marta METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Comprehensive Annual Financial Report

Year Ended June 30, 2010 | Atlanta, Georgia

Comprehensive Annual Financial Report

Year Ended June 30, 2010

Prepared by the Department of Finance
Davis Allen, Assistant General Manager/CFO

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Introductory Section

marta

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

January 21, 2011

Board of Directors
Metropolitan Atlanta Rapid Transit Authority

Ladies and Gentlemen:

We are pleased to respectfully submit the Metropolitan Atlanta Rapid Transit Authority's (MARTA's) 17th Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010 to the MARTA Board of Directors, the citizens of this area and all interested in its financial condition. MARTA is a public body corporate and joint public instrumentality of the City of Atlanta and the counties of Fulton, DeKalb, Cobb, Clayton and Gwinnett by action of the General Assembly of the State of Georgia for the purposes of planning, constructing, financing and operating a public transportation system. This report is published to fulfill the financial reporting requirements of the MARTA Act.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MARTA for its CAFR for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

The goal of an independent audit is to provide reasonable assurance that the financial statements of MARTA for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and any significant estimates made by management; and, evaluating the overall financial statement presentation.

The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion and that MARTA's financial statements for the fiscal year ended June 30, 2010, are presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

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

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

ORGANIZATION AND MANAGEMENT

The government of MARTA is vested in a Board of Directors (the Board) composed of 18 members. Three members are appointed by Fulton County, five members by DeKalb County, four members by the City of Atlanta, one member by each of Clayton and Gwinnett Counties. In addition, the Commissioner of the State Department of Transportation, the Commissioner of the State Department of Revenue, the Executive Director of the State Properties Commission, and the Executive Director of the Georgia Regional Transit Authority serve as ex-officio members of the Board.

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

THE RAPID TRANSIT SYSTEM

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

Rail

MARTA's rail system consists of 47.6 miles of operational double track and 38 fully functioning stations. The fixed rail system, which consists of steel-wheel trains, operates at speeds up to 70 M.P.H. on steel rails using an electrified "third rail" as the power source. The rail transit system consists of 318 air-conditioned vehicles operating as any combination of two vehicle trains, up to a maximum of eight vehicle trains.

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

Bus

The Atlanta Transit System, Inc., a privately owned bus company, was acquired in February, 1972, by MARTA to provide extensive bus transportation services throughout Fulton and DeKalb and a small portion of Cobb, Clayton, and Gwinnett Counties. MARTA's bus fleet and facilities consists of 582 diesel and compressed natural gas buses and 15 small buses; a heavy maintenance facility and four operating garages; several park-and-ride lots and an extensive system of patron bus shelters and stops. MARTA operates 131 different bus routes providing approximately 27.0 million annual vehicle miles.

Mobility

MARTA Mobility is for persons with disabilities who are unable to negotiate the MARTA fixed route system for some or all of their travel. Passengers must be certified as eligible through a two-part application (client and health care provider). Trips can be delivered curb-to-curb within ¾ mile of MARTA fixed route service in Fulton and DeKalb counties. Mobility services outside of the MARTA service area will be governed by intergovernmental agreement and adhere to federal guidelines. MARTA maintains a fleet size of 175 Lift Vans and 15 Sedans to provide this service which is offered during the same hours and days as the regular bus and rail service.

Budget

MARTA adopts its Operating and Capital Budget in June of each year. Once adopted, total budgeted revenues and/or expenses cannot change. Budgets are allocated to monthly spending levels and a monthly Budget Performance Report is prepared. The monthly Budget Performance Report analyzes expenditures by office relative to monthly and total budgets, and revenues anticipated for the reporting period. For 2010, the Authority had an approved budget of $787.5 million with $399 million allocated to operating expenses and $388.5 million allocated to the capital improvement program and debt service expenses.

FINANCIAL RESULTS

For 2010, MARTA's total net assets were $1.9 billion. Net assets decreased by $99 million from the previous fiscal year when net assets were $2 billion. Details to all financial results can be found in the accompanying Management's Discussion and Analysis, financial statements and associated notes.

ECONOMIC CONDITION AND OUTLOOK

In his Forecast of the Nations dated August 2010, Dr. Rajeev Dhawan comments that recent indicators have many experts concerned about mentioning deflation. Treasury bonds have fallen to Lehman/AIG levels, job growth has stalled, GDP growth is slowing, and personal savings are down to 6.2% as a percentage of disposable income. The crisis in Europe and the slowing in the Chinese economy have everyone concerned. Over the last twelve months, consumers responded to the stimuli from the Federal Government and retailers. It is anticipated that the cycle of price cuts and demand will begin again and may go through several cycles before fully taking hold.

For Georgia and Atlanta, Mr. Dhawan's prognosis for the coming 12 to 18 months is showing gradual to moderate recovery. There will be a slight increase in unemployment in 2010 to 10.2% and gradual declines in 2011 and 2012 to 9.2%. Personal income will rise by 3% in 2010 and at more moderate rates of 4.1% and 4.8% in 2011 and 2012, respectively. Bank failures coupled with high unemployment and the plunge in the housing market has bled Georgia's economy so dry that any moderate recovery will be delayed until 2011. The state and local governments will see increases in retail sales and property tax collections for 2011 and 2012. MARTA is currently seeing slight growth in tax collections and is anticipating more moderate growth in 2011 and 2012.

For more detailed information, please refer to the MD&A in the Financial Section of this report.

Debt Administration

As of June 30, 2010, MARTA had a total of $1,647,575,000 bonds outstanding and issued under three debt indentures. Bonds issued under the first indenture bear credit ratings of Aa2 by Moody's Investors Service and AAA by Standard & Poor's; bonds issued under the second and third indentures bear underlying ratings of Aa2 by Moody's and AA+ by Standard & Poor's. During FY2009 MARTA issued an additional $75,000,000 in commercial paper bond anticipation notes increasing the aggregate amount of commercial paper issued to $225,000,000. The notes bear underlying ratings of P-1 by Moody's and A-1+ by Standard & Poor's.

Legally, MARTA's estimated sales tax receipts must be at least twice the total debt service. The debt ratio for fiscal year 2010 was 2.51. MARTA's Board has placed an additional restriction on the debt service coverage requirement, limiting the maximum estimated annual debt service to no more than 45% of the corresponding year's estimated sales tax receipts. The debt service percentage for fiscal year 2010 was 39.9%.

Major Initiatives

Financial challenges facing MARTA since the mid 1990's have been significantly worsened by the current serious economic downturn. In January 2008, MARTA recognized that the predicted sales tax growth was not being realized; as a result, MARTA implemented a number of cost containment initiatives. These "early on" actions resulted in the Authority's ability to reduce its use of Operating Reserves. By the end of the first quarter of FY 2009, the Authority's fiscal challenges were further exacerbated by the severe international economic downturn. Additional internal cost containment initiatives were implemented in December 2008, and were expanded as cost containment initiatives in the FY 2010-12 time period. MARTA is advancing a series of cost containment measures that include: the elimination of non-represented based merit increases; the implementation of a ten (10) day furlough for non-represented employees excluding police and operating supervisors; an increase in the share that non-represented employees pay for healthcare; the elimination of non-represented employee vacancies; an improvement in represented employee availability; and a reduction in non-labor (other than personnel services) expenses. It is anticipated that these actions along with MARTA's legislative efforts will reduce the multi-year FY 2010-12 shortfalls.

Long-Term Financial Planning

At the outset of the FY 2010-12 Operating Budget Financial Plan and FY 2010 Operating Budget Development Process, a total multi-year (2009-2012) financial shortfall of $441.5M has been forecasted. This total includes $27.8 Million in new investments over the next three years in conjunction with providing resources to address safety issues identified in a recently completed TRA Safety Assessment review, and bringing Breeze fare gate maintenance in-house. In response to the resulting financial shortfall, a series of deficit reduction strategies have been advanced for the consideration of the Board of Directors These potential actions include internal cost containment measures, fare and parking fee increases, legislative relief aimed at the removal of sales tax and interest use restrictions, the development of new revenue streams, core service modifications and/or service reductions, and the use of one-time federal economic recovery funds for eligible preventive maintenance purposes.

On June 2, 2010, Georgia's Governor, Sonny Perdue signed House Bill 277, the Transportation Investment Act of 2010 which proposes to put the future of Georgia's transportation into voters' hands. Elected officials in each of 12 regions will develop a list of projects to be funded by a one-percent sales tax. Georgians will vote on the tax in the 2012 primary elections.

Voters in each region will have the ability to decide on new transportation improvements by voting on a one percent sales tax. The transportation districts will enable a collection of counties to make strategic decisions that will produce growth in their region. The state's Director of Transportation Planning will work closely with local communities to create a project list for each transportation district. The project list will knit together transportation improvements that connect our cities and regions, making the movement of people and goods faster and more cost-efficient.

The bill calls for a statewide vote to be held with the voters in each transportation district considering their specific list. If the district votes yes, the additional sales tax collected in their district will be used to fund their list of projects. If the district votes no, the tax will not be levied.

The Transportation Investment Act also spells out significant changes for MARTA which includes the following:

- No restrictions on use of annual sales tax revenues for three years beginning in June 2010.
- Newly unrestricted funds may be used to maintain the system as it existed on January 1, 2010.
- Newly unrestricted funds during the three-year period may not be used for salary, merit raises, overtime, bonuses, etc.

Changes to the MARTA Board of Directors were also specified in the act. Currently, the MARTA Board is comprised of 18 members, from City of Atlanta, Fulton, DeKalb, Gwinnett and Clayton counties, as well as featuring representatives from the State Properties Commission & Georgia Building Authority, Georgia Regional Transportation Authority, Georgia Department of Revenue and Georgia Department of Transportation.

Per House Bill 277, the MARTA Board of Directors will be terminated as of December 31, 2010, and reconstituted with 11 voting members and one non-voting member

AWARDS

MARTA received the following awards and recognition during FY 2010:

- GFOA Award for Distinguished Budget Preparation for the Fiscal Year Beginning July 1, 2009.
- GFOA Certificate of Achievement for Excellence in Financial Reporting for the FY 2009 Comprehensive Annual Financial Report.
- GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for FY 2009.

ACKNOWLEDGEMENTS

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

Sincerely,

Davis Allen
Assistant General Manager Finance/CFO

Beverly A. Scott, Ph.D.
General Manager/ Chief Executive Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Atlanta Rapid Transit Authority, Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Board of Directors

Officers	**Chairman**	Michael W. Tyler *Fulton County*
	Vice Chair	JoAnn Godfrey McClinton *DeKalb County*
	Secretary	Juanita Jones Abernathy *City of Atlanta*
	Treasurer	Barbara Babbit Kaufman *Fulton County*
Directors	**City of Atlanta**	Juanita Jones Abernathy Clara H. Axam Gloria Leonard Michael Walls
	Clayton County	George E. Glaze
	DeKalb County	Keith E. Adams Harold Buckley, Sr. Frederick L. Daniels Jim Durrett JoAnn Godfrey McClinton
	Fulton County	Walter L. Kimbrough Barbara Babbit Kaufman Michael W. Tyler
	Gwinnett County	Bruce E. LeVell

STATE OF GEORGIA *(Ex-Officio members while holding state office)*

Department of Revenue	Bart L. Graham
Department of Transportation	Vance C. Smith, Jr.
State Properties Commission	Steve Stancil
Georgia Regional Transportation Authority	Kirk Fjelstul

General Manager/CEO and Executive Staff

General Manager/CEO Beverly A. Scott, Ph.D.

Executive Staff

Deputy General Manager/COO
Dwight A. Ferrell

Chief, Business Support Services
Theodore J. Basta, Jr.

Assistant General Manager
of Finance /CFO
Davis Allen

Assistant General Manager
of Internal Audit
Jonnie T. Keith

Assistant General Manager
of Legal Services
Elizabeth O'Neill

Assistant General Manager
of Bus Operations
Mary Ann Jackson

Assistant General Manager
of Rail Operations
Richard Krisak

Assistant General Manager
of Police/Chief of Police
Wanda Dunham

Assistant General Manager
of Technology/CIO
Ben Graham

Assistant General Manager
of External Affairs
Ryland McClendon

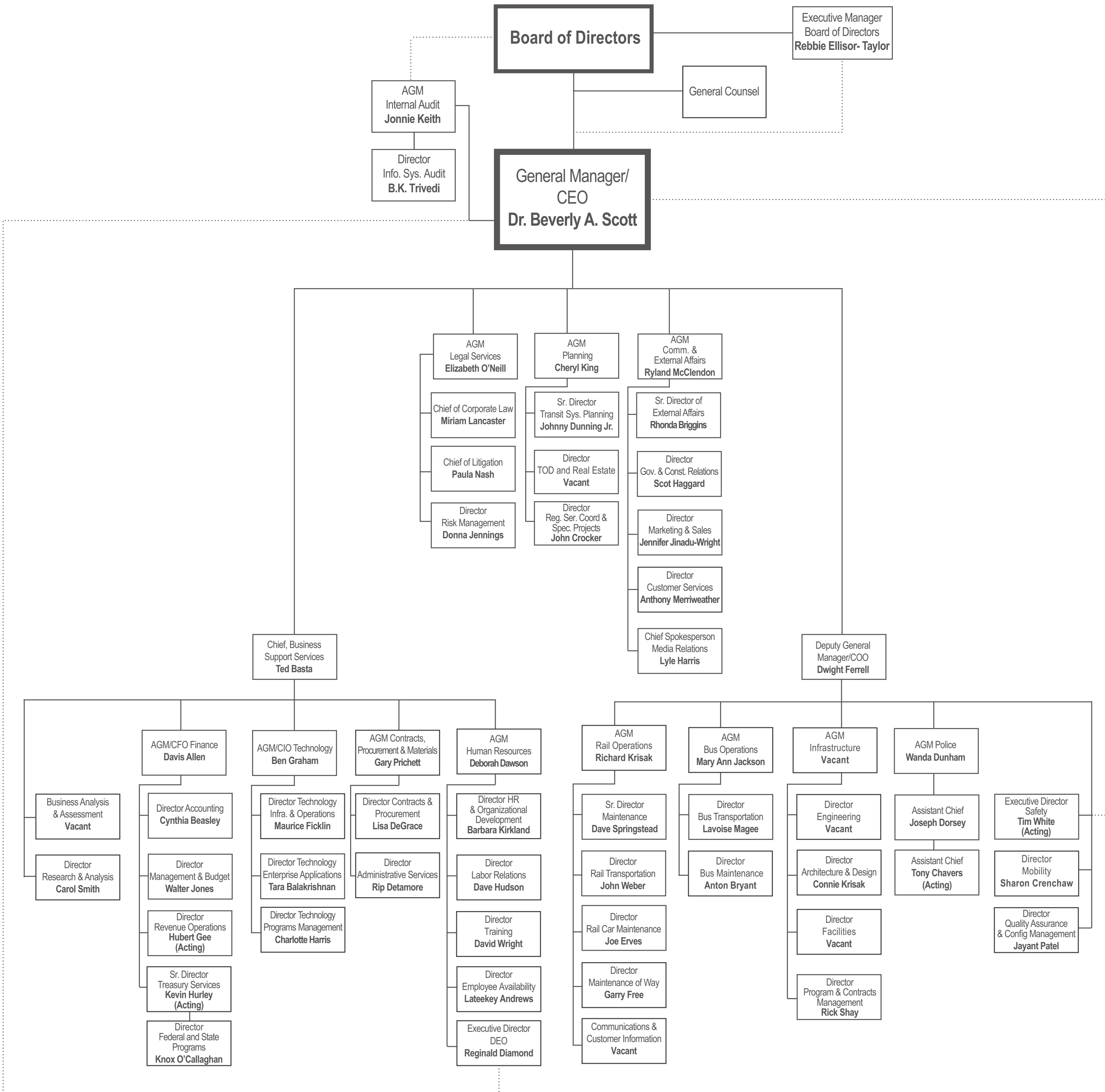
Assistant General Manager
of Planning
Cheryl King

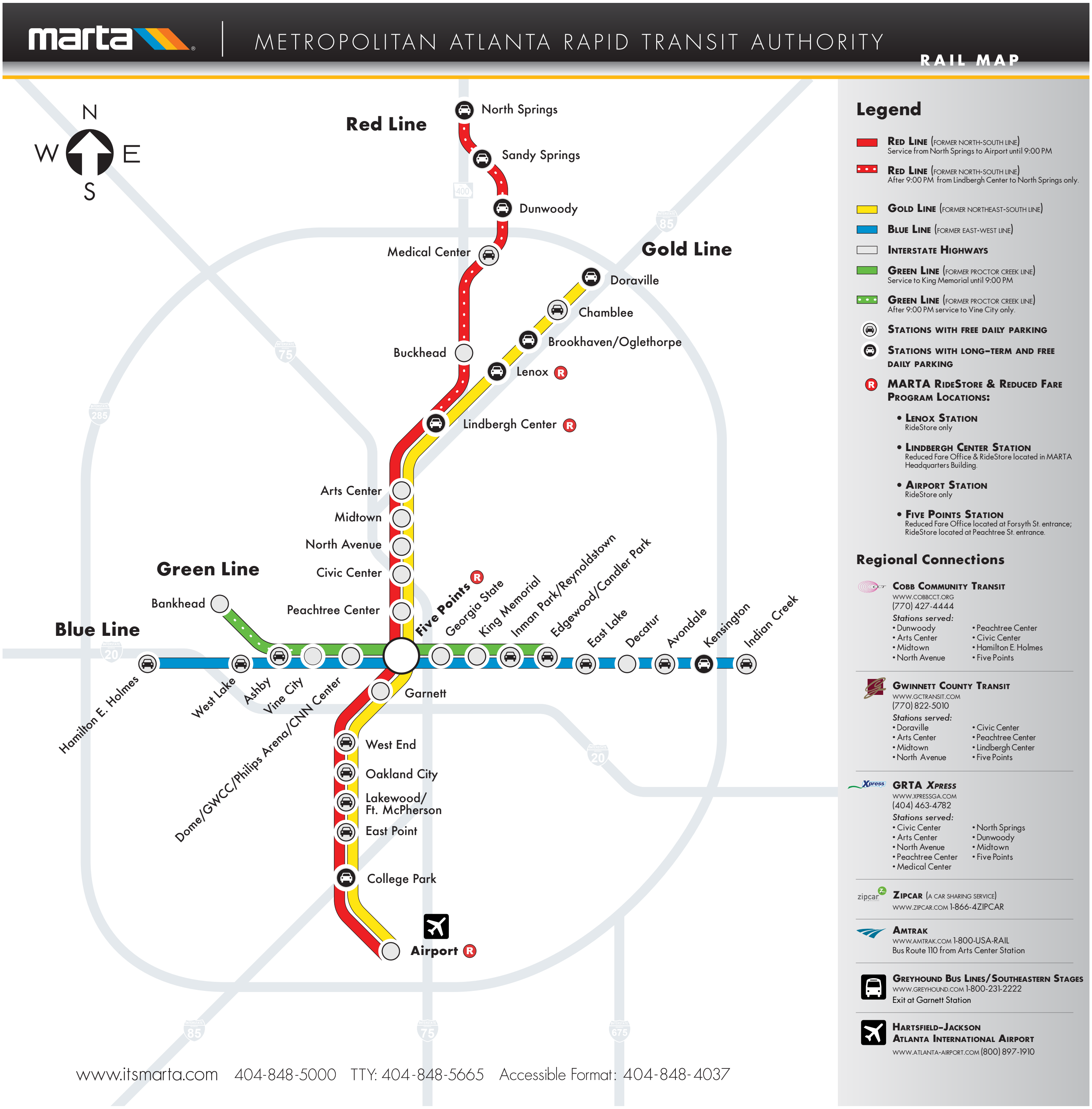
Assistant General Manager
of Contracts and Procurement/
Material
Gary Pritchett

Assistant General Manager
of Human Resources
Deborah Dawson

Assistant General Manager
of Infrastructure
Vacant

Organizational Chart





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METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
RAIL MAP
N
W
E
S
Red Line
Gold Line
Green Line
Blue Line
North Springs
Sandy Springs
Dunwoody
Medical Center
Buckhead
Doraville
Chamblee
Brookhaven/Oglethorpe
Lenox
Lindbergh Center
Arts Center
Midtown
North Avenue
Civic Center
Peachtree Center
Five Points
Bankhead
Hamilton E. Holmes
West Lake
Ashby
Vine City
Dome/GWCC/Philips Arena/CNN Center
Georgia State
King Memorial
Inman Park/Reynoldstown
Edgewood/Candler Park
East Lake
Decatur
Avondale
Kensington
Indian Creek
Garnett
West End
Oakland City
Lakewood/
Ft. McPherson
East Point
College Park
Airport
400
85
75
285
20
675
Legend
Red Line (former North-South line)
Service from North Springs to Airport until 9:00 PM
Red Line (former North-South line)
After 9:00 PM from Lindbergh Center to North Springs only.
Gold Line (former Northeast-South line)
Blue Line (former East-West line)
Interstate Highways
Green Line (former Proctor Creek line)
Service to King Memorial until 9:00 PM
Green Line (former Proctor Creek line)
After 9:00 PM service to Vine City only.
Stations with free daily parking
Stations with long-term and free daily parking
MARTA RideStore & Reduced Fare Program Locations:
• Lenox Station
RideStore only
• Lindbergh Center Station
Reduced Fare Office & RideStore located in MARTA Headquarters Building.
• Airport Station
RideStore only
• Five Points Station
Reduced Fare Office located at Forsyth St. entrance; RideStore located at Peachtree St. entrance.
Regional Connections
Cobb Community Transit
www.cobbcct.org
(770) 427-4444
Stations served:
• Dunwoody
• Arts Center
• Midtown
• North Avenue
• Peachtree Center
• Civic Center
• Hamilton E. Holmes
• Five Points
Gwinnett County Transit
www.gctransit.com
(770) 822-5010
Stations served:
• Doraville
• Arts Center
• Midtown
• North Avenue
• Civic Center
• Peachtree Center
• Lindbergh Center
• Five Points
Xpress
GRTA Xpress
www.xpressga.com
(404) 463-4782
Stations served:
• Civic Center
• Arts Center
• North Avenue
• Peachtree Center
• Medical Center
• North Springs
• Dunwoody
• Midtown
• Five Points
zipcar
Zipcar (a car sharing service)
www.zipcar.com 1-866-4ZIPCAR
Amtrak
www.amtrak.com 1-800-USA-RAIL
Bus Route 110 from Arts Center Station
Greyhound Bus Lines/Southeastern Stages
www.greyhound.com 1-800-231-2222
Exit at Garnett Station
Hartsfield-Jackson Atlanta International Airport
www.atlanta-airport.com (800) 897-1910
www.itsmarta.com 404-848-5000 TTY: 404-848-5665 Accessible Format: 404-848-4037

Financial Section

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Metropolitan Atlanta Rapid Transit Authority:

We have audited the accompanying statements of net assets of the Metropolitan Atlanta Rapid Transit Authority ("MARTA") as of June 30, 2010 and 2009 (As Restated), and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of MARTA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the MARTA as of June 30, 2010 and 2009 (As Restated), and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 21, 2011 on our consideration of MARTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report in an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As disclosed in Note 1 to the financial statements, MARTA implemented Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The implementation of this statement required MARTA to retroactively record the fair value of investment derivatives. Accordingly, MARTA's net assets as of July 1, 2008 have been restated to properly reflect the recording of the fair value of MARTA's investment derivatives.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on MARTA's basic financial statements. The introductory section, supplemental schedule of revenues and expenses, budget versus actual (budget basis), and statistical section, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedule of revenues and expenses, budget versus actual (budget basis) has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Bekaert & Holland, L.L.P.

January 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited) Dollars in Thousands

As management of the Metropolitan Atlanta Rapid Transit Authority (MARTA or the Authority), we offer readers of MARTA's basic financial statements this narrative overview and analysis of the financial activities of MARTA for the fiscal years ended June 30, 2010 and 2009. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

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

Overview of Financial Statements

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

Included in MARTA's financial statements are the statements of net assets, the statements of revenues, expenses and changes in net assets, the statements of cash flows, and the related notes.

The Statement of Net Assets presents information on all of MARTA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 Assets presents information showing how MARTA's net assets changed during the most recent fiscal year. All changes in net assets 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.

Fiscal Year 2009 Restatement

For fiscal year ended June 30, 2010, MARTA adopted GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. This statement provides guidance on derivative disclosures and addresses the recognition and measurement of derivative instruments. This statement required management to restate the fiscal year 2009 financial statements to reflect a negative fair value of investment derivatives of $33,755, a deferred outflow of resources asset and a derivative financial instrument liability of $14,061, a loss on investment derivative of $6,056, and a decrease in net assets of $27,699.

Financial Position Summary

Net assets may serve over time as a useful indicator of MARTA's financial position. MARTA's assets exceed liabilities by $1.9 billion at June 30, 2010, a $99 million decrease from June 30, 2009 when assets exceed liabilities by $2 billion.

The largest portion of MARTA's net assets each year, 53% and 66% as of June 30, 2010 and 2009, respectively, represents its investment in capital assets (e.g., land, rail system, buildings and transportation equipment), less any related outstanding debt used to acquire those assets. MARTA uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although MARTA's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a condensed summary of net assets:

	2010	Restated 2009	2008
ASSETS:			
Current and Other Assets	$ 1,106,044	$ 903,671	$ 1,141,752
Capital Assets	3,272,708	3,360,487	3,393,197
Total Assets	4,378,752	4,264,158	4,534,949
LIABILITIES			
Long-term Debt	1,916,104	1,707,386	1,685,722
Other Liabilities	590,870	585,531	740,549
Total Liabilities	2,506,974	2,292,917	2,426,271
NET ASSETS			
Invested in Capital Assets, Net of Debt	987,068	1,307,142	1,707,475
Restricted	731,872	274,819	306,633
Unrestricted	152,838	389,280	94,570
TOTAL NET ASSETS	$ 1,871,778	$ 1,971,241	$ 2,108,678

(Unaudited) Dollars in Thousands

An additional portion of MARTA's net assets, 39% and 14%, as of June 30, 2010 and 2009, respectively, represents resources that are subject to external restrictions on how they can be used under bond resolutions, lease agreements, and State and Federal regulations. The remaining unrestricted net assets, 8% and 20%, as of June 30, 2010 and 2009, respectively, may be used to meet any of MARTA's ongoing obligations.

At the end of the current fiscal year, MARTA is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal years.

Financial Operations Highlights

MARTA is a single enterprise fund providing public transportation. MARTA provides direct benefits to its users as well as substantial indirect benefits to the public at large (e.g., decreased traffic congestion, decreased need for road construction and maintenance, decreased need for parking, decreased air pollution levels, increased availability of transportation for low-income citizens). Therefore, the user charges are intended to finance only a portion of the cost of providing these services with additional proceeds obtained from the collections of sales and use tax under the Rapid Transit Contract and Assistance Agreement with the City of Atlanta and the Counties of Fulton and DeKalb, and Federal Subsidies. The tax is levied at a rate of 1% until June 30, 2047 and .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 61% and 60% of operating costs of the previous fiscal year as defined under the MARTA Act for the years ended June 30, 2010 and 2009, respectively.

The following table presents the summary of changes in net assets:

	2010	Restated 2009	2008
Operating revenues	$ 122,291	$ 113,798	$ 117,558
Operating expenses	630,392	617,027	564,659
Operating loss	(508,101)	(503,229)	(447,101)
Non-operating revenues (expenses) - net	374,446	313,118	336,530
Capital grants	34,192	80,373	81,191
Decrease in net assets	$ (99,463)	$ (109,738)	$ (29,380)

In fiscal year 2010, operating revenues increased by $8.5 million and operating expenses increased by $13.4 million, which resulted in an overall increase in the operating loss of $4.9 million from the previous year.

Since 2001, Management has used measured steps to reign in controllable labor costs and expenditures through administrative wage freezes and furloughs, increased benefit cost sharing and lastly, service cutbacks and modifications. These measures have not been used consistently each year, as MARTA works to keep its base of customers and employees. In fiscal year 2010, MARTA implemented numerous service modifications. The service modifications are one of several measures MARTA implemented to address an extremely challenging financial period. The service adjustments represent one of the largest service modifications ever implemented by the Authority and include total elimination of two bus routes due to non-productivity; adjustments to more than 40 additional bus routes as well as implementation of a minor increase in headway for rail service. Headway is the amount of time customers have to wait between trains. MARTA avoided having to make more wide-spread service cuts by implementing significant internal cost containment measures, raising fares and long-term parking fees, and utilizing one-time funding made available through the American Recovery and Reinvestment Act (ARRA). The 25-cent base fare increase and $1 parking fee hike went into effect on October 1, 2009. This was the first time MARTA has raised its fares in eight years.

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

Summary of Revenues	**2010**	**Restated 2009**	**2008**
Operating			
Fare Revenues	$ 109,546	$ 105,235	$ 103,963
Other Revenues	12,745	8,563	13,595
Total Operating Revenues	122,291	113,798	117,558
Nonoperating			
Sales and Use Tax	307,525	312,704	349,668
Federal Revenues	100,960	52,313	49,253
Investment Income	2,181	6,933	18,068
Capital Lease and Other Revenues	54,746	2,903	3,434
Other Revenues	10,829	48,443	10,786
Gain (Loss) on Sale of Property and Equipment	(171)	(1,611)	275
Total Nonoperating Revenues	476,070	421,685	431,484
Total Revenues	598,361	535,483	549,042
Summary of Expenses			
Operating			
Transportation	180,360	177,869	174,927
Maintenance and Garage Operations	146,875	141,438	129,430
General and Administrative	76,125	71,616	64,410
Depreciation	227,032	226,104	195,892
Total Operating Expenses	630,392	617,027	564,659
Nonoperating			
Interest Expense	74,205	72,568	75,558
Interest Expense Capitalized	(241)	(356)	(177)
Amortization of Bond Discount, issue Costs and Deferred Loss on Refunding	(4,880)	(2,310)	(3,715)
(Gain) Loss on Investment Derivatives	(6,429)	6,056	-
Other Nonoperating Expenses	38,969	32,609	23,288
Total Nonoperating Expenses	101,624	108,567	94,954
Total Expenses	732,016	725,594	659,613
Loss Before Capital Contributions	(133,655)	(190,111)	(110,571)
Capital Grants	34,192	80,373	81,191
Decrease in Net Assets	(99,463)	(109,738)	(29,380)
Net Assets, July 1	1,971,241	2,108,678	2,138,058
Cumulative effect of change in accounting principle	-	(27,699)	-
Net Assets, June 30	$ 1,871,778	$ 1,971,241	$ 2,108,678

Net assets decreased by $99 million in 2010 after decreasing by $110 million in 2009. Both operating and nonoperating expenses continue to exceed incoming revenues. As a result, management must use cash reserves to cover the gap.

MARTA had a 4% increase in passenger revenue from 2009 to 2010 and a 1% increase between 2008 and 2009. The growth in 2010 is directly related to fare increase implemented in October 2009. Also in 2010, MARTA recognized the remaining $2.6 million in unredeemed tokens as passenger revenue.

In 2010, MARTA's other operating revenues increased by $4.2 million or 49%. Included in other operating revenues are advertising, Transit Oriented Development Lease (TOD), and alternative fuel tax revenues. MARTA saw a $3.9 million increase in other operating revenues in alternative fuel tax revenue compared to 2009.

In 2010, MARTA's largest component to nonoperating revenues, sales and use tax, was down from Fiscal year 2009 by $5 million or 1.7%. Overall, nonoperating revenues were up to $54 million or 12.9% change from 2009.

The 2010 operating expenses increased by $13.4 million from 2009; this increase was a result of additional healthcare, OPEB, and maintenance costs. The 2010 nonoperating expenses decreased by $6.9 million from 2009; this was primarily due to a gain recognized from non-effective derivative instruments as a result of the implementation of GASB Statement No. 53.

The 2010 operating expenses increased by $13.4 million from 2009; this increase was a result of additional healthcare, OPEB, and maintenance costs. The 2010 nonoperating expenses decreased by $6.9 million from 2009; this was primarily due to a gain recognized from non-effective derivative instruments as a result of the implementation of GASB Statement No. 53.

Capital Acquisitions and Construction Activities

During fiscal year 2010, MARTA expended $140,234 on capital activities. The expenditures were primarily for the rehabilitation of railcars, facilities and infrastructure, procurement of passenger buses and information technology upgrades. The net change in Capital Assets, including changes in accumulated depreciation and retirements was $(87,779), $(32,710) and $43,043 as of June 30, 2010, 2009 and 2008, respectively. Additional information on MARTA's debt and capital asset activity and commitments can be found in notes 6 and 7 to the financial statements.

The following table summarizes MARTA's investment in Capital Assets, Net of Related Debt:

	2010	Restated 2009	2008
Capital Assets			
Property & Equipment - Net	$ 3,272,708	$ 3,360,487	$ 3,393,197
Capital Debt			
Current maturities of Bonds and Notes	58,370	54,930	51,640
Noncurrent maturities of Bonds and Notes	1,857,734	1,652,456	1,634,082
Capital Lease Obligations	369,536	345,959	-
	2,285,640	2,053,345	1,685,722
Capital Assets, Net of Debt	$ 987,068	$ 1,307,142	$ 1,707,475

Long Term Debt Administration

MARTA issues Sales and Use Tax Revenue Bonds and Bond Anticipation Notes Commercial Paper to raise capital funds for construction and expansion, and rehabilitation of the transit system. During fiscal year 2005 MARTA initiated its commercial paper program, in the form of

Bond Anticipation Notes, to provide flexibility and optimization to the issuance of debt. MARTA management believes this will provide for the timelier issuance of long-term debt. The bonds and notes are payable from and secured by a first, second and third lien on sales and use tax receipts. The Bonds carry debt ratings of A-1 by Moody's Investors Service and AA by Standard and Poor's. The notes bear underlying ratings of P-1 by Moody's and A-1+ by Standard & Poor's. MARTA's total bond debt outstanding was $1,916,104, $1,707,386 and $1,685,722 as of June 30, 2010, 2009 and 2008, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Economic Condition and Outlook

The current economy in the state of Georgia mirrors the economy throughout the rest of the country. Unemployment is hovering around 10%; the housing market is still rather unstable and economists are unsure of when foreclosures will level off. Consumer confidence, which drives consumer spending, is still at an all-time low. MARTA's largest revenue source, sales tax revenue, is directly related to consumer spending. MARTA's 2010 Sales Tax Revenue was down from 2009 by $5.2 million or 2%. Sales tax revenue finished the year $1.2 million higher than budget, but this positive variance to budget needs to be tempered with the recent tax changes in the legislature that could decrease sales tax collection going forward. Current sales tax forecasts show positive growth of 2% in 2011 and 3% in 2012. However, this modest growth will not be enough to cover the cost of operating services of capital needs in the near future. As a result, MARTA plans substantial decreases in services in 2011.

Retraction in MARTA's spending capacity is in-line with the retraction in the local economy. According to Rajeev Dhawan, director of the Economic Forecasting Center at Georgia State University, "this will be a year of large-scale losses in Georgia, with hopes for recovery shoved back into 2011. While the huge federal stimulus package will help some, the overall picture has grown bleaker in the past several months. After the last recession we made up what we lost in about three years. This time it is going to be a while. About 143,000 Georgia jobs will vanish this year. By 2011, the state will have struggled through three years of job losses, shedding roughly 250,000 jobs." The loss of jobs will affect both of MARTA's primary revenue sources, Sales Tax Revenue and Passenger Revenue.

Although the prognosis for the next 12 to 18 months is bleak, all is not doom and gloom. According to a study released by Policom Corp, an independent economic research firm, metro Atlanta has the 18th strongest economy in the United States. According to William Fruth, president of Policom, "the top rated areas have had rapid, consistent growth in both size and quality for an extended period of time. The rankings do not reflect the latest 'hotspot' or boom town, but the areas which have the best economic foundation."

Request for Information

This financial report is designed to provide a general overview of MARTA's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Atlanta Rapid Transit Authority, 2424 Piedmont Road, N.E., Atlanta, GA 30324-3330.

STATEMENTS OF NET ASSETS

June 30, 2010 and 2009

Assets	2010	2009 As Restated (Note 1)
Current Assets:		
Cash and Cash Equivalents (Note 2)	$ 21,527	$ 7,561
Investments (Note 2)	201,039	109,373
Material and Supplies Inventories	34,289	35,981
Sales Tax Receivables, Prepayments and Other	85,985	95,573
Total Unrestricted Current Assets	342,840	248,488
Restricted Investments (Notes 2 and 3)	95,027	87,069
Current portion, Investment for Capital Lease (Notes 2 and 3)	3,421	3,045
Total Restricted Current Assets	98,448	90,114
Total Current Assets	441,288	338,602
Noncurrent Assets:		
Restricted Investments (Notes 2 and 3)	218,319	199,942
Investment held to pay Capital Lease Obligations (Notes 2 and 3)	442,579	364,632
Investment Derivatives (Notes 1 -3 and 8)	(27,326)	(33,755)
Total Restricted Non Current Assets	633,572	530,819
Capital Assets: (Note 6)		
Land	553,327	552,323
Rail System and Buildings	3,180,486	3,174,347
Transportation Equipment	1,224,945	1,179,013
Other	997,415	962,595
	5,956,173	5,868,278
Less Accumulated Depreciation	(2,951,124)	(2,738,821)
	3,005,049	3,129,457
Construction in Progress	267,659	231,030
Capital Assets - Net	3,272,708	3,360,487
Other Noncurrent Investments	10,000	10,000
Bond Issue Costs - Net	9,134	8,265
Deferred Outflow of Resources from Hedging (Notes 1 and 8)	11,130	14,061
Other	920	1,924
Total Noncurrent Assets	3,937,464	3,925,556
Total Assets	$ 4,378,752	$ 4,264,158

See accompanying notes to Financial Statement

STATEMENTS OF NET ASSETS

June 30, 2010 and 2009

Liabilities and Net Assets	2010	2009 As Restated (Note 1)
Current Liabilities:		
Payable from NonRestricted Assets:		
Accounts and Contracts Payable	$ 43,894	$ 55,434
Salaries and Employee Benefits (Notes 11 and 12)	19,081	19,468
Self-Insurance Accruals (Note 13)	1,530	1,464
Other Current Liabilities	3,138	7,050
Total Current Liabilities Payable from NonRestricted Assets	67,643	83,416
Payable from Restricted Assets:		
Current Maturities of Sales Tax Revenue Bonds (Note 7)	58,370	54,930
Accrued Interest	36,657	31,984
Due to Federal Transportation Administration	148	155
Current Maturities of Obligations Under Capital Leases (Note 10)	3,263	3,028
Total Current Liabilities Payable from Restricted Assets	98,438	90,097
Total Current Liabilities	166,081	173,513
Noncurrent Liabilities:		
Sales Tax Revenue Bonds, Less Current Maturities, Unamortized Discount and Deferred Loss on Refunding (Note 7)	1,857,734	1,652,456
Noncurrent Self Insurance Accruals (Note 13)	22,855	18,767
Deferred Revenue (Note 14)	82,901	91,189
Obligations Under Capital Leases (Note 10)	366,273	342,931
Derivative Liability (Note 1 and 8)	11,130	14,061
Total Noncurrent Liabilities	2,340,893	2,119,404
Total Liabilities	2,506,974	2,292,917
Net Assets		
Invested in Capital Assets, net of Related Debt	987,068	1,307,142
Restricted for debt service	151,914	106,592
Restricted for Investment Derivative	(27,326)	(33,755)
Restricted for other projects	49,602	49,602
Restricted for capital projects	111,682	130,662
Restricted for capital leases	446,000	367,677
Unrestricted	152,838	43,321
Total Net Assets	1,871,778	1,971,241
Total Liabilities and Net Assets	$ 4,378,752	$ 4,264,158

See accompanying notes to Financial Statement

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

	2010	2009 As Restated (Note 1)
Operating Revenues:		
Fare Revenues (Note 5)	$ 109,546	$ 105,235
Other Revenues	12,745	8,563
Total Operating Revenues	122,291	113,798
Operating Expenses:		
Transportation	180,360	177,869
Maintenance and Garage Operations	146,875	141,438
General and Administrative	76,125	71,616
Depreciation	227,032	226,104
Total Operating Expenses	630,392	617,027
Operating Loss	(508,101)	(503,229)
Nonoperating Revenues (Expenses):		
Sales and Use Tax (Notes 1 and 4)	307,525	312,704
Federal Revenues	100,960	52,313
Investment Income	2,181	6,933
Capital Lease and Other Revenues	54,746	2,903
Other Revenues	10,829	48,443
Gain (Loss) on Sale of Property and Equipment	(171)	(1,611)
Interest Expense	(74,205)	(72,568)
Interest Expense Capitalized	241	356
Amortization of Bond Discount, Issue Costs and Deferred Loss on Refunding	4,880	2,310
Other NonOperating Expenses	(38,969)	(32,609)
Gain (Loss) on Investment Derivatives (Note 1 and 8)	6,429	(6,056)
	374,446	313,118
Loss Before Capital Contributions	(133,655)	(190,111)
Capital Grants	34,192	80,373
Net Assets		
Decrease in Net Assets	(99,463)	(109,738)
Net Assets, July 1 as previously reported	-	2,108,678
Cumulative effect of change in accounting principle (Note 1)	-	(27,699)
Net Assets, July 1 as restated	1,971,241	2,080,979
Net Assets, June 30	$ 1,871,778	$ 1,971,241

See accompanying notes to Financial Statement

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

	2010	2009 As Restated (Note 1)
Cash Flows from Operating Activities:		
Cash Received from Providing Services	$ 125,780	$ 85,391
Cash Paid to Suppliers	(223,512)	(169,205)
Cash Paid to Employees	(231,879)	(239,271)
Net Cash Used by Operating Activities	(329,611)	(323,085)
Cash Flows From Noncapital Financing Activities:		
Sales and Use Tax Collections	317,776	327,426
Federal Operating Subsidy	102,411	5,590
Net Cash Provided by Noncapital Financing Activities	420,187	333,016
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Issuance of Bond	267,659	1,432
Proceeds from Issuance of Commercial Paper		75,000
Repayment of Bond Payable	(54,930)	(51,640)
Capital Contributions	34,192	80,373
Interest Paid on Revenue Bonds	(69,532)	(74,925)
Acquisition and Construction of Capital Assets	(138,179)	(195,375)
Net Cash Provided (Used) by Capital and Related Financing Activities	39,210	(165,135)
Cash Flows from Investing Activities:		
Purchases of Investments	(1,665,167)	(3,559,119)
Proceeds from Sales and Maturities of Investments	1,547,166	3,706,692
Interest Received on Investments	2,181	6,168
Net Cash (Used) Provided by Investing Activities	(115,820)	153,741
Net Increase (Decrease) in Cash and Cash Equivalents	13,966	(1,463)
Cash and Cash Equivalents, Beginning of Year	7,561	9,024
Cash and Cash Equivalents, End of Year	$ 21,527	$ 7,561
Reconciliation of Operating Income to Net Cash Used by Operating Activities:		
Operating Loss	$ (508,101)	$ (503,228)
Other Revenues and (Expenses)	(28,140)	18,496
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	227,032	226,104
Changes in Assets and Liabilities:		
Materials and Supplies Inventories	1,692	(741)
Prepayments and Other	(2,114)	5,148
Current Liabilities and Due Federal Transportation Administration	(11,692)	(36,592)
Deferred Revenue	(8,288)	(32,272)
Net Cash Used by Operating Activities	$ (329,611)	$ (323,085)
Noncash Investing, Capital and Financing Activities:		
Amortization of Bond Issuance Costs	$ 4,880	$ 2,310
Increase (Decrease) in Fair Value of Investments	44,878	(5,162)
Net Noncash Investing, Capital and Financing Activities	$ 49,758	$ (2,852)

See accompanying notes to Financial Statement

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In order to measure the costs of providing mass transportation services, the revenues from those services and required subsidies, MARTA has adopted the accounting principles and methods appropriate for a governmental enterprise fund. In accordance with accounting standards applicable to enterprise funds, MARTA has elected not to apply pronouncements issued by the Financial Accounting Standards Board after November 30, 1989. This complies with the MARTA Act and Sales Tax Bond Trust Indenture legal requirements that all accounting systems and records, auditing procedures and standards, and financial reporting shall conform to generally accepted principles of governmental accounting.

The following is a summary of the more significant accounting policies of the Authority:

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

MARTA is a jointly governed organization. Of its eighteen member board, three members are appointed by Fulton County, five members by DeKalb County, four members by the City of Atlanta, and one member by each County of Clayton and Gwinnett. In addition, the Commissioner of the State Department of Transportation, the Commissioner of the State Department of Revenue, the Executive Director of the State Properties Commission, and the Executive Director of the Georgia Regional Transportation Authority serve as ex-officio members of the Board. None of the participating governments appoints a majority of MARTA's Board and none has an ongoing financial interest or responsibility. None of the participating governments had any significant financial transactions with MARTA during fiscal years ended June 30, 2010 or 2009.

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.

Newly Adopted Accounting Standards – MARTA implemented GASB Statement 51, Accounting and Financial Reporting for Intangible Assets, beginning July 1, 2009. This statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting among state and local governments. Retroactive reporting by MARTA was not required since it has been determined that MARTA's intangible assets meeting the statement's guidelines consist solely of internally generated intangible assets.

MARTA also implemented GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, beginning July 1, 2009. This statement is intended to improve how state and local governments report information about swaps and other derivative instruments in their financial statements. In general, the statement requires derivative instruments to be reported on the statement of net assets at fair value with changes in fair value presented as deferred inflows or deferred outflows. However, if the derivative agreement is terminated prior to expected conclusion or if the hedge ceases to significantly reduce risk (becomes ineffective), the accumulated gains or losses are to be reported on the statements of revenues, expenses and changes in net assets. Implementation of this statement resulted in the restatement of the 2009 financial statements to record (1) the fair value of MARTA's derivatives as a deferred outflow of resources asset and a derivative financial instrument liability on the statement of net assets for its derivatives that were proven to be effective as hedges of $14,061 as of June 30, 2009 and (2) for the derivatives proven ineffective as hedges a negative fair value of the investment derivative of $33,755 at June 30, 2009, a loss on investment derivative of $6,056 which represents the change in fair value of the derivative during the year ended June 30, 2009, and a decrease in restricted net assets of $27,699 which represents the negative fair value of the investment derivatives as of July 1, 2008 (See Note 8).

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

Investments - MARTA carries all investments at fair value based on quoted market prices. U.S. Treasury and Agency obligations are reported at amortized cost if MARTA acquires them within one year of maturity.

Investments Held to Pay Capital Lease Obligations – To fund certain future obligations under capital 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.

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

Derivative Financial Instruments – Derivative financial instruments are carried at fair value on the statements of net assets. 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 assets. Derivative instruments not designated as an accounting hedge are classified as an investment derivative. Changes in fair values of investment derivative instruments, including derivative instruments that are determined to be ineffective, are reported as nonoperating revenues (expenses) on the statements of revenues, expenses and changes in net assets. See Note 8 for further information on these instruments.

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

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

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

MARTA uses a three hundred-dollar capitalization threshold for its capital assets. Donated properties are stated at their fair value on the date donated. When assets are sold or retired, the cost of the asset and related accumulated depreciation is removed from the accounts and the resulting gain or loss, if any, is charged to non-operating revenue or expense. Ordinary maintenance and repairs are charged to expense as incurred, while property additions and betterments are capitalized. MARTA capitalizes, as a cost of its constructed assets, the interest expense based upon the weighted average cost of borrowings of MARTA.

Deferred Revenue - Includes the remaining unamortized balance of the deferred amounts from the lease/leaseback arrangements in 2002, 2003, 2004, 2005, 2006 and 2007 and the sale/leaseback arrangements in 1987 and 1988 of certain rail cars and buses. The deferred gains are being amortized over the remaining lives of the respective leases on a straight-line basis. It also includes the upfront cash received from the 2004 interest basis swap agreements, the upfront cash received from the 2007 forward delivery agreement and the remediation net benefit in 2009, all of which are being amortized over the life of the related agreements.

Bond Proceeds, Discount, Issue Costs, and Losses on Refundings - Proceeds from the issuance of Sales Tax Revenue Bonds are initially deposited with the Bond Trustee in a Construction Fund as required by the Trust Indenture between MARTA and the Trustee. MARTA requisitions the funds as needed for construction of the transit system. Bond discount and issue costs are amortized using the bond outstanding method, over the term of the related debt. Losses on debt refundings are deferred and amortized over the shorter of the life of the refunded debt or the new debt, principally using the bond outstanding method.

Fare Revenues - Passenger fares are recorded as revenue at the time services are performed.

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

Grants for capital asset acquisition, facility development, and rehabilitation are reported in the statements of revenues, expenses and changes in net assets, after non-operating revenues and expenses as capital grants.

Net Assets - Net assets present the difference between assets and liabilities in the statements of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets 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 assets may be designated for specific purposes at the option of the MARTA Board of Directors. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

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 non-operating expenses are not budgeted. Management control for the operating budget is maintained at expenditure category levels. Management has flexibility of reprogramming funds in respective cost centers with approval of budget staff as long as the total budget authorization is not exceeded. Capital expenditures are controlled at the budget line item.

Cost Allocation - MARTA allocates certain general and administrative expenses to transit operations and also capitalizes certain of these expenses in construction in progress based on its cost allocation plan prepared in accordance with FTA guidelines. General and administrative expenses not allocable to either transit operations or construction in progress under FTA guidelines are reflected as non-operating general and administrative expense in the accompanying statements of revenues and expenses and changes in net assets.

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 non-operating 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 non-operating expenses.

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

2. CASH AND INVESTMENTS

Cash - At June 30, 2010 and 2009, the carrying amounts of MARTA's total cash on hand were $1,249 and $1,248, respectively.

At June 30, 2010 and 2009 the carrying amounts of MARTA's total cash on deposit, including restricted assets, were $20,278 and $6,313, respectively. The bank balances were $18,938 and $4,874, respectively. Of the bank balances at June 30, 2010 and 2009, $464 and $455, respectively, were covered by federal depository insurance and $19,059 and $4,419, respectively, were collateralized by government securities held by the pledging financial institution's trust department or agent in MARTA's name.

Investments - Georgia statutes authorize MARTA to invest in U.S. Government obligations, U.S. Government agency obligations, obligations of any instrumentality of the U.S. Government, or in repurchase agreements collateralized by any of the aforesaid securities, prime Bankers' Acceptances or in State of Georgia obligations, or in the State of Georgia sponsored investment pool or in other obligations or instruments as allowed by Georgia Law. MARTA's code, policy and guidelines mandate no deviation from the highest credit quality – only AAA and A1/P1. Under the terms of MARTA's Sales Tax Revenue Bond Trust Indenture, the Authority may not invest in securities with a remaining term to maturity greater than 5 years from the purchase date. In addition, MARTA requires that repurchase agreement collateral must have a market value ranging from 101% to 104% of the cost of the repurchase agreement, depending upon the maturity date and type of security. MARTA's policy states that collateral pledged for repurchase agreements and not delivered to MARTA's safekeeping agent must be held by the pledging bank's trust department in MARTA's name.

As of June 30, 2010, MARTA had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Repurchase Agreements	$ 101,840	$ 101,840	$ -	$ -	$ -
U.S. Treasuries	130,064	66,692	10,214	254	52,904
U.S. Agencies	261,711	39,482	19,392	50,229	152,608
State of Georgia GA Fund 1	37,000	37,000	-	-	-
FDIC Public Funds	70,500	70,500	-	-	-
Corporate-BAC Prime BA	190,079	190,079	-	-	-
Certificate of deposit (CDAR	11,609	11,609	-	-	-
Guaranteed Inv Contracts	167,582	-	-	-	167,582
Investment Derivatives	(27,326)	-	-	-	(27,326)
Total	$ 943,059	$ 517,202	$ 29,606	$ 50,483	$ 345,768

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As of June 30, 2009, MARTA had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Repurchase Agreements	$ 18,290	$ 18,290	$ -	$ -	$ -
U.S. Treasuries	51,220	39,844	6,630	242	4,504
U.S. Agencies	110,394	68,987	2,338	569	38,500
State of Georgia GA Fund 1	115,000	115,000	-	-	-
FDIC Public Funds	105,500	105,500	-	-	-
Corporate-BAC Prime BA	43,540	43,540	-	-	-
Certificate of deposit (CDAR	5,295	5,295	-	-	-
Guaranteed Inv Contracts	324,822	-	3,045	-	321,777
Investment Derivatives	(33,755)	-	-	-	(33,755)
Total	$ 740,306	$396,456	$ 12,013	$ 811	$ 331,026

Interest Rate Risk – is the risk that changes in interest rates will adversely affect the fair value of financial instruments or cash flows. As a means of limiting its exposure to this, MARTA's investment policy prohibits investments in U.S. Treasuries and Agencies and State Obligations with maturities greater than five years and six months at the date of purchase. The policy also limits Repurchase Agreements to three months from the date of purchase.

Credit Quality Risk – is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The exposure of MARTA's debt securities to credit quality risk as of June 30, 2010 is as follows:

Investment Type	Fair Value	Credit Rating	Rating Agency
Repurchase Agreements	$ 101,840	AAA/AAA	
U.S. Government Treasuries	130,064	AAA/Aaa	
U.S. Government Agencies	261,711	AAA/Aaa	
State of Georgia GA Fund 1	37,000	AAAm	S&P
FDIC Public Funds	70,500	AAA/AAA	S&P
Corporate-BAC Prime BA	190,079	A/A2	S&P/Moody's
Certificate of Deposit (CDAR)	11,609	AAA/AAA	
Guaranteed Inv Contracts	167,582		
Investment Derivatives	(27,326)		
Total	$ 943,059		

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

Custodial Credit Risk - for an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MARTA will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Of MARTA's investment at June 30, 2010 and 2009 of $943,059 and $740,306, respectively, $10,319 and $10,245, respectively, are securities held by a trustee, not in the name of MARTA. These investments are the only securities not held in MARTA's name as per the terms of a trust agreement between MARTA and a Railroad company.

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

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3. RESTRICTED ASSETS

Restricted assets consist of the following at June 30:

	2010	2009
Restricted Cash and Investments:		
Sinking Fund	$ 151,892	$ 106,592
Railroad Trust Fund Agreement	10,000	10,000
Capital Asset Purposes	63,193	63,193
Proceeds From Real Estate Sales	36,661	55,661
Investment Held to Pay Capital Lease Obligation	446,000	367,677
Investment Derivatives	(27,326)	(33,755)
Other	51,600	51,565
Total Restricted Cash and Investments	732,020	620,933
Due to FTA	148	155
Total Restricted Assets, Net of Related Debt	$ 731,872	$ 620,778

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

Under the terms of the railroad trust fund agreement between MARTA and a railroad company (the "Railroad"), MARTA has agreed to pay certain costs of purchasing insurance to protect the Railroad against the risk of liability from injury or damage to MARTA's passengers, employees, and property which may result from the Railroad's operations. At June 30, 2010 and 2009, MARTA had placed certain investments in a special trust fund to guarantee its performance under this agreement. Interest earned on these funds is unrestricted.

Certain investments are restricted for repairing, rebuilding, or replacing capital assets and for a Georgia Department of Transportation project.

Proceeds from sales of certain real estate and the interest earned thereon through June 30, 1988 have been restricted until the year 2012. For the period from July 1, 1988 to June 30, 2010, interest earned on these funds is unrestricted.

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

Restricted net assets of $731,872 and $620,778 at June 30, 2010 and 2009, respectively, are reported in the statements of net assets and are restricted by law or binding agreements with outside parties.

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

4. SALES AND USE TAX

MARTA receives proceeds from the collections of sales and use tax under the Rapid Transit Contract and Assistance Agreement with the City of Atlanta and the Counties of Fulton and DeKalb. The tax is levied at a rate of 1% until June 30, 2047 and .5% through 2057.

Under the law authorizing the levy of the sales and use tax, as amended April 27, 2006, MARTA is restricted as to its use of the tax proceeds as follows:

1) No more than 50% of the annual sales and use tax proceeds can be used to subsidize the net operating costs, as defined, of the system, exclusive of depreciation and amortization, and other costs and charges as defined in Section 25(I) of the MARTA Act.

2) If more than the legislative provided percentage of the annual sales and use tax proceeds is used to subsidize the net operating costs in any one year, the deficit in operations must be made up during a period not to exceed the three succeeding years.

3) If less than the legislative provided percentage of the annual sales and use tax proceeds is used to subsidize the net operating costs in any one year, the excess may, at the discretion of MARTA's Board of Directors, be reserved and later used to provide an additional subsidy for operations in any future fiscal year or years.

In April 2010 the Georgia General Assembly voted to suspend to 50/50 restriction on MARTA's expenditures for a three year period (the cash flow made available from this suspension can not be used for salary and wage increases) MARTA implemented this amendment on July 1, 2010.

During the years ended June 30, 2010 and 2009, MARTA used 57% and 66% of the sales and use tax proceeds to subsidize the net operating costs. The cumulative over-utilization of sales tax receipts for June 30, 2010 was $39,052. A summary of cumulative sales tax proceeds under utilization activity for the years ended June 30, 2010 and 2009 is as follows:

	2010	2009
Cumulative (over)/under utilization, beginning of year	$ (17,487)	$ 35,635
Over utilization during year	(21,565)	(53,122)
Cumulative over utilization, end of year	$ (39,052)	$ (17,487)

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

5. FARE REVENUES

The MARTA Act places certain requirements on the rates that MARTA is to charge for transportation services provided. The rates charged to the public for transportation services must be such that the total transit related revenues are no less than 35% of the operating costs, exclusive of depreciation and amortization, and other costs and charges as provided in the Act, of the preceding fiscal year. Under provisions of amendments to the MARTA Act, all revenues, except the sales and use taxes, are included in transit related revenues for purposes of this calculation. Transit related revenues for the years ended June 30, 2010 and 2009 were 61% and 60%, respectively, of operating costs of the previous fiscal year as defined under the MARTA Act.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30,2009	Additions	Decreases	Balance June 30,2010
Capital Assets, not being depreciated:				
Land	$ 552,323	$ 1,004	$ -	$ 553,327
Construction in progress	231,030	140,234	(103,605)	267,659
Total capital assets not being depreciated	783,353	141,238	(103,605)	820,986
Capital Assets being depreciated:				
Rail systems & buildings	3,174,347	6,139	-	3,180,486
Transportation equipment	1,179,013	60,557	(14,625)	1,224,945
Other	962,595	36,909	(2,089)	997,415
Total capital assets being depreciated	5,315,955	103,605	(16,714)	5,402,846
Less accumulated depreciation for:				
Rail systems & buildings	(1,480,551)	(90,771)	-	(1,571,322)
Transportation equipment	(600,549)	(62,803)	12,719	(650,633)
Other	(657,721)	(73,465)	2,017	(729,169)
Total accumulated depreciation	(2,738,821)	(227,039)	14,736	(2,951,124)
Total capital assets being depreciated, net	2,577,134	(123,434)	(1,978)	2,451,722
Capital Assets, net	$ 3,360,487	$ 17,804	$ (105,583)	$ 3,272,708

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30,2008	Additions	Decreases	Balance June 30,2009
Capital Assets, not being depreciated:				
Land	$ 546,435	$ 6,628	(740)	$ 552,323
Construction in progress	230,438	196,104	(195,512)	231,030
Total capital assets not being depreciated	776,873	202,732	(196,252)	783,353
Capital Assets being depreciated:				
Rail systems & buildings	3,135,289	39,068	(10)	3,174,347
Transportation equipment	1,093,577	89,732	(4,296)	1,179,013
Other	913,649	59,629	(10,683)	962,595
Total capital assets being depreciated	5,142,515	188,429	(14,989)	5,315,955
Less accumulated depreciation for:				
Rail systems & buildings	(1,389,229)	(91,332)	10	(1,480,551)
Transportation equipment	(545,408)	(58,826)	3,685	(600,549)
Other	(591,554)	(75,953)	9,786	(657,721)
Total accumulated depreciation	(2,526,191)	(226,111)	13,481	(2,738,821)
Total capital assets being depreciated, net	2,616,324	(37,682)	(1,508)	2,577,134
Capital Assets, net	$ 3,393,197	$ 165,050	$ (197,760)	$ 3,360,487

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

7. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2010, was as follows:

Series	Year Issued	Original Principal Issued	Year of Maturity	Interest Rates	Balance June 30, 2009	Outstanding Additions	Principal Retirements	Balance June 30, 2010
Sales Tax Revenue Bonds:								
N*	1992	$ 122,245	2018	4.60% - 6.25%	$ 62,170	$ -	$ (4,625)	$ 57,545
P*	1992	296,755	2020	3.30% - 6.25%	180,030	-	(15,255)	164,775
1996A*	1996	163,650	2020	4.00% - 5.625%	-	-	-	-
1998A*	1998	144,535	2010	5.50% - 6.250%	53,735	-	(26,020)	27,715
1998B*	1998	200,000	2020	5.10% - 5.19%	-	-	-	-
2000A	2000	100,000	2025	Variable	100,000	-	-	100,000
2000B	2000	100,000	2025	Variable	100,000	-	-	100,000
2002*	2002	160,000	2032	5.00% - 5.25%	-	-	-	-
2003A*	2003	103,075	2020	3.00% - 5.00%	69,390	-	(7,715)	61,675
2005A*	2005	190,490	2020	5.00%	190,490	-	-	190,490
2006A*	2006	163,890	2020	5.00%	161,135	-	(1,315)	159,820
2007A*	2007	145,725	2032	5.25%	145,725	-	-	145,725
2007B	2008	389,830	2037	5.00%	389,830	-	-	389,830
2009A	2009	250,000	2039	4.25% - 5.25%	-	250,000	-	250,000
Subtotal					1,452,505	250,000	(54,930)	1,647,575
Less portion due within one year					(54,930)	(3,440)		(58,370)
Plus unamortized premium (discount)					57,389	15,612	(5,236)	67,765
Less unamortized deferred loss on refunding					(27,508)	-	3,272	(24,236)
Sales Tax Revenue Bonds Total					1,427,456	262,172	(56,894)	1,632,734
Sales Tax Revenue Commercial Paper Bond Anticipation Notes:								
2007C	2008	51,000	2011	Variable	101,000	-	-	101,000
2007D	2008	99,000	2011	Variable	124,000	-	-	124,000
Sales Tax Revenue Commercial Paper Bond Anticipation Notes					225,000	-	-	225,000
Total					$1,652,456	$262,172	$ (56,894)	$1,857,734

* Refunding bonds

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

Long-term debt activity for the year ended June 30, 2010, was as follows:

Series	Year Issued	Original Principal Issued	Year of Maturity	Interest Rates	Balance June 30, 2008	Outstanding Principal Additions	Outstanding Principal Retirements	Balance June 30, 2009
Sales Tax Revenue Bonds:								
N*	1992	$ 122,245	2018	4.60% - 6.25%	$ 66,515	$ -	$ (4,345)	$ 62,170
P*	1992	296,755	2020	3.30% - 6.25%	194,365	-	(14,335)	180,030
1996A*	1996	163,650	2020	4.00% - 5.625%	-	-	-	-
1998A*	1998	144,535	2010	5.50% - 6.250%	78,145	-	(24,410)	53,735
1998B*	1998	200,000	2020	5.10% - 5.19%	-	-	-	-
2000A	2000	100,000	2025	Variable	100,000	-	-	100,000
2000B	2000	100,000	2025	Variable	100,000	-	-	100,000
2002*	2002	160,000	2032	5.00% - 5.25%	-	-	-	-
2003A*	2003	103,075	2020	3.00% - 5.00%	76,700	-	(7,310)	69,390
2005A*	2005	190,490	2020	5.00%	190,490	-	-	190,490
2006A*	2006	163,890	2020	5.00%	162,375	-	(1,240)	161,135
2007A*	2007	145,725	2032	5.25%	145,725	-	-	145,725
2007B	2008	389,830	2037	5.00%	389,830	-	-	389,830
Subtotal					1,504,145	-	(51,640)	1,452,505
Less portion due within one year					(51,640)	(3,290)		(54,930)
Plus unamortized premium (discount)					62,597	-	(5,208)	57,389
Less unamortized deferred loss on refunding					(31,020)	-	3,512	(27,508)
Sales Tax Revenue Bonds Total					1,484,082	(3,290)	(53,336)	1,427,456
Sales Tax Revenue Commercial Paper Bond Anticipation Notes:								
2007C	2008	51,000	2011	Variable	51,000	50,000	-	101,000
2007D	2008	99,000	2011	Variable	99,000	25,000	-	124,000
Sales Tax Revenue Commercial Paper Bond Anticipation Notes To					150,000	75,000	-	225,000
Total					$ 1,634,082	$ 71,710	$ (53,336)	$ 1,652,456

* Refunding bonds

Sales Tax Revenue Bonds – Principal on all the Sales Tax Revenue Bonds (the "Bonds") is payable in an annual installment on July 1; interest is payable semi-annually on January 1 and July 1 on all Bonds except the Series 2000A and 2000B Bonds, which interest is payable on the first day of each month for the previous month. Series N and P Bonds are payable from and secured by a first lien on sales and use tax receipts. Series 1996A, 1998A, 1998B, 2000A, 2000B, 2002 and 2003A Bonds are payable from and secured by a second lien on sales and use tax receipts. Series 2005A, 2006A, 2007A, 2007B, and 2009A are payable from and secured by a third lien on sales and use tax receipts (Note 4).

The Series 2000A and 2000B Bonds are variable-rate sales tax revenue bonds. Each series was issued in the aggregate principal amount of $100,000 each and was initially issued in the weekly mode. Interest in the weekly mode is payable on the first business day of each month, for the previous month. The bonds may bear interest at daily rates, weekly rates, commercial paper rates, or term rates for periods selected from time to time by the Authority. In addition, the bonds may be converted to bear interest at a fixed rate. The rate of interest to be borne during any particular interest period will be determined by the remarketing agents. The interest rate at June 30, 2010 on the Series 2000A and 2000B Bonds was 0.42% and 0.36%, respectively. There are a variety of operational and financial covenants associated with the Bonds. Management believes that MARTA is in compliance with all such covenants.

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

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

Annual debt service requirements on the Bonds outstanding at June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	$ 58,370	$ 71,554	$ 129,924
2012	62,860	74,177	137,037
2013	51,035	70,531	121,566
2014	53,815	67,292	121,107
2015	56,745	64,507	121,252
2016 to 2020	333,460	276,510	609,970
2021 to 2025	246,970	200,560	447,530
2026 to 2030	205,770	172,072	377,842
2031 to 2035	240,135	126,770	366,905
2036 to 2040	338,415	64,171	402,586
	$ 1,647,575	$ 1,188,144 *	$ 2,835,719

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

In January 2007, MARTA's bonding authority was revalidated by the Superior Court of Fulton County to increase its bonding capacity. Under the revalidated terms of this Third Trust Indenture, MARTA is limited to issue an additional $1,060,065 of Sales Tax Revenue Bonds. MARTA's Board established a debt limit for the Sales Tax Revenue Bonds. The total annual debt service on such bonds is limited to no more than 45% of projected sales tax receipts for each year.

MARTA has pledged future sales tax revenues to repay $1,857,734 in sales tax revenue bonds issued in 1992, 1996, 1998, 2000, 2002, 2003, 2005, 2006, 2007, 2008, and 2009. Proceeds from the bonds were used for rehabilitation or expansion of MARTA's rail and bus systems. Principal and interest on the bonds are payable through 2039, solely from the sales tax revenues. Annual principal and interest on the bonds are expected to require no more than 45 percent of such net revenues. Principal and interest paid for in the years ended June 30, 2010 and 2009 were $122,552 and $119,089, respectively.

Sales and use tax revenues are initially deposited into a Sinking Fund held by the bond trustee as required by the Bond Trust Indentures. At June 30, 2010 and 2009, the amounts held in the Sinking Funds exceeded the amounts required to be held pursuant to the Bond Trust Indentures. All such amounts are classified as restricted cash and investments in the statements of net assets.

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

Following is a summary of the activity in the Sinking Funds for the years ended June 30, 2010 and 2009:

	2010	2009
Balance, beginning of year	$ 106,592	$ 105,646
Sales and use tax proceeds	123,471	128,137
Investment income	477	311
Principal and interest payments on Bonds	(122,552)	(119,089)
Excess sales tax withheld refunded	42,857	(9,497)
Trustee fees	1,047	1,084
Balance, end of year	$ 151,892	$ 106,592

Sales Tax Revenue Commercial Paper Notes – On June 30, 2010 MARTA had outstanding $225,000 of Sales Tax Revenue Commercial Paper Notes (the "Notes"), Series 2007C and 2007D, The effective interest rate paid on the Notes outstanding ranged from 0.18% to 1.50% with an average of .49% for the year ended June 30, 2010. The proceeds of such Notes are being used to finance certain transit improvement projects. The accrued interest is payable as each Note matures solely from a third lien on the sales tax receipts. The outstanding balance, totaling $225,000, has been included in the long-term liabilities, rather than in current liabilities, in accordance with SFAS No. 6, as MARTA intends to refinance the Notes with long-term sales tax revenue bonds.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value balances and notional amounts of hedging and investment derivative instruments outstanding at June 30, 2010 and the corresponding changes in fair value of such derivative instruments for the year ended June 30, 2010, was as follows:

	Changes in Fair Value		Fair Value at June 30, 2010		
	Classification	Amount	Classification	Amount	Notional
Hedging derivatives:					
Series 2000A & 2000B Interest Rate Swap	Deferred inflow of resources	$ 2,279	Debt	$ (11,130)	$ 200,000
Natuaral Gas Commodity Swap	Deferred inflow of resources	3,445	Debt	-	1,068
Diesel Commodity Swap	Deferred outflow of resources	(2,793)	Debt	-	2,580
		$ 2,931		$ (11,130)	
Investment derivatives:					
Series 1996A, 1998B & 2002 Interest Rate Swap	Gain on Investment derivatives	$ 4,493	Investment	$ (21,772)	$ 518,310
Forward delivery arrangement	Gain on Investment derivatives	1,936	Investment	(5,554)	754,025
		$ 6,429		$ (27,326)	

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

The fair value balances and notional amounts of hedging and investment derivative instruments outstanding at June 30, 2009 and the corresponding changes in fair value of such derivative instruments for the year ended June 30, 2009, was as follows:

	Changes in Fair Value		Fair Value at June 30, 2009		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Hedging derivatives:					
Series 2000A & 2000B Interest Rate Swap	Deferred inflow of resources	$ 2,279	Debt	$ (13,409)	$ 200,000
Natuaral Gas Commodity Swap	Deferred outflow of resources	(511)	Debt	(3,445)	877
Diesel Commodity Swap	Deferred outflow of resources	(1,657)	Debt	2,793	2,493
		$ 111		$ (14,061)	
Investment derivatives:					
Series 1996A, 1998B & 2002 Interest Rate Swap	Loss on Investment derivatives	$ (7,879)	Investment	$ (26,264)	$ 518,310
Forward delivery arrangement	Gain on Investment derivatives	1,823	Investment	(7,491)	754,025
		$ (6,056)		$ (33,755)	

Interest Rate Swap Agreements – As a means of interest rate management, to expand bonding capacity and to provide immediately available funds, MARTA entered into interest rate swap agreements in November 2004 with two counterparties in connection with its fixed rate outstanding bond issues, including the Series 1996A, Series 1998B, and Series 2002 Bonds, and its variable rate Series 2000A and Series 2000B Bonds. A summary of those agreements are as follows:

Date of Execution	Termination Date	Payment	Counterparty Payment	Counterparty & Credit Rating
Series 1996A, 1998B, & 2002:				
11/05/2004	07/01/2032	USD-BMA (1)	65% of one-month LIBOR(2) + 11 basis points	Goldman Sachs Capital Markets A+
Series 2000A & 2000B:				
11/05/2004	07/01/2025	USD-BMA	61% of one-month LIBOR + 30 basis points	Merrill Lynch Capital Services A+

(1) The Bond Market Association Municipal Swap Index ™.

(2) London Interbank Offered Rate.

At the inception of the interest rate swap agreements MARTA received $19,250 and $10,790 of upfront cash from the Series 1996A, 1998B & 2002 and the Series 2000A & 2000B interest rate swaps, respectively. The cash received at the inception of the interest rate swap agreements was deferred and is being amortized over the life of the agreements.

Deferred revenue in the statements of net assets related to these interest rate swaps was $16,925 and $19,019 at June 30, 2010 and 2009, respectively.

Hedging derivative instruments must meet annual effectiveness tests. MARTA assessed at the inception of the hedge whether the hedging derivatives were highly effective in offsetting changes in fair value or cash flows of hedged items. MARTA's interest rate swap related to the Series 2000A & 2000B bonds with a $200 million notional amount met the effectiveness conditions of the dollar offset method while the interest rate swap related to the Series 1996A, 1998B & 2002 bonds with a notional amount of $518,310 did not meet the effectiveness test.

A derivative is effective if changes in 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 assets. The gain or loss of the ineffective portion is recognized immediately in the statement of revenues, expenses, and changes in net assets.

The interest rate swap exposes MARTA to basis risk when the interest rates on the transactions are reset. The interest rate on the Bonds is a tax-exempt interest rate, while the basis on the variable receipt on the interest rate swaps is taxable. Tax-exempt interest rates can change without a corresponding change in the 30 day LIBOR rate due to factors affecting the tax-exempt market which do not have a similar effect on the taxable market. MARTA will be exposed to basis risk under the basis swap to the extent that BMA trades at greater than expected percentages of LIBOR for extended periods of time and/or in a high interest rate environment. MARTA would also be exposed to tax risk stemming from changes in marginal income tax rates or those caused by a reduction or elimination in the benefits of tax exemption for municipal bonds. The cash received at the inception of the interest rate swap agreements was deferred and is being amortized over the life of the agreements and is included in deferred revenue in the statements of net assets.

MARTA is exposed to termination risk if the interest rate swap could be terminated while valued in the favor of a counterparty as a result of any of several events, which may include a ratings downgrade for MARTA or the counterparty, covenant violation by either party, bankruptcy of either party, swap payment default of either party, and other default events as defined by the agreements. Any such termination may require MARTA to make significant termination payments in the future.

MARTA is exposed to Counterparty credit risk where the Counterparty will not perform pursuant to the contract's terms. This risk could require MARTA to make a termination payment.

MARTA is exposed to interest rate risk when a generally adverse move in variable rates increases the overall cost of borrowing or if credit concerns relating to MARTA have the same impact. MARTA currently has $425,000 exposure to variable rates (VRDB's and Commercial Paper) and the basis swaps will not increase that exposure.

However, variable rate exposure under the basis swap relates to the fact that MARTA's obligations under the basis swap will vary with market conditions and will not be fixed.

Variability is associated with the absolute level of interest rates as well as the relationship between BMA and LIBOR.

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MARTA is exposed to amortization risk and is the potential cost to MARTA of servicing debt and honoring swap obligations resulting from a mismatch of outstanding bonds and the notional amount of an outstanding swap. Amortization risk occurs to the extent bond and swap notional amounts become mismatched over the life of a transaction.

Commodity Swap Agreements – In order to help plan its diesel and natural gas costs for the fiscal year and to protect itself against price volatility in the market prices of the commodities, MARTA has entered into contracts to hedge diesel (using low sulfur diesel) and natural gas. It is possible that the index prices may be lower than the price at which MARTA committed to in the contracts. This would reduce the value of the contract and MARTA could sell the contract at a loss, or likewise if the index prices are higher, the value of the contracts would increase and MARTA could sell the contracts at a profit. If MARTA continues to hold the contract until maturity, MARTA may make or receive termination payments to or from the counterparty to settle the obligation under the contract. Both contracts terminated on June 30, 2010. A summary of those agreements are as follows:

Date of Execution	Termination Date	Fixed Price	Counterparty	Net Settlement In FY 2010
Natural Gas:				
09/18/2008	06/30/2010	$8.58 per MMBTU	Canadian Imperial Bank of Commerce	$ (4,676)
Diesel:				
09/18/2008	06/30/2010	$2.9425 cents per gallon	JP Morgan Ventures Energy Corp.	$ (2,707)

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

MARTA is exposed to market-access risk; there is the risk that MARTA will not be able to enter the credit market or that credit will become more costly.

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

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

On August 15, 2007, MARTA and its bond trustee, US Bank, entered into a debt service forward delivery agreement with the issuer, Bank of America, NA, with respect to the debt service fund related to Series N Bonds, issued in the original aggregate principal amount of $122,245, Series P Bonds, issued in the original aggregate principal amount of $296,755, Series1998A Bonds, issued in the original aggregate principal amount of $144,535, and Series 2005A Bonds, issued in the original aggregate principal amount of $190,490.

When MARTA entered into these agreements an upfront cash payment of $11,350 was received by MARTA which represented the present value of the future interest cash flows. The cash received was recorded as deferred revenue and is being amortized over the life of the agreements. Deferred revenue in the statements of net assets related to these forward delivery agreements was $6,669 and $7,842 at June 30, 2010 and 2009, respectively.

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

9. BOND REFUNDINGS

In prior years, MARTA has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from MARTA's financial statements. At June 30, 2010, the amount of defeased debt outstanding but removed from MARTA's statement of net assets totaled $217,585.

10. CAPITAL LEASE OBLIGATIONS

The Authority has entered into various LILO arrangements related to the leasing and subleasing of the Authority's rail cars, rail lines, and a rail maintenance facility. These agreements provide for the lease of certain of the Authority's rail capital assets to a financial party lessee and the sublease of such capital assets back to the Authority for a specified term. Under these capital lease arrangements, MARTA acquired $792.3 million in rail cars and $782.1 million in rail lines.

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

During the year ended June 30, 2009, the Authority successfully negotiated the termination of its East Line and Avondale LILO arrangements on May 19, 2009 and January 21, 2009, respectively. As a result, the Investments Held to Pay Capital Lease Obligation declined by $100.5 million and the corresponding Capital Lease Obligations declined by $97.6 million during the year ended June 30, 2009. Additionally, the unamortized deferred gain recorded at the inception of the arrangement was fully recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2009. See Note 14 for additional information on the deferred benefits associated with the terminations.

For the year ended June 30, 2010 Investments Held to Pay Capital Lease Obligation increased by $78.3 million while the corresponding Capital Lease Obligations increased by $23.5 million.

American Insurance Group (AIG) and Ambac were participants in a majority of these structured lease transactions. The downgrade of AIG and Ambac ratings triggered, at the option of the counterparties, replacement of the Payment Undertaking Agreements and the surety bonds for 18 of the 19 transactions. Of the 18 transactions that fell below the threshold, replacement was requested for 16. None of MARTA's counterparties in these transactions have declared a default nor are there any indications of their intent to do so. The statuses of these transactions are as follows:

- As discussed above, two transactions have been terminated and eight transactions have been remediated. These transactions represented approximately 89% of the original exposure to MARTA.
- Two transactions, representing an additional 2% of the original exposure, have a negotiated memorandum of understanding to remediate the threshold event. Remediation documents have been drafted and are expected to be executed in fiscal year 2011.

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- Terms have been reached to remediate three additional transactions, representing an additional 5% of the original exposure; memorandums of understanding are currently being drafted for execution with finalization of the remediation expected in fiscal year 2011.
- Negotiations for the remaining four transactions are underway with remediation or termination anticipated in the near term. These transactions constitute less than 4% of the original exposure.

The following is a schedule by year of the future minimum lease payments under these LILO arrangements as of June 30, 2010:

Fiscal Year (s)		
2011	$	3,263
2012		5,723
2013		27
2014		3,531
2015		2,766
2016 – 2020		119,511
2021 – 2025		34,033
2026 – 2030		71,248
2031 – 2034		129,434
Present value of net minimum lease payments	$	369,536
Less: current principal maturities		(3,263)
Obligations under capital lease	$	366,273

The liability of these leases changed in 2010 and 2009 as follows:

Outstanding - June 30, 2009	$	345,959
Net change in obligation		23,577
Outstanding - June 30, 2010	$	369,536

11. PENSION PLANS

MARTA maintains two single-employer defined benefit pension plans, the MARTA/ATU Local 732 Employees Retirement Plan, previously known as the Union Employees Retirement Plan (the “Union Plan”) and Non-Represented Pension Plan (the “Non-Rep Plan”). The Union Plan covers all members of Division 732 of the Amalgamated Transit Union and nonmembers who are represented by the Union for bargaining purposes. Covered employees are eligible to participate in the Union Plan upon the completion of sixty days of full-time employment. The Non-Rep Plan covers all full-time MARTA employees hired before January 1, 2005 who are not eligible to participate in the Union Plan, and who have chosen to remain in the Non-Rep Plan.

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

The funding methods and determination of benefits for the defined benefit plans were established by the MARTA Act creating such plans and in general, provide that pension funds are to be accumulated from employee contributions, MARTA contributions, and income from the investment of accumulated funds. Each plan is administered by a pension committee. Each plan issues a publicly available financial report that includes financial information for that plan. Those reports may be obtained by writing the plan.

Non-Represented Pension Plan
2424 Piedmont Road NE
Atlanta, GA 30324
(404) 848-5237

MARTA/ATU Local 732 Employees
Retirement Plan
2424 Piedmont Road NE
Atlanta, GA 30324
(404) 848-5237

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

Normal retirement under the Union Plan occurs when a participant reaches age 65. For the Non-Rep Plan, the participant must complete five years of credited service or attain age 62, whichever occurs later. The minimum pension benefit upon retirement under the Union Plan is $650 per month reduced by 10% for each full year or fraction thereof for less than ten years of service. Under the Non-Rep Plan, the minimum monthly benefit is $32.50 times credited service up to 30 years.

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the plans as of January 1, 2010 for the Union Plan and Non-Rep Plan:

	Union	Non-Rep
Active employees	2,898	981
Pensioners	1,459	930
Inactive vestees	196	149
Total	4,553	2,060

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

In accordance with the plan agreement, employer and employee contributions to the Union Plan and the Non-Rep Plan must be at least equal to the actuarially determined amount necessary to fund plan benefits.

The actuarially determined contribution amount is the sum of the annual normal costs determined under the Entry Age Normal actuarial cost method. The union plan's and non-rep plan's unfunded actuarial accrued liability is reported under the Schedule of Funding Progress.

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MARTA's annual pension cost for the current year, based on actuarial valuations performed as of January 1, 2010 for Union and Non-Rep plans and related information for each plan, is as follows:

	Union	Non-Rep
Contribution rates:		
MARTA	4.48%	18.00%
Plan members	2.45%	5.00%
Transit Police	-	6.50%
Annual pension cost	$5,392	$19,463
Contributions made	$8,239	$21,061
Actuarial valuation date	01/01/2010	01/01/2010
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method
Amortization method	Level Percentage of pay	Fixed
Remaining amortization period	30 years	15 years
Asset valuation method	5 - year weighted index	5 - year weighted index
Actuarial assumptions		
Investment rate of	7.5%	7.5%
Projected salary increases:		
Inflation and productivity	4.5% per year	3.8% per year
Merit or seniority	1.0% per year	1.6% per year
Post retirement benefit increases	none	none

Entry Age Cost Method – The Non-Rep and Union plans use the entry age actuarial cost method. Under this method, the excess of the actuarial present value of projected benefits of the group included in the actuarial valuation over the actuarial value of assets is allocated as a level amount over the earnings of the group as a whole, not as a sum of individual allocations. The portion of the excess actuarial present value allocated to a valuation year is called the normal actuarial cost. All ancillary benefits are funded under the same method as retirement benefits. These liabilities are amortized through the normal cost.

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

Four-Year Trend Information

MARTA/ATU Local 732 Retirement Plan

Plan Year	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2006	$ 4,757	100	0
2007	4,903	100	0
2008	5,429	100	0
2009	5,392	100	0

Non-Represented Pension Plan

Plan Year	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2006	$ 10,515	100	0
2007	13,053	100	0
2008	18,433	100	0
2009	19,463	100	0

Schedule of Funding Progress

MARTA/ATU Local 732 Employees Retirement Plan

Beginning with the 2009 fiscal year the Actual Cost Method was changed from the Frozen Entry Age to the Entry Age Normal. The new method separately identifies an Actuarial Accrued Liability and calculates a traditional UAAL. Beginning in fiscal year 2008 the funded status is required to be reported using the Entry Age Normal method if the Actuarial Cost Method used to develop the Annual Required Contribution does not directly compute the Actuarial Accrued Liability. This requirement is mandated by GASB 50. The information below is what would have been reported using the Entry Age Normal Cost Method.

Plan Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Frozen Actuarial Accrued Liability (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2007	$ 444,445	$ 405,787	109.5%	$ (38,659)	$ 105,031	(36.8)%
1/1/2008	471,361	423,984	111.2%	(47,316)	108,031	(43.8)%
1/1/2009	430,449	442,137	97.4%	11,688	116,744	10.0%
1/1/2010	454,137	456,999	99.4%	2,862	116,392	2.5%

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Non-Represented Pension Plan

Beginning with the 2008 fiscal year, GASB 50 requires the funding status to be reported using the Entry Age Normal Cost Method if the Actuarial Cost Method used to develop the Annual Required Contribution does not directly compute the Accrued Actuarial Liability. The schedule of funding progress thereafter reflects this change.

Plan Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Frozen Actuarial Accrued Liability (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2007	$ 239,243	$ 321,364	74.4%	$ 82,121	$ 62,163	132.1%
1/1/2008	251,492	366,921	68.5%	115,429	66,692	173.1%
1/1/2009	237,791	381,335	62.4%	143,544	67,012	214.2%
1/1/2010	250,963	386,559	64.9%	135,596	58,614	231.3%

Defined Contribution Pension Plan – The MARTA Non-represented Defined Contribution Plan and Trust (the D.C. Plan) was established to provide benefits at retirement to non-represented employees of MARTA who were hired on or after January 1, 2005 and to those members of the Non-Rep Plan who elected to transfer to this Plan. The D.C. Plan is administered by the Hartford Group. The employee is required to contribute 6% of their annual compensation and MARTA matches at 3% of the enrolled employee's annual compensation. Plan provisions and contributions requirements are established and may be amended by the pension committee after approval by resolution of the MARTA Board of Directors. Employer contributions to the D.C. Plan for the years 1/1/2010 and 2009 were $609 and $506, respectively.

Employee contributions to the D.C. Plan for the years ended June 30, 2010 and 2009 were $1,161 and $1,005, respectively.

12. EMPLOYEE BENEFITS

Deferred Compensation Plan - MARTA has adopted a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code (the 457 Plan). The 457 Plan allows any employee to voluntarily defer receipt of up to 25% of gross compensation, not to exceed $16.5 per year. All administration costs of the 457 Plan are deducted from the participant's account. The deferred amounts may be distributed to the employee upon retirement or other termination of employment, disability, death, or financial hardship (as defined). The 457 Plan's assets are held and administered by insurance providers. The Authority has no fiduciary relationship with the trust. Accordingly, the 457 Plan assets are not included in MARTA's Statements of Net Assets.

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

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

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

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MARTA's annual other postemployment benefit (OPEB) cost is calculated based on the Annual Required Contribution of the Employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) with increasing payments over a period not to exceed thirty years. For the years ended June 30, 2010 and 2009, respectively, MARTA contributed $17,756 and $22,508 to its OPEB Plan (the Plan). The following schedule (derived from the most recent actuarial valuation report) shows the components of MARTA's Annual OPEB costs for 2010 and 2009, the amounts actually contributed to the Plan and changes in MARTA's Net OPEB Obligation (Asset):

	2010	2009
Annual required contribution	$ 18,725	$ 17,602
Interest on net OPEB obligation	-	-
Adjustment to OPEB obligation	(969)	(1,624)
Annual OPEB cost	17,756	15,978
Actual employer contributions	(17,756)	(22,508)
Increase(decrease) in net OPEB obligation(asset)	-	(6,530)
Net OPEB obligation (asset), beginning of year	-	6,530
Net OPEB obligation (asset), end of year	$ -	$ -
Percentage of annual OPEB cost contributed	100%	141%

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

For June 30, 2008 actuarial valuation, the Individual Entry Age Normal cost method was used. Under the Entry Age Normal Actuarial Cost Method, the Normal Cost is computed as the dollar amount which, if paid from the earliest time each Participant would have been eligible to join the Plan if it then existed (entry age) until their retirement, termination or death, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to pay all benefits under the Plan. The total Normal Cost for the Plan is determined by adding the Normal Costs for each individual Participant.

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

The amortization method used is a 30 year closed level percent of pay formula assuming a 3.0% annual payroll growth assumption. There are currently 27 years remaining in the amortization period. For purposes of the fiscal year 2010 and 2009 actuarial valuations, discount rates of 7.5% and 4.7% were used, respectively. The Plan changed the long term discount rate assumption from 4.7% used in the initial valuation to 7.5% in connection with the establishment of an exclusive trust. This trust was established in the 2008-2009 Plan Year and currently, no audited GAAP basis report is available for the Plan. The Authority has no fiduciary relationship with the referenced trust.

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The healthcare trend rate used for determining the cost of future benefits for the Plan was 7.0% for 2009-2010 trending down by 1% annually to an ultimate rate of 5%.

MARTA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and 2009 were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 15,978	141%	$ 6,530
2010	17,756	141%	-

The funded status of the Plan as of June 30, 2009 was as follows:

Actuarial accrued liability (AAL)	$ 183,474
Actuarial value of plan assets	14,181
Unfunded actuarial acccrued liability (UAAL)	$ 169,293
Funded ratio	6%
Covered payroll	$ 182,273
UAAL as a percentage of covered payroll	93%

The schedule of funding progress of the Plan as of June 30, 2010 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Individual Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2008	$ -	$ 169,391	$ 169,391	0%	$ 170,717	99%
6/30/2009	9,937	177,614	167,677	6%	175,312	96%
6/30/2010	14,181	183,474	169,293	8%	182,273	93%

The Plan covers both Union and Non-Represented employees. The chart below details this dissection of fully eligible and not yet fully eligible active participants.

Active Participants	Union	Non-Rep	Total
Fully eligible	933	170	1,103
Not yet fully eligible	1,187	636	1,823
Total number of lives	2,120	806	2,926

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13. RISK MANAGEMENT

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

MARTA also provides a coordinated insurance program for its construction program, which covers MARTA and its contractors. This program insures workers' compensation risks at 100%. General liability is covered by a $4,000 primary policy subject to $250 deductible, and an excess policy for claims from $4,000 to $50,000. All risk property is insured by the same program as MARTA property.

There have been no significant reductions in insurance coverage during the years ended June 30, 2010 and 2009 and the amount of claims settlements did not exceed insurance coverage in any of the past three years.

The changes in the liabilities for self-insurance for the years ended June 30, 2010 and 2009 are as follows:

	Workers' Compensation	Public Liability and Property Damage	Total
Balance, June 30, 2008	$ 10,851	$ 9,302	$ 20,153
Incurred claims, net of any changes	7,276	6,424	13,700
Payments	(6,035)	(7,587)	(13,622)
Balance, June 30, 2009	12,092	8,139	20,231
Incurred claims, net of any changes	10,267	6,659	16,926
Payments	(7,062)	(5,710)	(12,772)
Balance, June 30, 2010	$ 15,297	$ 9,088	$ 24,385
Due within one year	$ 908	$ 622	$ 1,530

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.

14. DEFERRED REVENUE

During the year ended June 30, 2001, MARTA entered into two arrangements to lease a number of its rail cars to third party investors and sublease them back under a capital sublease. The effect of the transaction was to transfer the tax benefits of ownership to the investors, in exchange for which MARTA received cash consideration equal to the difference between the lease and sublease payments of $24.2 million (less expenses totaling $4.6 million resulting in net proceeds totaling $19.6 million). MARTA is required to maintain the cars at an operating level over the life of the sublease as specified in the terms of the lease agreement. Because of the ongoing maintenance and renovation expenditures required to meet this operating level, the net proceeds were deferred and will be amortized over the life of the respective leases (approximately 18.5 years) on a straight-line basis.

During the year ended June 30, 2002, MARTA entered into an additional arrangement to lease rail cars to third party investors and sublease them back under a capital sublease. MARTA received $11.4 million as a result of the transaction. The proceeds are being amortized over the life of the respective lease (approximately 25 years) on a straight-line basis.

During the year ended June 30, 2003, MARTA entered into an additional lease leaseback arrangement for rail cars with third party investors. A lease leaseback arrangement was also entered into for the Avondale Rail Maintenance Facility. MARTA received cash consideration of $15.3 million for the two transactions (less expenses totaling $1.5 million, resulting in net proceeds of $13.8 million). The net proceeds are being amortized over the life of the respective leases on a straight-line basis (approximately 25 years for the rail cars and 31½ for the maintenance facility). In 2009, MARTA terminated the Avondale lease agreement.

During the year ended June 30, 2004, MARTA entered into additional lease leaseback arrangements with third party investors. These arrangements consist of a 32-year lease-to-service contract on the east rail line from Five Points station to Indian Creek station and a 29-year lease-to-service contract on the south rail line from Five Points station to Airport station. MARTA received cash consideration of $51.7 million for the transactions (less expenses totaling $2.7 million, resulting in net proceeds of $49 million). The net proceeds are being amortized over the life of the respective leases on a straight-line basis. In 2009, MARTA terminated the East Rail Line lease agreement and restructured the South Rail agreement.

During the year ended June 30, 2005, MARTA received additional cash consideration of $2.2 million, less a negligible amount of expenses, for a forward moving contract on the lease service deposits related to the South Rail Line and East Rail Line lease leaseback transactions entered into in the year ended June 30, 2004 and the Avondale Rail Maintenance Facility entered into during the year ended June 30, 2003.

During the year ended June 30, 2006, MARTA received cash consideration of $5.2 million, net of expenses, for defeased lease financing of forty railcars. The net proceeds are being amortized over the life of the lease, which is approximately 28 years, on a straight-line basis.

During the year ended June 30, 2007, MARTA received additional cash consideration of $4.1 million, less a negligible amount of expenses, for liquidating securities on the lease service deposits related to the South Rail Line, east rail and MARTA Rail STAT Custody (Avondale Account) leaseback transactions. The agreements were entered into on July 10, 2006 and April 10, 2007. The net proceeds are being amortized over the life of the agreements, which are approximately 25 years for South/East Line and 26 years respectively, on a straight-line basis.

During the year ended June 30, 2009, MARTA terminated two lease-to-service transactions and restructured another. As the result of these terminations MARTA recognized a $17.1 million gain on the Avondale termination, a $14.9 million gain on the East Line termination and a $1.0 million gain on the South Line restructuring. MARTA generated these net benefits from the termination of the Guaranteed Investment Contract (GIC) and restructuring of the related investments. Consequently, due to the terminations, MARTA recognized a total of $23.2 million representing the remaining $5.9 million unamortized portion of deferred revenue for the Avondale agreement and $17.3 million from the East Line agreement.

For the Years Ended June 30, 2010 and 2009 (As Restated) Dollars in Thousands

15. 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, 2010. At June 30, 2010 MARTA was committed to future capital expenditures for various other projects.

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

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

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

During the year ended June 30, 2001, MARTA began construction of a Transit Oriented Development Program whereby MARTA would lease office, retail, and residential space. The AT&T Towers and related parking and retail space were completed in October 2002.
Several lease agreements have been signed, the terms of which provide for various payments to be made to MARTA over a variety of years.

Atlanta Gas Light Company constructed a refueling station on MARTA's Perry Boulevard property. MARTA leased this refueling station under an operating lease. The non-cancelable lease term is for five years after which the lease provided three renewal options of five years each but did not include a bargain renewal option. The cost for this lease was $585 for the year ended June 30, 2009. MARTA exercised the option to purchase the refueling station in September 2009, at a price of $849.

MARTA leases air rights and ground leases over and adjacent to its stations to third parties for the construction of office and other developments. Future lease payments scheduled to be received under non-cancelable operating leases are as follows at June 30, 2010:

Fiscal Year	Amount
2011	$ 4,463
2012	4,868
2013	4,916
2014	5,105
2015	5,192
	$ 24,544

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

In addition, FTA periodically audits costs relating to the federal grants. Any costs that are ultimately determined to be non-allowable under the provisions of a federal capital grant will have to be funded with 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.

16. SUBSEQUENT EVENT

In order to address a $69.34 million budget deficit for FY 2011, MARTA implemented a 10.2 percent reduction in bus service (131 routes to 91 routes), a 14.2 percent reduction in rail service, an increase in weekly, monthly and Mobility pass prices, the closure of two RideStores (Lenox and Lindbergh), reduced customer service call center hours, a reduction in the number of Station Agents assigned throughout the system, and designation of public restrooms at nine major transfer points and end-of-line stations.

On August 24, 2010 MARTA executed two forward-fuel contracts for natural gas and diesel fuel. Canadian Imperial Bank of Commerce is the counterparty for both contracts. Both contracts terminate on June 30, 2011. Additionally, on October 20, 2010 MARTA executed two additional forward fuel contracts for natural gas and diesel fuel with Citigroup Energy, Inc. and Deutsche Bank AG, respectively. These contracts were executed to hedge FY 2011 at 75% of the forecasted usage and extend the hedge to cover 50% of the forecasted use for FY 2012.

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES, BUDGET VS. ACTUAL (BUDGET BASIS)

For the Year Ended June 30, 2010 (Dollars in Thousands)

	Budget	Actual (Budget Basis)	Variance Favorable/ (Unfavorable)
Operating Revenues:			
Fare Revenues	$ 105,505	$ 109,546	$ 4,041
Other Revenues	7,199	12,745	5,546
Total Operating Revenues	112,704	122,291	9,587
Operating Expenses:			
Transportation	170,044	180,360	(10,316)
Maintenance and Garage Operations	156,239	146,875	9,364
General and Administrative	71,769	76,125	(4,356)
Contingency	1,000	-	1,000
Total Operating Expenses	399,052	403,360	(4,308)
Operating Loss	(286,348)	(281,069)	5,279
Nonoperating Revenues (Expenses):			
Sales and Use Tax	306,346	307,525	1,179
Federal Operating Revenues	87,296	100,960	13,664
Investment Income	1,678	2,181	503
Capital Lease and other revenues	-	54,746	54,746
Other Revenues	12,150	10,829	(1,321)
	407,470	476,241	68,771
Increase in Net Assets - Budget Basis	$ 121,122	195,172	$ 74,050
Basis Differences			
Depreciation		(227,032)	
Gain (Loss) on Sales of Property and Equipment		(171)	
Interest Expense		(74,205)	
Interest Expense Capitalized		241	
Amortization of Bond Discount, Issue Costs and Deferred Loss on Refunding		4,880	
Other - Nonoperating Expense		(38,969)	
Capital Grants		34,192	
Gain (Loss) on Investment Derivatives		6,429	
Decrease in Net Assets - GAAP Basis		$ (99,463)	

See note to supplemental schedule

NOTES TO SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES, BUDGET VS. ACTUAL (BUDGET BASIS)

For the Year Ended June 30, 2010 (Dollars in Thousands)

1. BUDGETARY HIGHLIGHTS

MARTA adopts its Operating and Capital Budget in June of each year. Once adopted, total budgeted revenues and/or expenses cannot change. The fiscal year 2010 net operating expenses were $403 million which excludes depreciation. This was $8 million (1.9%) more than the fiscal year 2010 budget, which was $4 million (1%) more than the previous year's budget. MARTA continued a number of cost containment measures in fiscal year 2010 by focusing on the Board of Director's priorities, which includes improving service reliability and cleanliness, as well as improving financial stability. Operating revenue performed favorable to the budget, ending the year $9.5 million (9%) better than budget. This positive variance in operating revenue is attributable to MARTA recognizing $2.6 million in unredeemed tokens as passenger revenue and receiving $2.8 million more than anticipated in an alternative fuel rebate. Operating expenses came in on target with a 1% negative variance. Nonoperating revenues were slightly more than budget. The largest variance was for federal operating revenues; MARTA received $13.6 million more than budgeted. This positive variance is directly related to the additional ARRA funds that the Authority received.

Statistical Section

Unaudited

STATISTICAL SECTION - Unaudited

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

CONTENTS

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Authority implemented GASB 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

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Financial Trends

CONDENSED SUMMARY OF NET ASSETS

Last Six Fiscal Years (Dollars in Thousands)

	2010	2009 *	2008	2007	2006	2005
ASSETS:						
Current and Other Assets	$ 1,106,044	$ 903,671	$ 1,141,752	$ 1,058,814	$ 539,981	$ 510,527
Capital Assets	3,272,708	3,360,487	3,393,197	3,350,154	3,304,347	3,240,064
Total Assets	4,378,752	4,264,158	4,534,949	4,408,968	3,844,328	3,750,591
LIABILITIES:						
Long-term Debt Outstanding	1,916,104	1,707,386	1,685,722	1,581,188	1,425,964	1,357,907
Other Liabilities	590,870	585,531	740,549	689,722	251,278	238,927
Total Liabilities	2,506,974	2,292,917	2,426,271	2,270,910	1,677,242	1,596,834
NET ASSETS:						
Invested in Capital Assets, Net of Debt	987,068	1,307,142	1,707,475	1,768,966	1,884,865	1,887,897
Restricted	731,872	274,819	306,633	291,828	268,520	234,055
Unrestricted	152,838	389,280	94,570	77,264	13,701	31,805
TOTAL NET ASSETS	$ 1,871,778	$ 1,971,241	$ 2,108,678	$ 2,138,058	$ 2,167,086	$ 2,153,757

*Restated

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Last Six Fiscal Years (Dollars in Thousands)

	2010	2009*	2008	2007	2006	2005
Operating Revenues						
Fare Revenues	$ 109,546	$105,235	$103,963	$104,678	$99,148	$96,244
Other Revenues	12,745	8,563	13,595	5,277	6,112	7,425
Total Operating Revenues	122,291	113,798	117,558	109,955	105,260	103,669
Non-Operating Revenues						
Sales and Use Tax	307,525	312,704	349,668	350,526	334,486	307,227
Federal Operating Revenues	100,960	52,313	49,253	40,142	39,045	40,374
Investment Income	2,181	6,933	18,068	19,609	13,136	7,778
Capital Leases and Other Revenues	54,746	2,903	3,434			
Other Revenues	10,829	48,443	10,786	9,614	10,088	9,615
Gain (Loss) on Sale of Property and Equip.	(171)	(1,611)	275	833	572	(2,741)
Total Nonoperating Revenues	476,070	421,685	431,484	420,724	397,327	362,253
Total Revenues	598,361	535,483	549,042	530,679	502,587	465,922
Summary of Expenses						
Operating:						
Transportation	180,360	177,869	174,927	158,300	146,162	141,833
Maintenance and Garage Operations	146,875	141,438	129,430	116,746	110,065	117,871
General and Administrative	76,125	71,616	64,410	53,912	50,278	49,678
Depreciation	227,032	226,104	195,892	163,939	147,052	138,976
Total Operating Expenses	630,392	617,027	564,659	492,897	453,557	448,358
Non-Operating Expenses						
Interest Expenses	74,205	72,568	75,558	70,326	65,831	64,165
Interes Expenses Capitalized	(241)	(356)	(177)	(1,710)	(3,470)	(11,989)
Amortization of Bond Discount, Issue Costs and Deffered Loss on Refunding	(4,880)	(2,310)	(3,715)	(2,966)	(1,177)	653
(Gain) Loss on Investment Deriuvatives	(6,429)	6,056				
Other Expenses-Special Pension Plan				45,000		
Other Nonoperating Expenses	38,969	32,609	23,288	12,818	13,160	13,103
Total Nonoperating Expenses	101,624	108,567	94,954	123,468	74,344	65,932
Total Expenses	732,016	725,594	659,613	616,365	527,901	514,290
Loss Before Capital Contributions	(133,655)	(190,111)	(110,571)	(85,686)	(25,314)	(48,368)
Capital Grants	34,192	80,373	81,191	41,277	38,643	51,683
Increase (Decrease) in Net Assets	(99,463)	(109,738)	(29,380)	(44,409)	13,329	3,315
Net Assets, July 1	1,971,241	2,108,678	2,138,058	2,167,086	2,153,757	2,150,442
Prior period adjustment		(27,699)		15,381		
Net Assets, July 1 restated	1,971,241	2,080,979	2,138,058	2,182,467		
Net Assets, June 30	$1,871,778	$1,971,241	$2,108,678	$2,138,058	$2,167,086	$2,153,757

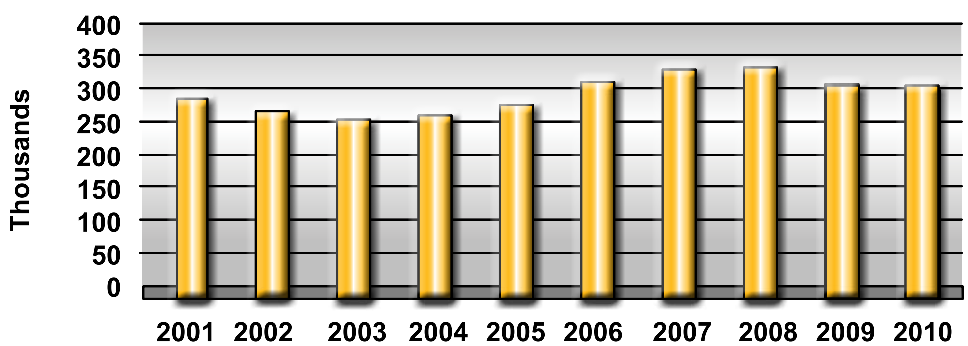
*Restated

SALES TAX COLLECTION AND USAGE

Last Ten Fiscal Years (Dollars in Thousands)

			Usage (2 & 3)				
					Sales Tax for Operations		
Fiscal Year	Sales Tax (1)	Percent Change	Sinking Fund Withheld	Capital Construction	Subsidy	Percent Used	Overage/ (Shortage)
2001	304,388	2.9	98,601	53,593	167,334	55	(15,140)
2002	286,435	(5.9)	92,449	50,769	144,209	51	(992)
2003	272,578	(4.8)	99,213	37,076	157,732	58	(21,443)
2004	280,663	3.0	93,361	46,970	143,439	51	(3,107)
2005	296,351	5.6	107,703	40,472	152,135	51	(3,959)
2006	331,213	11.8	111,523	54,083	145,617	44	19,990
2007	349,215	5.4	118,276	56,331	158,931	46	15,677
2008	351,596	0.7	125,311	50,487	182,671	52	(6,873)
2009	327,425	(6.9)	128,137	35,575	216,835	66	(53,122)
2010	317,775	(2.9)	123,471	35,417	180,452	57	(21,565)

SALES & USE TAX RECEIPTS



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

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

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

REVENUES AND OPERATING ASSISTANCE COMPARISON TO INDUSTRY TREND DATA

Last Ten Fiscal Years (As a Percentage of Total)

	Fiscal Year	Operating and Other Miscellaneous Revenue			Operating Assistance			
		Fares	Other [(2)]	Total	Sales & Use Tax	Federal	Total	Total Revenue
Transportation Industry [(1)]								
	2001	35.2	14.1	49.3	46.2	4.5	50.7	100.0
	2002	32.5	17.3	49.8	45.3	4.9	50.2	100.0
	2003	32.6	18.1	50.7	43.6	5.7	49.3	100.0
	2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
	2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
	2006	33.2	7.0	40.2	52.1	7.7	59.8	100.0
	2007	31.4	6.5	37.9	54.6	7.5	62.1	100.0
	2008	*	*	*	*	*	*	*
	2009	*	*	*	*	*	*	*
	2010	*	*	*	*	*	*	*
MARTA								
	2001	20.4	8.9	29.3	61.0	9.9	70.7	100.0
	2002	22.7	5.9	28.6	63.3	8.1	71.4	100.0
	2003	22.2	5.9	28.1	62.6	9.3	71.9	100.0
	2004	21.3	5.8	27.1	63.6	9.3	72.9	100.0
	2005	20.5	5.3	25.8	65.6	8.6	74.2	100.0
	2006	20.5	5.8	26.3	66.0	7.7	73.7	100.0
	2007	19.8	6.5	26.3	66.2	7.5	73.7	100.0
	2008	18.9	8.4	27.3	63.7	9.0	72.7	100.0
	2009	19.6	12.2	31.8	58.4	9.8	68.2	100.0
	2010	20.1	5.1	25.2	56.3	18.5	74.8	100.0

* Not Available

(1) Source: The American Public Transportation Association, APTA 2009 Transportation Fact Book, Table 21

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

TOTAL EXPENSES BY FUNCTION

Last Ten Fiscal Years (Dollars in Thousands)

Fiscal Year	Transportation	Maintenance	General and Administrative	Depreciation	Total Operating Expenses	Interest	Other	Total
2001	128,445	141,819	59,924	121,088	451,276	59,662	13,832	524,770
2002	135,377	107,713	54,901	132,082	430,073	53,790	12,920	496,783
2003	143,755	118,446	52,588	135,116	449,905	55,320	12,109	517,334
2004	149,278	113,930	39,849	132,612	435,669	52,071	11,462	499,202
2005	141,833	117,871	49,678	138,976	448,358	52,175	13,757	514,290
2006	146,162	110,065	50,278	147,052	453,557	62,361	11,983	527,901
2007	158,300	116,746	53,912	163,939	492,897	68,616	54,852	616,365
2008	174,927	129,430	64,410	195,892	564,659	75,381	19,573	659,613
2009 *	177,869	141,438	71,616	226,104	617,027	72,212	36,355	725,594
2010	180,360	146,875	76,125	227,032	630,392	73,964	27,660	732,016

*Restated

TOTAL OPERATING EXPENSES BY OBJECT

Last Ten Fiscal Years (Dollars in Thousands)

Fiscal Year	Labor and Benefits	Services	Material and Supplies	Utilities	Casualty/ Liability Costs	Purchased Transportation	Depreciation	Other	Total Operating Expenses
2001	243,196	36,865	28,914	12,347	4,657	-	121,088	4,209	451,276
2002	228,859	14,589	28,559	13,220	6,196	-	132,082	6,568	430,073
2003	238,776	17,751	30,403	13,229	6,896	-	135,116	7,734	449,905
2004	239,408	15,410	31,893	12,875	(487)	-	132,612	3,958	435,669
2005	236,793	15,691	32,437	13,014	7,682	-	138,976	3,765	448,358
2006	238,085	15,411	31,561	13,898	5,700	-	147,052	1,850	453,557
2007	250,759	16,755	33,871	15,511	9,777	-	163,939	2,285	492,897
2008	285,757	15,409	39,514	16,550	8,861	-	195,892	2,676	564,659
2009	296,838	17,994	47,093	17,569	8,954	-	226,104	2,475	617,027
2010	302,260	22,633	49,680	17,891	9,077	-	227,032	1,819	630,392

OPERATING EXPENSES COMPARISON TO INDUSTRY TREND DATA

Last Ten Fiscal Years

	Fiscal Year	Labor and Benefits	Services	Material and Supplies	Utilities	Casualty/ Liability Costs	Purchased Transportation	Other	Total Operating Expenses **
Transportation Industry [1]									
	2001	69.5 %	5.9 %	10.0 %	3.3 %	2.1 %	12.6 %	(3.4) %	100.0 %
	2002	70.2	6.2	9.2	3.1	2.5	12.0	(3.2)	100.0
	2003	69.0	6.0	9.0	3.0	2.6	13.4	(3.0)	100.0
	2004	68.7	5.8	9.1	3.0	2.6	13.4	(2.6)	100.0
	2005	66.9	5.8	10.1	3.2	2.5	13.8	(2.3)	100.0
	2006	66.1	5.9	11.3	3.2	2.5	13.4	(2.4)	100.0
	2007	*	*	*	*	*	*	*	*
	2008	*	*	*	*	*	*	*	*
	2009	*	*	*	*	*	*	*	*
	2010	*	*	*	*	*	*	*	*
MARTA									
	2001	73.6 %	11.2 %	8.8 %	3.7 %	1.4 %	0.0 %	1.3 %	100.0 %
	2002	76.8	4.9	9.6	4.4	2.1	0.0	2.2	100.0
	2003	75.9	5.6	9.7	4.2	2.2	0.0	2.4	100.0
	2004	79.0	5.1	10.5	4.2	(0.1)	0.0	1.3	100.0
	2005	76.5	5.1	10.5	4.2	2.5	0.0	1.2	100.0
	2006	77.7	5.0	10.3	4.5	1.9	0.0	0.6	100.0
	2007	76.2	5.1	10.3	4.7	3.0	0.0	0.7	100.0
	2008	77.5	4.2	10.7	4.5	2.4	0.0	0.7	100.0
	2009	75.9	4.6	12.1	4.5	2.3	0.0	0.6	100.0
	2010 **	74.9	5.6	12.3	4.4	2.3	0.0	0.5	100.0

* Not Available
** Excludes Depreciation
[1] Source: The American Public Transportation Association, APTA 2008 PublicTransportation Fact Book, Table 45.

Revenue Capacity

REVENUES BY SOURCE

Last Ten Fiscal Years (Dollars in Thousands)

Fiscal Year	Fare Revenues	Federal Non-Operating Revenues[1]	Sales & Use Tax [2]	Auxiliary Transportation	Investment Income[3]	Non-Transportation[4]	Total
2001	101,278	48,513	303,562	5,825	30,559	7,667	497,404
2002	102,207	36,477	284,427	9,434	14,211	2,956	449,712
2003	96,059	40,157	271,006	9,955	8,227	7,602	433,006
2004	95,082	41,556	283,381	12,225	4,305	2,680	439,229
2005	96,244	40,374	307,227	7,425	7,778	6,874	465,922
2006	99,148	39,045	334,486	6,112	13,136	10,660	502,587
2007	104,678	40,142	350,526	5,277	19,609	10,447	530,679
2008	103,963	49,253	349,668	13,595	18,068	14,495	549,042
2009 *	105,235	52,313	312,704	8,563	6,933	49,735	535,483
2010	109,546	100,960	307,525	12,745	2,181	65,404	598,361

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

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

(3) In fiscal year 1998, MARTA changed its method of accounting for investments from the amortized cost method to the fair value method.

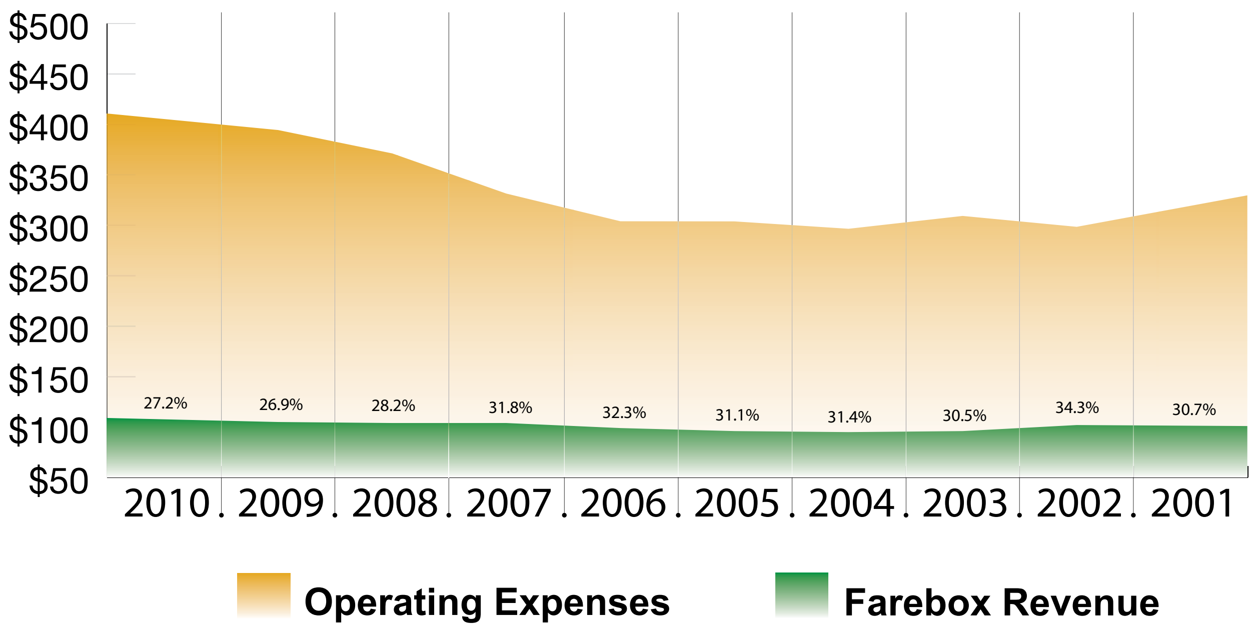
(4) Includes the net gain or loss on the disposition of fixed assets.

* Restated

FAREBOX RECOVERY PERCENTAGE

Last Ten Fiscal Years (Dollars in Thousands)

Fiscal Year	Farebox Revenue	Percent Change	Operating Expenses [1]	Percent Change	Farebox Recovery
2001	101,278	6.5	330,187	7.9	30.7
2002	102,207	0.9	297,991	(9.8)	34.3
2003	96,059	(6.0)	314,789	5.6	30.5
2004	95,082	(1.0)	303,057	(3.7)	31.4
2005	96,244	1.2	309,382	2.1	31.1
2006	99,148	3.0	306,505	(0.9)	32.3
2007	104,678	5.6	328,958	7.3	31.8
2008	103,963	(0.7)	368,767	12.1	28.2
2009	105,235	1.2	390,923	6.0	26.9
2010	109,546	4.1	403,360	3.2	27.2



[1] Excludes depreciation expense

SALES & USE TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Year	State of Georgia [1]	MARTA [2]	DeKalb County [3 & 8]	Fulton County [4 & 8]	Clayton County [5]	Cobb County [6]	Gwinnett County [7]
2001	4	1	2	2	3	1	2
2002	4	1	2	2	2	1	2
2003	4	1	2	2	2	1	2
2004	4	1	2	2	2	1	2
2005	4	1	2	2	3	2	2
2006	4	1	2	2	3	2	2
2007	4	1	2	2	3	2	2
2008	4	1	2	2	3	2	2
2009	4	1	2	2	3	2	2
2010	4	1	3	3	3	2	2

(1) Charged in all counties.
(2) Charged in counties in the MARTA district which have a service contract with MARTA, currently Fulton and DeKalb counties.
(3) Education tax and homestead tax effective July 1, 1997.
(4) Local option tax effective April 1, 1983. Education tax effective July 1, 1997.
(5) Local option tax effective April 1, 1994. Education tax effective July 1, 1997. Special purpose tax effective July 1, 1998.
(6) Education tax effective April 1, 1999.
(7) Special purpose tax effective April 1, 1992. Education tax effective July 1, 1997.
(8) Local other purpose tax levied only within the City of Atlanta effective October 1, 2004.

SOURCE: Georgia Department of Revenue

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Debt Capacity

SALES & USE TAX REVENUE BOND DEBT COVERAGE

Last Ten Fiscal Years (Dollars in Thousands)

Fiscal Year	Sales & Use Tax	Debt Service Requirements Principal	Interest	Total	Debt Service Coverage [1]
2001	303,562	31,965	67,264	99,229	3.06
2002	284,427	33,735	56,883	90,618	3.14
2003	271,006	35,655	56,883	92,538	2.93
2004	283,381	37,525	62,047	99,572	2.85
2005	307,227	30,730	59,920	90,650	3.39
2006	334,486	43,000	58,368	101,368	3.30
2007	350,526	45,160	54,769	99,929	3.51
2008	349,668	48,685	49,876	98,561	3.55
2009	312,704	51,640	67,449	119,089	2.63
2010	307,525	54,930	67,622	122,552	2.51

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

SALES & USE TAX REVENUE BOND DEBT SERVICE LIMIT

June 30, 2010 (Dollars in Thousands)

Sales & Use Tax	$ 307,525
Debt Service Limitation [1]	45%
Debt Service Limit	138,386
Required for Debt Service	122,552
Excess	$ 15,834

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

SALES & USE TAX REVENUE BOND DEBT SERVICE LIMIT

Last Ten Years (Dollars in Thousands)

Fiscal Year	Sales & UseTax	Required for Debt Service	Ratio of Debt Service [1]
2001	303,562	99,230	32.7
2002	284,427	90,618	31.9
2003	271,006	92,538	34.1
2004	283,381	99,572	35.1
2005	307,227	90,650	29.5
2006	334,486	101,368	30.3
2007	350,526	99,929	28.5
2008	349,668	98,561	28.2
2009	312,704	119,089	38.1
2010	307,525	122,552	39.9

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

SALES & USE TAX REVENUE BOND DEBT RATIOS

Last Ten Fiscal Years - June 30, 2010 and 2009 (Dollars in Thousands)

Fiscal Year	Outstanding Debt (1)	Total Unlinked Passenger Count (2)	Per Capita (3)	As a Share of Personal Income(4)	
2001	1,233,903	163,886	7.53	2.02	
2002	1,201,102	159,145	7.55	1.93	
2003	1,325,757	142,501	9.30	2.10	
2004	1,288,364	135,851	9.48	1.90	**
2005	1,357,907	142,050	9.56	1.87	**
2006	1,425,964	138,040	10.33	1.82	**
2007	1,581,188	147,151	10.75	1.92	**
2008	1,685,722	150,503	11.20	2.05	
2009	1,707,386	156,062	10.94	*	
2010	1,916,104	145,741	13.15	*	

* Not available

** Revised

(1) From MARTA Financial Statements FY 2001 to FY 2010

(2) See Unlinked Passenger Changes on Page 71

(3) Outstanding Sales Tax Revenue Bond Debt per Unlinked Passenger Count

(4) Outstanding Sales Tax Revenue Bond Debt per Total Service District Personal Income (see Trends in Personal Income on Page 65)

COMPUTATION OF OVERLAPPING DEBT

December 31, 2009 (Dollars in Thousands)

Jurisdiction		Amount Outstanding	Percentage Applicable to MARTA	Amount Applicable to MARTA
Atlanta Downtown Development Authority		$ -	100 %	$ -
Fulton County		-	100	-
Fulton County School District		164,890	100	164,890
Fulton County Building Authority		39,913	100	39,913
DeKalb County		345,349	100	345,349
Municipalities:				
Atlanta		260,490	97	260,490
Alpharetta		42,050	100	42,050
Hapeville		10,750	100	10,750
Union City		13,460	100	13,460
Roswell		32,100	100	32,100
Fulton-DeKalb Hospital Authority		184,730	100	184,730
Atlanta-Fulton County Recreation Authority	(Zoo)	20,235	98	20,235
Atlanta-Fulton County Recreation Authority	(Arena)	129,555	98	129,555
College Park Business and Industrial Development Authority		3,455	100	3,455
East Point Building Authority		80,337	100	80,337
Total Overlapping Debt		$ 1,327,314		$ 1,327,314
Total Direct Debt		$ 1,327,314		$ 1,327,314

This schedule depicts the debt obligations imposed by other governments that are, either wholly or in part, within the geographic boundaries of MARTA, and the percent of property within MARTA's boundaries. MARTA has no obligation to the other governments for their debt.

SOURCES: Year Ended December 31, 2009 CAFR for the City of Atlanta, Fulton County, and Dekalb County.

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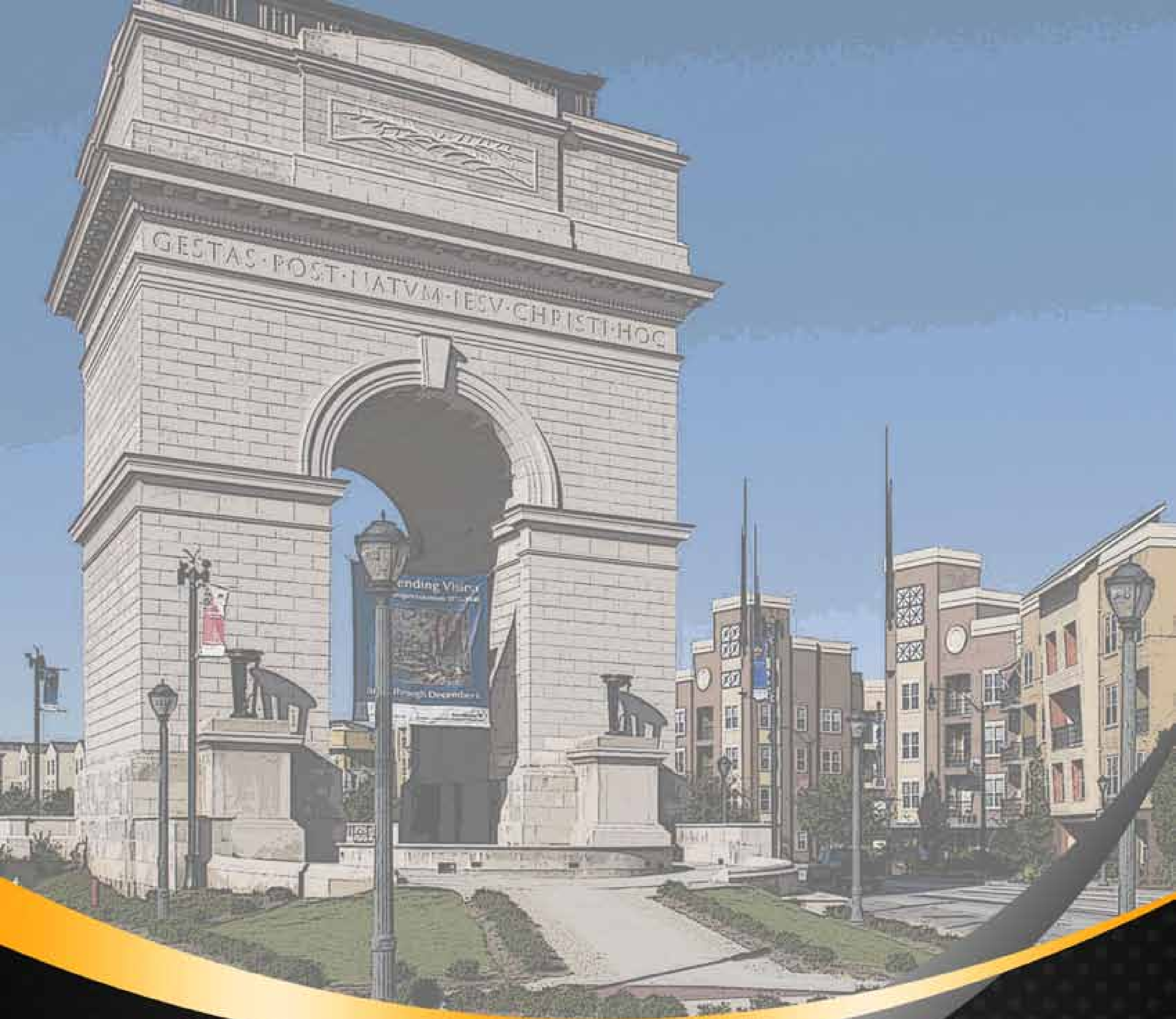


Demographic and Economic Information

TRENDS IN PERSONAL INCOME

Last Ten Fiscal Years (Dollars in Billions)

Calendar Year	Fulton County	DeKalb County	Total Service District	Percentage Change Fulton County	Percentage Change DeKalb County
2001*	38.803	22.708	61.511	1.7	3.9
2002 *	40.066	22.926	62.992	3.3	1.0
2003 *	40.649	23.296	63.945	1.5	1.6
2004 *	43.675	24.063	67.738	7.4	3.3
2005 *	47.395	25.405	72.800	8.5	5.6
2006 *	51.539	26.794	78.333	8.7	5.5
2007 *	54.339	27.881	82.220	5.4	4.1
2008*	54.295	28.104	82.399	-0.1	0.8
2009 **	**	**	**	**	**
2010 **					

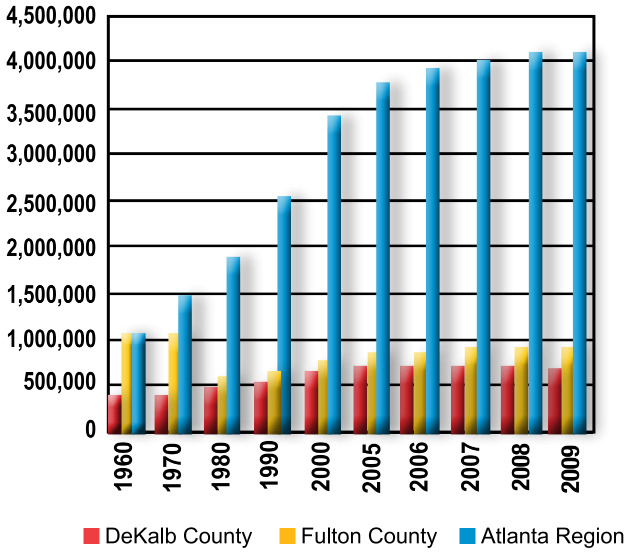
* Revised
** Not available

Source: U.S. Department of Commerce, Bureau of Economic Analysis

POPULATION AND EMPLOYMENT

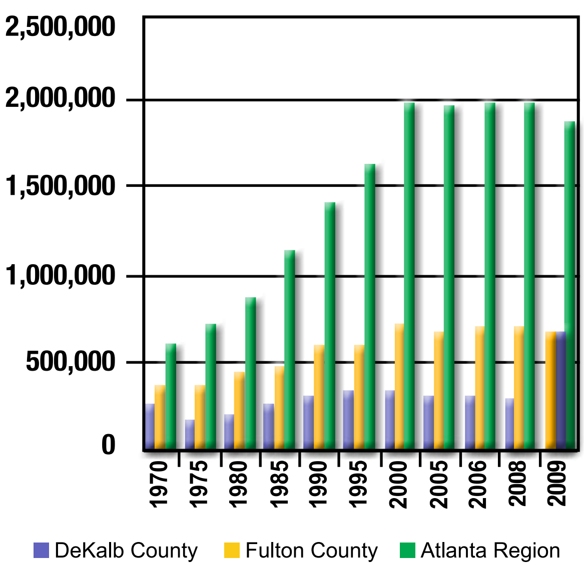
June 30, 2010

POPULATION GROWTH SINCE 1960



Year	Fulton County	DeKalb County	Atlanta Region
1960	556,226	256,782	1,093,220
1970	605,210	415,387	1,500,823
1980	589,904	483,024	1,896,182
1990	670,800	553,800	2,557,800
2000	816,000	665,900	3,429,400
2005	874,100	700,500	3,813,700
2006	900,200	710,400	3,925,400
2007	933,600	718,400	4,029,400
2008	951,500	727,600	4,099,600
2009	957,900	731,200	4,124,300

EMPLOYMENT GROWTH SINCE 1970



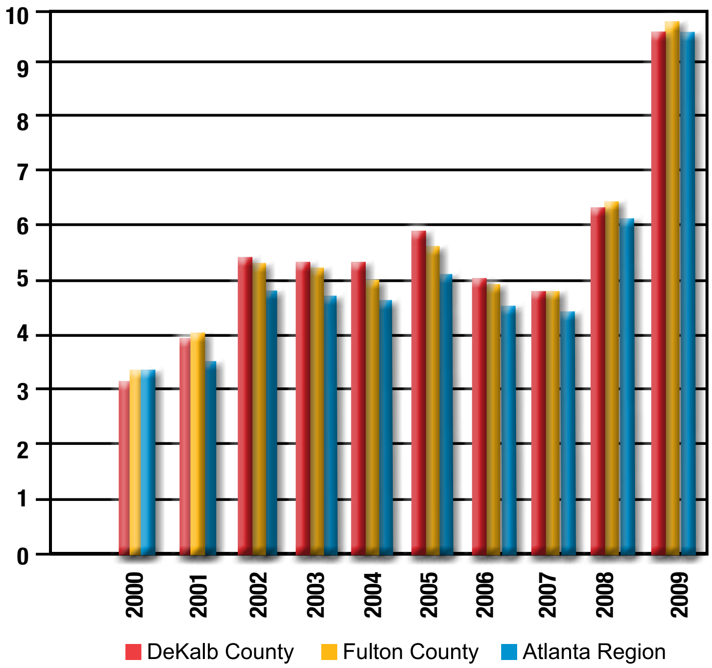
Year	Fulton County	DeKalb County	Atlanta Region
1970	386,988	120,554	619,693
1975	388,394	167,839	705,120
1980	445,341	218,142	901,157
1985	490,000	279,000	1,146,850
1990	560,600	318,300	1,426,000
1995	616,000	331,800	1,640,000
2000	730,900	346,900	1,991,500
2005	691,100	299,400	1,936,700
2006	716,100	303,800	2,003,500
2008	727,740	307,116	2,015,093
2009	687,100	293,700	1,895,400

Source: Atlanta Regional Commission

UNEMPLOYMENT RATES

Last Ten Fiscal Years

UNEMPLOYMENT RATES SINCE 2000



Year		Fulton County	DeKalb County	Atlanta Region
2000		3.4	3.2	3.1
2001		4.1	4.0	3.6
2002		5.4	5.5	4.9
2003		5.3	5.4	4.8
2004		5.1	5.4	4.7
2005	*	5.7	6.0	5.2
2006	*	5.0	5.1	4.6
2007	*	4.9	4.8	4.5
2008	*	6.4	6.3	6.2
2009		9.8	9.6	9.6

* Revised

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

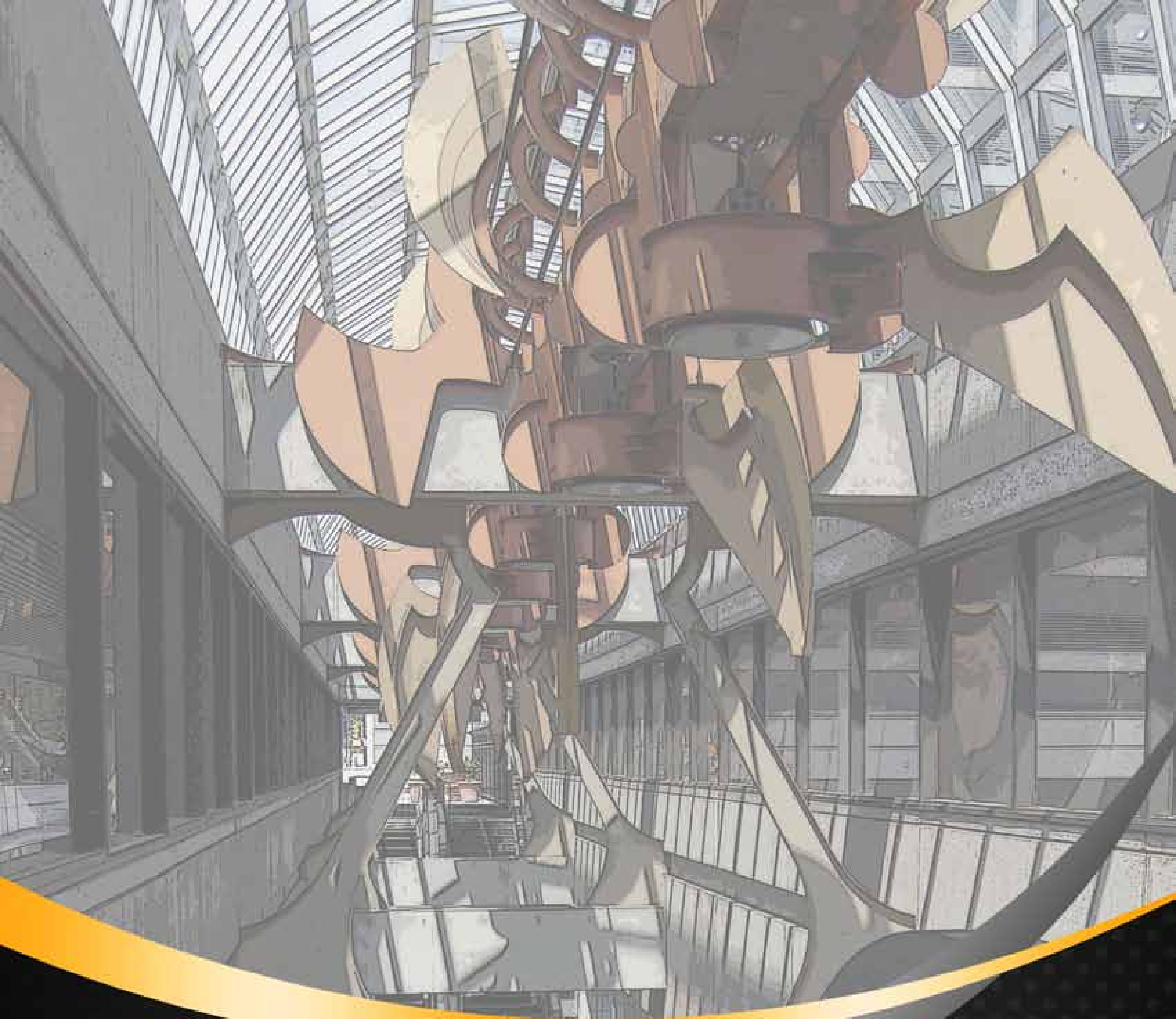
TOP TEN CORPORATE EMPLOYERS IN THE ATLANTA REGION

Current Year and Nine Years Ago

	2008			1999		
Company	Number of Full Time Employees	Rank	Percentage of Total Employment	Number of Full Time Employees	Rank	Percentage of Total Employment
Delta Air Lines, Inc.	25,000	1	0.97	28,412	1	1.28
Wal-Mart Stores, Inc.	24,243	2	0.94	13,850	3	0.63
AT&T, Inc.	20,500	3	0.80	10,300	4	0.46
Publix Supermarkets, Inc.	9,291	4	0.36	-	-	
The Home Depot, Inc.	9,000	5	0.35	8,302	6	0.37
Wellstar Health System, Inc.	8,556	6	0.33	-	-	-
Lockheed Martin Corp.	7,171	7	0.28	-	-	
United Parcel, Inc.	6,930	8	0.27	7,298	10	0.33
Turner Broadcasting System, Inc.	6,770	9	0.26	-	-	
Suntrust Banks, Inc.	6,745	10	0.26	-	-	-
IBM Corporation	-		-	8,500	5	0.38
Bellsouth Corp.	-		-	22,041	2	0.99
Lockheed Martin Aeronautics Co.	-		-	8,041	7	0.36
The Kroger Company	-		-	7,800	8	0.35
Lucent Technologies	-		-	7,600	9	0.34
	124,206		4.82	122,144		5.51

SOURCES : The Atlanta Business Chronicle, 2009-2010 Book of Lists (information current as of Dec. 2008)
The Atlanta Business Chronicle, 2000 Book of Lists (information current as of Dec. 1999)
U.S. Department of Labor-Bureau of Labor Statistics Local Area Unemployment Statistics

SOURCE: The Atlanta Business Chronicle, 1997 Book Of Lists



Operating Information

TRANSIT SERVICE EFFORT AND ACCOMPLISHMENTS PER MILE

Last Ten Fiscal Years (Vehicle Miles in Thousands)

Fiscal Year	Revenue Vehicle Miles [1] Bus	Rail	Total	% Change	Operating Expense [2] Per Mile	Operating Expense [2] Per Passenger Mile [1] [3]	Unlinked Passenger Trips Per Mile [1] [3]
2001	27,262	22,665	49,927	2	6.61	0.39	3.4
2002	26,818	23,552	50,370	1	5.91	0.37	3.2
2003	25,842	22,707	48,549	(4)	6.48	0.44	2.9
2004	25,646	22,050	47,696	(2)	6.35	0.41	2.9
2005	21,757	22,981	44,738	(6)	6.91	0.43	3.2
2006	22,233	21,091	43,324	(3)	7.07	0.41	3.2
2007	23,710	21,993	45,703	5	7.20	0.44	3.2
2008	27,099	23,208	50,307	10	7.33	0.46	2.7
2009	27,345	24,566	51,911	3	7.53	0.48	2.7
2010	27,030	22,061	49,091	(5)	8.22	0.81	2.6

(1) Does not include demand response.

(2) Operating expense excludes depreciation.

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

SOURCE: MARTA

TRANSIT SERVICE EFFORT AND ACCOMPLISHMENTS PER HOUR

Last Ten Fiscal Years (Vehicle Hours in Thousands)

Fiscal Year	Revenue Vehicle Hours [1] Bus	Rail	Total	% Change	Operating Expense [2] Per Hour	Operating Expense [2] Per Passenger Trip [1] [3]	Unlinked Passenger Trips Per Revenue Vehicle Hour [1] [3]
2001	2,183	861	3,044	1	108.47	2.01	53.8
2002	2,150	896	3,046	0	97.83	1.87	52.3
2003	2,070	856	2,926	(4)	107.58	2.20	48.6
2004	2,058	837	2,895	(1)	104.68	2.23	46.9
2005	1,798	875	2,673	(8)	115.74	2.18	53.1
2006	1,812	803	2,615	(2)	117.21	2.22	52.8
2007	1,942	833	2,775	6	118.54	2.23	53.0
2008	2,191	873	3,064	10	120.36	2.45	49.1
2009	2,193	921	3,114	2	125.55	2.50	50.1
2010	2,137	829	2,966	(5)	135.96	2.77	49.1

(1) Does not include demand response.
(2) Operating expense excludes depreciation.
(3) Unlinked Passenger figures count passengers each time that person boards a transit vehicle from the initial point of origin until he or she reaches a final destination.

SOURCE: MARTA

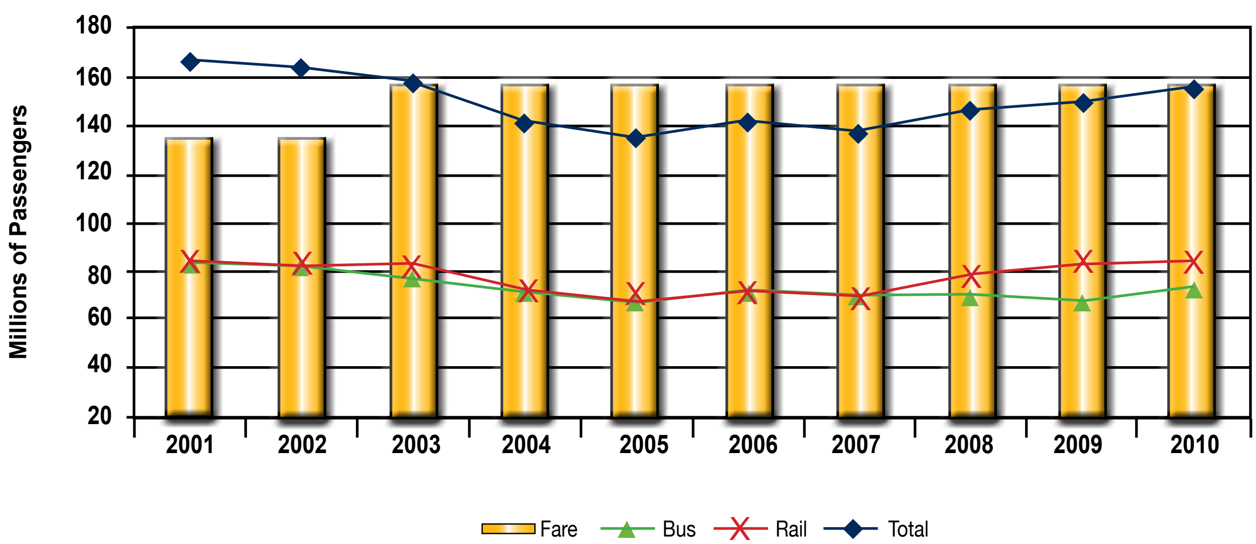
UNLINKED PASSENGER CHANGES

Last Ten Fiscal Years (In Thousands)

Unlinked Passenger Count (1)

Fiscal Year	Bus	%Change	Rail	%Change	Total	%Change		Fare
2001	81,497	(2.0)	82,389	(1.7)	163,886	(1.8)	%	$1.50
2002	76,806	(5.8)	82,339	(0.1)	159,145	(2.9)		$1.50
2003	70,641	(8.0)	71,860	(12.7)	142,501	(10.5)		$1.50
2004	66,762	(5.5)	69,089	(3.9)	135,851	(4.7)		$1.50
2005	71,066	6.4	70,984	2.7	142,050	4.6		$1.75
2006	68,831	(3.1)	69,209	(2.5)	138,040	(2.8)		$1.75
2007	69,465	0.9	77,686	12.2	147,151	6.6		$1.75
2008	67,519	(2.8)	82,984	6.8	150,503	2.3		$1.75
2009	72,716	7.7	83,346	0.4	156,062	3.7		$1.75
2010	68,009	(6.5)	77,732	(6.7)	145,741	(6.6)		$1.75

Relationship of Fare Changes to Unlinked Passenger Count



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

SOURCE: MARTA

FARE STRUCTURE

REGULAR FARE

Single Trip (stored on Breeze Card or Breeze Ticket) .... $ 2.00
Round Trip-including transfers(stored on Breeze Card or Breeze Ticket) .... $ 4.00
Ten(10) single trips(10 trips on Breeze Card or Breeze Ticket) .... $ 20.00

DISCOUNTED FARE

Twenty (20) sigle trips (20 trips stored on one Breeze Card or Breeze Ticket).. $ 34.00
30 day pass (unlimited travel for 30 consecutive days, all regular service) .... $ 60.00
7 day pass (unlimited travel for 7 consecutive days, all regular service).. $ 15.00
Day passes (unlimited travel for consecutive days, all regular service).

PRICE PER DAY: 1 Day:$ 8.00 **2 Day**: $ 9.00 **3 Day**:$ 12.00 **4 Day**: $ 13.00

MOBILITY AND HALF FARE PROGRAMS

Half Fare (for pre-qualified customers 65 and older and .... $ 0.90
disabled customers using regular service)

Mobility Service. .... $3.60 (each way)
(Demand response for certified customers Personal care attendant may ride free, if required)

Discounted Mobility Service (20 single trips) .... $ 61.20

Discounted Mobility Service (unlimited travel for 30 days on Breeze Card).. $108.00

Mobility on Fixed Route
(For Paratransit certified customers riding fixed route No charge with Paratransit Breeze Card)

STUDENT PROGRAMS

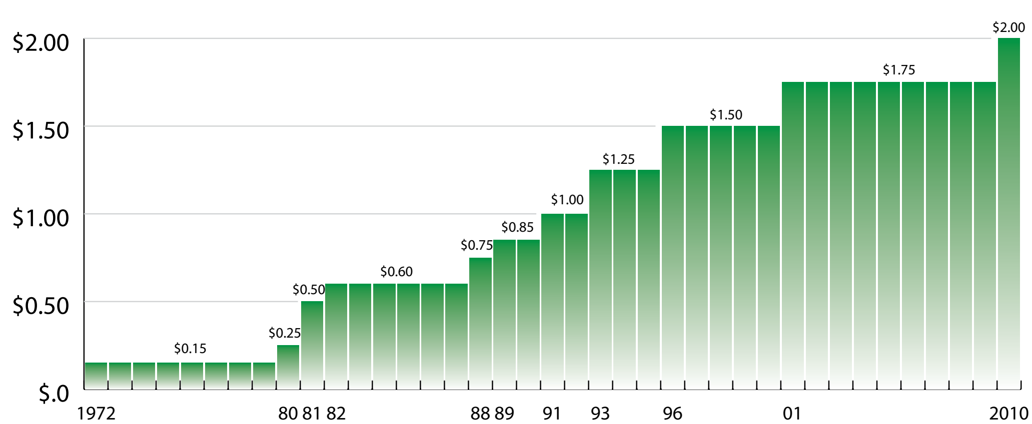
K-12 Program (Grade school and High School students K-12, Monday through Friday
Ten(10) trip pass (to/from school), all regular school .... $ 11.50

CONVENTION AND VISITORS PASS

For groups of 15 or more, ordered a minimum of 20 days in advance.

PRICE PER DAY: 1 Day: $ 8.00 **2 Day**: $ 9.00 **3 Day**: $ 12.00 **4 Day**: $ 13.00 **7 Day**: $ 15.00

Single Cash Fare History From Inception



VEHICLES OPERATED IN MAXIMUM SERVICE

Last Ten Fiscal Years

Fiscal Year	Bus	Rail	Total(1)
2001	603	186	789
2002	596	186	782
2003	555	180	735
2004	590	184	774
2005	556	182	738
2006	554	184	738
2007	483	182	665
2008	504	188	692
2009	505	182	687
2010	491	188	679

(1) Does not include demand response

SOURCE: MARTA

NUMBER OF EMPLOYEES

Last Ten Fiscal Years For the Year Ended June 2010

Fiscal Year	Full-Time	Part-Time	Total
2001	4,456	486	4,942
2002	4,378	304	4,682
2003	4,357	254	4,611
2004	4,096	219	4,315
2005	4,029	326	4,355
2006	4,118	310	4,428
2007	4,436	293	4,729
2008	4,646	351	4,997
2009	4,548	314	4,862
2010	4,505	208	4,713

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

MISCELLANEOUS STATISTICAL DATA

Last Ten Fiscal Years

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Population served	1,781,030	1,689,100	1,652,000	1,610,600	1,574,600	1,547,600	1,354,871	1,541,000	1,458,484	1,354,871
Size of area served (in square miles)	475	466	466	466	498	498	498	498	498	804
Number of Bus Routes	92	130	132	132	120	120	118	121	126	158
Annual Bus Passenger Miles (in millions) (Excludes Paratransit/Demand Response)	272.6	285	213.5	208.5	256.5	231	277.7	234.6	304.1	*286.5
Miles of Bus Route	1,784.00	1,765.00	1,084.00	1,069.00	986.00	986.00	986.00	1,127.90	1,127.90	1,478.70
- Average On Time Performance	72.4%	70.0%	63.7%	67.0%	93.4%	93.4%	93.4%	90.5%	85.6%	84.1%
Miles of Rail Route	48	48	48	48	48	48	48	48	48	47.6
- Average On Time Performance	97.0%	96.4%	93.3%	89.7%	91.5%	91.5%	91.7%	90.3%	89.2%	89.8%
Annual Rail Passenger Miles (in millions)	493.2	527	593.4	541.4	488.5	481.1	455.4	487.3	510.4	563
Number of Rail Stations	38	38	38	38	38	38	38	38	38	38
Number of Bus Stop Locations	8,700	11,482	11,500	11,430	11,500	11,483	11,483	11,568	10,392	10,000
Number of Bus Park And Ride Facilities	8	7	6	6	8	8	8	6	9	3
Number of Bus Shelters	750	741	751	748	540	540	540	515	476	401
Bus Passenger Parking Capacity	2,607	2,254	1,798	1,847	2,630	3,243	3,243	1,910	3,341	2,839
Rail Passenger Parking Capacity	22,301	23,888	24,622	25,736	27,372	25,586	25,583	26,701	26,701	25,755
No. of Buses in Active Fleet	597	615	616	624	554	556	559	690	691	712
- Average Vehicle Age (in years)	5.6	7.6	5.6	4.6	4.6	4.9	5.6	7.6	7.6	8.8
No. of Paratransit Vehicles in Active Fleet	173	174	129	121	140	110	110	110	93	90
- Average Vehicle Age (in years)	2.2	1.2	0.4	2.6	1.6	2.4	1.4	1.6	2.3	1.7
No. of Rapid Rail Vehicles	338	338	338	338	338	338	332	318	284	252
- Average Vehicle Age (in years)	21.6	20.6	19.6	18.6	17.6	16.5	15.6	15.6	16.5	16.9
Annual Mobility Vehicle Miles (in millions)	7.2	7.3	5.0	4.4	3.7	3.7	3.7	3.2	2.4	2.4
Investment In Property and Equipment (in billions)	$6.224	$6.099	$5.919	$5.685	$5.491	$5.318	$5.162	$4.996	$4.770	$4.313

Notes:

* includes Mobility **Data not available

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Single Audit Section

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' 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

The Board of Directors
Metropolitan Atlanta Rapid Transit Authority:

We have audited the statements of net assets of the Metropolitan Atlanta Rapid Transit Authority ("MARTA") as of June 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, and have issued our report thereon dated January 21, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MARTA's internal control over financial reporting 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 MARTA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MARTA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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. However, as discussed in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 MARTA's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding No. 2010-1 to be a material weakness.

Compliance and Other Matters

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

MARTA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit MARTA's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within MARTA, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia
January 21, 2011

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Board of Directors
Metropolitan Atlanta Rapid Transit Authority:

Compliance

We have audited the Metropolitan Atlanta Rapid Transit Authority's ("MARTA") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") [*Circular A-133 Compliance Supplement*] that could have a direct and material effect on each of MARTA's major federal programs for the year ended June 30, 2010. MARTA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of MARTA's management. Our responsibility is to express an opinion on MARTA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in [*Government Auditing Standards*], issued by the Comptroller General of the United States; and OMB Circular A-133, [*Audits of States, Local Governments, and Non-Profit Organizations*]. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MARTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MARTA's compliance with those requirements.

In our opinion, MARTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditure of Federal Awards

We have audited the basic financial statements of MARTA as of and for the year ended June 30, 2010, and have issued our report thereon dated January 21, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Directors, others within MARTA and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia
January 21, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2010

Federal Grantor/Program or Cluster Title	CFDA Number	Contract Number	Federal Expenditures
U.S. Department of Transportation - Federal Transit Administration			
Direct Programs:			
Federal Transit Capital Improvement Grants:			
FY 06-07 SEC 5309 Fixed Guideway Mods	20.500	GA-05-0031	$ 17,462,595
Rail Modernization Projects/PM	40,571.000	GA-03-0061	2,764,550
Sandy Springs	20.500	GA-03-0037	263,288
Clean Fuel Buses & Fare Equipment	20.500	GA-04-0003	7,152,828
Lindbergh Corridor	20.500	GA-03-0056	16,016
Fixed Gudeway- Economic Recovery	20.500	GA-56-0001	1,439,850
Total Federal Transit Capital Improvement Grants			$ 29,099,128
Federal Transit Capital and Planning Assistance formula Grants:			
Buckhead Station N. Entrance & Bridge	20.507	GA-90-X131	2,096,418
Beltline/C-Loop Study	20.507	GA-90-X189	194,368
Memorial Drive BRT	20.507	GA-90-X227	6,606,226
Inner Core/System Reengineering Studies	20.507	GA-90-X230	551,640
North Line LCI/Study	20.507	GA-90-X237	462,798
Clayton County (C-Tran)	20.507	GA-90-X253	1,185,164
GRTA Pass-Thru/ TIB	20.507	GA-90-X257	114,192
FY04 SEC 5307 - Prev Maint	20.507	GA-90-X212	51,790
FY05 SEC 5307 - Prev Maint	20.507	GA-90-X232	141,626
FY06 SEC 5307 - Prev Maint	20.507	GA-90-X252	1,921
FY09 SEC 5307 - Prev Maint	20.507	GA-90-X277	25,301,008
Ecomonic Recovery SEC 5307 - ARRA	20.507	GA-96-X005	26,763,106
Ecomonic Recovery Flex SEC 5307-ARRA	20.507	GA-66-X001	24,452,566
Ctran - Passthrough Grant	20.507	GA-90-X205/234	1,625,098
Total Fedral Transit Capital and Planning Assitance Formula Grants			89,547,921
Total Federal Transit Cluster			118,647,048
Other Federal Transit Administration Grants:			
Auto Fare Collection Syste	20.205	GA-12-X001	29,433
FY06/07 JARC W/COBB & MARTA	20.516	GA-37-X014	785,260
Clean Fuel Bus Project SEC 5308 BUS	20.519	GA-58-0001	10,270,007
FY06 New Freedom Pass-Thru	20.521	GA-57-X002	32,018
Clifton Corridor Study	20.522	GA-39-0003	840,493
Beltline Study	20.522	GA-39-0002	294,000
Laredo Bus Facility	20.523	GA-77-0001	79,704
Total Other Federal Transit Grants			12,330,915
Total Federal Transit Programs			130,977,963
U.S. Department of Homeland Security:			
DHS Security Grant GEMA FY 05	97.075	2005-GB-T5-0006	20,844
FY06 TGSP	97.075	2006-RL-T6-001706	923,695
FY07 TGSP	97.075	2007-RL-T7-K019	33,399
Canine Team Program	97.072	TSA-HSTS04-04-H-LEF 161	2,779,662
Total U.S. Department of Homeland Security			3,757,600
Total Federal Financial Assistance			$ 134,735,563

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2010

1. Basis of Presentation

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

2. Matching Funds

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

I. Summary of Auditors' Results

a) The type of report issued on the financial statements: Unqualified

b) Internal control over financial reporting:
Material weaknesses identified: Yes
Significant deficiencies identified that are not considered to be material weaknesses: None reported

c) Noncompliance which is material to the financial statements: No

d) Internal control over major programs:
Material weaknesses identified: No
Significant deficiencies identified that are not considered to be material weaknesses: None reported

e) The type of report issued on compliance for major programs: Unqualified

f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: No

g) Identification of major programs:

Major Programs	CFDA Number
Federal Transit Cluster:	
Federal Transit - Capital Improvement Grants	20.500
Federal Transit - Formula Grants	20.507
Clean Fuel Bus Project Grants	20.519

h) Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

II. Financial Statement Findings

Finding No. 2010-1 Accounting for Investments related to the Lease-In/Lease-Out Arrangements

Statement of condition

Beginning in 2001 MARTA entered into several lease-in/lease-out ("LILO") arrangements. MARTA continued to enter into similarly structured LILO arrangements with multiple equity investors for rail cars and other fixed assets from 2002 through 2005. Funds were set aside in various revocable trusts to fund all future obligations under these arrangements. In fiscal year 2008, MARTA began the process of restructuring the investment portfolio of the trusts, liquidating fixed income securities, and reinvesting those proceeds into guaranteed investment contracts ("GIC's") with AIG, Inc. and MBIA, Inc.

In fiscal year 2010, MBIA, Inc.'s and AIG, Inc.'s creditworthiness deteriorated causing them to violate the credit quality provision of the guaranteed investment contracts. In response, MARTA liquidated GIC's for the South Line investment accounts and reinvested the proceeds in fixed income securities. However, the Treasury and Accounting departments had not exchanged information about the South Line investment restructuring and consequently the fair value of the investments held at June 30, 2010 related to the South Line LILO transaction was materially misstated and inappropriately classified by investment type.

Criteria

Under generally accepted accounting principles, all investments are carried at fair value based on quoted market prices.

Cause

Communication between the Treasury and Accounting Offices of MARTA were not coherent.

Effect

The condition resulted in the understatement of MARTA's assets related to the LILO arrangements.

Recommendation

In order to have effective internal controls over financial reporting, the Authority should have a system in place that identifies all valid transactions, describes on a timely basis the transactions in sufficient detail to permit proper classification, measures the value of transactions, determines the time period in which transactions occurred, and properly present the transaction in the footnote disclosures.

We recommend that MARTA develop a mechanism to facilitate information sharing amongst the Treasury and Accounting departments to ensure that significant transactions that are initiated are recorded, processed, and reported appropriately in the financial statements and footnote disclosures.

Management's Response

Going forward, MARTA will make certain that it improves communication between the relevant parties. The Office of Treasury and Accounting will have monthly meetings to ensure that all non-routine investment transactions are properly discussed in detail and that both parties are aware of the financial impact to the Authority.

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III. Federal Award Findings and Questioned Costs

None

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