Los Angeles County
Metropolitan Transportation Authority
California

FY20

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Metro

Los Angeles County Metropolitan
Transportation Authority
Los Angeles, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

Metro

Prepared by the
Accounting Department

Nalini Ahuja, Chief Financial Officer
Jesse Soto, Controller

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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Los Angeles County Metropolitan Transportation Authority

INTRODUCTORY SECTION

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

December 17, 2020

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

Dear Honorable Board of Directors:

Subject: Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report for the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2020 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, 2020 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, 2020. 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 17 to 39, 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 227.6 million bus and rail boardings a year within its 1,469-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 FY20 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.

The $6.0 billion FY21 adopted budget is $1.2 billion or 17.0% less than the FY20 budget.

The pandemic has brought severe financial challenges this year, with uncertainties surrounding the duration and severity of long-term impacts as LACMTA plans for the future. The Federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) provided essential Federal relief funding to LACMTA and other transit operators in the region. Without it, maintaining consistent levels of service would not be possible. However, the CARES Act did not cover all of LACMTA's losses in operations and maintenance, and provided no funding for capital expansion projects.

In response to immediate financial challenges, LACMTA has proposed a strategic but temporary $1.2 billion reduction in costs to align planned activities with available resources, until the economy begins to recover.

The $1.2 billion reduction represents the slow down experienced in the first quarter of FY21 and projects a gradual economic recovery through the end of the fiscal year. These reductions affect all programs in different ways and are necessary to ensure resources are available to provide essential services. This annual budget reflects the economic constraints caused by the COVID-19 pandemic while aligning resources in a fiscally responsible manner to achieve LACMTA's Vision 2028 goals.

LACMTA's transit infrastructure program has been significantly impacted; however, the budget carefully balances the resources available with project schedules to ensure on-time project delivery. Also, projects in the planning phases have been reviewed to ensure that they continue to advance toward shovel ready status. For transit service, LACMTA will operate, on average, at 81% of the annual pre-COVID bus and rail service level while anticipating 55% of pre-COVID ridership to provide a robust service network and more frequent rides for the essential workers in Los Angeles County.

While the budget reflects a smaller reduction in service hours than the on-street reality of projected ridership, resources are allocated toward the first implementation of NextGen and MicroTransit. As part of reimagining the transit network, LACMTA looks to implement the NextGen Bus Plan, the first complete redesign of the bus network in over a decade. The goals and objectives of the NextGen Study, a cornerstone of Vision 2028, are to provide high quality mobility options to all Los Angeles County residents, reduce travel time, and improve the commuting experience of customers.

Progress will continue in FY21 on all Measure M and R projects. We will continue to work towards environmental clearance and shovel readiness which includes the building of new highways and transportation infrastructure as well as planning and providing funding for regional transportation activities. LACMTA is retaining its workforce while controlling costs through vacancy savings and a reduction of overtime usage whenever applicable. As we proceed towards recovery, we must remain flexible so we can respond quickly to unexpected short-term changes. Prudent financial planning will allow us to remain financially sustainable, while reimagining the future of Los Angeles County and its transportation network as we focus on equity, sustainability, prosperity, and a better quality of life for all County residents.

CARES Act

The CARES Act will provide financial relief from the effects of the COVID-19 pandemic. As the Regional Transportation Planning Entity (RTPE) for Los Angeles County, the LACMTA Board was responsible for allocating transit related funding provided under the CARES Act to transit agencies in the County.

The first priority was to address and mitigate reductions in sales tax revenue for FY20 and FY21 to ensure funding for transit operations throughout the County were maintained and supported at pre-COVID funding levels. Each operator will be allocated their full FY20 funding allocation as adopted by the LACMTA Board and will allocate funding equal to levels originally estimated for FY21, prior to the onset of the COVID-19 pandemic. As a result, each operator was "held harmless" in relation to the reduction of sales tax revenues anticipated for FY20 and FY21. Additionally, each operator will allocate supplemental CARES Act funding to address losses in fare revenues and additional COVID-related costs.

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

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

Local Economy

The economic consequences of the COVID-19 pandemic have been severe: at least 30 million Americans have lost their jobs and millions of others have seen their incomes decline. Governments are spending billions of dollars on public health and the safety net. As state and local governments grapple with the revenue loss and spending increases associated with the pandemic, the specter of significant cuts in public spending threatens the livelihoods and employment of public sector workers in a second wave of economic contraction. One of the biggest and most widely-reported impacts of the pandemic has been the unprecedented drop in U.S. employment that occurred between March and April – the worst employment drop the country has seen since the Great Depression.

Nationally, University of Southern California survey data suggest that rates of employment dropped around 12 percentage points, from 62% of adults employed in mid-March to 50% of adults employed in mid-April. Yet, in Los Angeles County, there was an even more devastating drop of 17 percentage points: from 61% of adults employed in mid-March to 44% of adults employed in mid-April. This equates to about 1.3 million jobs lost – 10% of the county population out of work in a matter of weeks.

Additionally, people of color were disproportionately impacted by pandemic-related permanent and temporary lay-offs. By mid-May, 32% of Hispanic workers, 24% of Black workers, and 23% of Asian workers employed in mid-March had lost their job while only 13% of White workers employed in mid-March experienced a similar job loss.

The survey data also show that average levels of economic insecurity are much higher in Los Angeles than they are in the rest of the country. This disparity is largely an artifact of the more precarious financial position Angelenos held long before the pandemic arrived. Many Los Angeles residents struggle to make ends meet – a fact of life made no easier by the exceptionally high cost of living in Los Angeles. Even at baseline in March – before the full economic impact of the pandemic had been felt – the estimated percent chance of running out of money in Los Angeles was 10 percentage points higher than the national average, at 26% versus 16%.

All of this means financial challenges for LACMTA whose ridership is down by half. LACMTA has reached out to the federal government to help cover a projected $1.8 billion deficit. It is one of 26 transit agencies across the country seeking financial aid from the federal government. The biggest factor contributing to LACMTA's deficit is the loss of sales tax revenues. More than sixty percent of LACMTA's revenues come from sales tax. Also, LACMTA has lost almost all of its $300 million annual fare revenue while at the same time its operating costs have grown exponentially due to COVID-19. Buses, trains, and stations all need more cleaning and much more personal protective equipment is needed.

LACMTA reduced service in April 2020 to align with reduced ridership demand but retaining its workforce has been a priority so no layoffs or furloughs have occurred.

LACMTA has set a goal of completing 28 major transportation infrastructure projects in time for the 2028 Olympics. This will require commencing construction on all of them by 2023. LACMTA has adopted a two-bucket strategy: those projects that will continue and those that must be deferred three to six months.

The first bucket contains operations and projects that are currently under construction, such as the Crenshaw project, the Purple Line sections going out to the VA hospital through UCLA, the Gold Line going east to Claremont, the Regional Connector downtown and around Little Tokyo, and the airport connector.

The second bucket includes projects that are mostly in the planning stage: the Sepulveda transit corridor, the Artesia line, and the San Fernando Valley line. These projects have been delayed three to six months.

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 annually 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 2020. The SRTP is a five 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 nearer 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 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 Board retains the financial stability policy at the same time the annual proposed budget is approved each year. The policy remains in effect until it is amended or changed by the Board.

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 financial commitments.

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 project 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

NextGen

LACMTA continues to reimagine the transit network by carrying on the partnership between service councils, stakeholders, and LACMTA staff to complete and implement the NextGen bus plan and alternative mobility options. NextGen objectives include the incorporation of high-quality transit options to all Los Angeles County residents, enabling them to spend less time traveling while improving their commuting experience, and quality of life.

The intended result is to advance equity and economic opportunities for all county residents. Stakeholder derived guiding principles are used to implement route and schedule changes, bus stop spacing service frequencies, and system speed. In addition to base NextGen principles, new mobility options such as MicroTransit will also be put in place to create a new short-trip, demand-based service option. All of these elements are integrated into the FY21 service plan. FY21 NextGen related improvements are estimated at $130.1 million. Currently, a total of $15.0 million is slated for speed and reliability improvements and other service enhancement activities for FY21 and FY22.

In FY22, three more bus priority lanes will be completed. Transit Signal Priority improvements that extend green lights for buses and bus stop improvements are also planned.

Congestion Management

The proposed FY21 Budget for the Congestion Management Program of $89.6 million represents a $46.3 million or 34.0% decrease from the FY20 Budget. The program adjusted

ExpressLanes California Highway Patrol (CHP) enforcement, ExpressLanes Service Center, SoCal511 funding and various contracts under Freeway Service Patrol to match the decreased traffic on freeways and ExpressLanes. Funding for Incremental Transit Services subsidy and Net-Toll Revenue grants were reduced to match estimated invoicing by cities. Ridership will operate at the FY20 level. Planning for ExpressLanes expansion for I-105 and I-605 will be on schedule. I-10 extension and I-405 and I-10 vanpool pilot projects will ramp up in the second half of the fiscal year.

Service

Due to the pandemic and related state and local health orders, LACMTA remains flexible to easily adjust to constantly changing ridership and demand levels, lifting of the state/local Safer at Home orders, changes in travel demand, and economic recovery. Service levels will need to be adjusted gradually as Los Angeles County recovers from COVID-19 restrictions.

The FY21 service plan assumes a phased-in approach to adapt to changing service needs and recovery. The plan starts with a base 6.0 million Revenue Service Hour (RSH) "enhanced Sunday service" plan, which reflects 75% of pre-COVID service that was launched in April 2020 to adjust to COVID-19 service demand.

As ridership recovers in FY21, LACMTA will build up to a service level of 6.6 million RSH, representing 81% of pre-COVID RSHs and 55% of pre-COVID boardings. By July 2021, service will again ramp-up to between 6.7 and 7.6 million RSH, reflecting 92% of pre-COVID service levels. Looking towards FY23, service levels are anticipated to fall between 6.7 and 8.2 million RSH.

Changes in service levels for FY22 and FY23 will be made based on prudent financial management considering ridership, revenues, workforce and equipment resources, and performance. When possible, alternative short-trip options like MicroTransit will be phased into the service plan to capture a new segment of the commuter market.

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 comprehensive annual financial report for the fiscal year ended June 30, 2019. 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

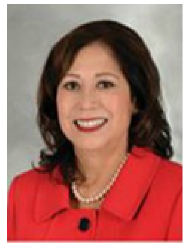
Los Angeles County Metropolitan Transportation Authority
Management Organizational Chart

- **Phillip A. Washington** — *Chief Executive Officer*
  - **Elba Higueros** — *Chief Policy Officer*
  - **Nadine Lee** — *Chief of Staff*
    - **CUSTOMER EXPERIENCE** — **Aaron Weinstein**, *Executive Officer Customer Experience*
  - **EQUITY AND RACE** — **KeAndra Cylear Dodds**, *Executive Officer Equity & Race*
  - **CIVIL RIGHTS & EEO** — **Jonaura Wisdom**, *Chief Civil Rights Programs Officer*
  - **COMMUNICATIONS** — **Yvette Rapose**, *Chief Communications Officer*
  - **CONGESTION REDUCTION** — **Shahrzad Amiri**, *Executive Officer Congestion Reduction Programs*
  - **FINANCE & BUDGET** — **Nalini Ahuja**, *Chief Financial Officer*
  - **HUMAN CAPITAL & DEVELOPMENT** — **Joanne Peterson**, *Chief Human Capital & Development Officer*
  - **INFORMATION TECHNOLOGY SERVICES** — **Bryan Sastokas**, *Chief Information Technology Officer*
  - **MANAGEMENT AUDIT SERVICES** — **Shalonda Baldwin**, *Chief Auditor (Interim)*
  - **OFFICE OF EXTRAORDINARY INNOVATION** — **Joshua Schank**, *Chief Innovation Officer*
  - **OPERATIONS** — **James Gallagher**, *Chief Operations Officer*
  - **PLANNING & DEVELOPMENT** — **James De La Loza**, *Chief Planning Officer*
  - **PROGRAM MANAGEMENT** — **Richard Clarke**, *Chief Program Management Officer*
  - **RISK, SAFETY & ASSET MANAGEMENT** — **Kenneth Hernandez**, *Chief Risk, Safety & Asset Management Officer*
  - **SYSTEMS SECURITY & LAW ENFORCEMENT** — **Robert Green**, *Chief Systems Security & Law Enforcement Officer*
  - **VENDOR / CONTRACT MANAGEMENT** — ***Debra Avila***, *Chief Vendor/Contract Management Officer*

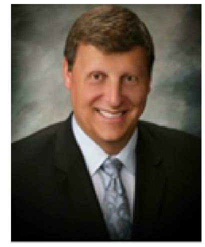
Los Angeles County Metropolitan Transportation Authority

BOARD OF DIRECTORS
(Updated as of July 2020)

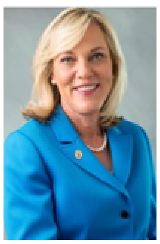
Eric Garcetti
Chair
Mayor, City of Los Angeles



Hilda L. Solis
First Vice Chair
Los Angeles County Board Supervisor
District 1

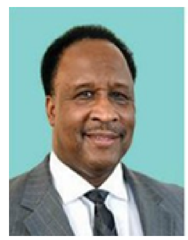


Ara Najarian
Second Vice Chair
Appointee of Los Angeles County City Selection Committee (North County/San Fernando Valley Sector)

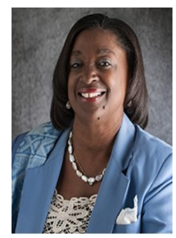


Kathryn Barger
Los Angeles County Supervisor
District 5

Mike Bonin
Appointee of Mayor of the City of Los Angeles



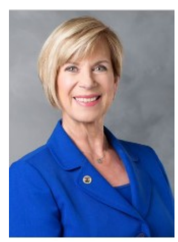
James Butts
Appointee of Los Angeles County City Selection Committee (Southwest Corridor Sector)



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

John Fasana
Appointee of Los Angeles County City Selection Committee (San Gabriel Valley Sector)

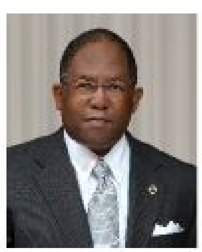
Robert Garcia
Appointee of Los Angeles County City Selection Committee (South East Long Beach Sector)



Janice Hahn
Los Angeles County Board Supervisor
District 4

Paul Krekorian
Appointee of Mayor of the City of Los Angeles

Sheila Kuehl
Los Angeles County Board Supervisor
District 3



Mark Ridley-Thomas
Los Angeles County Board Supervisor
District 3

John Bulinski
District 7 Director
California Department of Transportation (Caltrans)
Appointee of the Governor of California

Los Angeles County Metropolitan Transportation Authority

List of Board Appointed Officials

Phillip A. Washington
Chief Executive Officer

Michele Jackson
Board Secretary

Karen Gorman
Inspector General

Jonaura Wisdom
Chief Ethics Officer (Interim)

Charles Safer
Assistant County Counsel

Executive Staff

Nadine Lee
Chief of Staff

Yvette Rapose
Chief Communications Officer

Nalini Ahuja
Chief Financial Officer

Richard Clarke
Chief Program Management Officer

Bryan Sastokas
Chief Information Technology Officer

Kenneth Hernandez
Chief Risk, Safety & Asset Management Officer

Shalonda Baldwin
Chief Auditor (Interim)

Jonaura Wisdom
Chief Civil Rights Programs Officer

James Gallagher
Chief Operations Officer

Debra Avila
Chief Vendor/Contract Management Officer

Elba Higueros
Chief Policy Officer

Joanne Peterson
Chief Human Capital & Development Officer

James De La Loza
Chief Planning Officer

Robert Green
Chief Systems Security & Law Enforcement Officer

Joshua Schank
Chief Innovation Officer

Shahrzad Amiri
Executive Officer - Congestion Reduction Programs

KeAndra Cylear Dodds
Executive Officer - Equity & Race

Aaron Weinstein
Executive Officer - Customer Experience

Los Angeles County Metropolitan Transportation Authority

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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%, 75%, and 66% of the assets, net position, and revenues/additions, respectively, of the aggregate remaining fund information. Those statements were audited by another auditor whose report thereon 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 auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the 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, 2020, 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.

Emphasis of Matter

As discussed in Note S to the financial statements, during the year ended June 30, 2020, LACMTA adopted new accounting guidance, GASB Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*, changing its method of accounting for recognition of nonexchange revenue, which resulted in a restatement of LACMTA's July 1, 2019 business-type activities net position in the amount of $367,890,000. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, although not a part of the basic financial statements, is required by 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 LACMTA's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, budgetary comparison information - Service Authority for Freeway Emergencies fund and other special revenue funds, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and budgetary comparison information for the Service Authority for Freeway Emergencies fund and other special revenue funds, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 and budgetary comparison information for the 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of 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 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 LACMTA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2020

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Los Angeles County Metropolitan Transportation Authority
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

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, 2020. 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 1-8 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, 2020 by $11,351,360. Of this amount, a negative amount of $1,537,843 is reported as unrestricted net position.

- Business-type activities net position for the current year increased by $1,431,045, or 13.91% mainly due to an increase in capital assets funded by federal and local grants mostly attributed to major rail construction projects on the Westside Subway Extensions 1, 2 and 3, the Crenshaw/LAX Transit Corridor, and the Regional Connector projects, in addition to the purchase of new and midlife modernization of some light rail vehicles and the purchase of 40' and 60' CNG and EZ buses.

- The decrease in the governmental activities net position of $311,589, or 10.54% was mainly due to a combination of the decrease in sales tax revenues and intergovernmental revenues and the increase in the special revenue funds' transportation subsidies, administration and planning costs. The decrease in sales tax revenues, specifically on the last quarter of FY20, was mainly attributed to the impact of the coronavirus lockdowns and stay-home orders due to the COVID 19 pandemic.

- At the close of fiscal year 2020, LACMTA's governmental funds reported combined fund balances totaling $1,859,809, a decrease of $317,665 compared to the prior year. Of this amount, $1,678,573 was restricted, $27,476 was committed, $10,473 was assigned, $32 was nonspendable, and $143,255 was unassigned and available for spending at LACMTA's discretion.

- At the end of fiscal year 2020, the unrestricted fund balance, the total of the committed, assigned and unassigned components of fund balance for the General fund was $181,204 or approximately 106.56% of total General fund expenditures.

- During fiscal year 2020, long-term debt slightly increased by $54,663, less than 1.00%, than the previous fiscal year. Despite significant drawdowns on the Transportation Infrastructure Finance and Innovation (TIFIA) loans that partially financed ongoing major rail construction projects in fiscal year 2020, including the Crenshaw/LAX Transit Corridor, the Regional Connector, and the Westside Purple Line Extension Sections 1-3, the increase was offset significantly by the annual repayment of principal and net reduction due to refunding of sales tax revenue bonds and sales tax revenue refunding bonds during the fiscal year

- Business-type activities operating revenues decreased by $94,913 or 25.72% compared to fiscal year 2019 mostly from fare revenues which dropped 30% over fiscal year 2019 resulting from the impact of the coronavirus lockdowns and stay-at-home orders due to the COVID-19 pandemic.

- Sales tax revenues slightly decreased by $95,205 or 2.38% from the prior fiscal year. Despite an average increase of about 10% in the first half of fiscal year 2020 compared to the same period of fiscal year 2019, sales tax receipts dropped by 31% in the third quarter ending March 31, 2020 as compared to the previous quarter and 20% down from the same period last year. The fourth quarter recovered and showed a 28% increase over the third quarter, but still 9% lower than the same period of the prior year. The decrease in sales tax revenues were attributed mainly on the COVID-19 pandemic resulting from temporary business closures due to lockdowns and stay-home orders beginning from mid-March, 2020.

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 41 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 42-43 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 51-55.

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 44-45 and 48-49.

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 impact of the government's near-term financing decisions. Reconciliation statements on pages 47 and 50 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 155-161, for the nonmajor funds on page 165, and for the aggregate remaining Special Revenue funds on page 166.

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 56 - 57.

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 59-141.

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 143.

Government-wide Financial Analysis

Statement of Net Position

LACMTA's net position at June 30, 2020 increased by $1,119,456 or 7.09%, when compared to June 30, 2019. The increase in net position was mostly due to increase in capital assets funded by local, state and federal grants mostly related to major rail construction projects on the Regional Connector, Crenshaw/LAX Transit Corridor, and Westside Subway Extension Sections 1 and 2, the purchase of new light rail vehicles and 40' CNG buses, and the bus and rail mid-life program.

The following table is a summary of the Statement of Net Position as of June 30, 2020 and 2019:

Los Angeles County Metropolitan Transportation Authority
Summary Statement of Net Position

	Business-type Activities		Governmental Activities		Total	
	2020	2019	2020	2019	2020	2019
Current & other assets	$ 1,883,406	$ 2,285,372	$ 2,319,242	$ 2,570,118	$ 4,202,648	$ 4,855,490
Capital assets	16,453,688	14,947,111	749,417	749,417	17,203,105	15,696,528
Total assets	18,337,094	17,232,483	3,068,659	3,319,535	21,405,753	20,552,018
Deferred outflows of resources	207,367	223,197	—	—	207,367	223,197
Total assets and deferred outflows of resources	18,544,461	17,455,680	3,068,659	3,319,535	21,613,120	20,775,215
Long-term liabilities	8,623,751	8,794,426	—	—	8,623,751	8,794,426
Other liabilities	630,410	647,491	423,872	363,159	1,054,282	1,010,650
Total liabilities	9,254,161	9,441,917	423,872	363,159	9,678,033	9,805,076
Deferred inflows of resources	583,727	370,345	—	—	583,727	370,345
Total liabilities and deferred inflows of resources	9,837,888	9,812,262	423,872	363,159	10,261,760	10,175,421
Net investment in capital assets	9,917,311	8,899,216	749,417	749,417	10,666,728	9,648,633
Restricted for:						
Debt service	566,387	523,844	—	—	566,387	523,844
Proposition A ordinance projects	—	—	139,813	138,291	139,813	138,291
Proposition C ordinance projects	—	—	237,396	279,909	237,396	279,909
Measure R ordinance projects	—	—	330,128	335,378	330,128	335,378
Measure M ordinance projects	—	—	631,957	678,681	631,957	678,681
TDA and STA projects	—	—	177,846	298,063	177,846	298,063
Other nonmajor governmental projects	—	—	138,948	173,495	138,948	173,495
Unrestricted (deficit)	(1,777,125)	(1,779,642)	239,282	303,142	(1,537,843)	(1,476,500)
Total net position	$ 8,706,573	$ 7,643,418	$ 2,644,787	$ 2,956,376	$11,351,360	$10,599,794

The decrease in current and other assets of $401,966, or 17.59%, in the business-type activities was primarily due to the decrease in federal grants receivables resulting from the change in revenue recognition applied to nonexchange transactions in accordance with the Implementation Guide 2019-1, Q&A 4.7.

The increase in capital assets of $1,506,577 or 10.08%, in the business-type activities was mainly due to ongoing major rail construction projects including the Crenshaw/LAX Transit Corridor, Westside Subway Extension Sections 1-3, the Regional Connector, and the Goldline Foothill Extension Phase 2B, in addition to the procurement of light rail vehicles, the purchase of 40' and 60' CNG buses, and the bus and rail midlife overhaul, as well as the on-going construction activities for the Metro Blue Line track and system refurbishment and resignaling rehabilitation, the Airport Metro Connector, and the Division 20 Portal Widening and Turnback Facility projects. Major capital projects are described in more detail on pages 29-33.

The increase in other liabilities of $60,713, or 16.72%, in the governmental activities was mainly due to the increase in accounts payable and accrued expenses due to the timing of payments to vendors at year end.

The significant increase in the deferred inflows of resources of $213,382, or 57.62% was due to the increase deferred inflows related to OPEB attributed to the difference between expected and actual experiences and changes in assumptions.

The decrease in current and other assets of $250,876 or 9.76%, in the governmental activities was mainly due to the decrease in cash and investments and sales tax receivables resulting from the decline in sales tax revenues attributed to the effect of the COVID-19 lockdowns and the stay-home orders beginning in March, 2020.

Statement of Activities

The following table is a summary of the Statement of Activities for the years ended June 30, 2020 and 2019:

Los Angeles County Metropolitan Transportation Authority
Summary Statement of Activities

	Business-type Activities		Governmental Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 274,041	$ 368,954	$ 17,006	$ 18,014	$ 291,047	$ 386,968
Operating grants and contributions	571,212	328,867	95,545	138,544	666,757	467,411
Capital grants and contributions	733,203	426,935	—	—	733,203	426,935
General revenues:						
Sales tax	—	—	3,897,520	3,992,725	3,897,520	3,992,725
Investment income	11,509	23,376	41,782	38,842	53,291	62,218
Net appreciation (decline) in fair value of investments	(1,396)	(2,360)	12,941	15,157	11,545	12,797
Gain on disposition of capital assets	895	183	—	—	895	183
Miscellaneous	12,050	15,123	80,623	70,114	92,673	85,237
Total program revenues	1,601,514	1,161,078	4,145,417	4,273,396	5,746,931	5,434,474
Program expenses:						
Bus and rail operations	2,570,831	2,607,757	—	—	2,570,831	2,607,757
Union station operations	14,865	13,933	—	—	14,865	13,933
Toll operations	57,259	43,134	—	—	57,259	43,134
Transit operators programs	—	—	404,115	379,911	404,115	379,911
Local cities programs	—	—	686,270	711,855	686,270	711,855
Congestion relief operations	—	—	44,122	42,475	44,122	42,475
Highway projects	—	—	291,654	301,038	291,654	301,038
Regional multimodal capital programs	—	—	102,784	100,676	102,784	100,676
Paratransit programs	—	—	139,642	108,560	139,642	108,560
Other transportation subsidies	—	—	141,024	127,427	141,024	127,427
General government	—	—	174,909	161,022	174,909	161,022
Total program expenses	2,642,955	2,664,824	1,984,520	1,932,964	4,627,475	4,597,788
Increase (decrease) in net position before transfers	(1,041,441)	(1,503,746)	2,160,897	2,340,432	1,119,456	836,686
Transfers	2,472,486	2,088,931	(2,472,486)	(2,088,931)	—	—
Increase in net position	1,431,045	585,185	(311,589)	251,501	1,119,456	836,686
Net position - beginning of year	7,643,418	7,058,233	2,956,376	2,704,875	10,599,794	9,763,108
Cumulative effect of change in accounting principle	(367,890)	—	—	—	(367,890)	—
Net position - beginning of year, as restated	7,275,528	7,058,233	2,956,376	2,704,875	10,231,904	9,763,108
Net position – end of year	$8,706,573	$7,643,418	$2,644,787	$2,956,376	$11,351,360	$10,599,794

Business-type activities recovered from operating revenues 14.96% of total operating expenses, excluding depreciation, compared to 19.89% in the prior year. The remaining costs were covered by grants and transfers provided by LACMTA's governmental activities.

Capital asset replacement costs have traditionally been funded as needed with governmental resources and grants.

Capital grants and contributions in the business-type activities increased by $306,268 or 71.74% from the previous fiscal year. The increase was mainly due to the increase in federal grants reimbursements mostly for major rail constructions on the Westside Subway Extension 3, the Regional Connector, and the Crenshaw/LAX Corridor, in addition to the increase in funding for the purchase of CNG buses and light rail vehicles.

Operating grants and contributions in the governmental activities increased by $42,999 or 31.04% compared to the previous year, due to the increase in state funding mostly attributed to the I-405 carpool lane construction project and the freeway service patrol operations and administration.

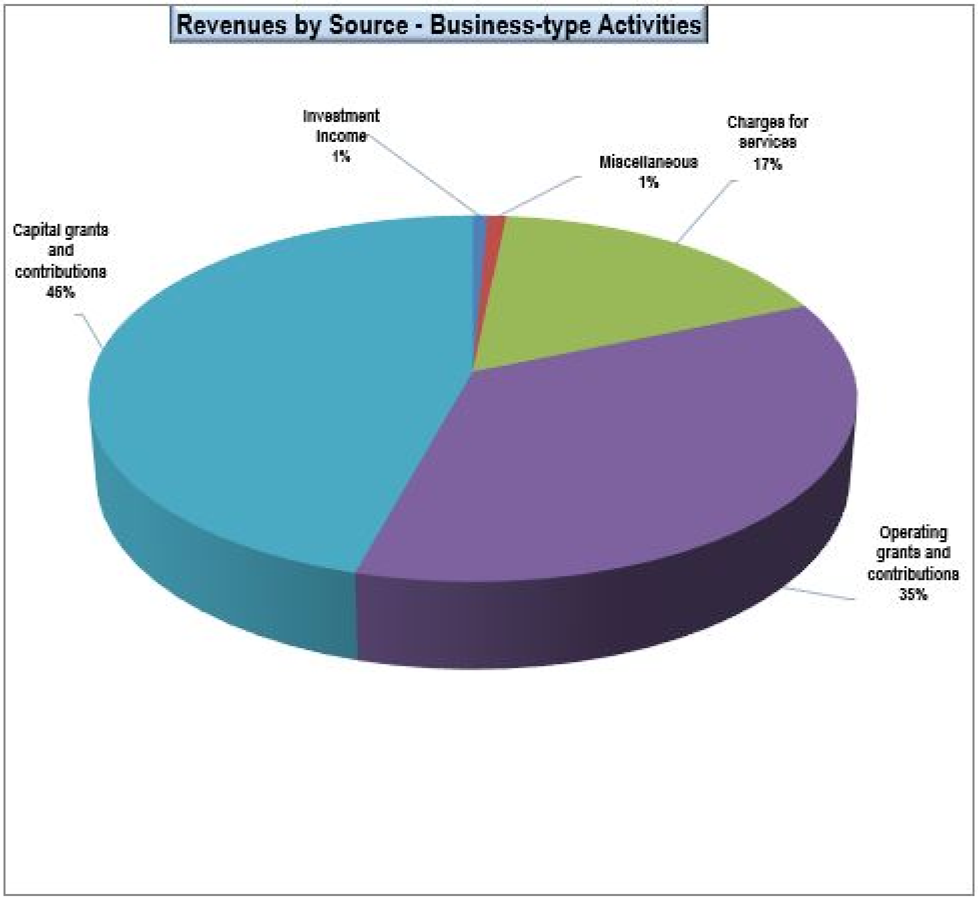
Most of the governmental program expenses relate to subsidies for countywide transportation planning and development programs. These programs are primarily funded by local sales taxes. Subsidies totaled $1,579,235, reflecting a modest increase of $17,336 or 1.11% over the prior year, and they represented 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.

Paratransit programs increased by $31,082 or 28.63%, mainly due to Access Services for ADA compliance.

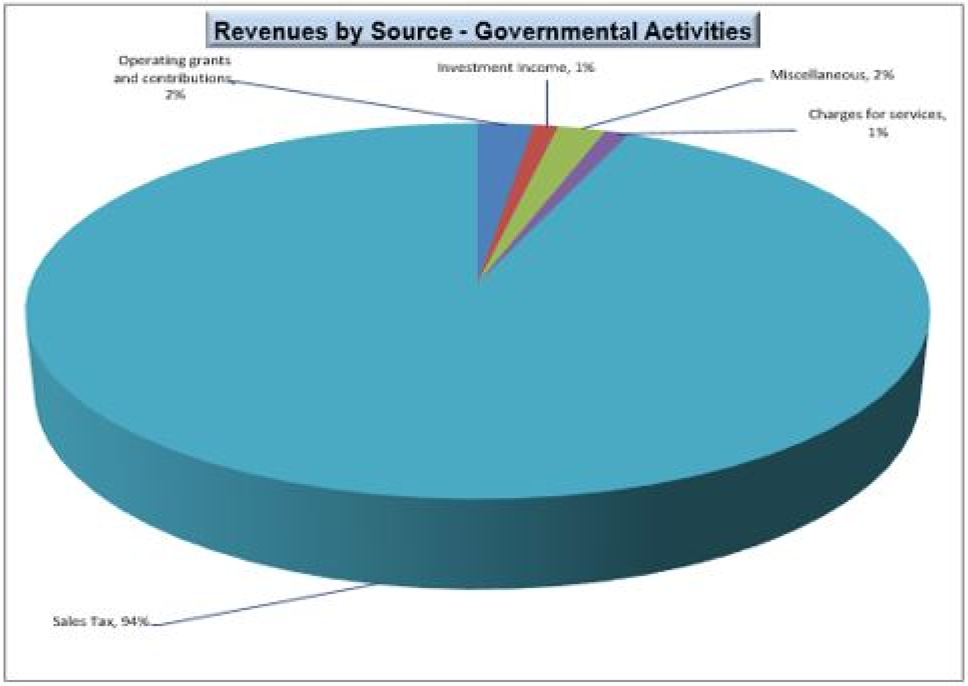
Other transportation subsidies in the governmental activities increased by $13,597, or 10.67%, compared to the previous year. The increase was mainly attributed to the increase in Measure R and Measure M formula allocation programs and increase in FTA pass-through grants for senior and people with disabilities programs and SR126/Commerce Center Drive project.

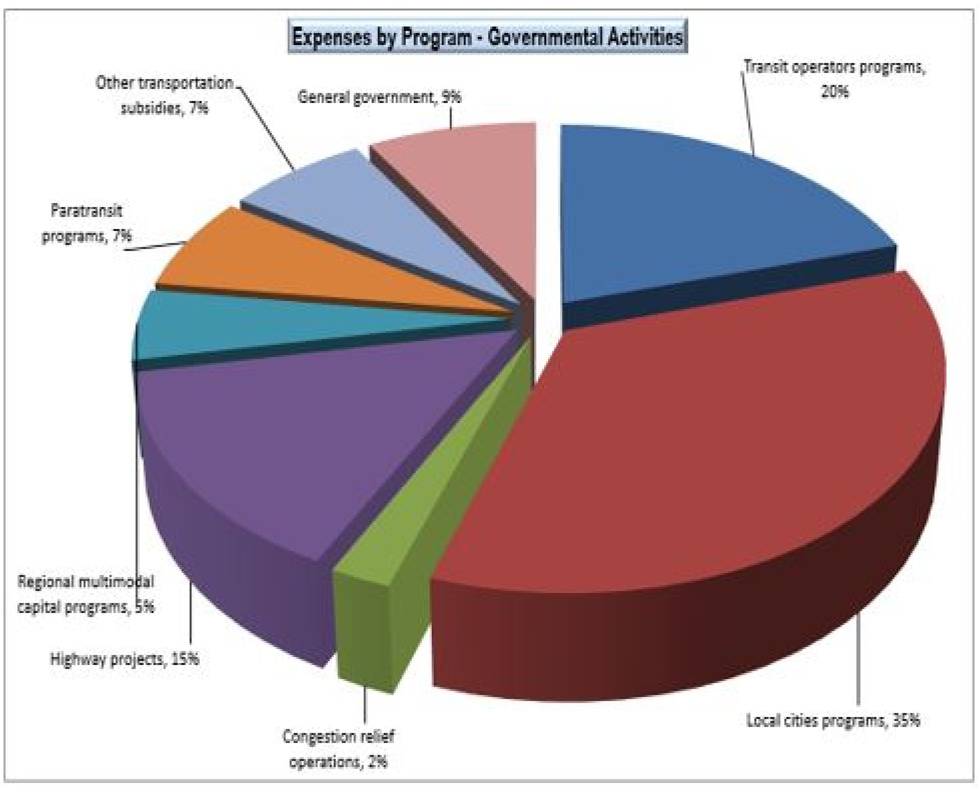
General government projects increased by $13,887 or 8.62% mainly due to the increase in state grants that partially funded system-wide connectivity projects.

Below is a graphical depiction of the components of business-type revenues for the fiscal year ended June 30, 2020.



Below are graphical depictions of the components of governmental revenues and expenditures for the fiscal year ended June 30, 2020.





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 $1,063,155 or 13.91% in net position was primarily due to the increase in capital assets that were funded by federal, state and local grants, and transfers from the Special Revenue Funds mostly attributed to major rail construction projects on the Westside Subway Extension Sections 1-3, the Crenshaw/LAX Transit Corridor, the Regional Connector and the Gold Line Foothill Extension Phase 2, and the purchase of Light Rail vehicles and CNG buses.

Governmental Funds

As previously stated, governmental funds present information about current financial (consumable) resources because they directly impact 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 $143,255 represents uncommitted available resources as of the end of the fiscal year. LACMTA's governmental funds ended the fiscal year with $1,859,809 in total fund balance.

The major governmental funds are discussed below:

The General fund balance decreased by $69,936 mainly because expenditures were higher than the billings for eligible projects expenditures, decrease in miscellaneous income from the sale of low carbon fuel standard credits and less interfund transfers mostly on the new initiatives programs. Of the $203,721 fund balance, $181,204 is restricted, committed, or assigned for future expenditures.

The Proposition A fund balance increased by $1,522, mainly due to investment income and actual transportation subsidies being lower than projected. The total fund balance of $139,813 was restricted as to use by the Proposition A ordinance.

The Proposition C fund balance decreased by $42,513 mainly due to higher than budgeted transfers out for capital projects mostly related to the Muni farebox upgrades, the Patsaouras Plaza station improvements, and the Willowbrook/Rosa Parks station improvements projects. Proposition C ordinance restricts the use of the fund balance of $237,396.

The Measure R fund balance decreased by $5,250 mainly due to the decline in sales tax revenues in the last quarter of fiscal year 2020 due to the effect of COVID-19 while claims for transportation subsidies were released as projected. The restricted fund balance of $330,128 will be used to fund future programs eligible under the Measure R ordinance.

The Measure M fund balance decreased by $46,724 mainly due to higher expenditures incurred for planning activities and higher transfers for capital expenditures than the sales tax revenues generated during the year. The restricted fund balance of $631,957 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 decreased by $69,057 mainly due to decline in revenues from sales tax and investment income while subsidies for claims filed by jurisdictions were released as projected. The fund balance of $149,135 is restricted under the provisions of the Transportation Development Act.

The State Transit Assistance (STA) fund balance decreased by $51,160 due to the increase in subsidies for rail operations and maintenance costs, and transportation subsidies to cities/ other agencies even as sales tax revenues declined due to the impact of the COVID-19 lockdowns and stay-home orders.

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 2.04% of LACMTA's total governmental fund revenues, while expenditures represent 8.57% of total governmental fund expenditures.

The original budget decreased by $784 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 $15,533 mainly due to decrease in Federal, State, and Local funding for its projects, and lower sales of Carbon Fuel Standard (LCFS) 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 $65,496 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 $124,594 compared to budget was mainly due to the combined effect of a higher than expected transfers from the Prop A, Prop C, and TDA funds representing sales tax administration fees and lower than budgeted funding provided and transferred for capital expenditures mostly associated with the building renovation plan for Gateway Center and Metro Orange Line in-road warning light.

Capital Assets Administration

Los Angeles County Metropolitan Transportation Authority

Capital Assets (Net of accumulated depreciation)

	Business-type Activities		Governmental Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 1,604,911	$ 1,550,403	$ 749,417	$ 749,417	$ 2,354,328	$ 2,299,820
Buildings & improvements	5,440,029	5,795,855	—	—	5,440,029	5,795,855
Equipment	74,812	66,898	—	—	74,812	66,898
Vehicles	1,514,734	1,381,207	—	—	1,514,734	1,381,207
Construction in progress	7,819,202	6,152,748	—	—	7,819,202	6,152,748
Total Capital Assets	$ 16,453,688	$ 14,947,111	$ 749,417	$ 749,417	$ 17,203,105	$ 15,696,528

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

Gold Line Foothill Extension Project

The Metro 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 Gold line Foothill extension is being built in two segments, Segment 2A and 2B.

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

Segment 2B will extend from Azusa to the City of Montclair and will be constructed in two phases. Phase 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, 2020, $192 million has been expended. The expected substantial completion for the Segment 2B base contract is early 2025.

Regional Connector Transit Corridor Project

The Regional Connector Transit Corridor Project (Project) has approved budgets totaling $1.816 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 Blue and Exposition Light Rail Lines to the existing Gold Light Rail 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, 2020, $1.3 billion has been expended. The expected revenue operation for the Regional Connector is anticipated in summer/fall 2022.

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 2021. As of June 30, 2020, $1.9 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 $2.8 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 is substantially complete. 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 November 2023. As of June 30, 2020, $1.9 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 August 2025. As of June 30, 2020, $1.04 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, 2020, $565 million 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 existing P865 and P2020 fleets. As of June 30, 2020, a total of one hundred eighty-five (185) new P3010 LRVs have been conditionally accepted and placed into revenue service; forty-six (46) at Gold line Foothill Extension line and one hundred thirty-nine (139) at the Blue, EXPO and Green lines. As of June 30, 2020, $710 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 $784 million. As of June 30, 2020, $326 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. The pilot bus was delivered to LACMTA in June 2018. Delivery of the production buses began in March 2019. In September 2019, LACMTA's Board approved the exercise of the contract modification option to procure 259 40' CNG buses. At the end of FY20, LACMTA had received 305 buses. With the option exercised and schedule adjustments due to the pandemic's impact on Metro finances, delivery of buses is scheduled to be complete in FY22. The current approved LOP budget is $421 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. At the end of FY20, Metro has received 65 buses. With the option exercised, delivery of buses is scheduled to be complete in FY21. The current approved LOP budget is $149 million.

- For the 40' Battery Electric buses, the contract was awarded to BYD Coach & Bus, LLC (BYD) for a base order of 60 buses. The buses will be utilized to electrify the Silver Line. Full electrification is scheduled for operation in 2021. In September 2019, LACMTA's Board approved the exercise of the contract modification to purchase 40 40' zero emission buses. In March 2019, production of the first 5 pilot buses began. The current approved LOP Budget is $129 million.

- For the 60' Battery Electric buses, two contracts were awarded: One to New Flyer of America for a base order of 40 buses and another to BYD Coach & Bus, LLC (BYD) for 5 buses. The buses will be utilized to electrify the Orange Line. Full electrification is scheduled for operation in by the end of CY2020. The first New Flyer pilot bus arrived in July 2019. In March 2019, production of the first 5 BYD pilot buses began. At the end of FY20, Metro had received 19 New Flyer buses. The current approved LOP Budget is $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 $802 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 completed before WPLE Section 1 opens for revenue service on November 8, 2023. The Project must also provide access for rail welding by WPLE Section 1 contractor between December 17, 2019 to July 24, 2022. Currently the Division 20 Portal Widening Turnback project and contract C1136 continues to work on Portal excavation and driving piles, Retaining Wall adjacent to the ESOC/Center Street Project, and to be followed by the demolition and cover of the Portal entrance. On C1184 contract, the Transfer Power Sub Station Pad installation for replacement and upgrade for D20, RGC, and G2B is underway. As of June 30, 2020, $231 million has been expended and is expected to complete on January 26, 2024.

Additional information on capital assets can be found on page 91.

Long-term Debt Administration

As of June 30, 2020, LACMTA had a total of $6,582,719 in long-term debt outstanding. Of this amount, $5,002,979 related to bonds secured by sales tax revenues, $79,615 was secured by farebox and other general revenues, and $186,256 related to lease/leaseback obligations. The remaining balance consisted of notes payable of $608,186, and commercial paper notes 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	
	2020	2019	2020	2019	2020	2019
Sales tax revenue bonds and refunding bonds	$ 5,002,979	$ 4,937,926	$ —	$ —	$ 5,002,979	$ 4,937,926
Lease/lease to service obligations	186,256	176,036	—	—	186,256	176,036
General revenue and refunding bonds	79,615	88,910	—	—	79,615	88,910
Notes payable	608,186	594,799	—	—	608,186	594,799
Commercial paper notes and revolving lines of credit	230,523	211,023	—	—	230,523	211,023
Total long-term debt	6,107,559	6,008,694	—	—	6,107,559	6,008,694
Unamortized bond premium	475,234	519,445	—	—	475,234	519,445
Unamortized bond discount	(74)	(83)	—	—	(74)	(83)
Total long-term debt, net	$ 6,582,719	$ 6,528,056	$ —	$ —	$ 6,582,719	$ 6,528,056

Long-term debt slightly increased by $54,663. Significant drawdowns from approved TIFIA loans that partially funded major rail construction projects, and short-term borrowings from Proposition C revolving lines were offset by annual repayments of principal and net decrease resulting from debt refunding of sales tax revenue and sales tax revenue refunding bonds. Lease/lease to service obligations and notes payable increased due to interest accretion and were offset by the net decreases from bond premium amortizations.

During fiscal year 2020, LACMTA made a total drawdown of $364,718 from approved TIFIA loans to partially fund the on-going constructions on the Regional Connector Transit Corridor, and the Westside Purple Line Extension Sections 1 and 2 projects. Furthermore, interest accretion of $13,387 on the outstanding balance of the TIFIA loan for the Crenshaw/LAX project increased the note payable at fiscal year-end.

LACMTA also issued Proposition C Series 2020-A Sales Tax Revenue Refunding Bonds with a principal amount of $28,265, which proceeds, including bond premium and other available funds from the refunded bonds' trust accounts, were used to refund and defease Proposition C Series 2010-A Sales Tax Revenue Refunding Bonds with an outstanding principal balance of $37,150. The refunding generated a $5,395 in net present value of net cash flow savings over 3 years and resulted in $1,219 of excess 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.

The short-term borrowings increased by $22,000 from temporary borrowing from the Proposition C revolving lines that were used to finance immediate cash flow requirements for Proposition C capital project expenditures. Principal debt repayments totaled $302,575 while amortization of bond premiums was $47,084 during the year.

Bond Ratings

LACMTA's bonds are rated by Standard & Poor's, Moody's, Fitch, and Kroll. As of June 30, 2020, 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	(2)	AA+	NR
Measure R Sales Tax Revenue Bonds	AAA	Aa1		NR	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.
(2) Moody's rating for Proposition C Senior Sales Tax Revenue Bonds changed from Aa2 as of June 30, 2019 to Aa1 as of June 30, 2020.

Additional information on LACMTA's long-term debt can be found on pages 123 to 136.

Economic Factors and Next Year's Budget

The $6.00 billion budget for FY21 is balanced and aligns resources in a fiscally responsible manner to achieve the five goals established by Vision 2028, Metro's comprehensive strategic plan:

- Provide high-quality mobility options that enable people to spend less time traveling
- Deliver outstanding trip experiences for all users of the transportation system
- Enhance communities and lives through mobility and access to opportunity
- Transform Los Angeles County through regional collaboration and national leadership
- Provide responsive, accountable, and trustworthy governance within the LA Metro organization

The budget assumes the following major revenue sources and expenditures:

REVENUE SOURCES

- Local sales tax and TDA revenues are projected to be $3.5 billion, a $427.1 million, or 10.9%, decline from the FY20 budget. Projections are based on an economic analysis of the COVID-19 pandemic's impact on taxable sales, nationally recognized forecasting sources, and Metro's own historical experience.
- State Transit Assistance (STA) and Senate Bill 1 (SB1) revenues for bus/rail operations and capital in FY21 are expected to be $183.6 million regionwide, representing a 25.4% decrease from the FY20 budget based on State Controllers' Office (SCO) estimates.
- Fare revenues are expected at $60.3 million, a 78.8% decline from the FY20 budget, reflecting ridership projections, the fare collection impact of social distancing measures, and the impacts of fare changes adopted by the Metro Board.
- ExpressLanes toll revenues are projected at $43.8 million in FY21, a 25.0% decline from the FY20 budget, primarily due to expected reduced pricing and usage demand during the ongoing pandemic.
- Advertising revenues of $23.8 million are expected in FY21, which is 6.9% below the FY20 budget.
- Other revenues are expected to come in at $71.0 million in FY21, a 0.1% decline over FY20, and include bike program revenues, park and ride revenues, lease revenues, vending revenues, film revenues, auto registration fees, transit court fees, CNG credits, investment income, and other miscellaneous revenues.
- Metro's share of the Federal stimulus funding from the CARES Act is budgeted at $569.6 million in FY21. Other grant reimbursements, bond proceeds, sales tax carryover, and Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdowns are in line with planned Transit Infrastructure Development and State of Good Repair expenditure activities.

EXPENDITURES

- Despite the economic challenges of the pandemic, Metro continues to forge ahead with delivering the projects identified in the two Ordinances, Measure R and Measure M, approved by the citizens of Los Angeles County in 2008 and 2018, respectively. FY21's constrained budget of $1.5 billion for the TID program includes all active projects in FY20 and a few new feasibility studies. Metro is methodically and systematically advancing those projects from the planning phase to their shovel readiness in accordance with their Measure M schedule. Projects already in construction continue to advance through their delivery, in some cases taking advantage of the lighter traffic on the road to progress further into their delivery schedule. Metro, recognizing the disruption that construction causes to local businesses, is expanding the Business Solutions Center to all communities where Metro transit construction is underway.
- The Metro Transit program is made up of two program components, Operations and Maintenance (O&M) and State of Good Repair (SGR). It reflects the resources required to operate and maintain bus and rail service, and ensures that critical infrastructure remains in a state of good repair. The Metro Transit propose budget totals $2.3 billion, with $1.8 billion allocated to O&M and $457.0 million allocated to SGR. This represents a $77.0 million, or 3.3% reduction from the FY20 Budget.
- Major FY21 expenditure changes are related to labor, overtime, fringe benefits, service-related consumables, and subcontracted bus lines. Metro is preserving existing staffing levels and maintaining a commitment to adhere to negotiated Collective Bargaining Agreement (CBA) provisions with Metro's five unions. There is a 5% increase in labor and fringe benefits due to the negotiated wage and benefit increase; however, this increase will be offset by reductions in overtime and service-related consumables such as of fuel, rail electricity, part/supplies, and subcontracted lines (Purchased Transportation). Although the adopted service level of 6.6 million revenue service hours reflects 81% of pre-COVID service, FY21 staffing levels will remain constant at FY20 levels.
- The first phase of NextGen will be rolled out in FY21. To complement NextGen service implementation, Metro is investing and improving the bus and rail footprint. In FY21, $130.1 million is committed to investment efforts. This includes $7.0 million for speed and reliability improvements and other service enhancements; $16.3 million for station and bus plaza expansion, and $106.8 million for enhancement of service on BRT routes and other transit corridors.
- The FY21 service plan assumes a phased-in approach to adapt to changing service needs and recovery. The plan starts with a base 6.0 million Revenue Service Hour (RSH) "enhanced Sunday service" plan, which reflects 75% of pre-COVID service that was launched in April 2020 to adjust to COVID-19 service demand.
- As ridership recovers in FY21, Metro will build up to a service level of 6.6 million RSH, representing 81% of pre-COVID RSHs and 55% of pre-COVID boardings. By July 2021, service will again ramp-up to between 6.7 and 7.6 million RSH, reflecting

92% of pre-COVID service levels. Looking towards FY23, service levels are anticipated to fall between 6.7 and 8.2 million RSH. Increases in service levels for FY22 and FY23 will be made based on prudent financial management considering ridership, revenues, workforce and equipment resources, and performance. When possible, alternative short-trip options like MicroTransit will be phased into the service plan to capture a new segment of the commuter market.

- The total adopted FY21 SGR budget is $457.0 million, consisting of $258.0 million, or 56.5%, for bus related projects, $165.9 million, or 36.3%, for rail related projects, and $33.1 million, or 7.2%, for regional, technology, and equipment projects. Although the FY21 budget is $36.5 million, or 7.4%, lower than the FY20 budget, it reflects current project cash flow requirements to deliver all FY21 milestones and deliverables.
- The adopted FY21 Budget includes $1.2 billion for Subsidy Funding Programs, a decrease of 11.8% from the FY20 Budget. This decrease is primarily due to the expected decline in sales tax revenues as a result of the economic downturn due to the pandemic.
- The adopted FY21 Budget for the Congestion Management Program of $89.6 million represents a $46.3 million or 34.0% decrease from the FY20 Budget. The program adjusted ExpressLanes California Highway Patrol (CHP) enforcement, ExpressLanes Service Center, SoCal511 funding and various contracts under Freeway Service Patrol to match the decreased traffic on freeways and ExpressLanes. Funding for Incremental Transit Services subsidy and Net-Toll Revenue grants were reduced to match estimated invoicing by cities. Ridership will operate at the FY20 level. Planning for ExpressLanes expansion for I-105 and I-605 will be on schedule. I-10 extension and I-405 and I-10 vanpool pilot projects will ramp up in the second half of the fiscal year.
- For Oversight and Administration, the adopted FY21 Budget of $62.6 million is a 12.1% overall reduction from FY20 Budget. Oversight and Administration is mostly driven by labor and benefits which assumes non-contract vacancy savings. This program prioritizes legally mandated activities such as financial and compliance audits and contractual obligations such as software and hardware licensing costs. Due to tight cost controls, there are significant decreases in areas of training, travel, and supplies.
- The Consumer Price Index (CPI), as measured by the Bureau of Labor Statistics, is projected to increase by 2.3% in FY21 for the Los Angeles area. CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
- Metro looks to protect its existing employees from the economic impact of this pandemic by retaining its workforce while controlling cost through vacancy savings and reduction in overtime usage whenever applicable. The FY21 budget maintains Full Time Equivalent (FTE) levels at the FY20 budget level largely due to the fact that payroll and employment are reimbursable through the CARES Act and possible future stimulus.

- Wage and salary increases as well as health and welfare benefits for represented employees are based on the fourth year terms of the respective Board-adopted contracts with an average labor increase of 4.5%.

For details of LACMTA's FY21 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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Metro

Los Angeles County Metropolitan Transportation Authority
Statement of Net Position
June 30, 2020
(Amounts expressed in thousands)

	Business-type Activities	Governmental Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	$ 66,673	$ 869,299	$ 935,972
Cash and cash equivalents - restricted	803,323	—	803,323
Investments - unrestricted	392,937	644,349	1,037,286
Investments - restricted	38,992	—	38,992
Receivables, net	285,785	830,177	1,115,962
Internal balances	24,615	(24,615)	—
Inventories	79,215	—	79,215
Prepaid and other current assets	5,610	32	5,642
Lease accounts	186,256	—	186,256
Capital assets:			
Land and construction in progress	9,424,113	749,417	10,173,530
Other capital assets, net of depreciation	7,029,575	—	7,029,575
TOTAL ASSETS	18,337,094	3,068,659	21,405,753
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	177,311	—	177,311
Deferred outflows related to OPEB	25,619	—	25,619
Deferred outflows related to ARO	4,437	—	4,437
TOTAL DEFERRED OUTFLOWS OF RESOURCES	207,367	—	207,367
LIABILITIES			
Accounts payable and accrued liabilities	504,932	404,399	909,331
Accrued interest payable	78,914	—	78,914
Pollution remediation obligation	16,861	—	16,861
Unearned revenues	13,846	18,565	32,411
Other liabilities	15,857	908	16,765
Long-term liabilities:			
Due within 1 year	522,870	—	522,870
Due in more than 1 year	8,100,881	—	8,100,881
TOTAL LIABILITIES	9,254,161	423,872	9,678,033
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on debt refunding	24,336	—	24,336
Deferred inflows related to pension	45,221	—	45,221
Deferred inflows related to OPEB	514,170	—	514,170
TOTAL DEFERRED INFLOWS OF RESOURCES	583,727	—	583,727
NET POSITION			
Net investment in capital assets	9,917,311	749,417	10,666,728
Restricted for:			
Debt service	566,387	—	566,387
Tax Measures			
Proposition A ordinance projects	—	139,813	139,813
Proposition C ordinance projects	—	237,396	237,396
Measure R ordinance projects	—	330,128	330,128
Measure M ordinance projects	—	631,957	631,957
TDA and STA projects	—	177,846	177,846
Other nonmajor governmental projects	—	138,948	138,948
Unrestricted (deficit)	(1,777,125)	239,282	(1,537,843)
TOTAL NET POSITION	$ 8,706,573	$ 2,644,787	$ 11,351,360

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, 2020
(Amounts expressed in thousands)

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Business-type activities:			
Bus and rail operations	$ 2,570,831	$ 205,756	$ 571,212
Union Station operations	14,865	12,901	—
Toll operations	57,259	55,384	—
Total business-type activities	2,642,955	274,041	571,212
Governmental activities:			
Transit operators programs	404,115	—	—
Local cities programs	686,270	—	—
Congestion relief operations	44,122	—	12,433
Highway projects	291,654	—	32,817
Regional multimodal capital programs	102,784	—	20,804
Paratransit programs	139,642	—	—
Other transportation subsidies	141,024	—	18,705
General government	174,909	17,006	10,786
Total governmental activities	1,984,520	17,006	95,545
Total	$ 4,627,475	$ 291,047	$ 666,757

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
Cumulative effective of change in accounting principle
Net position – beginning of year, as restated

Net position – end of year

The notes to the financial statements are an integral part to the statements.

	Net (Expense) Revenue and Changes in Net position		
Capital Grants and Contributions	Business-type Activities	Governmental Activities	Total
$ 733,203	$ (1,060,660)	$ —	$ (1,060,660)
—	(1,964)	—	(1,964)
—	(1,875)	—	(1,875)
733,203	(1,064,499)	—	(1,064,499)
—	—	(404,115)	(404,115)
—	—	(686,270)	(686,270)
—	—	(31,689)	(31,689)
—	—	(258,837)	(258,837)
—	—	(81,980)	(81,980)
—	—	(139,642)	(139,642)
—	—	(122,319)	(122,319)
—	—	(147,117)	(147,117)
—	—	(1,871,969)	(1,871,969)
$ 733,203	(1,064,499)	(1,871,969)	(2,936,468)
	—	3,897,520	3,897,520
	11,509	41,782	53,291
	(1,396)	12,941	11,545
	895	—	895
	12,050	80,623	92,673
	23,058	4,032,866	4,055,924
	2,472,486	(2,472,486)	—
	1,431,045	(311,589)	1,119,456
	7,643,418	2,956,376	10,599,794
	(367,890)	—	(367,890)
	7,275,528	2,956,376	10,231,904
	$ 8,706,573	$ 2,644,787	$ 11,351,360

Los Angeles County Metropolitan Transportation Authority
Balance Sheet
Governmental Funds
June 30, 2020
(Amounts expressed in thousands)

		Major	
		Special	
	General Fund	Proposition A	Proposition C
ASSETS			
Cash and cash equivalents	$ 98,988	$ 26,153	$ 103,444
Investments	77,161	20,624	81,541
Receivables:			
Sales tax	—	151,038	151,027
Accounts	7,318	—	—
Interest	713	43	499
Intergovernmental	14,937	—	27,118
Notes	6,000	—	—
Due from other funds	68,435	—	—
Prepaid and other assets	21	—	11
TOTAL ASSETS	$ 273,573	$ 197,858	$ 363,640
LIABILITIES			
Accounts payable and accrued liabilities	$ 38,935	$ 58,045	$ 111,917
Due to other funds	3,912	—	—
Unearned revenues	17,055	—	—
Other liabilities	908	—	—
TOTAL LIABILITIES	60,810	58,045	111,917
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	9,042	—	14,327
TOTAL DEFERRED INFLOWS OF RESOURCES	9,042	—	14,327
FUND BALANCES			
Nonspendable	21	—	11
Restricted	22,496	139,813	237,385
Committed	27,476	—	—
Assigned	10,473	—	—
Unassigned	143,255	—	—
TOTAL FUND BALANCES	203,721	139,813	237,396
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 273,573	$ 197,858	$ 363,640

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
$ 169,264	$ 285,083	$ 73,194	$ 72,926	$ 40,247	$ 869,299
133,420	224,722	—	—	106,881	644,349
150,896	151,245	72,920	50,100	—	727,226
10,399	—	—	—	—	17,717
1,640	2,718	410	258	159	6,440
15,342	8,432	—	—	6,965	72,794
—	—	—	—	—	6,000
25,644	1,000	2,932	—	24	98,035
—	—	—	—	—	32
$ 506,605	$ 673,200	$ 149,456	$ 123,284	$ 154,276	$ 2,441,892
$ 142,153	$ 41,084	$ 321	$ 10,185	$ 1,759	$ 404,399
20,622	159	—	84,388	13,569	122,650
—	—	—	—	—	17,055
—	—	—	—	—	908
162,775	41,243	321	94,573	15,328	545,012
13,702	—	—	—	—	37,071
13,702	—	—	—	—	37,071
—	—	—	—	—	32
330,128	631,957	149,135	28,711	138,948	1,678,573
—	—	—	—	—	27,476
—	—	—	—	—	10,473
—	—	—	—	—	143,255
330,128	631,957	149,135	28,711	138,948	1,859,809
$ 506,605	$ 673,200	$ 149,456	$ 123,284	$ 154,276	$ 2,441,892

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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, 2020
(Amounts expressed in thousands)

Fund balances – total governmental funds (page 45)	$ 1,859,809
Government capital assets are not financial resources and, therefore, are not reported in the funds.	749,417
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.	37,071
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 pertaining to future period.	(1,510)
Net position of governmental activities (page 41)	$ 2,644,787

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, 2020
(Amount expressed in thousands)

			Major
		Special	
	General Fund	Proposition A	Proposition C
REVENUES			
Sales tax	$ —	$ 824,569	$ 824,567
Intergovernmental	22,847	—	52,019
Investment income	5,501	811	3,229
Net appreciation in fair value of investments	1,426	599	1,936
Lease and rental	14,988	—	—
Licenses and fines	758	—	—
Other	38,768	—	—
TOTAL REVENUES	84,288	825,979	881,751
EXPENDITURES			
Current			
Administration and other transportation projects	133,039	—	97,983
Transportation subsidies	37,010	322,705	475,872
TOTAL EXPENDITURES	170,049	322,705	573,855
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(85,761)	503,274	307,896
OTHER FINANCING SOURCES (USES)			
Transfers in	99,932	—	40,451
Transfers out	(84,107)	(501,752)	(390,860)
TOTAL OTHER FINANCING SOURCES (USES)	15,825	(501,752)	(350,409)
NET CHANGE IN FUND BALANCES	(69,936)	1,522	(42,513)
Fund balances – beginning of year	273,657	138,291	279,909
FUND BALANCES – END OF YEAR	$ 203,721	$ 139,813	$ 237,396

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
$ 823,382	$ 820,724	$ 405,988	$ 198,290	$ —	$ 3,897,520
8,988	8,432	—	—	8	92,294
8,239	15,968	3,552	1,470	3,012	41,782
3,462	5,450	—	—	68	12,941
—	—	—	—	—	14,988
—	—	—	—	40,280	41,038
—	—	—	—	10	38,778
844,071	850,574	409,540	199,760	43,378	4,139,341
139,674	27,787	—	—	6,802	405,285
342,714	213,149	145,754	39,210	2,821	1,579,235
482,388	240,936	145,754	39,210	9,623	1,984,520
361,683	609,638	263,786	160,550	33,755	2,154,821
14,447	—	—	—	—	154,830
(381,380)	(656,362)	(332,843)	(211,710)	(68,302)	(2,627,316)
(366,933)	(656,362)	(332,843)	(211,710)	(68,302)	(2,472,486)
(5,250)	(46,724)	(69,057)	(51,160)	(34,547)	(317,665)
335,378	678,681	218,192	79,871	173,495	2,177,474
$ 330,128	$ 631,957	$ 149,135	$ 28,711	$ 138,948	$ 1,859,809

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, 2020
(Amounts expressed in thousands)

Amounts reported for the governmental activities in the Statement of Activities (page 23) are different because:

Net change in fund balances – total governmental funds (page 49)	$ (317,665)
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.	37,071
Revenues accrued in the Statement of Activities but not reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances. These unearned revenues are not available in the current period.	(30,995)
Change in net position of governmental activities (page 43)	$ (311,589)

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, 2020
(Amounts expressed in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	$ 66,673
Cash and cash equivalents - restricted	297,924
Investments - unrestricted	392,937
Investments - restricted	5,709
Receivables, net	273,423
Inventories	79,215
Due from other funds	24,615
Prepaid and other current assets	5,610
Total current assets	1,146,106
Noncurrent assets:	
Cash and cash equivalents - restricted	505,399
Investments - restricted	33,283
Notes receivable	12,362
Lease accounts	186,256
Capital assets:	
Land and construction in progress	9,424,113
Other capital assets, net of depreciation	7,029,575
Total noncurrent assets	17,190,988
Total assets	18,337,094
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	177,311
Deferred outflows related to OPEB	25,619
Deferred outflows related to ARO	4,437
Total deferred outflows of resources	207,367
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 18,544,461

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, 2020
(Amounts expressed in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	$ 504,932
Accrued interest payable	78,914
Claims payable	97,443
Compensated absences payable	91,692
Asset retirement obligations	2,029
Bonds and notes payable	331,706
Other current liabilities	15,857
Total current liabilities	1,122,573
Noncurrent liabilities:	
Claims payable	304,023
Compensated absences payable	29,093
Net pension liability	524,844
Net OPEB liability	989,500
Asset retirement obligations	2,408
Pollution remediation obligation	16,861
Bonds and notes payable	6,251,013
Unearned revenues	13,846
Total noncurrent liabilities	8,131,588
Total liabilities	9,254,161
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on debt refunding	24,336
Deferred inflows related to pension	45,221
Deferred inflows related to OPEB	514,170
Total deferred inflows of resources	583,727
NET POSITION	
Net investment in capital assets	9,917,311
Restricted for debt service	566,387
Unrestricted (deficit)	(1,777,125)
Total net position	$ 8,706,573

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, 2020
(Amounts expressed in thousands)

OPERATING REVENUES		
Passenger fares	$	184,592
Auxiliary transportation		21,164
Lease and rental		12,901
Toll revenues		55,384
Total operating revenues		274,041
OPERATING EXPENSES		
Salaries and wages		729,752
Fringe benefits		325,666
Professional and technical services		351,012
Material and supplies		108,843
Casualty and liability		48,714
Fuel, lubricants, and propulsion power		88,160
Purchased transportation		55,021
Depreciation		607,664
Other		124,730
Total operating expenses		2,439,562
OPERATING LOSS		(2,165,521)
NON-OPERATING REVENUES (EXPENSES)		
Local grants		13,726
Federal grants		557,486
Investment income		11,509
Net decline in fair value of investments		(1,396)
Interest expense		(203,393)
Gain on disposition of capital assets		895
Other revenue		12,050
Total net non-operating revenues		390,877
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS		(1,774,644)
CAPITAL GRANTS AND CONTRIBUTIONS		
Local grants		14,405
State grants		46,156
Federal grants		672,642
Total capital grants and contributions		733,203
TRANSFERS		
Transfers in		2,511,274
Transfers out		(38,788)
Total transfers		2,472,486
CHANGE IN NET POSITION		1,431,045
Net position – beginning of year		7,643,418
Cumulative effect of change accounting principle (Note S)		(367,890)
Net position - beginning of year, restated		7,275,528
NET POSITION – END OF YEAR	$	8,706,573

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, 2020
(Amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	280,391
Payments to suppliers		(790,046)
Payments to employees and benefit payments		(1,079,311)
Net cash used for operating activities		(1,588,966)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from other funds		1,229,334
Transfers from other funds for capital projects reimbursements		1,169,590
Federal operating grants received		452,923
State and local operating grants received		13,054
Net cash flows from non-capital financing activities		2,864,901
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the issuance of debt		381,952
Proceeds from disposition of capital assets		909
Federal capital grants received for capital projects		682,458
State and local capital grants received for capital projects		114,951
Payments for bonds and notes payable		(302,575)
Acquisition and construction of capital assets		(2,102,663)
Interest paid		(235,795)
Net cash used for capital and related financing activities		(1,460,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturity of investments		15,881,157
Purchase of investments		(15,723,976)
Investment earnings		12,943
Net cash flows from investing activities		170,124
Net increase in cash and cash equivalents		(14,704)
Cash and cash equivalents – beginning of year		884,700
CASH AND CASH EQUIVALENTS – END OF YEAR	$	869,996

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, 2020
(Amounts expressed in thousands)

Reconciliation of operating loss to net cash used for operating activities		
Operating loss	$	(2,165,521)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense		607,664
Other non-operating revenue		12,050
Decrease in deferred outflows related to pension		12,762
Decrease in deferred outflows from other post employment plans		3,068
Decrease in receivables		1,316
Decrease in prepaid and other current assets		1,407
Increase in inventories		(18,551)
Decrease in accounts payable and accrued liabilities		(28,125)
Increase in pollution remediation obligation		2,014
Increase in compensated absences payable		8,612
Increase in claims payable		28,606
Increase in accrued payroll liabilities		1,407
Decrease in net pension liability		(10,111)
Decrease in net OPEB liability		(252,445)
Increase in other current liabilities		1,083
Decrease in unearned revenues		(7,016)
Increase in deferred inflows related to pension		18,316
Increase in deferred inflows related to other post employment benefit plan		194,498
Total adjustments		576,555
Net cash used for operating activities	$	(1,588,966)
Non-cash investing, capital and financing activities		
Capital assets included in accounts payable and accrued liabilities	$	300,061
Capital grants and contributions included in intergovernmental receivable	$	144,401
Proceeds from bond refunding placed in escrow	$	32,384
Bond premium/discount amortization	$	48,321
Interest accretion on loans	$	13,387
Interest accretion on lease/leaseback obligations	$	10,220
Net appreciation in fair value of investments	$	1,396
Gain on disposition of capital assets	$	895

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, 2020
(Amounts expressed in thousands)

ASSETS		
Cash and cash equivalents	$	8,233
Investments:		
Bonds		297,682
Domestic stocks		238,082
Non-domestic stocks		8,444
Pooled investments		1,522,600
Receivables:		
Member contributions		1,834
Securities sold		869
Interest and dividends		1,987
Prepaid items and other assets		47
Total assets		2,079,778
LIABILITIES		
Accounts payable and other liabilities		2,789
Securities purchased		2,290
Total liabilities		5,079
NET POSITION RESTRICTED FOR PENSIONS AND OPEB		
Held in trust for pension and OPEB benefits	$	2,074,699

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, 2020
(Amounts expressed in thousands)

ADDITIONS		
Contributions:		
Employer	$	93,019
Member		36,262
Total contributions		129,281
From investing activities:		
Net appreciation in fair value of investments		54,927
Investment income		30,561
Investment expense		(6,245)
Other income		899
Total investing activities		80,142
Total additions		209,423
DEDUCTIONS		
Retiree benefits		132,226
Administrative expenses		1,793
Total deductions		134,019
Net increase in net position		75,404
Net position - beginning of year		1,999,295
NET POSITION - END OF YEAR	$	2,074,699

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 accountable 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 EXPO Line at the intersection of Exposition and Crenshaw Boulevards and the 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. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, LACMTA considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and a valid claim is presented. Transportation subsidies are recorded when all of the eligibility requirements have been met, including the receipt of the reimbursement request. Long-term debt is recorded only when payment is due.

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 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. The Enterprise fund, which accounts for bus and rail operations, the Union Station leasing program, and the Metro *ExpressLanes* operations, is LACMTA's only Proprietary fund.

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) 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, LAMCTA's Board of Directors authorized the conversion of Metro ExpressLanes to a permanent program.

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 1/2 of 1% 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.

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. If donated, capital assets are recorded at acquisition value.

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.

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

Asset Type	Useful Life in Years
Buildings and improvements	30
Rail cars	25
Buses	7 - 14
Equipment and other furnishings	5 - 10
Other vehicles	5

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.

Employees' 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 Employees' Retirement Plans can be found on pages 95-108.

Other Postemployment Benefits Trust Fund

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. 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.

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 the Employees 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.

Net 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.

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

Deferred outflows of resources related to Asset Retirement obligation represents the present value of expected future outlays associated with the retirement of a tangible capital asset when a legal obligation is incurred and is reasonably estimable initially 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 on 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 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 the 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 and Measure R sales taxes are restricted by the ordinances that created the taxes. Funds received from PTMISEA, 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, the primary government'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 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. <u>Effects of New Pronouncements</u>

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

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (a) pension (and other employee benefit) trust funds, (b) investment trust funds, (c) private-purpose trust funds, and (d) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. The requirements of this statement are effective for reporting period beginning after December 15, 2019. LACMTA plans to implement the new reporting requirements for the Fiscal Year ending June 30, 2021, if applicable.

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 plans to implement the new reporting requirements for the Fiscal Year ending June 30, 2022.

In August 2018, GASB issue Statement No. 90, *Majority Equity Interest - An Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. LACMTA plans to implement the new reporting requirements for the Fiscal Year ending June 30, 2021, if applicable.

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 titles 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.

LACMTA plans to implement the new reporting requirements for GASB Statement No. 87 for the fiscal year ending June 30, 2022. The adoption of GASB Statement No. 73 did not have impacts on LACMTA's financial statements. The measurement of liabilities and assets related to Asset Retirement Obligations (AROs) are disclosed in Note L.

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. Earlier application is encouraged. LACMTA plans to implement the new requirement for Fiscal Year 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availality Payment Arragements.* 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 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 PPP term 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 requirement beginning Fiscal Year 2023.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities.*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases.*

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued. iThe requirements of this Statement are effective immediately. LACMTA has opted to defer all GASB implementations for Fiscal Year 2020, except for Implementation Guide 2019-1, Q&A 4.7 which effect is disclosed on Note S. GASB Statement No. 89 was implemented in a previous year.

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 requirement 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 that (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 adoption of these paragraphs did not have an impact on LACMTA's financial statements.

F. <u>Recent Events</u>

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the operations and business results of LACMTA. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

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 the process of "selling" the proposed budget drafts to 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 impact 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, 2020, the following are LACMTA's cash and investments:

	Business-type Activities	Governmental Activities	Total
Cash deposits	$ 24,821	$ 18,482	$ 43,303
State/county investment pool	27,747	238,378	266,125
Debt securities:			
Medium term notes	107,768	159,724	267,492
Mortgage backed securities	—	18,986	18,986
Commercial paper	—	24,944	24,944
Asset backed securities	36,010	27,453	63,463
Fixed income:			
Money market, mutual or pooled funds	872,054	355,143	1,227,197
U.S. Agencies securities	117,014	248,125	365,139
U.S. Treasury obligations	116,511	422,413	538,924
Total cash and investments	$ 1,301,925	$ 1,513,648	$ 2,815,573

	Business-type Activities	Governmental Activities	Total
Reported in the Statement of Net Position and Balance Sheet:			
Cash and cash equivalents - unrestricted, current	$ 66,673	$ 869,299	$ 935,972
Cash and cash equivalents - restricted, current	297,924	—	297,924
Investments - unrestricted, current	392,937	644,349	1,037,286
Investment - restricted, current	5,709	—	5,709
Cash and cash equivalents - restricted, noncurrent	505,399	—	505,399
Investments - restricted, noncurrent	33,283	—	33,283
Total cash and investments	$ 1,301,925	$ 1,513,648	$ 2,815,573

Note: A portion of LACMTA's investments totaling $1,429,867 are classified as cash and cash equivalents on the Statement of Net Position and the Balance Sheet based on their maturity date.

As of June 30, 2020, the following are LACMTA's investments set forth by level, within the fair value hierarchy:

	Business-type Activities			Governmental Activities			Total		
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Debt securities:									
Medium term notes	$ —	$ 107,768	$ 107,768	$ —	$ 159,724	$ 159,724	$ —	$ 267,492	$ 267,492
Mortgage backed securities	—	—	—	—	18,986	18,986	—	18,986	18,986
Commercial paper	—	—	—	—	24,944	24,944	—	24,944	24,944
Asset backed securities	—	36,010	36,010	—	27,453	27,453	—	63,463	63,463
Fixed income:									
Money market, mutual or pooled funds	25,655	846,399	872,054	—	355,143	355,143	25,655	1,201,542	1,227,197
U.S. Agencies securities	—	117,014	117,014	—	248,125	248,125	—	365,139	365,139
U.S. Treasury obligations	116,511	—	116,511	422,413	—	422,413	538,924	—	538,924
Total	$ 142,166	$ 1,107,191	$ 1,249,357	$ 422,413	$ 834,375	$ 1,256,788	$ 564,579	$ 1,941,566	$ 2,506,145

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 27, 2020, 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	50%	15%	None
Registered state warrants or treasury notes or bonds of other 49 states	5 years	25%	25%	A1 short term or AA long term
Bankers acceptance	180 days	40%	10%	A1 + /P1 short term
Commercial paper	270 days	25%	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%	AAA
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 market 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, 2020, LACMTA's carrying amount of cash comprises $817 in cash on hand and $42,486 in checking accounts for a combined total of $43,303. LACMTA's total bank balance was $42,173 with the difference representing primarily outstanding checks 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) totaled $96,379. 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 $169,746 as of June 30, 2020. 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, 2020, 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	$ 63,463	0.0246	2.53 %	AAA
Commercial paper	24,944	0.0020	1.00 %	Not Rated
Medium term notes	267,492	0.2197	10.67 %	BBB+ to AAA
Mortgage backed securities	18,986	0.0181	0.76 %	Not Rated
Money market, mutual or pooled funds	1,227,197	0.0272	48.97 %	Not Rated to AAA
U.S. Agency securities	365,139	0.3416	14.57 %	Not Rated to AAA
U.S. Treasury obligations	538,924	0.2662	21.50 %	Not Rated to AAA
Total	$ 2,506,145		100.00 %	
Portfolio weighted average duration		0.8994		

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, 2020.

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, 2020, 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, 2020, 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	$ 9,392	$ 17,717	$ 27,109
Interest	—	6,440	6,440
Intergovernmental	265,791	72,794	338,585
Sales Tax	—	727,226	727,226
Notes	12,362	6,000	18,362
Leases and other	32	—	32
Gross Receivables	287,577	830,177	1,117,754
Less: Allowances for doubtful accounts	(1,792)	—	(1,792)
Receivables, net	$ 285,785	$ 830,177	$ 1,115,962

Receivables as of June 30, 2020 for governmental activities by individual major funds and nonmajor funds are as follows:

	Receivables					
Fund Name	**Accounts**	**Interest**	**Intergovernmental**	**Sales tax**	**Notes**	**Total**
General Fund	$ 7,318	$ 713	$ 14,937	$ —	$ 6,000	$ 28,968
Prop A	—	43	—	151,038	—	151,081
Prop C	—	499	27,118	151,027	—	178,644
Measure R	10,399	1,640	15,342	150,896	—	178,277
Measure M	—	2,718	8,432	151,245	—	162,395
TDA	—	410	—	72,920	—	73,330
STA	—	258	—	50,100	—	50,358
Other Governmental	—	159	6,965	—	—	7,124
Total	$ 17,717	$ 6,440	$ 72,794	$ 727,226	$ 6,000	$ 830,177

C. Interfund Balances and Transfers

The following is a summary of due to/from other funds at June 30, 2020:

	Due from other funds						
Due to other funds	**Enterprise Fund**	**General Fund**	**Measure M**	**Measure R**	**TDA**	**Other Governmental**	**Total**
General Fund	$ 3,912	$ —	$ —	$ —	$ —	$ —	$ 3,912
Measure M	159	—	—	—	—	—	159
Measure R	20,622	—	—	—	—	—	20,622
STA	84,388	—	—	—	—	—	84,388
Other Governmental	13,569	—	—	—	—	—	13,569
Enterprise Fund	(98,035)	68,435	1,000	25,644	2,932	24	—
Total	$ 24,615	$ 68,435	$ 1,000	$ 25,644	$ 2,932	$ 24	$ 122,650

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, 2020 were as follows:

	Transfers In					
Transfers Out	**Enterprise Fund**	**General Fund**	**Prop C**	**Measure R**	**Grand Total**	
General Fund	$ 73,172	$ —	$ 3,179	$ 7,756	$ 84,107	
Prop A	452,201	40,339	9,212	—	501,752	
Prop C	369,273	21,587	—	—	390,860	
Measure M	638,676	2,673	8,322	6,691	656,362	
Measure R	372,805	8,214	361	—	381,380	
STA	211,710	—	—	—	211,710	
TDA	325,135	7,677	31	—	332,843	
Other Governmental	68,302	—	—	—	68,302	
Enterprise Fund	—	19,442	19,346	—	38,788	*
Grand Total	$ 2,511,274	$ 99,932	$ 40,451	$ 14,447	$ 2,666,104	

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

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

The transfers from the General fund to the Enterprise fund were for capital expenditures for the acquisition and replacement of buses, Union Station renovation plan, and construction of Regional Connector project. Transfers to the Proposition C fund were funding for debt service payments, freeway service patrol operations, and planning activities on the Regional Bikeways program. The transfers to the Measure R fund were funding for the planning projects related to the Metro Eastside Extension Phase II, Green Line Extension, and Fund Transit-Oriented Development (TOD) grant program.

The Proposition A fund transfers to the Enterprise fund were mainly for debt service payments, bus and rail operations and maintenance costs, and capital expenditures related to facilities improvement, systems and equipment upgrade, and construction activities of the Southwestern Yard project. Funds transferred to the Proposition C fund represented the excess amount of Prop A 40% based on FY19 Growth Over Inflation (GOI). The transfers to the General fund mostly represented the 5% Prop A administration fees.

The transfers from the Proposition C fund to the Enterprise fund were mainly funding for bus and rail operations and maintenance costs, debt service payments, and capital expenditures mostly related to systems and equipment upgrade, facilities improvement, renovation costs on the Union Station/Patsaouras Plaza and the Willowbrook/Rosa Parks Station, and construction activities on the BIF Crenshaw/LAX and EXPO Line Phase 2 projects. 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 bus and rail operations and maintenance costs, capital expenditures for the acquisition of light rail vehicles, bus midlife program, systems and equipment upgrade, and the ongoing rail construction projects on the Westside Subway Extension Section 3, Gold Line Foothill Extension Phase 2, Airport Metro Connector, and the Orange Line BRT improvement. Transfers to the General Fund were funding for planning activities related to Metro's Bike Share, and First/Last Mile programs. Funds transferred to the Prop C fund were payments for commuter rail subsidies and 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.

The transfers from the Measure R fund to the Enterprise fund were mainly funding for debt service payments, bus and rail operations and maintenance costs, and capital expenditures mostly related to the acquisition of buses, and construction activities on the Division 20 Portal Widening Turnback project. Fund transfers to the General fund were mostly for planning activities on the rail-to-rail projects, Long Term Regional Planning program, and the Zero Emission (Electric) Transit Bus program, and the transfers to the Proposition C fund were subsidies for highway and regional bikeways programs.

The transfers from the STA fund to the Enterprise fund were mostly funding for bus and rail operations and maintenance costs.

Most of the TDA fund transfers to the Enterprise fund were funding for bus and rail operations and maintenance costs, and capital expenditures mostly related to the acquisition of buses and light rail vehicles, replacement of non-revenue vehicles and rail equipment, bus midlife program, systems upgrade, and facilities improvement. The TDA fund transfers to the General fund represents administration fees for planning and administrative costs allocable to the General fund.

The transfers from the Other Governmental funds to the Enterprise fund were funding mainly for bus and rail operations and maintenance costs, and capital expenditures related to emergency security operations.

The transfers from the Enterprise fund to the General Fund were funding for subsidies under the Metro ExpressLanes Fund's Incremental Transit Service, Net Toll Revenue Reinvestment, and Congestion Pricing programs. 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, 2020 is as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business-type Activities				
Capital assets, not being depreciated:				
Land	$ 1,550,403	$ 54,508	$ —	$ 1,604,911
Construction in progress	6,152,748	1,807,727	(141,273)	7,819,202
Total capital assets, not being depreciated	7,703,151	1,862,235	(141,273)	9,424,113
Capital assets, being depreciated:				
Buildings and improvements	11,188,453	21,239	—	11,209,692
Equipment	403,279	39,734	(85)	442,928
Vehicles	3,186,170	332,320	(210,560)	3,307,930
Total capital assets, being depreciated	14,777,902	393,293	(210,645)	14,960,550
Less accumulated depreciation for:				
Buildings and improvements	(5,392,598)	(377,065)	—	(5,769,663)
Equipment	(336,381)	(31,820)	85	(368,116)
Vehicles	(1,804,963)	(198,779)	210,546	(1,793,196)
Total accumulated depreciation	(7,533,942)	(607,664)	210,631	(7,930,975)
Total capital assets, being depreciated, net	7,243,960	(214,371)	(14)	7,029,575
Business-type activities capital assets	14,947,111	1,647,864	(141,287)	16,453,688
Governmental Activities				
Capital assets, not being depreciated:				
Land	749,417	—	—	749,417
Governmental Activities capital assets	749,417	—	—	749,417
Total capital assets	$ 15,696,528	$1,647,864	$ (141,287)	$ 17,203,105

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

Business-type Activities	
Bus and rail operations	$ 601,680
Union Station operations	2,221
Toll operations	3,763
Total depreciation expense – Business-type activities	$ 607,664

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, 2020.

Business-type activities	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Long-term debt	$ 6,528,056	$ 442,709	$ (388,046)	$ 6,582,719	$ 331,706
Claims payable	372,860	126,049	(97,443)	401,466	97,443
Compensated absences payable	112,173	100,304	(91,692)	120,785	91,692
Net pension liability	534,955	292,338	(302,449)	524,844	—
Net OPEB liability	1,241,945	133,467	(385,912)	989,500	—
Asset retirement obligations	4,437	—	—	4,437	2,029
Total Business-type Activities	$ 8,794,426	$ 1,094,867	$ (1,265,542)	$ 8,623,751	$ 522,870

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 $13.2 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, 2020 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 $8,000 per occurrence. LACMTA has acquired outside insurance coverage for losses of $300,000 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 $13.3 billion on a probable maximum loss basis with policy limits of $400,000 for damages ($150,000 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.

As of June 30, 2020, a designated investment has been set aside in the amount of $122,604 equal to the property and casualty liabilities.

The workers' compensation program is both self-insured and self-administered by LACMTA. As of June 30, 2020, a designated investment has been set aside in the amount of $278,862 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.

The following table summarizes changes in the claims and judgments reserves for the years ended June 30, 2020 and 2019:

	Property and Casualty		**Workers' Compensation**		**Total**	
	2020	2019	2020	2019	**2020**	2019
Unpaid claims and claim adjustment reserves - beginning of year	$ 125,636	$ 111,907	$ 247,224	$ 220,012	$372,860	$331,919
Provisions for insured events	37,875	37,652	68,036	65,715	105,911	103,367
Interest income	6,269	5,481	13,869	10,801	20,138	16,282
Total incurred claims and claims adjustment expense	169,780	155,040	329,129	296,528	498,909	451,568
Payment attributable to insured events	(47,176)	(29,404)	(50,267)	(49,304)	(97,443)	(78,708)
Total unpaid claims and claim adjustment reserves – end of year	$ 122,604	$ 125,636	$ 278,862	$ 247,224	$401,466	$372,860

As of June 30, 2020, $97,443 of the total claims liability is considered current. Claims payable is reported in the Statement of Net Position in the Proprietary fund.

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, PTSC, and EXPO 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, 2020:

	Balance July 1, 2019	Earned	Used	Balance June 30, 2020	Due Within One Year
Union Employees:					
Vacation leave	$ 33,865	$ 35,675	$ (33,573)	$ 35,967	$ 33,573
Sick leave	38,882	21,338	(20,269)	39,951	20,269
TOWP	11,807	14,002	(12,832)	12,977	12,832
Sub-total	84,554	71,015	(66,674)	88,895	66,674
Non-Union Employees:					
Vacation leave	273	(12)	—	261	—
Sick leave	2,081	141	(68)	2,154	68
TOWP	25,265	29,160	(24,950)	29,475	24,950
Sub-total	27,619	29,289	(25,018)	31,890	25,018
Total	$ 112,173	$ 100,304	$ (91,692)	$ 120,785	$ 91,692

As of June 30, 2020, $91,692 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 $19,500 (not in thousands) or 100% of their earnings, in calendar year 2020. A special provision in the law allows an additional $6,500 (not in thousands) if an employee is 50 years old or older by December 31, 2020, and employees eligible for retirement within three years can avail of the "catch-up provision" totaling $39,000 (not in thousands).

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, 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, 2020, the deferred compensation plans had assets stated at fair value of $428,269.

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 $19,500 (not in thousands) or 100% of their earnings in calendar year 2019. A special provision in the law allows an additional $6,500 (not in thousands) if an employee is 50 years old or older by December 31, 2020.

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, 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, 2020, the 401(k) savings plan had assets at fair value totaling $560,030.

Employees may participate in both deferred compensation and 401(k) savings plan. The maximum annual combined contribution per calendar year using both plans is $39,000 ($52,000 if age 50 or older), or $63,500 if an employee falls within the catch up provision. Employees who are enrolled in the 457 "three-year catch-up plan" and less than 50 years of age, may defer a total of $57,000. Employees may contribute $39,000 to the 457 Deferred Compensation Plan, plus $19,500 to 401(k).

I. Employees' 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 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. 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, 2019:

Active employees	2,646
Inactive employees	596
Terminated employees	791
Retired employees and beneficiaries	1,176
Total	5,209

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 California Public Employees' Retirement Law (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 2020, the contribution rate was 14.91% of covered payroll and contributions totaled $22,040. This rate includes the mandatory employee contribution rate of 7.00% that is currently paid by PTSC for all Classic Members. PEPRA members pay 6.75% of covered-employee payroll which is 50% of the total normal cost of 13.63%. 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled forward to determine the June 30, 2019 total pension liability.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2019 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, 2018 valuation report were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates.

Changes of Assumptions

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

Discount Rate

The Plan used the long-term actuarially determined discount rate of 7.15% to measure the total pension liability on the assumption that employer and employees will make their required contributions as scheduled in all future years the projected cash flows used in the determination of the discount rate. The "GASB Crossover Testing Report" conducted by CalPERS actuary team concluded that it was not necessary to incorporate the use of the municipal bond rate in the calculation of the discount rate as the plan did not run out of assets using the actuarially assumed discount rate of 7.15%. The discount rate of 7.15% used for the June 30, 2019 measurement date is not calculated net of pension plan administrative expenses.

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, 2018	$ 814,857	$ 660,386	$ 154,471
Changes for the year			
Service cost	35,365	—	35,365
Interest on the total pension liability	59,618	—	59,618
Difference between expected and actual experience	13,988	—	13,988
Contribution - employer	—	27,238	(27,238)
Contribution - employee	—	17,241	(17,241)
Net investment income	—	44,135	(44,135)
Benefit payments, including refunds of employee contributions	(25,408)	(25,408)	—
Administrative expense	—	(471)	471
Other miscellaneous income	—	1	(1)
Net changes during 2018-19	83,563	62,736	20,827
Balance at June 30, 2019	$ 898,420	$ 723,122	$ 175,298

No significant changes between the measurement date at June 30, 2019 and the reporting date at June 30, 2020 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	$ 294,327	$ 175,298	$ 76,102

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, 2020, the plan recognized pension expense of $51,352. 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, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 13,887	$ (3,671)
Differences between expected and actual experiences	18,213	—
Net differences between projected and actual earnings on pension plan investments	—	(3,336)
Employer contributions for fiscal year 2020	41,795	—
Total	$ 73,895	$ (7,007)

Contributions made after the measurement date of the net pension liability but before the end of June 30, 2020, totaling $41,795 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021.

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
2021	$	15,905
2022		3,175
2023		2,045
2024		3,430
2025		538
Total	$	25,093

Expected Average Remaining Service Lifetime (EARSL)

For the measurement period ending June 30, 2019, the EARSL for the plan is 4.46 years which was calculated by dividing the total service years of 23,464 (amount not in thousands) which represents the sum of remaining service lifetimes of the active employees, by 4,549 (amount not in thousands) which represents the total number of participants (active, inactive, and retired). The remaining service life times 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", that 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 Non-Contract (NC), and the American Federation of State, County and Municipal Employees (AFSCME). 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 benefits, 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, 2018 for SMART-TD, TCU, NC, and AFSCME, and January 1, 2019 for ATU:

	SMART-TD	TCU	ATU	NC	AFSCME	Total
Retirees and beneficiaries receiving benefits and terminated/transferred employees entitled to receive benefits	2,417	499	1,287	1,021	187	5,411
Active employees accruing benefits under CalPERS	n/a	n/a	n/a	186	36	222
Active employees:						
Vested	1,569	315	1,123	24	14	3,045
Non-vested	2,040	485	1,152	—	—	3,677
Total	**6,026**	**1,299**	**3,562**	**1,231**	**237**	**12,355**

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 FY20 were actuarially determined by the funding valuation reports dated December 31, 2018 for the SMART-TD, TCU, AFSCME,and NC retirement plans, and January 1, 2019 for the ATU retirement plan. The actuarially required contribution rate of salary for ATU employees is 6.33% , TCU plan is 4.32%, and SMART-TD is 9.12%. LACMTA's required contributions for the ATU Plan were 17.82% of covered payroll. For SMART-TD, TCU, AFSCME, Non-Contract, and ATU the required contributions were determined to be $23,033, $8,592, $1,082, $2,849, and $31,844, respectively. LACMTA's actual contributions for all SMART-TD, TCU, AFSCME, NC, and ATU were $23,033, $8,592, $1,082, $2,849, and $31,844, respectively, 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, 2019 and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of December 31, 2018 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, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 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, 2019 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, 2019 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	2.25% - 12.00% based on age (4.25% across the board, 2015-2017)
Long term expected return on assets	7.00% net of investment expense and gross of administrative expense	7.00% net of investment expense and gross of administrative expense
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

For the measurement date of June 30, 2019, there were no change in assumptions.

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 30-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	All Plans
Domestic equities	5.00%	7.78%	39.00%
International equities	5.60%	10.35%	23.00%
Fixed income	0.90%	3.43%	29.00%
Real Estate	3.40%	6.90%	5.00%
Alternative investments	3.80%	5.30%	3.00%
Cash equivalents	0.30%	2.10%	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, 2018 to June 30, 2019.

	SMART-TD	TCU	AFSCME	NC	ATU	Total
Total pension liability – beginning of year	$ 847,306	$ 184,309	$ 67,140	$ 153,044	$ 623,925	$ 1,875,724
Service cost	21,394	6,459	177	441	21,020	49,491
Interest	59,255	13,124	4,517	10,396	44,136	131,428
Difference between expected and actual experience	(8,278)	(884)	(879)	(6,554)	4,674	(11,921)
Changes in assumptions	—	—	—	—	—	—
Benefit payments paid from trust	(44,119)	(6,162)	(6,670)	(10,548)	(28,978)	(96,477)
Transfer (benefit payments originally paid by other plans)	(1,041)	(501)	993	437	112	—
Net change in total pension liability	27,211	12,036	(1,862)	(5,828)	40,964	72,521
Total pension liability – end of year	874,517	196,345	65,278	147,216	664,889	1,948,245
Fiduciary net position – beginning of year	652,747	140,714	58,136	125,066	518,577	1,495,240
Contributions - LACMTA	21,079	7,753	1,038	3,369	29,783	63,022
Contributions - Employees	19,550	3,206	—	—	11,365	34,121
Net investment income	45,674	10,114	3,669	8,323	36,991	104,771
Benefit payments	(44,119)	(6,162)	(6,670)	(10,548)	(28,978)	(96,477)
Administrative expenses	(533)	(333)	(293)	(322)	(497)	(1,978)
Transfers (benefit payments originally paid by other plans)	(1,041)	(501)	993	437	112	—
Net change in fiduciary net position	40,610	14,077	(1,263)	1,259	48,776	103,459
Fiduciary net position – end of year	693,357	154,791	56,873	126,325	567,353	1,598,699
Net pension liability – end of year	$ 181,160	$ 41,554	$ 8,405	$ 20,891	$ 97,536	$ 349,546

There are no subsequent events or significant changes in population covered or assumptions or methods that the management is aware of that would impact the results between the measurement date of the net pension liabilities and LACMTA reporting date for the year ended June 30, 2020.

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

The table below presents the net pension liability of the Plans, calculated using the discount rate as well as what the Plans' net pension liability 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	Discount Rate -1% 6.00%	Current Discount Rate 7.00%	Discount Rate +1% 8.00%
SMART-TD	$ 269,958	$ 181,160	$ 106,575
TCU	60,650	41,554	25,550
AFSCME	13,188	8,405	4,277
NC	32,680	20,891	10,690
ATU	167,803	97,536	37,721

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, 2020, LACMTA recognized pension expense of $68,188, 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	$ 27,955
TCU	9,858
AFSCME	957
Non-contract	(2,392)
ATU	31,810
Total	$ 68,188

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, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SMART-TD		
Changes of assumptions	$ 2,663	$ (2,702)
Differences between expected and actual experiences	7,584	(7,207)
Net differences between projected and actual earnings on investments	—	(11,741)
Employer contributions for fiscal year 2020	23,033	—
Total	$ 33,280	$ (21,650)
TCU		
Changes of assumptions	$ 1,666	$ —
Differences between expected and actual experiences	4,143	(1,022)
Net differences between projected and actual earnings on investments	—	(2,649)
Employer contributions for fiscal year 2020	8,592	—
Total	$ 14,401	$ (3,671)
AFSCME		
Changes of assumptions	$ —	$ —
Differences between expected and actual experiences	—	—
Net differences between projected and actual earnings on investments	—	(920)
Employer contributions for fiscal year 2020	1,082	—
Total	$ 1,082	$ (920)
NC		
Changes of assumptions	$ —	$ —
Differences between expected and actual experiences	—	—
Net differences between projected and actual earnings on investments	—	(2,090)
Employer contributions for fiscal year 2020	2,849	—
Total	$ 2,849	$ (2,090)
ATU		
Changes of assumptions	$ 12,035	$ —
Differences between expected and actual experiences	7,925	(654)
Net differences between projected and actual earnings on investments	—	(9,229)
Employer contributions for fiscal year 2020	31,844	—
Total	$ 51,804	$ (9,883)
TOTAL MTA		
Changes of assumptions	$ 16,364	$ (2,702)
Differences between expected and actual experiences	19,652	(8,883)
Net differences between projected and actual earnings on investments	—	(26,629)
Employer contributions for fiscal year 2020	67,400	—
Total	$ 103,416	$ (38,214)

Contributions made after the measurement date of the net pension liability but before the end of June 20, 2020 totaling $67,400 will be recognized as a reduction of the net pension liability in fiscal year ending June 30, 2021.

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
2021	$ 3,079	$ 1,695	$ 47	$ 73	$ 6,399	$ 11,293
2022	(9,022)	(265)	(799)	(1,705)	(2,686)	(14,477)
2023	(4,281)	379	(214)	(496)	1,090	(3,522)
2024	(1,179)	425	46	38	2,862	2,192
2025	—	(28)	—	—	1,918	1,890
2026	—	(68)	—	—	494	426
Total	$ (11,403)	$ 2,138	$ (920)	$ (2,090)	$ 10,077	$ (2,198)

Payable/Receivable to the Pension Plan

At June 30, 2020, the pension plans reported a net receivable of $800 for the outstanding amount of Medicare Part B premium reimbursements to the retirees advanced by the pension plans for the year ended June 30, 2020.

Aggregate Amounts

For FY20, LACMTA recognized amounts related to pensions across all five LACMTA administered pension plans and the Miscellaneous plan administered by CalPERS as follows:

	Deferred Inflow of Resources	Deferred Outflow of Resources	Net Pension Liability	Pension Expenses
CalPERS	$ (7,007)	$ 73,895	$ 175,298	$ 51,352
LACMTA Plans	(38,214)	103,416	349,546	68,188
	$ (45,221)	$ 177,311	$ 524,844	$ 119,540

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, 2019, plan membership consisted of the following (not in thousands):

Actives	1,356
Retirees Pre-65	4,499
Retirees Post-65	16,176
Total	22,031

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 is presented in the Other Supplementary Information on page 159. 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 based on 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 an 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 annually. LACMTA actual contributions for fiscal year 2020 totaling $25,619 are funded through the Internal Service Fund.

Changes in Net OPEB Liability and Related Ratios

The Plan's Net OPEB Liability was measured as of June 30, 2019. The total OPEB liability used in the calculation of the Net OPEB Liability was determined by the actuarial valuation as of January 1, 2019 applied to all periods included in the measurement, unless otherwise specified.

The actuarial valuation used in the January 1, 2019 valuation was rolled forward to the June 30, 2019 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2018	$ 1,616,655	$ 374,710	$ 1,241,945
Changes for the year			
Service cost	66,838	—	66,838
Interest on the total OPEB liability	66,422	—	66,422
Changes of assumptions	(73,145)	—	(73,145)
Difference between expected and actual experience	(240,338)	—	(240,338)
Contribution - employer	—	51,166	(51,166)
Contribution - member	—	—	—
Net investment income	—	21,263	(21,263)
Benefit payments, including refunds of employee contributions	(46,335)	(46,335)	—
Administrative expense	—	(207)	207
Net changes during 2018-19	(226,558)	25,887	(252,445)
Balance at June 30, 2019	$ 1,390,097	$ 400,597	$ 989,500

No significant changes between measurement date at June 30, 2019 and the reporting date at June 30, 2020 were known to management to have a significant effect on the net OPEB liability.

The discount rate was decreased from 4.00% in 2018 to 3.80% in 2019.

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Discount rate	3.80%
Payroll increases	3.50%, including inflation
Investment rate of return	7.00%, including inflation
Inflation	2.50%
Mortality	Pub-2010 headcount-weighted tables for all income levels with fully generational projection from 2010 using improvement scale MP-2018
Healthcare cost trend rates	Medicare Pre 65: 6.93% in 2019 reducing to 4.50% ultimate in 2025
	Medical Post 65: 7.51% in 2019 reducing to 4.50% ultimate in 2025
	Dental and Vision: 4.50% per year
	Administrative: 3.00% per year

The January 1, 2019 valuation was based on the census data provided as of January 1, 2019 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, 2020 is July 1, 2018 through June 30, 2019. For purposes of calculating the net OPEB liability as of June 30, 2020, the beginning balance of the measurement period, a discount rate of 3.80% 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, amount stated not in thousands) 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%	5.50%
International Equity	26.00%	5.50%
U.S. Fixed Income	26.00%	3.00%
REITS	3.50%	3.90%
Private Real Estate	3.50%	5.50%
Liquidity	2.00%	0.75%

Discount rate

The discount rate used to measure the total OPEB liability as of June 30, 2019 was 3.80%. The development of the discount rate was based on the assumptions that: 1) the required contribution from members and LACMTA will be on time and as scheduled and projected benefit payments assumed to be paid mid-year have been determined based on the closed group of active, retired members and beneficiaries as of June 30, 2019 and 2) the projected investment earnings are based on assumed investment rate of return of 7.00% per annum. Under these assumptions, the assets are projected to be enough to pay plan benefits through 2032. Thereafter, the June 30, 2019 Bond Buyer General Obligation 20-Bond Municipal Bond Index of 3.50% is 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 7.00%. 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, 2019:

	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, 2019, the OPEB Plan's cash and investments consisted of the following:

Common Stock:		
Domestic Securities	$	176
Fixed Income:		
U.S Agency Securities		25,049
U.S. Treasury Securities		17,632
Debt Securities:		
Domestic Corporate Bonds		39,671
Foreign Corporate Bonds		4,556
Pooled Funds:		
Money Market Funds		8,989
Mutual Funds		226,868
Non-Real Estate Funds		62,650
Real Estate Funds		15,589
Total cash and investments	$	401,180

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, 2019, 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	$ 176	$ —	$ 176
Fixed Income:			
U.S. Agency Securities	—	25,049	25,049
U.S. Treasury Securities	17,632	—	17,632
Debt securities:			
Domestic Corporate Bonds	—	39,671	39,671
Foreign Corporate Bonds	—	4,556	4,556
Pooled Funds:			
Money Market Funds	—	8,989	8,989
Mutual Funds	—	226,868	226,868
Total	$ 17,808	$ 305,133	322,941
Investments measured at the net asset value:			
Pooled funds:			
Non-real estate funds			62,650
Real estate funds			15,589
Total investments measured at net asset value			78,239
Total investments			$ 401,180

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Funds:				
Non-real estate funds	$ 62,650	$ —	Monthly	5 - 45 days *(1)*
Real estate funds	15,589	—	Quarterly	90 days
Total	$ 78,239			

(1) 5 business days for WCM 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 2 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 OPEB Trust in accordance with the provisions of the trust agreement as of June 30, 2019:

Investment Type	Total	Weighted Average Duration (in years) per Investment Type	Concentration of Investments	Ratings
Domestic Corporate Bonds	$ 39,671	0.5248	9.89 %	Not Rated to AAA
Domestic Securities	176	—	0.04 %	BBB+
Foreign Corporate Bonds	4,556	0.0547	1.14 %	BB- to AAA
Money Market Funds	8,989	—	2.24 %	Not Rated
Mutual Funds	226,868	—	56.54 %	Not Rated
Non-Real Estate Funds	62,650	—	15.62 %	Not Rated
Real Estate Funds	15,589	—	3.89 %	Not Rated
U.S. Agency Securities	25,049	0.1633	6.24 %	Not Rated to AAA
U.S. Treasury Securities	17,632	0.4555	4.40 %	Not Rated to AAA
Total	$ 401,180		100.00 %	
Portfolio weighted average duration		1.1983		

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. 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 shares. As disclosed above, 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, 2019.

As of June 30, 2019, 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 Index Funds	$ 213,977	53.34 %
WCM Focused International	35,103	8.75 %
Mondrian All Countries World	27,547	6.87 %

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, 2019, 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, 2019, investments are held by the OPEB Trust's custodian in 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. OPEB Trust adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The plan currently maintains the interest rate risk and consistent with its long-term investment horizon.

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, 2019, 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, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.64%. 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 the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current discount rate for the fiscal year ended June 30, 2020:

	Discount rate -1% 2.80%	Current Discount Rate 3.80%	Discount Rate +1% 4.80%
Net OPEB Liability	$ 1,199,689	$ 989,500	$ 817,452

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

The following presents the impact 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, 2020:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	$ 792,502	$ 989,500	$ 1,240,422

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

For reporting fiscal year ended June 30, 2020, LACMTA recognized OPEB expense of ($6,780), 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, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ —	$ (216,006)
Differences between expected and actual experiences	—	(293,340)
OPEB plan investments	—	(4,824)
Employer contributions for fiscal year 2020	25,619	—
Total	$ 25,619	$ (514,170)

Contributions made after the measurement date of the net OPEB liability but before June 30, 2020 totaling $25,619, will be recognized as a reduction of the net OPEB liability in fiscal year ending June 30, 2021.

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
2021	$ (113,858)
2022	(113,859)
2023	(110,914)
2024	(84,439)
2025	(49,423)
2026	(41,677)
Total	$ (514,170)

Payable/Receivable to the Pension Plan

At June 30, 2020, the OPEB plan reported a $800 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, 2020.

Healthcare Reform

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. One key provision of the PPACA is the assessment of the excise tax on high cost plans (Cadillac Plans) beginning in 2018. Under this act, 40% excise tax applies to plans with costs exceeding certain thresholds: $11,850 (not in thousands) - single; $30,950 (not in thousands) - family for early retirees. The estimated impact of the 40% excise tax provision on high cost plans beginning in 2018, under the healthcare reform, is reflected in the actuarial valuation report of January 1, 2019.

For the excise tax, the overall value of the benefit was compared with the projected excise tax thresholds in each future year. The key assumptions for determining the excise tax are as follows:

- Plan costs were developed on a two-tier basis (individual and individual plus spouse) for all retirees and assumed to increase with the valuation trend
- The 2018 cost thresholds are assumed to be $10,200 (not in thousands) for individual and $27,500 (not in thousands) for family coverage ($11,850 and $30,950 for non-Medicare retirees)
- 2022 thresholds are adjusted accordingly by the amount that the accumulated 2010-2022 cost increases, observed for the BCBS "standard" plan option under the FEHBP (Federal Employees Health Benefits Program) program, exceeds 55%
- After 2022, the cost thresholds are indexed by CPI (CPI+1% for 2022 to 2023). CPI is assumed to be 2.5% in all future years.

On a blended basis, the excise tax threshold is estimated to be reached in fiscal year 2022 for ATU, Non-contract, AFSCME, and TCU, 2027 for SMART. The effect of the excise tax is approximately 2.0% of the liability and assumes that the tax is shared between LACMTA and its participants is the same as the current costs are shared.

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 litigation 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, 2019.

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, 2020 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, 2020, LACMTA has an estimated pollution remediation obligation of $16,861 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 FY19, 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. LACMTA determined that it had incurred an ARO liability with respect to the removal of seventy-six (76) underground storage tanks (USTs). As of FY20, that number had been reduced to sixty (60) as 16 USTs were removed from three LACMTA facilities. Both of the following obligating events apply to the 60 UTSs:

(a) External Obligating Event: The 60 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 60 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 60 USTs range in size from 500 to 30,000 gallons. They are located at 12 separate LACMTA facilities and were installed at various times between 1986 and 2004. Thus, LACMTA's UST population ranges in age from approximately 16-34 years. The estimated remaining service life of LACMTA's USTs is variable with 10 of 60 (17%) beyond their estimated useful life of 30 years, and 43 of 60 (72%) 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 during fiscal year 2021 and 2022.

The costs of retiring these assets will in future be recognized over the remaining functional life of each asset. LACMTA's Environmental Compliance and Sustainability Staff developed estimates of the current (FY20) costs for retiring the USTs based on actual direct costs incurred by LACMTA for USTs removed in prior years. The estimates were reviewed by an external environmental consultant who found that LACMTA's estimates represented the most probable costs if these activities were performed in FY20. The table below is a summary of the estimated UST removal costs:

Fiscal Year	**Payment Estimate**
2021	$ 2,029
2022	2,408
Total	$ 4,437

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 2022.

M. Long-term Debt

LACMTA's long-term debt activities for the year ended June 30, 2020 are summarized as follows:

Type of Issue	Balance July 1, 2019	Additions		Reductions	Balance June 30, 2020	Due Within One Year	
BUSINESS-TYPE ACTIVITIES							
Direct borrowings and direct placements							
TIFIA loans-Measure R junior subordinate bonds	$ 870,831	$ 364,718	(1)	$ (85,915)	$ 1,149,634	$ 46,394	
TIFIA notes payable	594,799	13,387	(2)	—	608,186	(59)	(5)
Revolving lines of credit	106,023	22,000		—	128,023	—	
Total direct borrowings and direct placements	1,571,653	400,105		(85,915)	1,885,843	46,335	
Other debt							
Commercial paper notes	105,000	—		(2,500)	102,500	—	
Sales tax revenue and refunding bonds	4,067,095	28,265		(242,015)	3,853,345	239,710	
General revenue bonds	88,910	—		(9,295)	79,615	9,595	
Unamortized bond premium (3)	519,445	4,119		(48,330)	475,234	43,840	
Unamortized bond discount (3)	(83)	—		9	(74)	(9)	
Total other debt	4,780,367	32,384		(302,131)	4,510,620	293,136	
Lease/lease to service obligations	176,036	10,220	(4)	—	186,256	(7,765)	(5)
Total long-term debt	$ 6,528,056	$ 442,709		$ (388,046)	$ 6,582,719	$ 331,706	

(1) Total loan proceeds from Transportation Infrastructure Finance and Innovation Act (TIFIA) that partially financed the Regional Connector Transit Corridor, and the West Side Purple Line Extension Sections 1 and 2 projects.
(2) Additions represent interest accretion to the principal of the TIFIA loan that partially financed the Crenshaw/LAX project.
(3) Unamortized bond premium/discount are associated with the issuance of sales tax revenue and refunding bonds and general revenue refunding bonds.
(4) Additions represent loan accretion, which is the accrued interest, or a portion thereof, added to the principal amount.
(5) Negative amounts due within one year represent interest accretion to the principal.

Direct Borrowings/Direct Placements

Measure R Junior Subordinate Bonds

As of June 30, 2020, outstanding balances of TIFIA Measure R Junior Subordinate bonds are as follows:

Bond Series	Original Borrowing	Year Issued	Final Maturity	Interest Rates to Maturity	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
2014A	$ 160,000	2014	2036	3.50%	$ 145,367	$ 6,178	$ (30,812)	$ 120,733	$ 5,178
2014B	856,000	2014	2037	3.23%	509,010	258,540	(42,111)	725,439	29,675
2016A	307,000	2017	2037	2.90%	216,454	100,000	(12,992)	303,462	11,541
				Total	$ 870,831	$ 364,718	$ (85,915)	$ 1,149,634	$ 46,394

In October 2013, the USDOT approved a TIFIA loan for the design and construction of the Regional Connector Transit Corridor Project (the Project) in an aggregate principal amount not to exceed $160,000. In February 2014, the USDOT through the Federal Highway

Administration (FHA) and LACMTA entered into a Full Funding Grant Agreement (FFGA) to secure a grant of up to $669,900 of the $1.4 billion budgeted cost for the Project and issued Series 2014A of Measure R Junior Subordinated Bonds to evidence the obligation of LACMTA to repay the $160,000 loan pursuant to the TIFIA loan agreement. The loan is secured by a subordinate pledge of the Measure R sales tax revenues and bears interest at 3.5% per annum with final maturity on June 1, 2036. Annual principal amounts due are payable on June 1 of each year beginning June 1, 2020, and interest payments on the outstanding principal balance are due and payable semi-annually on June 1 and December 1 of each year commencing December 1, 2019. LACMTA has drawn $141,888 of the TIFIA loan as of June 30, 2020. The outstanding balance of $120,733 includes interest accretion of $9,657 through June 30, 2020.

In May 2014, LACMTA secured a TIFIA loan for its Westside Purple Line Extension Section 1 Project (the Project) in an aggregate principal amount not to exceed $856,000 and entered into an FFGA with the USDOT through the FHA pursuant to which the Project, budgeted at $2.6 billion, has received a grant of $65,000 with up to $1.25 billion in total grant funds. LACMTA issued Series 2014B of Measure R Junior Subordinated Bonds to evidence LACMTA's obligation to repay the loan pursuant to the TIFIA loan agreement. The loan is secured by a subordinate pledge of the Measure R sales tax revenues and bears interest at 3.23% per annum with final maturity date of June 1, 2037. Annual principal amounts due are payable on June 1 of each year beginning June 1, 2020, and interest payments on the outstanding principal balances are due and payable semi-annually on June 1 and December 1 commencing December 1, 2019. LACMTA has drawn $749,306 of the TIFIA loan as of June 30, 2020. The outstanding balance of $725,439 includes interest accretion of $18,244 through June 30, 2020.

In December 2016, the USDOT approved a TIFIA loan for the design and construction of the Westside Purple Line Extension Section 2 Project (the Project) in an aggregate principal amount not to exceed $307,000. The USDOT through the Federal Transit Administration (FTA) and LACMTA entered into a FFGA pursuant to which the Project has received a grant in the amount of $1.2 billion. LACMTA issued Measure R Junior Subordinate Sales Tax Revenue Bonds Series 2016A to evidence LACMTA's obligation to repay its obligation pursuant to the TIFIA loan agreement. The loan is secured by a subordinate pledge of the Measure R sales tax revenues and bears interest at 2.9% per annum with final maturity on June 1, 2037. Annual principal amounts due are payable on June 1 of each year commencing June 1, 2020 and interest payments on the outstanding principal balances are due and payable semi-annually on June 1 and December 1 of each year commencing December 1, 2019. As of June 30, 2020, LACMTA has drawn $307,000, the full amount of the TIFIA loan. The outstanding balance of $303,462 includes interest accretion of $9,454 through June 30, 2020.

In the event of development default as described under the provisions of the TIFIA loan agreements, LACMTA may amend the Construction Schedule to extend the date for substantial completion of the project(s) for a period of up to 60 days or as approved by the

TIFIA lender. If a development default, bankruptcy-related event, abandonment of the project by LACMTA, or failure by LACMTA to maintain the project at specified levels of performance should occur, the disbursement of any unused proceeds of the TIFIA loans shall be immediately terminated. For events of default other than those listed above, but described under the provisions of the loan agreements, by written notice to LACMTA, the TIFIA Lender may suspend or terminate all of its obligations related to any undisbursed amounts of the TIFIA loans. Whenever an event of default shall have occurred and be continuing, the TIFIA lender may declare the unpaid principal amount of the TIFIA loans to be immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the Agreements and other TIFIA Loan Documents and initiate collection proceedings solely against pledged revenue or from any other funds made available by LACMTA, in its discretion. The TIFIA lender may suspend or debar LACMTA from further participation in any government program administered by the TIFIA lender and FTA.

Below is the summary of the TIFIA loan approved amounts and undisbursed funds as of June 30, 2020:

Measure R Junior Subordinate Bonds	Approved Principal Amount	Undisbursed Amount
2014A TIFIA Regional Connector	$ 160,000	$ 18,112
2014B TIFIA Westside Purple Line Ext Sec 1	856,000	106,694
2016A TIFIA Westside Purple Line Ext Sec 2	307,000	—
Total	$ 1,323,000	$ 124,806

Notes Payable

Notes payable outstanding as of June 30, 2020 consists mainly of the TIFIA loan for the Crenshaw/LAX project with the following details:

Lender	Original Borrowing	Year Issued	Final Maturity	Interest Rates to Maturity	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
TIFIA Loan - CPC	$ 545,900	2012	2034	2.43%	$ 594,799	$ 13,387	$ —	$ 608,186	$ (59)

In September 2012, LACMTA secured a direct loan of $545,900 from the United States Department of Transportation (USDOT) under its Transportation Infrastructure Finance and Innovation Act (TIFIA) to partially finance the construction of the Crenshaw/LAX Transit Corridor. The loan, secured by a portion of LACMTA's Measure R sales tax revenue allocated to the Crenshaw/LAX Transit Corridor project, bears interest at 2.43% per annum on the outstanding balance with a maturity date of June 1, 2034. As of June 30, 2020, LACMTA has drawn $545,900, the full amount of the TIFIA loan. The outstanding balance of $608,186 includes $62,286 interest accretion through June 30, 2020. Interest on the note is payable semi-annually on June 1 and December 1 of each year commencing December 1, 2020, and principal is due and payable annually on June 1 of each year beginning June 1, 2022.

In the event of default described under the provisions of the TIFIA Loan Agreement, the TIFIA Lender, by written notice to LACMTA, may declare the unpaid principal amount of the TIFIA loan to be immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the Agreement and other TIFIA Loan Document. The TIFIA Lender may suspend or debar LACMTA from further participation in any Government program administered by the TIFIA Lender and to notify other departments and agencies of such default.

Revolving Lines of Credit

As of June 30, 2020, outstanding balance of the revolving lines of credit consists of the following:

Series	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Proposition C revolving credit	$ —	$ 22,000	$ —	$ 22,000
Measure R revolving credit, Series A	15,213	—	—	15,213
Measure R revolving credit, Series B	50,000	—	—	50,000
Measure R Series C, Bond purchase agreement	40,810	—	—	40,810
Total	$ 106,023	$ 22,000	$ —	$ 128,023

The table below presents information on the amount of authorized and unused capacity of the revolving lines of credit and bond purchase agreement as of June 30, 2020:

	Proposition C		Measure R	
	Authorized Amount	Unused Capacity	Authorized Amount	Unused Capacity
Revolving lines of credit	$ 150,000	$ 83,000 (1)	$ 150,000	$ 84,787
Bond purchase agreement	—	—	150,000	109,190
Total	$ 150,000	$ 83,000	$ 300,000	$ 193,977

(1) $45,000 used by Alameda Corridor East Construction Authority (ACE), as a conduit loan of LACMTA.

Proposition C

The Second Amended and Restated Revolving Credit Agreement, dated April 1, 2019, entered into with Wells Fargo Bank, authorizes LACMTA to issue up to $150,000 in Subordinate Proposition C Sales Tax Revenue Revolving Obligations that will expire on April 24, 2022. Pursuant to the terms of the Proposition C Revolving Credit Agreement, revolving obligations bear interest at variable rates. However, subject to the terms of the Proposition C Revolving Credit Agreement, LACMTA can convert any outstanding Proposition C revolving obligations to a term loan that will be payable in equal installments over the amortization period following April 24, 2022.

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 taxable Proposition C revolving credit facility and another $25,000 from its tax-exempt 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.

Measure R

LACMTA's Board authorized up to $300,000 of short-term borrowings for which obligations are payable from the Measure R sales tax revenues on a subordinate basis to the Measure R Senior obligations and on a senior basis to the Measure R Junior Subordinate obligations to provide interim financing and to fund cash flow requirements for construction payments until funding sources are received or until long-term financing is arranged. The short-term borrowing program includes subordinate revolving credit obligations with two banks for an aggregate maximum principal amount of $150,000 and a bond purchase agreement with another bank that will sell from time to time up to an aggregate principal amount of $150,000 subordinate bonds. The Measure R Subordinate Revolving obligations are purchased by State Street Public Lending Corporation, in a principal amount not to exceed $100,000, and by Bank of the West, in a principal amount not to exceed $50,000 in accordance with the terms of a revolving credit agreement. The obligations issued under the revolving credit lines bear variable interest at rates based on the LIBOR Index as determined pursuant to the terms of the revolving credit agreements. Except as otherwise provided under the terms of the credit agreements, all principal amounts outstanding are due and payable on November 20, 2020 at which time, LACMTA has the option to convert any outstanding balance to term loans that will be payable in twelve equal quarterly installments following November 20, 2020.

In addition, LACMTA entered into a bond purchase agreement with an underwriter, RBC Capital Markets, Inc. to sell from time to time up to $150,000 aggregate principal amount of Subordinate Series C Bonds, which, in turn, sells the bonds to RBC Municipal Products, LLC. The Subordinate Series C Bonds bear variable interest rates. Under the terms of the agreements, the principal of all Subordinate Series C Bonds outstanding is due and payable on November 20, 2020.

The outstanding balances on the short-term borrowings were subsequently refinanced by the issuance of Measure R Subordinate Sales Tax Revenues Commercial Paper Notes supported by irrevocable letters of credit issued by Bank of America up to a maximum principal amount of $90,000 and State Street Bank up to a maximum principal amount of $100,000 with expiration date of October 27, 2022 replacing the revolving credit lines with Bank of the

West and State Street Bank, and the bond purchase agreement with RBC Capital Markets, Inc. Please see Note T on page 140 for more details.

Other Debt

Sales Tax Revenue and Sales Tax Revenue Refunding Bonds

Sales tax revenue and refunding bonds outstanding as of June 30, 2020 are as follows:

Bond Series	Original Borrowing	Year Issued *	Final Maturity *	Interest Rates to Maturity	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Proposition A									
2012A	$ 68,205	2012	2021	2.00 to 5.00%	$ 43,600	$ —	$ (1,240)	$ 42,360	$ 2,105
2013A	262,195	2013	2021	5.00%	173,825	—	(57,960)	115,865	75,165
2014A	135,715	2014	2035	3.00 to 5.00%	117,885	—	(6,545)	111,340	6,875
2015A	26,480	2015	2035	3.00 to 5.00%	23,075	—	(1,300)	21,775	1,360
2016 A	185,605	2016	2031	2.00 to 5.00%	153,565	—	(10,565)	143,000	11,425
2017A	471,395	2017	2042	5.00%	471,395	—	—	471,395	—
2017B	85,455	2017	2023	5.00%	85,455	—	—	85,455	—
2018A	13,890	2018	2031	3.00 to 5.00%	13,890	—	(665)	13,225	835
2019A	57,745	2019	2026	5.00%	57,745	—	—	57,745	8,005
				Sub-total	1,140,435	—	(78,275)	1,062,160	105,770
Proposition C									
2009B	245,825	2009	2020	3.00 to 5.00%	69,735	—	(34,250)	35,485	35,485
2009D	118,785	2009	2019	1.40 to 5.00%	14,580	—	(14,580)	—	—
2010A	45,455	2010	2023	3.00 to 5.25%	37,150	—	(37,150)	—	—
2012A	14,635	2012	2028	3.00 to 3.12%	14,635	—	—	14,635	—
2012B	74,885	2012	2025	5.00%	74,885	—	—	74,885	11,145
2013A	138,960	2013	2023	2.00 to 5.00%	77,510	—	(14,115)	63,395	14,760
2013B	313,490	2013	2038	2.00 to 5.00%	279,685	—	(8,465)	271,220	8,885
2013C	63,785	2013	2026	4.00 to 5.00%	46,475	—	(4,880)	41,595	5,125
2014A	61,180	2014	2034	5.00%	61,180	—	—	61,180	—
2016A	86,570	2016	2030	2.00 to 5.00%	77,645	—	(4,895)	72,750	5,140
2017A	454,845	2017	2042	4.00 to 5.00%	445,315	—	(10,005)	435,310	10,505
2018A	54,965	2018	2022	4.00 to 5.00%	54,965	—	—	54,965	315
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%	47,830	—	—	47,830	5,460
2020A	28,265	2020	2023	5.00%	—	28,265	—	28,265	—
				Sub-total	1,846,590	28,265	(128,340)	1,746,515	96,820
Measure R Senior bonds									
2010A	573,950	2010	2039	4.28 to 5.73%	573,950	—	—	573,950	21,920
2010B	158,460	2010	2020	0.50 to 5.00%	20,920	—	(20,920)	—	—
2016A	522,120	2016	2039	3.00 to 5.00%	485,200	—	(14,480)	470,720	15,200
				Sub-total	1,080,070	—	(35,400)	1,044,670	37,120
				Total	$ 4,067,095	$ 28,265	$ (242,015)	$ 3,853,345	$ 239,710

* *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 in order 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, 2020 are as follows:

Series	Original Borrowing	Year Issued	Final Maturity	Interest Rates to Maturity	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
2010A Bonds	$ 79,620	2010	2021	3.00% - 5.00 %	$ 24,140	$ —	$ (9,295)	$ 14,845	$ 9,595
2015 Bonds	64,770	2015	2027	3.00% - 5.00 %	64,770	—	—	64,770	—
				Total	$ 88,910	$ —	$ (9,295)	$ 79,615	$ 9,595

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, 2020, outstanding balances and information on the amount of authorized and unused capacity of the commercial paper notes are as follows:

Series	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Authorized Amount	Unused Capacity	
Proposition A Commercial Paper, Barclays	$ 55,000	$ —	$ (2,500)	$ 52,500	$ 200,000	$ 131,194	*(1)*
Proposition A Commercial Paper, Citibank	50,000	—	—	50,000	150,000	87,770	*(2)*
Total	$ 105,000	$ —	$ (2,500)	$ 102,500	$ 350,000	$ 218,964	

(1) Net of accrued interest of $16,306 computed at 12% for 270 days
(2) Net of accrued interest of $12,230 computed at 12% for 270 days

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 Proposition A commercial paper program to maintain access to a low cost and flexible source of capital financing. LACMTA taxable and tax-exempt CPN are issued with maturity dates ranging from one to 270 days at various interest rates.

As of June 30, 2020, LACMTA's Proposition A CPN program is authorized to issue up to $350,000 aggregate principal amount of Proposition A CPN, with $350,000 in letters of credit in place. The existing letters of credit supporting the Proposition A commercial paper program with Barclays and Citibank will expire on April 22, 2022 and July 31, 2020, respectively. On August 4, 2020, the outstanding balance of Proposition A CPN under the letter of credit with Citibank was moved to LACMTA's existing letter of credit with Barclays that has a $200,000 credit in place and which will expire on April 22, 2022. Please refer to Note T on page 140 for more details.

The Proposition A commercial paper program is supported by direct-pay irrevocable letters of credit issued by Barclays and Citibank. Both banks are required to have a short-term credit rating of at least A-1/P-1. The letters of credit are 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 two years and three months. Interest is charged at rates specified in the applicable reimbursement agreement.

Annual Debt Service Requirement

LACMTA's annual debt service requirement for long-term debt, notes payable, and lease/ lease to service obligations as of June 30, 2020 are as follows:

Business-type Activities

Direct Borrowings/Direct Placements

	TIFIA Measure R Junior Subordinate Bonds			TIFIA Notes Payable		
Year Ending June 30	Principal (1)	Interest	Total	Principal (2)	Interest	Total
2021	$ 46,394	$ 36,182	$ 82,576	$ (59)	$ 14,759	$ 14,700
2022	47,642	34,983	82,625	8,620	14,780	23,400
2023	49,209	33,469	82,678	8,829	14,571	23,400
2024	50,782	31,949	82,731	9,024	14,376	23,400
2025	52,540	30,250	82,790	16,582	14,118	30,700
2026-2030	299,592	125,163	424,755	248,036	58,064	306,100
2031-2035	425,600	72,053	497,653	317,154	20,395	337,549
2036-2037	177,875	7,763	185,638	—	—	—
Total	$ 1,149,634	$ 371,812	$ 1,521,446	$ 608,186	$ 151,063	$ 759,249

(1) Principal amounts include interest accretion on TIFIA Loans, namely Series 2014A, 2014B, and 2016A, that is due and payable beginning June 1, 2020. The principal outstanding of $1,149,635 includes interest accretion of $37,355 as of June 30, 2020.

(2) Principal amounts include interest accretion on TIFIA Note that is due and payable beginning June 1, 2022. The principal outstanding of $608,186 includes interest accretion of $62,286 as of June 30, 2020.

Other Debt

Sales Tax Revenue and Refunding Bonds

	Proposition A			Proposition C			Measure R Senior Bonds		
Year Ending June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 105,770	$ 49,205	$ 154,975	$ 96,820	$ 83,546	$ 180,366	$ 37,120	$ 54,775	$ 91,895
2022	109,145	43,843	152,988	90,640	79,559	170,199	38,515	53,077	91,592
2023	86,410	38,954	125,364	95,160	74,914	170,074	40,000	51,257	91,257
2024	91,135	34,515	125,650	98,700	70,067	168,767	41,580	49,320	90,900
2025	50,150	30,983	81,133	71,215	65,851	137,066	43,260	47,258	90,518
2026-2030	210,610	120,316	330,926	340,315	277,946	618,261	245,735	199,844	445,579
2031-2035	160,425	80,481	240,906	337,320	195,917	533,237	304,055	127,697	431,752
2036-2040	148,390	43,102	191,492	344,925	109,745	454,670	294,405	39,196	333,601
2041-2045	100,125	7,672	107,797	271,420	30,571	301,991	—	—	—
Total	$ 1,062,160	$ 449,071	$ 1,511,231	$ 1,746,515	$ 988,116	$2,734,631	$1,044,670	$ 622,424	$1,667,094

General Revenue Refunding Bonds

Year Ending June 30	Principal	Interest	Total
2021	$ 9,595	$ 3,632	$ 13,227
2022	8,650	3,188	11,838
2023	9,080	2,766	11,846
2024	9,495	2,335	11,830
2025	9,945	1,864	11,809
2026-2030	32,850	2,504	35,354
Total	$ 79,615	$ 16,289	$ 95,904

Lease/leaseback to service obligations

Year Ending June 30	Principal (1)	Interest	Total
2021	$ (7,765)	$ 10,220	$ 2,455
2022	17,894	9,667	27,561
2023	17,394	6,951	24,345
2024	(1,350)	4,798	3,448
2025	(361)	3,695	3,334
2026-2030	117,239	24,308	141,547
2031-2035	24,374	—	24,374
2036-2040	18,831	—	18,831
Total	$ 186,256	$ 59,639	$ 245,895

(1) Principal amounts include interest accretion due and payable beginning January 1, 2022.

Total Debt Service - Business-type Activities

Year Ending June 30	Total Annual Principal	Debt Service- Interest	Business-Type Activities Total
2021	$ 287,875	$ 251,766	$ 539,641
2022	321,106	236,381	557,487
2023	306,082	220,729	526,811
2024	299,366	206,257	505,623
2025	243,331	195,732	439,063
2026-2030	1,494,377	802,737	2,297,114
2031-2035	1,568,928	496,543	2,065,471
2036-2040	984,426	199,806	1,184,232
2041-2045	371,545	38,243	409,788
Total	**$ 5,877,036**	**$ 2,648,194**	**$ 8,525,230**

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, 2020:

Source	Gross Receipts (1)	Allocation Rate	Local Allocations	Pledged Revenue	Total Debt Service (2)	Debt Service Coverage
Prop A	$ 824,569	25%	$ 206,142	$ 618,427	$ 135,291	4.6
Prop C	824,567	20%	164,913	659,654	176,614	3.7
Measure R	823,382	15%	123,507	699,875	210,617	3.3
General Revenue bonds	241,715	—	—	241,715	13,373	18.1

(1) Sales tax revenues are reported using the accrual basis of accounting, net of the State Board of Equalization administrative fees. Gross receipts on General Revenue bonds represent farebox revenues, advertising, 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 Revolving Line of Credit

Sales Tax Revenue Refunding Bonds

In June 2020, LACMTA issued an aggregate principal amount of $28,265 of Proposition C Sales Tax Revenue Refunding Bonds, Series 2020-A with interest rate of 5%. The net proceeds, including bond premium 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 $37,150 outstanding balance of Proposition C Sales Tax Revenue Refunding Bonds, Series 2010-A. Interest payments are due and payable semi-annually on January 1 and July 1 of each year commencing January 1, 2021 and principal payment is due and payable on July 1, 2023, the final maturity date.

The net carrying amount of the refunded Proposition C Series 2010-A sales tax revenue refunding bonds exceeded the reacquisition price by $1,219. The difference between the net carrying amount and the reacquisition price is reported as deferred inflows of resources in the business-type activities of the government-wide financial statements and is amortized over the shorter of the life of the refunded or refunding bonds.

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 2020-A refunding 2010-A	$ 43,154	$ 32,532	$ 10,622	$ 5,395

Measure R Junior Subordinate Bonds

In fiscal year 2020, LACMTA made a total drawdown of $168,073 from the approved TIFIA loan that includes $6,178 for the design and construction of the Regional Connector Transit Corridor project, and $106,694 and $100,000 for the Westside Purple Line Extension Section 1 and 2 projects, respectively. Please refer to pages 123-126 for more details on TIFIA loans.

Revolving Lines of Credit

LACMTA made an advance from Proposition C revolving line of credit of $22,000, a Tax Exempt LIBOR Revolving Loan from Wells Fargo, to finance existing Proposition C capital projects that required immediate cash flow in fiscal year 2020. This amount is included in the outstanding balance of revolving lines of credit on pages 126-128.

N. Lease/leaseback and Lease-to-service Obligations

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, 2020, these lease/leaseback agreements totaled $176,036. 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 six of the eight affected leases and has entered into collateral posting agreements for one other lease. Issues remain with one of the affected leases and LACMTA continues to discuss potential solutions with the lessor. Failure to reach a solution with respect to the two remaining affected transactions could result in early termination of the transactions and could require LACMTA to pay up to $5,025 plus legal costs.

Lease/leaseback obligations activities for the fiscal year ended June 30, 2020 are as follows:

Lease	Interest Rate	Balance July 1, 2019	Additions (1)	Reductions	Balance June 30, 2020	Due Within One Year (2)
Northwest Lease	6.79% - 7.64%	$ 109,066	$ 6,117	$ —	$ 115,183	$ (3,451)
First Hawaiian Lease	6.61%	66,970	4,103	—	71,073	(4,314)
	Total	$ 176,036	$ 10,220	$ —	$ 186,256	$ (7,765)

(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.

O. Leases

Operating Leases

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. The majority of these leases will expire between 50 and 99 years. These leases are considered operating leases for accounting purposes and reported as period costs in the statement of revenues of the proprietary and governmental funds.

The carrying value of the land held for lease as of June 30, 2020, is $94,983 and is included under the Land caption in the capital assets section of the notes to the financial statements found on page 91.

LACMTA is committed under various leases as the "Lessee" of building and office spaces. These leases are considered for accounting purposes to be operating leases and reported as business-type activities. Lease expenditures for the year ended June 30, 2020 totaled $9,305.

Future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2021	$ 9,377
2022	9,618
2023	9,866
2024	10,122
2025	10,386
Total	$ 49,369

The following is a schedule by years of minimum future rentals to be received on noncancellable operating leases as of June 30, 2020:

Year Ending June 30	Amount
2021	$ 3,848
2022	3,928
2023	4,027
2024	4,166
2025	4,229
2026-2030	20,014
2031-2035	22,909
2036-2040	26,337
2041-2045	30,351
2046-2050	35,227
2051-2055	37,796
2056-2060	28,488
2061-2065	23,752
2066-2070	26,214
2071-2075	29,068
2076-2080	32,376
2081-2085	36,211
2086-2090	40,649
2091-2095	37,204
2096-2100	43,156
2101-2105	50,062
2106-2108	7,656
Total	$ 547,668

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, 2020 are as follows:

Fund	Total
General Fund	$ 68,437
Proposition A	40,599
Proposition C	329,061
Measure R	344,027
Measure M	5,968
TDA	41,417
STA	13,805
Total	$ 843,314

LACMTA's commitments to vendors for capital projects which are in various phases of development as of June 30, 2020 are as follows:

	Total Contract	Remaining
Rail projects	$ 8,938,012	$ 4,278,012
Bus rapid transit ways	15,131	8,759
Bus acquisition and others	1,323,409	210,553
Total	$ 10,276,552	$ 4,497,324

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, 2020, the total outstanding payables and commitments were $1,590 and $87,493, respectively.

A summary of financial information for the SCRRA for the year ended June 30, 2019 (most recent data available) is as follows:

Total Assets	$ 1,570,228
Deferred outflows of resources	7,711
Total assets and deferred outflows of resources	1,577,939
Total liabilities	217,914
Deferred inflows of resources	1,821
Total liabilities and deferred inflows of resources	219,735
Net Position	$ 1,358,204
Total Revenues	$ 353,949
Total Expenses	367,166
Decrease in Net Position	$ (13,217)

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.

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.

Excise Tax on Lease/Leaseback Transactions

Section 4965 of the Internal Revenue Code of 1986, as amended, imposes a federal excise tax (the Excise Tax) on the net income or proceeds of Sale In/Lease Out transactions entered into by tax-exempt entities, including states and their political subdivisions. Based on Section 4965 and the final Treasury Regulations thereunder, LACMTA believes that the Excise Tax will not have a material adverse effect on its financial condition or results of its operation.

S. Change in Accounting Principle

In fiscal year 2020, management changed their method of accounting for recognition of non-exchange revenue. An adjustment of $367,890 was made to decrease the business type activities' net position at July 1, 2019. The adjustment was made to recognize in fiscal year 2020 grants revenues that were accrued in fiscal year 2019 based on approved funding, however, agreements were executed only during fiscal year 2020. This adjustment is in accordance with GASB Implementation Guide 2019-1 Q & A 4.7 which explains Statement No. 33, Accounting and Financial Reporting for Non-Exchange Transactions, that expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the related agreement has been executed.

T. Subsequent Events

In August 2020, LACMTA issued an aggregate principal amount of $1.356 billion of Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A (Green Bonds) to retire its obligations under the TIFIA Loan Agreements. The bond proceeds, including funds released from funds and accounts related to TIFIA funding agreements, were used to repay, on the date of issuance of the refunding bonds, the outstanding balances of the TIFIA loans and terminate all the TIFIA Loan Agreements, and to finance the project costs in an amount equal to the aggregate undrawn amounts under the approved TIFIA Loan Agreements for the construction of the Crenshaw/LAX project, the Regional Connector project, and the Westside Purple Line Extension Sections 1 and 2 projects.

In August 2020, LACMTA moved the outstanding balance of Proposition A Commercial Paper Notes (CPN) under the letter of credit with Citibank which agreement expires in August 2020 to its existing credit facility with Barclays bank. The Proposition A CPN supported by Barclays has a $200,000 letter of credit in place that will expire on April 22, 2022.

In October 2020, LACMTA entered into new agreements for irrevocable letters of credit with Bank of America for a maximum principal amount of $90,000 and State Street for a maximum principal amount of $100,000, that will support its Measure R Commercial Paper Notes (CPN) Program. Under these agreements, LACMTA is authorized to issue, from time to time, up to $190,000 aggregate principal amount of taxable and non-taxable series of Measure R Subordinate Sales Tax Revenue CPN, with maturity dates ranging from one to 270 days. The irrevocable letters of credit bearing interest at variable rates will expire on October 27, 2022. LACMTA's outstanding balances on the Revolving Line of Credit with Bank of the West and State Street Bank and the Bond Purchase Agreement with RBC were subsequently refinanced by issuing Measure R CPN.

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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
Total Pension Liability						
Service cost	$ 21,905	$ 23,238	$ 24,955	$ 30,120	$ 31,824	$ 35,365
Interest on total pension liability	37,546	41,535	45,436	49,725	54,095	59,618
Difference between expected and actual experiences	—	7,066	2,012	5,642	8,733	13,988
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)
Net change in total pension liability	**46,052**	**45,811**	**54,849**	**107,186**	**64,594**	**83,563**
Total pension liability – beginning of year	496,365	542,417	588,228	643,077	750,263	814,857
Total pension liability – end of year	**542,417**	**588,228**	**643,077**	**750,263**	**814,857**	**898,420**
Plan Fiduciary Net Position						
Contributions - Employer	13,313	14,415	17,510	20,266	22,856	27,238
Contributions - Employee	10,565	11,367	12,822	13,770	15,831	17,241
Net investment income	72,179	11,202	2,850	59,678	51,169	44,135
Benefit payments, including refunds of employee contributions	(13,399)	(15,729)	(17,554)	(19,962)	(23,450)	(25,408)
Administrative expense	—	(581)	(310)	(773)	(930)	(471)
Other miscellaneous income	—	—	—	—	(1,766)	1
Net change in fiduciary net position	**82,658**	**20,674**	**15,318**	**72,979**	**63,710**	**62,736**
Plan fiduciary net position – beginning of year	405,047	487,705	508,379	523,697	596,676	660,386
Plan fiduciary net position – end of year	487,705	508,379	523,697	596,676	660,386	723,122
Plan net pension liability – end of year	$ 54,712	$ 79,849	$119,380	$153,587	$154,471	$175,298
Plan fiduciary net position as a percentage of the total pension liability	89.91 %	86.43 %	81.44 %	79.53 %	81.04 %	80.49 %
Covered payroll	$145,140	$159,124	$173,744	$192,457	$209,335	$235,717
Plan net pension liability as a percentage of covered payroll	37.70 %	50.18 %	68.71 %	79.80 %	73.79 %	74.37 %

**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 presented above do not include any liability that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of two years additional service credits (a.k.a. Golden Handshakes).

Changes of Assumptions

There were no changes in assumptions in measurement period ended June 30, 2019. 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
Actuarially determined contribution	$ 14,415	$ 17,510	$ 20,266	$ 22,856	$ 27,238	$ 22,040
Contributions in relation to the actuarially determined contribution	(14,415)	(17,510)	(20,266)	(22,856)	(27,238)	(22,040)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$159,124	$173,744	$192,457	$209,335	$235,717	$262,615
Contributions as a percentage of covered payroll	9.06 %	10.08 %	10.53 %	10.92 %	11.56 %	8.39 %

**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 FY20 were obtained from the June 30, 2019 actuarial valuation report:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375% net of pension plan investment and administrative expenses; includes inflation
Mortality rate table	Derived using CalPERS' membership data .
Post retirement benefit increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

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

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
Total pension liability – beginning of year	$ 660,053	$ 683,777	$ 748,848	$ 778,530	$814,317	$ 847,306
Service cost	19,054	19,135	19,930	18,495	19,276	21,394
Interest	46,123	47,691	52,470	54,313	56,845	59,255
Difference between expected and actual experience	(317)	19,103	(3,662)	5,941	5,459	(8,278)
Changes of assumptions	—	23,116	—	—	(4,794)	—
Benefit payments paid from trust	(40,145)	(43,015)	(38,001)	(41,735)	(42,177)	(44,119)
Transfer of contributions between plans	(991)	(959)	(1,055)	(1,227)	(1,620)	(1,041)
Net change in total pension liability	23,724	65,071	29,682	35,787	32,989	27,211
Total pension liability – end of year	683,777	748,848	778,530	814,317	847,306	874,517
Fiduciary net position – beginning of year	462,402	541,017	539,161	538,204	602,034	652,747
Contributions - LACMTA	23,568	19,780	21,369	22,015	21,467	21,079
Contributions - Employees	15,920	16,528	18,490	18,148	18,715	19,550
Net investment income	80,714	6,446	(1,404)	67,046	54,762	45,674
Benefit payments	(40,145)	(43,014)	(38,001)	(41,735)	(42,177)	(44,119)
Administrative expenses	(451)	(637)	(356)	(417)	(434)	(533)
Transfer of contributions between plans	(991)	(959)	(1,055)	(1,227)	(1,620)	(1,041)
Net change in fiduciary net position	78,615	(1,856)	(957)	63,830	50,713	40,610
Fiduciary net position – end of year	541,017	539,161	538,204	602,034	652,747	693,357
Net pension liability – end of year	$ 142,760	$ 209,687	$ 240,326	$ 212,283	$194,559	$ 181,160
Funded ratio	79.12 %	72.00 %	69.13 %	73.93 %	77.04 %	79.28 %
Covered payroll	$ 173,322	$ 187,395	$ 193,246	$ 192,346	$198,718	$ 208,173
Net pension liability as a percentage of covered payroll	82.37 %	111.90 %	124.36 %	110.37 %	97.91 %	87.02 %

**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.

In FY2017, FY2018, FY2019, and FY2020, 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**
Total pension liability – beginning of year	$128,421	$136,120	$151,272	$159,084	$171,877	$184,309
Service cost	3,342	3,622	4,317	4,502	4,876	6,459
Interest	9,020	9,615	10,672	11,215	12,112	13,124
Difference between expected and actual experience	1,246	1,559	(786)	3,944	2,503	(884)
Changes of assumptions	—	5,213	—	—	506	—
Benefit payments paid from trust	(5,787)	(4,716)	(6,268)	(6,689)	(6,979)	(6,162)
Transfer of contributions between plans	(122)	(141)	(123)	(179)	(586)	(501)
Net change in total pension liability	7,699	15,152	7,812	12,793	12,432	12,036
Total pension liability – end of year	136,120	151,272	159,084	171,877	184,309	196,345
Fiduciary net position – beginning of year	90,413	107,551	110,820	111,931	127,651	140,714
Contributions - LACMTA	5,466	4,741	5,615	5,955	6,218	7,753
Contributions - Employees	1,769	2,300	2,557	2,751	2,880	3,206
Net investment income	16,005	1,294	(347)	14,090	11,810	10,114
Benefit payments	(5,787)	(4,716)	(6,268)	(6,689)	(6,979)	(6,162)
Administrative expenses	(193)	(209)	(323)	(208)	(280)	(333)
Transfer of contributions between plans	(122)	(141)	(123)	(179)	(586)	(501)
Net change in fiduciary net position	17,138	3,269	1,111	15,720	13,063	14,077
Fiduciary net position – end of year	107,551	110,820	111,931	127,651	140,714	154,791
Net pension liability – end of year	$ 28,569	$ 40,452	$ 47,153	$ 44,226	$ 43,595	$ 41,554
Funded ratio	79.01 %	73.26 %	70.36 %	74.27 %	76.35 %	78.84 %
Covered payroll	$ 28,978	$ 34,512	$ 37,014	$ 39,764	$ 42,497	$ 47,235
Net pension liability as a percentage of covered payroll	98.59 %	117.21 %	127.39 %	111.22 %	102.58 %	87.97 %

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

Notes to Schedule:

In FY2016, for the TCU plan, which is a single-employer defined benefit plan, retirement rates changed at services levels of less than 25 years. The retirement rate at exactly 23 years of services was increased and the retirement rates levels were decreased.

In FY2017, FY2018, FY2019, and FY2020, 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
Total pension liability – beginning of year	$ 64,607	$ 66,226	$ 70,656	$ 70,372	$ 70,178	$ 67,140
Service cost	391	318	235	192	125	177
Interest	4,384	4,438	4,790	4,778	4,690	4,517
Difference between expected and actual experience	872	1,839	(999)	(460)	429	(879)
Changes of assumptions	—	3,358	—	—	(1,568)	—
Benefit payments paid from trust	(4,835)	(6,393)	(5,018)	(5,594)	(8,527)	(6,670)
Transfer of contributions between plans	807	870	708	890	1,813	993
Net change in total pension liability	1,619	4,430	(284)	(194)	(3,038)	(1,862)
Total pension liability – end of year	66,226	70,656	70,372	70,178	67,140	65,278
Fiduciary net position – beginning of year	54,938	61,926	58,392	55,149	58,520	58,136
Contributions - LACMTA	1,964	1,455	1,638	1,576	1,378	1,038
Net investment income	9,219	690	(251)	6,675	5,206	3,669
Benefit payments	(4,835)	(6,393)	(5,018)	(5,594)	(8,527)	(6,670)
Administrative expenses	(167)	(156)	(320)	(176)	(254)	(293)
Transfer of contributions between plans	807	870	708	890	1,813	993
Net change in fiduciary net position	6,988	(3,534)	(3,243)	3,371	(384)	(1,263)
Fiduciary net position – end of year	61,926	58,392	55,149	58,520	58,136	56,873
Net pension liability – end of year	$ 4,300	$ 12,264	$ 15,223	$ 11,658	$ 9,004	$ 8,405
Funded ratio	93.51 %	82.64 %	78.37 %	83.39 %	86.59 %	87.12 %
Covered payroll	$ 3,822	$ 3,338	$ 2,936	$ 2,199	$ 1,547	$ 1,399
Net pension liability as a percentage of covered payroll	112.51 %	367.41 %	518.49 %	530.15 %	582.03 %	600.79 %

* *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 decreased from 30% to 25%, the age-based termination rates were increased, and age-based rates previously not applied to participants with less than 30 years of services now apply to all New Plan participants, regardless of whether they have more or less than 30 years of service. In addition, the retirement rate of 30 years of services was increased (now only applied to the Old Plan participants).

In FY2017, FY2018, FY2019, and FY2020 there were no changes in assumptions.

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

	2015	2016	2017	2018	2019	2020
Total pension liability – beginning of year	$147,574	$148,935	$156,795	$158,813	$159,490	$153,044
Service cost	628	536	466	376	246	441
Interest	10,011	10,062	10,675	10,697	10,770	10,396
Difference between expected and actual experience	587	191	(68)	2,577	(883)	(6,554)
Changes of assumptions	—	8,044	—	—	(4,604)	—
Benefit payments paid from trust	(10,540)	(11,661)	(9,697)	(13,762)	(12,774)	(10,548)
Transfer of contributions between plans	675	688	642	789	799	437
Net change in total pension liability	1,361	7,860	2,018	677	(6,446)	(5,828)
Total pension liability – end of year	148,935	156,795	158,813	159,490	153,044	147,216
Fiduciary net position – beginning of year	113,454	127,728	122,215	116,864	122,180	125,066
Contributions - LACMTA	5,074	4,186	4,531	4,566	4,195	3,369
Net investment income	19,276	1,493	(505)	13,936	10,941	8,323
Benefit payments	(10,540)	(11,661)	(9,697)	(13,762)	(12,774)	(10,548)
Administrative expenses	(211)	(219)	(322)	(213)	(275)	(322)
Transfer of contributions between plans	675	688	642	789	799	437
Net change in fiduciary net position	14,274	(5,513)	(5,351)	5,316	2,886	1,259
Fiduciary net position – end of year	127,728	122,215	116,864	122,180	125,066	126,325
Net pension liability – end of year	$ 21,207	$ 34,580	$ 41,949	$ 37,310	$ 27,978	$ 20,891
Funded ratio	85.76 %	77.95 %	73.59 %	76.61 %	81.72 %	85.81 %
Covered payroll	$ 3,953	$ 3,460	$ 3,522	$ 3,447	$ 3,172	$ 3,092
Net pension liability as a percentage of covered payroll	536.48 %	999.42 %	1,191.06 %	1,082.39 %	882.03 %	675.65 %

* *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:

For the NC plan, which is a single-employer defined benefit plan, the percentage of participants assumed to elect the lump sums decreased from 30% to 25%, the age-based termination rates were increased, and age-based rates previously not applied to participants with less than 30 years of services now apply to all New Plan participants, regardless of whether they have more or less than 30 years of service. In addition, the retirement rate at 30 years of service was increased (now only applied to the Old Plan participants).

In FY2017, FY2018, FY2019, and FY2020, there were no changes in assumptions.

Los Angeles County Metropolitan Transportation Authority

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

Amalgamated Transportation Union Plan (ATU)

Last Ten Fiscal Years*

(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020
Total pension liability – beginning of year	$417,566	$445,951	$505,143	$542,889	$582,087	$623,925
Service cost	12,428	13,928	17,098	15,337	16,081	21,020
Interest	31,401	33,785	35,877	38,249	40,835	44,136
Changes to benefit terms	—	—	—	7,692	—	—
Difference between expected and actual experience	(1,823)	1,060	4,176	(1,418)	3,642	4,674
Changes of assumptions	8,999	29,243	—	2,976	10,906	—
Benefit payments paid from trust	(22,251)	(18,366)	(19,233)	(23,365)	(29,220)	(28,978)
Transfer of contributions between plans	(369)	(458)	(172)	(273)	(406)	112
Net change in total pension liability	28,385	59,192	37,746	39,198	41,838	40,964
Total pension liability – end of year	445,951	505,143	542,889	582,087	623,925	664,889
Fiduciary net position – beginning of year	318,802	379,275	394,655	406,188	468,536	518,577
Contributions - LACMTA	20,126	21,257	22,782	25,423	27,157	29,783
Contributions - Employees	7,648	8,607	9,272	9,696	10,159	11,365
Net investment income	55,695	4,736	(731)	51,241	42,711	36,991
Benefit payments	(22,251)	(18,366)	(19,233)	(23,365)	(29,220)	(28,978)
Administrative expenses	(376)	(396)	(385)	(374)	(360)	(497)
Transfer of contributions between plans	(369)	(458)	(172)	(273)	(406)	112
Net change in fiduciary net position	60,473	15,380	11,533	62,348	50,041	48,776
Fiduciary net position – end of year	379,275	394,655	406,188	468,536	518,577	567,353
Net pension liability – end of year	$ 66,676	$110,488	$136,701	$113,551	$105,348	$ 97,536
Funded ratio	85.05 %	78.13 %	74.82 %	80.49 %	83.12 %	85.33 %
Covered payroll	$113,462	$118,355	$127,258	$142,665	$152,397	$167,130
Net pension liability as a percentage of covered payroll	58.77 %	93.35 %	107.42 %	79.59 %	69.13 %	58.36 %

* *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 of changes reflects a change in the discount rate assumption from 7.50% to 7.00%. The discount rate better reflects the long-term return expectations for the plan over a 30-year horizon. The salary assumption was updated to reflect the negotiated rate increases over the next 3 years (4.25%, 2015-2017).

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 and FY2020, 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
Total for the Four Union Groups and Non-Contract (NC)
Last Ten Fiscal Years*
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020
Total pension liability – beginning of year	$1,418,221	$1,481,009	$1,632,714	$1,709,688	$1,797,949	$1,875,724
Service cost	35,843	37,539	42,046	38,902	40,604	49,491
Interest	100,939	105,591	114,484	119,252	125,252	131,428
Changes of benefit terms	—	—	—	7,692	—	—
Difference between expected and actual experiences	565	23,752	(1,339)	10,584	11,150	(11,921)
Changes of assumptions	8,999	68,974	—	2,976	446	—
Benefit payments paid from trust	(83,558)	(84,151)	(78,217)	(91,145)	(99,677)	(96,477)
Net change in total pension liability	62,788	151,705	76,974	88,261	77,775	72,521
Total pension liability – end of year	1,481,009	1,632,714	1,709,688	1,797,949	1,875,724	1,948,245
Fiduciary net position – beginning of year	1,040,009	1,217,498	1,225,243	1,228,336	1,378,921	1,495,240
Contributions - LACMTA	56,198	51,419	55,935	59,535	60,415	63,022
Contributions - Employees	25,337	27,435	30,319	30,595	31,754	34,121
Net investment income	180,910	14,659	(3,238)	152,988	125,430	104,771
Benefit payments	(83,558)	(84,151)	(78,217)	(91,145)	(99,677)	(96,477)
Administrative expenses	(1,398)	(1,617)	(1,706)	(1,388)	(1,603)	(1,978)
Net change in fiduciary net position	177,489	7,745	3,093	150,585	116,319	103,459
Fiduciary net position – end of year	1,217,498	1,225,243	1,228,336	1,378,921	1,495,240	1,598,699
Net pension liability – end of year	$263,511	$407,471	$481,352	$419,028	$380,484	$349,546
Funded ratio	82.21 %	75.04 %	71.85 %	76.69 %	79.72 %	82.06 %
Covered payroll	$323,537	$347,060	$363,976	$380,421	$398,331	$427,029
Net pension liability as a percentage of covered payroll	81.45 %	117.41 %	132.25 %	110.15 %	95.52 %	81.86 %

* *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.*

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, 2020
(Amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020
SHEET METAL, AIR, RAIL,TRANSPORTATION, TRANSPORTATION DIVISION (SMART-TD)						
Actuarially determined contribution	$19,780	$21,369	$22,011	$21,467	$21,080	$23,033
Contributions in relation to the actually determined contribution	(19,780)	(21,369)	(22,011)	(21,467)	(21,080)	(23,033)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$187,395	$193,246	$192,346	$198,718	$208,173	$215,390
Contributions as a percentage of covered payroll	10.56 %	11.06 %	11.44 %	10.80 %	10.13 %	10.69 %
TRANSPORTATION COMMUNICATION UNION PLAN (TCU)						
Actuarially determined contribution	$ 4,741	$ 5,615	$ 5,955	$ 6,218	$ 7,752	$ 8,592
Contributions in relation to the actually determined contribution	(4,741)	(5,615)	(5,955)	(6,218)	(7,752)	(8,592)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$34,512	$37,014	$39,764	$42,497	$47,235	$49,491
Contributions as a percentage of covered payroll	13.74 %	15.17 %	14.98 %	14.63 %	16.41 %	17.36 %
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
Contributions in relation to the actually determined contribution	(1,455)	(1,638)	(1,575)	(1,378)	(1,038)	(1,082)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 3,338	$ 2,936	$ 2,199	$ 1,547	$ 1,399	$ 1,149
Contributions as a percentage of covered payroll	43.59 %	55.79 %	71.62 %	89.08 %	74.20 %	94.17 %
NON-CONTRACT (NC)						
Actuarially determined contribution	$ 4,186	$ 4,531	$ 4,565	$ 4,195	$ 3,369	$ 2,849
Contributions in relation to the actually determined contribution	(4,186)	(4,531)	(4,565)	(4,195)	(3,369)	(2,849)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 3,460	$ 3,522	$ 3,447	$ 3,172	$ 3,092	$ 2,846
Contributions as a percentage of covered payroll	120.98 %	128.65 %	132.43 %	132.25 %	108.96 %	100.11 %
AMALGAMATED TRANSPORTATION UNION PLAN (ATU)						
Actuarially determined contribution	$21,257	$22,782	$25,422	$27,157	$29,783	$31,844
Contributions in relation to the actually determined contribution	(21,257)	(22,782)	(25,422)	(27,157)	(29,783)	(31,844)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$118,355	$127,258	$142,665	$152,397	$167,130	$178,697
Contributions as a percentage of covered payroll	17.96 %	17.90 %	17.82 %	17.82 %	17.82 %	17.82 %
TOTAL						
Actuarially determined contribution	$51,419	$55,934	$59,531	$60,415	$63,022	$67,400
Contributions in relation to the actually determined contribution	(51,419)	(55,934)	(59,531)	(60,415)	(63,022)	(67,400)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$347,060	$363,976	$380,421	$398,331	$427,029	$447,573
Contributions as a percentage of covered payroll	14.82 %	15.37 %	15.65 %	15.17 %	14.76 %	15.06 %

** 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 Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*
(Amounts expressed in thousands)

	2018	2019	2020
Total OPEB Liability			
Service cost	$ 86,058	$ 69,912	$ 66,838
Interest cost	55,924	61,050	66,422
Differences between expected and actual experience	(179,706)	—	(240,338)
Changes of assumptions	(191,475)	(72,824)	(73,145)
Benefit payments	(23,558)	(42,757)	(46,335)
Net change in total OPEB Liability	(252,757)	15,381	(226,558)
Total OPEB Liability - Beginning of year	1,854,031	1,601,274	1,616,655
Total OPEB Liability - Ending of year	1,601,274	1,616,655	1,390,097
Plan Fiduciary Net Position			
Contributions - Employer	31,933	49,806	51,166
Net investment income	35,666	29,016	21,263
Benefit payments	(23,558)	(42,757)	(46,335)
Administrative expense	(167)	(295)	(207)
Net change in Plan Fiduciary Net Position	43,874	35,770	25,887
Plan Fiduciary Net Position - Beginning of year	295,066	338,940	374,710
Plan Fiduciary Net Position - Ending of year	338,940	374,710	400,597
Net OPEB Liability - Ending of year	$ 1,262,334	$ 1,241,945	$ 989,500
Net Position as a Percentage of OPEB Liability	21.17 %	23.18 %	28.82 %
Covered-employee payroll	$ 747,036	$ 743,277	$ 836,334
Net OPEB Liability as a Percentage of Covered-employee payroll	168.98 %	167.09 %	118.31 %

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

Note to schedule:

There were no changes in benefit terms in fiscal year 2018 through 2020.

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% in 2017 to 4.00% in 2018.

The discount rate was decreased from 4.00% in 2018 to 3.80% in 2019.

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

	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	11.92%	8.47%	5.64%	4.00%

Note to schedule:

Only four 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
Pay-as-you-go contribution (*)	$ 26,203	$ 25,671	$ 31,295	$ 30,743
Contribution in relation to pay-as-you-go contribution	31,203	30,671	28,687	25,619
Contribution deficiency (excess)	$ (5,000)	$ (5,000)	$ 2,608	$ 5,124

(*) 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. 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.

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, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ 41,122	$ 41,122	$ 22,847	$ (18,275)
Investment income	4,110	4,110	5,501	1,391
Net appreciation in fair value of investments	—	—	1,426	1,426
Lease and rental	13,798	13,798	14,988	1,190
Licenses and fines	500	500	758	258
Other	40,291	40,291	38,768	(1,523)
TOTAL REVENUES	99,821	99,821	84,288	(15,533)
EXPENDITURES				
Current:				
Administration and other	188,047	187,291	133,039	54,252
Transportation subsidies	48,282	48,254	37,010	11,244
TOTAL EXPENDITURES	236,329	235,545	170,049	65,496
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(136,508)	(135,724)	(85,761)	49,963
OTHER FINANCING SOURCES (USES)				
Transfers in	81,905	81,905	99,932	18,027
Transfers out	(190,674)	(190,674)	(84,107)	106,567
TOTAL OTHER FINANCING SOURCES (USES)	(108,769)	(108,769)	15,825	124,594
NET CHANGE IN FUND BALANCES	(245,277)	(244,493)	(69,936)	174,557
Fund balances – beginning of year	273,657	273,657	273,657	—
FUND BALANCES – END OF YEAR	$ 28,380	$ 29,164	$ 203,721	$ 174,557

** 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, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	$ 873,000	$ 873,000	$ 824,569	$ (48,431)
Investment income	—	—	811	811
Net appreciation in fair value of investments	—	—	599	599
TOTAL REVENUES	873,000	873,000	825,979	(47,021)
EXPENDITURES				
Current:				
Transportation subsidies	340,605	340,605	322,705	17,900
TOTAL EXPENDITURES	340,605	340,605	322,705	17,900
EXCESS OF REVENUES OVER EXPENDITURES	532,395	532,395	503,274	(29,121)
OTHER FINANCING SOURCES (USES)				
Transfers out	(491,832)	(491,832)	(501,752)	(9,920)
TOTAL OTHER FINANCING SOURCES (USES)	(491,832)	(491,832)	(501,752)	(9,920)
NET CHANGE IN FUND BALANCES	40,563	40,563	1,522	(39,041)
Fund balances – beginning of year	138,291	138,291	138,291	—
FUND BALANCES – END OF YEAR	$ 178,854	$ 178,854	$ 139,813	$ (39,041)

** Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Proposition C Fund
For the Fiscal Year Ended June 30, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	$ 873,000	$ 873,000	$ 824,567	$ (48,433)
Intergovernmental	13,573	13,573	52,019	38,446
Investment income	—	—	3,229	3,229
Net appreciation in fair value of investments	—	—	1,936	1,936
TOTAL REVENUES	886,573	886,573	881,751	(4,822)
EXPENDITURES				
Current:				
Administration and other	62,013	119,925	97,983	21,942
Transportation subsidies	499,635	494,635	475,872	18,763
TOTAL EXPENDITURES	561,648	614,560	573,855	40,705
EXCESS OF REVENUES OVER EXPENDITURES	324,925	272,013	307,896	35,883
OTHER FINANCING SOURCES (USES)				
Transfers in	83,234	83,234	40,451	(42,783)
Transfers out	(468,689)	(468,689)	(390,860)	77,829
TOTAL OTHER FINANCING SOURCES (USES)	(385,455)	(385,455)	(350,409)	35,046
NET CHANGE IN FUND BALANCES	(60,530)	(113,442)	(42,513)	70,929
Fund balances – beginning of year	279,909	279,909	279,909	—
FUND BALANCES – END OF YEAR	$ 219,379	$ 166,467	$ 237,396	$ 70,929

**Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure R Fund
For the Fiscal Year Ended June 30, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	$ 873,000	$ 873,000	$ 823,382	$ (49,618)
Intergovernmental	17,210	17,210	8,988	(8,222)
Investment income	—	—	8,239	8,239
Net appreciation in fair value of investments	—	—	3,462	3,462
TOTAL REVENUES	890,210	890,210	844,071	(46,139)
EXPENDITURES				
Current:				
Administration and other	272,227	237,011	139,674	97,337
Transportation subsidies	418,107	378,670	342,714	35,956
TOTAL EXPENDITURES	690,334	615,681	482,388	133,293
EXCESS OF REVENUES OVER EXPENDITURES	199,876	274,529	361,683	87,154
OTHER FINANCING SOURCES (USES)				
Transfers in	50,229	50,229	14,447	(35,782)
Transfers out	(539,996)	(539,996)	(381,380)	158,616
TOTAL OTHER FINANCING SOURCES (USES)	(489,767)	(489,767)	(366,933)	122,834
NET CHANGE IN FUND BALANCES	(289,891)	(215,238)	(5,250)	209,988
Fund balances – beginning of year	335,378	335,378	335,378	—
FUND BALANCES – END OF YEAR	$ 45,487	$ 120,140	$ 330,128	$ 209,988

* *Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure M Fund
For the Fiscal Year Ended June 30, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Sales tax	$ 873,000	$ 873,000	$ 820,724	$ (52,276)
Intergovernmental	—	—	8,432	8,432
Investment income	—	—	15,968	15,968
Net appreciation in fair value of investments	—	—	5,450	5,450
TOTAL REVENUES	873,000	873,000	850,574	(22,426)
EXPENDITURES				
Current:				
Administration and other	55,792	44,510	27,787	16,723
Transportation subsidies	216,415	221,415	213,149	8,266
TOTAL EXPENDITURES	272,207	265,925	240,936	24,989
EXCESS OF REVENUES OVER EXPENDITURES	600,793	607,075	609,638	2,563
OTHER FINANCING SOURCES (USES)				
Transfers in	6,946	6,946	—	(6,946)
Transfers out	(703,659)	(703,659)	(656,362)	47,297
TOTAL OTHER FINANCING SOURCES (USES)	(696,713)	(696,713)	(656,362)	40,351
NET CHANGE IN FUND BALANCES	(95,920)	(89,638)	(46,724)	42,914
Fund balances – beginning of year	678,681	678,681	678,681	—
FUND BALANCES – END OF YEAR	$ 582,761	$ 589,043	$ 631,957	$ 42,914

** Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Transportation Development Act Fund
For the Fiscal Year Ended June 30, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales taxes	$ 436,500	$ 436,500	$ 405,988	$ (30,512)
Investment income	—	—	3,552	3,552
TOTAL REVENUES	436,500	436,500	409,540	(26,960)
EXPENDITURES				
Current:				
Transportation subsidies	147,154	147,154	145,754	1,400
TOTAL EXPENDITURES	147,154	147,154	145,754	1,400
EXCESS OF REVENUES OVER EXPENDITURES	289,346	289,346	263,786	(25,560)
OTHER FINANCING SOURCES (USES)				
Transfers out	(296,500)	(296,500)	(332,843)	(36,343)
TOTAL OTHER FINANCING SOURCES (USES)	(296,500)	(296,500)	(332,843)	(36,343)
NET CHANGE IN FUND BALANCES	(7,154)	(7,154)	(69,057)	(61,903)
Fund balances – beginning of year	218,192	218,192	218,192	—
FUND BALANCES – END OF YEAR	$ 211,038	$ 211,038	$ 149,135	$ (61,903)

** Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State Transit Assistance Fund
For the Fiscal Year Ended June 30, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Sales taxes	$ 215,823	$ 215,823	$ 198,290	$ (17,533)
Investment income	—	—	1,470	1,470
TOTAL REVENUES	215,823	215,823	199,760	(16,063)
EXPENDITURES				
Current:				
Transportation subsidies	38,289	38,289	39,210	(921)
TOTAL EXPENDITURES	38,289	38,289	39,210	(921)
EXCESS OF REVENUES OVER EXPENDITURES	177,534	177,534	160,550	(16,984)
OTHER FINANCING SOURCES (USES)				
Transfers out	(191,460)	(191,460)	(211,710)	(20,250)
TOTAL OTHER FINANCING SOURCES (USES)	(191,460)	(191,460)	(211,710)	(20,250)
NET CHANGE IN FUND BALANCES	(13,926)	(13,926)	(51,160)	(37,234)
Fund balances – beginning of year	79,871	79,871	79,871	—
FUND BALANCES – END OF YEAR	$ 65,945	$ 65,945	$ 28,711	$ (37,234)

** Budget prepared in accordance with GAAP*

Note:

The actual subsidies was more than the budgeted amount due to prior year reserves and FY19 allocations claimed in FY20. Jurisdictions have the option to reserve their claim on the year of allocation and have three years after that to claim their allocations.

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OTHER SUPPLEMENTARY INFORMATION

Los Angeles County Metropolitan Transportation Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020
(Amounts expressed in thousands)

	Special Revenue Funds		
	Service Authority For Freeway Emergencies	Other	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 16,568	$ 23,679	$ 40,247
Investments	12,591	94,290	106,881
Receivables			
Interest	101	58	159
Intergovernmental	1,431	5,534	6,965
Due from other funds	—	24	24
TOTAL ASSETS	$ 30,691	$ 123,585	$ 154,276
LIABILITIES			
Accounts payable and accrued liabilities	$ 1,246	$ 513	$ 1,759
Due to other funds	—	13,569	13,569
TOTAL LIABILITIES	1,246	14,082	15,328
FUND BALANCES			
Restricted	29,445	109,503	138,948
TOTAL FUND BALANCES	29,445	109,503	138,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 30,691	$ 123,585	$ 154,276

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, 2020
(Amounts expressed in thousands)

	Special Revenue Funds		
	Service Authority For Freeway Emergencies	Other	Total Nonmajor Governmental Funds
REVENUES			
Sales Taxes	$ —	$ —	$ —
Intergovernmental	—	8	8
Investment income	566	2,446	3,012
Net appreciation (decline) in fair value of investments	330	(262)	68
Licenses and fines	8,076	32,204	40,280
Other	10	—	10
TOTAL REVENUES	8,982	34,396	43,378
EXPENDITURES			
Current:			
Administration and other	6,802	—	6,802
Transportation subsidies	—	2,821	2,821
TOTAL EXPENDITURES	6,802	2,821	9,623
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,180	31,575	33,755
OTHER FINANCING SOURCES (USES)			
Transfers out	—	(68,302)	(68,302)
TOTAL OTHER FINANCING USES	—	(68,302)	(68,302)
NET CHANGE IN FUND BALANCES	2,180	(36,727)	(34,547)
Fund balances – beginning of year	27,265	146,230	173,495
FUND BALANCES – END OF YEAR	$ 29,445	$ 109,503	$ 138,948

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, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Investment income	$ 100	$ 100	$ 566	$ 466
Net appreciation in fair value of investments	—	—	330	330
Licenses and fines	7,750	7,750	8,076	326
Other	—	—	10	10
TOTAL REVENUES	7,850	7,850	8,982	1,132
EXPENDITURES				
Current:				
Administration and other	8,129	8,129	6,802	1,327
TOTAL EXPENDITURES	8,129	8,129	6,802	1,327
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(279)	(279)	2,180	2,459
OTHER FINANCING SOURCES (USES)				
Transfers out	—	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—	—
NET CHANGE IN FUND BALANCES	(279)	(279)	2,180	2,459
Fund balances – beginning of year	27,265	27,265	27,265	—
FUND BALANCES – END OF YEAR	$ 26,986	$ 26,986	$ 29,445	$ 2,459

* *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, 2020
(Amounts expressed in thousands)

	Budgeted Amounts*			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Sales Tax	$ 30,067	$ 30,067	$ —	$ (30,067)
Intergovernmental	—	—	8	8
Investment income	—	—	2,446	2,446
Net appreciation in fair value of investments	—	—	(262)	(262)
License and fines	—	—	32,204	32,204
TOTAL REVENUES	30,067	30,067	34,396	4,329
EXPENDITURES				
Current:				
Administration and other	—	—	—	—
Transportation subsidies	5,773	5,773	2,821	2,952
TOTAL EXPENDITURES	5,773	5,773	2,821	2,952
EXCESS OF REVENUES OVER EXPENDITURES	24,294	24,294	31,575	7,281
OTHER FINANCING SOURCES (USES)				
Transfers out	(67,706)	(67,706)	(68,302)	(596)
TOTAL OTHER FINANCING SOURCES (USES)	(67,706)	(67,706)	(68,302)	(596)
NET CHANGE IN FUND BALANCES	(43,412)	(43,412)	(36,727)	6,685
Fund balances – beginning of year	146,230	146,230	146,230	—
FUND BALANCES – END OF YEAR	$ 102,818	$ 102,818	$ 109,503	$ 6,685

** Budget prepared in accordance with GAAP*

Los Angeles County Metropolitan Transportation Authority
Combining Schedule of Fiduciary Net Position
June 30, 2020
(Amounts expressed in thousands)

	Employee Retirement Trust Funds	OPEB Trust Fund	Total
ASSETS			
Cash and cash equivalents	$ 294	$ 7,939	$ 8,233
Investments:			
Bonds	203,504	94,178	297,682
Domestic stocks	237,907	175	238,082
Non-domestic stocks	8,444	—	8,444
Pooled investments	1,205,988	316,612	1,522,600
Receivables			
Member contributions	1,496	338	1,834
Securities sold	869	—	869
OPEB Trust Fund	800	—	800
Interest and dividends	1,527	460	1,987
Prepaid items and other assets	47	—	47
Total assets	1,660,876	419,702	2,080,578
LIABILITIES			
Accounts payable and other liabilities	2,041	748	2,789
Payable to Employee Retirement Trust Funds	—	800	800
Securities purchased	2,290	—	2,290
Total liabilities	4,331	1,548	5,879
NET POSITION RESTRICTED FOR PENSIONS AND OPEB			
Held in trust for pension and OPEB benefits	$ 1,656,545	$ 418,154	$ 2,074,699

Note: *Receivable/payable between the fiduciary trust funds were eliminated in the Statement of Net Position - Employee Retirement and OPEB Trust Funds on page 56.*

Los Angeles County Metropolitan Transportation Authority
Combining Schedule Of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020
(Amounts expressed in thousands)

	Employee Retirement Trust Funds	OPEB Trust Fund	Total
ADDITIONS			
Contributions			
Employer	$ 67,400	$ 25,619	$ 93,019
Member	35,310	952	36,262
Total contributions	102,710	26,571	129,281
From investing activities			
Net appreciation in fair value of investments	45,868	9,059	54,927
Investment income	22,971	7,590	30,561
Investment expense	(5,642)	(603)	(6,245)
Other income	899	—	899
Total investing activities	64,096	16,046	80,142
Total additions	166,806	42,617	209,423
DEDUCTIONS			
Retiree benefits	107,315	24,911	132,226
Administrative expenses	1,645	148	1,793
Total deductions	108,960	25,059	134,019
Net increase	57,846	17,558	75,404
Net position - beginning of year	1,598,699	400,596	1,999,295
Net position - end of year	$ 1,656,545	$ 418,154	$ 2,074,699

Los Angeles County Metropolitan Transportation Authority
Combining Schedule of Fiduciary Net Position - Employee Retirement Trust Funds
Fiduciary Funds
June 30, 2020
(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	$ 126	$ 30	$ 9	$ 22	$ 107	$ 294
Investments						
Bonds	87,539	20,404	6,495	14,970	74,096	203,504
Domestic stocks	102,337	23,854	7,594	17,500	86,622	237,907
Non-domestic stocks	3,632	847	270	621	3,074	8,444
Pooled investments	518,764	120,918	38,494	88,713	439,099	1,205,988
Receivables						
Member contributions	705	177	—	—	614	1,496
Contribution transfer from other plans	—	—	1,264	702	219	2,185
Securities sold	374	87	28	64	316	869
Interest and dividends	657	153	49	112	556	1,527
Receivable from OPEB Trust Fund	—	57	137	461	145	800
Prepaid items and other assets	20	5	1	4	17	47
Total assets	714,154	166,532	54,341	123,169	604,865	1,663,061
LIABILITIES						
Contribution transfers to other plans	1,423	473	—	219	70	2,185
Accounts payable and other liabilities	831	206	92	179	733	2,041
Securities purchased	985	230	73	168	834	2,290
Total liabilities	3,239	909	165	566	1,637	6,516
NET POSITION						
Restricted for pension benefits	$ 710,915	$ 165,623	$ 54,176	$ 122,603	$ 603,228	$ 1,656,545

Note: Inter-plan receivables/payables among the Union Plans were eliminated in the Statement of Fiduciary Net Position found on page 167.

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, 2020
(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	$ 23,033	$ 8,592	$ 1,082	$ 2,849	$ 31,844	$ 67,400
Member	19,746	3,440	—	—	12,124	35,310
Transfers between plans	(1,423)	(417)	1,264	646	(70)	—
Total contributions	41,356	11,615	2,346	3,495	43,898	102,710
From investing activities:						
Net appreciation in fair value of investments	19,914	4,592	1,437	3,448	16,477	45,868
Investment income	9,936	2,268	777	1,758	8,232	22,971
Investment expense	(2,437)	(561)	(187)	(425)	(2,032)	(5,642)
Other income	203	548	10	37	101	899
Total investing activities	27,616	6,847	2,037	4,818	22,778	64,096
Total additions	68,972	18,462	4,383	8,313	66,676	166,806
DEDUCTIONS						
Retiree benefits	50,914	7,361	6,856	11,769	30,415	107,315
Administrative expenses	499	269	225	266	386	1,645
Total deductions	51,413	7,630	7,081	12,035	30,801	108,960
Change in net position	17,559	10,832	(2,698)	(3,722)	35,875	57,846
Net Position – beginning of year	693,356	154,791	56,874	126,325	567,353	1,598,699
Net Position – end of year	$ 710,915	$ 165,623	$ 54,176	$ 122,603	$ 603,228	$ 1,656,545

Los Angeles County Metropolitan Transportation Authority

STATISTICAL SECTION

STATISTICAL SECTION

This section of LACMTA's comprehensive annual 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.

	Page No.
Financial Trends These schedules contain trend information to help the reader understand how LACMTA's financial performance has changed over time.	172 - 176
Revenue Capacity These schedules contain information to help the reader assess LACMTA's local revenue sources: sales taxes, operating assistance, and passenger fares.	177 - 179
Debt Capacity These schedules present information to help the reader assess the affordability of LACMTA's current outstanding debts and LACMTA's ability to issue additional debt in the future.	180 - 183
Demographic and Economic Information These schedules contain demographic and economic indicators to assist the reader in understanding the environment within which LACMTA's financial activities take place.	184 - 186
Operating Information These schedules contain service and facilities statistics to help the reader understand how LACMTA's financial report relates to its services and operating activities and how it compares to the transit industry.	187 - 193

Los Angeles County Metropolitan Transportation Authority *Table 1*
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	$ 772,794	$ 772,794	$ 772,794	$ 772,794	$ 769,942	$ 769,834	$ 768,977	$ 749,457	$ 749,417	$ 749,417
Restricted for										
Proposition A ordinance projects	69,049	161,158	191,111	342,565	311,284	86,647	134,674	127,125	138,291	139,813
Proposition C ordinance projects	116,912	134,652	40,057	39,419	278,776	266,232	214,721	178,945	279,909	237,396
Measure R ordinance projects	611,464	915,357	1,189,279	664,954	255,516	369,215	362,645	414,565	335,378	330,128
Measure M ordinance projects	—	—	—	—	—	—	—	429,568	678,681	631,957
PTMISEA projects	—	32,182	158,943	108,904	82,385	13,907	11	—	—	—
TDA and STA projects	264,366	324,010	337,582	203,463	107,393	165,757	159,013	302,434	298,063	177,846
Other nonmajor governmental projects	49,968	74,742	79,759	82,725	68,121	111,773	93,951	146,676	173,495	138,948
Unrestricted	499,084	486,403	514,563	640,325	656,388	237,268	472,265	356,105	303,142	239,282
Total governmental activities net position	2,383,637	2,901,298	3,284,088	2,855,149	2,529,805	2,020,633	2,206,257	2,704,875	2,956,376	2,644,787
Business-type activities:										
Net investment in capital assets	4,497,567	4,561,995	4,908,034	5,587,514	7,313,244	7,762,367	7,797,783	8,328,321	8,899,216	9,917,311
Restricted for debt service	440,892	431,009	469,027	504,782	418,006	420,543	459,949	536,936	523,844	566,387
Unrestricted	(130,868)	(30,488)	(318,227)	(702,106)	(1,019,466)	(943,051)	(1,031,275)	(1,807,024)	(1,779,642)	(1,777,125)
Total business-type activities net position	4,807,591	4,962,516	5,058,834	5,390,190	6,711,784	7,239,859	7,226,457	7,058,233	7,643,418	8,706,573
Primary government:										
Net investment in capital assets	5,270,361	5,334,789	5,680,828	6,360,308	8,083,186	8,532,201	8,566,760	9,077,778	9,648,633	10,666,728
Restricted for debt service	440,892	431,009	469,027	504,782	418,006	420,543	459,949	536,936	523,844	566,387
Restricted for other purpose										
Proposition A ordinance projects	69,049	161,158	191,111	342,565	311,284	86,647	134,674	127,125	138,291	139,813
Proposition C ordinance projects	116,912	134,652	40,057	39,419	278,776	266,232	214,721	178,945	279,909	237,396
Measure R ordinance projects	611,464	915,357	1,189,279	664,954	255,516	369,215	362,645	414,565	335,378	330,128
Measure M ordinance projects	—	—	—	—	—	—	—	429,568	678,681	631,957
PTMISEA projects	—	32,182	158,943	108,904	82,385	13,907	11	—	—	—
TDA and STA projects	264,366	324,010	337,582	203,463	107,393	165,757	159,013	302,434	298,063	177,846
Other nonmajor governmental projects	49,968	74,742	79,759	82,725	68,121	111,773	93,951	146,676	173,495	138,948
Unrestricted	368,216	455,915	196,336	(61,781)	(363,078)	(705,783)	(559,010)	(1,450,919)	(1,476,500)	(1,537,843)
Total primary government net position	$ 7,191,228	$ 7,863,814	$ 8,342,922	$ 8,245,339	$ 9,241,589	$ 9,260.492	$ 9,432,714	$ 9,763,108	$ 10,599,794	$ 11,351,360

Source: Comprehensive Annual 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)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Transit operators programs	$ 238,624	$ 220,782	$ 239,718	$ 346,326	$ 304,916	$ 357,346	$ 351,667	$ 345,473	$ 379,911	$ 404,115
Local cities programs	401,957	442,409	431,470	541,736	549,302	548,101	543,972	749,990	711,855	686,270
Congestion relief operations	—	—	—	44,792	43,724	42,279	50,034	41,407	42,475	44,122
Highway projects	108,511	234,690	312,807	521,755	196,158	594,069	181,211	220,443	301,038	291,654
Regional multimodal capital programs	80,221	96,174	146,528	29,080	42,844	52,363	114,253	104,298	100,676	102,784
Paratransit programs	16,456	10,227	13,097	92,745	83,602	105,042	103,560	114,027	108,560	139,642
Other transportation subsidies	56,504	63,875	130,964	62,861	72,088	64,237	93,316	118,119	127,427	141,024
Debt service interest	1,205	1,161	1,114	1,064	1,011	954	686	—	—	—
General government	257,433	167,134	218,637	81,380	96,909	109,029	134,569	142,462	161,022	174,909
Total government activities	1,160,911	1,236,452	1,494,335	1,721,739	1,390,554	1,873,420	1,573,268	1,836,219	1,932,964	1,984,520
Business-type activities:										
Transit operations	1,910,466	1,835,735	1,916,041	1,940,775	1,935,989	2,085,787	2,311,422	2,363,719	2,607,757	2,570,831
Union Station operations*	1,052	4,167	6,586	7,498	9,729	9,172	9,664	8,400	13,933	14,865
Toll operations**	—	—	10,102	12,803	20,757	24,815	27,073	31,905	43,134	57,259
Total business-type activities expenses	1,911,518	1,839,902	1,932,729	1,961,076	1,966,475	2,119,774	2,348,159	2,404,024	2,664,824	2,642,955
Total expenses	3,072,429	3,076,354	3,427,064	3,682,815	3,357,029	3,993,194	3,921,427	4,240,243	4,597,788	4,627,475
Program Revenues										
Governmental activities:										
Charges for services	16,302	15,740	23,770	5,899	23,704	9,009	19,427	18,269	18,014	17,006
Operating grants & contributions	169,261	401,651	502,374	410,545	345,206	44,805	130,836	83,838	138,544	95,545
Total governmental activities program revenues	185,563	417,391	526,144	416,444	368,910	53,814	150,263	102,107	156,558	112,551
Business-type activities:										
Charges for services	375,168	375,917	382,003	400,832	439,028	443,856	423,143	404,415	368,954	274,041
Operating grants & contributions	261,068	289,517	272,951	241,808	263,838	200,193	252,344	327,664	328,867	571,212
Capital grants & contributions	182,378	207,509	135,653	298,199	486,793	457,106	340,376	664,403	426,935	733,203
Total business-type activities program revenues	818,614	872,943	790,607	940,839	1,189,659	1,101,155	1,015,863	1,396,482	1,124,756	1,578,456
Total primary government program revenues	1,004,177	1,290,334	1,316,751	1,357,283	1,558,569	1,154,969	1,166,126	1,498,589	1,281,314	1,691,007
Net (expense)/revenue										
Governmental activities	(975,348)	(819,061)	(968,191)	(1,305,295)	(1,021,644)	(1,819,606)	(1,423,005)	(1,734,112)	(1,776,406)	(1,871,969)
Business-type activities	(1,092,904)	(966,959)	(1,142,122)	(1,020,237)	(769,293)	(1,018,619)	(1,332,296)	(1,007,542)	(1,540,068)	(1,064,499)
Total net expense	$ (2,068,252)	$ (1,786,020)	$ (2,110,313)	$ (2,325,532)	$ (1,790,937)	$ (2,838,225)	$ (2,755,301)	$ (2,741,654)	$ (3,316,474)	$ (2,936,468)

* *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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes In Net Position										
Governmental activities:										
Sales tax	$ 2,104,072	$ 2,386,439	$ 2,519,720	$ 2,778,676	$ 2,717,320	$ 2,753,686	$ 2,834,411	$ 3,931,132	$ 3,992,725	$ 3,897,520
Investment income*	24,628	17,829	4,822	14,719	11,498	24,638	10,580	15,642	53,999	54,723
Miscellaneous **	49,218	32,205	42,203	22,244	30,781	59,786	60,664	53,853	70,114	80,623
Transfers	(1,070,983)	(1,099,751)	(1,215,764)	(1,939,283)	(2,063,299)	(1,527,676)	(1,297,026)	(1,767,897)	(2,088,931)	(2,472,486)
Total governmental activities	1,106,935	1,336,722	1,350,981	876,356	696,300	1,310,434	1,608,629	2,232,730	2,027,907	1,560,380
Business-type activities:										
Investment income*	13,191	15,480	17,977	13,261	17,295	8,919	12,032	14,442	21,016	10,113
Miscellaneous **	4,872	6,653	4,699	11,707	10,293	10,099	9,836	13,024	15,306	12,945
Transfers	1,070,983	1,099,751	1,215,764	1,939,283	2,063,299	1,527,676	1,297,026	1,767,897	2,088,931	2,472,486
Total business-type activities	1,089,046	1,121,884	1,238,440	1,964,251	2,090,887	1,546,694	1,318,894	1,795,363	2,125,253	2,495,544
Total primary government	2,195,981	2,458,606	2,589,421	2,840,607	2,787,187	2,857,128	2,927,523	4,028,093	4,153,160	4,055,924
Change in Net Position										
Governmental activities	131,587	517,661	382,790	(428,939)	(325,344)	(509,172)	185,624	498,618	251,501	(311,589)
Business-type activities	(3,858)	154,925	96,318	944,014	1,321,594	528,075	(13,402)	787,821	585,185	1,431,045
Total primary government	$ 127,729	$ 672,586	$ 479,108	$ 515,075	$ 996,250	$ 18,903	$ 172,222	$ 1,286,439	$ 836,686	$ 1,119,456

Source: Comprehensive Annual Financial Report

* *Includes net appreciation (decline) in fair value of investments*
** *Includes gain (loss) on sale of capital assets*

Los Angeles County Metropolitan Transportation Authority *Table 3*
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 21	$ 21	$ 21
Restricted *	7,827	9,023	6,588	4,045	15,753	35,704	49,417	25,750	25,689	22,496
Committed *	46,564	3,492	8,877	8,779	10,994	13,862	11,891	14,250	36,217	27,476
Assigned *	986	6,818	11,403	10,624	16,162	23,653	22,180	35,168	10,943	10,473
Unassigned *	434,371	456,263	448,155	489,143	512,492	450,594	366,051	279,381	200,787	143,255
Total General Fund	489,748	475,596	475,023	512,591	555,401	523,813	449,539	354,570	273,657	203,721
All other governmental funds - special revenue funds										
Nonspendable	—	—	—	—	—	—	—	—	—	11
Restricted: *										
Proposition A Fund	69,049	161,158	191,111	342,565	311,284	86,647	134,674	127,125	138,291	139,813
Proposition C Fund	116,912	134,652	40,057	39,419	278,776	266,232	214,721	178,945	279,909	237,385
Measure R Fund	611,464	915,357	1,189,279	664,954	255,516	369,215	362,645	414,565	335,378	330,128
Measure M Fund	—	—	—	—	—	—	—	429,568	678,681	631,957
PTMISEA Fund	—	32,182	158,943	108,904	82,385	13,907	11	—	—	—
TDA	214,652	297,064	324,387	199,743	98,839	165,757	149,408	197,005	218,192	149,135
STA	49,714	26,946	13,195	3,720	8,554	—	9,605	105,429	79,871	28,711
Nonmajor Governmental Funds	49,968	74,742	79,759	82,725	68,121	111,773	93,951	146,676	173,495	138,948
Unrestricted:										
STA	—	—	—	—	—	(13,094)	—	—	—	—
Total all other governmental funds	1,111,759	1,642,101	1,996,731	1,442,030	1,103,475	1,000,437	965,015	1,599,313	1,903,817	1,656,088
Total governmental funds	$1,601,507	$2,117,697	$2,471,754	$1,954,621	$1,658,876	$1,524,250	$1,414,554	$1,953,883	$2,177,474	$1,859,809

Source: Comprehensive Annual Financial Report

* Reclassification of fund balances with the implementation of GASB Statement No. 54 – *Fund Balance Reporting and Government Fund Type Definitions*

Los Angeles County Metropolitan Transportation Authority *Table 4*
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Sales tax	$ 2,104,072	$ 2,386,439	$ 2,519,720	$ 2,778,676	$ 2,717,320	$ 2,753,686	$ 2,834,411	$ 3,931,132	$ 3,992,725	$ 3,897,520
Intergovernmental	228,469	413,262	484,194	315,337	374,350	120,428	155,452	105,727	116,974	92,294
Investment income (1)	24,628	16,812	5,025	15,533	11,498	24,638	10,580	15,642	53,999	54,723
Lease and rental	16,206	15,740	15,509	14,162	23,641	9,065	19,427	18,139	14,649	14,988
Licenses and fines	8,023	8,065	8,115	8,366	8,354	8,606	8,842	10,333	40,029	41,038
Other	34,071	13,095	32,658	12,756	24,129	51,180	49,515	62,458	27,122	38,778
Total revenues	2,415,469	2,853,413	3,065,221	3,144,830	3,159,292	2,967,603	3,078,227	4,143,431	4,245,498	4,139,341
Expenditures										
Current										
Administration and other	295,139	356,480	431,967	405,554	263,376	344,422	616,580	315,941	371,567	405,285
Transportation subsidies	864,528	878,796	1,061,239	1,314,929	1,126,168	1,227,936	1,256,002	1,520,276	1,561,397	1,579,235
Principal, interest and fiscal charges	2,270	2,196	2,194	2,197	2,194	2,195	18,315	—	—	—
Total expenditures	1,161,937	1,237,472	1,495,400	1,722,680	1,391,738	1,574,553	1,890,897	1,836,217	1,932,964	1,984,520
Excess of revenues over expenditures	1,253,532	1,615,941	1,569,821	1,422,150	1,767,554	1,393,050	1,187,330	2,307,214	2,312,534	2,154,821
Other financing sources (uses)										
Transfers out, net of transfers in	(1,070,983)	(1,099,751)	(1,215,764)	(1,939,283)	(2,063,299)	(1,527,676)	(1,297,026)	(1,767,897)	(2,088,931)	(2,472,486)
Total other financing sources (uses)	(1,070,983)	(1,099,751)	(1,215,764)	(1,939,283)	(2,063,299)	(1,527.676)	(1,297,026)	(1,767.897)	(2,088.931)	(2,472.486)
Net change in fund balances	$ 182,549	$ 516,190	$ 354,057	$ (517,133)	$ (295,745)	$ (134.626)	$ (109,696)	$ 539,317	$ 223,603	$ (317,665)
Debt service expenditures expressed as a percentage of non-capital expenditures	0.20%	0.18%	0.15%	0.13%	0.16%	0.14%	0.98%	0.00%	0.00%	0.00%

Source: Comprehensive Annual Financial Report

(1) 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	Other	Total
2011	$ 601,883	$ 601,932	$ 598,647	$ —	$ 301,610	$ — (3)	$ 2,104,072
2012	648,692	648,776	645,026	—	326,883	117,062	2,386,439
2013	687,172	687,332	684,862	—	343,806	116,548	2,519,720
2014	778,504 (4)	778,600 (4)	714,218 (4)	—	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

Source: Comprehensive Annual 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) *No allocation from the State of California due to budget deficit.*
(4) *The substantial increase was due to one-time accrual of sales tax revenues.*

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
2011	$ 345,973	$ 259,871		$ 554,808		$ 28,000	$ 1,195	$ —	$ 1,189,847
2012	344,014	287,977		522,998		27,815	4,088	—	1,186,892
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

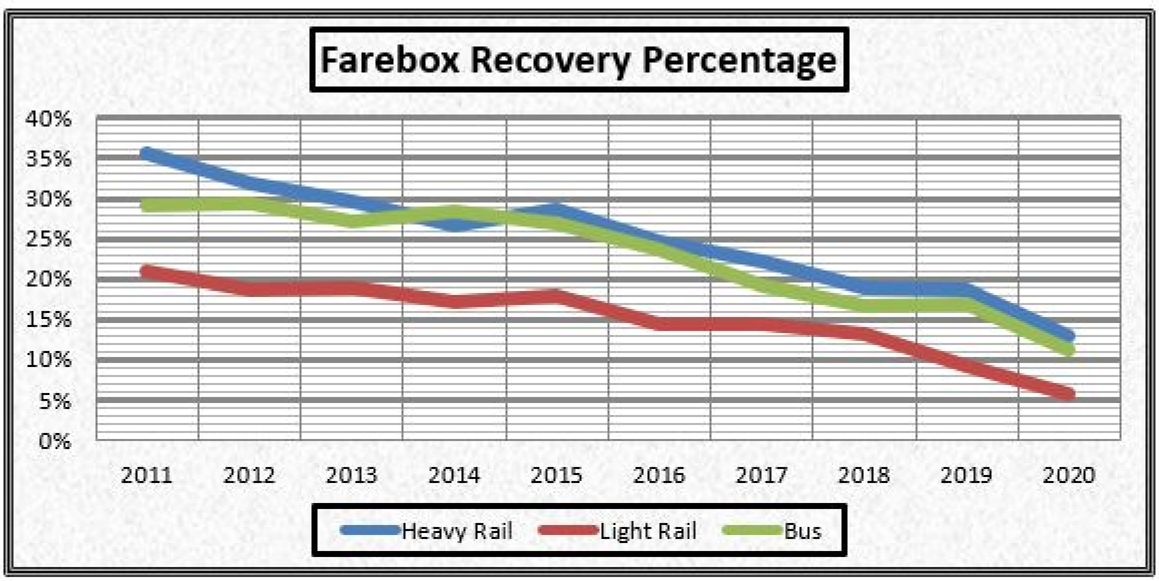
Source: Comprehensive Annual Financial Report

* *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
**** Net of $289,813 federal revenue adjustment in FY20's effect on change in accounting principle

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
2011	36%	21%	29%	28%
2012	32%	19%	29%	28%
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%



Source: National Transit Database Report.

Los Angeles County Metropolitan Transportation Authority

Table 8

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

(Amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Principal	$325,173	$215,522	$180,432	$316,781	$510,144	$182,066	$215,949	$390,200	$260,420	$300,075
Interest	148,131	157,942	134,724	136,318	73,027	140,575	134,289	178,055	198,952	229,681
Total debt service expenditures	473,304	373,464	315,156	453,099	583,171	322,641	350,238	568,255	459,372	529,756
Total general expenditures	$3,397,117	$3,292,896	$3,608,561	$4,000,992	$3,860,834	$3,917,887	$4,137,376	$4,739,916	$4,861,889	$4,953,838
Percentage of debt service to general expenditures (%)	13.93 %	11.34 %	8.73 %	11.32 %	15.10 %	8.24 %	8.47 %	11.99 %	9.45 %	10.69 %

Source: Comprehensive Annual Financial Report

Los Angeles County Metropolitan Transportation Authority

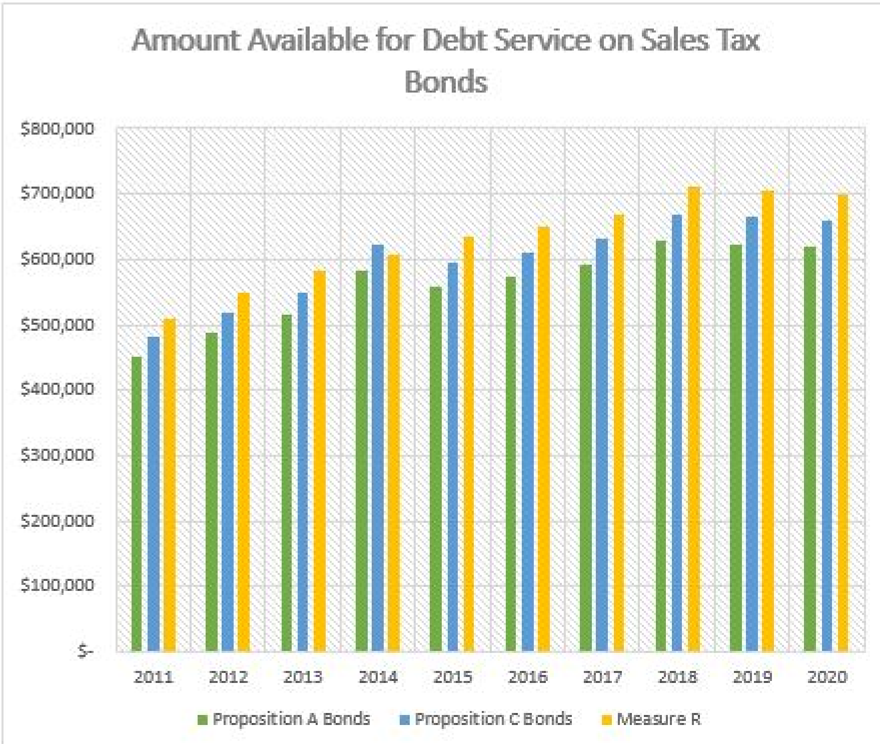
Table 9

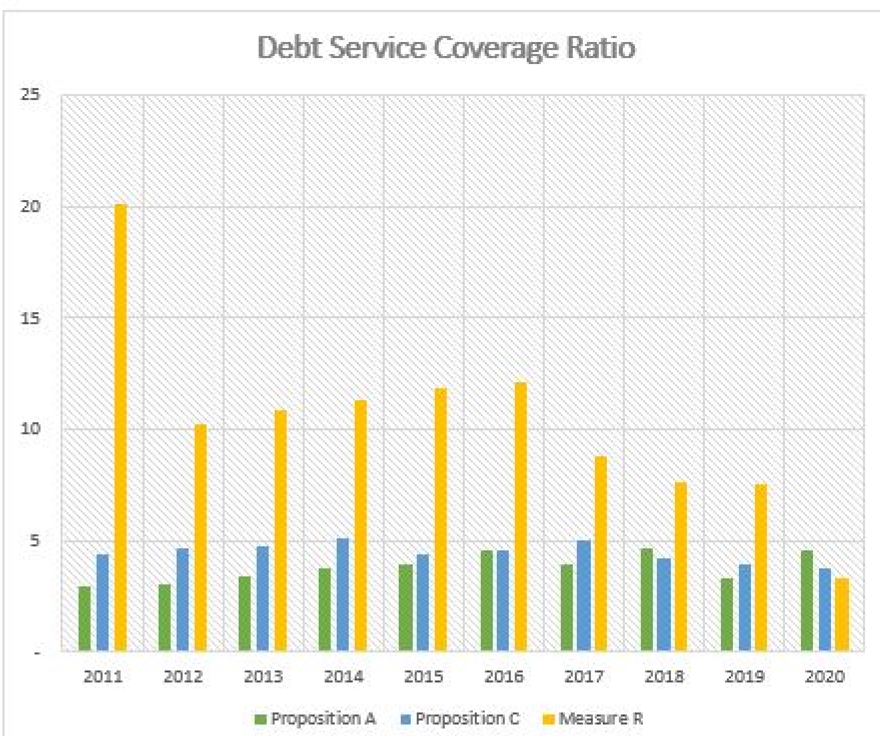
Historical Debt Service Coverage Ratios – Proposition A, Proposition C, and Measure R
Last Ten Fiscal Years
(Amounts expressed in thousands)

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	2011	$ 601,883	$ 150,471	$ 451,412	$ 152,480	2.96
	2012	648,692	162,173	486,519	160,071	3.04
	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	846,548	211,637	634,911	189,821	3.34
	2020	824,569	206,142	618,427	135,291 (3)	4.57
Proposition C	2011	601,932	120,386	481,546	109,340	4.40
	2012	648,776	129,755	519,021	110,907	4.68
	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
Measure R (2)	2011	598,647	89,797	508,850	25,303	20.11
	2012	645,026	96,754	548,272	53,659	10.22
	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 (4)	3.32

Source: Comprehensive Annual Financial Report
(1) % Local return of net sales tax revenue - Proposition A 25%, Proposition C 20%, and Measure R 15%
(2) Measure R took effect on July 1, 2009
(3) FY19 annual debt service requirement included net payment resulting from debt refunding.
(4) The significant increase was mainly from semi-annual interest and annual principal payments made on TIFIA loans beginning 12/01/2019.

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
Ratio of Outstanding Debt by Type
(Excluding Claims and Compensated Absences)
Last Ten Fiscal Years
(Amounts expressed in millions except per capita amount)

Table 10

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Redevelopment & Housing bonds	$ 23	$ 22	$ 21	$ 20	$ 19	$ 18	$ —	$ —	$ —	$ —
Total Governmental activities	23	22	21	20	19	18	—	—	—	—
Business-type activities										
Sales tax revenue and refunding bonds	3,448	3,361	3,107	3,237	3,037	2,810	3,717	4,497	4,938	5,003
Lease/leaseback obligation	851	785	815	718	468	425	228	238	176	186
General revenue bonds	166	161	155	149	142	113	106	98	89	80
Unamortized bond premium/discount	76	93	232	250	233	271	393	469	519	475
Commercial paper and revolving lines of credit	144	34	148	139	84	385	194	178	211	231
Capitalized lease	2	0.8	—	—	—	—	—	—	—	—
Capital grant receipts revenue bonds	—	—	—	5	4	2	1	—	—	—
Notes obligation - TIFIA (CPC)	—	—	—	—	37	488	567	581	595	608
Total Business-type activities *	4,687	4,435	4,457	4,498	4,005	4,494	5,206	6,061	6,528	6,583
Total Primary government	$ 4,710	$ 4,457	$ 4,478	$ 4,518	$ 4,024	$ 4,512	$ 5,206	$ 6,061	$ 6,528	$ 6,583
Percentage of Personal Income**	1.04 %	0.92 %	0.93 %	0.88 %	0.74 %	0.80 %	0.87%	0.96%	1.00%	n/a
Per Capita**	$475.61	$448.07	$445.31	$446.27	$396.26	$441.01	$ 506.22	$ 595.15	$ 641.76	n/a

Source: Comprehensive Annual Financial Report

* *Prior years' amounts are restated to include the unamortized balance of bond premium and bond discount at year end*
** *See the Schedule of Demographic and Economic Statistics for population and personal income data*
n/a - Data for 2020 were 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)
2011	9,903	37,676	$ 126,440,737	$ 454,935,533	46	12.2 %
2012	9,947	38,038	135,295,582	486,733,508	49	10.9 %
2013	10,056	38,367	140,079,708	483,578,594	48	9.8 %
2014	10,124	38,725	147,446,927	512,846,779	51	8.2 %
2015	10,155	38,907	151,033,781 *	544,324,900	54	6.6 %
2016	10,231	39,501	154,208,333	563,907,868	55	5.2 %
2017	10,284	39,810	159,259,356	597,597,564	58	4.7 %
2018	10,184	39,695	n/a	628,808,732	62	4.6 %
2019	10,172	39,782	n/a	653,482,910	64	4.4 %
2020	n/a	n/a	n/a	n/a	n/a	n/a

Source:

(1) California Department of Finance
(2) State Board of Equalization
(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 2017
Note - All dollar estimates are not adjusted for inflation
Last updated: November 16, 2017 - new estimates for 2016; revised estimates for 2011-2015
(4) California Employment Development Labor Market Information Division, not seasonally adjusted
** Updated based on 2015 publication (State Board of Equalization)*

n/a - Data are not available

Los Angeles County Metropolitan Transportation Authority
Ten Largest Employers in Los Angeles County
Last Ten Fiscal Years
(Not in thousands)

Table 12

	2014*			2016*			2017*			2018*			2019*		
Major Employers	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
County of Los Angeles	96,500	1	2.10%	107,500	1	2.25%	108,500	1	2.27%	107,400	1	2.24%	95,210	1	1.99%
Los Angeles Unified School District	59,600	2	1.30%	90,800	2	1.90%	90,800	2	1.90%	104,300	2	2.18%	75,670	2	1.58%
City of Los Angeles (including DWP) (1)	46,900	3	1.02%	49,500	3	1.04%	61,900	3	1.29%	61,900	3	1.29%	72,600	3	1.52%
University of California, Los Angeles	44,000	4	0.96%	46,200	4	0.97%	63,500	4	1.33%	65,600	4	1.37%	51,010	4	1.07%
Federal Government (Non-Defense Dept.) (1)	43,400	5	0.94%	45,000	5	0.94%	43,900	5	0.92%	43,600	5	0.91%	47,430	5	0.99%
Kaiser Permanente	36,000	6	0.78%	36,900	6	0.77%	36,400	6	0.76%	37,400	6	0.78%	41,340	6	0.86%
State of California (non-education)	29,200	7	0.64%	29,900	7	0.63%	30,000	7	0.63%	29,800	7	0.62%	27,990	7	0.58%
University of Southern California	—	—	—	18,900	8	0.40%	20,100	8	0.42%	21,000	8	0.44%	22,160	8	0.46%
Northrop Grumman Corp	17,000	8	0.37%	16,600	9	0.35%	16,600	9	0.35%	16,600	9	0.35%	18,000	10	0.38%
Target Corp	15,000	9	0.33%	15,000	10	0.31%	15,000	10	0.31%	15,000	10	0.31%	20,000	9	0.42%
Providence Health & Services	15,000	10	0.33%	—	—	—	—	—	—	—	—	—	—		—
Total ten largest employers	402,600		8.77%	456,300		9.56%	486,700		10.16%	502,600		10.49%	471,410		9.85%
All other employers	4,190,400		91.23%	4,322,500		90.44%	4,395,400		89.84%	4,393,900		89.51%	4,422,890		90.15%
Total Employment in LA County **	4,593,000		100.00%	4,778,800		100.00%	4,882,100		100.00%	4,896,500		100%	4,894,300		100%

Source:
(1) Includes U.S. Postal Service
** Los Angeles Almanac research*
*** California Employment Development Department, Labor Market Information Division*

Note: Information for 2011, 2012, 2013, 2015, and 2020 are not available

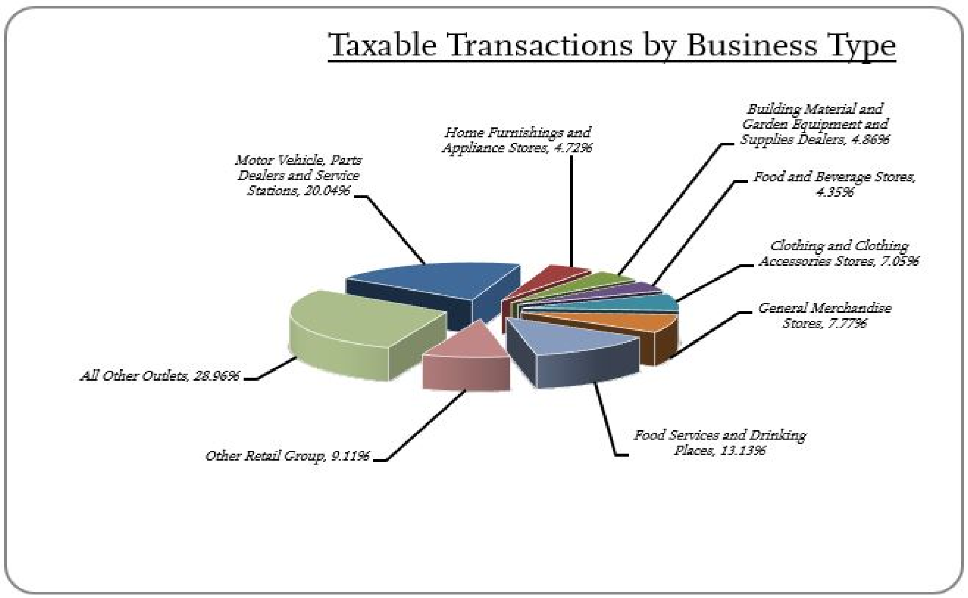
Los Angeles County Metropolitan Transportation Authority
Los Angeles County Taxable Transactions by Type of Business
Last Ten Calendar Years
(Amounts expressed in millions)

Table 13

Type of Business	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Motor vehicle, parts dealers and service stations	$ 26,081	$ 28,517	$ 29,361	$ 29,830	$ 29,526	$28,640	$7,150	$7,355	n/a	n/a
Home furnishings and appliance stores	5,738	6,013	6,145	6,775	7,833	7,842	1,864	1,734	n/a	n/a
Building material and garden equipment, and supplies dealers	6,307	6,511	6,558	6,971	7,403	7,688	1,837	1,923	n/a	n/a
Food and beverage stores	5,591	5,825	6,052	6,280	6,689	6,696	1,649	1,705	n/a	n/a
Clothing and clothing accessories stores	8,357	9,167	9,927	10,561	10,974	11,414	2,513	2,709	n/a	n/a
General merchandise stores	10,866	11,158	11,464	11,557	10,913	10,905	2,670	2,801	n/a	n/a
Food services and drinking places	15,287	16,512	17,482	18,964	20,606	22,002	5,557	5,776	n/a	n/a
Other retail group	11,024	11,616	12,653	13,250	14,202	14,808	3,529	3,663	n/a	n/a
All other outlets	37,189	39,977	40,439	43,257	42,886	44,211	10,665	10,786	n/a	n/a
Total	$ 126,440	$ 135,296	$ 140,081	$ 147,445	$ 151,032	$ 154,206	$ 37,434	$ 38,452	n/a	n/a

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

n/a - Data not available.



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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PASSENGER FARES:										
Heavy Rail	$ 34,789	$ 33,665	$ 34,753	$ 35,300	$ 36,338	$ 35,789	$ 35,622	$ 32,305	$ 31,426	$ 19,761
Light Rail	36,627	37,778	44,565	44,412	47,902	47,807	52,570	49,116	42,986	24,655
Bus*	274,557	272,571	260,692	277,162	267,408	256,678	231,153	218,621	190,877	140,176
OPERATING EXPENSES (excluding depreciation):										
Heavy Rail	$ 97,631	$ 105,620	$ 117,006	$ 132,142	$ 127,153	$ 145,450	$ 161,559	$ 171,688	$ 168,453	$ 152,328
Light Rail	174,704	201,416	234,856	257,979	265,702	328,351	366,355	375,017	446,369	425,382
Bus*	956,784	924,512	956,306	980,176	994,171	1,087,236	1,199,762	1,216,614	1,288,261	1,242,038
PASSENGER MILES TRAVELLED:										
Heavy Rail	226,974	231,684	237,760	254,440	236,023	224,277	228,179	210,105	207,665	162,928
Light Rail	337,518	366,233	408,032	412,776	386,901	427,260	495,532	495,012	462,756	318,738
Bus*	1,492,820	1,519,263	1,496,480	1,494,524	1,444,741	1,337,680	1,196,313	1,158,789	1,149,053	916,793
VEHICLE/PASSENGER CAR REVENUE MILES:										
Heavy Rail	5,908	6,156	6,865	7,067	6,977	6,884	7,010	6,976	6,874	6,801
Light Rail	10,155	11,153	13,239	13,863	13,702	13,746	16,699	17,999	17,757	15,537
Bus*	81,489	76,390	75,465	75,664	75,207	76,159	74,129	73,176	73,046	66,697
VEHICLE/PASSENGER CAR REVENUE HOURS:										
Heavy Rail	259	269	302	320	319	316	321	318	314	311
Light Rail	458	519	654	685	680	663	789	866	867	756
Bus*	7,084	6,804	6,810	6,946	6,972	7,067	6,935	6,904	6,342	6,352
BUSES/RAIL CARS:										
Heavy Rail	104	104	104	104	104	104	104	104	104	102
Light Rail	167	169	171	171	171	196	246	300	298	302
Bus*	2,405	2,429	2,453	2,420	2,457	2,438	2,439	2,402	2,420	2,548
PASSENGER STATIONS:										
Heavy Rail	16	16	16	16	16	16	16	16	16	16
Light Rail	53	66	66	66	66	79	79	79	79	79
Bus*	36	37	49	49	49	56	58	58	61	61

Source: National Transit Database Report

* *Includes Purchase Transportation and Orange Line*

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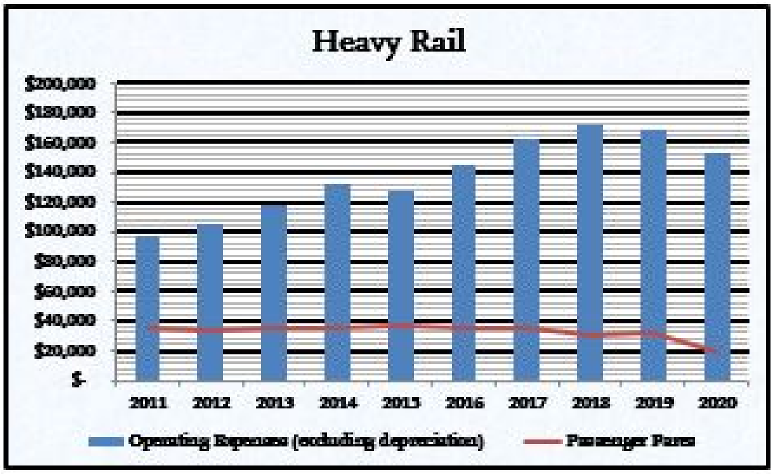
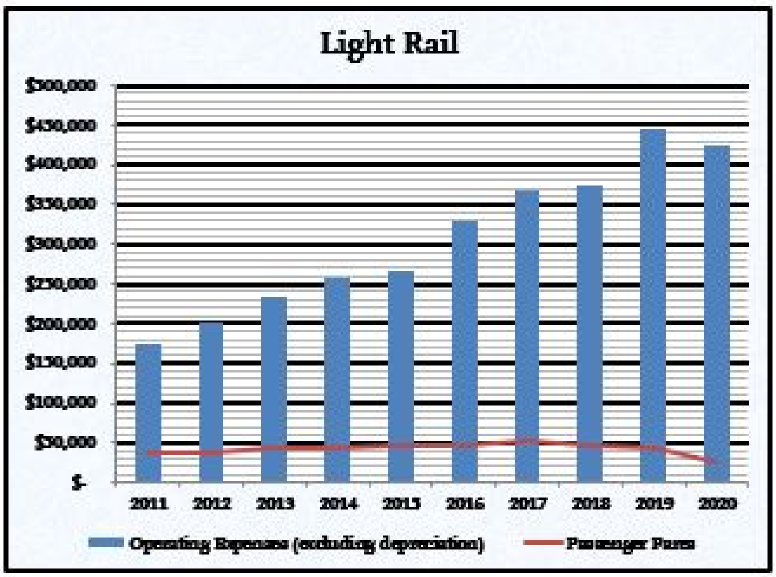
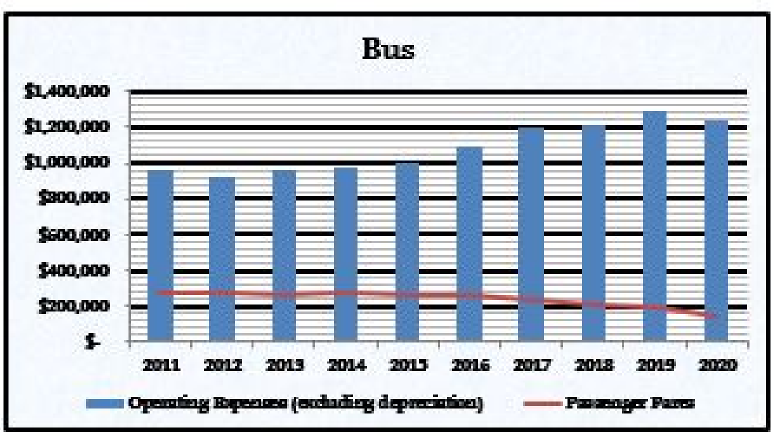
Los Angeles County Metropolitan Transportation Authority
Graphical Presentation of Table 14
Passenger Fares and Operating Expenses by Mode
(Amounts expressed in thousands)





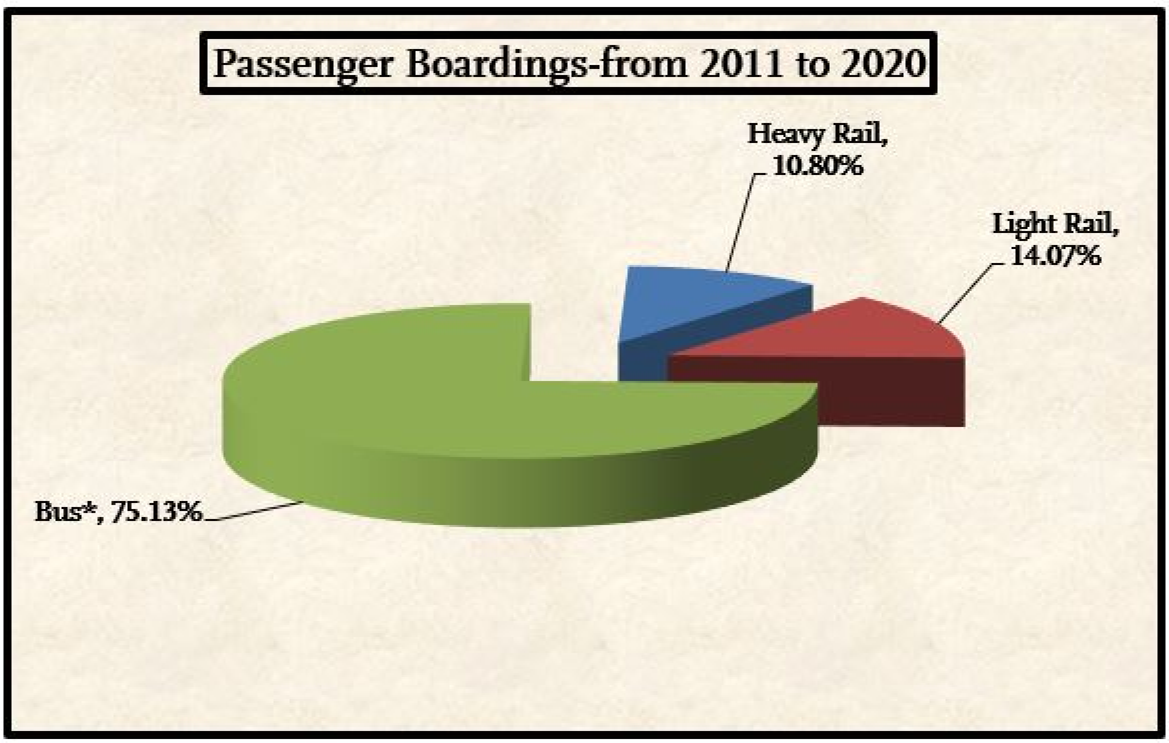


Los Angeles County Metropolitan Transportation Authority *Table 15*
Business-type Activities – Transit Operations
Passenger Boardings by Mode
Last Ten Fiscal Years
(Boardings expressed in thousands)

Fiscal Year	Heavy Rail	Light Rail	Bus *	Total
2011	46,454	49,252	357,301	453,007
2012	47,736	53,781	360,003	461,520
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	376,236
2020	33,668	42,098	227,576	303,342

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
2011	$ 674,215		$ 259,813		$ 95,630		$ 210,793		$ 512,776	$ 1,753,227
2012	680,907		276,187		109,919		178,797		436,820	1,682,630
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	*(1)*	381,115	*(1)*	155,238	*(1)*	387,809	*(1)*	555,633	2,474,268
2020	919,063		369,904		152,354		402,335		608,860	2,452,516

(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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Metro Operations	7,324	7,344	7,477	7,571	7,585	7,859	7,807	7,891	8,061	8,003
Countywide Planning & Development	84	103	98	101	156	161	163	162	166	164
Construction Project Management	128	171	157	180	193	205	254	293	307	319
Communications	210	196	199	194	271	278	285	314	328	344
Support Services	713	722	757	765	612	690	697	699	721	735
Chief Executive Office	175	209	285	314	428	482	532	571	594	614
Board of Directors	37	38	38	37	36	39	38	38	40	40
Total	8,671	8,783	9,011	9,162	9,281	9,714	9,776	9,968	10,217	10,219

Source: Adopted Budget

Los Angeles County Metropolitan Transportation Authority

Table 18

Business-type Activities – Transit Operations

Revenues and Operating Assistance

Comparison to Transit Industry Trend

Percent to Total

Last Ten Fiscal Years

	Operations			Operating Assistance				
Fiscal Year	Passenger Fares	Other	Subtotal	Federal	State	Local	Subtotal	Total
Transportation Industry (1)								
2011	33 %	5 %	38 %	10 %	24 %	28 %	62 %	100 %
2012	32 %	5 %	37 %	9 %	26 %	28 %	63 %	100 %
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	*	*	*	*	*	*	*	*
2020	*	*	*	*	*	*	*	*
LACMTA (2)								
2011	25 %	3 %	28 %	18 %	17 %	37 %	72 %	100 %
2012	25 %	2 %	27 %	20 %	10 %	43 %	73 %	100 %
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 %

* *Data not available*

Source:
1) *APTA 2020 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)						
2011	46 %	17 %	9 %	15 %	13 %	100 %
2012	45 %	17 %	9 %	15 %	14 %	100 %
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	*	*	*	*	*	*
2020	*	*	*	*	*	*
LACMTA (2)						
2011	52 %	20 %	8 %	16 %	4 %	100 %
2012	52 %	22 %	9 %	13 %	4 %	100 %
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 %

* *Data not available*
** *Excludes depreciation*

Source:
1) *APTA 2020 Public Transportation Fact Book*
2) *National Transit Database Report*

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