

Rail Map

2015 Comprehensive Annual Financial Report Years Ended June 30, 2015 and 2014



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 Accessible Format: 404-848-4037



METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

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FINANCIAL

Early MARTA expansion: Peachtree Center Station Construction

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Report of Independent Auditor

To the Board of Directors
Metropolitan Atlanta Rapid Transit Authority

We have audited the accompanying statements of net position of the Metropolitan Atlanta Rapid Transit Authority (“MARTA”) as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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.

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 MARTA’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 MARTA’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MARTA, as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2014, MARTA adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is 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 on pages 3 through 9 and the required supplementary information schedules on pages 49 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on MARTA's basic financial statements. The supplemental schedule of revenues and expenses – budget versus actual (budget basis) on pages 51 through 52 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule of revenues and expenses – budget versus actual (budget basis) 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of MARTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 MARTA's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Atlanta, Georgia
December 14, 2015

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Management's Discussion and Analysis
(Unaudited)
(Dollars in Thousands)

As management of the Metropolitan Atlanta Rapid Transit Authority (MARTA or the Authority), we offer readers of MARTA's basic financial statements this narrative overview and analysis of the financial activities of MARTA for the fiscal years ended June 30, 2015 and 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

MARTA was formed as a joint public instrumentality of the City of Atlanta and the counties of Fulton, DeKalb, Cobb, Clayton, and Gwinnett by action of the General Assembly of the State of Georgia (the MARTA Act) to design and implement a rapid transit system for the Atlanta metropolitan area. MARTA operates a bus and rapid rail transportation system and continues to develop and construct further improvements to its integrated bus/rail transportation system.

Overview of Financial Statements

MARTA's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). MARTA is structured as a single enterprise fund with revenues recognized when earned and measurable, not when they are received. Expenses are recognized when they are incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. Many cash amounts are restricted for debt service and by state and federal regulations. See the notes to the financial statements for a summary of MARTA's significant accounting policies.

Included in MARTA's financial statements are the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, and the related notes.

The Statements of Net Position present information on all of MARTA's assets, liabilities, deferred outflows and 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 whether the financial position of MARTA is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how MARTA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected sales taxes and earned but unused vacation leave).

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Management's Discussion and Analysis
(Unaudited)
(Dollars in Thousands)

The Statements of Cash Flows allow financial statement users to assess MARTA's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Restatement of Beginning Net Position

During the year ended June 30, 2015, MARTA adopted GASB Statement No 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No 27*. The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The standard also requires more immediate recognition of annual service cost, interest, and changes in benefits for pension expense. The restatement of the beginning net position was required to properly reflect the prior year impact to net position. Accordingly, the beginning net position was decreased by \$15,548.

Financial Position Summary

Net position may serve over time as a useful indicator of MARTA's financial position. MARTA's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$1.4 billion at June 30, 2015, a \$16.8 million decrease from June 30, 2014, when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.4 billion.

The largest portion of MARTA's net position in fiscal year 2015 was its restricted assets representing 67%. These resources are subject to external restrictions on how they can be used under bond resolutions, lease agreements, and State and Federal regulations. The second largest portion of net position representing 34% was its investment in capital assets (e.g., land, rail system, buildings, and transportation equipment) less any related outstanding debt used to acquire those assets. MARTA uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although MARTA's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In fiscal year 2014, MARTA's largest portion was its restricted assets representing 55% while the next largest was its investment in capital assets (e.g., land, rail system, buildings, and transportation equipment), less any related outstanding debt used to acquire those assets representing 45%.

At the end of the current fiscal year and in prior fiscal year, MARTA was able to report positive balances in all categories of net position with the exception of the category of unrestricted. In fiscal year 2013, MARTA was able to report positive balances in all categories of net position.

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(Dollars in Thousands)

The following table presents a condensed summary of net position:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS:			
Current and Other Assets	\$ 1,161,026	\$ 1,033,027	\$ 1,039,041
Capital Assets	3,049,286	3,056,307	3,028,220
Net Pension Assets	53,077	-	-
Other	1,844	-	-
Total Assets	<u>4,265,233</u>	<u>4,089,334</u>	<u>4,067,261</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources from Hedging ^(Notes 1, 8, and 14)	2,135	-	3,871
Deferred Outflows of Resources - Pension ^(Notes 1, 11, and 14)	41,269	-	-
Deferred Outflows of Resources - Debt Refunding ^(Notes 1 and 14)	9,873	12,033	15,732
Total Deferred Outflows of Resources	<u>53,277</u>	<u>12,033</u>	<u>19,603</u>
Total Assets and Deferred Outflows of Resources	<u>4,318,510</u>	<u>4,101,367</u>	<u>4,086,864</u>
LIABILITIES:			
Long-term Debt	2,131,498	1,791,781	1,880,484
Current and Other Liabilities	693,154	884,045	747,444
Derivative Liability	2,135	-	-
Net Pension Liability	96,185	-	-
Net OPEB Liability	819	-	-
Total Liabilities	<u>2,923,791</u>	<u>2,675,826</u>	<u>2,627,928</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	-	248	-
Deferred Inflows of Resources - Pension	1,756	-	-
Total Liabilities and Deferred Inflows of Resources	<u>2,925,547</u>	<u>2,676,074</u>	<u>2,627,928</u>
NET POSITION:			
Net Investment in Capital Assets	477,729	646,555	654,423
Restricted	929,071	789,317	787,952
Unrestricted	(13,837)	(10,579)	16,561
TOTAL NET POSITION	<u>\$ 1,392,963</u>	<u>\$ 1,425,293</u>	<u>\$ 1,458,936</u>

Financial Operations Highlights

MARTA is a single enterprise fund providing public transportation. MARTA provides direct benefits to its users as well as substantial indirect benefits to the public at large (e.g., decreased traffic congestion, decreased need for road construction and maintenance, decreased need for parking, decreased air pollution levels, increased availability of transportation for low-income citizens). Therefore, the user charges are intended to finance only a portion of the cost of providing these services with additional proceeds obtained from the collections of sales and use tax under the Rapid Transit Contract and Assistance Agreement with the City of Atlanta and the Counties of Fulton and DeKalb, Clayton and Federal Subsidies. The sales tax is levied at a rate of 1% until June 30, 2057, and 0.5% thereafter. See Note 4 of the notes to the financial statements.

The MARTA Act places certain requirements on the rates that MARTA can charge for transportation services provided. The rates charged to the public for transportation services must be such that the

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total transit related revenues are no less than 35% of the operating costs, exclusive of depreciation and amortization, and other costs and charges as provided in the Act, of the preceding or prior fiscal year.

Under provisions of amendments to the MARTA Act, revenues, except the sales and use tax, are included in transit related revenues for purposes of this calculation. Transit related revenues were 66.2% and 73.8% of operating costs of the previous fiscal year as defined under the MARTA Act for the years ended June 30, 2015 and 2014, respectively.

The following table presents the summary of changes in net position, exclusive of the net cumulative effect of the change in accounting principle for net pension obligations:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 157,194	\$ 152,653	\$ 151,177
Operating Expenses	<u>625,239</u>	<u>622,501</u>	<u>619,349</u>
Operating Loss	(468,045)	(469,848)	(468,172)
Nonoperating Revenues	368,765	365,027	293,206
Capital Grants	<u>82,498</u>	<u>71,178</u>	<u>47,294</u>
Decrease in Net Position	<u>\$ (16,782)</u>	<u>\$ (33,643)</u>	<u>\$ (127,672)</u>

In fiscal year 2015, operating revenues increased by \$4.5 million and operating expenses increased by \$2.7 million, which resulted in an overall decrease in the operating loss of \$1.8 million from the previous year. In fiscal year 2014, operating revenues increased by \$1.5 million and operating expense increased by \$3.1 million, which resulted in an increase in operating loss of \$1.7 million from 2013.

In 2015, MARTA placed high emphasis on customer service, employee morale, and fiscal relief. This included a 3% lump sum payment for non-represented and represented employees, no fare increases and the execution of the MARTA Transformation Initiative, which provides comprehensive cost saving and efficiency-improving measures.

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The following table presents a summarized breakout of MARTA's revenues, expenses, and changes in net position:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Summary of Revenues			
Operating			
Fare Revenues	\$ 146,417	\$ 140,318	\$ 140,697
Other Revenues	10,777	12,335	10,480
Total Operating Revenues	<u>157,194</u>	<u>152,653</u>	<u>151,177</u>
Nonoperating			
Sales and Use Tax	377,743	347,289	338,893
Federal Revenues	82,643	102,847	119,774
Investment Income	604	688	1,729
Capital Leases Revenues (Expenses)	5,128	6,607	(31,593)
Other Revenues	27,687	32,089	17,451
Gain/Loss on Sale of Property and Equipment	194	(11)	(1,025)
Total Nonoperating Revenues	<u>493,999</u>	<u>489,509</u>	<u>445,229</u>
Total Revenues	<u>651,193</u>	<u>642,162</u>	<u>596,406</u>
Summary of Expenses			
Operating			
Transportation	186,527	181,860	183,216
Maintenance and Garage Operations	131,276	141,584	137,747
General and Administrative	82,354	89,298	78,779
Depreciation	225,082	209,759	219,607
Total Operating Expenses	<u>625,239</u>	<u>622,501</u>	<u>619,349</u>
Nonoperating			
Interest Expense	85,663	75,751	78,762
Interest Expense Capitalized	(818)	(1,233)	(1,612)
Amortization of Financing Related Charges and Income from Derivative Activity	(2,699)	(4,404)	(5,629)
Gain on Investment Derivatives	(607)	(7,905)	(17)
Other Nonoperating Expenses	43,695	62,273	80,519
Total Nonoperating Expenses	<u>125,234</u>	<u>124,482</u>	<u>152,023</u>
Total Expenses	<u>750,473</u>	<u>746,983</u>	<u>771,372</u>
Loss Before Capital Contributions	(99,280)	(104,821)	(174,966)
Capital Grants	82,498	71,178	47,294
Decrease in Net Position	(16,782)	(33,643)	(127,672)
Net Position, July 1 as previously reported	1,425,293	1,458,936	1,586,608
Cumulative effect of change in accounting principle (Note 1)	(15,548)	-	-
Net Position, July 1 as restated	<u>1,409,745</u>	<u>1,458,936</u>	<u>1,586,608</u>
Net Position, June 30	<u>\$ 1,392,963</u>	<u>\$ 1,425,293</u>	<u>\$ 1,458,936</u>

Net position, exclusive of the cumulative effect of change accounting principle, decreased by \$16.8 million in 2015 after decreasing by \$33.6 million in 2014.

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MARTA's other operating revenues, which include advertising, Transit Oriented Development lease (TOD) and alternative fuel tax revenues, decreased by \$1.6 million or 12.6% in 2015 and increased by \$1.9 million or 17.7% in 2014.

In 2015, MARTA's largest component of nonoperating revenues, sales and use tax, increased by \$30.5 million or 8.8% from 2014, which was increased from 2013 by \$8.4 million or 2.5%. In 2014, the largest revenue growth was \$14.6 million in other nonoperating revenues, which includes ad valorem tax revenue. Non-capital grants, which include preventive maintenance reimbursements, decreased in 2015 by \$20.2 million. Overall, nonoperating revenues increased by \$4.5 million or 0.9% in 2015 and \$44.3 million or 9.9% in 2014.

Operating expenses increased by \$2.7 million in 2015 from 2014 and increased by \$3.2 million in 2014. The 2015 nonoperating expenses increased by \$752 thousand from 2014. This increase is directly related to interest expense and offset by a decrease in other nonoperating expenses.

The 2014 nonoperating expenses decreased by \$27.5 million from 2013. This large decrease is directly related to general and administrative expenses and a gain on investment derivatives.

Capital Acquisitions and Construction Activities

In 2015, MARTA expended \$218,762 on capital activities. The expenditures were primarily for the replacement, rehabilitation, and enhancement of facilities and equipment required to support transit operations, regulatory requirements, and system safety. The net increase (decrease) in capital assets, including changes in accumulated depreciation and retirements, was (\$7,021), \$28,087, and (\$49,850) during the years ended June 30, 2015, 2014, and 2013, respectively. Additional information on MARTA's debt and capital asset activity and commitments can be found in Notes 6 and 7 to the financial statements.

The following table summarizes MARTA's net investment in capital assets:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Capital Assets			
Property and Equipment - Net	\$ 3,049,286	\$ 3,056,307	\$ 3,028,220
Capital Debt			
Current Maturities of Bonds and Notes	(59,425)	(255,255)	(180,875)
Noncurrent Maturities of Bonds	(2,072,073)	(1,736,526)	(1,799,609)
Deferred Outflows of Resources	12,008	12,033	15,732
Capital Lease Obligations	(452,067)	(430,004)	(409,045)
Total Capital Debt	<u>(2,571,557)</u>	<u>(2,409,752)</u>	<u>(2,373,797)</u>
Net Investment in Capital Assets	<u>\$ 477,729</u>	<u>\$ 646,555</u>	<u>\$ 654,423</u>

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Long-Term Debt Administration

MARTA issues Sales and Use Tax Revenue Bonds, Commercial Paper, and Variable Rate Bonds in a Floating Rate Note Mode to raise capital funds for construction, expansion, and rehabilitation of the transit system. The bonds and notes are payable from and secured by a first, second, and third lien on sales and use tax receipts.

The fixed and variable rate Bonds carry debt ratings of Aa3 by Moody's Investors Service, AA+ by Standard and Poor's and AA- from Fitch Rating Service. MARTA's total bond debt outstanding was \$2,131,498, \$1,991,781, and \$1,980,484 as of June 30, 2015, 2014, and 2013, respectively.

Economic Condition and Outlook

The U. S. economy struggled out of the gate in the first quarter of the calendar year while bouncing back by 2.3% in the second. Georgia's performance was similar to the U. S. economy, increased, but decelerating job growth. Contrary to the national trend, Georgia has seen faster deceleration in healthcare and education than the national average. It is anticipated that Georgia unemployment will average 6.3% in 2015 with further small declines to 6.0% in 2016 and 5.5% in 2017. It is also anticipated that there will be moderately increasing personal income levels from 4.6% in 2015 to 5.8% in 2017.

Consumer confidence, which drives consumer spending, continues to increase. MARTA's largest revenue source, sales tax revenue, is directly related to consumer spending. MARTA's 2015 sales tax revenue was up from 2014 by \$30.5 million or 8.8%. Current sales tax forecasts show positive growth of 5.0% in 2016 and 4.7% in 2017.

It is anticipated that metro Atlanta will continue to see moderate job gains, increases in tax revenue, moderate to slow increases in housing new starts, and slight decreases to unemployment with slight to moderate growth in the overall economy.

Request for Information

This financial report is designed to provide a general overview of MARTA's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Accounting, Metropolitan Atlanta Rapid Transit Authority, 2424 Piedmont Road NE, Atlanta, GA 30324-3330.

Statements of Net Position

June 30, 2015 and 2014

(Dollars in Thousands)

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents ^(Note 2)	\$ 61,530	\$ 53,834
Investments ^(Note 2)	78,610	27,401
Material and Supplies Inventories	26,999	25,875
Sales Tax Receivables, Prepayments and Other	<u>148,172</u>	<u>123,380</u>
Total Unrestricted Current Assets	<u>315,311</u>	<u>230,490</u>
Restricted Investments ^(Notes 2 and 3)	310,341	292,734
Current portion, Investment held to pay Capital Lease ^(Notes 2 and 3)	<u>4,257</u>	<u>3,530</u>
Total Restricted Current Assets	<u>314,598</u>	<u>296,264</u>
Total Current Assets	<u>629,909</u>	<u>526,754</u>
Noncurrent Assets:		
Investment held to pay Capital Lease Obligations ^(Notes 2 and 3)	522,074	495,611
Investment Derivatives ^(Notes 1 -3 and 8)	<u>(1,828)</u>	<u>(2,435)</u>
Total Restricted Non Current Assets	<u>520,246</u>	<u>493,176</u>
Capital Assets: ^(Note 6)		
Land, non-depreciable	560,466	559,418
Rail System and Buildings	3,466,979	3,373,998
Transportation Equipment	1,324,787	1,280,656
Other	<u>1,242,253</u>	<u>1,193,193</u>
	6,594,485	6,407,265
Less Accumulated Depreciation	<u>(3,892,094)</u>	<u>(3,724,933)</u>
	2,702,391	2,682,332
Construction in Progress, non-depreciable	<u>346,895</u>	<u>373,975</u>
Capital Assets - Net	3,049,286	3,056,307
Other Noncurrent Investments ^(Note 2)	10,000	10,000
Other Bond related costs	871	996
Derivative Asset ^(Notes 1 and 8)	-	248
Net Pension Asset ^(Notes 1 and 11)	53,077	-
Other	<u>1,844</u>	<u>1,853</u>
Total Noncurrent Assets	<u>3,635,324</u>	<u>3,562,580</u>
Total Assets	<u>4,265,233</u>	<u>4,089,334</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflow of Resources from Hedging ^(Notes 1, 8 and 14)	2,135	-
Deferred Outflow of Resources - Pension ^(Notes 1, 11 and 14)	41,269	-
Deferred Outflow of Resources - Debt Refunding ^(Notes 1 and 14)	<u>9,873</u>	<u>12,033</u>
Total Deferred Outflows of Resources	<u>53,277</u>	<u>12,033</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,318,510</u>	<u>\$ 4,101,367</u>

Statements of Net Position (Continued)
June 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
LIABILITIES		
Current Liabilities:		
Payable from NonRestricted Assets:		
Accounts and Contracts Payable	\$ 73,747	\$ 92,094
Salaries and Employee Benefits ^(Notes 11 and 12)	25,389	26,998
Self-Insurance Accruals ^(Note 13)	17,156	15,677
Other Current Liabilities	3,303	4,110
Unearned Revenue ^(Note 15)	1,488	1,619
Total Current Liabilities Payable from NonRestricted Assets	121,083	140,498
Payable from Restricted Assets:		
Current Maturities of Sales Tax Revenue Bonds ^(Note 7)	59,425	55,255
Commercial Papers ^(Note 7)	-	200,000
Accrued Interest	42,933	37,634
Due to Federal Transportation Administration	116	123
Current Maturities of Obligations Under Capital Leases ^(Note 10)	4,117	3,412
Total Current Liabilities Payable from Restricted Assets	106,591	296,424
Total Current Liabilities	227,674	436,922
Noncurrent Liabilities:		
Sales Tax Revenue Bonds, Less Current Maturities,		
Unamortized Premium and Discount ^(Note 7)	2,072,073	1,736,526
Noncurrent Self Insurance Accruals ^(Note 13)	35,940	30,017
Other Long-term Liabilities	834	1,813
Unearned Revenue ^(Note 15)	40,181	43,956
Obligations Under Capital Leases ^(Note 10)	447,950	426,592
Derivative Liability - Commodity Swap ^(Note 1 and 8)	2,135	-
Net Pension Liability	96,185	-
Net OPEB Liability	819	-
Total Noncurrent Liabilities	2,696,117	2,238,904
Total Liabilities	2,923,791	2,675,826
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources from Hedging ^(Note 1 and 8)	-	248
Deferred Inflows of Resources Pension	1,756	-
Total Liabilities and Deferred Inflows of Resources	2,925,547	2,676,074
NET POSITION:		
Net Investment in Capital Assets	477,729	646,555
Restricted for Debt service	142,733	130,658
Restricted for Other Projects	34,863	36,706
Restricted for Capital Projects	130,797	122,812
Restricted for Capital Leases	526,332	499,141
Restricted for Pension	94,346	-
Unrestricted	(13,837)	(10,579)
Total Net Position	\$ 1,392,963	\$ 1,425,293

Statements of Revenues, Expenses & Changes in Net Position

For the Years Ended June 30, 2015 and 2014

(Dollars in Thousands)

	2015	2014
Operating Revenues:		
Fare Revenues ^(Note 5)	\$ 146,417	\$ 140,318
Other Revenues	10,777	12,335
Total Operating Revenues	157,194	152,653
Operating Expenses:		
Transportation	186,527	181,860
Maintenance and Garage Operations	131,276	141,584
General and Administrative	82,354	89,298
Depreciation	225,082	209,759
Total Operating Expenses	625,239	622,501
Operating Loss	(468,045)	(469,848)
Nonoperating Revenues (Expenses):		
Sales and Use Tax ^(Notes 1 and 4)	377,743	347,289
Federal Revenues	82,643	102,847
Investment Income	604	688
Net Capital Lease Transaction Activity ^(Note 10)	5,128	6,607
Other Revenues	27,687	32,089
Loss on Sale of Property and Equipment	194	(11)
Interest Expense	(85,663)	(75,751)
Interest Expense Capitalized	818	1,233
Amortization of Financing Related Charges and Income from Derivative Activity	2,699	4,404
Other NonOperating Expenses	(43,695)	(62,273)
Gain on Investment Derivatives ^(Note 1)	607	7,905
	368,765	365,027
Loss Before Capital Contributions	(99,280)	(104,821)
Capital Grants	82,498	71,178
Net Position		
Decrease in Net Position	(16,782)	(33,643)
Net Position, July 1 as previously reported	1,425,293	1,458,936
Cumulative effect of change in accounting principle ^(Note 1)	(15,548)	-
Net Position, July 1 as restated	1,409,745	1,458,936
Net Position, June 30	\$ 1,392,963	\$ 1,425,293

Statements of Cash Flows

For the Years Ended June 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
Cash Flows from Operating Activities:		
Cash Received from Providing Services	\$ 170,638	\$ 158,657
Cash Paid to Suppliers	(214,102)	(201,065)
Cash Paid to Employees	(232,962)	(231,205)
Net Cash Used by Operating Activities	(276,426)	(273,613)
Cash Flows From Noncapital Financing Activities:		
Sales and Use Tax Collections	373,848	345,825
Federal Operating Subsidy	59,823	104,327
Net Cash Provided by Noncapital Financing Activities	433,671	450,152
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Issuance of Bond and Debt Related Derivative Receipts	198,429	99,987
Repayment of Bond Payable	(55,255)	(80,875)
Capital Contributions	73,106	71,178
Interest Paid on Revenue Bonds	(80,364)	(77,266)
Acquisition and Construction of Capital Assets	(217,035)	(237,576)
Net Cash Used by Capital and Related Financing Activities	(81,119)	(224,552)
Cash Flows from Investing Activities:		
Purchases of Investments	(1,999,454)	(2,195,972)
Proceeds from Sales and Maturities of Investments	1,930,420	2,260,978
Interest Received on Investments	604	688
Net Cash Provided (Used) by Investing Activities	(68,430)	65,694
Net Increase (Decrease) in Cash and Cash Equivalents	7,696	17,681
Cash and Cash Equivalents, Beginning of Year	53,834	36,153
Cash and Cash Equivalents, End of Year	\$ 61,530	\$ 53,834
Reconciliation of Operating Income to Net Cash Used by Operating Activities:		
Operating Loss	\$ (468,045)	\$ (469,848)
Other Expenses	(16,007)	(30,185)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	225,082	209,759
Changes in Assets and Liabilities:		
Materials and Supplies Inventories	(1,124)	(1,324)
Prepayments and Other	1,922	(3,016)
Current Liabilities and Due Federal Transportation Administration	(13,500)	35,254
Deferred Revenue	(4,754)	(14,253)
Net Cash Used by Operating Activities	\$ (276,426)	\$ (273,613)
Noncash Investing, Capital and Financing Activities:		
Amortization of Financing Related Charges and Income from Derivative Activity	\$ 2,699	\$ 4,404
Increase in Fair Value of Investments	18,018	19,313
Net Noncash Investing, Capital and Financing Activities	\$ 20,717	\$ 23,717

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Metropolitan Atlanta Rapid Transit Authority (MARTA or the Authority) was formed as a joint public instrumentality of the City of Atlanta and the counties of Fulton, DeKalb, Cobb, Clayton, and Gwinnett by action of the General Assembly of the State of Georgia (the MARTA Act) to design and implement a rapid transit system for the Atlanta metropolitan area. MARTA operates a bus and rapid rail transportation system and continues to develop and construct further improvements to its integrated bus/rail transportation system.

In order to measure the costs of providing mass transportation services, the revenues from those services and required subsidies, MARTA has adopted the accounting principles and methods appropriate for a governmental enterprise fund. This complies with the MARTA Act and Sales Tax Bond Trust Indenture legal requirements that all accounting systems and records, auditing procedures and standards, and financial reporting shall conform to generally accepted principles of governmental accounting. The following is a summary of the more significant accounting policies of the Authority:

Reporting Entity - MARTA is a municipal corporation governed by a fourteen-member board of directors. As defined by the Governmental Accounting Standards Board (GASB), the financial reporting entity is comprised of the primary government and its component units. The primary government includes all departments and operations of MARTA, which are not legally separate organizations. Component units are legally separate organizations, which are fiscally dependent on MARTA or for which MARTA is financially accountable, or which raises and holds economic resources for the direct benefit of MARTA. An organization is fiscally dependent if it must receive MARTA's approval for its budget, levying of taxes, or issuance of debt. MARTA is financially accountable for an organization if it appoints a majority of the organization's board, and either a) has the ability to impose its will on the organization or b) there is the potential for the organization to provide a financial benefit to or impose a financial burden on MARTA. The reporting entity of MARTA consists solely of the primary government. MARTA has no component units.

MARTA is a jointly governed organization. Of its fourteen-member board, three members are appointed by Fulton County, four members by DeKalb County, two members by Clayton County, and three members by the City of Atlanta. In addition, the Commissioner of the State Department of Transportation and the Executive Director of the Georgia Regional Transportation Authority serve as *ex-officio* members of the Board. None of the participating governments appoint a majority of MARTA's Board and none have an ongoing financial interest or responsibility. None of the participating governments had any significant financial transactions with MARTA during fiscal years ended June 30, 2015 or 2014.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting - The accompanying basic financial statements are reported using the *economic resources measurement focus* on the *accrual basis of accounting*, under which revenues are recognized when earned and measurable and expenses are recognized when they are incurred, if measurable.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents - MARTA considers all highly liquid debt securities with an original maturity of no more than three months at date of purchase to be cash equivalents except repurchase agreements and restricted investments, which are classified as investments.

Investments - MARTA carries all investments at fair value based on quoted market prices. Guaranteed investment contracts, which are considered non-participating, are reported at amortized cost, U.S. Treasury and Agency obligations are reported at amortized cost if MARTA acquires them within one year of maturity. Investments in the State of Georgia Fund 1, a local government investment pool managed by the state of Georgia, Office of the State Treasurer, represent ownership of a portion of a large pool of investments. The pooled investments are not registered with the Securities and Exchange Commission (SEC), but are managed in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, MARTA's investment in the Georgia Fund 1 has been determined based on the pool's share price as adjusted to market.

Investments Held to Pay Capital Lease Obligations - To fund certain future obligations under capital leases resulting from various Lease-in/Lease-out (LILLO) transactions, MARTA has invested funds in government agency bonds and notes, and guaranteed investment contracts. The maturities of these investments have been tied to the payment dates identified in the underlying LILLO agreements.

Derivative Financial Instruments - Derivative financial instruments are carried at fair value on the Statements of Net Position. A hedging derivative instrument significantly reduces financial risk by substantially offsetting the changes in cash flows or fair values of the item the derivative is associated with. The annual changes in the fair value of a hedging derivative instrument are reported as deferred inflows and deferred outflows on the Statements of Net Position if meeting the requirements of an effective hedge. Derivative instruments not designated as an accounting hedge are classified as an investment derivative. Changes in fair values of investment derivative instruments, including hedging derivative instruments that are determined to be ineffective, are reported as nonoperating revenues (expenses) on the Statements of Revenues, Expenses, and Changes in Net Position. See Note 8 for further information on these instruments.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories - Materials (principally maintenance parts) and supplies inventories are stated at average cost and accounted for on the consumption method.

Capital Assets - Capital assets are carried at cost and depreciated using the straight-line method based on the estimated useful lives of the related assets, as follows:

Rail system and buildings	5-50 years
Transportation equipment	5-20 years
Other property and equipment	4-20 years

MARTA uses a three hundred dollar capitalization threshold for its capital assets. Donated properties are stated at their fair value on the date donated. When assets are sold or retired, the cost of the asset and related accumulated depreciation is removed from the accounts and the resulting gain or loss, if any, is charged to nonoperating revenue or expense.

Ordinary maintenance and repairs are charged to expense as incurred, while property additions and betterments are capitalized. MARTA capitalizes, as a cost of its constructed assets, the interest expense based upon the weighted average cost of borrowings of MARTA.

Unearned Revenues – Included in Unearned Revenues is the remaining unamortized balance of the unearned amounts from the lease/leaseback arrangements of certain rail cars and rail lines in 2001, 2002, 2003, and 2005. The unearned gains are being amortized over the remaining lives of the respective leases on a straight-line basis. It also includes the upfront cash received from the remediation net benefit in 2009, which is being amortized over the life of the related agreements. See Note 15 for further information.

Bond Proceeds, Discount, Issue Costs, and Losses on Refundings - Proceeds from the issuance of Sales Tax Revenue Bonds are initially deposited with the Bond Trustee in a Construction Fund as required by the Trust Indenture between MARTA and the Trustee. MARTA requisitions the funds as needed for construction of the transit system.

Bond discount is amortized using the bond outstanding method, over the term of the related debt. Losses on debt refundings are included in Deferred Outflows of Resources and amortized over the shorter of the life of the refunded debt or the new debt, principally using the bond outstanding method. Debt issuance costs are fully expensed at issuance except for bond insurance costs which are amortized on a straight-line basis over the life of the related bond.

Fare Revenues - Passenger fares are recorded as revenue at the time of sales with the exception of stored cash value, which is recorded at the time services are performed.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidies and Grants - MARTA receives grant funds from the Federal Transportation Administration (FTA) for a substantial portion of its capital acquisitions. Assets acquired in connection with capital grant funds are included in capital assets. These grants generally require a local funding match by MARTA at a stipulated percentage of total project costs. Capital grant agreements with FTA provide for FTA holding a continuing interest in properties acquired and restricting the use of such properties to providing mass transportation services.

Grants for capital asset acquisition, facility development, and rehabilitation are reported in the Statements of Revenues, Expenses, and Changes in Net Position, after nonoperating revenues and expenses as capital grants.

Net Position - Net Position presents the difference between assets, liabilities, and deferred outflows/inflows of resources in the Statements of Net Position. Net position pertaining to investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position components are reported as restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors or grantors. Unrestricted net position may be designated for specific purposes at the option of the MARTA Board of Directors. If restricted and unrestricted net positions are available for the same purpose, then the restricted position will be used before the unrestricted position.

Budgetary Controls - An annual operating and capital budget is developed by MARTA's Management. After a public hearing the proposed budget is revised, if necessary, finalized and adopted by MARTA's Board of Directors.

The budget is prepared on the same basis of accounting as the financial statements except that depreciation, interest expense, gains (losses) on sale of property, unrealized gains (losses) on investments and other nonoperating expenses are not budgeted. Management control for the operating budget is maintained at the expenditure category levels. Management has flexibility of reprogramming funds in respective cost centers with approval of budget staff as long as the total budget authorization is not exceeded. Capital expenditures are controlled at the budget line item.

Cost Allocation - MARTA allocates certain general and administrative expenses to transit operations and also capitalizes certain of these expenses in construction in progress based on its cost allocation plan prepared in accordance with FTA guidelines. General and administrative expenses not allocable to either transit operations or construction in progress under FTA guidelines are reflected as nonoperating general and administrative expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses - Fare and parking revenue from transporting passengers, concessions, and advertising are reported as operating revenues.

Transactions that are capital, financing, or investing related, or which cannot be attributed to MARTA's transportation focus, are reported as nonoperating revenues. All expenses related to operating the bus and rail system are reported as operating expenses. Interest expenses, financing costs, and planning costs are reported as nonoperating expenses.

Compensated Absences - MARTA employees are granted annual paid time off and vacation in varying amounts. A liability is recognized for amounts of accrued annual paid time off and vacation leave and related benefits attributable to services already rendered and for which it is probable that compensation will be paid. A liability for accumulated unused sick leave is not recognized since it is not paid upon termination or retirement. Upon retirement, unused accumulated sick leave may be counted as credited service for pension benefit calculation purposes.

Adoption of New Accounting Pronouncements - During the year ended June 30, 2015, MARTA adopted GASB No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement replaces the requirements of GASB No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position, with obligations for employers with cost sharing plans based on their proportionate share of contributions to the pension plan. The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense, specifies requirements for discount rates and actuarial methods, and changes disclosure requirements.

GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The objective of this statement is to address an issue regarding application of the transition provisions of the Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The adoption of this statement had an impact to the financial statements as MARTA adjusted for contributions made subsequent to the measurement date.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Notes to the Financial Statements
June 30, 2015 and 2014
(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No 71. The fiscal year ended June 30, 2014 net position was not restated since information was not available for restatement.

Net Position as previously reported as of June 30, 2014	\$ 1,425,293
Composition of Restatement:	
Net Pension Asset	51,654
Net Pension Liability	(82,676)
Deferred Outflows	15,474
Total Restatement	(15,548)
Net Position as Restated, July 1, 2014	\$ 1,409,745

2. CASH AND INVESTMENTS

Cash - At June 30, 2015 and 2014, the carrying amounts of MARTA's total cash on hand were \$1,185 and \$1,262, respectively.

At June 30, 2015 and 2014, the carrying amounts of MARTA's total cash on deposit, including restricted assets, were \$60,345 and \$52,572, respectively.

The bank balances were \$59,933 and \$51,882, respectively. Of the bank balances at June 30, 2015 and 2014, \$506 and \$517, respectively, were covered by federal depository insurance and \$59,427 and \$51,365, respectively, were collateralized by government securities held by the pledging financial institution's trust department or agent in MARTA's name.

Investments - Georgia statutes authorize MARTA to invest in U.S. Government obligations, U.S. Government agency obligations, obligations of any instrumentality of the U.S. Government, or in repurchase agreements collateralized by any of the aforesaid securities, or in state of Georgia obligations, or in the state of Georgia sponsored investment pool or in other obligations or instruments as allowed by Georgia Law. MARTA's code, policy, and guidelines mandate no deviation from the highest credit quality – only AAA.

Under the terms of MARTA's Sales Tax Revenue Bond Trust Indenture, the Authority may not invest in securities with a remaining term to maturity greater than five years from the purchase date. In addition, MARTA requires that repurchase agreement collateral must have a market value ranging from 101% to 104% of the cost of the repurchase agreement, depending upon the maturity date and type of security. MARTA's policy states that collateral pledged for repurchase agreements and not delivered to MARTA's safekeeping agent must be held by the pledging bank's trust department in MARTA's name. Investments held and managed by an independent trustee are not subject to these restrictions.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

2. CASH AND INVESTMENTS (continued)

As of June 30, 2015, MARTA had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Repurchase Agreements	\$ 104,923	\$ 104,923	\$ -	\$ -	\$ -
U.S. Treasuries	97,869	85,688	5,208	4,553	2,419
U.S. Agencies	457,841	161,820	62,649	6,285	227,087
FDIC Public Funds	24,097	24,097	-	-	-
Certificate of deposit (CDAR)	16,538	13,562	2,976	-	-
Guaranteed Inv Contracts	224,014	-	141,964	-	82,050
Investment Derivative	(1,828)	-	-	-	(1,828)
Total	\$ 923,454	\$ 390,090	\$ 212,797	\$ 10,838	\$ 309,728

As of June 30, 2014, MARTA had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Repurchase Agreements	\$ 57,379	\$ 57,379	\$ -	\$ -	\$ -
U.S. Treasuries	86,348	73,046	6,722	4,362	2,218
U.S. Agencies	420,997	110,542	94,132	3,344	212,979
FDIC Public Funds	40,743	30,743	10,000	-	-
Certificate of deposit (CDAR)	12,482	8,807	3,675	-	-
Guaranteed Inv Contracts	211,327	-	88,175	45,616	77,536
Investment Derivative	(2,435)	-	-	-	(2,435)
Total	\$ 826,841	\$ 280,517	\$ 202,704	\$ 53,322	\$ 290,298

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

2. CASH AND INVESTMENTS (continued)

Interest Rate Risk - is the risk that changes in interest rates will adversely affect the fair value of financial instruments or cash flows.

As a means of limiting its exposure to this, MARTA's investment policy prohibits investments in U.S. Treasuries and Agencies and State Obligations with maturities greater than five years and six months at the date of purchase. The policy also limits Repurchase Agreements to three months from the date of purchase. Investments held and managed by an independent trustee are not subject to these restrictions.

Credit Quality Risk - is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The exposure of MARTA's debt securities to credit quality risk as of June 30, 2015, is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Repurchase Agreements	\$ 104,923	A1/P-1	Moody's/S&P
U.S. Treasuries	97,869	AAA+/AA+	Moody's/S&P
U.S. Agencies	457,841	AAA/AA+	Moody's/S&P
FDIC Public Funds	24,097	AAA/AA+/FDIC	Moody's/S&P
Certificate of deposit (CDAR)	16,538	AAA/AA+/FDIC	Moody's/S&P
Guaranteed Inv Contracts	224,014	A-2/P-2/A-/Baa1/Ba1	Moody's/S&P
Investment Derivative	(1,828)		
	<u>\$ 923,454</u>		

Concentration of Credit Risk - is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. MARTA does not hold more than 5% in any single issuer, other than investments related to the U.S. Government.

Custodial Credit Risk - for an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MARTA will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Of MARTA's investments at June 30, 2015 and 2014, of \$923,454 and \$826,841, respectively, \$10,225 and \$10,251, respectively, are securities held by a trustee, not in the name of MARTA. These investments are the only securities not held in MARTA's name as per the terms of a trust agreement between MARTA and a Railroad company.

Foreign Currency Risk - is the risk that changes in exchange rates will adversely impact the fair value of an investment. MARTA is not exposed to this risk and its investment policy does not provide for investments in foreign currency denominated securities.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

3. RESTRICTED ASSETS

Restricted assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Restricted Cash and Investments:		
Sinking Fund	\$ 142,733	\$ 133,089
Railroad Trust Fund Agreement	10,000	10,000
Capital Asset Purposes	63,204	55,391
Proceeds from Real Estate Sales	55,554	55,537
Investment Held to Pay Capital Lease Obligation	526,331	499,141
Investment Derivatives	(1,828)	(2,435)
Other	<u>38,850</u>	<u>38,717</u>
Total Restricted Cash and Investments	<u>834,844</u>	<u>789,440</u>
Due to FTA	<u>116</u>	<u>123</u>
Total Restricted, Net of Related Debt	<u>\$ 834,728</u>	<u>\$ 789,317</u>

The amounts held in Sinking Funds are restricted for the payment of bond principal and interest as they become due and to the maintenance of the required reserve amounts (see Note 7).

Under the terms of the railroad trust fund agreement between MARTA and a railroad company (the "Railroad"), MARTA has agreed to pay certain costs of purchasing insurance to protect the Railroad against the risk of liability from injury or damage to MARTA's passengers, employees, and property which may result from the Railroad's operations. At June 30, 2015 and 2014, MARTA had placed certain investments in a special trust fund to guarantee its performance under this agreement. Interest earned on these funds is unrestricted.

Included in restricted cash and investments are certain investments which, under the MARTA Act and certain grant agreements, are held for repairing, rebuilding, or replacing capital assets and for a Georgia Department of Transportation project. Proceeds from sales of certain real estate and the interest earned thereon through June 30, 1988, have been restricted. For the period from July 1, 1988 to June 30, 2015, interest earned on these funds is unrestricted.

Investment held to pay capital lease obligations represent investments held by trustees to be used for capital lease payments under the Authority's LILO arrangements.

Restricted net position of \$834,728 and \$789,317 at June 30, 2015 and 2014, respectively, are reported in the Statements of Net Position and are restricted by law or binding agreements with outside parties.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

4. SALES AND USE TAX

MARTA receives proceeds from the collections of sales and use tax under the Rapid Transit Contract and Assistance Agreement with the City of Atlanta and the Counties of Fulton, DeKalb, and Clayton. The tax is levied at a rate of 1% until June 30, 2057 and 0.5% thereafter.

Under the law authorizing the levy of the sales and use tax, as amended May 5, 2015, MARTA is not restricted as to its use of the tax proceeds for operating purposes.

During the years ended June 30, 2015 and 2014, MARTA used 41% and 46%, respectively, of the sales and use tax proceeds to subsidize the net operating costs. MARTA apportions 50% of sales and use tax proceeds to operating costs. A summary of cumulative sales tax proceeds under-utilization activity for the years ended June 30 is as follows:

	<u>2015</u>	<u>2014</u>
Cumulative under-utilization, beginning of year	\$ 23,282	\$ 8,588
Under-utilization during year	<u>34,957</u>	<u>14,694</u>
Cumulative-under utilization, end of year	<u>\$ 58,239</u>	<u>\$ 23,282</u>

5. FARE REVENUE

The MARTA Act places certain requirements on the rates that MARTA is to charge for transportation services provided.

The rates charged to the public for transportation services must be such that the total transit related revenues are no less than 35% of the operating costs, exclusive of depreciation and amortization, and other costs and charges as provided in the Act, of the preceding fiscal year.

Under provisions of amendments to the MARTA Act, all revenues, except the sales and use taxes, are included in transit related revenues for purposes of this calculation.

Transit related revenues for the years ended June 30, 2015 and 2014, were 66.2% and 73.8%, respectively, of operating costs of the previous fiscal year as defined under the MARTA Act.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Notes to the Financial Statements
June 30, 2015 and 2014
(Dollars in Thousands)

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Decreases	Balance June 30, 2015
Capital Assets, not being depreciated:				
Land	\$ 559,418	\$ 1,061	\$ (13)	\$ 560,466
Construction in progress	373,975	219,581	(246,661)	346,895
Total capital assets not being depreciated	<u>933,393</u>	<u>220,642</u>	<u>(246,674)</u>	<u>907,361</u>
Capital Assets being depreciated:				
Rail systems & buildings	3,373,998	93,592	(611)	3,466,979
Transportation equipment	1,280,656	92,456	(48,325)	1,324,787
Other	1,193,193	59,565	(10,505)	1,242,253
Total capital assets being depreciated	<u>5,847,847</u>	<u>245,613</u>	<u>(59,441)</u>	<u>6,034,019</u>
Less accumulated depreciation for:				
Rail systems & buildings	(1,946,638)	(91,901)	610	(2,037,929)
Transportation equipment	(849,871)	(71,496)	46,877	(874,490)
Other	(928,424)	(61,692)	10,441	(979,675)
Total accumulated depreciation	<u>(3,724,933)</u>	<u>(225,089)</u>	<u>57,928</u>	<u>(3,892,094)</u>
Total capital assets being depreciated, net	<u>2,122,914</u>	<u>20,524</u>	<u>(1,513)</u>	<u>2,141,925</u>
Capital Assets, net	<u>\$ 3,056,307</u>	<u>\$ 241,166</u>	<u>\$ (248,187)</u>	<u>\$ 3,049,286</u>

During the year ended June 30, 2015, new land parcels were listed as assets but are not being depreciated. The land additions cause the decrease in construction-in-progress to be greater than the increase in capital assets.

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Decreases	Balance June 30, 2014
Capital Assets, not being depreciated:				
Land	\$ 556,185	\$ 4,404	\$ (1,171)	\$ 559,418
Construction in progress	371,288	239,284	(236,597)	373,975
Total capital assets not being depreciated	<u>927,473</u>	<u>243,688</u>	<u>(237,768)</u>	<u>933,393</u>
Capital Assets being depreciated:				
Rail systems & buildings	3,320,240	54,143	(385)	3,373,998
Transportation equipment	1,204,071	90,301	(13,716)	1,280,656
Other	1,108,547	87,749	(3,103)	1,193,193
Total capital assets being depreciated	<u>5,632,858</u>	<u>232,193</u>	<u>(17,204)</u>	<u>5,847,847</u>
Less accumulated depreciation for:				
Rail systems & buildings	(1,859,143)	(87,880)	385	(1,946,638)
Transportation equipment	(794,016)	(69,340)	13,485	(849,871)
Other	(878,952)	(52,551)	3,079	(928,424)
Total accumulated depreciation	<u>(3,532,111)</u>	<u>(209,771)</u>	<u>16,949</u>	<u>(3,724,933)</u>
Total capital assets being depreciated, net	<u>2,100,747</u>	<u>22,422</u>	<u>(255)</u>	<u>2,122,914</u>
Capital Assets, net	<u>\$ 3,028,220</u>	<u>\$ 266,110</u>	<u>\$ (238,023)</u>	<u>\$ 3,056,307</u>

During the year ended June 30, 2014, adjustments were made to construction in progress in the amount of \$5.6 million related to reduction in cost to land parcels. Land transferred to land held for resale and land parcels are listed as assets but are not being depreciated.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Notes to the Financial Statements
June 30, 2015 and 2014
(Dollars in Thousands)

7. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2015, was as follows:

Series	Year Issued	Original Principal Issued	Year of Maturity	Interest Rates	Balance June 30, 2014	Outstanding Additions	Principal Retirements	Balance June 30, 2015
Sales Tax Revenue Bonds:								
N*	1992	\$ 122,245	2019	4.60% - 6.25%	\$ 35,905	\$ -	\$ (6,310)	\$ 29,595
P*	1992	296,755	2021	3.30% - 6.25%	72,930	-	(15,695)	57,235
2000A	2000	100,000	2026	Variable	97,200	-	(1,600)	95,600
2000B	2000	100,000	2026	Variable	97,200	-	(1,500)	95,700
2003A*	2003	103,075	2021	3.00% - 5.00%	-	-	-	-
2005A*	2005	190,490	2021	5.00%	158,195	-	(17,300)	140,895
2006A*	2006	163,890	2021	5.00%	127,320	-	(11,850)	115,470
2007A*	2007	145,725	2033	5.25%	145,725	-	-	145,725
2007B*	2008	389,830	2038	5.00%	389,830	-	-	389,830
2009A	2009	250,000	2040	4.25% - 5.25%	250,000	-	-	250,000
2012A*	2012	311,075	2041	3.00% - 5.00%	311,075	-	-	311,075
2012B*	2012	17,930	2021	4.00% - 5.00%	17,930	-	-	17,930
2013A*	2013	22,980	2021	3.00% - 5.00%	22,980	-	(1,000)	21,980
2014A	2015		2044	3.00% - 5.00%		286,700	-	286,700
2015A	2015		2045	5.00%		87,015	-	87,015
Subtotal					1,726,290	373,715	(55,255)	2,044,750
Less portion due within one year					(55,255)	(4,170)	-	(59,425)
Plus unamortized premium (discount)					65,491	28,487	(7,230)	86,748
Sales Tax Revenue Bonds total long-term portion					<u>\$ 1,736,526</u>	<u>\$ 398,032</u>	<u>\$ (62,485)</u>	<u>\$ 2,072,073</u>

* Refunding bonds

Long-term debt activity for the year ended June 30, 2014, was as follows:

Series	Year Issued	Original Principal Issued	Year of Maturity	Interest Rates	Balance June 30, 2013	Outstanding Additions	Principal Retirements	Balance June 30, 2014
Sales Tax Revenue Bonds:								
N*	1992	\$ 122,245	2019	4.60% - 6.25%	\$ 41,825	\$ -	\$ (5,920)	\$ 35,905
P*	1992	296,755	2021	3.30% - 6.25%	87,675	-	(14,745)	72,930
2000A	2000	100,000	2026	Variable	98,600	-	(1,400)	97,200
2000B	2000	100,000	2026	Variable	98,700	-	(1,500)	97,200
2003A*	2003	103,075	2021	3.00% - 5.00%	29,505	-	(29,505)	-
2005A*	2005	190,490	2021	5.00%	174,715	-	(16,520)	158,195
2006A*	2006	163,890	2021	5.00%	138,605	-	(11,285)	127,320
2007A*	2007	145,725	2033	5.25%	145,725	-	-	145,725
2007B*	2008	389,830	2038	5.00%	389,830	-	-	389,830
2009A	2009	250,000	2040	4.25% - 5.25%	250,000	-	-	250,000
2012A*	2012	311,075	2041	3.00% - 5.00%	311,075	-	-	311,075
2012B*	2012	17,930	2021	4.00% - 5.00%	17,930	-	-	17,930
2013A*	2013	22,980	2021	3.00% - 5.00%	22,980	-	-	22,980
Subtotal					1,807,165	-	(80,875)	1,726,290
Less portion due within one year					(80,875)	25,620	-	(55,255)
Plus unamortized premium (discount)					73,319	-	(7,828)	65,491
Sales Tax Revenue Bonds total long-term portion					<u>\$ 1,799,609</u>	<u>\$ 25,620</u>	<u>\$ (88,703)</u>	<u>\$ 1,736,526</u>

*Refunding bonds

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

7. LONG-TERM DEBT (continued)

Sales Tax Revenue Bonds – Principal on all the Sales Tax Revenue Bonds (the “Bonds”) is payable in an annual installment on July 1; interest is payable semi-annually on January 1 and July 1 on all Bonds except the Series 2000A and 2000B Bonds, which interest is payable on the first day of each month for the previous month. Series N and P Bonds are payable from and secured by a first lien on sales and use tax receipts. Series 2000A, 2000B, and 2003A Bonds are payable from and secured by a second lien on sales and use tax receipts. Series 2005A, 2006A, 2007A, 2007B, 2009A, 2012A, 2012B, 2013A, 2014A, and 2015A are payable from and secured by a third lien on sales and use tax receipts (Note 4).

The Series 2000A and 2000B Bonds are variable-rate sales tax revenue bonds. Each series was issued in the aggregate principal amount of \$100,000 each and was initially issued in the weekly mode. Interest in the weekly mode is payable on the first business day of each month for the previous month. In the fall of 2012, the Series 2000A Bonds were converted to a term rate utilizing a floating rate note structure. The interest rate on these bonds is based on a defined spread to the Securities Industry Financial Markets Association (SIFMA) index on a weekly basis and interest will be paid monthly for the previous month. The interest rates at June 30, 2014, on the Series 2000A and 2000B Bonds utilizing the weekly mode were 0.06% and 0.07%, respectively. Likewise, the interest rates at June 30, 2015, on the Series 2000A and 2000B Bonds were 0.07% and 0.07%, respectively. There are a variety of operational and financial covenants associated with the Bonds. Management believes that MARTA is in compliance with all such covenants.

Approximately half of the currently outstanding Bonds, except the Series 2000A and 2000B Bonds are redeemable at the discretion of MARTA within ten years from their issue date at redemption prices above par. The Series 2000A Bonds are redeemable at par starting in March 2015. The Series 2000B Bonds are redeemable at par upon 30 days’ notice.

Annual debt service requirements on the Bonds outstanding at June 30, 2015, were as follows:

Year Ending June 30	Principal	Interest*	Total
2016	\$ 59,425	\$ 89,618	\$ 149,043
2017	62,705	88,175	150,880
2018	65,885	84,831	150,716
2019	69,115	81,413	150,528
2020	72,690	77,876	150,566
2021 to 2025	280,155	349,000	629,155
2026 to 2030	304,530	296,385	600,915
2031 to 2035	383,320	216,467	599,787
2036 to 2040	480,615	116,690	597,305
2041 to 2045	249,295	24,883	274,178
2046	17,015	425	17,440
	<u>\$ 2,044,750</u>	<u>\$ 1,425,763</u>	<u>\$ 3,470,513</u>

* Variable rate bond interest requirement computed at year-end rates.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

7. LONG-TERM DEBT (continued)

In September 2013, MARTA's bonding authority was revalidated by the Superior Court of Fulton County to increase its bonding capacity. Under the revalidated terms of this Third Trust Indenture, MARTA is limited to issue an additional \$1,408,080 of Sales Tax Revenue Bonds. MARTA's Board established a debt limit for the Sales Tax Revenue Bonds. The total annual debt service on such bonds is limited to no more than 45% of projected sales tax receipts for each year.

MARTA has pledged future sales tax revenues to repay \$2,131,498 in sales tax revenue bonds issued in 1992, 2000, 2003, 2005, 2006, 2007, 2008, 2009, 2012, 2013, 2014A, and 2015A of which \$2,072,073 is considered long-term debt. Proceeds from the bonds were used for the rehabilitation or expansion of MARTA's rail and bus systems. Principal and interest on the bonds are payable through 2046, solely from the sales tax revenues. Annual principal and interest on the bonds are expected to require no more than 45% of such net revenues. Principal and interest paid for in the years ended June 30, 2015 and 2014, were \$134,072 and \$157,598, respectively.

Sales and use tax revenues are initially deposited into a Sinking Fund held by the bond trustee as required by the Bond Trust Indentures. At June 30, 2015 and 2014, the amounts held in the Sinking Funds exceeded the amounts required to be held pursuant to the Bond Trust Indentures. All such amounts are classified as restricted cash and investments in the Statements of Net Position.

Following is a summary of the activity in the Sinking Funds for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Balance, Beginning of Year	\$ 133,089	\$ 159,830
Sales and Use Tax Proceeds	146,184	132,723
Investment Income	99	104
Principal and Interest Payments on Bonds	(134,072)	(157,598)
Excess Sales Tax Withheld (Refunded)	(3,313)	(3,443)
Trustee Fees	746	1,473
Balance, End of Year	<u>\$ 142,733</u>	<u>\$ 133,089</u>

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

8. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value balances and notional amounts of hedging and investment derivative instruments outstanding at June 30, 2015, and the corresponding changes in fair value of such derivative instruments for the year ended June 30, 2015, were as follows:

	Fiscal Year Classification	Changes in Fair Value		Fair Value Notional
		Change Amount	Year End Amount	
Hedging Derivatives:				
	Deferred Outflows of Resources			
Natural Gas Commodity Swaps		\$ (323)	\$ (82)	\$ 30
	Deferred Outflows of Resources			
Diesel Commodity Swaps		(2,059)	(2,053)	1,848
		<u>\$ (2,382)</u>	<u>\$ (2,135)</u>	
Investment Derivatives:				
	Loss on Investment Derivatives			
Forward delivery arrangements		\$ 607	\$ (1,828)	\$ 300,000
		<u>\$ 607</u>	<u>\$ (1,828)</u>	

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair value balances and notional amounts of hedging and investment derivative instruments outstanding at June 30, 2014, and the corresponding changes in fair value of such derivative instruments for the year ended June 30, 2014, were as follows:

	Fiscal Year Classification	Changes in Fair Value		Fair Value Notional
		Change Amount	Year End Amount	
Hedging Derivatives:				
Natural Gas Commodity Swaps	Deferred Outflows of Resources	\$ 242	\$ 242	\$ 380
Diesel Commodity Swaps	Deferred Inflows of Resources	31	6	1,141
		<u>\$ 273</u>	<u>\$ 248</u>	
Investment Derivatives:				
Forward delivery arrangements	Loss on Investment Derivatives	355	(2,435)	300,000
		<u>\$ 355</u>	<u>\$ (2,435)</u>	

Hedging derivative instruments must meet annual effectiveness tests. MARTA assessed whether the hedging derivatives were highly effective in offsetting changes in fair value or cash flows of hedged items.

A derivative is effective if changes in a hedgeable item divided by changes in derivative is within a range of 80% to 125% in absolute terms. The test is also met if changes in derivative divided by changes in hedgeable item falls within range of 80 to 125. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are reported as deferred inflows and outflows in the Statements of Net Position. The gain or loss of the ineffective portion is recognized immediately in the Statements of Revenues, Expenses, and Changes in Net Position.

This risk could require MARTA to make a termination payment. MARTA mitigated the credit risk associated with its swaps by having entered into transactions with highly-rated counterparties. MARTA also mitigated its concentration of credit risk by having diversified its swap transactions across two different counterparties.

Commodity Swap Agreements – In order to help plan its diesel and natural gas costs for the fiscal year and to protect itself against price volatility in the market prices of the commodities, MARTA has entered into contracts to hedge diesel (using low sulfur diesel) and natural gas. It is possible that the index prices may be lower than the price at which MARTA committed to in the contracts.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

This would reduce the value of the contract and MARTA could sell the contract at a loss, or likewise if the index prices are higher, the value of the contracts would increase and MARTA could sell the contracts at a profit. If MARTA continues to hold the contract until maturity, MARTA may make or receive termination payments to or from the counterparty to settle the obligation under the contract. Two contracts were terminated on June 30, 2015. A summary of agreements is as follows:

Date of Execution	Effective Dates	Termination Dates	Fixed Price	Counterparty	Net Settlement In FY 2015
Natural Gas:					
8/8/2013	9/1/2013	6/30/2015	\$3.705 per MMBTU	Citigroup Energy, Inc	\$ (102,900)
12/4/2014	1/2/2015	6/30/2015	\$3.570 per MMBTU	Canadian Imperial Bank of Commerce	\$ (90,980)
12/9/2014	1/2/2015	12/31/2015	\$3.585 per MMBTU	Canadian Imperial Bank of Commerce	\$ (18,060)
Diesel:					
6/5/2014	7/1/2014	6/30/2016	\$2.8015 per gallon	JP Morgan Ventures	\$ (678,594)
9/10/2014	9/10/2014	6/30/2016	\$2.7325 per gallon	JP Morgan Ventures	\$ (628,639)
2/20/2015	7/1/2016	6/30/2017	\$2.01 per gallon	Canadian Imperial Bank of Commerce	\$ -

MARTA assessed at the inception, and as of year-end, of the commodity swap agreements whether these derivatives were highly effective in offsetting changes in fair value or cash flows of hedged items. Based on the annual assessment, the commodity swap agreements met the effectiveness conditions of the dollar-offset method.

MARTA is exposed to the failure of the counterparty to fulfill the fuel contracts. The terms of the contracts include provisions for recovering the cost in excess of the guaranteed price from the counterparty should MARTA have to procure low sulfur diesel and natural gas on the open market.

Forward Delivery Agreements – MARTA is required to make monthly deposits into debt service sinking funds for the principal and interest payments due semi-annually on its bonds. MARTA, via the trustee, currently invests these deposits in money market funds or short-term permitted investments that mature on or before the debt service payment dates.

On August 15, 2006, MARTA and its bond trustee, US Bank, entered into a debt service forward delivery agreement with the issuer, Bank of America, NA, with respect to the debt service fund related to Series N Bonds, issued in the original aggregate principal amount of \$122,245, Series P Bonds, issued in the original aggregate principal amount of \$296,755, and Series 2005A Bonds, issued in the original aggregate principal amount of \$190,490.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

When MARTA entered into these agreements an upfront cash payment of \$11,350 was received by MARTA which represented the present value of the future interest cash flows. The cash received was recorded as deferred revenue and is being amortized over the life of the agreements. The outstanding unamortized amount as of June 30, 2015 and 2014, is \$2,780 and \$3,496, respectively, and is included in Unearned Revenues on the Statements of Net Position.

MARTA has entered into these forward delivery arrangements for speculative purposes to obtain a higher long-term yield than short term and not for the purpose of hedging any financial risk. Therefore the fair value of these forward delivery arrangements will be classified as derivative investments in the Statements of Net Position and the gains or losses are reported as nonoperating revenues (expenses) on the Statements of Revenues, Expenses, and Changes in Net Position.

9. BOND REFUNDINGS

MARTA executed four bond refundings in 2015, one an advanced refunding to close on July 1, 2015, reported in Note 18 as a subsequent event. On July 1, 2014, MARTA refunded commercial paper of \$200M by issuing refunding/new Fixed Rate Series 2014A. On July 1, 2014, MARTA refunded the Series 2000A variable rate bonds par value of \$95,600, reducing debt service and fees by \$1.3 million. On September 30, 2014, MARTA refunded the Series 2000B variable rate bonds par value of \$95,700, reducing debt service and fees by \$950,000.

In prior years, MARTA has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from MARTA's financial statements.

10. CAPITAL LEASE OBLIGATIONS

The Authority has entered into various LILLO arrangements related to the leasing and subleasing of the Authority's rail cars, rail lines, and a rail maintenance facility. These agreements provide for the lease of certain Authority's rail capital assets to a financial party lessee and the sublease of such capital assets back to the Authority for a specified term.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

10. CAPITAL LEASE OBLIGATIONS (continued)

The net present value of the future sublease payments has been recorded as capital lease obligations. The funds invested in U.S. Agency Bonds and Notes and Guaranteed Investment Contracts to fund these future capital lease obligations as they come due have been recorded as Investments Held to Pay Capital Obligations. Unrealized and realized gains and losses on these investments are recorded as nonoperating revenues and expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

The following table summarizes MARTA's capital lease/leaseback transactions as of the respective transaction dates:

<u>Lease Date</u>	<u>Property</u>	<u>Fair Market Value At Closing Date</u>	<u>Prepayment Received on Head Lease from the Equity</u>	<u>Amount Invested to Satisfy Sublease Obligation</u>	<u>Cash Benefit Net of Fees</u>	<u>Repurchase Option Date</u>	<u>Sublease Termination Date</u>
3/22/2001	6 Hitachi CQ 310 Rail Cars	\$ 13,800	\$ 3,933	\$ 2,932	\$ 1,002	1/5/2019	10/15/2020
3/22/2001	46 Franco Belge CQ 310 Rail Cars	82,800	19,853	15,764	4,089	1/5/2018	12/15/2018
3/22/2001	16 Hitachi CQ 310 Rail Cars	36,800	7,595	5,862	1,733	1/5/2020	12/15/2020
3/22/2001	28 Breda CQ 310 Rail Cars	78,400	19,168	13,286	5,882	10/15/2026	9/15/2027
3/22/2001	24 Hitachi CQ 310 Rail Cars	55,200	11,083	8,250	2,833	1/5/2020	12/15/2020
3/22/2001	46 Franco Belge CQ 310 Rail Cars	92,000	26,168	20,732	5,436	10/05/2017	9/15/2018
6/21/2001	14 Franco Belge CQ 310 Rail Cars	28,000	5,827	4,182	1,645	10/5/2019	12/15/2019
6/22/2001	10 Franco Belge CQ 310 Rail Cars	20,000	6,027	4,465	1,562	11/05/2017	10/15/2018
12/27/2001	8 Hitachi CQ 311 Rail Cars	20,000	4,166	2,244	1,922	10/5/2026	12/15/2026
12/27/2001	26 Hitachi CQ 311 Rail Cars	65,000	13,320	7,191	6,129	10/5/2026	12/15/2026
12/27/2001	14 Hitachi CQ 311 Rail Cars	35,000	7,296	3,930	3,366	10/5/2026	12/15/2026
9/27/2002	20 Breda CQ 312 Rail Cars	57,000	12,622	9,150	3,472	10/5/2026	12/15/2026
9/29/2005	30 Breda CQ 312 Rail Cars	93,300	16,274	11,376	3,839	10/2/2034	12/15/2034
9/29/2005	10 Breda CQ 312 Rail Cars	31,500	5,488	3,793	1,333	10/2/2034	12/15/2034
9/29/2003	Marta South Line	782,072	102,230	67,457	27,312	10/2/2032	12/15/2032

The following table shows the net book value of the rail cars and the south line under the lease/leaseback transactions as of June 30:

<u>Lease Date</u>	<u>Property</u>	<u>Net Book Value 6/30/2015</u>	<u>Net Book Value 6/30/2014</u>
3/22/2001	46 Hitachi CQ 310 Rail Cars	\$ 19,740	\$ 27,643
3/22/2001	28 Breda CQ310 Rail Cars	33,186	34,826
3/22/2001	92 Franco Belge CQ 310 Rail Cars	67,289	76,490
6/22/2001	24 Franco Belge CQ310 Rail Cars	2,355	2,843
12/27/2001	48 Hitachi CQ 311 Rail Cars	28,887	36,232
9/27/2002	20 Breda CQ 312 Rail Cars	24,961	27,567
9/29/2005	40 Breda CQ 312 Rail Cars	50,884	55,027
9/29/2003	MARTA South Line	305,728	322,257

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

10. CAPITAL LEASE OBLIGATIONS (continued)

American Insurance Group (AIG) and Ambac were participants in a majority of these structured lease transactions. The downgrade of AIG and Ambac ratings triggered, at the option of the counterparties, replacement of the Payment Undertaking Agreements and the surety bonds for 18 of the 19 transactions. Of the 18 transactions that fell below the threshold, replacement was requested for 16. None of MARTA's counterparties in these transactions declared a default. The statuses of these transactions are as follows:

- Included in the lease arrangements are various buyout option dates. Beginning in October of 2017 and ending in January of 2034, MARTA has to execute its intent to buy out the head lease to terminate the LILo agreements. Management has created a schedule of the various buyout option dates and has coordination activities in place to monitor the execution of these options.
- A collateral replacement of approximately \$17.0 million supporting the remediated transactions related to the 2001-1 through 2001-4; 2001-6; 2001-8 and 2002-1 LILo arrangements will need to be in place on January 2, 2018, and can take the form of securities or a Letter of Credit. The replacement of collateral determination method and actual final collateral replacement amounts is not determinable at June 30, 2015.

The following is a schedule by year of the future minimum lease payments under these LILo arrangements as of June 30, 2015:

Fiscal Year(s)		
2016	\$	4,117
2017		3,798
2018		105,675
2019		39,214
2020		26,073
2021-2026		27,524
2026-2030		81,266
2031-2035		<u>164,400</u>
Present value of net minimum lease payments		452,067
Less: current principal maturities		<u>(4,117)</u>
Obligations under capital lease - long term	\$	<u><u>447,950</u></u>

The liability of these leases changed in 2015 and 2014 as follows:

Outstanding - June 30, 2014	\$	430,004
Net change in obligation		<u>22,062</u>
Outstanding - June 30, 2015	\$	<u><u>452,066</u></u>

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

11. PENSION PLANS

Plan Description - MARTA maintains two single-employer defined benefit pension plans, the MARTA/ATU Local 732 Employees Retirement Plan, previously known as the Union Employees Retirement Plan (the Union Plan) and Non-Represented Pension Plan (the Non-Rep Plan). The Union Plan provides pension for all members of Division No. 732 of the Amalgamated Transit Union and nonmembers who are represented by the Union for bargaining purposes. Union employees are eligible to participate in the Union Plan upon the completion of sixty days of full-time employment. The Non-Rep Plan originally provides pension for all full-time employees who were not active participants in the Union Plan. The Non-Rep Plan was closed on January 1, 2005, to all employees hired after that date, other than Union Plan transfers hired before January 1, 2005, and all Transit Police. The Non-Rep Plan has been subsequently closed to all Transit Police hired after December 31, 2014.

Prior to January 1, 2005, covered employees were eligible to participate in the Non-Rep Plan on the first date of employment, however, effective January 1, 2005, or January 1, 2015, for Transit Police covered employees are eligible to participate in the MARTA Non-represented Defined Contribution Plan and Trust on the first date of employment.

The funding methods and determination of benefits for the defined benefit plans were established by the MARTA Act creating such plans and in general, provide that pension funds are to be accumulated from employee contributions, MARTA contributions, and income from the investment of accumulated funds.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of the pension plans have been determined on the same basis as they are reported by the Plans. The financial statements of the Plans were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contribution are recognized when due and payable in accordance with the statutes governing the plans. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade-date basis. The fiduciary net position of each of the Union and Non-Rep plans are reflected in the measurement of the Plans' net pension liability, net pension assets, deferred outflows and inflows of resources related to pension, and pension expense.

Each plan is administered by a pension retirement committee. Each plan issues a publicly available financial report that includes financial information for that plan. Those reports may be obtained by writing the plan.

Non-Represented Pension Plan
2424 Piedmont Road NE
Atlanta, GA 30324
(404) 848-4143

MARTA/ATU Local 732
Employees Retirement Plan
Administered by:
Zenith American Solutions
100 Crescent Centre Parkway
Tucker, GA 30084
(678) 221-5012

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

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(Dollars in Thousands)

11. PENSION PLANS (continued)

Benefits Provided - The MARTA plans provide the retirement, disability, and death/survivor benefits. The retirement benefits are calculated under a step-rate benefit formula based on final average compensation (as defined), and multiplied by factors related to length of continuous service. All modifications to the pension plans must be supported by actuarial analysis and receive the approval of the MARTA Board of Directors and pension retirement committees.

Normal retirement under the Union Plan occurs when a participant reaches age 65 with 10 years of credit service. For the Non-Rep Plan, the participant must complete five years of credited service and attain age 62. The minimum pension benefit upon retirement with fewer than 25 years of credited service under the Union Plan is \$650 per month reduced by 10% for each full year or fraction thereof for less than ten years of service. Also, the minimum monthly benefit is \$85 per month per year of credited service with 25 years or more of credited service. Under the Non-Rep Plan, the minimum monthly benefit is \$32.50 times credited service up to 30 years. Disability retirement benefits are determined in the same manner as retirement benefits. The continuation of retirement benefits to the participant's designated beneficiary is also provided by the plan. An employee who leaves MARTA may withdraw his or her contributions, plus any accumulated interest.

Plan Membership - The following schedule (derived from the most recent actuarial valuation report and reported in whole numbers) reflects membership for the plans as of January 1, 2015, for the Union Plan and Non-Rep Plan:

	<u>Union</u>	<u>Non-Rep</u>
Active Employees	2,592	799
Retirees and Members		
Receiving Benefits	2,013	1,164
Inactive Vestees	300	182
Total	<u>4,905</u>	<u>2,145</u>

Contributions - MARTA's funding policy is to contribute a percentage of each plan's covered payroll as developed in the actuarial valuation for the individual plan. MARTA's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions.

MARTA is required to contribute an actuarially determined amount annually to the pension plans. The required contributions amount is determined by an actuary using actuarial methods and assumptions approved by the pension/retirement committee and an additional amount to fund the unfunded accrued liability.

The contribution rates are a percentage of pensionable earnings that were at 8.11% for MARTA and 4.41% for employees with the Union Plan. The contribution rates are a percent of pensionable earnings were at 35.49% for MARTA, 6% for plan employees, and 7.5% for Transit Police with the Non-Rep Plan. For the year ended December 31, 2014, MARTA contributed \$20,623 for Non-Rep Plan and \$8,077 for Union Plan.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

11. PENSION PLANS (continued)

Actuarial Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As results are compared to past expectations and new estimates are made about the future, actuarial determinations better reflect current and future conditions. Actuarial calculations consider a long-term perspective. Calculations reflect the substantive plan in effect as of January 1, 2015, and the current sharing pattern of costs between employer and employee.

	<u>Union</u>	<u>Non-Rep</u>
Pension Expense	\$3,440	\$12,813
Actuarial Valuation Date	01/01/15	01/01/15
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Pay	Fixed Dollar
Remaining Amortization Period	22 years, Open	9 years, Closed
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions		
Investment Rate of Return	7.50%	6.90%
Inflation	2.25%	2.50%
Projected Salary Increases:		
Inflation and Productivity		
Plan Members	4.50%	3.00%
Transit Police		3.50%
Cost of Living Adjustments (COLA)	3.00%	1.00%
Merit or Seniority	1.00%	1.00%
	per year	per year
Post Retirement Benefit Increases	none	none
Mortality Assumption		
Healthy	RP-2000 Mortality with sex distinct rates and blue collar adjustment projected to 2007 set forward one year.	RP-2000 Combined Health Mortality Table separated by Sex, Projection Scale BB to valuation date.
Disabled	RP-2000 Mortality with sex distinct rates and blue collar adjustment projected to 2007 set forward five years.	

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Notes to the Financial Statements

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11. PENSION PLANS (continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following presents the net pension (asset)/liability of the Plans, calculated using the discount rate of 7.5% for the Union Plan and 6.9% for the Non-Rep Plan, as well as what the individual Plans' net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Union Plan Discount Rate	6.50%	7.50%	8.50%
Plan Net Pension Asset	\$ (5,828)	\$ (53,077)	\$ (93,644)
Non-Rep Plan Discount Rate	5.90%	6.90%	7.90%
Plan Net Pension Liability	\$ 139,996	\$ 96,185	\$ 60,245

Long-Term Expected Rate of Return - The long-term expected rate of returns on the Union and Non-Rep Plan investments were determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation are:

<u>Asset Class</u>	<u>Union</u>	<u>Non-Rep</u>
Domestic Large Cap Equity	6.91%	5.00%
Domestic Mid Cap Equity	8.91	
Domestic Small Cap Equity	5.01	5.35
International Equity	3.31	5.00
Opportunistic Equity	6.01	
Domestic Fixed income	0.81	0.50
Alternatives/Convertibles	7.51	3.20

Pension Liability, Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pension – At June 30, 2015, MARTA reported a net pension asset of \$53,077 and a net pension liability of \$96,185.

The net pension asset and liability were measured as of December 31, 2014 based on an actuarial valuation as of January 1, 2015.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

11. PENSION PLANS (continued)

Union Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Change in Net Pension Asset			
Balance at 12/31/2013	\$ 474,549	\$ 526,203	\$ (51,654)
Changes for the year:			
Service Cost	11,099		11,099
Interest	35,109		35,109
Net investment income		31,954	(31,954)
Difference between expected & actual experience	(2,287)		(2,287)
Contributions - Employer		8,077	(8,077)
Contributions - Employee		4,393	(4,393)
Benefit payments	(35,123)	(35,123)	-
Administrative expenses	(588)	(588)	-
Other changes		920	(920)
Net Changes	8,210	9,633	(1,423)
Balance 12/31/2014	\$ 482,759	\$ 535,836	\$ (53,077)

Non-Rep Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Change in Net Pension Liability			
Balance at 12/31/2013	\$ 445,249	\$ 362,573	\$ 82,676
Changes for the year:			
Service Cost	5,602		5,602
Interest	31,475		31,475
Net investment income		19,929	(19,929)
Difference between expected & actual experience	4,158		4,158
Changes in Assumptions	15,914		15,914
Contributions - Employer		20,623	(20,623)
Contributions - Employee		2,903	(2,903)
Member Buybacks	-	44	(44)
Benefit payments	(34,023)	(34,023)	-
Administrative expenses		(384)	384
Other changes		525	(525)
Net Changes	23,126	9,617	13,509
Balance 12/31/2014	\$ 468,375	\$ 372,190	\$ 96,185

2015 Comprehensive Annual Financial Report Years Ended June 30, 2015 and 2014 FINANCIAL SECTION

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Notes to the Financial Statements
June 30, 2015 and 2014
(Dollars in Thousands)

11. PENSION PLANS (continued)

For the year ended June 30, 2015, MARTA recognized pension expense of \$16,253.

At June 30, 2015, MARTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Net difference between projected and actual earnings on investments	\$ 9,826	\$ -
Difference between expected and actual experience	3,638	(1,756)
Changes of assumptions	13,925	-
Employer contribution subsequent to the measure date	13,880	-
Total	\$ 41,269	\$ (1,756)

\$13,880 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as collective deferred outflows and deferred inflows of resources to be recognized in pension expense as follows:

Year Ending June 30:	Deferred Outflows (Inflows) of Resources
2016	\$4,434
2017	\$4,434
2018	\$4,434
2019	\$4,804
2020	\$2,509
Thereafter	\$5,018

Defined Contribution Pension Plan

Plan Description - MARTA maintains one single-employer defined contribution plan, the MARTA Non-represented Defined Contribution Plan and Trust (the D.C. Plan). The D.C. Plan provides pension for all full time non-represented employees of MARTA who were hired on or after January 1, 2005, Transit Police hired on or after January 1, 2015, and to those members of the Non-Rep Plan who elected to transfer to this plan. Covered employees were eligible to participate on the first date of employment. The plan provisions and contributions requirements are established and may be amended by the pension retirement committee after approval by resolution of the MARTA Board of Directors. The plan is administered by a pension retirement committee and MassMutual is the trustee.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

11. PENSION PLANS (continued)

Benefits Provided - The MARTA D.C. plan was established to provide retirement, disability, and death/survivor benefits. Normal retirement under the D.C. Plan occurs when a participant reaches the age of 65. If the participant terminated on or after his normal retirement date, he will receive 100% of the account. If the participant terminated before his normal retirement date, he shall be entitled to receive the vested percentage of the account based on years of service. Notwithstanding the retirement rules above, the participant's employer contribution account shall become 100% vested and not subject to forfeiture upon the occurrence of any of the following events: when an employee reaches normal retirement age, death, or becomes disabled.

Contributions - The contribution rates as a percent of earnings were at 3% for MARTA and 6% for employees with the D.C. Plan. Employer contributions to the D.C. Plan for the years ended June 30, 2015 and 2014, were \$1,149 and \$1,062, respectively. Employee contributions to the D.C. Plan for the years ended June 30, 2015 and 2014, were \$2,339 and \$2,111, respectively.

12. EMPLOYEE BENEFITS

Deferred Compensation Plan - MARTA has adopted a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code (the 457 Plan).

The 457 Plan allows any employee to voluntarily defer receipt of up to 25% of gross compensation, not to exceed \$18 per year or if age 50 and over, not to exceed \$24 per year. All administration costs of the 457 Plan are deducted from the participant's account. The deferred amounts may be distributed to the employee upon retirement or other termination of employment, disability, death, or financial hardship (as defined). The 457 Plan's assets are held and administered by insurance providers. The Authority has no fiduciary relationship with the trust. Accordingly, the 457 Plan assets are not included in MARTA's Statements of Net Position.

Other Postemployment Benefits - In addition to providing pension benefits, MARTA provides certain health care benefits, life insurance and transit passes for all retired employees and temporary disability payments for non-represented employees.

Non-represented employees including police officers hired before July 1, 2004, and all represented employees who retire with a regular, disability, or early pension under one of the defined benefit pension plans from active service with MARTA are eligible until age 65 (maximum of 15 years) for health coverage. Life insurance and transit pass benefits continue for life. Participants can choose from several plan options and pay a portion of the cost of benefits. The cost for represented coverage varies by plan but is available at no cost to the retiree for the first ten years after retirement and 50% of the cost for an additional five years, not to exceed 15 years.

These postemployment benefits are not offered to any non-represented employee excluding police officers hired on or after July 1, 2004. The healthcare plan is a single-employer defined benefit plan.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

12. EMPLOYEE BENEFITS (continued)

MARTA's annual other postemployment benefit (OPEB) cost is calculated based on the Annual Required Contribution of the Employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) with increasing payments over a period not to exceed 30 years. For the years ended June 30, 2015 and 2014, respectively, MARTA contributed \$21,962 and \$20,625 to its OPEB Plan (the Plan).

The following schedule (derived from the most recent actuarial valuation report) shows the components of MARTA's Annual OPEB costs for 2015 and 2014, the amounts actually contributed to the Plan and changes in MARTA's Net OPEB (Obligation) Asset:

Per Actuarial Valuation	<u>2015</u>	<u>2014</u>
Annual Required Contribution	\$22,047	\$22,056
Interest on Net OPEB Obligation	(9)	(1,431)
Adjustment to OPEB Obligation	<u>-</u>	<u>-</u>
Annual OPEB Cost	22,038	20,625
Actual Employer Contributions	<u>21,219</u>	<u>20,625</u>
Increase in Net OPEB Obligation (Liability)	(819)	-
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ (819)</u>	<u>\$ -</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

For the July 1, 2014, actuarial valuation, the Individual Entry Age Normal Actuarial Cost Method was used. Under the Entry Age Normal Actuarial Cost Method, the Normal Cost is computed as the dollar amount which, if paid from the earliest time each Participant would have been eligible to join the Plan if it then existed (entry age) until their retirement, termination, or death, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to pay all benefits under the Plan. The total Normal Cost for the Plan is determined by adding the Normal Costs for each individual participant.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

12. EMPLOYEE BENEFITS (continued)

The Actuarial Accrued Liability under this cost method is the excess of: (a) the Present Value of Future Benefits determined in accordance with the provisions of the Plan over (b) the Present Value of Future Normal Costs. The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. Under this cost method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, decrease or increase the Unfunded Actuarial Accrued Liability.

The amortization method used is a 30-year closed level percent of pay formula; no payroll growth was assumed for amortization purposes. There are currently 22 years remaining in the amortization period. For the purposes of the fiscal years 2015 and 2014 actuarial valuations, a discount rate of 7.0% was used for both years. The Plan changed the long-term discount rate assumption from 4.7% used in the initial valuation to 7.5% in connection with the establishment of an exclusive trust.

This trust was established in the 2008-2009 Plan year and currently, no audited GAAP basis report is available for the Plan. The Authority has no fiduciary relationship with the referenced trust. Accordingly, the OPEB Plan assets are not included in MARTA's Statements of Net Position.

The actuarial assumptions do not employ an explicit general inflation assumption. Rather, general expense inflation is taken into consideration in setting each of several assumptions including a long-term investment return (discount rate) assumption, a medical expense inflation assumption, a salary increase assumption, and an administrative expense assumption.

The healthcare trend rate used for determining the cost of future benefits for the Plan was 8.5% for 2015 and 2014.

MARTA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation Asset (Liability)</u>
2013	\$ 21,529	100%	-
2014	20,625	100	-
2015	22,038	100	(819)

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Notes to the Financial Statements
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(Dollars in Thousands)

12. EMPLOYEE BENEFITS (continued)

The funded status of the Plan as of June 30, 2015, was as follows:

	June 30, 2015
Actuarial Accrued Liability (AAL)	\$ 206,701
Actuarial Value of Plan Assets	44,166
Unfunded Actuarial Accrued Liability (UAAL)	\$ 162,535
Funded Ratio	21.4%
Covered Payroll	\$ 181,842
UAAL as a Percentage of Covered Payroll	89.4%

The schedule of funding progress of the Plan for the last three years was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Individual Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2012	\$ 27,148	\$ 189,914	\$ 162,766	14.3%	\$ 169,001	96.3%
6/30/2013	33,684	197,230	163,546	17.1	195,989	83.4
6/30/2014	44,166	206,701	162,535	21.4	181,842	89.4

The Plan covers both Union and Non-Represented employees. The chart below details this dissection of fully eligible and not yet fully eligible active participants as of June 30, 2015 (all numbers presented as whole numbers).

Active Participants	Union	Non-Rep	Total
Fully Eligible	235	312	547
Not Yet Fully Eligible	2,197	286	2,483
Total Number of Lives	2,432	598	3,030

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

13. RISK MANAGEMENT

MARTA is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. MARTA is self-insured for workers' compensation risks and public liability and property damage claims up to \$5,000 per occurrence. MARTA carries liability insurance for amounts exceeding the self-insured limits. For property and casualty insurance, the coverage over the self-insured retention is \$5,000 to \$150,000.

There have been no significant reductions in insurance coverage during the years ended June 30, 2015 and 2014, and the amount of claims settlements did not exceed insurance coverage in any of the past three years.

The changes in the liabilities for self-insurance for the years ended June 30, 2015 and 2014, are as follows:

	<u>Workers' Compensation</u>	<u>Public Liability and Property Damage</u>	<u>Total</u>
Balance, June 30, 2013	\$ 24,986	\$ 10,565	\$ 35,551
Incurred claims, net of any changes	12,099	10,467	22,566
Payments	<u>(10,026)</u>	<u>(2,397)</u>	<u>(12,423)</u>
Balance, June 30, 2014	27,059	18,635	45,694
Incurred claims, net of any changes	18,991	5,943	24,934
Payments	<u>(9,397)</u>	<u>(8,135)</u>	<u>(17,532)</u>
Balance, June 30, 2015	<u>\$ 36,653</u>	<u>\$ 16,443</u>	<u>\$ 53,096</u>
Due within one year	<u>\$ 11,685</u>	<u>\$ 5,471</u>	<u>\$ 17,156</u>

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.

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.

MARTA also provides employee health insurance which includes medical, vision, pharmacy drugs, dental, critical illness, and life insurance. All the medical plans have both specific and aggregate stop loss insurance coverage.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

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14. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets by MARTA that is applicable to a future period and has a positive effect on net position similar to assets.

Deferred inflows of resources are an acquisition of net assets by MARTA that is applicable to a future period and has a negative effect on net position similar to liabilities.

15. UNEARNED REVENUE

From the years ended June 30, 2001 to 2007, MARTA entered into several agreements to lease a number of its rail cars; the Avondale Rail Maintenance Facility, the East Rail Line (from Five Points station to Indian Creek station), and the South Rail Line (from Five Points station to Airport station). MARTA then leased these same assets back from the third-party investors as a capital sublease. The effect of the transaction was to transfer the tax benefits of ownership to the investors; in exchange, MARTA received cash consideration equal to the difference between the lease and sublease payments. The total consideration net of expenses as of June 30, 2007, was \$105,300. Since that time, a number of these arrangements have been terminated. MARTA is required to maintain the cars and the stations at an operating level over the life of the sublease as specified in the terms of the lease agreements. Because of the ongoing maintenance and renovation expenditures required to meet this operating level, the net proceeds were recorded as unearned and are being amortized over the life of the respective leases (approximately 18.5 years to 32 years) on a straight-line basis.

During the years ended June 30, 2015 and 2014, the unamortized portion of unearned revenue for the South Line agreement was \$20,700 and \$22,000, respectively, and \$10,942 and \$13,000, respectively for the Rail Cars agreements.

16. COMMITMENTS AND CONTINGENCIES

Commitments - MARTA's long-range plan provides for the planning, construction, financing, and operation of a rapid transit system in multiple phases, consisting of approximately 60 miles of double track and 45 stations, of which 47.6 miles and 38 stations were in service June 30, 2015. At June 30, 2015, MARTA was committed to future capital expenditures for various other projects.

The FTA has provided the majority of the funds required to construct phase A (13.7 miles) and phase B (9.7 miles) of the system with four grants totaling approximately \$1,232,400 in federal funds. Additionally, FTA has provided \$290,318 in federal funds for phase C (10.6 miles), \$133,400 for phase D (10.3 miles), and \$370,189 for phase E (3.0 miles). The remaining costs of the system have been financed through sales and use tax revenues, Sales Tax Revenue Bonds, and investment income.

FTA has also authorized other grant funds for the construction of a bus rapid transit (BRT) system, bus transit facilities, railcars, buses, replacement and rehabilitation of transit operating equipment, development work for construction support techniques, upgrading the fire protection system, and other purposes not directly related to the rail construction program.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

16. COMMITMENTS AND CONTINGENCIES (continued)

MARTA plans to fund its committed projects through the unencumbered capital portion of its sales tax, future new bond proceeds, issuance of short-term variable rate debt, and federal and state capital grants. MARTA also has lease and interest revenue and capital reserves available to supplement its needs.

During the year ended June 30, 2001, MARTA began a Transit Oriented Development Program whereby MARTA ground leases office, retail, and residential space. The AT&T Towers and related parking and retail space were completed in October 2002. Ground lease agreements for these initial TOD projects provide for various payments to be made to MARTA over a number of years. In 2013 MARTA began pursuing new opportunities in joint development. As of October 2015, MARTA has identified development partners at five rail stations: King Memorial, Edgewood/Candler Park, Avondale, Brookhaven/Oglethorpe, and Chamblee. Development partners for the proposed Oakland City and Arts Center Station TODs should be identified by December 31, 2015.

MARTA leases air rights and ground over and adjacent to its stations to third parties for the construction of mixed-use developments.

Future lease payments scheduled to be received under non-cancelable operating leases are as follows at June 30, 2015:

Fiscal Year	Amount
2016	\$ 7,340
2017	7,468
2018	8,443
2019	7,785
2020	7,545
	<u>\$ 38,581</u>

Contingencies – MARTA is a defendant in several lawsuits relating to alleged personal injuries, and alleged damages to property and business as a result of its operations. Claims have also been filed with MARTA which, for the most part, relate to alleged changes and/or conditions imposed on various contractors by MARTA beyond those provided for in the original contracts.

In addition, FTA periodically audits costs relating to the federal grants. Any costs that are ultimately determined to be non-allowable under the provisions of a federal capital grant will require funding from local funds. The outcome of the above matters is not presently determinable; however, management believes the ultimate resolution of these matters will not materially affect the financial statements of MARTA.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

17. POLLUTION REMEDIATION OBLIGATION

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, details the circumstances under which the estimated liability for remediation of the detrimental effects of existing pollution should be recorded in the financial statements.

MARTA has three active bus facilities and a closed maintenance facility at which underground fuel storage tanks have released fuel at various times in prior years. MARTA has for a number of years, and continues to use various methods to remediate the effects of these releases.

In prior years, MARTA was named as a potentially responsible party (PRP) for the cleanup of the Crymes Landfill located in Gwinnett County, Georgia. However, during fiscal year 2013, MARTA paid \$240.3 to the Crymes Landfill Trust in return for release of any and all liabilities in regard to the site.

MARTA estimates that \$7,707 and \$3,847 is its obligation to remediate the sites at the bus and maintenance facilities at June 30, 2015 and 2014, respectively, which is included in current liabilities on the Statements of Net Position.

18. SUBSEQUENT EVENT

Due to recent interest of MARTA counterparties to terminate additional LILO transactions, MARTA was able to successfully negotiate the termination of nine transactions in the first quarter of 2016 reducing potential liability by over \$95 million and removed 176 rail cars from lease encumbrance.

While MARTA is partially hedged for the fiscal year 2016 budget period, MARTA may execute additional fuel hedge contracts to facilitate hedging for the fiscal years 2016 and 2017. Fuel Swap transactions will be determined through a bid process conducted at points in fiscal years 2016 and 2017 as dictated by market conditions. MARTA may choose to use an established brokerage account to procure Individual futures contracts to hedge against budget volatility. The purchases and settlements will be executed and settled by the Cash Management Branch. These contracts will be executed to hedge fiscal years 2016 and potentially 2017 and 2018 at levels not to exceed 75% of the forecast usage for any year.

MARTA has received Board approval to pledge the new Clayton County Sales tax to support the bond issues of the Authority. The indenture amendment, legal documentation, and proceedings for the bond validation was completed on November 3, 2015.

MARTA issued the Series 2015B bonds in the amount of \$88 million to support the execution of the fiscal year 2016 Capital Budget. This transaction was priced on November 5, 2015 and closed on December 10, 2015.

MARTA issued the Series 2015C bonds in the amount of \$97 million to partially Advance Refund the Series 2007B bonds to reduce future debt service payments for the Authority. This transaction was priced November 5, 2015 and closed on December 10, 2015.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Notes to the Financial Statements

June 30, 2015 and 2014

(Dollars in Thousands)

18. SUBSEQUENT EVENT (continued)

Advanced refunding for Series 2016A scheduled to close on July 1, 2016, was priced and agreed upon on March 5, 2015. Once in place the new Series 2016A bonds will reduce MARTA's debt service by an additional \$5.76 million.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Supplemental Schedule of Changes in the Net Pension (Asset)
Liability and Related Ratios
Year Ended June 30, 2015
(Dollars in Thousands)

	<u>Union</u>	<u>Non-Rep</u>
Total Pension Liability:		
Service Cost	\$ 11,099	\$ 5,602
Interest	35,109	31,475
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(2,287)	4,158
Changes of Assumptions	-	15,914
Benefit Payments, including member contributions refunds	(35,123)	(34,023)
Administrative Expense	(588)	-
Net Change in Total Pension Liability	<u>\$ 8,210</u>	<u>\$ 23,126</u>
Total Pension Liability		
Beginning of the Year	\$ 474,549	\$ 445,249
Net Increase (Decrease)	8,210	23,126
Total Pension Liability End of the Year	<u>\$ 482,759</u>	<u>\$ 468,375</u>
Plan Fiduciary Net Position:		
Employee Contributions	\$ 4,393	\$ 2,903
Employer Contributions	8,077	20,623
Member Buybacks (portability, reemployment, transfers)	-	44
Net Investment Income	31,954	19,929
Benefit Payments, including member contributions refunds	(35,123)	(34,023)
Administrative Expense	(588)	(384)
Other	920	525
Net Change in Plan Fiduciary Net Position	<u>\$ 9,633</u>	<u>\$ 9,617</u>
Total Fiduciary Net Position		
Beginning of the Year	\$ 526,203	\$ 362,573
Net Increase	9,633	9,617
Total Plan Fiduciary Net Position End of the Year	<u>\$ 535,836</u>	<u>\$ 372,190</u>
Plan's Net Position Liability (NPL)	<u>\$ (53,077)</u>	<u>\$ 96,185</u>
Plan Fiduciary Net Position as % of TPL	<u>111.0%</u>	<u>79.5%</u>
Covered Payroll	\$ 99,587	\$ 45,099
Plan's NPL as % for Covered Payroll	-53.3%	213.3%

Note: Data was not available prior to fiscal year 2015.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Supplemental Schedule of Employer Contributions
Year Ended June 30, 2015
(Dollars in Thousands)

	Union	Non-Rep
Actuarially Determined Contribution	\$ 8,077	\$ 16,205
Contributions in Relation to the Actuarially Determined Contribution	8,077	20,623
Contribution Deficiency (Excess)	\$ -	\$ (4,418)
 Covered-Employee Payroll	 \$ 99,587	 \$ 45,099
 Contributions as of Percentage of Covered-Employee Payroll	 8.11%	 45.73%

Note: Data was not available prior to fiscal year 2015.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Supplemental Schedule of Revenues & Expenses,
Budget vs. Actual (Budget Basis)

For the Year Ended June 30, 2015

(Dollars in Thousands)

	Budget	Actual (Budget Basis)	Variance Favorable/ (Unfavorable)
Operating Revenues:			
Fare Revenues	\$ 143,519	\$ 146,417	\$ 2,898
Other Revenues	6,009	10,777	4,768
	149,528	157,194	7,666
Operating Expenses:			
Transportation	170,547	186,527	(15,980)
Maintenance and Garage Operations	150,034	131,276	18,758
General and Administrative	94,019	82,354	11,665
Total Operating Expenses	414,600	400,157	14,443
Operating Loss	(265,072)	(242,963)	22,109
Nonoperating Revenues:			
Sales and Use Tax	371,169	377,743	6,574
Federal Operating Revenues	68,500	82,643	14,143
Investment Income	260	604	344
Other Revenues	11,894	27,687	15,793
	451,823	488,677	36,854
Increase in Net Assets - Budget Basis	\$ 186,751	245,714	\$ 58,963
Basis Differences			
Depreciation		(225,082)	
Gain on Sales of Property and Equipment		194	
Interest Expense		(85,663)	
Interest Expense Capitalized		818	
Amortization of Financing Related Charges and Income			
from Derivative Activity		2,699	
Other - Nonoperating Expense		(43,695)	
Capital Grants		82,498	
Net Capital Lease Transaction Activity		5,128	
Gain on Investment Derivatives		607	
		(16,782)	
Decrease in Net Assets - GAAP Basis		\$ (16,782)	

See notes to supplemental schedule

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Notes to the Supplemental Schedule
For the Year Ended June 30, 2015
(Dollars in Thousands)

1. BUDGETARY HIGHLIGHTS

MARTA adopts its Operating and Capital Budget in June of each year. Once adopted, total budgeted revenues and/or expenses cannot change. The fiscal year 2015 net operating expenses were \$400,157 which excludes depreciation. This was \$14,443 (3.5%) less than the fiscal year 2015 budget, which was \$14,132 (3.4%) less than the previous year's budget. MARTA continued a number of cost containment measures in fiscal year 2015 by focusing on increasing productivity and efficiencies while reducing cost. Operating revenue performed favorable to the budget, ending the year \$7,666 (5.1%) better than budget, primarily due to identification of untapped sources of revenue. Nonoperating revenues were \$36,855 (8.2%) more than budget. The largest variance was for nonoperating other revenues; MARTA received \$15,793 more than budgeted. This positive variance is directly related to Ad valorem tax revenue.



STATISTICAL

Early MARTA expansion: Head Quarters Construction

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STATISTICAL SECTION - Unaudited

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about the Authority's overall financial health.

CONTENTS

FINANCIAL TRENDS Schedules **59** through **65**

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

REVENUE CAPACITY Schedules **69** through **71**

These schedules contain information to help the reader assess the Authority's sources of revenue especially the most significant revenue source, the sales and use tax.

DEBT CAPACITY Schedules **75** through **79**

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

DEMOGRAPHIC & ECONOMIC INFORMATION Schedules **83** through **86**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

OPERATING INFORMATION Schedules **89** through **95**

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

SOURCES

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

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FINANCIAL TRENDS

Early MARTA expansion:

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Condensed Summary of Net Position

Last Ten Fiscal Years
(Dollars in Millions)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ASSETS:										
Current and Other Assets	\$1,161	\$1,033	\$1,039	\$1,013	\$968	\$1,084	\$904	\$1,142	\$1,059	\$540
Capital Assets	3,049	3,056	3,028	3,078	3,158	3,273	3,360	3,393	3,350	3,304
Net Pension Assets	53									
Other	2									
Total Assets	4,265	4,089	4,067	4,091	4,126	4,356	4,264	4,535	4,409	3,844
DEFERRED OUTFLOWS OF RESOURCES										
Deferred Outflow of Resources from Hedging	2		4	23	29					
Deferred Outflow of Resources - Pension	41									
Deferred Outflow of Resources - Debt Refunding	10	12	16							
Total Deferred Outflows of Resources	53	12	20	23	29					
Total Assets and Deferred Outflows of Resources	4,318	4,101	4,087	4,114	4,155					
LIABILITIES:										
Long-term Debt Outstanding	2,131	1,792	1,881	1,910	1,652	1,691	1,482	1,686	1,581	1,426
Current and Other Liabilities	693	884	747	617	826	816	811	741	690	251
Derivative Liability	2									
Net Pension Liability	96									
Net OPEB Liability	1									
Total Liabilities	2,924	2,676	2,628	2,527	2,476	2,507	2,293	2,426	2,271	1,677
DEFERRED INFLOWS OF RESOURCES										
Deferred Inflows of Resources					1					
Deferred Inflows of Resources- Pension	2									
Total Liabilities and Deferred Inflows of Resources	2,926	2,676	2,628	2,527	2,477					
NET POSITION:										
Net Invested in Capital Assets	478	647	654	796	915	987	1,307	1,707	1,769	1,885
Restricted	929	789	788	768	717	709	621	307	292	269
Unrestricted	(14)	(11)	17	23	44	153	43	95	77	14
TOTAL NET POSITION	\$1,393	\$1,425	\$1,459	\$1,587	\$1,676	\$1,849	\$1,971	\$2,109	\$2,138	\$2,167

Summary of Revenues, Expenses and Changes in Net Position

Last Ten Fiscal Years
(Dollars in Millions)

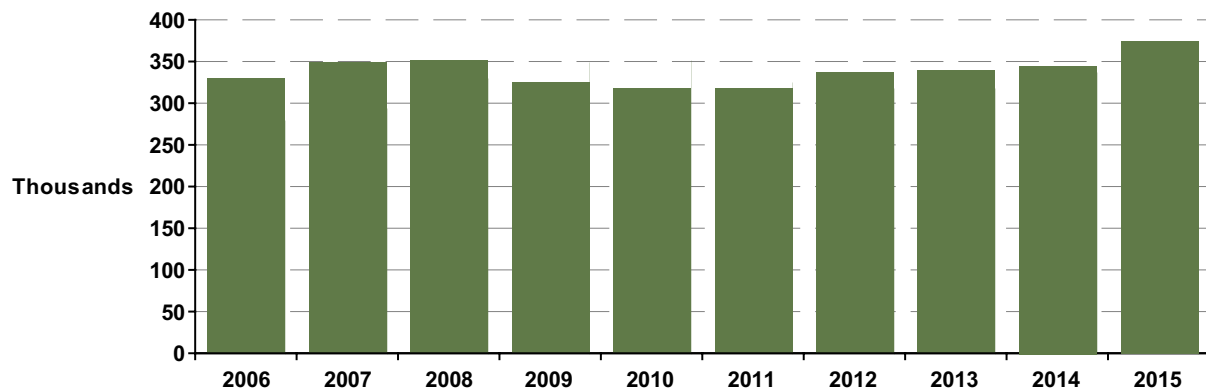
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues	Fare Revenues	\$146	\$140	\$141	\$133	\$116	\$110	\$105	\$104	\$105	\$99
	Other Revenues	11	12	10	11	11	13	9	14	5	6
	Total Operating Revenues	157	153	151	144	127	122	114	118	110	105
Non-Operating Revenues	Sales and Use Tax	378	347	339	341	320	308	313	350	351	334
	Federal Revenues	83	103	120	71	86	101	52	49	40	39
	Investment Income	1	1	2	1	1	2	7	18	20	13
	Net Capital Leases Transaction Activity	5	7	(32)	52	(12)	50	3	3	0	0
	Other Revenues	28	32	17	13	13	11	48	11	10	10
	Gain (Loss) on Sale of Property and Equip.	0	(0)	(1)	(0)	(1)	(0)	(2)	0	1	1
	Total Nonoperating Revenues	494	490	445	477	407	471	422	431	421	397
Total Revenues		651	642	596	621	534	594	535	549	531	503
Summary of Expenses Operating:	Transportation	187	182	183	186	184	180	178	175	158	146
	Maintenance and Garage Operations	131	142	138	147	147	147	141	129	117	110
	General and Administrative	82	89	79	79	80	76	72	64	54	50
	Depreciation	225	210	220	230	222	227	226	196	164	147
	Total Operating Expenses	625	623	619	642	633	630	617	565	493	454
Non-Operating Expenses	Interest Expenses	86	76	79	70	73	74	73	76	70	66
	Interest Expenses Capitalized	(1)	(1)	(2)	(1)	(0)	(0)	(0)	(0)	(2)	(3)
	Amortization of Financing Related Charges										
	and Income from Derivative Activity	(3)	(4)	(6)	(3)	1	(5)	(2)	(4)	(3)	(1)
	(Gain) Loss on Investment Derivatives	(1)	(8)	-	(9)	(8)	(6)	6	-	-	-
	Other Expenses-Special Pension Plan	-	-	-	-	-	-	-	-	45	-
	Other Nonoperating Expenses	44	62	81	51	35	39	33	23	13	13
	Total Nonoperating Expenses	125	124	152	109	101	102	109	95	123	74
Total Expenses		750	747	771	751	734	732	726	660	616	528
Loss Before Capital Contributions		(99)	(105)	(175)	(130)	(200)	(138)	(190)	(111)	(86)	(25)
	Capital Grants	82	71	47	40	27	34	80	81	41	39
Increase (Decrease) in Net Position		(17)	(34)	(128)	(90)	(173)	(104)	(110)	(29)	(44)	13
Net Position, July 1 as previously presented		1,425	1,459	1,587	1,676	1,849	1,953	2,081	2,138	2,182	2,154
Prior period adjustment		(15)	-	-	-	-	-	-	-	-	-
Net Position, July 1		1,410	1,459	1,587	1,676	1,849	1,953	2,081	2,138	2,182	-
Net Position, June 30		\$1,393	\$1,425	\$1,459	\$1,587	\$1,676	\$1,849	\$1,971	\$2,109	\$2,138	\$2,167

Sales Tax Collection and Usage

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Sales Tax ⁽¹⁾	Percent Change	Usage ^(2,3,4,5)				
			Sinking Fund Withheld	Capital Construction	Sales Tax for Operations		Overage/ (Shortage)
					Subsidy	Percent Used	
2006	\$331,213	11.8%	\$111,523	\$54,083	\$145,617	44%	\$19,990
2007	349,215	5.4	118,276	56,331	158,931	46	15,677
2008	351,596	0.7	125,311	50,487	182,671	52	(6,873)
2009	327,425	(6.9)	128,137	35,575	216,835	66	(53,122)
2010	317,775	(2.9)	123,471	35,417	180,452	57	(21,565)
2011	319,229	0.5	126,386	33,228	194,573	61	(34,958)
2012	339,156	6.2	124,948	17,739	196,891	58	(422)
2013	340,491	0.4	135,279	35,075	161,550	47	8,587
2014	345,825	1.6	132,723	40,190	158,218	46	14,694
2015	372,384	7.7	146,184	40,008	151,235	41	34,957

Sales & Use Tax Receipts



⁽¹⁾ Sales Tax Collection is stated on the cash basis.

⁽²⁾ Usage is stated on the cash basis to reflect the Sales Tax Operating Subsidy in conformity with the MARTA Act. The MARTA Act provides that up to 50% of the sales tax collections in a fiscal year can be used to subsidize the operating expenses of the system. If less than 50% is used, then the amount not used can be carried over at the board's discretion to fund years where operating expenses require a subsidy of more than 50% of that year's sales tax collections. In years where the sales tax subsidy is more than 50% and there is not sufficient carry over sales tax, then MARTA has three (3) years in which to make up the shortage.

⁽³⁾ For the period January 1, 2002 until December 31, 2008 the MARTA Act allows 55% of sales tax to be used for operations.

⁽⁴⁾ For the period July, 1 2010 through June 30, 2014 the Official Code of Georgia Annotated (O.C.G.A) §32-9-13 temporarily suspends the 50/50 sales tax restriction.

⁽⁵⁾ In fiscal year 2015, the 50-50 mandate dictating how MARTA can spend its sales tax revenue was permanently lifted.

Revenues and Operating Assistance Comparison to Industry Trend Data

Last Ten Fiscal Years
(As a Percentage of Total)

Fiscal Year	Operating and Other Miscellaneous Revenue			Operating Assistance			Total Revenue
	Fares	Other ⁽²⁾	Total	Sales & Use Tax	Federal	Total	
Transportation Industry⁽¹⁾							
2006	33.2%	7.0%	40.2%	52.1%	7.7%	59.8%	100.0%
2007	31.4	6.5	37.9	54.6	7.5	62.1	100.0
2008	31.2	6.5	37.7	55.3	7.0	62.3	100.0
2009	31.5	5.9	37.4	54.4	8.2	62.6	100.0
2010	32.1	5.4	37.5	53.1	9.4	62.5	100.0
2011	32.8	4.9	37.8	52.5	9.8	62.2	100.0
2012	32.5	4.6	37.2	54.0	8.9	62.8	100.0
2013	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
MARTA							
2006	20.5%	5.8%	26.3%	66.0%	7.7%	73.7%	100.0%
2007	19.8	6.5	26.3	66.2	7.5	73.7	100.0
2008	18.9	8.4	27.3	63.7	9.0	72.7	100.0
2009	19.6	12.2	31.8	58.4	9.8	68.2	100.0
2010	18.4	12.8	31.2	51.8	17.0	68.8	100.0
2011	21.7	2.3	24.0	59.9	16.1	76.0	100.0
2012	21.4	12.3	33.7	54.9	11.4	66.3	100.0
2013	23.6	-0.5	23.1	56.8	20.1	76.9	100.0
2014	21.9	8.0	29.9	54.1	16.0	70.1	100.0
2015	22.5	6.8	29.3	58	12.7	70.7	100.0

* Not Available

⁽¹⁾ Source: The American Public Transportation Association, APTA 2015 Fact Book, Appendix A Historical Table 86.

⁽²⁾ Other Revenue includes interest, auxiliary, and other non-operating income.

Total Expenses by Function

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Transportation	Maintenance	General and Administrative	Depreciation	Total Operating Expenses	Interest	Other	Total
2006	\$ 146,162	\$ 110,065	\$ 50,278	\$ 147,052	\$ 453,557	\$ 62,361	\$ 11,983	\$ 527,901
2007	158,300	116,746	53,912	163,939	492,897	68,616	54,852	616,365
2008	174,927	129,430	64,410	195,892	564,659	75,381	19,573	659,613
2009	177,869	141,438	71,616	226,104	617,027	72,212	36,355	725,594
2010	180,360	146,875	76,125	227,032	630,392	73,964	27,660	732,016
2011	183,875	146,844	79,743	222,304	632,766	73,076	21,704	727,546
2012	186,144	146,672	78,660	230,392	641,868	69,792	36,733	748,393
2013	183,216	137,747	78,779	219,607	619,349	77,150	74,873	771,372
2014	181,860	141,584	89,298	209,759	622,501	74,518	49,964	746,983
2015	186,527	131,276	82,354	225,082	625,239	84,845	40,389	750,473

Total Operating Expenses by Object

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Labor and Benefits	Services	Material and Supplies	Utilities	Casualty/ Liability Costs	Purchased Transportation	Depreciation	Other	Total Operating Expenses
2006	\$ 238,085	\$ 15,411	\$ 31,561	\$ 13,898	\$ 5,700	-	\$ 147,052	\$ 1,850	\$ 453,557
2007	250,759	16,755	33,871	15,511	9,777	-	163,939	2,285	492,897
2008	285,757	15,409	39,514	16,550	8,861	-	195,892	2,676	564,659
2009	296,838	17,994	47,093	17,569	8,954	-	226,104	2,475	617,027
2010	302,260	22,633	49,680	17,891	9,077	-	227,032	1,819	630,392
2011	307,041	25,029	45,506	18,956	11,734	-	222,304	2,196	632,766
2012	309,851	24,880	48,785	18,257	7,383	-	230,392	2,320	641,868
2013	301,934	26,305	44,265	16,510	7,178	-	219,607	3,550	619,349
2014	305,107	30,902	44,243	15,800	12,558	-	209,759	4,132	622,501
2015	300,385	32,465	41,543	13,723	8,103	-	225,082	3,938	625,239

Operating Expenses Comparison to Industry Trend Data

Last Ten Fiscal Years
(As a Percentage of Total)

Fiscal Year	Labor and Benefits	Services	Material and Supplies	Utilities	Casualty/ Liability Costs	Purchased Transportation	Other	Total Operating Expenses ⁽¹⁾
Transportation Industry⁽²⁾								
2006	66.1%	5.9%	11.3%	3.2%	2.5%	13.4%	(2.4)%	100.0%
2007	65.8	6.1	11.6	3.4	2.4	13.0	(2.3)	100.0
2008	64.0	6.3	12.8	3.4	2.2	13.7	(2.4)	100.0
2009	64.8	6.6	11.3	3.5	2.3	14.0	(2.5)	100.0
2010	65.2	6.6	10.7	3.4	2.6	13.8	(2.3)	100.0
2011	65.0	6.6	11.4	3.3	2.6	13.3	(2.2)	100.0
2012	64.0	6.9	11.7	3.2	2.2	13.8	(-1.8)	100.0
2013	*	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*	*
MARTA								
2006	77.7%	5.0%	10.3%	4.5%	1.9%	0.0%	0.6%	100.0%
2007	76.2	5.1	10.3	4.7	3.0	0.0	0.7	100.0
2008	77.5	4.2	10.7	4.5	2.4	0.0	0.7	100.0
2009	75.9	4.6	12.1	4.5	2.3	0.0	0.6	100.0
2010	74.9	5.6	12.3	4.4	2.3	0.0	0.5	100.0
2011	74.8	6.1	11.1	4.6	2.9	0.0	0.5	100.0
2012	75.3	6.1	11.9	4.4	1.8	0.0	0.5	100.0
2013	75.5	6.6	11.1	4.1	1.8	0.0	0.9	100.0
2014	73.9	7.5	10.7	3.8	3.0	0.0	1.1	100.0
2015	75.1	8.1	10.4	3.4	2.0	0.0	1.0	100.0

⁽¹⁾ Excludes Depreciation Expense

* Not Available

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REVENUE CAPACITY

Early MARTA expansion: Peachtree Center Tunneling

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Revenues by Source

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Fare Revenues	Federal Operating Revenues ⁽¹⁾	Sales & Use Tax ⁽²⁾	Auxiliary Transportation	Investment Income	Non-Transportation ⁽³⁾	Total
2006	\$99,148	\$39,045	\$334,486	\$6,112	\$13,136	\$10,660	\$502,587
2007	104,678	40,142	350,526	5,277	19,609	10,447	530,679
2008	103,963	49,253	349,668	13,595	18,068	14,495	549,042
2009	105,235	52,313	312,704	8,563	6,933	49,735	535,483
2010	109,546	100,960	307,525	12,745	2,181	61,219	594,176
2011	115,828	85,777	319,850	11,401	1,272	(281)	533,847
2012	132,870	70,576	340,945	11,294	833	64,570	621,088
2013	140,697	119,774	338,893	10,480	1,729	(15,167)	596,406
2014	140,318	102,847	347,289	12,335	688	38,685	642,162
2015	146,417	82,643	377,743	10,777	604	33,009	651,193

⁽¹⁾ Federal Operating Revenues are not generated by MARTA; thus, they are not own-source revenues.

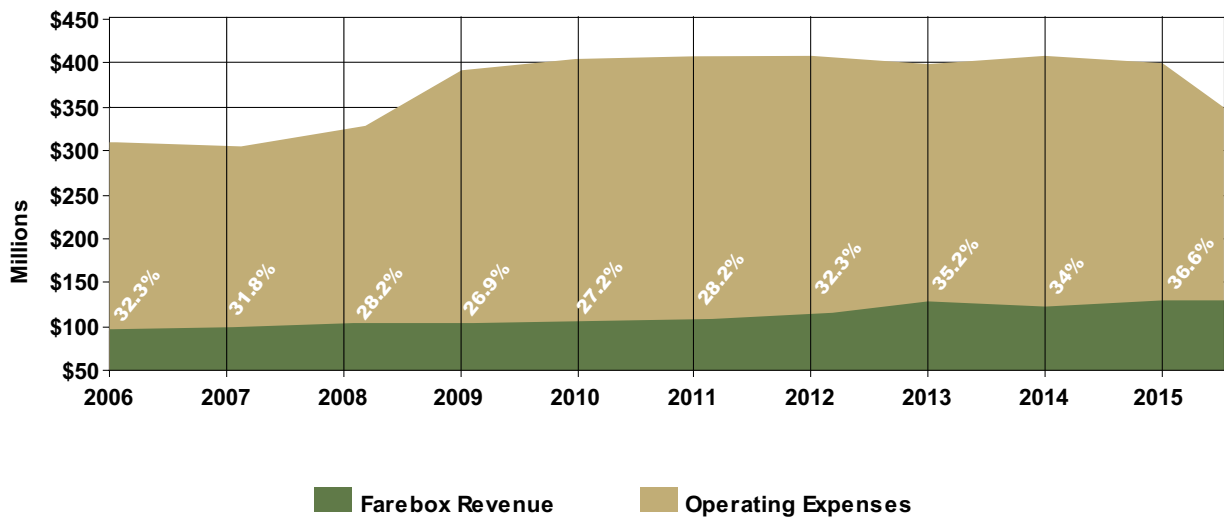
⁽²⁾ MARTA is a public corporate body created as a joint public instrumentality and does not have the power to impose any tax on any subject of taxation. MARTA receives a 1% sales tax from Fulton County, DeKalb County, Clayton County (effective 2015) and the City of Atlanta levied on its behalf by the aforementioned jurisdictions.

⁽³⁾ Non-Transportation includes the net gain or loss on the disposition of fixed assets.

Farebox Recovery Percentage

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Farebox Revenue	Percent Change	Operating Expenses ⁽¹⁾	Percent Change	Farebox Recovery
2006	\$99,148	3.0%	\$306,505	(0.9)%	32.3%
2007	104,678	5.6	328,958	7.3	31.8
2008	103,963	(0.7)	368,767	12.1	28.2
2009	105,235	1.2	390,923	6.0	26.9
2010	109,546	4.1	403,360	3.2	27.2
2011	115,828	5.7	410,462	1.8	28.2
2012	132,870	14.7	411,476	0.2	32.3
2013	140,697	5.9	399,742	(2.9)	35.2
2014	140,318	(0.3)	412,742	3.3	34.0
2015	146,417	4.3	400,157	(3.0)	36.6



⁽¹⁾ Excludes Depreciation Expense

Sales & Use Tax Rates Direct and Overlapping Governments

Last Ten Fiscal Years

Year	State of Georgia ⁽¹⁾	MARTA ⁽²⁾	DeKalb County ^(3 & 8)	Fulton County ^(4 & 8)	Clayton County ⁽⁵⁾	Cobb County ⁽⁶⁾	Gwinnett County ⁽⁷⁾
2006	4%	1%	2%	2%	3%	2%	2%
2007	4	1	2	2	3	2	2
2008	4	1	2	2	3	2	2
2009	4	1	2	2	3	2	2
2010	4	1	3	3	3	2	2
2011	4	1	3	3	3	2	2
2012	4	1	3	3	3	2	2
2013	4	1	3	3	3	2	2
2014	4	1	3	3	3	2	2
2015	4	1	3	3	4	2	2

⁽¹⁾ Charged in all counties.

⁽²⁾ Charged in counties in the MARTA district which have a service contract with MARTA, currently Fulton, DeKalb and Clayton (effective 2015).

⁽³⁾ Education tax and homestead tax effective July 1, 1997.

⁽⁴⁾ Local option tax effective April 1, 1983. Education tax effective July 1, 1997.

⁽⁵⁾ Local option tax effective April 1, 1994. Education tax effective July 1, 1997. Special purpose tax effective July 1, 1998.

⁽⁶⁾ Education tax effective April 1, 1999.

⁽⁷⁾ Special purpose tax effective April 1, 1992. Education tax effective July 1, 1997.

⁽⁸⁾ Local other purpose tax levied only within the City of Atlanta effective October 1, 2004.

Source: Georgia Department of Revenue

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DEBT CAPACITY

Early MARTA expansion: Train-line construction

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Sales & Use Tax Revenue Bond Debt Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Sales & Use Tax	Debt Service Requirements			Debt Service Coverage ⁽¹⁾
		Principal	Interest	Total	
2006	\$334,486	\$43,000	\$58,368	\$101,368	3.30%
2007	350,526	45,160	54,769	99,929	3.51
2008	349,668	48,685	49,876	98,561	3.55
2009	312,704	51,640	67,449	119,089	2.63
2010	307,525	54,930	67,622	122,552	2.51
2011	319,850	58,370	73,397	131,767	2.43
2012	340,945	62,860	69,750	132,610	2.57
2013	338,893	51,035	73,936	124,971	2.71
2014	347,289	80,875	76,723	157,598 *	2.20*
2015	377,743	55,255	78,817	134,072	2.82

⁽¹⁾ Bond indebtedness is limited by the First Indenture Trustee and the Trustee in each bond year to the extent that estimated amounts of sales and use tax received are at least equal to two (2) times the aggregate amount of total debt service.

* Actual debt service paid in FY 2014 of \$157,598 includes refunding of bond series 2003A of \$30,179. For purposes of calculating ratio of debt service for FY 2014, the \$30,179 was deducted from the debt service requirements.

Sales & Use Tax Revenue Bond Debt Service Limit

June 30, 2015
(Dollars in Thousands)

Sales & Use Tax	\$377,743
Debt Service Limitation ⁽¹⁾	<u>45%</u>
Debt Service Limit	169,984
Required for Debt Service ⁽²⁾	<u>134,072</u>
Excess	<u><u>\$35,912</u></u>

⁽¹⁾ The MARTA Board established a limit for the annual debt service to be paid for by sales and use tax revenue bonds to no more than 45% of the estimated sales tax receipts for the year.

⁽²⁾ From page 77 - Sales & Use Tax Revenue Bond Debt Service Limit

Sales & Use Tax Revenue Bond Debt Service Limit

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Sales & Use Tax	Required for Debt Service	Ratio of Debt Service ⁽¹⁾
2006	\$334,486	\$101,368	30.3%
2007	350,526	99,929	28.5
2008	349,668	98,561	28.2
2009	312,704	119,089	38.1
2010	307,525	122,552	39.9
2011	319,850	131,767	41.2
2012	340,945	132,610	38.9
2013	338,893	124,971	36.9
2014	347,289	127,419*	36.7*
2015	377,743	134,072	35.5

⁽¹⁾ The MARTA Board established a limit for the annual debt service to be paid for by sales and use tax revenue bonds to no more than 45% of the estimated sales tax receipts for the year.

* Actual debt service paid in fiscal year 2014 of \$157,598 included refunding of bond series 2003A of \$30,179. For purposes of calculating Ratio of Debt Service for fiscal year 2014, the \$30,179 was deducted from Required for Debt Service.

Sales & Use Tax Revenue Bond Debt Ratios

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Net Outstanding Sales Tax Revenue Bond	Capital Leases	Total Debt Outstanding	Total Unlinked Passenger Count ⁽¹⁾	Per Capita ⁽²⁾	As a Share of Personal Income ⁽³⁾
2006	\$ 1,425,964	*	\$ 1,425,964	\$ 138,040	\$ 10.33	1.70%**
2007	1,581,188	*	1,581,188	147,151	10.75	1.81**
2008	1,685,722	446,477	2,132,199	150,503	14.17	1.93**
2009	1,707,386	345,959	2,053,345	156,062	13.16	2.08**
2010	1,916,104	369,536	2,285,640	145,741	15.68	2.34**
2011	1,651,725*	388,335	2,040,060	139,333	14.64	1.86**
2012	1,910,275*	390,859	2,301,134	134,308	17.13	2.08**
2013	1,880,484	409,045	2,289,529	129,320	17.70	2.02**
2014	1,791,781	430,004	2,221,785	128,540	17.28	*
2015	2,131,498	452,067	2,583,565	135,406	19.08	*

* Not available

** Revised

⁽¹⁾ See Unlinked Passenger Changes on Page 91

⁽²⁾ Outstanding Debt per Unlinked Passenger Count

⁽³⁾ Outstanding Debt per Total Service District Personal Income, revised in fiscal year 2015; see Trends in Personal Income on Page 83

Computation of Overlapping Debt

December 31, 2014
(Dollars in Thousands)

Jurisdiction:	Amount Outstanding	Percentage Applicable to MARTA	Amount Applicable to MARTA
Fulton County Library Bonds	\$153,045	100%	\$153,045
Fulton County School District	87,460	100	87,460
Fulton County Building Authority	-	100	-
Fulton County Urban Redevelopment Agency	25,136	100	25,136
DeKalb County	224,757	100	224,757
Municipalities:			
Atlanta	188,116	100	188,116
Alpharetta	48,541	100	48,541
Hapeville	8,960	100	8,960
Union City	12,105	100	12,105
Roswell	12,820	100	12,820
Fulton-DeKalb Hospital Authority Series 2012	127,875	100	127,875
Atlanta-Fulton County Recreation Authority (Zoo 2007)	13,930	100	13,930
Atlanta-Fulton County Recreation Authority (Arena 2010)	107,465	100	107,465
College Park Business and Industrial Development Authority	580	100	580
East Point Building Authority	63,697	100	63,697
Total Overlapping Debt	\$1,074,487		\$1,074,487

This schedule depicts the debt obligations imposed by other governments that are, either wholly or in part, within the geographic boundaries of MARTA, and the percent of property within MARTA's boundaries.

MARTA has no obligation to the other governments for their debt.

Sources: Year Ended December 31, 2014 CAFR for the City of Atlanta, Fulton County, and Dekalb County.

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DEMOGRAPHIC & ECONOMIC INFORMATION

Early MARTA Expansion: East-line Construction

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Trends in Personal Income

Last Ten Fiscal Years
(Dollars in Thousands)

Calendar Year	Clayton County	Fulton County	DeKalb County	Total Service District ⁽¹⁾	% Change Clayton County	% Change Fulton County	% Change DeKalb County	PER CAPITA*** Personal Income		
								Clayton County	Fulton County	DeKalb County
2006*	\$6,460,001	\$51,136,331	\$26,519,189	\$84,115,521	2.7%	8.9%	5.3%	\$24,985	\$60,736	\$39,190
2007*	6,727,506	52,964,641	27,535,596	87,227,743	4.1	3.6	3.8	25,831	61,153	40,436
2008*	6,713,075	52,701,358	27,779,339	87,193,772	25,613	59,512	40,516
2009*	6,683,414	48,716,587	26,856,277	82,256,278	-0.44	-7.6	-3.3	25,699	54,061	38,885
2010*	6,668,716	48,560,681	26,650,439	81,879,836	-0.22	-0.3	-0.8	25,668	52,621	38,479
2011*	7,034,336	53,136,309	28,714,641	88,885,286	5.5	9.4	7.7	26,811	56,061	41,166
2012*	6,859,351	55,796,609	29,132,574	91,788,534	-2.5	5.0	1.5	25,805	57,537	41,183
2013*	6,292,227	57,210,067	29,652,312	93,154,606	-8.3	2.5	1.8	26,846	58,123	41,568
2014*	7,157,660	58,488,140	**	**	13.8	2.2	**	26,257	58,704	**
2015	**	**	**	**	**	**	**	**	**	**

* Revised per latest update from US Department of commerce BEA

** Not available

*** Actual dollar amounts

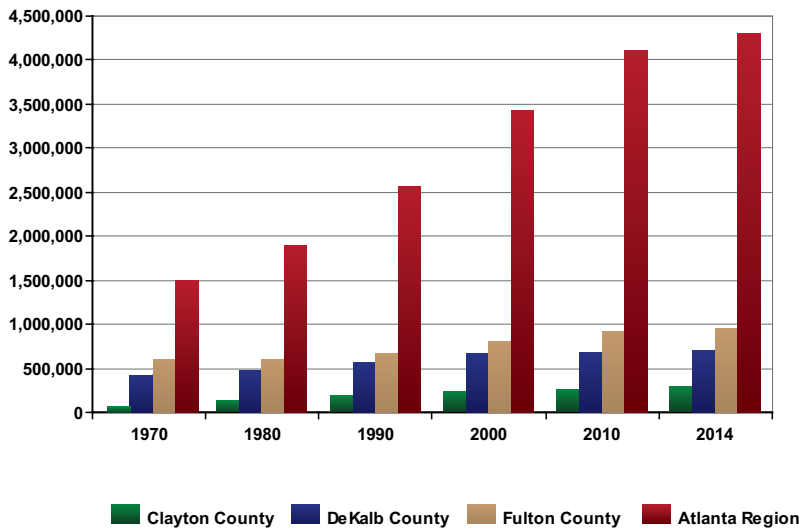
⁽¹⁾ Represents Total Personal Income.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis
Per Capita Personal Income taken from Year Ended December 31, 2014 CAFR of Clayton County, Fulton County and DeKalb County.

Population and Employment

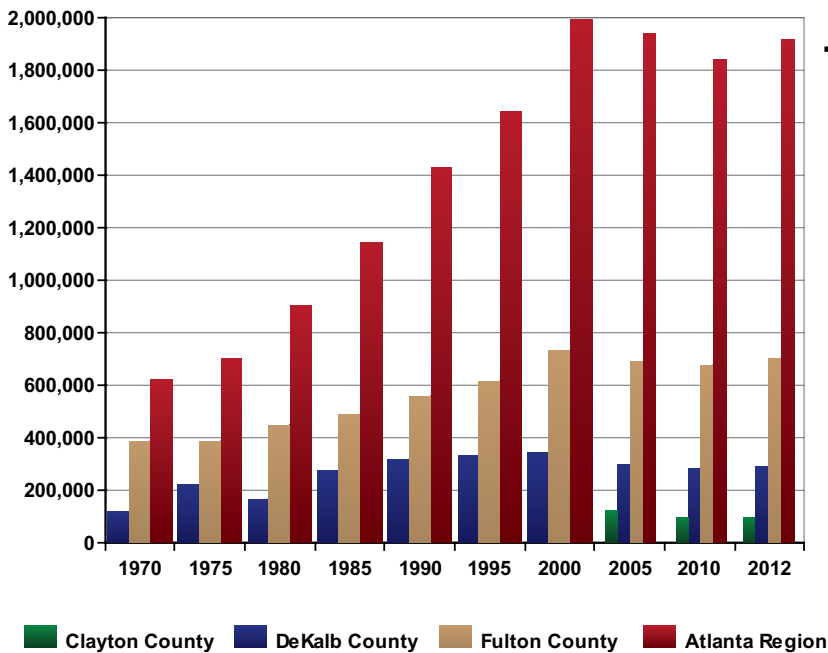
June 30, 2015

Population Growth Since 1970



Year	Clayton County	Fulton County	DeKalb County	Atlanta Region
1970	98,126	605,210	415,387	1,500,823
1980	150,357	589,904	483,024	1,896,182
1990	184,100	670,800	553,800	2,557,800
2000	236,517	816,000	665,900	3,429,379
2010	259,424	920,581	691,893	4,107,750
2014	264,700	958,100	712,900	4,272,300

Employment Growth Since 1970



Year	Clayton County	Fulton County	DeKalb County	Atlanta Region
1970	*	386,988	120,554	619,693
1975	*	388,394	167,839	705,120
1980	*	445,341	218,142	901,157
1985	*	490,000	279,000	1,146,850
1990	*	560,600	318,300	1,426,000
1995	*	616,000	331,800	1,640,000
2000	*	730,900	346,900	1,991,500
2005	126,400	691,100	299,400	1,936,700
2010	113,036	679,041	280,111	1,842,224
2012	113,520	702,611	286,444	1,918,797

Source: Atlanta Regional Commission

* Not available

Unemployment Rates

Last Ten Fiscal Years

Unemployment Rates Since 2006



Year	Clayton County	Fulton County	DeKalb County	Atlanta Region
2006*	5.9	5.0	5.1	4.7
2007*	5.7	4.8	4.8	4.4
2008*	7.6	6.4	6.4	6.2
2009*	11.8	10.1	10.0	9.9
2010*	13.5	10.5	10.8	10.3
2011*	13.5	10.2	10.6	9.9
2012*	12.1	9.1	9.4	8.8
2013*	10.8	8.2	8.4	7.8
2014	9.3	7.2	7.3	6.8
2015	**	**	**	**

■ Clayton County
 ■ DeKalb County
 ■ Fulton County
 ■ Atlanta Region

* Revised

** Not Available

Source: U.S. Department of Labor-Bureau of Labor Statistics

Top Ten Corporate Employers in the Atlanta Region

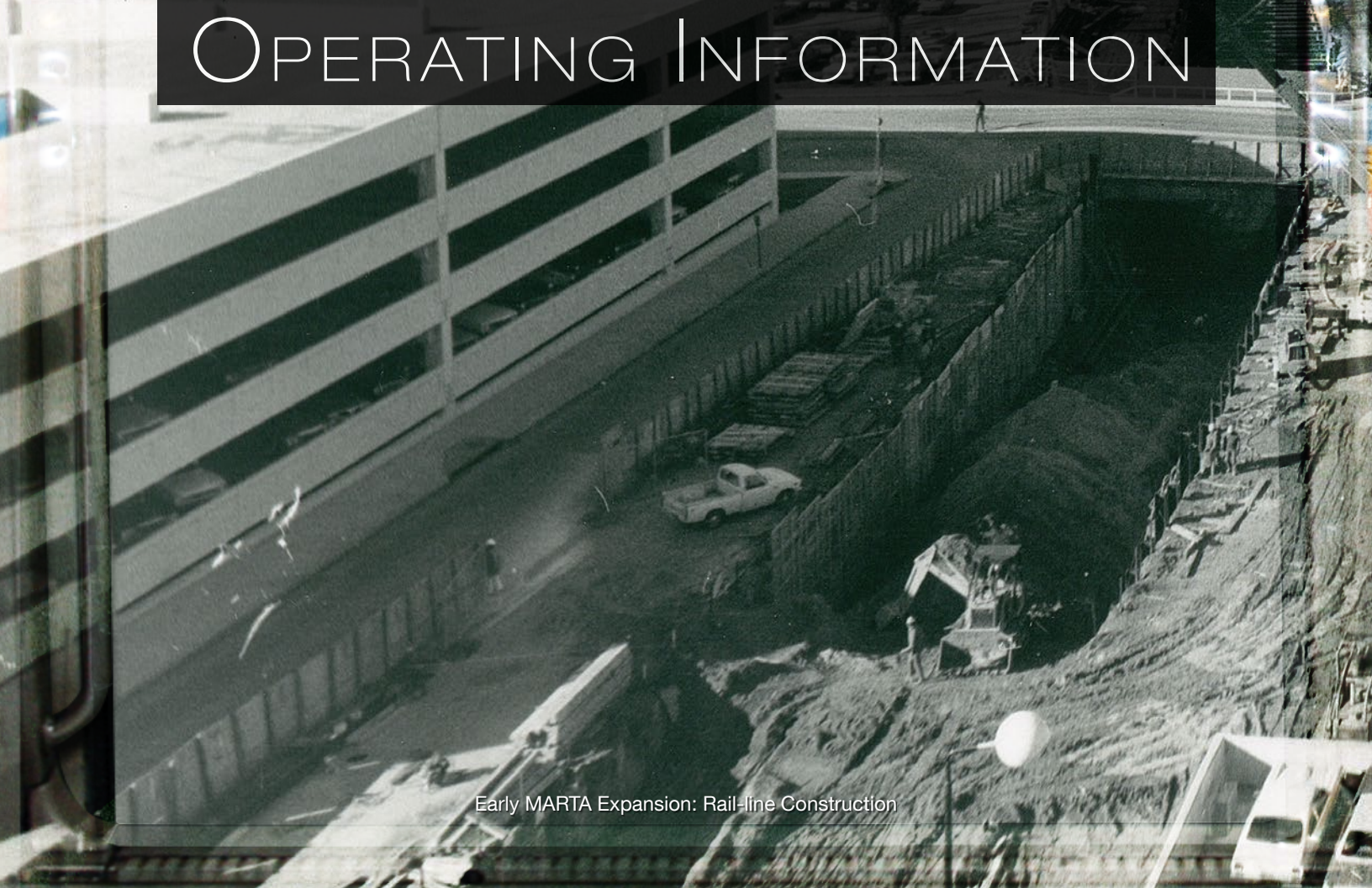
Current Year and Nine Years Ago

Company	2013			2004		
	Number of Full Time Employees	Rank	Percentage of Total Employment	Number of Full Time Employees	Rank	Percentage of Total Employment
Delta Air Lines, Inc.	30,000	1	1.33%	27,344	1	1.15%
AT&T, Inc.	18,076	2	0.80	-	-	-
Wellstar Health System, Inc.	10,581	3	0.47	10,112	5	0.43
Publix Super Markets Inc	9,714	4	0.43	10,650	4	0.45
The Home Depot	9,000	5	0.40	-	-	-
United Parcel Service, Inc.	8,881	6	0.39	7,351	7	0.31
Cox Enterprises, Inc.	7,136	7	0.32	6,177	10	0.26
Lockheed Martin Aeronautics Co.	6,100	8	0.27	6,292	9	0.27
Sun Trust Banks, Inc.	5,930	9	0.26	7,287	8	0.31
Wells Fargo & Co.	5,200	10	0.23	-	-	-
Walmart Stores, Inc.	-	-	-	17,689	2	0.74
Bellsouth Corp.	-	-	-	15,800	3	0.66
IBM Corporation	-	-	-	7,500	6	0.32
	110,618		4.92	116,202		4.90

Sources: The Atlanta Business Chronicle, 2014-2015 Book of Lists (information current as of Dec. 2013)
 The Atlanta Business Chronicle, 2005-2006 Book of Lists (information current as of Dec. 2004)



OPERATING INFORMATION



Early MARTA Expansion: Rail-line Construction

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Transit Service Effort & Accomplishments Per Mile

Last Ten Fiscal Years
(Vehicle Miles In Thousands)

Fiscal Year	Revenue Vehicle Miles ⁽¹⁾				Operating Expense ⁽²⁾ Per Mile	Operating Expense ⁽²⁾ Per Passenger Mile ⁽¹⁾⁽³⁾	Unlinked Passenger Trips Per Mile ⁽¹⁾⁽³⁾
	Bus	Rail	Total	% Change			
2006	22,233	21,091	43,324	(3)%	\$7.07	\$0.41	3.2
2007	23,710	21,993	45,703	5	7.20	0.44	3.2
2008	27,099	23,208	50,307	10	7.33	0.46	2.7
2009	27,345	24,566	51,911	3	7.53	0.48	2.7
2010	27,030	22,061	49,091	(5)	8.22	0.81	2.6
2011	23,059	18,662	41,721	(15)	9.84	0.57	2.9
2012	22,804	17,661	40,465	(3)	10.17	0.60	3.1
2013	22,743	17,916	40,659	0	9.83	0.59	3.1
2014	22,443	18,086	40,529	(0)	10.18	0.61	3.2
2015	23,138	22,215	45,353	12	8.82	0.54	2.9

⁽¹⁾ Does not include demand response.

⁽²⁾ Operating expense excludes depreciation.

⁽³⁾ Unlinked Passenger figures count passengers each time that person boards a transit vehicle from the initial point of origin until he or she reaches a final destination.

Source: National Transit Database

Transit Service Effort and Accomplishments Per Hour

Last Ten Fiscal Years
(Vehicle Hours In Thousands)

Fiscal Year	Revenue Vehicle Hours ⁽¹⁾				Operating Expense ⁽²⁾ Per Hour	Operating Expense ⁽²⁾ Per Passenger Trip ⁽¹⁾⁽³⁾	Unlinked Passenger Trips Per Revenue Vehicle Hour ⁽¹⁾⁽³⁾
	Bus	Rail	Total	% Change			
2006	1,812	803	2,615	(2)%	\$117.21	\$2.22	52.8
2007	1,942	833	2,775	6	118.54	2.23	53.0
2008	2,191	873	3,064	10	120.36	2.45	49.1
2009	2,193	921	3,114	2	125.55	2.50	50.1
2010	2,137	829	2,966	(5)	135.96	2.77	49.1
2011	1,867	709	2,576	(13)	141.50	2.95	54.1
2012	1,877	674	2,551	(1)	161.30	3.06	52.7
2013	1,863	683	2,546	(0)	136.97	3.09	50.8
2014	1,829	686	2,515	(1)	164.10	3.21	51.1
2015	1,896	836	2,732	9	146.44	2.94	49.8

⁽¹⁾ Does not include demand response.

⁽²⁾ Operating expense excludes depreciation.

⁽³⁾ Unlinked Passenger figures count passengers each time that person boards a transit vehicle from the initial point of origin until he or she reaches a final destination.

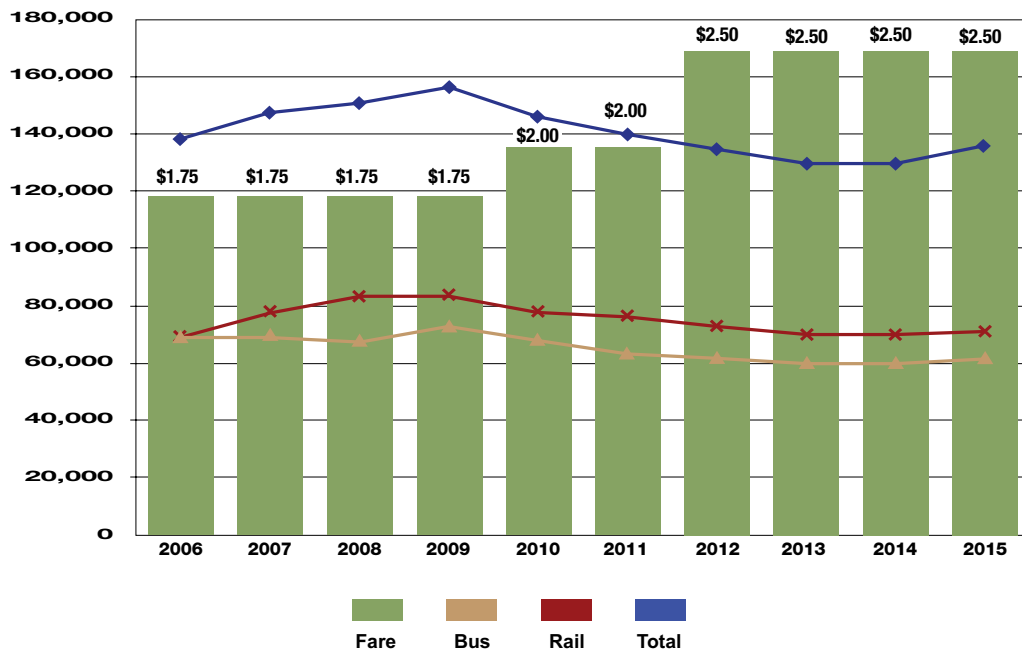
Source: National Transit Database

Unlinked Passenger Changes

Last Ten Fiscal Years
(In Thousands)
Unlinked Passenger Count ⁽¹⁾

Fiscal Year	Bus ⁽¹⁾	%Change	Rail ⁽¹⁾	%Change	Total ⁽¹⁾	%Change
2006	68,831	(3.1)%	69,209	(2.5)%	138,040	(2.8)%
2007	69,465	0.9	77,686	12.2	147,151	6.6
2008	67,519	(2.8)	82,984	6.8	150,503	2.3
2009	72,716	7.7	83,346	0.4	156,062	3.7
2010	68,009	(6.5)	77,732	(6.7)	145,741	(6.6)
2011	63,105	(7.2)	76,228	(1.9)	139,333	(4.4)
2012	61,597	(2.4)	72,711	(4.6)	134,308	(3.6)
2013	59,690	(3.1)	69,630	(4.2)	129,320	(3.7)
2014	59,778	0.1	68,762	(1.2)	128,540	(0.6)
2015	62,869	5.2	72,537	5.5	135,406	5.3

Relationship of Fare Changes to Linked Passenger Counts



⁽¹⁾ Unlinked passenger count is any transit vehicle passenger boarding, whether it is the first boarding of an origin-to-destination journey or a subsequent transfer.

Source: National Transit Database

Fare Structure

For the Fiscal Year Ended June 30, 2015

Regular Fare

Single Trip (stored on Breeze Card or Breeze Ticket)	\$2.50
Round Trip-including transfers(stored on Breeze Card or Breeze Ticket)	\$5.00
Ten(10) single trips(10 trips on Breeze Card or Breeze Ticket)	\$25.00

Discounted Fare

Twenty (20) single trips (20 trips stored on one Breeze Card or Breeze Ticket)	\$42.50
30 day pass (unlimited travel for 30 consecutive days, all regular service)	\$95.00
7 day pass (unlimited travel for 7 consecutive days, all regular service)	\$23.75
Day passes (unlimited travel for consecutive days, all regular service). Price per day:	
1 day:	\$9.00
2 day:	\$14.00
3 day:	\$16.00
4 day:	\$19.00

Mobility and Reduced Fare Programs

Reduced Fare (for pre-qualified customers 65 and older and disabled customers using regular service)	\$1.00
Mobility Service (Demand response for certified customers.	\$4.00
Personal care attendant may ride free, if required)	
Discounted Mobility Service (20 single trips)	\$68.00
Discounted Mobility Service (unlimited travel for 30 days on Breeze Card)	\$128.00
Mobility on Fixed Route (For Mobility certified customers riding fixed route with Mobility Breeze Card)	No charge

Student Programs

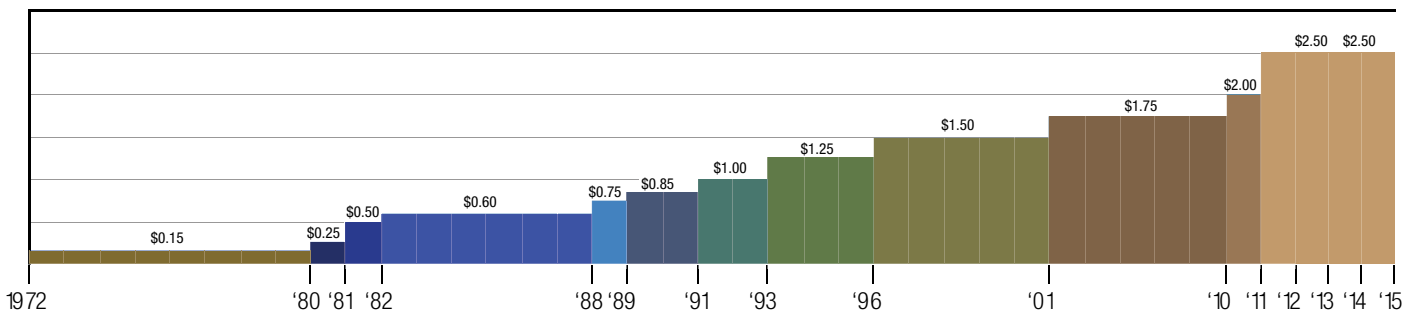
K-12 Program (Grade School and High School students K-12, Monday through Friday	\$14.40
ten(10) trip pass (to/from school), all regular school	

University Pass (U-Pass) Program

Monthly discount program for college or university students and staff	Students: \$68.50
	Faculty/Staff: \$83.80

Convention and Visitors Pass

For groups of 15 or more, ordered a minimum of 20 days in advance. Price per day:	
1 day:	\$9.00
2 day:	\$14.00
3 day:	\$16.00
4 day:	\$19.00
7 day:	\$23.75
30 day:	\$95.00



Vehicles Operated in Maximum Service

Last Ten Fiscal Years

Fiscal Year	Bus	Rail	Total ⁽¹⁾
2006	554	184	738
2007	483	182	665
2008	504	188	692
2009	505	182	687
2010	491	188	679
2011	490	188	678
2012	443	182	625
2013	446	182	628
2014	444	180	624
2015	450	180	630

⁽¹⁾ Does not include demand response

Number of Employees

Last Ten Fiscal Years

Fiscal Year	Full-Time	Part-Time	Total
2006	4,118	310	4,428
2007	4,436	293	4,729
2008	4,646	351	4,997
2009	4,548	314	4,862
2010	4,505	208	4,713
2011	4,223	206	4,429
2012	4,275	222	4,497
2013	4,234	186	4,420
2014	4,356	191	4,547
2015	4,317	208	4,525

Note: A full-time employee is scheduled to work 260 days per year (365 minus two days off per week). At eight hours per day, 2,080 hours are scheduled per year (including Paid Time Off). Full-Time equivalent employment is calculated by dividing total labor hours by 2,080.

Miscellaneous Statistical Data

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Population served	1,986,022	1,697,633	1,684,862	1,649,492	1,619,099	1,781,030	1,689,100	1,652,000	1,610,600	1,574,600
Size of area served (in square miles)	515	485	467	483	483	475	466	466	466	498
Number of Bus Routes	97	92	91	92	92	92	130	132	132	120
Annual Bus Passenger Miles (in millions) (Excludes Paratransit/Demand Response)	257.03	232.8	230.6	228.2	236.2	272.6	285	213.5	208.5	256.5
Miles of Bus Route	1,636	1,449	1,439	1,445	1,435	1,784	1,765	1,084	1,069	986
-Average On Time Performance	79.6%	77.6%	76.4%	74.6%	72.1%	72.4%	70.0%	63.7%	67.0%	93.4%
Miles of Rail Route	48	48	48	48	48	48	48	48	48	48
-Average On Time Performance	96.2%	96.4%	97.5%	97.8%	97.6%	97.0%	96.4%	93.3%	89.7%	91.5%
Annual Rail Passenger Miles (in millions)	472.8	444.9	444.0	463.2	487.6	493.2	527	593.4	541.4	488.5
Number of Rail Stations	38	38	38	38	38	38	38	38	38	38
Number of Bus Stop Locations	8,941	8,885	8,954	8,913	8,700	8,700	11,482	11,500	11,430	11,500
Number of Bus Park And Ride Facilities	6	6	9	8	8	8	7	6	6	8
Number of Bus Shelters	741	738	791	791	772	750	741	751	748	540
Bus Passenger Parking Capacity	2,750	2,691	2,686	2,744	2,711	2,607	2,254	1,798	1,847	2,630
Rail Passenger Parking Capacity	21,992	21,420	22,554	21,607	21,677	22,301	23,888	24,622	25,736	27,372
No. of Buses in Active Fleet	565	532	528	531	531	597	615	616	624	554
-Average Vehicle Age (in years)	4.4	6.5	8.6	7.6	6.6	5.6	7.6	5.6	4.6	4.6
No. of Mobility Vehicles in Active Fleet	198	187	171	172	172	173	174	129	121	140
-Average Vehicle Age (in years)	1.9	3.6	5.2	4.2	3.2	2.2	1.2	0.4	2.6	1.6
No. of Rapid Rail Vehicles	336	336	336	338	338	338	338	338	338	338
-Average Vehicle Age (in years)	26.6	25.6	24.6	23.6	22.6	21.6	20.6	19.6	18.6	17.6
Annual Mobility Vehicle Miles (in millions)	8.2	7.7	7.7	8.4	7.3	7.2	7.3	5.0	4.4	3.7
Investment In Property and Equipment (in billions)	\$6,941	\$6,781	\$6,560	\$6,440	\$6,297	\$6,224	\$6,099	\$5,919	\$5,685	\$5,491

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SINGLE AUDIT

Early MARTA Expansion: Five Points Station Construction

marta
at work

MARTA'S FIVE POINTS STATION
CONSTRUCTION

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**Report of Independent Auditor on internal control over
financial reporting and on compliance and other matters
based on an audit of financial statements performed in
accordance with *Government Auditing Standards***

The Board of Directors
Metropolitan Atlanta Rapid Transit Authority:

We have audited, in accordance with the 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, the statements of net position of the Metropolitan Atlanta Rapid Transit Authority (“MARTA”) as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise MARTA’s basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MARTA’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MARTA’s internal control. Accordingly, we do not express an opinion on the effectiveness of MARTA’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of MARTA’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MARTA’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MARTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MARTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Atlanta, Georgia
December 14, 2015

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control Over Compliance required by OMB Circular A-133

The Board of Directors
Metropolitan Atlanta Rapid Transit Authority:

Report on Compliance for Each Major Federal Program

We have audited Metropolitan Atlanta Rapid Transit Authority's ("MARTA") compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of MARTA's major federal programs for the year ended June 30, 2015. MARTA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

MARTA's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MARTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MARTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MARTA's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, MARTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

MARTA's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. MARTA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of MARTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MARTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MARTA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-002 that we consider to be significant deficiencies.

MARTA's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. MARTA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of MARTA, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise MARTA's basic financial statements. We issued our report thereon dated December 14, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cherry Bekart LLP

Atlanta, Georgia
December 14, 2015

Schedule of Expenditures of Federal Awards

YEAR ENDED JUNE 30, 2015

2015 Comprehensive Annual Financial Report Years Ended June 30, 2015 and 2014

	Contract Number	CFDA#	Federal Expenditures
U.S. Department of Transportation			
FEDERAL TRANSIT CLUSTER			
Federal Transit Capital Improvement Grants			
Vehicle Procurement and Support	GA-90-X269	20.507	\$ 518,000
Sec 5307 Hamilton Renovations	GA-95-X028	20.507	36,191
Hamilton Bus Facility Renovations	GA-03-0081	20.500	19,411
Atlantic Station Buses	GA-03-0088	20.500	3,955
FY09 Bus Facility	GA-04-0036	20.500	66,776
FY06 Sec. 5309 - Bus & Bus Facilities	GA-04-0031	20.500	18,179,838
DeKalb Mem Dr./Buford Hwy. Pass-Thru to Subgrantee	GA-03-0082	20.500	8,729
FY13-15 Section 5339	GA-34-0001	20.526	7,939,444
Sec 5309 Fixed Guideway FY11_ FY12	GA-05-0036	20.500	29,649,265
<i>Total Federal Transit Capital Improvement Grant</i>			56,421,609
Federal Transit Capital & Planning - Formula Grants			
FY11 Sec. 5307	GA-90-X305	20.507	1,177,154
FY 12 Sec. 5307	GA-90-X313	20.507	503,656
FY 13 Sec. 5307	GA-90-X328	20.507	448,023
FY 13 SGR 5337 - Prev Maint	GA-54-0001	20.525	20,973,514
FY13 Flex Capital - Prev Maint	GA-95-X027	20.507	14,000,000
FY 14 SEC 5307	GA-90-X335	20.507	355,954
FY15 Sec 5307	GA-90-X350	20.507	41,500,000
SEC 5307 - Regional Breeze Implementation	GA-95-X021	20.507	1,542,287
FY 09 ARRA Sec 5307 Economic Recovery SEC 5307 - ARRA	GA-96-X005	20.507	3,039,558
Memorial BRT/ITS Project CMAQ	GA-95-X013	20.507	187,980
Clifton Corridor EIS	GA-95-X024	20.507	642,650
Atlanta Streetcar TE I	GA-95-X020	20.507	186,023
Atlanta Streetcar TE Ph II	GA-95-X029	20.507	682,092
Atlanta Luckie Street Two Way Conversion	GA-95-X019	20.507	20,962
GRTA Pass Thru(Transit Enhancement Pedestrian Access	GA-90-X260	20.507	71,011
GRTA Pass Thru to MARTA(Service expansion to Clayton Co)	GA-90-X234	20.507	778,400
FY14 Flex CMAQ	GA-95-X033	20.507	2,749,277
<i>Total Federal Transit Capital & Planning-Formula Grants</i>			88,858,541
<i>Total Federal Transit Cluster</i>			145,280,150
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
Atlanta Streetcar-Tiger II	GA-79-0001	20.933	1,493,248
Bus Procurement - Laredo CNG-Hamilton Renovation	GA-90-X130	20.205	23,571
AA/FEIS West Line	GA-90-X159	20.205	277
<i>Total Highway Planning and Construction Cluster</i>			1,517,096
TRANSIT SERVICES PROGRAMS CLUSTER			
FY11/12 JARC W/COBB & MARTA	GA-37-X014	20.516	4,055,837
FY06 New Freedom (Pass-Thru/MARTA)	GA-57-X002	20.521	151,756
FY12 New Freedom SEC 5307 (Pass-Thru/MARTA)	GA-57-X015	20.521	95,002
<i>Total Transit Services Programs Cluster</i>			4,302,595
OTHER FEDERAL TRANSIT GRANTS			
Sec 5308 Clean Fuel Program	GA-58-0001	20.519	3,895,788
FY10 Clean Fuels Program	GA-58-0002	20.519	158,098
<i>Total Other Federal Transit Grants</i>			4,053,886
Total U.S. Department of Transportation			155,153,727
U.S. Department of Homeland Security			
Direct Programs			
FY2011 TSGP	EMWRA00072S01	97.075	558,418
FY2012 TSGP	EMWRAK00050	97.075	857,826
FY13 TSGP	EMW2013RA00058	97.075	393,141
FY14 SHSGP GEMA-Pass Thru to MARTA	EMW2014SS00092S01	97.075	10,845
FY14 TSGP	EMW2014RA00020	97.075	518,483
<i>Total Direct Programs</i>			2,338,713
OTHER HOMELAND SECURITY GRANTS			
TSA Canine Team Program	HSTS0210HCAN621	97.072	1,106,646
FY15 TSA Canine Grant Program	HSTS0215HNCP443	97.072	398,606
FY14 Severe Winter Storm Disaster Assistance	FEMA04165-DR-GA	97.036	471,960
<i>Total Other Homeland Security Grants</i>			1,977,212
Total U.S. Department of Homeland Security			4,315,925
U.S. Department of Justice			
FY2012 COPS Hiring Program	2012ULWX0011	16.710	352,349
Total U.S. Department of Justice Grants			352,349
Total Federal Financial Assistance			\$ 159,822,001

Notes to the Schedule of Expenditures of Federal Awards

YEAR ENDED JUNE 30, 2015

Note 1—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Metropolitan Atlanta Rapid Transit Authority (“MARTA”) and is presented on the accrual basis of accounting consistent with the basis of accounting used by MARTA in the preparation of its basic financial statements.

Note 2—Matching Funds

MARTA enters into grant agreements with federal agencies to fund various projects. Many of these agreements require MARTA to match a portion of the federal funding with non-federal funds, such as the local funds, which comes from the dedicated 1% local MARTA retail sales and use tax funds collected in DeKalb and Fulton counties and the City of Atlanta, and also from the sale of associated sales of tax revenue bonds, as required.

Note 3—Underreporting of Prior Year’s Federal Expenditures

During the year ended June 30, 2015 MARTA identified expenditures of federal awards that were not previously reported in prior year’s Schedule of Expenditures of Federal Awards in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. MARTA has identified the following prior year amounts that were under reported based upon actual expenditures:

Prior Year Expenditure				
<u>Underreported</u>	<u>Contract Number</u>	<u>Fund</u>	<u>CFDA#</u>	<u>Amount</u>
For Year Ending 6/30/13	2008-RL-T8-K016	1439/6171	97.075	\$293,727
For Year Ending 6/30/14	FY2011 TSGP	1443/6183	97.075	\$527,025
For Year Ending 6/30/14	FY2012 TSGP	1452/6188	97.075	\$151,370

Schedule of Findings and Questioned Costs

YEAR ENDED JUNE 30, 2015

I. Summary of Auditor's Results

- a) The type of report issued on the financial statements: **Unmodified**
- b) Internal control over financial reporting:
Material weaknesses identified: **No**
Significant deficiencies identified that are not considered to be material weaknesses: **None reported**
- c) Noncompliance which is material to the financial statements: **No**
- d) Internal control over major programs:
Material weaknesses identified: **No**
Significant deficiencies identified that are not considered to be material weaknesses: **Yes**
- e) The type of report issued on compliance for major programs: **Unmodified**
- f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **Yes**
- g) Identification of major programs:

<u>Major Programs</u>	<u>CFDA Number</u>
Federal Transit Cluster	20.500 / 20.507/ 20.525/ 20.526
Rail and Transit Security Grant Program	97.075
Clean Fuels Grant Program	20.519

- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **Yes**

II. Financial Statement Findings

None

Schedule of Findings and Questioned Costs

YEAR ENDED JUNE 30, 2015

III. Federal Award Findings and Questioned Costs

Finding #: 2015-001
Activities Allowable or Unallowable
Federal Agencies: Department of Homeland Security
Federal Program: Rail and Transit Security Grant Program
CFDA #: 97.075

CONTEXT AND CONDITION:

Of a total of 40 expenditures selected for testing, 3 were related to indirect cost allocated to grants that were specifically not allowable per the grant agreements.

CRITERIA:

MARTA is required to charge expenditures to grant awards in accordance with allowable cost requirements.

EFFECTS:

Unallowable expenditures were charged to grant fund accounts.

QUESTIONED COSTS:

Known questioned costs in the sample selected for testing totaled \$101,046. Upon further review by MARTA management, a total of \$609,272 in the Rail and Transit Security Grant Program were identified as unallowable indirect cost allocations to the respective grants. However, as of June 30, 2015 these amounts had not been submitted to the granting agency for reimbursement nor had a drawdown request been submitted for these costs.

CAUSE:

Failure to unflag the fund accounts in the general ledger so that the system would not automatically allocate indirect cost to these funds based on a percentage of direct cost charged to the fund accounts.

RECOMMENDATION:

Procedures should be designed and placed into operation that would provide a more timely review of charges to federal fund accounts to ensure that only allowable costs are being charged to the grant. In addition, this review should take place during the year to allow for timely adjustment to the underlying records.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

MARTA has implemented system controls and review procedures to ensure that only allowable costs are charged to the grant fund accounts. MARTA understands that unallowable costs are not reimbursable and has never requested reimbursement for such expenses.

Contact Person: Cynthia Moss Beasley, Controller
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Schedule of Findings and Questioned Costs

YEAR ENDED JUNE 30, 2015

Finding #: 2015-002
Federal Expenditures Charged to Incorrect Period

Federal Agencies: Department of Homeland Security

Federal Program: Rail and Transit Security Grant Program

CFDA #: 97.075

CONTEXT AND CONDITION:

Certain expenditures selected for compliance testing for the year-ended June 30, 2015, were determined to be expenditures incurred in a prior period.

CRITERIA:

Expenditures reported in the schedule of expenditures of federal awards must be derived from, and relate directly to, the underlying accounting and other records for the same period covered by the financial statements.

EFFECTS:

Federal grant expenditures are not recorded in the underlying federal grant accounts in the fiscal year the expenditures are incurred.

CAUSE:

Reconciliations and resulting adjustments to record allowable costs in the related grant fund accounts are not being performed timely.

RECOMMENDATION:

Procedures should be designed and placed into operation that would provide reasonable assurance that the recording of direct and indirect costs related to federal grant activity are occurring on a consistent and timely manner.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

MARTA has implemented review procedures to provide reasonable assurance that costs related to federal grant activity are recorded on a consistent and timely basis.

Contact Person: Cynthia Moss Beasley, Controller
Telephone: (404) 848-5314; E-mail: cbeasley@itsmarta.com

Summary Schedule of Prior Audit Findings

YEAR ENDED JUNE 30, 2015

The following is an update of prior audit findings and is prepared in accordance with OMB Circular A-133.

Finding #: 2014-001
Federal Expenditures Charged to the Incorrect Period

Federal Agencies: Department of Homeland Security
Department of Transportation

Federal Program: Rail and Transit Security Grant Program
Federal Transit Capital & Planning-Formula Grants

CFDA #: 97.075
20.507

CONTEXT AND CONDITION:

Certain expenditures selected for compliance testing for the year ended June 30, 2014 were determined to be expenditures from prior periods.

CRITERIA:

Expenditures reported in the schedule of expenditures of federal awards must be derived from, and relate directly to, the underlying accounting and other records for the same period covered by the financial statements.

EFFECTS:

Federal grant expenditures are not recorded in the underlying federal grant accounts in the fiscal year the expenditures are incurred.

CAUSE:

Reconciliations and resulting adjustments to record allowable costs in the related grant fund accounts are not being performed timely.

RECOMMENDATION:

Procedures should be designed and placed into operation that would provide reasonable assurance that the recording of direct and indirect costs related to federal grant activity are occurring on a consistent and timely manner.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management accepts this recommendation. MARTA is currently updating its Grant Guideline and will refine and incorporate updated processes to mitigate this condition in the future.

Contact Person: Cynthia Moss Beasley, Controller
Telephone: (404) 848-5314; E-mail: cbeasley@itsmarta.com

STATUS:

Corrective action plan has not been fully implemented; and a similar instance of noncompliance was noted in 2015. See Finding 2015-002.

Summary Schedule of Prior Audit Findings

YEAR ENDED JUNE 30, 2015

Finding #: 2014-002
Activities Allowable or Unallowable
Federal Agencies: Department of Homeland Security
Federal Program: Rail and Transit Security Grant Program
CFDA #: 97.075

CONTEXT AND CONDITION:

One out of the 40 expenditures selected for testing represented a duplicate journal entry in the amount of \$88,426 that was improperly charged to the grant.

CRITERIA:

The Authority is required to charge only activities that are specifically allowed by provisions of the grant agreement.

EFFECTS:

Activities not specifically allowed by provisions of the grant agreement were charged to the grant and submitted for reimbursement.

QUESTIONED COSTS:

Known questioned costs in the sample total \$88,426.

CAUSE:

Insufficient monitoring of compliance with allowable cost requirements.

RECOMMENDATION:

Efforts should be made to review charges made to grants to ensure that they are allowable and proper.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management accepts this recommendation. MARTA is currently updating its Grant Guideline and will refine and incorporate updated processes to mitigate this condition in the future.

Contact Person: Cynthia Moss Beasley, Controller
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STATUS:

Corrective action has been taken and the matter has been resolved.

Summary Schedule of Prior Audit Findings

YEAR ENDED JUNE 30, 2015

Finding #: 2014-003
Failure to Retain Sufficient Documentation to Support Compliance with Special Tests and Provisions

Federal Agencies: Department of Transportation

Federal Program: Various

CFDA #: 20.500/20.507

CONTEXT AND CONDITION:

The Authority was unable to provide sufficient documentation to support compliance with special tests and provisions defined in either the grant agreement or compliance supplement. Of the 40 Charter Bus Services selected for testing, MARTA was unable to provide the certification documentation for one organization that received charter bus services during the fiscal year ended June 30, 2014 as a Qualified Human Service Organization ("QHSO").

CRITERIA:

The Authority can provide charter bus service if the recipient organization is categorized as a QHSO, however, documentation should be maintained to support that categorization.

EFFECTS:

Lack of sufficient documentation to support this categorization results in MARTA's inability to support compliance with special tests and provisions of the granting agency.

QUESTIONED COSTS:

None identified.

CAUSE:

Lack of retention of documentation supporting compliance with grant special tests and provisions.

RECOMMENDATION:

Efforts should be made to ensure that documentation supporting compliance with special test and provisions for federal grants is maintained in a manner that is readily accessible and retrievable.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management accepts this recommendation and will refine and place into operation updated processes to mitigate this condition in the future.

Contact Person: Cynthia Moss Beasley, Controller
Telephone: (404) 848-5314; E-mail: cbeasley@itsmarta.com

STATUS:

Corrective action has been taken and the matter has been resolved.

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marta ®

METROPOLITAN ATLANTA
RAPID TRANSIT AUTHORITY
Atlanta, Georgia