Los Angeles County
Metropolitan Transportation Authority
California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

FY22

Metro

Los Angeles County Metropolitan
Transportation Authority
Los Angeles, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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, 2022

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INTRODUCTORY SECTION

Metro

Los Angeles County
Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012-2952
213.922.2000
metro.net

January 24, 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, 2022 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, 2022 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, 2022. 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 253.4 million bus and rail boardings in FY 2022 within its 4,099-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 FY23 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 are conducted from February 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 $8.7 billion FY23 adopted budget is $0.7 billion or 8.75% higher than the FY22 budget. Thanks to federal relief funds provided by the American Recovery Plan Act (ARPA), Metro's $8.7 billion FY23 Adopted Budget is balanced and includes many new and innovative projects that will have meaningful effects for LA County's 10 million residents. While these ARPA dollars are critical to supplementing Metro's immediate budgetary needs, this revenue is one-time funding that will be fully expended during FY23. As such, Metro is focused on prudent fiscal planning to ensure we can complete pipeline projects and maintain long-term financial stability. Equity is at the core of all that we do at Metro. For FY23 Budget, Metro implemented an Equitable Zero-Based Budgeting (EZBB) process. With the EZBB, we are identifying incremental and financially prudent steps we can take now to avoid drastic actions later. This effort asks each agency department to take a fresh look at what activities truly support Metro's core business and priorities and to assess, at the expenditure level, how equity is advanced and improves our daily activities.

FY23 budget for transportation infrastructure development (TID) amounts to $2.9 billion. TID is responsible for a portfolio comprised of more than 75 projects including two major rail projects: the K Line (Crenshaw/LAX) which opened in October 2022 and the Regional Connector which is set to open next year. These new rail lines offer transit users the ability to travel on a light rail line along Crenshaw or take a one-seat ride on light rail lines through downtown without a transfer, bringing more mobility and better connectivity to Equity-Focused Communities (EFCs). As we take on exciting initiatives to attract riders and bring Metro to new communities with our new rail segment openings, enhanced performance management is central to our strategy for making meaningful improvements for the future. We are taking a more data-informed approach to decision making, brainstorming risk mitigation strategies for mega projects, and finding process improvements in everything that we do.

FY23 budget for transit operations amounts to $2.2 billion. Through a NextGen equity lens, we have budgeted to fully restore bus service to 7 million hours. As NextGen plans are refined, we continue investments to improve speed and reliability with bus mobile validators, dedicated bus lanes, and transit signal priority. We are committing over $263 million in capital projects to improve Metro's bus service with electric bus purchases, electric bus charging infrastructure, and bus refurbishments. We will also continue the GoPass pilot program, providing fareless transit to K-12 and community college students at participating LA County districts. This year's budget also includes support of the SEED school program that seeks to build and nurture our future transportation workforce.

FY23 budget for the State of Good Repair (SGR) program is $424.9 million. It includes funds for maintaining, upgrading, and modernizing assets and infrastructure throughout the transit system. The largest investments this year focus on the purchase of new buses and rail cars, along with the modernization of existing buses and rail cars.

Looking to the future, Metro will prioritize three fundamental principles: Valuing our people; Improving the customer experience; and Enhancing performance management. All significant changes and enhancements to transit service are included in the Customer Experience Plan (CX Plan), a combination of efforts throughout the agency. The CX Plan includes a wide variety of initiatives, such as bus and rail transit capacity and operational improvements, major cleaning surges in response to comments from the public, Reimagining Public Safety, and a new customer communications strategy that seeks to provide accurate and timely transit information. The CX Plan is multifaceted, and the cumulative effect of these efforts will create the best possible experience for our transit riders.

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

As recently reported by the Los Angeles Economic Development Corporation (LAEDC), our economy is in a period of transition; 2022 portends to be a year of change as our economy continues to recover from, and adapt to, the disruption caused by the COVID-19 pandemic. The U.S., California, and Los Angeles County economies have significantly recovered since the depths of the pandemic-induced downturn in early 2020. Nevertheless, a number of important economic indicators remain below their pre-pandemic levels. The pandemic has triggered long-lasting changes within industries and has accelerated changes that have been taking place over time. Multiple economy-wide shifts that were taking place prior to COVID-19 have been accelerated, including remote work effects and their associated economy-wide consequences, increased digitization of service provision, labor market supply shifts, and the shift towards e-commerce. One of the potential clouds identified in last year's forecast, inflation, has been taking center stage. Demand-stimulating combined federal fiscal and monetary policy and behavioral changes in consumption combined with global production shortfalls have led to supply chain issues and rising price levels. Simultaneously, more money will be injected into the economy through additional fiscal policy measures including the $1.1 trillion infrastructure bill which is expected to bring at least $39.4 billion into California over the next five years. While the significant investment in infrastructure will begin funding large projects and will provide much needed jobs across the skills spectrum, this expansionary fiscal policy spending could further apply increasing inflationary pressure.

LAEDC expects it to take multiple years for the economy to fully recover from the pandemic-induced downturn, especially for industries that have been hit the hardest. Remote work shifts have taken place that are unlikely to be completely reversed and will have a variety of significant economic implications. Developments in national fiscal and monetary policy will be significant determinants of economic performance in the coming years. Supply chain issues will affect not only economic performance but also the future rate of inflation. The ability of the U.S. as well as the global economy to effectively overcome supply chain issues in 2022 and 2023 will be a significant determinant of economic performance and the inflation rate over the coming years. Inflation-induced unpredictability over the long run reduces the willingness to lend and borrow as well as to invest, thereby reducing the flow of income into investment and therefore future production. A deflationary policy that is not well planned and executed can subsequently lead to recession. Finally, the transition to remote and freelance work and the trend towards the digitization of the provision of certain services will likely transform the economy in a variety of ways. The shift towards remote work has economy-wide implications that will likely result in significant changes to labor and real estate markets going forward. Remote work effects will also potentially affect household location decisions, service-providing business location choices, real estate asset values, and local government tax revenues. While the immediate effect of the pandemic on employment in Los Angeles County was swift and severe, recovery across many industries has also been taking place at a particularly high rate. The future path of the County's economic recovery will continue to be closely linked to the COVID-19 pandemic.

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 financial forecast is updated and presented to the Board 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 ten to fifteen-year plan that is updated between LRTP cycles and adopted by the Board. The SRTP refines the schedules and budgets for adopted LRTP projects that are occurring in the near term. The LRTP and the SRTP use the most recent 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 in order 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.

Construction has begun for the Rosecrans/Marquardt Grade Separation and Rail to Rail Active Transportation Corridor projects. Metro G Line (Orange Line) Bus Rapid Transit Improvements, 105 Express Lanes Phase 1, and East San Fernando Transit Corridor will begin alternative delivery pre-construction services. On the highway side construction will begin on the SR-57 / SR-60

Interchange Improvements project, SR-91 Atlantic to Cherry Avenue Lane Improvements project and Soundwalls Package 10.

Concurrent progress continues for all Measure R and M projects as they move forward through the planning phase and environmental clearance, toward shovel readiness. Current plans include release of draft environmental documents in FY23 for Eastside Transit Corridor Phase 2 and Green Line Extension to Torrance. 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, 2021. 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

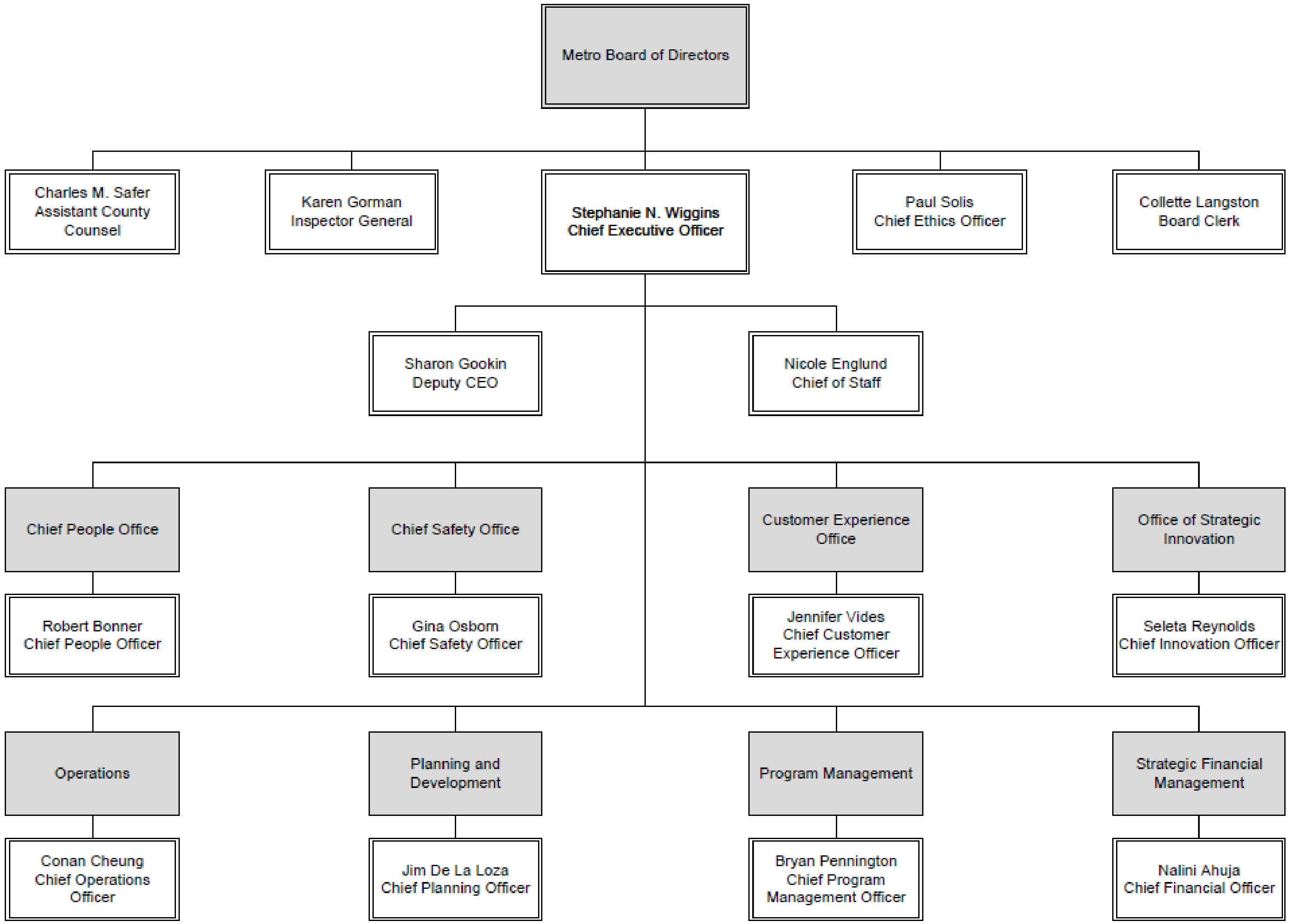
Los Angeles County
Metropolitan Transportation Authority
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Executive Director/CEO

Los Angeles County Metropolitan Transportation Authority
Management Organizational Chart

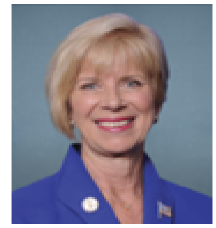


Los Angeles County Metropolitan Transportation Authority

BOARD OF DIRECTORS
(Updated as of July 2022)

Ara Najarian
Chair
Appointee of Los Angeles County
City Selection Committee (North County/San Fernando Valley Sector) - Sector appointee

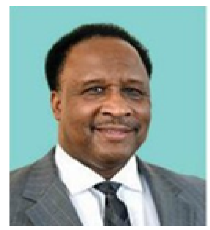
Jacquelyn Dupont-Walker
First Vice Chair
Appointee of Mayor of the City of Los Angeles



Janice Hahn
Second Vice Chair
Los Angeles County Board Supervisor District 4
District appointee

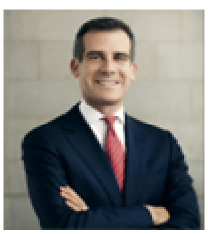
Kathryn Barger
Board Member
Los Angeles County Board Supervisor
District 5 - District appointee

Mike Bonin
Board Member
Appointee of Mayor of the City of Los Angeles



James Butts
Board Member
Appointee of Los Angeles County
City Selection Committee (Southwest Corridor Sector)

Fernando Dutra
Board Member
Appointee of Los Angeles County
City Selection Committee (Southeast Long Beach Sector)



Eric Garcetti
Board Member
Mayor of the City of Los Angeles

Paul Krekorian
Board Member
Appointee of Mayor of the City of Los Angeles

Sheila Kuehl
Board Member
Los Angeles County Board Supervisor
District 3 - District appointee

Holly Mitchell
Board Member
Los Angeles County Board Supervisor
District 2 - District appointee

Tim Sandoval
Board Member
Appointee of Los Angeles County
City Selection Committee, San Gabriel Valley sector
Sector appointee

Hilda Solis
Board Member
Los Angeles Board Supervisor
District 1
Sector appointee

Gloria Roberts
Nonvoting Board Member
District 7 Director (Interim)
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

Nicole Englund
Chief of Staff

Sharon Gookin
Deputy CEO

Robert Bonner
Chief People Officer

Gina Osborn
Chief Safety Officer

Jennifer Vides
Chief Customer Experience Officer

Seleta Reynolds
Chief Innovation Officer

Conan Cheung
Chief Operations Officer

Jim De La Loza
Chief Planning Officer

Bryan Pennington
Chief Program Management Officer

Nalini Ahuja
Chief Financial Officer

Los Angeles County Metropolitan Transportation Authority

FINANCIAL SECTION

Crowe LLP
Independent Member Crowe Global

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, 2022, 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, 2022, 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 74 percent and 75 percent, respectively, of the assets and net position of the aggregate remaining fund information as of June 30, 2022, and 76 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*.

Emphasis of Matter

As discussed in Note O to the financial statements, during the year ended June 30, 2022, LACMTA adopted new accounting guidance, GASB Statement No. 87, *Leases*. There was no impact to net position as of July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 January 24, 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
January 24, 2023

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Los Angeles County Metropolitan Transportation Authority
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

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, 2022. 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, 2022 by $16,388,010. Of this amount, a negative amount of $1,896,232 is reported as unrestricted net position.

- Business-type activities net position for the current year increased by $1,065,683, or 10.65% 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 $2,100,020, or 65.36% was mainly due to the combination of the increase in sales tax revenues and decrease in transfers to the Enterprise Fund for operating subsidies as compared to previous fiscal year.

- At the close of fiscal year 2022, LACMTA's governmental funds reported combined fund balances totaling $4,515,362, an increase of $2,065,379 compared to the prior year. Of this amount, $4,384,163 was restricted, $37,161 was committed, $26,057 was assigned, $18 was nonspendable, and $67,963 was unassigned and available for spending at LACMTA's discretion.

- At the end of fiscal year 2022, the unrestricted fund balance, the total of the committed, assigned and unassigned components of fund balance for the General fund was $131,181 or approximately 123.60% of total General fund expenditures.

- During fiscal year 2022, long-term debt slightly increased by $46,978, or 0.69% from the previous fiscal year. The increase was mainly due to the issuance of new Measure R bonds to finance ongoing capital projects, and the implementation of GASB Statement No. 87, the new accounting standard on leases.

- Business-type activities operating revenues increased by $81,187 or 101.05% compared to the previous fiscal year due to the increase in passenger fares and toll revenues throughout the fiscal year because of the lifting of the mandated stay-at-home due to COVID-19.

- Business-type activities operating grants and contributions increased by $1,159,962 or 134.49% due to one-time federal funding provided by the stimulus grants to ensure continued transportation services to Los Angeles county residents.

- Sales tax revenues increased by $848,647 or 19.97% 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), 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.

Los Angeles County Metropolitan Transportation Authority
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

Government-wide Financial Analysis

Statement of Net Position

LACMTA's net position at June 30, 2022 increased by $3,165,703 or 23.94%, when compared to June 30, 2021. 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. Also, the increase in cash and investments in the governmental activities associated to the decrease in transfers to the Enterprise Fund for operating subsidies, contributed to the increase in LACMTA's net position as of June 30, 2022.

The following table is a summary of the Statement of Net Position as of June 30, 2022 and 2021:

Los Angeles County Metropolitan Transportation Authority
Summary Statement of Net Position

	Business-type Activities		Governmental Activities		Total	
	2022	2021	2022	2021	2022	2021
Current & other assets	$ 1,854,348	$ 2,002,298	$ 5,170,879	$ 2,889,046	$ 7,025,227	$ 4,891,344
Capital assets	18,953,041	17,802,659	750,632	749,417	19,703,673	18,552,076
Total assets	20,807,389	19,804,957	5,921,511	3,638,463	26,728,900	23,443,420
Deferred outflows of resources	308,584	352,452	—	—	308,584	352,452
Total assets and deferred outflows of resources	21,115,973	20,157,409	5,921,511	3,638,463	27,037,484	23,795,872
Long-term liabilities	8,486,345	9,053,150	5,710	—	8,492,055	9,053,150
Other liabilities	673,375	663,639	462,498	425,610	1,135,873	1,089,249
Total liabilities	9,159,720	9,716,789	468,208	425,610	9,627,928	10,142,399
Deferred inflows of resources	881,116	431,166	140,430	—	1,021,546	431,166
Total liabilities and deferred inflows of resources	10,040,836	10,147,955	608,638	425,610	10,649,474	10,573,565
Net investment in capital assets	12,780,696	11,392,995	746,421	749,417	13,527,117	12,142,412
Restricted for:						
Debt service	330,203	365,657	—	—	330,203	365,657
General Fund - High Occupancy Vehicle (HOV) Lanes and Surface Transportation Program-Local (STPL)Exchange projects	—	—	21,857	—	21,857	—
Proposition A ordinance projects	—	—	1,079,459	474,584	1,079,459	474,584
Proposition C ordinance projects	—	—	997,273	472,023	997,273	472,023
Measure R ordinance projects	—	—	560,155	276,965	560,155	276,965
Measure M ordinance projects	—	—	1,112,995	672,442	1,112,995	672,442
TDA and STA projects	—	—	502,323	259,018	502,323	259,018
Other nonmajor governmental projects	—	—	152,860	128,234	152,860	128,234
Unrestricted (deficit)	(2,035,762)	(1,749,198)	139,530	180,170	(1,896,232)	(1,569,028)
Total net position	$ 11,075,137	$ 10,009,454	$ 5,312,873	$ 3,212,853	$ 16,388,010	$ 13,222,307

The increase in current and other assets of $2,281,833 or 78.98%, 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 was also attributable to less operating subsidies in fiscal year 2022 as operating expenses were mostly funded by the one-time federal stimulus funds.

The increase in capital assets of $1,150,382 or 6.46%, 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 27-32.

The decrease in deferred outflows of resources in the business-type activities of $43,868 or 12.45% over fiscal year 2021 was mainly related to OPEB changes in actuarial assumptions. The increase in deferred inflows of resources in the business-type activities by $449,950 or 104.36% from previous fiscal year was attributable to differences between expected and actual earnings on plan assets related to pension and other post-employment benefits. The deferred inflows of resources of $140,430 in the governmental activities were related to the implementation of GASB 87, the new accounting standard on leases, beginning fiscal year 2022.

Statement of Activities

The following table is a summary of the Statement of Activities for the years ended June 30, 2022 and 2021:

Los Angeles County Metropolitan Transportation Authority
Summary Statement of Activities

	Business-type Activities		Governmental Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 161,530	$ 80,343	$ 18,725	$ 19,760	$ 180,255	$ 100,103
Operating grants and contributions	2,022,455	862,493	156,570	132,597	2,179,025	995,090
Capital grants and contributions	494,723	787,620	—	—	494,723	787,620
General revenues:						
Sales tax	—	—	5,097,269	4,248,622	5,097,269	4,248,622
Investment income	11,278	20,646	17,776	14,275	29,054	34,921
Net appreciation (decline) in fair value of investments	3,323	1,256	(53,415)	(12,016)	(50,092)	(10,760)
Gain on disposition of capital assets	1,136	1,245	1,867	—	3,003	1,245
Miscellaneous	11,425	9,699	87,749	58,480	99,174	68,179
Total program revenues	2,705,870	1,763,302	5,326,541	4,461,718	8,032,411	6,225,020
Program expenses:						
Bus and rail operations	2,546,497	2,480,546	—	—	2,546,497	2,480,546
Union station operations	14,910	13,352	—	—	14,910	13,352
Toll operations	31,701	26,765	—	—	31,701	26,765
Transit operators programs	—	—	411,376	378,088	411,376	378,088
Local cities programs	—	—	882,526	754,786	882,526	754,786
Congestion relief operations	—	—	37,542	34,753	37,542	34,753
Highway projects	—	—	382,910	239,881	382,910	239,881
Regional multimodal capital programs	—	—	195,869	90,072	195,869	90,072
Paratransit programs	—	—	122,397	87,392	122,397	87,392
Other transportation subsidies	—	—	121,007	92,350	121,007	92,350
General government	—	—	119,973	156,088	119,973	156,088
Total program expenses	2,593,108	2,520,663	2,273,600	1,833,410	4,866,708	4,354,073
Increase (decrease) in net position before transfers	112,762	(757,361)	3,052,941	2,628,308	3,165,703	1,870,947
Transfers	952,921	2,060,242	(952,921)	(2,060,242)	—	—
Increase in net position	1,065,683	1,302,881	2,100,020	568,066	3,165,703	1,870,947
Net position - beginning of year	10,009,454	8,706,573	3,212,853	2,644,787	13,222,307	11,351,360
Net position – end of year	$11,075,137	$10,009,454	$5,312,873	$3,212,853	$16,388,010	$13,222,307

Business-type activities recovered from operating revenues 9.08% of total operating expenses, excluding depreciation, compared to 4.63% in the prior year. The remaining costs were covered mainly by revenues received from stimulus grants. Capital expenditures have traditionally been funded as needed with governmental resources and grants.

Capital grants and contributions in the business-type activities decreased by $292,897 or 37.19% from the previous fiscal year. The decrease was mainly due to lower federal grants reimbursements mostly for major rail constructions on the Regional Connector Transit Corridor, and the Westside Purple Line Extension Sections 1, 2, and 3 projects.

Operating grants and contributions in the governmental activities increased by $23,973 or 18.08% compared to the previous year, mainly due to the increase in state grant reimbursements for the Link Union Station (US) 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 $1,833,372 reflecting an increase of $303,059 or 19.80% 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 activities increased by $143,029 or 59.62% from prior fiscal year mainly due to increase in expenditures related to construction and subregional projects like the Eastside Access-Phase 3, the SR-57/SR-60 Interchange Improvements, the I-5 N Capacity Enhancement, the I-105 ExpressLane, the I-405-182nd/Crenshaw Improvements, and the I-405, I-110, I-105 Ramp Improvements.

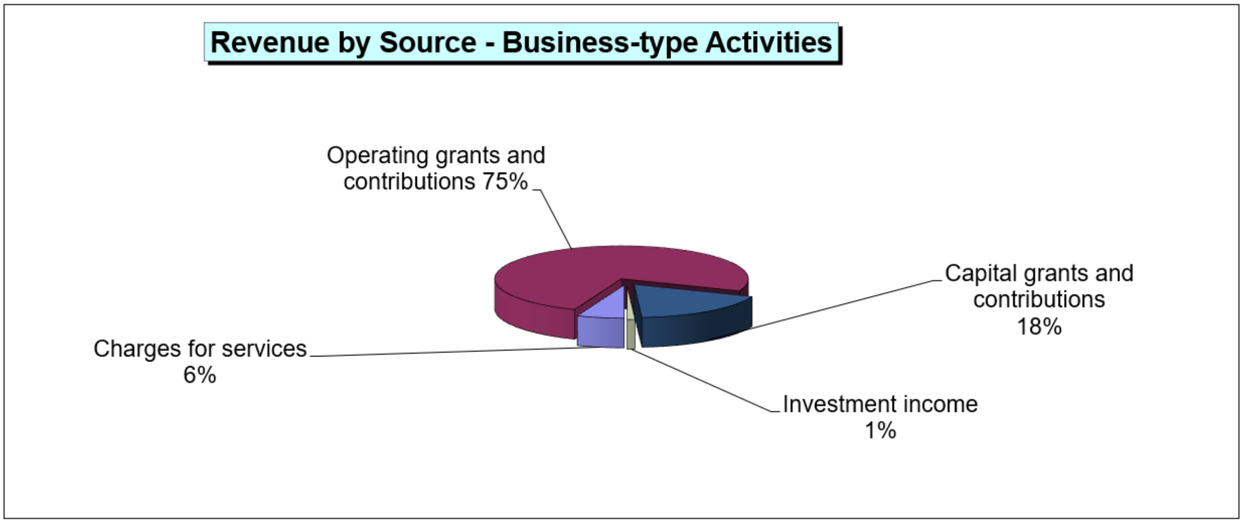
Regional multi-modal program activities increased by $105,797 or 117.46% from prior fiscal year due to the increase in expenditures related to planning activities on major projects such as the Link Union Station (US) and the San Fernando Valley I-405 Corridor Connection.

Paratransit programs increased by $35,005 or 40.06% from prior fiscal year due to higher Access Services expenditures for ADA compliance in current fiscal year.

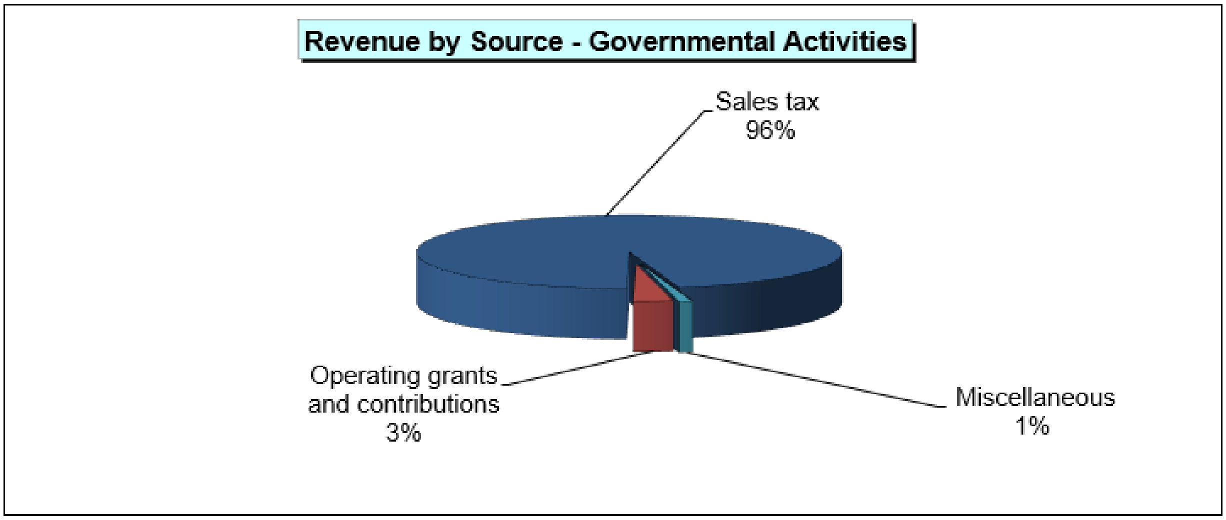
Other transportation subsidies in the governmental activities increased by $28,657, or 31.03%, compared to the previous year due to the increase in subsidies to various municipalities from the Measure R and Measure M formula allocation programs.

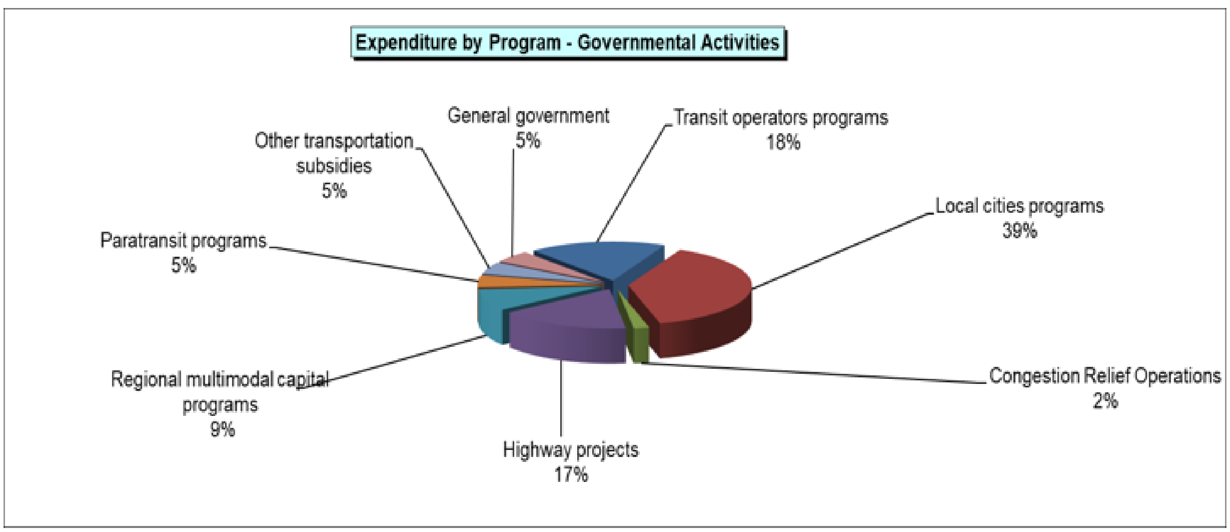
General government projects decreased by 36,115 or 23.14% mainly due to the decrease in expenditures related to the Rail to Rail/River Active Transportation Corridor (ATC), and the Taylor Yard Bridge projects.

Below is a graphical depiction of the components of business-type revenues for the fiscal year ended June 30, 2022.



Below are graphical depictions of the components of governmental revenues and expenditures for the fiscal year ended June 30, 2022.





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 $1,065,683 or 10.65% 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 $67,963 represents uncommitted available resources as of the end of the fiscal year. LACMTA's governmental funds ended the fiscal year with $4,515,362 in total fund balance.

The major governmental funds are discussed below:

The General fund balance decreased by $13,661 mainly due to higher expenditures, decrease in operating transfer in and lesser revenue billings for eligible project expenditures. Of the $153,056 fund balance, $85,075 is restricted, committed, or assigned for future expenditures.

The Proposition A fund balance increased by $604,875, mainly due to higher sales tax revenues and lower subsidies for bus and rail operating projects. The total fund balance of $1,079,459 was restricted as to use by the Proposition A ordinance.

The Proposition C fund balance increased by $521,052 mainly due to higher sales tax revenues and lower subsidies for bus and rail operating projects. Proposition C ordinance restricts the use of the fund balance of $993,075.

The Measure R fund balance increased by $246,229 mainly due to higher sales tax revenues and lower subsidies for bus and rail operating projects. The restricted fund balance of $523,194 will be used to fund future programs eligible under the Measure R ordinance.

The Measure M fund balance increased by $438,990 mainly due to higher sales tax revenues and lower subsidies for bus and rail operating projects. The restricted fund balance of $1,111,432 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 $142,410 mainly due to higher revenues from sales tax, and increase in investment income. The fund balance of $377,827 is restricted under the provisions of the Transportation Development Act.

The State Transit Assistance (STA) fund balance increased by $100,895 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 1.41% of LACMTA's total governmental fund revenues, while expenditures represent 4.67% of total governmental fund expenditures.

The original budget decreased by $8,465 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 $43,929 mainly due to lower revenue billings, decline in investment income, and lesser rebate from federal Compressed Natural Gas (CNG) credits.

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 $111,096 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 favorable variance in the Other Financing Sources and Uses of Funds of $37,472 compared to final budget was mainly due to lower actual transfers compared to budgeted amount.

Capital Assets Administration

As of June 30, 2022, LACMTA had $19,703,673 investment in capital assets, net of accumulated depreciation and amortization, with a 5.92% 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	
	2022	2021	2022	2021	2022	2021
Land	$ 1,715,160	$ 1,700,668	$ 746,589	$ 749,417	$ 2,461,749	$ 2,450,085
Buildings & improvements	5,212,339	5,315,307	—	—	5,212,339	5,315,307
Equipment	57,001	73,836	—	—	57,001	73,836
Vehicles	1,462,482	1,542,509	—	—	1,462,482	1,542,509
Construction in progress	10,469,814	9,170,339	—	—	10,469,814	9,170,339
Intangible right-to-use lease assets *	36,245	44,611	4,043	6,128	40,288	50,739
Total Capital Assets	$ 18,953,041	$ 17,847,270	$ 750,632	$ 755,545	$ 19,703,673	$ 18,602,815

** Beginning balances of $44,611 for business-type activities and $6,128 for governmental activities, as restated, are due to the adoption of the provisions of GASB Statement No. 87, Leases.*

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 Metro 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 additional 5 miles of freight rail track relocations and improvements. The first phase, Phase 2A, commenced revenue operation in March 2016.

The second phase, 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 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. As of June 30, 2022, $617 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 (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, 2022, \$1.685 billion has been expended. The expected revenue operation for the Regional Connector is anticipated in 1st quarter of 2023.

Crenshaw/LAX Transit Project

The Crenshaw/LAX Transit Project (Project) has an approved Life-of-Project (LOP) budget of \$2.148 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. The expected revenue operation for the Project is 2022. As of June 30, 2022, \$2.104 billion has been expended.

Westside Purple Line Extension Project

The Westside Purple Line Extension Project is an \$8.4 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 Fall 2024. As of June 30, 2022, $2.346 billion has been expended.

- The Westside Purple Line Extension Section 2 Project (Project) has an approved LOP budget of $2.4 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 2025. As of June 30, 2022, $1.4 billion has been expended.

- The Westside Purple Line Extension Section 3 Project (Project) has an approved LOP budget of $3.2 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 did receive a FFGA from the FTA in March 2020. The Project is expected to begin revenue operation in March 2027. As of June 30, 2022, $1.1 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, 2022, a total of two hundred seven (207) new fleet LRVs have been conditionally accepted and placed into revenue service; fifty (50) at the Metro L Line (Gold Line) Foothill Extension, one hundred forty-two (142) at the Metro A Line (Blue Line), the Metro E Line (EXPO Line) and the Metro C Line (Green Line), and fifteen (15) assigned in preparation for the Metro K Line (Crenshaw Line). As of June 30, 2022, $861.6 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 budget for all contracts is $818.8 million. As of June 30, 2022, $607.4 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 meet the remaining contractual milestones in order for the retentions to be released. This is forecasted to be achieved in FY23. 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 was 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, 3 of the 5 pilot buses are running on the Metro J Line (Silver Line) service from Division 9 and Division 18. The other 2 buses are at BYD's facilities to address open issues and awaiting 1st article inspection. By the end of FY23, Metro will accept the remaining 2 Pilot buses . These buses will be utilized to electrify the Metro J Line (Silver Line). Furthermore, in March 2022, the Metro Board approved to upgrade the balance of the ninety five (95) 40' to extended range buses. The 95 extended range buses will start arriving in July 2023. In order to support the operation of the BEBs, Metro will have to install charging equipment at the Harbor Gateway Transit Center (HGTC), the El Monte Transit Center and the Division 9. These charging equipment will be commissioned and fully operational by the 2nd quarter of 2025 such that approximately 30% charging capacity will be available in late 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 are 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 and in the final Acceptance tests, starting service by November 2022. The current approved LOP Budget is $80 million for the 60' New Flyer and $5.1 million for BYD; 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 must also provide access for rail welding by Westside Purple Line Extension Section 1 (PLE1) contractor between December 17, 2019 to July 24, 2022. Currently, the Division 20 Portal Widening Turnback project) contractor continues to work on the utility installation at the south yard Bent 12 and Bent 14 end diaphragm construction on the First Street Bridge, and demolition of the existing west Portal wall followed by construction of the west U wall and sound wall. The Division 20 Traction Power Substation contractor continues to work on fabrication of the traction power substation enclosure and the emergency backup power supply enclosure. As of June 30, 2022, $532 million has been expended and is expected to complete Summer 2025 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. Through June 30, 2022, the EW contractor had installed underground concrete cisterns, procured the turnback facility components, installed the temporary cable trough needed for the Metro K Line (Crenshaw/LAX Line) communication duct bank reroute, installed the temporary Overhead Catenary System (OCS) sectionalization in the Southwest Yard, and reconfigured the OCS in the project area to allow the contractor, TCP, to start construction. The second contract is for the construction of the AMC Station (AMC). Metro issued the Notice to Proceed in October 2021 and construction began in February 2022. Initial activities were grading the site and drilling piles. Through June 30, 2022, the AMC contractor continued pile installation activities and continued excavation for foundation work and began construction of the pile caps.

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, 2022, $319 million has been expended.

Additional information on capital assets can be found on pages 93-94.

Long-term Debt Administration

As of June 30, 2022, LACMTA had a total of $6,814,474 in long-term debt outstanding. Of this amount, $5,518,935 related to bonds secured by sales tax revenues, $61,370 was secured by farebox and other general revenues, $80,013 related to lease/leaseback obligations, and $40,876 associated to long-term leases. The remaining balance consisted of commercial paper notes of $97,500 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	
	2022	2021*	2022	2021*	2022	2021
Sales tax revenue bonds and refunding bonds	$ 5,518,935	$ 5,291,635	$ —	$ —	$ 5,518,935	$ 5,291,635
General revenue and refunding bonds	61,370	70,020	—	—	61,370	70,020
Commercial paper notes and revolving lines of credit	97,500	206,023	—	—	97,500	206,023
Lease/lease to service obligations	80,013	194,021	—	—	80,013	194,021
Long-term leases*	36,666	44,479	4,210	6,128	40,876	50,607
Other liabilities	—	—	1,500	1,500	1,500	1,500
Total long-term debt	5,794,484	5,806,178	5,710	7,628	5,800,194	5,813,806
Unamortized bond premium	1,014,280	953,755	—	—	1,014,280	953,755
Unamortized bond discount	—	(65)	—	—	—	(65)
Total long-term debt, net	$ 6,808,764	$ 6,759,868	$ 5,710	$ 7,628	$ 6,814,474	$ 6,767,496

**Beginning balances of $44,479 for business-type activities and $6,128 for governmental activities, as restated, are due to the adoption of the provisions of GASB Statement No. 87, Leases.*

Long-term debt slightly increased by $46,978 due to the issuance of new sales tax revenue bonds and sales tax revenue refunding bonds, including bond premium, offset by the decrease in lease/leaseback service obligations from lease termination, the net decrease due to bond refunding, annual principal repayments, and bond premium amortization, and the net change associated to the implementation of GASB Statement No. 87, the new accounting standard on leases, effective July 1, 2021.

During fiscal year 2022, LACMTA issued Measure R Senior Sales Tax Revenue Bonds, Series 2021-A, with an aggregate principal amount of $514,500 at a premium of $136,621, to finance current Measure R capital expenditures including the ongoing construction of Westside Purple Line Extension Sections 1 and 2 projects, and to repay short-term borrowings from Measure R sales tax revenue commercial paper notes with an outstanding principal balance of $106,023.

LACMTA also issued Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2022-A, with a principal amount of $40,475, which proceeds, including bond premium of $3,487 and other available funds from the refunded bonds' trust accounts, were used to refund and defease Proposition C Series 2012-A Sales Tax Revenue Refunding

Bonds with an outstanding principal balance of $14,635 and Proposition C Series 2012-B Sales Tax Revenue Refunding Bonds with an outstanding principal balance of $52,110. The refunding generated a total of $2,892 in net present value of cash flow savings over 6 years and resulted in $3,861 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.

Effective July 1, 2021, LACMTA implemented GASB Statement No. 87, the new accounting standard on leases. GASB 87 establishes a single model for lease accounting with the underlying foundation that leases are financing, with the exceptions for short-term leases, contracts that transfer ownership and do not contain termination options, and leases that are considered exclusions from scope of leases under the new standard. The future lease payments expected to be made are discounted using an implied rate of .677% given an average lease term of 5 to 7 years. During the year of implementation, a lease liability and an intangible right-to-use lease asset, were recognized, for a total of 41 leasing arrangements with an aggregate total lease liability of $40,876 as of June 30, 2022, measured at present value. The lease 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 lease 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, 2022, 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.

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Additional information on LACMTA's long-term debt can be found on pages 127-143.-

Economic Factors and Next Year's Budget

The FY23 Adopted Budget was developed using an Equitable Zero-Based Budgeting (EZBB) process.

- EZBB Metro Budget Equity Assessment Tool (MBEAT) was utilized to assess every single budget request
- Applied to nearly 1,300 budget items
- Applied to over 750 capital projects
- MBEAT goal is to identify and prioritize funding for projects that prevent or reduce harm and maximize the benefits for those that need it the most

The budget assumes the following major revenue sources and expenditures:

REVENUE SOURCES

- Sales tax and Transportation Development Act (TDA) revenues are projected to grow 19.3% over FY22 Budget totaling $4.6 billion, based on an economic analysis of the recovery from the COVID-19 pandemic's impact on taxable sales and nationally recognized forecasting.
- State Transit Assistance (STA) and Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, revenues for bus and rail operations and capital in FY23 are expected to be $225.6 million, a 76.7% increase from the FY22 Budget.
- Fare revenues are expected to increase by 45.5%, totaling $106.5 million, reflecting ridership projections and the impacts of fare policies, such as Fareless System Initiative (FSI) phase 1 and the enhanced LIFE Program.
- ExpressLanes toll revenues are expected to increase 43.3%, totaling $66.9 million in FY23, due to increased traffic on ExpressLanes and freeways during the pandemic recovery.
- Advertising revenues of $32.6 million are expected in FY23, 35.0% above the FY22 Budget.
- Other revenues are expected to come in at $69.9 million in FY23, a 35.9% decrease from the FY22 Budget, and include bike program revenues, park and ride revenues, lease revenues, SAFE, auto registration fees, transit court fees, and miscellaneous revenues.
- Grant reimbursements, bond proceeds, and sales tax carryover totaling $2.4 billion align with planned Transit Infrastructure Development and State of Good Repair expenditure activities.

EXPENDITURES

The FY23 Proposed Budget includes 10,596 FTEs, an increase of 246 FTEs from FY22. The 246 new additions consist of 98 Non-Represented FTEs and 148 Represented FTEs. The increase of 98 Non-Represented FTEs will better serve the core focuses of the Customer Experience (CX) Plan, Homeless/Mental health outreach, Reimagining Public Safety, and

NextGen. The net increase of 148 Represented FTEs will support cleaning programs on both bus and rail systems, Opening and pre-revenue service of K Line (Crenshaw/LAX) Phase I and 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 2.28% over FY22.

Cleaning Surge

The FY23 Adopted Budget includes $184.2 million for all cleaning efforts, including 10 roving cleaning teams. Metro is also accelerating the installation of all-vinyl seating on our vehicles, increasing the frequency of cleaning, expanding "in-line" and mid-day bus interior cleaning, "end-of-line" cleaning on rail, station hot spots, and expanded activities at Metro's most traveled stations and terminals

Bus and Rail Service Plan

The total bus and rail service includes 8.4 million Revenue Service Hours (RSHs) combined, a 3.8% increase from pre-pandemic levels and a 4.5% increase over the FY22 Budget. The service plan includes 271.4 thousand RSHs for Metro Micro, a 24.0% increase over the FY22 Budget. Bus service will exceed the pre-COVID-19 level of 7.1 million RSHs, a 2.1% increase from the FY22 Budget and a 15.0% increase from the estimated FY22 year-end service delivery. Metro's Rail mobility options are expanding with the opening of two new segments: K Line (Crenshaw/LAX) Phase I and Regional Connector. Both are planned to open during the first half of FY23. Together with service restoration, these two openings will increase service to 1.3 million RSHs, a 19.4% increase over the FY22 Budget and a 13.6% increase from pre-pandemic service levels.

Bus Improvements

The FY23 Adopted Budget includes a substantial investment of approximately $263M in Capital Projects related to improving Metro Bus service. NextGen is a priority for Metro, and $27M will be invested in NextGen and related projects. There are also dozens of bus related projects in the FY23 Budget that will work to enhance the riding experience for customers throughout LA County, while ensuring the system is timely, safe, and reliable. Major projects include the following

- 40' Battery Electric Zero Emission Buses
- Environmental Compliance Capital Project (FY23-FY27)
- New Flyer/El Dorado Bus Midlife Electric Bus Charging Infrastructure on the J Line (Silver)
- Line G Line (Orange) BRT Improvements: Construction
- BRT Connector B Line (Red)/G Line (Orange) to L Line (Gold)

Public Safety

Metro's competitive game plan for transformational change to public safety is the Reimagining Public Safety Framework, which aligns operations to the needs of the public through intentional and equity-driven public safety initiatives. The FY23 Adopted Budget includes $296.6 million in public safety initiatives and investments to ensure Metro has a system designed to enhance security.

REIMAGINING PUBLIC SAFETY INITIATIVES

- Doubling Transit Ambassadors program
- Law enforcement commuter engagement teams
- Modernizing infrastructure protection contracts
- Flexible dispatch and co-location
- Call points (security blue light call boxes)
- Live video feed
- Body worn video (BMV) for Metro Transit Security
- Bus strategies: operator security
- Reimagining Public Safety prioritized in FY23 Adopted Budget
- Homeless outreach and mental health assistance is growing 50%
- Adding 15 unarmed security officers

Transportation Infrastructure Development (TID)

Transportation Infrastructure Development (TID) is responsible for a portfolio comprised of more than 75 projects, with Life of Project (LOP) budgets totaling $19.5 billion in FY23. Major capital projects planned for completion in FY23 include:

- Crenshaw/LAX Transit Project
- Regional Connector Transit Project
- Soundwall Package 11 (North Hollywood)
- Eastside Access Improvements
- Division 1 Improvements (6th and Central Downtown LA Industrial District)
- Bus Facility Maintenance Improvements and Enhancements (Phase III)

For details of LACMTA's FY23 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, 2022
(Amounts expressed in thousands)

	Business-type Activities	Governmental Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	$ 98,316	$ 1,488,340	$ 1,586,656
Cash and cash equivalents - restricted	423,516	30	423,546
Investments - unrestricted	128,240	2,494,449	2,622,689
Investments - restricted	789,295	—	789,295
Receivables, net	247,325	1,194,325	1,441,650
Internal balances	6,283	(6,283)	—
Inventories	74,018	—	74,018
Prepaid and other current assets	7,342	18	7,360
Lease accounts	80,013	—	80,013
Capital assets:			
Land and construction in progress	12,184,974	746,589	12,931,563
Other capital assets, net of depreciation and amortization	6,768,067	4,043	6,772,110
TOTAL ASSETS	20,807,389	5,921,511	26,728,900
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	173,258	—	173,258
Deferred outflows related to OPEB	116,016	—	116,016
Deferred outflows related to ARO	19,310	—	19,310
TOTAL DEFERRED OUTFLOWS OF RESOURCES	308,584	—	308,584
LIABILITIES			
Accounts payable and accrued liabilities	549,806	459,878	1,009,684
Accrued interest payable	78,990	—	78,990
Pollution remediation obligation	10,094	—	10,094
Unearned revenues	17,968	1,109	19,077
Other liabilities	16,517	1,511	18,028
Long-term liabilities:			
Due within 1 year	477,682	2,077	479,759
Due in more than 1 year	8,008,663	3,633	8,012,296
TOTAL LIABILITIES	9,159,720	468,208	9,627,928
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to debt refunding	19,901	—	19,901
Deferred inflows related to pension	339,262	—	339,262
Deferred inflows related to OPEB	519,249	—	519,249
Deferred inflows related to leases	2,704	140,430	143,134
TOTAL DEFERRED INFLOWS OF RESOURCES	881,116	140,430	1,021,546
NET POSITION			
Net investment in capital assets	12,780,696	746,421	13,527,117
Restricted for:			
Debt service	330,203	—	330,203
General Fund - High Occupancy Vehicle (HOV) Lanes and Surface Transportation Program-Local (STPL)Exchange projects	—	21,857	21,857
Tax Measures			
Proposition A ordinance projects	—	1,079,459	1,079,459
Proposition C ordinance projects	—	997,273	997,273
Measure R ordinance projects	—	560,155	560,155
Measure M ordinance projects	—	1,112,995	1,112,995
TDA and STA projects	—	502,323	502,323
Other nonmajor governmental projects	—	152,860	152,860
Unrestricted (deficit)	(2,035,762)	139,530	(1,896,232)
TOTAL NET POSITION	$ 11,075,137	$ 5,312,873	$ 16,388,010

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, 2022
(Amounts expressed in thousands)

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Business-type activities:			
Bus and rail operations	$ 2,546,497	$ 81,671	$ 2,022,455
Union Station operations	14,910	12,421	—
Toll operations	31,701	67,438	—
Total business-type activities	2,593,108	161,530	2,022,455
Governmental activities:			
Transit operators programs	411,376	—	—
Local cities programs	882,526	—	—
Congestion relief operations	37,542	—	12,020
Highway projects	382,910	—	51,423
Regional multimodal capital programs	195,869	—	48,914
Paratransit programs	122,397	—	—
Other transportation subsidies	121,007	—	4,601
General government	119,973	18,725	39,612
Total governmental activities	2,273,600	18,725	156,570
Total	$ 4,866,708	$ 180,255	$ 2,179,025

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.

	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net position: Business-type Activities	Governmental Activities	Total
	$ 494,723	$ 52,352	$ —	$ 52,352
	—	(2,489)	—	(2,489)
	—	35,737	—	35,737
	494,723	85,600	—	85,600
	—	—	(411,376)	(411,376)
	—	—	(882,526)	(882,526)
	—	—	(25,522)	(25,522)
	—	—	(331,487)	(331,487)
	—	—	(146,955)	(146,955)
	—	—	(122,397)	(122,397)
	—	—	(116,406)	(116,406)
	—	—	(61,636)	(61,636)
	—	—	(2,098,305)	(2,098,305)
	$ 494,723	85,600	(2,098,305)	(2,012,705)
		—	5,097,269	5,097,269
		11,278	17,776	29,054
		3,323	(53,415)	(50,092)
		1,136	1,867	3,003
		11,425	87,749	99,174
		27,162	5,151,246	5,178,408
		952,921	(952,921)	—
		1,065,683	2,100,020	3,165,703
		10,009,454	3,212,853	13,222,307
		$ 11,075,137	$ 5,312,873	$ 16,388,010

Los Angeles County Metropolitan Transportation Authority
Balance Sheet
Governmental Funds
June 30, 2022
(Amounts expressed in thousands)

	Major		
		Special	
	General Fund	Proposition A	Proposition C
ASSETS			
Cash and cash equivalents	$ 29,813	$ 260,597	$ 247,135
Investments	85,418	682,286	646,980
Receivables:			
Sales tax	—	203,215	203,212
Accounts	12,219	—	—
Interest	180	937	804
Intergovernmental	5,136	—	4,578
Leases	120,061	—	—
Due from other funds	121,608	—	—
Prepaid and other assets	18	—	—
TOTAL ASSETS	$ 374,453	$ 1,147,035	$ 1,102,709
LIABILITIES			
Accounts payable and accrued liabilities	$ 26,004	$ 67,576	$ 100,543
Due to other funds	42,537	—	4,893
Other liabilities	1,486	—	—
TOTAL LIABILITIES	70,027	67,576	105,436
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	10,940	—	4,198
Deferred inflows related to leases	140,430	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	151,370	—	4,198
FUND BALANCES			
Nonspendable	18	—	—
Restricted	21,857	1,079,459	993,075
Committed	37,161	—	—
Assigned	26,057	—	—
Unassigned	67,963	—	—
TOTAL FUND BALANCES	153,056	1,079,459	993,075
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 374,453	$ 1,147,035	$ 1,102,709

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
$ 130,228	$ 272,611	$ 288,765	$ 106,208	$ 153,013	$ 1,488,370
340,930	713,735	—	—	25,100	2,494,449
203,144	202,924	98,477	59,259	—	970,231
—	—	—	—	—	12,219
1,074	1,415	800	259	212	5,681
57,102	6,612	—	—	12,705	86,133
—	—	—	—	—	120,061
13,933	—	4,999	—	1,263	141,803
—	—	—	—	—	18
$ 746,411	$ 1,197,297	$ 393,041	$ 165,726	$ 192,293	$ 5,318,965
$ 167,108	$ 84,161	$ 7,854	$ 4,190	$ 2,442	$ 459,878
19,148	141	7,360	37,040	36,967	148,086
—	—	—	—	25	1,511
186,256	84,302	15,214	41,230	39,434	609,475
36,961	1,563	—	—	36	53,698
—	—	—	—	—	140,430
36,961	1,563	—	—	36	194,128
—	—	—	—	—	18
523,194	1,111,432	377,827	124,496	152,823	4,384,163
—	—	—	—	—	37,161
—	—	—	—	—	26,057
—	—	—	—	—	67,963
523,194	1,111,432	377,827	124,496	152,823	4,515,362
$ 746,411	$ 1,197,297	$ 393,041	$ 165,726	$ 192,293	$ 5,318,965

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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, 2022
(Amounts expressed in thousands)

Fund balances – total governmental funds (page 43)	$ 4,515,362
Government capital assets are not financial resources and, therefore, are not reported in the funds.	750,632
Deferred revenues recognized on the Balance Sheet but not reported in the Statement of Net Position - Governmental Activities. These are not available in the current period.	(1,109)
Long-term liabilities that are not due and payable in the current period are not reported in the funds	(5,710)
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	53,698
Net position of governmental activities (page 39)	$ 5,312,873

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, 2022
(Amount expressed in thousands)

			Major
		Special	
	General Fund	Proposition A	Proposition C
REVENUES			
Sales tax	$ —	$ 1,091,206	$ 1,091,203
Intergovernmental	8,793	—	9,390
Investment income	1,147	2,995	3,035
Net decline in fair value of investments	(2,186)	(14,208)	(13,706)
Lease and rental	16,476	—	—
Licenses and fines	733	—	—
Other	49,478	—	—
TOTAL REVENUES	74,441	1,079,993	1,089,922
EXPENDITURES			
Current			
Administration and other transportation projects	86,720	—	38,483
Transportation subsidies	18,881	391,927	518,937
Debt and interest expenditures			
Principal	515	—	—
Interest and fiscal charges	18	—	—
TOTAL EXPENDITURES	106,134	391,927	557,420
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,693)	688,066	532,502
OTHER FINANCING SOURCES (USES)			
Transfers in	102,858	—	73,349
Transfers out	(84,826)	(83,191)	(84,799)
TOTAL OTHER FINANCING SOURCES (USES)	18,032	(83,191)	(11,450)
NET CHANGE IN FUND BALANCES	(13,661)	604,875	521,052
Fund balances – beginning of year	166,717	474,584	472,023
FUND BALANCES – END OF YEAR	$ 153,056	$ 1,079,459	$ 993,075

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
$ 1,091,162	$ 1,089,933	$ 525,158	$ 208,607	$ —	$ 5,097,269
67,570	—	—	—	35,567	121,320
1,839	5,900	1,802	465	594	17,777
(7,042)	(15,666)	—	—	(607)	(53,415)
—	—	—	—	—	16,476
—	—	—	—	42,096	42,829
—	—	—	—	—	49,478
1,153,529	1,080,167	526,960	209,072	77,650	5,291,734
249,838	57,292	—	—	5,778	438,111
404,338	327,855	147,755	20,146	3,533	1,833,372
1,403	—	—	—	—	1,918
15	—	—	—	—	33
655,594	385,147	147,755	20,146	9,311	2,273,434
497,935	695,020	379,205	188,926	68,339	3,018,300
25,891	—	—	—	—	202,098
(277,597)	(256,030)	(236,795)	(88,031)	(43,750)	(1,155,019)
(251,706)	(256,030)	(236,795)	(88,031)	(43,750)	(952,921)
246,229	438,990	142,410	100,895	24,589	2,065,379
276,965	672,442	235,417	23,601	128,234	2,449,983
$ 523,194	$ 1,111,432	$ 377,827	$ 124,496	$ 152,823	$ 4,515,362

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, 2022
(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)	$ 2,065,379
Government funds account for principal payment as expenditures. The payment of principal of long-term leases consumes current financial resources but has no effect on net assets. Principal payments included in the fund statements.	1,918
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.	37,498
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.	1,867
The sale of capital assets is recorded as revenue in governmental funds. However, the proceeds is recognized as a reduction of the cost of asset reported in the Statement of Net Position governmental activities.	(4,557)
Amortization of right to use lease asset 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.	(2,085)
Change in net position of governmental activities (page 41)	$ 2,100,020

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, 2022
(Amounts expressed in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	$ 98,316
Cash and cash equivalents - restricted	252,079
Investments - unrestricted	128,240
Investments - restricted	17,206
Receivables, net	223,006
Lease receivable	689
Inventories	74,018
Due from other funds	6,283
Prepaid and other current assets	7,342
Total current assets	807,179
Noncurrent assets:	
Cash and cash equivalents - restricted	171,437
Investments - restricted	772,089
Notes receivable	21,362
Lease receivable, non-current	2,268
Lease accounts	80,013
Capital assets:	
Land and construction in progress	12,184,974
Other capital assets, net of depreciation and amortization	6,768,067
Total noncurrent assets	20,000,210
Total assets	20,807,389
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	173,258
Deferred outflows related to OPEB	116,016
Deferred outflows related to ARO	19,310
Total deferred outflows of resources	308,584
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 21,115,973

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, 2022
(Amounts expressed in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	$ 549,806
Accrued interest payable	78,990
Claims payable	99,132
Compensated absences payable	101,780
Asset retirement obligations	6,610
Bonds and notes payable	261,288
Lease liability	8,872
Other current liabilities	16,517
Total current liabilities	1,122,995
Noncurrent liabilities:	
Claims payable	284,021
Compensated absences payable	33,245
Net pension liability	148,432
Net OPEB liability	991,660
Asset retirement obligations	12,701
Pollution remediation obligation	10,094
Bonds and notes payable	6,510,810
Lease liability	27,794
Unearned revenues	17,968
Total noncurrent liabilities	8,036,725
Total liabilities	9,159,720
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to debt refunding	19,901
Deferred inflows related to pension	339,262
Deferred inflows related to OPEB	519,249
Deferred inflows related to leases	2,704
Total deferred inflows of resources	881,116
NET POSITION	
Net investment in capital assets	12,780,696
Restricted for debt service	330,203
Unrestricted (deficit)	(2,035,762)
Total net position	$ 11,075,137

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, 2022
(Amounts expressed in thousands)

OPERATING REVENUES		
Passenger fares	$	62,991
Auxiliary transportation		18,680
Lease and rental		12,421
Toll revenues		67,438
Total operating revenues		161,530
OPERATING EXPENSES		
Salaries and wages		731,935
Fringe benefits		351,003
Professional and technical services		346,823
Material and supplies		96,710
Casualty and liability		53,415
Fuel, lubricants, and propulsion power		100,753
Purchased transportation		58,759
Depreciation and amortization		612,187
Other		39,139
Total operating expenses		2,390,724
OPERATING LOSS		(2,229,194)
NON-OPERATING REVENUES (EXPENSES)		
Local grants		7,679
State grants		30
Federal grants		2,014,746
Investment income		11,278
Net appreciation in fair value of investments		3,323
Interest expense		(202,384)
Gain on disposition of capital assets		1,136
Other revenue		11,425
Total net non-operating revenues		1,847,233
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS		(381,961)
CAPITAL GRANTS AND CONTRIBUTIONS		
Local grants		40,283
State grants		112,837
Federal grants		341,603
Total capital grants and contributions		494,723
TRANSFERS		
Transfers in		962,139
Transfers out		(9,218)
Total transfers		952,921
CHANGE IN NET POSITION		1,065,683
Net position – beginning of year		10,009,454
NET POSITION – END OF YEAR	$	11,075,137

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, 2022
(Amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 162,452
Payments to suppliers	(691,207)
Payments to employees and benefit payments	(1,212,734)
Other operating receipts (payments)	(9,000)
Net cash used for operating activities	(1,750,489)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	95,951
Federal operating grants received	1,967,650
State and local operating grants received	10,254
Net cash flows from non-capital financing activities	2,073,855
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the issuance of debt	651,122
Proceeds from the disposition of capital assets	1,270
Federal capital grants received for capital projects	358,455
State and local capital grants received for capital projects	147,673
Transfers from other funds for capital project reimbursements	860,256
Payment for bonds and notes payable	(400,996)
Interest paid for bonds and notes	(281,581)
Acquisition and construction of capital assets	(1,742,368)
Payment for lease liability	(8,813)
Interest paid related to leases	(250)
Net cash used for capital and related financing activities	(415,232)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturity of investments	9,435,645
Purchase of investments	(9,767,452)
Investment earnings	10,905
Net cash used for investing activities	(320,902)
Net decrease in cash and cash equivalents	(412,768)
Cash and cash equivalents – beginning of year	934,600
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 521,832

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, 2022
(Amounts expressed in thousands)

Reconciliation of operating loss to net cash used for operating activities		
Operating loss	$	(2,229,194)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization expenses		612,187
Other non-operating revenue		11,425
Decrease in deferred outflows related to pension		7,183
Increase in deferred outflows from asset retirement obligations		(15,695)
Decrease in deferred outflows from other post employment plans		52,380
Increase in receivables		(10,096)
Increase in notes receivable		(9,000)
Decrease in prepaid and other current assets		696
Decrease in inventories		7,894
Increase in accounts payable and accrued liabilities		26,006
Decrease in pollution remediation obligation		(2,395)
Increase in compensated absences payable		7,777
Decrease in claims payable		(30,204)
Increase in accrued payroll liabilities		8,943
Decrease in net pension liability		(429,807)
Decrease in net OPEB liability		(223,641)
Increase in asset retirement obligations		15,695
Increase in other current liabilities		2,395
Decrease in unearned revenues		(407)
Increase in deferred inflows related to pension		326,539
Increase in deferred inflows related to other post employment benefit plan		120,830
Total adjustments		478,705
Net cash used for operating activities	$	(1,750,489)
Non-cash investing, capital and financing activities		
Capital assets included in accounts payable and accrued liabilities	$	271,506
Capital grants and contributions included in intergovernmental receivable	$	141,222
Refunded bonds	$	43,962
Bond premium/discount amortization	$	75,350
Interest accretion on lease/leaseback obligations	$	5,853
Net gain (loss) in fair value of investments	$	3,323
Gain (loss) on disposition of capital assets	$	1,136

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, 2022
(Amounts expressed in thousands)

ASSETS		
Cash and cash equivalents	$	32,067
Investments:		
Bonds		288,151
Domestic stocks		202,025
Non-domestic stocks		8,326
Pooled investments		1,745,462
Receivables:		
Member contributions		2,419
Securities sold		728
Interest and dividends		1,982
Prepaid items and other assets		77
Total assets		2,281,237
LIABILITIES		
Accounts payable and other liabilities		2,277
Securities purchased		2,866
Total liabilities		5,143
NET POSITION		
Restricted for:		
Pensions		1,831,288
OPEB		444,806
Total Net Position	$	2,276,094

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, 2022
(Amounts expressed in thousands)

ADDITIONS		
Contributions:		
Employer	$	69,685
Member		39,916
Total contributions		109,601
Investment income (expense)		
Net decline in fair value of investments		(339,907)
Investment income		34,957
Investment expense		(6,497)
Other income		828
Net investment expense		(310,619)
Total additions		(201,018)
DEDUCTIONS		
Retiree benefits		150,537
Administrative expenses		2,156
Total deductions		152,693
Net decrease in net position		(353,711)
Net position - beginning of year		2,629,805
NET POSITION - END OF YEAR	$	2,276,094

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

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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.

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. <u>Government-wide and Fund Financial Statements</u>

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, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases 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, administrative expenses, and depreciation and amortization on capital assets. All revenues 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 of .677% as the discount rate given an average lease term of 5 to 7 years. 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.

With the implementation of GASB 87, the new accounting standards on leases, LACMTA has recorded an intangible right-to-use lease asset, in the government-wide and Proprietary fund financial statements as of June 30, 2022. The right-to-use lease asset is 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.

Capital assets, except for intangible right-to-use lease 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 are amortized over the lesser of the estimated useful life or the lease term of the underlying asset, as follows:

Asset Type	Useful Life in Years	Lease 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

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 99-112.

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 of .677% as the discount rate given an average lease term of 5 to 7 years. 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.

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, the new accounting standard on 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 June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously 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 inflows of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. LACMTA implemented the new reporting requirements for the Fiscal Year ending June 30, 2022, as presented in Note O on page 141.

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, 2021. LACMTA plans to implement the new reporting requirements for the Fiscal Year ending June 30, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* 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. This Statement addresses a variety of topics and includes specific provisions about the following (not an exhaustive list):

- The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.

Effective Fiscal Year ending June 30, 2022, LACMTA implemented the new reporting requirements for GASB Statement No. 87, Leases, as presented in Note O. The adoption of GASB Statement No. 73 did not have an effect on LACMTA's financial statements. The requirement of this standard pertaining to Asset Retirement Obligations (AROs) relates to government acquisitions and therefore has no impact on LACMTA's financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The paragraphs effective in

Fiscal Year 2021 had no effect on the changes in Fund Balance or Net Position. In Fiscal Year 2022, LACMTA had transitioned to a replacement index of the Secured Overnight Financing Rate (SOFR).

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. If applicable, LACMTA plans to implement the new reporting requirements beginning Fiscal Year 2023.

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 plans to implement the new reporting requirements in Fiscal Year 2023.

In May 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or any other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities,* be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans,* or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement are (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The remaining paragraphs are effective for reporting periods beginning after June 15, 2021. The adoption of these paragraphs did not have an impact on LACMTA's financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this statement is to establish the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive* *annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. LACMTA early implemented the new requirements for the Fiscal Year ended June 30, 2021.

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. If applicable, LACMTA plans to implement the new reporting requirements in Fiscal Years 2023 and 2024.

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. Earlier application is encouraged.

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, 2022, the following are LACMTA's cash and investments:

	Amount
Cash deposits	$ 118,383
State/county investment pool	665,720
Debt securities:	
Medium term notes	410,036
Mortgage backed securities	34,771
Commercial paper	617,665
Asset backed securities	79,681
Fixed income:	
Money market, mutual or pooled funds	1,157,449
U.S. Agencies securities	703,344
U.S. Treasury obligations	1,635,137
Total cash and investments	$ 5,422,186

	Business-type Activities	Governmental Activities	Total
Reported in the Statement of Net Position and Balance Sheet:			
Cash and cash equivalents - unrestricted, current	$ 98,316	$ 1,488,340	$ 1,586,656
Cash and cash equivalents - restricted, current	252,079	30	252,109
Investments - unrestricted, current	128,240	2,494,449	2,622,689
Investment - restricted, current	17,206	—	17,206
Cash and cash equivalents - restricted, noncurrent	171,437	—	171,437
Investments - restricted, noncurrent	772,089	—	772,089
Total cash and investments	$ 1,439,367	$ 3,982,819	$ 5,422,186

As of June 30, 2022, 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	$ —	$ 410,036	$ 410,036
Mortgage-backed securities	—	34,771	34,771
Commercial paper	—	617,665	617,665
Asset-backed securities	—	79,681	79,681
Fixed income:			
Money market, mutual or pooled funds	16,692	1,140,757	1,157,449
U.S. Agencies securities	—	703,344	703,344
U.S. Treasury obligations	1,635,137	—	1,635,137
Total	$ 1,651,829	$ 2,986,254	$ 4,638,083

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 February 24, 2022, 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, 2022, LACMTA's carrying amount of cash comprises $1,157 in cash on hand and $117,226 in checking accounts for a combined total of $118,383. LACMTA's total bank balance was $87,402 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, 2022. 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 $440,720 as of June 30, 2022. 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, 2022, 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	$ 79,681	1.5103	1.72 %	AAA
Commercial paper	617,665	0.2631	13.32 %	A-1+
Medium term notes	410,036	2.5052	8.84 %	A- to AAA
Mortgage-backed securities	34,771	2.6513	0.75 %	AAA
Money market, mutual or pooled funds	1,157,449	0.0170	24.96 %	Not Rated to AAA
U.S. Agency securities	703,344	1.2028	15.16 %	
U.S. Treasury obligations	1,635,137	0.9071	35.25 %	
Total	$ 4,638,083		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, 2022.

As of June 30, 2022, 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	$	578,651	12.48 %
Federal Home Loan Banks	$	435,818	9.40 %
Federated Hermes	$	245,303	5.29 %

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, 2022, 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, 2022, 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	$ 16,409	$ 12,219	$ 28,628
Interest	1,681	5,681	7,362
Intergovernmental	205,727	86,133	291,860
Due from Region TAP	1,435	—	1,435
Sales Tax	—	970,231	970,231
Notes	21,362	—	21,362
Others	25	—	25
Leases	2,957	120,061	123,018
Gross Receivables	249,596	1,194,325	1,443,921
Less: Allowances for doubtful accounts	(2,271)	—	(2,271)
Receivables, net	$ 247,325	$ 1,194,325	$ 1,441,650

Receivables as of June 30, 2022 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	$ 12,219	$ 180	$ 5,136	$ —	$ 120,061	$ 137,596
Prop A	—	937	—	203,215	—	204,152
Prop C	—	804	4,578	203,212	—	208,594
Measure R	—	1,074	57,102	203,144	—	261,320
Measure M	—	1,415	6,612	202,924	—	210,951
TDA	—	800	—	98,477	—	99,277
STA	—	259	—	59,259	—	59,518
Other Governmental	—	212	12,705	—	—	12,917
Total	$ 12,219	$ 5,681	$ 86,133	$ 970,231	$ 120,061	$ 1,194,325

C. Interfund Balances and Transfers

The following is a summary of due to/from other funds at June 30, 2022:

	Due from other funds					
Due to other funds	Enterprise Fund	General Fund	Measure R	TDA	Other Governmental	Total
General Fund	$ 42,537	$ —	$ —	$ —	$ —	$ 42,537
Prop C	4,893	—	—	—	—	4,893
Measure M	141	—	—	—	—	141
Measure R	19,148	—	—	—	—	19,148
STA	37,040	—	—	—	—	37,040
TDA	7,360	—	—	—	—	7,360
Other Governmental	36,967	—	—	—	—	36,967
Enterprise Fund	(141,803)	121,608	13,933	4,999	1,263	—
Total	$ 6,283	$ 121,608	$ 13,933	$ 4,999	$ 1,263	$ 148,086

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, 2022 were as follows:

	Transfers In					
Transfers Out	Enterprise Fund	General Fund	Prop C	Measure R	Total	
General Fund	$ 67,714	$ —	$ 2,249	$ 14,863	$ 84,826	
Prop A	4,927	54,084	24,180	—	83,191	
Prop C	62,638	22,161	—	—	84,799	
Measure M	204,038	1,912	39,052	11,028	256,030	
Measure R	261,763	14,128	1,706	—	277,597	
STA	88,031	—	—	—	88,031	
TDA	229,278	7,488	29	—	236,795	
Other Governmental	43,750	—	—	—	43,750	
Enterprise Fund	—	3,085	6,133	—	9,218	*
Grand Total	$ 962,139	$ 102,858	$ 73,349	$ 25,891	$ 1,164,237	

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

The transfers from the General fund to the Enterprise fund were for capital expenditures primarily for the construction of Regional Connector and Lighting Retrofit projects. The transfers to the Proposition C fund were funding for debt service payments. The transfers to the Measure R fund were funding for the planning project for Rail to Rail/River Active Transportation Corridor (ATC) Segment B.

The Proposition A fund transfers to the Enterprise fund were mainly for debt service payments, bus and rail operations costs, and capital expenditures related to systems and equipment upgrade, procurement of Heavy Rail and activities related to the maintenance of P2550 Light Rail Vehicles. The transfers to the General fund mostly represented the 5% Prop A administration fees. The transfers to the Proposition C fund represented the fiscal year 2021 growth over inflation.

The transfers from the Proposition C fund to the Enterprise fund were mainly for regional activities and TAP operations, Bike Share program, debt service payments, and capital expenditures mostly related to systems and equipment upgrades, and facilities improvements; and the provision for the Business Interruption Fund for businesses affected by the construction of Crenshaw/LAX. The Proposition C fund transfers to the General fund included the 1.50% Proposition 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 capital expenditures for the acquisition of light rail vehicles, heavy rail overhauls, systems and equipment upgrade, and the ongoing rail construction projects on the Westside Subway Extension Section 3, the Metro L Line (Gold Line) Foothill Extension Phase 2, the Airport Metro Connector, and the Metro G Line (Orange Line) Bus Rapid Transit (BRT) improvement. Transfers to the General Fund were funding for planning activities related to Metro's Bike Share, First/Last Mile programs, and Vermont South Bay Extension. Funds transferred to the Prop C fund were payments for commuter rail subsidies and to Access Services for ADA compliance 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 debt service payments, and construction activities related to the Division 20 Portal Widening Turnback project, Westside Subway Extension Section 1 and 2, and Crenshaw pre-revenue activities. Fund transfers to the General fund were mostly for planning activities on the Westside subway extension, Zero Emission (Electric) Transit Bus program; and costs related to Public-Private Partnerships. Transfers to Proposition C were for planning activities for the regional bikeways program.

The transfers from the STA fund to the Enterprise fund were mostly funding for bus and rail operations, maintenance, planning and enhancement costs; and capital expenditures on the Crenshaw/LAX fare gates project.

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

The transfers from the Other Governmental funds to the Enterprise fund were funding mainly for bus and rail operations and maintenance costs, and construction activities related to Crenshaw pre-revenue services. Proposition 1B-Security has transferred funds to Enterprise fund for the Metro Center Street project.

The transfers from the Enterprise fund to the General Fund were funding for subsidies under the Net Toll Revenue Reinvestment 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.

D. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021 (as restated) *	Increases	Decreases	Balance June 30, 2022
Business-type Activities				
Capital assets, not being depreciated or amortized:				
Land	$ 1,700,668	$ 14,492	$ —	$ 1,715,160
Construction in progress	9,170,339	1,656,367	(356,892)	10,469,814
Total capital assets, not being depreciated or amortized	10,871,007	1,670,859	(356,892)	12,184,974
Capital assets, being depreciated and amortized:				
Buildings and improvements	11,455,948	279,648	—	11,735,596
Equipment	467,661	8,146	(685)	475,122
Vehicles	3,176,387	115,485	(216,646)	3,075,226
Intangible right-to-use lease assets: *				
Land	8,487	71	—	8,558
Building	35,608	736	—	36,344
Equipment	516	226	—	742
Total capital assets, being depreciated and amortized	15,144,607	404,312	(217,331)	15,331,588
Less accumulated depreciation for:				
Buildings and improvements	(6,140,641)	(382,616)	—	(6,523,257)
Equipment	(393,825)	(24,937)	641	(418,121)
Vehicles	(1,633,878)	(195,235)	216,369	(1,612,744)
Total accumulated depreciation	(8,168,344)	(602,788)	217,010	(8,554,122)
Less accumulated amortization for intangible right-to-use-lease assets:				
Land	—	(1,768)	—	(1,768)
Building	—	(7,390)	—	(7,390)
Equipment	—	(241)	—	(241)
Total accumulated amortization of intangible right-to-use lease assets	—	(9,399)	—	(9,399)
Total accumulated depreciation and amortization	(8,168,344)	(612,187)	217,010	(8,563,521)
Total capital assets, being depreciated and amortized, net	6,976,263	(207,875)	(321)	6,768,067
Business-type activities capital assets	**$ 17,847,270**	**$ 1,462,984**	**$ (357,213)**	**$ 18,953,041**
Governmental Activities				
Capital assets, not being depreciated or amortized:				
Land	749,417	—	(2,828)	746,589
Total capital assets, not being depreciated or amortized	749,417	—	(2,828)	746,589
Capital assets, being amortized:				
Intangible right-to-use lease asset : *				
Building	6,128	—	—	6,128
Less accumulated amortization for intangible right-to-use-lease asset:				
Building	—	(2,085)	—	(2,085)
Total capital assets, being amortized, net	6,128	(2,085)	—	4,043
Governmental Activities capital assets	**$ 755,545**	**$ (2,085)**	**$ (2,828)**	**$ 750,632**

* *Beginning balances of $44,611 and $6,128, for business-type and governmental activities, respectively, are due to the adoption of the provisions of GASB Statement No. 87, Leases.*

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

Business-type Activities		
Bus and rail operations	$	605,874
Union Station operations		2,485
Toll operations		3,828
Total depreciation and amortization expense – Business-type activities	$	612,187
Governmental Activities		
General government		2,085
Total amortization expense – Governmental activities	$	2,085

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, 2022.

Business-type activities	Balance July 1, 2021 (as restated)*	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Long-term debt *	$ 6,759,868	799,437	(750,541)	$ 6,808,764	$ 270,160
Claims payable	413,357	68,927	(99,131)	383,153	99,132
Compensated absences payable	127,249	112,936	(105,160)	135,025	101,780
Net pension liability	578,239	352,273	(782,080)	148,432	—
Net OPEB liability	1,215,301	131,366	(355,007)	991,660	—
Asset retirement obligations	3,615	15,696	—	19,311	6,610
Total Business-type activities	$ 9,097,629	$ 1,480,635	$ (2,091,919)	$ 8,486,345	$ 477,682
Governmental activities					
Long-term debt *	7,628	—	(1,918)	5,710	2,077
Total long-term liabilities	$ 9,105,257	$ 1,480,635	$ (2,093,837)	$ 8,492,055	$ 479,759

**Includes restated beginning balances of $44,479 and $6,128 in the business-type activities and governmental-activities, respectively, due to the adoption of the provisions of GASB Statement No. 87, Leases.*

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, 2022 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, 2022 and 2021:

	Property and Casualty		Workers' Compensation		Total	
	2022	2021	2022	2021	**2022**	2021
Unpaid claims and claim adjustment reserves - beginning of year	$ 131,724	$ 122,605	$ 281,633	$ 278,862	$413,357	$401,467
Provisions for insured events	54,577	30,407	31,462	55,591	86,039	85,998
Interest income	(5,133)	388	(11,979)	906	(17,112)	1,294
Total incurred claims and claims adjustment expense	181,168	153,400	301,116	335,359	482,284	488,759
Payment attributable to insured events	(35,039)	(21,676)	(64,092)	(53,726)	(99,131)	(75,402)
Total unpaid claims and claim adjustment reserves – end of year	$ 146,129	$ 131,724	$ 237,024	$ 281,633	$383,153	$413,357

As of June 30, 2022, $99,132 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, 2022, a designated investment has been set aside in the amount of $146,129 equal to the property and casualty liabilities.

The workers' compensation program is both self-insured and self-administered by LACMTA. As of June 30, 2022, a designated investment has been set aside in the amount of $237,024 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, 2022:

	Balance July 1, 2021	Earned	Used	Balance June 30, 2022	Due Within One Year
Union Employees:					
Vacation leave	$ 37,222	$ 41,919	$ (40,984)	$ 38,157	$ 37,604
Sick leave	41,921	23,933	(21,641)	44,213	21,641
TOWP	13,477	16,651	(14,514)	15,614	14,514
Sub-total	92,620	82,503	(77,139)	97,984	73,759
Non-Union Employees:					
Vacation leave	111	6	(9)	108	9
Sick leave	2,168	123	(26)	2,265	26
TOWP	32,350	30,304	(27,986)	34,668	27,986
Sub-total	34,629	30,433	(28,021)	37,041	28,021
Total	$ 127,249	$ 112,936	$ (105,160)	$ 135,025	$ 101,780

As of June 30, 2022, $101,780 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 $20,500 (not in thousands) or 100% of their earnings, in calendar year 2022. A special provision in the law allows employees to contribute up to $27,000 (not in thousands) if an employee is 50 years old or older by December 31, 2022.

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, 2022, the deferred compensation plan had assets stated at fair value of $481,431.

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 $20,500 (not in thousands) or 100% of their earnings in calendar year 2022. A special provision in the law allows employees to contribute up to $27,000 (not in thousands) if an employee is 50 years old or older by December 31, 2022.

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, 2022, the 401(k) savings plan had assets at fair value totaling $621,756.

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 $41,000 ($54,000 if age 50 years or older). Employees who have not previously participated in the 457 deferred compensation "catch-up" provision and are aged lesser than 50 years old, can contribute up to $41,000 to the 457 plan in calendar year 2022, plus $20,500 in the 401k plan for a total of $61,500. 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 $41,000 to the 457 plan in calendar year 2022, plus $27,000 in the 401k plan, for a total of $68,000.

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, 2020:

Active employees	2,618
Inactive employees	282
Terminated employees	857
Retired employees and beneficiaries	1,257
Total	5,014

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 2022, the contribution rate was 17.28% of covered payroll and contributions totaled $46,114. 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 14.97%. 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled forward to determine the June 30, 2021 total pension liability.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 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	7.15%
Inflation	2.50%
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 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) Mortality table used was developed 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.

All other actuarial assumptions used in the June 30, 2020 valuation report were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality, and retirement rates.

Changes of Assumptions

There were no changes in assumption from the prior measurement date.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 Years 1 - 10 (1)	Real Return Years 11+ (2)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	—	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	—	(0.92)%

(1) An expected inflation rate of 2.00% was used for this period
(2) An expected inflation rate of 2.92% was used for this period

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, 2020	$ 981,513	$ 780,490	$ 201,023
Changes for the year			
Service cost	40,485	—	40,485
Interest on the total pension liability	71,117	—	71,117
Difference between expected and actual experience	9,440	—	9,440
Contribution - employer	—	34,099	(34,099)
Contribution - employee	—	19,030	(19,030)
Net investment income	—	180,741	(180,741)
Benefit payments, including refunds of employee contributions	(33,079)	(33,079)	—
Administrative expense	—	(780)	780
Other miscellaneous income	—	—	—
Net changes during 2020-21	87,963	200,011	(112,048)
Balance at June 30, 2021	$ 1,069,476	$ 980,501	$ 88,975

No significant changes between the measurement date at June 30, 2021 and the reporting date at June 30, 2022 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 7.15%, and the changes of 1 percentage-point lower (6.15%) and 1 percentage-point higher (8.15%):

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Plan's net pension liability (asset)	$ 229,192	$ 88,975	$ (27,932)

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, 2022, the plan recognized pension expense of $21,637. 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, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ —	$ (733)
Differences between expected and actual experiences	19,369	—
Net differences between projected and actual earnings on pension plan investments	—	(90,300)
Employer contributions for fiscal year 2022	46,114	—
Total	$ 65,483	$ (91,033)

Contributions made after the measurement date of the net pension liability but before June 30, 2022, totaling $46,114 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

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	
2023	$	(16,389)
2024		(15,003)
2025		(17,896)
2026		(22,561)
2027		185
Total	$	(71,664)

Expected Average Remaining Service Lifetime (EARSL)

For the measurement period ending June 30, 2021, the EARSL for the plan is 5.1 years which was calculated by dividing the total service years of 25,455 (not in thousands) which represents the sum of remaining service lifetimes of the active employees, by 5,014 (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, 2020 for SMART-TD, TCU, NC, and AFSCME, and January 1, 2021 for ATU:

	SMART-TD	TCU	ATU	NC	AFSCME	Total
Retirees and beneficiaries receiving benefits and terminated/transferred employees entitled to receive benefits	2,491	510	1,420	1,035	195	5,651
Active employees accruing benefits under CalPERS	n/a	n/a	n/a	165	32	197
Active employees:						
Vested	1,494	306	1,109	21	11	2,941
Non-vested	2,064	503	1,124	—	—	3,691
Total	**6,049**	**1,319**	**3,653**	**1,221**	**238**	**12,480**

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 FY22 were actuarially determined by the funding valuation reports dated December 31, 2020 for the SMART-TD, TCU, AFSCME, and NC retirement plans, and January 1, 2021 for the ATU retirement plan. The actuarially required contribution rate of salary for ATU employees is 4.95%, TCU plan is 3.39%, and SMART-TD is 8.49%. LACMTA's required contributions for the ATU Plan were 15.95% of covered payroll. For SMART-TD, TCU, AFSCME, Non-Contract, and ATU the required contributions were determined to be $22,272, $9,030, $965, $2,461, and $31,288, respectively. LACMTA's actual contributions for all SMART-TD, TCU, AFSCME, NC, and ATU were $22,272, $9,030, $965, $2,461, and $34,957, 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, 2021 and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of December 31, 2020 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, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 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, 2021 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, 2021 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%	7.00%
Inflation	3.00%	2.50%
Salary growth rate	Varies by age	Negotiated CBA rate increases of July 1, 2021: 5.0% 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	7.00% net of investment expense only
Mortality Rates	RP-2014 Blue Collar with generationally projected improvements using scale MP-2017	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.

Change of Assumptions

There was no change in assumptions from the prior measurement date.

Discount Rate

SMART-TD, ATU, TCU, AFSCME, and NC plans used the long-term actuarially determined discount rate of 7.00% 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%	6.44%	39.00%	36.00%
International equities	5.60%	7.01%	23.00%	26.00%
Fixed income	0.90%	1.82%	29.00%	29.00%
Real Estate	3.40%	6.50%	5.00%	5.00%
Alternative investments	3.80%	3.40%	3.00%	3.00%
Cash equivalents	0.30%	0.20%	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, 2020 to June 30, 2021.

	SMART-TD	TCU	AFSCME	NC	ATU	Total
Total pension liability – beginning of year	$ 905,340	$ 205,829	$ 64,950	$ 146,960	$ 710,682	$ 2,033,761
Service cost	22,855	7,434	148	416	23,207	54,060
Interest	63,179	14,712	4,337	9,827	50,084	142,139
Plan amendments	—	—	146	315	—	461
Difference between expected and actual experience	11,665	10,067	1,106	2,945	5,818	31,601
Benefit payments paid from trust	(51,329)	(5,947)	(7,032)	(14,916)	(36,644)	(115,868)
Transfer (benefit payments originally paid by other plans)	(843)	(343)	635	715	(164)	—
Net change in total pension liability	45,527	25,923	(660)	(698)	42,301	112,393
Total pension liability – end of year	950,867	231,752	64,290	146,262	752,983	2,146,154
Fiduciary net position – beginning of year	710,915	165,623	54,176	122,603	603,228	1,656,545
Contributions - LACMTA	22,967	8,584	1,170	2,772	33,319	68,812
Contributions - Employees	17,447	3,640	—	—	12,536	33,623
Net investment income	191,174	45,268	14,142	31,994	163,197	445,775
Benefit payments	(51,329)	(5,947)	(7,032)	(14,916)	(36,644)	(115,868)
Administrative expenses	(637)	(376)	(328)	(362)	(487)	(2,190)
Transfers (benefit payments originally paid by other plans)	(843)	(343)	635	715	(164)	—
Net change in fiduciary net position	178,779	50,826	8,587	20,203	171,757	430,152
Fiduciary net position – end of year	889,694	216,449	62,763	142,806	774,985	2,086,697
Net pension liability (asset) – end of year	$ 61,173	$ 15,303	$ 1,527	$ 3,456	$ (22,002)	$ 59,457

Changes to the Plans

The AFSCME and Non-Contract plans were amended for the Voluntary Incentive Separation Program (VSIP). Eligible employees who accepted the offer and retired between January 1, 2021 and March 31, 2021 were provided two additional years of benefit service. Employees who also participated 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 11 were provided the additional service in the MTA plans (5 AFSCME and 6 Non-Contract members). The increase in Total Pension Liability (TPL) and the resulting increase in the pension expense for the 2022 fiscal year for these 11 members was $146,381 and $314,471 (not in thousands) for the AFSCME and Non-Contract plans, respectively.

Significant Changes in Population Covered

There are no significant changes in the population covered that the management is aware of that would affect the results between the measurement date of the net pension liabilities and LACMTA reporting date for the year ended June 30, 2022.

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%
SMART-TD	$ 157,002	$ 61,173	$ (19,366)
TCU	37,157	15,303	(3,011)
AFSCME	5,910	1,527	(2,543)
NC	14,376	3,456	(6,611)
ATU	56,068	(22,002)	(88,454)

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, 2022, LACMTA recognized pension expense of ($11,475), 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	$ (10,790)
TCU	2,030
AFSCME	(87)
Non-contract	(33)
ATU	(2,595)
Total	$ (11,475)

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, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SMART-TD		
Changes of assumptions	$ —	$ (611)
Differences between expected and actual experiences	9,739	(2,991)
Net differences between projected and actual earnings on investments	—	(103,739)
Employer contributions for fiscal year 2022	22,272	—
Total	$ 32,011	$ (107,341)
TCU		
Changes of assumptions	$ 181	$ —
Differences between expected and actual experiences	10,096	(2,865)
Net differences between projected and actual earnings on investments	—	(24,928)
Employer contributions for fiscal year 2022	9,030	—
Total	$ 19,307	$ (27,793)
AFSCME		
Changes of assumptions	$ —	$ —
Differences between expected and actual experiences	—	—
Net differences between projected and actual earnings on investments	—	(7,533)
Employer contributions for fiscal year 2022	965	—
Total	$ 965	$ (7,533)
NC		
Changes of assumptions	$ —	$ —
Differences between expected and actual experiences	—	—
Net differences between projected and actual earnings on investments	—	(17,274)
Employer contributions for fiscal year 2022	2,461	—
Total	$ 2,461	$ (17,274)
ATU		
Changes of assumptions	$ 7,823	$ —
Differences between expected and actual experiences	10,251	(145)
Net differences between projected and actual earnings on investments	—	(88,143)
Employer contributions for fiscal year 2022	34,957	—
Total	$ 53,031	$ (88,288)
TOTAL MTA		
Changes of assumptions	$ 8,004	$ (611)
Differences between expected and actual experiences	30,086	(6,001)
Net differences between projected and actual earnings on investments	—	(241,617)
Employer contributions for fiscal year 2022	69,685	—
Total	$ 107,775	$ (248,229)

Contributions made after the measurement date of the net pension liability but before the end of June 30, 2022 totaling $69,685 will be recognized as a reduction of the net pension liability in fiscal year ending June 30, 2023.

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**
2023	$ (25,935)	$ (4,423)	$ (1,967)	$ (4,513)	$ (17,534)	$ (54,372)
2024	(22,833)	(4,376)	(1,706)	(3,980)	(15,762)	(48,657)
2025	(21,646)	(4,830)	(1,752)	(4,017)	(16,706)	(48,951)
2026	(27,188)	(5,694)	(2,108)	(4,764)	(21,609)	(61,363)
2027	—	1,394	—	—	1,358	2,752
2028	—	413	—	—	39	452
Total	$ (97,602)	$ (17,516)	$ (7,533)	$ (17,274)	$ (70,214)	$ (210,139)

Payable/Receivable to the Pension Plan

At June 30, 2022, the pension plans reported a net receivable of $1,082 for the outstanding amount of Medicare Part B premium reimbursements to the retirees advanced by the pension plans for the year ended June 30, 2022.

Aggregate Amounts

For FY2022, 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	$ (91,033)	$ 65,483	$ 88,975	$ 21,637
LACMTA Plans	(248,229)	107,775	59,457	(11,475)
	$ (339,262)	$ 173,258	$ 148,432	$ 10,162

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 FY22, 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, 2021. 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, 2021 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2021	$ 1,633,455	$ 418,154	$ 1,215,301
Changes for the year			
Service cost	85,290	—	85,290
Interest on the total OPEB liability	45,867	—	45,867
Changes of assumptions	(70,497)	—	(70,497)
Difference between expected and actual experience	(119,151)	—	(119,151)
Contribution - employer	—	39,988	(39,988)
Net investment income	—	125,371	(125,371)
Benefit payments, including refunds of employee contributions	(40,196)	(40,196)	—
Administrative expense	—	(209)	209
Net changes during 2021-22	(98,687)	124,954	(223,641)
Balance at June 30, 2022	$ 1,534,768	$ 543,108	$ 991,660

No significant changes between measurement date at June 30, 2021 and the reporting date at June 30, 2022 were known to management to have a significant effect on the net OPEB liability.

The discount rate was increased from 2.70% in 2020 to 3.20% and the investment rate of return decreased from 7.00% to 6.90% in 2021.

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Discount rate	3.20%
Payroll increases	3.50%
Investment rate of return	6.90%
Inflation	2.50%
Mortality	Pub-2010 headcount-weighted tables for all income levels with fully generational projection from 2010 using improvement scale MP-2020
Healthcare cost trend rates	Medicare Pre 65: 6.93% in 2021 reducing to 4.50% ultimate in 2027
	Medical Post 65: 7.51% in 2021 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, 2022 is July 1, 2020 through June 30, 2021. For purposes of calculating the net OPEB liability as of June 30, 2022, the beginning balance of the measurement period, a discount rate of 3.20% 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, 2022 was (13.19%). 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, 2021 was 3.20%. 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, 2021 Bond Buyer General Obligation 20-Bond Municipal Bond Index (i.e., 2.16%) 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, 2021:

	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, 2021, the OPEB Plan's cash and investments consisted of the following:

Common Stock:		
Domestic Securities	$	174
Fixed Income:		
U.S Agency Securities		26,020
U.S. Treasury Securities		22,423
Debt Securities:		
Domestic Corporate Bonds		49,107
Foreign Corporate Bonds		7,651
Pooled Funds:		
Money Market Funds		5,357
Mutual Funds		354,822
Non-Real Estate Funds		65,475
Real Estate Funds		12,639
Total cash and investments	$	543,668

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, 2021, 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	$ 174	$ —	$ 174
Fixed Income:			
U.S. Agency Securities	—	26,020	26,020
U.S. Treasury Securities	22,423	—	22,423
Debt securities:			
Domestic Corporate Bonds	—	49,107	49,107
Foreign Corporate Bonds	—	7,651	7,651
Pooled Funds:			
Money Market Funds	—	5,357	5,357
Mutual Funds	—	354,822	354,822
Total	$ 22,597	$ 442,957	465,554
Investments measured at the net asset value:			
Pooled funds:			
Non-real estate funds			65,475
Real estate funds			12,639
Total investments measured at net asset value			78,114
Total investments			$ 543,668

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Funds:				
Non-real estate funds	$ 65,475	$ —	Monthly	5-45 days *(1)*
Real estate funds	12,639	—	Quarterly	90 days
Total	$ 78,114			

(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, 2021:

Investment Type	Total	Weighted Average Duration (in years) per Investment Type	Concentration of Investments	Ratings
Domestic Corporate Bonds	$ 49,107	7.7095	9.03 %	AAA to Not Rated
Domestic Securities	174	0.0027	0.03 %	BBB+
Foreign Corporate Bonds	7,651	6.0099	1.41 %	AAA to BB
Money Market Funds	5,357	0.0027	0.99 %	Not Rated
Mutual Funds	354,822	0.0027	65.26 %	Not Rated
Non-Real Estate Funds	65,475	0.0027	12.04 %	Not Rated
Real Estate Funds	12,639	0.0027	2.33 %	Not Rated
U.S. Agency Securities	26,020	3.2534	4.79 %	
U.S. Treasury Securities	22,423	6.1529	4.12 %	
Total	$ 543,668		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, 2021.

As of June 30, 2021, 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	$ 296,809	54.59 %
WCM Focused International	57,319	10.54 %
Lazard	43,629	8.03 %

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, 2021, 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, 2021, 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, 2021, 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.99%. 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 (2.20%) or 1-percentage-point higher (4.20%) than the current discount rate for the fiscal year ended June 30, 2021:

	Discount rate -1% (2.20%)	Current Discount Rate (3.20%)	Discount Rate +1% (4.20%)
Net OPEB Liability	$ 1,219,660	$ 991,660	$ 804,917

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, 2021:

	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability	$ 776,962	$ 991,660	$ 1,265,563

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

For reporting fiscal year ended June 30, 2022, LACMTA recognized OPEB expense of ($33,233) 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, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ 116,016	$ (173,958)
Difference Between Expected and Actual Experiences	—	(276,658)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	—	(68,633)
Total	$ 116,016	$ (519,249)

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
2023	$ (132,405)
2024	(105,931)
2025	(70,914)
2026	(65,577)
2027	(4,676)
2028	(23,730)
Total	$ (403,233)

Payable/Receivable to the Pension Plan

At June 30, 2022, the OPEB plan reported a $1,082 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, 2022.

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, 2022 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, 2022, LACMTA has an estimated pollution remediation obligation of $10,094 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 FY2022, LACMTA determined that it had incurred an ARO liability with respect to the removal of fifty eight (58) 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 58 USTs:

a. External Obligating Event: The 58 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 58 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 58 USTs range in size from 500 to 30,000 gallons. They are located at 11 separate LACMTA facilities and were installed at various times between 1986 and 2014. Thus, LACMTA's UST population ranges in age from approximately 8-36 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 10 of 58 (17%) beyond their estimated useful life of 30 years, and 23 of 58 (40%) 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 2022 were presented in GASB 83 Technical memorandum dated September 20, 2022. 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 fifteen (15) 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 2022 value of all future outlays associated with the remaining LACMTA USTs is $ 19,311. No USTs were removed during FY2022. Based on LACMTA's removal schedule and FY2022 estimate of costs, the estimated retirement costs by year through FY 2029 including the amount for inflation adjustment, is provided below:

a. FY 2023 – $ 6,610
b. FY 2024 – $ 3,672
c. FY 2025 – $ 2,484
d. FY 2026 – $ -
e. FY 2027 – $ 2,268
f. FY 2028 – $ 1,361
g. FY 2029 – $ 2,916

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, 2022 are summarized as follows:

Type of Issue	Balance July 1, 2021 (as restated)*	Additions	Reductions	Balance June 30, 2022	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Other debt					
Commercial paper notes	$ 206,023	$ 97,500	$ (206,023)	$ 97,500	$ —
Sales tax revenue and refunding bonds	5,291,635	554,975	(327,675)	5,518,935	257,120
General revenue bonds	70,020	—	(8,650)	61,370	9,080
Unamortized bond premium (1)	953,755	140,108	(79,583)	1,014,280	—
Unamortized bond discount (1)	(65)	—	65	—	—
Total other debt	6,521,368	792,583	(621,866)	6,692,085	266,200
Lease/leaseback liability	194,021	5,853 (2)	(119,861)	80,013	(4,912) (3)
Long-term leases *	44,479	1,001	(8,814)	36,666	8,872
Net Business-type activities long-term debt	**$ 6,759,868**	**$ 799,437**	**$ (750,541)**	**$ 6,808,764**	**$ 270,160**
GOVERNMENTAL ACTIVITIES					
Long-term leases *	6,128	—	(1,918)	4,210	2,077
Other liabilities	1,500	—	—	1,500	—
Net Governmental activities long-term debt	**$ 7,628**	**$ —**	**$ (1,918)**	**$ 5,710**	**$ 2,077**

**Beginning balances of $44,479 and $6,128, for business-type and governmental activities, respectively, are due to the adoption of the provisions of GASB Statement No. 87, Leases.*

(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, 2022, 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, 2021	Additions	Reductions	Balance June 30, 2022	Authorized Amount	Unused Capacity
Proposition C revolving credit	$ —	$ —	$ —	$ —	$ 150,000	$ 120,000 (1)

(1) $45,000 original amount used by Alameda Corridor East Construction Authority (ACE), as a conduit loan of LACMTA. On September 1, 2021, ACE made a $15,000 partial payment bringing down the outstanding loan balance to $30,000 as of June 30, 2022.

The Second Amended and Restated Revolving Credit Agreement, dated April 1, 2019, entered with Wells Fargo Bank, authorizes LACMTA to issue up to $150,000 in Subordinate Proposition C Sales Tax Revenue Revolving Obligations. The letter of credit expired on April 24, 2022, however, by the request of LACMTA, on April 8, 2022, Wells Fargo Bank approved the extension of the commitment expiration date through July 22, 2022, subject to the terms and conditions of the Proposition C Revolving Credit Agreement set forth.

A new Revolving Credit Agreement was entered into with Bank of the West effective June 1, 2022, that 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. On June 1, 2022, LACMTA issued a memorandum for the credit bank facility replacement for the Proposition C Sales Tax Revenue Revolving Obligations from Wells Fargo Bank to the credit facility provided by Bank of the West. The effective date of June 1, 2022, of the Revolving Credit Agreement with Bank of the West terminated the extended revolving credit agreement with Wells Fargo Bank.

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.

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 September 2021, the Alameda Corridor East Construction Authority (ACE) made a partial payment of $15,000 applied to the $20,000 tax-exempt Proposition C revolving credit with Wells Fargo. On June 1, 2022, LACMTA terminated its credit facility with Wells Fargo and moved the ACE loan outstanding balances of $5,000 tax-exempt and $25,000 taxable obligations to 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, 2022 are as follows:

Bond Series	Original Borrowing	Year Issued *	Final Maturity *	Interest Rates to Maturity	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Proposition A									
2012A	$ 68,205	2012	2021	2.00 to 5.00%	$ 40,255	$ —	$ (40,255)	$ —	$ —
2013A	262,195	2013	2021	5.00%	40,700	—	(40,700)	—	—
2014A	135,715	2014	2035	3.00 to 5.00%	104,465	—	(4,950)	99,515	5,195
2015A	26,480	2015	2035	3.00 to 5.00%	20,415	—	(980)	19,435	1,030
2016 A	185,605	2016	2031	2.00 to 5.00%	131,575	—	(12,385)	119,190	14,925
2017A	471,395	2017	2042	5.00%	471,395	—	—	471,395	13,200
2017B	85,455	2017	2023	5.00%	85,455	—	—	85,455	41,685
2018A	13,890	2018	2031	3.00 to 5.00%	12,390	—	(875)	11,515	920
2019A	57,745	2019	2026	5.00%	49,740	—	(9,000)	40,740	9,455
				Sub-total	956,390	—	(109,145)	847,245	86,410
Proposition C									
2012A	14,635	2012	2028	3.00 to 3.12%	14,635	—	(14,635)	—	—
2012B	74,885	2012	2025	5.00%	63,740	—	(63,740)	—	—
2013A	138,960	2013	2023	2.00 to 5.00%	48,635	—	(15,465)	33,170	16,200
2013B	313,490	2013	2038	2.00 to 5.00%	262,335	—	(9,330)	253,005	9,795
2013C	63,785	2013	2026	4.00 to 5.00%	36,470	—	(5,380)	31,090	5,650
2014A	61,180	2014	2034	5.00%	61,180	—	—	61,180	—
2016A	86,570	2016	2030	2.00 to 5.00%	67,610	—	(5,400)	62,210	5,670
2017A	454,845	2017	2042	4.00 to 5.00%	424,805	—	(11,030)	413,775	11,585
2018A	54,965	2018	2022	4.00 to 5.00%	54,650	—	(26,660)	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%	42,370	—	(5,745)	36,625	6,095
2020A	28,265	2020	2023	5.00%	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	—
				Sub-total	1,971,600	40,475	(157,385)	1,854,690	82,985
Measure R Senior bonds									
2010A	573,950	2010	2039	4.28 to 5.73%	552,030	—	(22,530)	529,500	23,195
2016A	522,120	2016	2039	3.00 to 5.00%	455,520	—	(15,985)	439,535	16,805
2021A	514,500	2021	2039	4.00 to 5.00%	—	514,500	(22,630)	491,870	19,250
				Sub-total	1,007,550	514,500	(61,145)	1,460,905	59,250
Measure R Junior Subordinate bonds									
2020A	1,356,095	2020	2037	5.00%	1,356,095		—	1,356,095	28,475
				Sub-total	1,356,095	—	—	1,356,095	28,475
				Total	$ 5,291,635	$ 554,975	$ (327,675)	$ 5,518,935	$ 257,120

* *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, 2022 are as follows:

Series	Original Borrowing	Year Issued	Final Maturity	Interest Rates to Maturity	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
2010A Bonds	$ 79,620	2010	2021	3.00% - 5.00 %	$ 5,250	$ —	$ (5,250)	$ —	$ —
2015 Bonds	64,770	2015	2027	3.00% - 5.00 %	64,770	—	(3,400)	61,370	9,080
				Total	$ 70,020	$ —	$ (8,650)	$ 61,370	$ 9,080

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, 2022, 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, 2021	Additions	Reductions	Balance June 30, 2022	Authorized Amount	Unused Principal Capacity
Proposition A Commercial Paper, Barclays	$ 100,000	$ —	$ (100,000)	$ —	$ —	$ —
Proposition A Commercial Paper,Bank of America	—	97,500	—	97,500	150,000	52,500
Measure R Commercial Paper, Bank of America	50,000	—	(50,000)	—	90,000	$ 90,000
Measure R Commercial Paper, State Street	56,023	—	(56,023)	—	100,000	$ 100,000
Total	$ 206,023	$ 97,500	$ (206,023)	$ 97,500	$ 340,000	$ 242,500

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, 2022, the Proposition A CPN program is authorized to issue up to $150,000 with supporting letter of credit. The letter of credit with Barclays Bank that expired on April 22, 2022, was extended through July 22, 2022, by the request of LACMTA. However, on June 1, 2022, the new CPN Reimbursement Agreement with Bank of America was made effective that consequently terminated the extended term of the credit facility with Barclays Bank. The Proposition A CPN program, currently supported by a $150,000 existing letter of credit with Bank of America, will expire on June 24, 2025.

In October 2020, LACMTA’s board authorized to issue from time to time, up to $190,000 in aggregate principal amount of commercial paper notes under the Measure R CPN program. The Measure R CPN program is supported by the letters of credit entered into with Bank of America and State Street bank for maximum principal amounts $100,000 and $90,000, respectively. 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, 2022, LACMTA had no outstanding obligation on its Measure R credit facilities.

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, 2022 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
2023	$ 86,410	$ 38,954	$ 125,364	$ 82,985	$ 89,322	$ 172,307
2024	91,135	34,515	125,650	96,085	85,807	181,892
2025	50,150	30,983	81,133	76,290	81,528	157,818
2026	53,085	28,402	81,487	80,000	77,652	157,652
2027	44,740	25,957	70,697	72,045	73,851	145,896
2028-2032	175,165	102,551	277,716	375,525	313,547	689,072
2033-2037	159,940	65,341	225,281	408,075	216,379	624,454
2038-2042	151,605	28,443	180,048	414,180	112,643	526,823
2043-2047	35,015	875	35,890	249,505	23,034	272,539
Total	$ 847,245	$ 356,021	$ 1,203,266	$ 1,854,690	$ 1,073,763	$ 2,928,453

	Measure R		
Year Ending June 30	Principal	Interest	Total
2023	$ 87,725	$ 140,405	$ 228,130
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
2028-2032	942,155	451,317	1,393,472
2033-2037	1,013,935	197,757	1,211,692
2038-2042	232,110	16,584	248,694
Total	$ 2,817,000	$ 1,313,527	$ 4,130,527

General Revenue Refunding Bonds

Year Ending June 30	Principal	Interest	Total
2023	$ 9,080	$ 2,766	$ 11,846
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
2028-2032	11,480	287	11,767
Total	$ 61,370	$ 9,468	$ 70,838

Commercial Paper Notes

Year Ending June 30	Principal	Interest*	Total
2023	$ —	$ —	$ —
2024	—	—	—
2025	97,500	—	97,500
Total	$ 97,500	$ —	$ 97,500

**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
2023	$ (4,912)	$ 4,396	$ (516)
2024	(3,178)	3,695	517
2025	(5,408)	5,408	—
2026	(5,744)	5,744	—
2027	(6,101)	6,101	—
2028-2029	105,356	7,055	112,411
Total	$ 80,013	$ 32,399	$ 112,412

(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
2023	$ 261,288	$ 276,359	$ 537,647
2024	302,202	261,916	564,118
2025	358,177	250,448	608,625
2026	285,576	237,315	522,891
2027	276,529	223,326	499,855
2028-2032	1,609,681	874,757	2,484,438
2033-2037	1,581,950	479,477	2,061,427
2038-2042	797,895	157,670	955,565
2043-2047	284,520	23,909	308,429
Total	**$ 5,757,818**	**$ 2,785,177**	**$ 8,542,995**

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, 2022:

Source	Gross Receipts (1)	Allocation Rate	Local Allocations	Pledged Revenue	Total Debt Service (2)	Debt Service Coverage
Prop A	$ 1,091,206	25%	$ 272,802	$ 818,404	$ 155,765	5.3
Prop C	1,091,203	20%	218,241	872,962	205,683	4.2
Measure R	1,091,162	15%	163,674	927,488	200,006	4.6
General Revenue bonds	121,255	—	—	121,255	11,838	10.2

(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 and Short-term Borrowings

Bond New Issue and Refunding

In August 2021, LACMTA issued an aggregate principal amount of $514,500 of Measure R Senior Sales Tax Revenue Bonds, Series 2021-A with interest rate of 5%. The net proceeds, including bond premium of $136,621, and after payment of associated bond issuance costs and underwriter's discount, were used to finance existing Measure R eligible capital projects, and repay an aggregate total of $106,023 outstanding principal balance of Measure R Commercial Paper Notes (CPN) with Bank of America and State Street bank. Principal payments are due on June 1 of each year starting June 1, 2022, and interest payments are due semi-annually on December 1 and June 1 of each year commencing on December 1, 2021, with final maturity on June 1, 2039.

Also, in June 2022, LACMTA issued Proposition C Sales Tax Revenue Refunding Bonds, Series 2022-A with interest rate of 5% for an aggregate principal amount of $40,475. The net proceeds, including bond premium of $3,487 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 $66,745 total outstanding principal balance of Prop C 2012-A Sales Tax Revenue Refunding Bonds and Prop C 2012-B Sales Tax Revenue Refunding Bonds. Principal payments are due on July 1 of each year starting July 1, 2023, and interest payments are due semi-annually on July 1 and January 1 of each year commencing on January 1, 2023, with final maturity on July 1, 2028.

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 2012-A Sales Tax Revenue Refunding Bonds	$ 17,108	$ 14,458	$ 2,650	$ 758
Prop C 2012-B Sales Tax Revenue Refunding Bonds	34,094	31,681	2,413	2,134
Total	**$ 51,202**	**$ 46,139**	**$ 5,063**	**$ 2,892**

Commercial Paper Notes

In June 2022, LACMTA moved the $97,500 outstanding principal balance of Proposition A Commercial Paper Notes (CPN) under the letter of credit with Barclays Bank which agreement's expiration date was extended through July 24, 2022, to a new credit facility with Bank of America as follows:

Series	Par Amount	Tax Status	Type of CP Note	Dealer	Letter of Credit_Bank
Prop A Series A-T	$ 15,000	Taxable	Fixed rate	Barclays	Bank of America
Prop A Series A-T	15,000	Taxable	Fixed rate	RBC	Bank of America
Prop A Series A-T	17,500	Taxable	Fixed rate	Goldman Sachs and Co.	Bank of America
Prop A Series A-TE	16,667	Tax-Exempt	Fixed rate	Barclays	Bank of America
Prop A Series A-TE	16,667	Tax-Exempt	Fixed rate	RBC	Bank of America
Prop A Series A-TE	16,666	Tax-Exempt	Fixed rate	Goldman Sachs and Co.	Bank of America
Total	$ 97,500				

The Proposition A commercial paper notes are included in the outstanding balances of commercial paper notes on page 133.

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, 2022, these lease/leaseback agreements totaled $80,013. 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, 2022 are as follows:

Lease	Interest Rate	Balance July 1, 2021	Additions (1)	Reductions	Balance June 30, 2022	Due Within One Year (2)
Northwest Lease	6.79% - 7.64%	$ 118,634	$ 1,227	$ (119,861)	$ —	$ —
First Hawaiian Lease	6.61%	75,387	4,626	—	80,013	(4,912)
	Total	$ 194,021	$ 5,853	$ (119,861)	$ 80,013	$ (4,912)

(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.

On implementation date, July 1, 2021, LACMTA recorded $2,650 lease receivable and $2,650 deferred inflows of resources in the enterprise fund and business-type activities, and $123,752 lease receivable and $143,673, deferred inflows of resources which included an amount of $19,921 reclassified from unearned revenue from leases to deferred inflows of resources in the governmental funds and governmental activities, related to lessor agreements. The lease receivable and deferred inflows were reclassified in the general fund and in the governmental activities statement of net position. LACMTA also recorded $44,479 lease liability and $44,611 right-to-use lease assets which included an amount of $132 reclassified from prepaid leases in the enterprise fund and business-type activities, and $6,128 lease liability and $6,128 right-to-use lease assets in the governmental activities, on implementation date, related to lessee agreements.

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.

As of June 30, 2022, LACMTA had 59 outstanding lease agreements as "Lessor" and below is the summary of the total amount of inflows of resources recognized from these leases during the fiscal year 2022:

	Lease revenue	Lease interest income	Total
Business-type activities	$ 630	$ 19	$ 11,509
Governmental activities	4,954	729	11,806
Total	$ 5,584	$ 748	$ 23,315

LACMTA is 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.

The summary of the total amount of outflows of resources incurred from these leases during the fiscal year 2022 are presented below:

	Amortization of Right-to-use lease assets	Lease interest expense	Total
Business-type activities	$ 9,399	$ 250	$ 9,649
Governmental activities	2,085	32	2,117
Total	$ 11,484	$ 282	$ 11,766

As of June 30, 2022, LACMTA had outstanding 41 lease agreements with total amount of lease assets recognized at present value, net of accumulated amortization, of $36,245 and $4,043, 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, 2022:

	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	$ (1,768)	$ 6,790	$ —	$ —	$ —	$ 8,558	$ (1,768)	$ 6,790
Building	36,344	(7,390)	28,954	6,128	(2,085)	4,043	42,472	(9,475)	32,997
Equipment	742	(241)	501	—	—	—	742	(241)	501
Total	$ 45,644	$ (9,399)	$ 36,245	$ 6,128	$ (2,085)	$ 4,043	$ 51,772	$ (11,484)	$ 40,288

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 93.

At June 30, 2022, 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
2023	$ 8,872	$ 222	$ 9,094
2024	7,021	167	7,188
2025	6,074	122	6,196
2026	4,883	83	4,966
2027	3,176	57	3,233
2028-2032	5,238	96	5,334
2033-2037	193	44	237
2038-2042	199	38	237
2043-2047	206	31	237
2048-2052	213	24	237
2053 and above	591	27	618
Total	$ 36,666	$ 911	$ 37,577

Governmental activities

Ending June 30	Principal	Interest	Total
2023	$ 2,077	$ 22	$ 2,099
2024	512	13	525
2025	507	9	516
2026	524	6	530
2027	543	2	545
2028-2032	47	—	47
Total	$ 4,210	$ 52	$ 4,262

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 127.

P. 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, 2022 are as follows:

Fund		Total
General Fund	$	64,915
Proposition A		51,822
Proposition C		363,308
Measure R		783,517
Measure M		94,477
TDA		182,365
STA		5,440
Total	$	1,545,844

LACMTA's commitments to vendors for capital projects which are in various phases of development as of June 30, 2022 are as follows:

		Total Contract		Remaining
Rail projects	$	9,288,400	$	3,336,854
Bus rapid transit ways		9,697		2,789
Bus acquisition and others		1,080,638		380,736
Total	$	10,378,735	$	3,720,379

Q. 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, 2022, the total outstanding payables and commitments were $39,847 and $118,779, respectively.

A summary of financial information for the SCRRA for the year ended June 30, 2021 (most recent data available) is as follows:

		Amount
Total assets	$	1,700,496
Deferred outflows of resources		8,803
Total assets and deferred outflows of resources		1,709,299
Total liabilities		291,214
Deferred inflows of resources		6,078
Total liabilities and deferred inflows of resources		297,292
Net Position	$	1,412,007
Total Revenues	$	356,872
Total Expenses		362,113
Decrease in Net Position	$	(5,241)

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.

R. 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 reasonably possible of a potential liability for contractor claims on its major rail construction projects in the range of $500 million.

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.

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
Total Pension Liability								
Service cost	$ 21,905	$ 23,238	$ 24,955	$ 30,120	$ 31,824	$ 35,365	$ 38,962	$ 40,485
Interest on total pension liability	37,546	41,535	45,436	49,725	54,095	59,618	65,159	71,117
Difference between expected and actual experiences	—	7,066	2,012	5,642	8,733	13,988	7,857	9,440
Changes of assumptions	—	(10,299)	—	41,661	(6,608)	—	—	—
Benefit payments, including refunds of employee contributions	(13,399)	(15,729)	(17,554)	(19,962)	(23,450)	(25,408)	(28,885)	(33,079)
Net change in total pension liability	**46,052**	**45,811**	**54,849**	**107,186**	**64,594**	**83,563**	**83,093**	**87,963**
Total pension liability – beginning of year	496,365	542,417	588,228	643,077	750,263	814,857	898,420	981,513
Total pension liability – end of year	**542,417**	**588,228**	**643,077**	**750,263**	**814,857**	**898,420**	**981,513**	**1,069,476**
Plan Fiduciary Net Position								
Contributions - Employer	13,313	14,415	17,510	20,266	22,856	27,238	31,592	34,099
Contributions - Employee	10,565	11,367	12,822	13,770	15,831	17,241	18,736	19,030
Net investment income	72,179	11,202	2,850	59,678	51,169	44,135	36,944	180,741
Benefit payments, including refunds of employee contributions	(13,399)	(15,729)	(17,554)	(19,962)	(23,450)	(25,408)	(28,885)	(33,079)
Administrative expense	—	(581)	(310)	(773)	(930)	(471)	(1,019)	(780)
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**
Plan fiduciary net position – beginning of year	405,047	487,705	508,379	523,697	596,676	660,386	723,122	780,490
Plan fiduciary net position – end of year	487,705	508,379	523,697	596,676	660,386	723,122	780,490	980,501
Plan net pension liability – end of year	$ 54,712	$ 79,849	$ 119,380	$ 153,587	$ 154,471	$ 175,298	$ 201,023	$ 88,975
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 %
Covered payroll	$145,140	$159,124	$173,744	$192,457	$209,335	$235,717	$259,572	$272,257
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 %

**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 include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2020 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2020 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

There were no changes in assumptions in measurement period ended June 30, 2019 through June 30, 2021. For the period ended June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. For the period ended June 30, 2017, the discount rate was reduced from 7.65% to 7.15%. For the period ended June 30, 2016, there were no changes. For the period ended June 30, 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on 7.50% discount rate.

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
Actuarially determined contribution	$14,415	$17,510	$20,266	$22,856	$27,238	$31,592	$34,099	$46,114
Contributions in relation to the actuarially determined contribution	(14,415)	(17,510)	(20,266)	(22,856)	(27,238)	(31,592)	(34,099)	(46,114)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$159,124	$173,744	$192,457	$209,335	$235,717	$259,572	$272,257	$266,880
Contributions as a percentage of covered payroll	9.06 %	10.08 %	10.53 %	10.92 %	11.56 %	12.17 %	12.52 %	17.28 %

**Additional years will be presented as they become available.*

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for FY2020-2021 were derived from the June 30, 2018 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	7.15%
Inflation	2.500%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.750%
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
Total pension liability – beginning of year	$ 660,053	$ 683,777	$ 748,848	$ 778,530	$ 814,317	$ 847,306	$ 874,517	$ 905,340
Service cost	19,054	19,135	19,930	18,495	19,276	21,394	22,291	22,855
Interest	46,123	47,691	52,470	54,313	56,845	59,255	60,975	63,179
Difference between expected and actual experience	(317)	19,103	(3,662)	5,941	5,459	(8,278)	(106)	11,665
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)
Transfer of contributions between plans	(991)	(959)	(1,055)	(1,227)	(1,620)	(1,041)	(1,423)	(843)
Net change in total pension liability	23,724	65,071	29,682	35,787	32,989	27,211	30,823	45,527
Total pension liability – end of year	683,777	748,848	778,530	814,317	847,306	874,517	905,340	950,867
Fiduciary net position – beginning of year	462,402	541,017	539,161	538,204	602,034	652,747	693,357	710,915
Contributions - LACMTA	23,568	19,780	21,369	22,015	21,467	21,079	23,034	22,967
Contributions - Employees	15,920	16,528	18,490	18,148	18,715	19,550	19,746	17,447
Net investment income	80,714	6,446	(1,404)	67,046	54,762	45,674	27,614	191,174
Benefit payments	(40,145)	(43,014)	(38,001)	(41,735)	(42,177)	(44,119)	(50,914)	(51,329)
Administrative expenses	(451)	(637)	(356)	(417)	(434)	(533)	(499)	(637)
Transfer of contributions between plans	(991)	(959)	(1,055)	(1,227)	(1,620)	(1,041)	(1,423)	(843)
Net change in fiduciary net position	78,615	(1,856)	(957)	63,830	50,713	40,610	17,558	178,779
Fiduciary net position – end of year	541,017	539,161	538,204	602,034	652,747	693,357	710,915	889,694
Net pension liability – end of year	$ 142,760	$ 209,687	$ 240,326	$ 212,283	$ 194,559	$ 181,160	$ 194,425	$ 61,173
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 %
Covered payroll	$ 173,322	$ 187,395	$ 193,246	$ 192,346	$ 198,718	$ 208,173	$ 215,390	$ 220,965
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 %

**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 FY2022, 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
Total pension liability – beginning of year	$ 128,421	$ 136,120	$ 151,272	$ 159,084	$ 171,877	$ 184,309	$ 196,345	$ 205,829
Service cost	3,342	3,622	4,317	4,502	4,876	6,459	6,762	7,434
Interest	9,020	9,615	10,672	11,215	12,112	13,124	13,950	14,712
Difference between expected and actual experience	1,246	1,559	(786)	3,944	2,503	(884)	(3,450)	10,067
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)
Transfer of contributions between plans	(122)	(141)	(123)	(179)	(586)	(501)	(417)	(343)
Net change in total pension liability	7,699	15,152	7,812	12,793	12,432	12,036	9,484	25,923
Total pension liability – end of year	136,120	151,272	159,084	171,877	184,309	196,345	205,829	231,752
Fiduciary net position – beginning of year	90,413	107,551	110,820	111,931	127,651	140,714	154,791	165,623
Contributions - LACMTA	5,466	4,741	5,615	5,955	6,218	7,753	8,592	8,584
Contributions - Employees	1,769	2,300	2,557	2,751	2,880	3,206	3,440	3,640
Net investment income	16,005	1,294	(347)	14,090	11,810	10,114	6,848	45,268
Benefit payments	(5,787)	(4,716)	(6,268)	(6,689)	(6,979)	(6,162)	(7,361)	(5,947)
Administrative expenses	(193)	(209)	(323)	(208)	(280)	(333)	(270)	(376)
Transfer of contributions between plans	(122)	(141)	(123)	(179)	(586)	(501)	(417)	(343)
Net change in fiduciary net position	17,138	3,269	1,111	15,720	13,063	14,077	10,832	50,826
Fiduciary net position – end of year	107,551	110,820	111,931	127,651	140,714	154,791	165,623	216,449
Net pension liability – end of year	$ 28,569	$ 40,452	$ 47,153	$ 44,226	$ 43,595	$ 41,554	$ 40,206	$ 15,303
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 %
Covered payroll	$ 28,978	$ 34,512	$ 37,014	$ 39,764	$ 42,497	$ 47,235	$ 49,491	$ 54,262
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 %

**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 FY2022, 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
Total pension liability – beginning of year	$ 64,607	$ 66,226	$ 70,656	$ 70,372	$ 70,178	$ 67,140	$ 65,278	$ 64,950
Service cost	391	318	235	192	125	177	153	148
Interest	4,384	4,438	4,790	4,778	4,690	4,517	4,388	4,337
Changes to benefit terms	—	—	—	—	—	—	—	146
Difference between expected and actual experience	872	1,839	(999)	(460)	429	(879)	722	1,106
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)
Transfer of contributions between plans	807	870	708	890	1,813	993	1,264	635
Net change in total pension liability	1,619	4,430	(284)	(194)	(3,038)	(1,862)	(328)	(660)
Total pension liability – end of year	66,226	70,656	70,372	70,178	67,140	65,278	64,950	64,290
Fiduciary net position – beginning of year	54,938	61,926	58,392	55,149	58,520	58,136	56,873	54,176
Contributions - LACMTA	1,964	1,455	1,638	1,576	1,378	1,038	1,081	1,170
Net investment income	9,219	690	(251)	6,675	5,206	3,669	2,038	14,142
Benefit payments	(4,835)	(6,393)	(5,018)	(5,594)	(8,527)	(6,670)	(6,855)	(7,032)
Administrative expenses	(167)	(156)	(320)	(176)	(254)	(293)	(225)	(328)
Transfer of contributions between plans	807	870	708	890	1,813	993	1,264	635
Net change in fiduciary net position	6,988	(3,534)	(3,243)	3,371	(384)	(1,263)	(2,697)	8,587
Fiduciary net position – end of year	61,926	58,392	55,149	58,520	58,136	56,873	54,176	62,763
Net pension liability – end of year	$ 4,300	$ 12,264	$ 15,223	$ 11,658	$ 9,004	$ 8,405	$ 10,774	$ 1,527
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 %
Covered payroll	$ 3,822	$ 3,338	$ 2,936	$ 2,199	$ 1,547	$ 1,399	$ 1,149	$ 1,185
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 %

* *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.

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
Total pension liability – beginning of year	$ 147,574	$ 148,935	$ 156,795	$ 158,813	$ 159,490	$ 153,044	$ 147,216	$ 146,960
Service cost	628	536	466	376	246	441	426	416
Interest	10,011	10,062	10,675	10,697	10,770	10,396	9,952	9,827
Changes to benefit terms	—	—	—	—	—	—	—	315
Difference between expected and actual experience	587	191	(68)	2,577	(883)	(6,554)	489	2,945
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)
Transfer of contributions between plans	675	688	642	789	799	437	646	715
Net change in total pension liability	1,361	7,860	2,018	677	(6,446)	(5,828)	(256)	(698)
Total pension liability – end of year	148,935	156,795	158,813	159,490	153,044	147,216	146,960	146,262
Fiduciary net position – beginning of year	113,454	127,728	122,215	116,864	122,180	125,066	126,325	122,603
Contributions - LACMTA	5,074	4,186	4,531	4,566	4,195	3,369	2,849	2,772
Net investment income	19,276	1,493	(505)	13,936	10,941	8,323	4,818	31,994
Benefit payments	(10,540)	(11,661)	(9,697)	(13,762)	(12,774)	(10,548)	(11,769)	(14,916)
Administrative expenses	(211)	(219)	(322)	(213)	(275)	(322)	(266)	(362)
Transfer of contributions between plans	675	688	642	789	799	437	646	715
Net change in fiduciary net position	14,274	(5,513)	(5,351)	5,316	2,886	1,259	(3,722)	20,203
Fiduciary net position – end of year	127,728	122,215	116,864	122,180	125,066	126,325	122,603	142,806
Net pension liability – end of year	$ 21,207	$ 34,580	$ 41,949	$ 37,310	$ 27,978	$ 20,891	$ 24,357	$ 3,456
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 %
Covered payroll	$ 3,953	$ 3,460	$ 3,522	$ 3,447	$ 3,172	$ 3,092	$ 2,846	$ 2,875
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 %

* *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.

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
Total pension liability – beginning of year	$ 417,566	$ 445,951	$ 505,143	$ 542,889	$ 582,087	$ 623,925	$ 664,889	$ 710,682
Service cost	12,428	13,928	17,098	15,337	16,081	21,020	22,119	23,207
Interest	31,401	33,785	35,877	38,249	40,835	44,136	47,358	50,084
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
Changes of assumptions	8,999	29,243	—	2,976	10,906	—	4,770	—
Benefit payments paid from trust	(22,251)	(18,366)	(19,233)	(23,365)	(29,220)	(28,978)	(30,416)	(36,644)
Transfer of contributions between plans	(369)	(458)	(172)	(273)	(406)	112	(70)	(164)
Net change in total pension liability	28,385	59,192	37,746	39,198	41,838	40,964	45,793	42,301
Total pension liability – end of year	445,951	505,143	542,889	582,087	623,925	664,889	710,682	752,983
Fiduciary net position – beginning of year	318,802	379,275	394,655	406,188	468,536	518,577	567,353	603,228
Contributions - LACMTA	20,126	21,257	22,782	25,423	27,157	29,783	31,844	33,319
Contributions - Employees	7,648	8,607	9,272	9,696	10,159	11,365	12,124	12,536
Net investment income	55,695	4,736	(731)	51,241	42,711	36,991	22,778	163,197
Benefit payments	(22,251)	(18,366)	(19,233)	(23,365)	(29,220)	(28,978)	(30,416)	(36,644)
Administrative expenses	(376)	(396)	(385)	(374)	(360)	(497)	(385)	(487)
Transfer of contributions between plans	(369)	(458)	(172)	(273)	(406)	112	(70)	(164)
Net change in fiduciary net position	60,473	15,380	11,533	62,348	50,041	48,776	35,875	171,757
Fiduciary net position – end of year	379,275	394,655	406,188	468,536	518,577	567,353	603,228	774,985
Net pension liability (asset) – end of year	$ 66,676	$ 110,488	$ 136,701	$ 113,551	$ 105,348	$ 97,536	$ 107,454	$ (22,002)
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 %
Covered payroll	$113,462	$118,355	$127,258	$142,665	$152,397	$167,130	$178,697	$186,974
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)%

* *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.

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
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
Service cost	35,843	37,539	42,046	38,902	40,604	49,491	51,751	54,060
Interest	100,939	105,591	114,484	119,252	125,252	131,428	136,623	142,139
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
Changes of assumptions	8,999	68,974	—	2,976	446	—	4,664	—
Benefit payments paid from trust	(83,558)	(84,151)	(78,217)	(91,145)	(99,677)	(96,477)	(107,315)	(115,868)
Net change in total pension liability	62,788	151,705	76,974	88,261	77,775	72,521	85,516	112,393
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
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
Contributions - LACMTA	56,198	51,419	55,935	59,535	60,415	63,022	67,400	68,812
Contributions - Employees	25,337	27,435	30,319	30,595	31,754	34,121	35,310	33,623
Net investment income	180,910	14,659	(3,238)	152,988	125,430	104,771	64,096	445,775
Benefit payments	(83,558)	(84,151)	(78,217)	(91,145)	(99,677)	(96,477)	(107,315)	(115,868)
Administrative expenses	(1,398)	(1,617)	(1,706)	(1,388)	(1,603)	(1,978)	(1,645)	(2,190)
Net change in fiduciary net position	177,489	7,745	3,093	150,585	116,319	103,459	57,846	430,152
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
Net pension liability – end of year	$ 263,511	$ 407,471	$ 481,352	$ 419,028	$ 380,484	$ 349,546	$ 377,216	$ 59,457
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 %
Covered payroll	$ 323,537	$ 347,060	$ 363,976	$ 380,421	$ 398,331	$ 427,029	$ 447,573	$ 466,261
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 %

* *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, 2022
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022
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
Contributions in relation to the actually determined contribution	(19,780)	(21,369)	(22,011)	(21,467)	(21,080)	(23,033)	(22,967)	(22,272)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll **	$173,322	$187,395	$193,246	$192,346	$198,718	$208,173	$215,390	$220,965
Contributions as a percentage of covered payroll	11.41 %	11.40 %	11.39 %	11.16 %	10.61 %	11.06 %	10.66 %	10.08 %
TRANSPORTATION COMMUNICATION UNION PLAN (TCU)								
Actuarially determined contribution	$ 4,741	$ 5,615	$ 5,955	$ 6,218	$ 7,752	$ 8,592	$ 8,584	$ 9,030
Contributions in relation to the actually determined contribution	(4,741)	(5,615)	(5,955)	(6,218)	(7,752)	(8,592)	(8,584)	(9,030)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll **	$ 28,978	$ 34,512	$ 37,014	$ 39,764	$ 42,497	$ 47,235	$ 49,491	$ 54,262
Contributions as a percentage of covered payroll	16.36 %	16.27 %	16.09 %	15.64 %	18.24 %	18.19 %	17.34 %	16.64 %
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
Contributions in relation to the actually determined contribution	(1,455)	(1,638)	(1,575)	(1,378)	(1,038)	(1,082)	(1,170)	(965)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll **	$ 3,822	$ 3,338	$ 2,936	$ 2,199	$ 1,547	$ 1,399	$ 1,149	$ 1,185
Contributions as a percentage of covered payroll	38.07 %	49.07 %	53.64 %	62.66 %	67.10 %	77.34 %	101.83 %	81.43 %
NON-CONTRACT (NC)								
Actuarially determined contribution	$ 4,186	$ 4,531	$ 4,565	$ 4,195	$ 3,369	$ 2,849	$ 2,772	$ 2,461
Contributions in relation to the actually determined contribution	(4,186)	(4,531)	(4,565)	(4,195)	(3,369)	(2,849)	(2,772)	(2,461)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll **	$ 3,953	$ 3,460	$ 3,522	$ 3,447	$ 3,172	$ 3,092	$ 2,846	$ 2,875
Contributions as a percentage of covered payroll	105.89 %	130.95 %	129.61 %	121.70 %	106.21 %	92.14 %	97.40 %	85.60 %

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, 2022
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022
AMALGAMATED TRANSPORTATION UNION PLAN (ATU)								
Actuarially determined contribution ***	$ 21,257	$ 22,677	$ 25,066	$ 26,624	$ 29,381	$ 30,968	$ 31,225	$ 31,288
Contributions in relation to the actually determined contribution	(21,257)	(22,782)	(25,422)	(27,157)	(29,783)	(31,844)	(33,319)	(34,957)
Contribution deficiency (excess)	$ —	$ (105)	$ (356)	$ (533)	$ (402)	$ (876)	$ (2,094)	$ (3,669)
Covered payroll	$118,355	$127,258	$142,665	$152,397	$167,130	$178,697	$186,974	$196,165
Contributions as a percentage of covered payroll	17.96 %	17.90 %	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
Contributions in relation to the actually determined contribution	(51,419)	(55,934)	(59,531)	(60,415)	(63,022)	(67,400)	(68,812)	(69,685)
Contribution deficiency (excess)	$ —	$ (105)	$ (356)	$ (533)	$ (402)	$ (876)	$ (2,094)	$ (3,669)
Covered payroll	$328,430	$355,963	$379,383	$390,153	$413,064	$438,596	$455,850	$475,452
Contributions as a percentage of covered payroll	15.66 %	15.71 %	15.69 %	15.48 %	15.26 %	15.37 %	15.10 %	14.66 %

* *Additional years will be presented as they become available.*
** *Covered payroll for SMART-TD, TCU, AFSCME and NC in prior years starting 2015 were adjusted to reflect the corrected amounts based on valuation reports.*
*** *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
Total OPEB Liability					
Service cost	$ 86,058	$ 69,912	$ 66,838	$ 67,628	$ 85,290
Interest cost	55,924	61,050	66,422	54,666	45,867
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)
Benefit payments	(23,558)	(42,757)	(46,335)	(38,649)	(40,196)
Net change in total OPEB Liability	(252,757)	15,381	(226,558)	243,358	(98,687)
Total OPEB Liability - Beginning of year	1,854,031	1,601,274	1,616,655	1,390,097	1,633,455
Total OPEB Liability - Ending of year	1,601,274	1,616,655	1,390,097	1,633,455	1,534,768
Plan Fiduciary Net Position					
Contributions - Employer	31,933	49,806	51,166	40,309	39,988
Net investment income	35,666	29,016	21,263	16,045	125,371
Benefit payments	(23,558)	(42,757)	(46,335)	(38,649)	(40,196)
Administrative expense	(167)	(295)	(207)	(148)	(209)
Net change in Plan Fiduciary Net Position	43,874	35,770	25,887	17,557	124,954
Plan Fiduciary Net Position - Beginning of year	295,066	338,940	374,710	400,597	418,154
Plan Fiduciary Net Position - Ending of year	338,940	374,710	400,597	418,154	543,108
Net OPEB Liability - Ending of year	$ 1,262,334	$ 1,241,945	$ 989,500	$ 1,215,301	$ 991,660
Fiduciary Net Position as a Percentage of OPEB Liability	21.17 %	23.18 %	28.82 %	25.60 %	35.39 %
Covered-employee payroll	$ 747,036	$ 743,277	$ 836,334	$ 891,915	$ 839,957
Net OPEB Liability as a Percentage of Covered-employee payroll	168.98 %	167.09 %	118.31 %	136.26 %	118.06 %

** 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 2022.

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.

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

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

Note to schedule:

Only six 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 (**)
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, 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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ 30,637	$ 30,637	$ 8,793	$ (21,844)
Investment income	3,050	3,050	1,147	(1,903)
Net decline in fair value of investments	—	—	(2,186)	(2,186)
Lease and rental	13,497	13,497	16,476	2,979
Licenses and fines	500	500	733	233
Other	70,687	70,687	49,478	(21,209)
TOTAL REVENUES	118,371	118,371	74,441	(43,930)
EXPENDITURES				
Current:				
Administration and other	192,084	186,311	86,720	99,591
Transportation subsidies	33,610	30,918	18,881	12,037
Debt and interest expenditures:				
Principal	—	—	515	(515)
Interest and fiscal charges	—	—	18	(18)
TOTAL EXPENDITURES	225,694	217,229	106,134	111,095
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(107,323)	(98,858)	(31,693)	67,165
OTHER FINANCING SOURCES (USES)				
Transfers in	119,100	119,100	102,858	(16,242)
Transfers out	(138,540)	(138,540)	(84,826)	53,714
TOTAL OTHER FINANCING SOURCES (USES)	(19,440)	(19,440)	18,032	37,472
NET CHANGE IN FUND BALANCES	(126,763)	(118,298)	(13,661)	104,637
Fund balances – beginning of year	166,717	166,717	166,717	—
FUND BALANCES – END OF YEAR	$ 39,954	$ 48,419	$ 153,056	$ 104,637

** 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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*				
	Original	Final	Actual Amounts	Variance with Final Budget	
REVENUES					
Sales tax	$ 865,000	$ 865,000	$ 1,091,206	$ 226,206	**
Investment income	—	—	2,995	2,995	
Net decline in fair value of investments	—	—	(14,208)	(14,208)	
TOTAL REVENUES	865,000	865,000	1,079,993	214,993	
EXPENDITURES					
Current:					
Transportation subsidies	339,572	339,572	391,927	(52,355)	***
TOTAL EXPENDITURES	339,572	339,572	391,927	(52,355)	
EXCESS OF REVENUES OVER EXPENDITURES	525,428	525,428	688,066	162,638	
OTHER FINANCING SOURCES (USES)					
Transfers in	47,591	47,591	—	(47,591)	
Transfers out	(391,881)	(391,881)	(83,191)	308,690	****
TOTAL OTHER FINANCING SOURCES (USES)	(344,290)	(344,290)	(83,191)	261,099	
NET CHANGE IN FUND BALANCES	181,138	181,138	604,875	423,737	
Fund balances – beginning of year	474,584	474,584	474,584	—	
FUND BALANCES – END OF YEAR	$ 655,722	$ 655,722	$ 1,079,459	$ 423,737	

**Budget prepared in accordance with GAAP.*

*** The actual sales tax revenues were more than budgeted amount due to economic recovery from COVID-19 pandemic recession.*

**** The actual transportation subsidy claims were more than budgeted amount due to higher allocation on Prop A local return subsidies and Prop A 40% Discretionary claims.*

***** The actual transfers out were less than budgeted amounts due to lesser operating transfers as a result of one-time federal funding provided by the stimulus grants.*

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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*				
	Original	Final	Actual Amounts	Variance with Final Budget	
REVENUES					
Sales tax	$ 865,000	$ 865,000	$ 1,091,203	$ 226,203	**
Intergovernmental	15,224	15,224	9,390	(5,834)	
Investment income	—	—	3,035	3,035	
Net decline in fair value of investments	—	—	(13,706)	(13,706)	
TOTAL REVENUES	880,224	880,224	1,089,922	209,698	
EXPENDITURES					
Current:					
Administration and other	62,103	61,131	38,483	22,648	
Transportation subsidies	530,770	530,962	518,937	12,025	
TOTAL EXPENDITURES	592,873	592,093	557,420	34,673	
EXCESS OF REVENUES OVER EXPENDITURES	287,351	288,131	532,502	244,371	
OTHER FINANCING SOURCES (USES)					
Transfers in	164,718	164,718	73,349	(91,369)	
Transfers out	(513,200)	(513,200)	(84,799)	428,401	***
TOTAL OTHER FINANCING SOURCES (USES)	(348,482)	(348,482)	(11,450)	337,032	
NET CHANGE IN FUND BALANCES	(61,131)	(60,351)	521,052	581,403	
Fund balances – beginning of year	472,023	472,023	472,023	—	
FUND BALANCES – END OF YEAR	$ 410,892	$ 411,672	$ 993,075	$ 581,403	

** Budget prepared in accordance with GAAP.*

*** The actual sales tax revenues were more than budgeted amount due to economic recovery from COVID-19 pandemic recession.*

**** The actual transfers out were less than budgeted amounts due to lesser operating transfers as a result of one-time federal funding provided by the stimulus grants.*

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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*				
	Original	Final	Actual Amounts	Variance with Final Budget	
REVENUES					
Sales tax	$ 865,000	$ 865,000	$ 1,091,162	$ 226,162	**
Intergovernmental	125,167	125,167	67,570	(57,597)	
Investment income	—	—	1,839	1,839	
Net decline in fair value of investments	—	—	(7,042)	(7,042)	
TOTAL REVENUES	990,167	990,167	1,153,529	163,362	
EXPENDITURES					
Current:					
Administration and other	405,335	403,218	249,838	153,380	
Transportation subsidies	392,630	394,512	404,338	(9,826)	
Debt and interest expenditures					
Principal	—	—	1,403	(1,403)	
Interest and fiscal charges	—	—	15	(15)	
TOTAL EXPENDITURES	797,965	797,730	655,594	142,136	
EXCESS OF REVENUES OVER EXPENDITURES	192,202	192,437	497,935	305,498	
OTHER FINANCING SOURCES (USES)					
Transfers in	143,859	143,859	25,891	(117,968)	
Transfers out	(695,629)	(695,629)	(277,597)	418,032	***
TOTAL OTHER FINANCING SOURCES (USES)	(551,770)	(551,770)	(251,706)	300,064	
NET CHANGE IN FUND BALANCES	(359,568)	(359,333)	246,229	605,562	
Fund balances – beginning of year	276,965	276,965	276,965	—	
FUND BALANCES – END OF YEAR	$ (82,603)	$ (82,368)	$ 523,194	$ 605,562	

** Budget prepared in accordance with GAAP*
*** The actual sales tax revenues were more than budgeted amount due to economic recovery from COVID-19 pandemic recession.*
**** The actual transfers out were less than budgeted amounts due to lesser operating transfers as a result of one-time federal funding provided by the stimulus grants.*

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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*				
	Original	Final	Actual Amounts	Variance with Final Budget	
REVENUES					
Sales tax	$ 865,000	$ 865,000	$1,089,933	$ 224,933	**
Intergovernmental	10,494	10,494	—	(10,494)	
Investment income	—	—	5,900	5,900	
Net decline in fair value of investments	—	—	(15,666)	(15,666)	
TOTAL REVENUES	875,494	875,494	1,080,167	204,673	
EXPENDITURES					
Current:					
Administration and other	65,474	71,610	57,292	14,318	
Transportation subsidies	318,391	316,136	327,855	(11,719)	
TOTAL EXPENDITURES	383,865	387,746	385,147	2,599	
EXCESS OF REVENUES OVER EXPENDITURES	491,629	487,748	695,020	207,272	
OTHER FINANCING SOURCES (USES)					
Transfers in	13,367	13,367	—	(13,367)	
Transfers out	(649,370)	(649,370)	(256,030)	393,340	***
TOTAL OTHER FINANCING SOURCES (USES)	(636,003)	(636,003)	(256,030)	379,973	
NET CHANGE IN FUND BALANCES	(144,374)	(148,255)	438,990	587,245	
Fund balances – beginning of year	672,442	672,442	672,442	—	
FUND BALANCES – END OF YEAR	$ 528,068	$ 524,187	$1,111,432	$ 587,245	

* *Budget prepared in accordance with GAAP*
** *The actual sales tax revenues were more than budgeted amount due to economic recovery from COVID-19 pandemic recession.*
*** *The actual transfers out were less than budgeted amounts due to lesser operating transfers as a result of one-time federal funding provided by the stimulus grants.*

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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*				
	Original	Final	Actual Amounts	Variance with Final Budget	
REVENUES					
Sales taxes	$ 432,500	$ 432,500	$ 525,158	$ 92,658	**
Investment income	—	—	1,802	1,802	
TOTAL REVENUES	432,500	432,500	526,960	94,460	
EXPENDITURES					
Current:					
Transportation subsidies	148,727	148,727	147,755	972	
TOTAL EXPENDITURES	148,727	148,727	147,755	972	
EXCESS OF REVENUES OVER EXPENDITURES	283,773	283,773	379,205	95,432	
OTHER FINANCING SOURCES (USES)					
Transfers in	2,196	2,196	—	(2,196)	
Transfers out	(307,066)	(307,066)	(236,795)	70,271	
TOTAL OTHER FINANCING SOURCES (USES)	(304,870)	(304,870)	(236,795)	68,075	
NET CHANGE IN FUND BALANCES	(21,097)	(21,097)	142,410	163,507	
Fund balances – beginning of year	235,417	235,417	235,417	—	
FUND BALANCES – END OF YEAR	$ 214,320	$ 214,320	$ 377,827	$ 163,507	

* *Budget prepared in accordance with GAAP*
** *The actual sales tax revenues were more than budgeted amount due to economic recovery from COVID-19 pandemic recession.*

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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*				
	Original	Final	Actual Amounts	Variance with Final Budget	
REVENUES					
Sales taxes	$ 96,730	$ 96,730	$ 208,607	$ 111,877	**
Investment income	—	—	465	465	
TOTAL REVENUES	96,730	96,730	209,072	112,342	
EXPENDITURES					
Current:					
Transportation subsidies	18,018	18,018	20,146	(2,128)	
TOTAL EXPENDITURES	18,018	18,018	20,146	(2,128)	
EXCESS OF REVENUES OVER EXPENDITURES	78,712	78,712	188,926	110,214	
OTHER FINANCING SOURCES (USES)					
Transfers out	(87,293)	(87,293)	(88,031)	(738)	
TOTAL OTHER FINANCING SOURCES (USES)	(87,293)	(87,293)	(88,031)	(738)	
NET CHANGE IN FUND BALANCES	(8,581)	(8,581)	100,895	109,476	
Fund balances – beginning of year	23,601	23,601	23,601	—	
FUND BALANCES – END OF YEAR	$ 15,020	$ 15,020	$ 124,496	$ 109,476	

** Budget prepared in accordance with GAAP*
*** The actual sales tax revenues were more than budgeted amount due to economic recovery from COVID-19 pandemic recession.*

OTHER SUPPLEMENTARY INFORMATION

Los Angeles County Metropolitan Transportation Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022
(Amounts expressed in thousands)

	Special Revenue Funds		
	Service Authority For Freeway Emergencies	Other	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 10,288	$ 142,725	$ 153,013
Investments	25,100	—	25,100
Receivables			
Accounts	—	—	—
Interest	51	161	212
Intergovernmental	1,434	11,271	12,705
Due from other funds	—	1,263	1,263
TOTAL ASSETS	$ 36,873	$ 155,420	$ 192,293
LIABILITIES			
Accounts payable and accrued liabilities	$ 1,563	$ 879	$ 2,442
Due to other funds	—	36,967	36,967
Other liabilities	—	25	25
TOTAL LIABILITIES	1,563	37,871	39,434
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	—	36	36
TOTAL DEFERRED INFLOWS OF RESOURCES	—	36	36
FUND BALANCES			
Restricted	35,310	117,513	152,823
TOTAL FUND BALANCES	35,310	117,513	152,823
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 36,873	$ 155,420	$ 192,293

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, 2022
(Amounts expressed in thousands)

	Special Revenue Funds		
	Service Authority For Freeway Emergencies	Other	Total Nonmajor Governmental Funds
REVENUES			
Sales Taxes	$ —	$ —	$ —
Intergovernmental	—	35,567	35,567
Investment income	223	371	594
Net appreciation (decline) in fair value of investments	(613)	6	(607)
Licenses and fines	8,144	33,952	42,096
TOTAL REVENUES	7,754	69,896	77,650
EXPENDITURES			
Current:			
Administration and other	5,209	569	5,778
Transportation subsidies	—	3,533	3,533
TOTAL EXPENDITURES	5,209	4,102	9,311
EXCESS OF REVENUES OVER EXPENDITURES	2,545	65,794	68,339
OTHER FINANCING SOURCES (USES)			
Transfers out	—	(43,750)	(43,750)
TOTAL OTHER FINANCING USES	—	(43,750)	(43,750)
NET CHANGE IN FUND BALANCES	2,545	22,044	24,589
Fund balances – beginning of year	32,765	95,469	128,234
FUND BALANCES – END OF YEAR	$ 35,310	$ 117,513	$ 152,823

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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Investment income	$ 25	$ 25	$ 223	$ 198
Net decline in fair value of investments	—	—	(613)	(613)
Licenses and fines	7,750	7,750	8,144	394
TOTAL REVENUES	7,775	7,775	7,754	(21)
EXPENDITURES				
Current:				
Administration and other	8,389	8,379	5,209	3,170
TOTAL EXPENDITURES	8,389	8,379	5,209	3,170
EXCESS OF REVENUES OVER EXPENDITURES	(614)	(604)	2,545	3,149
OTHER FINANCING SOURCES (USES)				
Transfers out	—	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—	—
NET CHANGE IN FUND BALANCES	(614)	(604)	2,545	3,149
Fund balances – beginning of year	32,765	32,765	32,765	—
FUND BALANCES – END OF YEAR	$ 32,151	$ 32,161	$ 35,310	$ 3,149

* *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, 2022
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales Tax	$ —	$ —	$ —	$ —
Intergovernmental	—	—	35,567	35,567
Investment income	—	—	371	371
Net appreciation in fair value of investments	—	—	6	6
License and fines	31,033	31,033	33,952	2,919
TOTAL REVENUES	31,033	31,033	69,896	38,863
EXPENDITURES				
Current:				
Administration and other	—	565	569	(4)
Transportation subsidies	4,847	4,847	3,533	1,314
TOTAL EXPENDITURES	4,847	5,412	4,102	1,310
EXCESS OF REVENUES OVER EXPENDITURES	26,186	25,621	65,794	40,173
OTHER FINANCING SOURCES (USES)				
Transfers out	(113,741)	(113,741)	(43,749)	69,992
TOTAL OTHER FINANCING SOURCES (USES)	(113,741)	(113,741)	(43,749)	69,992
NET CHANGE IN FUND BALANCES	(87,555)	(88,120)	22,045	110,165
Fund balances – beginning of year	95,469	95,469	95,469	—
FUND BALANCES – END OF YEAR	$ 7,914	$ 7,349	$ 117,514	$ 110,165

** Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Combining Schedule of Fiduciary Net Position
June 30, 2022
(Amounts expressed in thousands)

	Employee Retirement Trust Funds	OPEB Trust Fund	Total
ASSETS			
Cash and cash equivalents	$ 1,318	$ 30,749	$ 32,067
Investments:			
Bonds	203,688	84,463	288,151
Domestic stocks	201,855	170	202,025
Non-domestic stocks	8,326	—	8,326
Pooled investments	1,415,663	329,799	1,745,462
Receivables			
Member contributions	2,065	354	2,419
Securities sold	728	—	728
OPEB Trust Fund	1,082	—	1,082
Interest and dividends	1,467	515	1,982
Prepaid items and other assets	77	—	77
Total assets	1,836,269	446,050	2,282,319
LIABILITIES			
Accounts payable and other liabilities	2,115	162	2,277
Payable to Employee Retirement Trust Funds	—	1,082	1,082
Securities purchased	2,866	—	2,866
Total liabilities	4,981	1,244	6,225
NET POSITION RESTRICTED FOR PENSIONS AND OPEB			
Restricted for pension and OPEB benefits	$ 1,831,288	$ 444,806	$ 2,276,094

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, 2022
(Amounts expressed in thousands)

	Employee Retirement Trust Funds	OPEB Trust Fund	Total
ADDITIONS			
Contributions			
Employer	$ 69,685	$ —	$ 69,685
Member	38,894	1,022	39,916
Total contributions	108,579	1,022	109,601
Investment income (expense)			
Net decline in fair value of investments	(260,413)	(79,494)	(339,907)
Investment income	24,804	10,153	34,957
Investment expense	(6,097)	(400)	(6,497)
Other income	828	—	828
Net investment expense	(240,878)	(69,741)	(310,619)
Total additions	(132,299)	(68,719)	(201,018)
DEDUCTIONS			
Retiree benefits	121,159	29,378	150,537
Administrative expenses	1,951	205	2,156
Total deductions	123,110	29,583	152,693
Change in net position	(255,409)	(98,302)	(353,711)
Net position - beginning of year	2,086,697	543,108	2,629,805
Net position - end of year	$ 1,831,288	$ 444,806	$ 2,276,094

Los Angeles County Metropolitan Transportation Authority
Combining Schedule of Fiduciary Net Position - Employee Retirement Trust Funds
Fiduciary Funds
June 30, 2022
(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	$ 560	$ 139	$ 37	$ 82	$ 500	$ 1,318
Investments						
Bonds	86,533	21,497	5,749	12,710	77,199	203,688
Domestic stocks	85,755	21,303	5,697	12,595	76,505	201,855
Non-domestic stocks	3,537	879	235	519	3,156	8,326
Pooled investments	601,420	149,407	39,956	88,334	536,546	1,415,663
Receivables						
Member contributions	1,087	220	—	—	758	2,065
Contribution transfer from other plans	—	—	664	1,266	—	1,930
Securities sold	309	77	21	45	276	728
Interest and dividends	623	154	42	93	555	1,467
Receivable from OPEB Trust Fund	—	90	162	600	230	1,082
Prepaid items and other assets	33	8	2	5	29	77
Total assets	779,857	193,774	52,565	116,249	695,754	1,838,199
LIABILITIES						
Contribution transfers to other plans	838	331	—	—	761	1,930
Accounts payable and other liabilities	827	249	122	196	721	2,115
Securities purchased	1,218	302	80	179	1,087	2,866
Total liabilities	2,883	882	202	375	2,569	6,911
NET POSITION						
Restricted for pension benefits	$ 776,974	$ 192,892	$ 52,363	$ 115,874	$ 693,185	$ 1,831,288

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, 2022
(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	$ 22,272	$ 9,030	$ 965	$ 2,461	$ 34,957	$ 69,685
Member	21,714	3,903	—	—	13,277	38,894
Transfers between plans	(838)	(331)	664	1,266	(761)	—
Total contributions	43,148	12,602	1,629	3,727	47,473	108,579
Investment income (expense)						
Net decline in fair value of investments	(110,639)	(27,471)	(7,435)	(16,701)	(98,167)	(260,413)
Investment income	10,554	2,599	723	1,635	9,293	24,804
Investment expense	(2,593)	(641)	(176)	(397)	(2,290)	(6,097)
Other income	373	221	17	51	166	828
Total net investment expense	(102,305)	(25,292)	(6,871)	(15,412)	(90,998)	(240,878)
Total additions	(59,157)	(12,690)	(5,242)	(11,685)	(43,525)	(132,299)
DEDUCTIONS						
Retiree benefits	52,969	10,527	4,886	14,946	37,831	121,159
Administrative expenses	594	340	272	301	444	1,951
Total deductions	53,563	10,867	5,158	15,247	38,275	123,110
Change in net position	(112,720)	(23,557)	(10,400)	(26,932)	(81,800)	(255,409)
Net Position – beginning of year	889,694	216,449	62,763	142,806	774,985	2,086,697
Net Position – end of year	$ 776,974	$ 192,892	$ 52,363	$ 115,874	$ 693,185	$ 1,831,288

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
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

Table 1

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	$ 772,794	$ 772,794	$ 769,942	$ 769,834	$ 768,977	$ 749,457	$ 749,417	$ 749,417	$ 749,417	$ 746,421
Restricted for										
General Fund - Highway Occupancy (HOV) Lanes and Surface Transportation Program-Local (STPL) Exchange projects	—	—	—	—	—	—	—	—	—	21,857
Proposition A ordinance projects	191,111	342,565	311,284	86,647	134,674	127,125	138,291	139,813	474,584	1,079,459
Proposition C ordinance projects	40,057	39,419	278,776	266,232	214,721	178,945	279,909	237,396	472,023	997,273
Measure R ordinance projects	1,189,279	664,954	255,516	369,215	362,645	414,565	335,378	330,128	276,965	560,155
Measure M ordinance projects	—	—	—	—	—	429,568	678,681	631,957	672,442	1,112,995
PTMISEA projects	158,943	108,904	82,385	13,907	11	—	—	—	—	—
TDA and STA projects	337,582	203,463	107,393	165,757	159,013	302,434	298,063	177,846	259,018	502,323
Other nonmajor governmental projects	79,759	82,725	68,121	111,773	93,951	146,676	173,495	138,948	128,234	152,860
Unrestricted	514,563	640,325	656,388	237,268	472,265	356,105	303,142	239,282	180,170	139,530
Total governmental activities net position	3,284,088	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
Business-type activities:										
Net investment in capital assets	4,908,034	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
Restricted for debt service	469,027	504,782	418,006	420,543	459,949	536,936	523,844	566,387	365,657	330,203
Unrestricted (deficit)	(318,227)	(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)
Total business-type activities net position	5,058,834	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
Primary government:										
Net investment in capital assets	5,680,828	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
Restricted for debt service	469,027	504,782	418,006	420,543	459,949	536,936	523,844	566,387	365,657	330,203
Restricted for other purpose										
General Fund - Highway Occupancy (HOV) Lanes and Surface Transportation Program-Local (STPL) Exchange projects	—	—	—	—	—	—	—	—	—	21,857
Proposition A ordinance projects	191,111	342,565	311,284	86,647	134,674	127,125	138,291	139,813	474,584	1,079,459
Proposition C ordinance projects	40,057	39,419	278,776	266,232	214,721	178,945	279,909	237,396	472,023	997,273
Measure R ordinance projects	1,189,279	664,954	255,516	369,215	362,645	414,565	335,378	330,128	276,965	560,155
Measure M ordinance projects	—	—	—	—	—	429,568	678,681	631,957	672,442	1,112,995
PTMISEA projects	158,943	108,904	82,385	13,907	11	—	—	—	—	—
TDA and STA projects	337,582	203,463	107,393	165,757	159,013	302,434	298,063	177,846	259,018	502,323
Other nonmajor governmental projects	79,759	82,725	68,121	111,773	93,951	146,676	173,495	138,948	128,234	152,860
Unrestricted (deficit)	196,336	(61,781)	(363,078)	(705,783)	(559,010)	(1,450,919)	(1,476,500)	(1,537,843)	(1,569,028)	(1,896,232)
Total primary government net position	$ 8,342,922	$ 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

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
Transit operators programs	$ 239,718	$ 346,326	$ 304,916	$ 357,346	$ 351,667	$ 345,473	$ 379,911	$ 404,115	$ 378,088	$ 411,376
Local cities programs	431,470	541,736	549,302	548,101	543,972	749,990	711,855	686,270	754,786	882,526
Congestion relief operations	—	44,792	43,724	42,279	50,034	41,407	42,475	44,122	34,753	37,542
Highway projects	312,807	521,755	196,158	594,069	181,211	220,443	301,038	291,654	239,881	382,910
Regional multimodal capital programs	146,528	29,080	42,844	52,363	114,253	104,298	100,676	102,784	90,072	195,869
Paratransit programs	13,097	92,745	83,602	105,042	103,560	114,027	108,560	139,642	87,392	122,397
Other transportation subsidies	130,964	62,861	72,088	64,237	93,316	118,119	127,427	141,024	92,350	121,007
Debt service interest	1,114	1,064	1,011	954	686	—	—	—	—	—
General government	218,637	81,380	96,909	109,029	134,569	142,462	161,022	174,909	156,088	119,973
Total government activities	1,494,335	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
Business-type activities:										
Transit operations	1,916,041	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
Union Station operations*	6,586	7,498	9,729	9,172	9,664	8,400	13,933	14,865	13,352	14,910
Toll operations**	10,102	12,803	20,757	24,815	27,073	31,905	43,134	57,259	26,765	31,701
Total business-type activities expenses	1,932,729	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
Total expenses	3,427,064	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
Program Revenues										
Governmental activities:										
Charges for services	23,770	5,899	23,704	9,009	19,427	18,269	18,014	17,006	19,760	18,725
Operating grants & contributions	502,374	410,545	345,206	44,805	130,836	83,838	138,544	95,545	132,597	156,570
Total governmental activities program revenues	526,144	416,444	368,910	53,814	150,263	102,107	156,558	112,551	152,357	175,295
Business-type activities:										
Charges for services	382,003	400,832	439,028	443,856	423,143	404,415	368,954	274,041	80,343	161,530
Operating grants & contributions	272,951	241,808	263,838	200,193	252,344	327,664	328,867	571,212	862,493	2,022,455
Capital grants & contributions	135,653	298,199	486,793	457,106	340,376	664,403	426,935	733,203	787,620	494,723
Total business-type activities program revenues	790,607	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
Total primary government program revenues	1,316,751	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
Net (expense)/revenue										
Governmental activities	(968,191)	(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)
Business-type activities	(1,142,122)	(1,020,237)	(769,293)	(1,018,619)	(1,332,296)	(1,007,542)	(1,540,068)	(1,064,499)	(790,207)	85,600
Total net expense	$ (2,110,313)	$ (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)

* *LACMTA purchased Union Station in April 2011.*

** *Metro ExpressLanes started operations in November 2012.*

Los Angeles County Metropolitan Transportation Authority *Table 2*
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes In Net Position										
Governmental activities:										
Sales tax	$ 2,519,720	$ 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
Investment income (loss) *	4,822	14,719	11,498	24,638	10,580	15,642	53,999	54,723	2,259	(35,639)
Miscellaneous **	42,203	22,244	30,781	59,786	60,664	53,853	70,114	80,623	58,480	89,616
Transfers	(1,215,764)	(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)
Total governmental activities	1,350,981	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
Business-type activities:										
Investment income*	17,977	13,261	17,295	8,919	12,032	14,442	21,016	10,113	21,902	14,601
Miscellaneous **	4,699	11,707	10,293	10,099	9,836	13,024	15,306	12,945	10,944	12,561
Transfers	1,215,764	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
Total business-type activities	1,238,440	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
Total primary government	2,589,421	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
Change in Net Position										
Governmental activities	382,790	(428,939)	(325,344)	(509,172)	185,624	498,618	251,501	(311,589)	568,066	2,100,020
Business-type activities	96,318	944,014	1,321,594	528,075	(13,402)	787,821	585,185	1,431,045	1,302,881	1,065,683
Total primary government	$ 479,108	$ 515,075	$ 996,250	$ 18,903	$ 172,222	$ 1,286,439	$ 836,686	$ 1,119,456	$ 1,870,947	$ 3,165,703

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
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

Table 3

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	$ —	$ —	$ —	$ —	$ —	$ 21	$ 21	$ 21	$ 19	$ 18
Restricted *	6,588	4,045	15,753	35,704	49,417	25,750	25,689	22,496	27,970	21,857
Committed *	8,877	8,779	10,994	13,862	11,891	14,250	36,217	27,476	22,329	37,161
Assigned *	11,403	10,624	16,162	23,653	22,180	35,168	10,943	10,473	21,939	26,057
Unassigned *	448,155	489,143	512,492	450,594	366,051	279,381	200,787	143,255	94,460	67,963
Total General Fund	475,023	512,591	555,401	523,813	449,539	354,570	273,657	203,721	166,717	153,056
All other governmental funds - special revenue funds										
Nonspendable	—	—	—	—	—	—	—	11	—	—
Restricted: *										
Proposition A Fund	191,111	342,565	311,284	86,647	134,674	127,125	138,291	139,813	474,584	1,079,459
Proposition C Fund	40,057	39,419	278,776	266,232	214,721	178,945	279,909	237,385	472,023	993,075
Measure R Fund	1,189,279	664,954	255,516	369,215	362,645	414,565	335,378	330,128	276,965	523,194
Measure M Fund	—	—	—	—	—	429,568	678,681	631,957	672,442	1,111,432
PTMISEA Fund	158,943	108,904	82,385	13,907	11	—	—	—	—	—
TDA	324,387	199,743	98,839	165,757	149,408	197,005	218,192	149,135	235,417	377,827
STA	13,195	3,720	8,554	—	9,605	105,429	79,871	28,711	23,601	124,496
Nonmajor Governmental Funds	79,759	82,725	68,121	111,773	93,951	146,676	173,495	138,948	128,234	152,823
Unrestricted (deficit):										
STA	—	—	—	(13,094)	—	—	—	—	—	—
Total all other governmental funds	1,996,731	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
Total governmental funds	$2,471,754	$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

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
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

Table 4

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Sales tax	$ 2,519,720	$ 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
Intergovernmental	484,194	315,337	374,350	120,428	155,452	105,727	116,974	92,294	155,157	121,320
Investment income (loss) *	5,025	15,533	11,498	24,638	10,580	15,642	53,999	54,723	2,259	(35,638)
Lease and rental	15,509	14,162	23,641	9,065	19,427	18,139	14,649	14,988	15,954	16,476
Licenses and fines	8,115	8,366	8,354	8,606	8,842	10,333	40,029	41,038	42,220	42,829
Other	32,658	12,756	24,129	51,180	49,515	62,458	27,122	38,778	18,114	49,478
Total revenues	3,065,221	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
Expenditures										
Current										
Administration and other	431,967	405,554	263,376	344,422	616,580	315,941	371,567	405,285	303,097	438,111
Transportation subsidies	1,061,239	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
Principal, interest and fiscal charges	2,194	2,197	2,194	2,195	18,315	—	—	—	—	1,951
Total expenditures	1,495,400	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
Excess of revenues over expenditures	1,569,821	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
Other financing sources (uses)										
Transfers out, net of transfers in	(1,215,764)	(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)
Total other financing sources (uses)	(1,215,764)	(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)
Net change in fund balances	$ 354,057	$ (517,133)	$ (295,745)	$ (134.626)	$ (109,696)	$ 539,317	$ 223,603	$ (317,665)	$ 590,174	$ 2,065,379
Debt service expenditures expressed as a percentage of non-capital expenditures	0.15%	0.13%	0.16%	0.14%	0.98%	0.00%	0.00%	0.00%	0.00%	0.09%

Source: Annual Comprehensive Financial Report

** Includes net appreciation (decline) in fair value of investments*

Los Angeles County Metropolitan Transportation Authority *Table 5*
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
2013	$ 687,172	$ 687,332	$ 684,862	$ —	$ 343,806	$ 116,548	$ 2,519,720
2014	778,504 (3)	778,600 (3)	714,218 (3)	—	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 (4)	1,091,203	1,091,162 (4)	1,089,933 (4)	525,158 (4)	208,607 (4)	5,097,269

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.
(3) The substantial increase was due to one-time accrual of sales tax revenues.
(4) The substantial increase was due to economic recovery from COVID-19 pandemic recession.

Los Angeles County Metropolitan Transportation Authority *Table 6*
Business-type Activities – Transit Operations
Program Revenues by Source
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

Fiscal Year	Passenger Fares	Federal Operating Grants	Operating Subsidies		Auxiliary Transportation/ Route Subsidies	Lease and Rental*	Toll Revenues**	Total
2013	$ 340,010	$ 272,199	$ 625,955		$ 24,543	$ 4,459	$ 12,991	$ 1,280,157
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

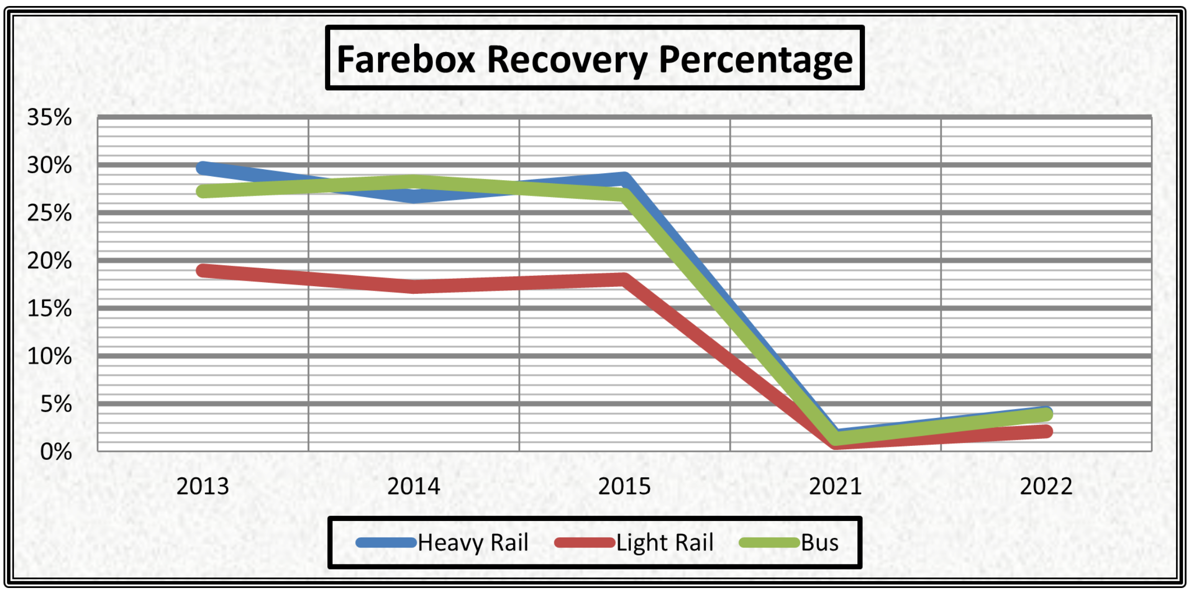
Source: Annual Comprehensive Financial Report

* *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 *Table 7*
Business-type Activities – Transit Operations
Farebox Recovery Percentage by Mode

Last Ten Fiscal Years

Fiscal Year	Heavy Rail	Light Rail	Bus	All Modes
2013	30%	19%	27%	26%
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%



Source: National Transit Database Report.

Los Angeles County Metropolitan Transportation Authority
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(Amounts expressed in thousands)

Table 8

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Principal	$180,432	$316,781	$510,144	$182,066	$215,949	$390,200	$260,420	$300,075	$255,923	$292,718
Interest	134,724	136,318	73,027	140,575	134,289	178,055	198,952	229,681	250,394	277,781
Total debt service expenditures	315,156	453,099	583,171	322,641	350,238	568,255	459,372	529,756	506,317	570,499
Total general expenditures	$3,608,561	$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
Percentage of debt service to general expenditures (%)	8.73 %	11.32 %	15.10 %	8.24 %	8.47 %	11.99 %	9.45 %	10.69 %	10.71 %	10.88 %

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)

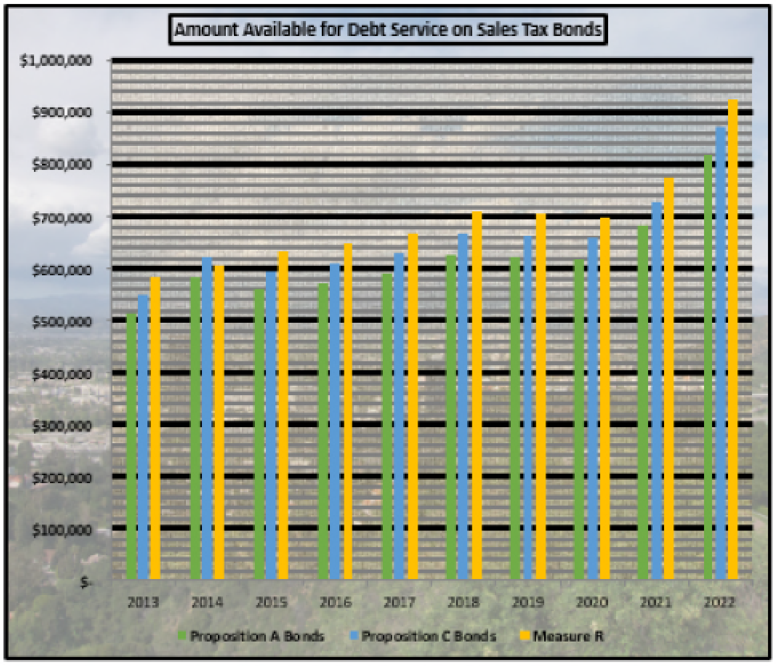
Table 9

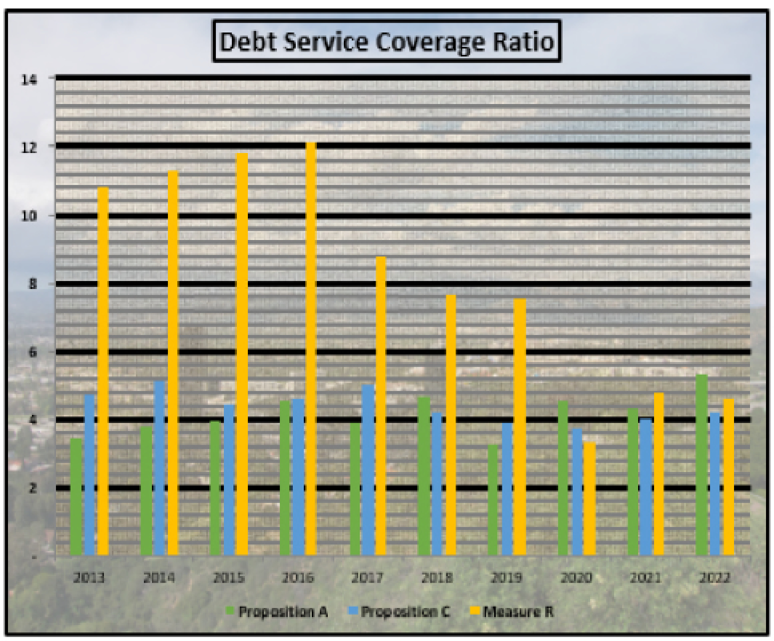
Source	Fiscal Year	Net Sales Tax Revenue	Less Local Return (1)	Amount Available for Debt Service On Sales Tax Bonds	Aggregate Debt Service Requirement	Debt Service Coverage Ratio
Proposition A	2013	$ 687,172	$ 171,793	$ 515,379	$ 151,261	3.41
	2014	778,504	194,626	583,878	154,697	3.77
	2015	745,655	186,414	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
Proposition C	2013	687,332	137,466	549,866	116,127	4.74
	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
Measure R	2013	684,862	102,729	582,133	53,649	10.85
	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

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Redevelopment & Housing bonds	$ 21	$ 20	$ 19	$ 18	$ —	$ —	$ —	$ —	$ —	$ —
Long-term leases	—	—	—	—	—	—	—	—	—	4
Other liabilities *	—	—	—	—	—	—	—	—	2	2
Total Governmental activities	21	20	19	18	—	—	—	—	2	6
Business-type activities										
Sales tax revenue and refunding bonds	3,107	3,237	3,037	2,810	3,717	4,497	4,938	5,003	5,292	5,519
Lease/leaseback obligation	815	718	468	425	228	238	176	186	194	80
General revenue bonds	155	149	142	113	106	98	89	80	70	61
Unamortized bond premium/discount	232	250	233	271	393	469	519	475	954	1,014
Commercial paper and revolving lines of credit	148	139	84	385	194	178	211	231	206	98
Long-term leases	—	—	—	—	—	—	—	—	—	37
Capital grant receipts revenue bonds	—	5	4	2	1	—	—	—	—	—
Notes obligation - TIFIA (CPC)	—	—	37	488	567	581	595	608	—	—
Total Business-type activities **	4,457	4,498	4,005	4,494	5,206	6,061	6,528	6,583	6,716	6,809
Total Primary government	$ 4,478	$ 4,518	$ 4,024	$ 4,512	$ 5,206	$ 6,061	$ 6,528	$ 6,583	$ 6,718	$ 6,815
Percentage of Personal Income***	0.93 %	0.88 %	0.74 %	0.80 %	0.90%	1.01%	1.03%	0.97%	n/a	n/a
Per Capita**	$445.31	$446.27	$396.26	$441.01	$ 506.22	$ 595.15	$ 641.76	$655.42	$681.07	n/a

Source: Annual Comprehensive Financial Report

* *FY 2021 amount revised to include the $1.5 million advances payable to LA County Public Works due in Dec. 2023 per MOU*

** *FY 2013-2019 amounts were restated to include the unamortized balance of bond premium and bond discount at year end*

*** *The change in % due to the restated amount of Total Business-type activities in FY2013 to FY2019 and updated data on Personal Income data. 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)
2013	10,056	38,367	$ 140,079,708	$ 480,157,948	48	9.8 %
2014	10,124	38,725	147,446,927	510,614,460	50	8.2 %
2015	10,155	38,907	151,981,740 *	544,243,722	54	6.6 %
2016	10,231	39,501	155,155,641 *	562,665,355	55	5.2 %
2017	10,284	39,810	160,280,130 *	580,826,819	56	4.7 %
2018	10,184	39,695	166,023,795	602,428,812	59	4.6 %
2019	10,172	39,782	172,313,602	631,161,849	62	4.4 %
2020	10,044	39,466	157,737,984	678,829,092	68	12.3%
2021	9,861	39,186	192,524,203	n/a	n/a	8.9%
2022	n/a	n/a	n/a	n/a	n/a	n/a

Source:

(1) California Department of Finance (based on May 2, 2022 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*			2020*			2021**		
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	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%	113,207	1	2.36%	111,800	1	2.34%
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%	77,928	2	1.63%	75,676	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%	43,572	4	0.91%	41,270	5	0.86%
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%	50,957	3	1.06%	46,130	4	0.96%
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%	50,000	5	1.04%	50,000	3	1.04%
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%	41,349	6	0.86%	40,876	6	0.85%
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%	30,370	7	0.63%	29,100	7	0.61%
University of Southern California	—	—	—	18,900	8	0.40%	20,100	8	0.42%	21,000	8	0.44%	22,160	8	0.46%	22,164	8	0.46%	22,465	8	0.47%
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%	18,000	10	0.38%	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%	20,000	9	0.42%	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%	467,547		9.75%	455,317		9.51%
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%	3,824,153		90.25%	4,093,583		90.49%
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%	4,291,700		100%	4,548,900		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
Los Angeles County Taxable Transactions by Type of Business
Last Ten Calendar Years
(Amounts expressed in millions)

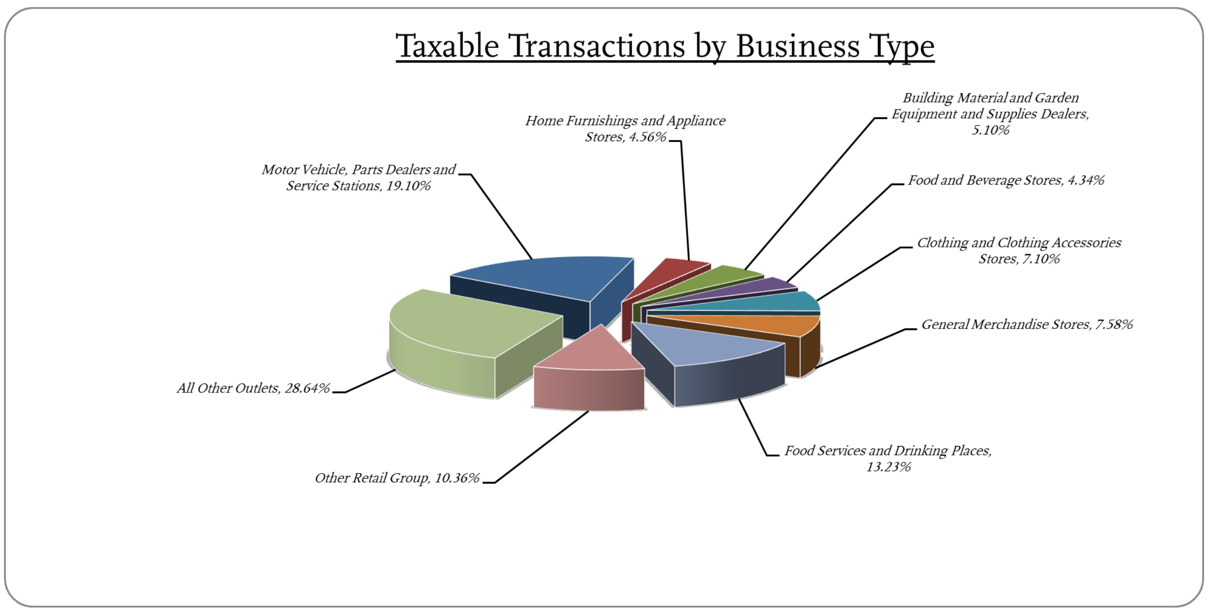
Table 13

Type of Business	2013	2014	2015	2016	2017		2018		2019		2020	2021	2022
Motor vehicle, parts dealers and service stations	$ 29,361	$ 29,830	$ 29,526	$28,640	$29,526	*	$31,489	*	$ 31,446	*	$ 26,666	$ 35,975	n/a
Home furnishings and appliance stores	6,145	6,775	7,833	7,842	7,609	*	7,537	*	7,309	*	6,608	8,191	n/a
Building material and garden equipment, and supplies dealers	6,558	6,971	7,403	7,688	8,034	*	8,446	*	8,698	*	9,557	10,457	n/a
Food and beverage stores	6,052	6,280	6,689	6,696	6,922	*	7,107	*	7,255	*	7,650	7,871	n/a
Clothing and clothing accessories stores	9,927	10,561	10,974	11,414	11,554	*	12,258	*	12,537	*	9,499	13,982	n/a
General merchandise stores	11,464	11,557	10,913	10,905	11,250	*	12,584	*	12,911	*	12,264	14,456	n/a
Food services and drinking places	17,482	18,964	20,606	22,002	23,199	*	24,016	*	25,098	*	17,006	23,626	n/a
Other retail group	12,653	13,250	14,202	14,808	15,187	*	15,707	*	17,190	*	24165	24,442	n/a
All other outlets	40,439	43,257	42,886	44,211	45,979	*	46,879	*	49,869	*	44,322	53,524	n/a
Total	$ 140,081	$ 147,445	$ 151,032	$ 154,206	$ 159,260		$ 166,023		$ 172,313		$ 157,737	$ 192,524	$ —

Source: California State Board of Equalization, Table 3 Taxable Sales in California Counties by Type of Business

n/a data for 2022 not available as of ACFR publishing date

** Updated.*



Los Angeles County Metropolitan Transportation Authority *Table 14*

Business-type Activities – Transit Operations

Operating Indicators by Mode

Last Ten Fiscal Years

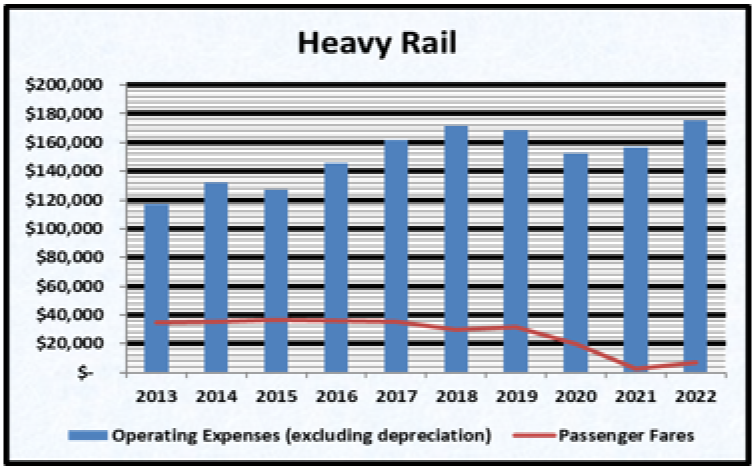
(Amounts expressed in thousands for Passenger fares and Operating expenses)

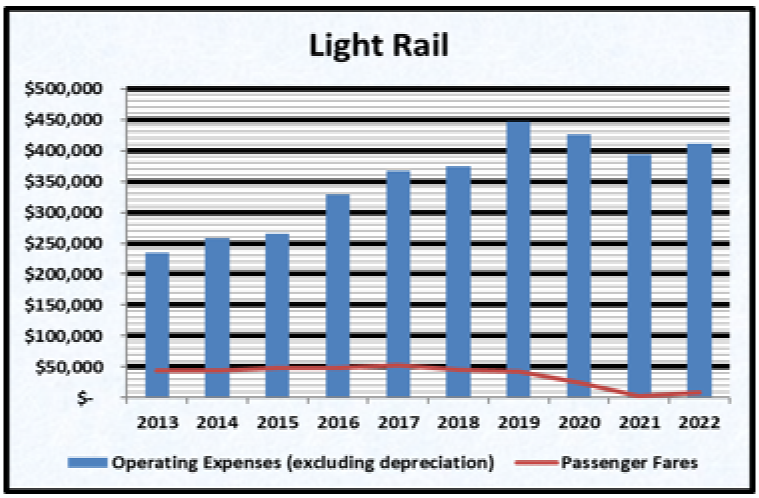
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PASSENGER FARES:										
Heavy Rail	$ 34,753	$ 35,300	$ 36,338	$ 35,789	$ 35,622	$ 32,305	$ 31,426	$ 19,761	$ 2,563	$ 7,154
Light Rail	44,565	44,412	47,902	47,807	52,570	49,116	42,986	24,655	3,054	8,732
Bus*	260,692	277,162	267,408	256,678	231,153	218,621	190,877	140,176	14,832	47,105
OPERATING EXPENSES (excluding depreciation):										
Heavy Rail	$ 117,006	$ 132,142	$ 127,153	$ 145,450	$ 161,559	$ 171,688	$ 168,453	$ 152,328	$ 156,720	$ 175,274
Light Rail	234,856	257,979	265,702	328,351	366,355	375,017	446,369	425,382	393,871	410,761
Bus*	956,306	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
PASSENGER MILES TRAVELLED:										
Heavy Rail	237,760	254,440	236,023	224,277	228,179	210,105	207,665	162,928	99,058	128,144
Light Rail	408,032	412,776	386,901	427,260	495,532	495,012	462,756	318,738	151,162	183,686
Bus*	1,496,480	1,494,524	1,444,741	1,337,680	1,196,313	1,158,789	1,149,053	916,793	449,228	631,466
VEHICLE/PASSENGER CAR REVENUE MILES:										
Heavy Rail	6,865	7,067	6,977	6,884	7,010	6,976	6,874	6,801	6,256	6,101
Light Rail	13,239	13,863	13,702	13,746	16,699	17,999	17,757	15,537	12,421	13,476
Bus*	75,465	75,664	75,207	76,159	74,129	73,176	73,046	66,697	57,334	66,252
VEHICLE/PASSENGER CAR REVENUE HOURS:										
Heavy Rail	302	320	319	316	321	318	314	311	288	287
Light Rail	654	685	680	663	789	866	867	756	593	661
Bus*	6,810	6,946	6,972	7,067	6,935	6,904	6,342	6,352	5,383	6,290
BUSES/RAIL CARS:										
Heavy Rail	104	104	104	104	104	104	104	102	102	100
Light Rail	171	171	171	196	246	300	298	302	292	298
Bus*	2,453	2,420	2,457	2,438	2,439	2,402	2,420	2,548	2,339	2,184
PASSENGER STATIONS:										
Heavy Rail	16	16	16	16	16	16	16	16	16	16
Light Rail	66	66	66	79	79	79	79	79	79	78
Bus*	49	49	49	56	58	58	61	61	46	45

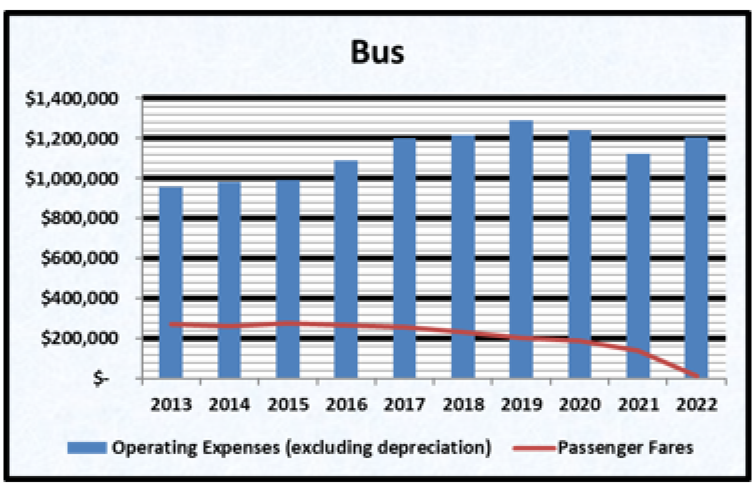
Source: National Transit Database Report

** Includes Purchase Transportation and Orange Line*

Los Angeles County Metropolitan Transportation Authority
Graphical Presentation of Table 14
Passenger Fares and Operating Expenses by Mode
(Amounts expressed in thousands)





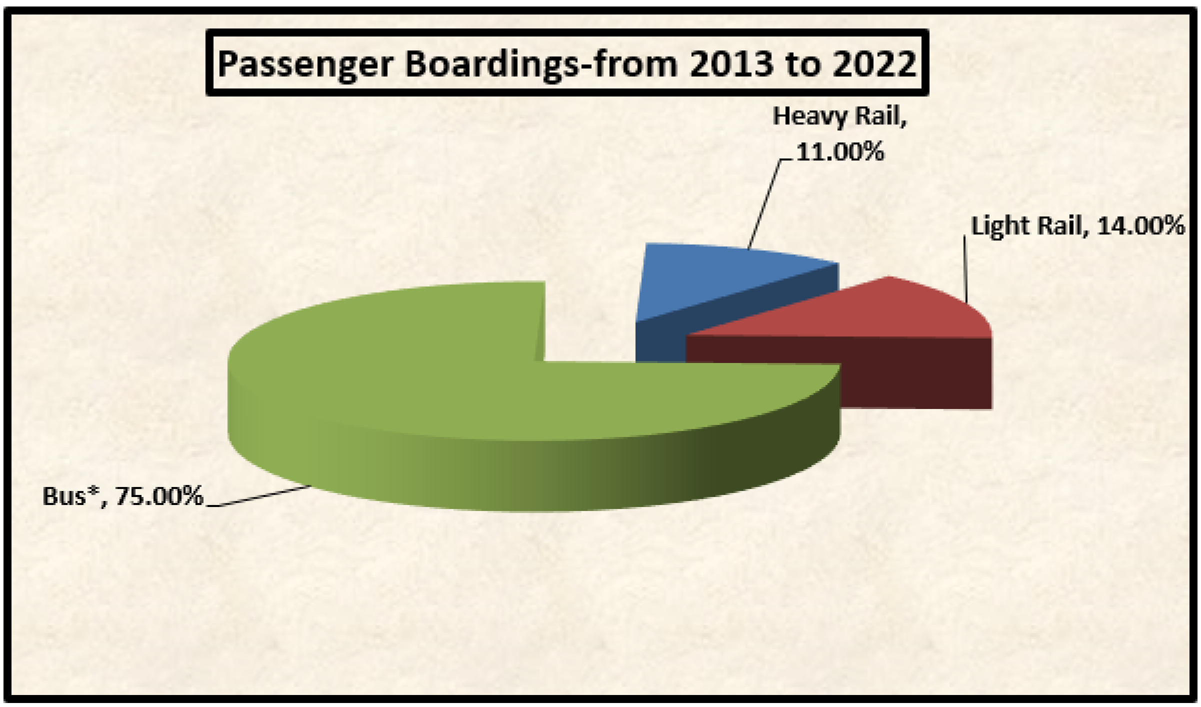


Los Angeles County Metropolitan Transportation Authority *Table 15*
Business-type Activities – Transit Operations
Passenger Boardings by Mode
Last Ten Fiscal Years
(Boardings expressed in thousands)

Fiscal Year	Heavy Rail	Light Rail	Bus *	Total
2013	49,516	63,652	359,504	472,672
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

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
2013	$ 678,111	$ 276,009	$ 111,725	$ 258,347	$ 465,787	$ 1,789,979
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 *(1)*	329,639 *(1)*	137,558 *(1)*	381,175 *(1)*	596,771	2,262,533
2022	903,800	338,170	153,198	407,414	602,502	2,405,084

(1) Updated

Source: National Transit Database Report

See accompanying independent auditor's report.

Los Angeles County Metropolitan Transportation Authority *Table 17*
Full-Time Equivalent Employees by Function (not in thousands)
Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Metro Operations	7,477	7,571	7,585	7,859	7,807	7,891	8,061	8,003	8,005	8,149
Countywide Planning & Development	98	101	156	161	163	162	166	164	164	166
Construction Project Management	157	180	193	205	254	293	307	319	319	314
Communications	199	194	271	278	285	314	328	344	344	345
Support Services	757	765	612	690	697	699	721	735	736	724
Chief Executive Office	285	314	428	482	532	571	594	614	610	611
Board of Directors	38	37	36	39	38	38	40	40	41	41
Total	9,011	9,162	9,281	9,714	9,776	9,968	10,217	10,219	10,219	10,350

Source: Adopted Budget

Los Angeles County Metropolitan Transportation Authority
Business-type Activities – Transit Operations
Revenues and Operating Assistance
Comparison to Transit Industry Trend
Percent to Total
Last Ten Fiscal Years

Table 18

	Operations			Operating Assistance				
Fiscal Year	Passenger Fares	Other	Subtotal	Federal	State	Local	Subtotal	Total
Transportation Industry (1)								
2013	32 %	4 %	36 %	9 %	26 %	29 %	64 %	100 %
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	*	*	*	*	*	*	*	*
2021	*	*	*	*	*	*	*	*
2022	*	*	*	*	*	*	*	*
LACMTA (2)								
2013	24 %	3 %	27 %	18 %	7 %	48 %	73 %	100 %
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 %

* *Data not available*

Source:
1) *APTA 2021 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)						
2013	44 %	16 %	10 %	16 %	14 %	100 %
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	*	*	*	*	*	*
2021	*	*	*	*	*	*
2022	*	*	*	*	*	*
LACMTA (2)						
2013	49 %	20 %	8 %	19 %	4 %	100 %
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 %

* *Data not available*

** *Excludes depreciation*

Source:

1) *APTA 2021 Public Transportation Fact Book*
2) *National Transit Database Report*

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Los Angeles County
Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.6000

metro.net

@metrolosangeles

losangelesmetro

Metro®

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