Los Angeles County
Metropolitan Transportation Authority
California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

FY23

Los Angeles County Metropolitan
Transportation Authority
Los Angeles, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

Metro

Prepared by the
Accounting Department

Nalini Ahuja, Chief Financial Officer
Jesse Soto, Controller

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION

Los Angeles County
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December 22, 2023

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Dear Honorable Board of Directors:

Subject: Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report for the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2023 is submitted herewith. State law requires LACMTA to publish a complete set of audited financial statements within six months of the close of each fiscal year.

LACMTA is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance. Information related to the Single Audit, including the Schedule of Federal and State awards, findings, and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are set forth in a separate Single Audit report.

Crowe LLP, a firm of licensed Certified Public Accountants, has audited the LACMTA's financial statements. The main goal of the independent audit is to provide reasonable assurance that the financial statements of LACMTA as of and for the fiscal year ended June 30, 2023, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (clean) opinion on LACMTA's financial statements as of and for the fiscal year ended June 30, 2023. The independent auditor's report is located in the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal controls. Because the cost of internal control should not exceed anticipated benefits, the objective of the controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All material disclosures necessary to enable the reader to gain an understanding of LACMTA's financial activities have been included.

Management's Discussion and Analysis (MD&A), shown on pages 15 to 37, provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

LACMTA was created by State of California Assembly Bill 152, *Los Angeles County Metropolitan Transportation Authority Reform Act of 1992*, which became effective on February 1, 1993. LACMTA is unique among the nation's transportation agencies. It serves as a planner, coordinator, designer, builder, operator, and funding partner of the transportation network serving the most populous county in the nation. As one of the largest providers of public transportation in the United States, LACMTA's coordinated systems have about 269.5 million bus and rail boardings in FY 2023 within its 4,629-square-mile service area.

LACMTA's financial reports include the activities of the Public Transportation Services Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), the Exposition Metro Line Construction Authority (EXPO), the Crenshaw Project Corporation (CPC), and the Service Authority for Freeway Emergencies (SAFE). Although they are legally separate entities, their activities are reported as blended component units in LACMTA's financial statements.

Balancing LACMTA's FY24 Budget - LACMTA starts the financial cycle by reviewing current year budget variances (both revenue and expense) in order to gauge past performance and anticipated future funding demands. The annual budget process begins with the Planning Parameters presented to the board in January or February. The parameters include estimated revenue and expense growth assumptions, service levels, construction project cash flows and funding availability based on information available at the time the Board Report is composed. Extensive public outreach efforts begin in early October and continue through May to obtain feedback from LA County taxpayers on the Budget followed by a public hearing in May with Board Adoption targeted for May each year.

Budget Summary

The $9.0 billion FY24 adopted budget is $0.3 billion or 3.0% more than the FY23 budget. The FY24 Adopted Budget includes many new and innovative projects and programs that will have meaningful impacts for LA County's 10 million residents. While we must continue to focus on prudent fiscal planning to ensure we can complete pipeline projects and maintain long-term financial stability, we will continue to reinvent and reimagine ourselves with forward thinking approaches to regional mobility that put people first. The FY24 Adopted Budget is balanced and focused on a service plan to include system expansion, integration, customer experience enhancement, safety, and cleanliness, maintaining assets in a state of good repair, employee safety, retention, and public engagement.

Metro continues its commitment to equity in decision-making around public investments and services. In FY24, we're investing $2.4 billion in the Metro Transit Operating and Maintenance Program, an increase of 6.1% or $136.8 million over the FY23 Budget. This investment will enable us to deliver 8.9 million revenue service hours (RSHs) of transit services, which is a 9.6% higher level of service than we delivered before the pandemic, including a 27.5% higher level of service than we delivered before the pandemic on the rail system. To deliver a cleaner system, we're investing $201 million in cleaning efforts, an increase of 13% or $23.6 million over the FY23 Budget. This investment will enable us to create 10 roving cleaning teams, hire 21 more full-time custodial staff and hire up to 50 temporary part-time custodial staff dedicated to our B and D subway lines.

FY24 budget for transportation infrastructure development (TID) amounts to $2.2 billion. TID is responsible for a portfolio comprised of more than 70 capital projects which consists of new transit projects, expansions, and improvements for LA County per the voter approved Measure R and Measure M sales tax ordinances. Major capital projects currently under construction in FY24 include LAX/Metro Transit Center, D Line (Purple) Extension, East San Fernando Valley LRT, BRT Connector B/G Line to L Line, G Line BRT Improvements, and Gold Line Foothill Extension.

Reimagining Public Safety Framework is Metro's competitive game plan for transformational change to public safety, which aligns the needs of the public through deliberate and equity driven public safety initiatives. The FY24 Adopted Budget includes $315.3 million in public safety resource deployment, through a multi-layered strategy for enhancing public safety on our system.

In FY24, we'll invest $13.5 million in outreach to unhoused people, in partnership with People Assisting the Homeless (PATH) and the LA County Department of Health Services (DHS). We'll also dedicate $10 million to a new partnership with the LA County Department of Mental Health Services (DMH), to provide training support to identify mental health concerns and proper responses, strategies to address critical crisis response needs, and Community Mental Health Ambassadors. We'll invest another $1.8 million for short-term shelters, workforce partnerships, and other strategies to help address these issues in our system.

All these investments focus on one thing: putting people first. Metro's budget must reflect that we are here to serve our customers. The FY24 Adopted Budget makes key investments in the areas our customers want us to address the most, and it sets us up for success in the years to come.

Budgetary Controls - LACMTA's legal level of budgetary control is at the fund level. Comprehensive multi-year plans are adopted when major capital projects are approved. The portion of costs expected to be incurred on each project during the fiscal year is included in annual appropriations. The budgetary control for capital projects is at the life-of-project level and thus the funding commitment does not lapse at the end of each fiscal year. LACMTA maintains an encumbrance accounting system as another tool of budgetary control.

The Board of Directors (Board) approves the budget by June 30 of each fiscal year. The annual budget establishes the legal level of appropriation. The budget includes operating, capital, regional funding, and other components necessary to implement the policy directions contained in previously Board-adopted long-term plans such as the Long Range Transportation Plan (LRTP) and the more detailed Short Range Transportation Plan (SRTP). In addition to operating its own services, LACMTA funds other municipal bus operators, commuter rail services, ADA paratransit, Metrolink, Access Services, and a wide array of transportation projects.

Local Economy

The Los Angeles Economic Development Corporation (LAEDC) recently reported that as 2023 opens, we find ourselves further removed from the dramatic economic decline in 2020 brought on by COVID-19 pandemic but now facing uncertainty because of inflation. Getting control of inflation is critical, both nationally and locally. The Federal Reserve's sudden and sharp tightening of monetary policy has been the most dramatic in decades. It has created concerns that the United States is headed for a recession, which could result in business closures, job losses, and reductions in household income and tax revenue. A positive sign is that buoyant nonfarm payroll growth and U.S. consumer spending has continued supporting gross domestic product (GDP) growth, despite the dual headwinds of rising interest rates and high inflation. Supply chain disruptions will continue to threaten the gradual economic progress as the economy transitions from COVID-19 pandemic recovery to the next paradigm.

One result of the COVID-19 pandemic that continues to shape our economy is the emergence of remote work, which has increased commercial real estate vacancy rates. In terms of employment, overall payroll jobs are moving beyond pre-pandemic levels for the U.S., California, and Los Angeles County. California's unemployment rate finally returned to pre-pandemic levels. While total employment in the County has fully rebounded, employment in hardest-hit service sectors has yet to return to pre-pandemic levels.

Optimism surrounds the impact that sizeable federal and State government investments will make in California and Los Angeles County to transform our regional economy. California will receive infrastructure investments from the Bipartisan Infrastructure Deal through formula funding and competitive grants. It is estimated that over five years (Fiscal Year 2022 through Fiscal Year 2026), California will receive $41.9 billion in formula funding alone. It is estimated that the $3.25 billion already spent in Bipartisan Infrastructure Deal funds in California has generated 42,308 jobs to date. Across all American Rescue Plan programs, California was awarded nearly $195 million. In addition to the federal investment identified, California has a series of largescale investment programs funding projects statewide, including The Road Repair and Accountability Act of 2017 (SB-1) and the Community Economic Resilience Fund (CERF) program.

With continued economic uncertainty on the horizon, the LAEDC highlights the need for those engaged in economic development to construct more resilient, industrially diverse, and inclusive economic systems to defend against uncertain futures. It is essential that organizations advocate for economic security, assist those most vulnerable to economic shocks, and connect more of our region's residents to the industrial drivers of our economy.

Long-term Financial Planning

Long-term financial planning is accomplished in two stages at LACMTA: (1) the Long Range Transportation Plan (LRTP) and (2) the Short Range Transportation Plan (SRTP). The LRTP is a 25–40-year plan that is updated approximately every five years; the LRTP and SRTP financial forecasts are components of the respective plans and updated and presented to the Board regularly to show how funds are being programmed and provide a financial outlook and risk assessment. The LRTP is adopted by the Board and prioritizes the highway and transit infrastructure projects and transit services for the entire region. The 2020 LRTP was adopted by the Board in September 2021. The SRTP is a five to fifteen-year plan that is updated between RTP cycles and adopted by the Board. The SRTP refines the schedules and budgets for adopted LRTP projects that are occurring in the nearer term. The LRTP and the SRTP use the most recently Adopted Annual Budget as the baseline for the period covered in those plans. These Plans (LRTP/SRTP) rely upon a magnitude of underlying assumptions that may differ from the Annual Budgets adopted by the Board each year. The Annual Budget represents the legal authority for spending LACMTA dollars.

Relevant Financial Policies

The Financial Stability Policy (Policy) is divided into three sections: Goals, Strategies, and General Fiscal Policies. The purpose of the Policy is to ensure that LACMTA prudently manages its financial affairs and establishes appropriate cash reserves to meet its future commitments. The Policy is reviewed annually and remains in effect until it is amended or changed by the Board.

Also included in the Policy are the Business Planning Parameters and Debt Financial Standards. The purpose of the Business Planning Parameters is to provide management with a framework for developing the following year's budget and other LACMTA financial plans and to establish future business targets for management to achieve. The purpose of the Debt Financial Standards is to limit the level of debt that may be incurred and to ensure that debt assumptions used in financial planning are based on financial parameters similar to, or more conservative than, those that would be placed on LACMTA by the financial marketplace. These standards are consistent with the Board-approved Debt Policy.

In addition to the Policy and LACMTA Debt Policy, the Board has adopted a Cost Management Policy that identifies uniform procedures to follow in the event of a Measure R or Measure M capital project cost increase, a Fiscal Responsibility Policy that accounts for debt interest incurred and allocates the cost to Measure R capital projects, and a LRTP Priorities Policy that identifies criteria to prioritize capital projects if there is limited funding for all LACMTA projects. These additional policies help LACMTA manage financial risks related to project costs, debt, and variability of funding.

Major Initiatives

Despite unprecedented challenges to project delivery caused by the ongoing recovery from the COVID pandemic, Metro is committed to implement various strategic initiatives to bring improved planning, consistency, transparency, and discipline to deliver projects on time and within budget.

Both Crenshaw LAX Transit Corridor and Downtown Regional Connector projects began revenue service. Construction continued for Purple Line Transit Corridor, Division 20 Yard Portal/Turnback, Airport Metro Connector, Metro Center Street, Rosecrans/Marquardt Grade Separation and Rail to Rail Active Transportation Corridor and Gold Line Foothill Extension Phase 2B projects. Metro G-Line Bus Rapid Transit Improvements, 105 Express Lanes Phase 1, and East San Fernando Transit Corridor began alternative delivery pre-construction services. On the highway side, construction began on the SR-57 / SR-60 Interchange Improvements project and Soundwalls Package 10. Construction continued for SR-71 Gap from I-10 to Rio Rancho and I5N County Enhancements SR-14 to Parker Road.

Concurrent progress continues for all Measure R and M projects as they move forward through the planning phase and environmental clearance, toward shovel readiness. Metro plans to release the Final EIR/EIS for West Santa Ana Branch Project in FY 2024 with a Record of Decision anticipated in the summer of 2024. Eastside Transit Corridor Phase 2 released its Draft Environmental Impact Report (Draft EIR), a preferred alternative was selected, and the Final EIR is underway; NEPA evaluation is expected to begin shortly. Green Line Extension to Torrance released its Draft EIR and environmental studies continue to progress on the Sepulveda Transit Corridor project. Metro's Board awarded a contract to initiate planning and environmental studies of a BRT alignment in the Vermont Transit Corridor. LACMTA remains committed to expanding mobility by delivering transportation infrastructure projects as well as continuing its planning of current projects in queue and strategically providing funding for regional transportation investments.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to LACMTA for its annual comprehensive financial report for the fiscal year ended June 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

The Certificate of Achievement is valid for a period of one year only. We believe LACMTA's current report continues to conform to the Certificate of Achievement Program's requirements and it will be submitted to the GFOA for consideration.

Acknowledgments

I want to thank the Accounting Department, who has worked diligently in the preparation of these financial statements, and all other departments for their assistance in providing the data necessary to prepare the report. I would like to acknowledge the Board and our CEO for their continuous support in maintaining the highest standard of professionalism in the management of LACMTA's finances. Finally, I want to thank our independent auditors, Crowe LLP, for their efforts throughout this audit engagement.

Respectfully submitted,

Nalini Ahuja
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles County
Metropolitan Transportation Authority
California

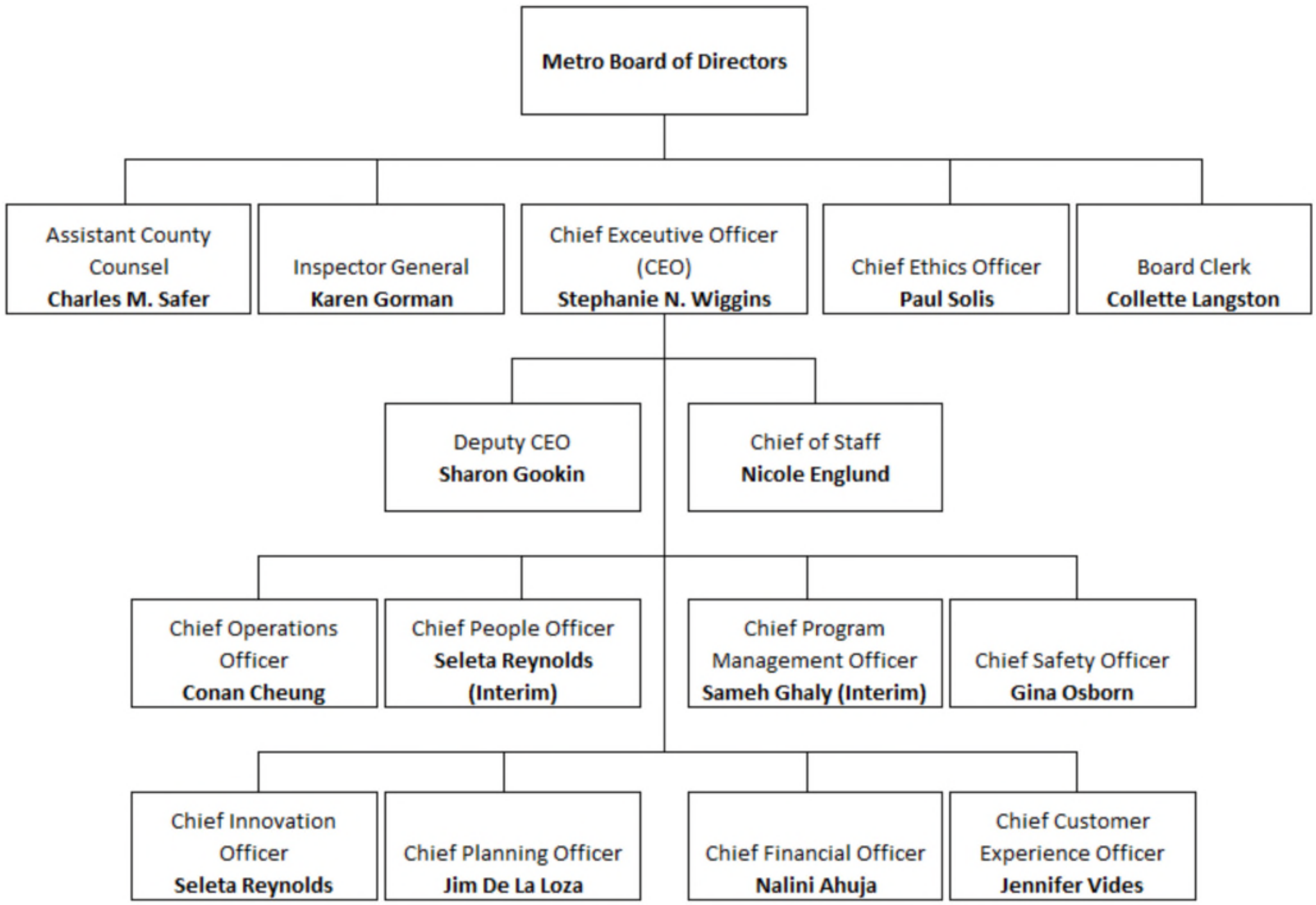
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Los Angeles County Metropolitan Transportation Authority
Management Organizational Chart



Los Angeles County Metropolitan Transportation Authority

BOARD OF DIRECTORS
(Updated as of July 2023)

Karen Bass
Chair
Mayor of the City of Los Angeles

Janice Hahn
First Vice Chair
Los Angeles County Board Supervisor
District 4

Fernando Dutra
Second Vice Chair
Appointee of Los Angeles County City
Selection Committee
Southeast Long Beach sector

Kathryn Barger
Board Member
Los Angeles County Board Supervisor
District 5

James Butts
Board Member
Appointee of Los Angeles County City
Selection Committee
Southwest Corridor sector

Jacquelyn Dupont-Walker
Board Member
Appointee of Mayor of the City of
Los Angeles

Lindsey Horvath
Los Angeles County Board Supervisor
District 3

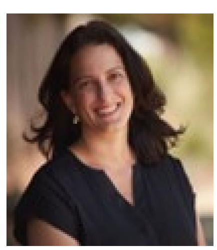
Paul Krekorian
Appointee of Mayor of the City of Los
Angeles

Holly Mitchell
Los Angeles County Board Supervisor
District 2

Ara J. Najarian
Appointee of Los Angeles County
City Selection Committee
North County/San Fernando Valley
sector

Tim Sandoval
Appointee of Los Angeles County
City Selection Committee, San Gabriel
Valley sector

Hilda Solis
Los Angeles Board Supervisor
District 1



Katy Yarolasky
Board Member
Appointee of Mayor of the City of
Los Angeles

Gloria Roberts
Nonvoting Board Member
District 7 Director
California Department of
Transportation (Caltrans)
Appointee of the Governor of
California

Los Angeles County Metropolitan Transportation Authority

List of Board Appointed Officials

Stephanie N. Wiggins
Chief Executive Officer

Collette Langston
Board Clerk
Karen Gorman
Inspector General
Paul Solis
Chief Ethics Officer
Charles Safer
Assistant County Counsel

Executive Staff

Sharon Gookin
Deputy CEO

Nicole Englund
Chief of Staff

Conan Cheung
Chief Operations Officer

Seleta Reynolds (Interim)
Chief People Officer

Sameh Ghaly (Interim)
Chief Program Management Officer

Gina Osborn
Chief Safety Officer

Seleta Reynolds
Chief Innovation Officer

Jim De La Loza
Chief Planning Officer

Nalini Ahuja
Chief Financial Officer

Jennifer Vides
Chief Customer Experience Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the LACMTA's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LACMTA, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the defined benefit pension plan financial statements of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans, which represent 75 percent and 76 percent, respectively, of the assets and net position of the aggregate remaining fund information as of June 30, 2023, and 68 percent of the expenses/deductions of the aggregate remaining fund information for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LACMTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The defined benefit pension plan financial statements of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LACMTA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios - California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan, Schedule of Contributions - CalPERS - Miscellaneous Plan, the Schedule of Changes in Net Pension Liability and Related Ratios - Employee Retirement Income Plans, the Schedule of Contributions to Employee Retirement Income Plans, the Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Investments Returns – Other Postemployment Benefits Plan, Schedule of Contributions – Other Postemployment Benefits Plan, and the Budgetary Comparison Information for the General Fund, Proposition A fund, Proposition C fund, Measure R fund, Measure M fund, Transportation Development Act fund and State Transit Assistance fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LACMTA's basic financial statements. The combining and individual fund financial statements and schedules, budgetary comparison information - Service Authority for Freeway Emergencies fund and other special revenue funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, budgetary comparison information - Service Authority for Freeway Emergencies fund and other special revenue funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 on our consideration of the LACMTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LACMTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LACMTA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Los Angeles, California
December 22, 2023

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Los Angeles County Metropolitan Transportation Authority
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

As management of the Los Angeles County Metropolitan Transportation Authority (LACMTA), we offer our readers of LACMTA's financial statements this narrative overview and analysis of the financial activities of LACMTA for the fiscal year ended June 30, 2023. This discussion and analysis is designed to:

- Provide an overview of LACMTA's financial activities
- Highlight significant financial issues
- Discuss changes in LACMTA's financial position
- Explain any material deviations from the approved budget
- Identify individual major fund issues

We encourage readers to consider the information presented here in conjunction with additional information that we have in our letter of transmittal which can be found on pages 1-6 of this report.

All dollar amounts are expressed in thousands unless otherwise indicated.

Financial Highlights

- LACMTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2023 by $18,033,615. Of this amount, a negative amount of $(1,841,059) is reported as unrestricted net position.

- Business-type activities net position for the current year increased by $1,285,527, or 11.61% mainly due to an increase in capital assets funded by federal, state,and local grants mostly attributed to major rail construction projects on the Westside Purple Line Extension Sections 1, 2 and 3, the Crenshaw/LAX Transit Corridor, the Airport Metro Connector, the Metro L Line (Gold Line) Foothill Extension Phase 2B, and the Regional Connector Transit projects, in addition to Division 20 Portal Widening Turnback project.

- The increase in the governmental activities net position of $360,078, or 6.78% was mainly due to the combination of the increase in sales tax revenues and investment income.

- At the close of fiscal year 2023, LACMTA's governmental funds reported combined fund balances totaling $4,804,134, an increase of $288,772 compared to the prior year. Of this amount, $4,635,663 was restricted, $33,005 was committed, $24,840 was assigned, $19 was nonspendable, and $110,607 was unassigned and available for spending at LACMTA's discretion.

- At the end of fiscal year 2023, the unrestricted fund balance, the total of the committed, assigned and unassigned components of fund balance for the General fund was $168,452 or approximately 117.53% of total General fund expenditures.

- During fiscal year 2023, long-term debt decreased by $(428,614), or (6.28)% from the previous fiscal year. The decrease was mainly due to the annual bond principal payments made on July 1, 2022 and the refunding of Prop C 2013 B and C and Prop C 2014A sales tax revenue bonds.

- Business-type activities operating revenues increased by $61,011 or 37.77% compared to the previous fiscal year due to the increase in passenger fares and toll revenues throughout the fiscal year due to increased post COVID ridership.

- Business-type activities operating grants and contributions decreased by $(1,731,309) or (85.60)% due to one-time federal funding provided by the stimulus grants in fiscal year 2022 to ensure continued transportation services to Los Angeles county residents.

- Sales tax revenues increased by $173,528 or 3.40% from the prior fiscal year due to economic recovery from the COVID-19 pandemic recession.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LACMTA's financial statements. LACMTA's financial statements are comprised of three components: (1) the government-wide financial statements; (2) the fund financial statements; and (3) the notes to the financial statements. This report also includes required supplementary information and other supplementary information intended to furnish additional detail to support the financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements provide a broad overview of LACMTA's finances in a manner similar to private-sector entities.

The Statement of Net Position on page 39 presents information on all of LACMTA's assets, liabilities, and deferred inflows/outflows of resources, and the difference is reported as net position. Over time, trends of increasing or decreasing net position may serve as useful indicator of whether the financial position of LACMTA is improving or deteriorating.

The Statement of Activities on pages 40-41 presents information showing how LACMTA's net position changed during the most recent fiscal year. It reports these changes when the underlying event occurs regardless of the timing of related cash flows using the total economic resources measurement focus. It shows the gross and net costs of LACMTA's functions.

Both the Statement of Net Position and the Statement of Activities distinguish between the functions that are intended to recover a significant portion of their costs from user fees and charges for business-type activities and the functions that are principally supported by governmental revenues for governmental activities.

The government-wide financial statements include LACMTA and its legally separate entities that are financially accountable to LACMTA. Since they are in substance part of LACMTA's operations, their information has been blended with LACMTA's information. These entities include the Public Transportation Services Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), the Exposition Metro Line Construction Authority (EXPO), the Crenshaw Project Corporation (CPC), which was dissolved per Board approval in December 2022, and the Service Authority for Freeway Emergencies (SAFE).

Fund Financial Statements

A fund is a group of related accounts that is distinguished by specific activities or objectives in accordance with special regulations or restrictions. LACMTA uses fund accounting to ensure and demonstrate compliance with legal requirements. LACMTA's funds are divided into three categories: proprietary, governmental, and fiduciary.

Proprietary Funds

LACMTA maintains only one Proprietary fund: the Bus and Rail Operations Enterprise Fund. All transit-related transactions, including support services, capital, debt, ExpressLanes, and Union Station operation activities are recorded in this fund and are presented as business-type activities in the government-wide financial statements.

The Enterprise fund is used to report the type of functions presented in the business-type activities in the government-wide financial statements. The Proprietary fund financial statements can be found on pages 49-53.

Governmental Funds

Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental funds use the current financial resources measurement focus. Thus, they report near-term inflows and outflows of spendable resources, as well as balances of available spendable resources at the end of the fiscal year.

The governmental fund financial statements can be found on pages 42-43 and 46-47.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information provided for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term effect of the government's near-term financing decisions. Reconciliation statements on pages 45 and 48 are shown to facilitate the comparison between the governmental funds and the government-wide financials.

LACMTA maintains eleven individual governmental funds, seven of which are considered major funds. Individual fund data for the major funds are presented in the governmental funds' balance sheet and governmental funds' statement of revenues, expenditures, and changes in fund balances.

LACMTA adopts a spending plan each year. Budgetary comparison schedules are provided for the General fund and for each major Special Revenue fund on pages 166-172, for the nonmajor funds on page 175, and for the aggregate remaining Special Revenue funds on page 176.

Fiduciary Funds

Fiduciary funds are used to account for assets held by LACMTA in a trustee capacity. Since these assets are not available to fund LACMTA's programs, they are excluded from the government-wide financial statements. They cover the five employee pension plans and the Other Postemployment Benefits (OPEB) Trust fund that are administered by LACMTA. The fiduciary fund statements can be found on pages 54-55.

Notes to the Financial Statements

Various disclosures accompany the government-wide and fund financial statements in order to provide a full understanding of LACMTA's finances. The notes to the financial statements are on pages 57-146.

Other Information

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information, other supplementary information, and statistical information beginning on page 147.

Government-wide Financial Analysis

Statement of Net Position

LACMTA's net position at June 30, 2023 increased by $1,645,605 or 10.04%, when compared to June 30, 2022. The increase in net position was mostly due to increase in capital assets funded by federal, state, and local grants mostly related to major rail construction projects on the Regional Connector Transit Corridor, the Crenshaw/LAX Transit Corridor, the Airport Metro Connector, the Westside Purple Line Extension Sections 1, 2, and 3, the Metro L Line (Gold Line) Foothill Extension Phase 2B, and the Division 20 Portal Widening Turnback projects.

The following table is a summary of the Statement of Net Position as of June 30, 2023 and 2022:

Los Angeles County Metropolitan Transportation Authority
Summary Statement of Net Position

	Business-type Activities		Governmental Activities		Total	
	2023	2022	2023	2022	2023	2022
Current & other assets	$ 1,763,741	$ 1,854,348	$ 5,554,577	$ 5,170,879	$ 7,318,318	$ 7,025,227
Capital assets	20,252,920	18,953,041	750,034	750,632	21,002,954	19,703,673
Total assets	22,016,661	20,807,389	6,304,611	5,921,511	28,321,272	26,728,900
Deferred outflows of resources	513,015	308,584	—	—	513,015	308,584
Total assets and deferred outflows of resources	22,529,676	21,115,973	6,304,611	5,921,511	28,834,287	27,037,484
Long-term liabilities	8,578,389	8,486,345	3,781	5,710	8,582,170	8,492,055
Other liabilities	1,016,272	673,375	490,411	462,498	1,506,683	1,135,873
Total liabilities	9,594,661	9,159,720	494,192	468,208	10,088,853	9,627,928
Deferred inflows of resources	574,351	881,116	137,468	140,430	711,819	1,021,546
Total liabilities and deferred inflows of resources	10,169,012	10,040,836	631,660	608,638	10,800,672	10,649,474
Net investment in capital assets	14,096,372	12,780,696	747,753	746,421	14,844,125	13,527,117
Restricted for:						
Debt service	290,727	330,203	—	—	290,727	330,203
General Fund - High Occupancy Vehicle (HOV) Lanes and Surface Transportation Program-Local (STPL)Exchange projects	—	—	5,540	21,857	5,540	21,857
Proposition A ordinance projects	—	—	617,033	1,079,459	617,033	1,079,459
Proposition C ordinance projects	—	—	1,075,144	997,273	1,075,144	997,273
Measure R ordinance projects	—	—	1,066,894	560,155	1,066,894	560,155
Measure M ordinance projects	—	—	1,161,085	1,112,995	1,161,085	1,112,995
TDA and STA projects	—	—	654,161	502,323	654,161	502,323
Other nonmajor governmental projects	—	—	159,965	152,860	159,965	152,860
Unrestricted (deficit)	(2,026,435)	(2,035,762)	185,376	139,530	(1,841,059)	(1,896,232)
Total net position	$ 12,360,664	$ 11,075,137	$ 5,672,951	$ 5,312,873	$ 18,033,615	$ 16,388,010

The increase in current and other assets of $383,698 or 7.42%, in the governmental activities was primarily due to the increase in cash and investments and sales tax receivables resulting from the increase in sales tax revenues attributed to an improved consumer retail spending throughout the fiscal year as the economy recovered from the COVID-19 pandemic.

The increase in capital assets of $1,299,879 or 6.86%, in the business-type activities was mainly due to ongoing major rail construction projects including the Regional Connector Transit Corridor, the Crenshaw/LAX Transit Corridor, the Airport Metro Connector, the Westside Purple Line Extension Sections 1, 2, and 3, the Metro L Line (Gold Line) Foothill Extension Phase 2B, and the Division 20 Portal Widening and Turnback projects. Major capital projects are described in more detail on pages 27-33.

The increase in deferred outflows of resources in the business-type activities of $204,431 or 39.85% over fiscal year 2022 is mainly related to differences between expected and actual earnings on plan assets related to pension. The decrease in deferred inflows of resources in the business-type activities by $(306,765) or (53.41)% from previous fiscal year is mainly related to differences between expected and actual earnings on plan assets related to pension. The decrease in deferred inflows of resources in the governmental activities by $(2,962) or (2.11)% from previous year was due to the amortization of deferred inflows of resources related to GASB 87, leases, during the fiscal year 2023.

Statement of Activities

The following table is a summary of the Statement of Activities for the years ended June 30, 2023 and 2022:

Los Angeles County Metropolitan Transportation Authority
Summary Statement of Activities

	Business-type Activities		Governmental Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 222,541	$ 161,530	$ 17,994	$ 18,725	$ 240,535	$ 180,255
Operating grants and contributions	291,146	2,022,455	223,556	156,570	514,702	2,179,025
Capital grants and contributions	1,033,262	494,723	—	—	1,033,262	494,723
General revenues:						
Sales tax	—	—	5,270,797	5,097,269	5,270,797	5,097,269
Investment income	8,446	11,278	123,232	17,776	131,678	29,054
Net appreciation (decline) in fair value of investments	12,995	3,323	(6,529)	(53,415)	6,466	(50,092)
Gain on disposition of capital assets	355	1,136	202	1,867	557	3,003
Miscellaneous	10,064	11,425	77,125	87,749	87,189	99,174
Total program revenues	1,578,809	2,705,870	5,706,377	5,326,541	7,285,186	8,032,411
Program expenses:						
Bus and rail operations	2,990,555	2,546,497	—	—	2,990,555	2,546,497
Union station operations	25,615	14,910	—	—	25,615	14,910
Toll operations	38,533	31,701	—	—	38,533	31,701
Transit operators programs	—	—	482,924	411,376	482,924	411,376
Local cities programs	—	—	918,564	882,526	918,564	882,526
Congestion relief operations	—	—	49,437	37,542	49,437	37,542
Highway projects	—	—	374,067	382,910	374,067	382,910
Regional multimodal capital programs	—	—	245,010	195,869	245,010	195,869
Paratransit programs	—	—	168,466	122,397	168,466	122,397
Other transportation subsidies	—	—	165,819	121,007	165,819	121,007
General government	—	—	180,591	119,973	180,591	119,973
Total program expenses	3,054,703	2,593,108	2,584,878	2,273,600	5,639,581	4,866,708
Increase (decrease) in net position before transfers	(1,475,894)	112,762	3,121,499	3,052,941	1,645,605	3,165,703
Transfers	2,761,421	952,921	(2,761,421)	(952,921)	—	—
Increase in net position	1,285,527	1,065,683	360,078	2,100,020	1,645,605	3,165,703
Net position - beginning of year	11,075,137	10,009,454	5,312,873	3,212,853	16,388,010	13,222,307
Net position – end of year	$12,360,664	$11,075,137	$5,672,951	$5,312,873	$18,033,615	$16,388,010

Business-type activities recovered from operating revenues 10.30% of total operating expenses, excluding depreciation, compared to 9.08% in the prior year. The remaining costs were covered mainly by sales tax revenues. Capital expenditures have traditionally been funded as needed with governmental resources and grants.

Capital grants and contributions in the business-type activities increased by $538,539 or 108.86% from the previous fiscal year. The increase was mainly due to higher ARPA Capital Improvement Grant mostly for major rail construction on the Westside Purple Line Extension Sections 1, 2, and 3 projects.

Operating grants and contributions in the governmental activities increased by $66,986 or 42.78% compared to the previous year, mainly due to the increase in state grant reimbursements for the Rosecrans/Marquardt Grade Separation project.

Most of the governmental program expenditures relate to subsidies for countywide transportation planning and development programs. These programs are primarily funded by local sales taxes. Subsidies totaled $2,037,500 reflecting an increase of $204,128 or 11.13% from previous year, and they represented the largest governmental expenditures. Subsidies are pass-through federal, state and local funding to other agencies in Los Angeles County for public transit, traffic systems, street and road maintenance, and other transit related improvement projects.

Highway project expenditures decreased by $(8,843) or (2.31)% from prior fiscal year mainly due to decrease in expenditures related to construction and subregional projects like the Eastside Access-Phase 3, the SR-57/SR-60 Interchange Improvements, and the I-405, I-110, I-105 Ramp Improvements, offset by increased expenditures for the I-5 Capacity Enhancement, and the I-405-182nd/Crenshaw Improvements.

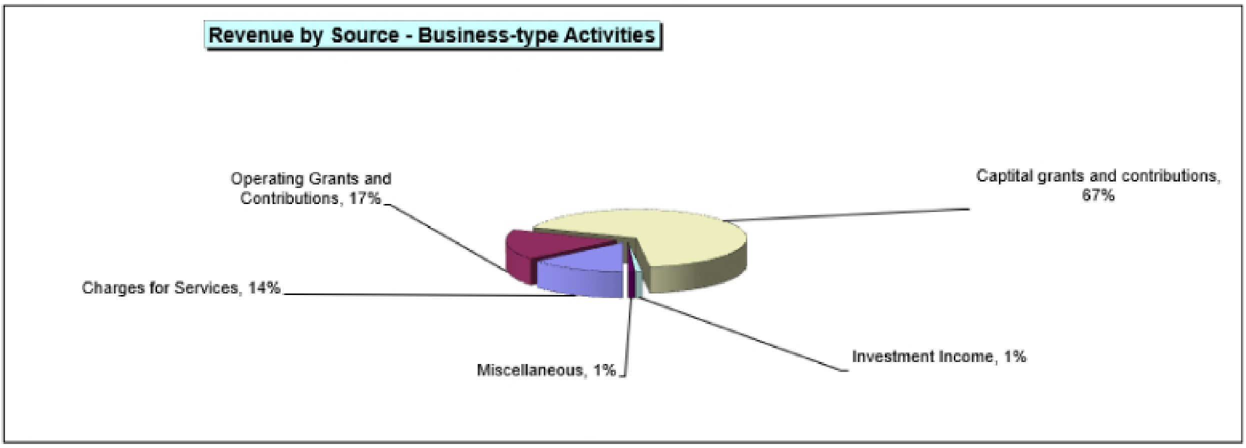
Regional multi-modal program expenditures increased by $49,141 or 25.09% from prior fiscal year due to the increase in expenditures related to Metrolink Transit Capital subsidies and the South Bay Transit Investment Program.

Paratransit programs expenditures increased by $46,069 or 37.64% from prior fiscal year due to higher Access Services expenditures for ADA compliance in current fiscal year.

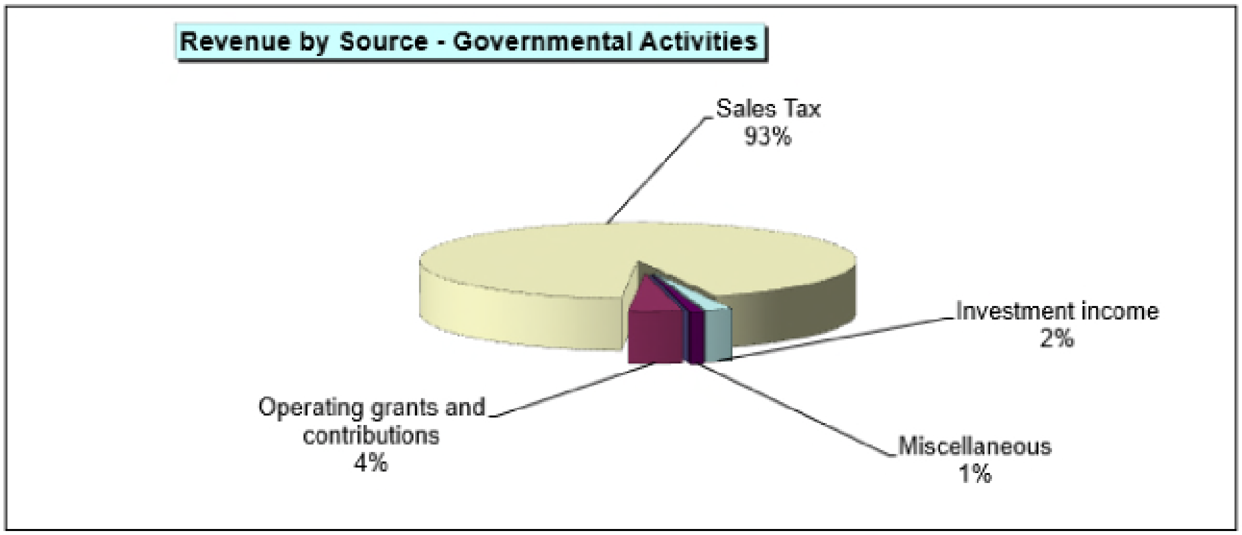
Other transportation subsidies expenditures increased by $44,812, or 37.03%, compared to the previous year due to the increase in subsidies to various municipalities from the Measure R and Measure M formula allocation programs.

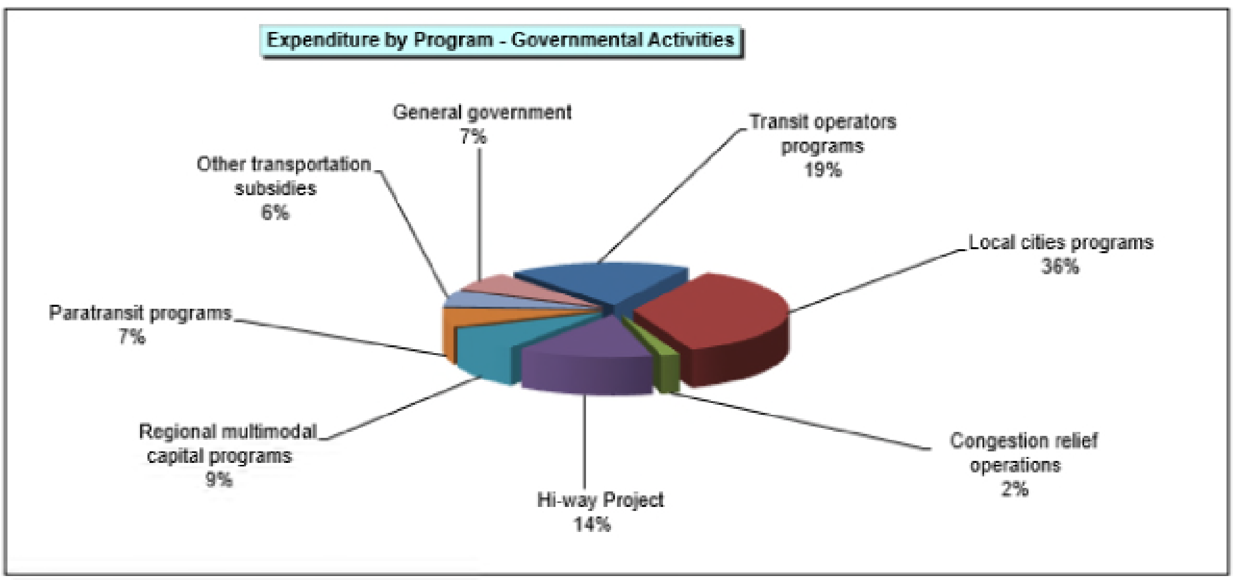
General government projects increased by $60,618 or 50.53% mainly due to the refunding of unused Prop 1B Security projects funds.

Below is a graphical depiction of the components of business-type revenues for the fiscal year ended June 30, 2023.



Below are graphical depictions of the components of governmental revenues and expenditures for the fiscal year ended June 30, 2023.





Financial Analysis of LACMTA's Funds

Proprietary Funds

The Proprietary fund financial statements provide the same information found in the business-type section of the government-wide financial statements, but in more detail.

The net increase of $1,285,527 or 11.61% in net position was primarily due to the increase in capital assets from federal, state, and local funding sources mostly attributed to major rail construction projects on the Westside Purple Line Extension Sections 1, 2, and 3, the Crenshaw/LAX Transit Corridor, the Airport Metro Connector, the Regional Connector Transit Corridor, the Metro L Line (Gold Line) Foothill Extension Phase 2B, and the Division 20 Portal Widening Turnback.

Governmental Funds

As previously stated, governmental funds present information about current financial (consumable) resources because they directly affect the short-term flow of resources and financing requirements. This situation is particularly true in regard to the different categories of fund balances. The Unassigned fund balance of $110,607 represents uncommitted available resources as of the end of the fiscal year. LACMTA's governmental funds ended the fiscal year with $4,804,134 in total fund balance.

The major governmental funds are discussed below:

The General fund balance increased by $20,955 mainly due to higher revenue billings for eligible project expenditures. Of the $174,011 fund balance, $63,385 is restricted, committed, or assigned for future expenditures.

The Proposition A fund balance decreased by $(462,426), mainly due to transfers out for operating and capital projects. The total fund balance of $617,033 was restricted as to use by the Proposition A ordinance.

The Proposition C fund balance increased by $52,828 mainly due to higher sales tax revenues and offset by subsidies for bus and rail operating projects. Proposition C ordinance restricts the use of the fund balance of $1,045,903.

The Measure R fund balance increased by $478,973 mainly due to higher sales tax revenues and offset by subsidies for bus and rail operating projects. The restricted fund balance of $1,002,167 will be used to fund future programs eligible under the Measure R ordinance.

The Measure M fund balance increased by $39,523 mainly due to higher sales tax revenues and offset by subsidies for bus and rail operating projects. The restricted fund balance of $1,150,955 will be used to fund future programs eligible under the Measure M ordinance.

The Transportation Development Act (TDA) of 1971 provides two funding sources, namely the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA).

The TDA Local Transportation fund balance increased by $39,580 mainly due to higher revenues from sales tax, and increase in investment income. The fund balance of $417,407 is restricted under the provisions of the Transportation Development Act.

The State Transit Assistance (STA) fund balance increased by $112,258 due to higher sales tax revenues and increase in investment income.

General Fund Budgetary Highlights

The General fund includes activities associated with the government that are not legally or otherwise required to be accounted for in another fund. It accounts for only 1.05% of LACMTA's total governmental fund revenues, while expenditures represent 5.54% of total governmental fund expenditures.

The original budget decreased by $590 mainly due to a revision in the final budget with a decrease in expenditures for its planning and administrative projects.

Revenues

The main sources for the General fund are lease and rental income from LACMTA's owned properties, the sale of low carbon fuel credits, and other general revenues. Total actual revenues were lower than budget by $16,559 mainly due to lower revenue billings and decline in investment income.

Expenditures

The General Fund provides resources to pay for bus and rail operating activities, joint development administration, property management expenditures, administration of LACMTA's rideshare services and other general expenditures.

The favorable expenditure variance of $134,520 compared to final budget was mainly due to lower spending in transit planning and other programming activities, transportation subsidy payments and expenditures related to governmental and oversight activities.

The unfavorable variance in the Other Financing Sources and Uses of Funds of $7,762 compared to final budget was mainly due to higher than expected transfers to capital projects.

Capital Assets Administration

As of June 30, 2023, LACMTA had $21,002,954 investment in capital assets, net of accumulated depreciation and amortization, with a 6.53% increase from previous year, as shown below:

Los Angeles County Metropolitan Transportation Authority
Capital Assets (Net of accumulated depreciation and amortization)

	Business-type Activities		Governmental Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 1,748,339	$ 1,715,160	$ 746,589	$ 746,589	$ 2,494,928	$ 2,461,749
Buildings & improvements	8,753,125	5,212,339	—	—	8,753,125	5,212,339
Equipment	52,492	57,001	—	—	52,492	57,001
Vehicles	1,459,960	1,462,482	—	—	1,459,960	1,462,482
Construction in progress	8,194,300	10,469,814	—	—	8,194,300	10,469,814
Intangible right-to-use lease assets	29,567	36,245	1,890	4,043	31,457	40,288
Intangible right-to-use IT subscription assets *	15,137	12,067	1,555	370	16,692	12,437
Total Capital Assets	$ 20,252,920	$ 18,965,108	$ 750,034	$ 751,002	$ 21,002,954	$ 19,716,110

** Beginning balances of $12,067 for business-type activities and $370 for governmental activities, as restated, are due to the adoption of the provisions of GASB Statement No. 96, Subscription-Based Information Technology (SBITA) effective July 1, 2022.*

Major capital asset projects in various stages of development at the end of the current fiscal year included the following:

Metro L Line (Gold Line) Foothill Extension Project

The Metro L Line (Gold Line) Foothill Extension Project includes the cities of Pasadena, Arcadia, Monrovia, Duarte, Irwindale, Azusa, Glendora, San Dimas, La Verne, Pomona, Claremont, and Montclair in the counties of Los Angeles and San Bernardino. The L Line (Gold line) Foothill extension is being built in two phases, Phase 2A and 2B.

The first phase, Phase 2A was budgeted at $741 million and extended from the Sierra Madre Villa Station in Pasadena to the City of Azusa. Phase 2A provided 6 new stations and approximately 11.1 miles, including an additional 5 miles of freight rail track relocations and improvements. The first phase, Phase 2A, commenced revenue operation in March 2016.

Phase 2B will extend from Azusa to the City of Montclair and will be constructed in two Segments. Segment I is currently budgeted at $1.532 billion for the construction of approximately 70% of the 12.3-mile project alignment. The remaining 30% shall be constructed as additional funds are identified. Phase 2B has 6 new passenger stations (4 up to the city of Pomona as part of the base contract and 2 for the Montclair option when funding is secured) and includes improvements to existing bridges and roadways, retaining walls, sound walls, and associated parking facilities. During FY23, the Gold Line Foothill

Extension Project Phase 2B completed: Light Rail Track construction from the end of the current terminus in the City of Azusa through the City of Pomona, construction of Route 66, 210 and 57 freeway pier protection, Freight track relocation, 4 LRT bridges, work at 29 of 37 grade crossings from Glendora to Pomona and major grade crossing work/long-term closures, installed 8 Traction Power Substations, and continued construction of Glendora, San Dimas, La Verne, and Pomona stations, and Overhead Catenary System (OCS) installation throughout the alignment. As of June 30, 2023, $878.2 million has been expended. The expected substantial completion for the Phase 2B base contract is early 2025.

Regional Connector Transit Corridor Project

The Regional Connector Transit Corridor Project has approved budgets totaling $1.830 billion. This Project received a Full-Funding Grant Agreement (FFGA) from the FTA and a Transportation Infrastructure Finance Innovation Act (TIFIA) Loan Agreement from the U.S. Department of Transportation (USDOT). The federal funding combined with state and local funding is directed to construct the 1.9-mile dual track, underground light rail line. The Project includes three new stations, at the intersections of 1st Street/Central Ave., 2nd Street/Broadway, and 2nd Street/Hope. The Project will connect the existing Metro A Line (Blue Line) and Metro E Line (Expo Line) to the existing Metro L Line (Gold Line). The Project Budget includes environmental planning, preliminary engineering, final design, management and administration, real estate acquisitions, light rail vehicle acquisitions, construction phases, testing and start-up, finance costs, and concurrent non-FFGA activities. As of June 30, 2023, $1.73 billion has been expended. The Regional Connector started revenue service on "A" Line and "E" Line on June 16, 2023.

Crenshaw/LAX Transit Project

The Crenshaw/LAX Transit Project (Project) has an approved Life-of-Project (LOP) budget of $2.448 billion. The Project covers the design and construction of a new 8.5-mile double-track light rail line, including eight new stations, the procurement of a minimum of 22 light rail vehicles, and 49% of the cost of the construction of the Division 16 Southwestern Yard (SWY) full-service operations and maintenance facility. The Project has received a TIFIA Loan Agreement from USDOT. The Project will extend from the E Line (Expo), at the intersection of Exposition and Crenshaw Boulevards) and the C Line (Green) near the existing Aviation/LAX Station. In May 2015, the Board approved a revision to the Project alignment to include accommodations for the future 96th Street Station as part of the Airport Metro Connector project. In May 2020, the Board increased the LOP by $90 million. In September 2023 the Board increased the LOP by $299.9 million. The Project started Revenue Service on October 7, 2022. As of June 2023, $2.427 billion has been expended.

Westside Purple Line Extension Project

The Westside Purple Line Extension Project is a $9.2 billion project that will extend the existing Purple Line by approximately 9.1 miles beginning at the Wilshire/Western Station to Westwood/VA Hospital Station. The project consists of three Sections as described below:

- The Westside Purple Line Extension Section 1 Project (Project) has an approved LOP budget of $3.5 billion. The Project will extend 3.9 miles from the existing Wilshire/ Western Station to a terminus station at the intersection of Wilshire and La Cienega Boulevards. The Project includes three underground stations, an expansion and modifications to the existing Division 20 Yard and Maintenance Facility, and procurement of 34 heavy rail vehicles. The Design/Build Contract of $1.6 billion was awarded to Skanska-Traylor-Shea, a Joint Venture for tunneling, stations, track work, systems, and systems integration testing. The Design/Build Contract of $52.8 million was awarded to Clark Construction Group for the construction of Division 20 Rail Maintenance and Operation Facility and has been completed. This Project has received a FFGA from the FTA and a TIFIA Loan Agreement from the USDOT. The Project is expected to begin revenue operation in Spring 2025. As of June 30, 2023, $2.7 billion has been expended.

- The Westside Purple Line Extension Section 2 Project (Project) has an approved LOP budget of $2.6 billion. The Project will extend 2.6 miles from the future Wilshire/La Cienega Station to Century City/Constellation Station. The Project has received a FFGA from the FTA and a TIFIA Loan Agreement from the USDOT. The Project includes two underground stations and procurement of 20 heavy rail vehicles. The Design/Build Contract of $1.4 billion was awarded in April 2017 to Tutor Perini/ O&G, a Joint Venture for the tunneling, stations, track work, systems, and systems integration. The Project is expected to begin revenue operation in Fall 2025. As of June 30, 2023, $1.6 billion has been expended.

- The Westside Purple Line Extension Section 3 Project (Project) has an approved LOP budget of $3.3 billion. The Project will extend 2.6 miles from the future Century City/ Constellation Station to a terminus station at the Westwood/VA Hospital Station. The Project includes two underground stations and procurement of 16 heavy rail vehicles. Two Design/Build contracts with a combined value of $1.8 billion have been issued; the first to Frontier-Kemper Constructors, Inc./Tutor Perini, a joint venture for tunnels, and the second to Tutor Perini/O&G, a joint venture for stations, track work, systems, and systems integration testing. The Project received a FFGA from the FTA in March 2020. The Project is expected to begin revenue operation in 2027. As of June 30, 2023, $1.4 billion has been expended.

Light Rail Vehicle Acquisition Project

LACMTA has executed a contract with Kinkisharyo International, LLC (KI) to procure up to 235 light rail vehicles (LRVs). The current approved LOP budget including the four executed Options is $972 million. In April 2012, the Board approved a contract with KI to manufacture and deliver 78 new LRVs as base order vehicles. In August 2013, the Board executed Options 1 and 4 of the contract, which included 28 and 69 additional vehicles, respectively. In April 2015, the Board approved to execute Option 2 for an additional 39 vehicles, and Option 3 for another 21 vehicles. The 78 base order vehicles are intended for use on the Foothill Gold Line Extension and the EXPO light rail extensions and delivery was completed on April 2017. A portion of the Option 1 of the contract of 28 LRVs will be used on the Crenshaw/LAX light rail line expansion project while the remaining, along with all LRVs in Option 4, will be used for system-wide fleet replacement. Options 2 and 3 of the contract are intended for the Regional Connector, future service improvements, and for the replacement of the decommissioned of fleet P865 and fleet P2020. As of June 30, 2023, a total of two hundred thirty-five (235) new fleet LRVs have been conditionally accepted and placed into revenue service; ninety-one (91) at the Metro A Line (Blue Line/Gold Line North), eighty-eight (88) at the Metro E Line (EXPO Line/Gold Line South), twenty-three (23) at the Metro C Line (Green Line), and thirty-three (33) assigned to the Metro K Line (Crenshaw Line). As of June 30, 2023, $875 million has been expended.

Bus Acquisition Project

LACMTA executed contracts for 4 bus procurements in FY18 in addition to 1 bus procurement executed in FY17. These contracts authorized the replacement of up to 1,000 transit buses. The configurations of these buses are 40' CNG, 60' CNG, 40' battery electric, and 60' battery electric. The electric buses are the first Zero Emission Vehicles delivered under LACMTA's ambitious plan to convert the entire bus operation to zero emission by 2030. The combined LOP budgets for all contracts is $821.8 million. As of June 30, 2023, $626.9 million has been expended.

- For the 40' CNG buses, the contract was awarded to El Dorado National-California, Inc. for a base order of 295 buses and an option order of 259 buses. In FY22, we received the final 113 buses for a total 554 Base and Option buses. Delivery of buses was completed in FY22. The current approved LOP budget is $420.9 million.

- For the 60' CNG buses, the contract was awarded to New Flyer of America Inc. for a base order of 65 buses. The pilot bus was delivered to LACMTA in February 2018. Delivery of the production buses began in September 2019. In September 2019, LACMTA's Board approved the exercise of the contract modification option to purchase 70 60' CNG articulated buses. All buses were successfully delivered. There are some remaining balances/retention pending contract close out. Metro and New Flyer came to agreement on for the retainage of the final 4 buses. New Flyer will need to fulfill and one remaining contractual milestone in order for the retentions to be released. This is forecasted to be achieved in FY24. The current approved LOP budget is $149.3 million.

- For the 40' Battery Electric Buses (BEBs), the contract was awarded to BYD Coach & Bus, LLC (BYD) for a base (60 buses) and option (40 buses) order for a total of 100 buses. The contract options for the additional 40 buses were approved by the Metro Board in September 2019, however, due to COVID it was not exercised until July 2021. In March 2019, production of the first 5 pilot buses commenced with the pilot buses delivered in Q3(Jan-Mar) of FY21. Currently, 4 of the 5 pilot buses are running on the Metro J Line (Silver Line) service from Division 9 and Division 18. The remaining bus is finalizing the first article inspection. Metro has accepted all 5 pilot buses in FY23. These buses will be utilized to electrify the Metro J Line (Silver Line). Furthermore, in March 2023, the Metro Board approved to upgrade of the balance of the ninety-five (95) 40' to extended-range buses. The 95 extended-range buses will start arriving in Q4 2023. Currently, Metro has deployed 28 permanent depot/en-route and mobile chargers at various locations, including Divisions 8, 9, and 18, CMF, Canoga, North Hollywood, and Chatsworth. To facilitate the operation of 95 BEBs, Metro intends to add 20 additional mobile chargers at Divisions 1, 2, 3, and 15, along with 10 opportunity charging units at the Harbor Gateway Transit Center (HGTC) and the El Monte Transit Center (EMTC). These charging equipment will be commissioned and fully operational by the 2nd quarter of 2024. The current approved LOP Budget is $164 million.

- For the 60' Battery Electric Buses (BEBs), two contracts were awarded: One to New Flyer of America for a base order of forty (40) buses and another to BYD Coach & Bus, LLC for 5 buses. They have been in service since March 20 and have accumulated more than 2 million miles on the Metro G Line (Orange Line), the first fully electrified LA Metro Bus Line. All forty (40) New Flyer vehicles were delivered and placed into service by the end of CY2020. All five BYD buses were delivered by October 2021, have been granted final acceptance, and will start service by November 2023. The current approved LOP Budget is $80 million for the 60' New Flyer and $5.1 million for BYD; a total of $85 million.

Division 20 Portal Widening Turnback

Division 20 Portal Widening Turnback is a Design-Bid-Build project with an approved Life-of-Project (LOP) budget of $876 million. T.Y. LIN International is the Engineer of Record responsible for providing final design services. At present, non-revenue Metro Red/Purple Line trains proceed south of Union Station and through the portal just south of the US 101 Freeway before entering a complex set of switches in the Division 20 rail yard. In order to increase train speeds and ensure the reliability of operations, the existing tunnel portal must be widened to accommodate additional tracks and switches that diverge to become the turnback and yard leads. The trackwork at the portal will be reconfigured to connect to new storage tracks to the south and west side of the yard. The reconfiguration of the yard will not preclude a potential future revenue station at 6th Street. Construction and pre-revenue testing of the portal widening and turnback facility must be substantially complete before Westside Purple Line Extension Section 1 (PLE1) opens for revenue service. The Project also provided access for rail welding for Westside Purple Line Extension Section 1 (PLE1) contractor that occurred from December 17, 2019 to July 24, 2022. Currently, the Division 20 Portal Widening Turnback project contractor is constructing the westerly portal widening, grading, underground ductwork, drainage, placing ballast, and track from Union Station to the new South Track Storage Yard. The Traction Power Sub Station has been delivered to the site and is being prepared to commissioning and testing. The northern parking area that will service the Metro Center Project is being graded for the future paving and pulling conductors for the future signals and communications for the yard. As of June 30, 2023, $677 million has been expended and is expected to complete Summer 2026 in coordination with completion of Westside Purple Line Extension Section 1 (PLE1).

Airport Metro Connector Project

The Airport Metro Connector Project (AMC) has an approved Life-of-Project (LOP) budget of $899 million. AMC will be the ninth station along the Metro K Line (Crenshaw/LAX Line) alignment and provide a connection to the Los Angeles World Airport's Automated People Mover that will transport patrons directly to LAX Airport. The AMC station will have a bus plaza with 16 public loading bays plus seven additional layover and charging bays, an active transportation hub for bike transit, a private vehicle drop-off, and sustainability features such as solar panels and drought resistant landscaping. A central main hub will connect all of these transit modes with the future Los Angeles World Airport's Automated People Mover, which in turn will provide a direct connection to all the terminals at LAX Airport. A portion of the budget is also set aside for supporting the Metro K Line (Crenshaw/LAX Line) components; a temporary layover area for rail operators, adjustment to the grade rail crossing at Arbor Vitae Ave., and other minor adjustments, resulting from the AMC construction effects on Metro K Line (Crenshaw/LAX Line) rail operations. The Project awarded two construction contracts. The first contract is the Early Works (EW) for which Metro issued Notice to Proceed in May 2021 was closed out in FY24. Through June 30, 2023, the contractor responsible for station construction, Tutor Perini Corporation (TPC), had the Bus Plaza east and west canopy structural steel was delivered to the site and installation is currently in progress. The construction of the LRT platform was completed during this update period and LRT guideway was ready to receive track in early June 2023. The construction of the direct fixation track in the platform area was nearing completion at the end of this update period. Most structural concrete decks at LRT, Metro Hub and Bike Hub have been completed. Fireproofing of the structural steel at the Metro Hub is in progress. Roof-top activities continued at the LRT and started in June 2023 at the Metro Hub and Bike Hub. Slab-on-grade for Metro Hub and ancillary buildings is nearing completion. CMU wall installation started during this update period. The installation of site utilityman runs is ongoing. In FY23, Metro also settled on a final price for the acquisition of the Hertz property. Substantial completion of the AMC Station is scheduled for October 2024, revenue operations in December 2024, and final acceptance in April 2025. As of June 30, 2023, $408 million has been expended.

Additional information on capital assets can be found on pages 91-92.

Long-term Debt Administration

As of June 30, 2023, LACMTA had a total of $6,398,250 in long-term debt outstanding. Of this amount, $5,162,455 related to bonds secured by sales tax revenues, $52,290 was secured by farebox and other general revenues, $84,925 related to lease/leaseback obligations, and $45,337 associated to long-term leases and subscription-based IT arrangements. The remaining balance consisted of commercial paper notes of $95,000 and other debt as shown below:

Los Angeles County Metropolitan Transportation Authority
Long-term Debt
(Amounts expressed in thousands)

	Business-type Activities		Governmental Activities		Total	
	2023	2022	2023	2022	2023	2022
Sales tax revenue bonds and refunding bonds	$ 5,162,455	$ 5,518,935	$ —	$ —	$ 5,162,455	$ 5,518,935
General revenue and refunding bonds	52,290	61,370	—	—	52,290	61,370
Commercial paper notes and revolving lines of credit	95,000	97,500	—	—	95,000	97,500
Lease/lease to service obligations	84,925	80,013	—	—	84,925	80,013
Long-term leases	30,383	36,666	1,913	4,210	32,296	40,876
Long-term subscription-based IT arrangements *	12,673	12,020	368	370	13,041	12,390
Other liabilities	—	—	1,500	1,500	1,500	1,500
Total long-term debt	5,437,726	5,806,504	3,781	6,080	5,441,507	5,812,584
Unamortized bond premium	956,743	1,014,280	—	—	956,743	1,014,280
Total long-term debt, net	$ 6,394,469	$ 6,820,784	$ 3,781	$ 6,080	$ 6,398,250	$ 6,826,864

**Beginning balances of $12,020 for business-type activities and $370 for governmental activities, as restated, are due to the adoption of the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) effective July 1, 2022.*

The decrease in long-term debt by $(428,614) was due to bond refunding, bond annual principal repayments, bond premium amortization, and the change associated with lease modification or updates and lease payments made on long-term leases under GASB Statement No. 87, net of the accompanying effect of the implementation of GASB Statement No. 96, the new accounting standard on subscription-based information technology arrangements (SBITA), effective July 1, 2022.

During fiscal year 2023, LACMTA issued Proposition C Sales Tax Revenue Refunding Bonds, Series 2023-A, with a principal amount of $230,470, which proceeds, including bond premium of $43,156 and other available funds from the refunded bonds' trust accounts, were used to refund and defease Proposition C Series 2013-B Sales Tax Revenue Bonds, Proposition C Series 2013-C Sales Tax Revenue Refunding Bonds and Proposition C Series 2014-A Sales Tax Revenue Refunding Bonds, with outstanding principal balances of $243,210, $25,440, and $61,180, respectively. The refunding generated a total of $55,893 in net present value of cash flow savings over 16 years and resulted in $28,799 of excess of net carrying value over total reacquisition price that is reported under Deferred Inflow of Resources in the business-type activities of the government-wide financial statements and amortized over the shorter of the life of the refunded or the refunding bonds.

Also, effective July 1, 2022, LACMTA implemented GASB Statement No. 96, the new accounting standard on subscription-based information technology arrangements (SBITA). GASB 96 is a set of accounting standards that governs the accounting and financial disclosure of cloud-based software subscription payment. The purpose of this statement is enhance understandability, reliability and relevance of SBITA agreements and improve comparability of government financial statements. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, with the underlying foundation that SBITAs are financing, with the exceptions for short-term SBITAs, contracts that only provide support or maintenance services, licensing arrangements that provide a perpetual license, and SBITAs that are considered exclusions from scope under the new standard. The future SBITA payments expected to be made are discounted using an implied rate of 2.31% given an average term of 2 to 10 years. During the year of implementation, a subscription liability, and an intangible right-to-use subscription asset, were recognized, for a total of 29 SBITA arrangements with an aggregate total subscription liability of $13,041 as of June 30, 2023, measured at present value. The subscription liability is reduced as payments are made and recognize an outflow of resources for the interest on the liability while the right to use lease asset is amortized in a systematic and rational manner over the shorter of the SBITA term or the useful life of the underlying asset.

Bond Ratings

LACMTA's bonds are rated by Standard & Poor's, Moody's, Fitch, and Kroll. As of June 30, 2023, the ratings are as follows:

Bond Issue Type	Standard & Poor's	Moody's	Fitch	Kroll (1)
Proposition A First Tier Senior Lien Bonds	AAA	Aa1	NR	AAA
Proposition C Senior Sales Tax Revenue Bonds	AAA	Aa1	AA+	NR
Measure R Senior Sales Tax Revenue Bonds	AAA	Aa1	NR	NR
Measure R Junior Subordinate Sales Tax Revenue Bonds	AA	NR	AA	NR
General Revenue Bonds	AA+	Aa2	NR	NR

(1) Kroll Bond Rating Agency rates the Proposition A Sales Tax Revenue Refunding Bonds, Series 2018 only..

Additional information on LACMTA's long-term debt can be found on pages 126-143.

Economic Factors and Next Year's Budget

The FY24 Adopted Budget was developed using an Equitable Zero-Based Budgeting (EZBB) process.

a. EZBB Metro Budget Equity Assessment Tool (MBEAT) was utilized to assess every single budget request
b. Used to Strengthen Cost Control
c. Prioritize projects based on aligned strategic imperatives and priorities
d. Interdepartmental collaboration to identify mitigation strategies

The budget assumes the following major revenue sources and expenditures:

REVENUE SOURCES

- Sales tax and Transportation Development Act (TDA) revenues are projected to be $5,400.0 million, a $756.9 million, or 16.3%, increase from the FY23 Budget, based on economic analyses and nationally recognized forecasting agencies.
- State Transit Assistance (STA) and Senate Bill 1 (SB 1) revenues for bus and rail operations and capital in FY24 are expected to be $214.6 million region-wide, representing a 4.9% decline from the FY23 Budget.
- Fare revenues are expected to come in at $146.8 million, a 35.8% increase from the FY23 Budget but a 23% increase from the estimated year-end actuals. Projections are based on estimated FY23 actuals, conclusion of the 50% promotional offer implementation of fare capping, suite of fare changes and a modest 3% increase in ridership.
- ExpressLanes toll revenues are expected at $65.5 million in FY24, including usage and violation fees from the existing I-10 and I-110 operating segments.
- Advertising revenues of $27.7 million are expected in FY24, a slight decline from the FY23 Budget of $32.6 million, reflecting restructured advertising contracts.
- Other revenues are expected to come in at $90.9 million in FY24, a 30.0% increase from the FY23 Budget, and include revenues from the bike program, park and ride, leases, vending, film, SAFE, auto registration fees, transit court fees, CNG fuel credits, Measure W, investment income and other miscellaneous revenues.
- The last of the Federal COVID relief funding, ARPA, was exhausted in FY23, creating a loss of $1,239.5 billion. Metro's grant revenues are expected to increase by $1,158.2 million over FY23, primarily from the Federal IIJA program and Federal CMAQ funding for Metro's new rail segments.

EXPENDITURES

The FY24 Adopted Budget includes 10,883 FTEs, an increase of 248 FTEs from FY23. The 248 new additions consist of 90 NonRepresented FTEs and 158 Represented FTEs. The increase of 90 Non-Represented FTEs will better serve our core focuses of Customer Experience (CX) Plan, Homeless/Mental Health Outreach, Reimagining Public Safety and NextGen. The net increase of 158 Represented FTEs will support cleaning programs on both bus and rail systems, pre- revenue service of K Line (Crenshaw/ LAX) Phase II and operating a full year of revenue service for Regional Connector and Reimagination of public safety framework. The Consumer Price Index (CPI), a measure of cost inflation by the Bureau of Labor Statistics, is projected to increase 3.7% over FY24.

Cleaning Surge

The FY24 Adopted Budget includes $201.0 million for all cleaning efforts, 21 new custodial staff and up to 50 new part-time custodial staff through the Room-to-Work program. With the introduction of the Cleaning Surge program as part of the FY23 CX Plan, Metro remains committed to maintaining cleanliness standards that Metro customers deserve.

Bus and Rail Service Plan

The total bus, rail and Metro Micro service includes 8.9 million Revenue Service Hours (RSHs) combined, a 2.3% increase over the FY23 Budget. The service plan includes 272.2 thousand RSHs for Metro Micro Service, a 9.6% increase from pre-pandemic levels. In FY23, actual ridership and significant operator shortage contributed to reduced bus and rail scheduled service levels. Metro implemented a bus operator hiring initiative to solve the operator shortage issue. This will assist us in achieving a fully staffed bus operator model to run full, pre-pandemic service levels.

Bus Improvements

The FY24 Adopted Budget includes total bus investments of almost $1.9 billion, a 10% increase over the FY23 Budget. Bus investments across all Metro programs include Bus Operations & Maintenance, Bus Service, Cleaning, Public Safety and other Operating & Support costs , NextGen Bus plan, Bus Capital Improvements, Electric buses and charging infrastructure, Facilities improvements, Fleet maintenance, BRT and feasibility studies, Bus Transit Construction & Planning, and Bus Studies and CX Initiatives.

Next Gen Bus Plan

The FY24 Adopted Budget invests $52.9 million in NextGen, an increase of 89.3% over the FY23 Budget.

- NextGen Bus Priority Lanes, Curb modifications, layover optimization, bus/rail speed and reliability improvements

- North San Fernando Valley (NSFV) Bus Rapid Line (BRT) Network Improvements: Bus Priority Lanes, Curb modifications and enhancements, bus shelters
- Accelerates transit improvements with laser focus, resolves core issues and builds trust with partner agencies

Public Safety
The FY24 Adopted Budget includes $315.3 million in public safety resource deployment, through a multi-layered strategy for enhancing public safety on our system. This budget includes additional Transit Security Personnel that will create Permanent Bus Riding Teams, who are deployed to specific lines with higher frequencies of public safety issues, with the primary objective of deterring bus operator assaults and code of conduct violations.

REIMAGINING PUBLIC SAFETY INITIATIVES
- Transit Ambassadors
- Homeless Outreach and Mental Health Crisis
- Additional Transit Security Officers
- Dedicated bus-riding team
- Faregates
- Station lighting
- CCTV cameras
- Alarms
- Bench seating
- Signage
- New station kiosk

Transportation Infrastructure Development (TID)
Transit Infrastructure Development (TID) program is part of Metro's diverse portfolio of more than 70 capital projects which consists of new transit projects, expansions and improvements for LA County per the voter approved Measure R and Measure M sales tax ordinances. The FY24 Adopted Budget includes $2.2B allocated for TID. Major capital projects currently under construction in FY24 include LAX/Metro Transit Center, D Line (Purple Extension, East San Fernando Valley LRT, BRT Connector B/G Line to L Line, G Line BRT Improvements, and Gold Line Foothill Extension.

For details of LACMTA's FY24 budget, please visit LACMTA's website at www.metro.net.

Further Information
This report has been designed to provide our stakeholders with a general overview of LACMTA's financial condition and related issues. Additional information can be obtained by visiting LACMTA's website at www.metro.net.

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Los Angeles County Metropolitan Transportation Authority
Statement of Net Position
June 30, 2023
(Amounts expressed in thousands)

	Business-type Activities	Governmental Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	$ 85,785	$ 1,750,582	$ 1,836,367
Cash and cash equivalents - restricted	512,729	19	512,748
Investments - unrestricted	335	2,585,531	2,585,866
Investments - restricted	576,145	—	576,145
Receivables, net	323,172	1,306,213	1,629,385
Internal balances	87,787	(87,787)	—
Inventories	75,752	—	75,752
Prepaid and other current assets	17,111	19	17,130
Lease accounts	84,925	—	84,925
Capital assets:			
Land and construction in progress	9,942,639	746,589	10,689,228
Other capital assets, net of depreciation and amortization	10,310,281	3,445	10,313,726
TOTAL ASSETS	22,016,661	6,304,611	28,321,272
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	368,464	—	368,464
Deferred outflows related to OPEB	127,328	—	127,328
Deferred outflows related to ARO	17,223	—	17,223
TOTAL DEFERRED OUTFLOWS OF RESOURCES	513,015	—	513,015
LIABILITIES			
Accounts payable and accrued liabilities	891,594	488,691	1,380,285
Accrued interest payable	69,448	—	69,448
Pollution remediation obligation	9,342	—	9,342
Unearned revenues	17,541	707	18,248
Other liabilities	28,347	1,013	29,360
Long-term liabilities:			
Due within 1 year	551,527	2,294	553,821
Due in more than 1 year	8,026,862	1,487	8,028,349
TOTAL LIABILITIES	9,594,661	494,192	10,088,853
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to debt refunding	41,017	—	41,017
Deferred inflows related to pension	20,654	—	20,654
Deferred inflows related to OPEB	511,255	—	511,255
Deferred inflows related to leases	1,425	137,468	138,893
TOTAL DEFERRED INFLOWS OF RESOURCES	574,351	137,468	711,819
NET POSITION			
Net investment in capital assets	14,096,372	747,753	14,844,125
Restricted for:			
Debt service	290,727	—	290,727
General Fund - High Occupancy Vehicle (HOV) Lanes and Surface Transportation Program-Local (STPL)Exchange projects	—	5,540	5,540
Tax Measures:			
Proposition A ordinance projects	—	617,033	617,033
Proposition C ordinance projects	—	1,075,144	1,075,144
Measure R ordinance projects	—	1,066,894	1,066,894
Measure M ordinance projects	—	1,161,085	1,161,085
TDA and STA projects	—	654,161	654,161
Other nonmajor governmental projects	—	159,965	159,965
Unrestricted (deficit)	(2,026,435)	185,376	(1,841,059)
TOTAL NET POSITION	$ 12,360,664	$ 5,672,951	$ 18,033,615

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Activities
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

			Program Revenues
	Expenses	**Charges for Services**	**Operating Grants and Contributions**
Functions/Programs			
Business-type activities:			
Bus and rail operations	$ 2,990,555	$ 139,388	$ 291,146
Union Station operations	25,615	13,001	—
Toll operations	38,533	70,152	—
Total business-type activities	3,054,703	222,541	291,146
Governmental activities:			
Transit operators programs	482,924	—	—
Local cities programs	918,564	—	—
Congestion relief operations	49,437	—	31,811
Highway projects	374,067	—	44,520
Regional multimodal capital programs	245,010	—	75,940
Paratransit programs	168,466	—	—
Other transportation subsidies	165,819	—	6,366
General government	180,591	17,994	64,919
Total governmental activities	2,584,878	17,994	223,556
Total	$ 5,639,581	$ 240,535	$ 514,702

General revenues:
Sales tax
Investment income
Net appreciation (decline) in fair value of investments
Gain on disposition of capital assets
Miscellaneous
Total general revenues
Transfers
Change in net position

Net position – beginning of year

Net position – end of year

The notes to the financial statements are an integral part of this statement.

	Net (Expense) Revenue and Changes in Net position		
Capital Grants and Contributions	Business-type Activities	Governmental Activities	Total
$ 1,033,262	$ (1,526,759)	$ —	$ (1,526,759)
—	(12,614)	—	(12,614)
—	31,619	—	31,619
1,033,262	(1,507,754)	—	(1,507,754)
—	—	(482,924)	(482,924)
—	—	(918,564)	(918,564)
—	—	(17,626)	(17,626)
—	—	(329,547)	(329,547)
—	—	(169,070)	(169,070)
—	—	(168,466)	(168,466)
—	—	(159,453)	(159,453)
—	—	(97,678)	(97,678)
—	—	(2,343,328)	(2,343,328)
$ 1,033,262	(1,507,754)	(2,343,328)	(3,851,082)
	—	5,270,797	5,270,797
	8,446	123,232	131,678
	12,995	(6,529)	6,466
	355	202	557
	10,064	77,125	87,189
	31,860	5,464,827	5,496,687
	2,761,421	(2,761,421)	—
	1,285,527	360,078	1,645,605
	11,075,137	5,312,873	16,388,010
	$ 12,360,664	$ 5,672,951	$ 18,033,615

Los Angeles County Metropolitan Transportation Authority
Balance Sheet
Governmental Funds
June 30, 2023
(Amounts expressed in thousands)

		Major	
		Special	
	General Fund	Proposition A	Proposition C
ASSETS			
Cash and cash equivalents	$ 4,989	$ 158,545	$ 280,703
Investments	112,885	376,732	666,996
Receivables:			
Sales tax	—	202,749	202,748
Accounts	15,688	—	—
Interest	405	2,099	2,023
Intergovernmental	8,783	—	31,625
Leases	118,600	—	—
Due from other funds	114,733	46,640	20,224
Prepaid and other assets	19	—	—
TOTAL ASSETS	$ 376,102	$ 786,765	$ 1,204,319
LIABILITIES			
Accounts payable and accrued liabilities	$ 22,053	$ 69,602	$ 111,067
Due to other funds	23,972	100,130	18,081
Other liabilities	1,013		—
TOTAL LIABILITIES	47,038	169,732	129,148
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	17,585	—	29,268
Deferred inflows related to leases	137,468	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	155,053	—	29,268
FUND BALANCES			
Nonspendable	19	—	—
Restricted	5,540	617,033	1,045,903
Committed	33,005	—	—
Assigned	24,840	—	—
Unassigned	110,607	—	—
TOTAL FUND BALANCES	174,011	617,033	1,045,903
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 376,102	$ 786,765	$ 1,204,319

The notes to the financial statements are an integral part of this statement.

Funds				Nonmajor Funds	
Revenue Funds					
Measure R	Measure M	TDA	STA	Other Governmental Funds	Total Governmental Funds
$ 277,868	$ 309,235	$ 354,099	$ 220,753	$ 144,409	$ 1,750,601
660,263	734,833	—	—	33,822	2,585,531
202,535	199,858	94,292	77,927	—	980,109
—	—	—	—	—	15,688
2,211	2,598	3,774	2,115	750	15,975
109,733	18,260	—	—	7,440	175,841
—	—	—	—	—	118,600
21,628	3,037	9,398	13,022	344	229,026
—	—	—	—	—	19
$ 1,274,238	$ 1,267,821	$ 461,563	$ 313,817	$ 186,765	$ 5,871,390
$ 175,469	$ 89,026	$ 11,624	$ 7,013	$ 2,837	$ 488,691
31,875	16,210	32,532	70,050	23,963	316,813
—	—	—	—	—	1,013
207,344	105,236	44,156	77,063	26,800	806,517
64,727	11,630	—	—	61	123,271
—	—	—	—	—	137,468
64,727	11,630	—	—	61	260,739
—	—	—	—	—	19
1,002,167	1,150,955	417,407	236,754	159,904	4,635,663
—	—	—	—	—	33,005
—	—	—	—	—	24,840
—	—	—	—	—	110,607
1,002,167	1,150,955	417,407	236,754	159,904	4,804,134
$ 1,274,238	$ 1,267,821	$ 461,563	$ 313,817	$ 186,765	$ 5,871,390

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Los Angeles County Metropolitan Transportation Authority
Reconciliation of the Balance Sheet
to the Statement of Net Position – Governmental Activities
June 30, 2023
(Amounts expressed in thousands)

Fund balances – total governmental funds (page 47)	$ 4,804,134
Government capital assets are not financial resources and, therefore, are not reported in the funds.	750,034
Long-term liabilities that are not due and payable in the current period are not reported in the funds	(3,781)
Governmental funds report revenue only to the extent that increases current financial resources. However, in the Statement of Activities, revenues are reported when earned. This is the amount of revenue earned but not available to pay for current period expenditures and, therefore, deferred in the governmental funds	122,564
Net position of governmental activities (page 39)	$ 5,672,951

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023
(Amount expressed in thousands)

			Major
		Special	
	General Fund	Proposition A	Proposition C
REVENUES			
Sales tax	$ —	$ 1,111,178	$ 1,111,177
Intergovernmental	6,828	—	6,399
Investment income	4,824	23,625	23,543
Net appreciation (decline) in fair value of investments	(1,320)	4,963	(1,511)
Lease and rental	16,125	—	—
Licenses and fines	802	—	—
Other	32,054	—	—
TOTAL REVENUES	59,313	1,139,766	1,139,608
EXPENDITURES			
Current			
Administration and other transportation projects	117,459	—	51,591
Transportation subsidies	24,943	414,284	618,058
Capital outlay - Subscription-based IT arrangements	491	—	1,319
Debt and interest expenditures			
Principal	911	—	1,328
Interest and fiscal charges	15	—	4
TOTAL EXPENDITURES	143,819	414,284	672,300
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,506)	725,482	467,308
OTHER FINANCING SOURCES (USES)			
Transfers in	130,527	—	155,615
Transfers out	(25,557)	(1,187,908)	(571,414)
Net transfers	104,970	(1,187,908)	(415,799)
Subscription-based IT arrangements issued	491	—	1,319
TOTAL OTHER FINANCING SOURCES (USES)	105,461	(1,187,908)	(414,480)
NET CHANGE IN FUND BALANCES	20,955	(462,426)	52,828
Fund balances – beginning of year	153,056	1,079,459	993,075
FUND BALANCES – END OF YEAR	$ 174,011	$ 617,033	$ 1,045,903

The notes to the financial statements are an integral part of this statement.

Funds				Nonmajor Funds	
Revenue		Funds			
Measure R	Measure M	TDA	STA	Other Governmental Funds	Total Governmental Funds
$ 1,110,713	$ 1,106,177	$ 531,418	$ 300,134	$ —	$ 5,270,797
81,047	1,581	—	—	60,913	156,768
18,857	29,304	11,591	5,360	6,128	123,232
(6,994)	(1,647)	—	—	(20)	(6,529)
—	—	—	—	—	16,125
—	—	—	—	43,118	43,920
—	—	—	—	—	32,054
1,203,623	1,135,415	543,009	305,494	110,139	5,636,367
277,352	64,634	—	—	33,791	544,827
423,951	346,936	176,101	28,604	4,623	2,037,500
—	—	—	—	—	1,810
1,571	—	—	—	—	3,810
18	—	—	—	—	37
702,892	411,570	176,101	28,604	38,414	2,587,984
500,731	723,845	366,908	276,890	71,725	3,048,383
353,110	837	—	—	—	640,089
(374,868)	(685,159)	(327,328)	(164,632)	(64,644)	(3,401,510)
(21,758)	(684,322)	(327,328)	(164,632)	(64,644)	(2,761,421)
—	—	—	—	—	1,810
(21,758)	(684,322)	(327,328)	(164,632)	(64,644)	(2,759,611)
478,973	39,523	39,580	112,258	7,081	288,772
523,194	1,111,432	377,827	124,496	152,823	4,515,362
$ 1,002,167	$ 1,150,955	$ 417,407	$ 236,754	$ 159,904	$ 4,804,134

Los Angeles County Metropolitan Transportation Authority
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

Amounts reported for the governmental activities in the Statement of Activities (pages 40-41) are different because:	
Net change in fund balances – total governmental funds (page 47)	$ 288,772
Government funds account for principal payment as expenditures. The payment of principal of long-term leases and SBITA consumes current financial resources but has no effect on net assets. Principal payments included in the fund statements.	3,810
Revenues reported in the Statement of Activities but not reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances. These deferred revenues are not reported in the current period because they are not available.	69,811
Capital outlays are reported as expenditures in governmental funds and the sale of capital assets is recorded as revenue in governmental funds. However in the Statement of Activities, the gain or loss is recognized.	202
Amortization of right to use lease and subscription-based IT arrangement assets recorded in the Statement of Activities is not reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance. This expenditure was not available in the current period.	(2,517)
Change in net position of governmental activities (page 41)	$ 360,078

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Net Position
Proprietary Fund – Enterprise Fund
June 30, 2023
(Amounts expressed in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	$ 85,785
Cash and cash equivalents - restricted	247,035
Investments - unrestricted	335
Investments - restricted	19,916
Receivables, net	304,737
Lease receivable	651
Inventories	75,752
Due from other funds	87,787
Prepaid and other current assets	17,111
Total current assets	839,109
Noncurrent assets:	
Cash and cash equivalents - restricted	265,694
Investments - restricted	556,229
Notes receivable	16,722
Lease receivable, non-current	1,062
Lease accounts	84,925
Capital assets:	
Land and construction in progress	9,942,639
Other capital assets, net of depreciation and amortization	10,310,281
Total noncurrent assets	21,177,552
Total assets	22,016,661
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	368,464
Deferred outflows related to OPEB	127,328
Deferred outflows related to ARO	17,223
Total deferred outflows of resources	513,015
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 22,529,676

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Net Position (Continued)
Proprietary Fund – Enterprise Fund
June 30, 2023
(Amounts expressed in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	$ 891,594
Accrued interest payable	69,448
Claims payable	139,170
Compensated absences payable	107,415
Asset retirement obligation	6,789
Bonds and notes payable	283,943
Lease liability	7,257
Subscription liability	6,953
Other current liabilities	28,347
Total current liabilities	1,540,916
Noncurrent liabilities:	
Claims payable	282,449
Compensated absences payable	33,164
Net pension liability	664,292
Net OPEB liability	940,207
Asset retirement obligation	10,434
Pollution remediation obligation	9,342
Bonds and notes payable	6,067,470
Lease liability	23,126
Subscription liability	5,720
Unearned revenues	17,541
Total noncurrent liabilities	8,053,745
Total liabilities	9,594,661
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to debt refunding	41,017
Deferred inflows related to pension	20,654
Deferred inflows related to OPEB	511,255
Deferred inflows related to leases	1,425
Total deferred inflows of resources	574,351
NET POSITION	
Net investment in capital assets	14,096,372
Restricted for debt service	290,727
Unrestricted (deficit)	(2,026,435)
Total net position	$ 12,360,664

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund – Enterprise Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

OPERATING REVENUES	
Passenger fares	$ 113,557
Auxiliary transportation	25,812
Lease and rental	13,020
Toll revenues	70,152
Total operating revenues	222,541
OPERATING EXPENSES	
Salaries and wages	865,444
Fringe benefits	478,444
Professional and technical services	401,056
Material and supplies	114,553
Casualty and liability	80,817
Fuel, lubricants, and propulsion power	142,225
Purchased transportation	61,560
Depreciation and amortization	701,863
Other	15,685
Total operating expenses	2,861,647
OPERATING LOSS	(2,639,106)
NON-OPERATING REVENUES (EXPENSES)	
Local grants	9,750
Federal grants	281,396
Investment income	8,446
Net appreciation in fair value of investments	12,995
Interest expense	(193,056)
Gain on disposition of capital assets	355
Other revenue	10,064
Total net non-operating revenues	129,950
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(2,509,156)
CAPITAL GRANTS AND CONTRIBUTIONS	
Local grants	26,377
State grants	205,804
Federal grants	801,081
Total capital grants and contributions	1,033,262
TRANSFERS	
Transfers in	3,048,779
Transfers out	(287,358)
Total transfers	2,761,421
CHANGE IN NET POSITION	1,285,527
Net position – beginning of year	11,075,137
NET POSITION – END OF YEAR	$ 12,360,664

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Cash Flows
Proprietary Fund – Enterprise Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	240,478
Payments to suppliers		(687,532)
Payments to employees and benefit payments		(1,438,681)
Other operating receipts (payments)		4,640
Net cash used for operating activities		(1,881,095)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from other funds		2,259,415
Federal operating grants received		319,953
State and local operating grants received		4,101
Net cash flows from non-capital financing activities		2,583,469
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the disposition of capital assets		633
Federal capital grants received for capital projects		808,025
State and local capital grants received for capital projects		101,409
Transfers from other funds for capital project reimbursements		420,502
Payment for bonds and notes payable		(330,850)
Interest paid for bonds and notes		(281,696)
Acquisition and construction of capital assets		(1,689,937)
Payment for lease and IT subscription liability		(16,683)
Interest paid related to leases and IT subscription liability		(479)
Net cash used for capital and related financing activities		(989,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments		11,557,593
Purchase of investments		(11,203,543)
Investment earnings		9,334
Net cash used for investing activities		363,384
Net decrease in cash and cash equivalents		76,682
Cash and cash equivalents – beginning of year		521,832
CASH AND CASH EQUIVALENTS – END OF YEAR	$	598,514

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Cash Flows (Continued)
Proprietary Fund – Enterprise Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

Reconciliation of operating loss to net cash used for operating activities		
Operating loss	$	(2,639,106)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization expenses		701,863
Other non-operating revenue		10,064
Increase in deferred outflows related to pension		(195,206)
Decrease in deferred outflows from asset retirement obligations		2,087
Increase in deferred outflows from other post employment plans		(11,312)
Decrease in receivables		8,300
Decrease in notes receivable		4,640
Increase in prepaid and other current assets		(3,748)
Increase in inventories		(1,733)
Increase in accounts payable and accrued liabilities		84,302
Decrease in pollution remediation obligation		(752)
Increase in compensated absences payable		5,554
Increase in claims payable		38,466
Decrease in accrued payroll liabilities		(31,634)
Increase in net pension liability		515,860
Decrease in net OPEB liability		(51,453)
Decrease in asset retirement obligations		(2,088)
Increase in other current liabilities		11,830
Decrease in unearned revenues		(427)
Decrease in deferred inflows related to pension		(318,608)
Decrease in deferred inflows related to other post employment benefit plan		(7,994)
Total adjustments		758,011
Net cash used for operating activities	$	(1,881,095)
Non-cash investing, capital and financing activities		
Capital assets included in accounts payable and accrued liabilities	$	560,626
Capital grants and contributions included in intergovernmental receivable	$	265,050
Refunded bonds	$	273,626
Bond premium/discount amortization	$	100,693
Interest accretion on lease/leaseback obligations	$	4,912
Net gain in fair value of investments	$	12,995
Gain on disposition of capital assets	$	355

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Fiduciary Net Position - Employee Retirement and OPEB Trust Funds
June 30, 2023
(Amounts expressed in thousands)

ASSETS		
Cash and cash equivalents	$	13,151
Investments:		
Bonds		312,616
Domestic stocks		244,394
Non-domestic stocks		14,771
Pooled investments		1,832,238
Receivables:		
Member contributions		1,313
Securities sold		1,026
Interest and dividends		2,459
Prepaid items and other assets		82
Total assets		2,422,050
LIABILITIES		
Accounts payable and other liabilities		2,493
Securities purchased		2,844
Total liabilities		5,337
NET POSITION		
Restricted for:		
Pensions		1,961,874
OPEB		454,839
Total Net Position	$	2,416,713

The notes to the financial statements are an integral part of this statement.

Los Angeles County Metropolitan Transportation Authority
Statement of Changes in Fiduciary Net Position - Employee Retirement and OPEB Trust Funds
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

ADDITIONS		
Contributions:		
Employer	$	68,184
Member		40,474
Total contributions		108,658
Investment income (expense)		
Net appreciation in fair value of investments		164,405
Investment income		36,061
Investment expense		(5,969)
Other income		288
Net investment income		194,785
Total additions		303,443
DEDUCTIONS		
Retiree benefits		160,666
Administrative expenses		2,158
Total deductions		162,824
Net increase in net position		140,619
Net position - beginning of year		2,276,094
NET POSITION - END OF YEAR	$	2,416,713

The notes to the financial statements are an integral part of this statement.

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Metro

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is governed by a 14-member Board of Directors (Board). The Board is comprised of five members of the County Board of Supervisors, the Mayor of the City of Los Angeles, three members appointed by the Mayor, four members who are either mayors or members of a city council and have been appointed by the Los Angeles County City Selection Committee to represent the other cities in the County, and a non-voting member appointed by the Governor of the State of California.

Management has prepared LACMTA's financial statements and those of its blended component units. The blended component units discussed below are included as part of the reporting entity because they are financially dependent upon LACMTA and because LACMTA's approval is needed for the units to expend their budgets or charges and issue long-term debt. Although they are legally separate entities, the blended component units are in substance part of LACMTA's operations and data from these units are combined with LACMTA's financial data.

LACMTA administers the activities of the Public Transportation Services Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), the Exposition Metro Line Construction Authority (EXPO), Crenshaw Project Corporation (CPC), and the Service Authority for Freeway Emergencies (SAFE) and includes the activities of these organizations in the accompanying financial statements. PTSC, PRMA, and EXPO provide services exclusively to LACMTA. LACMTA shares its governing board with CPC and SAFE, and the management of LACMTA has operational responsibility for both CPC and SAFE. PTSC, PRMA, EXPO, and CPC are presented and reported in the business activity type funds and SAFE is reported in the governmental fund type. Additional detailed financial information for each of these entities can be obtained from LACMTA's Accounting Department, One Gateway Plaza, Los Angeles, CA 90012-2952 or by visiting LACMTA's website at www.metro.net.

PTSC was created in August 1997 to conduct activities essential to the provision of public transportation in and around Los Angeles County. To achieve this goal, LACMTA entered into an acquisition agreement under which the planning, programming, administrative, operational management, and construction functions of LACMTA were transferred to and acquired by PTSC. Under this agreement, these functions are provided by PTSC and funded by LACMTA.

PRMA was established in October 1998 for the purpose of establishing and operating a program of cooperative self-insurance and risk management. PRMA provides workers' compensation coverage for all LACMTA and PTSC employees and provides public liability and property damage insurance coverage for all LACMTA properties.

EXPO was established in February 2006 for the purpose of constructing the Exposition Light Rail Line, the newest extension of the 95-station Metro Rail system. The first phase of the project runs 8.6 miles from the Metro Rail Station at 7th and Flower Streets in downtown Los Angeles to Washington and National Boulevards in Culver City. The second phase is approximately 6.6 miles and is continuing from the Phase 1 terminus in Culver City to 4th Street and Colorado Avenue in the City of Santa Monica. The first phase of the project commenced revenue operations in April 2012. The second phase commenced revenue operations in May 2016.

CPC was established in March 2012 for the purpose of securing a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the Crenshaw/LAX Corridor project. This project covers the design and construction of a new 8.5 mile double-track light rail lines with a minimum of six transit stations and a full service maintenance facility known as "Southwestern Yard." The Crenshaw/LAX Corridor project will extend from the Metro E Line (EXPO Line) at the intersection of Exposition and Crenshaw Boulevards and the Metro C Line (Green Line) near the existing Aviation/LAX station. In December 2022, the board approved CPC's dissolution.

SAFE was established in 1988 under the authority of the California Legislature to provide emergency aid to motorists on freeways and expressways within Los Angeles County.

B. Government-wide and Fund Financial Statements

LACMTA's financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, as amended, *Financial Statements and Management's Discussion and Analysis for State and Local Governments,* consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. Business-type activities, which rely to a significant extent on fees and charges for services, are reported separately from governmental activities, which normally are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses, including centralized expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included within the program revenues are reported as general revenues. Certain indirect costs are included in the reported program expenses.

The effect of interfund activity has been eliminated from the government-wide financial statements. However, intra-activity billing for services provided and used is not eliminated in the process of consolidation.

Separate fund financial statements are provided for proprietary funds, governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and contributions are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The fiduciary fund financial statements also use the accrual basis of accounting and are reported using the economic resources measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, LACMTA considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and a valid claim is presented. Transportation subsidies are recorded when all of the eligibility requirements have been met, including the receipt of the reimbursement request. Long-term debt is recorded only when payment is due. Capital asset acquisitions, including entering into contracts giving the LACMTA the right-to-use lease assets and IT subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscription-based IT arrangements are reported as other financing sources.

Interest income associated with the current fiscal period is subject to accrual and has been recognized as revenue of the current fiscal period and reported in the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of LACMTA's Enterprise fund are charges to customers for services, rental, and toll revenues. Operating expenses include the cost of services, and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is LACMTA's policy to use restricted resources first. Unrestricted resources are used as they are needed.

Fund Accounting

LACMTA utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: proprietary, governmental, and fiduciary, as described below.

The Proprietary fund is used to account for LACMTA's ongoing operations and activities similar to those found in the private sector where the determination of net income is necessary or useful to provide sound financial administration.

Enterprise fund **-** This includes three fund groups described below:

> **Bus and rail operations** are financed and operated in a manner similar to private businesses where the intent is that costs, including depreciation, of providing goods or services to the general public on a continuing basis be recovered primarily through user charges and governmental transfers. All major transit operations capital projects are partially funded by proceeds from debt secured by sales tax revenue, State and Federal grants, and contributions from the governmental funds. Sales tax secured debt is reported as a liability in the Enterprise fund. The financial resources used to pay the debt principal and interests are reported as contributions from the governmental funds.
>
> **Union Station** is a hub for rail and bus services. Amtrak, Metrolink, Metro light rail and subway, and Metro buses are the major providers of services that operate within Union Station's facilities. There are also private businesses providing food services and general merchandising within Union Station facilities. Union Station's activities associated with the rental of spaces and parking are reported in the Enterprise fund of LACMTA.
>
> **Metro** ***ExpressLanes*** began as a one-year pilot program funded through a federal grant from U.S. Department of Transportation (USDOT). The ExpressLanes convert existing carpool High-Occupancy Vehicle (HOV) lanes to High-Occupancy Toll (HOT) lanes. Metro ExpressLanes consists of 11 miles on the I-110 Harbor Transit-way between Adams Boulevard and Harbor Gateway Transit Center that opened in November 2012 and 14 miles on the I-10 El Monte Bus-way between Alameda Street

and I-605 that opened in February 2013. All vehicles using the ExpressLanes are required to have a transponder to access the lanes. Tolls are collected electronically. The activities of Metro ExpressLanes are reported in the Enterprise fund of LACMTA. In April 2014, LACMTA's Board of Directors authorized the conversion of Metro ExpressLanes to a permanent program.

The Enterprise fund also accounts for the activities of LACMTA's blended component units namely PTSC, PRMA, EXPO, and CPC. Please refer to pages 58 and 59 for more details.

LACMTA reports all operations-related transactions, including capital and related debt, in the Enterprise fund.

Governmental funds are used to account for LACMTA's governmental activities. The measurement focus is the determination of changes in financial position, rather than net income determination. LACMTA uses the following governmental fund types:

The General fund is used to account for those financial resources that are not required to be accounted for in another fund. The General fund is one of LACMTA's major governmental funds.

Special Revenue funds are used to account for proceeds of specific revenue sources including sales taxes that are legally restricted to expenditures for specified purposes. The following are LACMTA's other major governmental funds:

Proposition A - This fund is used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on July 1, 1982. Revenues collected are to be allocated: 1) 25% to local jurisdictions for local transit; 2) 35% to be used for construction and operation of rail rapid transit systems; and 3) 40% is allocated to county-wide operators at the discretion of LACMTA.

Proposition C - The "Los Angeles County Anti-Gridlock Transit Improvement Fund" is used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on April 1, 1991. Revenues collected are to be allocated: 1) 5% to improve and expand rail and bus security; 2) 10% for Commuter Rail and construction of transit centers, park-and-ride lots and freeway bus stops; 3) 20% to local jurisdictions for public transit and related services; 4) 25% for essential county-wide transit-related improvements to freeways and state highways; and 5) 40% to improve and expand rail and bus transit county-wide.

Measure R - The "Traffic Relief and Rail Expansion Ordinance" is used to account for the proceeds of the voter-approved half-cent sales tax that became effective on July 1, 2009 and continuing to June 30, 2039. Revenues collected are allocated to: 1) 2% for Metro rail capital improvements; 2) 3% for Metrolink capital improvements; 3) 5% for rail operations for new transit projects; 4) 15% for local return; 5) 20% for bus operations allocated using LACMTA's formula allocation procedure (based on vehicle service miles and fare revenue); 6) 20% for highway capital projects; and 7) 35% for specific transit capital projects.

Measure M - The "Los Angeles County Traffic Improvement Plan" is used to account for the proceeds of the voter-approved half-cent sales tax that became effective July 1, 2017. Measure M is an ordinance authorizing an additional one-half percent sales tax approved by the voters of Los Angeles County on November 8, 2016 and which continued the existing Measure R half-cent sales tax rate when Measure R expires on July 1, 2039. Revenues will be allocated as follows: 1) 16% for local returns; 2) 35% for Metro rail capital - new rail; 3) 1% for Metrolink capital improvements; 4) 17% for highway construction; 5) 25% for rail and bus operations; 6) 2% for state of good repair; 7) 2% for ADA paratransit; and 8) 2% for active transportation program.

Transportation Development Act (TDA) - This fund is used to account for revenues received from the State as part of the Transportation Development Act and are paid out to various transit operators, including LACMTA, for operating and capital uses.

State Transit Assistance (STA) - This fund is used to account for revenue received from the State Transit Assistance Program under the Transportation Development Act formulas that determine the allocation of the proceeds among eligible recipients. Under the provisions of the "Gas Tax Swap" enacted in 2010, the STA program is funded by an excise tax on diesel fuel and based on actual consumption of diesel fuel rather than an annual budget appropriation.

LACMTA also has the following nonmajor Special Revenue funds:

Service Authority for Freeway Emergencies (SAFE) - This fund is used to account for revenues received from the State Department of Motor Vehicles, generated by a $1 per car registration fee in Los Angeles County to improve freeway emergency response programs including call box operations.

Other Special Revenue Funds - This fund is used to account for specific revenue sources related to funds not classified as major Special Revenue funds.

Fiduciary funds are used to account for assets held by LACMTA in a trustee capacity or as an agent for individuals, other governmental units, or other funds. Fiduciary funds include the following pension and other employee benefit trust funds:

Employees' Retirement Trust funds account for the assets of the five defined-benefit pension plans that LACMTA administers and are accounted for in essentially the same manner as the proprietary funds.

Other Postemployment Benefits (OPEB) Trust funds account for the resources held in trust by LACMTA for the other postemployment benefits of members and beneficiaries not offered as an integral part of a pension plan.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Investments

LACMTA applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools and* GASB Statement No. 72, *Fair Value Measurement and Application*. Investments are stated at fair value based on the fair value hierarchy. The net appreciation (decline) in fair value of investments is shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances for all governmental fund types, and in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary fund.

Cash and Cash Equivalents

LACMTA considers all highly liquid investments with maturities of 90 days or less from the acquisition date to be cash and cash equivalents because they are readily convertible to known amounts of cash and are so near their maturity that they present an insignificant risk of change in value. State statutes and LACMTA's policy allows LACMTA to invest in U.S. Treasury, commercial paper, repurchase agreements, and the State Treasurer's Investment pool.

As required by California State statutes, LACMTA is required to deposit surplus STA and TDA cash with the County Treasurer. LACMTA is an involuntary participant in the County Treasurer's external investment pool. Deposits in the cash management pool of the County Treasurer are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal.

Restricted Cash and Cash Equivalents

Certain cash and cash equivalents are restricted as these assets are either advances used for specific purpose with the balance being refunded upon project completion or funds restricted for debt service.

Restricted Investments

Certain investments are classified as restricted on the Statement of Net Position because their use is limited externally by applicable bond covenants, laws or regulations or there exists an imposed restriction through enabling legislation.

Non-current Restricted Cash, Cash Equivalents, and Investments

In accordance with GASB 62, certain restricted cash, cash equivalents, and investments are non-current as these funds are restricted as to withdrawal or use for other than current operations, for disbursement in the acquisition or construction of non-current assets, or for the liquidation of long-term debt.

Receivables

Receivables are net of estimated allowances for uncollectible accounts which are determined based on past experiences. Most of the receivables from Federal agencies are amounts funding projects for major bus and rail, planning, capital acquisition, construction and operating assistance. State receivables involve funding for construction of various highways in partnership with the California Department of Transportation. Local receivables arise from certain local cities and municipalities who partner with LACMTA for certain projects that affect their local corridors.

Lease Receivables

At the commencement of a lease, lease receivable is measured at present value of future lease payments expected to be received during the lease term. Measurement of the present value includes the fixed payments, variable payments based on rate or index, reasonably certain residual guarantees, other reasonably certain payments, and lease incentives payable to the lessee. The lease receivable is reduced for actual payments received, less amounts for accrued interest.

The future lease payments are discounted using the interest rate implicit in the lease agreement. When the interest rate is not provided in the lease agreement, LACMTA uses its estimated incremental borrowing rate as the discount rate. The lease terms and lease payments used are those that are stated in the executed agreements. The lease term includes the noncancellable period of the lease.

The lease receivable is remeasured in subsequent financial reporting period, if an amendment to the lease contract, individually or in aggregate significantly affects the amount of the lease receivable since the previous measurement.

An amendment to a lease contract is considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination is accounted for by reducing the carrying value of the lease receivable and deferred inflow of resources, with any difference being recognized as a gain or loss.

The aforementioned accounting practice is in conformity with GASB 87, Leases.

Internal Balances

All outstanding balances between funds at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements. Generally, the effect of the interfund activity within the governmental funds has been removed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items

Inventories, consisting primarily of bus and rail vehicle parts, are valued at weighted average cost. Inventory items of governmental funds are recorded as expenditures when consumed. Certain payments to vendors applicable to future accounting periods are recorded as prepaid items.

Capital Assets

Capital assets are reported in the applicable business-type or governmental activities in the government-wide financial statements. Capital assets are defined by LACMTA as assets with an initial individual cost of more than $5,000 (amount not in thousands). Such assets are recorded at historical cost if purchased or constructed, (except for intangible right-to-use lease assets), the measurement of which is discussed below. If donated, capital assets are recorded at acquisition value.

Effective July 1, 2021, LACMTA implemented GASB 87, the new accounting standards on leases, and recorded intangible right-to-use lease assets, in the government-wide and Proprietary fund financial statements, equal to the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before commencement date of the lease term and direct ancillary costs necessary to place the asset into service. It is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. An amortization expense is recognized representing the decrease in the useful life of the right-to-use lease asset over the lease term. Any remeasurement of the lease liability requires a corresponding change in the right-to-use lease asset.

Effective July 1, 2022, LACMTA implemented GASB 96, the new accounting standard on Subscription-Based Information Technology Arrangements (SBITA). As of June 30, 2023, LACMTA has recorded intangible right-to-use IT subscription assets in the government-wide and Proprietary fund financial statements, equal to the initial amount of subscription liability, payments made to a SBITA vendor before the commencement of the subscription term, and the capitalizable of any implementation costs. It is being amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT assets. An amortization expense is recognized representing the decrease in

the useful life of the right-to-use subscription-based information technology arrangement assets and is being reported as an outflow of resources.
Impairment of the subscription asset may result from a change in the service utility or duration of use of the asset. Impairment to the subscription asset is accounted first by reducing it for any changes in the corresponding subscription liability. Any remaining amount should be recognized as an impairment.

Capital assets, except for intangible right-to-use lease assets and right-to-use subscription-based information technology arrangement assets, are carried at cost and depreciated using the straight-line method based on the estimated useful life of the assets. Intangible right-to-use lease assets and right-to-use IT subscription assets are amortized over the lesser of the estimated useful life or the term of the underlying asset, as follows:

Asset Type	Useful Life in Years	Term in Years
Buildings and improvements	30	
Rail cars	25	
Buses	7 - 14	
Equipment and other furnishings	5 - 10	
Other vehicles	5	
Intangible right-to-use lease assets		
Land		2 - 44
Building		2 - 9
Equipment		2 - 4
Intangible right-to-use IT subscription assets		2 - 10

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is expensed.

Proprietary fund capital assets acquired with federal, state, and local capital grants are included in the Statement of Net Position. Depreciation on these capital assets is included in the accompanying Statement of Revenues, Expenses, and Changes in Fund Net Position.

Compensated Absences

It is LACMTA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated vacation and sick leave in the governmental fund. All vacation and sick leave pay is accrued when earned in the Government-wide and Proprietary fund financial statements. Accumulation and payment of vacation and sick leave is based on the collective bargaining agreements with the various unions.

Employee Retirement Plans

LACMTA provides pension benefits that cover substantially all full-time employees through five self-administered single-employer defined benefit pension plans, and an agent multiple-employer plan administered by the California Public Employees' Retirement System (CalPERS). Four of the self-administered single-employer defined benefit pension plans are restricted to specific union members, while the fifth provides benefits to Non-Contract employees and Teamsters.

For financial reporting purposes, the CalPERS administered Miscellaneous Plan and the five LACMTA self-administered Retirement Plans' net pension liability is measured by the pension plans' total pension liability at the close of the last fiscal year and rolled forward from information based on the actuarial valuation reports dated no more than twenty-four months prior to the current fiscal year end.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pension, and pension expenses, information about the fiduciary net position of the Plan(s) and additions to/deductions from the fiduciary net position have been determined on the same basis they are reported to the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional detailed information on LACMTA's Employee Retirement Plans can be found on pages 97-111.

Other Postemployment Benefits Plan

On February 22, 2007, the MTA Board adopted a resolution authorizing the establishment of an irrevocable Retiree Health Care and Welfare Benefits Trust ("Plan"). The Plan is a single-employer, defined benefit plan administered by LACMTA to provide OPEB benefits, such as medical, dental, vision, life insurance, and similar benefits offered by LACMTA to its active and retired employees. The Plan covers benefits administered by LACMTA to Non-contract employees and employees represented by AFSCME and the Teamsters, and the contractual obligations to the respective Union Health & Welfare Trusts for employees represented by ATU, TCU, and SMART-TD. Generally, eligibility for coverage is based on employee's service and age.

For financial reporting purposes, the net OPEB liability is measured by the OPEB Trust's total OPEB liability at the close of the last fiscal year and rolled forward from information based on actuarial reports dated no more than twenty-four months prior to the current fiscal year end. LACMTA's funding policy is to contribute the direct "pay-as-you-go" cost as determined by required premium/claim payments and union healthcare trust contractual contributions, plus $5,000, subject to budget review annually. The determination to actually deposit some or all of the contributions is addressed in each year's annual budget process.

Assets are held in trust separately from the LACMTA and may be used only for the payment of benefits to the members.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the fiduciary net position have been determined on the same basis they are reported to the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide and Proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities, net of related original issue premiums and discounts. Bond issue costs are reported as current period costs and accounting gains and losses resulting from refunding of debts are reported as deferred outflows of resources or deferred inflows of resources in conformity with GASB 65. In the governmental fund financial statements, bond issuance costs and refunding gains/losses are recognized as current period expenditures.

Lease Liability

The lease liability reported in the government-wide and Proprietary fund financial statements, is measured at present value of future lease payments expected to be made at the commencement of the lease term. Measurement of the present value includes the fixed payments, variable payments based on rate or index, reasonably certain residual guarantees, exercise price of a purchase option if reasonably certain to be exercised, applicable payment of penalties for terminating the lease, any lease incentives receivable from the lessor, and any other reasonably certain payments based on the assessment of all relevant factors. The lease liability is reduced as payments are made and interest expense is recognized as an outflow of resources in the enterprise fund. The principal and interest payments are recorded as outflow of resources in the governmental funds.

The future lease payments are discounted using the interest rate implicit in the lease agreement. When the interest rate is not provided in the lease agreement, LACMTA uses its estimated incremental borrowing rate as the discount rate. The lease terms and lease payments used are those that are stated in the executed agreements. The lease term includes the noncancellable period of the lease.

A lease modification is accounted for by remeasuring the lease liability. The lease asset is adjusted by the difference between the remeasured liability and the liability immediately before the lease modification. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset, with any difference being recognized as a gain or loss.

The lease/leaseback transactions have been recorded similar to leases, in that the present value of the future lease payments has been recognized as part of long-term liabilities on the Statement of Net Position- government-wide.

The aforementioned accounting practice is in conformity with GASB 87, Leases.

Subscription Liability (SBITA)

The subscription liability reported in the government-wide and Proprietary fund financial statements, is measured at present value of future payments expected to be made at the commencement of the contract term. Measurement of the present value includes the fixed payments, variable payments based on the interest rate the SBITA charges or implicit in the contract, or the government's estimated incremental borrowing rate, payment for penalties for terminating the SBITA, and any other payments to the SBITA vendor or subscription contract incentives associated with the SBITA contract. The subscription liability is reduced as payments are made and interest expense is recognized as an outflow of resources in the enterprise and governmental funds.

The future payments are discounted using the interest rate the SBITA charges or implicit in the contract, or the government's estimated incremental borrowing rate. When the interest rate is not provided by the SBITA, LACMTA uses its estimated incremental borrowing rate as the discount rate.

A SBITA modification is accounted as a separate SBITA if the SBITA modification gives the government additional subscription assets and if the increase in subscription payments for those additional subscription assets are not unreasonable. If SBITA modifications are not accounted for separately, then there will be a remeasurement of the subscription liability. The subscription asset is adjusted by the difference between the remeasured liability and the liability immediately before the SBITA modification. However, if the change reduces the carrying value of the subscription asset to zero, any remaining amount should be reported as an inflow of resources. Changes in exercised options, discount rates, or events resulting in extension or termination of the SBITA are subject to a remeasurement of the subscription liability.

The aforementioned accounting practice is in conformity with GASB 96, Subscription Based Information Technology Arrangements.

Deferred Outflows/Inflows of Resources Related to Pensions

Most changes in net pension liability are required to be included in pension expense in the period of the change such as service cost, interest on the total pension liability, and changes in benefit terms. The following changes in net pension liability are not included in pension expense as of the beginning of the measurement period and are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions:

1. Changes in total pension liability arising from differences between expected and actual experience with regard to economic or demographic factors.
2. The effects of changes in assumptions about future economic or demographic factors or of other inputs.
3. Differences between projected and actual investment earnings on pension plan investments.

The amounts in items 1 and 2 are recognized as pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of employees determined as of the beginning of the measurement period. Item 3 is recognized as pension expense using a systematic and rational method over a closed five-year period.

Deferred outflows of resources are also used to report LACMTA's contributions to CalPERS and to the LACMTA self-administered Employee Retirement Plans subsequent to the measurement date of the net pension liability. They will be recognized as a reduction of the net pension liability in the next fiscal year.

Deferred Outflows/Inflows of Resources Related to OPEB

Deferred outflows and deferred inflows of resources represent the unamortized portion of (1) the difference between expected and actual experience, (2) the changes in assumptions, and (3) the difference between expected and actual earnings on OPEB Plan investments.

OPEB expense is recognized for the service costs, interest costs, administrative expenses, and expected investment return actuarially determined as of the measurement date. Employer contributions to the OPEB Plan subsequent to the measurement date but before the end of the current fiscal year are recorded as deferred outflows of resources in the current fiscal year.

The difference between expected and actual experience and the changes in assumptions are amortized over the average future working life expectancy. The difference between expected and actual earnings on OPEB Plan investments is recognized as OPEB expense using a systematic and rational method over a closed five-year period.

Deferred Outflows of Resources Related to Asset Retirement Obligations (ARO)

Deferred outflows of resources related to Asset Retirement Obligations represent the present value of expected future outlays associated with the retirement of a tangible capital asset when a legal obligation is incurred and the obligation is reasonably estimable as required by GASB Statement No. 83. This present value of future obligation will be evaluated annually to determine whether the effects of one or more factors are expected to significantly change the estimate of the asset retirement outlays.

Deferred Outflows/Inflows of Resources Related to Debt Refunding

LACMTA issues sales tax revenue refunding bonds by refinancing previously issued sales tax revenue bonds and/or commercial paper notes, generally to achieve debt service costs savings, to restructure the repayment of a debt, to change the type of instruments being used, or to retire an indenture in order to remove undesirable covenants when more favorable interest rates or financing terms become available. In refunding debt resulting in the legal defeasance of the old debt, the difference in the carrying value of the refunded debt and its reacquisition price is reported as deferred outflows or deferred inflows of resources in the Statement of Net Position and amortized over the life of the old or the new debt, whichever is shorter.

Deferred Inflows of Resources Related to Leases

The deferred inflows of resources related to leases represent the initial value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Subsequently, a lease revenue is recognized from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The lease term includes the noncancellable period of the lease as stated in the executed contracts.

The deferred inflows of resources generally is adjusted by the same amount as any change resulting from the remeasurement of the lease receivable. This is in conformity with GASB 87, Leases.

Deferred Revenues

National Council on Governmental Accounting (NCGA) Statement 1 provides that revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. GASB 65 provides that when an asset is recorded in the governmental fund financial statements but the revenue is not available, a deferred inflow of resources should be reported until it becomes available. LACMTA considers receivables that are not collected within 90 days from the close of the fiscal year as revenues that are not available in the current year, and therefore, not susceptible to accrual. These represent governmental revenues for grants receivable from federal, state, and local sources that are reported as deferred revenues in the governmental fund financial statements in the current year and recognized as revenue in subsequent periods as they become available.

Unearned Revenues

In the Government-wide and Proprietary fund financial statements, unearned revenues are resource inflows that do not meet the criteria for revenue recognition. Unearned revenues arise when resources are received by LACMTA before it has a legal claim to them, such as grant monies received prior to the incurrence of the qualifying expenditures, the presale of passes and tokens, and others. When revenue recognition criteria are met, or when

LACMTA has a legal claim to the resources, unearned revenue is removed from the Statement of Net Position and the revenue is recognized.

Other Revenues

Other revenues in the governmental funds include proceeds from the sale of Low Carbon Fuel Standard (LCFS) credits, sale of surplus land, CNG tax credits, and other miscellaneous revenues.

Fund Balances

LACMTA reports its fund balances in various categories based on the nature of the limitations requiring the use of resources for specific purpose. LACMTA classifies its governmental fund balances into:

> ***Nonspendable fund balances*** include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. Prepayments and inventories in the governmental funds are included in the nonspendable fund balances.
>
> ***Restricted fund balances*** include amounts that can be spent only for specific purposes stipulated by enabling legislation, by the grants, by the creditors, or by the regulations of other governments. Propositions A, C, Measure M and Measure R sales taxes are restricted by the ordinances that created the taxes. Funds received from TDA, STA, SAFE, and other grants are restricted by the grantors providing the funds.
>
> ***Committed fund balances*** are amounts that can be used only for specific purposes imposed by a formal action of the LACMTA's Board of Directors, which is LACMTA's highest decision-making authority. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specific use of the funds.
>
> ***Assigned fund balances*** are amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the LACMTA's board policy, contracts that are $1,000 or less can be approved and assigned by the Chief Executive Officer or his/her designee.
>
> ***Unassigned fund balances*** are the residual classification for the General fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General fund.

The Board establishes, modifies, or rescinds fund balance commitments by passage of resolution. LACMTA adopted the GASB 54 criteria and determined that a resolution is binding, and that action can establish a fund balance commitment. This is done through the adoption of the budget and subsequent amendments that occur throughout the fiscal year. In circumstances when an expenditure is made for a purpose for which amounts are available from multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and then unassigned.

E. Effects of New Pronouncements

The following summarizes recent GASB pronouncements and their effect, if any, on the financial statements:

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements-often characterized as leases-that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the title to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. Implementation of this Statement did not affect any balances or the change in net position, however, LACMTA implemented the new reporting disclosure requirements for the Fiscal Year ended June 30, 2023. Please refer to Note M on page 128.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

PPPs

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases,* as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an Service Concession

Arrangement (SCA). This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The measurement period for a PPP is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP. A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination.

APAs
An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The adoption of this Statement did not have an effect on LACMTA's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. LACMTA implemented the new reporting requirements for the Fiscal Year ending June 30, 2023, as presented in Note P on page 142.

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics and includes specific provisions about the following (not an exhaustive list):

- Classification of provisions in Statement No. 87, Leases, as amended, related to the determination of lease term, classification of lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Classification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payments Arrangements related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Classification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of SBITA as short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualified evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.

- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement related to the extension of the use of LIBOR, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Refer to sections in ACFR for various topics. LACMTA implemented the new reporting requirements in Fiscal Year ended June 30, 2023 and there is no impact to the financial statements related to derivative instruments.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. LACMTA plans to implement the new reporting requirements in Fiscal Year ended June 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. LACMTA plans to implement the new reporting requirements for the Fiscal Year ending June 30, 2025.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The budget cycle begins in August when the capital call process is initiated. This involves identifying capital needs for the coming fiscal year's budget and reviewing and prioritizing the requests. The capital budget process is usually concluded by the end of November or early December. In December, the CEO establishes or updates core missions and objectives for the coming fiscal year budget. Between January and February, LACMTA submits budgeted planning parameters to the Board outlining basic assumptions to be used in preparing the coming year's annual budget. In February or March of each year, all LACMTA departments submit requests for appropriations to management so that an operational and capital projects budget can be prepared. The Office of Management and Budget (OMB) works with the requesting departments to finalize the annual budget request and begins presenting the proposed budget drafts to the Board staff from mid-March through early April. In late April, OMB prepares the Proposed Budget book and posts the final version to the metro.net website at least two weeks prior to the public hearing in May. The proposed budgets are submitted to the Board in mid-May for review and adoption. Prior to adoption, the Board conducts public hearings in May for discussion of the proposed annual budgets. The Board adopts the final budget at the conclusion of the hearings, which is planned to occur in late May, but no later than June 30.

Enabling legislation and adopted policies and procedures provide that LACMTA's Board approves an annual budget. Annual budgets are adopted on a basis consistent with U.S.

Generally Accepted Accounting Principles (GAAP) for all governmental and proprietary funds. The Board also approves the Life of Project budget whenever new capital projects are approved. All non-capital appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, cost center, expense type, and project. The legal level of control is at the fund level and the Board must approve additional appropriations. By policy, the Board has provided procedures for management to make revisions within operational or project budgets only when there is no net dollar effect to the total appropriations at the fund level. Quarterly updates for operating and capital expenditures are submitted to the Board. Budget amendments are made when needed.

B. Encumbrances

Encumbrance accounting is employed in the General and Special Revenue governmental funds. Under this method, purchase orders, contracts, Memoranda of Understanding (MOU), and other commitments outstanding at year-end are reported as committed or assigned fund balances since they do not constitute expenditures or liabilities. These commitments will be recognized in subsequent years' appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

As of June 30, 2023, the following are LACMTA's cash and investments:

	Amount
Cash deposits	$ 27,601
State/county investment pool	828,718
Debt securities:	
Medium term notes	426,606
Mortgage backed securities	45,241
Commercial paper	4,944
Asset backed securities	83,964
Fixed income:	
Money market, mutual or pooled funds	1,395,558
U.S. Agencies securities	1,212,330
U.S. Treasury obligations	1,486,164
Total cash and investments	$ 5,511,126

		Business-type Activities		Governmental Activities		Total
Reported in the Statement of Net Position and Balance Sheet:						
Cash and cash equivalents - unrestricted, current	$	85,785	$	1,750,582	$	1,836,367
Cash and cash equivalents - restricted, current		247,035		19		247,054
Investments - unrestricted, current		335		2,585,531		2,585,866
Investment - restricted, current		19,916		—		19,916
Cash and cash equivalents - restricted, noncurrent		265,694		—		265,694
Investments - restricted, noncurrent		556,229		—		556,229
Total cash and investments	$	1,174,994	$	4,336,132	$	5,511,126

As of June 30, 2023, the following are LACMTA's investments set forth by level, within the fair value hierarchy:

		Level 1		Level 2		Total
Debt securities:						
Medium term notes	$	—	$	426,606	$	426,606
Mortgage-backed securities		—		45,241		45,241
Commercial paper		—		4,944		4,944
Asset-backed securities		—		83,964		83,964
Fixed income:						
Money market, mutual or pooled funds		16,691		1,378,867		1,395,558
U.S. Agencies securities		—		1,212,330		1,212,330
U.S. Treasury obligations		1,486,164		—		1,486,164
Total	$	1,502,855	$	3,151,952	$	4,654,807

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard is applicable primarily to investments made by state and local governments that defines fair value and describes how fair value should be measured, identifies the assets and liabilities that should be measured at fair value, and requires specific information about fair value to be disclosed in the financial statements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the agency has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Typically, the fair value reflects management's estimates of assumptions that market participants would use in pricing the asset or liability.

U.S. Treasury obligations and some money market, mutual or pooled funds are classified as Level 1 and are valued using prices in active markets for identical assets. Debt securities, money market, mutual or pooled funds, and U.S. Agencies securities are classified as Level 2 and are valued using inputs that are observable but not active using the market approach. These inputs include matrix pricing models and comparisons to prices of similar assets.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level (in terms of reliability) of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Investment Policy

LACMTA internally pools cash deposits and investments. All proprietary and governmental funds maintain an equity interest in the pool. Each fund's positive equity in the internally pooled cash deposits and investments account is presented as cash and investments on the Statement of Net Position and Balance Sheet. Negative equity balances have been reclassified and are reflected as interfund receivables/payables. Interest income earned and expenses incurred as a result of investing are allocated to the various funds based on their average daily balances. For purposes of the Statement of Net Position, Balance Sheet, and Statement of Cash Flows, all highly liquid investments, including restricted assets with maturity date of 90 days or less from acquisition date, are considered to be cash and cash equivalents. Otherwise, they are classified as investments.

All investments are stated at their fair values. Net changes in the fair values of investments are shown in the Statement of Revenues, Expenses, and Changes in Fund Net Position in the Enterprise fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances in the Governmental fund.

LACMTA's most recent investment policy, adopted by the Board on March 23, 2023, requires LACMTA's investment program to meet three criteria in the order of their importance: **Safety** - preservation of capital, diversification, and the protection of investment principal; **Liquidity** - investment portfolios will remain sufficiently liquid to enable LACMTA to meet operating requirements that might be reasonably anticipated. **Return on**

Investments - LACMTA will maximize yield on the portfolio consistent with the safety and liquidity objectives.

The table below briefly describes LACMTA's investment policy. LACMTA's investment policy is applicable to the cash deposits and investments. Bond proceeds and debt service investment accounts are governed by LACMTA's debt policy. This table does not address cash deposits and investments held by bond trustees that are governed by the provisions of LACMTA's bond trust agreements.

Authorized Investment Type	Maximum Effective Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer	Minimum Ratings
Bonds issued by LACMTA	5 years	100%	100%	None
U.S. Treasury obligations	5 years	100%	100%	None
U.S. Unsecured unsubordinated obligations	5 years	30%	10%	AA
Bonds, Notes or warrants of any local agency within the State of California	5 years	25%	25%	A1 short term or AA long term
U.S. Agency securities	5 years	100%	100%	None
Registered state warrants or treasury notes or bonds of other 49 states	5 years	25%	25%	A1 short term or AA long term
Banker's acceptance	180 days	40%	10%	A1 + /P1 short term
Commercial paper	270 days	40%	10%	A
Negotiable certificates of deposit	5 years	30%	10%	None
Placement Service Assisted Deposits	5 years	30%	10%	None
Repurchase agreements	90 days	20%	20%	None
Medium-term notes	5 years	30%	10%	A
Money market, mutual or pooled funds	Not applicable	20%	10%	A1+/P1 short term or AAA Long term
Asset-backed securities	5 years	15% combined with any mortgage-backed securities	15%	AA
Mortgage-backed securities	5 years	15% combined with any asset-backed securities	15%	AA
Local Agency Investment Fund (LAIF)	Not applicable	Set by LAIF	Set by LAIF	Not applicable
Local Government Investment Pool (LGIP)	Not applicable	Set by LGIP	Set by LGIP	Not applicable

* *The percentage of portfolio authorization is based on fair value.*

LACMTA's investment policy prohibits investing in derivatives or reverse repurchase agreements. The management of LACMTA's cash and investments can be categorized as follows:

- Cash deposits
- Cash equivalents and investments-unrestricted
- Cash equivalents and investments-restricted

Cash Deposits

As of June 30, 2023, LACMTA's carrying amount of cash comprises $918 in cash on hand and $26,683 in checking accounts for a combined total of $27,601. LACMTA's total bank balance was $70,135 with the difference representing primarily outstanding checks/ACH and deposits in transit. Accounts with banks were insured by Federal Deposit Insurance Corporation (FDIC) for up to $250,000 (amount not in thousands) per financial institution and uninsured amounts are collateralized by securities held by the bank's trust department or its agent in LACMTA's name.

LACMTA is a voluntary participant for its investments with the California Local Agency Investment Fund (LAIF). LACMTA's voluntary participation with the LAIF totaled $225,000 as of June 30, 2023. The LAIF Advisory Board, whose Chairman is the State Treasurer or designee, provides regulatory oversight for the LAIF.

The net position value of involuntary participation in Los Angeles County Investment Pool (LACIP) totaled $603,718 as of June 30, 2023. The County Board of Supervisors provides regulatory oversight for LACIP.

The value of position in the pool for both the LAIF and the LACIP is the same as the LACMTA's value of the pool shares and is reported at amortized cost.

Cash equivalents and Investments

As of June 30, 2023, LACMTA had the following cash equivalents and investments:

Investment Type	Total	Weighted Average Duration (in years) per Investment Type	Concentration of Investments	Ratings
Asset-backed securities	$ 83,964	1.3647	1.80 %	AAA
Commercial paper	4,944	0.2164	0.11 %	A-1+
Medium term notes	426,606	2.5174	9.17 %	A- to AAA
Mortgage-backed securities	45,241	2.5047	0.97 %	AAA
Money market, mutual or pooled funds	1,395,558	0.0027	29.98 %	Not Rated to AAA
U.S. Agency securities	1,212,330	0.5969	26.04 %	
U.S. Treasury obligations	1,486,164	1.1364	31.93 %	
Total	$ 4,654,807		100.00 %	

The weighted average duration is calculated using the investment's effective duration weighted by the investment's fair value.

Risk

In accordance with GASB Statement No. 40, *Deposit and Risk Disclosure - an Amendment of GASB Statement No.3,* certain required disclosures regarding investment policies and practices with respect to credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk are discussed in the following paragraphs:

Credit Risk

Investments are subject to credit risk, which is the chance that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause price to decline. The tables above summarize the fair value of investments that are included in the restricted and unrestricted cash and investments and the related credit ratings. LACMTA maintains policies to manage credit risks, which include requiring minimum credit ratings issued by nationally recognized statistical rating organizations for its investments.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual shares. As disclosed above, LACMTA maintains investment policies that establish thresholds for holdings of individual securities. LACMTA did not have any holdings meeting or exceeding these threshold levels as of June 30, 2023.

As of June 30, 2023, with the exception of investments that are explicitly guaranteed by the U.S. government, LACMTA did not have any investments with more than 5% of the total investments under one issuer except for the following U.S. Agency securities and money market mutual funds:

		Total	Concentration of Credit Risk
First American	$	944,331	20.29 %
Federal Home Loan Banks	$	746,360	16.03 %
Federated Hermes	$	276,691	5.94 %

Custodial Credit Risk

LACMTA has no known custodial credit risk for deposits as financial institutions are required by the California Government Code to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling. The market value of pledged securities must be in accordance with the Government Code for the State of California. California law also allows financial institutions to collateralize public fund deposits by governmental securities with a value of 110% of the deposit or by pledging first trust deed mortgage notes having a value of 150% of a governmental unit's total deposits. LACMTA may waive collateral requirements for deposits that are fully insured up to $250,000 (amount not in thousands) by the FDIC. All investment securities purchased were held and registered in LACMTA's name and maintained for the benefit of LACMTA in the trust department or safekeeping department of a financial institution as established by a written third-party safekeeping agreement between LACMTA and the financial institution.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. LACMTA measures interest rate risk on its short-term investments using the effective duration method. LACMTA maintains a policy requiring that the average duration of the externally managed short-term investments not to exceed 150% of the benchmark duration and the average duration of the internally managed short-term investments not to exceed three years. This policy does not apply to investments proceeds related to bond financings. LACMTA measures interest rate risk on its bond proceeds and debt service investments using the weighted average maturity method.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of the cash deposits or investments. As of June 30, 2023, there was no exposure to foreign currency risk as all LACMTA cash deposits and investments are denominated in U.S. dollar currency.

B. Receivables

Receivables as of June 30, 2023, as shown in the government-wide financial statements, in the aggregate, including the applicable allowance for doubtful accounts related to accounts receivable, are as follows:

Receivables	Business-type Activities	Governmental Activities	Total
Accounts	$ 16,629	$ 15,688	$ 32,317
Interest	793	15,975	16,768
Intergovernmental	288,264	175,841	464,105
Sales Tax	—	980,109	980,109
Notes	16,722	—	16,722
Others	22	—	22
Leases	1,713	118,600	120,313
Gross Receivables	324,143	1,306,213	1,630,356
Less: Allowances for doubtful accounts	(971)	—	(971)
Receivables, net	$ 323,172	$ 1,306,213	$ 1,629,385

Receivables as of June 30, 2023 for governmental activities by individual major funds and nonmajor funds are as follows:

	Receivables					
Fund Name	Accounts	Interest	Intergovernmental	Sales tax	Leases	Total
General Fund	$ 15,688	$ 405	$ 8,783	$ —	$ 118,600	$ 143,476
Prop A	—	2,099	—	202,749	—	204,848
Prop C	—	2,023	31,625	202,748	—	236,396
Measure R	—	2,211	109,733	202,535	—	314,479
Measure M	—	2,598	18,260	199,858	—	220,716
TDA	—	3,774	—	94,292	—	98,066
STA	—	2,115	—	77,927	—	80,042
Other Governmental	—	750	7,440	—	—	8,190
Total	$ 15,688	$ 15,975	$ 175,841	$ 980,109	$ 118,600	$ 1,306,213

C. Interfund Balances and Transfers

The following is a summary of due to/from other funds at June 30, 2023:

	Due from other funds									
Due to other funds	Enterprise Fund	General Fund	Prop A	Prop C	Measure M	Measure R	STA	TDA	Other Governmental	Total
General Fund	$ 23,972	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 23,972
Prop A	100,130	—	—	—	—	—	—	—	—	100,130
Prop C	18,081	—	—	—	—	—	—	—	—	18,081
Measure M	16,210	—	—	—	—	—	—	—	—	16,210
Measure R	31,875	—	—	—	—	—	—	—	—	31,875
STA	70,050	—	—	—	—	—	—	—	—	70,050
TDA	32,532	—	—	—	—	—	—	—	—	32,532
Other Governmental	23,963	—	—	—	—	—	—	—	—	23,963
Enterprise Fund	(229,026)	114,733	46,640	20,224	3,037	21,628	13,022	9,398	344	—
Total	$ 87,787	$ 114,733	$ 46,640	$ 20,224	$ 3,037	$ 21,628	$ 13,022	$ 9,398	$ 344	$ 316,813

Internal balances represent receivables from/payables owed to a particular fund by another fund for temporary loans, advances, goods delivered or services rendered. The loans will be repaid when sufficient cash is available. Any outstanding balances between the governmental funds and business-type activities were reported in the government-wide statement of net position.

Transfers in and out by fund for the fiscal year ended June 30, 2023 were as follows:

	Transfers In						
Transfers Out	Enterprise Fund	General Fund	Prop C	Measure M	Measure R	Total	
General Fund	$ 19,129	$ —	$ 6,369	$ —	$ 59	$ 25,557	
Prop A	1,044,478	55,582	87,848	—	—	1,187,908	
Prop C	544,055	27,359	—	—	—	571,414	
Measure M	549,219	1,066	21,215	—	113,659	685,159	
Measure R	344,274	26,173	3,584	837	—	374,868	
STA	164,632	—	—	—	—	164,632	
TDA	318,348	8,945	35	—	—	327,328	
Other Governmental	64,644	—	—	—	—	64,644	
Enterprise Fund	—	11,402	36,564	—	239,392	287,358	*
Grand Total	$ 3,048,779	$ 130,527	$ 155,615	$ 837	$ 353,110	$ 3,688,868	

* *The amounts represent Enterprise Fund's bond proceeds and Metro ExpressLanes revenue reinvestment program funds used to finance major capital program/planning projects.*

The following transfers were made out of funds receiving revenues to the funds where they were spent:

The transfers from the General fund to the Enterprise fund were for capital expenditures primarily for the acquisition of 40' electric buses for Metro Silver line, for the environmental compliance for storage tanks, for Regional Connector system integration, and for the building renovation plan. Transfers to the Proposition C fund were funding for debt service payments and for the Regional Bikeways program.

The Proposition A fund transfers to the Enterprise fund were mainly for debt service payments, bus and rail operations and maintenance costs, and capital expenditures related to EXPO/Blue Line light rail vehicle procurement and Crenshaw/LAX transit corridor. The transfers to the General fund mostly represented the Prop A and C administration fees. The transfer to Proposition C represents the fiscal year 2022 growth over inflation.

The transfers from the Proposition C fund to the Enterprise fund were mainly funding for bus and rail operations including Microtransit and Bikeshare operations and maintenance costs, debt service payments, and capital expenditures mostly related to systems and equipment upgrade, and the Metro Center Street project. The Proposition C fund transfers to the General fund included the Proposition A and C administration fees and funding for planning activities related to rideshare services.

The transfers from the Measure M fund to the Enterprise fund were mainly to fund the bus and rail operations and maintenance, capital expenditures for the systems and equipment upgrade, and the ongoing rail construction projects on the Gold Line Foothill Extension Phase 2, Airport Metro Connector, and the Orange Line BRT improvement. Transfers to the General Fund were funding for planning activities related to Metro's Bike Share and First/ Last Mile programs. Funds transferred to the Prop C fund were payments for commuter rail subsidies and LIFE program and fund transfers to the Measure R fund were funding for the planning activities related to the Sepulveda Pass Transit Corridor project and I-5 North Enhancements.

The transfers from the Measure R fund to the Enterprise fund were mainly funding for the bus and rail operations and maintenance, debt service payments, and construction activities related to the Division 20 Portal Widening Turnback project, and East San Fernando Valley Transit Corridor. Fund transfers to the General fund were mostly for planning activities on the Westside subway extension, Zero Emission (Electric) Transit Bus program, LRTP financial planning, and costs related to Public-Private Partnerships. Transfers to Proposition C are for planning activities for the regional bikeways program. Measure M also received funds for the business interruption fund and business solution center programs.

The transfers from the STA fund to the Enterprise fund were mostly funding for bus and rail operations and maintenance; service scheduling; service planning and enhancement; public affairs, promotions, and outreach; and capital expenditure on the Crenshaw/LAX fare gates project.

Most of the TDA fund transfers to the Enterprise fund were funding for bus operations and maintenance costs, and capital expenditures primarily related to the acquisition of buses, bus midlife program, systems upgrade, and facilities improvement. The TDA fund transfers to the General fund represents administration fees for planning and administrative costs allocable to the General fund. While the transfer to Proposition C is for the On the Move Riders program.

The transfers from the Other Governmental funds to the Enterprise fund were funding mainly for rail operations and maintenance costs, capital expenditures for the zero-emission bus acquisition, and construction activities related Orange Line BRT improvement, including Crenshaw pre-revenue services.

The transfers from the Enterprise fund to the General Fund were funding for subsidies under the Net Toll Revenue Reinvestment program and Congestion Pricing program. Transfers to the Proposition C Fund included funding for the planning activities related to regional surface transportation improvement and local transit systems management programs. While transfers to Measure R funded mainly for construction activities such as the Westside Purple Line Extension Sections 1 and 2.

D. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022 (as restated) *	Increases	Decreases	Balance June 30, 2023
Business-type Activities				
Capital assets, not being depreciated or amortized:				
Land	$ 1,715,160	$ 33,179	$ —	$ 1,748,339
Construction in progress	10,469,814	2,320,642	(4,596,156)	8,194,300
Total capital assets, not being depreciated or amortized	12,184,974	2,353,821	(4,596,156)	9,942,639
Capital assets, being depreciated and amortized:				
Buildings and improvements	11,735,596	3,977,354	—	15,712,950
Equipment	475,122	23,209	(2,200)	496,131
Vehicles	3,075,226	220,400	(133,450)	3,162,176
Intangible right-to-use lease assets:				
Land	8,558	—	—	8,558
Building	36,344	4,392	(3,057)	37,679
Equipment	742	—	—	742
Intangible right-to-use IT subscription assets: *	12,067	9,176	—	21,243
Total capital assets, being depreciated and amortized	15,343,655	4,234,531	(138,707)	19,439,479
Less accumulated depreciation for:				
Buildings and improvements	(6,523,257)	(436,568)	—	(6,959,825)
Equipment	(418,121)	(27,651)	2,133	(443,639)
Vehicles	(1,612,744)	(222,923)	133,451	(1,702,216)
Total accumulated depreciation	(8,554,122)	(687,142)	135,584	(9,105,680)
Less accumulated amortization for intangible right-to-use-lease assets:				
Land	(1,768)	(1,483)	—	(3,251)
Building	(7,390)	(6,871)	602	(13,659)
Equipment	(241)	(261)	—	(502)
Total accumulated amortization of intangible right-to-use lease assets	(9,399)	(8,615)	602	(17,412)
Less accumulated amortization for intangible right-to-use-IT subscription assets	—	(6,106)	—	(6,106)
Total accumulated depreciation and amortization	(8,563,521)	(701,863)	136,186	(9,129,198)
Total capital assets, being depreciated and amortized, net	6,780,134	3,532,668	(2,521)	10,310,281
Business-type activities capital assets	**$ 18,965,108**	**$ 5,886,489**	**$ (4,598,677)**	**$ 20,252,920**

	Balance July 1, 2022 (as restated) *	Increases	Decreases	Balance June 30, 2023
Governmental Activities				
Capital assets, not being depreciated or amortized:				
Land	$ 746,589	$ —	$ —	$ 746,589
Total capital assets, not being depreciated or amortized	746,589	—	—	746,589
Capital assets, being amortized:				
Intangible right-to-use lease assets :				
Building	6,128	—	(326)	5,802
Intangible right-to-use IT subscription assets : *	370	1,810	—	2,180
Less accumulated amortization for intangible right-to-use-lease assets:				
Building	(2,085)	(1,893)	66	(3,912)
Less accumulated amortization for intangible right-to-use-IT subscription assets	—	(625)	—	(625)
Total capital assets, being amortized, net	4,413	(708)	(260)	3,445
Governmental Activities capital assets	**$ 751,002**	**$ (708)**	**$ (260)**	**$ 750,034**
Total capital assets	**$ 19,716,110**	**$ 5,885,781**	**$ (4,598,937)**	**$ 21,002,954**

** Beginning balances of $12,067 and $370, for business-type and governmental activities, respectively, are due to the adoption of the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA).*

Depreciation and amortization expenses charged to functions and/or programs are as follows:

Business-type Activities	
Bus and rail operations	$ 691,540
Union Station operations	6,344
Toll operations	3,979
Total depreciation and amortization expense – Business-type activities	$ 701,863
Governmental Activities	
General government	$ 2,518
Total amortization expense – Governmental activities	$ 2,518

E. Long-Term Liabilities

As discussed in more detail in Notes F, G, I, J, L, and M, the following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2023.

Business-type activities	Balance July 1, 2022 (as restated)*	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Long-term debt *	$ 6,820,784	$ 292,101	$ (718,416)	$ 6,394,469	$ 298,153
Claims payable	383,153	177,636	(139,170)	421,619	139,170
Compensated absences payable	135,025	115,385	(109,831)	140,579	107,415
Net pension liability	148,432	695,051	(179,191)	664,292	—
Net OPEB liability	991,660	196,461	(247,914)	940,207	—
Asset retirement obligations	19,311	—	(2,088)	17,223	6,789
Total Business-type activities	$ 8,498,365	$ 1,476,634	$ (1,396,610)	$ 8,578,389	$ 551,527
Governmental activities					
Long-term debt *	6,080	1,810	(4,109)	3,781	2,294
Total long-term liabilities	$ 8,504,445	$ 1,478,444	$ (1,400,719)	$ 8,582,170	$ 553,821

**Includes restated beginning balances of $12,020 and $370 in the business-type activities and governmental-activities, respectively, due to the adoption of the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) effective July 1, 2022.*

F. Claims Payable (Risk Management)

The primary emphasis of risk management activities at LACMTA is to prevent or reduce the risk of injury to persons and damage to or loss of property. Where losses cannot be prevented, LACMTA endeavors to self-insure or to assume such losses as it may deem advisable and economical, giving due consideration to the frequency and severity of probable losses. The consideration of the effect of potential self-insured or assumed losses is part of LACMTA's financial planning process.

Capital

For its construction projects, LACMTA requires contractors to maintain a contractor-controlled insurance program (CCIP) to minimize LACMTA's risk of exposure to construction related losses. These policies provide property, liability, and workers' compensation insurance and cover many of the risks arising from the work of contractors and subcontractors on LACMTA construction projects.

LACMTA purchased a construction project umbrella liability insurance program (super excess general liability policies) that provides additional coverage limits on LACMTA's five major capital projects currently underway. The program provides up to $550 million in additional coverage over the dedicated limits of insurance provided by each of the Design

Build contractors. The Design Build contract values for these projects are approximately $13 billion.

Operations

The reserves for the public liability and property damage and workers' compensation claims are actuarially determined and subject to periodic adjustment as conditions warrant. The reserves are discounted using an average discount rate of 3.0%. LACMTA believes that the estimated liability for self-insured claims as of June 30, 2023 will be sufficient to cover any costs arising from claims filed, or to be filed for incidents that occurred through that date. The liability is based, in part, upon an independent actuarial estimate of reserves required for unsettled claims including losses that have been incurred but not reported and legal expenses but excluding direct administration costs both by LACMTA employees and third-party administrators.

LACMTA is partially self-insured for public liability and property damage for non-construction activities up to $25 million per occurrence. In addition, LACMTA has acquired outside insurance coverage for losses of $2.5 million in excess of self-insurance retentions.

Furthermore, LACMTA has an all-risk property insurance program that covers all of its property. The property insurance policy covers insurable values of approximately $14.6 billion on a probable maximum loss basis with policy limits of $450 million for damages ($150 million for flood damages). Earthquake coverage is not included in the current program structure. LACMTA does not set aside funds to cover potential gaps in property insurance coverage in case of losses.

The following table summarizes changes in the claims and judgments reserves for the years ended June 30, 2023 and 2022:

	Property and Casualty		Workers' Compensation		Total	
	2023	2022	2023	2022	**2023**	2022
Unpaid claims and claim adjustment reserves - beginning of year	$ 146,129	$ 131,724	$ 237,024	$ 281,633	$383,153	$413,357
Provisions for insured events	52,760	54,577	118,089	31,462	170,849	86,039
Interest income	1,684	(5,133)	5,103	(11,979)	6,787	(17,112)
Total incurred claims and claims adjustment expense	200,573	181,168	360,216	301,116	560,789	482,284
Payment attributable to insured events	(60,913)	(35,039)	(78,257)	(64,092)	(139,170)	(99,131)
Total unpaid claims and claim adjustment reserves – end of year	$ 139,660	$ 146,129	$ 281,959	$ 237,024	$421,619	$383,153

As of June 30, 2023, $139,170 of the total claims liability is considered current. Claims payable is reported in the Statement of Net Position in the Proprietary fund.

As of June 30, 2023, a designated investment has been set aside in the amount of $139,660 equal to the property and casualty liabilities.

The workers' compensation program is both self-insured and self-administered by LACMTA. As of June 30, 2023, a designated investment has been set aside in the amount of $281,959 equal to the workers' compensation liabilities.

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year.

G. Compensated Absences

LACMTA's and PTSC's contract employees represented by the Sheet Metal, Air, Rail, Transportation, Transportation Division (SMART-TD), the Amalgamated Transportation Union (ATU), the Transportation Communications Union (TCU), the American Federation of State, County and Municipal Employees (AFSCME) and the Brotherhood of Teamsters (Teamsters), accumulate vacation leave pay and sick leave pay in varying amounts based on the collective bargaining agreements with the various unions.

Under the existing collective bargaining agreements, vacation periods are not cumulative. However, employees may carry forward vacation pay of up to 40 hours for TCU and ATU, while 40 hours may be carried forward to the next vacation period for SMART-TD if notice is given by April 1. Otherwise, unused vacation hours earned for the year are paid off on May 31. SMART-TD, TCU, and Teamsters employees may request payment of a limited amount of unused sick leave each year at a rate of 75% of face value. Unused sick leave for contract employees is payable at the rate of 100% of the face value upon retirement or death.

LACMTA and PTSC have a combined vacation and sick leave program for NC and AFSCME represented employees. Under this program, vacation and sick leave are combined as time off with pay (TOWP), which accrues at varying rates throughout the year.

Accumulated vacation and sick leave prior to the implementation of TOWP policy on January 1, 1995 were considered frozen and remained on the books as a liability. Frozen vacation may be converted into TOWP once per year at the request of the employee, or will be paid at 100% at retirement, termination, or death. Frozen sick leave may be converted to TOWP prior to retirement at a 75% conversion rate when an employee reaches the age of 55 and has five years or more service. Upon retirement, unused sick pay is paid at 75%, except for those individuals who retire between the ages 50 and 55, wherein the payout rate varies from 50% to 75% depending on the employee's age at retirement. All employees with 30 or more years of service, regardless of age at retirement, have a payout rate at 75%. Upon death, payment of frozen sick leave will be at 100% to the employee's beneficiary. If an employee covered by a collective bargaining agreement accepts a regular NC or AFSCME position, any sick hours that normally would be awarded on the next anniversary date of employment will be prorated and placed in a frozen sick leave account. The normal annual accrual rate is pursuant to the respective collective bargaining agreement. In addition, the amount of prior sick hours earned under a union plan shall be placed in the employee's frozen sick account.

The following is a summary of the compensated absences payable for the year ended June 30, 2023:

	Balance July 1, 2022	Earned	Used	Balance June 30, 2023	Due Within One Year
Union Employees:					
Vacation leave	$ 38,157	$ 44,416	$ (42,452)	$ 40,121	$ 39,761
Sick leave	44,213	23,032	(20,319)	46,926	20,594
TOWP	15,614	16,812	(16,436)	15,990	16,436
Sub-total	97,984	84,260	(79,207)	103,037	76,791
Non-Union Employees:					
Vacation leave	108	8	(63)	53	63
Sick leave	2,265	64	(24)	2,305	24
TOWP	34,668	31,053	(30,537)	35,184	30,537
Sub-total	37,041	31,125	(30,624)	37,542	30,624
Total	$ 135,025	$ 115,385	$ (109,831)	$ 140,579	$ 107,415

As of June 30, 2023, $107,415 of the compensated absences payable is considered current. The compensated absences payable is reported in the Statement of Net Position in the Proprietary fund.

H. Deferred Compensation Plans

457 Deferred Compensation Plan

LACMTA has a deferred compensation plan for all employees established in accordance with Internal Revenue Code (IRC) Section 457, which permits employees to defer a portion of their current salary to future years.

Under this plan, employees may contribute up to the lesser of $22,500 (not in thousands) or 100% of their earnings, in calendar year 2023. A special provision in the law allows employees to contribute up to $30,000 (not in thousands) if an employee is 50 years old or older by December 31, 2023.

The plan is managed by a third-party plan administrator and trustee. Employee deferrals can be allocated among several investment options as directed by the employee. Although the employee is always 100% vested in the plan, withdrawals are not available to the employee until termination, retirement attaining age 59-1/2, death, or unforeseeable emergency. In the opinion of management, LACMTA has no liability for any losses under the plan, but does have the fiduciary responsibility of due professional care that would be required from a prudent investor. Accordingly, the assets of the deferred compensation plan and the related liability to employees are not reported in the accompanying financial statements. LACMTA does not match employees' contributions to the deferred compensation plan. As of June 30, 2023, the deferred compensation plan had assets stated at fair value of $535,365.

401(k) Savings Plan

LACMTA also offers a deferred savings plan to all employees created in accordance with IRC Section 401(k). Under this plan, employees may contribute up to the lesser of $22,500 (not in thousands) or 100% of their earnings in calendar year 2023. A special provision in the law allows employees to contribute up to $30,000 (not in thousands) if an employee is 50 years old or older by December 31, 2023.

The 401(k) Savings Plan is managed by a third-party plan administrator, and the participants can direct the plan administrator to allocate their deferral based on several investment options. Plan benefits are based solely on amounts contributed by employees to their own accounts. Withdrawals are not available to employees until termination, retirement attaining age 59-1/2, death, or unforeseen emergency. In the opinion of management, LACMTA has no liability for any losses under the plan, but does have the fiduciary responsibility of due professional care that would be required from a prudent investor. Accordingly, the plan's assets and liability to employees are not reported in the accompanying financial statements. LACMTA does not match employees' contributions to the 401(k) savings plan. As of June 30, 2023, the 401(k) savings plan had assets at fair value totaling $685,659.

Employees may participate in both 457 deferred compensation and 401(k) savings plan. The maximum annual combined contribution per calendar year using both plans is $45,000 ($60,000 if age 50 years or older). Employees who have not previously participated in the 457 deferred compensation "catch-up" provision and are aged lower than 50 years old, can contribute up to $45,000 to the 457 plan in calendar year 2023, plus $22,500 in the 401k plan for a total of $67,500. Employees who have not previously participated in the 457 deferred compensation "catch-up" provision and are aged 50 years or older, can contribute up to $45,000 to the 457 plan in calendar year 2023, plus $30,000 in the 401k plan, for a total of $75,000.

I. Employee Retirement Plans

LACMTA provides pension benefits through CalPERS and five self-administered defined-benefit pension plans that cover substantially all full-time employees.

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan

Plan Description

Public Transportation Services Corporation (PTSC), a blended component unit of LACMTA, provides a defined benefit pension plan through the Miscellaneous Plan (the Plan), an agent multiple-employer plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as common investment and administrative agent for participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of the multiple employers are pooled together for investment purposes, but separate accounts are maintained for each individual employer.

Benefits Provided

Most full-time employees of PTSC are covered under the Plan. There are two classes of plan members. Those hired before the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect on January 1, 2013 are known as Classic Members. Members hired after that date are known as PEPRA members. Classic Members are eligible for retirement at age 50, while PEPRA members must be 52 years of age. In both cases, at least 5 years of service credit is needed to retire. Benefits for the defined benefit plan are based on the member's year of service, age, final compensation, and benefit formula. The benefit factor is actuarially reduced or increased prior to or after age 60 for Classic Members and for PEPRA members prior to or after age 62. The Plan also provides optional benefits for survivor and disability benefits. The benefit provisions and all other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees' Retirement Law (PERL). CalPERS issues an annual audited stand-alone financial report and a copy can be obtained by submitting a written request to CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709 or by visiting its website at www.CalPERS.ca.gov.

Employees Covered by Benefit Terms

The following employees were covered based on the CalPERS actuarial valuation report dated June 30, 2021:

Active employees	2,420
Inactive employees	285
Terminated employees	876
Retired employees and beneficiaries	1,451
Total	5,032

Contributions

All employer contribution rates are actuarially determined annually and become effective July 1 following the notice of a change in the rate in accordance with Section 20814(C) of the PERL. The employer and employee contributions are a percentage of the covered payroll, which is based on pensionable earnings. The rates are defined by law and are based on the employer's benefit formula as determined by periodic actuarial valuations. These contributions are deposited in a fund established for each entity for the purpose of creating actuarial reserves for future benefits. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the reporting fiscal year

2023, the contribution rate was 17.42% of covered payroll and contributions totaled $50,050. This rate includes the mandatory employee contribution rate of 7.00% that is currently paid by PTSC for all Classic Members. PEPRA members pay 7.50% of covered-employee payroll which is 50% of the total normal cost of 14.89%. Employer and Classic Members mandatory contributions are paid by PTSC.

Net Pension Liability

The Plan's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled forward to determine the June 30, 2022 total pension liability.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table *(1)*	Derived using CalPERS' membership data for all funds
Post-retirement benefit increases	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) Mortality table used was developed based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates includes generational mortality improvement using 80% of scale MP-2020 published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2021 valuation report were based on the results of an actuarial experience study for the period from 2001 to 2019, including updates to salary increase, mortality, and retirement rates.

Changes of Assumptions

Since the prior measurement date, the discount rate decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

The table below shows the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

Asset Class	Current Target Allocation	Real Return (1,2)
Global equity - Cap - Weighted	30.00%	4.54%
Global equity - Non-Cap - Weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

(1) An expected inflation rate of 2.30% was used for this period
(2) Figures are based on the 2021 Asset Liability Management Study.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2021	$ 1,069,476	$ 980,501	$ 88,975
Changes for the year			
Service cost	41,373	—	41,373
Interest on the total pension liability	76,193	—	76,193
Changes of benefit terms	17,795	—	17,795
Changes of assumptions	30,873	—	30,873
Difference between expected and actual experience	(14,310)	—	(14,310)
Net plan resource movement	—	—	—
Contribution - employer	—	36,861	(36,861)
Contribution - employee	—	19,443	(19,443)
Net investment income	—	(74,873)	74,873
Benefit payments, including refunds of employee contributions	(40,540)	(40,540)	—
Administrative expense	—	(611)	611
Other miscellaneous income	—	—	—
Net changes during 2021-22	111,384	(59,720)	171,104
Balance at June 30, 2022	$ 1,180,860	$ 920,781	$ 260,079

No significant changes between the measurement date at June 30, 2022 and the reporting date at June 30, 2023 were known to management to have significant effect on the net pension liability.

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The table below shows the sensitivity of the Plan's net pension liability as of the measurement date, calculated using the discount rate of 6.90%, and the changes of 1 percentage-point lower (5.90%) and 1 percentage-point higher (7.90%):

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Plan's net pension liability (asset)	$ 421,414	$ 260,079	$ 126,184

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued audited CalPERS financial report. A copy of the CalPERS Annual Comprehensive Financial Report can be obtained by submitting a written request to CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709 or by visiting its website at www.CalPERS.ca.gov.

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

For the reporting fiscal year ended June 30, 2023, the plan recognized pension expense of $63,725. Pension expenses represent the changes in net pension liability recognized in the current reporting period adjusted for employee actual contributions, and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to the net pension liability to be recognized in future periods in a systematic and rational manner.

The following are the sources of deferred outflows and deferred inflows of resources as of the measurement date at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 25,048	$ —
Differences between expected and actual experiences	12,376	(11,610)
Net differences between projected and actual earnings on pension plan investments	46,761	—
Employer contributions for fiscal year 2023	50,050	—
Total	$ 134,235	$ (11,610)

Contributions made after the measurement date of the net pension liability but before June 30, 2023, totaling $50,050 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized as pension expenses in future periods as follows:

Fiscal Year Ended June 30	Deferred Outflows (Inflows) of Resources	
2024	$	16,725
2025		13,832
2026		9,167
2027		31,913
2028		938
Total	$	72,575

Expected Average Remaining Service Lifetime (EARSL)

For the measurement period ending June 30, 2022, the EARSL for the plan is 5.3 years which was calculated by dividing the total service years of 26,700 (not in thousands) which represents the sum of remaining service lifetimes of the active employees, by 5,032 (not in thousands) which represents the total number of participants (active, inactive, and retired). The remaining service lifetimes is equal to zero for inactive employees and retirees. Also, total future service reflects the probability of decrements resulting from events other than receiving a cash refund.

LACMTA Administered Pension Plans

Plans Description

LACMTA established and administers five single-employer defined benefit plans, referring collectively as the “Plans”. These Plans provide pension, disability, and death benefits to full-time employees in a work classification covered under collective bargaining agreements with the Sheet Metal, Air, Rail, Transportation, Transportation Division (SMART-TD), the Transportation Communication Union (TCU), the Amalgamated Transit Union (ATU), the American Federation of State, County and Municipal Employees (AFSCME) and one Plan for the Non-Contract (NC) employees which are not covered by a collective bargaining agreement. The assets of the five Plans are pooled together for investment purposes, but separate accounts are maintained for each retirement plan to pay for its benefit payments and other liabilities.

An annual audited stand-alone financial report for the Plans can be obtained by requesting a copy from the Accounting Department, One Gateway Plaza, Los Angeles, CA 90012-2952 or by visiting LACMTA’s website at www.metro.net.

Benefits Provided

LACMTA provides retirement, disability, and death benefits. SMART-TD employees with 10 years of service and age 55, or 23 years of service, or 5 years of service and age 65 are eligible to retire. TCU and ATU employees with 10 years of service and age 55 or 23 years of service are eligible to retire. NC and AFSCME employees with 5 years of service and age 50 or 30 years of service (Old Plan only) or age 50 and active on April 1, 1993 are eligible to retire. Retirement benefits for SMART-TD, TCU, NC, and AFSCME employees are calculated as 1.67% of the employee's adjusted final compensation, which is computed as the average of highest 36 consecutive months of compensation less $133.33 (not in thousands). For the NC and AFSCME employees, New Plan participants are not eligible for the 30 and out benefit but receive an 8% higher benefits. For the ATU employees, the benefit increases beginning with 23 years of service and increases from there.

All SMART-TD, TCU, and ATU employees are eligible for disability benefits after 10 years of service and the retirement benefits are 2% of final compensation for each year of service. NC and AFSCME employees are eligible after 10 years of service and age 50 and the retirement benefits are the same as normal retirement benefits. Death benefits for SMART-TD, TCU, and ATU employees equal member contributions with 5.5% interest and if vested, spouse will receive instead benefits payable under 100% Joint and Survivor (J&S) option had the employee retired before his or her death. For NC and AFSCME employees, the death benefits equal member contributions with 5.5% interest plus an amount equal to the member's monthly compensation earn at the date of death multiplied by years of service not to exceed six years and if eligible with 10 years of service, the spouse will receive instead benefits payable under 100% J&S option had the employee retired before his or her death. If no surviving spouse, 50% of life annuity that member would have received if he/she had retired on the date of death goes to surviving children.

Employees Covered by Benefit Terms

The table below shows the number (not in thousands) of active employees accruing benefits and retirees and beneficiaries receiving benefits based on the actuarial valuations as of December 31, 2021 for SMART-TD, TCU, NC, and AFSCME, and January 1, 2022 for ATU:

	SMART-TD	TCU	ATU	NC	AFSCME	Total
Retirees and beneficiaries receiving benefits and terminated/ transferred employees entitled to receive benefits	2,563	525	1,442	1,063	200	5,793
Active employees accruing benefits under CalPERS	n/a	n/a	n/a	118	19	137
Active employees:						
Vested	1,521	301	1,119	14	8	2,963
Non-vested	1,872	512	1,104	—	—	3,488
Total	**5,956**	**1,338**	**3,665**	**1,195**	**227**	**12,381**

Contributions

LACMTA's funding policy is to make annual contributions to the Plans in amounts that, when combined with employees' contributions, fund the actuarially computed costs as they accrue. Actuarially computed costs are determined using the Projected Unit Credit Method except for the ATU Plan which uses the Entry Age Normal Method.

The employer and employee contributions are required by the plan agreements to be expressed as either a percentage of annual earnings applicable only to the ATU Plan, or as the dollar amount recommended by an actuary to finance the benefits as provided in the SMART-TD, TCU, NC, and AFSCME plans. This formula for making contributions to the Plans has been set by the respective Plans' collective bargaining agreements and can be changed in future collective bargaining negotiations between LACMTA and their respective Plans.

The required contributions of LACMTA and its employees for FY23 were actuarially determined by the funding valuation reports dated December 31, 2021 for the SMART-TD, TCU, AFSCME, and NC retirement plans, and January 1, 2022 for the ATU retirement plan. The actuarially required contribution rate of salary for ATU employees is 4.42%, TCU plan is 2.83%, and SMART-TD is 7.77%. LACMTA's required contributions for the ATU Plan were 15.42% of covered payroll. For SMART-TD, TCU, AFSCME, Non-Contract, and ATU the required contributions were determined to be $19,738, $8,871, $675, $2,026, and $31,907, respectively. LACMTA's actual contributions for all SMART-TD, TCU, AFSCME, NC, and ATU were $19,738, $8,871, $675, $2,026, and $36,874, respectively, and are paid through the Internal Service Fund.

Net Pension Liability

Net pension liabilities for the SMART-TD, TCU, AFSCME and NC pension plans were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of December 31, 2021 based on the actuarial experience study for the period from January 1, 2014 to December 31, 2017.

The ATU pension plan net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 based on the results of an actuarial experience study for the period from January 1, 2014 to December 31, 2017.

All Plans' projected total pension liabilities were rolled forward to the June 30, 2022 measurement date taking into consideration adjustments for benefit payments, expected growth in benefit obligations, changes in key assumptions, plan provisions, and any significant changes in plan demographics events.

Actuarial Assumptions

The table below summarizes the actuarial methods and assumptions applied to all periods included in the measurements as of June 30, 2022 as applicable to the plans:

	SMART-TD/TCU/AFSCME/NC	ATU
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Discount rate	7.00%	6.85%
Inflation	3.00%	2.50%
Salary growth rate	Varies by age from 3.75% to 17.00%	Negotiated CBA rate increases of July 1, 2022: 3.5%, July 1, 2023:3.5% and Quarterly Wage Adjustments of 0.25% on September 1, December 1, March 1, and June 1 during the period of the current CBA. Thereafter, 2.25% - 12.00% based on age. An additional load of 2% is applied to the Actuarial Accrued Liability and Normal Cost for active and transfer participants to anticipate supplemental components of final average compensation upon retirement (1%) and increases in salary due to promotion (1%).
Long term expected return on assets	7.00% net of investment expense and gross of administrative expense	6.85% compounded annually, net of investment expense only
Mortality Rates	RP-2014 Blue Collar with generationally projected improvements using scale MP-2017	Annuities: Healthy participants: RP-2014 Blue Collar mortality tables for healthy employees and annuitants, projected to 2022 using scale BB. Disabled participants: RP-2014 Disabled Retiree Mortality Table. Lump sums: RP-2014 Blue Collar Mortality Tables for healthy annuitants projected to 2022 using scale BB, blended 85% Males and 15% Females.

Change of Assumptions

For the measurement date of June 30, 2022, there were no change in assumptions for SMART-TD, TCU, AFSCME and NC plans. For the ATU pension plan, the interest discount rate and investment return assumption was decreased from 7.00% to 6.85%. The salary scale assumption was updated to 3.50% effective July 1, 2022 and July 1, 2023 including qualified wage adjustments under the CBA. The assumed disability rates were reduced to 50% of previous rates. The retirement rates were updated for members with over and under 15 years of service to be consistent with recent historical and future anticipated experience and the 100% retirement assumption was increased from age 70 to age 75.

Discount Rate

SMART-TD, TCU, AFSCME, and NC plans used the long-term actuarially determined discount rate of 7.00% while ATU used 6.85% discount rate to measure the total pension liabilities. The discount rate for all plans did not incorporate a municipal bond rate. The projection of cash flows to determine the discount rate assumed that the contributions from the employer and employee will be equal to the actuarially determined contribution rates or dollar amounts for the applicable fiscal years. In the event that the assumptions are not realized, then the contributions will be adjusted accordingly to match the change in liability.

The SMART-TD, TCU, AFSCME, and NC retirement plans long-term expected rate of return on pension plan investments was based on the actuary's proprietary January 1, 2018 capital market simulation model, where each return represents a 20-year geometric real return, (i.e. net of inflation).

The ATU plan long-term expected rate of return on pension plan investments was determined using a building-block method using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and reflect long-term expected real rates of return over a 10-year horizon.

Summarized below are the long-term real rates of return by asset class of the Plans:

	Long-term Expected Real Rate of Return		Target Asset Allocation	
Asset Class	**TCU/AFSCME/ SMART-TD/NC**	**ATU**	**TCU/AFSCME/ SMART-TD/NC**	**ATU**
Domestic equities	5.00%	6.54%	39.00%	36.00%
International equities	5.60%	7.77%	23.00%	26.00%
Fixed income	0.90%	2.30%	29.00%	29.00%
Real Estate	3.40%	7.20%	5.00%	5.00%
Alternative investments	3.80%	4.20%	3.00%	3.00%
Cash equivalents	0.30%	0.40%	1.00%	1.00%

Changes in the Net Pension Liability

Presented below is the aggregate changes in the pension plans' net pension liabilities for measurement period of July 1, 2021 to June 30, 2022.

	SMART-TD	TCU	AFSCME	NC	ATU	Total
Total pension liability – beginning of year	$ 950,867	$ 231,752	$ 64,290	$ 146,262	$ 752,983	$ 2,146,154
Service cost	23,100	7,905	96	281	24,377	55,759
Interest	66,326	16,402	4,362	9,787	53,064	149,941
Plan amendments	—	—	—	—	—	—
Difference between expected and actual experience	3,671	(6,795)	(2,131)	2,358	4,077	1,180
Changes in assumptions	—	—	—	—	3,624	3,624
Benefit payments paid from trust	(52,969)	(10,527)	(4,886)	(14,946)	(37,831)	(121,159)
Transfer (benefit payments originally paid by other plans)	(837)	(331)	664	1,266	(761)	1
Net change in total pension liability	39,291	6,654	(1,895)	(1,254)	46,550	89,346
Total pension liability – end of year	990,158	238,406	62,395	145,008	799,533	2,235,500
Fiduciary net position – beginning of year	889,694	216,449	62,763	142,806	774,985	2,086,697
Contributions - LACMTA	22,272	9,030	965	2,461	34,956	69,684
Contributions - Employees	21,713	3,903	—	—	13,277	38,893
Net investment loss	(102,305)	(25,292)	(6,872)	(15,411)	(90,997)	(240,877)
Benefit payments	(52,969)	(10,527)	(4,886)	(14,946)	(37,831)	(121,159)
Administrative expenses	(594)	(340)	(272)	(302)	(444)	(1,952)
Transfers (benefit payments originally paid by other plans)	(837)	(331)	664	1,266	(761)	1
Net change in fiduciary net position	(112,720)	(23,557)	(10,401)	(26,932)	(81,800)	(255,410)
Fiduciary net position – end of year	776,974	192,892	52,362	115,874	693,185	1,831,287
Net pension liability (asset) – end of year	$ 213,184	$ 45,514	$ 10,033	$ 29,134	$ 106,348	$ 404,213

Changes to the Plans

There are no significant changes nor subsequent events occurred that management is aware of that would impact the results between the measurement date of the net pension liabilities and LACMTA reporting date for the year ended June 30, 2023.

Significant Changes in Population Covered

There are no significant changes in the population covered that would impact the net pension liabilities reported above.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table below presents the net pension liability (asset) of the Plans, calculated using the discount rate as well as what the Plans' net pension liability (asset) would be if it were calculated using a discount rate that is a percentage-point lower or a percentage-point higher than the current rate:

Plans' Net Pension Liability (Asset)		Discount Rate -1% 6.00%		Current Discount Rate 7.00%		Discount Rate +1% 8.00%		Discount Rate -1% 5.85%		Current Discount Rate 6.85%		Discount Rate +1% 7.85%
SMART-TD	$	312,161	$	213,184	$	129,975						
TCU		68,720		45,514		26,057						
AFSCME		14,449		10,033		6,207						
NC		40,356		29,134		19,385						
ATU							$	190,312	$	106,348	$	34,888

Pension Plans Fiduciary Net Position

Detailed information about the Plans' fiduciary net position is available in the separately issued audited financial reports. A copy of the financial reports can be obtained by submitting a written request to the Accounting Department, LACMTA, One Gateway Plaza, Los Angeles, CA 90012-2952.

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

For reporting fiscal year ended June 30, 2023, LACMTA recognized pension expense of $47,301, which represents the change in net pension liability during the measurement period, adjusted for employee contributions and deferred recognition of changes in investment gain/loss, demographics and assumption changes.

Aggregate Pension Expenses by Plan		Amount
SMART-TD	$	14,171
TCU		8,102
AFSCME		(1,411)
Non-contract		3,617
ATU		22,822
Total	$	47,301

Deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The following are the sources of deferred outflows of resources and deferred inflows of resources as of the measurement date at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SMART-TD		
Changes of assumptions	$ —	$ —
Differences between expected and actual experiences	9,219	(1,185)
Net differences between projected and actual earnings on investments	54,477	—
Employer contributions for fiscal year 2023	19,738	—
Total	$ 83,434	$ (1,185)
TCU		
Changes of assumptions	$ 99	$ —
Differences between expected and actual experiences	7,445	(7,859)
Net differences between projected and actual earnings on investments	13,938	—
Employer contributions for fiscal year 2023	8,871	—
Total	$ 30,353	$ (7,859)
AFSCME		
Changes of assumptions	$ —	$ —
Differences between expected and actual experiences	—	—
Net differences between projected and actual earnings on investments	3,349	—
Employer contributions for fiscal year 2023	675	—
Total	$ 4,024	$ —
NC		
Changes of assumptions	$ —	$ —
Differences between expected and actual experiences	—	—
Net differences between projected and actual earnings on investments	7,248	—
Employer contributions for fiscal year 2023	2,026	—
Total	$ 9,274	$ —
ATU		
Changes of assumptions	$ 8,161	$ —
Differences between expected and actual experiences	11,155	—
Net differences between projected and actual earnings on investments	50,954	—
Employer contributions for fiscal year 2023	36,874	—
Total	$ 107,144	$ —
TOTAL MTA		
Changes of assumptions	$ 8,260	$ —
Differences between expected and actual experiences	27,819	(9,044)
Net differences between projected and actual earnings on investments	129,966	—
Employer contributions for fiscal year 2023	68,184	—
Total	$ 234,229	$ (9,044)

Contributions made after the measurement date of the net pension liability but before the end of June 30, 2023 totaling $68,184 will be recognized as a reduction of the net pension liability in fiscal year ending June 30, 2024.

Deferred inflows of resources resulting from net differences between projected and actual earnings on investments are amortized over five years, all other deferred outflows or inflows of resources will be amortized over their remaining service lives.

The following amounts reported as deferred outflows of resources related to pension that will be recognized in future periods as pension expense:

	Deferred Outflows (Inflows)					
Fiscal Year Ended June 30	**SMART-TD**	**TCU**	**AFSCME**	**NC**	**ATU**	**Total**
2024	$ 10,886	$ 2,615	$ 523	$ 1,022	$ 14,556	$ 29,602
2025	12,073	2,162	477	985	13,613	29,310
2026	6,531	1,297	120	239	8,710	16,897
2027	33,021	8,385	2,229	5,002	31,677	80,314
2028	—	(695)	—	—	1,244	549
2029	—	(141)	—	—	470	329
Total	$ 62,511	$ 13,623	$ 3,349	$ 7,248	$ 70,270	$ 157,001

Payable/Receivable to the Pension Plan

At June 30, 2023, the pension plans reported a net receivable of $2,463 for the outstanding amount of Medicare Part B premium reimbursements to the retirees advanced by the pension plans for the year ended June 30, 2023.

Aggregate Amounts

For FY2023, LACMTA recognized amounts related to pensions across all five LACMTA administered pension plans and the Miscellaneous plan administered by CalPERS as follows:

	Deferred Inflows of Resources	**Deferred Outflows of Resources**	**Net Pension Liability**	**Pension Expenses**
CalPERS	$ (11,610)	$ 134,235	$ 260,079	$ 63,725
LACMTA Plans	(9,044)	234,229	404,213	47,301
	$ (20,654)	$ 368,464	$ 664,292	$ 111,026

J. Other Postemployment Benefits (OPEB)

Plan Description

Plan Administration

On February 22, 2007, the Board adopted a resolution authorizing the establishment of an irrevocable Retiree Health Care and Welfare Benefits Trust (Plan). The Plan is a single-employer defined benefit plan administered by LACMTA to provide OPEB benefits, such as medical, dental, vision, life insurance, and similar benefits offered by LACMTA to its active and retired employees. The Plan covers benefits administered by LACMTA for Non-Contract employees and employees represented by AFSCME and the Teamsters and for the contractual obligations to the respective Union Health and Welfare Trusts for employees represented by ATU, TCU, and SMART-TD. The benefits, coverage levels, employee contributions and employer contributions are either governed/amended by the policies established by the LACMTA's Board, collective bargaining agreements, or the Union Health and Welfare Trusts. Generally, eligibility for coverage is based on the employee's service and age.

As of January 1, 2021, plan membership consisted of the following (not in thousands):

Actives	10,032
Retirees Pre-65	1,229
Retirees Post-65	4,719
Total	15,980

Plan Accounting Practices

Basis of Accounting - The Plan's financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred.

Contributions and Benefits - Plan member contributions are recognized in the period in which the contributions are due. LACMTA contributions are funded in accordance with the funding policy as described below. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments - Investments are reported at fair value based on the fair value hierarchy at fiscal year-end. Investment income is recognized on an accrual basis. Gains and losses on sales and exchange of securities are recognized on the trade date. Gains or losses on sales of securities are measured on the basis of average cost.

The statement of fiduciary net position and statement of changes in fiduciary net position of the OPEB Plan are presented in the Other Supplementary Information on pages 177-178. An annual unaudited stand-alone financial report is prepared for the Plan and can be obtained by requesting a copy from the Accounting Department, LACMTA, One Gateway Plaza, Los Angeles, CA 90012-2952

Benefits Provided

LACMTA pays for a portion of eligible retirees' medical, dental, and vision plan premiums for groups covered under the LACMTA and Union plans. Employees who meet the eligibility requirements receive benefits for themselves and their dependents.

Funding Policy (Contributions)

Member Contribution

The contributions made by Non-Contract, AFSCME, and Teamsters retirees are established and approved by the Board. Generally, the contribution is calculated as a percent of the premium cost. Service of 25 years or more is required in order to qualify for the active employee contribution rate. For each year of service less than 25 years, the retiree pays an additional 4% of LACMTA's cost. Contributions are remitted by LACMTA to the Plan.

The Union Health and Welfare Trusts establish the plan member contribution rates. ATU contributions are $80 per month for retirees less than 65 years of age and $60 per month for retirees more than 65 years of age. TCU contributions are $45 per month with additional contributions of $15 per month for dependent coverage for retirees less than 65 years of age. There are no required contributions for retirees more than 65 years of age. SMART -TD contributions are $100 per month with no additional contribution for dependent coverage for retirees less than 65 years of age. There are no required contributions for retirees more than 65 years of age. Contributions made by retirees represented by ATU, TCU, and SMART-TD are directly remitted to their respective union healthcare trusts. Dollar amounts are not in thousands.

LACMTA Contribution

LACMTA's funding policy is to contribute the direct "pay-as you go" costs as determined by premium/claim payments and union healthcare trust contractual contributions, plus $5,000, subject to budget review annually. The determination to actually deposit some or all of the contributions is addressed in each year's annual budget process. In FY23, the budget review has resulted in no contribution.

Changes in Net OPEB Liability and Related Ratios

The Plan's Net OPEB Liability was measured as of June 30, 2022. The total OPEB liability used in the calculation of the Net OPEB Liability was determined by the actuarial valuation as of January 1, 2021 applied to all periods included in the measurement, unless otherwise specified.

The actuarial valuation used in the January 1, 2021 valuation was rolled forward to the June 30, 2022 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2022	$ 1,534,768	$ 543,108	$ 991,660
Changes for the year			
Service cost	75,730	—	75,730
Interest on the total OPEB liability	50,785	—	50,785
Changes of assumptions	(228,946)	—	(228,946)
Contribution - employer	—	18,968	(18,968)
Net investment income	—	(69,741)	69,741
Benefit payments, including refunds of employee contributions	(47,324)	(47,324)	—
Administrative expense	—	(205)	205
Net changes during 2022-23	(149,755)	(98,302)	(51,453)
Balance at June 30, 2023	$ 1,385,013	$ 444,806	$ 940,207

No significant changes between measurement date at June 30, 2022 and the reporting date at June 30, 2023 were known to management to have a significant effect on the net OPEB liability.

The discount rate was increased from 3.20% in 2021 to 4.40% in 2022 and the same investment rate of return of 6.90% was used in 2021 and 2022.

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Discount rate	4.40%
Payroll increases	3.50%
Investment rate of return	6.90%
Inflation	3.00%
Mortality	Pub-2010 headcount-weighted tables for all income levels with fully generational projection from 2010 using improvement scale MP-2021
Healthcare cost trend rates	Medicare Pre 65: 6.93% in 2022 reducing to 4.50% ultimate in 2027
	Medical Post 65: 7.03% in 2022 reducing to 4.50% ultimate in 2027
	Dental and Vision: 4.50% per year
	Administrative: 3.00% per year

The January 1, 2021 valuation was based on the census data provided as of January 1, 2021 and only current active and retired participants are valued in this actuarial study. Future new entrants or any projected growth in LACMTA's employee population are not considered.

The measurement period for fiscal year ended June 30, 2023 is July 1, 2021 through June 30, 2022. For purposes of calculating the net OPEB liability as of June 30, 2023, the beginning balance of the measurement period, a discount rate of 4.40% was used under the Entry Age Normal cost method.

To project the long-term expected rate of return on the Plan's investments, a building-block method was used to estimate ranges of expected future real rates of return (expected returns, net of the Plan investment expense and inflation) for each major asset class.

The long-term expected rate of return, the long-term market return expectations as well as the expected Plan fund cash flows were taken into account in projecting the long-term expected rate of return. These cash flows were developed assuming that both members and LACMTA will make the projected "pay-as you-go" contributions plus $5,000, on time and as scheduled, in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the long-term (30 plus years) net of administrative expenses. Expected nominal returns for the long-term were used to calculate the present value of benefits for the Plan.

The table below reflects long-term expected real rates of return by asset class. The projected rates of return were calculated using the capital market assumptions.

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	39.00%	7.50%
International Equity	18.50%	7.60%
U.S. Fixed Income	26.00%	3.80%
Emerging Markets Equity	7.50%	7.90%
REITS	3.50%	6.50%
Private Real Estate	3.50%	7.80%
Liquidity	2.00%	2.40%

The actual rate of return as of June 30, 2023 was 8.22%. Prior year information can be found in the Required Supplementary Information on page 164.

Discount rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 was 4.40%. This rate is based on the single equivalent rate using 1) the expected investment return (i.e., 6.90%) for the period assets are projected to be sufficient to pay plan benefits (through 2046) and 2) the July 1, 2022 S&P Municipal Bond 20 Year High Grade Rate Index (i.e., 4.09%) thereafter applied to projected benefit payments.

Investments

Investment policy

Pursuant to a resolution adopted by LACMTA's Board of Directors, the Chief Executive Officer appointed a three-person Investment Advisory Committee (the "Committee") as trustee of the Plan to oversee the policies and procedures related to the operation and administration of the Plan. The Committee has authority to implement the investment policy and guidelines related to the investment of the Plan's assets. The Committee is composed of the Chief Financial Officer as Chairman, the Treasurer, and the Chief Risk, Safety and Asset Management Officer.

It is the goal and objective of the Committee to achieve long-term growth by maximizing the long-term rate of return on investments and minimizing the risk of loss in fulfilling the Plan's current and long-term obligations. The Plan's assets are managed by investment managers who have to comply with policies and procedures set forth in the investment policy.

To achieve the Trust's investment objectives and to balance between risk and return, the Committee allocated assets into two broad classes called Investment Assets and Liquidity Assets. The Investment Assets will be invested based on the target range in order to achieve an average total annual rate of return that is equal to or greater than the Plan's assumed investment rate of return of 6.90%. The Liquidity Assets will be mainly cash and cash equivalents used to pay for benefits and expenses of the Plan.

The Committee has adopted the following asset allocation as of June 30, 2022:

	Asset Weightings	
Asset Classes	**Range**	**Target**
Domestic Equity	29% - 49%	39%
International Equity	16% - 36%	26%
Other Equity/Inflation Hedge	0% - 17%	7%
Fixed Income	16% - 36%	26%
Cash Equivalent	0% - 10%	2%

As of June 30, 2022, the OPEB Plan's cash and investments consisted of the following:

Common Stock:		
Domestic Securities	$	170
Fixed Income:		
U.S Agency Securities		30,054
U.S. Treasury Securities		15,905
Debt Securities:		
Domestic Corporate Bonds		34,318
Foreign Corporate Bonds		4,186
Pooled Funds:		
Money Market Funds		30,749
Mutual Funds		269,631
Non-Real Estate Funds		44,275
Real Estate Funds		15,893
Total cash and investments	$	445,181

Note: Money Market Funds are classified as cash and cash equivalents on the OPEB financial statements.

The Plan categorizes its fair value investments within the fair value hierarchy established by GASB 72, "*Fair Value Measurement and Application*", that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3) as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the agency has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Typically, the fair value reflects management's estimates of assumptions that market participants would use in pricing the asset or liability.

Investments measured at Net Asset Value (NAV) as a practical expedient for fair value are not categorized within the fair value hierarchy.

U.S. Treasury obligations and domestic securities are classified as Level 1 and are valued using prices in active markets for identical assets. Debt securities, mutual and money market funds, and U.S. Agencies securities are classified as Level 2 and are valued using inputs that are observable but not active using the market approach. These inputs include matrix pricing models and comparisons to prices of similar assets.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level (in terms of reliability) of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

As of June 30, 2022, the following are OPEB Trust's investments set forth by level, within the fair value hierarchy:

	Level 1	Level 2	Total
Common Stock:			
Domestic Securities	$ 170	$ —	$ 170
Fixed Income:			
U.S. Agency Securities	—	30,054	30,054
U.S. Treasury Securities	15,905	—	15,905
Debt securities:			
Domestic Corporate Bonds	—	34,318	34,318
Foreign Corporate Bonds	—	4,186	4,186
Pooled Funds:			
Money Market Funds	—	30,749	30,749
Mutual Funds	—	269,631	269,631
Total	$ 16,075	$ 368,938	385,013
Investments measured at the net asset value:			
Pooled funds:			
Non-real estate funds			44,275
Real estate funds			15,893
Total investments measured at net asset value			60,168
Total investments			$ 445,181

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Funds:				
Non-real estate funds	$ 44,275	$ —	Monthly	5-45 days *(1)*
Real estate funds	15,893	—	Quarterly	90 days
Total	$ 60,168			

(1) 5 business days for WCM Focused International Growth Fund, L.P. fund and 15-45 days for Mondrian fund.

The fair value of the pooled funds invested in real estate and non-real estate holdings via our limited partnerships (LPs) is based upon the OPEB Trust's proportionate interest in the LP's capital (i.e. NAV). The fair value of the real estate and non-real estate holdings owned by the LPs is based on the estimated fair value of the respective LP's consolidated financial statements.

Non-real estate funds - this type consists of 3 funds which invest in international securities. In regards to the WCM funds, the funds can be redeemed at any time based on the redemption clauses with a minimum distribution threshold set at $100 and a minimum account balance set at $1,000. In regards to the Mondrian fund, there are no redemption restriction in place, and the funds can be redeemed at any time based on the redemption clauses.

Real estate funds - this type consists of a single fund which invests in U.S. commercial and residential real estate. Currently, there are no redemption restrictions in place, and the funds can be redeemed at any time based upon the redemption clauses.

The following table shows the cash equivalents and investments held by the trustee for the benefit of the OPEB Trust in accordance with the provisions of the trust agreement as of June 30, 2022:

Investment Type		**Total**	**Weighted Average Duration (in years) per Investment Type**	**Concentration of Investments**	**Ratings**
Domestic Corporate Bonds	$	34,318	6.7106	7.71 %	Not Rated to AAA
Domestic Securities		170	0.0027	0.04 %	BBB+
Foreign Corporate Bonds		4,186	5.6307	0.94 %	BB to AAA
Money Market Funds		30,749	0.0027	6.91 %	AAA
Mutual Funds		269,631	0.0027	60.57 %	Not Rated
Non-Real Estate Funds		44,275	0.0027	9.94 %	Not Rated
Real Estate Funds		15,893	0.0027	3.57 %	Not Rated
U.S. Agency Securities		30,054	6.2031	6.75 %	
U.S. Treasury Securities		15,905	11.4808	3.57 %	
Total	$	445,181		100.00 %	

The weighted average duration is calculated using the investment's effective duration weighted by the investment's fair value.

Risk

In accordance with GASB Statement No. 40, *Deposit and Risk Disclosure - an Amendment of GASB Statement No.3,* certain required disclosures regarding investment policies and practices with respect to credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk are discussed in the following paragraphs:

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual securities. As disclosed above, the OPEB Plan maintains investment policies that establish thresholds for holdings of individual securities. OPEB Plan did not have any holdings meeting or exceeding these threshold levels as of June 30, 2022.

As of June 30, 2022, with the exception of investments that are explicitly guaranteed by the U.S. government, OPEB did not have any investments with more than 5% of the total investments under one issuer except for the following limited partnership and money market/ mutual funds:

	Total	Concentration of Credit Risk
Vanguard	$ 213,860	48.04 %
Lazard	34,796	7.82 %
First American	30,749	6.91 %
WCM Focused International	28,498	6.40 %

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, the OPEB Trust's deposits in the possession of an outside party may not be returned. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2022, there are no deposits at any financial institutions other than the OPEB Trust's custodian.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the OPEB Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured or are not registered in the OPEB Trust's name and held by the counter party. As of June 30, 2022, investments are held by the OPEB Trust's custodian in the OPEB Trust's name.

Interest Rate Risk

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

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of the cash deposits or investments. As of June 30, 2022, there was no exposure to foreign currency risk as all OPEB investments are denominated in U.S. dollar currency.

Rate of Return

For the fiscal year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (13.19%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.40%) or 1-percentage-point higher (5.40%) than the current discount rate for the fiscal year ended June 30, 2022:

	Discount rate -1% (3.40%)	Current Discount Rate (4.40%)	Discount Rate +1% (5.40%)
Net OPEB Liability	$ 1,129,809	$ 940,207	$ 783,301

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the effect of healthcare cost trend sensitivity on the total OPEB liability if it was calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the Trend Rate and net OPEB liability for the fiscal year ended June 30, 2022:

	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability	$ 760,860	$ 940,207	$ 1,164,113

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

For reporting fiscal year ended June 30, 2023, LACMTA recognized OPEB expense of ($51,791) which represents the change in net OPEB liability during the measurement period, adjusted for employee contribution and deferred recognition of changes in investment gain/ loss, demographics and assumption changes.

Deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net OPEB liability to be recognized in future periods in a systematic and rational manner.

The following are the sources of deferred outflows of resources and deferred inflows of resources as of the measurement date at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ 94,167	$ (310,846)
Difference Between Expected and Actual Experiences	—	(200,409)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	33,161	—
Total	$ 127,328	$ (511,255)

Deferred inflows of resources resulting from net differences between projected and actual earnings on investments are amortized over five years, all other deferred outflows or inflows of resources will be amortized over their estimated average remaining service life.

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense in future years as follows:

Fiscal Year Ended June 30	Deferred Outflows (Inflows) of Resources
2024	$ (115,538)
2025	(80,522)
2026	(75,184)
2027	(14,283)
2028	(50,607)
2029	(47,793)
Total	$ (383,927)

Payable/Receivable to the Pension Plan

At June 30, 2023, the OPEB plan reported a $2,463 payable to the LACMTA Employees' Retirement Plans for the Medicare Part B premium reimbursements to the retirees advanced by the pension plans for the year ended June 30, 2023.

K. Pollution Remediation Obligation

LACMTA follows the guidance of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* establishing accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

LACMTA is responsible for the pollution remediation obligations for various facilities and capital projects. These facilities and projects include those with known soil and/or groundwater impacts or either current or anticipated future obligations involving contamination of soil or groundwater at locations not controlled by LACMTA.

LACMTA calculates expected outlays related to this pollution remediation using established potential environmental liability estimates for three different cost categories namely, external remediation costs, internal administration costs, and litigation and settlement costs, where each cost category has a different way to estimate the costs.

External remediation costs are estimated on a life cycle basis through retirement of the pollution remediation obligations or using a forecasted, year-by-year scope of the remaining project life cycles to the point of No Further Action (NFA), i.e. closure. The scoping period for newly identified sites and for the continuance of other identified obligation at other sites was assumed to start on July 1, 2022.

Internal administration costs estimate labor using the full time equivalent (FTE) basis. An FTE value of $200,000 (amount not in thousands) per annum is multiplied by the annual FTE count anticipated for each site and the projected duration period required to retire the pollution remediation obligations.

Litigation and settlement costs are based on LACMTA's proportionate share of cleanup and remediation costs at each cleanup site that received LACMTA’s generated hazardous waste, based on volume, ongoing remediation costs, and prior years’ expenses.

The remediation obligation estimates as of June 30, 2023 are subject to change over time. Costs may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to status and regulations, and other factors that could result in revisions to these estimates.

Prospective recoveries from responsible parties may reduce LACMTA’s obligation. Capital assets may be created when pollution outlays are made under specific circumstances. LACMTA is not expecting recovery from other responsible parties.

As of June 30, 2023, LACMTA has an estimated pollution remediation obligation of $9,342 related to soil and/or groundwater pollution cleanup activities. Currently, LACMTA does not have any liabilities for pollution remediation activities for possible liabilities which are not reasonably estimable.

L. Certain Asset Retirement Obligations

In FY2019, LACMTA implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Under GASB Statement No. 83, recognition of an ARO is to occur when the liability is incurred and reasonably estimable. As of FY2023, LACMTA determined that it had incurred an ARO liability with respect to the removal of forty nine (49) underground storage tanks (USTs). All of these USTs are scheduled to be permanently removed from service by the end of the 2029 fiscal year. Both of the following obligating events apply to the 49 USTs:

a. External Obligating Event: The 49 USTs are subject to legal requirements associated with their removal as outlined in 40 CFR 280, Subpart G and 23 CCR 2672.
b. Internal Obligating Event: Although LACMTA's ARO for the 49 USTs is not contamination-related, the placement of these USTs into service represents an internal obligating event.

LACMTA's ARO relates to the removal of the USTs and associated appurtenances in accordance with applicable regulations. Activities associated with the ARO include the following:

a. Acquisition of UST removal permits
b. Removal of existing flatwork and associated appurtenances (e.g., piping, electrical connections, sensors, vent lines, etc.)
c. Excavation of soil and backfill material to expose the USTs and related features
d. Removal of UST and piping contents
e. Decontamination, removal and disposal of the UST and piping
f. Disposal of the USTs, associated appurtenances and debris
g. Collection and laboratory analysis of confirmation soil samples
h. Backfilling and resurfacing to match existing grade
i. UST removal reporting

The 49 USTs range in size from 500 to 30,000 gallons. They are located at 10 separate LACMTA facilities and were installed at various times between 1986 and 2014. Thus, LACMTA's UST population ranges in age from approximately 9-36 years. The generally accepted anticipated life expectancy of a UST is approximately 30 years. The estimated remaining service life of LACMTA's USTs is variable with 6 of 49 (12%) beyond their estimated useful life of 30 years, and 18 of 49 (37%) USTs having an estimated remaining useful life of 5 years or greater. However, LACMTA is planning to permanently remove all of the existing USTs from service by the end of fiscal year 2029.

Quantitative estimates of the retirement costs for LACMTA USTs were originally calculated for FY 2019. These estimated costs were presented in the GASB 83 Technical Memorandum dated August 7, 2019. The most recent estimate of retirement costs for FY 2023 were presented in GASB 83 Technical memorandum dated October 3, 2023. Estimated retirement costs were provided by LACMTA's Environmental Compliance and Sustainability staff and are based on actual direct costs incurred by LACMTA for USTs that were removed in recent years. These costs include direct costs associated with planning, permitting, physical removal, decontamination, and disposal of USTs and related infrastructure, as well as backfilling and site restoration necessary to restore the site for its continued use. In the time since the initial estimate of retirement costs was prepared, LACMTA has removed twenty four (24) USTs from service, the costs of which has been recorded as current period expenses. These assets are considered retired for the purpose of this update and are excluded from future liability projections.

An external environmental consultant reviewed the estimated costs and determined that the values provided by LACMTA represent most likely estimates of current costs if the removal activities were performed in FY 2019. The FY 2023 value of all future outlays associated with the remaining LACMTA USTs is $ 17,223. Nine (9) USTs were removed during FY2023. Based on LACMTA's removal schedule and FY2023 estimate of costs, the estimated retirement costs by year through FY 2029 including the amount for inflation adjustment, is provided below:

a. FY 2024 – $ 6,789
b. FY 2025 – $ 342
c. FY 2026 – $ 945
d. FY 2027 – $ 342
f. FY 2028 – $ 2,620
g. FY 2029 – $ 6,185

UST costs and related depreciation are reported under buildings and improvement and the associated ARO will be budgeted similar to a capital expenditure, hence, the estimated liabilities have been budgeted through fiscal year 2029.

M. Long-term Debt

LACMTA's long-term debt activities for the year ended June 30, 2023 are summarized as follows:

Type of Issue	Balance July 1, 2022 (as restated)*	Additions		Reductions	Balance June 30, 2023	Due Within One Year	
BUSINESS-TYPE ACTIVITIES							
Other debt							
Commercial paper notes	$ 97,500	$ —		$ (2,500)	$ 95,000	$ —	
Sales tax revenue and refunding bonds	5,518,935	230,470		(586,950)	5,162,455	279,665	
General revenue bonds	61,370	—		(9,080)	52,290	9,495	
Unamortized bond premium (1)	1,014,280	43,156		(100,693)	956,743	—	
Total other debt	6,692,085	273,626		(699,223)	6,266,488	289,160	
Lease/leaseback liability	80,013	4,912	(2)	—	84,925	(5,217)	(3)
Long-term leases	36,666	4,387		(10,670)	30,383	7,257	
Long-term subscription-based IT arrangements*	12,020	9,176		(8,523)	12,673	6,953	
Net Business-type activities long-term debt	**$ 6,820,784**	**$ 292,101**		**$ (718,416)**	**$ 6,394,469**	**$ 298,153**	
GOVERNMENTAL ACTIVITIES							
Long-term leases	4,210	—		(2,297)	1,913	431	
Long-term subscription-based IT arrangements*	370	1,810		(1,812)	368	363	
Other liabilities	1,500	—		—	1,500	1,500	
Net Governmental activities long-term debt	**$ 6,080**	**$ 1,810**		**$ (4,109)**	**$ 3,781**	**$ 2,294**	

**Beginning balances of $12,020 and $370, for business-type and governmental activities, respectively, are due to the adoption of the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), effective July 1, 2022.*

(1) Unamortized bond premium/discount are associated with the issuance of sales tax revenue and refunding bonds and general revenue refunding bonds.

(2) Additions represent loan accretion, which is the accrued interest, or a portion thereof, added to the principal amount.

(3) Negative amount due within one year represents interest accretion to the principal.

Direct Borrowings/Direct Placements

Revolving Line of Credit

As of June 30, 2023, LACMTA had no outstanding obligation on its Prop C Revolving Credit facility. Information on its authorized and unused capacities are summarized below:

Series	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Authorized Amount	Unused Capacity	
Proposition C revolving credit	$ —	$ —	$ —	$ —	$ 150,000	$ 150,000	*(1)*

(1) $45,000 original amount used by Alameda Corridor East Construction Authority (ACE), as a conduit loan of LACMTA. On May 1, 2023, ACE fully paid the outstanding loan balance of $30,000.

The Revolving Credit Agreement effective June 1, 2022, entered with Bank of the West, authorizes LACMTA to issue up to $150,000 in Subordinate Proposition C Sales Tax Revenue Revolving Obligations, with an expiration date of May 30, 2025. Pursuant to the terms of the Proposition C Revolving Credit Agreement, revolving obligations bear interest at variable rates and LACMTA can convert any outstanding Proposition C revolving obligations to a term loan that will be payable in equal installments over the amortization period following May 30, 2025.

Upon the occurrence of an Event of Default under the Revolving Credit Agreement, the Lender may take one or more of the following actions: (i) by written notice to the Authority, declare the outstanding amount of the Obligation under the Revolving Credit Agreement to be immediately due and payable; (ii) direct the Trustee and the Authority, as applicable, to cause a mandatory redemption of the Notes or take such other remedial action as is provided for in the Proposition C Trust Agreement; (iii) by written notice to the Authority, reduce the Available Commitment to zero and thereafter the Lender will have no further obligation to make Advances and/or may terminate the Commitment; (iv) take whatever action as may appear necessary or desirable to collect the amounts due and payable under the Related Documents or enforce performance or observance of any obligation, agreement or covenant under the Related Documents; (v) cure any Default, Event of Default or event of nonperformance under the Revolving Credit Agreement or any Related Document; provided, however, that the Lender shall have no obligation to effect such cure; and (vi) exercise any and all remedies as it may have under the Related Documents.

Provided, however, that the Lender shall not declare the outstanding amount of the Obligation under the Revolving Credit Agreement to be immediately due and payable or cause a mandatory redemption of Notes until seven days after the occurrence of certain Events of Default under the Agreement. Notwithstanding the foregoing, if any other holder or credit enhancer of Debt or any counterparty under any Swap Contract related thereto causes any such Debt or other obligations of the Authority to become immediately due and payable, the Lender may immediately avail itself of certain remedies set forth in the Revolving Credit Agreement and/or declare the unpaid principal amount of all outstanding notes, all interest accrued and unpaid thereon and all other amounts owing or payable under the Revolving Credit Agreement to be immediately due and payable.

Conduit Obligation

In July 2013, LACMTA entered into an agreement with Alameda Corridor East Construction Authority (ACE) for the purpose of providing a working capital loan of up to $45,000. In September 2013, LACMTA borrowed $20,000 from its tax-exempt Proposition C revolving credit facility and another $25,000 from its taxable Proposition C revolving credit facility in November 2013 on behalf of ACE. The term of the loan shall commence on the date of the first drawdown and shall terminate on the earlier to occur of 1) 10 years from commencement date, or 2) the point in time where LACMTA has an outstanding obligation to fund its last $75,000 in Measure R or Proposition C funds. All costs associated with the loan are billed to and paid by ACE as they are incurred so that there is no additional cost to LACMTA on this loan. In May 2023, the Alameda Corridor East Construction Authority (ACE) fully paid the $5,000 tax-exempt and $25,000 taxable Proposition C revolving credit outstanding obligations with Bank of the West.

Other Debt

Sales Tax Revenue and Sales Tax Revenue Refunding Bonds

Sales tax revenue and refunding bonds outstanding as of June 30, 2023 are as follows:

Bond Series	Original Borrowing	Year Issued *	Final Maturity *	Interest Rates to Maturity	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Proposition A									
2014A	$ 135,715	2014	2035	3.00 to 5.00%	$ 99,515	$ —	$ (5,195)	$ 94,320	$ 5,455
2015A	26,480	2015	2035	3.00 to 5.00%	19,435	—	(1,030)	18,405	1,085
2016 A	185,605	2016	2031	2.00 to 5.00%	119,190	—	(14,925)	104,265	16,080
2017A	471,395	2017	2042	5.00%	471,395	—	(13,200)	458,195	13,855
2017B	85,455	2017	2023	5.00%	85,455	—	(41,685)	43,770	43,770
2018A	13,890	2018	2031	3.00 to 5.00%	11,515	—	(920)	10,595	965
2019A	57,745	2019	2026	5.00%	40,740	—	(9,455)	31,285	9,925
				Sub-total	847,245	—	(86,410)	760,835	91,135
Proposition C									
2013A	138,960	2013	2023	2.00 to 5.00%	33,170	—	(16,200)	16,970	16,970
2013B	313,490	2013	2038	2.00 to 5.00%	253,005	—	(253,005)	—	—
2013C	63,785	2013	2026	4.00 to 5.00%	31,090	—	(31,090)	—	—
2014A	61,180	2014	2034	5.00%	61,180	—	(61,180)	—	—
2016A	86,570	2016	2030	2.00 to 5.00%	62,210	—	(5,670)	56,540	5,955
2017A	454,845	2017	2042	4.00 to 5.00%	413,775	—	(11,585)	402,190	12,165
2018A	54,965	2018	2022	4.00 to 5.00%	27,990	—	(27,990)	—	—
2019A	418,575	2019	2044	5.00%	418,575	—	—	418,575	—
2019B	126,425	2019	2036	5.00%	126,425	—	—	126,425	—
2019C	47,830	2019	2029	5.00%	36,625	—	(6,095)	30,530	6,405
2020A	28,265	2020	2023	5.00%	28,265	—	—	28,265	28,265
2021A	321,905	2021	2046	5.00%	321,905	—	—	321,905	—
2022A	40,475	2022	2028	5.00%	40,475	—	—	40,475	10,105
2023A	230,470	2023	2038	5.00%	—	230,470	—	230,470	—
				Sub-total	1,854,690	230,470	(412,815)	1,672,345	79,865
Measure R Senior bonds									
2010A	573,950	2010	2039	4.28 to 5.73%	529,500	—	(23,195)	506,305	23,905
2016A	522,120	2016	2039	3.00 to 5.00%	439,535	—	(16,805)	422,730	17,675
2021A	514,500	2021	2039	4.00 to 5.00%	491,870	—	(19,250)	472,620	20,215
				Sub-total	1,460,905	—	(59,250)	1,401,655	61,795
Measure R Junior Subordinate bonds									
2020A	1,356,095	2020	2037	5.00%	1,356,095		(28,475)	1,327,620	46,870
				Sub-total	1,356,095	—	(28,475)	1,327,620	46,870
				Total	$ 5,518,935	$ 230,470	$ (586,950)	$ 5,162,455	$ 279,665

* *Years stated are calendar year*

LACMTA issues sales tax revenue bonds to provide funds for the acquisition of revenue vehicles and construction of major capital projects. Sales tax revenue bonds are secured by the Los Angeles County voter approved Proposition A, Proposition C, or Measure R sales taxes, net of administration costs and allocations to local governments.

LACMTA issues sales tax revenue refunding bonds generally to reduce debt service costs by refinancing previously issued sales tax revenue bonds and/or commercial paper notes when more favorable interest rates or financing terms are available. Refunding may also be executed for reasons other than to achieve cost savings, such as to restructure the repayment schedule of the debt, to change the type of debt instruments being used, or to retire an indenture to remove undesirable covenants.

The principal amount is payable in annual installments on July 1 for Proposition A and Proposition C bonds, and on June 1 for Measure R bonds. Interest is payable semi-annually on January 1 and July 1 for Proposition A and Proposition C bonds, and on December 1 and June 1 for Measure R bonds.

In the event of a default on the Proposition A revenue and refunding bonds that occurs and continues, including the failure to pay the principal, redemption price, or interest of any bond, failure to perform any covenant or provision in this Agreement, voluntary bankruptcy of the Authority, a court-ordered bankruptcy of the Authority, a default that results in the acceleration of the principal and interest of such debt, the use of funds from the Reserve Fund to pay principal and/or interest on the Bonds without restoring that amount to the Reserve Fund, a failure to collect Proposition A Tax or to pay the pledged tax to the Trustee, or any other event of default provided in a Supplemental Agreement, the Trustee will apply all pledged revenues and other funds held except where otherwise provided in the Agreement, after payment of reasonable fees and expenses of the Trustee and costs and expenses resulting in the collection of such monies, in the following order: (1) payment of all installments of interest then due on the Bonds, in the order of maturity, with applicable interest; (2) payment of unpaid principal of the Bonds, in the order of maturity, with applicable interest. Upon a default event, the Trustee shall upon the written request of holders of 25% of the principal amount of Bonds outstanding and subject to acceleration, declare same to be immediately due and payable.

In the event of a default on the Proposition C revenue and refunding bonds that occurs and continues, including the failure to pay the principal, redemption price, or interest of any bond, failure to perform any covenant or provision in this Agreement, voluntary bankruptcy of the Authority, a court-ordered bankruptcy of the Authority, or a court assumes control of the Authority or its Pledged Revenues, as described and defined in this Agreement, the Trustee will apply all pledged revenues and other funds held except where otherwise provided in the Agreement, after payment of reasonable fees and expenses of the Trustee and costs and expenses resulting in the collection of such monies, in the following order: (1) payment of all installments of interest then due on Senior Bonds and Senior Parity Debt, in the order of maturity, with applicable interest; (2) payment of unpaid principal of Senior Bonds and Senior Parity Debt, in the order of maturity, with applicable interest.

In the event of a default on the Measure R revenue and refunding bonds that occurs and continues, including the failure to pay the principal, redemption price, or interest of any bond, failure to perform any covenant or provision in this Agreement, voluntary bankruptcy of the Authority, a court-ordered bankruptcy of the Authority, or a court assumes control of the Authority or its Pledged Revenues, as described and defined in this Agreement, the Trustee will apply all pledged revenues and other funds held except where otherwise provided in the Agreement, in the following order: (1) payment of any expenses necessary to protect the interest of the Bond Holders in declaring the event of default and reasonable fees and expenses of the Trustee; (2) payment of the whole amount of Bond Obligation then due for Senior Bonds; (3) payment of available Pledged Revenues to pay Subordinate Obligations; (4) payment of available Pledged Revenues to pay fees and expenses related to Senior and Subordinate Obligations; (5) payment of available Pledged Revenues to pay Bond Obligation then due for Junior Subordinate Obligations; (7) payment of all other obligations then due and payable. In no event, except as otherwise referenced to the contrary in this Agreement, are the Bonds and Subordinate Obligations subject to acceleration if any event of default occurs.

General Revenue Bonds

General revenue bonds are issued to generate financing for the acquisition, construction and major rehabilitation of capital assets. The general revenue bonds were issued to fund the cost of the LACMTA's 27-story headquarters building, including parking and related improvements. Refunding bonds were subsequently issued to refinance the original debt to achieve debt service savings. Both bonds were issued at a fixed rate.

General revenue refunding bonds outstanding as of June 30, 2023 are as follows:

Series	Original Borrowing	Year Issued	Final Maturity	Interest Rates to Maturity	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
2015 Bonds	$ 64,770	2015	2027	3.00% - 5.00 %	$ 61,370	$ —	$ (9,080)	$ 52,290	$ 9,495

The principal amount is payable in annual installments on July 1 and interest is payable semi-annually on January 1 and July 1 for general revenue bonds.

In the event of a default on the general revenue and refunding bonds that occurs and continues, including the failure to pay the principal, redemption price, or interest of any bond, failure to perform any covenant or provision in this Agreement, voluntary bankruptcy of the Authority, a court-ordered bankruptcy of the Authority, or a court otherwise assumes control of the Authority or its Pledged Revenues, or any other event of default provided in a Supplemental Agreement as described and defined in this Agreement, the Trustee will apply all pledged revenues and other funds held except where otherwise provided in the

Agreement, after payment of reasonable fees and expenses of the Trustee and costs and expenses resulting in the collection of such monies, in the following order: (1) payment of all installments of interest then due on the Bonds, in the order of maturity, with applicable interest; (2) payment of unpaid principal of the Bonds, in the order of maturity, with applicable interest. Upon a default event, the Trustee shall upon the written request of holders of 25% of the principal amount of Bonds outstanding and subject to acceleration, declare same to be immediately due and payable.

Commercial Paper Notes

As of June 30, 2023, outstanding balances of LACMTA's commercial paper notes and information on the amount of authorized and unused principal capacity are shown below:

Series	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Authorized Amount	Unused Principal Capacity
Proposition A Commercial Paper,Bank of America	$ 97,500	$ —	$ (2,500)	$ 95,000	$ 150,000	$ 55,000
Measure R Commercial Paper, TD bank	—	—	—	—	150,000	150,000
Total	$ 97,500	$ —	$ (2,500)	$ 95,000	$ 300,000	$ 205,000

LACMTA issues Commercial Paper Notes (CPN) to provide interim financing for construction and acquisition activities, including construction of transit and rail capital projects and rail right-of-way acquisitions. LACMTA operates two commercial paper programs, Proposition A CPN and Measure R CPN, to maintain access to a low cost and flexible source of capital financing. LACMTA taxable and tax-exempt series CPN are issued with maturity dates ranging from one to 270 days at various interest rates.

As of June 30, 2023, the Proposition A CPN program is authorized to issue up to $150,000 with supporting letter of credit. On June 24, 2022, LACMTA entered into a letter of credit with Bank of America for $150,000 which expires on June 24, 2025. LACMTA had an outstanding obligation of $95,000 on its Prop A CPN program as of June 30, 2023.

The Measure R CPN program has a $150,000 credit capacity. The letters of credit with Bank of America and State Street bank that supported the Measure R commercial paper program expired on October 27, 2022. On September 30, 2022, LACMTA replaced the letters of credit provided by Bank of America and State Street Bank with a letter of credit provided by TD Bank for a maximum principal amount of $150,000 that will expire on September 29, 2027. As of June 30, 2023, LACMTA had no outstanding obligation on its Measure R credit facility.

Under the terms of the commercial paper programs, maturing principal amounts can be rolled over by issuing new notes. It is the intention of LACMTA to pay the accrued interest and reissue the principal amounts as they mature. Therefore, the outstanding amounts are classified as non-current liabilities. LACMTA periodically retires CPN by issuing long-term, fixed rate bonds.

LACMTA's commercial paper programs are supported by direct-pay irrevocable letters of credit issued by Bank of America for Prop A CPN, and TD Bank for Measure R CPN. All banks are required to have a short-term credit rating of at least A-1/P-1. The letter of credit is drawn upon at each note maturity to pay the principal and interest due. Principal advanced by the banks and paid to the holders of the matured notes is reimbursed to the banks either by issuing new notes or by direct payment from LACMTA.

Interest is paid on a current basis from sales tax revenues. In the event that the CPN dealers are unable to remarket the commercial paper and/or LACMTA is unable to repay the interest or principal, the banks will incur an unreimbursed draw on the letters of credit. Unreimbursed draws are converted to term loans following a specified period of time. The term loan for Proposition A CPN is repayable beginning nine months after the commencement of the term loan, with quarterly principal payments over a period of four years and three months. The term loan for Measure R CPN is repayable beginning six months after the commencement of the term loan, with quarterly principal payments over a period of two years and six months. Interest is charged at rates specified in the applicable reimbursement agreements.

Upon the occurrence of an Event of Default under the letter of Credit supporting Proposition A Commercial Paper described in the Reimbursement Agreement, the Bank may take one or more of the following actions: (i) cause the Issuing and Paying Agent to make a final drawing on the Letter of Credit in an amount equal to the principal of the outstanding Notes plus interest to their maturity, after which the Letter of Credit shall terminate, (ii) cause the Issuing and Paying Agent to suspend issuance of additional Notes and upon the Bank honoring the drawing under the Letter of Credit to pay the last Note outstanding on its maturity date, the Letter of Credit shall terminate, (iii) on the maturity date of the last Note outstanding to mature, cause the Stated Amount of the Letter of Credit to be reduced to the principal amount of Notes then outstanding, (iv) cure any default, event of default or event of nonperformance under the Reimbursement Agreement or any of the other Related Documents or (v) exercise any other rights or remedies available under any Related Document, the Act or Ordinance No. 16 or any other agreement.

Upon the occurrence of certain Events of Default, the Bank may, by notice to the Authority and the Trustee, declare all outstanding Obligations of the Authority to be immediately due and payable (provided that the obligations of the Authority shall become automatically and immediately due and payable without such notice upon the occurrence of certain bankruptcy-related Events of Default unless such automatic acceleration is waived by the Bank in writing).

Upon the occurrence and during the continuance of an Event of Default relating to Letter of Credit supporting Measure R Commercial Paper described in the Reimbursement Agreement, the Bank may take one or more of the following actions: (i) cause the Issuing and Paying Agent to make a final drawing on the Letter of Credit in an amount equal to the principal of the outstanding Notes plus interest to their maturity, after which the Letter of Credit shall terminate, (ii) cause the Issuing and Paying Agent to suspend issuance of additional Notes and upon the Bank honoring the drawing under the Letter of Credit to pay the last Note outstanding on its maturity date, the Letter of Credit shall terminate, (iii) on the maturity date of the last Note outstanding to mature, cause the Stated Amount of the Letter of Credit to be reduced to the principal amount of Notes then outstanding, (iv) cure any default, event of default or event of nonperformance under the Reimbursement Agreement or any of the other Related Documents or (v) exercise any other rights or remedies available under any Related Document, the Act or Ordinance or any other agreement.

Unless the Authority shall enter into any Bank Agreement providing the remedy of acceleration of principal or interest on any Senior Bonds, Parity Obligations, Subordinate Obligations or Parity or Senior Debt, the Bank shall have no right to accelerate any outstanding Reimbursement Obligations.

Annual Debt Service Requirement

LACMTA's annual debt service requirement for long-term debt, and lease/leaseback obligations as of June 30, 2023 are as follows:

Business-type Activities

Sales Tax Revenue and Refunding Bonds

	Proposition A			Proposition C		
Year Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2024	$ 91,135	$ 34,515	$ 125,650	$ 79,865	$ 77,891	$ 157,756
2025	50,150	30,983	81,133	70,455	77,782	148,237
2026	53,085	28,402	81,487	76,050	74,119	150,169
2027	44,740	25,957	70,697	67,895	70,521	138,416
2028	47,090	23,773	70,863	68,375	67,114	135,489
2029-2033	159,285	94,913	254,198	354,880	282,727	637,607
2034-2038	156,165	57,851	214,016	386,250	190,863	577,113
2039-2043	159,185	20,674	179,859	405,125	92,017	497,142
2044-2048	—	—	—	163,450	12,710	176,160
Total	$ 760,835	$ 317,068	$ 1,077,903	$ 1,672,345	$ 945,744	$ 2,618,089

Measure R			
Year Ending June 30	Principal	Interest	Total
2024	$ 108,665	$ 136,081	$ 244,746
2025	129,700	130,665	260,365
2026	147,800	124,148	271,948
2027	154,910	116,570	271,480
2028	171,135	108,631	279,766
2029-2033	987,535	403,169	1,390,704
2034-2038	911,050	148,361	1,059,411
2039-2043	118,480	5,499	123,979
Total	$ 2,729,275	$ 1,173,124	$ 3,902,399

General Revenue Refunding Bonds

Year Ending June 30	Principal	Interest	Total
2024	$ 9,495	$ 2,335	$ 11,830
2025	9,945	1,864	11,809
2026	10,435	1,369	11,804
2027	10,935	847	11,782
2028	11,480	287	11,767
Total	$ 52,290	$ 6,702	$ 58,992

Commercial Paper Notes

Year Ending June 30	Principal	Interest*	Total
2024	$ —	$ —	$ —
2025	95,000	—	95,000
Total	$ 95,000	$ —	$ 95,000

**Future annual interest on Commercial Paper Notes (CPN) is driven by market conditions on the date in which notes mature and are reissued or rolled. Therefore, amount of future annual interest related to CPN are not included.*

Lease/leaseback liability

Year Ending June 30	Principal (1)	Interest	Total
2024	$ (5,217)	$ 5,217	$ —
2025	(3,369)	3,369	—
2026	(5,744)	5,744	—
2027	(6,101)	6,101	—
2028	79,692	6,607	86,299
2029-2033	25,664	448	26,112
Total	$ 84,925	$ 27,486	$ 112,411

(1) Principal amounts include interest accretion due and payable beginning July 1, 2022 through June 30, 2029.

Total Debt Service - Business-type Activities

Year Ending June 30	Total Annual Principal	Debt Service- Interest	Business-Type Activities Total
2024	$ 283,943	$ 256,039	$ 539,982
2025	351,881	244,663	596,544
2026	281,626	233,782	515,408
2027	272,379	219,996	492,375
2028	377,772	206,412	584,184
2029-2033	1,527,364	781,257	2,308,621
2034-2038	1,453,465	397,075	1,850,540
2039-2043	682,790	118,190	800,980
2044-2048	163,450	12,710	176,160
Total	**$ 5,394,670**	**$ 2,470,124**	**$ 7,864,794**

Pledged Revenues

LACMTA pledged its Proposition A, Proposition C and Measure R sales tax revenues, excluding sales tax allocated for administrative fees and local allocations, to repay sales tax revenue bonds, and sales tax revenue refunding bonds. These bonds were used to finance the acquisition of revenue vehicles, and construction and renovation of major capital facilities. Farebox revenues are pledged for the payment of the general revenue refunding bonds. LACMTA is subject to maximum annual debt service policy limits set forth in its Debt Policy adopted by LACMTA's Board.

The table below presents LACMTA's pledged revenue, annual debt service, and debt service coverage for the fiscal year ended June 30, 2023:

Source	Gross Receipts (1)	Allocation Rate	Local Allocations	Pledged Revenue	Total Debt Service (2)	Debt Service Coverage
Prop A	$ 1,111,178	25%	$ 277,795	$ 833,383	$ 130,779	6.4
Prop C	1,111,177	20%	222,235	888,942	234,067	3.8
Measure R	1,110,713	15%	166,607	944,106	228,130	4.1
General Revenue bonds	184,259	—	—	184,259	11,846	15.6

(1) Sales tax revenues reported using the accrual basis of accounting, net of the California Department of Tax and Fee Administration administrative fees. Gross receipts on General Revenue bonds represent farebox revenues, advertising revenues, revenues derived from LACMTA's leased properties, investment earnings, and other revenues under non-operating revenue categories of the Enterprise fund.

(2) Total Debt Service represents actual principal and interest paid.

Significant Changes to Long-Term Bond

Bond Refunding

In April 2023, LACMTA issued an aggregate principal amount of $230,470 of Proposition C Sales Tax Revenue Refunding Bonds, Series 2023-A with an interest rate of 5%. The net proceeds, including bond premium of $43,156, together with available funds from accounts related to the refunded bonds, and after payment of associated bond issuance costs and underwriter's discount, were used to refund and defease $329,830 total outstanding principal balances of Prop C 2013-B Sales Tax Revenue Bonds, Prop C 2013-C Sales Tax Revenue Refunding Bonds, and Prop C 2014-A Sales Tax Revenue Refunding Bonds. Principal payments are due on July 1 of each year starting July 1, 2024, and interest payments are due semi-annually on July 1 and January 1 of each year commencing on January 1, 2024, with final maturity on July 1, 2038.

The net cash flow savings that resulted from the refunding are as follows:

Refunded Debt	Prior Net Cash Flow	Refunded Debt Service	Net Cash Flow Savings	Net Present Value of Net Cash Flow Savings
Prop C 2013-B Sales Tax Revenue Bonds	$ 333,192	$ 252,562	$ 80,630	$ 42,685
Prop C 2013-C Sales Tax Revenue Refunding Bonds	21,422	12,790	8,632	1,076
Prop C 2014-A Sales Tax Revenue Refunding Bonds	84,903	$ 60,425	24,478	12,132
Total	**$ 439,517**	**$ 325,777**	**$ 113,740**	**$ 55,893**

N. Lease/leaseback Liability

From January 1997 through July 2003, LACMTA entered into a number of "Lease/leaseback" leveraged lease agreements for assets including heavy rail vehicles, buses, light rail vehicles, and various real property operating facilities. Under these agreements, LACMTA entered into a head-lease as lessor with an investor and simultaneously entered into a sublease agreement as lessee to lease the assets back. LACMTA received upfront rent prepayments that were invested in fixed income investments in an amount that, including interest income, will be sufficient to fund all scheduled payments through exercise of the early buyout option. LACMTA realized $64,700 in net benefits after funding of the fixed income investments and payment of transaction expenses.

For the leveraged lease transactions, LACMTA was obligated to insure and maintain the facilities, buses, and rail cars. The leveraged lease agreements provided LACMTA's right to continue to use and control the facilities, buses, and rail cars during the term of the sublease. LACMTA agreed to indemnify the investors against increased costs, and any new or increased taxes or fees imposed on the leased assets, and cash flows or income of the lease, other than changes to the income tax rate.

The proceeds from various finance obligations have been recorded as lease accounts in the Statement of Net Position of the Enterprise Fund. LACMTA entered into various lease/leaseback agreements in the form of Payment Undertakings, Equity Payment Undertakings and Guaranteed Investment Certificates with various investment providers. These were general obligations of the investment providers for the benefit of the trust. As of June 30, 2023, these lease/leaseback agreements totaled $84,925. These funds were placed with fiscal agents and are sufficient to cover all scheduled payments. The related liabilities are shown as long-term debt in the business-type activities. This debt will be repaid from earnings on the related investments together with the principal amounts of the investments.

American International Group Inc. (AIG) or its affiliates provided a fixed income investment product known as a "payment undertaking agreement" (PUA) that was used in eight of the lease/leaseback transactions in order to invest the proceeds to fund all the scheduled rent payments and early buy-out option payments. In addition, LACMTA obtained credit enhancement from AIG and Assured Guaranty Municipal Corp. (AGM), as successor to Financial Security Assurance Inc.) for several of the transactions. As a result of declines in AIG's and AGM's credit ratings, LACMTA was contractually obligated to replace the PUAs or provide credit enhancement for eight transactions. The remaining two were unaffected.

LACMTA has terminated seven of the eight affected leases and has entered into collateral posting agreements for the remaining lease. Failure to reach a solution with respect to the remaining affected transaction could result in early termination of the transaction and could require LACMTA to pay legal expenses.

Lease/leaseback liability for the fiscal year ended June 30, 2023 are as follows:

Lease	Interest Rate	Balance July 1, 2022	Additions (1)	Reductions	Balance June 30, 2023	Due Within One Year (2)
First Hawaiian Lease	6.61%	$ 80,013	$ 4,912	$ —	$ 84,925	$ (5,217)

(1) Additions represent loan accretion, which is the accrued interest, or a portion thereof, added to the principal amount.
(2) Negative amounts due within one year represent interest accretion to the principal.

The lease/leaseback arrangements discussed here have been disclosed in Note D, Lease Liability, on page 69.

O. Leases

In FY2022, LACMTA implemented GASB Statement No. 87, Leases, which addresses accounting and financial reporting for leases by governments. GASB Statement No. 87, requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

LACMTA has entered into various lease agreements as "Lessor" of various parcels of land located within the vicinity of the Red Line stations, including LA Union Station, which was acquired by LACMTA in April 2011, and some areas of its building located at One Gateway Plaza. These leases have non-cancellable period of more than 12 months and for accounting purposes, are reported at present value in the statement of net position and balance sheet of the proprietary and governmental funds, respectively.

During the fiscal year 2023, LACMTA recorded an additional lease receivable of $302 and deferred inflows of resources of $302 related to a newly executed lease contract in the governmental funds and governmental activities. As of June 30, 2023, LACMTA had 57 active lease agreements as "Lessor" with outstanding balances in lease receivable and deferred inflows of resources of $1,713 and $1,425, in the enterprise funds and business-type activities, and $118,600 and $137,468, in the governmental funds and governmental activities, respectively.

Below is the summary of the total amount of inflows of resources recognized from these leases during the fiscal year 2023:

	Lease revenue	Lease interest income	Total
Business-type activities	$ 497	$ 41	$ 538
Governmental activities	4,424	1,753	6,177
Total	$ 4,921	$ 1,794	$ 6,715

LACMTA is also committed under various leases as the "Lessee" of parking lots, building or office spaces, and equipment. These leases have non-cancellable periods of more than 12 months and for accounting purposes, are reported as financing leases.

In fiscal year 2023, two lease agreements were modified due to LACMTA's intent to exercise its option to renew for another 5 years based on a letter of memorandum effective January 24, 2023. These 2 leases were remeasured using the incremental borrowing rate at effectivity date and recorded a total present value of lease liability of $4,387 and the right-to-use lease asset of $4,387, in the enterprise funds and business-type activities.

The summary of the total amount of outflows of resources incurred from these leases during the fiscal year 2023 are presented below:

	Amortization of Right-to-use lease assets	Lease interest expense	Total
Business-type activities	$ 8,615	$ 242	$ 8,857
Governmental activities	1,893	20	1,913
Total	$ 10,508	$ 262	$ 10,770

As of June 30, 2023, LACMTA had 32 active lease agreements with outstanding lease liability of $30,383 and $1,913, and lease assets recognized at present value, net of accumulated amortization, of $29,567 and $1,890, in the statement of net position of the proprietary and governmental activities, respectively.

The table below presents the amount of lease assets and the related accumulated amortization by major classification as of June 30, 2023:

	Business-type			Governmental			Total		
Classification	Lease Asset	Accumulated Amortization	Net Present Value	Lease Asset	Accumulated Amortization	Net Present Value	Lease Asset	Accumulated Amortization	Net Present Value
Land	$ 8,558	$ (3,251)	$ 5,307	$ —	$ —	$ —	$ 8,558	$ (3,251)	$ 5,307
Building	37,679	(13,659)	24,020	5,802	(3,912)	1,890	43,481	(17,571)	25,910
Equipment	742	(502)	240	—	—	—	742	(502)	240
Total	$ 46,979	$ (17,412)	$ 29,567	$ 5,802	$ (3,912)	$ 1,890	$ 52,781	$ (21,324)	$ 31,457

The above amounts are reported as part of LACMTA's capital assets presented in Note D of the Notes to the Financial Statements on page 91.

At June 30, 2023, the principal and interest requirements to maturity for these leases, excluding lease/leaseback payable, are presented below. Please refer to Note M of the Notes to the Financial Statements for the principal and interest requirements related to lease/ leaseback agreements.

Business-type activities

Ending June 30	Principal	Interest	Total
2024	$ 7,257	$ 252	$ 7,509
2025	6,331	191	6,522
2026	5,370	136	5,506
2027	4,088	90	4,178
2028	3,683	49	3,732
2029-2033	2,292	69	2,361
2034-2038	194	43	237
2039-2043	201	36	237
2044-2048	208	29	237
2049-2053	215	22	237
2054 and above	544	23	567
Total	$ 30,383	$ 940	$ 31,323

Governmental activities

Ending June 30	Principal	Interest	Total
2024	$ 431	$ 12	$ 443
2025	447	9	456
2026	464	6	470
2027	526	2	528
2028	45	—	45
Total	$ 1,913	$ 29	$ 1,942

The above principal amounts are reported as part of LACMTA's long-term debt activities presented in Note M of the Notes to the Financial Statements on page 126.

P. Subscription-Based Information Technology Arrangements (SBITA)

In FY2023, LACMTA implemented GASB Statement No. 96, Subscription- based information technology arrangements (SBITAs), which establishes standards of accounting and financial reporting for SBITAs by a government end user. Subscription-based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. GASB Statement No. 96 requires that certain SBITA results in the recognition of a right-to-use IT subscription asset, an intangible asset, and a corresponding subscription liability. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs.

LACMTA has entered into various subscription-based information technology arrangements with numerous vendors for the use of software, access to vendors' database and use of vendors' computing power and storage. All contracts are for longer than 12 months and some contracts contain both a right-to-use IT asset component and an IT support services component.

On implementation date, July 1, 2022, LACMTA recorded right-to-use IT subscription assets of $12,067 and $370 in the enterprise fund and governmental fund, respectively; and a corresponding subscription liability of $12,020 and $370 in the enterprise fund and governmental fund, respectively.

The summary of the total amount of outflows of resources incurred from these SBITAs during the fiscal year 2023 are presented below:

	Amortization of right-to-use IT subscription assets	SBITA Interest expense	Total
Business-type activities	$ 6,106	$ 236	$ 6,342
Governmental activities	625	17	642
Total	$ 6,731	$ 253	$ 6,984

Future subscription payments are discounted using LACMTA incremental borrowing rate of 2.31% provided by the Treasury Department. All future payments are specified in the contract agreements.

As of June 30, 2023, LACMTA had 29 active SBITAs with a total amount of right-to-use IT subscription assets recognized at present value, net of accumulated amortization, of $15,137 and $1,555 in the statement of net position of the proprietary and governmental activities, respectively.

The table below presents the amount of right-to-use IT subscription assets and the related accumulated amortization by major classification as of June 30, 2023:

Business-type			Governmental			Total		
SBITA asset	Accumulated Amortization	Net Present Value	SBITA asset	Accumulated Amortization	Net Present Value	SBITA asset	Accumulated Amortization	Net Present Value
$ 21,243	$ (6,106)	$ 15,137	$ 2,180	$ (625)	$ 1,555	$ 23,423	$ (6,731)	$ 16,692

At June 30, 2023, the principal and interest requirements to maturity for these SBITAs, are presented below. Please refer to Note M of the Notes to the Financial Statements for the principal and interest requirements related to subscription-based information technology arrangements:

	Business-type activities			Governmental activities		
Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2024	$ 6,953	$ 234	$ 7,187	$ 363	$ 7	$ 370
2025	2,216	129	2,345	3	—	3
2026	609	81	690	2	—	2
2027	579	68	647	—	—	—
2028	442	54	496	—	—	—
2029 and above	1,874	111	1,985	—	—	—
Total	$ 12,673	$ 677	$ 13,350	$ 368	$ 7	$ 375

The above principal amounts are reported as part of LACMTA's long-term debt activities presented in Note M of the Notes to the Financial Statements on page 126.

Q. Capital and MOU Commitments

LACMTA uses encumbrances accounting for its governmental funds. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditures of monies are encumbered to reserve applicable budget appropriations. Encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet.

Encumbrance balances for the governmental funds as of June 30, 2023 are as follows:

Fund	Total
General Fund	$ 44,689
Proposition A	166,918
Proposition C	369,956
Measure R	766,969
Measure M	151,830
TDA	256,738
STA	4,050
Total	$ 1,761,150

LACMTA's commitments to vendors for capital projects which are in various phases of development as of June 30, 2023 are as follows:

	Total Contract	Remaining
Rail projects	$ 9,227,975	$ 2,334,897
Bus rapid transit ways	64,030	34,400
Bus acquisition and others	1,003,071	288,145
Total	$ 10,295,076	$ 2,657,442

R. Joint Powers

LACMTA is a member of the Southern California Regional Rail Authority (SCRRA), which was formed as a regional Joint Powers Agency between the transportation commissions of the Counties of Los Angeles, San Bernardino, Orange, Riverside, and Ventura. SCRRA's purpose is to plan, design, construct, and administer the operation of regional passenger rail lines serving the participating counties. SCRRA named the regional commuter rail system "Metrolink."

Metrolink's capital acquisition and expansion have been funded by contributions from member agencies and the State of California. LACMTA provides funding for the majority of Metrolink's operating and capital costs. As of June 30, 2023, the total outstanding payables and commitments were $46,941 and $142,985, respectively.

A summary of financial information for the SCRRA for the year ended June 30, 2022 (most recent data available) is as follows:

	Amount
Total assets	$ 1,669,967
Deferred outflows of resources	8,854
Total assets and deferred outflows of resources	1,678,821
Total liabilities	237,581
Deferred inflows of resources	14,825
Total liabilities and deferred inflows of resources	252,406
Net Position	$ 1,426,415
Total Revenues	$ 414,614
Total Expenses	399,687
Increase in Net Position	$ 14,927

Additional detailed financial information is available from the Office of the Chief Financial Officer, SCRRA, 900 Wilshire Blvd., Suite 1500 Los Angeles, CA 90017-4791, or by visiting Metrolink's website at www.metrolinktrains.com.

S. Litigation and Other Contingencies

Litigation

Although various claims have been asserted against LACMTA, it is the opinion of LACMTA that none of the pending claims will materially and adversely affect LACMTA's ability to pay the principal and interest on any of its obligations.

LACMTA believes it is possible of a potential liability for contractor claims on its major construction projects in the range of $192 million, however, no liability has been reported as of June 30, 2023.

Federal, State, and Other Governmental Funding

LACMTA receives significant funding from federal, state, and other governmental grant funds as reimbursement for costs incurred. Such grants are subject to review and audit by the grantor agencies. These audits could result in disallowed expenditures under the terms of the grant or in reductions of future grant monies. Based on prior experience, LACMTA's management believes that costs ultimately disallowed, if any, would not materially affect the financial condition of LACMTA.

Los Angeles County Metropolitan Transportation Authority

REQUIRED SUPPLEMENTARY INFORMATION

Los Angeles County Metropolitan Transportation Authority
Schedule of Changes in Net Pension Liability and Related Ratios
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
Last Ten Fiscal Years*
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability									
Service cost	$ 21,905	$ 23,238	$ 24,955	$ 30,120	$ 31,824	$ 35,365	$ 38,962	$ 40,485	$ 41,373
Interest on total pension liability	37,546	41,535	45,436	49,725	54,095	59,618	65,159	71,117	76,193
Change of benefit terms	—	—	—	—	—	—	—	—	17,795
Difference between expected and actual experiences	—	7,066	2,012	5,642	8,733	13,988	7,857	9,440	(14,310)
Changes of assumptions	—	(10,299)	—	41,661	(6,608)	—	—	—	30,873
Benefit payments, including refunds of employee contributions	(13,399)	(15,729)	(17,554)	(19,962)	(23,450)	(25,408)	(28,885)	(33,079)	(40,540)
Net change in total pension liability	**46,052**	**45,811**	**54,849**	**107,186**	**64,594**	**83,563**	**83,093**	**87,963**	**111,384**
Total pension liability – beginning of year	496,365	542,417	588,228	643,077	750,263	814,857	898,420	981,513	1,069,476
Total pension liability – end of year	**542,417**	**588,228**	**643,077**	**750,263**	**814,857**	**898,420**	**981,513**	**1,069,476**	**1,180,860**
Plan Fiduciary Net Position									
Contributions - Employer	13,313	14,415	17,510	20,266	22,856	27,238	31,592	34,099	36,861
Contributions - Employee	10,565	11,367	12,822	13,770	15,831	17,241	18,736	19,030	19,443
Net investment income	72,179	11,202	2,850	59,678	51,169	44,135	36,944	180,741	(74,873)
Benefit payments, including refunds of employee contributions	(13,399)	(15,729)	(17,554)	(19,962)	(23,450)	(25,408)	(28,885)	(33,079)	(40,540)
Administrative expense	—	(581)	(310)	(773)	(930)	(471)	(1,019)	(780)	(611)
Other miscellaneous income	—	—	—	—	(1,766)	1	—	—	—
Net change in fiduciary net position	**82,658**	**20,674**	**15,318**	**72,979**	**63,710**	**62,736**	**57,368**	**200,011**	**(59,720)**
Plan fiduciary net position – beginning of year	405,047	487,705	508,379	523,697	596,676	660,386	723,122	780,490	980,501
Plan fiduciary net position – end of year	487,705	508,379	523,697	596,676	660,386	723,122	780,490	980,501	920,781
Plan net pension liability – end of year	$ 54,712	$ 79,849	$119,380	$153,587	$154,471	$175,298	$201,023	$ 88,975	$260,079
Plan fiduciary net position as a percentage of the total pension liability	89.91 %	86.43 %	81.44 %	79.53 %	81.04 %	80.49 %	79.52 %	91.68 %	77.98 %
Covered payroll	$145,140	$159,124	$173,744	$192,457	$209,335	$235,717	$259,572	$272,257	$255,075
Plan net pension liability as a percentage of covered payroll	37.70 %	50.18 %	68.71 %	79.80 %	73.79 %	74.37 %	77.44 %	32.68 %	101.96 %

**The amounts presented for each reporting fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Notes to Schedule:

This plan is an agent multiple-employer defined benefit pension plan administered by CalPERS.

Benefit Changes

The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2021 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2021 Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

Los Angeles County Metropolitan Transportation Authority
Schedule of Contributions
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
Last Ten Fiscal Years*
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022 **	2023
Actuarially determined contribution	$14,415	$17,510	$20,266	$22,856	$27,238	$31,592	$34,099	$36,861	$50,050
Contributions in relation to the actuarially determined contribution	(14,415)	(17,510)	(20,266)	(22,856)	(27,238)	(31,592)	(34,099)	(36,861)	(50,050)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$159,124	$173,744	$192,457	$209,335	$235,717	$259,572	$272,257	$255,075	$287,391
Contributions as a percentage of covered payroll	9.06 %	10.08 %	10.53 %	10.92 %	11.56 %	12.17 %	12.52 %	14.45 %	17.42 %

**Additional years will be presented as they become available.*
***Updated based on the GASB 68 accounting report for the measurement date June 30, 2022.*

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for FY2021-2022 were derived from the June 30, 2019 actuarial valuation report:

This plan is an agent multiple-employer defined benefit pension plan administered by CalPERS.

Actuarial Cost Method	Entry Age Normal
Discount Rate	6.90%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Los Angeles County Metropolitan Transportation Authority

Schedule of Changes in Net Pension Liability and Related Ratios – Employee Retirement Income Plan

Sheet Metal, Air, Rail, Transportation, Transportation Division (SMART-TD)

Last Ten Fiscal Years*

(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability – beginning of year	$ 660,053	$ 683,777	$ 748,848	$ 778,530	$ 814,317	$ 847,306	$ 874,517	$ 905,340	$ 950,867
Service cost	19,054	19,135	19,930	18,495	19,276	21,394	22,291	22,855	23,100
Interest	46,123	47,691	52,470	54,313	56,845	59,255	60,975	63,179	66,326
Difference between expected and actual experience	(317)	19,103	(3,662)	5,941	5,459	(8,278)	(106)	11,665	3,671
Changes of assumptions	—	23,116	—	—	(4,794)	—	—	—	—
Benefit payments paid from trust	(40,145)	(43,015)	(38,001)	(41,735)	(42,177)	(44,119)	(50,914)	(51,329)	(52,969)
Transfer of contributions between plans	(991)	(959)	(1,055)	(1,227)	(1,620)	(1,041)	(1,423)	(843)	(837)
Net change in total pension liability	23,724	65,071	29,682	35,787	32,989	27,211	30,823	45,527	39,291
Total pension liability – end of year	683,777	748,848	778,530	814,317	847,306	874,517	905,340	950,867	990,158
Fiduciary net position – beginning of year	462,402	541,017	539,161	538,204	602,034	652,747	693,357	710,915	889,694
Contributions - LACMTA	23,568	19,780	21,369	22,015	21,467	21,079	23,034	22,967	22,272
Contributions - Employees	15,920	16,528	18,490	18,148	18,715	19,550	19,746	17,447	21,713
Net investment income	80,714	6,446	(1,404)	67,046	54,762	45,674	27,614	191,174	(102,305)
Benefit payments	(40,145)	(43,014)	(38,001)	(41,735)	(42,177)	(44,119)	(50,914)	(51,329)	(52,969)
Administrative expenses	(451)	(637)	(356)	(417)	(434)	(533)	(499)	(637)	(594)
Transfer of contributions between plans	(991)	(959)	(1,055)	(1,227)	(1,620)	(1,041)	(1,423)	(843)	(837)
Net change in fiduciary net position	78,615	(1,856)	(957)	63,830	50,713	40,610	17,558	178,779	(112,720)
Fiduciary net position – end of year	541,017	539,161	538,204	602,034	652,747	693,357	710,915	889,694	776,974
Net pension liability – end of year	$ 142,760	$ 209,687	$ 240,326	$ 212,283	$ 194,559	$ 181,160	$ 194,425	$ 61,173	$ 213,184
Plan fiduciary net position as a percentage of the total pension liability	79.12 %	72.00 %	69.13 %	73.93 %	77.04 %	79.28 %	78.52 %	93.57 %	78.47 %
Covered payroll	$ 173,322	$ 187,395	$ 193,246	$ 192,346	$ 198,718	$ 208,173	$ 215,390	$ 220,965	$ 223,338
Net pension liability as a percentage of covered payroll	82.37 %	111.90 %	124.36 %	110.37 %	97.91 %	87.02 %	90.27 %	27.68 %	95.45 %

**The amounts presented for each fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Notes to Schedule:

In FY2016, for the SMART-TD plan, which is a single-employer defined benefit plan, the percentage of participants assumed to elect lump-sum was decreased from 35% to 30%, the age-based termination rates were increased, and the retirement rates were increased at service levels for 23 to 29 years. The mortality tables were also updated with all rates projected forward with the MP-2014 generational mortality improvement scale.

In FY2017 and FY2018, there were no changes in assumptions.

In FY2019, the percentage of participants assumed to elect lump-sum was decreased from 30% to 20%, the age-based withdrawal rates were increased, and the retirement rates were decreased at service levels for 10 to 21 years. Additionally, there were increases in the salary scale assumption at ages 30 and above but with decreases prior to age 30. Mortality was also updated to reflect the Society of Actuaries' MP-2017 generational mortality projection scale.

In FY2020 through FY2023, there were no changes in assumptions.

Los Angeles County Metropolitan Transportation Authority

Schedule of Changes in Net Pension Liability and Related Ratios – Employee Retirement Income Plan

Transportation Communication Union Plan (TCU)

Last Ten Fiscal Years*

(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability – beginning of year	$ 128,421	$ 136,120	$ 151,272	$ 159,084	$ 171,877	$ 184,309	$ 196,345	$ 205,829	$ 231,752
Service cost	3,342	3,622	4,317	4,502	4,876	6,459	6,762	7,434	7,905
Interest	9,020	9,615	10,672	11,215	12,112	13,124	13,950	14,712	16,402
Difference between expected and actual experience	1,246	1,559	(786)	3,944	2,503	(884)	(3,450)	10,067	(6,795)
Changes of assumptions	—	5,213	—	—	506	—	—	—	—
Benefit payments paid from trust	(5,787)	(4,716)	(6,268)	(6,689)	(6,979)	(6,162)	(7,361)	(5,947)	(10,527)
Transfer of contributions between plans	(122)	(141)	(123)	(179)	(586)	(501)	(417)	(343)	(331)
Net change in total pension liability	7,699	15,152	7,812	12,793	12,432	12,036	9,484	25,923	6,654
Total pension liability – end of year	136,120	151,272	159,084	171,877	184,309	196,345	205,829	231,752	238,406
Fiduciary net position – beginning of year	90,413	107,551	110,820	111,931	127,651	140,714	154,791	165,623	216,449
Contributions - LACMTA	5,466	4,741	5,615	5,955	6,218	7,753	**8,592**	**8,584**	**9,030**
Contributions - Employees	1,769	2,300	2,557	2,751	2,880	3,206	3,440	3,640	3,903
Net investment income	16,005	1,294	(347)	14,090	11,810	10,114	6,848	45,268	(25,292)
Benefit payments	(5,787)	(4,716)	(6,268)	(6,689)	(6,979)	(6,162)	(7,361)	(5,947)	(10,527)
Administrative expenses	(193)	(209)	(323)	(208)	(280)	(333)	(270)	(376)	(340)
Transfer of contributions between plans	(122)	(141)	(123)	(179)	(586)	(501)	(417)	(343)	(331)
Net change in fiduciary net position	17,138	3,269	1,111	15,720	13,063	14,077	10,832	50,826	(23,557)
Fiduciary net position – end of year	107,551	110,820	111,931	127,651	140,714	154,791	165,623	216,449	192,892
Net pension liability – end of year	$ 28,569	$ 40,452	$ 47,153	$ 44,226	$ 43,595	$ 41,554	$ 40,206	$ 15,303	$ 45,514
Plan fiduciary net position as a percentage of the total pension liability	79.01 %	73.26 %	70.36 %	74.27 %	76.35 %	78.84 %	80.47 %	93.40 %	80.91 %
Covered payroll	$ 28,978	$ 34,512	$ 37,014	$ 39,764	$ 42,497	$ 47,235	$ 49,491	$ 54,262	$ 57,637
Net pension liability as a percentage of covered payroll	98.59 %	117.21 %	127.39 %	111.22 %	102.58 %	87.97 %	81.24 %	28.20 %	78.97 %

**The amounts presented for each fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Notes to Schedule:

In FY2016, for the TCU plan, which is a single-employer defined benefit plan, retirement rates changed at services levels of less than 25 years. The mortality tables were also updated with all rates projected forward with the MP-2014 generational mortality improvement scale.

In FY2017 and FY2018, there were no changes in assumptions.

In FY2019, the percentage of participants assumed to elect lump-sum was decreased from 25% to 20% and the retirement rates were changed at service levels for 10 to 20 years as well as for 23 years. Likewise, there were increases in the salary scale assumption at all ages. Mortality was also updated to reflect the Society of Actuaries' MP-2017 generational mortality projection scale.

In FY2020 through FY2023, there were no changes in assumptions.

Los Angeles County Metropolitan Transportation Authority

Schedule of Changes in Net Pension Liability and Related Ratios – Employee Retirement Income Plan

American Federation of State, County and Municipal Employee Plan (AFSCME)

Last Ten Fiscal Years*

(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability – beginning of year	$ 64,607	$ 66,226	$ 70,656	$ 70,372	$ 70,178	$ 67,140	$ 65,278	$ 64,950	$ 64,290
Service cost	391	318	235	192	125	177	153	148	96
Interest	4,384	4,438	4,790	4,778	4,690	4,517	4,388	4,337	4,362
Changes to benefit terms	—	—	—	—	—	—	—	146	—
Difference between expected and actual experience	872	1,839	(999)	(460)	429	(879)	722	1,106	(2,131)
Changes of assumptions	—	3,358	—	—	(1,568)	—	—	—	—
Benefit payments paid from trust	(4,835)	(6,393)	(5,018)	(5,594)	(8,527)	(6,670)	(6,855)	(7,032)	(4,886)
Transfer of contributions between plans	807	870	708	890	1,813	993	1,264	635	664
Net change in total pension liability	1,619	4,430	(284)	(194)	(3,038)	(1,862)	(328)	(660)	(1,895)
Total pension liability – end of year	66,226	70,656	70,372	70,178	67,140	65,278	64,950	64,290	62,395
Fiduciary net position – beginning of year	54,938	61,926	58,392	55,149	58,520	58,136	56,873	54,176	62,763
Contributions - LACMTA	1,964	1,455	1,638	1,576	1,378	1,038	1,081	1,170	965
Net investment income	9,219	690	(251)	6,675	5,206	3,669	2,038	14,142	(6,872)
Benefit payments	(4,835)	(6,393)	(5,018)	(5,594)	(8,527)	(6,670)	(6,855)	(7,032)	(4,886)
Administrative expenses	(167)	(156)	(320)	(176)	(254)	(293)	(225)	(328)	(272)
Transfer of contributions between plans	807	870	708	890	1,813	993	1,264	635	664
Net change in fiduciary net position	6,988	(3,534)	(3,243)	3,371	(384)	(1,263)	(2,697)	8,587	(10,401)
Fiduciary net position – end of year	61,926	58,392	55,149	58,520	58,136	56,873	54,176	62,763	52,362
Net pension liability – end of year	$ 4,300	$ 12,264	$ 15,223	$ 11,658	$ 9,004	$ 8,405	$ 10,774	$ 1,527	$ 10,033
Plan fiduciary net position as a percentage of the total pension liability	93.51 %	82.64 %	78.37 %	83.39 %	86.59 %	87.12 %	83.41 %	97.62 %	83.92 %
Covered payroll	$ 3,822	$ 3,338	$ 2,936	$ 2,199	$ 1,547	$ 1,399	$ 1,149	$ 1,185	$ 909
Net pension liability as a percentage of covered payroll	112.51 %	367.41 %	518.49 %	530.15 %	582.03 %	600.79 %	937.68 %	128.86 %	1,103.74 %

* *The amounts presented for each fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Notes to Schedule:

In FY2016, for the AFSCME plan, which is a single-employer defined benefit plan, the percentage of participants assumed to elect lump sums was decreased from 30% to 25% and the age-based withdrawal rate increased at age 45. The age-based retirement rates were now applied to all New Plan participants, regardless of whether they have more or less than 30 years of service. The service-based retirement rate increased at 30 years of service and in addition, these service-based rates were now only applied to the Old Plan participants. The mortality tables were also updated with all rates projected forward with the MP-2014 generational mortality improvement scale.

In FY2017 and FY2018, there were no changes in assumptions.

In FY2019, changes were made to the retirement rates for 30 to 34 years of service. No changes were made at service level of more than 35 years as well as to the age-based retirement rates. Additionally, there were increases in the salary scale assumption at all ages. Mortality was also updated to reflect the Society of Actuaries' MP-2017 generational mortality projection scale.

In FY2020 and FY2021, there were no changes in assumptions.

In FY2022, there were no changes in assumptions. The amount reported as Plan Amendments represents the increase in TPL and pension expense resulting from the Voluntary Incentive Separation Program ("VSIP). The amendment which became effective January 1, 2021, provided two additional years of benefit service to eligible employees who accepted the offer and retired between January 1, 2021 and March 31, 2021. Employees who also participate in the CalPERS plan had the option to have the two additional years of service provided in either the MTA's plans or CalPERS, but not both. There were 62 employees who accepted the offer, of which 5 members were provided the additional service in the AFSCME plan.

In FY2023, there were no changes in assumptions.

Los Angeles County Metropolitan Transportation Authority

Schedule of Changes in Net Pension Liability and Related Ratios – Employee Retirement Income Plan

Non-Contract (NC)

Last Ten Fiscal Years*

(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability – beginning of year	$ 147,574	$ 148,935	$ 156,795	$ 158,813	$ 159,490	$ 153,044	$ 147,216	$ 146,960	$ 146,262
Service cost	628	536	466	376	246	441	426	416	281
Interest	10,011	10,062	10,675	10,697	10,770	10,396	9,952	9,827	9,787
Changes to benefit terms	—	—	—	—	—	—	—	315	—
Difference between expected and actual experience	587	191	(68)	2,577	(883)	(6,554)	489	2,945	2,358
Changes of assumptions	—	8,044	—	—	(4,604)	—	—	—	—
Benefit payments paid from trust	(10,540)	(11,661)	(9,697)	(13,762)	(12,774)	(10,548)	(11,769)	(14,916)	(14,946)
Transfer of contributions between plans	675	688	642	789	799	437	646	715	1,266
Net change in total pension liability	1,361	7,860	2,018	677	(6,446)	(5,828)	(256)	(698)	(1,254)
Total pension liability – end of year	148,935	156,795	158,813	159,490	153,044	147,216	146,960	146,262	145,008
Fiduciary net position – beginning of year	113,454	127,728	122,215	116,864	122,180	125,066	126,325	122,603	142,806
Contributions - LACMTA	5,074	4,186	4,531	4,566	4,195	3,369	2,849	2,772	2,461
Net investment income	19,276	1,493	(505)	13,936	10,941	8,323	4,818	31,994	(15,411)
Benefit payments	(10,540)	(11,661)	(9,697)	(13,762)	(12,774)	(10,548)	(11,769)	(14,916)	(14,946)
Administrative expenses	(211)	(219)	(322)	(213)	(275)	(322)	(266)	(362)	(302)
Transfer of contributions between plans	675	688	642	789	799	437	646	715	1,266
Net change in fiduciary net position	14,274	(5,513)	(5,351)	5,316	2,886	1,259	(3,722)	20,203	(26,932)
Fiduciary net position – end of year	127,728	122,215	116,864	122,180	125,066	126,325	122,603	142,806	115,874
Net pension liability – end of year	$ 21,207	$ 34,580	$ 41,949	$ 37,310	$ 27,978	$ 20,891	$ 24,357	$ 3,456	$ 29,134
Plan fiduciary net position as a percentage of the total pension liability	85.76 %	77.95 %	73.59 %	76.61 %	81.72 %	85.81 %	83.43 %	97.64 %	79.91 %
Covered payroll	$ 3,953	$ 3,460	$ 3,522	$ 3,447	$ 3,172	$ 3,092	$ 2,846	$ 2,875	$ 1,960
Net pension liability as a percentage of covered payroll	536.48 %	999.42 %	1,191.06 %	1,082.39 %	882.03 %	675.65 %	855.83 %	120.21 %	1,486.43 %

* *The amounts presented for each fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Notes to Schedule:

In FY2016, for the NC plan, which is a single-employer defined benefit plan, the percentage of participants assumed to elect lump sums was decreased from 30% to 25% and the age-based withdrawal rate increased at age 45. The age-based retirement rates were now applied to all New Plan participants, regardless of whether they have more or less than 30 years of service. The service-based retirement rate increased at 30 years of service and in addition, these service-based rates were now only applied to the Old Plan participants. The mortality tables were also updated with all rates projected forward with the MP-2014 generational mortality improvement scale.

In FY2017 and FY2018, there were no changes in assumptions.

In FY2019, changes were made to the retirement rates for 30 to 34 years of service. No changes were made at service level of more than 35 years as well as to the age-based retirement rates. Additionally, there were increases in the salary scale assumption at all ages. Mortality was also updated to reflect the Society of Actuaries' MP-2017 generational mortality projection scale.

In FY2020 and FY2021, there were no changes in assumptions.

In FY2022, there were no changes in assumptions. The amount reported as Plan Amendments represents the increase in TPL and pension expense resulting from the Voluntary Incentive Separation Program ("VSIP). The amendment which became effective January 1, 2021, provided two additional years of benefit service to eligible employees who accepted the offer and retired between January 1, 2021 and March 31, 2021. Employees who also participate in the CalPERS plan had the option to have the two additional years of service provided in either the MTA's plans or CalPERS, but not both. There were 62 employees who accepted the offer, of which 6 members were provided the additional service in the Non-Contract plan.

In FY2023, there were no changes in assumptions.

Los Angeles County Metropolitan Transportation Authority
Schedule of Changes in Net Pension Liability and Related Ratios – Employee Retirement Income Plan
Amalgamated Transportation Union Plan (ATU)
Last Ten Fiscal Years*
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability – beginning of year	$ 417,566	$ 445,951	$ 505,143	$ 542,889	$ 582,087	$ 623,925	$ 664,889	$ 710,682	$ 752,983
Service cost	12,428	13,928	17,098	15,337	16,081	21,020	22,119	23,207	24,377
Interest	31,401	33,785	35,877	38,249	40,835	44,136	47,358	50,084	53,064
Changes to benefit terms	—	—	—	7,692	—	—	—	—	—
Difference between expected and actual experience	(1,823)	1,060	4,176	(1,418)	3,642	4,674	2,032	5,818	4,077
Changes of assumptions	8,999	29,243	—	2,976	10,906	—	4,770	—	3,624
Benefit payments paid from trust	(22,251)	(18,366)	(19,233)	(23,365)	(29,220)	(28,978)	(30,416)	(36,644)	(37,831)
Transfer of contributions between plans	(369)	(458)	(172)	(273)	(406)	112	(70)	(164)	(761)
Net change in total pension liability	28,385	59,192	37,746	39,198	41,838	40,964	45,793	42,301	46,550
Total pension liability – end of year	445,951	505,143	542,889	582,087	623,925	664,889	710,682	752,983	799,533
Fiduciary net position – beginning of year	318,802	379,275	394,655	406,188	468,536	518,577	567,353	603,228	774,985
Contributions - LACMTA	20,126	21,257	22,782	25,423	27,157	29,783	31,844	33,319	34,956
Contributions - Employees	7,648	8,607	9,272	9,696	10,159	11,365	12,124	12,536	13,277
Net investment income	55,695	4,736	(731)	51,241	42,711	36,991	22,778	163,197	(90,997)
Benefit payments	(22,251)	(18,366)	(19,233)	(23,365)	(29,220)	(28,978)	(30,416)	(36,644)	(37,831)
Administrative expenses	(376)	(396)	(385)	(374)	(360)	(497)	(385)	(487)	(444)
Transfer of contributions between plans	(369)	(458)	(172)	(273)	(406)	112	(70)	(164)	(761)
Net change in fiduciary net position	60,473	15,380	11,533	62,348	50,041	48,776	35,875	171,757	(81,800)
Fiduciary net position – end of year	379,275	394,655	406,188	468,536	518,577	567,353	603,228	774,985	693,185
Net pension liability (asset) – end of year	$ 66,676	$ 110,488	$ 136,701	$ 113,551	$ 105,348	$ 97,536	$ 107,454	$ (22,002)	$ 106,348
Plan fiduciary net position as a percentage of the total pension liability	85.05 %	78.13 %	74.82 %	80.49 %	83.12 %	85.33 %	84.88 %	102.92 %	86.70 %
Covered payroll	$113,462	$118,355	$127,258	$142,665	$152,397	$167,130	$178,697	$186,974	$196,165
Net pension liability as a percentage of covered payroll	58.77 %	93.35 %	107.42 %	79.59 %	69.13 %	58.36 %	60.13 %	(11.77)%	54.21 %

* *The amounts presented for each fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Notes to Schedule:

In FY2016, for the ATU plan, which is a single-employer defined benefit plan, the amount reported as Assumption Changes reflects a change in the discount rate assumption from 7.50% to 7.00%. The discount rate assumption better reflects long-term return expectations for the Plan over a 30-year horizon. In addition, the salary assumption was updated to reflect the negotiated rate increases over the next 3 years (4.25%, 2015-2017).

In FY2017, there were no changes in actuarial assumptions.

In FY2018, the amount reported as Assumption Changes reflects a load of 1% applied to the Actuarial Accrued Liability and Normal Cost for active and transfer participants to anticipate supplemental components of final average compensation upon retirement. The amount reported as Changes to Benefit Terms reflects a negotiated benefit increase of a one-time 4% COLA for participants in payment status and a one-time 2% COLA for participants in DROP with an assumed payment effective date in September 2017.

In FY2019, the amount reported as Assumption Changes reflects changes in actuarial assumptions for salary, retirement, termination, lump sum elections, marriage assumption, and assumed operating expenses effective January 1, 2018.

In FY2020, the operating expense assumption was changed from $400,000 per year to $300,000 per year. The change only impacts the Actuarially Determined Contribution. It does not affect the Total Pension Liability calculation.

In FY2021, the assumed employee contribution rate was increased from 4.0% to 6.5% of compensation to better reflect future expected employee contributions, and a load of 1% was added to the Total Pension Liability and Normal Cost of actives and transfer participants to reflect anticipated salary increases due to promotions. The operating expense assumption was updated to include a 2.5% annual increase for inflation.

In FY2022, there were no changes in actuarial assumptions.

In FY2023, the interest discount rate and investment return assumption was decreased from 7.00% to 6.85%. The salary scale assumption was updated to 3.50% effective July 1, 2022 and July 1, 2023 including qualified wage adjustments under the CBA. The assumed disability rates were reduced to 50% of previous rates. The retirement rates were updated for members with over and under 15 years of service to be consistent with recent historical and future anticipated experience and the 100% retirement assumption was increased from age 70 to age 75.

Los Angeles County Metropolitan Transportation Authority
Schedule of Changes in Net Pension Liability and Related Ratios – Employee Retirement Income Plan
Total for the Four Union Groups and Non-Contract (NC)
Last Ten Fiscal Years*
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability – beginning of year	$1,418,221	$1,481,009	$1,632,714	$1,709,688	$1,797,949	$1,875,724	$1,948,245	$2,033,761	$2,146,154
Service cost	35,843	37,539	42,046	38,902	40,604	49,491	51,751	54,060	55,759
Interest	100,939	105,591	114,484	119,252	125,252	131,428	136,623	142,139	149,941
Changes of benefit terms	—	—	—	7,692	—	—	—	461	—
Difference between expected and actual experiences	565	23,752	(1,339)	10,584	11,150	(11,921)	(207)	31,601	1,180
Changes of assumptions	8,999	68,974	—	2,976	446	—	4,664	—	3,624
Benefit payments paid from trust	(83,558)	(84,151)	(78,217)	(91,145)	(99,677)	(96,477)	(107,315)	(115,868)	(121,159)
Transfer (benefit payments originally paid by other plans	—	—	—	—	—	—	—	—	1
Net change in total pension liability	62,788	151,705	76,974	88,261	77,775	72,521	85,516	112,393	89,346
Total pension liability – end of year	1,481,009	1,632,714	1,709,688	1,797,949	1,875,724	1,948,245	2,033,761	2,146,154	2,235,500
Fiduciary net position – beginning of year	1,040,009	1,217,498	1,225,243	1,228,336	1,378,921	1,495,240	1,598,699	1,656,545	2,086,697
Contributions - LACMTA	56,198	51,419	55,935	59,535	60,415	63,022	67,400	68,812	69,684
Contributions - Employees	25,337	27,435	30,319	30,595	31,754	34,121	35,310	33,623	38,893
Net investment income	180,910	14,659	(3,238)	152,988	125,430	104,771	64,096	445,775	(240,877)
Benefit payments	(83,558)	(84,151)	(78,217)	(91,145)	(99,677)	(96,477)	(107,315)	(115,868)	(121,159)
Administrative expenses	(1,398)	(1,617)	(1,706)	(1,388)	(1,603)	(1,978)	(1,645)	(2,190)	(1,952)
Transfers (benefit payments originally paid by other plans)	—	—	—	—	—	—	—	—	1
Net change in fiduciary net position	177,489	7,745	3,093	150,585	116,319	103,459	57,846	430,152	(255,410)
Fiduciary net position – end of year	1,217,498	1,225,243	1,228,336	1,378,921	1,495,240	1,598,699	1,656,545	2,086,697	1,831,287
Net pension liability – end of year	$ 263,511	$ 407,471	$ 481,352	$ 419,028	$ 380,484	$ 349,546	$ 377,216	$ 59,457	$ 404,213
Plan fiduciary net position as a percentage of the total pension liability	82.21 %	75.04 %	71.85 %	76.69 %	79.72 %	82.06 %	81.45 %	97.23 %	81.92 %
Covered payroll	$ 323,537	$ 347,060	$ 363,976	$ 380,421	$ 398,331	$ 427,029	$ 447,573	$ 466,261	$ 480,009
Net pension liability as a percentage of covered payroll	81.45 %	117.41 %	132.25 %	110.15 %	95.52 %	81.86 %	84.28 %	12.75 %	84.21 %

* *The amounts presented for each fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Each plan is a single-employer defined benefit plan.

Los Angeles County Metropolitan Transportation Authority
Schedule of Contributions to Employee Retirement Income Plans
Last Ten Fiscal Years*
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
SHEET METAL, AIR, RAIL,TRANSPORTATION, TRANSPORTATION DIVISION (SMART-TD)									
Actuarially determined contribution	$ 19,780	$ 21,369	$ 22,011	$ 21,467	$ 21,080	$ 23,033	$ 22,967	$ 22,272	$ 19,738
Contributions in relation to the actuarially determined contribution	(19,780)	(21,369)	(22,011)	(21,467)	(21,080)	(23,033)	(22,967)	(22,272)	(19,738)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$187,395	$193,246	$192,346	$198,718	$208,173	$215,390	$220,965	$223,338	$250,560
Contributions as a percentage of covered payroll	10.56 %	11.06 %	11.44 %	10.80 %	10.13 %	10.69 %	10.39 %	9.97 %	7.88 %
TRANSPORTATION COMMUNICATION UNION PLAN (TCU)									
Actuarially determined contribution	$ 4,741	$ 5,615	$ 5,955	$ 6,218	$ 7,752	$ 8,592	$ 8,584	$ 9,030	$ 8,871
Contributions in relation to the actuarially determined contribution	(4,741)	(5,615)	(5,955)	(6,218)	(7,752)	(8,592)	(8,584)	(9,030)	(8,871)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 34,512	$ 37,014	$ 39,764	$ 42,497	$ 47,235	$ 49,491	$ 54,262	$ 57,637	$ 58,913
Contributions as a percentage of covered payroll	13.74 %	15.17 %	14.98 %	14.63 %	16.41 %	17.36 %	15.82 %	15.67 %	15.06 %
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEE PLAN (AFSCME)									
Actuarially determined contribution	$ 1,455	$ 1,638	$ 1,575	$ 1,378	$ 1,038	$ 1,082	$ 1,170	$ 965	$ 675
Contributions in relation to the actuarially determined contribution	(1,455)	(1,638)	(1,575)	(1,378)	(1,038)	(1,082)	(1,170)	(965)	(675)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 3,338	$ 2,936	$ 2,199	$ 1,547	$ 1,399	$ 1,149	$ 1,185	$ 909	$ 941
Contributions as a percentage of covered payroll	43.59 %	55.79 %	71.62 %	89.08 %	74.20 %	94.17 %	98.73 %	106.16 %	71.73 %
NON-CONTRACT (NC)									
Actuarially determined contribution	$ 4,186	$ 4,531	$ 4,565	$ 4,195	$ 3,369	$ 2,849	$ 2,772	$ 2,461	$ 2,026
Contributions in relation to the actuarially determined contribution	(4,186)	(4,531)	(4,565)	(4,195)	(3,369)	(2,849)	(2,772)	(2,461)	(2,026)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 3,460	$ 3,522	$ 3,447	$ 3,172	$ 3,092	$ 2,846	$ 2,875	$ 1,960	$ 1,624
Contributions as a percentage of covered payroll	120.98 %	128.65 %	132.43 %	132.25 %	108.96 %	100.11 %	96.42 %	125.56 %	124.75 %

Los Angeles County Metropolitan Transportation Authority
Schedule of Contributions to Employee Retirement Income Plans (Continued)
Last Ten Fiscal Years*
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
AMALGAMATED TRANSPORTATION UNION PLAN (ATU)									
Actuarially determined contribution **	$ 21,257	$ 22,677	$ 25,066	$ 26,624	$ 29,381	$ 30,968	$ 31,225	$ 31,288	$ 31,907
Contributions in relation to the actuarially determined contribution	(21,257)	(22,782)	(25,422)	(27,157)	(29,783)	(31,844)	(33,319)	(34,957)	(36,874)
Contribution deficiency (excess)	$ —	$ (105)	$ (356)	$ (533)	$ (402)	$ (876)	$ (2,094)	$ (3,669)	$ (4,967)
Covered payroll	$118,355	$127,258	$142,665	$152,397	$167,130	$178,697	$186,974	$196,165	$206,922
Contributions as a percentage of covered payroll	17.96 %	17.90 %	17.82 %	17.82 %	17.82 %	17.82 %	17.82 %	17.82 %	17.82 %
TOTAL									
Actuarially determined contribution	$ 51,419	$ 55,829	$ 59,175	$ 59,882	$ 62,620	$ 66,524	$ 66,718	$ 66,016	$ 63,217
Contributions in relation to the actuarially determined contribution	(51,419)	(55,934)	(59,531)	(60,415)	(63,022)	(67,400)	(68,812)	(69,685)	(68,184)
Contribution deficiency (excess)	$ —	$ (105)	$ (356)	$ (533)	$ (402)	$ (876)	$ (2,094)	$ (3,669)	$ (4,967)
Covered payroll	$347,060	$363,976	$380,421	$398,331	$427,029	$447,573	$466,261	$480,009	$518,960
Contributions as a percentage of covered payroll	14.82 %	15.37 %	15.65 %	15.17 %	14.76 %	15.06 %	14.76 %	14.52 %	13.14 %

* *Additional years will be presented as they become available.*
** *Unlike other plans, ATU's ADC is based on percentage of payroll rather than a fixed dollar amount.*

Each plan is a single-employer defined benefit plan.

Los Angeles County Metropolitan Transportation Authority
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*
(Amounts expressed in thousands)

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	$ 86,058	$ 69,912	$ 66,838	$ 67,628	$ 85,290	$ 75,730
Interest cost	55,924	61,050	66,422	54,666	45,867	50,785
Differences between expected and actual experience	(179,706)	—	(240,338)	—	(119,151)	—
Changes of assumptions	(191,475)	(72,824)	(73,145)	159,713	(70,497)	(228,946)
Benefit payments	(23,558)	(42,757)	(46,335)	(38,649)	(40,196)	(47,324)
Net change in total OPEB Liability	(252,757)	15,381	(226,558)	243,358	(98,687)	(149,755)
Total OPEB Liability - Beginning of year	1,854,031	1,601,274	1,616,655	1,390,097	1,633,455	1,534,768
Total OPEB Liability - Ending of year	1,601,274	1,616,655	1,390,097	1,633,455	1,534,768	1,385,013
Plan Fiduciary Net Position						
Contributions - Employer	31,933	49,806	51,166	40,309	39,988	18,968
Net investment income	35,666	29,016	21,263	16,045	125,371	(69,741)
Benefit payments	(23,558)	(42,757)	(46,335)	(38,649)	(40,196)	(47,324)
Administrative expense	(167)	(295)	(207)	(148)	(209)	(205)
Net change in Plan Fiduciary Net Position	43,874	35,770	25,887	17,557	124,954	(98,302)
Plan Fiduciary Net Position - Beginning of year	295,066	338,940	374,710	400,597	418,154	543,108
Plan Fiduciary Net Position - Ending of year	338,940	374,710	400,597	418,154	543,108	444,806
Net OPEB Liability - Ending of year	$1,262,334	$1,241,945	$989,500	$1,215,301	$991,660	$940,207
Fiduciary Net Position as a Percentage of OPEB Liability	21.17 %	23.18 %	28.82 %	25.60 %	35.39 %	32.12 %
Covered-employee payroll	$747,036	$743,277	$836,334	$891,915	$839,957	$869,355
Net OPEB Liability as a Percentage of Covered-employee payroll	168.98 %	167.09 %	118.31 %	136.26 %	118.06 %	108.15 %

** The amounts presented for each fiscal year were determined as of measurement period ended June 30 that occurred one year prior. Additional years will be presented as they become available.*

Note to schedule:

There were no changes in benefit terms in fiscal year 2018 through 2023.

Fiscal year 2018 was the first year of implementation of GASB 75 for the Plan. Additional years will be presented as they become available.

Changes in assumptions

The discount rate was increased from 3.70% to 4.00% as of 07/01/2018.

The discount rate was decreased from 4.00% to 3.80% as of 07/01/2019. Mortality was also updated using improvements scale MP-2018; previously with scale MP-2016 improvements. In addition, healthcare cost trend rates were reduced for Medical Pre 65 and Medical Post 65.

The discount rate was decreased from 3.80% to 2.70% as of 07/01/2020. Additionally, the December 2019 Secure Act repeal of excise tax for high-cost plans under the Affordable Care Act was reflected which removes the impact from liabilities calculated as of June 30, 2020.

The discount rate was increased from 2.70% to 3.20% as of 07/01/2021. Investment rate of return was reduced from 7.00% to 6.90%. Mortality was also updated using improvements scale MP-2020; previously with Scale MP-2018 improvements.

The discount rate was increased from 3.20% to 4.40% as of 07/01/2022. Mortality was also updated using improvements scale MP-2021; previously with Scale MP-2020 improvements. In addition, healthcare cost trend rates were reduced for Medical Pre 65 and Medical Post 65.

Los Angeles County Metropolitan Transportation Authority
Schedule of Investment Returns - Other Postemployment Benefits Plan
Last Ten Fiscal Years

	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return, net of investment expense	11.92%	8.47%	5.64%	4.00%	29.99%	(13.19%)	8.22%

Note to schedule:

Only seven years are shown. Years presented are the reporting for the fiscal year ended. GASB 74 was implemented for the Plan in fiscal year 2017 and GASB 75 was implemented in fiscal year 2018. Additional years will be presented as they become available.

Los Angeles County Metropolitan Transportation Authority
Schedule of Contributions - Other Postemployment Benefits Plan
Last Ten Fiscal Years
(Amounts expressed in thousands)

	2017	2018	2019	2020	2021	2022 (**)	2023 (**)
Pay-as-you-go contribution (*)	$ 26,203	$ 25,671	$ 26,295	$ 25,743	$ 27,348	$ —	$ —
Contribution in relation to pay-as-you-go contribution	31,203	30,671	28,687	25,619	22,790	—	—
Contribution deficiency (excess)	$ (5,000)	$ (5,000)	$ (2,392)	$ 124	$ 4,558	$ —	$ —

(*) LACMTA's funding is not based on actuarially determined contributions nor is it statutorily established. Annual contributions are based on estimated pay-as-you-go costs plus $5 million as a liability reduction contribution subject to budget review annually. Pay-as-you-go costs are the premiums paid for retiree health benefits (NC and AFSCME) plus the contractual contributions to ATU, TCU, and SMART Health & Welfare Trusts per each union's Collective bargaining agreement.

(**) In FY22 and FY23, the budget review has resulted in no contribution.

Note to Schedule:

GASB 74 was implemented in fiscal year 2017. Additional years will be presented as they become available.

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ 33,804	$ 33,804	$ 6,828	$ (26,976)
Investment income	300	300	4,824	4,524
Net decline in fair value of investments	—	—	(1,320)	(1,320)
Lease and rental	14,957	14,957	16,125	1,168
Licenses and fines	750	750	802	52
Other	26,061	26,061	32,054	5,993
TOTAL REVENUES	75,872	75,872	59,313	(16,559)
EXPENDITURES				
Current:				
Administration and other	228,828	228,484	117,459	111,025
Transportation subsidies	49,611	49,365	24,943	24,422
Capital outlay - Subscription-based IT arrangements	—	—	491	(491)
Debt and interest expenditures:				
Principal	—	—	911	(911)
Interest and fiscal charges	—	—	15	(15)
TOTAL EXPENDITURES	278,439	277,849	143,819	134,030
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(202,567)	(201,977)	(84,506)	117,471
OTHER FINANCING SOURCES (USES)				
Transfers in	174,165	174,165	130,527	(43,638)
Transfers out	(76,958)	(76,958)	(25,557)	51,401
Subscription-based IT arrangements issued	—	—	491	491
TOTAL OTHER FINANCING SOURCES (USES)	97,207	97,207	105,461	8,254
NET CHANGE IN FUND BALANCES	(105,360)	(104,770)	20,955	125,725
Fund balances – beginning of year	153,056	153,056	153,056	—
FUND BALANCES – END OF YEAR	$ 47,696	$ 48,286	$ 174,011	$ 125,725

* *Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Proposition A Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	$ 1,031,800	$ 1,031,800	$ 1,111,178	$ 79,378
Investment income	—	—	23,625	23,625
Net appreciation in fair value of investments	—	—	4,963	4,963
TOTAL REVENUES	1,031,800	1,031,800	1,139,766	107,966
EXPENDITURES				
Current:				
Transportation subsidies	394,125	394,125	414,284	(20,159)
TOTAL EXPENDITURES	394,125	394,125	414,284	(20,159)
EXCESS OF REVENUES OVER EXPENDITURES	637,675	637,675	725,482	87,807
OTHER FINANCING SOURCES (USES)				
Transfers in	8,408	8,408	—	(8,408)
Transfers out	(292,152)	(292,152)	(1,187,908)	(895,756)
TOTAL OTHER FINANCING SOURCES (USES)	(283,744)	(283,744)	(1,187,908)	(904,164)
NET CHANGE IN FUND BALANCES	353,931	353,931	(462,426)	(816,357)
Fund balances – beginning of year	1,079,459	1,079,459	1,079,459	—
FUND BALANCES – END OF YEAR	$ 1,433,390	$ 1,433,390	$ 617,033	$ (816,357)

**Budget prepared in accordance with GAAP.*

Los Angeles County Metropolitan Transportation Authority

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Proposition C Fund

For the Fiscal Year Ended June 30, 2023

(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Sales tax	$ 1,031,800	$ 1,031,800	$ 1,111,177	$ 79,377
Intergovernmental	15,003	15,003	6,399	(8,604)
Investment income	—	—	23,543	23,543
Net decline in fair value of investments	—	—	(1,511)	(1,511)
TOTAL REVENUES	1,046,803	1,046,803	1,139,608	92,805
EXPENDITURES				
Current:				
Administration and other	82,791	78,150	51,591	26,559
Transportation subsidies	638,739	638,739	618,058	20,681
Capital outlay - Subscription-based IT arrangements			1,319	(1,319)
Debt and interest expenditures:				
Principal	—	—	1,328	(1,328)
Interest and fiscal charges	—	—	4	(4)
TOTAL EXPENDITURES	721,530	716,889	672,300	44,589
EXCESS OF REVENUES OVER EXPENDITURES	325,273	329,914	467,308	137,394
OTHER FINANCING SOURCES (USES)				
Transfers in	217,865	217,865	155,615	(62,250)
Transfers out	(566,727)	(566,727)	(571,414)	(4,687)
Subscription-based IT arrangements issued	—	—	1,319	1,319
TOTAL OTHER FINANCING SOURCES (USES)	(348,862)	(348,862)	(414,480)	(65,618)
NET CHANGE IN FUND BALANCES	(23,589)	(18,948)	52,828	71,776
Fund balances – beginning of year	993,075	993,075	993,075	—
FUND BALANCES – END OF YEAR	$ 969,486	$ 974,127	$ 1,045,903	$ 71,776

** Budget prepared in accordance with GAAP.*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure R Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	$1,031,800	$1,031,800	$ 1,110,713	$ 78,913
Intergovernmental	175,463	175,463	81,047	(94,416)
Investment income	—	—	18,857	18,857
Net decline in fair value of investments	—	—	(6,994)	(6,994)
TOTAL REVENUES	1,207,263	1,207,263	1,203,623	(3,640)
EXPENDITURES				
Current:				
Administration and other	546,503	553,173	277,352	275,821
Transportation subsidies	612,697	605,640	423,951	181,689
Debt and interest expenditures				
Principal	—	—	1,571	(1,571)
Interest and fiscal charges	—	—	18	(18)
TOTAL EXPENDITURES	1,159,200	1,158,813	702,892	455,921
EXCESS OF REVENUES OVER EXPENDITURES	48,063	48,450	500,731	452,281
OTHER FINANCING SOURCES (USES)				
Transfers in	428,369	428,369	353,110	(75,259)
Transfers out	(689,978)	(689,978)	(374,868)	315,110
TOTAL OTHER FINANCING SOURCES (USES)	(261,609)	(261,609)	(21,758)	239,851
NET CHANGE IN FUND BALANCES	(213,546)	(213,159)	478,973	692,132
Fund balances – beginning of year	523,194	523,194	523,194	—
FUND BALANCES – END OF YEAR	$ 309,648	$ 310,035	$ 1,002,167	$ 692,132

** Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure M Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	$ 1,031,800	$ 1,031,800	$1,106,177	$ 74,377
Intergovernmental	10,607	10,607	1,581	(9,026)
Investment income	—	—	29,304	29,304
Net decline in fair value of investments	—	—	(1,647)	(1,647)
TOTAL REVENUES	1,042,407	1,042,407	1,135,415	93,008
EXPENDITURES				
Current:				
Administration and other	99,977	97,070	64,634	32,436
Transportation subsidies	407,887	405,710	346,936	58,774
TOTAL EXPENDITURES	507,864	502,780	411,570	91,210
EXCESS OF REVENUES OVER EXPENDITURES	534,543	539,627	723,845	184,218
OTHER FINANCING SOURCES (USES)				
Transfers in	15,456	15,456	837	(14,619)
Transfers out	(779,694)	(779,694)	(685,159)	94,535
TOTAL OTHER FINANCING SOURCES (USES)	(764,238)	(764,238)	(684,322)	79,916
NET CHANGE IN FUND BALANCES	(229,695)	(224,611)	39,523	264,134
Fund balances – beginning of year	1,111,432	1,111,432	1,111,432	—
FUND BALANCES – END OF YEAR	$ 881,737	$ 886,821	$1,150,955	$ 264,134

* *Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Transportation Development Act Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales taxes	$ 515,900	$ 515,900	$ 531,418	$ 15,518
Investment income	—	—	11,591	11,591
TOTAL REVENUES	515,900	515,900	543,009	27,109
EXPENDITURES				
Current:				
Transportation subsidies	189,786	189,786	176,101	13,685
TOTAL EXPENDITURES	189,786	189,786	176,101	13,685
EXCESS OF REVENUES OVER EXPENDITURES	326,114	326,114	366,908	40,794
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Transfers out	(381,732)	(381,732)	(327,328)	54,404
TOTAL OTHER FINANCING SOURCES (USES)	(381,732)	(381,732)	(327,328)	54,404
NET CHANGE IN FUND BALANCES	(55,618)	(55,618)	39,580	95,198
Fund balances – beginning of year	377,827	377,827	377,827	—
FUND BALANCES – END OF YEAR	$ 322,209	$ 322,209	$ 417,407	$ 95,198

* *Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State Transit Assistance Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales taxes	$ 193,662	$ 193,662	$ 300,134	$ 106,472
Investment income	—	—	5,360	5,360
TOTAL REVENUES	193,662	193,662	305,494	111,832
EXPENDITURES				
Current:				
Transportation subsidies	31,508	31,508	28,604	2,904
TOTAL EXPENDITURES	31,508	31,508	28,604	2,904
EXCESS OF REVENUES OVER EXPENDITURES	162,154	162,154	276,890	114,736
OTHER FINANCING SOURCES (USES)				
Transfers out	(136,025)	(136,025)	(164,632)	(28,607)
TOTAL OTHER FINANCING SOURCES (USES)	(136,025)	(136,025)	(164,632)	(28,607)
NET CHANGE IN FUND BALANCES	26,129	26,129	112,258	86,129
Fund balances – beginning of year	124,496	124,496	124,496	—
FUND BALANCES – END OF YEAR	$ 150,625	$ 150,625	$ 236,754	$ 86,129

** Budget prepared in accordance with GAAP*

OTHER SUPPLEMENTARY INFORMATION

Los Angeles County Metropolitan Transportation Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023
(Amounts expressed in thousands)

	Special Revenue Funds		
	Service Authority For Freeway Emergencies	Other	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 12,015	$ 132,394	$ 144,409
Investments	26,865	6,957	33,822
Receivables			
Interest	77	673	750
Intergovernmental	1,419	6,021	7,440
Due from other funds	—	344	344
TOTAL ASSETS	$ 40,376	$ 146,389	$ 186,765
LIABILITIES			
Accounts payable and accrued liabilities	$ 971	$ 1,866	$ 2,837
Due to other funds	—	23,963	23,963
TOTAL LIABILITIES	971	25,829	26,800
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	—	61	61
TOTAL DEFERRED INFLOWS OF RESOURCES	—	61	61
FUND BALANCES			
Restricted	39,405	120,499	159,904
TOTAL FUND BALANCES	39,405	120,499	159,904
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 40,376	$ 146,389	$ 186,765

Los Angeles County Metropolitan Transportation Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Special Revenue Funds		
	Service Authority For Freeway Emergencies	Other	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	$ —	$ 60,913	$ 60,913
Investment income	1,087	5,041	6,128
Net appreciation (decline) in fair value of investments	(78)	58	(20)
Licenses and fines	8,126	34,992	43,118
TOTAL REVENUES	9,135	101,004	110,139
EXPENDITURES			
Current:			
Administration and other	5,040	28,751	33,791
Transportation subsidies	—	4,623	4,623
TOTAL EXPENDITURES	5,040	33,374	38,414
EXCESS OF REVENUES OVER EXPENDITURES	4,095	67,630	71,725
OTHER FINANCING SOURCES (USES)			
Transfers out	—	(64,644)	(64,644)
TOTAL OTHER FINANCING USES	—	(64,644)	(64,644)
NET CHANGE IN FUND BALANCES	4,095	2,986	7,081
Fund balances – beginning of year	35,310	117,513	152,823
FUND BALANCES – END OF YEAR	$ 39,405	$ 120,499	$ 159,904

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual
Service Authority for Freeway Emergencies Fund
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Investment income	$ 50	$ 50	$ 1,087	$ 1,037
Net decline in fair value of investments	—	—	(78)	(78)
Licenses and fines	8,038	8,038	8,126	88
TOTAL REVENUES	8,088	8,088	9,135	1,047
EXPENDITURES				
Current:				
Administration and other	8,403	8,403	5,040	3,363
TOTAL EXPENDITURES	8,403	8,403	5,040	3,363
EXCESS OF REVENUES OVER EXPENDITURES	(315)	(315)	4,095	4,410
NET CHANGE IN FUND BALANCES	(315)	(315)	4,095	4,410
Fund balances – beginning of year	35,310	35,310	35,310	—
FUND BALANCES – END OF YEAR	$ 34,995	$ 34,995	$ 39,405	$ 4,410

** Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ 66,550	$ 66,550	$ 60,913	$ (5,637)
Investment income	—	—	5,041	5,041
Net appreciation in fair value of investments	—	—	58	58
License and fines	31,898	31,898	34,992	3,094
TOTAL REVENUES	98,448	98,448	101,004	2,556
EXPENDITURES				
Current:				
Administration and other	—	—	28,751	(28,751)
Transportation subsidies	7,068	7,068	4,623	2,445
TOTAL EXPENDITURES	7,068	7,068	33,374	(26,306)
EXCESS OF REVENUES OVER EXPENDITURES	91,380	91,380	67,630	(23,750)
OTHER FINANCING SOURCES (USES)				
Transfers out	(94,513)	(94,513)	(64,644)	29,869
TOTAL OTHER FINANCING SOURCES (USES)	(94,513)	(94,513)	(64,644)	29,869
NET CHANGE IN FUND BALANCES	(3,133)	(3,133)	2,986	6,119
Fund balances – beginning of year	117,513	117,513	117,513	—
FUND BALANCES – END OF YEAR	$ 114,380	$ 114,380	$ 120,499	$ 6,119

** Budget prepared in accordance with GAAP*

Combining Schedule of Fiduciary Net Position

June 30, 2023

(Amounts expressed in thousands)

	Employee Retirement Trust Funds	OPEB Trust Fund	Total
ASSETS			
Cash and cash equivalents	$ 2,102	$ 11,049	$ 13,151
Investments:			
Bonds	206,764	105,852	312,616
Domestic stocks	244,394	—	244,394
Non-domestic stocks	14,771	—	14,771
Pooled investments	1,492,810	339,428	1,832,238
Receivables			
Member contributions	934	379	1,313
Securities sold	1,026	—	1,026
OPEB Trust Fund	2,463	—	2,463
Interest and dividends	1,647	812	2,459
Prepaid items and other assets	82	—	82
Total assets	1,966,993	457,520	2,424,513
LIABILITIES			
Accounts payable and other liabilities	2,275	218	2,493
Payable to Employee Retirement Trust Funds	—	2,463	2,463
Securities purchased	2,844	—	2,844
Total liabilities	5,119	2,681	7,800
NET POSITION RESTRICTED FOR PENSIONS AND OPEB			
Restricted for pension and OPEB benefits	$ 1,961,874	$ 454,839	$ 2,416,713

Note: *Receivable/payable between the fiduciary trust funds were eliminated in the Statement of Net Position - Employee Retirement and OPEB Trust Funds on page 54.*

Los Angeles County Metropolitan Transportation Authority
Combining Schedule Of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023
(Amounts expressed in thousands)

	Employee Retirement Trust Funds	OPEB Trust Fund	Total
ADDITIONS			
Contributions			
Employer	$ 68,184	$ —	$ 68,184
Member	39,408	1,066	40,474
Total contributions	107,592	1,066	108,658
Investment income (expense)			
Net appreciation in fair value of investments	137,475	26,930	164,405
Investment income	27,049	9,012	36,061
Investment expense	(5,558)	(411)	(5,969)
Other income	288	—	288
Net investment income	159,254	35,531	194,785
Total additions	266,846	36,597	303,443
DEDUCTIONS			
Retiree benefits	134,385	26,281	160,666
Administrative expenses	1,875	283	2,158
Total deductions	136,260	26,564	162,824
Change in net position	130,586	10,033	140,619
Net position - beginning of year	1,831,288	444,806	2,276,094
Net position - end of year	$ 1,961,874	$ 454,839	$ 2,416,713

Los Angeles County Metropolitan Transportation Authority
Combining Schedule of Fiduciary Net Position - Employee Retirement Trust Funds
Fiduciary Funds
June 30, 2023
(Amounts expressed in thousands)

	Sheet Metal, Air, Rail, Transportation, Transportation Division	Transportation Communication Union Plan	American Federation of State, County and Municipal Employee Plan	Non-Contract Employee Plan	Amalgamated Transportation Union Plan	Total
ASSETS						
Cash and cash equivalents	$ 883	$ 229	$ 54	$ 122	$ 814	$ 2,102
Investments						
Bonds	86,831	22,496	5,314	12,023	80,100	206,764
Domestic stocks	102,633	26,590	6,281	14,211	94,679	244,394
Non-domestic stocks	6,203	1,607	380	859	5,722	14,771
Pooled investments	626,908	162,419	38,364	86,803	578,316	1,492,810
Receivables						
Member contributions	584	77	—	—	273	934
Contribution transfer from other plans	—	—	663	634	—	1,297
Securities sold	431	111	26	60	398	1,026
Interest and dividends	692	179	42	96	638	1,647
Receivable from OPEB Trust Fund	—	134	386	1,524	419	2,463
Prepaid items and other assets	34	9	2	5	32	82
Total assets	825,199	213,851	51,512	116,337	761,391	1,968,290
LIABILITIES						
Contribution transfers to other plans	852	262	—	—	183	1,297
Accounts payable and other liabilities	907	262	107	188	811	2,275
Securities purchased	1,194	310	73	165	1,102	2,844
Total liabilities	2,953	834	180	353	2,096	6,416
NET POSITION						
Restricted for pension benefits	$ 822,246	$ 213,017	$ 51,332	$ 115,984	$ 759,295	$ 1,961,874

Note: Inter-plan receivables/payables among the Union Plans were eliminated in the Statement of Fiduciary Net Position found on page 54.

Los Angeles County Metropolitan Transportation Authority

Combining Schedule of Changes in Fiduciary Net Position - Employee Retirement Trust Funds

Fiduciary Funds

For the Fiscal Year Ended June 30, 2023

(Amounts expressed in thousands)

	Sheet Metal, Air, Rail, Transportation, Transportation Division	Transportation Communication Union Plan	American Federation of State, County and Municipal Employee Plan	Non-Contract Employee Plan	Amalgamated Transportation Union Plan	Total
ADDITIONS						
Contributions:						
Employer	$ 19,738	$ 8,871	$ 675	$ 2,026	$ 36,874	$ 68,184
Member	22,294	3,726	—	—	13,388	39,408
Transfers between plans	(852)	(262)	663	634	(183)	—
Total contributions	41,180	12,335	1,338	2,660	50,079	107,592
Investment income (expense)						
Net appreciation in fair value of investments	57,950	14,930	3,625	8,309	52,661	137,475
Investment income	11,416	2,902	737	1,645	10,349	27,049
Investment expense	(2,339)	(601)	(148)	(332)	(2,138)	(5,558)
Other income	154	21	9	40	64	288
Total net investment income	67,181	17,252	4,223	9,662	60,936	159,254
Total additions	108,361	29,587	5,561	12,322	111,015	266,846
DEDUCTIONS						
Retiree benefits	62,534	9,145	6,335	11,923	44,448	134,385
Administrative expenses	555	317	257	289	457	1,875
Total deductions	63,089	9,462	6,592	12,212	44,905	136,260
Change in net position	45,272	20,125	(1,031)	110	66,110	130,586
Net Position – beginning of year	776,974	192,892	52,363	115,874	693,185	1,831,288
Net Position – end of year	$ 822,246	$ 213,017	$ 51,332	$ 115,984	$ 759,295	$ 1,961,874

Los Angeles County Metropolitan Transportation Authority

STATISTICAL SECTION

STATISTICAL SECTION

This section of LACMTA's annual comprehensive financial report presents trend information about LACMTA's financial results, major revenue sources, outstanding debt obligations, demographic statistics, and operating activities to help the reader understand LACMTA's overall financial condition.

Los Angeles County Metropolitan Transportation Authority *Table 1*
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	$ 772,794	$ 769,942	$ 769,834	$ 768,977	$ 749,457	$ 749,417	$ 749,417	$ 749,417	$ 746,421	$ 747,753
Restricted for										
General Fund - Highway Occupancy (HOV) Lanes and Surface Transportation Program-Local (STPL) Exchange projects	—	—	—	—	—	—	—	—	21,857	5,540
Proposition A ordinance projects	342,565	311,284	86,647	134,674	127,125	138,291	139,813	474,584	1,079,459	617,033
Proposition C ordinance projects	39,419	278,776	266,232	214,721	178,945	279,909	237,396	472,023	997,273	1,075,144
Measure R ordinance projects	664,954	255,516	369,215	362,645	414,565	335,378	330,128	276,965	560,155	1,066,894
Measure M ordinance projects	—	—	—	—	429,568	678,681	631,957	672,442	1,112,995	1,161,085
PTMISEA projects	108,904	82,385	13,907	11	—	—	—	—	—	—
TDA and STA projects	203,463	107,393	165,757	159,013	302,434	298,063	177,846	259,018	502,323	654,161
Other nonmajor governmental projects	82,725	68,121	111,773	93,951	146,676	173,495	138,948	128,234	152,860	159,965
Unrestricted	640,325	656,388	237,268	472,265	356,105	303,142	239,282	180,170	139,530	185,376
Total governmental activities net position	2,855,149	2,529,805	2,020,633	2,206,257	2,704,875	2,956,376	2,644,787	3,212,853	5,312,873	5,672,951
Business-type activities:										
Net investment in capital assets	5,587,514	7,313,244	7,762,367	7,797,783	8,328,321	8,899,216	9,917,311	11,392,995	12,780,696	14,096,372
Restricted for debt service	504,782	418,006	420,543	459,949	536,936	523,844	566,387	365,657	330,203	290,727
Unrestricted (deficit)	(702,106)	(1,019,466)	(943,051)	(1,031,275)	(1,807,024)	(1,779,642)	(1,777,125)	(1,749,198)	(2,035,762)	(2,026,435)
Total business-type activities net position	5,390,190	6,711,784	7,239,859	7,226,457	7,058,233	7,643,418	8,706,573	10,009,454	11,075,137	12,360,664
Primary government:										
Net investment in capital assets	6,360,308	8,083,186	8,532,201	8,566,760	9,077,778	9,648,633	10,666,728	12,142,412	13,527,117	14,844,125
Restricted for debt service	504,782	418,006	420,543	459,949	536,936	523,844	566,387	365,657	330,203	290,727
Restricted for other purpose										
General Fund - Highway Occupancy (HOV) Lanes and Surface Transportation Program-Local (STPL) Exchange projects	—	—	—	—	—	—	—	—	21,857	5,540
Proposition A ordinance projects	342,565	311,284	86,647	134,674	127,125	138,291	139,813	474,584	1,079,459	617,033
Proposition C ordinance projects	39,419	278,776	266,232	214,721	178,945	279,909	237,396	472,023	997,273	1,075,144
Measure R ordinance projects	664,954	255,516	369,215	362,645	414,565	335,378	330,128	276,965	560,155	1,066,894
Measure M ordinance projects	—	—	—	—	429,568	678,681	631,957	672,442	1,112,995	1,161,085
PTMISEA projects	108,904	82,385	13,907	11	—	—	—	—	—	—
TDA and STA projects	203,463	107,393	165,757	159,013	302,434	298,063	177,846	259,018	502,323	654,161
Other nonmajor governmental projects	82,725	68,121	111,773	93,951	146,676	173,495	138,948	128,234	152,860	159,965
Unrestricted (deficit)	(61,781)	(363,078)	(705,783)	(559,010)	(1,450,919)	(1,476,500)	(1,537,843)	(1,569,028)	(1,896,232)	(1,841,059)
Total primary government net position	$ 8,245,339	$ 9,241,589	$ 9,260.492	$ 9,432,714	$ 9,763,108	$ 10,599,794	$ 11,351,360	$ 13,222,307	$16,388,010	$18,033,615

Source: Annual Comprehensive Financial Report

Los Angeles County Metropolitan Transportation Authority *Table 2*

Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Transit operators programs	$ 346,326	$ 304,916	$ 357,346	$ 351,667	$ 345,473	$ 379,911	$ 404,115	$ 378,088	$ 411,376	$ 482,924
Local cities programs	541,736	549,302	548,101	543,972	749,990	711,855	686,270	754,786	882,526	918,564
Congestion relief operations	44,792	43,724	42,279	50,034	41,407	42,475	44,122	34,753	37,542	49,437
Highway projects	521,755	196,158	594,069	181,211	220,443	301,038	291,654	239,881	382,910	374,067
Regional multimodal capital programs	29,080	42,844	52,363	114,253	104,298	100,676	102,784	90,072	195,869	245,010
Paratransit programs	92,745	83,602	105,042	103,560	114,027	108,560	139,642	87,392	122,397	168,466
Other transportation subsidies	62,861	72,088	64,237	93,316	118,119	127,427	141,024	92,350	121,007	165,819
Debt service interest	1,064	1,011	954	686	—	—	—	—	—	—
General government	81,380	96,909	109,029	134,569	142,462	161,022	174,909	156,088	119,973	180,591
Total government activities	1,721,739	1,390,554	1,873,420	1,573,268	1,836,219	1,932,964	1,984,520	1,833,410	2,273,600	2,584,878
Business-type activities:										
Transit operations	1,940,775	1,935,989	2,085,787	2,311,422	2,363,719	2,607,757	2,570,831	2,480,546	2,546,497	2,990,555
Union Station operations	7,498	9,729	9,172	9,664	8,400	13,933	14,865	13,352	14,910	25,615
Toll operations	12,803	20,757	24,815	27,073	31,905	43,134	57,259	26,765	31,701	38,533
Total business-type activities expenses	1,961,076	1,966,475	2,119,774	2,348,159	2,404,024	2,664,824	2,642,955	2,520,663	2,593,108	3,054,703
Total expenses	3,682,815	3,357,029	3,993,194	3,921,427	4,240,243	4,597,788	4,627,475	4,354,073	4,866,708	5,639,581
Program Revenues										
Governmental activities:										
Charges for services	5,899	23,704	9,009	19,427	18,269	18,014	17,006	19,760	18,725	17,994
Operating grants & contributions	410,545	345,206	44,805	130,836	83,838	138,544	95,545	132,597	156,570	223,556
Total governmental activities program revenues	416,444	368,910	53,814	150,263	102,107	156,558	112,551	152,357	175,295	241,550
Business-type activities:										
Charges for services	400,832	439,028	443,856	423,143	404,415	368,954	274,041	80,343	161,530	222,541
Operating grants & contributions	241,808	263,838	200,193	252,344	327,664	328,867	571,212	862,493	2,022,455	291,146
Capital grants & contributions	298,199	486,793	457,106	340,376	664,403	426,935	733,203	787,620	494,723	1,033,262
Total business-type activities program revenues	940,839	1,189,659	1,101,155	1,015,863	1,396,482	1,124,756	1,578,456	1,730,456	2,678,708	1,546,949
Total primary government program revenues	1,357,283	1,558,569	1,154,969	1,166,126	1,498,589	1,281,314	1,691,007	1,882,813	2,854,003	1,788,499
Net (expense)/revenue										
Governmental activities	(1,305,295)	(1,021,644)	(1,819,606)	(1,423,005)	(1,734,112)	(1,776,406)	(1,871,969)	(1,681,053)	(2,098,305)	(2,343,328)
Business-type activities	(1,020,237)	(769,293)	(1,018,619)	(1,332,296)	(1,007,542)	(1,540,068)	(1,064,499)	(790,207)	85,600	(1,507,754)
Total net expense	$ (2,325,532)	$ (1,790,937)	$ (2,838,225)	$ (2,755,301)	$ (2,741,654)	$ (3,316,474)	$ (2,936,468)	$ (2,471,260)	$ (2,012,705)	$ (3,851,082)

Los Angeles County Metropolitan Transportation Authority
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

Table 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes In Net Position										
Governmental activities:										
Sales tax	$ 2,778,676	$ 2,717,320	$ 2,753,686	$ 2,834,411	$ 3,931,132	$ 3,992,725	$ 3,897,520	$ 4,248,622	$ 5,097,269	$ 5,270,797
Investment income (loss) *	14,719	11,498	24,638	10,580	15,642	53,999	54,723	2,259	(35,639)	116,703
Miscellaneous **	22,244	30,781	59,786	60,664	53,853	70,114	80,623	58,480	89,616	77,327
Transfers	(1,939,283)	(2,063,299)	(1,527,676)	(1,297,026)	(1,767,897)	(2,088,931)	(2,472,486)	(2,060,242)	(952,921)	(2,761,421)
Total governmental activities	876,356	696,300	1,310,434	1,608,629	2,232,730	2,027,907	1,560,380	2,249,119	4,198,325	2,703,406
Business-type activities:										
Investment income*	13,261	17,295	8,919	12,032	14,442	21,016	10,113	21,902	14,601	21,441
Miscellaneous **	11,707	10,293	10,099	9,836	13,024	15,306	12,945	10,944	12,561	10,419
Transfers	1,939,283	2,063,299	1,527,676	1,297,026	1,767,897	2,088,931	2,472,486	2,060,242	952,921	2,761,421
Total business-type activities	1,964,251	2,090,887	1,546,694	1,318,894	1,795,363	2,125,253	2,495,544	2,093,088	980,083	2,793,281
Total primary government	2,840,607	2,787,187	2,857,128	2,927,523	4,028,093	4,153,160	4,055,924	4,342,207	5,178,408	5,496,687
Change in Net Position										
Governmental activities	(428,939)	(325,344)	(509,172)	185,624	498,618	251,501	(311,589)	568,066	2,100,020	360,078
Business-type activities	944,014	1,321,594	528,075	(13,402)	787,821	585,185	1,431,045	1,302,881	1,065,683	1,285,527
Total primary government	$ 515,075	$ 996,250	$ 18,903	$ 172,222	$ 1,286,439	$ 836,686	$ 1,119,456	$ 1,870,947	$ 3,165,703	$ 1,645,605

Source: Annual Comprehensive Financial Report

* *Includes net appreciation (decline) in fair value of investments*
** *Includes gain (loss) on sale of capital assets*

Los Angeles County Metropolitan Transportation Authority *Table 3*
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	$ —	$ —	$ —	$ —	$ 21	$ 21	$ 21	$ 19	$ 18	$ 19
Restricted *	4,045	15,753	35,704	49,417	25,750	25,689	22,496	27,970	21,857	5,540
Committed *	8,779	10,994	13,862	11,891	14,250	36,217	27,476	22,329	37,161	33,005
Assigned *	10,624	16,162	23,653	22,180	35,168	10,943	10,473	21,939	26,057	24,840
Unassigned *	489,143	512,492	450,594	366,051	279,381	200,787	143,255	94,460	67,963	110,607
Total General Fund	512,591	555,401	523,813	449,539	354,570	273,657	203,721	166,717	153,056	174,011
All other governmental funds - special revenue funds										
Nonspendable	—	—	—	—	—	—	11	—	—	—
Restricted: *										
Proposition A Fund	342,565	311,284	86,647	134,674	127,125	138,291	139,813	474,584	1,079,459	617,033
Proposition C Fund	39,419	278,776	266,232	214,721	178,945	279,909	237,385	472,023	993,075	1,045,903
Measure R Fund	664,954	255,516	369,215	362,645	414,565	335,378	330,128	276,965	523,194	1,002,167
Measure M Fund	—	—	—	—	429,568	678,681	631,957	672,442	1,111,432	1,150,955
PTMISEA Fund	108,904	82,385	13,907	11	—	—	—	—	—	—
TDA	199,743	98,839	165,757	149,408	197,005	218,192	149,135	235,417	377,827	417,407
STA	3,720	8,554	—	9,605	105,429	79,871	28,711	23,601	124,496	236,754
Nonmajor Governmental Funds	82,725	68,121	111,773	93,951	146,676	173,495	138,948	128,234	152,823	159,904
Unrestricted (deficit):										
STA	—	—	(13,094)	—	—	—	—	—	—	—
Total all other governmental funds	1,442,030	1,103,475	1,000,437	965,015	1,599,313	1,903,817	1,656,088	2,283,266	4,362,306	4,630,123
Total governmental funds	$1,954,621	$1,658,876	$1,524,250	$1,414,554	$1,953,883	$2,177,474	$1,859,809	$2,449,983	$ 4,515,362	$ 4,804,134

Source: Annual Comprehensive Financial Report

* Reclassification of fund balances with the implementation of GASB Statement No. 54 – *Fund Balance Reporting and Government Fund Type Definitions*

Los Angeles County Metropolitan Transportation Authority

Table 4

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Sales tax	$ 2,778,676	$ 2,717,320	$ 2,753,686	$ 2,834,411	$ 3,931,132	$ 3,992,725	$ 3,897,520	$ 4,248,622	$ 5,097,269	$ 5,270,797
Intergovernmental	315,337	374,350	120,428	155,452	105,727	116,974	92,294	155,157	121,320	156,768
Investment income (loss) *	15,533	11,498	24,638	10,580	15,642	53,999	54,723	2,259	(35,638)	116,703
Lease and rental	14,162	23,641	9,065	19,427	18,139	14,649	14,988	15,954	16,476	16,125
Licenses and fines	8,366	8,354	8,606	8,842	10,333	40,029	41,038	42,220	42,829	43,920
Other	12,756	24,129	51,180	49,515	62,458	27,122	38,778	18,114	49,478	32,054
Total revenues	3,144,830	3,159,292	2,967,603	3,078,227	4,143,431	4,245,498	4,139,341	4,482,326	5,291,734	5,636,367
Expenditures										
Current										
Administration and other	405,554	263,376	344,422	616,580	315,941	371,567	405,285	303,097	438,111	544,827
Transportation subsidies	1,314,929	1,126,168	1,227,936	1,256,002	1,520,276	1,561,397	1,579,235	1,530,313	1,833,372	2,037,500
Capital outlay - Subscription-based IT arrangements	—	—	—	—	—	—	—	—	—	1,810
Principal, interest and fiscal charges	2,197	2,194	2,195	18,315	—	—	—	—	1,951	3,847
Total expenditures	1,722,680	1,391,738	1,574,553	1,890,897	1,836,217	1,932,964	1,984,520	1,833,410	2,273,434	2,587,984
Excess of revenues over expenditures	1,422,150	1,767,554	1,393,050	1,187,330	2,307,214	2,312,534	2,154,821	2,648,916	3,018,300	3,048,383
Other financing sources (uses)										
Subscription-based IT arrangements issued	—	—	—	—	—	—	—	—	—	1,810
Transfers out, net of transfers in	(1,939,283)	(2,063,299)	(1,527,676)	(1,297,026)	(1,767,897)	(2,088,931)	(2,472,486)	(2,058,742)	(952,921)	(2,761,421)
Total other financing sources (uses)	(1,939,283)	(2,063,299)	(1,527.676)	(1,297,026)	(1,767.897)	(2,088.931)	(2,472.486)	(2,058.742)	(952.921)	(2,759.611)
Net change in fund balances	$ (517,133)	$ (295,745)	$ (134.626)	$ (109,696)	$ 539,317	$ 223,603	$ (317,665)	$ 590,174	$ 2,065,379	$ 288,772
Debt service expenditures expressed as a percentage of non-capital expenditures	0.13%	0.16%	0.14%	0.98%	0.00%	0.00%	0.00%	0.00%	0.09%	0.15%

Source: Annual Comprehensive Financial Report

** Includes net appreciation (decline) in fair value of investments*

Los Angeles County Metropolitan Transportation Authority
Governmental Activities
Sales Tax Revenues by Source
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

Fiscal Year	Proposition A	Proposition C	Measure R (2)	Measure M (1)	Transportation Development Act	State Transit Assistance	Total
2014	$ 778,504	$ 778,600	$ 714,218	$ —	$ 390,232	$ 117,122	$ 2,778,676
2015	745,655	745,632	745,919	—	373,991	106,123	2,717,320
2016	763,636	763,643	764,968	—	382,753	78,686	2,753,686
2017	789,342	789,269	787,891	—	393,882	74,027	2,834,411
2018	836,529	836,545	836,721	826,969	411,672	182,696	3,931,132
2019	846,548	846,546	846,793	836,173	420,793	195,872	3,992,725
2020	824,569	824,567	823,382	820,724	405,988	198,290	3,897,520
2021	911,302	911,310	912,444	911,235	442,450	159,881	4,248,622
2022	1,091,206	1,091,203	1,091,162	1,089,933	525,158	208,607	5,097,269
2023	1,111,178	1,111,177	1,110,713	1,106,177	531,418	300,134	5,270,797

Source: Annual Comprehensive Financial Report

(1) Measure M is a voter-approved half-cent sales tax that took effect on July 1, 2017 for the "Los Angeles Improvement Traffic Plan."
(2) Measure R is a voter-approved half-cent sales tax that took effect on July 1, 2009 for Los Angeles County to finance new transportation projects and programs.

Los Angeles County Metropolitan Transportation Authority
Business-type Activities – Transit Operations
Program Revenues by Source
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

Table 6

Fiscal Year		Passenger Fares		Federal Operating Grants		Operating Subsidies			Auxiliary Transportation/ Route Subsidies		Lease and Rental*		Toll Revenues**		Total
2014	$	339,599	$	239,888	$	596,736	***	$	20,639	$	5,929	$	34,665	$	1,237,456
2015		351,648		253,422		665,998	***		21,606		7,691		58,083		1,358,448
2016		340,274		199,956		901,770	***		22,647		8,134		72,801		1,545,582
2017		319,345		249,188		988,046	***		23,940		8,588		71,270		1,660,377
2018		300,042		308,469		1,767,897	***		42,694		9,792		69,887		2,498,781
2019		265,289		319,304		2,088,931	***		25,896		13,546		64,223		2,777,189
2020		184,592		267,673		2,472,486	***		21,164		12,901		55,384		3,014,200
2021		20,449		855,612		2,060,242	***		7,676		13,404		38,814		2,996,197
2022		62,991		2,014,746		952,921	***		18,680		12,421		67,438		3,129,197
2023		113,557		281,396		2,761,421	***		25,812		13,020		70,152		3,265,358

Source: Annual Comprehensive Financial Report

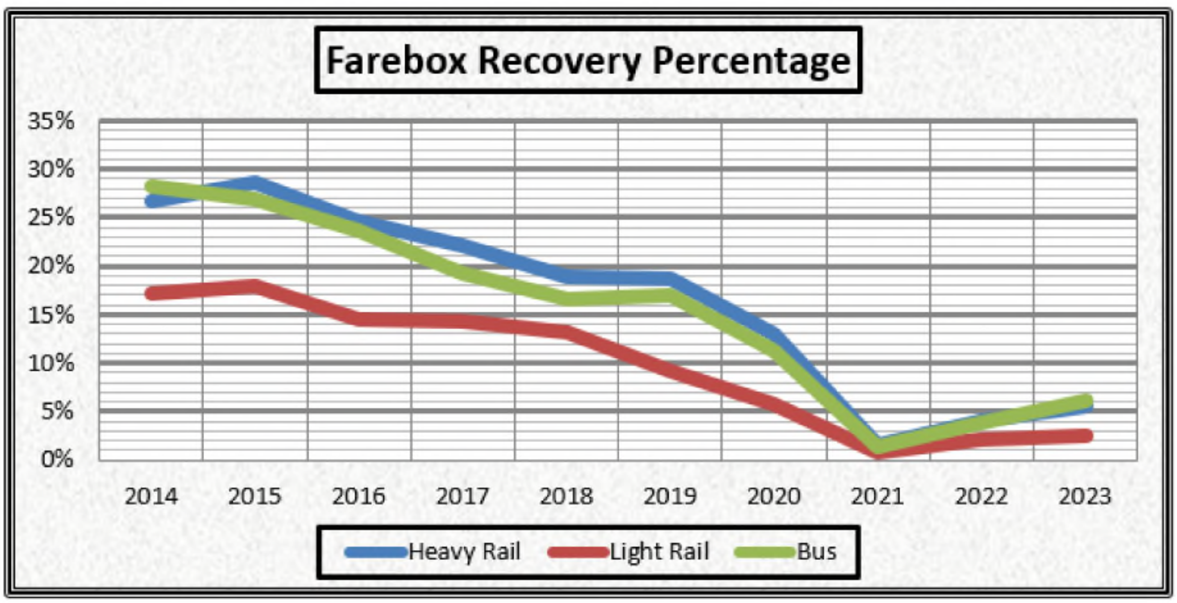
* *LACMTA purchased Union Station property in April 2011.*
** *Metro ExpressLanes commenced revenue operations in November 2012 for I-110 and February 2013 for I-10*
*** Net of transfers out

Los Angeles County Metropolitan Transportation Authority
Business-type Activities – Transit Operations
Farebox Recovery Percentage by Mode

Table 7

Last Ten Fiscal Years

Fiscal Year	Heavy Rail	Light Rail	Bus	All Modes
2014	27%	17%	28%	26%
2015	29%	18%	27%	25%
2016	25%	15%	24%	22%
2017	22%	14%	19%	18%
2018	19%	13%	17%	16%
2019	19%	9%	17%	15%
2020	13%	6%	11%	10%
2021	2%	1%	1%	1%
2022	4%	2%	4%	4%
2023	6%	3%	6%	5%



Source: National Transit Database Report.

Los Angeles County Metropolitan Transportation Authority

Table 8

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

(Amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Principal	$316,781	$510,144	$182,066	$215,949	$390,200	$260,420	$300,075	$255,923	$292,718	$322,693
Interest	136,318	73,027	140,575	134,289	178,055	198,952	229,681	250,394	277,781	276,656
Total debt service expenditures	$453,099	$583,171	$322,641	$350,238	$568,255	$459,372	$529,756	$506,317	$570,499	$599,349
Total general expenditures	$4,000,992	$3,860,834	$3,917,887	$4,137,376	$4,739,916	$4,861,889	$4,953,838	$4,726,384	$5,244,806	$6,048,980
Percentage of debt service to general expenditures (%)	11.32 %	15.10 %	8.24 %	8.47 %	11.99 %	9.45 %	10.69 %	10.71 %	10.88 %	9.91 %

Source: Annual Comprehensive Financial Report

Los Angeles County Metropolitan Transportation Authority
Historical Debt Service Coverage Ratios – Proposition A, Proposition C, and Measure R
Last Ten Fiscal Years
(Amounts expressed in thousands)

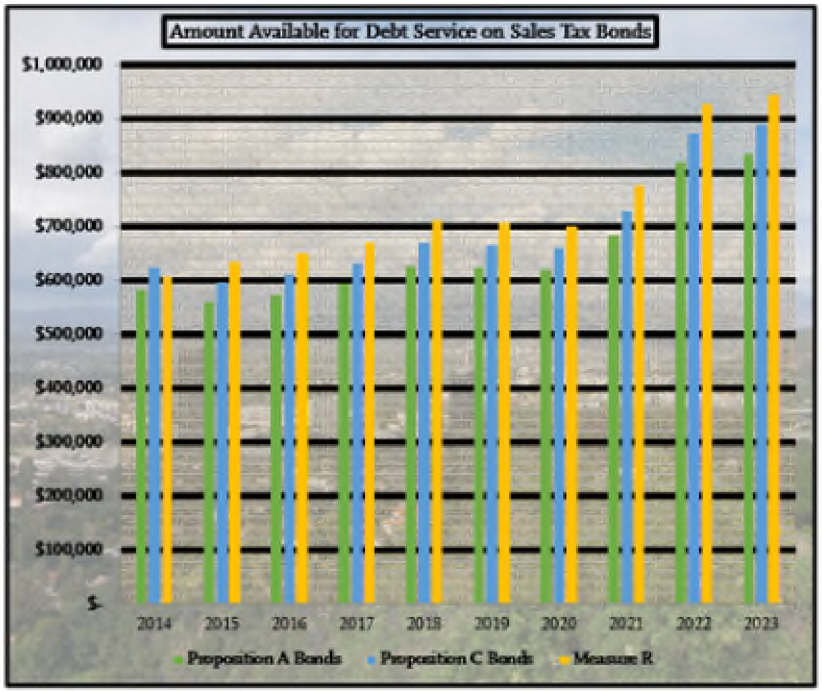
Table 9

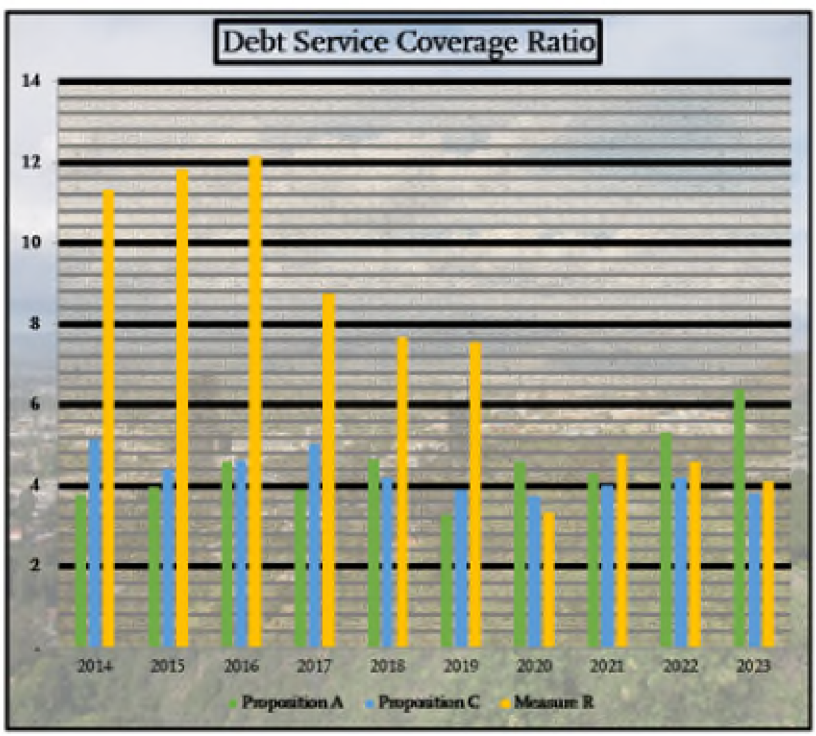
Source	Fiscal Year	Net Sales Tax Revenue	Less Local Return (1)	Amount Available for Debt Service On Sales Tax Bonds	Aggregate Debt Service Requirement	Debt Service Coverage Ratio
Proposition A	2014	$ 778,504	$ 194,626	$ 583,878	$ 154,697	3.77
	2015	745,655	186,414	559,241	140,849	3.97
	2016	763,636	190,909	572,727	125,253	4.57
	2017	789,342	197,336	592,006	151,473	3.91
	2018	836,529	209,132	627,397	134,837	4.65
	2019	831,113	207,778	623,335	189,821	3.28
	2020	824,569	206,142	618,427	135,291	4.57
	2021	911,302	227,826	683,476	157,662	4.30
	2022	1,091,206	272,802	818,404	155,765	5.30
	2023	1,111,178	277,794	833,384	130,779	6.40
Proposition C	2014	778,600	155,720	622,880	121,326	5.13
	2015	745,632	149,126	596,506	135,092	4.42
	2016	763,643	152,729	610,914	132,161	4.62
	2017	789,269	157,854	631,415	125,320	5.04
	2018	836,545	167,309	669,236	158,380	4.23
	2019	846,546	169,309	677,237	169,860	3.99
	2020	824,567	164,913	659,654	176,614	3.74
	2021	911,310	182,262	729,048	180,517	4.00
	2022	1,091,203	218,241	872,962	205,683	4.20
	2023	1,111,177	222,235	888,942	234,067	3.80
Measure R	2014	714,218	107,133	607,085	53,658	11.31
	2015	745,919	111,888	634,031	53,658	11.82
	2016	764,968	114,745	650,223	53,605	12.13
	2017	787,891	118,184	669,707	76,438	8.76
	2018	836,721	125,508	711,213	92,759	7.67
	2019	846,793	127,019	719,774	93,525	7.70
	2020	823,382	123,507	699,875	210,617	3.32
	2021	912,444	136,867	775,577	158,108	4.80
	2022	1,091,162	163,674	927,488	200,006	4.60
	2023	1,110,713	166,607	944,106	228,130	4.10

Source: Annual Comprehensive Financial Report

(1) % Local return of net sales tax revenue - Proposition A 25%, Proposition C 20%, and Measure R 15%

Los Angeles County Metropolitan Transportation Authority
Graphical Presentation of Table 9
Proposition A, Proposition C, and Measure R Debt Service Coverage Ratios





Los Angeles County Metropolitan Transportation Authority *Table 10*

Ratio of Outstanding Debt by Type

(Excluding Claims and Compensated Absences)

Last Ten Fiscal Years

(Amounts expressed in millions except per capita amount)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Redevelopment & Housing bonds	$ 20	$ 19	$ 18	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Long-term leases	—	—	—	—	—	—	—	—	4	2
Other liabilities	—	—	—	—	—	—	—	2	2	2
Total Governmental activities	20	19	18	—	—	—	—	2	6	4
Business-type activities										
Sales tax revenue and refunding bonds	3,237	3,037	2,810	3,717	4,497	4,938	5,003	5,292	5,519	5,162
Lease/leaseback obligation	718	468	425	228	238	176	186	194	80	85
General revenue bonds	149	142	113	106	98	89	80	70	61	52
Unamortized bond premium/discount	250	233	271	393	469	519	475	954	1,014	957
Commercial paper and revolving lines of credit	139	84	385	194	178	211	231	206	98	95
Long-term leases	—	—	—	—	—	—	—	—	37	30
Capital grant receipts revenue bonds	5	4	2	1	—	—	—	—	—	13
Notes obligation - TIFIA (CPC)	—	37	488	567	581	595	608	—	—	—
Total Business-type activities	4,498	4,005	4,494	5,206	6,061	6,528	6,583	6,716	6,809	6,394
Total Primary government	$ 4,518	$ 4,024	$ 4,512	$ 5,206	$ 6,061	$ 6,528	$ 6,583	$ 6,718	$ 6,815	$ 6,398
Percentage of Personal Income*	0.88 %	0.74 %	0.80 %	0.90%	1.01%	1.03%	0.97%	0.92%	n/a	n/a
Per Capita*	$446.27	$396.26	$441.01	$ 506.22	$ 595.15	$ 641.76	$655.42	$681.07	$692.32	n/a

Source: Annual Comprehensive Financial Report

* *See the Schedule of Demographic and Economic Statistics for population and personal income data (Table 11)*

n/a Data not available.

Los Angeles County Metropolitan Transportation Authority
Demographic and Economic Statistics
Last Ten Calendar Years
(Amounts and population expressed in thousands)

Table 11

Fiscal Year	Population County of Los Angeles (1)	Population State of California (1)	Taxable Sales County of Los Angeles (2)	Personal Income County of Los Angeles (3)	Per Capita Personal Income County of Los Angeles (3)	Unemployment Rate County of Los Angeles (4)
2014	10,124	38,725	$ 147,446,927	$ 510,501,551	50	8.2 %
2015	10,155	38,907	151,981,740 *	544,064,971	54	6.6 %
2016	10,231	39,501	155,155,641 *	562,436,306	55	5.2 %
2017	10,284	39,810	160,280,130 *	580,335,216	56	4.7 %
2018	10,184	39,695	166,023,795	601,947,888	59	4.6 %
2019	10,172	39,782	172,313,602	635,759,588	62	4.4 %
2020	10,044	39,466	157,737,984	684,663,140	68	12.3%
2021	9,861	39,186	192,524,203	728,772,915	74	8.9%
2022	9,835	39,079	213,716,609	n/a	n/a	4.9 %
2023	9,761	38,940	n/a	n/a	n/a	n/a

Source:

(1) California Department of Finance (based on May 1, 2023 release, California Department of Finance , Demographic Research Unit - Report E-4
(2) State Board of Equalization
** Last updated: December 23, 2022 - revised statistics for 2015-2017*
(3) U.S. Department of Commerce, Bureau of Economic Analysis
Personal Income includes net earnings by place of residence; dividends, interest and rent; and personal current transfer receipts received by the residence of Los Angeles
Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2011-2016 reflect county population estimates available as of March 2021
Note - All dollar estimates are not adjusted for inflation

(4) California Employment Development Labor Market Information Division, not seasonally adjusted

n/a - Data not available

Los Angeles County Metropolitan Transportation Authority
Ten Largest Employers in Los Angeles County
Last Ten Fiscal Years
(Not in thousands)

Table 12

	2014*			2016*			2017*			2018*			2019*		
Major Employers	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
County of Los Angeles	96,500	1	2.10%	107,500	1	2.25%	108,500	1	2.27%	107,400	1	2.24%	95,210	1	1.99%
Los Angeles Unified School District	59,600	2	1.30%	90,800	2	1.90%	90,800	2	1.90%	104,300	2	2.18%	75,670	2	1.58%
City of Los Angeles (including DWP)	46,900	3	1.02%	49,500	3	1.04%	61,900	3	1.29%	61,900	3	1.29%	72,600	3	1.52%
University of California, Los Angeles	44,000	4	0.96%	46,200	4	0.97%	63,500	4	1.33%	65,600	4	1.37%	51,010	4	1.07%
Federal Government (Non-Defense Dept) (1)	43,400	5	0.94%	45,000	5	0.94%	43,900	5	0.92%	43,600	5	0.91%	47,430	5	0.99%
Kaiser Permanente	36,000	6	0.78%	36,900	6	0.77%	36,400	6	0.76%	37,400	6	0.78%	41,340	6	0.86%
State of California (non-education)	29,200	7	0.64%	29,900	7	0.63%	30,000	7	0.63%	29,800	7	0.62%	27,990	7	0.58%
University of Southern California	—	—	—	18,900	8	0.40%	20,100	8	0.42%	21,000	8	0.44%	22,160	8	0.46%
Northrop Grumman Corp	17,000	8	0.37%	16,600	9	0.35%	16,600	9	0.35%	16,600	9	0.35%	18,000	10	0.38%
Target Corp	15,000	9	0.33%	15,000	10	0.31%	15,000	10	0.31%	15,000	10	0.31%	20,000	9	0.42%
Providence Health & Services	15,000	10	0.33%	—	—	—	—	—	—	—	—	—	—	—	—
Total ten largest employers	402,600		8.77%	456,300		9.56%	486,700		10.16%	502,600		10.49%	471,410		9.85%
All other employers	4,190,400		91.23%	4,322,500		90.44%	4,395,400		89.84%	4,393,900		89.51%	4,422,890		90.15%
Total Employment in LA County ***	4,593,000		100.00%	4,778,800		100.00%	4,882,100		100.00%	4,896,500		100%	4,894,300		100%

Source:
(1) Includes U.S. Postal Service
* *Los Angeles Almanac Research 2020 Updated*
** *Los Angeles Business Journal, 2021 Special Report: The Largest Employers in LA County*
*** *California Employment Development Department, Labor Market Information Division*

Note: Information for 2013, 2015, and 2022 were not available

Los Angeles County Metropolitan Transportation Authority
Ten Largest Employers in Los Angeles County (Continued)
Last Ten Fiscal Years
(Not in thousands)

	2020*			2021**			2023*		
Major Employers	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
County of Los Angeles	113,207	1	2.36%	111,800	1	2.33%	106,200	1	2.22%
Los Angeles Unified School District	77,928	2	1.63%	75,676	2	1.58%	73,800	2	1.54%
City of Los Angeles (including DWP)	43,572	3	0.91%	41,270	5	0.86%	61,600	5	1.29%
University of California, Los Angeles	50,957	4	1.06%	46,130	4	0.96%	50,200	4	1.05%
Federal Government (Non-Defense Dept) (1)	50,000	5	1.04%	50,000	3	1.04%	44,700	3	0.93%
Kaiser Permanente	41,349	6	0.86%	40,876	6	0.85%	40,800	6	0.85%
State of California (non-education)	30,370	7	0.63%	29,100	7	0.61%	32,300	7	0.67%
University of Southern California	22,164	8	0.46%	22,465	8	0.47%	22,400	8	0.47%
Northrop Grumman Corp	18,000	10	0.38%	18,000	10	0.38%	20,000	9	0.42%
Target Corp	20,000	9	0.42%	20,000	9	0.42%	18,000	10	0.38%
Providence Health & Services	—	—	—	—	—	—	—	—	—
Total ten largest employers	467,547		9.75%	455,317		9.50%	470,000		9.82%
All other employers	3,824,153		90.25%	4,093,583		90.50%	4,269,900		90.18%
Total Employment in LA County ***	4,291,700		100.00%	4,548,900		100.00%	4,739,900		100.00%

Source:
(1) Includes U.S. Postal Service
* *Los Angeles Almanac Research 2020 Updated*
** *Los Angeles Business Journal, 2021 Special Report: The Largest Employers in LA County*
*** *California Employment Development Department, Labor Market Information Division*

Note: Information for 2015, and 2022 were not available

Los Angeles County Metropolitan Transportation Authority *Table 13*

Los Angeles County Taxable Transactions by Type of Business

Last Ten Calendar Years

(Amounts expressed in millions)

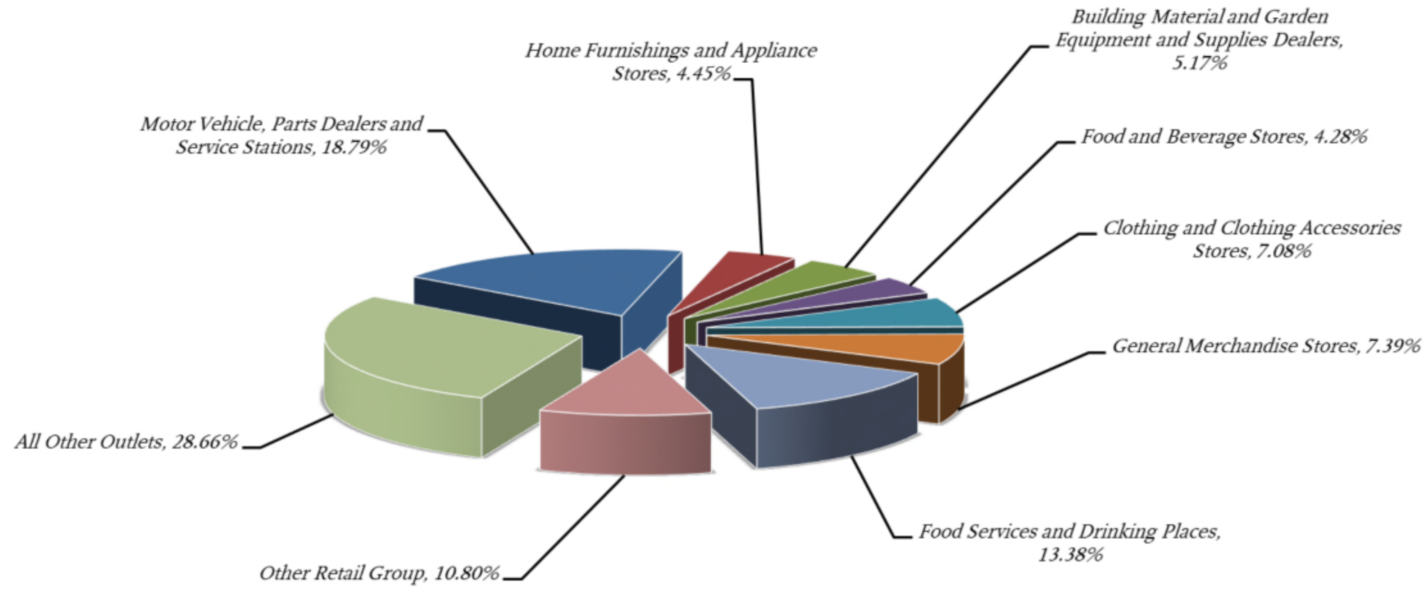
Type of Business	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Motor vehicle, parts dealers and service stations	$ 29,830	$ 29,526	$28,640	$29,526	* $31,489	* $31,446	* $ 26,666	$ 35,975	$ 41,444	n/a
Home furnishings and appliance stores	6,775	7,833	7,842	7,609	* 7,537	* 7,309	* 6,608	8,191	7,731	n/a
Building material and garden equipment, and supplies dealers	6,971	7,403	7,688	8,034	* 8,446	* 8,698	* 9,557	10,457	11,019	n/a
Food and beverage stores	6,280	6,689	6,696	6,922	* 7,107	* 7,255	* 7,650	7,871	8,267	n/a
Clothing and clothing accessories stores	10,561	10,974	11,414	11,554	* 12,258	* 12,537	* 9,499	13,982	14,430	n/a
General merchandise stores	11,557	10,913	10,905	11,250	* 12,584	* 12,911	* 12,264	14,456	15,079	n/a
Food services and drinking places	18,964	20,606	22,002	23,199	* 24,016	* 25,098	* 17,006	23,626	28,100	n/a
Other retail group	13,250	14,202	14,808	15,187	* 15,707	* 17,190	* 24165	24,442	24,553	n/a
All other outlets	43,257	42,886	44,211	45,979	* 46,879	* 49,869	* 44,322	53,524	63,094	n/a
Total	$147,445	$151,032	$154,206	$159,260	$166,023	$172,313	$157,737	$192,524	$213,717	$ —

Source: California State Board of Equalization, Table 3 Taxable Sales in California Counties by Type of Business

n/a data for 2023 not available as of ACFR publishing date

** Updated.*

Taxable Transactions by Business Type



Los Angeles County Metropolitan Transportation Authority
Business-type Activities – Transit Operations
Operating Indicators by Mode
Last Ten Fiscal Years
(Amounts expressed in thousands for Passenger fares and Operating expenses)

Table 14

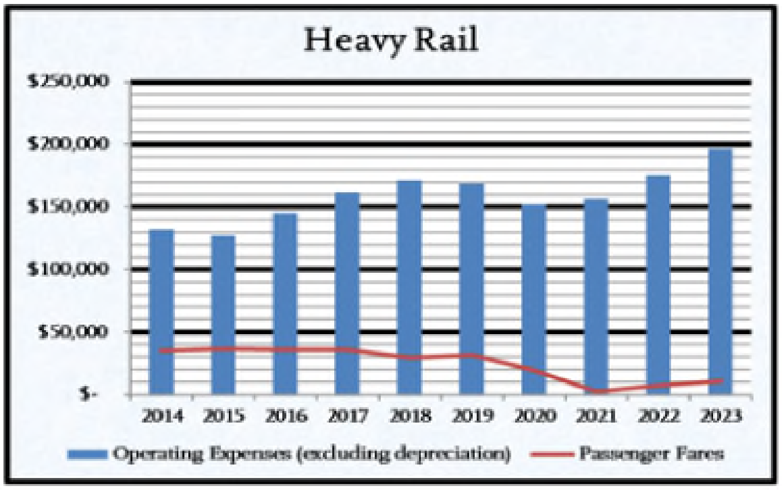
	2014	2015	2016	2017	2018	2019	2020	2021	2022 **	2023 **
PASSENGER FARES:										
Heavy Rail	$ 35,300	$ 36,338	$ 35,789	$ 35,622	$ 32,305	$ 31,426	$ 19,761	$ 2,563	$ 7,154	$ 11,041
Light Rail	44,412	47,902	47,807	52,570	49,116	42,986	24,655	3,054	8,732	13,162
Bus*	277,162	267,408	256,678	231,153	218,621	190,877	140,176	14,832	47,105	90,589
***OPERATING EXPENSES** (excluding depreciation):*										
Heavy Rail	$ 132,142	$ 127,153	$ 145,450	$ 161,559	$ 171,688	$ 168,453	$ 152,328	$ 156,720	$ 175,274	$ 197,034
Light Rail	257,979	265,702	328,351	366,355	375,017	446,369	425,382	393,871	410,761	509,964
Bus*	980,176	994,171	1,087,236	1,199,762	1,216,614	1,288,261	1,242,038	1,125,139	1,206,936	1,498,970
PASSENGER MILES TRAVELLED:										
Heavy Rail	254,440	236,023	224,277	228,179	210,105	207,665	162,928	99,058	128,144	133,671
Light Rail	412,776	386,901	427,260	495,532	495,012	462,756	318,738	151,162	183,686	122,800
Bus*	1,494,524	1,444,741	1,337,680	1,196,313	1,158,789	1,149,053	916,793	449,228	631,466	746,765
VEHICLE/PASSENGER CAR REVENUE MILES:										
Heavy Rail	7,067	6,977	6,884	7,010	6,976	6,874	6,801	6,256	6,101	6,086
Light Rail	13,863	13,702	13,746	16,699	17,999	17,757	15,537	12,421	13,476	14,641
Bus*	75,664	75,207	76,159	74,129	73,176	73,046	66,697	57,334	66,252	70,631
VEHICLE/PASSENGER CAR REVENUE HOURS:										
Heavy Rail	320	319	316	321	318	314	311	288	287	298
Light Rail	685	680	663	789	866	867	756	593	661	723
Bus*	6,946	6,972	7,067	6,935	6,904	6,342	6,352	5,383	6,290	6,742
BUSES/RAIL CARS:										
Heavy Rail	104	104	104	104	104	104	102	102	100	100
Light Rail	171	171	196	246	300	298	302	292	298	337
Bus*	2,420	2,457	2,438	2,439	2,402	2,420	2,548	2,339	2,184	2,072
PASSENGER STATIONS:										
Heavy Rail	16	16	16	16	16	16	16	16	16	16
Light Rail	66	66	79	79	79	79	79	79	78	87
Bus*	49	49	56	58	58	61	61	46	45	43

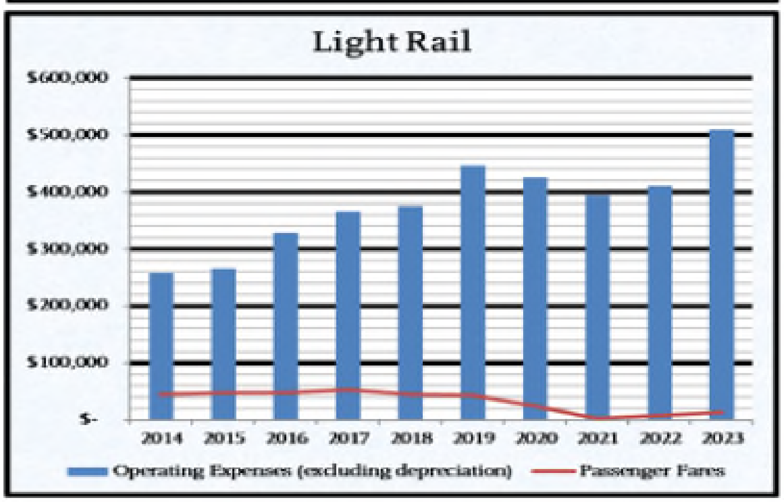
Source: National Transit Database Report

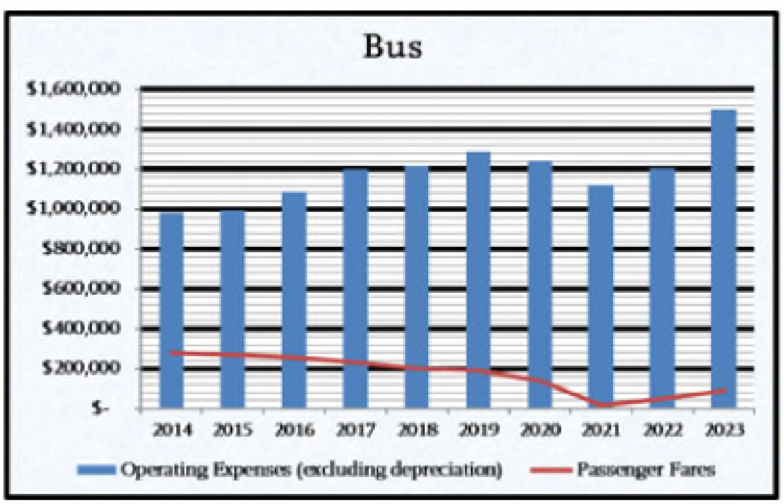
** Includes Purchase Transportation and Orange Line*

*** Passenger fares include TAP cards fees*

Los Angeles County Metropolitan Transportation Authority
Graphical Presentation of Table 14
Passenger Fares and Operating Expenses by Mode
(Amounts expressed in thousands)





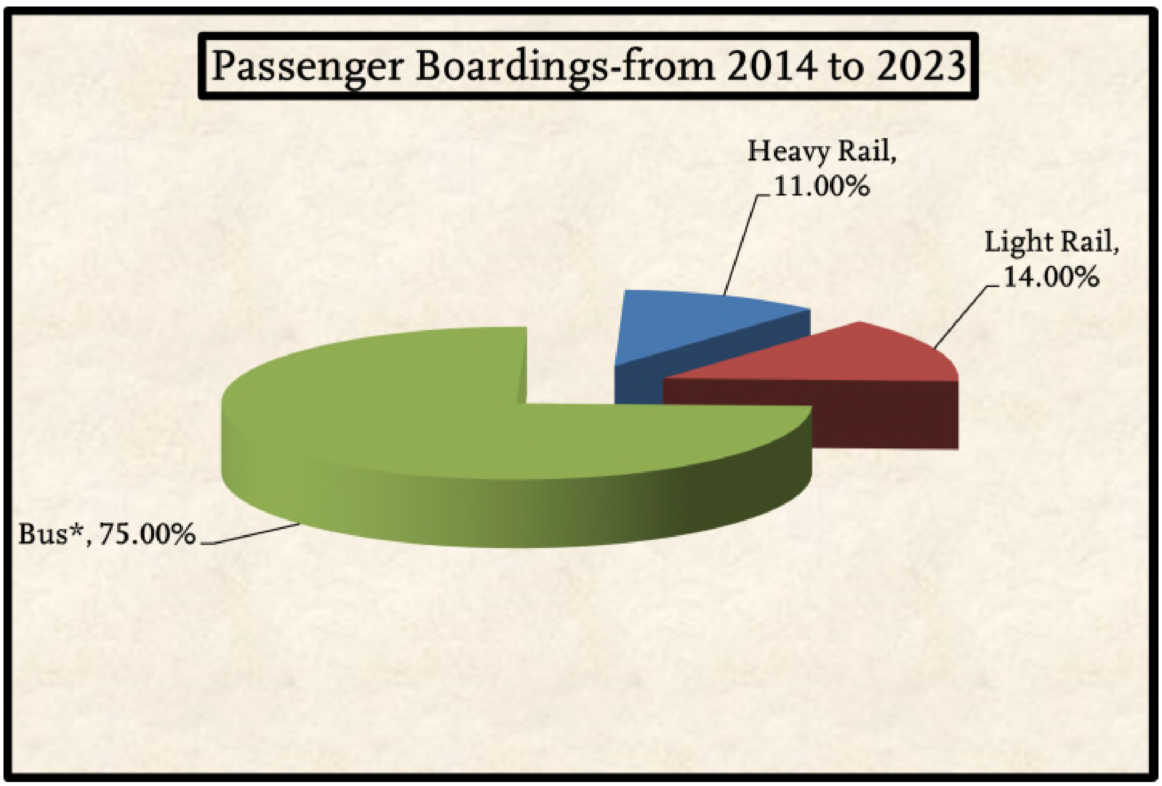


Los Angeles County Metropolitan Transportation Authority *Table 15*
Business-type Activities – Transit Operations
Passenger Boardings by Mode
Last Ten Fiscal Years
(Boardings expressed in thousands)

Fiscal Year	Heavy Rail	Light Rail	Bus *	Total
2014	50,365	63,705	345,055	459,125
2015	47,721	62,775	342,980	453,476
2016	46,003	62,085	320,870	428,958
2017	45,632	67,764	289,999	403,395
2018	43,752	66,387	280,794	390,933
2019	43,074	59,655	273,507	376,237
2020	33,668	42,098	227,576	303,342
2021	18,889	22,871	152,652	194,411
2022	25,075	30,661	197,788	253,524
2023	26,855	32,016	211,308	270,179

Source: National Transit Database Report

* *Includes Purchased Transportation and Orange Line*



Los Angeles County Metropolitan Transportation Authority *Table 16*
Business-type Activities – Transit Operations
Operating Expenses by Function (Bus and Rail)
Last Ten Fiscal Years
(Amounts expressed in thousands)

Fiscal Year	Operations	Vehicle Maintenance	Non-Vehicle Maintenance	General Administration	Depreciation	Total
2014	$ 671,358	$ 283,275	$ 116,877	$ 281,226	$ 438,235	$ 1,790,971
2015	732,694	291,972	114,359	265,746	490,590	1,895,361
2016	823,416	320,398	99,128	331,476	482,908	2,057,326
2017	888,989	339,290	119,431	395,589	577,633	2,320,932
2018	913,002	370,176	121,833	372,297	599,439	2,376,747
2019	994,477	381,115	155,238	387,809	555,633	2,474,272
2020	919,063	369,904	152,354	402,335	608,860	2,452,516
2021	817,390	329,639	137,558	381,175	596,771	2,262,533
2022	902,113 *(1)*	337,804 *(1)*	154,766 *(1)*	406,682 *(1)*	602,502	2,403,863
2023	1,229,055	410,200	221,982	355,874	569,237	2,786,347

(1) Updated

Source: National Transit Database Report

See accompanying independent auditor's report.

Los Angeles County Metropolitan Transportation Authority
Full-Time Equivalent Employees by Function (not in thousands)
Last Ten Fiscal Years

Table 17

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Metro Operations	7,571	7,585	7,859	7,807	7,891	8,061	8,003	8,005	8,149	8,437
Countywide Planning & Development	101	156	161	163	162	166	164	164	166	192
Construction Project Management	180	193	205	254	293	307	319	319	314	283
Communications	194	271	278	285	314	328	344	344	345	—
Support Services	765	612	690	697	699	721	735	736	724	951
Chief Executive Office	314	428	482	532	571	594	614	610	611	674
Board of Directors	37	36	39	38	38	40	40	41	41	59
Total	9,162	9,281	9,714	9,776	9,968	10,217	10,219	10,219	10,350	10,596

Source: Adopted Budget

Los Angeles County Metropolitan Transportation Authority

Table 18

Business-type Activities – Transit Operations
Revenues and Operating Assistance
Comparison to Transit Industry Trend
Percent to Total
Last Ten Fiscal Years

	Operations			Operating Assistance				
Fiscal Year	Passenger Fares	Other	Subtotal	Federal	State	Local	Subtotal	Total
Transportation Industry (1)								
2014	32 %	4 %	36 %	9 %	25 %	30 %	64 %	100 %
2015	33 %	5 %	37 %	8 %	23 %	31 %	63 %	100 %
2016	31 %	5 %	36 %	8 %	24 %	31 %	64 %	100 %
2017	31 %	5 %	36 %	9 %	23 %	32 %	64 %	100 %
2018	31 %	5 %	36 %	9 %	23 %	33 %	64 %	100 %
2019	30 %	4 %	34 %	8 %	23 %	35 %	66 %	100 %
2020	17 %	4 %	21 %	26 %	23 %	30 %	79 %	100 %
2021	*	*	*	*	*	*	*	*
2022	*	*	*	*	*	*	*	*
2023	*	*	*	*	*	*	*	*
LACMTA (2)								
2014	23 %	4 %	27 %	16 %	7 %	50 %	73 %	100 %
2015	23 %	6 %	29 %	16 %	6 %	49 %	71 %	100 %
2016	21 %	7 %	28 %	12 %	6 %	54 %	72 %	100 %
2017	18 %	6 %	24 %	13 %	3 %	60 %	76 %	100 %
2018	16 %	2 %	18 %	16 %	11 %	55 %	82 %	100 %
2019	15 %	3 %	18 %	17 %	23 %	42 %	82 %	100 %
2020	10 %	2 %	12 %	13 %	30 %	45 %	88 %	100 %
2021	2 %	1 %	3 %	31 %	11 %	55 %	97 %	100 %
2022	3 %	2 %	5 %	47 %	2 %	46 %	95 %	100 %
2023	4 %	1 %	5 %	9 %	16 %	70 %	95 %	100 %

* *Data not available*

Source:
1) *APTA 2022 Public Transportation Fact Book*
2) *National Transit Database Report*

Los Angeles County Metropolitan Transportation Authority

Table 19

Business-type Activities – Transit Operations
Operating Expenses by Function
Comparison to Transit Industry Trend
Percent to Total
Last Ten Fiscal Years

Fiscal Year	Vehicle Operations	Vehicle Maintenance	Non-Vehicle Maintenance	General Administration	Purchased Transportation	Total**
Transportation Industry (1)						
2014	44 %	16 %	10 %	16 %	14 %	100 %
2015	43 %	16 %	11 %	16 %	14 %	100 %
2016	42 %	16 %	11 %	17 %	14 %	100 %
2017	42 %	16 %	12 %	16 %	14 %	100 %
2018	42 %	16 %	11 %	17 %	14 %	100 %
2019	42 %	16 %	11 %	16 %	15 %	100 %
2020	42 %	16 %	11 %	17 %	15 %	100 %
2021	*	*	*	*	*	*
2022	*	*	*	*	*	*
2023	*	*	*	*	*	*
LACMTA (2)						
2014	49 %	21 %	9 %	18 %	3 %	100 %
2015	50 %	20 %	8 %	18 %	4 %	100 %
2016	50 %	20 %	6 %	20 %	4 %	100 %
2017	50 %	19 %	7 %	21 %	3 %	100 %
2018	49 %	21 %	6 %	20 %	4 %	100 %
2019	50 %	20 %	8 %	19 %	3 %	100 %
2020	48 %	19 %	8 %	21 %	4 %	100 %
2021	48 %	19 %	8 %	22 %	3 %	100 %
2022	49 %	18 %	8 %	21 %	4 %	100 %
2023	54 %	18 %	10 %	15 %	3 %	100 %

* *Data not available*
** *Excludes depreciation*

Source:
1) *APTA 2022 Public Transportation Fact Book*
2) *National Transit Database Report*

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