BOARD OF DIRECTORS

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

AUDIT COMMITTEE

FRIDAY, NOVEMBER 21, 2025

ATLANTA, GEORGIA

MEETING SUMMARY

1. CALL TO ORDER AND ROLL CALL

Committee Chair Freda Hardage called the meeting to order at 10:00 A.M.

Board Members Present:	Roderick Frierson Freda Hardage Al Pond Rita Scott Valencia Williamson Sagirah Jones Ryan Loke Sarah Galica
Board Members Absent:	Russell McMurry Kathryn Powers Rod Mullice Jennifer Ide Jacob Tzegaegbe Jannine Miller Elizabeth Bolton-Harris Shayna Pollock
Staff Members Present:	Jonathan Hunt Rhonda Allen LaShanda Dawkins Kevin Hurley Paul Lopes Steven Parker Duane Prichett

Also in Attendance: Peter Crofton, Kenya Hammond, Tyrene Huff, Brad Schelle, Emil Tzanov and Lawrence Williams

2. APPROVAL OF THE MINUTES

Minutes from August 21, 2025 Audit Committee meeting.
Approval of the August 21, 2025, Audit Committee meeting minutes. On a motion by Board Member Frierson, seconded by Board Member Loke, the motion passed by a vote of 5 to 0 with 1 member abstaining and 6 members present.

3. BRIEFINGS

MARTA Annual External Financial Audit for FY25
Brad Schell, Partner, Crowe LLP, briefed the Committee on MARTA's External Financial Audit for FY25.

Information Security Briefing
Chief Information Security Officer, Lawrence Williams, provided the Committee a briefing of Cybersecurity and the 2026 World Cup: Protecting Atlanta's Transit Ecosystem.

Internal Audit Activity Briefing
Assistant General Manager, Internal Audit, Emil Tzanov provided the Committee with 1st Quarter/FY26 Internal Audit update.

4. OTHER MATTERS

MARTA 2025 Financial Statement and External Auditor Documents (Informational Only)

5. ADJOURNMENT

The Committee meeting adjourned at 11:00 A.M.

YouTube link: https://www.youtube.com/live/w9ZCf2Zv2wc?si=8mR2RJ4MfxXskDxV

FY2025 AUDIT RESULTS

Metropolitan Atlanta Rapid Transit Authority

November 21, 2025

PRESENTERS

Brad Schelle, CPA

OBJECTIVE AND SCOPE OF WORK

Objective

- Express an opinion on the presentation of the financial statements that comprise the Authority's basic financial statements

Scope of Work

- Obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

New Accounting Standards

- GASB 101 – Compensated Absences (Note 1 - $34.1 m impact)
- GASB 102 – Certain Risk Disclosures (No impact)

Other Items of Note

- Two major Federal programs
- Single Audit cannot be finalized until 2025 OMB Compliance Supplement is issued

Crowe

AUDIT APPROACH AND PLAN

Interim fieldwork: Early to mid May

Management interviews

Planning and Risk Assessment

Internal controls

Single audit testing

Year-end fieldwork: Mid August to mid-October

Audit procedures on year-end balances and fiscal year activity

Single audit testing – completion

NTD testing

Reporting: Late October to November

Review financial statements prepared by management

Preparation and review of compliance reports

Reporting to the Audit Committee

Crowe

AUDIT DELIVERABLES

- Independent Auditor’s Report – Unmodified Opinion
- Management Letter
- SAS 114 Letter

- Independent Auditor’s Report 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
- Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance
- “In relation to” opinion on the Schedule of Expenditures of Federal Awards

- Agreed Upon Procedures report on National Transit Database Federal Funding Allocation Statistics Form
- Crowe’s electronic certification of the Data Collection Form through Federal Audit Clearinghouse

AUDIT RESULTS

Financial Statement Audits

- Unmodified opinion

Federal Compliance Audit

- Unmodified opinion on compliance for major federal programs
- No material weaknesses or significant deficiencies in internal control related to major programs
- No material weakness, but one significant deficiency in internal control related to the financial statements
- No instances of noncompliance or questioned costs noted

NTD Agreed Upon Procedures

- No significant findings disclosed

Crowe

FRAUD CONSIDERATIONS

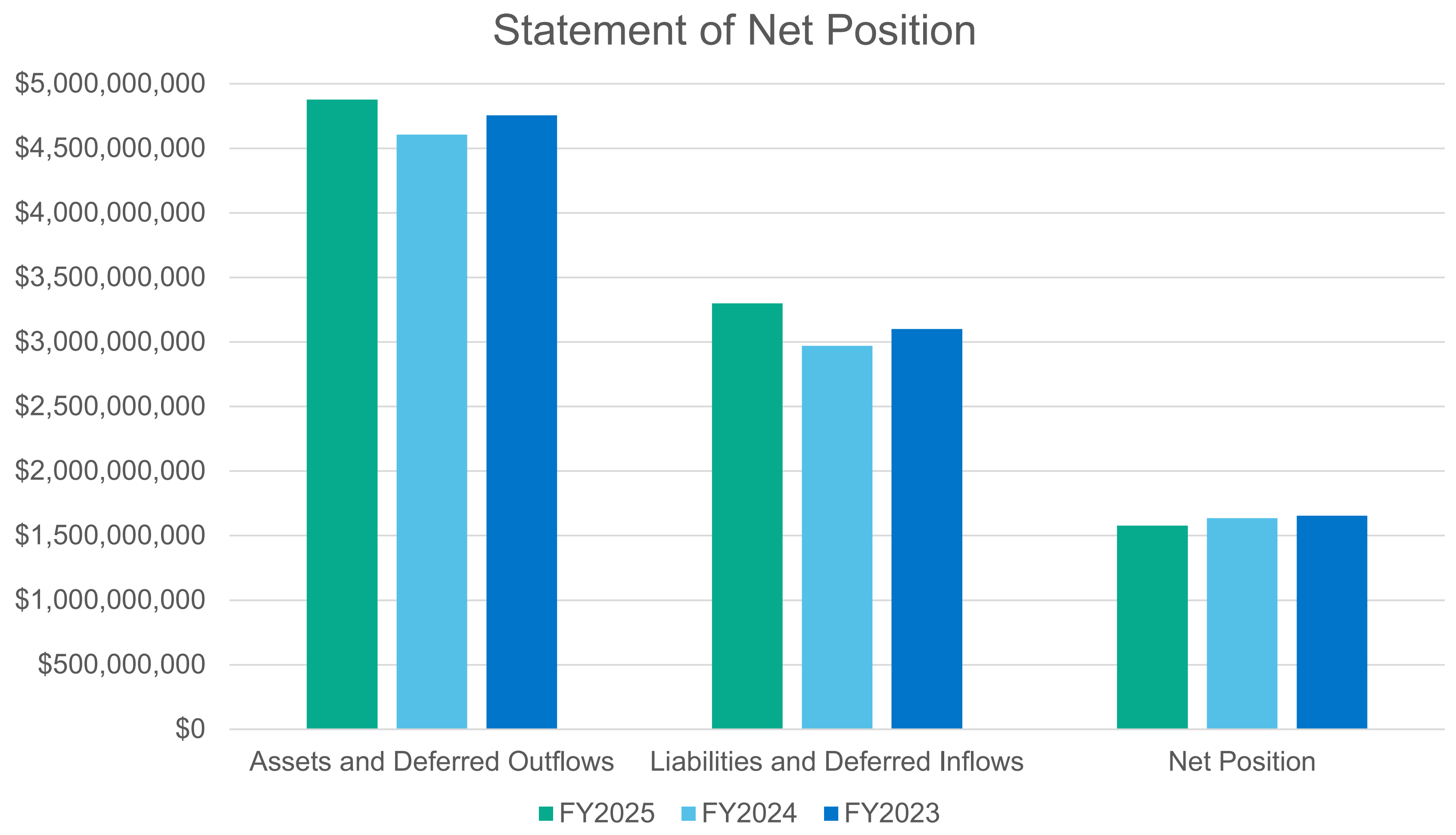
General:

- Inquiry of management, employees, and Board about risks of fraud – none noted
- Consideration of unusual or unexpected relationships that have been identified in performing analytical procedures in planning the audit – none noted
- Consideration of whether fraud risk factors exist – none noted
- Procurement procedures and conflicts of interest – no issues noted

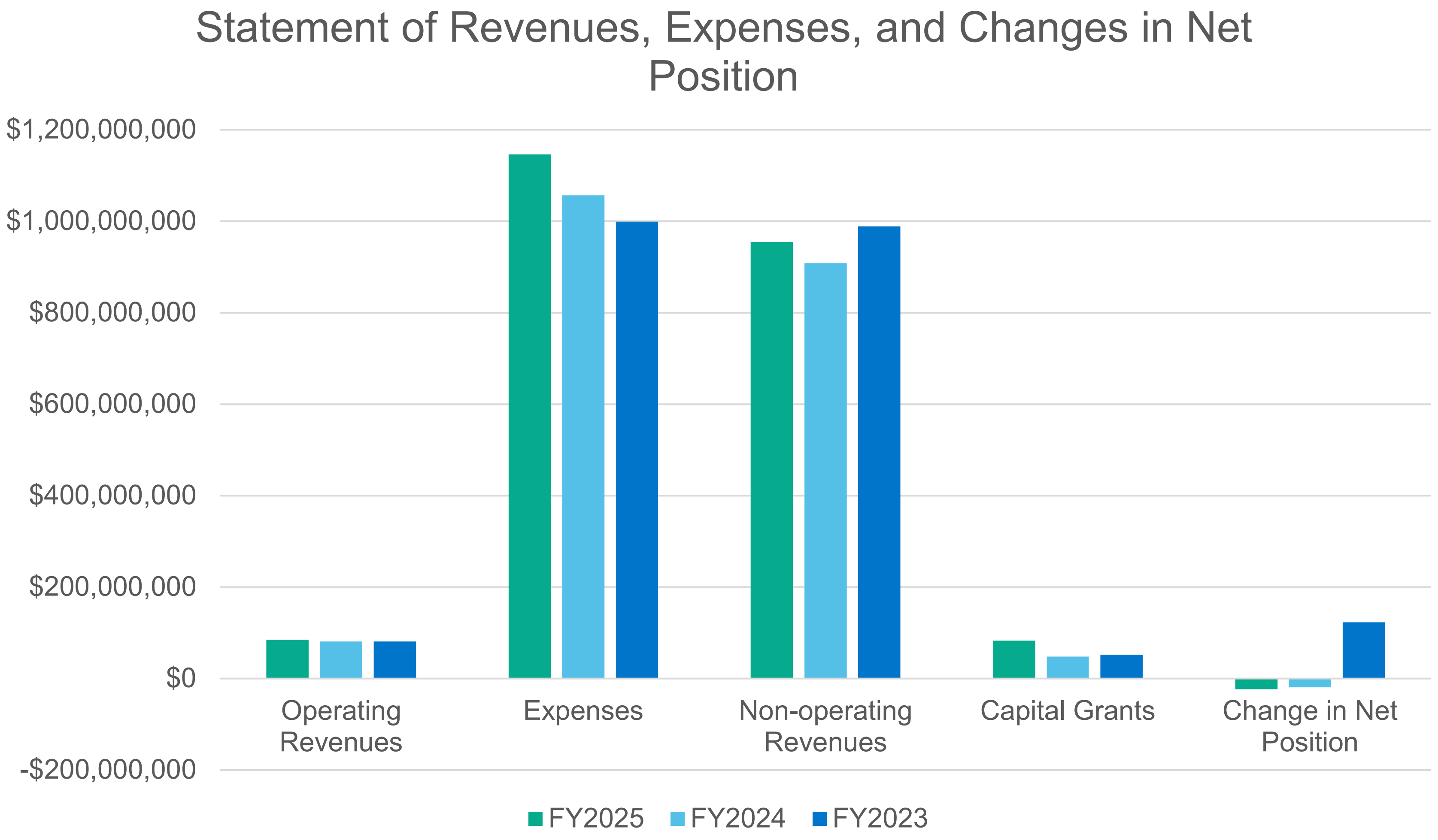
Fraudulent Financial Reporting Procedures:

- Examination of journal entries and other adjustments for evidence of possible material misstatement due to fraud – no issues noted
- Review of accounting estimates for biases that could result in material misstatement due to fraud, including a retrospective review of significant prior year estimates – no issues noted
- Evaluation of the business rationale of significant unusual transactions – no issues noted
- Testing of revenue for proper cut-off – no issues noted

FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS



Crowe

REQUIRED COMMUNICATIONS

Topic	Comment
Independence Communication	• We are not aware of any relationship between Crowe LLP and the Authority that, in our professional judgment, may reasonably be thought to impair our independence
New Significant Accounting Policies	• None
Management's Judgments and Accounting Estimates	• Fair value of investments • Estimated useful lives of capital assets • Loss contingencies • Actuarial assumptions used in net pension and OPEB liability calculations • Self-insurance claims • Accrued compensated absences
Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices	• Appropriateness of accounting policies • Adequacy of financial statement disclosures • Timing of transactions • Significant risks, exposures and unusual transactions - None • Selective correction of misstatements – None

Crowe

REQUIRED COMMUNICATONS

Topic	Comment
Corrected and Uncorrected Misstatements	• No corrected misstatements • One uncorrected misstatement to recognize $17.0 million of grant revenue and receivable for Federal expenditures incurred, but not yet drawn
Significant Deficiencies and Material Weaknesses	• No material weaknesses • One significant deficiency – Federal Grant Revenue Recognition
Other Communications: • Other Information in Documents Containing Audited Financial Statements • Significant Difficulties Encountered During The Audit • Disagreements With Management • Consultations With Other Accountants • Representations The Auditor Is Requesting From Management • Significant Issues Discussed, Or Subject To Correspondence, With Management • Significant Related Party Findings and Issues • Other Finding or Issues We Find Relevant or Significant	No matters noted

Crowe

EMERGING ISSUES

- Implementation 6/30/2026
  - GASB 103, Financial Reporting Model Improvements
  - GASB 104, Disclosure of Certain Capital Assets

THANK YOU

Brad Schelle, CPA
Audit Partner
Brad.Schelle@crowe.com

Smart decisions. Lasting value.™

Cybersecurity and the 2026 World Cup: Protecting Atlanta's Transit Ecosystem

November 2025

Lawrence Williams, CISSP
Chief Information Security Officer, MARTA

Strategic Preparation Overview

- Major investments in cybersecurity infrastructure and personnel
- Expanding inter-agency and industry partnerships
- Enhancing vendor accountability and system monitoring

Strengthening Partnerships and Collaboration

- Collaboration with DHS, TSA, CISA, and FBI
- Joint cybersecurity tabletop exercises and intelligence sharing
- Public-private partnerships with key technology vendors

Investment and Infrastructure Modernization

- Expansion of the MARTA Security Operations Center (SOC)
- Implementation of 24/7 monitoring tools
- Integration of enterprise and operational technology networks under unified visibility

Cybersecurity Workforce and Readiness Development

- Expanded cybersecurity staffing and workforce development programs
- Internship program to build future cyber talent
- Continuous training and certification for internal staff
- Participation in phishing and incident simulations

Incident Response and Crisis Coordination

- Updated MARTA Cyber Incident Response Plan
- Coordinated playbooks with DHS, TSA, and City of Atlanta emergency management
- Table top exercises leading to measurable readiness improvements

THANK YOU

Moving Cybersecurity Throughout the Authority

Internal Audit Activity Briefing

Q1 / FY26 ~ July 1 – September 30, 2025

Operational Group Audits

Q1 / FY26

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
2026 World Cup Preparedness	TBD	Advisory	Planning	-	-	-	-	-	-	-	-
Alertness Assurance Policy Compliance	TBD	TBD	Reporting	-	-	-	-	-	-	-	-
Oracle Primavera P6 and Unifier	TBD	TBD	Reporting	-	-	-	-	-	-	-	-
New Rail Car Delivery Readiness	10/15/25	Advisory	Completed	-	-	-	-	-	-	-	-
Capital Program Follow up	10/27/25	High Risk	Completed	2	-	2	-	4	-	4	-
		-Time-consuming Fiscal Year Budget Allocations Change Processes (03/30/2026) -Project Expenditures and Encumbrances Integration. (12/30/2025)									
Total Significant & Moderate Findings:				**2**	**-**	**2**	**-**	**4**	**-**	**4**	**-**

Prior Operational Audits with Open Findings

A

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
Summerhill BRT	6/25/25	High Risk	Completed	3	-	3	-	1	-	1	-
		-Project Management Plan was not updated. (10/31/2025) -Ineffective mitigation actions. (10/31/2025) -Concealed conditions not processed in compliance with Resident Engineer Manual or contract (10/31/2025)									
Rail Stations Management	6/30/25	High Risk	Completed	2	-	2	-	2	-	2	
		-Station-Specific Emergency Procedures should be enhanced and tested (11/30/2025) -Station Monitoring, Reporting, and Communication are manual and fragmented. (12/31/2025)									

Prior Operational Audits with Open Findings

B

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
Indian Creek Station	2/13/25	High Risk	Completed	3	3	-	-	2	1	1	-
Clayton Co Ops & Maintenance Facility	12/20/24	High Risk	Reporting	4	-	4	-	3	-	3	-
		- *Project Management Plan and FTA Quarterly Milestone Progress Reporting were not up to date. (12/01/2025)* - *Lack of Project Management Monitoring and Oversight. (12/15/2025)* - *Inefficient use of project schedule control tool. (12/15/2025)* - *Inefficient use of Document and Record project control tools. (12/15/2025)*									
Employee Timekeeping	10/16/24	Needs Attention	Completed	1	-	1	-	1	1	-	-
		- *Excessive manual processes / Teledriver replacement (6/29/2026)*									
Total Significant & Moderate Findings:				**13**	**3**	**10**	**-**	**9**	**2**	**7**	**-**

IT Group Audits

Q1 / FY26

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
AFC 2.0 Implementation	TBD	Advisory	Fieldwork	-	-	-	-	-	-	-	-
End User Security	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
Total Significant & Moderate Findings:				-	-	-	-	-	-	-	-

Prior IT Audits with Open Findings

Audit Title	Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
OT* Access Management	6/30/25	High Risk	Complete	3	-	3	-	2	-	2	-
Software Maintenance	12/18/24	High Risk	Completed	3	1	2	-	-	-	-	-
Elements of IT Operations	04/12/24	High Risk	Completed	5	1	4	-	2	1	1	-
Total Significant & Moderate Findings:				**11**	**2**	**9**	**-**	**4**	**1**	**3**	**-**

**OT – Operational Technology -refers to the hardware and software systems that monitor and control physical devices, processes, and events in industrial settings.*

Contract Group Audits Q1/ FY26

Contract Audits Completed	
Audit Ratings	**No. of Audits Issued**
Low Risk	23
Needs Attention	2
High Risk	0
Total Audits Issued	**25**

Contract Audits In Progress	
Audit Types	
Interim / Close Out	1
Rate Reviews	21
Forward Pricing	0
Buy America / Special Request	0
Cost / Price Analysis	1
Change Orders	1

- ✓ Identified Unallowable Cost in Overhead Rate Reviews as per Federal Acquisition Regulation (FAR) - $-0-
- ✓ Identified Unsupported Costs in Cost/Price and Change Order Reviews $2,992,732.09

Fraud, Waste & Abuse Summary

- 26-03-I-3 - Allegation of fraud in the disposition of assets - Ongoing
- 26-01-I-1 - Allegation of unethical or fraudulent behavior of a superintendent – Substantiated
- 26-02-I-2 - Allegation of nepotism – Not substantiated


marta
Bus
Stop
For Information: (404) 848-5000

Board of Directors and Audit Committee
Metropolitan Atlanta Rapid Transit Authority
Atlanta, Georgia

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Metropolitan Atlanta Rapid Transit Authority (the Authority) for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of the Authority's 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 or disclosures. 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.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE AUTHORITY

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the Authority under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with the Authority that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on during our planning meeting on May 15, 2025.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Where the Authority has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The Authority's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications between the Authority and regulators.
  - Other matters you believe are relevant to the audit of the financial statements.
- Matters relative to the use of other auditors/other accountants during the audit:
  - An overview of the type of work to be performed by other auditors/other accountants.
  - The basis for the decision to make reference to the audit of the other auditor in our report on the Authority's financial statements.
  - An overview of the nature of our planned involvement in the work to be performed by the other auditor/other accountant.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: The Audit Committee should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the Audit Committee should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the Audit Committee about such matters. To assist the Audit Committee in its oversight role, we direct you to Note 1 of the financial statements where recent accounting pronouncements adopted and the effect of adopting those pronouncements on the Authority's financial statements are disclosed.

Accounting Standard	Impact of Adoption
GASB Statement No. 101, "*Compensated Absences.*" This Statement updates the recognition and measurement guidance for compensated absences.	The Authority adopted the standard as of July 1, 2024. As a result of adopting this standard, the beginning net position was restated and resulted in a reduction of net position of approximately $34,070,000 and an increase in compensated absences liability by the same amount.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Authority's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Useful Lives of Capital Assets	Management has determined the economic useful lives of capital assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the Authority.	We tested the propriety of information underlying management's estimates.
Loss Contingencies	The Authority consults with legal counsel to evaluate outstanding litigation, claims and assessments. Factors that affect management's evaluation of litigation contingencies requiring disclosure include the nature of the contingencies and whether the outcome could have an effect on the consolidated financial statements.	Based on information obtained from the Authority's legal counsel regarding this matter and discussions with management, we concur with management's determination that the loss contingency does not meet conditions for accrual of being both probable and estimable, and, thus, no accrual is recorded and no specific disclosures are required.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.
Self-Insurance Liability	Management has determined this liability based on the estimated loss of known claims as well as an estimate of incurred but not reported claims based on historical claims data.	We tested the propriety of the information underlying management's estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Accrued Compensated Absences	Accrued compensated absences are estimated based on vacation and sick hours accumulated by each employee and the respective pay rate of each employee	We tested the propriety of the information underlying management's estimates.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Authority's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the Authority, considering the need to balance the cost of providing information with the likely benefit to users of the Authority 's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the Authority 's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying the uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if it was concluded that the uncorrected misstatements are immaterial to the financial statements under audit. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There was one uncorrected misstatement to recognize grant revenue and receivable for Federal expenditures incurred, but not yet drawn.

OTHER COMMUNICATIONS

Communication Item	Results
Other Information Included in an Annual Report Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that: • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.	We read the other information and noted no material inconsistencies or misstatement of facts based on our reading thereof.
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	There were no significant difficulties encountered in dealing with management related to the performance of the audit.
Disagreements with Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Authority's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Difficulties or Contentious Matters We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team.	During the audit, there were no such issues for which we consulted outside the engagement team.
Circumstances that Affect the Form and Content of the Auditor's Report We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.	There are no such circumstances that affect the form and content of the auditor's report.
Consultations with Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.	We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.
Representations the Auditor Is Requesting from Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.

Communication Item	Results
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
Significant Related Party Findings or Issues We are to communicate to you significant findings or issues arising during the audit in connection with the Authority's related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.
Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve the Authority as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors and the Audit Committee and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Atlanta, Georgia
Date

Board of Directors and Audit Committee
Metropolitan Atlanta Rapid Transit Authority
Atlanta, Georgia

In planning and performing our audit of the financial statements of Metropolitan Atlanta Rapid Transit Authority ("the Authority") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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

Crowe LLP

Atlanta, Georgia
Date

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

FINANCIAL STATEMENTS

June 30, 2025

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

FINANCIAL STATEMENTS
June 30, 2025

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metropolitan Atlanta Rapid Transit Authority
Atlanta, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Metropolitan Atlanta Rapid Transit Authority (MARTA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise MARTA's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of MARTA, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the MARTA/ATU Local No. 732 Employees Retirement Plan and the MARTA Non-Represented Pension Plan, which represents 53% and 37%, respectively, of the assets and 53% and 36%, respectively, of the net position of the fiduciary activities as of June 30, 2025, and 50% and 34%, respectively, of the revenues of the fiduciary activities for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the MARTA/ATU Local No. 732 Employees Retirement Plan and the MARTA Non-Represented Pension Plan are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MARTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the MARTA/ATU Local No. 732 Employees Retirement Plan and the MARTA Non-Represented Pension Plan were not audited in accordance with *Government Auditing Standards.*

(Continued)

Emphasis of Matter

As discussed in Note 1, MARTA adopted new accounting guidance, GASB Statement No. 101, C*ompensated Absences*, which resulted in a restatement of the July 1, 2024 net position in the amount of $34,070,000. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MARTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MARTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Prior-Year Comparative Information

We have previously audited MARTA's fiscal year 2024 financial statements, and we expressed unmodified opinions on the basic financial statements in our report dated December 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Employer Contributions – Pension, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of Employer Contributions – OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MARTA'S basic financial statements. The accompanying Combining Statement of Fiduciary Net Position, Combining Statement of Changes in Fiduciary Net Position, and Supplemental Schedule of Revenues and Expenses – Budget vs. Actual (Budget Basis) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Statement of Fiduciary Net Position, Combining Statement of Changes in Fiduciary Net Position, and Supplemental Schedule of Revenues and Expenses – Budget vs. Actual (Budget Basis) are the responsibility of management and were 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

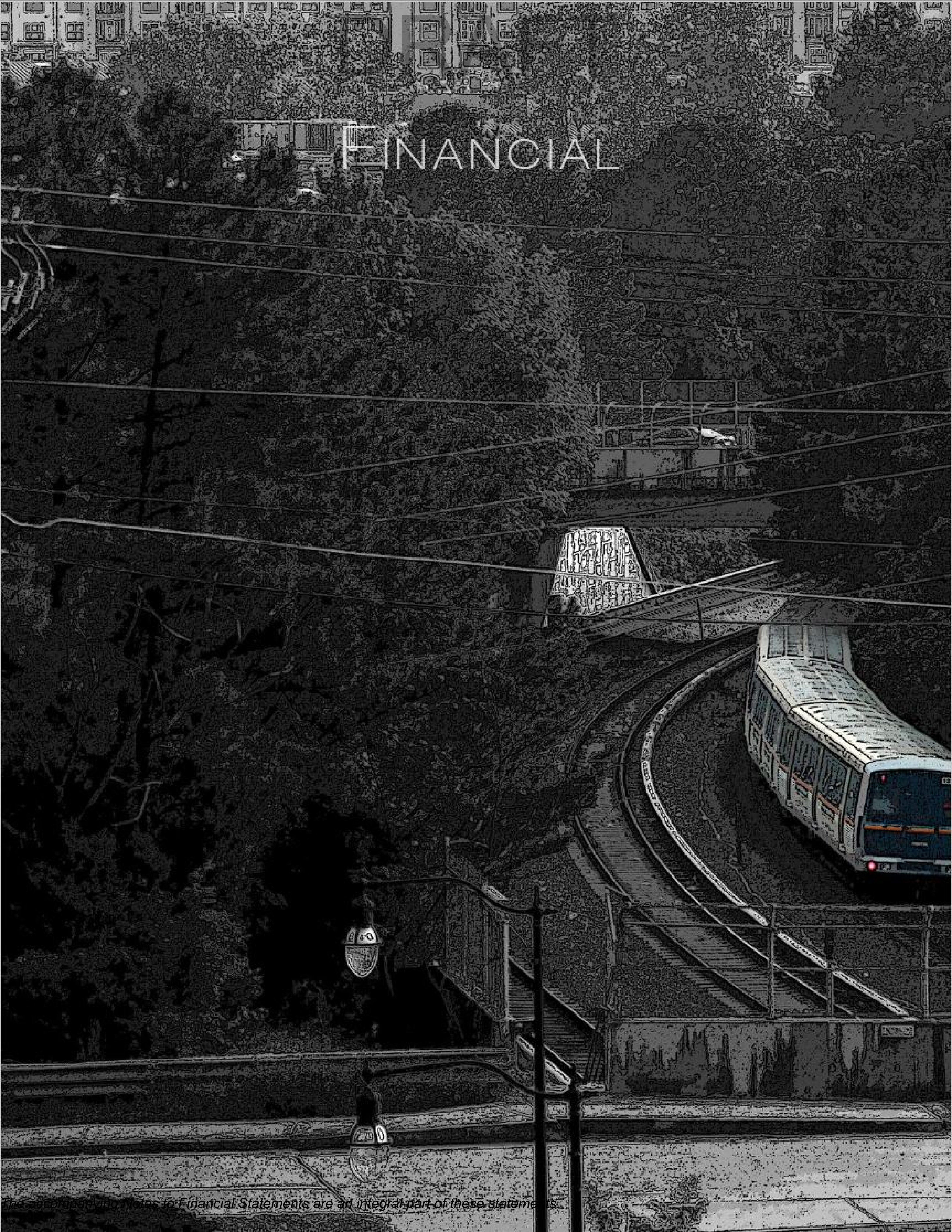
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated <>, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MARTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MARTA's internal control over financial reporting and compliance.

Crowe LLP

Atlanta, Georgia
<>, 2025

Financial



The accompanying Notes for Financial Statements are an integral part of these statements.

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, 2025 and 2024. 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, light rail 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 Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, the related notes and required supplementary schedules.

- The **Statement of Net Position** presents 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 **Statement of Revenues, Expenses, and Changes in Net Position** presents 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).

- The **Statement of Cash Flows** allows 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.

- **Required Supplementary Information (RSI).** In addition to the basic financial statements and accompanying notes, this report also presents certain RSI concerning the Authority's defined benefit pension plans and other post employment benefit (OPEB) plan to its employees.

- The **Statement of Fiduciary Net Position** presents information on all assets, liabilities, deferred outflows, and inflows of resources, fiduciary net position of pension and other post employments benefits.

- The **Statement of Changes in Fiduciary Net Position** presents information on additions to and deductions from pension and other post employments benefits. The additions include investment earnings, investment costs and net investment earnings.

Financial Position Summary

Over time, net position may serve 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 $1.58 billion at June 30, 2025, a $58 million decrease from June 30, 2024, when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1.64 billion. A more detailed discussion is found under the Financial Operations Highlights of this MD&A.

At June 30, 2025, the largest portion of net position was unrestricted assets representing 46%. Unrestricted assets include leases, current assets, investments; less any related debts used to acquire these assets. At June 30, 2024 the largest portion of net position was net investment in capital assets representing 54%. Net investment in capital assets includes land, rail system, buildings, transportation equipment, and right to use leased assets 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.

The second largest portion of MARTA's net position in fiscal years 2025 was net investment in capital assets representing 44%. The second largest portion of MARTA's net position in fiscal year 2024 was unrestricted assets representing 39%.

At the end of the current fiscal year, MARTA was able to report a positive balance in all categories of net position. Fiscal years 2024 and 2023 had positive balances in all categories of net position as well.

(Dollars in Thousands)

The following table presents a condensed summary of net position as of June 30, 2025 and 2024:

	2025	2024
ASSETS:		
Current and Other Assets	$1,523,839	$1,394,363
Capital Assets	3,231,977	3,075,818
Net Pension Asset	56,361	17,568
Total Assets	4,812,177	4,487,749
DEFERRED OUTFLOWS OF RESOURCES		
Hedging	153	79
Pension	24,540	70,917
OPEB	11,648	14,113
Debt Refunding	29,794	33,186
Total Deferred Outflows of Resources	66,135	118,295
Total Assets and Deferred Outflows of Resources	4,878,312	4,606,044
LIABILITIES:		
Long Term Debt	2,357,249	2,102,180
Current and Other Liabilities	485,717	368,031
Derivative Liability	153	79
Net Pension Liability	63,926	94,323
Net OPEB Liability	18,203	28,901
Total Liabilities	2,925,248	2,593,514
DEFERRED INFLOW OF RESOURCES		
Leases	286,197	291,953
Refunding	43,804	25,834
Pension	9,701	6,474
OPEB	34,730	51,873
Total Deferred Inflows of Resources	374,432	376,134
Total Liabilities and Deferred Inflows of Resources	3,299,680	2,969,648
NET POSITION:		
Net Investment in Capital Assets	687,720	889,386
Restricted	167,597	115,328
Unrestricted	723,315	631,682
TOTAL NET POSITION	$ 1,578,632	$ 1,636,396

Current and other assets include cash, cash equivalents, investments, inventory, sales tax receivable, prepayments and restricted investments. Current and other assets increased by $129,477 (9%) in 2025. The increase is due to increase in investments for the year. In 2024, there was an decrease of $137,464 (9%) in this category.

Capital assets include land, rail systems, buildings, transportation equipment, right to use leased assets, and other capital assets. In 2025, there was an increase in this category of $156,159 (5%) due to an increase in construction-in-progress. In 2024, there was an increase in capital assets of $25,896 (1%) which was also due to an increase in construction-in-progress.

Net pension assets increased to $56,361 (221%) in 2025 from $17,568 (100%) in prior year, 2024. In 2024, MARTA's net pension assets increased by $17,568 (100%). Both increases in net pension assets are directly related to the performance of the pension fund investments in accordance with GASB 68.

Deferred outflows of resources pension decreased in 2025 by $46,377 (65%) and decreased by $57,618 (45%) in 2024. Both the decreases in 2025 and 2024, respectively, were due to the net differences between the projected and actual investment earnings for the pension plans.

Long-term debt outstanding holds the long-term portion of outstanding sales tax revenue bonds, lease, financed purchase liability and other long-term liabilities. The outstanding sales tax revenue bonds increased by $255,069 (12%) in 2025 due to the new bonds series 2025A and advance refunding series 2025B for portion of 2020B and 2021D. In 2024, the long-term debt outstanding was decreased by $95,871 (4%) due to defeased bonds and partial refunding of bonds.

Current and other liabilities include accounts payable, employee benefits, self-insurance, accrued interest, short-term maturities of financed purchase liabilities and other current liabilities. The liability increased by $117,686 (32%) in 2025 and increased by $34,076 (10%) in 2024. The increase in 2025 was due to increases in accounts and contracts payable and self insurance. The increase was also due to the addition of a compensated absences liability. This liability is the result of the adoption of GASB 101 a new accounting principle. The increase in 2024 was due to an increase in accounts and contracts payable, salaries and employee benefits and self-insurance reserves.

Net pension liability decreased by $30,397 (32%) in 2025 and decreased by $59,029 (38%) in 2024. Both the decrease in 2025 and 2024, respectively, were directly related to the performance of the pension fund investments in accordance with GASB 68.

Deferred inflow of resources – leases decreased by $5,756 (2%) in 2025 and decreased by $5,677 (2%) in 2024. The decrease in 2025 and 2024 was due to recognition of the lease revenue over the lease term on GASB 87 leases.

Deferred inflow of resources – pension increased by $3,227 (50%) in 2025 and decreased by $3,106 (32%) in 2024. Both the increase in 2025 and decrease in 2024, respectively, were due to the net differences between the projected and actual investment earnings for the pension plans.

(Dollars in Thousands)

Financial Operations Highlights

Basis of Presentation - MARTA Act and Sales & Use Tax - 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, and 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 (MARTA Act) with the City of Atlanta and the counties of Fulton, DeKalb, and Clayton and from federal subsidies. The sales tax is levied at a rate of 1% for each of the counties and 1.5% for the City of Atlanta 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 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 47.6% and 45.3% of operating costs of the previous fiscal year, as defined under the MARTA Act, for the years ended June 30, 2025 and 2024, respectively. Additional information on the basis of presentation, sales & use tax and the MARTA Act can be found in Note 1, Note 4 and Note 5, respectively.

Summary of Changes in Net Position - The following table presents the summary of changes in net position as of June 30, 2025 and 2024:

	2025	2024
Operating Revenues	$ 84,484	$ 80,825
Operating Expenses	985,955	885,017
Operating Loss	(901,471)	(804,192)
Non-operating Revenues	794,743	736,928
Capital Grants and Contributions	83,034	47,966
Decrease in Net Position	$ (23,694)	$ (19,298)
Net Position, July 1	1,636,396	1,655,694
Cumulative Effect of Adoption of New Accounting Principle	(34,070)	—
Net Position, July 1 Restated	1,602,326	1,655,694
Net Position, June 30	1,578,632	1,636,396

In 2025, operating revenues increased by $3,659 and operating expenses increased by $100,938. The increase in operating revenue was due to an increase in passenger revenue. The increase in expenses resulted in an overall increase in the operating loss of $97,279 from the previous year. In 2024, operating revenue decreased by $415 and operating expenses increased by $45,428, which resulted in an overall increase in operating loss of $45,843.

Non-operating revenues increased by $57,815 (8%) in 2025 and decreased by $92,214 (11%) in 2024. The 2025 increase was due to additional Ad Valorem Tax collection from Clayton County and 2024 decreases was due to an increase in sales tax revenue, and investment income offset by a decrease in federal revenue.

Capital grant and contributions increased by $35,068 (73%) in 2025 compared to a decrease of $4,414 (8%) in 2024.

(Dollars in Thousands)

The following table presents a summarized breakout of MARTA`s revenues, expenses and changes in net position as of June 30, 2025 and 2024:

Summary of Revenues	**2025**	**2024**
Operating		
Fare Revenues	$ 82,246	$ 74,522
Other Revenues	2,238	6,303
Total Operating Revenues	84,484	80,825
Non-Operating		
Sales and Use Tax	740,525	723,263
Ad Valorem Tax	61,663	33,474
Federal Revenues	91,231	82,942
Investment Income	47,525	58,618
Net Lease Transaction Activity	17	—
Other Revenues	14,314	11,300
Gain/Loss on Sale of Property and Equipment	(642)	(1,164)
Total Non-operating Revenues	954,633	908,433
Total Revenues	1,039,117	989,258
Summary of Expenses		
Operating		
Transportation	332,216	312,395
Maintenance and Garage Operations	212,059	194,033
General and Administrative	173,618	122,411
Depreciation	268,062	256,178
Total Operating Expenses	985,955	885,017
Non-Operating		
Interest Expense	80,224	70,146
Amortization of Financing Related Charges and Income from Derivative Activity	(7,391)	(21,001)
Other Non-operating Expenses	87,057	122,360
Total Non-operating Expenses	159,890	171,505
Total Expenses	1,145,845	1,056,522
Income/(Loss) Before Capital Contributions	(106,728)	(67,264)
Capital Grants and Contributions	83,034	47,966
Decrease in Net Position	(23,694)	(19,298)
Net Position, July 1	1,636,396	1,655,694
Cumulative Effect of Adoption of New Accounting Principle	(34,070)	—
Net Position, July 1 Restated	1,602,326	1,655,694
Net Position, June 30	$ 1,578,632	$ 1,636,396

Net position decreased by $57,764 (4%) in 2025 primarily related due to the adoption of a new accounting principle. In 2024, net position decreased by $19,298 (1%) primarily due to federal COVID-19 funding being fully exhausted in 2023.

Total operating revenues include passenger revenues advertising, and parking fees. Total operating revenues increased by $3,659 (5%) in 2025 compared to a decrease of $415 (1%) in 2024. The increase in 2025 was due to an increase in fare revenues.

Sales and use tax revenue increased by $17,262 (2%) in 2025 compared to an increase of $18,847 (3%) in 2024. The 2025 increase was due to a rise in consumer spending on retail sales and the impact of inflation.

Gain/loss on sale of property and equipment increased by $522 (45%) in 2025 compared to an decrease of $1,693 (320%) in 2024. The 2025 increase was due to the sale of buses, land and parcel easement rights.

Transportation expenses increased by $19,821 (6%) in 2025 compared to an increase of $37,130 (13%) in 2024. The 2025 increase was due to an increase in bus operations costs.

Administrative expenses increased by $51,207 (42%) in 2025 compared to an increase of $4,704 (4%) in 2024. The 2025 increase was due to an increase in claims and legal settlements.

Maintenance and garage operation expenses increased by $18,026 (9%) in 2025 compared to an decrease of $2,434 (1%) in 2024. The 2025 increase was due to increase in vehicle and facility maintenance expenses.

Interest expense increased by $10,078 (14%) in 2025 due to new bonds series 2025A and advance refunding 2025B for portion of 2020B and 2021D. In 2024, there was a decrease of $3,362 (5%) due to defeased and partially refunded bonds.

Amortization of financing related charges decreased by $13,610 (65%) in 2025 compared to a increase of $21,769 (2836%) in 2024.

Other non-operating expenses decreased by $35,303 (29%) in 2025 compared to an increase of $36,920 (43%) in 2024 due to an decrease in local funded planning costs associated with capital projects. The 2024 increase was due to local funded planning costs.

Capital Acquisitions and Construction Activities

In 2025, MARTA acquired $416,877 of capital assets. The expenditures on capital activity 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 $156,159 and $25,896 during the years ended June 30, 2025 and 2024, 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.

(Dollars in Thousands)

The following table summarizes MARTA's net investment in capital assets as of June 30, 2025 and 2024:

	2025	2024
Capital Assets, net	$ 3,231,977	$ 3,075,818
Capital Debt		
Current Maturities of Bonds and Notes	(62,945)	(69,260)
Non current Maturities of Bonds, Notes and LILO	(2,311,430)	(2,054,673)
Current and non current Financed Purchase Liability	(28,035)	(29,549)
Unspent ESCO Escrow Cash	—	780
Deferred Outflows of Resources - Refunding	29,794	33,186
Deferred Inflow of Resources-Refunding	(43,804)	—
Capital Assets Included in Accounts Payable	(105,904)	(43,127)
Lease Liability and SBITA	(21,933)	(23,789)
Total Capital Related Debt	(2,544,257)	(2,186,432)
Net Investment in Capital Assets	$ 687,720	$ 889,386

Long-Term Debt Administration

MARTA issues Sales and Use Tax Revenue Bonds and Variable Rate Bonds to raise capital funds for construction, expansion, and rehabilitation of the transit system. The bonds and notes are payable from and secured by lien on sales and use tax and title ad valorem tax receipts.

The Fixed and Variable rate Bonds carry debt ratings of Aa2 by Moody's Investors Service, AAA by Standard & Poor's and AA+ from Fitch Rating Service and AAA from Kroll. MARTA's total bond debt outstanding was $2,338,643 and $2,089,893 as of June 30, 2025 and 2024, respectively. In 2025, MARTA issued green bonds Series 2025A in the amount of $327,785 and issued refunding green bonds Series 2025B in the amount of $149,840 to refund portion of Bonds Series 2020B and 2021D . MARTA legally defeased a portion of Bonds Series 2020B and 2021D in the amount of $190,740. Additional information on MARTA's long term debt can be found in Note 7 to the financial statements.

Economic Factors

The US Economy (GDP) decreased by 0.3% in the first quarter and increased by 3% in the second quarter of 2025.

Consumption grew at 1.8% in the first quarter and increased to 1.4% in the second quarter. Investments decreased from 9.8% to 1.9% in the first and second quarters, respectively. The federal funds rate has been declining from its peak, with the Federal Reserve lowering the target range to 4.3% in the first and second quarter of the year.

Nationwide, the unemployment rate averaged 4.1% in the first quarter and increased slightly to 4.2% in the second quarter of 2025. The national cumulative change in (nonfarm) jobs dropped to 1.3% compared to prior years and the Georgia cumulative change in (nonfarm) jobs was slightly lower than national at 1.1% in 2024.

The average unemployment rate for Georgia was 3.5% in 2024 and Atlanta was at 3.4% in 2024.The State of Georgia had a personal income aggregate of approximately $698.1B in 2024 seeing growth of 5.7% over 2023. Atlanta had an aggregate of personal income exceeding $455.5B in 2024 with growth of 6.2% over 2023.

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.

DRAFT

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Statement of Net Position
June 30, 2025
(Dollars in Thousands)
(with summarized financial information as of June 30, 2024)

	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 11,114	$ 9,745
Investments	836,720	707,994
Material and Supplies Inventories	40,174	40,539
Sales Tax Receivables, Prepayments and Other	121,969	117,724
Total Unrestricted Current Assets	1,009,977	876,002
Restricted Cash and Cash Equivalents	817	780
Restricted Investments	163,520	168,473
Lease and Interest Receivables	17,778	13,164
Total Restricted Current Assets	182,115	182,417
Total Current Assets	1,192,092	1,058,419
Noncurrent Assets:		
Restricted Investment held to pay Leases	35,732	34,040
Lease Receivables	280,456	283,484
Restricted Investment - Railroad Trust	10,000	10,000
Total Restricted Non Current Assets	326,188	327,524
Capital Assets:		
Land, Non-depreciable	607,646	601,879
Construction in Progress, Non-depreciable	741,768	483,420
Total Non-depreciable	1,349,414	1,085,299
Rail System and Buildings	4,370,237	4,321,672
Transportation Equipment	1,556,852	1,555,584
Other - Capital Assets	1,941,037	1,852,384
Total Depreciable /Amortizable	7,868,126	7,729,640
Less Accumulated Depreciation/Amortization	(5,985,563)	(5,739,121)
Capital Assets - Net	3,231,977	3,075,818
Net Pension Asset	56,361	17,568
Other - Noncurrent Assets	5,559	8,420
Total Noncurrent Assets	3,620,085	3,429,330
Total Assets	4,812,177	4,487,749
DEFERRED OUTFLOWS OF RESOURCES		
Hedging	153	79
Pension	24,540	70,917
OPEB	11,648	14,113
Debt Refunding	29,794	33,186
Total Deferred Outflows of Resources	66,135	118,295
Total Assets and Deferred Outflows of Resources	$ 4,878,312	$ 4,606,044

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Statement of Net Position
June 30, 2025
(Dollars in Thousands)
(with summarized financial information as of June 30, 2024)

LIABILITIES	2025	2024
Current Liabilities:		
Payable from NonRestricted Assets:		
Accounts and Contracts Payable	$ 206,760	$ 146,047
Salaries and Employee Benefits	19,288	36,111
Compensated Absences Liability Short-Term	26,029	—
Self-Insurance Accruals	40,438	24,145
Other Current Liabilities	12,810	17,884
Total Current Liabilities Payable from NonRestricted Assets	305,325	224,187
Payable from Restricted Assets:		
Current Maturities of Sales Tax Revenue Bonds	62,945	69,260
Accrued Interest	40,658	29,436
Current Maturities of Financed Purchase	2,052	1,514
Total Current Liabilities Payable from Restricted Assets	105,655	100,210
Total Current Liabilities	410,980	324,397
Noncurrent Liabilities:		
Sales Tax Revenue Bonds, Less Current Maturities, Unamortized Premium and Discount	2,275,698	2,020,533
Notes Payable	—	100
Compensated Absences Liability Long-Term	28,068	—
Noncurrent Self Insurance Accruals	46,669	43,634
Other Long-term Liabilities	55,568	53,512
Financed Purchase	25,983	28,035
Derivative Liability - Commodity Swap	153	79
Net Pension Liability	63,926	94,323
Net OPEB Liability	18,203	28,901
Total Noncurrent Liabilities	2,514,268	2,269,117
Total Liabilities	2,925,248	2,593,514
DEFERRED INFLOWS OF RESOURCES		
Leases	286,197	291,953
Pension	9,701	6,474
OPEB	34,730	51,873
Debt Refunding	43,804	25,834
Total Deferred Inflows of Resources	374,432	376,134
Total Liabilities and Deferred Inflows of Resources	3,299,680	2,969,648
NET POSITION		
Net Investment in Capital Assets	687,720	889,386
Restricted		
Debt Service	100,419	105,328
Capital Projects	10,817	10,000
Net Pension Asset	56,361	—
Unrestricted	723,315	631,682
Total Net Position	1,578,632	1,636,396
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 4,878,312	$ 4,606,044

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Statement of Revenues, Expenses
And Changes in Net Position
For the Year Ended June 30, 2025
(Dollars in Thousands)
(with summarized financial information for the year ended June 30, 2024)

	2025	2024
Operating Revenues:		
Fare Revenues	$ 82,246	$ 74,522
Other Revenues	2,238	6,303
Total Operating Revenues	84,484	80,825
Operating Expenses:		
Transportation	332,216	312,395
Maintenance and Garage Operations	212,059	194,033
General and Administrative	173,618	122,411
Depreciation and Amortization	268,062	256,178
Total Operating Expenses	985,955	885,017
Operating Loss	(901,471)	(804,192)
Nonoperating Revenues (Expenses):		
Sales and Use Tax	740,525	723,263
Ad Valorem Tax	61,663	33,474
Federal Revenues	91,231	82,942
Investment Income	47,525	58,618
Other Revenues	14,314	11,300
Net Lease Transaction Activity	17	—
Loss on Sale of Property and Equipment	(642)	(1,164)
Interest Expense	(80,224)	(70,146)
Amortization of Financing Related Charges	7,391	21,001
Other NonOperating Expenses	(87,057)	(122,360)
Total Nonoperating Revenues (Expenses)	794,743	736,928
Income/ (Loss) Before Capital Contributions	(106,728)	(67,264)
Capital Grants and Contributions	83,034	47,966
Net Position		
Decrease in Net Position	(23,694)	(19,298)
Net Position, July 1	1,636,396	1,655,694
Cumulative Effect of Adoption of New Accounting Principle	(34,070)	—
Net Position, July 1 Restated	$1,602,326	$1,655,694
Net Position, June 30	$1,578,632	$1,636,396

The accompanying Notes to Financial Statements are an integral part of these statements

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2025
(Dollars in Thousands)
(with summarized financial information for the year ended June 30, 2024)

	2025	2024
Cash Flows from Operating Activities:		
Cash Received from Providing Services	$ 71,135	$ 75,291
Cash Received from (Paid to) Other Sources	4,350	10,207
Other Non-Capital Receipts	11,832	10,867
Cash Paid to Suppliers	(322,691)	(358,010)
Cash Paid for Benefits on Behalf of Employees	(155,154)	(142,912)
Cash Paid to Employees	(273,891)	(264,002)
Net Cash Used by Operating Activities	(664,419)	(668,559)
Cash Flows From Noncapital Financing Activities:		
Sales and Use Tax Collections	739,201	721,460
Ad Valorem Tax	59,451	33,474
Federal Operating Subsidy	91,231	82,942
Net Cash Provided by Noncapital Financing Activities	889,883	837,876
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Issuance of Notes and Bonds	357,637	129,321
Net Bonds Defeased and Refunded	(2,288)	(134,221)
Principal Paid on Revenue Bonds	(69,260)	(59,480)
Interest Paid on Revenue Bonds	(68,601)	(73,821)
Capital Contributions	79,273	35,046
Acquisition and Construction of Capital Assets	(415,343)	(258,241)
Net Cash Used by Capital and Related Financing Activities	(118,582)	(361,396)
Cash Flows from Investing Activities:		
Purchases of Investments	(2,297,359)	(3,796,916)
Proceeds from Sales and Maturities of Investments	2,175,012	3,910,836
Interest Received on Investments	16,871	16,101
Net Cash Provided (Used) by Investing Activities	(105,476)	130,021
Net Increase (Decrease) in Cash and Cash Equivalents	1,406	(62,058)
Cash and Cash Equivalents, Beginning of Year	10,525	72,583
Cash and Cash Equivalents, End of Year	$ 11,931	$ 10,525
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$ (901,471)	$ (804,192)
Other Nonoperating Expenses	(82,707)	(112,153)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	268,062	256,178
Changes in Assets and Liabilities:		
Materials and Supplies Inventories	364	(615)
Prepayments and Other	(12,025)	(4,313)
Deferred Outflows from Pension	46,377	57,618
Deferred Inflows from Pension	3,227	(3,106)
Accounts Payable and Other Current Liabilities	96,487	25,339
Other Non-Capital receipts	11,832	10,867
Net Pension Asset/Liability	(69,190)	(76,598)
Net Other Post-employment Benefits Liability	(10,698)	(59,367)
Deferred Outflows from OPEB	2,466	8,443
Deferred Inflows from OPEB	(17,143)	33,340
Net Cash Used by Operating Activities	$ (664,419)	$ (668,559)

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2025
(Dollars in Thousands)
(with summarized financial information for the year ended June 30, 2024)

Supplemental Disclosure of Cash Flow Information	**2025**	**2024**
Noncash Activities:		
Capital Assets Included in Accounts Payable	$ 105,904	$ 43,127
Construction in Progress Financed Purchase	—	7,818
Amortization of Bond Premium, Discount, Bond Insurance and Loss on Debt Refunding	(7,391)	(21,001)
Interest Earnings on Lease	(11,412)	(11,194)
Interest Accrued on Lease	2,249	1,616
Increase(Decrease) in Fair Value of Investments	(1,495)	(9,919)
Proceeds from Bond Refunding to Defease Bonds	168,908	233,163
Amount paid for Defeased Bonds	(190,740)	(247,259)
Interest Expense - ESCO	(2,861)	895
Interest Income - ESCO	(37)	(50)
Lease Liability	486	—
Subscription-Based Technology Arrangements (SBITA) Liability	4,237	—

Summary of cash and cash equivalents reported on the Statement of Net Position:

Cash and cash equivalents	$ 11,114	$ 9,745
Restricted cash and cash equivalents	817	280
Total cash and cash equivalents reported on the Statement of Net Position	$ 11,931	$ 10,025

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025
(Dollars in Thousands)
(with summarized financial information for the year ended June 30, 2024)

	2025 Pension and Other Employee Benefits	2024 Pension and Other Employee Benefits
ASSETS		
Receivables:		
Employee Contributions	$ 489	$ 288
Employer Contributions	2,704	566
Other Receivables	22	22
Due from Brokers	1,526	774
Accrued Investment Income	2,270	2,094
Total Receivables	7,011	3,744
Investments at Fair Value:		
Equities	621,562	576,151
Partnerships	6,700	9,392
Mutual Funds	364,054	338,810
Fixed Income	267,720	249,678
Real Estate Funds	20,089	20,788
Derivatives	258	145
Short- term Investments	29,527	30,743
Total Investments	1,309,910	1,225,707
Total Assets	$ 1,316,921	$ 1,229,451
LIABILITIES		
Accounts Payable	$ 721	$ 908
Due to Brokers	7,554	9,200
Total Liabilities	8,275	10,108
NET POSITION		
Restricted for:		
Pensions	1,162,069	1,090,458
Postemployment Benefits other than Pensions	146,577	128,885
Total Net Position	$ 1,308,646	$ 1,219,343
Total Liabilities and Net Position	$ 1,316,921	$ 1,229,451

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)
(with summarized financial information for the year ended June 30, 2024)

	2025 Pension and Other Employee Benefits	2024 Pension and Other Employee Benefits
ADDITIONS		
Contributions:		
Employee	$ 9,245	$ 9,008
Employer	39,716	44,370
Total Contributions	48,961	53,378
Investment Income		
Interest and Dividends	20,213	17,955
Net Increase in Fair Value of Investments	115,471	132,895
Real Estate Income	1,018	760
Securities Lending Income	60	63
Total Investment Earnings	136,762	151,673
Less Investment Costs		
Investment Activity Costs	3,586	3,306
Securities Lending Costs	20	20
Net Investment Earnings (Loss)	133,156	148,347
Total Additions	182,117	201,725
DEDUCTIONS		
Benefits Paid to Participants or Beneficiaries	81,065	79,220
Medical, Dental, and Life Insurance for Retirees	10,836	9,172
Administrative Expenses	913	954
Total Deductions	92,814	89,346
Net Increase in Fiduciary Net Position	89,303	112,379
NET POSITION RESTRICTED		
Net Position, July 1	1,219,343	1,106,964
Net Position, June 30	$ 1,308,646	$ 1,219,343

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Metropolitan Atlanta Rapid Transit Authority ("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, light rail, 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 MARTA:

Reporting Entity - MARTA is a municipal corporation governed by a fifteen-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, most of the organization's board, and either a) could 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 fifteen-member board, three members are appointed by Fulton County, four members by DeKalb County, two members by Clayton County, three members by the City of Atlanta, and one member by the Governor. 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 year ended June 30, 2025.

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 financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MARTA's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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's investments are generally reported 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 and Prime Banker's Acceptances are reported at amortized cost if MARTA acquires them within one year of maturity. Repurchase agreements, FDIC Public funds, and certificates of deposit are reported at cost.

Investments Held to Pay Leases - To fund certain future obligations under leases resulting from various Lease-in/Lease-out ("LILO") 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 LILO agreements.

In addition, to fund obligations under the master lease purchase agreement with Pinnacle Public Finance, MARTA established an escrow account with the Bank of New York Mellon Trust Company to make payments for improvements listed in the referenced agreement.

Lease Receivables - MARTA is a lessor of several properties and records the transactions in accordance with GASB Statement No. 87. The associated lease receivables are calculated at the present value of lease payments expected to be received over the term of the leases.

Derivative Financial Instruments - Derivative financial instruments are reported at fair value. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 9 for further information on these instruments.

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. Right-to-use lease and SBITA assets are amortized over the shorter of the term of the agreement or the estimated useful life of the assets. The estimated useful lives for each category are as follows:

Rail system and buildings	5 - 50 years
Transportation equipment	5 - 20 years
Other property and equipment	3 - 20 years
Right-to-use lease for rail system and buildings	5 - 15 years
Right-to-use lease for transportation equipment	5 - 15 years
Right-to-use lease for other property and equipment	5 - 15 years
SBITA (Subscription Based IT Arrangement)	2 - 5 years

MARTA uses a five-thousand dollar capitalization threshold for its capital assets. Donated properties are reported at the estimated acquisition 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 non-operating revenue or expense.

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

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 like an asset.

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 like a liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Right to use Assets and Lease Liabilities - MARTA is a lessee on several contracts which under GASB Statement No. 87 results in the reporting of right to use assets and lease liabilities calculated at the present value of lease payments expected over the term of the lease and remeasured for any change in lease payment or lease modification. The lease liabilities are reduced as payments are made and interest expense is recognized for the period.

Right to use SBITA Assets and Lease Liabilities - MARTA has contracts that convey control of the right to use another party's IT software alone or in combination with tangible capital assets, as specified in a contract over a period of time. According to GASB Statement No. 96, the initial liability is measured as the present value of the total subscription payment during the term. The SBITA liabilities are reduced as the payments are made and interest expense is recognized for the given period.

Bond Proceeds, Premiums, Discounts, Issue Costs, Gains and Losses on Refunding - 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 premiums and discounts are amortized using the bond outstanding method, which is materially consistent with the effective interest method, over the term of the related debt. Gains and losses on debt refunding are included in deferred inflows and 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 except for stored cash value, which is recorded at the time services are performed.

Subsidies, Grants and Contributions - 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. MARTA reports donated capital assets as contributions. All donated capital assets along with 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 and Contributions.

MARTA also receives grant funds from the FTA for operating assistance such as preventive maintenance. Grants for operating assistance are reported as Federal Revenues on the Statements of Revenues, Expenses and Changes in Net Position as part of the nonoperating revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 net 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.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of MARTA. Fiduciary funds are not reflected in the primary financial statements because the resources of those funds are not available to support projects or expenses owned or generated by MARTA, rather these funds are accounted for in separate financial statements. The financial statements that contain the fiduciary funds are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The component units and their measurement dates and fiscal year ends included in the fiduciary funds' statements are:

Component Unit	Fiscal Year End
MARTA/ATU Local 732 Employees Retirement Plan	December 31, 2024
Non-Represented Pension Plan	December 31, 2024
Other Post-Employment Benefits (OPEB) Plan	June 30, 2025

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 with respect to a cost center and with an approval of budget staff if 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 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.

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 sick leave, 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 more likely than not that the leave will be used for time off or compensation will be paid. The referenced unused sick leave is not paid upon termination or retirement. Upon retirement, some accumulated sick leave may be counted as credited service for pension benefit calculation purposes under the non-represented defined benefit pension plan.

Adoption of New Accounting Pronouncements Effective for the Fiscal Year Ended June 30, 2025

GASB Statement No.101, *Compensated Absences*, establishes new guidance on the recognition and measurement of compensated absences liabilities for state and local governments. This statement supersedes portions of GASB Statement No. 16 and aims to enhance consistency and comparability in financial reporting.

GASB 101 provides a unified framework for accounting for various types of compensated absences, including:

- Vacation leave
- Paid time off (PTO)
- Holidays
- Parental leave
- Sabbatical leave
- Compensatory time

Under GASB 101, a liability for compensated absences is recognized when all the following criteria are met:

- Leave is attributable to past service.
- The leave accumulates (i.e., it carries over to future periods if unused).
- The leave is more likely than not to be used for time off or otherwise paid.

GASB 101 requires that the cumulative effect of adopting this statement be reflected as an adjustment to beginning net position.

(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncements Effective for Fiscal Year 2025

MARTA adopted GASB Statement 101 in fiscal year 2025. The cumulative effect of adopting this statement is reflected as an adjustment to beginning net position. The cumulative effect of applying this restatement to the beginning net position is summarized below.

Net Position, June 30, 2024 Restatement

Net Position, June 30, 2024	$ 1,636,396
Cumulative Effect of adoption of GASB 101	$ (34,070)
Net Position, June 30, 2024, as Restated	$ 1,602,326

Impact on Financial Statement Balances as of July 1, 2024

Beginning Unrestricted Net Position	$ (34,070)
Long-Term Liability	27,359
Short-Term Liability	6,711

GASB Statement No.102*,* Certain Risk Disclosures defines a concentration as a lack of diversity in a significant inflow or outflow of resources. A constraint refers to a restriction placed on a government either by an external party or through formal action taken by the government's is a limitation highest decision-making authority.

The primary objective of this Statement is to enhance the usefulness of government financial statements by disclosing key risks associated with concentration and constraints. These disclosures aim to inform users about potential vulnerabilities that could affect a government's ability to sustain service delivery or meet its financial commitments-especially in cases where such risks might not otherwise be disclosed due to the lack of specific reporting requirements.

MARTA adopted GASB 102 in Fiscal Year 2025. There was no impact as a result of adopting this statement.

2. CASH AND INVESTMENTS

Cash **-** At June 30, 2025, the carrying amount of MARTA's total cash on hand was $1,267.

As of June 30, 2025, the carrying amount of MARTA's total cash on deposit was $10,664. The bank balance of $11,722 included $868 covered by federal depository insurance and $10,854 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.

Under the terms of MARTA's Sales Tax Revenue Bond Trust Indenture, MARTA 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 fair value ranging from 101% to 106% 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.

Fair Value Measurements **-** To the extent available, MARTA's investments are recorded at fair value and the derivatives are recorded at fair value level 2 using quoted prices for similar assets or liabilities in active markets as of June 30, 2025. GASB Statement No. 72 - Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and consider the assumption that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

2. CASH AND INVESTMENTS (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Level 2 - Investments with inputs, other than quoted prices included within Level 1, that are observable for an asset (or liability), either directly or indirectly. Furthermore, if an asset or liability has a specified term to maturity, then to qualify for Level 2 designation, an input must be observable for substantially the full term to maturity of the asset or liability. Level 2 inputs include the following:

a. Quoted prices for similar assets or liabilities in active markets.

b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market).

c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilizes, prepayment speeds, loss severities, credit risks, and default rates).

d. Inputs that are derived principally from corroborated by observable market data by correlation or other means (market-corroborated inputs).

(Dollars in Thousands)

2. CASH AND INVESTMENTS (continued)

As of June 30, 2025, MARTA had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Valuation Measurement Method	Value	Less than 1	1 - 5	6 - 10
Repurchase Agreements	Cost	$ 115,426	$ 115,426	$ —	$ —
U.S. Treasuries	Fair value -Level 1	596,812	531,183	65,629	—
U.S. Agencies	Fair value -Level 1	164,726	29,235	135,491	—
FDIC Public Funds	Cost	21,963	21,963	—	—
Govt Money Market Funds	Cost	7,002	7,002	—	—
Supranational Bonds	Fair value -Level 2	104,311	26,644	77,667	—
Guaranteed Inv Contracts	Amortized Cost	35,732	—	—	35,732
Total		$ 1,045,972	$ 731,453	$278,787	$ 35,732

Interest Rate Risk **-** 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.

(Dollars in Thousands)

2. CASH AND INVESTMENTS (continued)

Credit Quality Risk - 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, 2025, is as follows:

Investment Type	Book Value	Credit Rating	Rating Agency
Repurchase Agreements	$ 115,426	A1/P1	Moody's/S&P
U.S. Treasuries	596,812	AAA/AA+	Moody's/S&P
U.S. Agencies	164,726	AAA/AA+	Moody's/S&P
FDIC Public Funds	21,963	AAA/AA+ (FDIC)	Moody's/S&P
Govt Money Market Funds	7,002	AA1/NA	Moody's/S&P
Supranational Bonds	104,311	AAA/AAA	Moody`s/S&P
Guaranteed Inv Contracts	35,732	A-2/P-2/A-/Baa1	Moody's/S&P
	$ 1,045,972		

Concentration of Credit Risk - 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. At June 30, 2025, included in the investments of $1,045,972 were $10,660 of 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 - 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.

(Dollars in Thousands)

3. RESTRICTED ASSETS

Restricted assets consist of the following for the year ended June 30, 2025:

Restricted Cash and Investments:		**2025**
Sinking Fund	$	105,345
Other-SB 115 10% PY Operating Revenue		58,175
Investment Held to Pay Lease Obligation		35,732
Railroad Trust Fund Agreement		10,000
Pinnacle Escrow Cash		817
Total Restricted Cash and Investments	$	210,069

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).

The Georgia Legislature passed SB115 requiring MARTA to maintain in reserve ten percent of its prior fiscal year's operating revenue. Said operating budget reserve shall be utilized for ongoing operating expenses only in those circumstances requiring its use due to worsened economic conditions in the Atlanta region, or catastrophic loss such as an act of God or terrorism. The reserve is maintained in the Unified Reserved Portfolio which is comprised of restricted and unrestricted asset. MARTA maintains a floor that is greater than 10% of its prior year operating revenue to comply with the SB115 requirement and the value of the floor equates to the value of the restricted assets within the portfolio. The value of the assets above the floor are considered unrestricted assets in the portfolio.

Investments held to pay lease obligations represent investments held by trustees to be used for lease payments under MARTA's LILO arrangements.

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, 2025, MARTA had placed certain investments in a special trust fund to guarantee its performance under this agreement. Interest earned on these funds are unrestricted.

An escrow cash account is maintained in MARTA's name as part of the Pinnacle Lease. The funds in the escrow are restricted to pay for the energy savings capital improvements. Interest earned in the escrow account is recorded as non-operating revenue.

4. SALES AND USE TAX

Under the MARTA Act, the Rapid Transit Contract and Assistance Agreement with Fulton and DeKalb Counties and the City of Atlanta and the Rapid Transit Contract with Clayton County, MARTA receives proceeds from the collection of a sale and use tax within Fulton, DeKalb and Clayton Counties and the City of Atlanta. In these jurisdictions, a sales and use tax of 1% is levied for the exclusive use of MARTA. The tax is levied at 1% until 2057 and will be reduced to 0.5% thereafter. Beginning in April 2017, an additional sale and use tax of 0.5% is levied in the City of Atlanta for the purpose of expanding and enhancing MARTA transit service in the City of Atlanta.

In 2015, the Georgia General Assembly permanently eliminated the prior requirement mandating that MARTA spend no more than 50% of the annual sales and use tax proceeds to subsidize the operating costs of the System. Removal of this provision provides MARTA with additional flexibility to manage its resources.

During the year ended June 30, 2025 MARTA used 64% of the sales and use tax proceeds to subsidize the net operating costs.

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 MARTA 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 year ended June 30, 2025 was 47.6% of operating costs of the previous fiscal year (unaudited) as defined under the MARTA Act.

(Dollars in Thousands)

6. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2025 were as follows:

	Balance June 30, 2024	Additions	Decreases	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land	$ 601,879	$ 5,767	$ —	$ 607,646
Construction in progress	483,420	417,320	(158,972)	741,768
Total capital assets not being depreciated/ amortized	1,085,299	423,087	(158,972)	1,349,414
Capital assets being depreciated/amortized:				
Rail systems & buildings	4,321,672	49,395	(830)	4,370,237
Transportation equipment	1,555,584	8,139	(6,871)	1,556,852
Furniture/fixtures/equipment/vehicles	1,813,741	95,839	(16,177)	1,893,403
Right-to-use equipment	4,478	—	—	4,478
Right-to-use building	22,710	162	—	22,872
SBITA asset	11,455	8,829	—	20,284
Total capital assets being depreciated/amortized	7,729,640	162,364	(23,878)	7,868,126
Less accumulated depreciation/amortization for:				
Rail systems & buildings	(3,015,290)	(115,160)	830	(3,129,620)
Transportation equipment	(1,286,923)	(72,050)	4,955	(1,354,018)
Furniture/fixtures/equipment/vehicles	(1,422,302)	(72,184)	16,124	(1,478,362)
Right-to-use equipment amortization	(2,070)	(639)	—	(2,709)
Right-to-use building amortization	(3,448)	(4,311)	—	(7,759)
SBITA amortization	(9,088)	(4,007)	—	(13,095)
Total accumulated depreciation/amortization	(5,739,121)	(268,351)	21,909	(5,985,563)
Total capital assets being depreciated/amortized, net	1,990,519	(105,987)	(1,969)	1,882,563
Capital assets, net	$ 3,075,818	$ 317,100	$ (160,941)	$ 3,231,977

During the year ended June 30, 2025, new land parcels were listed as assets, but are not being depreciated or amortized. The increase in capital assets exceeds the decrease in construction in progress by $3,392. The variance is due to CIP adjustments to assets of $168 and GASB right-to-use building and SBITA assets not in CIP of $8,991, offset by the addition of new parcels from the Clayton County facility of $5,767.

(Dollars in Thousands)

7. LONG-TERM DEBT

Long-term debt activities for the year ended June 30, 2025 were as follows:

Series	Year Issued	Principal Issued	Years of Maturity	Interest Rates	Balance June 30, 2024	Additions	Principal Retirements	Balance June 30, 2025
Sales Tax Revenue Bonds:								
2015B	2015	88,485	2045	2.00%-5.00%	$ 46,080	$ —	$ (1,280)	$ 44,800
2015C	2015	93,085	2029	5.00%	72,935	—	—	72,935
2016A*	2015	90,260	2029	5.00%	12,995	—	(12,995)	—
2016B	2016	242,985	2029	5.00%	17,885	—	—	17,885
2017A	2017	100,815	2047	3.00%-4.00%	100,815	—	—	100,815
2017C	2018	263,545	2039	3.25%-5.00%	227,630	—	(715)	226,915
2017D	2018	55,845	2030	4.00%-5.00%	54,620	—	(120)	54,500
2018A	2019	165,875	2025	3.00%-4.00%	70,115	—	(33,880)	36,235
2019A	2019	130,790	2047	3.00%-5.00%	130,790	—	—	130,790
2020A	2020	132,330	2047	3.00%-5.00%	132,330	—	—	132,330
2020B	2020	270,145	2040	0.20%-2.68%	209,155	—	(133,065)	76,090
2021A*	2021	117,500	2045	**FRN	117,500	—	—	117,500
2021C	2021	100	2026	**FRN	100	—	—	100
2021D	2021	275,630	2045	0.63%-2.98%	197,745	—	(66,530)	131,215
2021 E-1	2021	60,950	2040	3.00%-5.00%	60,950	—	—	60,950
2021 E-2	2021	32,983	2045	4.00%-5.00%	32,983	—	(25)	32,958
2023A	2023	65,025	2040	5.00%	65,025	—	(1,310)	63,715
2023B	2023	112,505	2032	5.00%	112,505	—	(10,080)	102,425
2024A	2024	110,515	2037	5.00%	110,515	—	—	110,515
2024B	2024	203,350	2045	5.00%	203,350	—	—	203,350
2025A	2025	327,785	2055	5.00%	—	327,785	—	327,785
2025B	2025	149,840	2040	3.25%-5.00%	—	149,840	—	149,840
Subtotal					$ 1,976,023	$ 477,625	$ (260,000)	$ 2,193,648
Less portion due within one year					(69,260)	6,315	—	(62,945)
Plus unamortized premium (discount)					113,870	42,882	(11,757)	144,995
Sales Tax Revenue Bonds total long-term portion					$ 2,020,633	$ 526,822	$ (271,757)	$ 2,275,698

* Bonds from Direct Placements
**FRN - Floating-Rate Note

(Dollars in Thousands)

7. LONG-TERM DEBT (continued)

Changes in Long Term Debt for the year ended June 30, 2025 were as follows:

	Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025	Due within One Year
Revenue Bonds	$ 1,845,428	$ 477,625	$ (247,005)	$ 2,076,048	$ 62,845
Bonds From Direct Placement	130,495	—	(12,995)	117,500	—
Note Payable	100	—	—	100	100
Unamortized Premium (Discount)	113,870	42,882	(11,757)	144,995	—
Total	$ 2,089,893	$ 520,507	$ (271,757)	$ 2,338,643	$ 62,945

Variable rate assumed (4.55%) is based on definition provided in Third Master Trust Indenture: the current 25-year Revenue Bond Index (as of 01/07/25).

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 in the preceding Long-Term table except the Series 2021A Bond and the Note Payable Series 2021C, in which interest is payable on the first day of each month for the previous month.

All the Bonds in the preceding Long-Term Debt tables are payable from and secured by the third lien on sales and use tax and title ad valorem tax receipts.

Currently 75.7% of the outstanding Bonds are redeemable at the discretion of MARTA within the next ten years at a price equal to par.

(Dollars in Thousands)

7. LONG-TERM DEBT (continued)

Annual debt service analysis of Principal and Interest for the year ended June 30, 2025 were as follows:

	Bonds / Notes		Bonds from Direct Placements	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2026	$ 62,945	$ 79,905	$ —	$ 5,111
2027	62,875	83,823	—	5,111
2028	67,395	80,700	—	5,111
2029	69,445	77,526	—	5,111
2030	71,955	74,246	—	5,111
2031-2035	410,175	316,483	—	25,556
2036-2040	526,015	213,859	—	25,556
2041-2045	406,640	126,697	117,500	15,779
2046-2050	237,738	59,372	—	—
2051-2055	130,750	24,571	—	—
2056	30,215	755	—	—
	$ 2,076,148	$ 1,137,937	$ 117,500	$ 92,446

Amount due within one year on long-term debt for the year ended June 30, 2025 were as follows:

Series	Principal
2015B	$ 1,330
2017C	745
2017D	125
2018A	36,235
2019A	3,420
2020A	3,630
2021C	100
2021D	3,365
2023A	2,690
2023B	10,615
2024B	690
	$ 62,945

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.

7. LONG-TERM DEBT (continued)

MARTA has pledged future sales tax and title ad valorem tax revenues to repay $2,338,643 in sales tax revenue bonds issued in calendar years 2015, 2016, 2017, 2018, 2019, 2021, 2023, 2024 and 2025 of which $2,275,698 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 FY2056, from the sales tax and title ad valorem 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 year ended June 30, 2025 was $149,082.

MARTA issued its Sales Tax Revenue Green Bonds, Series 2025A in the aggregate principal amount of $327,785 plus an original issue premium of 23,814 on February 25, 2025. The Series 2025A Bonds were issued for the purpose of financing various capital projects including upgrade of automated fare collection system, control program and smart restroom. The Authority in addition used portion of the proceeds to pay costs of issuing the Series 2025A Bonds.

On February 25, 2025, MARTA issued refunding green bonds Series 2025B in the amount of $149,840, plus an original issue premium of 19,068, to refund portion of Bonds Series 2020B and 2021D. As a result, a total of $180,740 and an additional $10,000 redemption are considered defeased, and a portion of liability for these bonds and their related assets in the trust accounts have been removed from MARTA`s Statement of Net Position. MARTA recognized a decrease in debt service of $11,832 and economic gain of $8,206. There are a variety of operational and financial covenants associated with the Bonds. Management believes that MARTA follows all such covenants.

In prior years, MARTA has defeased various bond issued 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 enough 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. As of June 30, 2025, there were $437,868 of escrow funds associated with these defeased bonds that remain outstanding.

MARTA's outstanding Sales Tax Revenue Bonds (the "Bonds") contain provisions that upon the occurrence of (1) failure to make payment of principal or interest when due, (2) failure to perform any covenant contained in the Bond indenture if such failure continues for 30 days after receipt by MARTA of written notice specifying such default, (3) if MARTA institutes bankruptcy proceedings, (4) any sum payable to MARTA under the terms of its Contract with the taxing jurisdictions is taken in custody under any court process, or (5) any of the taxing jurisdictions shall default in making any payments owed under the Contract or shall materially fail to comply with any provisions of the Contract, then the Trustee may, and upon the written request of the owners of more than 25% in aggregate principal amount of the Bonds shall, declare the principal of all Bonds outstanding and the interest accrued thereon immediately due and payable. All publicly traded and direct placement bonds are subject to the same default provisions under the Bond Indenture. The notice and cure period apply and the private placement bondholders have the same remedies as the other holders.

(Dollars in Thousands)

7. LONG-TERM DEBT (continued)

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, 2025, 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 activity in the Sinking Funds for the year ended June 30, 2025:

	2025
Balance, Beginning of the Year	$ 100,724
Sales and Use Tax Proceeds	141,413
Investment Income	2,299
Principal and Interest Payments on Bonds	(149,082)
Debt Refunding	(190,740)
Excess of Sales Tax Withheld	200,599
Trustee Fees	132
Balance, End of the Year	$ 105,345

(Dollars in Thousands)

7. LONG-TERM DEBT (continued)

At June 30, 2025, MARTA reported $29,794 in deferred outflow of resources related to debt refunding cost for unamortized deferred loss on bonds refunding as follows:

	Deferred Outflows of Resources Debt Refunding
	2025
Unamortized Deferred Loss Bond Refunding	$ 33,186
Current Year Amortization	(3,392)
Addition to Deferred Loss - Debt Refunding	—
Total Deferred Outflow of Resources - Debt Refunding	$ 29,794

At June 30, 2025, MARTA reported $43,804 in deferred inflows of resources related to debt refunding cost for unamortized deferred gain on bonds refunding as follows:

	Deferred Inflows of Resources Debt Refunding
	2025
Unamortized Deferred Gain Bond Refunding	$(25,834)
Current Year Amortization	2,109
Addition to Deferred Gain - Debt Refunding	(20,079)
Total Deferred Inflow of Resources - Debt Refunding	$(43,804)

(Dollars in Thousands)

8. LONG-TERM LIABILITIES

Changes in Long-term Liabilities related to self-insurance reserves, other liabilities, financed purchase, derivative liability, and compensated absences liability for the year ended June 30, 2025 were as follow:

	Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025	Due within One Year
Self-Insurance Reserves	$ 67,779	$ 84,801	$ (65,473)	$ 87,107	$ 40,438
Other Liabilities	71,396	2,056	(5,074)	68,378	12,810
Financed Purchase	29,549	—	(1,514)	28,035	2,052
Derivative Liability	79	74	—	153	—
*Compensated Absences Liability	52,862	1,235	—	54,097	26,029
Total	$ 221,666	$ 88,166	$ (72,061)	$ 237,770	$ 81,329

MARTA administers and maintains self-insured reserves for workers' compensation claims, automobile liability claims, public liability and property damage claims. MARTA carries excess insurance coverage for amounts exceeding the self-insured retentions.

Other liabilities include future minimum lease payments under Lease-in Lease-out (LILO) arrangements. 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 MARTA for a specified term. Other liabilities also include lease payables, SBITA payables, and the related accrued interest payables for each.

MARTA holds a financed purchase agreement with Pinnacle Public Finance to finance multiple comprehensive energy savings capital projects.

The Authority maintains two hedging derivative instruments which must meet annual effectiveness tests.

MARTA recognizes a liability for accumulated unused sick leave for sick leave that is attributable to past services, accumulates, and is more likely than not to be used for time off or otherwise paid.

*The change in compensated absences liability of $1,235 is a net change for the year.

(Dollars in Thousands)

9. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value balances and notional amounts of hedging and investment derivative instruments outstanding and the corresponding changes in fair value of such derivative instruments for the year ended June 30, 2025, were as follows:

	Changes in Fair Value			
	Fiscal Year Classification	Change Amount	Year End Amount	Fair Value Notional
Hedging derivatives:				
Natural Gas Commodity Swaps	Deferred Inflow of resources	$ 99	$ 48	$ 480
Diesel Commodity Swaps	Deferred Outflow of resources	(173)	(201)	5,424
Total		$ (74)	$ (153)	$ 5,904

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 commodity swap agreements to hedge low sulfur diesel and natural gas costs. 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. It is possible that the index prices may be lower than the price at which MARTA committed to in the contracts. 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.

(Dollars in Thousands)

9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

MARTA has assessed whether the hedging 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.

Three contracts were terminated on June 30, 2025. A summary of agreements is as follows:

Execution Dates	Effective Dates	Termination Dates	Fixed Price	Counter Party	Net Settlement in FY 2025
Natural Gas:					
3/08/2024	3/08/2024	6/30/2025	3.074 per MMBtu	Fifth Third	$ (7)
4/05/2023	4/05/2023	6/30/2025	3.550 per MMBtu	JP Morgan	$ (64)
4/08/2025	1/27/2023	6/30/2027	3.957 per MMBtu	JP Morgan	$ —
Diesel:					
12/19/2023	12/19/2023	6/30/2025	2.4225 per gallon	Fifth Third	$ (173)
12/19/2023	12/19/2023	6/30/2026	2.4225 per gallon	Fifth Third	$ (173)
4/08/2025	4/08/2025	6/30/2027	1.9500 per gallon	JP Morgan	$ —

MARTA assesses the effectiveness of the commodity swaps transactions and whether these derivatives were highly effective in offsetting fluctuations in fair value of cash flows of hedged commodities. Based on the annual assessment, the commodity swap agreements met the effectiveness conditions of the dollar-offset method.

(Dollars in Thousands)

10. FINANCED PURCHASE OBLIGATIONS

Pinnacle Financed Purchase

MARTA entered into a master lease purchase agreement with Pinnacle Public Finance to finance the design construction, implementation, monitoring and maintenance of comprehensive energy savings capital projects. These projects will improve the energy efficiency of certain MARTA facilities and are expected to result in energy cost savings.

The net present value of the future payments has been recorded as financed purchase obligations.

The following is a schedule by year of the future minimum payments under the Pinnacle agreement as of June 30, 2025:

Fiscal Years	
2026	$ 2,052
2027	2,369
2028	1,371
2029	1,820
2030	2,734
2031-2035	15,254
2036-2037	2,435
Present value of net minimum payments	28,035
Less: current principal maturities	(2,052)
Obligations under Financed Purchase - long term	$ 25,983
The liability of these obligation changed in 2025 and 2024 as follows:	
Outstanding - June 30, 2024	$ 29,549
Net change in obligation	(1,514)
Outstanding - June 30, 2025	$ 28,035

As part of this project, MARTA also entered into a performance assurance support services agreement with the contractor, Schneider Electric Buildings Americas, Inc. that provides an energy savings guarantee of $55,357 over the course of 17 years. The energy services project guarantees an annual savings of $2,535. The project was completed in May 2023.

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

Lessor

During the year ended June 30, 2001, MARTA began a Transit Oriented Development Program whereby MARTA executed long-term ground leases for office, retail, and residential development. The AT&T Towers and related parking and retail space were completed at Lindbergh City Center in October 2002. Ground lease agreements for these initial TOD projects provide for various payments to be made to MARTA over several years. In 2013, MARTA began pursuing new opportunities for joint development and identified development partners at four rail stations: King Memorial, Edgewood/Candler Park, Avondale, and Chamblee. The development will take place at other stations throughout the system as more development partnerships are formed.

MARTA is a lessor for non-cancellable leases of land. Leases over 5 years may contain Options to Extend or can be amended to extend in exchange for an upfront payment to MARTA equal to the value of the extension but cannot be renewed.

Upon entering into an agreement, MARTA recognizes lease receivable and deferred inflow of resources in the Statement of Net Position. Lease receivable is initially measured at the present value of payments expected to be received over the life of the leases using incremental borrowing rates. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. Deferred inflows of resources are reduced as MARTA recognizes leases revenue over the term of the lease.

MARTA recognized $9,720 in lease-related interest revenue and $6,741 in lease revenue associated with the lessor leases in fiscal year 2025.

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

Future Lease and Interest Receivables (in thousands) are scheduled to be received as follows:

Fiscal Years	Principal	Interest	Total
2026	$ 3,269	$ 9,784	$ 13,053
2027	805	9,867	10,672
2028	816	9,980	10,796
2029	832	10,037	10,869
2030	541	10,123	10,664
2031-2034	2,391	52,048	54,439
2035-2039	2,972	54,301	57,273
2040-2044	3,578	56,168	59,746
2045-2049	4,237	57,280	61,517
2050-2054	5,563	57,410	62,973
2055-2059	5,902	56,357	62,259
2060-2064	7,006	53,619	60,625
2065-2069	8,517	48,518	57,035
2070-2074	38,711	40,262	78,973
2075-2079	88,944	28,128	117,072
2080-2084	54,097	13,927	68,024
2085-2089	11,685	10,562	22,247
2090-2094	13,209	8,325	21,534
2095-2099	13,887	5,697	19,584
2100-2104	5,603	3,607	9,210
2105-2109	2,307	2,370	4,677
2110-2114	7,728	972	8,700
2115-2119	1,125	23	1,148
Total	**$ 283,725**	**$ 599,365**	**$ 883,090**

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

Deferred Inflow of Resources Related to Leases

The deferred inflow of resources is initially measured as the initial amount of the lease receivable. It is recognized as revenue over the life of the lease term on a straight-line basis. As of June 30, 2025, the deferred inflow of resources has a balance of $286,197.

Lindbergh Partnership Parking Agreement

In 2004, MARTA entered into a lease agreement with Carter & Associates, L.L.C. MARTA is the owner of the Leased Property, and the Leased Property is a portion of the project known as the Lindbergh City Center Project. This Lease Agreement reflects a period of ninety-nine (99) Lease years, a long-term utilization of 195 Residential parking Spaces in support of the Project Improvements pursuant to the Parking Agreement. Lessee's cost per parking space equal $7.50, totaling $1,463.

Capital Event Participation Rent / Uptown Square Apartments

Assignment/transfer of Uptown Square Apartments to AVR Uptown Square L.L.C, an affiliate of Alvero Acquisition Corp. and AVR Realty Company LLC occurred in 2013. This transaction resulted in Capital Event Participation Rent due MARTA in 2013. The original lease amount was $4,679 for 98 years.

Capital Event Participation Rent / AC Property - Arts Center Rail Station Lease

Assignment of ground lease dated as of July 14, 2006 and further assigned as of October 3, 2016, now this ground lease known as AC property-Arts Center rail station is amended and extended between MARTA and AC Property Owners, L.P. a Delaware limited partnership. The previous expiration date of August 31, 2083 was extended to a new expiration date of August 1, 2117, resulting in additional compensation paid to MARTA in the amount of $6,500.

Capital Event Participation Rent / Avondale Station Project

MARTA and Development Authority of the City of Decatur entered into a lease Agreement to develop the lease property as a Transit Oriented development in 2016. It was amended in November 2018, which extended the lease to 99 years from November 2018 and Lessee paid MARTA $525.

Capital Event Participation Rent / Edgewood-Candler Park Station Project

MARTA (Landlord) acknowledged a sublease agreement amendment made between Edgewood TOD Master, LLC ("Sublessor") and Moving In the Spirit, Inc. ("Sublessee") in September, 2018. Landlord, Sublessor, and Sublessee have now determined that the allocation of value with respect to the Base Premises (Edgewood-Candler Park Station Project), as reflected in the Terms, was an incorrect allocation of the overall appraised value reflected in the 2014 Appraisal. Sublessor and Landlord have made corresponding corrections to the Base Lease. The parties agree Sublessee shall deliver a portion of the Sublease payment equal to $525 to Landlord (MARTA).

(Dollars in Thousands)

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

Resurgens Plaza South Inc. Lease

MARTA and Resurgens Plaza South Inc. entered into a Lease Agreement for Johnsontown South Site dated May 29, 1984. It was amended in 2017, which extended the lease to 99 years. Upon completion of the transaction, the Resurgens Plaza South Inc. paid MARTA $4,250 on July 17, 2017.

Lessee

MARTA is a lessee for non-cancellable series of leases that include radio antenna sites, office space, insertion equipment, copiers, and WAN connectivity for remote sites. MARTA uses the borrowing rates established by PFM Financial Advisors, LLC.

MARTA reduces the lease liability as payments are made and recognized an outflow of resources for interest on the liability. The right-to-use lease assets are also amortized over shorter of the lease agreement or the useful life of the leased assets. The lease liability is reported as part of other liabilities on the statement of net position.

MARTA recognized $4,458 in liability reductions and $567 in interest payments associated with the leases in fiscal year 2025.

Future lease payments and interest are scheduled to be paid under non-cancellable leases as follows:

Fiscal Years	Principal Payments	Interest Payments	Total
2026	$ 4,967	$ 439	$ 5,406
2027	4,992	303	5,295
2028	5,087	166	5,253
2029	2,352	42	2,394
2030	231	22	253
2031-2035	712	42	754
2036-2040	15	—	15
Total	$ 18,356	$ 1,014	$ 19,370

(Dollars in Thousands)

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

Changes in Long Term Liability for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Lease Liability LT	$ 22,814	$ 486	$ (4,944)	$ 18,356
Total	$ 22,814	$ 486	$ (4,944)	$ 18,356

The liability is included in Other Long-term liabilities on the statement of Net Position

LILO Lease

MARTA entered into various LILO arrangements related to the leasing and subleasing of MARTA'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 MARTA for a specified term.

The net present value of the future sublease payments has been recorded as lease obligations. The funds invested in U.S. Agency Bonds and Notes and Guaranteed Investment Contracts to fund these future 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 non-operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

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

Lease Date	Property	Fair Value At Closing Date	Prepayment Received on Head Lease from the Equity	Amount Invested to Satisfy Sublease Obligation	Cash Benefit Net of Fees	Repurchase Option Date	Sublease Termination Date
9/29/2005	30 Breda CQ 312 Rail Cars	$ 93,300	$ 16,274	$ 11,376	$ 3,839	1/2/2034	12/15/2034
9/29/2005	10 Breda CQ 312 Rail Cars	$ 31,500	$ 5,488	$ 3,793	$ 1,333	1/2/2034	12/15/2034

(Dollars in Thousands)

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

The following table shows the net book value of the rail cars under the lease/leaseback transactions as of June 30, 2025:

Lease Date	Property	Net Book Value
9/29/2005	40 Breda CQ 312 Rail Cars	$ 15,994

American Insurance Group ("AIG") and Ambac were participants in most of these structured lease transactions. The downgrade of AIG and Ambac ratings triggered, at the option of the counterparties, the 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 lease arrangements include various buyout option dates. Beginning in January 2018 and ending in January 2034, MARTA must 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.

There is no scheduled payment for the remaining LILO arrangement until January 2033.

The following is a schedule by year of the future minimum lease payments under these LILO arrangements as of June 30, 2025.

Fiscal Years	
2033	$ 759
2034	9,167
2035	25,806
Present value of net minimum lease payments	$ 35,732
Less: current principal maturities	—
Obligations under lease - long term	$ 35,732

The liability of these leases changed in 2025 and 2024 as follows:

Outstanding - June 30, 2024	$ 34,040
Net change in obligation	1,692
Outstanding - June 30, 2025	$ 35,732

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

Deferred Inflow Related to LILO Lease

From the years ended June 30, 2001 to 2007, MARTA entered into several agreements to lease several 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 rail cars and 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.

The deferred tax benefit sold amount is recorded as deferred inflow of resources over the life of the lease. The deferred inflow as of June 30, 2025 is $1,224.

Subscription-Based Information Technology Arrangements

MARTA has Subscription-Based Information Technology Arrangements (SBITAs) contracts with various vendors. These contractual agreements convey control of the right to use a third-party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in exchange or exchange-like transaction. MARTA uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. Subsequently, a SBITA liability is reduced by the principal portion of the SBITA payments. In addition, an outflow of resources for interest on the liability is also recognized.

Upon entering an agreement, MARTA recognizes a right-to-use SBITA asset and a liability. The SBITA liability is initially measured at the present value of payments expected to be paid over the life of the SBITAs using incremental borrowing rates. Subsequently, a SBITA liability is reduced by the principal portion of the SBITA payments. The SBITA liability is reported as part of other liabilities in the statement of net position. In addition, an outflow of resources for interest on the liability is also recognized.

SBITA assets are amortized over the shorter of the estimated useful life of the asset or the contract term.

In fiscal year 2025, MARTA recognized $2,604 in liability reductions and $250 in interest payments.

(Dollars in Thousands)

11. LONG TERM LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

Future payments and interest are scheduled to be paid under non-cancellable leases as follows:

Fiscal Years	Principal Payments	Interest Payments	Total
2026	$ 1,482	$ 104	$ 1,586
2027	1,177	58	1,235
2028	609	21	630
2029	311	4	315
Total	$ 3,579	$ 187	$ 3,766

Changes in Long Term Liability for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
SBITA Long Term Liability	$ 975	$ 4,237	$ (1,633)	$ 3,579
Total	$ 975	$ 4,237	$ (1,633)	$ 3,579

The liability is included in Other Long-term liabilities on the statement of Net Position.

12. PENSION PLANS

Defined Benefits Pension Plan

Plan Description - MARTA maintains two defined benefit pension plans, one Non-Represented Pension Plan (the “Non-Rep Plan”) and one MARTA/ATU Local 732 Employees Retirement Plan, (the “Union Plan”). All plans are single employer plans.

The Non-Rep Plan covers all non-union employees hired before January 1, 2005 and Transit Police employees hired before January 1, 2015 and transfers from the Union Plan prior to January 1, 2018. The Non-Rep Plan has been subsequently closed to all employees and non-union new hires are covered in a defined contribution plan.

The Union Plan provides pension for all members of Division No. 732 of the Amalgamated Transit Union (ATU) 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 60 days of full-time 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.

12. PENSION PLANS (continued)

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 statues 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. Both the Union and the Non-Rep Plans measurement dates and fiscal year ends are December 31, 2024.

Each plan is administered by a pension retirement committee. Each plan issues a publicly available financial report that includes financial information for that plan. The reports may be obtained by writing the plans at the addresses below:

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

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 and multiplied by factors related to length of continuous service. All modifications to the pension plans must be supported by actuarial analysis and receive approval from MARTA's Board of Directors and the pension retirement committees.

Normal retirement under the Union Plan occurs when a participant reaches age 65 with ten years of credit service. For the Non-Rep Plan, the participant must complete five years of credited service and attain age 62. 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 both plans. An employee who leaves MARTA may withdraw his or her contributions, plus any accumulated interest.

(Dollars in Thousands)

12. PENSION PLANS (continued)

Plan Membership - Below are the total employees and retirees covered under the Union Plan and the Non-Rep Plan for the plan as:

	December 31, 2024		
	Union Plan	Non-Rep Plan	Combined
Inactive plan members or beneficiaries currently receiving benefits	2,347	1,480	3,827
Inactive plan members entitled to but not yet receiving benefits	487	131	618
Active plan members	2,473	205	2,678
Total	5,307	1,816	7,123

Contributions - MARTA is required to contribute an actuarially determined amount annually to the pension plans. The required contribution 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.

For the year ended June 30, 2025, MARTA contributed $18,286 and plan participants contributed $1,454 to the Non-Rep Plan. For the year ended June 30, 2025, MARTA contributed $12,395 and plan participants contributed $6,710 to the Union Plan.

Net Pension Liability (Asset) - The net pension liability (asset) at June 30, 2025, was measured as of December 31, 2024, for both the Union Plan and Non-Rep Plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025, for the Non-Rep Plan and as of January 1, 2024, rolled forward to December 31, 2024 for the Union Plan. The reporting date for both plans is June 30, 2025. At June 30, 2025, MARTA reported a net pension liability of $63,926 for the Non-Rep Plan and net pension asset of $(56,361) for the Union Plan.

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 for June 30, 2025, reflect the substantive plan in effect as of year ended December 31, 2024, and the current sharing pattern of costs between employer and employee.

(Dollars in Thousands)

12. PENSION PLANS (continued)

	Union	Non-Rep
Pension Expense	$8,453	$3,130
Actuarial Valuation Date	1/1/24, rolled forward to 12/31/24	1/1/25
Actuarial Cost Method	Entry Age Normal Cost Method	Individual Entry Age
Amortization Method	Level Percentage of Pay, Closed	Fixed Dollar, Closed
Remaining Amortization Period	15 Years, Closed	9 years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.00%	5.50%
Inflation	2.50%	2.50%
Projected Salary Increases:		
Plan Members	4.50%	5.50%
Transit Police	4.50%	5.50%
Cost of Living	None	None
Merit or Seniority	1.00% per year	1.00% per year
Post retirement Benefit Increases	None	None
Mortality Assumption:		
Healthy	RP-2014 Blue Collar Mortality for Healthy Lives with fully generational using 1/2 of Scale MP-2016 set forward by 1 year	RP-2014 Healthy Annuitant Mortality Tables separated by sex, Projection Scale MP-2021, fully generational.
Disabled	RP-2014 Mortality Table for Disabled Lives with fully generational using 1/2 of Scale MP-2016	None. No future mortality improvement was projected.

The assumptions listed above were based on the results of an actuarial experience study for January 1, 2024, for the Union Plan and the five years ending January 1, 2024, for the Non-Rep Plan. Assumptions were updated on January 1, 2024.

Changes in Assumptions and Benefit Terms Since the Prior Measurement Date – In the Non-Rep Plan and in the Union Plan, there were no changes.

Changes in Assumptions and Benefit Terms Since the Measurement Date – There were no changes in assumptions or benefit terms between the measurement date and June 30, 2025.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2025, was 7.00% for the Union Plan and 5.50% for the Non-Rep Plan. This is the long-term expected return on pension plan investments. The projection of cash flows assumes employer and plan member contributions will continue at the current rates. The fiduciary net position is projected to cover all future benefit payments of current plan members based on a complete closed group cash flow analysis.

(Dollars in Thousands)

12. PENSION PLANS (continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the plans at June 30, 2025, calculated using the discount rate of 7.00% for the Union Plan and 5.50% 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 one percentage point lower or one percentage point higher than the current rate:

	1% Decrease Discount Rate	**Current Discount Rate**	**1% Increase Discount Rate**
Union Plan Discount Rate	6.00%	7.00%	8.00%
Plan Net Pension Liability/(Asset)	$8,419	$(56,361)	$(111,629)
Non-Rep Plan Discount Rate	4.50%	5.50%	6.50%
Plan Net Pension Liability	$124,000	$63,926	$14,000

(Dollars in Thousands)

12. PENSION PLANS (continued)

Long-Term Expected Rate of Return - The long-term expected rate of return on the Union and Non-Rep Plan investments was 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 as of June 30, 2025 are:

	Union		Non-Rep	
Asset Class	**Target Allocation**	**Expected Rate of Return**	**Target Allocation**	**Expected Rate of Return**
Domestic Large Cap Equity	20.0%	4.60%	24.00%	4.75%
Domestic Mid Cap Equity	10.0%	5.00%	n/a	n/a
Domestic Small Cap Equity	10.0%	5.50%	9.00%	4.95%
International Equity	25.0%	4.90%	24.00%	4.95%
Domestic Fixed income	30.0%	2.50%	33.00%	2.25%
Real Estate	n/a	n/a	5.00%	3.75%
Alternatives/Convertibles	5.0%	7.50%	5.00%	4.44%

(Dollars in Thousands)

12. PENSION PLANS (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
UNION PLAN			
Balance 12/31/2023	$ 632,646	$ 650,214	$ (17,568)
Service Cost	17,117	—	17,117
Interest	43,945	—	43,945
Difference Between Expected & Actual Experience	(8,461)	—	(8,461)
Contributions - Employer	—	12,120	(12,120)
Contributions - Employee	—	6,568	(6,568)
Net Investment Income (Loss)	—	72,706	(72,706)
Benefit Payments	(44,094)	(44,094)	—
Administrative Expenses	(623)	(623)	—
Changes in Assumptions	—	—	—
Changes in Benefit Terms	—	—	—
Other	—	—	—
Member Buybacks	—	—	—
Net Changes	7,884	46,677	(38,793)
Balance 12/31/2024	$ 640,530	$ 696,891	$ (56,361)
NON-REP PLAN			
Balance at 12/31/2023	$ 534,567	$ 440,245	$ 94,322
Service Cost	3,351		3,351
Interest	28,582	—	28,582
Difference Between Expected & Actual Experience	(3,352)	—	(3,352)
Contributions - Employer	—	16,069	(16,069)
Contributions - Employee	—	1,351	(1,351)
Net Investment Income (Loss)	—	44,754	(44,754)
Benefit Payments	(36,971)	(36,971)	—
Administrative Expenses	—	(290)	290
Changes in Assumptions	—	—	—
Changes in Benefit Terms	2,927	—	2,927
Other	—	3	(3)
Member Buybacks	—	17	(17)
Net Changes	(5,463)	24,933	(30,396)
Balance 12/31/2024	$ 529,104	$ 465,178	$ 63,926

(Dollars in Thousands)

12. PENSION PLANS (continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension -

For the year ended June 30, 2025, MARTA recognized pension expense of $11,583.

At June 30, 2025, MARTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources		
	Union Plan	**Non-Rep Plan**	**Combined**
Net difference between projected and actual earnings on investments	$ 815	$ 1,474	$ 2,289
Changes in benefits terms	—	—	—
Difference between expected and actual experience	3,907	—	3,907
Changes of assumptions	—	—	—
Contribution made subsequent to the measurement date	8,316	10,028	18,344
Total	$ 13,038	$ 11,502	$ 24,540

	Deferred Inflows of Resources		
	Union Plan	**Non-Rep Plan**	**Combined**
Net difference between projected and actual earnings on investments	$ —	$ —	$ —
Changes in benefits terms	—	—	—
Difference between expected and actual experience	(8,078)	—	(8,078)
Changes of assumptions	(1,623)	—	(1,623)
Total	$ (9,701)	$ —	$ (9,701)

(Dollars in Thousands)

12. PENSION PLANS (continued)

Deferred outflows of resources of $18,344 related to pensions resulting from contributions made subsequent to the December 31, 2024 measurement date will be recognized as a reduction of the net pension liability in the subsequent future reporting period. Other amounts reported as collective deferred outflows and deferred inflows of resources to be recognized in pension expense as follows:

	Deferred Outflows (Inflows) of Resources		
Year Ending June 30	**Union Plan**	**Non-Rep Plan**	**Combined**
2026	$ 2,256	$ 4,170	$ 6,426
2027	14,753	10,446	25,199
2028	(16,370)	(9,170)	(25,540)
2029	(5,618)	(3,972)	(9,590)
Total	$ (4,979)	$ 1,474	$ (3,505)

DEFINED CONTRIBUTION PENSION PLAN

Plan Description - MARTA maintains one defined contribution pension plan, the MARTA Non-Represented Defined Contribution Plan and Trust (the “DC Plan”). The DC Plan provides pension benefits 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 contribution 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 Nationwide is the trustee. The DC Plan does not issue stand-alone financial statements.

Benefits Provided - The MARTA DC Plan was established to provide retirement, disability, and death/ survivor benefits. Normal retirement under the DC Plan occurs when a participant reaches the age of 65. If the participant terminated on or after their normal retirement date, they will receive 100% of the account. If the participant terminated before their normal retirement date, they 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: reaching normal retirement age, death, or becomes disabled.

Contributions - For the year ended June 30, 2025, MARTA contributed $6,905 and plan participants contributed $7,197 to the DC Plan.

13. 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 $19.5 per year or if age 50 and over, not to exceed $26 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. MARTA has no fiduciary relationship with the trust. Accordingly, the 457 Plan assets are not included in MARTA's Statement of Net Position.

OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description - In addition to providing pension benefits, MARTA provides certain health care benefits for retirees who meet retirement requirements, provide an employee share of premiums for health coverage and retired under one of the defined benefits pension plans. The union retiree benefits are collectively bargained. The Non-Represented retiree benefits are not contractually guaranteed. The MARTA OPEB Trust Plan (OPEB Trust or OPEB Plan) is a single-employer plan. The plan is administered by the OPEB Committee. The four MARTA positions that are members of the OPEB Committee are: Chief Financial Officer, Assistant General Manager of Human Resources, Chief Counsel and Controller. There is not a separate GAAP-based audited set of financial statements for the OPEB Plan.

Healthcare benefits are available to normal, early or disability retirees from retirement up to age 65. Spouses are eligible for coverage only while the participant is covered. Eligibility requirements for healthcare coverage for Union participants retiring with a reduced pension is 75 points. Healthcare coverage for Non-Represented participants, including Police Officers, is only available for those hired prior to July 1, 2004, and they must have at least 10 years of service upon retirement.

The fiduciary net position of the OPEB plan is reflected in the measurement of the plan's net OPEB liability, deferred outflows, deferred inflows and OPEB expense. The OPEB Plan actuarial valuation date is June 30, 2023, carried forward to June 30, 2024 and the measurement date is June 30, 2024.

Benefits Provided – OPEB benefits include medical, vision, dental and pharmaceutical coverage along with basic life and critical illness insurance, retiree transit pass and long-term disability benefits for Non-Represented retiree.

Life insurance and retiree transit pass benefits continue for life. Retirees may select from several health plans and pay a portion of the cost of benefits. Critical Illness benefits are provided based on the type of health plan.

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

Plan Membership **-** Below are the total employees and retirees covered under the OPEB Plan for the actuarial plan year ended June 30, 2024:

	Union		Non-Rep		Combined	
	Healthcare	Life Insurance	Healthcare	Life Insurance	Healthcare	Life Insurance
Inactive Plan Members or Beneficiaries	257	2,396	227	1,334	484	3,730
Active Plan Members	2,317	2,461	152	239	2,469	2,700
	2,574	4,857	379	1,573	2,953	6,430

Contributions – The normal annual costs of the plan are funded by employer and retiree contributions that are pay as you go. MARTA maintains a trust for future OPEB funding above the pay as you go. However, no benefits have been paid from the OPEB Trust. MARTA contributed $9,666 to the OPEB Trust for the fiscal year ending June 30, 2025.

Net OPEB Liability - The liability of employers and contributing entities to employees for post employment benefits other than pensions (other post-employment benefits or OPEB) provided under the MARTA OPEB Plan. It is the difference between the Total OPEB Liability and the Plan Fiduciary Net Position. At June 30, 2024, MARTA reported a net OPEB liability of $18,203.

Discount Rate - The discount rate used to measure the Total OPEB Liability for the Plan Year ending June 30, 2024, is 6.5%. This rate is based on the long-term expected yield rate on current and expected future assets. A separate cash flow projection, if employer contributions will continue at the current rates, shows the OPEB Plan's projected Fiduciary Net Position being greater than the benefit payments projected for each future period assuming this pattern continues. Therefore, the long-term expected rate of return on Plan Investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Actuarial Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarial calculations consider a long-term perspective. Calculations reflect the substantive plan in effect as of year ending June 30, 2024, and the current sharing pattern of costs between employer and employee. As results are compared to past expectations and new estimates are made about the future, actuarial determinations better reflect current and future conditions.

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

Changes in Assumptions and Benefit Terms Since the Prior Measurement Date - The inflation rate remained at 2.50% and the healthcare cost trend rate remained 7.25%. Additionally, withdrawal rates have been updated for the Non-Represented (Police) group to be in accordance with the pension plan.

The following assumptions are for the OPEB plan and were based on the results of an actuarial experience study for the period ending June 30, 2024.

Discount Rate:	6.5%
Investment Rate of Return:	6.5%
Inflation Rate:	2.50%
Healthcare Cost Trend:	7.25% for 2023-24 PY and decreases to an ultimate rate of 5.0% by PY 2032-33
Election on Health Care Coverage	100% of eligible active employees will elect coverage and 10% of eligible retirees who previously opted out will elect coverage
Dependents Coverage	Non-spouse dependent coverage was assumed by blending an additional load into monthly claims
New Entrant Assumption	An open group projection has been employed for developing expected liabilities and benefit payouts
Age of Participants with Unrecorded Dates of Birth	Average age of Participants with recorded dates of birth and the same vested status

Healthcare Trend Rates

Year	Trend	Year	Trend
2023-24	7.25%	2029-30	5.75%
2024-25	7.00%	2030-31	5.50%
2025-26	6.75%	2031-32	5.25%
2026-27	6.50%	2032 and after	5.00%
2027-28	6.25%		
2028-29	6.00%		

Health Care Age Based Cost Adjustment

Age	Claims Graduation
Less than 55	3.3%
55 - 59	3.6%
60 - 64	4.2%

Long Term Disability	75% of qualifying participants will be permanently disabled and 25% will experience 4 years of disability.
Retiree Transit Pass Election Rate	63% of retirees will apply for the Retiree Pass
Retiree Transit Pass Usage	2 rides per month with 36% usage

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

UNION PLAN

Mortality Rates

Pre and Post-Retirement:	RP-2014 Blue Collar Mortality Table with fully generational projection using ½ of Scale MP-2016 set forward by 1 year
Post-Disablement:	RP-2014 Disabled Mortality Table with fully generational projection using ½ of Scale MP-2016, Fully Generational
Salary Scale:	4.5% compounded annually for Police, 3.0% for all others

Withdrawal Rates - Sample Rates as Shown

	Service		
Age	< 2 Years	2 - 4 Years	4 + Years
20	16.19%	10.86%	0.00%
30	16.75%	10.39%	6.42%
40	14.32%	7.92%	4.60%
50	14.04%	6.81%	4.07%
60	12.27%	6.00%	1.62%

Retirement Ages - Rates as Shown

Age	5-10 YOS	10-15 YOS	15+ YOS
52-57	4.2%	3%	3%
58-61	4.2%	3%	15%
62-64	4.2%	9%	24%
65-71	15%	24%	24%
72+	100%	100%	100%

Healthcare Claims Cost

Age	Cost
50	$1,020
55	$1,200
60	$1,441
64	$1,698

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

NON-REPRESENTED PLAN

Mortality Rates

Pre and Post-Retirement:	RP-2014 Employee and Healthy Annuitant Mortality Tables, separate by sex, Projection Scale MP-2021 from 2007, Fully Generational
Post-Disablement:	RP-2014 Disabled Annuitant Mortality Tables, separate by sex, Projection Scale MP-2021 from 2007, Fully Generational
Salary Scale:	5.5% compounded annually for Police, 3.0% for all others

Withdrawal Ages - Sample Rates as Shown

		Transit Police	
Age	Non-Police	Under 5 YOS	5 YOS or more
30	9.26%	50.0%	50.0%
35	6.14%	50.0%	50.0%
40	3.38%	7.9%	2.7%
45	2.63%	6.1%	2.1%

Retirement Ages - Rates as Shown

	Rate	
Age	Non-Police	Police
40-49	5%	
50	10%	30%
51-54	10%	20%
55	12%	50%
56-61	20%	20%
62	60%	100%
63-64	30%	
65	40%	
66	100%	

Healthcare Claims Cost (Monthly)

Age	Cost
50	$1,047
55	$1,231
60	$1,478
64	$1,742

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the plan, calculated using the discount rate of 6.5%, as well as what the individual plans' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
Total OPEB Liability (TOL)	$ 156,533	$ 147,088	$ 137,561
Plan Fiduciary Net Position	128,885	128,885	128,885
Plan Net OPEB Liability	$ 27,648	$ 18,203	$ 8,676
Plan Fiduciary Net Position as a Percentage of the TOL	82.3%	87.6%	93.7%

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Plan, calculated assuming the current healthcare cost trend rates is 1-percentage-pointlower (6.25% decreasing to 4.0%) or 1-percentage-point higher (8.25% decreasing to 6.0%) than the current rate:

	1% Decrease 6.25% decreasing to 4.0%	Current Healthcare Cost Trend Rates 7.25% decreasing to 5.0%	1% Increase 8.25% decreasing to 6.0%
Total OPEB Liability (TOL)	$ 138,766	$ 147,088	$ 156,463
Plan Fiduciary Net Position	128,885	128,885	128,885
Plan Net OPEB Liability	$ 9,881	$ 18,203	$ 27,578
Plan Fiduciary Net Position as a Percentage of the TOL	92.9%	87.6%	82.4%

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

Long-Term Expected Rate of Return – The building-block method determines the long-term expected rate of return on OPEB plan investments. The method weights best estimate of expected future real rates of return for each major asset class. Multiplying the weights by the target asset allocation percentage and adding expected inflation produces the long-term expected rate of return. The discount rate used to measure the total OPEB liability was 6.5%. Best estimates of arithmetic real rates of return for each major asset class included in the plans' target asset allocation as of June 30, 2024, are:

Asset Class	Target Allocation Percentage	Long-term Expected Real Rate of Return
Domestic Equity - Large Cap	37%	7.25%
Domestic Equity - Small/Mid Cap	8%	7.45%
International Equity	30%	7.45%
Domestic Fixed income	25%	4.25%
	100%	

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	$ 142,043	$ 113,142	$ 28,901
Changes for the year:			
Service Cost	6,162	—	6,162
Interest on TOL, Service Cost and Benefit Payments	9,633	—	9,633
Difference between Expected and Actual Experience	(3,263)	—	(3,263)
Employer Contributions	—	9,666	(9,666)
Active Employee Contributions *	—	—	—
Net Investment Income	—	13,743	(13,743)
Benefit Payments	(7,666)	(7,666)	—
Administrative Expenses	—	—	—
Changes in Plan Assumptions	179	—	179
Changes in Plan Benefits	—	—	—
Other Changes	—	—	—
Net Changes	5,045	15,743	(10,698)
Balances at June 30, 2024	$ 147,088	$ 128,885	$ 18,203

*Active employees do not contribute to the OPEB plan.

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –

For the year ended June 30, 2025, MARTA recognized OPEB expense of $13,861.

At June 30, 2025, MARTA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Difference between expected and actual experience	$ —	$ (29,609)
Net difference between projected and actual earnings on investments	—	(1,830)
Changes of assumptions	134	(3,291)
Employer contribution subsequent to the measure date	11,514	—
Total	$ 11,648	$ (34,730)

Deferred outflows of resources of $11,514 related to OPEB resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent future reporting period. Other amounts reported as collective deferred outflows and deferred inflows of resources to be recognized in OPEB expense as follows:

Year Ending June 30:	Deferred Outflows (Inflows) of Resources
2025	$ (16,677)
2026	(11,967)
2027	(4,674)
2028	(1,278)
Total	$ (34,596)

Changes in Assumptions and Benefit Terms Since the Measurement Date – There were no changes in assumptions or benefit terms between the measurement date and June 30, 2025.

(Dollars in Thousands)

13. EMPLOYEE BENEFITS (continued)

Detailed information about the OPEB Plan fiduciary net position is listed below:

Investments	Valuation Measurement Method		2024
US Equities	Fair Value - Level 1	$	76,429
International Equities	Fair Value - Level 1		35,607
Domestic Bonds	Fair Value - Level 2		14,315
Short-Term Investments	Fair Value - Level 1		2,594
Total Assets			128,945
Liabilities			60
Net Asset Available for Benefits		$	128,885

Annual Money-Weighted Rate of Return	**12.10%**

Concentration of Credit Risk - The risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The OPEB Plan Investment Policy establishes a long-term strategic asset allocation that mitigates overall expected portfolio risk (volatility) and maximizes expected return. The plan does not limit the percentage of involvement in any single issuer.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the OPEB Plan 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 the OPEB Plan's investments at June 30, 2025, all the securities are held by a trustee and are in the name of the OPEB Plan.

Foreign Currency Risk - The risk that changes in exchange rates will adversely impact the fair value of an investment. The OPEB Plan holds $35,607 of investments that are exposed to this risk.

Interest Rate Risk - Is the risk that changes in interest rates will adversely affect the fair value of an investment. OPEB Trust adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The plan currently maintains the interest rate risk and consistent with its long-term investment horizon.

Credit Risk - Investments are subject to credit risk, which is the chance that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause price to decline. The tables above summarize the fair value of investments that are included in the restricted and unrestricted cash and investments and the related credit ratings. OPEB Plan maintains policies to manage credit risks, which include requiring minimum credit ratings issued by nationally recognized statistical rating organizations and maintaining diversified investments using target asset allocation ranges encompassing a long-term perspective.

(Dollars in Thousands)

14. FIDUCIARY - OTHER POST EMPLOYMENT BENEFITS (OPEB)

	Other Post Employment Benefits
ASSETS	
Investments at Fair Value:	
Equities	$ 127,661
Fixed Income	16,815
Short-term Investments	2,217
Total Investments	146,693
Total Assets	$ 146,693
LIABILITIES	
Due to Brokers	$ 116
Total Liabilities	116
NET POSITION	
Restricted for:	
Post Employment Benefits other than Pensions	146,577
Total Net Position	146,577
Total Liabilities and Net Position	$ 146,693

(Dollars in Thousands)

14. FIDUCIARY - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

	Other Post Employment Benefits
ADDITIONS	
Contributions:	
Employee	$ 1,310
Employer	11,526
Total Contributions	12,836
Investment Income	
Interest and Dividends	2,362
Net Increase in Fair Value of Investments	13,446
Total Investment Earnings	15,808
Less Investment Costs	
Investment Activity Costs	116
Net Investment Earnings	15,692
Total Additions	28,528
DEDUCTIONS	
Medical, Dental, and Life Insurance for Retirees	10,836
Total Deductions	10,836
Net increase in Fiduciary Net Position	17,692
NET POSITION RESTRICTED	
Net Position, July 1	128,885
Net Position, June 30	$ 146,577

(Dollars in Thousands)

15. 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 claims up to $5,000 per occurrence; automobile liability claims, and public liability and property damage claims up to $10,000 per occurrence. MARTA carries excess insurance coverage for amounts exceeding the self-insured retentions. For property insurance the limits over the self-insured retention of $ 5,000 are $ 350,000 and for casualty insurance, the limits over the self-insured retention are $150,000.

There have been no significant reductions in insurance coverage during the year ended June 30, 2025 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 year ended June 30, 2025 were as follows:

	Workers' Compensation	Public Liability and Property	Total
Balance, June 30, 2023	$ 24,506	$ 34,338	$ 58,844
Incurred claims, net of any changes in estimates	17,605	25,938	43,543
Payments	(12,556)	(22,052)	(34,608)
Balance, June 30, 2024	29,555	38,224	67,779
Incurred claims, net of any changes in estimates	16,894	67,907	84,801
Payments	(15,110)	(50,363)	(65,473)
Balance, June 30, 2025	$ 31,339	$ 55,768	$ 87,107
Due within one year	$ 13,247	$ 27,191	$ 40,438

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.

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, 2025. At June 30, 2025, MARTA was committed to future capital expenditures for various other projects including expansion efforts.

The Federal Transit Administration (FTA) provided $2,026,307 in federal funds to support the construction of the current rail system. Four grants totaling $1,232,400 in federal funds were used for the construction of Phase A (13.7 miles) and Phase B (9.7 miles). Meanwhile, $290,318 in federal funds were used 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, buses, replacement and rehabilitation of transit operating equipment, development work for construction support techniques, upgrading the fire protection system, renovation of the track system, and other purposes not directly related to the rail construction program.

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.

Federal funding may vary per awarding agency and award type. However, most current grant awards are shared with 80% federal funding and a 20% local match.

MARTA also has lease and interest revenue and capital reserves available to supplement its needs.

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 that relate to disputes between MARTA and various contractors under contracts that MARTA had entered prior to fiscal year 2025. Claims that are measurable and probable have been reflected in the financial statements.

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.

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 one active remediation system at one bus maintenance facility (Hamilton Boulevard). In the 1990's there were multiple releases from underground storage tank systems at the site. MARTA is currently using a dual phase extraction (DPE) system to treat groundwater and soil vapor, as required by the Georgia Environmental Protection Division (EDP). System operation, monitoring, maintenance, and sampling requirements cost around $250 per year.

MARTA estimates that $900 is its obligation to remediate the sites at the bus and maintenance facilities as of June 30, 2025 which is included in accounts and contracts payable on the Statement of Net Position.

18. SUBSEQUENT EVENTS

MARTA has natural gas and diesel fuel hedge contracts in place to hedge fuel for the fiscal year 2026 budget periods. MARTA may execute additional fuel hedge contracts to further hedge for the fiscal years 2026 and 2027.

On November 18, 2021, MARTA closed on its Commercial Paper Notes, Series 2021B, and Variable Rate Notes, Series 2021C in an aggregate principal amount not to exceed $300 million. This four-year program consists of two agreements: (1) a Revolving Credit Agreement to support the issuance of Commercial Paper Notes, Series 2021B to the public through a dealer, and (2) a Note Purchase Agreement providing for the direct sale of Variable Rate Notes, Series 2021C to JPMorgan Chase Bank. This original agreement will be amended in October 2025.

On October 9, 2025, the MARTA Board of Directors approved modifications to MARTA's existing Commercial Paper agreements. The modifications reduce the maximum principal permitted to be outstanding from $300 million to $200 million and extend the program's expiration date by three years from November 17, 2025, to November 17, 2028. These amendments align the program's capacity and duration with current operational needs while ensuring continued access to cost-effective, short-term financing. These notes remain on a subordinate lien basis relative to MARTA's existing sales tax revenue bonds.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

Total Pension Liability:	**2024**	**2023**	**2022**	**2021**	**2020**
Service Cost	$ 17,117	$17,355	$ 15,788	$15,528	$14,792
Interest	43,945	42,268	41,881	40,016	40,154
Change in Benefit Terms	—	—	—	—	—
Difference between Expected and Actual Experience	(8,461)	7,490	(6,208)	(951)	1,657
Change in Assumptions	—	—	(5,765)	13,517	—
Benefit Payments	(44,094)	(40,568)	(41,706)	(40,572)	(37,334)
Administrative Expense	(623)	(603)	(586)	(611)	(566)
Net Change in Total Pension Liability	$ 7,884	$25,942	$ 3,404	$26,927	$18,704
Total Pension Liability					
Beginning of the Year	632,646	606,704	603,300	576,373	557,669
Net Increase (Decrease)	7,884	25,942	3,404	26,927	18,704
Total Pension Liability End of the Year	$640,530	$632,646	$ 606,704	$603,300	$576,373
Plan Fiduciary Net Position:					
Employee Contributions	$ 12,120	$ 5,986	$ 5,846	$ 6,010	$ 5,837
Employer Contributions	6,568	10,956	10,718	11,018	10,674
Members Buybacks	—	—	—	—	—
Net Investment Income (Loss)	72,706	85,417	(101,792)	95,020	76,215
Benefits Payments	(44,094)	(40,568)	(41,706)	(40,572)	(37,334)
Administrative Expense	(623)	(603)	(586)	(611)	(566)
Other	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	$ 46,677	$ 61,188	$(127,520)	$70,865	$54,825
Total Fiduciary Net Position					
Beginning of the Year	650,214	589,026	716,545	645,680	590,855
Net Increase (Decrease)	46,677	61,188	(127,520)	70,865	54,825
Total Plan Fiduciary Net Position End of the Year	$696,891	$650,214	$ 589,026	$716,545	$645,680
Plan's Net Position Liability/(Asset)	$(56,361)	$(17,568)	$ 17,678	$(113,245)	$(69,307)
Plan Fiduciary Net Position as % of TPL	108.8%	102.8%	97.1%	118.8%	112.0%
Covered Payroll	$149,819	$135,426	$ 132,490	$136,197	$131,937
Plan's NPL as % of Covered Payroll	-37.6%	-13.0%	13.3%	-83.2%	-52.5%

* The years in the column headers represent the measurement period ending December 31.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

Total Pension Liability:	**2019**	**2018**	**2017**	**2016**	**2015**
Service Cost	$13,319	$13,036	$12,199	$11,677	$11,476
Interest	39,340	38,706	37,614	38,448	35,684
Change in Benefit Terms	—	—	—	(1,180)	323
Difference between Expected and Actual Experience	(4,694)	(10,361)	2,670	(4,055)	(1,763)
Change in Assumptions	—	5,898	1,051	—	29,188
Benefit Payments	(37,933)	(38,499)	(38,807)	(38,031)	(36,727)
Administrative Expense	(596)	(589)	(705)	(928)	(851)
Net Change in Total Pension Liability	$ 9,436	$ 8,191	$14,022	$ 5,931	$37,330
Total Pension Liability					
Beginning of the Year	548,233	540,042	526,020	520,089	482,759
Net Increase (Decrease)	9,436	8,191	14,022	5,931	37,330
Total Pension Liability End of the Year	$557,669	$548,233	$540,042	$526,020	$520,089
Plan Fiduciary Net Position:					
Employee Contributions	$ 5,699	$ 5,137	$ 4,947	$ 4,828	$ 4,719
Employer Contributions	10,404	9,129	9,041	8,807	8,630
Members Buybacks	—	—	—	—	—
Net Investment Income	101,948	(26,423)	68,793	41,493	(7,548)
Benefits Payments	(37,933)	(38,499)	(38,807)	(38,031)	(36,727)
Administrative Expense	(596)	(589)	(705)	(928)	(851)
Other	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	$79,521	$(51,245)	$43,269	$16,169	$(31,776)
Total Fiduciary Net Position					
Beginning of the Year	511,334	562,578	519,309	503,140	534,916
Net Increase (Decrease)	79,521	(51,245)	43,269	16,169	(31,776)
Total Plan Fiduciary Net Position End of the Year	$590,855	$511,334	$562,578	$519,309	$503,140
Plan's Net Position Liability (Asset)	$(33,186)	$36,899	$(22,536)	$ 6,711	$16,949
Plan Fiduciary Net Position as % of TPL	106.0%	93.3%	104.2%	98.7%	96.7%
Covered Payroll	$128,600	$112,843	$111,751	$108,865	$106,678
Plan's NPL as % of Covered Payroll	-25.8%	32.7%	-20.2%	6.2%	15.9%

* The years in the column headers represent the measurement period ending December 31.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

NON-REP

Total Pension Liability:	**2024**	**2023**	**2022**	**2021**	**2020**
Service Cost	$ 3,351	$ 3,496	$ 3,608	$ 3,708	$ 4,240
Interest	28,582	28,866	29,088	28,706	28,372
Change in Benefit Terms	2,927	—	—	10,400	—
Difference between Expected and Actual Experience	(3,352)	442	1,500	2,000	(2,105)
Change in Assumptions	—	—	827	—	12,234
Benefit Payments	(36,971)	(38,653)	(39,211)	(36,377)	(35,903)
Administrative Expense	—	—	—	—	—
Net Change in Total Pension Liability	$ (5,463)	$(5,849)	$(4,188)	$ 8,437	$ 6,838
Total Pension Liability					
Beginning of the Year	534,567	540,416	536,167	536,167	529,329
Net Increase (Decrease)	(5,463)	(5,849)	(4,188)	8,437	6,838
Total Pension Liability End of the Year	$529,104	$534,567	$540,416	$544,604	$536,167
Plan Fiduciary Net Position:					
Employee Contributions	$ 1,351	$ 1,496	$ 1,608	$ 1,708	$ 1,990
Employer Contributions	16,069	23,749	10,508	15,629	15,146
Members Buybacks	17	21	36	88	17
Net Investment Income (Loss)	44,754	49,234	(73,051)	56,215	55,668
Benefits Payments	(36,971)	(38,653)	(39,211)	(36,377)	(35,903)
Administrative Expense	(290)	(350)	(645)	(266)	(378)
Other	3	6	1	1	—
Net Change in Plan Fiduciary Net Position	$ 24,933	$ 35,503	$(100,754	$36,996	$36,540
Total Fiduciary Net Position					
Beginning of the Year	440,245	404,742	505,496	468,500	431,960
Net Increase (Decrease)	24,933	35,503	(100,754)	36,996	36,540
Total Plan Fiduciary Net Position End of the Year	$465,178	$440,245	$404,742	$505,496	$468,500
Plan's Net Position Liability (NPL)	$ 63,926	$94,322	$135,674	$39,108	$67,667
Plan Fiduciary Net Position as % of TPL	87.9%	82.4%	74.9%	92.8%	87.4%
Covered Payroll	$ 19,054	$20,109	$21,066	$22,563	$25,303
Plan's NPL as % of Covered Payroll	335.5%	469.0%	644.0%	173.3%	267.4%

* The years in the column headers represent the measurement period ending December 31.

DRAFT

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

NON-REP

Total Pension Liability:	**2019**	**2018**	**2017**	**2016**	**2015**
Service Cost	$ 4,471	$ 5,136	$ 4,747	$ 5,656	$ 6,051
Interest	28,832	29,002	30,292	32,430	31,569
Change in Benefit Terms	—	1,000	2,800	(37,000)	—
Difference between Expected and Actual Experience	2,785	(118)	4,409	1,987	9,181
Change in Assumptions	36,094	—	26,064	15,000	—
Benefit Payments	(37,291)	(37,643)	(36,647)	(33,470)	(34,383)
Administrative Expense	—	—	—	—	—
Net Change in Total Pension Liability	$ 34,891	$ (2,623)	$ 31,665	$(15,397)	$ 12,418
Total Pension Liability					
Beginning of the Year	494,438	497,061	465,396	480,793	468,375
Net Increase (Decrease)	34,891	(2,622)	31,665	(15,397)	12,418
Total Pension Liability End of the Year	$529,329	$494,438	$497,061	$465,396	$480,793
Plan Fiduciary Net Position:					
Employee Contributions	$ 2,250	$ 2,424	$ 2,533	$ 2,626	$ 2,818
Employer Contributions	19,493	19,434	13,540	26,339	20,114
Members Buybacks	29	20	48	55	82
Net Investment Income	68,425	(22,247)	63,383	22,568	(2,994)
Benefits Payments	(37,291)	(37,643)	(36,647)	(33,470)	(34,383)
Administrative Expense	(361)	(263)	(275)	(231)	(245)
Other	1	9	1	133	9
Net Change in Plan Fiduciary Net Position	$ 52,546	$(38,265)	$ 42,583	$ 18,020	$(14,598)
Total Fiduciary Net Position					
Beginning of the Year	379,414	417,679	375,096	357,076	371,675
Net Increase (Decrease)	52,546	(38,265)	42,583	18,020	(14,598)
Total Plan Fiduciary Net Position End of the Year	$431,960	$379,414	$417,679	$375,096	$357,076
Plan's Net Position Liability (NPL)	$97,369	$115,025	$79,382	$90,300	$123,717
Plan Fiduciary Net Position as % of TPL	81.6%	76.7%	84.0%	80.6%	70.3%
Covered Payroll	$28,998	$31,145	$34,571	$38,966	$42,301
Plan's NPL as % of Covered Payroll	335.8%	369.3%	229.6%	231.7%	338.0%

* The years in the column headers represent the measurement period ending December 31.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

	2024	2023	2022
Actuarial Assumptions:			
Investment Rate of Return	7.00%	7.00%	7.00%
Inflation	2.50%	2.50%	2.50%
Projected Salary Increases:			
Cost of Living	None	None	None
Merit or Seniority	1.00% per year	1.00% per year	1.00% per year
Mortality Assumptions:			
Healthy	RP-2014 Blue Collar Mortality for Healthy Lives with fully generational using 1/2 of Scale MP-2016 set forward by 1 year	RP-2014 Blue Collar Mortality for Healthy Lives with fully generational using 1/2 of Scale MP-2016 set forward by 1 year	RP-2014 Mortality for Healthy Lives with fully generational using 1/2 of Scale MP-2016 set forward by 1 year
Disabled	RP-2014 Mortality for Disabled Lives with fully generational using 1/2 of Scale MP-2016	RP-2014 Mortality for Disabled Lives with fully generational using 1/2 of Scale MP-2016	RP-2014 Mortality for Disabled Lives with fully generational using 1/2 of Scale MP-2016

NON-REP

	2024	2023	2022
Actuarial Assumptions:			
Investment Rate of Return	5.50%	5.50%	5.50%
Inflation	2.50%	2.50%	2.25%
Mortality Assumptions:			
Healthy	RP-2014 Mortality for Healthy Annuitant Mortality Tables separated by sex, Projection Scale MP-2021, fully generational	RP-2014 Mortality for Healthy Annuitant Mortality Tables separated by sex, Projection Scale MP-2021, fully generational	RP-2014 Mortality for Healthy Annuitant Mortality Tables separated by sex, Projection Scale MP-2019, fully generational
Disabled	None. No future mortality improvement was projected	None. No future mortality improvement was projected	None. No future mortality improvement was projected

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

	2021	2020	2019
Actuarial Assumptions:			
Investment Rate of Return	7.25%	7.25%	7.25%
Inflation	2.50%	2.50%	2.50%
Projected Salary Increases:			
Cost of Living	None	None	None
Merit or Seniority	1.00% per year	1.00% per year	1.00% per year
Mortality Assumptions:			
Healthy	RP-2014 Mortality for Healthy Lives with fully generational using 1/2 of Scale MP-2016 set forward by 1 year	RP-2014 Mortality for Healthy Lives with fully generational using 1/2 of Scale MP-2016 set forward by 1 year	RP-2014 Mortality for Healthy Lives with fully generational using 1/2 of Scale MP 2016 set forward by 1 year
Disabled	RP-2014 Mortality for Disabled Lives with fully generational using 1/2 of Scale MP-2016	RP-2014 Mortality for Disabled Lives with fully generational using 1/2 of Scale MP-2016	RP-2014 Mortality for Disabled Lives with fully generational using 1/2 of Scale MP-2016

NON-REP

	2021	2020	2019
Actuarial Assumptions:			
Investment Rate of Return	5.50%	5.50%	6.00%
Inflation	2.00%	2.25%	2.50%
Mortality Assumptions:			
Healthy	RP-2014 Mortality for Healthy Annuitant Mortality Tables separated by sex, Projection Scale MP-2019, fully generational	RP-2014 Employee and Healthy Annuitant Mortality Tables separated by sex, Projection Scale MP-2019, fully generational	RP-2014 Employee and Healthy Annuitant Mortality Tables separated by sex, Projection Scale MP-2016, fully generational
Disabled	None. No future mortality improvement was projected	None. No future mortality improvement was projected	RP-2014 Employee and Healthy Annuitant Mortality Tables separated by Sex, Projection Scale BB to valuation date

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

	2018	2017	2016
Actuarial Assumptions:			
Investment Rate of Return	7.25%	7.50%	n/a
Inflation	2.10%	2.80%	n/a
Projected Salary Increases:			
Cost of Living	None	3.00%	n/a
Merit or Seniority	1.00% per year	1.00% per year	n/a
Mortality Assumptions:			
Healthy	RP-2000 Combined Health Mortality Tables separated by Sex, Project Scale BB to valuation date	RP-2014 Mortality Blue Collar Mortality Table using 1/2 of Scale MP-2014	n/a
Disabled	RP-2014 Blue Collar Mortality Table using 1/2 of Scale MP-2016	RP-2014 Blue Collar Mortality Table using 1/2 of Scale MP-2014	n/a

NON-REP

	2018	2017	2016
Actuarial Assumptions:			
Investment Rate of Return	6.00%	6.70%	n/a
Inflation	2.50%	2.50%	n/a
Mortality Assumptions:			
Healthy	RP-2000 Combined Health Mortality Tables separated by sex, Project Scale BB to valuation date	RP-2000 Combined Health Mortality Tables separated by sex, Project Scale BB to valuation date	n/a
Disabled	RP-2014 Employee and Healthy Annuitant Mortality Tables separated by Sex, Projection Scale BB to valuation date	RP-2000 Combined Health Mortality Tables separated by sex, Project Scale BB to valuation date	n/a

Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

	2015
Actuarial Assumptions:	
Investment Rate of Return	n/a
Inflation	n/a
Projected Salary Increases:	
Cost of Living	n/a
Merit or Seniority	n/a
Mortality Assumptions:	
Healthy	n/a
Disabled	n/a

NON-REP

	2016
Actuarial Assumptions:	
Investment Rate of Return	n/a
Inflation	n/a
Mortality Assumptions:	
Healthy	n/a
Disabled	n/a

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Employer Contributions - Pension
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

FISCAL YEAR ENDED JUNE 30	2025	2024	2023	2022	2021
Contributions					
Actuarially Determined Contribution	$ 12,395	$ 11,757	$ 10,535	$ 10,764	$ 11,189
Actual Employer Contributions	12,395	11,757	10,535	10,764	11,189
Contribution Deficiency (Excess)	—	—	—	—	—
Covered Payroll	$153,209	$145,328	$130,225	$133,059	$138,306
Actual Contributions as % of Covered Payroll	8.09%	8.09%	8.09%	8.09%	8.09%

NON-REP

FISCAL YEAR ENDED JUNE 30	2025	2024	2023	2022	2021
Contributions					
Actuarially Determined Contribution	$ 13,048	$ 16,240	$ 12,626	$ 9,147	$ 12,853
Actual Employer Contributions	18,286	18,186	21,451	11,266	17,711
Contribution Deficiency (Excess)	(5,238)	(1,946)	(8,825)	(2,119)	(4,858)
Covered Payroll	$ 19,185	$ 18,950	$ 21,350	$ 22,339	$ 25,124
Actual Contributions as % of Covered Payroll	95.31%	95.97%	100.47%	50.43%	70.49%

*Based on a blend of the overlapping Calendar Year results. The 6/30/2019 through 6/30/2025 results are based on the unaudited cash statements for the preceding 12 months and the applicable contribution rate.

Schedule of Employer Contributions - Pension
Year Ended June 30, 2025
(Dollars in Thousands)

UNION

FISCAL YEAR ENDED JUNE 30	2020	2019	2018	2017	2016
Contributions					
Actuarially Determined Contribution	$10,257	$ 9,812	$ 9,278	$ 8,924	$ 8,719
Actual Employer Contributions	10,257	9,812	9,278	8,924	8,719
Contribution Deficiency (Excess)	—	—	—	—	—
Covered Payroll	$126,792	$121,284	$114,680	$110,308	$107,772
Actual Contributions as % of Covered Payroll	8.09%	8.09%	8.09%	8.09%	8.09%

NON-REP

FISCAL YEAR ENDED JUNE 30	2020	2019	2018	2017	2016
Contributions					
Actuarially Determined Contribution	$15,741	$14,664	$13,181	$19,787	$23,211
Actual Employer Contributions	16,899	17,647	17,158	24,346	19,787
Contribution Deficiency (Excess)	$(1,158)	(2,983)	(3,977)	(4,559)	3,424
Covered Payroll	$ 28,673	$ 31,425	$ 34,157	$ 38,231	$ 43,402
Actual Contributions as % of Covered Payroll	58.94%	56.16%	50.23%	63.68%	45.59%

*Based on a blend of the overlapping Calendar Year results. The 6/30/2019 through 6/30/2025 results are based on the unaudited cash statements for the preceding 12 months and the applicable contribution rate.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios
Year Ended June 30, 2025

(Dollars in Thousands)

	2024	2023	2022	2021	2020
Total OPEB Liability:					
Service Cost (BOY)	$ 6,162	$ 7,161	$ 6,900	$ 7,005	$ 7,150
Interest	9,633	12,627	12,313	14,532	14,137
Change in Benefit Terms	—	—	—	—	—
Difference between Expected and Actual Experience	(3,263)	(50,209)	(3,201)	(18,372)	(3,975)
Change in Assumptions	179	(5,944)	—	(9,211)	—
Benefit Payments	(7,666)	(8,692)	(11,461)	(11,997)	(11,526)
Administrative Expense	—	—	—	—	—
Net Change in Total OPEB Liability	$ 5,045	$ (45,055)	$ 4,551	$ (18,043)	$ 5,786
Total OPEB Liability					
Beginning of the Year	142,043	187,098	182,547	200,589	194,803
Net Increase (Decrease)	5,045	(45,055)	4,551	(18,043)	5,786
End of the Year	$ 147,088	$ 142,043	$ 187,098	$ 182,546	$ 200,589
Plan Fiduciary Net Position:					
Employer Contributions	$ 9,666	$ 10,692	$ 13,461	$ 14,997	$ 14,526
Active Employee Contributions *	—	—	—	—	—
Net Investment Income	13,743	12,312	(18,070)	23,212	2,632
Benefit Payments	(7,666)	(8,692)	(11,461)	(11,997)	(11,526)
Administrative Expense	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	$ 15,743	$ 14,312	$ (16,070)	$ 26,212	$ 5,632
Total Fiduciary Net Position					
Beginning of the Year	113,142	98,830	114,900	88,688	83,056
Net Increase (Decrease)	15,743	14,312	(16,070)	26,212	5,632
End of the Year	$ 128,885	$ 113,142	$ 98,830	$ 114,900	$ 88,688
Plan's Net OPEB Liability (NOL)	$ 18,203	$ 28,901	$ 88,268	$ 67,646	$ 111,901
Plan Fiduciary Net Position as % of TOL	87.6%	79.7%	52.8%	62.9%	44.2%

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Year Ended June 30, 2025
(Dollars in Thousands)

	2019	2018	2017	2016	2015
Total OPEB Liability:					
Service Cost (BOY)	$ 6,915	$ 6,751	$ 6,521	$ 7,511	$ 7,249
Interest	14,396	14,133	15,259	15,222	14,976
Change in Benefit Terms	5,114	—	—	—	—
Difference between Expected and Actual Experience	(19,310)	(265)	(7,362)	(12,763)	(2,388)
Change in Assumptions	3,956	—	(15,402)	7,705	—
Benefit Payments	(15,009)	(17,020)	(15,335)	(16,158)	(16,593)
Administrative Expense	—	—	—	—	—
Net Change in Total OPEB Liability	$ (3,938)	$ 3,599	$ (16,319)	$ 1,517	$ 3,244
Total OPEB Liability					
Beginning of the Year	198,741	195,143	211,461	209,944	206,701
Net Increase (Decrease)	(3,938)	3,599	(16,319)	1,517	3,244
End of the Year	$ 194,803	$ 198,741	$ 195,142	$ 211,461	$ 209,945
Plan Fiduciary Net Position:					
Employer Contributions	$ 18,009	$ 20,020	$ 20,772	$ 21,573	$ 21,962
Active Employee Contributions *	—	—	—	—	—
Net Investment Income	4,103	5,265	6,867	(377)	796
Benefit Payments	(15,009)	(17,020)	(15,335)	(16,158)	(16,593)
Administrative Expense	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	$ 7,103	$ 8,265	$ 12,304	$ 5,038	$ 6,165
Total Fiduciary Net Position					
Beginning of the Year	75,953	67,688	55,384	50,345	44,180
Net Increase (Decrease)	7,103	8,265	12,304	5,038	6,165
End of the Year	$ 83,056	$ 75,953	$ 67,688	$ 55,383	$ 50,345
Plan's Net OPEB Liability (NOL)	$ 111,747	$ 122,788	$ 127,454	$ 156,078	$ 159,600
Plan Fiduciary Net Position as % of TOL	42.6%	38.2%	34.7%	26.2%	24.0%

*Active employees do not contribute to the OPEB Plan.
**The year in the column header represents the measurement period ending June 30th.

Notes to Schedule – Changes in benefits and assumptions: In FY25, the discount rate used to calculate liabilities has remained the same 6.5%. The inflation rate remained 2.50%. The health care trend rate starting point remained 7.25%. Withdrawal rates have been updated for the Non-Represented (Police) group to be in accordance with the pension plan.

Schedule of Employer Contributions - OPEB
Year Ended June 30, 2025
(Dollars in Thousands)

FISCAL YEAR ENDING	2025	2024	2023	2022	2021	2020	2019	2018
Contributions								
Actuarially Determined Contributions	$9,666	$10,692	$13,461	$ 14,997	$ 15,002	$14,526	$18,009	$20,020
Employer Contributions (ERC)	9,666	10,692	13,461	14,997	15,002	14,526	18,009	20,020
Contributions (Excess)/ Deficiency	—	—	—	—	—	—	—	—

**This is a 10-year schedule. Information for additional years will be displayed as it becomes available.

Notes to Schedule:

Valuation Date:	June 30, 2024
Discount Rate:	6.5%
Investment Rate of Return:	6.5%
Inflation Rate:	2.50%
Healthcare Cost Trend:	7.25% for PY 2023-24 and decreases to an ultimate rate of 5.0% by PY 2032-33.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Other Supplemental Information
Combining Statement of Fiduciary Net Position
June 30, 2025
(Dollars in Thousands)

	Total	Defined Benefit Pension Rep	Defined Benefit Pension Non-Rep	Other Post Employee Benefits
ASSETS				
Receivables:				
Employee Contributions	$ 489	$ 307	$ 182	$ —
Employer Contributions	2,704	565	2,139	—
Other Receivables	22	—	22	—
Due from Brokers	1,526	712	814	—
Accrued Investment Income	2,270	897	1,373	—
Total Receivables	7,011	2,481	4,530	—
Investments at Fair Value:				
Equities	621,562	222,318	271,582	127,661
Partnerships	6,700	6,700	—	—
Mutual Funds	364,054	364,054	—	—
Fixed Income	267,720	91,299	159,607	16,815
Real Estate Funds	20,089	—	20,089	—
Derivatives	258	—	258	—
Short - term Investments	29,527	11,073	16,237	2,217
Total Investments	1,309,910	695,444	467,773	146,693
Total Assets	$ 1,316,921	$ 697,925	$ 472,303	$ 146,693
LIABILITIES				
Accounts Payable	$ 721	$ 425	$ 296	$ —
Due to Brokers	7,554	609	6,829	116
Total Liabilities	8,275	1,034	7,125	116
NET POSITION				
Restricted for:				
Pensions	1,162,069	696,891	465,178	—
Post Employment Benefits other than Pensions	146,577	—	—	146,577
Total Net Position	1,308,646	696,891	465,178	146,577
Total Liabilities and Net Position	$ 1,316,921	$ 697,925	$ 472,303	$ 146,693

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025
(Dollars in Thousands)

	Total	Defined Benefit Pension Rep	Defined Benefit Pension Non-Rep	Other Post Employee Benefits
ADDITIONS				
Contributions:				
Employee	$ 9,245	$ 6,567	$ 1,368	$ 1,310
Employer	39,716	12,121	16,069	11,526
Total Contributions	48,961	18,688	17,437	12,836
Investment Income				
Interest and Dividends	20,213	10,498	7,353	2,362
Net Increase in Fair Value of Investments	115,471	64,626	37,399	13,446
Real Estate Income	1,018	—	1,018	—
Securities Lending Income	60	—	60	—
Total Investment Earnings	136,762	75,124	45,830	15,808
Less Investment Costs				
Investment Activity Costs	3,586	2,418	1,052	116
Securities Lending Costs	20	—	20	—
Net Investment Earnings	133,156	72,706	44,758	15,692
Total Additions	182,117	91,394	62,195	28,528
DEDUCTIONS				
Benefits Paid to Participants or Beneficiaries	81,065	44,094	36,971	—
Medical, Dental, and Life Insurance for Retirees	10,836	—	—	10,836
Administrative Expenses	913	623	290	—
Total Deductions	92,814	44,717	37,261	10,836
Net Increase in Fiduciary Net Position	89,303	46,677	24,934	17,692
NET POSITION RESTRICTED				
Net Position, July 1	1,219,343	650,214	440,244	128,885
Net Position, June 30	$ 1,308,646	$ 696,891	$ 465,178	$ 146,577

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
Supplemental Schedule of Revenues and Expenses
Budget vs. Actual (Budget Basis)
Year Ended June 30, 2025
(Dollars in Thousands)

	Budget	Actual (Budget Basis)	Variance Favorable/ (Unfavorable)
Operating Revenues			
Fare Revenue	$ 82,764	$ 82,246	$ (518)
Other Revenue	6,132	2,238	(3,894)
Total Operating Revenues	88,896	84,484	(4,412)
Operating Expenses			
Transportation	311,087	332,216	(21,129)
Maintenance & Garage Operations	201,762	212,059	(10,297)
General and Administrative	141,618	173,618	(32,000)
Total Operating Expenses	654,467	717,893	(63,426)
Operating Loss	(565,571)	(633,409)	(67,838)
Nonoperating Revenues			
Sales and Use Tax	715,699	740,525	24,826
Federal Operating Revenue	80,000	91,231	11,231
Investment Income	12,821	47,525	34,704
Other Revenues	45,164	75,977	30,813
	853,684	955,258	101,574
Increase in Net Position- Budget Basis	$ 288,113	$ 321,849	$ 33,736
Basis Differences			
Depreciation		(268,062)	
Gain on Sales of Property and Equipment		(642)	
Interest Expense		(80,224)	
Amortization of Financing Related Charges		7,391	
Other - Nonoperating Expense		(87,057)	
Capital Grants and Contributions		83,034	
Net Lease Transaction Activity		17	
Decrease in Net Position - GAAP Basis		$ (23,694)	

See notes to supplemental schedule

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. Operating revenue performed unfavorable to the budget, ending the year ($4,412) (4.96%) less than budget due to the decrease in ridership after the prolonged adverse impact of COVID-19. Nonoperating revenues were $101,574 (11.90%) favorable to the budget. The largest favorable variances were Investment Income and Other Revenues which were $34,704 and $30,813, respectively, more than budgeted. MARTA continued a number of cost containment measures in fiscal year 2025 by focusing on increasing productivity and efficiencies. The fiscal year 2025 total operating expenses were $717,893 which excludes depreciation. This was $63,426 (9.69%) more than the fiscal year 2025 budget, which was $2,562 (0.41%) less than the previous year's budget. In fiscal year 2025, MARTA incurred an increase in legal claims and settlements which contributed to the increase in operating expenses.

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

SINGLE AUDIT REPORT

June 30, 2025

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

SINGLE AUDIT REPORT
June 30, 2025

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT 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*

Board of Directors
Metropolitan Atlanta Rapid Transit Authority
Atlanta, Georgia

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 financial statements of the business-type activities and fiduciary activities of Metropolitan Atlanta Rapid Transit Authority (MARTA) as of and for the year ended June 30, 2025 and related notes to the financial statements, which collectively comprise MARTA's basic financial statements, and have issued our report thereon dated <>, 2025. Our report includes a reference to other auditors who audited the financial statements of the MARTA/ATU Local No. 732 Employees Retirement Plan and the MARTA Non-Represented Pension Plan, as described in our report on MARTA's financial statements. The financial statements of the MARTA/ATU Local No. 732 Employees Retirement Plan and the MARTA Non-Represented Pension Plan were not audited in accordance with *Government Auditing Standards.*

Report on 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) as a basis for designing 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 the entity'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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on 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 financial statements. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Atlanta, Georgia
<>, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Metropolitan Atlanta Rapid Transit Authority
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Metropolitan Atlanta Rapid Transit Authority's (MARTA's) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of MARTA's major federal programs for the year ended June 30, 2025. MARTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MARTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of MARTA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to MARTA's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MARTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MARTA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MARTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of MARTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MARTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

(Continued)

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the fiduciary activities of MARTA as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise MARTA's basic financial statements. We issued our report thereon dated <>, 2025, 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 the Uniform Guidance 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.

Crowe LLP

Atlanta, Georgia
<>, 2025

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2025

Program Description	Assistance Listing Number	Grant Number	(Unaudited) Total Program Award	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation					
Federal Transit Cluster:					
General capital assistance					
Federal transit capital improvement grants					
Capital improvement	20.500	GA-2016-007	$ 2,000,000	$ 55,800	$ -
Capital improvement	20.500	GA-04-0031	66,539,000	384,736	-
Capital improvement	20.500	GA-2022-018	1,212,500	126,028	-
Capital improvement	20.500	GA-2024-002	10,168,250	5,545,948	-
Capital improvement	20.500	GA-2024-003	10,168,250	3,563,114	-
Subtotal ALN 20.500 - capital			90,088,000	9,675,626	-
Federal transit formula grants (urbanized area formula program)					
Capital assistance	20.507	GA-95-X013	12,375,000	5,736,980	-
Capital assistance	20.507	GA-90-X234	1,758,200	923,151	-
Capital assistance	20.507	GA-2018-022	16,564,560	2,785,002	301,340
Capital assistance	20.507	GA-2019-015	7,804,719	237,754	237,754
COVID-19 – Capital assistance	20.507	GA-2022-004	33,524,951	3,096,609	-
Capital assistance	20.507	GA-2023-016	3,125,000	693,279	-
Capital assistance	20.507	GA-2023-017	6,250,000	301,755	-
Capital assistance	20.507	GA-2023-018	12,000,000	16,128	-
Capital assistance	20.507	GA-2025-008	32,433,125	12,057,939	-
Subtotal ALN 20.507 - capital			125,835,555	25,848,597	539,034
General operating assistance					
Operating (Formula grant)	20.507	GA-2017-021	65,224,624	933,343	-
Operating (Formula grant)	20.507	GA-2018-017	35,903,804	80,467	-
Operating (Formula grant)	20.507	GA-2020-014	112,706,360	7,250	-
Operating (Formula grant)	20.507	GA-2021-016	62,654,278	414,054	-
Operating (Formula grant)	20.507	GA-2022-030	44,467,563	119,410	-
Operating (Formula grant)	20.507	GA-2023-029	44,674,915	4,165,062	-
Operating (Formula grant)	20.507	GA-2024-021	37,081,881	27,817,658	-
Subtotal ALN 20.507 - operating			402,713,425	33,537,244	-
Subtotal ALN 20.507			528,548,980	59,385,841	539,034
State of Good Repair Grants Program					
Operating (Formula grant)	20.525	GA-2022-030	99,496,784	11,347,006	-
Operating (Formula grant)	20.525	GA-2023-029	99,037,773	2,682,045	-
Operating (Formula grant)	20.525	GA-2024-021	90,750,085	65,939,132	-
Subtotal ALN 20.525 – operating			289,284,642	79,968,183	-
Capital assistance	20.526	GA-2021-013	8,875,246	139,454	-
Capital assistance	20.526	GA-2022-019	18,750,000	1,954,936	-
Capital assistance	20.526	GA-2023-025	29,149,139	4,010,450	-
Capital assistance	20.526	GA-2023-029	3,040,253	2,432,202	-
Capital assistance	20.526	GA-2024-021	1,642,589	1,314,071	-
Subtotal ALN 20.526 - capital			61,457,227	9,851,113	-
Total Federal Transit Cluster			969,378,849	158,880,763	539,034

(Continued)

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2025

Program Description	Assistance Listing Number	Grant Number	Total Program Award	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued)					
Technical Assistance and Workforce Development	20.514	GA-2016-025	$ 5,543,745	$ 456,163	$ -
National Infrastructure Inv.	20.933	GA-2020-022	56,826,000	8,121,817	-
National Infrastructure Inv.	20.933	GA-2025-001	155,404,512	3,736,790	-
Subtotal ALN 20.933			212,230,512	11,858,607	-
Community Project Funding	20.934	GA-2024-006	11,316,020	11,022,816	-
TIFIA Credit	20.223	693JJ32450038	2,766	2,766	-
Total U.S. Department of Transportation			1,198,471,892	182,221,115	539,034
U.S. Department of Homeland Security:					
Rail and Transit Security:					
Capital assistance	97.075	EMW2021RA00024	1,950,000	535,722	-
Capital assistance	97.075	EMW2022RA00010	3,293,826	391,354	-
Subtotal ALN 97.075			5,243,826	927,076	-
Homeland Security Grant Program:					
Capital assistance	97.067	UA24096	250,000	250,000	-
Total U.S. Department of Homeland Security Grants			5,493,826	1,177,076	-
Office of Planning and Budget:					
Public Safety Community Violence Reduction Grant	21.027	S-2022-OPB	1,402,976	731,385	-
Total Federal Awards			$1,205,368,694	$184,129,576	$ 539,034

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 - REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the Metropolitan Atlanta Rapid Transit Authority (MARTA) as disclosed in the notes to the basic financial statements for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MARTA, it is not intended to and does not present the financial position, changes in net position, or cash flows of MARTA.

NOTE 2 - BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

MARTA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – 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, Fulton and Clayton counties and the City of Atlanta, and also from the sale of associated sales tax revenue bonds, as required.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with 2 CFR 200.516(a)?	______ Yes	__X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program of Cluster
20.500 / 20.507 / 20.525 / 20.526	Federal Transit Cluster
20.534	Community Project Funding

Dollar threshold used to distinguish between type A and type B programs:	$ 3,000,000	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.