



Annual Comprehensive Financial Report

for the Fiscal Years Ended June 30, 2024 and 2023
San Diego, California



San Diego Metropolitan Transit System

San Diego, California

*Annual Comprehensive Financial Report
and Independent Auditors' Report*

For the Years Ended June 30, 2024 and 2023

PREPARED BY SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FINANCE DEPARTMENT

This page intentionally left blank.

San Diego Metropolitan Transit System

Table of Contents

	Page
Introductory Section (Unaudited):	
Letter of Transmittal	i
Listing of Board of Directors and Management	vii
Executive Level Organization Chart.....	ix
Certificate of Achievement for Excellence in Financial Reporting – GFOA	x
Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis – Required Supplementary Information (Unaudited)	5
Basic Financial Statements:	
Business–Type Activities (Primary Government)	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Fiduciary Fund Financial Statements	
Statements of Fiduciary Net Position	18
Statements of Changes in Fiduciary Net Position	19
Notes to the Basic Financial Statements	25
Required Supplementary Information (Unaudited):	
Schedule of Proportionate Share of the Net Pension Liability	94
Schedule of Changes in Net Pension Liability and Related Ratios	96
Schedule of Contributions	102
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	110
Supplementary Information:	
Combining Schedule of Net Position	119
Combining Schedule of Revenues, Expenses, and Changes in Net Position	120
Combining Schedule of Cash Flows	122
Schedules of Revenues, Expenses, and Changes in Net Position – Budget and Actual:	
Combined Operations.....	124
General Operations.....	125
For Hire Vehicle Administration	126
San Diego and Arizona Eastern Railway	127
MTS – Contracted Services	128
San Diego Transit Corporation (SDTC).....	129
San Diego Trolley, Inc. (SDTI).....	130

San Diego Metropolitan Transit System

Table of Contents (Continued)

	Page
Statistical Section (Unaudited):	
Financial Trends:	
Net Position by Component	134
Changes in Net Position	136
Revenue Capacity:	
Operating Revenues by Source	141
Fare Structure	142
Farebox Recovery Percentage.....	144
Debt Capacity:	
Ratio of Outstanding Debt by Type	147
Demographic and Economic Statistics:	
Regional Population and Personal Income Statistics	150
Full-Time and Part-Time Employees by Function	151
Ten Largest Employers in San Diego County.....	152
Operating Information:	
Operating Indicators by Function.....	154
Service Performance Data.....	156
Capital Asset Statistics by Function.....	158
Ridership	160
Operating Subsidy.....	162
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	165

INTRODUCTORY SECTION

This page intentionally left blank.



**Metropolitan
Transit
System**

**Board of Directors and Transit Riders
San Diego Metropolitan Transit System**

The annual comprehensive financial report of the San Diego Metropolitan Transit System (MTS) for the fiscal years ended June 30, 2024 and 2023 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. The MTS Board of Directors has established an Audit Oversight Committee to provide an additional level of scrutiny to the preparation of the annual comprehensive financial report. Management of MTS is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of MTS are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

State statutes require an annual audit by independent certified public accountants. The Pun Group, LLP, Accountants and Advisors, has been retained to meet this requirement. The goal of the independent audit was to provide reasonable assurance that the financial statements of MTS for the fiscal years ended June 30, 2024 and 2023 are free of material misstatement. The independent 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that MTS's financial statements for the fiscal years ended June 30, 2024 and 2023 are fairly presented, in all material respects, in conformity with U.S. GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit was also designed to meet the requirements of a broader, federally mandated "Single Audit" and to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements required the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports related specifically to the Single Audit are issued under separate cover.

U.S. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

1255 Imperial Avenue, Suite 1000, San Diego, CA 92101-7490 • (619) 231-1466 • sdmts.com

San Diego Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego. MTS is also the For-Hire Vehicle administrator for multiple cities in San Diego County.



REPORTING ENTITY

The San Diego Metropolitan Transit System was created effective January 26, 1976 to provide the policy setting and overall management coordination of the public transportation system in the San Diego metropolitan service area. This service area encompasses approximately 3 million people residing in a 570 square mile area of San Diego County, including the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, Santee, and San Diego and the unincorporated area of the County of San Diego.

MTS's mission statement, adopted by the Board of Directors, is to enhance the personal mobility of San Diego metropolitan area residents and visitors by:

- Obtaining maximum benefit for every dollar spent.
- Being the community's major public transportation advocate.
- Increasing public transportation usage per capita.
- Taking a customer-oriented approach.
- Implementing capital projects on schedule and within budget.
- Offering high-quality public transportation services.
- Responding to the community's socioeconomic interests.

California law establishes the San Diego Association of Governments (SANDAG) as the planning agency for San Diego County. The responsibility and decision-making for all transportation-related planning, programming and development activities occurs within SANDAG's ten member Transportation Committee. Approved transportation plans and programs are subsequently executed by SANDAG staff. Within this structure, MTS and the North County Transit District (NCTD) focus primarily on operating activities.

MTS is effectively an umbrella agency. MTS owns the assets of San Diego Trolley, Inc. (SDTI) and San Diego Transit Corporation (SDTC), the area's two largest transit operators. These two transit units were formed under California law as not-for-profit public corporations and function as operating subsidiaries of MTS. SDTI and SDTC are considered component units and are blended component units for financial reporting purposes. SDTI operates five Light Rail Transit (LRT) routes: the UC San Diego Blue Line from the UTC Station to San Ysidro at the International Border, the Orange Line from the Courthouse station through Centre City and then east to El Cajon, the Green Line from the 12th and Imperial Transit Center Bayside platform to El Cajon, the Copper Line East County Connector that runs from Santee to El Cajon and the Silver Line that operates on select holidays making stops along the downtown loop using three restored vintage cars from the 1940's and 1981. SDTI operates on a total of 65 miles of track. SDTC operates 25 routes with an active fleet of 261 buses.

The relationship between MTS and the transit operating subsidiaries, SDTI and SDTC, is formally established through operating agreements and MTS-adopted corporate policies. These agreements and corporate policies specify the roles and responsibilities of each of the organizations and outline the procedures in numerous functional areas including accounting and budgeting, fare setting, marketing and public information, revenue-producing advertising, service contracts, and programming of federal, state and local subsidies. The MTS Board of Directors has the policy-setting responsibility for the operation and development of MTS's transit operating subsidiaries as well as for the planning and approval of capital expenditures by or on behalf of these entities. The day-to-day operating functions, labor matters and maintenance of facilities are managed by the individual transit operators. MTS has centralized and consolidated Security, Planning, Human Resources, Finance, Information Technology, Stores, and Purchasing for MTS and all subsidiaries.

In addition to the bus routes operated by SDTC, MTS is financially accountable for the operation of certain additional bus routes. MTS contracts with outside parties for the operation of 67 fixed-route bus lines and paratransit services with an active fleet of 481 buses. The contracts require full operation and maintenance of the bus services. Contract services are accounted for in the MTS - Contracted Services Fund for financial reporting purposes.

MTS owns the San Diego and Arizona Eastern Railway Company (SD&AE), a not-for-profit railroad holding company entrusted with assets which include 108 miles of rail line and over 2,000 acres of property. MTS has a contract with the San Diego and Imperial Valley Railway Co. (SDIV) for the operation of freight rail services over the UC San Diego Blue Line (downtown San Diego south to San Ysidro) and Orange Line (downtown San Diego east to El Cajon) trolley segments. MTS provides no subsidy to SDIV but does receive a portion of its gross revenue. SD&AE is considered a blended component unit for financial reporting purposes.

The For-Hire Vehicle Administration (FHV) licenses and regulates taxicabs, jitneys, nonemergency medical, charter, low speed vehicle, and sightseeing for-hire vehicles for the following cities San Diego, National City, El Cajon, Imperial Beach, La Mesa, Lemon Grove, Poway, Santee, Chula Vista and Oceanside. Although MTS is financially accountable for the operation of FHV, it is full cost recovery through FHV permit fees.

The MTS Board of Directors is comprised of 15 members with four appointed from the City of San Diego (the Mayor of San Diego and three San Diego City Council Members), two appointed from the City of Chula Vista (the Mayor of Chula Vista and a Chula Vista City Council Member), one appointed from each City Council of Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one appointed from the San Diego County Board of Supervisors.

ECONOMIC CONDITION AND OUTLOOK

San Diego's economy, along with the nation and California, showed signs of slowing in fiscal year 2024. Fortunately for San Diego, Tourism, Innovation, Military and Defense and the U.S.-Mexico border put the region in a position to fare better than other economies. According to the San Diego Tourism Authority (SDTA), San Diego concluded 2023 with 31.7 million visitors, which was up 10.1% from the previous year, and brought in \$14.3 billion in visitor spending and \$418 million in hotel tax revenue for the region. San Diego includes the largest concentration of U.S. military in the world, making the military presence an important driver of the region's economy. In addition, San Diego is a thriving hub for the life sciences/biomedical and technology-oriented industries, and is now the fifth largest venture capital hub in the country. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which have contributed to local consumer spending. San Diego's Gross Domestic Product (GDP) was \$257.3 billion in 2022 compared to \$224.9 billion in 2021, which accounts for 8.1% of California's GDP. Over the past 12 months, energy prices did fall 11.6% due to the decrease in the price of natural gas service. However food is up 3.7% and all other items besides food and energy increased 5.0%. The unemployment rate was 4.5% in June 2024, up from 4.0% in June 2023 and 3.2% in 2022. San Diego compares favorably to the unemployment rate in California of 5.2% but slightly unfavorable to the nation's rate of 4.1% during the same period.

Long-term financial planning

The long-term goal of MTS is to fund operations solely with recurring revenues, but since the COVID-19 pandemic in 2020, as well as the next four years looking forward, that will not be the case. MTS ridership and the associated fare revenue continues to lag the pre-pandemic run rate. The approved FY2024 budget assumed a 19% reduction in fare revenues compared to FY2019, the last full fiscal year pre-pandemic, a drop from \$92.2 million to \$74.6 million. Overall, ridership increased by 10% in FY2024 compared to FY2023, growing to over 75 million passengers, and passenger fare revenue finished at \$72.3 million, however both ridership and passenger fare revenue are still well below the pre-pandemic baselines. MTS does expect ridership and passenger fare revenues to continue to steadily grow over the next four years.

On the subsidy revenue side, regional sales tax receipts slowed in FY2024, with Transportation Development Act (TDA) receipts decreasing -0.4% versus the prior year and Transnet receipts decreasing by 0.7%. State Transit Assistance (STA), derived from the state sales tax on diesel fuel, decreased from \$43.4 million in FY2023 to \$38.2 million in FY2024, a 12.0% decrease. California Senate Bill (SB) 125 amended the Budget Act of 2023 to appropriate \$4 billion of General Funds to the Transit and Intercity Rail Capital Program (TIRCP) over the next two fiscal years. SB125 also established a \$1.1 billion Zero-Emission Transit Capital Program (ZETCP) over the next four fiscal years. MTS was estimated to receive approximately \$284 million over the next four fiscal years per the original legislation, to be used for both capital and operations. However, the timing and amount of funds came into question during the state FY2025 budget process as the state faced a significant shortfall. Based on the final adopted state budget, MTS is expected to receive the whole \$284 million included in the original legislation, but with payments spread over additional fiscal years. The FY2024 operating budget included \$4.5 million in SB125 TIRCP funds, and MTS received the first cash payment of \$135.8 million in September 2024. All SB125 funds in the FY2025 operating budget were removed as MTS was required to adopt the budget prior to the state budget being completed; however, based on the final budget appropriation, SB125 funds will be added back into the operating budget in the FY2025 midyear amendment for security enhancements, service enhancements, and structural deficit balancing.

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided \$25 billion to the transit industry nationwide. MTS was apportioned \$220 million in CARES Act funding, which will be utilized over multiple fiscal years to supplement lost revenues and increased expenses related to the pandemic. MTS received \$82.4 million in FY2024 and has drawn \$172.6 million in total. On March 11, 2021, the President signed American Rescue Plan Act of 2021 (ARP) Act, which provided \$30.5 billion to support the nation's public transportation systems as they continue to respond to the COVID-19 pandemic.

MTS was apportioned \$140 million of ARP funding, of which MTS received \$2.6 million in FY2024 and has drawn \$140.0 million in total. The proposed FY2025 operating budget includes the final \$47.0 million of available stimulus funds. In FY2025, all available stimulus funds will have been drawn, and MTS will utilize funds in the operating deficit reserve to balance the operating budget until depleted. Additionally, MTS has a contingency reserve balance of 12.5% of the operating budget at its disposal.

Major Initiatives

With all of San Diego in desperate need of more affordable housing, MTS continues to seek joint development projects across its system to repurpose its park and ride lots into affordable housing solutions across the county. Two of those developments were completed and opened in FY 2024, while another was approved by the Board and a fourth has started construction.

In August 2023, MTS and Greystar Real Estate celebrated the opening of a new housing complex at the Grantville Transit Center. The \$106 million housing complex, named Union Grantville, is located between the new SDSU West site and SDSU main campus and features five floors of 250 market-rate and affordable units. This allows many SDSU students to take transit to campus in just one stop via the Trolley Green Line. MTS also has 100 free parking spaces on site specifically for transit riders.

In October 2023, the MTS Board approved a new transit-oriented housing development at the Spring Street Transit Center in La Mesa. The development will span 2.2 acres and feature 147 affordable housing units (30-60% of Area Median Income). Construction is anticipated to begin in February 2025 and take approximately two years.

In February 2024, MTS and Affirmed Housing, a leading provider of affordable, multifamily housing throughout California, celebrated the beginning of construction on the SkyLINE Apartments at the Rancho Bernardo Transit Station. The new seven-story mixed-use, transit-oriented, affordable housing development in San Diego's Rancho Bernardo neighborhood will include 100 apartment homes and roughly 14,000 square feet of commercial space that will be Affirmed Housing's new company headquarters. Apartments come in a mixture of one-, two- and three-bedrooms, ranging from roughly 557 square feet to approximately 1,113 square feet.

In April 2024, Affirmed Housing and MTS announced the completion of ShoreLINE, a new, 100% affordable, transit-oriented housing development. The new \$62.6 million affordable housing community is located at the Grantville Transit Center on Alvarado Canyon Road. The new, seven-story building features 126 studio, one, two and three-bedroom apartment homes and a wide array of amenities.

Other properties MTS is in the process of redeveloping or actively looking to redevelop include:

- Palm Avenue Trolley Station – 500 estimated units
- Beyer Blvd Transit Center – 100 estimated units
- El Cajon Transit Center – 300 estimated units
- E Street Transit Center – 806 estimated units
- 12th & Imperial Transit Center – in partnership with the San Diego Foundation, looking to develop a high rise for affordable and market-rate housing

For the first time in agency history, MTS launched an electric Rapid service on October 15, 2023. Rapid 227 now serves the communities of Otay Mesa, Nestor and Imperial Beach. This new service features 12 60-foot electric buses, the first articulated electric vehicles in MTS' fleet. Thousands of daily pedestrians crossing from the Otay Mesa Port of Entry can now walk directly to the Otay Mesa Transit Center and travel to Imperial Beach on Rapid 227 in 40 minutes or less. The route features limited stops (10) and offers a connection from the border to the UC San Diego Blue Line via the Iris Avenue Transit Center in just 15 minutes. Service runs every 15 minutes or better throughout most of the day. The entire Rapid 227 project is expected to be fully completed by 2024, and will feature new stations and amenities, a traffic signal at Coronado Avenue/30th Street, and further improvements at Iris Avenue Transit Center.

Rapid 227 is also a major milestone in the agency’s effort to transition to an all zero-emissions bus fleet in 2040. The Rapid 227 electric bus fleet is being charged by an \$8.5 million overhead gantry charging system capable of charging 24 battery-electric buses at a time, and it is expandable to add more charging capacity as MTS transitions its fleet to all electric over the coming years. Buses are docked under the gantry in seconds and fully charged in just a few hours. This offers advantages for efficient operations for a clean energy fleet. MTS is the first transit agency to build this type of charging infrastructure in North America. MTS has also started designing similar overhead charging systems at its other bus facilities.

MTS currently has five bus divisions distributed throughout the service area but is at capacity at those divisions. Any service increases and the transition to zero-emission buses will require additional capacity, leading MTS to plan for a sixth division. The MTS Board of Directors approved a Federal Blvd. site as the final project site in October 2022. MTS and the SANDAG are working collaboratively on the development of the Clean Transit Advancement Campus (CTAC), which has received its federal and state environmental clearances. For the California Environmental Quality Act (CEQA), the MTS Board of Directors approved and adopted a Final Mitigated Negative Declaration on October 20, 2022. In July 2023, the project was approved by the Federal Transit Administration (FTA) for a Categorical Exclusion for the purpose of compliance with the National Environmental Policy Act (NEPA). MTS is in the process of acquiring the site parcels and is anticipated to commence project design activities in the next year.

The FY2025 CIP budget of \$250.1 million will fund 66 different projects. Of that amount, 78% of the funding goes towards keeping the bus and rail systems in a state of good repair. The budget also includes significant funding for the zero-emission bus transition. Top funding allocations include:

- \$69.5 million – Rail infrastructure improvements and maintenance.
- \$61.3 million – 38 new buses including 10 battery-electric and 28 compressed natural gas.
- \$40.5 million – Overhead charging infrastructure at each existing division to support conversion to an all-electric bus fleet.
- \$21 million – 22 new Trolley vehicles. Funding will be added to the \$71.7 million previously funded to replace aging vehicles in the fleet.
- \$21.3 million – Trolley and bus facilities maintenance and construction, and construction projects for passenger facilities at transit centers.

MTS continues to look for new streams of non-fare revenue for the agency. One such project is the Gaslamp Quarter Digital Information Board, which is a new addition to the Gaslamp Quarter Trolley Station. The overall structure height is approximately 50 feet tall, with two displays that are about 20 x 30 feet. As part of a partnership with advertiser Big Outdoor, the Gaslamp Quarter Digital Information Board provides unique advertising and promotion opportunities for local businesses and conventioners, as well as transit information. The digital information board will also host important wayfinding information, community event details, timely public safety or emergency alerts, and public service announcements.

Another non-fare revenue stream was approved by the MTS Board for station naming rights on the Green Line Trolley. MTS entered into an agreement with UC San Diego Health to rename the Green Line Trolley’s Alvarado Station to UC San Diego Health East Campus Medical Center Station (UC San Diego Health East). Over the life of this contract, MTS would realize over \$1.3 million in additional revenue.

The historic flooding on January 22, 2024, caused approximately \$24 million in damage to the Trolley system. This included the closing of two stations on the Orange Line due to extensive damage to a retaining wall at the 65th Street and Imperial Ave. grade crossing. While those stations were closed, passengers had to disembark the Trolley at either Euclid Avenue Transit Center or Lemon Grove Transit Center and take a bus shuttle serving the two impacted stations. Extensive work by MTS employees and contractors enabled the full restoration of service along the Orange Line by February 16th, less than four weeks after the flood instead of the months that were expected when it first happened.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MTS for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the eighteenth consecutive year and the twenty-eighth year overall that MTS has achieved this prestigious award.

To be awarded a Certificate of Achievement, MTS must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The staff of the finance department is to be commended for their efficient and dedicated service to the production of this report. In addition, we express our appreciation for the assistance and cooperation provided by management and staff in all departments throughout the organization.



Sharon Cooney
Chief Executive Officer



Larry Marinesi
Chief Financial Officer

November 7, 2024

San Diego Metropolitan Transit System

Listing of Board of Directors and Management

BOARD OF DIRECTORS

Members	Board position (elected position)
Stephen Whitburn	Chair, since 5/23; Board Member, since 12/20 (Councilmember, City of San Diego)
Steve Goble	Vice Chair, since 5/23; Board Member, since 1/17 (Councilmember, City of El Cajon)
Monica Montgomery Steppe	Chair Pro Tem since 1/23; Board Member, since 12/18 (Supervisor, County Board of Supervisors)
Marcus Bush	Board Member, since 12/20 (Councilmember, City of National City)
Patricia Dillard	Board Member, since 1/23 (Councilmember, City of La Mesa)
Mike Donovan	Board Member, since 1/23 (Councilmember, City of Coronado)
Sean Elo-Rivera	Board Member since 12/20 (Councilmember, City of San Diego)
Caylin Frank	Board Member since 12/18 (Councilmember, City of Poway)
George Gastil	Board Member, since 1/21 (Councilmember, City of Lemon Grove)
Todd Gloria	Board Member, since 12/20 (Mayor, City of San Diego)
Alonso Gonzalez	Board Member, since 12/23 (Councilmember, City of Chula Vista)
Ronn Hall	Board Member, since 5/17 (Councilmember, City of Santee)
Matthew Leyba-Gonzalez	Board Member, since 12/20 (Councilmember, City of Imperial Beach)
John McCann	Board Member, since 1/23 (Mayor, City of Chula Vista)
Vivian Moreno	Board Member since 12/18 (Councilmember, City of San Diego)

BOARD COMMITTEE MEMBERSHIP

Accessible Services Advisory Committee	Airport Authority Advisory Committee	Audit Oversight Committee	Budget Development Committee
George Gastil, Chair	Mike Donovan	Stephen Whitburn, Chair Steve Goble, Vice Chair Marcus Bush Sean Elo-Rivera Caylin Frank Monica Montgomery Steppe Vivian Moreno	Vivian Moreno, Chair Steve Goble John McCann Monica Montgomery Steppe Stephen Whitburn
Executive Committee	Los Angeles-San Diego Rail Corridor Agency	Public Security Committee	SANDAG Board
Stephen Whitburn, Chair Steve Goble, Vice Chair Marcus Bush Sean Elo-Rivera Caylin Frank Monica Montgomery Steppe Vivian Moreno	Caylin Frank	Monica Montgomery Steppe, Chair Patricia Dillard Mike Donovan Alonso Gonzalez Ronn Hall Jose Rodriguez	Matthew Leyba-Gonzalez
SANDAG Regional Planning Committee	SANDAG Transportation Committee	San Diego Regional Building Authority	Taxicab Advisory Committee
Patricia Dillard	Vivian Moreno	John McCann	Sean Elo-Rivera, Chair

San Diego Metropolitan Transit System

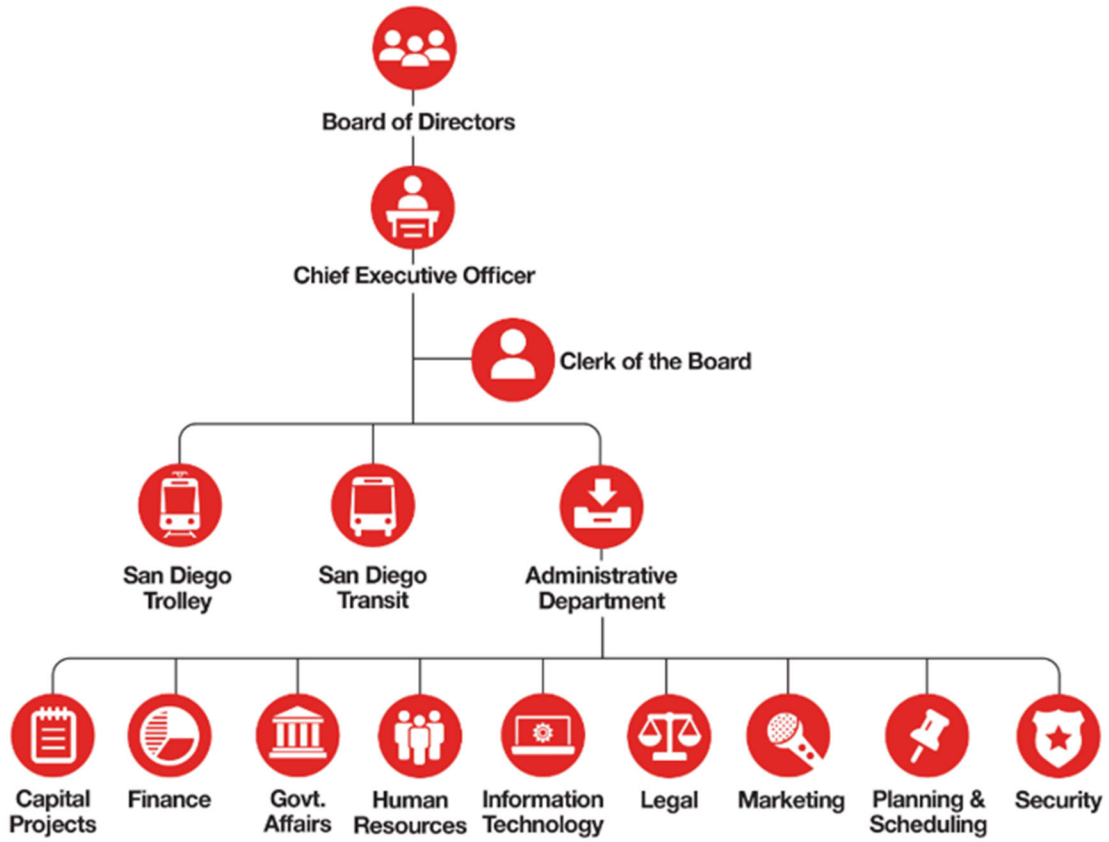
Listing of Board of Directors and Management (Continued)

MTS MANAGEMENT

Staff	Position
Sharon Cooney	Chief Executive Officer
Karen Landers	General Counsel
Larry Marinesi	Chief Financial Officer
Mike Wygant	Chief Operating Officer, Transit Systems
Brian Riley	Chief Operating Officer, Rail
Jeff Stumbo	Chief Human Resources Officer
Ernesto Garcia	Chief Information Officer
Denis Desmond	Director, Planning
Heather Furey	Director, Capital Projects
Mark Olson	Director, Marketing and Communications
Tim Curran	Director, Transit Enforcement & Passenger Safety
Julia Tuer	Manager of Government Affairs

San Diego Metropolitan Transit System

Executive Level Organization Chart



San Diego Metropolitan Transit System

Certificate of Achievement for Excellence in Financial Reporting - GFOA



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**San Diego Metropolitan Transit System
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the San Diego Metropolitan Transit System
San Diego, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the San Diego Metropolitan Transit System ("MTS"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the basic financial statements, which collectively comprise MTS's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the MTS, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MTS, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Contributions – Pension Plans, and the Schedules of Changes in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MTS's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS and *Government Auditing Standards*. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of MTS'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 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 MTS's internal control over financial reporting and compliance.



San Diego, California
November 7, 2024

This page intentionally left blank.

San Diego Metropolitan Transit System

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

The following discussion and analysis of the financial performance of the San Diego Metropolitan Transit System (MTS) is intended to provide an overview of MTS's financial activities for the fiscal years ended June 30, 2024 and 2023. This information should be used in conjunction with the Letter of Transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- Net position, as reported in the statement of net position, totaled \$3,379 million as of June 30, 2024, \$3,459 million as of June 30, 2023 and \$3,483 million as of June 30, 2022. Of this amount, \$112 million was unrestricted as of June 30, 2024, \$108 million was unrestricted as of June 30, 2023 and \$9 million was unrestricted as of June 30, 2022. Total net position decreased by \$(79.7) million in the current year and decreased by \$(24.3) million in the prior year. The current year decrease is primarily due to a \$84 million decrease in capital assets and a \$16 million increase in unearned revenue, partially offset by a \$34 million increase in cash. The prior year decrease was primary due to a \$121 million decrease in capital assets, offset by a \$107 million increase in cash and receivables.
- For the year ended June 30, 2024, the combined farebox recovery ratio (the measure of the ability to recover operating costs through fare revenue) for San Diego Trolley, Inc., San Diego Transit Corporation, and MTS - Contracted Services was 19.24%, compared to 19.59% for the year ended June 30, 2023 and 17.95% for the year ended June 30, 2022. The current year decrease is primarily due to an increase in personnel costs and outside services associated to increased revenue miles. The prior year increase was primarily due to increased passenger revenue from ridership continuing to rebound after the COVID-19 pandemic.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to MTS's financial statements. The financial statements are comprised of two components: 1) financial statements and, 2) notes to financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Financial statements. The financial statements are designed to provide readers with a broad overview of MTS's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of MTS's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MTS is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

Since MTS's primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. In addition, the financial statements include not only MTS itself (*known as the primary government*), but also two legally separate transit operators and one legally separate freight railway, for which MTS is financially accountable: San Diego and Arizona Eastern Railway Company (SD&AE).

MTS has fiduciary responsibility over one private purpose trust fund, San Diego Transit Corporation Employee Retirement Plan, which we have also included financial statements for.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

San Diego Metropolitan Transit System
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2024 and 2023

Other information. In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning MTS's net pension liability and net other post-employment benefits liability for its employees.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial stability. In the case of MTS, net position was \$3,379 million at the close of the most recent fiscal year and \$3,459 million at the end of FY2023.

The largest portion of MTS's net position reflects the investment in capital assets, net of accumulated depreciation and amortization and reduced by any outstanding bonds or other borrowings and deferred inflows and outflows of resources (Net Investment in Capital Assets). Most of the investment in capital assets is comprised of trolley system assets, buses, and construction-in-progress totaling \$95.0 million, of which the largest projects are the replacement of our SD100 Light Revenue Vehicles and the El Cajon Third Track Expansion Project, at \$57.0 and \$11.2 million respectively. Prior year construction-in-progress totaled \$88.7 million, of which the largest projects were the replacement of our SD100 Light Revenue Vehicles and the Iris Rapid electric bus charging infrastructure project, at \$48.9 and \$7.5 million respectively. The capital assets that are represented by construction-in-progress will be used to provide services to citizens; consequently, these assets are not available for future spending. In FY2024, MTS transferred completed projects worth \$140.5 million to SDTC, SDTI and MTS - Contracted Services compared to \$106.6 million in FY2023.

The balance in the unrestricted component of net position increased by \$5 million during the current year and \$98 million in the prior year. Total assets decreased by \$30 million, primarily due to a decrease in capital assets of \$84 million, offset by an increase in cash \$34 million. In FY2023, total assets decreased by \$13 million primarily due to a decrease in capital assets of \$121 million, offset by an increase in cash and receivables of \$107 million. In the current fiscal year, total liabilities increased by \$21 million primarily due to a \$16 million increase in unearned revenue. The previous year increase of \$68 million was primarily due to a \$77 million increase in net pension liability partially offset by \$11 million decrease in net OPEB liability.

	2024	2023	Change	2022	Change
Current and other assets	\$ 469,991,704	\$ 434,835,372	\$ 35,156,332	\$ 325,924,622	\$ 108,910,750
Noncurrent assets	60,528,351	42,356,862	18,171,489	43,821,270	(1,464,408)
Capital assets, net	3,281,827,887	3,365,458,553	(83,630,666)	3,486,341,576	(120,883,023)
Total assets	<u>3,812,347,942</u>	<u>3,842,650,787</u>	<u>(30,302,845)</u>	<u>3,856,087,468</u>	<u>(13,436,681)</u>
Deferred outflows of resources	<u>68,413,443</u>	<u>74,965,242</u>	<u>(6,551,799)</u>	<u>40,858,756</u>	<u>34,106,486</u>
Current and other liabilities	112,127,617	94,986,635	17,140,982	89,154,122	5,832,513
Long-term liabilities outstanding	303,433,498	299,235,393	4,198,105	236,690,977	62,544,416
Total liabilities	<u>415,561,115</u>	<u>394,222,028</u>	<u>21,339,087</u>	<u>325,845,099</u>	<u>68,376,929</u>
Deferred inflows of resources	<u>86,007,363</u>	<u>64,537,896</u>	<u>21,469,467</u>	<u>87,910,919</u>	<u>(23,373,023)</u>
Net position:					
Net investment in capital assets	3,266,970,484	3,351,318,258	(84,347,774)	3,473,997,788	(122,679,530)
Unrestricted (deficit)	112,222,423	107,537,847	4,684,576	9,192,418	98,345,429
Total net position	<u>\$ 3,379,192,907</u>	<u>\$ 3,458,856,105</u>	<u>\$ (79,663,198)</u>	<u>\$ 3,483,190,206</u>	<u>\$ (24,334,101)</u>

San Diego Metropolitan Transit System
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2024 and 2023

The increase in operating revenue is attributable to \$5 million in additional passenger revenue this year due to ridership continuing to recover from the COVID-19 pandemic and companies moving away from remote work and returning to the office. In the prior year, operating revenue was up \$11 million in passenger revenue as ridership was continuing to rebound from the pandemic. Nonoperating revenues were consistent with prior year, increasing by a net \$2 million. Nonoperating revenues increased by \$91 million in the previous year, of which \$52 million relates to Federal American Rescue Plan revenue, \$15 million in STA funding and \$10 million in State LCTOP and TIRCP revenue. The current year increase in operating expenses totaling 45 million, includes an increase in outside services of \$29 million, with \$16 million of that being associated with increased revenue hours for purchased transportation. Personnel expenses also increased by \$16 million stemming from significant increases in insurance costs and wages. In FY2023 the increase in operating expenses totaled \$81 million, which included a \$30 million increase in personnel expenses, \$12 million in energy costs and \$33 million in depreciation expense.

	2024	2023	Change	2022	Change
Revenues:					
Operating revenues:					
Passenger revenue	\$ 72,348,368	\$ 67,481,023	\$ 4,867,345	\$ 56,076,882	\$ 11,404,141
Other operating revenue	21,991,939	19,562,074	2,429,865	21,357,795	(1,795,721)
Nonoperating revenues:					
Federal revenue	185,787,042	191,051,771	(5,264,729)	141,982,464	49,069,307
Transportation Development Act	134,821,107	131,274,182	3,546,925	124,385,030	6,889,152
State Transit Assistance	38,466,309	50,133,029	(11,666,720)	34,878,787	15,254,242
State revenue - other	24,717,975	20,076,778	4,641,197	9,558,324	10,518,454
TransNet funds	72,661,542	68,040,812	4,620,730	61,651,134	6,389,678
Other nonoperating revenue	23,145,041	17,164,380	5,980,661	13,852,495	3,311,885
Total nonoperating revenue	<u>479,599,016</u>	<u>477,740,952</u>	<u>1,858,064</u>	<u>386,308,234</u>	<u>91,432,718</u>
Total revenues	<u>573,939,323</u>	<u>564,784,049</u>	<u>9,155,274</u>	<u>463,742,911</u>	<u>101,041,138</u>
Expenses:					
Operating expenses	631,839,511	587,320,838	44,518,673	505,979,472	81,341,366
Nonoperating expenses	41,993,489	25,418,049	16,575,440	551,231	24,866,818
Total expenses	<u>673,833,000</u>	<u>612,738,887</u>	<u>61,094,113</u>	<u>506,530,703</u>	<u>106,208,184</u>
Income (loss) before capital contributions	(99,893,677)	(47,954,838)	(51,938,839)	(42,787,792)	(5,167,046)
Capital contributions	<u>20,230,479</u>	<u>23,620,737</u>	<u>(3,390,258)</u>	<u>1,607,049,523</u>	<u>(1,583,428,786)</u>
Increase (decrease) in net position	(79,663,198)	(24,334,101)	(55,329,097)	1,564,261,731	(1,588,595,832)
Net position:					
Beginning of year	<u>3,458,856,105</u>	<u>3,483,190,206</u>	<u>(24,334,101)</u>	<u>1,918,928,475</u>	<u>1,564,261,731</u>
End of year	<u>\$ 3,379,192,907</u>	<u>\$ 3,458,856,105</u>	<u>\$ (79,663,198)</u>	<u>\$ 3,483,190,206</u>	<u>\$ (24,334,101)</u>

San Diego Metropolitan Transit System
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2024 and 2023

Capital Assets and Debt Administration

Capital assets. MTS's investment in capital assets net of accumulated depreciation and amortization as of June 30, 2024 and 2023 amounted to \$3,282 million and \$3,365 million, respectively. This investment in capital assets includes land, buildings, vehicles, equipment, and construction-in-progress as well as leased and subscription based assets. Major capital asset events during the current fiscal year included the following:

- MTS continues to modernize the bus and rail fleet. In FY2024, MTS placed 36 new buses into service totaling \$45.9 million, and 7 new trolleys totaling \$30.6 million.
- MTS capitalized \$21 million in land and buildings procured to build the Clean Transit Advancement Campus which will be a new bus division dedicated to zero emission buses. At the South Bay division, \$10 million in charging infrastructure was capitalized to support the zero emission buses operating on the Iris Rapid route. On the rail side, double tracks were installed at the Green Line Imperial Terminal to provide more frequent and efficient trolley service totaling \$11 million.
- SANDAG contributed an additional \$18 million in assets in FY2024 related to the UCSD Midcoast Trolley Line Extension to MTS totaling \$1.6 billion. The 11-mile extension features nine new stations from Old Town north to the UTC Transit Center. They also contributed \$2 million in spare parts for the Midcoast trolleys.

CAPITAL ASSETS

(Net of Accumulated Depreciation and Amortization)

	2024	2023	2022
Land	\$ 270,088,885	\$ 252,472,813	\$ 252,301,976
Buildings	2,200,710,591	2,316,479,580	2,433,107,094
Vehicles	614,084,664	596,660,980	591,175,323
Equipment & other	88,003,757	97,351,383	84,987,183
Lease assets	10,247,349	10,640,938	11,034,527
Subscription assets	3,693,011	3,141,582	1,756,621
Construction-in-progress	94,999,630	88,711,277	111,978,852
Total	\$ 3,281,827,887	\$ 3,365,458,553	\$ 3,486,341,576

Additional information on MTS's capital, lease and subscription assets can be found in Note 5 to the financial statements.

Long-term debt. In the current fiscal year, MTS retired the finance obligation relating to Pension Obligation Bonds issued in fiscal year 2005. The final payment was for \$1,845,000.

Additional information about MTS's long-term debt can be found in Note 8 to the financial statements.

Bond Ratings

With the Pension Obligation Bonds being retired in the current fiscal year, a new rating was not issued by Standard & Poor's Ratings Services. The most recent rating provided was "AA/Stable."

Requests for Information

This financial report is designed to provide a general overview of MTS's finances for all those with an interest in the government's finances. If you have questions concerning any of the information provided in this report or need additional financial information, visit our website at www.sdmts.com or direct inquiries to the Controller, MTS, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

PRIMARY GOVERNMENT

San Diego Metropolitan Transit System
Statements of Net Position
June 30, 2024 and 2023

ASSETS	2024	2023
Current assets:		
Cash, cash equivalents, and investments	\$ 260,077,394	\$ 232,978,456
Cash, cash equivalents, and investments restricted for capital support	34,148,777	27,346,537
Accounts and other receivables	16,418,481	13,898,759
Due from other governments	115,140,639	122,125,937
Lease receivable	2,181,156	1,553,167
Inventory	38,079,256	34,321,429
Prepaid items and other current assets	3,946,001	2,611,087
Total current assets	469,991,704	434,835,372
Noncurrent assets:		
Lease receivable, due in more than one year	60,528,351	42,356,862
Capital assets, net	3,281,827,887	3,365,458,553
Total noncurrent assets	3,342,356,238	3,407,815,415
Total assets	3,812,347,942	3,842,650,787
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related deferred outflows of resources	62,168,457	69,069,675
OPEB-related deferred outflows of resources	6,244,986	5,895,567
Total deferred outflows of resources	68,413,443	74,965,242
LIABILITIES		
Current liabilities:		
Accounts payable	33,370,023	29,814,462
Due to other governments	2,428,106	2,163,046
Unearned revenue	47,651,499	31,419,216
Accrued expenses	4,502,975	3,205,753
Retentions payable	1,305,601	897,501
Retentions payable from restricted assets	3,031,659	8,531,874
Due within one year:		
Aggregate total OPEB liability	1,576,904	1,433,549
Lease liability	291,195	281,291
Subscription liability	714,597	555,733
Compensated absences	8,293,121	7,834,798
Accrued damage, injury, and employee claims	8,961,937	7,004,412
Long-term debt	-	1,845,000
Total current liabilities	112,127,617	94,986,635
Noncurrent liabilities:		
Due in more than one year:		
Lease liability	10,312,316	10,603,510
Subscription liability	2,233,694	1,802,260
Compensated absences	4,409,976	4,367,917
Accrued damage, injury, and employee claims	19,157,884	14,539,138
Aggregate net pension liabilities	229,244,379	226,747,327
Aggregate total OPEB liabilities	38,075,249	41,175,241
Total noncurrent liabilities	303,433,498	299,235,393
Total liabilities	415,561,115	394,222,028
DEFERRED INFLOWS OF RESOURCES		
Pension-related deferred inflows of resources	765,494	1,147,698
OPEB-related deferred inflows of resources	22,312,241	19,054,780
Lease-related deferred inflows of resources	62,929,628	44,335,418
Total deferred inflows of resources	86,007,363	64,537,896
NET POSITION		
Net investment in capital assets	3,266,970,484	3,351,318,258
Unrestricted	112,222,423	107,537,847
Total net position	\$ 3,379,192,907	\$ 3,458,856,105

See accompanying notes to basic financial statements.

San Diego Metropolitan Transit System
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues:		
Passenger revenue	\$ 72,348,368	\$ 67,481,023
Advertising	3,450,852	3,500,713
Miscellaneous	18,541,087	16,061,361
Total operating revenues	94,340,307	87,043,097
Operating Expenses:		
Personnel costs	189,649,892	173,772,575
Outside services	153,359,441	124,333,369
Transit operations funding	518,020	658,504
Materials and supplies	19,744,200	17,294,793
Energy costs	43,125,673	51,203,442
Risk management	9,575,414	6,399,111
Miscellaneous	8,518,116	8,167,128
Depreciation and amortization	207,348,755	205,491,916
Total operating expenses	631,839,511	587,320,838
Operating income (loss)	(537,499,204)	(500,277,741)
Public Support and Nonoperating Revenues (Expenses):		
Federal revenue	185,787,042	191,051,771
Transportation Development Act (TDA) funds	134,821,107	131,274,182
State Transit Assistance (STA) funds	38,466,309	43,066,262
STA State of Good Repair	-	7,066,767
State revenue - other	24,717,975	20,076,778
<i>TransNet</i> funds	72,661,542	68,040,812
Other local subsidies	12,661,090	12,212,978
Investment earnings	10,483,951	5,055,860
Interest expense	(344,476)	(442,068)
Gain (Loss) on disposal of assets	(16,919,976)	(104,458)
Reduction in contributed capital	(20,867,121)	(24,975,981)
Other non-operating expenses	(3,861,916)	-
Total public support and nonoperating revenues (expenses)	437,605,527	452,322,903
Income (loss) before capital contributions	(99,893,677)	(47,954,838)
Capital contributions, net	20,230,479	23,620,737
Change in net position	(79,663,198)	(24,334,101)
Net Position:		
Beginning of year	3,458,856,105	3,483,190,206
End of year	\$ 3,379,192,907	\$ 3,458,856,105

See accompanying notes to basic financial statements.

San Diego Metropolitan Transit System
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 91,174,056	\$ 97,388,609
Payments to suppliers	(223,039,140)	(208,065,124)
Payments to employees	(169,750,448)	(157,020,386)
Payments for damage and injury	(3,585,913)	(5,275,257)
Net cash (used in) operating activities	(305,201,445)	(272,972,158)
Cash Flows From Noncapital Financing Activities:		
Public support funds received	488,219,729	466,095,261
Net cash provided by noncapital financing activities	488,219,729	466,095,261
Cash Flows From Capital and Related Financing Activities:		
Debt service costs	(1,879,403)	(3,144,512)
Property acquisition	(161,527,937)	(69,969,339)
Proceeds from disposal of assets	5,629,276	217,143
Net cash (used in) capital and related financing activities	(157,778,064)	(72,896,708)
Cash Flows From Investing Activities:		
Interest received on investments	8,660,958	3,145,167
Net cash provided by investing activities	8,660,958	3,145,167
Net increase (decrease) in cash, cash equivalents, and investments	33,901,178	123,371,562
Cash, Cash Equivalents, and Investments:		
Beginning of year	260,324,993	136,953,431
End of year	<u>\$ 294,226,171</u>	<u>\$ 260,324,993</u>
Reconciliation of Cash, Cash Equivalents, and Investments to Statements of Net Position:		
Cash, cash equivalents, and investments	\$ 260,077,394	\$ 232,978,456
Cash, cash equivalents, and investments restricted for capital support	34,148,777	27,346,537
Total cash, cash equivalents, and investments	<u>\$ 294,226,171</u>	<u>\$ 260,324,993</u>

San Diego Metropolitan Transit System
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of Operating (Loss) to Net Cash (Used In) Operating Activities:		
Operating (loss)	\$ (537,499,204)	\$ (500,277,741)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation and amortization	207,348,755	205,491,916
(Increase) decrease in:		
Accounts and other receivables	(2,519,722)	(5,482,474)
Due from other governments	(585,467)	15,126,257
Inventory	2,499,813	(177,606)
Prepaid items and other current assets	(1,334,914)	1,023,530
Increase (decrease) in:		
Accounts payable	8,066,729	423,319
Due to other governments	(193,627)	(647,239)
Accrued expenses	1,297,221	257,731
Unearned revenue	3,446,711	1,895,673
Aggregate net pension liability	9,016,066	8,805,922
Aggregate total OPEB liability	(48,595)	1,077,425
Compensated absences	500,382	551,314
Accrued damage, injury and employee claims	4,804,407	(1,040,185)
Total adjustments	232,297,759	227,305,583
Net cash (used in) operating activities	\$ (305,201,445)	\$ (272,972,158)
Noncash investing, capital, and financing activities:		
Contributions of capital assets and inventory parts	\$ 20,230,479	\$ 23,620,737
Increase (decrease) in fair value of investments	\$ (247,055)	\$ (667,909)

This page intentionally left blank.

FIDUCIARY FUND

San Diego Metropolitan Transit System
Statements of Fiduciary Net Position
June 30, 2024 and 2023

	San Diego Transit Corporation Employee Retirement Plan Pension Trust Fund	
ASSETS	2024	2023
Investments, at fair value:		
Common stocks	\$ 66,949,764	\$ 61,854,033
Mutual funds	45,478,416	59,799,632
Corporate debt / Bond funds	53,838,498	52,385,530
Closely held instruments	-	484
U.S. treasury inflation protected security funds	9,607,283	9,355,832
Short-term investment funds	17,671,846	601,832
Total investments	193,545,807	183,997,343
Receivables:		
Dividends and interest	78,434	3,495
Other receivables	27,842	31,825
Total receivables	106,276	35,320
Total assets	193,652,083	184,032,663
LIABILITIES		
Due to plan sponsor	600,842	634,237
Other payables	106,478	225,734
Total liabilities	707,320	859,971
NET POSITION		
Net position restricted for plan benefits	\$ 192,944,763	\$ 183,172,692

San Diego Metropolitan Transit System
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2024 and June 30, 2023

	San Diego Transit Corporation Employee Retirement Plan Pension Trust Fund	
	2024	2023
ADDITIONS:		
Contributions:		
Employer	\$17,213,854	\$ 16,157,770
Employee	1,712,165	1,719,444
Total contributions	<u>18,926,019</u>	<u>17,877,214</u>
Investment income (loss):		
Interest	128,205	38,083
Dividends	5,187,711	4,490,000
Net realized and unrealized gains (losses) on investments	9,207,890	7,074,461
Total investment income (loss)	<u>14,523,806</u>	<u>11,602,544</u>
Investment expense	<u>(219,026)</u>	<u>(199,423)</u>
Net investment income	<u>14,304,780</u>	<u>11,403,121</u>
Total additions to fiduciary net position	<u>33,230,799</u>	<u>29,280,335</u>
DEDUCTIONS:		
Distributions to participants	23,302,300	22,630,610
Administrative expenses	156,428	354,459
Total deductions from fiduciary net position	<u>23,458,728</u>	<u>22,985,069</u>
NET INCREASE IN FIDUCIARY NET POSITION	9,772,071	6,295,266
NET POSITION RESTRICTED FOR PLAN BENEFITS:		
Beginning of year	<u>183,172,692</u>	<u>176,877,426</u>
End of year	<u><u>\$ 192,944,763</u></u>	<u><u>\$ 183,172,692</u></u>

This page intentionally left blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

San Diego Metropolitan Transit System
Index to the Notes to the Basic Financial Statements
For the Years Ended June 30, 2024 and 2023

	Page
Note 1 – Summary of Significant Accounting Policies	
A. Reporting Entity	25
B. Financial Statements.....	27
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	27
D. Use of Restricted/Unrestricted Assets	30
E. Cash, Cash Equivalents, and Investments	31
F. Inventory	31
G. Prepaid Items and Other Assets.....	31
H. Leases	32
I. Subscription-Based Information Technology Arrangements	33
J. Capital Assets.....	34
K. Construction-in-Progress	34
L. Compensated Absences.....	34
M. Pension	34
N. Other Postemployment Benefits.....	35
O. Net Position	35
P. Use of Estimates	35
Q. Implementation of New GASB Pronouncements for the Year Ended June 30, 2024.....	35
R. Upcoming Government Accounting Standards Implementation.....	36
Note 2 – Cash, Cash Equivalents, and Investments	
A. Primary Government	36
B. Fiduciary Fund	41
Note 3 – Accounts Receivable	
A. Accounts and Other Receivables.....	46
B. Due from Other Governments	46
C. Leases Receivable and Related Deferred Inflows of Resources	47
Note 4 – Inventory	48
Note 5 – Capital Assets	49
Note 6 – Due to Other Governments	51
Note 7 – Unearned Revenue	52
Note 8 – Long-Term Liabilities	
A. Summary	52
B. Pension Obligation Bonds	54
C. Lease Liability	54
D. Subscription Liability	55
Note 9 – Risk Management.....	55
Note 10 – Commitments and Contingencies	56
Note 11 – Other Postemployment Benefits.....	57

San Diego Metropolitan Transit System
Index to the Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

	Page
Note 12 – Employee Retirement Systems	
A. Summary	63
B. MTS.....	65
C. SDTI.....	72
D. SDTC.....	84
Note 13 – Other Required Individual Disclosures	
A. Deficit Net Position	90
Note 14 – Net Investment in Capital Assets	90
Note 15 – Other Non-Operating Expenses	91

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

The accompanying basic financial statements of the San Diego Metropolitan Transit System (MTS) have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of MTS's accounting policies are described below.

A. Reporting Entity

Primary Government

MTS (also known as San Diego Metropolitan Transit Development Board) was formed on January 26, 1976 by passage of California Senate Bill 101 to plan, construct, and operate (or let contracts to operate) exclusive public mass transit guideways in the urbanized south coastal area of San Diego County. MTS has certain responsibilities for near-term transportation planning and administration of federal and state transportation funds within the area under its jurisdiction. The Board of Directors of MTS consists of 15 members composed of four appointees from the City of San Diego (the Mayor and three Council Members), two appointees from the City of Chula Vista (the Mayor and one Council Member), one appointee from the cities of Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one appointee from the San Diego County Board of Supervisors.

On January 1, 2003, California Senate Bill 1703 (SB 1703) became effective. SB 1703 required the consolidation of the planning and programming functions of MTS and the North County Transit District (NCTD) into the San Diego Association of Governments (SANDAG) in an initial transfer to take place prior to July 1, 2003. SB 1703 also required the consolidation of certain project development and construction functions of MTS and NCTD into SANDAG in a subsequent transfer to take place prior to January 30, 2004. The initial transfer occurred on July 1, 2003, and the subsequent transfer occurred on October 13, 2003. With these actions, employees were transferred from MTS and NCTD to SANDAG, and certain planning, development, and construction functions were also transferred. As a result, MTS's activities since the consolidation have been focused on operating public transit systems in the urbanized area identified above. In addition to the consolidation required by SB 1703, MTS dissolved the independent Board of Directors of San Diego Transit Corporation (SDTC) and Board of Directors of San Diego Trolley, Inc. (SDTI). MTS now acts as the Board of Directors for all three agencies: MTS, SDTC, and SDTI. Beginning in FY2004, SDTC and SDTI are presented as blended component units.

These basic financial statements present MTS and its legally separate component units, entities for which MTS is considered to be financially accountable. Because MTS appoints a majority of the component units' boards of directors, the boards are substantively the same, and MTS is able to impose its will on the component units, MTS presents blended component units. Blended component units, although legally separate entities, are, in substance, part of MTS's operations.

Included within the reporting entity as blended component units:

San Diego Transit Corporation: On July 1, 1985, MTS purchased the assets used by and acquired sole ownership of San Diego Transit Corporation (SDTC) from the City of San Diego for \$1. SDTC has entered into an operating agreement with MTS to operate a public transportation bus system in the City of San Diego and certain regional routes within MTS's jurisdictions. The current agreement, which was approved in December 2006, was renewed on June 23, 2011, as an open-ended agreement terminable upon six months' notice by either party. SDTC continues to provide local service to a number of adjoining cities under pre-existing contracts. Purchases or construction of bus capital items are made by MTS, with whom title remains, and are contributed to SDTC upon completion of a project or when individually purchased by MTS. SDTC's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses are included in MTS's financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Primary Government (Continued)

San Diego Trolley, Inc.: San Diego Trolley, Inc. (SDTI) was organized by MTS in August 1980. SDTI was created to operate and maintain the Light Rail Transit (LRT) system pursuant to an operating agreement with MTS. The current agreement, which was approved in December 2006, was renewed on June 23, 2011, as an open-ended agreement terminable upon six months' notice by either party. Purchases or construction of LRT capital items are made by MTS, with whom title remains, and are contributed to SDTI upon completion of a project or when individually purchased by MTS. SDTI's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses are included in MTS's financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

San Diego and Arizona Eastern Railway Company: MTS purchased the San Diego and Arizona Eastern Railway Company (SD&AE) in 1979. SDTI operates on a portion of the line and private operators provide freight service on a portion of the line. Purchases of capital items are made by MTS, with whom title remains, and are contributed to SD&AE. Since SD&AE provides almost exclusive benefit to MTS, its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses are included in MTS's financial statements as a blended component unit. Separate financial reports are not available.

Fiduciary Activities

MTS presents its fiduciary activity information for assessing its accountability and financial reporting in their role as fiduciaries. The definition of a "fiduciary" is:

- The organization acts on behalf of another person or persons to manage assets;
- Fiduciary responsibility refers to the obligation that one party has in relationship with another one to act entirely on the other party's behalf and best interest. It is considered to be the standard of the highest care.

Included within the reporting entity as fiduciary activities is the following:

San Diego Transit Corporation Employee Retirement Plan: The San Diego Transit Corporation Employees' Retirement Plan (the "Plan") is a defined benefit plan which provides retirement and disability benefits and annual cost-of-living adjustments for Plan members, as well as joint-survivor benefits to beneficiaries. Prior to May 1, 2011, all of San Diego Transit Corporation's ("SDTC") full-time employees and certain part-time noncontract employees who had completed one year of service in which they had worked at least 1,000 hours of service, and certain part-time contract employees participated in the Plan. Effective May 1, 2011, employees in the International Brotherhood of Electrical Workers, Local 465 (the "IBEW") bargaining unit hired after May 1, 2011 participate in a separate defined contribution 401(a) plan. Effective November 1, 2012, employees in the Amalgamated Transit Union, Local 1309 (the "ATU") bargaining unit hired after November 1, 2012 participate in a separate defined contribution 401(a) plan. Therefore, as of November 1, 2012 the Plan was closed to new ATU and IBEW entrants. Upon agreement between the employer and the Union, certain modifications can be made to the Plan.

The Plan is managed by Retirement Boards which have plenary authority and fiduciary responsibility for the investment of Plan assets and administration of the Plan. The IBEW Retirement Board consists of three members from the San Diego Metropolitan Transit System ("MTS") and three members from the IBEW. The ATU Retirement Board consists of three members from MTS and three members from the ATU. The Noncontract Retirement Board consists of three members from MTS.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Fiduciary Activities (Continued)

SDTC is a component unit of MTS. The Plan is administered and sponsored by MTS. MTS also issued taxable Pension Obligation Bonds for the benefit of SDTC. See Note 8 for further details.

SDTC is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members.

The Plan is funded entirely by SDTC for employees under the IBEW bargaining units who were hired prior to May 1, 2011 and the ATU bargaining units who were hired prior to November 1, 2012. IBEW employees are required to contribute, 3% of their covered payroll from March 31, 2013 through April 6, 2014, 4% of their covered payroll from April 6, 2014 through April 4, 2015, increasing to 6% from April 5, 2015 through April 2, 2016, and to 8% thereafter. ATU employees are required to contribute 3% after July 1, 2013 and 5% after July 1, 2014, 6% after May 17, 2015, 7% after July 1, 2016 and 8% after December 1, 2017.

B. Financial Statements

Primary Government – The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government and its component units. The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct 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.

Fiduciary Activities – The Fiduciary Fund Financial Statements (i.e., the statement of fiduciary net position and the statement and changes in fiduciary net position) report information on the activities of the San Diego Transit Corporation Employees Retirement Plan pension trust fund. The statement of changes in fiduciary net position demonstrates the degree to which the additions to net position restricted for plan benefits were sufficient to cover deductions for distributions to plan participants and administrative expenses.

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

Primary Government – The 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 similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Fiduciary Activities – This fiduciary pension trust fund is a defined benefit plan which provides retirement and disability benefits and annual cost-of-living adjustments for Plan members and joint-survivor benefits to beneficiaries. The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due and when the employer has made a formal commitment to provide the contributions. Investment income is recognized as earned. Benefits are recognized when due and payable in accordance with the terms of the Plan.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods and that, therefore, will not be recognized as revenue until that time.

MTS receives funding primarily from the following revenue sources:

Passenger Revenue

Passenger fares comprised approximately 17 percent and 18 percent of MTS's \$413.9 million and \$380.2 million operating budget for FY2024 and FY2023 respectively.

Other Operating Revenues

MTS receives a variety of operating revenues that are not received directly from passenger fares. The sources of these revenues are advertising, naming rights, interest income, energy credits, rental and land management income, income related to For Hire Vehicle administration, income from the SD&AE Railway Company, and other miscellaneous income.

Non-Operating Revenues

MTS receives subsidies that are derived from federal, state and local tax revenues. MTS does not levy or collect any tax funds, but receives allocated portions of tax funds through federal, state and local granting agencies.

Federal Transit Administration (FTA)

FTA revenues are funded by a federal gas tax and revenues of the federal general fund. On November 15, 2021, the Bipartisan Infrastructure Law was signed, reauthorizing surface transportation programs through Federal FY (FFY) 2026. The legislation establishes the legal authority to commence and continue Federal Transit Administration (FTA) programs. Each reauthorization amends the Federal Transit Laws codified in 49 USC Chapter 53. FTA funding is structured on a reimbursement basis (after expenses are incurred), and funds both the CIP and operating budgets. The reauthorization provides for the following funding streams MTS commonly receives:

- 5307 Urban Area Formula Grants for capital improvements and preventive maintenance
- 5311 Formula Grants for Rural Areas for capital improvements and to supplement operating costs
- 5337 State of Good Repair Funding for capital improvements and preventive maintenance
- 5339 Bus and Bus Facilities Funding for capital improvements
- 5311 Formula Grants for Rural Areas Funding for rural service operations
- 5311(f) Inter-City Bus Program Funding for rural service operations connecting to inter-city network

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided \$25 billion to the transit industry nationwide. MTS was apportioned \$220 million in CARES Act funding, which continues to supplement lost revenues and increased expenses related to the pandemic. MTS received \$82.4 million in FY2024 and has received \$172.6 million in total.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Federal Transit Administration (FTA) (Continued)

On March 11, 2021, the President signed The American Rescue Plan Act of 2021 (ARP), which provided \$30.5 billion to support the nation's public transportation systems. MTS was apportioned \$140 million in ARP Act funding which MTS continues to utilize in addressing the structural deficit in the operating budget. MTS received \$2.6 million in FY2024 and \$140 million in total.

On March 16, 2023, the MTS Board of Directors directed staff to draw federal stimulus funds as fast as possible based on eligible expenses (versus budgetary need) and to keep excess funds in the operating deficit reserve until needed to address the structural deficit in current and future fiscal years. As of June 30, 2024, MTS has drawn \$312.6 million of the \$360 million in total apportioned stimulus funds, leaving \$47.4 million in remaining funds to be drawn in future fiscal years.

Transportation Development Act (TDA)

TDA provides funding for public transit operators. This state fund is one quarter of a percent of the 7.75 percent sales tax assessed in the region. SANDAG is responsible for apportionment of these funds within the San Diego region.

State Transit Assistance (STA)

STA funding comes from the Public Transportation Act (PTA) which derives its revenue from the state sales tax on diesel fuels. These funds are appropriated by the legislature with a formula based upon population and local revenue generated. This funding was augmented by the Road Repair and Accountability Act of 2017, or SB1, which was signed by the Governor on April 28, 2017.

STA State of Good Repair Program (SGR)

The SGR Program is a supplemental STA funding source as a result of SB 1 and is funded from a portion of a new Transportation Improvement Fee on vehicle registrations due on or after January 1, 2018. The funds are allocated with the same STA Program formula.

TransNet

TransNet funds are derived from the Proposition A one-half cent local transportation sales tax that was approved by area voters in November 1987. The original ordinance expired in 2008, but has since been extended to 2048 by subsequent voter approval. The ordinance allocated one-third of the sales tax proceeds for transit purposes, which are further divided between MTS and NCTD based on the proportion of the population within the area of each jurisdiction. The *TransNet* Program also reimburses MTS for the net operating cost of the MidCoast Trolley Extension, Bus Rapid Transit and Superloop projects that were approved as part of the extension. These costs are billed to SANDAG on a monthly basis. *TransNet* funds are also apportioned by SANDAG.

SB 125 Formula-Based Transit and Intercity Rail Capital Program (TIRCP) & Zero-Emission Transit Capital Program (ZETCP)

SB125 amended the Budget Act of 2023 to appropriate \$4 billion of General Funds to TIRCP. The original legislation approved funding over two fiscal years, but the State of California FY2025 budget amended that to FY2024-2026. SB 125 also establishes a \$1.1 billion Zero-Emission Transit Capital Program (ZETCP) over four fiscal years, FY2024-2027. MTS is estimated to receive \$284 million over the next four fiscal years.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Transit and Intercity Rail Capital Program (TIRCP)

The TIRCP is a discretionary program that was created by SB 862 (Chapter 36, Statutes of 2014) and modified by SB 9 (Chapter 710, Statutes of 2015) to provide grants from the Greenhouse Gas Reduction Fund to fund transformative capital improvements that will modernize California’s intercity, commuter, and urban rail systems, and bus and ferry transit systems to reduce emissions of greenhouse gases by reducing congestion and vehicle miles traveled throughout California. In FY2022, MTS was awarded a total of \$33.5 million for Orange Line Rail Signals, Orange Line Variable Message Signs, Imperial Ave Transit Center Improvements, and the Kearny Mesa Division Battery Electric Bus Charging Infrastructure projects. In FY2023, MTS was awarded an additional \$60.4 million for Orange Line Rail Improvements and Electrification of the Kearny Mesa Division.

Low Carbon Transit Operations Program (LCTOP)

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by SB 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities.

Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. SB 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund for LCTOP.

Other State Revenue

MediCal provides further funding support specifically tied to several ADA Paratransit routes to aid patients in their transportation to medical appointments.

Compressed Natural Gas Rebate

Alternative fuel credits are issued by the IRS to MTS for utilizing compressed natural gas to power its vehicles. This rebate program has expired and then been reauthorized multiple times over the years, most recently being extended through the calendar year 2024. MTS has included \$3.9 million in revenues for the year ended June 30, 2024 and is currently authorized to receive funds through December 31, 2024.

Other Local Subsidies

The City of San Diego provides Maintenance of Effort funds to aid ADA efforts. SANDAG provides funding, funded through FasTrak tolls, to operate services along the Interstate 15 corridor. NCTD provided partial subsidy for the Sorrento Valley Coaster Connection. The University of California, San Diego (UCSD) provides funding for shuttle services that expand frequency and span on MTS routes 201 and 202 between the La Jolla Colony area and the Gilman Transit Center on the UCSD campus.

D. Use of Restricted/Unrestricted Assets

When both restricted and unrestricted resources are available for use, it is MTS’s policy to use restricted resources first, then unrestricted resources as they are needed.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash, Cash Equivalents, and Investments

Investments of pooled cash consist primarily of pooled investment funds, liquidity funds and governmental bonds. Investments are stated at fair value, which is based on quoted market price. Money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value.

For purposes of the statement of cash flows, all highly liquid temporary investments purchased with a maturity of three months or less are considered cash equivalents.

MTS participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares. MTS also participates in the San Diego County Treasurer's Pooled Money Fund, which is a local government investment pool managed by the County Treasurer's Office on behalf of the Investment Pool participants.

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

GASB Statement No. 72, *Fair Value Measurement and Application*, defined fair value, established a framework for measuring fair value and established disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

F. Inventory

Inventories are valued at the weighted average unit cost.

G. Prepaid Items and Other Assets

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Leases

Lessee

MTS has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in our financial statements with an initial, individual value of \$10,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that MTS has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how MTS determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- MTS uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, MTS generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that MTS is reasonably certain to exercise. MTS monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported on the statement of net position.

Lessor

MTS is a lessor for leases of buildings, billboards, and land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Leases (Continued)

Lessor (Continued)

Key estimates and judgments include how MTS determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- MTS uses the incremental borrowing rate (IBR) provided by our financial institution at the time a new lease is executed. If the IBR exceeds the LAIF rate, an average of the IBR and LAIF rate will be used. Leases executed prior to July 1, 2021 used the IBR provided by our financial institutions as of that date.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

MTS monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

I. Subscription-Based Information Technology Arrangements (SBITAs)

MTS has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$50,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using MTS's incremental borrowing rate and MTS recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

Key estimates and judgments related to SBITAs include how MTS determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- MTS uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, MTS generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which MTS has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that MTS is reasonably certain to exercise. MTS monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported on the statement of net position.

J. Capital Assets

Capital, lease, and subscription assets include land and right-of-way, buildings and infrastructure assets, vehicles, equipment, and “right-to-use” assets. These capital and right-to-use assets are included on the financial statements and throughout this report as “Capital Assets.” Capital and right-to-use assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital asset improvements are recorded as assets.

Under the operating agreements between MTS and SDTC and SDTI, SDTC and SDTI are required to pay a license fee to MTS for the use of certain capital assets. Due to SDTC’s and SDTI’s continued shortage of operating funds sufficient to cover recurring expenditures, the payment of these fees is considered remote, and therefore, these amounts were not recorded in the accompanying basic financial statements. Buildings, vehicles, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and structures	20 to 30
Vehicles and buses	5 to 25
Equipment and other capital assets	3 to 10
Right-to-use assets	3 to 40

K. Construction-in-Progress

Costs incurred for construction associated with the bus and trolley systems are capitalized as construction-in-progress until such time as they are complete and operational. Upon completion, they are contributed to SDTC, SDTI and MTS – Contracted Services to reflect their custodial accountability for the assets. Depreciation commences at the time of contribution.

L. Compensated Absences

It is MTS’s policy to permit employees to accumulate earned but unused personal leave time up to a maximum of 500 hours, which includes both vacation and sick pay benefits. All personal leave time is accrued when incurred.

M. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of MTS, SDTC and SDTI’s pension plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The valuation dates, measurement dates, and measurement periods vary by pension plan. See Note 12 for details.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, of the MTS, SDTC, and SDTI's OPEB Plan ("OPEB Plan") have been determined on the same basis as they are reported by the Plan (Note 11). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefits terms.

O. Net Position

Net Position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, lease and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

P. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from these estimates.

Q. Implementation of New GASB Pronouncements for the Year Ended June 30, 2024

During fiscal year ended June 30, 2024, MTS has implemented the following new GASB Pronouncements:

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement did not have a significant effect on MTS's fiscal year ending June 30, 2024.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Upcoming Government Accounting Standards Implementation

In the next two years, MTS will implement the following GASB Pronouncements:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for MTS’s fiscal year ending June 30, 2025.

GASB Statement No. 102 - In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. Application of this statement is effective for MTS’s fiscal year ending June 30, 2025.

GASB Statement No. 103 – In December 2023, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Application of this statement is effective for MTS’s fiscal year ending June 30, 2026.

Note 2 – Cash, Cash Equivalents, and Investments

A. Primary Government

Cash, cash equivalents, and investments are reported in the accompanying statements of net position as follows on June 30, 2024 and 2023:

	2024	2023
Cash, cash equivalents, and investments	\$ 260,077,394	\$ 232,978,456
Cash, cash equivalents, and investments restricted for capital support	34,148,777	27,346,537
Total cash, cash equivalents, and investments	\$ 294,226,171	\$ 260,324,993

Cash, cash equivalents, and investments consisted as follows on June 30, 2024 and 2023:

Investment Type	Measurement Input	Fair Value	
		2024	2023
Cash, cash equivalents, and investments:			
Demand deposits	N/A	\$ 31,040,360	\$ 29,468,237
Retention trust account	N/A	3,031,659	8,531,874
San Diego County Treasurer's Pooled Money Fund	Uncategorized	193,338,700	178,968,838
State of California - Local Agency Investment Fund	Uncategorized	66,815,452	43,356,044
Total cash, cash equivalents, and investments		\$ 294,226,171	\$ 260,324,993

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

A. Primary Government (Continued)

Demand Deposits

As of June 30, 2024, the carrying amount of demand deposits was \$31,040,360 and the bank balance was \$33,363,400 compared to \$29,468,237 and \$32,646,644 at June 30, 2023, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in MTS's name as discussed below.

All cash accounts are pooled and swept nightly to a concentration account. Funds required to be held by fiscal agents under the provisions of bond indentures are not included in the pooled cash account.

Investments

Under the provisions of MTS's investment policy and in accordance with California Government Code, MTS is authorized to invest or deposit in the following:

- United States Treasury bills, notes, bonds, or strips.
- Federal Agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by Federal agencies or U.S. government-sponsored enterprises.
- Eligible Banker's Acceptances.
- Prime Commercial Paper issued by a U.S. organization with a rating category of "A" or "A-1", its equivalent or higher.
- Non-negotiable certificates of deposit that meet the requirements for deposit under California Government Code Section 53630.
- Negotiable Certificates of Deposit with issuers rated in a rating category of "A", its equivalent or higher.
- Repurchase Agreements collateralized by U.S. Treasury obligations, Federal Agency securities, or Federal Instrumentality securities.
- Reverse Repurchase Agreements.
- State of California's Local Agency Investment Fund (LAIF)
- The San Diego County Treasurer's Pooled Money Fund
- A Joint Powers Authority Pool rated among the top two rating categories by a nationally recognized statistical rating organization (NRSRO)
- Medium Term Notes issued by corporations organized and operating within the U.S. with issuers rated in a rating category of "A", its equivalent, or higher by a NRSRO
- Money Market Funds registered under the Investment Company Act of 1940
- Municipal bonds as listed below with a rating "A", its equivalent, or higher and a final maturity not exceeding five years from the date of trade settlement:
 - Municipal bonds issued by MTS
 - Registered State warrants or treasury notes or bonds of the State of California
 - Bonds, notes, warrants, or other evidences of indebtedness of a local agency within California
 - Registered treasury notes or bonds of any of the other 49 states in addition to California

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

A. Primary Government (Continued)

Investments (Continued)

- Supranational obligations
- Mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds
- Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600 of the California Government Code

For full details on the authorized investments and associated limitations, please refer to MTS Board Policy 30 on our website. <https://www.sdmts.com/about-mts-reports-records-and-policies/policies-and-procedures>

Local Agency Investment Funds

MTS's investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in structured notes and asset-backed securities. These investments include the following:

- Structured Notes – debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises.
- Asset-Backed Securities – entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's), small business loans or credit card receivables.

LAIF is overseen by the Local Investment Advisory Board, which consists of five members, in accordance with State statute. The fair value of our position in the pool is the same as the value of the pool shares.

As of June 30, 2024, MTS had \$66,815,452 invested in LAIF, which had invested 3.00% of the pool investment funds in structured notes and asset-backed securities compared to \$43,356,044 and 2.78% at June 30, 2023.

San Diego County Treasurer's Pooled Money Fund

The San Diego County Treasurer's Pooled Money Fund is a local government investment pool managed by the County Treasurer's Office on behalf of Investment Pool participants. Depositors in the Investment Pool include both mandatory participants, those agencies required by law to deposit their funds with the County Treasurer's Office, and voluntary participants, agencies that place their funds in the Investment Pool as an investment option. Voluntary participants, including cities, fire districts, and various special districts accounted for approximately 5.02% and 6.90% of the Investment Pool as of June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the fair value of our position in the pool is 100.84% and 99.53%, respectively, of the value of the pool shares.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

A. Primary Government (Continued)

San Diego County Treasurer's Pooled Money Fund (Continued)

Pursuant to Sections 27130-27137 of the California Government Code, the County Board of Supervisors has established the Treasury Oversight Committee (TOC) that monitors and reviews the Investment Policy. The TOC consists of three Ex-officio positions of the County, a Board representative, and five members of the public, representing a City Official, a Special District Official, a School Official, and two members of the public having expertise in public finance per Government Code. The Investment Policy requires a financial audit to be conducted annually on a fiscal year basis, which includes limited tests of compliance with laws and regulations, with the duty of the TOC to review the audit. The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The Pool does not have any legally binding guarantees of share values.

To mitigate credit risk, the Investment Pool's Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Investment Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "F1" for short-term. Non-rated securities include sweep accounts and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by the California Government Code Section 53601, having fair value of at least 102% of the amount of the repurchase agreement. The Pool did not have any repurchase agreements in its portfolio as of June 30, 2024 and 2023.

MTS's investments with the County Treasurer's Office include a portion of the pool funds invested in asset-backed securities as defined in the preceding section for LAIF investments. As of June 30, 2024, MTS had \$193,338,700 invested with the San Diego County Treasurer's Pooled Money Fund, which had invested 6.78% of the pool investment funds in asset-backed securities compared to \$178,968,838 and 5.37% at June 30, 2023.

Disclosures Relating to Interest Rate Risk

As a means of limiting its exposure to market value losses arising from rising interest rates, MTS's investment policy limits investments to maturities dependent on the investment vehicle.

Disclosures Relating to Credit Risk

MTS's investment policy limits investments in commercial paper to instruments rated "A", its equivalent, or better by a NRSRO, and negotiable certificates of deposit to instruments rated "A", its equivalent, or better by two NRSROs. In the current year, MTS does not hold investments in commercial paper or certificates of deposit. MTS investment instruments include deposits in LAIF and the San Diego County Treasurer's Pooled Money Fund which are not rated and do not require ratings.

Disclosures Relating to Concentration of Credit Risk

The investment policy limits the amount of the percentage of the portfolio that can be invested by the type of investment for certain types of investments. MTS is in compliance with investment type percentages of the total portfolio of the investment policy.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

A. Primary Government (Continued)

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code requires California banks and savings and loan associations to secure MTS’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in MTS’s name.

The fair value of pledged securities must equal at least 110% of MTS’s cash deposits. California law also allows institutions to secure MTS deposits by pledging first trust deed mortgage notes having a value of 150% of MTS’s total cash deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of MTS’s cash deposits. MTS may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. MTS has waived the collateralization requirements.

Summary of Cash, Cash Equivalents, and Investments to Maturity

Cash, cash equivalents, and investments held by MTS grouped by maturity date at June 30, 2024 and 2023, are shown below:

Maturity	2024	2023
Current to one year	\$ 294,226,171	\$ 260,324,993
Total	\$ 294,226,171	\$ 260,324,993

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

B. Fiduciary Fund

Investments

The fair value, net asset value and the percentage of the investments at June 30, 2024 and 2023 were as follows:

	Fair Value June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by Fair Value Level:		
<u>Common Stocks:</u>		
PIMCO Research Affiliates Equity (RAE) Fund	\$ 20,482,628	\$ 19,055,735
Total Common Stocks	20,482,628	19,055,735
<u>Mutual Funds:</u>		
Fidelity U.S. Sustainability Index Fund	4,554,620	4,554,620
Vanguard Treasury Fund	20,475,886	-
PIMCO All Asset All Authority Fund	-	19,311,293
Total Mutual Funds	25,030,506	23,865,913
<u>Corporate Bond Funds:</u>		
Vanguard Total Bond Fund	53,838,498	52,385,530
Total Corporate Bond Funds	53,838,498	52,385,530
<u>U.S. Treasury Inflation Protected Security Funds:</u>		
Vanguard Fund	9,607,283	9,355,832
Total U.S. Treasury Inflation Protected Security Funds	9,607,283	9,355,832
<u>Short-Term Investment Funds:</u>		
First American Prime Obligations Fund	17,671,846	601,832
Total Short-Term Investment Funds	17,671,846	601,832
Total Investments by Fair Value Level	126,630,761	\$ 105,264,842
Investments Measured at NAV:		
<u>Common Stocks:</u>		
Systematic Edge U.S. Low Vol	20,385,310	
BNYM Newton Small-Mid Cap Growth	5,737,435	
MFS Investment Management	20,344,391	
Total Common Stocks	46,467,136	
<u>Mutual Funds:</u>		
Westwood Trust Large Cap Equity EB Fund	20,447,910	
Total Mutual Funds	20,447,910	
Total Investments Measured at NAV	66,915,046	
Total Investments	\$ 193,545,807	

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

B. Fiduciary Fund (Continued)

Investments (Continued)

	Fair Value June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:			
<u>Common Stocks:</u>			
PIMCO Research Affiliates Equity (RAE) Fund	\$ 19,055,735	\$ 19,055,735	\$ -
Total Common Stocks	19,055,735	19,055,735	-
<u>Mutual Funds:</u>			
GMO Benchmark Free Allocation Fund	17,070,830	17,070,830	-
Fidelity U.S. Sustainability Index Fund	3,582,321	3,582,321	-
PIMCO All Asset All Authority Fund	19,311,293	19,311,293	-
Total Mutual Funds	39,964,444	39,964,444	-
<u>Corporate Bond Funds:</u>			
Vanguard Total Bond Fund	52,385,530	52,385,530	-
Total Corporate Bond Funds	52,385,530	52,385,530	-
<u>U.S. Treasury Inflation Protected Security Funds:</u>			
Vanguard Fund	9,355,832	9,355,832	-
Total U.S. Treasury Inflation Protected Security Funds	9,355,832	9,355,832	-
<u>Short-Term Investment Funds:</u>			
First American Prime Obligations Fund	601,832	601,832	-
Total Short-Term Investment Funds	601,832	601,832	-
<u>Closely Held Instruments:</u>			
Pacific Hedge Strategies, LLC	484	-	484
Total Closely Held Instruments	484	-	484
Total Investments by Fair Value Level	121,363,857	\$ 121,363,373	\$ 484
Investments Measured at NAV:			
<u>Common Stocks:</u>			
Systematic Edge U.S. Low Vol	18,505,388		
BNYM Newton Small-Mid Cap Growth	5,575,879		
MFS Investment Management	18,717,031		
Total Common Stocks	42,798,298		
<u>Mutual Funds:</u>			
Westwood Trust Large Cap Equity EB Fund	19,835,188		
Total Mutual Funds	19,835,188		
Total Investments Measured at NAV	62,633,486		
Total Investments	\$ 183,997,343		

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

B. Fiduciary Fund (Continued)

Investments (Continued)

Fair Value Measurement – Investment Valuation

Investments are reported at fair value. Quoted market value (Level 1) and fair value per share (Level 2) in an active market are used to value investments, except for shares in the short-term investment funds, which trade and are reported at par value as reported by the investment custodian. Investment securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments, and realized gains and losses of the current period include unrealized amounts from prior periods.

Investments in closely held instruments (hedge funds) are reported under Level 3 under fair value measurement input hierarchy. The underlying hedge fund values are estimated by the hedge fund managers in the absence of readily ascertainable market values. In accordance with the investment manager's Valuation Policy and *Fair Value Measurements and Disclosure*, the investment manager has the right, in its discretion and in good faith, to deviate from valuation information provided by the managers of the investment vehicles when the investment manager deems it appropriate. Because of the inherent uncertainty of valuations in the investment vehicles, values may differ significantly from the values that would have been used had a ready market for these investments existed, and the differences could be material.

The following tables summarize investments, excluding cash and cash equivalents, measured at fair value based on NAV per share as of June 30, 2024 and 2023, respectively:

June 30, 2024	Fair Value	Unfunded Commitments	Redemption Frequency (if currently available)	Redemption Notice Period
Systematic Edge U.S. Low Vol	\$ 20,385,310	N/A	Monthly	5 days
BNYM Newton Small-Mid Cap Growth	5,737,435	N/A	Daily	Daily
MFS Investment Management	20,344,391	N/A	Daily	Daily
Westwood Trust Large Cap Equity EB Fund	20,447,910	N/A	Daily	Daily
Total	<u>\$ 66,915,046</u>			

June 30, 2023	Fair Value	Unfunded Commitments	Redemption Frequency (if currently available)	Redemption Notice Period
Systematic Edge U.S. Low Vol	\$ 18,505,388	N/A	Monthly	5 days
BNYM Newton Small-Mid Cap Growth	5,575,879	N/A	Daily	Daily
MFS Investment Management	18,717,031	N/A	Daily	Daily
Westwood Trust Large Cap Equity EB Fund	19,835,188	N/A	Daily	Daily
Total	<u>\$ 62,633,486</u>			

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

B. Fiduciary Fund (Continued)

Investments (Continued)

Fair Value Measurement – Investment Valuation (Continued)

During the Plan years, investments, including realized gains and losses on investments and unrealized appreciation (depreciation) on investments held, appreciated (depreciated) in value as follows:

	2024	2023
Unrealized appreciation (depreciation) on investments held	\$ 14,882,966	\$ 4,007,454
Realized gain on investments	(5,675,076)	3,067,007
Net realized and unrealized investment gains (losses)	\$ 9,207,890	\$ 7,074,461

The Plan's investment policy was approved by the SDTC Pension Trustee Investment Committee. The Plan's investment policy allows investments in the following asset classes and sets forth the target allocations and allocation ranges.

Asset Class	Target Allocation	Allocation Range
Equity		
United States	25.0%	
International	20.0%	
Subtotal	45.0%	30% - 60%
Fixed Income	55.0%	40% - 70%
Total	100.0%	

Concentrations of Investments

The Plan has invested in certain organizations in excess of 5% of the Fiduciary Net Position. The concentrated investments are as follows:

	2024		2023	
	Fair Value	%	Fair Value	%
<u>Common Stocks:</u>				
PIMCO Research Affiliates Equity (RAE) Fund	\$ 20,482,628	10.6%	\$ 19,055,735	10.4%
MFS Investment Management	20,344,391	10.5%	18,717,031	10.2%
Systematic Edge U.S. Low Vol	20,385,310	10.5%	18,505,388	10.1%
<u>Mutual Funds:</u>				
Westwood Trust Large Cap Equity EB Fund	20,447,910	10.6%	19,835,188	10.8%
Vanguard Treasury Fund	20,475,886	10.6%	-	-
PIMCO All Asset All Authority Fund	-	-	19,311,293	10.5%
GMO Benchmark Free Allocation Fund	-	-	17,070,830	9.3%
<u>Corporate Bond Funds:</u>				
Vanguard Total Bond Fund	53,838,498	27.8%	52,385,530	28.5%
<u>Short-Term Investment Funds:</u>				
First American Prime Obligations Fund	17,671,846	9.1%	-	-
<u>U.S. Treasury Inflation Protected Security Funds:</u>				
Vanguard Fund	9,607,283	5.0%	9,355,832	5.1%

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

B. Fiduciary Fund (Continued)

Investments (Continued)

Rate of return

For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.98 percent and 3.98 percent, respectively. The money-weighted rate of return express investment performance, net of investment expense, adjusted for the changing amount actually invested.

Concentration of Credit Risk

The Plan's investment policy limits the amount of the percentage of the portfolio that can be invested by type of investment. The Plan mitigates credit risk in its portfolio by allocating funds among various investment managers and limiting the concentration of investments within these managers. The individual investments in excess of 5% identified in the fair value of the investments table are, in turn, funds with diversified portfolios.

	June 30, 2024					
	Not Rated	AAA	AA	A	BBB	Total
Corporate Bond Funds:						
Vanguard Total Bond Fund (VBTIX)	\$ -	\$ 38,494,526	\$ 1,615,155	\$ 6,729,812	\$ 6,999,005	\$ 53,838,498
U.S. Treasury Inflation Protected Security Fund:						
Vanguard Infl-Prot;Inst (VIPIX)	-	9,607,283	-	-	-	9,607,283
All Other Investments	130,100,026	-	-	-	-	130,100,026
Total	<u>\$ 130,100,026</u>	<u>\$ 48,101,809</u>	<u>\$ 1,615,155</u>	<u>\$ 6,729,812</u>	<u>\$ 6,999,005</u>	<u>\$ 193,545,807</u>
	June 30, 2023					
	Not Rated	AAA	AA	A	BBB	Total
Corporate Bond Funds:						
Vanguard Total Bond Fund (VBTIX)	\$ -	\$ 37,036,570	\$ 1,519,180	\$ 6,600,577	\$ 7,229,203	\$ 52,385,530
U.S. Treasury Inflation Protected Security Fund:						
Vanguard Infl-Prot;Inst (VIPIX)	-	9,355,832	-	-	-	9,355,832
All Other Investments	122,255,981	-	-	-	-	122,255,981
Total	<u>\$ 122,255,981</u>	<u>\$ 46,392,402</u>	<u>\$ 1,519,180</u>	<u>\$ 6,600,577</u>	<u>\$ 7,229,203</u>	<u>\$ 183,997,343</u>

Interest Rate Risk

Interest rate risk is the risk that inversely affects the value of fixed income bond portfolio holdings. The Plan's investment policy endorses a long-term approach to manage the portfolio but not to expose the portfolio to levels of volatility that might significantly affect the principal value of the Plan.

The purpose of equity (both U.S. and International) investments is primarily to provide capital appreciation. It is recognized that this requires the assumption of greater market variability and risk than is the case with fixed income investment. The purpose of international, non-U.S. dollar-denominated investments is primarily to provide capital appreciation through participation in major non-U.S. financial markets and, secondarily, to enhance portfolio diversification. It is recognized that this required the assumption of greater market variability and risk than was the case with U.S. investments, and the assumption of foreign currency risk. The purpose of fixed income investments is to provide stability and generate income. The purpose of cash equivalents is to provide liquidity, stability and a vehicle for defensive positioning of the portfolio.

The use of short to intermediate maturity bonds (ten years, or less, to maturity) as temporary instruments is permitted by the Plan's investment policy but not to be employed to the extent that such holding might limit the ability to achieve the basic long-term-capital appreciation objective for the portfolio.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

B. Fiduciary Fund (Continued)

Investments (Continued)

Custodial Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments. All securities are held by a third-party custodian, U.S. Bank, National Association (U.S. Bank). U.S. Bank is a registered member of the Federal Reserve Bank. The securities held by U.S. Bank are in their street name, and an account number assigned to the Plan identifies ownership.

Note 3 – Accounts Receivable

A. Accounts and Other Receivables

At June 30, 2024 and 2023, the net accounts and other receivables consisted of the following:

	2024	2023
Energy credits and rebate revenue	\$ 7,467,243	\$ 5,080,889
Other trade receivables	6,915,401	3,865,720
Passenger revenue - general public	1,434,995	3,020,093
Pension plan receivable	600,842	1,932,057
Total accounts and other receivables	\$ 16,418,481	\$ 13,898,759

B. Due from Other Governments

At June 30, 2024 and 2023, amounts due from other governments consisted of the following:

	2024	2023
FTA Grant Funds	\$ 78,797,137	\$ 81,982,076
STA Funds	11,736,753	11,824,248
SANDAG - TransNet	10,835,227	9,163,306
State of California	8,240,620	9,800,512
US Treasury	4,062,968	5,606,285
North County Transit District - passenger revenue and shared costs	690,385	863,891
Passenger Revenue - Other Governments	463,199	1,328,140
SANDAG - Project/Route reimbursement	189,906	681,361
County of San Diego	72,653	140,010
Department of Homeland Security	51,791	45,655
UCSD Route Reimbursement	-	690,453
Total due from other governments	\$ 115,140,639	\$ 122,125,937

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 3 – Accounts Receivable (Continued)

C. Lease Receivable and Related Deferred Inflows of Resources

MTS leases various types of property including land, buildings and easements. Lease receivable consists of agreements with others for the right-to-use of the underlying assets at various locations owned by MTS. The remaining terms of the agreements range from 6 to 42 years. The calculated interest rates used vary depending on the length of the lease.

For the fiscal year ended June 30, 2024, MTS recognized \$1,994,826 in lease revenue and \$681,049 in interest revenue, and the outstanding receivable amount is \$62,709,507. For the fiscal year ended June 30, 2023, MTS recognized \$1,883,472 in lease revenue and \$488,660 in interest revenue and the receivable amount was \$43,910,029.

A summary of changes in lease receivable for the fiscal year ended June 30, 2024 is as follows:

Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts due within one year	Amounts due in more than one year
\$ 43,910,029	\$ 20,589,036	\$ (1,789,558)	\$ 62,709,507	\$ 2,181,156	\$ 60,528,351

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts due within one year	Amounts due in more than one year
\$ 45,446,703	\$ 88,759	\$ (1,625,433)	\$ 43,910,029	\$ 1,553,167	\$ 42,356,862

As of June 30, 2024, the required payments for these leases, including interest, are:

Year Ending June 30	Lease Receivable	Interest	Total
2025	\$ 2,181,156	\$ 937,641	\$ 3,118,797
2026	2,233,480	905,870	3,139,350
2027	2,290,153	873,048	3,163,201
2028	2,349,945	839,066	3,189,011
2029	2,411,539	803,878	3,215,417
2030-2034	12,579,846	3,451,595	16,031,441
2035-2039	14,459,730	2,382,118	16,841,848
2040-2044	13,386,739	1,137,387	14,524,126
2045-2049	2,676,106	528,234	3,204,340
2050-2054	3,074,391	370,489	3,444,880
2055-2059	3,526,067	189,423	3,715,490
2060-2064	1,223,966	56,034	1,280,000
2065-2069	316,389	3,612	320,001
Total	\$ 62,709,507	\$ 12,478,395	\$ 75,187,902

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 3 – Accounts Receivable (Continued)

C. Lease Receivable and Related Deferred Inflows of Resources (Continued)

As of June 30, 2024, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30	Total
2025	\$2,928,540
2026	2,928,540
2027	2,928,540
2028	2,928,540
2029	2,928,540
2030-2034	14,150,281
2035-2039	13,941,159
2040-2044	11,114,058
2045-2049	2,424,277
2050-2054	2,424,277
2055-2059	2,424,277
2060-2064	1,232,421
2065-2069	494,469
2070-2074	81,709
Total	\$ 62,929,628

In addition to the leases reported above, MTS has one additional ground lease to Union Grantville, LLC. The amount due each month, in arrears, is based on seven percent (7%) of the lessees' gross collections from the residential apartments. Since these amounts are variable, they are not included in the lease receivable and deferred inflow schedules. For fiscal year 2024, total lease revenue was \$642,945. There was no revenue to report for fiscal year 2023 as the building was not occupied until August 2023.

Note 4 – Inventory

At June 30, 2024 and 2023, inventory consisted of the following repair and maintenance parts and administrative supplies:

	2024	2023
San Diego Transit Corporation	\$ 4,695,813	\$ 4,362,288
San Diego Trolley, Inc.	33,383,443	29,959,141
Total inventory	\$ 38,079,256	\$ 34,321,429

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 5 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Adjustments & Remeasurements	Balance June 30, 2024
Capital assets, not depreciated:					
Land and right-of-way	\$ 252,472,813	\$ 20,709,963	\$ (3,393,891)	\$ 300,000	\$ 270,088,885
Construction-in-progress	88,711,277	147,918,417	(141,630,064)	-	94,999,630
Total capital assets, not depreciated	341,184,090	168,628,380	(145,023,955)	300,000	365,088,515
Capital assets, depreciated:					
Buildings and structures	3,745,185,660	55,458,798	(61,050,367)	(34,950,258)	\$ 3,704,643,833
Buses and vehicles	1,025,484,871	76,458,251	(29,861,094)	-	1,072,082,028
Equipment and other capital assets	165,270,367	6,733,717	(6,684,654)	4,756,720	170,076,150
Total capital assets, depreciated	4,935,940,898	138,650,766	(97,596,115)	(30,193,538)	4,946,802,011
Less accumulated depreciation for:					
Buildings and structures	(1,428,706,080)	(133,479,428)	54,058,235	4,194,031	(1,503,933,242)
Buses and vehicles	(428,823,891)	(55,649,178)	26,475,705	-	(457,997,364)
Equipment and other capital assets	(67,918,984)	(16,471,755)	5,968,541	(3,650,195)	(82,072,393)
Total accumulated depreciation	(1,925,448,955)	(205,600,361)	86,502,481	543,836	(2,044,002,999)
Lease assets:					
Land and land improvements	9,656,946	-	-	-	9,656,946
Buildings and structures	14,256,740	-	-	-	14,256,740
Total lease assets	23,913,686	-	-	-	23,913,686
Less accumulated amortization for:					
Land and land improvements	(715,329)	(238,443)	-	-	(953,772)
Buildings and structures	(12,557,419)	(155,146)	-	-	(12,712,565)
Total accumulated amortization	(13,272,748)	(393,589)	-	-	(13,666,337)
Subscription assets:	4,230,065	1,420,387	(315,929)	523,710	5,858,233
Less: accumulated amortization	(1,088,483)	(1,354,805)	278,066	-	(2,165,222)
Total capital assets, depreciated/amortized, net	3,024,274,463	(67,277,602)	(11,131,497)	(29,125,992)	2,916,739,372
Total capital assets, net	\$ 3,365,458,553	\$ 101,350,778	\$ (156,155,452)	\$ (28,825,992)	\$ 3,281,827,887

Note to Schedule:

Adjustment: MTS hired a consultant to review the contributed capital provided by SANDAG for the Mid City and Centerline BRT stations. It was determined that of the \$88 million contributed for these two projects, \$30 million actually belonged to City of San Diego and Caltrans based on a joint use and maintenance agreement outlining the maintenance responsibilities of each agency. Additionally, \$5 million was reclassified from buildings to equipment and assigned a shorter useful life.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 5 – Capital Assets (Continued)

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not depreciated:				
Land and right-of-way	\$ 252,301,976	\$ 170,837	\$ -	\$ 252,472,813
Construction-in-progress	111,978,852	85,021,312	(108,288,887)	88,711,277
Total capital assets, not depreciated	<u>364,280,828</u>	<u>85,192,149</u>	<u>(108,288,887)</u>	<u>341,184,090</u>
Capital assets, depreciated:				
Buildings and structures	3,727,938,690	44,055,150	(26,808,180)	3,745,185,660
Buses and vehicles	992,282,997	59,536,329	(26,334,455)	1,025,484,871
Equipment and other capital assets	141,047,046	27,518,583	(3,295,262)	165,270,367
Total capital assets, depreciated	<u>4,861,268,733</u>	<u>131,110,062</u>	<u>(56,437,897)</u>	<u>4,935,940,898</u>
Less accumulated depreciation:				
Buildings and structures	(1,294,831,596)	(135,217,192)	1,342,708	(1,428,706,080)
Buses and vehicles	(401,107,674)	(54,034,240)	26,318,023	(428,823,891)
Equipment and other capital assets	(56,059,863)	(14,758,279)	2,899,158	(67,918,984)
Total accumulated depreciation	<u>(1,751,999,133)</u>	<u>(204,009,711)</u>	<u>30,559,889</u>	<u>(1,925,448,955)</u>
Total capital assets, depreciated, net	<u>3,109,269,600</u>	<u>(72,899,649)</u>	<u>(25,878,008)</u>	<u>3,010,491,943</u>
Lease assets:				
Land and land improvements	9,656,946	-	-	9,656,946
Buildings and structures	14,256,740	-	-	14,256,740
Total lease assets	<u>23,913,686</u>	<u>-</u>	<u>-</u>	<u>23,913,686</u>
Less accumulated amortization:				
Land and land improvements	(476,886)	(238,443)	-	(715,329)
Buildings and structures	(12,402,273)	(155,146)	-	(12,557,419)
Total accumulated amortization	<u>(12,879,159)</u>	<u>(393,589)</u>	<u>-</u>	<u>(13,272,748)</u>
Subscription assets:	2,462,798	2,473,577	(706,310)	4,230,065
Less: accumulated amortization	(706,177)	(1,088,616)	706,310	(1,088,483)
Total capital assets, depreciated/amortized, net	<u>3,122,060,748</u>	<u>(71,908,277)</u>	<u>(25,878,008)</u>	<u>3,024,274,463</u>
Total capital assets, net	<u>\$ 3,486,341,576</u>	<u>\$ 13,283,872</u>	<u>\$ (134,166,895)</u>	<u>\$ 3,365,458,553</u>

Construction in Progress

MTS converted \$141.6 million in capital assets from construction-in-progress (CIP) to assets in service in FY2024 compared to \$108.3 million in FY2023. A summary of capital asset additions transferred from CIP to depreciable assets by MTS is as follows:

	2024	2023
MTS - General Operations	\$ 1,136,341	\$ 1,684,907
MTS - Contracted Services	32,801,165	29,562,856
San Diego Transit Corporation	54,929,222	16,206,714
San Diego Trolley, Inc.	52,763,336	60,834,410
Total	<u>\$ 141,630,064</u>	<u>\$ 108,288,887</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 5 – Capital Assets (Continued)

Capital Contributions

Capital asset additions totaling \$17.7 million were contributed by SANDAG in FY2024 compared to \$22.2 million in FY2023, due to the new UCSD Midcoast Trolley Line extension in the previous years. SANDAG also contributed spare parts for the new LRVs to SDTI. A summary of capital contributions is as follows:

	2024	2023
San Diego Trolley, Inc.	\$ 17,730,666	\$ 22,178,220
San Diego Trolley, Inc - LRV Spare Parts Inventory	2,499,813	1,442,517
Total capital contributions	<u>\$ 20,230,479</u>	<u>\$ 23,620,737</u>

Depreciation and Amortization

Depreciation and amortization expense for capital assets for the years ended June 30, 2024 and 2023 were comprised of the following:

	2024	2023
MTS - General Operations	\$ 5,041,520	\$ 4,564,044
MTS - Contracted Services	28,183,822	27,651,292
San Diego Transit Corporation	26,784,533	29,086,910
San Diego Trolley, Inc.	147,338,880	144,189,670
Total	<u>\$ 207,348,755</u>	<u>\$ 205,491,916</u>

Note 6 – Due to Other Governments

At June 30, 2024 and 2023, amounts due to other governments consisted of the following:

	2024	2023
North County Transit District - passenger revenue	\$ 920,392	\$ 398,647
State of California - miscellaneous	575,737	522,498
City of San Diego - miscellaneous	309,033	374,392
City of Lemon Grove - TDA funds	184,677	178,951
City of El Cajon - TDA funds	138,518	134,223
City of La Mesa - TDA funds	78,488	76,054
County of San Diego - miscellaneous	65,377	64,449
City of Chula Vista - miscellaneous	46,856	40,343
City of Coronado - TDA funds	39,736	30,423
City of Poway - TDA funds	29,633	88,654
SANDAG - project reimbursements	22,554	128,906
Other Governments - miscellaneous	17,105	75,839
Federal Transit Administration - miscellaneous	-	49,667
Total due to other governments	<u>\$ 2,428,106</u>	<u>\$ 2,163,046</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 7 – Unearned Revenue

At June 30, 2024 and 2023, unearned revenue consisted of the following:

	2024	2023
Caltrans LCTOP funds received in advance	\$ 21,819,817	\$ 14,655,273
Fare media payments received in advance	13,272,609	10,039,345
STA State of Good Repair funds received in advance	10,798,050	5,177,022
Naming rights payment received in advance	1,123,781	1,088,935
Other reimbursements received in advance	637,242	458,641
Total unearned revenue	<u>\$ 47,651,499</u>	<u>\$ 31,419,216</u>

Note 8 – Long-Term Liabilities

A. Summary

A summary of changes in long-term obligations for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts due within one year	Amounts due in more than one year
MTS:						
Compensated absences	\$ 1,598,030	\$ 1,393,955	\$ (1,264,472)	\$ 1,727,513	\$ 1,264,472	\$ 463,041
Accrued damage, injury, and employee claims	1,467,376	1,286,454	(400,522)	2,353,308	808,727	1,544,581
Subscription liability	2,357,993	1,644,733	(1,054,435)	2,948,291	714,597	2,233,694
Aggregate net pension liability	17,754,063	4,803,999	(3,225,245)	19,332,817	-	19,332,817
Aggregate total OPEB liability	6,743,351	752,993	(1,037,246)	6,459,098	137,235	6,321,863
Total MTS	<u>29,920,813</u>	<u>9,882,134</u>	<u>(6,981,920)</u>	<u>32,821,027</u>	<u>2,925,031</u>	<u>29,895,996</u>
MTS Contracted Services:						
Lease liability	9,030,480	-	(168,544)	8,861,936	171,843	8,690,093
Total MTS Contracted Services	<u>9,030,480</u>	<u>-</u>	<u>(168,544)</u>	<u>8,861,936</u>	<u>171,843</u>	<u>8,690,093</u>
San Diego Transit Corporation:						
Pension Obligation Bonds - public offering	1,845,000	-	(1,845,000)	-	-	-
Compensated absences	6,746,263	3,850,100	(3,698,724)	6,897,639	3,698,724	3,198,915
Accrued damage, injury, and employee claims	12,952,177	8,361,262	(4,457,378)	16,856,061	5,435,943	11,420,118
Lease liability	479,415	-	(92,446)	386,969	96,294	290,675
Aggregate net pension liability	160,271,145	28,689,366	(29,280,335)	159,680,176	-	159,680,176
Aggregate total OPEB liability	24,968,955	2,490,182	(6,510,857)	20,948,280	1,179,053	19,769,227
Total San Diego Transit Corporation	<u>207,262,955</u>	<u>43,390,910</u>	<u>(45,884,740)</u>	<u>204,769,125</u>	<u>10,410,014</u>	<u>194,359,111</u>
San Diego Trolley, Inc.:						
Compensated absences	3,858,422	3,549,448	(3,329,925)	4,077,945	3,329,925	748,020
Accrued damage, injury, and employee claims	7,123,997	4,652,562	(2,866,107)	8,910,452	2,717,267	6,193,185
Lease liability	1,374,906	-	(20,300)	1,354,606	23,058	1,331,548
Aggregate net pension liability	48,722,119	21,008,619	(19,499,352)	50,231,386	-	50,231,386
Aggregate total OPEB liability	10,896,484	2,041,777	(693,486)	12,244,775	260,616	11,984,159
Total San Diego Trolley, Inc.	<u>71,975,928</u>	<u>31,252,406</u>	<u>(26,409,170)</u>	<u>76,819,164</u>	<u>6,330,866</u>	<u>70,488,298</u>
Total	<u>\$ 318,190,176</u>	<u>\$ 84,525,450</u>	<u>\$ (79,444,374)</u>	<u>\$ 323,271,252</u>	<u>\$ 19,837,754</u>	<u>\$ 303,433,498</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 8 – Long-Term Liabilities (Continued)

A. Summary (Continued)

A summary of changes in long-term obligations for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts due within one year	Amounts due in more than one year
MTS:						
Compensated absences	\$ 1,546,793	\$ 1,238,149	\$ (1,186,912)	\$ 1,598,030	\$ 1,186,912	\$ 411,118
Accrued damage, injury, and employee claims	942,163	1,123,749	(598,536)	1,467,376	517,040	950,336
Subscription liability	1,179,045	2,524,531	(1,345,583)	2,357,993	555,733	1,802,260
Aggregate net pension liability	8,178,565	13,132,471	(3,556,973)	17,754,063	-	17,754,063
Aggregate total OPEB liability	8,548,040	914,802	(2,719,491)	6,743,351	124,759	6,618,592
Total MTS	20,394,606	18,933,702	(9,407,495)	29,920,813	2,384,444	27,536,369
MTS Contracted Services:						
Lease liability	9,195,788	-	(165,308)	9,030,480	168,544	8,861,936
Total MTS Contracted Services	9,195,788	-	(165,308)	9,030,480	168,544	8,861,936
San Diego Transit Corporation:						
Pension Obligation Bonds - public offering	4,830,000	-	(2,985,000)	1,845,000	1,845,000	-
Compensated absences	6,416,469	3,888,049	(3,558,255)	6,746,263	3,558,255	3,188,008
Accrued damage, injury, and employee claims	13,880,206	10,200,000	(11,128,029)	12,952,177	4,115,645	8,836,532
Lease liability	567,299	-	(87,884)	479,415	92,447	386,968
Aggregate net pension liability	126,795,212	50,935,669	(17,459,736)	160,271,145	-	160,271,145
Aggregate total OPEB liability	31,328,053	2,967,352	(9,326,450)	24,968,955	1,071,866	23,897,089
Total San Diego Transit Corporation	183,817,239	67,991,070	(44,545,354)	207,262,955	10,683,213	196,579,742
San Diego Trolley, Inc.:						
Compensated absences	3,688,139	3,259,914	(3,089,631)	3,858,422	3,089,631	768,791
Accrued damage, injury, and employee claims	6,710,940	4,015,244	(3,602,187)	7,123,997	2,371,727	4,752,270
Lease liability	1,392,613	-	(17,707)	1,374,906	20,300	1,354,606
Aggregate net pension liability	15,146,923	42,453,131	(8,877,935)	48,722,119	-	48,722,119
Aggregate total OPEB liability	13,879,939	1,066,992	(4,050,447)	10,896,484	236,924	10,659,560
Total San Diego Trolley, Inc.	40,818,554	50,795,281	(19,637,907)	71,975,928	5,718,582	66,257,346
Total	\$ 254,226,187	\$ 137,720,053	\$ (73,756,064)	\$ 318,190,176	\$ 18,954,783	\$ 299,235,393

Long-term debt is reported in the accompanying statement of net position as follows:

	2024		2023	
	Due Within One Year	Noncurrent Liabilities	Due Within One Year	Noncurrent Liabilities
Long-Term Liabilities:				
Compensated absences	\$ 8,293,121	\$ 4,409,976	\$ 7,834,798	\$ 4,367,917
Accrued damage, injury, and employee claims	8,961,937	19,157,884	7,004,412	14,539,138
Lease liability	291,195	10,312,316	281,291	10,603,510
Subscription liability	714,597	2,233,694	555,733	1,802,260
Long-term debt	-	-	1,845,000	-
Aggregate net pension liability	-	229,244,379	-	226,747,327
Aggregate total OPEB liability	1,576,904	38,075,249	1,433,549	41,175,241
Total long-term liabilities	\$ 19,837,754	\$ 303,433,498	\$ 18,954,783	\$ 299,235,393

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 8 – Long-Term Liabilities (Continued)

B. Pension Obligation Bonds

In October 2004, MTS issued \$77,490,000 of Taxable Pension Obligation Bonds (POBs) for the benefit of SDTC. The purpose of the bonds was to make contributions to the San Diego Transit Corporation Retirement Plan and reduce its unfunded liability. This is in essence a hedge versus the assumed investment rate of 6.00% used by the actuary to determine the Actuarial Accrued Liability. The proceeds less fees were invested into the retirement plan. The bonds are secured by a pledge of farebox revenues and, in the event of default, MTS shall cause the transfer of farebox revenues to be maintained and controlled by the bond trustee until the amounts deposited are sufficient to pay all debt service payments owed plus default interest at a rate of the non-default interest rate plus 3% from the date the event of default occurred. The bonds consist of the following:

Series A Bonds of \$38,690,000 are fixed rate bonds that mature in annual installments between 2006 and 2024 and bear an interest rate from 2.58% to 5.15% increasing progressively over the maturities. Interest is due and payable semi-annually on June 1 and December 1. Principal is due and payable each year on December 1.

As of June 30, 2024, MTS had paid the final principal and interest installments. As of June 30, 2023, the outstanding balance of the Pension Obligation Bonds was \$1,845,000.

C. Lease Liability

MTS has entered into leases for land and building use. The remaining terms on the leases range from four months to 37 years. The calculated interest rates used range between 0.86% and 1.94% depending on the length of the lease.

At June 30, 2024 and 2023, the outstanding balance of the leases is \$10,603,511 and \$10,884,801, respectively.

Principal and interest payments to maturity as of June 30, 2024 are as follows:

Year ending June 30	Principal	Interest	Total
2025	\$ 291,195	\$ 201,163	\$ 492,358
2026	266,501	196,376	462,877
2027	274,896	191,535	466,431
2028	283,598	186,540	470,138
2029	292,627	181,384	474,011
2030-2034	1,242,487	834,868	2,077,355
2035-2039	1,449,226	705,679	2,154,905
2040-2044	1,724,672	552,428	2,277,100
2045-2049	1,390,681	396,442	1,787,123
2050-2054	1,450,659	261,961	1,712,620
2055-2059	1,598,298	114,322	1,712,620
2060-2061	338,671	3,851	342,522
Total	<u>\$ 10,603,511</u>	<u>\$ 3,826,549</u>	<u>\$ 14,430,060</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 8 – Long-Term Liabilities (Continued)

C. Lease Liability (Continued)

In addition to the lease obligations reported above, MTS has one additional sublease with the County of San Diego. The amount due each year is based on actual operating and capital costs. Since these amounts can vary significantly year over year, they are not included in the lease liability calculations. For fiscal years 2024 and 2023, total lease payments for the sublease were \$1,666,626 and \$1,651,509, respectively.

D. Subscription Liability

MTS has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, MTS does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 10 years. The calculated interest rate used ranges between 0.86% and 4.04%, depending on the length of the SBITA and date of the agreement.

As of June 30, 2024, the capitalized right-to-use assets related to SBITAs were \$5,858,233 and the total subscription liability was \$2,948,291, of which \$714,597 is reported as a current liability representing the amount due within the next fiscal year. As of June 30, 2023, the right to use asset was \$4,230,065, the total subscription liability was \$2,357,993 with the short term subscription payable being \$555,733.

Principal and interest payments to maturity as of June 30, 2024 are as follows:

Year ending June 30	Principal	Interest	Total
2025	\$ 714,597	\$ 75,153	\$ 789,750
2026	638,350	53,881	692,231
2027	468,527	40,004	508,531
2028	325,597	30,000	355,597
2029	293,641	20,788	314,429
2030-2034	507,579	25,907	533,486
Total	<u>\$ 2,948,291</u>	<u>\$ 245,733</u>	<u>\$ 3,194,024</u>

Note 9 – Risk Management

MTS (including SDTC, SDTI, and MTS – Contracted Services) is self-insured for third party liability claims to a maximum of \$7,500,000 per occurrence. Amounts in excess of the self-insured retention limits for public liability are covered through commercial insurance carriers up to \$75,000,000. No stop loss or cap coverage is purchased above the \$75,000,000 limits. MTS, SDTC, and SDTI purchase all-risk (excluding earthquake) insurance coverage for property damage up to \$600,000,000 per occurrence with deductibles ranging from \$50,000 to \$500,000, depending on the type of property and peril involved. In addition, MTS, SDTC, and SDTI are self-insured for costs arising from employee workers' compensation act benefit claims including employer's liability to a retained limit of \$1,000,000 per occurrence. Amounts in excess of \$1,000,000 are insured up to statutory limits. MTS, SDTC, and SDTI all finance their respective unemployment insurance liabilities. MTS, SDTC and SDTI have policies for crime coverage through commercial insurance as well as cyber liability insurance to protect the agencies from third party claims alleging computer security breaches. The crime coverage policy has a limit of \$3,000,000 subject to a \$25,000 deductible and the cyber liability policy had a limit of \$16,000,000 subject to a \$250,000 deductible as of June 30th. Effective July 1, 2024, the limit increased to \$18,000,000.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 9 – Risk Management (Continued)

These policies protect against theft, loss or unauthorized disclosure of personally identifiable information. SDTC purchases fiduciary liability coverage through commercial insurance to protect the agency from claims alleging mismanagement of the SDTC Employees' Retirement Plan. The fiduciary liability coverage policy has a limit of \$2,000,000 subject to a \$25,000 deductible.

Claim expenditures and liabilities in connection with these self-insurance programs are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported based upon past experience, modified for current trends and information. Claim payments up to \$7,500,000 per incident are recorded as risk management expenses in the statements of revenues, expenses, and changes in net position. Claim payments did not exceed insurance coverage in any of the past three years.

	Beginning of fiscal year	Current year claims and changes in estimates	Claims payments	End of fiscal year
2022	\$ 16,519,293	\$ 10,914,016	\$ (5,900,000)	\$ 21,533,309
2023	21,533,309	7,410,241	(7,400,000)	21,543,550
2023	21,543,550	11,976,271	(5,400,000)	28,119,821

Following is a summary of accrued damage, injury, and employee claims for fiscal years 2024 and 2023:

	2024	2023
Current portion	\$ 8,961,937	\$ 7,004,412
Non-current portion	19,157,884	14,539,138
Total	\$ 28,119,821	\$ 21,543,550

MTS has established a policy to consolidate the minimum balances required in the liability claims reserve accounts of SDTC and SDTI to be held by MTS. The policy also established eligible uses for the MTS reserve account, which included the reimbursement to SDTC and SDTI of awards/settlements of individual liability claims for personal injury and/or property damage in excess of \$300,000, but within the self-insurance retention at SDTC and SDTI. In connection with these self-insurance programs, liabilities for MTS, SDTC and SDTI were \$28,119,821 at June 30, 2024 and \$21,543,550 at June 30, 2023.

The Board has designated \$5,000,000 for the purposes of funding the future claims liabilities of MTS, SDTC, and SDTI as of June 30, 2024. MTS, with approval of the Board, intends to increase this amount to \$7,500,000 in FY25.

Note 10 – Commitments and Contingencies

Pending legal actions. MTS, SDTC and SDTI have been named in certain legal actions pending at June 30, 2024. While the outcome of these lawsuits is not presently determinable, in the opinion of management of MTS, SDTC and SDTI, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of MTS, SDTC, or SDTI, or is adequately covered by insurance.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 11 – Other Postemployment Benefits

Generally accepted accounting policies require that the reported results for total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense must pertain to certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 - June 30, 2023

Plan Description: MTS funds a Health Reimbursement Arrangement (HRA) account for MTS retirees, SDTI retirees and SDTC Management retirees to help offset the cost of the individual healthcare plan they purchase. The amount of the HRA contribution is based on the retiree's years of service/former position/Medicare eligibility and ranges between \$100 and \$1,400 per month. SDTC offers non-management retirees the opportunity to participate in a Kaiser HMO plan and an out-of-area reimbursement stipend which is available only to those grandfathered in to receive such benefit

Eligibility. Employees are eligible after attaining age/service years of 55/10 for MTS and SDTI management, 55/15 for SDTI union, 55/10 for SDTC management, and 55/5 for SDTC unions.

Plan Funding: MTS does not have any assets accumulated in a trust to pay related benefits for the OPEB plan. Benefits are paid to the retirees on a "Pay-As-You-Go" approach.

Employees Covered

As of the June 30, 2024 (measurement date 2023), the following current and former employees were covered by the benefit terms:

	MTS	SDTI	SDTC
Active employees	168	663	762
Inactive employees or beneficiaries currently receiving benefits	31	65	246
Inactive employees entitled to but not yet receiving benefits	-	-	-
Total	199	728	1,008

As of the June 30, 2023 (measurement date 2022), the following current and former employees were covered by the benefit terms:

	MTS	SDTI	SDTC
Active employees	160	542	753
Inactive employees or beneficiaries currently receiving benefits	30	58	231
Inactive employees entitled to but not yet receiving benefits	-	-	-
Total	190	600	984

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 11 – Other Postemployment Benefits (Continued)

Actuarial Assumptions

The total OPEB liability, as of June 30, 2024 (measurement date 2023), was determined using the following actuarial assumptions:

	MTS	SDTI	SDTC
Actuarial Cost Method	Entry Age Cost Method (level percentage of pay)		
Valuation Date	June 30, 2023		
Measurement Date	June 30, 2023		
Actuarial Assumptions:			
Discount Rate	4.13% per annum		
Inflation	2.75% per annum		
Salary Increases	Varies by service		
Investment Rate of Return	N/A		
HAR Contribution Inflation	3.0% per year		
Mortality Rate	Healthy Lives: Pub2010 General, combined healthy, with generational mortality improvements with Scale MP-2021 Disabled Lives: Pub2010 General, disabled retirees, with generational mortality improvements with Scale MP-2021		

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13% percent as of the measurement date June 30, 2023 and 4.09% as of the measurement date June 30, 2022. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices as of June 30, 2023. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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

The following presents the total OPEB liability of MTS, SDTI and SDTC, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for year ended June 30, 2024 (measurement date 2023):

	MTS	SDTI	SDTC	Aggregate
1% Decrease	3.13%	3.13%	3.13%	3.13%
Total OPEB Liability	\$ 7,567,070	\$ 14,269,247	\$ 24,615,100	\$ 46,451,417
Current Discount Rate	4.13%	4.13%	4.13%	4.13%
Total OPEB Liability	\$ 6,459,098	\$ 12,244,775	\$ 20,948,280	\$ 39,652,153
1% Increase	5.13%	5.13%	5.13%	5.13%
Total OPEB Liability	\$ 5,562,346	\$ 10,599,419	\$ 18,003,107	\$ 34,164,872

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 11 – Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

The following presents the total OPEB liability of MTS, SDTI and SDTC, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the year ended June 30, 2023 (measurement date 2022):

	MTS	SDTI	SDTC	Aggregate
1% Decrease	3.09%	3.09%	3.09%	3.09%
Total OPEB Liability	\$ 7,954,909	\$ 12,700,698	\$ 29,053,087	\$ 49,708,694
Current Discount Rate	4.09%	4.09%	4.09%	4.09%
Total OPEB Liability	\$ 6,743,351	\$ 10,896,484	\$ 24,968,955	\$ 42,608,790
1% Increase	5.09%	5.09%	5.09%	5.09%
Total OPEB Liability	\$ 5,766,833	\$ 9,427,183	\$ 21,668,039	\$ 36,862,055

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

The following presents the total OPEB liability of MTS, SDTI and SDTC, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the year ended June 30, 2024 (measurement date 2023):

	MTS	SDTI	SDTC	Aggregate
1% Decrease in Healthcare Cost Trend Rate			6.00% HMO/PPO decreasing to 2.0% HRA Contribution Increase	
Total OPEB Liability	\$ 5,371,113	\$ 10,280,097	\$ 17,756,351	\$ 33,407,561
Current Healthcare Cost Trend Rate			7.0% HMO decreasing to 3.0% HRA Contribution Increase	
Total OPEB Liability	\$ 6,459,098	\$ 12,244,775	\$ 20,948,280	\$ 39,652,153
1% Increase in Healthcare Cost Trend Rate			8.0% HMO decreasing to 4.0% HRA Contribution Increase	
Total OPEB Liability	\$ 7,882,581	\$ 14,791,561	\$ 25,061,434	\$ 47,735,576

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 11 – Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates (Continued)

The following presents the total OPEB liability of MTS, SDTI and SDTC, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the year ended June 30, 2023 (measurement date 2022):

	MTS	SDTI	SDTC	Aggregate
1% Decrease in Healthcare Cost Trend Rate			6.50% HMO/PPO decreasing to	
			<u>3.00% HMO/PPO</u>	
Total OPEB Liability	\$ 5,484,266	\$ 9,056,498	\$ 21,002,716	\$ 35,543,480
Current Healthcare Cost Trend Rate			7.50% HMO/PPO decreasing to	
			<u>4.00% HMO/PPO</u>	
Total OPEB Liability	\$ 6,743,351	\$ 10,896,484	\$ 24,968,955	\$ 42,608,790
1% Increase in Healthcare Cost Trend Rate			8.50% HMO/PPO decreasing to	
			<u>5.00% HMO/PPO</u>	
Total OPEB Liability	\$ 8,416,294	\$ 13,284,149	\$ 30,096,024	\$ 51,796,467

Change in Total OPEB Liability

At June 30, 2024, the change in the Total OPEB liability is as follows:

	MTS	SDTI	SDTC	Aggregate
Balance at June 30, 2023	\$ 6,743,351	\$ 10,896,484	\$ 24,968,955	\$ 42,608,790
Changes Recognized for the Measurement Period:				
Service Cost	461,314	467,782	1,433,157	2,362,253
Interest on the total OPEB liability	291,679	460,997	1,057,025	1,809,701
Difference between expected and actual experience	(668,252)	1,112,998	(1,968,176)	(1,523,430)
Changes in assumptions	(221,195)	(505,754)	(3,415,439)	(4,142,388)
Benefit payments	(147,799)	(187,732)	(1,127,242)	(1,462,773)
Net Changes	(284,253)	1,348,291	(4,020,675)	(2,956,637)
Balance at June 30, 2024	\$ 6,459,098	\$ 12,244,775	\$ 20,948,280	\$ 39,652,153

At June 30, 2023, the change in the Total OPEB liability is as follows:

	MTS	SDTI	SDTC	Aggregate
Balance at June 30, 2022	\$ 8,548,040	\$ 13,879,939	\$ 31,328,053	\$ 53,756,032
Changes Recognized for the Measurement Period:				
Service Cost	714,088	749,568	2,246,032	3,709,688
Interest on the total OPEB liability	200,714	317,424	721,320	1,239,458
Difference between expected and actual experience	-	-	-	-
Changes in assumptions	(2,608,790)	(3,912,097)	(8,349,207)	(14,870,094)
Benefit payments	(110,701)	(138,350)	(977,243)	(1,226,294)
Net Changes	(1,804,689)	(2,983,455)	(6,359,098)	(11,147,242)
Balance at June 30, 2023	\$ 6,743,351	\$ 10,896,484	\$ 24,968,955	\$ 42,608,790

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 11 – Other Postemployment Benefits (Continued)

Contributions

The contribution requirements of plan members and MTS, SDTI and SDTC are established and may be amended by MTS Management or the Board of Directors. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due).

For fiscal years 2024 and 2023, the following contributions were made:

	MTS	SDTI	SDTC	Aggregate
2024 Contributions	\$ 117,417	\$ 259,545	\$ 1,138,087	\$ 1,515,049
2023 Contributions	\$ 147,799	\$ 187,732	\$ 1,127,242	\$ 1,462,773

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

For the year ended June 30, 2024 and 2023, OPEB expense is included in the accompanying statement of revenues, expenses, and changes in net position as follows:

	MTS	SDTI	SDTC	Aggregate
2024 OPEB Expense	\$ 464,374	\$ 552,197	\$ 449,883	\$ 1,466,454
2023 OPEB Expense	\$ 700,304	\$ 639,806	\$ 1,200,089	\$ 2,540,199

At June 30, 2024, (measurement date 2023) MTS, SDTI and SDTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MTS		SDTI	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 117,417	\$ -	\$ 259,545	\$ -
Difference between expected and actual experience	-	(945,333)	1,145,948	(1,546,636)
Changes in assumptions	822,568	(2,621,883)	1,389,414	(3,992,258)
Total	<u>\$ 939,985</u>	<u>\$ (3,567,216)</u>	<u>\$ 2,794,907</u>	<u>\$ (5,538,894)</u>

	SDTC		Aggregate	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 1,138,087	\$ -	\$ 1,515,049	\$ -
Difference between expected and actual experience	-	(3,388,225)	1,145,948	(5,880,194)
Changes in assumptions	1,372,007	(9,817,906)	3,583,989	(16,432,047)
Total	<u>\$ 2,510,094</u>	<u>\$ (13,206,131)</u>	<u>\$ 6,244,986</u>	<u>\$ (22,312,241)</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 11 – Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

At June 30, 2023, (measurement date 2022) MTS, SDTI and SDTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MTS		SDTI	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 147,799	\$ -	\$ 187,732	\$ -
Difference between expected and actual experience	-	(383,480)	146,650	(1,725,583)
Changes in assumptions	926,537	(2,686,877)	1,571,172	(3,979,597)
Total	<u>\$ 1,074,336</u>	<u>\$ (3,070,357)</u>	<u>\$ 1,905,554</u>	<u>\$ (5,705,180)</u>

	SDTC		Aggregate	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 1,127,242	\$ -	\$ 1,462,773	\$ -
Difference between expected and actual experience	-	(2,222,375)	146,650	(4,331,438)
Changes in assumptions	1,788,435	(8,056,868)	4,286,144	(14,723,342)
Total	<u>\$ 2,915,677</u>	<u>\$ (10,279,243)</u>	<u>\$ 5,895,567</u>	<u>\$ (19,054,780)</u>

The combined \$1,515,049 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025 compared to the combined \$1,462,773 reported this year.

As of June 30, 2024 (measurement date 2023), other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	MTS	SDTI	SDTC	Aggregate
2025	\$ (288,619)	\$ (376,582)	\$ (1,969,977)	\$ (2,635,178)
2026	(288,619)	(376,586)	(1,969,972)	(2,635,177)
2027	(288,619)	(270,330)	(1,762,698)	(2,321,647)
2028	(231,982)	(251,643)	(1,762,697)	(2,246,322)
2029	(221,539)	(251,643)	(1,979,227)	(2,452,409)
Thereafter	(1,425,270)	(1,476,748)	(2,389,553)	(5,291,571)
Total	<u>\$ (2,744,648)</u>	<u>\$ (3,003,532)</u>	<u>\$ (11,834,124)</u>	<u>\$ (17,582,304)</u>

As of June 30, 2023 (measurement date 2022), other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	MTS	SDTI	SDTC	Aggregate
2024	\$ (214,498)	\$ (427,186)	\$ (1,367,347)	\$ (2,009,031)
2025	(214,498)	(427,186)	(1,297,025)	(1,938,709)
2026	(214,498)	(427,190)	(1,297,020)	(1,938,708)
2027	(214,498)	(320,934)	(1,089,746)	(1,625,178)
2028	(157,861)	(302,247)	(1,089,745)	(1,549,853)
Thereafter	(1,127,967)	(2,082,615)	(2,349,925)	(5,560,507)
Total	<u>\$ (2,143,820)</u>	<u>\$ (3,987,358)</u>	<u>\$ (8,490,808)</u>	<u>\$ (14,621,986)</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems

A. Summary

Aggregate Net Pension Liability

Aggregate net pension liability is reported in the accompanying statements of net position as follows:

	2024	2023
MTS CalPERS Plans	\$ 19,332,817	\$ 17,754,063
SDTI CalPERS Plans	47,942,045	46,298,914
SDTI PARS Plan	2,289,341	2,423,205
SDTC Retirement Plan	159,680,176	160,271,145
Total	<u>\$ 229,244,379</u>	<u>\$ 226,747,327</u>

Deferred Outflows of Resources

Deferred outflows of resources at June 30, 2024 are reported in the accompanying statement of net position as follows:

	Contributions Made After Measurement Date	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Assumptions	Changes in Employer's Proportion	Difference Between Employer's Contributions and Proportionate Share of Contributions	Total
MTS CalPERS Plans	\$ 3,117,363	\$ 987,625	\$ 3,130,157	\$ 1,167,210	\$ 206,500	\$ 430,669	\$ 9,039,524
SDTI CalPERS Plans	7,016,748	110,231	7,545,077	4,726,630	-	-	19,398,686
SDTI PARS Plan	300,463	41,026	464,523	127,594	-	-	933,606
SDTC Retirement Plan	17,217,837	2,471,542	13,107,262	-	-	-	32,796,641
Total	<u>\$ 27,652,411</u>	<u>\$ 3,610,424</u>	<u>\$ 24,247,019</u>	<u>\$ 6,021,434</u>	<u>\$ 206,500</u>	<u>\$ 430,669</u>	<u>\$ 62,168,457</u>

Deferred outflows of resources at June 30, 2023 are reported in the accompanying statement of net position as follows:

	Contributions Made After Measurement Date	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Assumptions	Changes in Employer's Proportion	Difference Between Employer's Contributions and Proportionate Share of Contributions	Total
MTS CalPERS Plans	\$ 2,960,147	\$ 356,536	\$ 3,252,073	\$ 1,819,275	\$ 97,187	\$ 206,793	\$ 8,692,011
SDTI CalPERS Plans	6,229,147	667,417	8,051,866	6,302,174	-	-	21,250,604
SDTI PARS Plan	318,025	109,403	758,452	340,249	-	-	1,526,129
SDTC Retirement Plan	16,125,384	2,428,401	19,047,146	-	-	-	37,600,931
Total	<u>\$ 25,632,703</u>	<u>\$ 3,561,757</u>	<u>\$ 31,109,537</u>	<u>\$ 8,461,698</u>	<u>\$ 97,187</u>	<u>\$ 206,793</u>	<u>\$ 69,069,675</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

A. Summary (Continued)

Deferred Inflows of Resources

Deferred inflows of resources at June 30, 2024 are reported in the accompanying statement of net position as follows:

	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Assumptions	Changes in Employer's Proportion	Difference Between Employer's Contributions and Proportionate Share of Contributions	Total
MTS CalPERS Plans	\$ 153,205	\$ -	\$ -	\$ 226,182	\$ 43,684	\$ 423,071
SDTI CalPERS Plans	342,423	-	-	-	-	342,423
SDTI PARS Plan	-	-	-	-	-	-
SDTC Retirement Plan	-	-	-	-	-	-
Total	\$ 495,628	\$ -	\$ -	\$ 226,182	\$ 43,684	\$ 765,494

Deferred inflows of resources at June 30, 2023 are reported in the accompanying statement of net position as follows:

	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Assumptions	Changes in Employer's Proportion	Difference Between Employer's Contributions and Proportionate Share of Contributions	Total
MTS CalPERS Plans	\$ 238,793	\$ -	\$ -	\$ 359,230	\$ 69,381	\$ 667,404
SDTI CalPERS Plans	480,294	-	-	-	-	480,294
SDTI PARS Plan	-	-	-	-	-	-
SDTC Retirement Plan	-	-	-	-	-	-
Total	\$ 719,087	\$ -	\$ -	\$ 359,230	\$ 69,381	\$ 1,147,698

Pension Expense

Pension expense is included in the accompanying statements of revenues, expenses, and changes in net position as follows:

	2024	2023
MTS CalPERS Plans	\$ 4,104,272	\$ 1,734,279
SDTI CalPERS Plans	10,373,926	7,592,651
SDTI PARS Plan	759,123	561,012
SDTC Retirement Plan	21,463,544	24,550,685
Total	\$ 36,700,865	\$ 34,438,627

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS

General Information about the Pension Plans

Plan Description – All MTS management employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the MTS Miscellaneous, MTS Miscellaneous PEPRAs, or MTS Miscellaneous Second Tier cost-sharing multiple-employer defined benefit pension plans administered by California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment and can only be amended by the MTS Board of Directors.

The Plan’s provisions and benefits in effect as of June 30, 2024 are summarized as follows:

MTS Miscellaneous Plan–1223
CLOSED TO NEW MEMBERS

Hire date	Prior to December 24, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	12 months
Retirement age	50–55
Monthly benefits, as a % of eligible compensation	2.0%–2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	42.00%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation multiplied by service
Cost of Living Adjustments	2.00%

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS (Continued)

General Information about the Pension Plans (Continued)

MTS Miscellaneous Second Tier Plan – 30134

Hire date	On or Between December 24 and 31, 2012 or Grandfathered classic members
Benefit formula	2.0% @ 60
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	12 months
Retirement age	50–63
Monthly benefits, as a % of eligible compensation	1.092%–2.418%
Required employee contribution rates	7.00%
Required employer contribution rates	10.66%
Pre–Retirement Death Benefit	Optional Settlement 2W
Post–Retirement Death Benefit	\$500 Lump Sum
Non–Industrial Standard Disability	1.8% of final compensation multiplied by service
Cost of living adjustments	2.00%

MTS PEPRA Miscellaneous Plan – 26789

Hire date	On or after January 1, 2013
Benefit formula	2.0% @ 62
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	36 months
Retirement age	52–67
Monthly benefits, as a % of eligible compensation	1.0–2.5%
Required employee contribution rates	7.75%
Required employer contribution rates	7.68%
Pre–Retirement Death Benefit	Optional Settlement 2W
Post–Retirement Death Benefit	\$500 Lump Sum
Non–Industrial Standard Disability	1.8% of final compensation multiplied by service
Cost of living adjustments	2.00%

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Employees Covered – At June 30, 2024 (measurement date 2023) and June 30, 2023 (measurement date 2022), the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	162	160
Inactive employees entitled to but not yet receiving benefits	60	58
Active employees	179	165
Total	401	383

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2024 and 2023 (measurement date 2023 and 2022), the active employee contribution rates and average employer contribution rates were as follows:

	2024		2023	
	Employee Contribution Rate	Employer Contribution Rate	Employee Contribution Rate	Employer Contribution Rate
	Rate	Rate	Rate	Rate
MTS - Miscellaneous Plan-1223	8.00%	42.00%	8.00%	39.23%
MTS Miscellaneous Second Tier Plan - 30134	7.00%	10.66%	7.00%	9.91%
MTS PEPRM Miscellaneous Plan - 26789	7.75%	7.68%	6.75%	8.03%

For the years ended June 30, 2024 and 2023 (measurement date 2023 and 2022), the plan's proportionate share of aggregate contributions recognized as part of pension expense were:

	2024	2023
Contributions - employer	\$ 2,456,504	\$ 2,867,564
Contributions - employee	768,741	689,408

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024 and 2023 (measurement dates 2023 and 2022), MTS reported \$19,332,817 and \$17,754,063 net pension liabilities for its proportionate share of the aggregate net pension liability.

MTS Plans' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. MTS's proportion of the net pension liability was based on a projection of the MTS's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2022). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2023). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY2023).
- (3) The individual plan's TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from step (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in step (2) multiplied by the TPL ratio generated in step (4). The plan's FNP as of the measurement date is equal to the FNP generated in step (2) multiplied by the FNP ratio generated in step (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in step (5).

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

MTS’s proportionate share of the net pension liability as of June 30, 2023, 2022, and 2021 (measurement dates) were as follows:

Proportion June 30, 2021	0.430720%
Proportion June 30, 2022	<u>0.379420%</u>
Change - Increase (Decrease)	-0.051300%
Proportion June 30, 2023	<u>0.386620%</u>
Change - Increase (Decrease)	<u><u>0.007200%</u></u>

For the years ended June 30, 2024 and 2023, MTS recognized pension expense of \$4,104,272 and \$1,734,279, respectively. At June 30, 2024 and 2023, MTS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 3,117,363	\$ -	\$ 2,960,147	\$ -
Difference between expected and actual experience	987,625	(153,205)	356,536	(238,793)
Changes in assumptions	1,167,210	-	1,819,275	-
Change in employer's proportion	206,500	(226,182)	97,187	(359,230)
Difference between actual and proportionate share of employer contributions	430,669	(43,684)	206,793	(69,381)
Net difference between projected and actual earnings on pension plan investments	3,130,157	-	3,252,073	-
Total	<u>\$ 9,039,524</u>	<u>\$ (423,071)</u>	<u>\$ 8,692,011</u>	<u>\$ (667,404)</u>

The \$3,117,363 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

As of the measurement date June 30, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amounts
2025	\$ 1,721,844
2026	1,162,469
2027	2,524,960
2028	89,817
2029	-
Total	<u>\$ 5,499,090</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

In the previous year, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amounts
2024	\$ 1,426,535
2025	1,099,129
2026	549,718
2027	1,989,078
2028	-
Total	<u>\$ 5,064,460</u>

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	varies by entry age and service
Payroll Growth	2.80%
Investment Rate of Return	6.90% (1)
Mortality	derived using CalPERS membership data for all funds (2)

(1) Net of pension plan investment expenses.

(2) The mortality table used was developed based on CalPERS specific data.

The table includes 15 years of mortality improvements using Society of Actuaries Scales 80% of scale MP 2020.

Change in Assumptions – In the current year, the actuarial report did not have any changes in assumptions. The discount rate lowered from 7.15% in 2022 to 6.90% in 2023. The inflation rate lowered from 2.50% in 2022 to 2.30% in 2023. The payroll growth increased from 2.75% in 2022 to 2.80% in 2023. The investment rate of return lowered from 7.15% in 2022 to 6.90% in 2023.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return (a)
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment-grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

(a) an expected inflation of 2.30% was assumed for this period

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

B. MTS (Continued)

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

The following presents MTS’s proportionate share of the net pension liability as of June 30, 2024 and 2023, calculated using the discount rate, as well as what MTS’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	2024	2023
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 29,939,269	\$ 27,710,310
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 19,332,817	\$ 17,754,063
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 10,602,797	\$ 9,562,543

Pension Plan Fiduciary Net Position – Detailed information about MTS's pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan – At June 30, 2024, MTS reported a payable of \$71,663 for the outstanding amount of contributions to the pension plan required for the current year compared to \$42,955 for the year ended June 30, 2023.

C. SDTI

1. CalPERS Plans

Plan Description – All SDTI employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the SDTI Miscellaneous or PEPRM Miscellaneous Plan, Agent Multiple–Employer defined benefit plans administered by California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost–of–living adjustments, and death benefits to plan members and beneficiaries. Plan members include both contract and non–contract employees. Benefits are based on years of credited service, equal to one year of full–time employment and can only be amended by the MTS Board of Directors.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

1. CalPERS Plans (Continued)

The Plans' provisions and benefits in effect as of June 30, 2024 are summarized as follows:

San Diego Trolley Miscellaneous Plan – 1406
Closed to New Members

	Management Employees	Union Employees
Hire date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Final Average Compensation Period	12 months	12 months
Retirement age	50–63	50–63
Monthly benefits, as a % of eligible compensation	1.426–2.418%	1.426–2.418%
Required employee contribution rates	8.00%	10.74%
Required employer contribution rates	17.49%	14.75%
Pre-Retirement Death Benefit	1959 Survivor Benefit Level 2	1959 Survivor Benefit Level 2
Post-Retirement Death Benefit	\$500 Lump Sum	\$500 Lump Sum
Cost of living adjustment	2.00%	2.00%
Non-Industrial Standard Disability	1.8% of final compensation multiplied by service	1.8% of final compensation multiplied by service

San Diego Trolley PEPRA Miscellaneous Plan – 26965

Hire date	On or After January 1, 2013
Benefit formula	2.0% @ 62
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	36 months
Retirement age	52–67
Monthly benefits, as a % of eligible compensation	1.0–2.5%
Required employee contribution rates	7.50%
Required employer contribution rates	18.49%
Pre-Retirement Death Benefit	1959 Survivor Benefit Level 2
Post-Retirement Death Benefit	\$500 Lump Sum
Cost of living adjustment	2.00%
Non-Industrial Standard Disability	1.8% of final compensation multiplied by service

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

2. PARS Plan

Plan Description – All full-time SDTI management employees employed between October 1, 2003 and December 24, 2012 are eligible to participate in the PARS Retirement Enhancement Plan, a defined benefit plan held by the Public Agency Retirement System Trust, an agent multiple employer retirement trust under Internal Revenue Service Code Section 401(a). The Plan is administered by Public Agency Retirement Services (PARS). Separate information for the Plan is included in another financial report issued by PARS. Copies of the financial report can be obtained in writing from Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

Benefits Provided – PARS provides supplemental service retirement benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Members are eligible to receive benefits if they have retired under CalPERS, have terminated employment, or had their position eliminated due to internal reorganization or mandatory operating budget reductions after January 1, 2004. The Plan benefit supplements member's CalPERS benefit to provide members with an enhanced retirement benefit and MTS management has the authority to amend the Plan's benefit terms. The monthly lifetime benefit is calculated by taking the difference between (1) and (2) below and multiplying it by one-twelfth (1/12):

- (1) PARS Age Factor x Benefit Service x Highest Average Annual Compensation (Subject to CalPERS Deductions) during the Last 12 Months of Employment
- (2) CalPERS Age Factor x Benefit Service x Highest Average Annual Compensation (Subject to CalPERS Deductions) during the Last 12 Months of Employment

The Plan's provisions and benefits in effect as of June 30, 2024 are summarized as follows:

San Diego Trolley PARS Plan
CLOSED TO NEW MEMBERS

Hire date	Prior to January 1, 2013
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	12 months
Retirement age	50–63
Monthly benefits, as a % of eligible compensation	0.282–0.574%
Required employee contribution rates	Not Required or Permitted
Required employer contribution rates	9.02%
Pre-Retirement Death Benefit	None
Post-Retirement Death Benefit	Joint-and–100% Survivor Option
Disability Retirement Benefit	None
Cost of Living Adjustment	2.00%

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Employees Covered

At June 30, 2024 and 2023 (measurement dates 2023 and 2022), the following employees were covered by the benefit terms for each Plan:

	CalPERS Plan		PARS Plan	
	2024	2023	2024	2023
Inactive employees or beneficiaries currently receiving benefits	339	318	62	55
Inactive employees entitled to but not yet receiving benefits	107	110	1	1
Active employees	699	631	31	38
	<u>1,145</u>	<u>1,059</u>	<u>94</u>	<u>94</u>

*SDTI PEPPRA Plan is included in the SDTI Miscellaneous Plan June 30, 2021 valuation report.

Contributions

1. CalPERS Plans

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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. SDTI is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2024 and 2023 (measurement dates 2023 and 2022), the active employee contribution rates and average employer contribution rates were as follows:

	2024		2023	
	Employee	Employer	Employee	Employer
SDTI Miscellaneous Plan 1406 - Management EE	8.00%	17.49%	8.00%	16.69%
SDTI Miscellaneous Plan 1406 - Union EE	10.74%	47.75%	10.34%	14.35%
SDTI Miscellaneous PEPPRA Plan 26965	7.50%	18.49%	6.25%	17.69%

For the years ended June 30, 2024 and 2023 (measurement dates 2023 and 2022), the contributions recognized as part of pension expense were:

	CalPERS Plans	
	2024	2023
Contributions - employer	\$ 6,229,147	\$ 5,769,619
Contributions - employees	2,463,713	2,366,931

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Contributions (Continued)

2. PARS Plan

Employer contribution rates for the PARS plan are contractually established by the Plan's administrator and agreed to by the employer, and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined biannually on an actuarial basis as of June 30 by PARS. For the years ended June 30, 2023 and 2022 (measurement dates) the employer's contribution rate was 9.02%.

For the years June 30, 2024 and 2023 (measurement date 2023 and 2022), the contributions recognized as part of pension expense were:

	PARS Plan	
	2024	2023
Contributions - employer	\$ 318,025	\$ 348,656
Contributions - employees	-	-

Net Pension Liability

1. CalPERS Plans

SDTI's net pension liability is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	varies by entry age and service
Payroll Growth	2.80%
Investment Rate of Return	6.90% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds (2)
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power applies, 2.50% thereafter

(1) Net of pension plan investment and administrative expenses; includes inflation

(2) The mortality table used was developed based on CalPERS's specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

Changes in Assumptions – In the current year, the actuarial report did not have any changes in assumptions. The discount rate lowered from 7.15% in 2022 to 6.90% in 2023. The inflation rate lowered from 2.50% in 2022 to 2.30% in 2023. The payroll growth increased from 2.75% in 2022 to 2.80% in 2023. The investment rate of return lowered from 7.15% in 2022 to 6.90% in 2023.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Net Pension Liability (Continued)

1. CalPERS Plans (Continued)

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

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return (a)
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment-grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

(a) an expected inflation of 2.30% was assumed for this period

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Net Pension Liability (Continued)

2. PARS Plan

The net pension liability for the PARS Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.50%
Salary Increases Including Inflation	Graded rates based on years of services, 3.60% after 22 years of service
Payroll Growth	2.75%
Investment Rate of Return	6.00%
Pre-Retirement Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans
Post Retirement Benefit Increase	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans

Change in Assumptions – In the current year, the actuarial report did not have any changes in assumptions. In the prior year, the discount rate was lowered from 6.50% to 6.00%.

Discount Rate – The discount rate used to measure the total pension liability was 6.00 percent was determined by MTS. After evaluating the discount rates calculated by both CalPERS and the SDTC Actuary, the Agency found the rate suggested by the PAR's actuary was too aggressive. Please see Discount Rate under the SDTC section for more details.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Net Pension Liability (Continued)

2. PARS Plan (Continued)

Discount Rate (Continued)

The best estimate for the long-term expected rate of return of 6.00 percent was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The table below reflects long-term expected real rate of return presented as arithmetic and geometric means by asset class.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return (a)	Long-Term Expected Geometric Real Rate of Return (a)
U.S. Cash	4.78%	0.51%	0.49%
U.S. Core Fixed Income	37.70%	2.07%	1.93%
U.S. Equity Market	44.26%	5.56%	3.90%
Foreign Developed Equity	7.03%	6.89%	5.07%
Emerging Market Equity	4.44%	9.58%	6.18%
U.S. REITs	1.79%	6.96%	4.74%

(a) Assumed inflation: 2.32% mean and 1.42% standard deviation

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

The following presents SDTI's net pension liability at June 30, 2024 and 2023, calculated using the discount rate, as well as what SDTI's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	CalPERS Plan		PARS Plan	
	2024	2023	2024	2023
1% Decrease	5.90%	5.90%	5.00%	5.00%
Net Pension Liability	\$ 78,935,037	\$ 75,854,037	\$ 3,580,930	\$ 3,703,766
Current Discount Rate	6.90%	6.90%	6.00%	6.00%
Net Pension Liability	\$ 47,942,045	\$ 46,298,914	\$ 2,289,341	\$ 2,423,205
1% Increase	7.90%	7.90%	7.00%	7.00%
Net Pension Liability	\$ 22,511,225	\$ 22,039,030	\$ 1,205,976	\$ 1,351,096

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Changes in the Net Pension Liability

1. CalPERS Plans

At June 30, 2024 (measurement date 2023), the change in the Net Pension Liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2023	\$ 203,602,024	\$ 157,303,110	\$ 46,298,914
Changes in the year:			
Service cost	5,794,970	-	5,794,970
Interest on the total pension liability	13,977,882	-	13,977,882
Changes of assumptions	-	-	-
Changes of benefits terms	216,615	-	216,615
Difference between expected and actual experience	56,691	-	56,691
Benefit payments, including refunds of member contributions	(8,389,627)	(8,389,627)	-
Net Plan to Plan resource movement	-	-	-
Contributions - employer	-	6,229,147	(6,229,147)
Contributions - employee	-	2,463,713	(2,463,713)
Net investment income	-	9,825,840	(9,825,840)
Administrative expense	-	(115,673)	115,673
Net Changes	<u>11,656,531</u>	<u>10,013,400</u>	<u>1,643,131</u>
Balance at June 30, 2024	<u>\$ 215,258,555</u>	<u>\$ 167,316,510</u>	<u>\$ 47,942,045</u>

At June 30, 2023 (measurement date 2022), the change in the Net Pension Liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2022	\$ 184,420,051	\$ 169,165,966	\$ 15,254,085
Changes in the year:			
Service cost	5,576,840	-	5,576,840
Interest on the total pension liability	13,189,942	-	13,189,942
Changes of assumptions	7,877,718	-	7,877,718
Difference between expected and actual experience	(392,728)	-	(392,728)
Benefit payments, including refunds of member contributions	(7,069,799)	(7,069,799)	-
Net Plan to Plan resource movement	-	-	-
Contributions - employer	-	5,769,619	(5,769,619)
Contributions - employee	-	2,366,931	(2,366,931)
Net investment income	-	(12,824,227)	12,824,227
Administrative expense	-	(105,380)	105,380
Net Changes	<u>19,181,973</u>	<u>(11,862,856)</u>	<u>31,044,829</u>
Balance at June 30, 2023	<u>\$ 203,602,024</u>	<u>\$ 157,303,110</u>	<u>\$ 46,298,914</u>

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Changes in the Net Pension Liability (Continued)

2. PARS Plan

At June 30, 2024 (measurement date 2023), the change in the net pension liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2023	\$ 10,521,086	\$ 8,097,881	\$ 2,423,205
Changes in the year:			
Service cost	199,311	-	199,311
Interest on the total pension liability	628,518	-	628,518
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Benefit payments, including refunds of member contributions	(497,452)	(497,452)	-
Contributions - employer	-	318,025	(318,025)
Contributions - employee	-	-	-
Net investment income	-	662,626	(662,626)
Administrative expense	-	(18,958)	18,958
Net Changes	330,377	464,241	(133,864)
Balance at June 30, 2024	\$ 10,851,463	\$ 8,562,122	\$ 2,289,341

At June 30, 2023 (measurement date 2022), the change in the net pension liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at July 1, 2022	\$ 9,458,310	\$ 9,565,472	\$ (107,162)
Changes in the year:			
Service cost	193,977	-	193,977
Interest on the total pension liability	566,474	-	566,474
Changes of assumptions	552,904	-	552,904
Difference between expected and actual experience	177,780	-	177,780
Benefit payments, including refunds of member contributions	(428,359)	(428,359)	-
Contributions - employer	-	348,656	(348,656)
Contributions - employee	-	-	-
Net investment income	-	(1,370,500)	1,370,500
Administrative expense	-	(17,388)	17,388
Net Changes	1,062,776	(1,467,591)	2,530,367
Balance at June 30, 2023	\$ 10,521,086	\$ 8,097,881	\$ 2,423,205

Pension Plan Fiduciary Net Position – Detailed information about the PARS Plan’s fiduciary net position is available in the separately issued financial reports.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2024 and 2023, SDTI recognized pension expense of \$11,133,049 and \$8,153,663, respectively. At June 30, 2024 and 2023, SDTI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS Plans			
	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 7,016,748	\$ -	\$ 6,229,147	\$ -
Difference between expected and actual experience	110,231	(342,423)	667,417	(480,294)
Changes in assumptions	4,726,630	-	6,302,174	-
Net difference between projected and actual earnings on pension plan investments	7,545,077	-	8,051,866	-
Total	<u>\$ 19,398,686</u>	<u>\$ (342,423)</u>	<u>\$ 21,250,604</u>	<u>\$ (480,294)</u>

	PARS Plan			
	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 300,463	\$ -	\$ 318,025	\$ -
Difference between expected and actual experience	41,026	-	109,403	-
Changes in assumptions	127,594	-	340,249	-
Net difference between projected and actual earnings on pension plan investments	464,523	-	758,452	-
Total	<u>\$ 933,606</u>	<u>\$ -</u>	<u>\$ 1,526,129</u>	<u>\$ -</u>

The combined \$7,317,211 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the two plans will be recognized as a reduction of the net pension liability in the year ended June 30, 2024 compared to \$6,547,172 for the previous year.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

As of the measurement date, June 30, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	SDTI CalPERS Plan	SDTI PARS Plan
2025	\$ 2,909,497	\$ 272,698
2026	2,299,149	45,181
2027	6,616,824	351,786
2028	214,045	(36,522)
2029	-	-
Total	<u>\$ 12,039,515</u>	<u>\$ 633,143</u>

In the previous year, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	SDTI CalPERS Plan	SDTI PARS Plan
2024	\$ 3,364,917	\$ 428,867
2025	2,693,089	309,222
2026	2,082,741	81,705
2027	6,400,416	388,310
2028	-	-
Total	<u>\$ 14,541,163</u>	<u>\$ 1,208,104</u>

Payable to the Pension Plan

At June 30, 2024, SDTI reported a payable of \$159,923 to CalPERS and \$6,513 to PARS for the outstanding amount of contributions to the pension plans required for the fiscal year compared to \$91,881 payable to CalPERS and \$4,626 payable to PARS for the year ended June 30, 2023.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

D. SDTC

General Information about the Pension Plans

Plan Description - The San Diego Transit Corporation Employees’ Retirement Plan (the “Plan”) is a single employer defined benefit plan which is currently open to all full-time non-contract employees and certain part-time non-contract employees who have completed one year of service in which they have worked at least 1,000 hours. Effective May 1, 2011, employees in the International Brotherhood of Electrical Workers, Local 465 (the “IBEW”) bargaining unit hired after May 1, 2011 participate in a separate defined contribution 401(a) plan. Effective November 1, 2012, employees in the Amalgamated Transit Union, Local 1309 (the “ATU”) bargaining unit hired after November 1, 2012 participate in a separate defined contribution 401(a) plan. Therefore, as of November 1, 2012 the Plan was closed to new ATU and IBEW entrants, but remains open for non-contract employees.

The SDTC Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to San Diego Transit Corporation, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

Benefits Provided – The SDTC Plan provides retirement and disability benefits and annual cost-of-living adjustments for Plan members as well as joint-survivor benefits to beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment and can only be amended by the MTS Board of Directors.

The Plan’s provisions and benefits as of June 30, 2024 are as follows:

	San Diego Transit Pension Plan – Non-Contract Employees	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Final Average Compensation Period	12 months	36 months
Retirement age	53–63	52–67
Monthly benefits, as a % of eligible compensation	1.742%–2.418%	1.0%–2.5%
Required employee contribution rates	8.00%	9.50%
Required employer contribution rates	74.29%	72.79%
Pre-Retirement Death Benefit	50% Joint & Survivor	
Post-Retirement Death Benefit	Based on benefit election	
Non-Industrial Standard Disability	1.5% times average monthly final earnings times credited years of service	
Cost of living adjustment	Lesser of CPI or 2.0%	

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

General Information about the Pension Plans (Continued)

	SDTC Contract Employees	
	ATU – Closed Plan	IBEW – Closed Plan
Hire date	Prior to November 25, 2012	Prior to January 1, 2013
Benefit formula	2% @ 55	2% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Final Average Compensation Period	36 months	36 months
Retirement age	53–63	55–65
Monthly benefits, as a % of eligible compensation	1.742%–2.418%	2.0%–2.418%
Required employee contribution rates	8.00%	8.00%
Required employer contribution rates	74.29%	74.29%
Pre-Retirement Death Benefit	50% Joint & Survivor	
Post-Retirement Death Benefit	Based on benefit election	
Disability	1.5% times average monthly final earnings times credited years of service	

Employees Covered – At June 30, 2024 and 2023 (measurement date 2023 and 2022), the following employees were covered by the benefit terms for the Plan:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	1,066	1,058
Inactive employees entitled to but not yet receiving benefits	175	184
Active employees	310	331
	<u>1,551</u>	<u>1,573</u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the period ended June 30, 2023 (measurement date), the active employee contribution rate is 8.00–9.50% of annual pay, and the average employer’s contribution rate is 73.92% of annual payroll compared to 7.75–8.00% and 69.15% for the previous year.

For the year ended June 30, 2024 and 2023 (measurement date 2023 and 2022), the contributions recognized as part of pension expense for the Plan were as follows:

	2024	2023
Contributions - employer	\$ 16,157,770	\$ 15,838,082
Contributions - employees	1,719,444	1,621,654

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Net Pension Liability

SDTC’s net pension liability is measured as the total pension liability less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of July 1, 2023, using an annual actuarial valuation as of July 1, 2023.

Actuarial Assumptions – The total pension liabilities in the July 1, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	July 1, 2023
Measurement Date	July 1, 2023
Actuarial Cost Method	Individual entry age to final decrement
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.50%
Projected Salary Increase	2.75% plus merit component based on employee classification and years of service
Investment Rate of Return (1)	6.00%
Mortality	RP-2000 Tables using male rates for both male and female members with generational improvements using Scale MP-2015
COLA Increase - Non-Contract Members	2.00%

(1) Net of pension plan investment expenses.

Changes in Assumptions – In the current year, the actuarial report did not have any changes in assumptions.

Discount Rate – The discount rate used to measure the Total Pension Liability was 6.00%.

SDTC has assumed that plan member contributions will continue to be made at the required rates. Employer contributions are assumed to be made in accordance with the historical and legal practice of contributing to the Plan based on an actuarially determined contribution. This includes contributions equal to the employer portion of the the Entry Age normal cost for members as of the valuation date, plus the expected administrative expenses, plus an amortization payment of the Unfunded Actuarial Liability. The amortization payment consists of several layers as follows:

- 15-year closed periods for actuarial experience gains and losses; the period for future experience gains and losses will be reduced so that the UAL layer will be fully amortized by June 30, 2037
- 25-year closed amortization of the Unfunded Actuarial Liability as of June 30, 2012

While a formal cash flow projection was not performed as described under Paragraph 27, we believe the above approach satisfies the alternative approach described in Paragraph 29. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

According to Paragraph 30 of GASB Statement 68, the long-term expected rate of return should be determined net of pension plan investment expenses but without reduction for pension plan administrative expenses. The 6.00% investment return assumption used in the Total Pension Liability is net of investment expenses only.

The table below reflects long-term expected real rate of return by asset class. The critical inputs of the asset allocation model are the expected risk, return and correlations of different asset classes.

Asset Class	Target Allocation	Real Return (a)
United States Equity	25.00%	4.00%
International Equity	20.00%	6.65%
Fixed Income	55.00%	1.50%

(a) an expected inflation of 2.5% is used.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability for the SDTC Plan as of June 30, 2024 and 2023, calculated using the discount rate, as well as what SDTC’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	2024	2023
1% Decrease	5.00%	5.00%
Net Pension Liability	\$ 195,575,453	\$ 196,007,935
Current Discount Rate	6.00%	6.00%
Net Pension Liability	\$ 159,680,176	\$ 160,271,145
1% Increase	7.00%	7.00%
Net Pension Liability	\$ 129,138,346	\$ 129,904,478

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Changes in Net Pension Liability

At June 30, 2024 (measurement date 2023), the change in the Net Pension Liability for the SDTC Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2023	\$ 337,148,571	\$ 176,877,426	\$ 160,271,145
Changes in the year:			
Service cost	3,615,035	-	3,615,035
Interest on the total pension liability	19,776,787	-	19,776,787
Changes of assumptions	-	-	-
Difference between expected and actual experience	4,943,085	-	4,943,085
Benefit payments, including refunds of member contributions	(22,630,610)	(22,630,610)	-
Contributions - employer	-	16,157,770	(16,157,770)
Contributions - employee	-	1,719,444	(1,719,444)
Net investment income	-	11,403,121	(11,403,121)
Administrative expense	-	(354,459)	354,459
Net Changes	5,704,297	6,295,266	(590,969)
Balance at June 30, 2024	\$ 342,852,868	\$ 183,172,692	\$ 159,680,176

At June 30, 2023 (measurement date 2022), the change in the Net Pension Liability for the SDTC Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2022	\$ 331,267,043	\$ 204,471,831	\$ 126,795,212
Changes in the year:			
Service cost	3,612,367	-	3,612,367
Interest on the total pension liability	19,441,516	-	19,441,516
Changes of assumptions	-	-	-
Difference between expected and actual experience	4,856,802	-	4,856,802
Benefit payments, including refunds of member contributions	(22,029,157)	(22,029,157)	-
Contributions - employer	-	15,838,082	(15,838,082)
Contributions - employee	-	1,621,654	(1,621,654)
Net investment income	-	(22,759,878)	22,759,878
Administrative expense	-	(265,106)	265,106
Net Changes	5,881,528	(27,594,405)	33,475,933
Balance at June 30, 2023	\$ 337,148,571	\$ 176,877,426	\$ 160,271,145

Pension Plan Fiduciary Net Position – Detailed information about the SDTC Plan’s fiduciary net position is available in the separately issued financial reports. The financial report may be obtained by writing to San Diego Transit Corporation, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ended June 30, 2024 and 2023, SDTC recognized pension expense of \$21,463,544 and \$24,550,685, respectively. At June 30, 2024 and 2023, SDTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 17,217,837	\$ -	\$ 16,125,384	\$ -
Changes in assumptions	-	-	-	-
Difference between expected and actual experience	2,471,542	-	2,428,401	-
Net difference between projected and actual earnings on pension plan investments	13,107,262	-	19,047,146	-
Total	<u>\$ 32,796,641</u>	<u>\$ -</u>	<u>\$ 37,600,931</u>	<u>\$ -</u>

The \$17,217,837 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025 compared to \$16,125,384 for the previous year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amounts
2025	\$ 6,856,833
2026	2,121,509
2027	6,788,757
2028	(188,295)
2029	-
Total	<u>\$ 15,578,804</u>

In the previous year, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions were:

Year Ended June 30	Amounts
2024	\$ 7,615,102
2025	4,573,587
2026	2,309,805
2027	6,977,053
2028	-
Total	<u>\$ 21,475,547</u>

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 12 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Payable to the Pension Plan

At June 30, 2024, SDTC reported a payable of \$1,377,738 for the outstanding amount of contributions to the pension plan required for the fiscal year compared to \$1,302,826 for the year ended June 30, 2023.

Note 13 – Other Required Individual Disclosures

A. Deficit Unrestricted Net Position

Contracted Services, SDTC and SDTI had unrestricted net position deficits as of June 30, 2024 and 2023. MTS fully funds the operations for Contracted Services, SDTC and SDTI, however they do not provide subsidy for estimated liabilities, such as pension, OPEB, leases, compensated absences and accrued damage, injury and employee claims. Those expenses are funded in the years actual expenses are incurred leading to the operators reflecting these deficits.

	2024	2023
MTS Contracted Services	\$ (9,810,513)	\$ (10,405,627)
San Diego Transit Corporation	(164,017,407)	(156,427,544)
San Diego Trolley, Inc.	(19,554,886)	(12,140,608)

Note 14 – Net Investment in Capital Assets

At June 30, 2024 and 2023, the net investment in capital assets consisted of the following:

	2024	2023
Capital assets, net	\$ 3,281,827,887	\$ 3,365,458,553
Less: retentions payable	(1,305,601)	(897,501)
Less: lease liabilities	(10,603,511)	(10,884,801)
Less: subscription liabilities	(2,948,291)	(2,357,993)
Net investment in capital assets	\$ 3,266,970,484	\$ 3,351,318,258

San Diego Metropolitan Transit System
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2024 and 2023

Note 15 – Other Non-Operating Expense

On January 22, 2024, San Diego, CA was hit by a historic flood causing an estimated \$24 million in damage to the Trolley System. The destruction was widespread impacting track, stations, buildings and equipment. As of June 30, 2024, MTS had incurred \$4.3 million of expenses reimbursable by insurance and \$3.9 million in expenses that are not expected to be covered by insurance. These expenses that were not offset with insurance proceeds are included in this year's financial statements as Other Non-Operating Expenses. Once all expenses are final, the agency will be seeking financial assistance from both California Governor's Office of Emergency Services (Cal OES) and Federal Emergency Management Agency (FEMA). The financial assistance will be reported as subsidy revenue in the year the funds are received. MTS is expecting an estimated \$15 million in expenses for FY25, with the majority of these being eligible for insurance coverage.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MTS
(LAST TEN YEARS)

Measurement Period, Year Ended June 30:	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.38662%	0.37942%	0.43072%	0.35975%	0.35122%
Proportionate share of the net pension liability	\$ 19,332,817	\$ 17,754,063	\$ 8,178,565	\$ 15,174,709	\$ 14,064,659
Covered payroll	\$ 15,217,610	\$ 14,346,741	\$ 14,166,669	\$ 13,715,993	\$ 12,892,323
Proportionate share of the net pension liability as percentage of covered payroll	127.04%	123.75%	57.73%	110.64%	109.09%
Plan's fiduciary net position as percentage of the total pension liability	75.35%	75.69%	87.57%	74.92%	75.16%
Proportionate share of aggregate employer contributions	\$ 2,456,504	\$ 2,867,564	\$ 2,265,608	\$ 2,024,949	\$ 1,763,681

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
MTS
(LAST TEN YEARS)

Measurement Period, Year Ended June 30:	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.34449%	0.34040%	0.33571%	0.35383%	0.33427%
Proportionate share of the net pension liability	\$ 12,982,663	\$ 13,418,753	\$ 11,661,984	\$ 9,707,169	\$ 8,261,550
Covered payroll	\$ 12,873,186	\$ 11,809,510	\$ 11,078,469	\$ 9,954,718	\$ 9,277,782
Proportionate share of the net pension liability as percentage of covered payroll	100.85%	113.63%	105.27%	97.51%	89.05%
Plan's fiduciary net position as percentage of the total pension liability	75.65%	72.65%	72.53%	75.07%	77.50%
Proportionate share of aggregate employer contributions	\$ 1,536,182	\$ 1,348,728	\$ 1,896,142	\$ 1,998,897	\$ 755,170

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SDTI CALPERS PLANS
(LAST TEN YEARS)

Measurement Period, Year Ended June 30:	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 5,794,970	\$ 5,576,840	\$ 4,670,260	\$ 4,479,774	\$ 4,304,517
Interest on total pension liability	13,977,882	13,189,942	12,372,042	11,672,869	10,947,906
Difference between expected and actual experience	56,691	(392,728)	(284,762)	355,799	2,647,270
Changes in assumptions	-	7,877,718	-	-	-
Changes in benefit terms	216,615	-	-	-	-
Benefit payments, including refunds of employee contributions	(8,389,627)	(7,069,799)	(6,645,332)	(5,723,615)	(5,389,412)
Net change in total pension liability	11,656,531	19,181,973	10,112,208	10,784,827	12,510,281
Total pension liability - beginning	203,602,024	184,420,051	174,307,843	163,523,016	151,012,735
Total pension liability - ending (a)	<u>\$ 215,258,555</u>	<u>\$ 203,602,024</u>	<u>\$ 184,420,051</u>	<u>\$ 174,307,843</u>	<u>\$ 163,523,016</u>
Plan fiduciary net position					
Contributions - employer	\$ 6,229,147	\$ 5,769,619	\$ 5,237,955	\$ 4,532,160	\$ 3,824,864
Contributions - employee	2,463,713	2,366,931	2,398,196	2,108,348	2,075,270
Net investment income	9,825,840	(12,824,227)	31,172,082	6,512,893	8,009,279
Benefit payments, including refunds of employee contributions	(8,389,627)	(7,069,799)	(6,645,332)	(5,723,615)	(5,389,412)
Net plan to plan resource movement	-	-	-	-	(86,676)
Administrative expense	(115,673)	(105,380)	(136,995)	(183,118)	281
Net change in plan fiduciary net position	10,013,400	(11,862,856)	32,025,906	7,246,668	8,433,606
Plan fiduciary net position - beginning	157,303,110	169,165,966	137,140,060	129,893,392	121,459,786
Plan fiduciary net position - ending (b)	<u>\$ 167,316,510</u>	<u>\$ 157,303,110</u>	<u>\$ 169,165,966</u>	<u>\$ 137,140,060</u>	<u>\$ 129,893,392</u>
Net pension liability - ending (a) - (b)	\$ 47,942,045	\$ 46,298,914	\$ 15,254,085	\$ 37,167,783	\$ 33,629,624
Plan fiduciary net position as a percentage of the total pension liability	77.73%	77.26%	91.73%	78.68%	79.43%
Covered payroll	\$ 37,077,411	\$ 35,512,059	\$ 33,604,962	\$ 31,913,060	\$ 29,886,251
Plan net pension liability as a percentage of covered payroll	129.30%	130.38%	45.39%	116.47%	112.53%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2022 valuation date.

Changes of assumptions (measurement date)

*2022-Payroll growth increased to 2.80 percent from 2.75 percent.

*2022- increased to Inflation decreased from 2.50 percent from 2.30 percent.

*2022-Discount rate decreased to 6.90 percent from 7.15 percent.

*2022-Investment rate of return decreased to 6.90 percent from 7.15 percent.

*2018 - Demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review December 2017

*2017 - Discount rate decreased to 7.15 percent from 7.65 percent

*2015 - Discount rate increased to 7.65 percent from 7.50 percent

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
SDTI CALPERS PLANS
(LAST TEN YEARS)

Measurement Period, Year Ended June 30:	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 4,029,579	\$ 3,882,206	\$ 3,580,302	\$ 3,615,793	\$ 3,721,950
Interest on total pension liability	10,112,324	9,611,237	9,201,415	8,554,525	7,982,614
Difference between expected and actual experience	(498,533)	(2,759,754)	375,697	(510,309)	-
Changes in assumptions	(1,064,034)	8,593,509	-	(2,274,755)	-
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,090,945)	(4,901,765)	(4,345,171)	(3,799,240)	(3,155,596)
Net change in total pension liability	7,488,391	14,425,433	8,812,243	5,586,014	8,548,968
Total pension liability - beginning	143,524,344	129,098,911	120,286,668	114,700,654	106,151,686
Total pension liability - ending (a)	<u>\$ 151,012,735</u>	<u>\$ 143,524,344</u>	<u>\$ 129,098,911</u>	<u>\$ 120,286,668</u>	<u>\$ 114,700,654</u>
Plan fiduciary net position					
Contributions - employer	\$ 3,342,623	\$ 2,835,680	\$ 2,659,911	\$ 2,553,900	\$ 2,498,345
Contributions - employee	2,034,672	1,806,506	1,778,990	1,839,206	2,179,194
Net investment income	9,482,977	11,214,548	628,353	2,204,904	14,416,106
Benefit payments, including refunds of employee contributions	(5,090,945)	(4,901,765)	(4,345,171)	(3,799,240)	(3,155,596)
Net plan to plan resource movement	(281)	-	-	-	-
Administrative expense	(506,849)	(149,699)	(61,391)	(113,387)	-
Net change in plan fiduciary net position	9,262,197	10,805,270	660,692	2,685,383	15,938,049
Plan fiduciary net position - beginning	112,197,589	101,392,319	100,731,627	98,046,244	82,108,195
Plan fiduciary net position - ending (b)	<u>\$ 121,459,786</u>	<u>\$ 112,197,589</u>	<u>\$ 101,392,319</u>	<u>\$ 100,731,627</u>	<u>\$ 98,046,244</u>
Net pension liability - ending (a) - (b)	\$ 29,552,949	\$ 31,326,755	\$ 27,706,592	\$ 19,555,041	\$ 16,654,410
Plan fiduciary net position as a percentage of the total pension liability	80.43%	78.17%	78.54%	83.74%	85.48%
Covered payroll	\$ 27,790,199	\$ 26,643,371	\$ 27,247,357	\$ 26,965,416	\$ 26,268,261
Plan net pension liability as a percentage of covered payroll	106.34%	117.58%	101.69%	72.52%	63.40%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2022 valuation date.

Changes of assumptions (measurement date)

*2022-Payroll growth increased to 2.80 percent from 2.75 percent.

*2022- increased to Inflation decreased from 2.50 percent from 2.30 percent.

*2022-Discount rate decreased to 6.90 percent from 7.15 percent.

*2022-Investment rate of return decreased to 6.90 percent from 7.15 percent.

*2018 - Demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review December 2017

*2017 - Discount rate decreased to 7.15 percent from 7.65 percent

*2015 - Discount rate increased to 7.65 percent from 7.50 percent

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SDTI PARS PLAN
(LAST TEN YEARS*)

Measurement Period, Year Ended June 30:	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 199,311	\$ 193,977	\$ 201,071	\$ 195,690
Interest on total pension liability	628,518	566,474	590,139	591,918
Difference between expected and actual experience	-	177,780	-	(262,427)
Changes in assumptions	-	552,904	-	(164,168)
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(497,452)	(428,359)	(415,242)	(372,953)
Net change in total pension liability	<u>330,377</u>	<u>1,062,776</u>	<u>375,968</u>	<u>(11,940)</u>
Total pension liability - beginning	<u>10,521,086</u>	<u>9,458,310</u>	<u>9,082,342</u>	<u>9,094,282</u>
Total pension liability - ending (a)	<u><u>\$ 10,851,463</u></u>	<u><u>\$ 10,521,086</u></u>	<u><u>\$ 9,458,310</u></u>	<u><u>\$ 9,082,342</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 318,025	\$ 348,656	\$ 358,879	\$ 436,518
Contributions - employee	-	-	-	-
Net investment income	662,626	(1,370,500)	2,025,536	186,614
Benefit payments, including refunds of employee contributions	(497,452)	(428,359)	(415,242)	(372,953)
Administrative expense	(18,958)	(17,388)	(16,382)	(15,143)
Net change in plan fiduciary net position	<u>464,241</u>	<u>(1,467,591)</u>	<u>1,952,791</u>	<u>235,036</u>
Plan fiduciary net position - beginning	<u>8,097,881</u>	<u>9,565,472</u>	<u>7,612,681</u>	<u>7,377,645</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,562,122</u></u>	<u><u>\$ 8,097,881</u></u>	<u><u>\$ 9,565,472</u></u>	<u><u>\$ 7,612,681</u></u>
Net pension liability (asset) - ending (a) - (b)	\$ 2,289,341	\$ 2,423,205	\$ (107,162)	\$ 1,469,661
Plan fiduciary net position as a percentage of the total pension liability	78.90%	76.97%	101.13%	83.82%
Covered payroll	\$ 3,466,427	\$ 3,927,255	\$ 4,471,089	\$ 4,351,424
Plan net pension liability as a percentage of covered payroll	66.04%	61.70%	-2.40%	33.77%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2023 valuation date.

Changes in Assumption (measurement date):

- *2022 - Investment rate of return decreased from 6.50 to 6.00 percent.
 - *2022 - Discount rate decreased from 6.50 to 6.00 percent
 - *2020 - Inflation rate decreased from 2.75 to 2.50 percent
 - *2020 - Payroll growth rate decreased from 3.00 to 2.75 percent
 - *2018 - Investment rate of return decreased from 7.0 to 6.5 percent
 - *2016 - Inflation rate decreased from 3.0 to 2.75 percent
 - *2016 - Salary scale, retirement and pre-retirement mortality assumptions were updated.
- *Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
SDTI PARS PLAN
(LAST TEN YEARS*)

Measurement Period, Year Ended June 30:	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 226,689	\$ 198,627	\$ 230,296	\$ 223,588	\$ 267,889
Interest on total pension liability	565,523	587,363	556,089	523,457	480,808
Difference between expected and actual experience	-	(652,788)	-	(166,133)	-
Changes in assumptions	-	473,927	-	321,921	-
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(337,875)	(313,613)	(302,460)	(273,201)	(229,364)
Net change in total pension liability	<u>454,337</u>	<u>293,516</u>	<u>483,925</u>	<u>629,632</u>	<u>519,333</u>
Total pension liability - beginning	<u>8,639,945</u>	<u>8,346,429</u>	<u>7,862,504</u>	<u>7,232,872</u>	<u>6,713,539</u>
Total pension liability - ending (a)	<u>\$ 9,094,282</u>	<u>\$ 8,639,945</u>	<u>\$ 8,346,429</u>	<u>\$ 7,862,504</u>	<u>\$ 7,232,872</u>
Plan fiduciary net position					
Contributions - employer	\$ 443,125	\$ 549,296	\$ 605,864	\$ 547,473	\$ 590,203
Contributions - employee	-	-	-	-	-
Net investment income	413,503	458,921	638,858	(59,981)	127,592
Benefit payments, including refunds of employee contributions	(337,875)	(313,613)	(302,460)	(273,201)	(229,364)
Administrative expense	(14,630)	(17,012)	(13,417)	(14,665)	(12,186)
Net change in plan fiduciary net position	<u>504,123</u>	<u>677,592</u>	<u>928,845</u>	<u>199,626</u>	<u>476,245</u>
Plan fiduciary net position - beginning	<u>6,873,522</u>	<u>6,195,930</u>	<u>5,267,085</u>	<u>5,067,459</u>	<u>4,591,214</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,377,645</u>	<u>\$ 6,873,522</u>	<u>\$ 6,195,930</u>	<u>\$ 5,267,085</u>	<u>\$ 5,067,459</u>
Net pension liability (asset) - ending (a) - (b)	\$ 1,716,637	\$ 1,766,423	\$ 2,150,499	\$ 2,595,419	\$ 2,165,413
Plan fiduciary net position as a percentage of the total pension liability	81.12%	79.56%	74.23%	66.99%	70.06%
Covered payroll	\$ 4,909,640	\$ 4,766,641	\$ 5,170,611	\$ 5,020,011	\$ 4,943,557
Plan net pension liability as a percentage of covered payroll	34.96%	37.06%	41.59%	51.70%	43.80%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2023 valuation date.

Changes in Assumption (measurement date):

- *2022 - Investment rate of return decreased from 6.50 to 6.00 percent.
 - *2022 - Discount rate decreased from 6.50 to 6.00 percent
 - *2020 - Inflation rate decreased from 2.75 to 2.50 percent
 - *2020 - Payroll growth rate decreased from 3.00 to 2.75 percent
 - *2018 - Investment rate of return decreased from 7.0 to 6.5 percent
 - *2016 - Inflation rate decreased from 3.0 to 2.75 percent
 - *2016 - Salary scale, retirement and pre-retirement mortality assumptions were updated.
- *Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SDTC PLAN
(LAST TEN YEARS)

Measurement Period, Year Ended June 30:	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 3,615,035	\$ 3,612,367	\$ 3,087,757	\$ 3,326,248	\$ 3,345,262
Interest on total pension liability	19,776,787	19,441,516	20,767,402	20,793,979	20,568,075
Difference between expected and actual experience	4,943,085	4,856,802	3,560,873	(3,159,945)	3,139,304
Changes in assumptions	-	-	10,215,184	-	7,536,766
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(22,630,610)	(22,029,157)	(21,531,678)	(20,712,755)	(19,969,862)
Net change in total pension liability	5,704,297	5,881,528	16,099,538	247,527	14,619,545
Total pension liability - beginning	337,148,571	331,267,043	315,167,505	314,919,978	300,300,433
Total pension liability - ending (a)	\$ 342,852,868	\$ 337,148,571	\$ 331,267,043	\$ 315,167,505	\$ 314,919,978
Plan fiduciary net position					
Contributions - employer	\$ 16,157,770	\$ 15,838,082	\$ 23,718,402	\$ 14,709,528	\$ 13,633,181
Contributions - employee	1,719,444	1,621,654	1,950,898	2,017,164	2,074,025
Net investment income	11,403,121	(22,759,878)	34,664,950	24,666	8,415,801
Benefit payments, including refunds of employee contributions	(22,630,610)	(22,029,157)	(21,531,678)	(20,712,755)	(19,969,862)
Administrative expense	(354,459)	(265,106)	(252,541)	(256,420)	(252,585)
Net change in plan fiduciary net position	6,295,266	(27,594,405)	38,550,031	(4,217,817)	3,900,560
Plan fiduciary net position - beginning	176,877,426	204,471,831	165,921,800	170,139,617	166,239,057
Plan fiduciary net position - ending (b)	\$ 183,172,692	\$ 176,877,426	\$ 204,471,831	\$ 165,921,800	\$ 170,139,617
Net pension liability - ending (a) - (b)	\$ 159,680,176	\$ 160,271,145	\$ 126,795,212	\$ 149,245,705	\$ 144,780,361
Plan fiduciary net position as a percentage of the total pension liability	53.43%	52.46%	61.72%	52.65%	54.03%
Covered payroll	\$ 23,631,077	\$ 25,059,762	\$ 24,891,340	\$ 25,826,289	\$ 27,121,687
Plan net pension liability as a percentage of covered payroll	675.72%	639.56%	509.39%	577.88%	533.82%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the July 1, 2023 valuation date.

Changes of assumptions (measurement date)

*2021-Discount rate decreased from 6.75 to 6.0 percent.

*2021-Inflation rate decreased from 2.75 to 2.5 percent.

*2021 - Expected rate of return on assets decreased from 6.75 to 6.0 percent

*2021-COLA increase changed from 2.0 to 2.5 percent.

*2019 - Investment rate of return decreased from 7.0 to 6.75 percent

*2018 - Valuation salary changed from using the most recent pensionable pay preceding the valuation date to a two-year average of pay from the two years preceding the valuation date

*2016 - Investment rate of return decreased from 7.5 to 7.0 percent

*2016 - Inflation decreased from 3.0 to 2.75 percent

*2016 - Revisions were made to merit pay increases, mortality, disability, service retirements and terminations

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

SDTC PLAN
(LAST TEN YEARS)

Measurement Period, Year Ended June 30:	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 3,559,738	\$ 3,660,961	\$ 3,469,595	\$ 3,590,766	\$ 3,908,376
Interest on total pension liability	20,325,978	19,885,608	18,865,499	18,434,275	17,812,979
Difference between expected and actual experience	(240,474)	1,185,687	(2,174,475)	812,878	2,905,692
Changes in assumptions	(640,322)	-	29,699,872	-	-
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(18,715,199)	(17,977,346)	(17,350,158)	(16,584,043)	(15,466,924)
Net change in total pension liability	4,289,721	6,754,910	32,510,333	6,253,876	9,160,123
Total pension liability - beginning	296,010,712	289,255,802	256,745,469	250,491,593	241,331,470
Total pension liability - ending (a)	<u>\$ 300,300,433</u>	<u>\$ 296,010,712</u>	<u>\$ 289,255,802</u>	<u>\$ 256,745,469</u>	<u>\$ 250,491,593</u>
Plan fiduciary net position					
Contributions - employer	\$ 13,020,223	\$ 12,649,101	\$ 10,711,282	\$ 11,352,628	\$ 12,628,190
Contributions - employee	1,751,616	2,047,593	1,754,869	1,363,092	899,791
Net investment income	8,792,300	12,216,936	(540,093)	(2,018,866)	18,417,439
Benefit payments, including refunds of employee contributions	(18,715,199)	(17,977,346)	(17,350,158)	(16,584,043)	(15,466,924)
Administrative expense	(244,890)	(234,128)	(290,381)	(262,808)	(258,142)
Net change in plan fiduciary net position	4,604,050	8,702,156	(5,714,481)	(6,149,997)	16,220,354
Plan fiduciary net position - beginning	161,635,007	152,932,851	158,647,332	164,797,329	148,576,975
Plan fiduciary net position - ending (b)	<u>\$ 166,239,057</u>	<u>\$ 161,635,007</u>	<u>\$ 152,932,851</u>	<u>\$ 158,647,332</u>	<u>\$ 164,797,329</u>
Net pension liability - ending (a) - (b)	\$ 134,061,376	\$ 134,375,705	\$ 136,322,951	\$ 98,098,137	\$ 85,694,264
Plan fiduciary net position as a percentage of the total pension liability	55.36%	54.60%	52.87%	61.79%	65.79%
Covered payroll	\$ 29,672,305	\$ 31,660,643	\$ 31,048,663	\$ 32,658,827	\$ 32,313,553
Plan net pension liability as a percentage of covered payroll	451.81%	424.43%	439.06%	300.37%	265.20%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the July 1, 2023 valuation date.

Changes of assumptions (measurement date)

*2021-Discount rate decreased from 6.75 to 6.0 percent.

*2021-Inflation rate decreased from 2.75 to 2.5 percent.

*2021 - Expected rate of return on assets decreased from 6.75 to 6.0 percent

*2021-COLA increase changed from 2.0 to 2.5 percent.

*2019 - Investment rate of return decreased from 7.0 to 6.75 percent

*2018 - Valuation salary changed from using the most recent pensionable pay preceding the valuation date to a two-year average of pay from the two years preceding the valuation date

*2016 - Investment rate of return decreased from 7.5 to 7.0 percent

*2016 - Inflation decreased from 3.0 to 2.75 percent

*2016 - Revisions were made to merit pay increases, mortality, disability, service retirements and terminations

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS
MTS

Fiscal Year Ended June 30:	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 3,117,363	\$ 2,960,147	\$ 2,772,487	\$ 2,580,445	\$ 2,320,104
Contributions in relation to the actuarially determined contribution	(3,117,363)	(2,960,147)	(2,772,487)	(2,580,445)	(2,320,104)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,641,398	\$ 15,217,610	\$ 14,346,741	\$ 14,166,669	\$ 13,715,993
Contributions as a percentage of covered payroll	18.73%	19.45%	19.32%	18.21%	16.92%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Actuarial Cost method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Fair value of assets
Inflation	2.500%
Salary increases	Varies based on entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using Society of Actuaries Scales 90% of scale MP 2016.

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS (CONTINUED)
MTS

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,041,117	\$ 1,896,639	\$ 1,731,711	\$ 1,582,497	\$ 1,559,846
Contributions in relation to the actuarially determined contribution	(2,041,117)	(1,896,639)	(1,731,711)	(1,582,497)	(1,559,846)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,892,323	\$ 12,873,186	\$ 11,809,510	\$ 11,078,469	\$ 9,954,718
Contributions as a percentage of covered payroll	15.83%	14.73%	14.66%	14.28%	15.67%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Actuarial Cost method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Fair value of assets
Inflation	2.500%
Salary increases	Varies based on entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using Society of Actuaries Scales 90% of scale MP 2016.

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS
SDTI CALPERS PLAN

Fiscal Year Ended June 30:	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 7,016,748	\$ 6,229,147	\$ 5,769,619	\$ 5,237,955	\$ 4,532,160
Contributions in relation to the actuarially determined contribution	(7,016,748)	(6,229,147)	(5,769,619)	(5,237,955)	(4,532,160)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 40,234,632	\$ 37,077,411	\$ 35,512,059	\$ 33,604,962	\$ 31,913,060
Contributions as a percentage of covered payroll	17.44%	16.80%	16.25%	15.59%	14.20%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal Actuarial; Cost method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Fair value of assets
Inflation	2.500%
Salary increases	Varies based on entry age and service
Payroll growth	2.750%
Investment rate of return	7.0% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using Society of American Actuaries Scales 90% of scale MP 2016.

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS (CONTINUED)
SDTI CALPERS PLAN

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,824,864	\$ 3,266,081	\$ 2,835,680	\$ 2,659,911	\$ 2,553,900
Contributions in relation to the actuarially determined contribution	<u>(3,824,864)</u>	<u>(3,266,081)</u>	<u>(2,835,680)</u>	<u>(2,659,911)</u>	<u>(2,553,900)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 29,886,251	\$ 27,790,199	\$ 26,643,371	\$ 27,247,357	\$ 26,965,416
Contributions as a percentage of covered payroll	12.80%	11.75%	10.64%	9.76%	9.47%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal Actuarial; Cost method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Fair value of assets
Inflation	2.500%
Salary increases	Varies based on entry age and service
Payroll growth	2.750%
Investment rate of return	7.0% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using Society of American Actuaries Scales 90% of scale MP 2016.

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS
SDTI PARS PLAN

Fiscal Year Ended June 30:	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 288,810	\$ 312,672	\$ 334,820	\$ 381,185	\$ 408,250
Contributions in relation to the actuarially determined contribution	<u>(300,463)</u>	<u>(318,025)</u>	<u>(348,656)</u>	<u>(358,878)</u>	<u>(418,735)</u>
Contribution deficiency (excess)	<u>\$ (11,653)</u>	<u>\$ (5,353)</u>	<u>\$ (13,836)</u>	<u>\$ 22,307</u>	<u>\$ (10,485)</u>
Covered payroll	\$ 3,201,890	\$ 3,466,427	\$ 3,927,255	\$ 4,471,089	\$ 4,351,424
Contributions as a percentage of covered payroll	9.38%	9.17%	8.88%	8.03%	9.62%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	12 years as of valuation date
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies based on entry age and service
Payroll growth	2.75%
Investment rate of return	6.00%

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS (CONTINUED)
SDTI PARS PLAN

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 459,504	\$ 460,930	\$ 499,993	\$ 445,465	\$ 546,873
Contributions in relation to the actuarially determined contribution	(435,748)	(549,296)	(605,864)	(547,473)	(590,203)
Contribution deficiency (excess)	<u>\$ 23,756</u>	<u>\$ (88,366)</u>	<u>\$ (105,871)</u>	<u>\$ (102,008)</u>	<u>\$ (43,330)</u>
Covered payroll	\$ 4,909,640	\$ 4,766,641	\$ 5,170,611	\$ 5,020,011	\$ 4,943,557
Contributions as a percentage of covered payroll	8.88%	11.52%	11.72%	10.91%	11.94%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	12 years as of valuation date
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies based on entry age and service
Payroll growth	2.75%
Investment rate of return	6.00%

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS
SDTC PLAN

Fiscal Year Ended June 30:	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 17,217,837	\$ 16,125,384	\$ 15,838,082	\$ 17,585,592	\$ 14,709,813
Contributions in relation to the actuarially determined contribution	<u>(17,217,837)</u>	<u>(16,125,384)</u>	<u>(15,838,082)</u>	<u>(23,718,402)</u>	<u>(14,709,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,132,810)</u>	<u>\$ -</u>
 Covered payroll	 \$ 23,668,509	 \$ 23,631,077	 \$ 25,059,762	 \$ 24,891,340	 \$ 25,826,289
 Contributions as a percentage of covered payroll	 72.75%	 68.24%	 63.20%	 95.29%	 56.96%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the July 1, 2021 funding valuation report.

Valuation date	July 1, 2021
Actuarial cost method	Entry Age
Amortization method/period	Level percent of payroll, closed 25-year period
Asset valuation method	5-year smoothed market
Salary increases	2.5% plus merit component based on employee classification and years of services
Investment rate of return	6.0% net of pension plan investment expenses
Mortality	For ATU and IBEW Actives, Cheiron's ATU Non-Annuitant mortality with generational improvements from the base year 2016 using Scale MP-2020. For Clerical and Non-Contract Actives, the 2010 Pub-G Employee mortality with generational improvements from the base year 2010 using Scale MP-2020

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
Last Ten Fiscal Years

SCHEDULE OF CONTRIBUTIONS (CONTINUED)
SDTC PLAN

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 13,633,181	\$ 13,020,223	\$ 12,649,101	\$ 10,711,282	\$ 11,352,628
Contributions in relation to the actuarially determined contribution	<u>(13,633,181)</u>	<u>(13,020,223)</u>	<u>(12,649,101)</u>	<u>(10,711,282)</u>	<u>(11,352,628)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 27,121,687	\$ 29,672,305	\$ 31,660,643	\$ 31,048,663	\$ 32,658,827
Contributions as a percentage of covered payroll	50.27%	43.88%	39.95%	34.50%	34.76%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the July 1, 2021 funding valuation report.

Valuation date	July 1, 2021
Actuarial cost method	Entry Age
Amortization method/period	Level percent of payroll, closed 25-year period
Asset valuation method	5-year smoothed market
Salary increases	2.5% plus merit component based on employee classification and years of services
Investment rate of return	6.0% net of pension plan investment expenses
Mortality	For ATU and IBEW Actives, Cheiron's ATU Non-Annuitant mortality with generational improvements from the base year 2016 using Scale MP-2020. For Clerical and Non-Contract Actives, the 2010 Pub-G Employee mortality with generational improvements from the base year 2010 using Scale MP-2020

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

MTS
(LAST TEN YEARS*)

Measurement period, year ended June 30:	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 461,314	\$ 714,088	\$ 559,935	\$ 544,949	\$ 452,623
Interest	291,679	200,714	211,713	217,111	224,774
Change of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(668,252)	-	(31,742)	(206,133)	(324,826)
Change in assumptions	(221,195)	(2,608,790)	465,523	610,704	139,049
Benefit payments, including refunds of member contributions	(147,799)	(110,701)	(112,510)	(117,063)	(111,141)
Net change in total OPEB liability	(284,253)	(1,804,689)	1,092,919	1,049,568	380,479
Total OPEB liability - beginning	6,743,351	8,548,040	7,455,121	6,405,553	6,025,074
Total OPEB liability - ending (a)	<u>\$ 6,459,098</u>	<u>\$ 6,743,351</u>	<u>\$ 8,548,040</u>	<u>\$ 7,455,121</u>	<u>\$ 6,405,553</u>
OPEB fiduciary net position					
Contributions - employer	\$ 147,799	\$ 110,701	\$ 112,510	\$ 117,063	\$ 111,141
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(147,799)	(110,701)	(112,510)	(117,063)	(111,141)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 6,459,098</u>	<u>\$ 6,743,351</u>	<u>\$ 8,548,040</u>	<u>\$ 7,455,121</u>	<u>\$ 6,405,553</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 15,418,605	\$ 14,503,909	\$14,147,812	\$12,699,847	\$13,522,496
Plan net OPEB liability as a percentage of covered employee payroll	41.89%	46.49%	60.42%	58.70%	47.37%

Note to schedule: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (CONTINUED)

MTS
(LAST TEN YEARS*)

Measurement period, year ended June 30:	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 450,678	\$ 504,282
Interest	203,185	171,522
Change of benefit terms	-	-
Difference between expected and actual experience	-	-
Change in assumptions	(104,394)	(566,410)
Benefit payments, including refunds of member contributions	(99,520)	(96,621)
	<u>449,949</u>	<u>12,773</u>
Net change in total OPEB liability	<u>449,949</u>	<u>12,773</u>
Total OPEB liability - beginning	<u>5,575,125</u>	<u>5,562,352</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,025,074</u></u>	<u><u>\$ 5,575,125</u></u>
OPEB fiduciary net position		
Contributions - employer	\$ 99,520	\$ 96,621
Net investment income	-	-
Benefit payments, including refunds of member contributions	(99,520)	(96,621)
Administrative expense	-	-
	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 6,025,074</u></u>	<u><u>\$ 5,575,125</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	\$ 12,763,760	\$ 12,392,000
Plan net OPEB liability as a percentage of covered employee payroll	47.20%	44.99%

Note to schedule: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

SDTI
(LAST TEN YEARS*)

Measurement period, year ended June 30:	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 467,782	\$ 749,568	\$ 577,191	\$ 561,743	\$ 442,873
Interest	460,997	317,424	386,140	412,287	415,912
Change of benefit terms	-	-	-	-	-
Difference between expected and actual experience	1,112,998	-	(1,764,102)	(351,313)	230,450
Change in assumptions	(505,754)	(3,912,097)	832,716	997,581	238,432
Benefit payments, including refunds of member contributions	(187,732)	(138,350)	(181,540)	(233,181)	(251,166)
Net change in total OPEB liability	1,348,291	(2,983,455)	(149,595)	1,387,117	1,076,501
Total OPEB liability - beginning	10,896,484	13,879,939	14,029,534	12,642,417	11,565,916
Total OPEB liability - ending (a)	\$ 12,244,775	\$ 10,896,484	\$ 13,879,939	\$ 14,029,534	\$ 12,642,417
OPEB fiduciary net position					
Contributions - employer	\$ 187,732	\$ 138,350	\$ 181,540	\$ 233,181	\$ 251,166
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(187,732)	(138,350)	(181,540)	(233,181)	(251,166)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan net OPEB liability - ending (a) - (b)	\$ 12,244,775	\$ 10,896,484	\$ 13,879,939	\$ 14,029,534	\$ 12,642,417
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 37,310,945	\$ 35,758,575	\$ 33,827,843	\$ 32,204,645	\$ 34,000,928
Plan net OPEB liability as a percentage of covered employee payroll	32.82%	30.47%	41.03%	43.56%	37.18%

Note to Schedule: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
SDTI
(LAST TEN YEARS*)

Measurement period, year ended June 30:	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 440,969	\$ 493,375
Interest	389,043	336,668
Change of benefit terms	-	-
Difference between expected and actual experience	-	-
Change in assumptions	(168,207)	(956,245)
Benefit payments, including refunds of member contributions	(194,710)	(189,039)
Net change in total OPEB liability	<u>467,095</u>	<u>(315,241)</u>
Total OPEB liability - beginning	<u>11,098,821</u>	<u>11,414,062</u>
Total OPEB liability - ending (a)	<u><u>\$ 11,565,916</u></u>	<u><u>\$ 11,098,821</u></u>
OPEB fiduciary net position		
Contributions - employer	\$ 194,710	\$ 189,039
Net investment income	-	-
Benefit payments, including refunds of member contributions	(194,710)	(189,039)
Administrative expense	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 11,565,916</u></u>	<u><u>\$ 11,098,821</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	\$ 31,280,070	\$ 30,369,000
Plan net OPEB liability as a percentage of covered employee payroll	36.98%	36.55%

Note to Schedule: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

SDTC
(LAST TEN YEARS*)

Measurement period, year ended June 30:	2023	2022	2021	2020	2019
Total OPEB Liability					
Service Cost	\$ 1,433,157	\$ 2,246,032	\$ 1,354,186	\$ 1,317,943	\$ 1,180,991
Interest	1,057,025	721,320	879,890	947,591	1,056,425
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(1,968,176)	-	(1,192,985)	(424,383)	(2,478,929)
Changes in assumptions	(3,415,439)	(8,349,207)	(907,986)	2,156,592	1,027,981
Benefit payments, including refunds of member contributions	(1,127,242)	(977,243)	(1,052,058)	(1,022,172)	(1,035,246)
Net change in total OPEB liability	(4,020,675)	(6,359,098)	(918,953)	2,975,571	(248,778)
Total OPEB liability - beginning	24,968,955	31,328,053	32,247,006	29,271,435	29,520,213
Total OPEB liability - ending (a)	\$ 20,948,280	\$ 24,968,955	\$ 31,328,053	\$ 32,247,006	\$ 29,271,435
OPEB fiduciary net position					
Contributions - employer	\$ 1,127,242	\$ 977,243	\$ 1,052,058	\$ 1,022,172	\$ 1,035,246
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(1,127,242)	(977,243)	(1,052,058)	(1,022,172)	(1,035,246)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan net OPEB liability - ending (a) - (b)	\$ 20,948,280	\$ 24,968,955	\$ 31,328,053	\$ 32,247,006	\$ 29,271,435
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 49,579,476	\$ 46,831,537	\$ 44,955,979	\$ 43,063,090	\$ 41,720,578
Plan net OPEB liability as a percentage of covered employee payroll	42.25%	53.32%	69.69%	74.88%	70.16%

Note to schedule: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2024 and 2023

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
SDTC
(LAST TEN YEARS*)

Measurement period, year ended June 30:	2018	2017
Total OPEB Liability		
Service Cost	\$ 1,176,005	\$ 1,317,293
Interest	1,000,292	875,283
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes in assumptions	(421,922)	(2,399,513)
Benefit payments, including refunds of member contributions	(957,045)	(929,170)
	797,330	(1,136,107)
Net change in total OPEB liability		
Total OPEB liability - beginning	28,722,883	29,858,990
Total OPEB liability - ending (a)	\$ 29,520,213	\$ 28,722,883
 OPEB fiduciary net position		
Contributions - employer	\$ 957,045	\$ 929,170
Net investment income	-	-
Benefit payments, including refunds of member contributions	(957,045)	(929,170)
Administrative expense	-	-
	-	-
Net change in plan fiduciary net position		
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -
 Plan net OPEB liability - ending (a) - (b)	\$ 29,520,213	\$ 28,722,883
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
 Covered-employee payroll	\$ 40,561,400	\$ 39,380,000
 Plan net OPEB liability as a percentage of covered employee payroll	72.78%	72.94%

Note to schedule: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Ten year historical information is not yet available

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

Combining Schedule of Net Position

Combining Schedule of Revenues, Expenses, and Changes in Net Position

Combining Schedule of Cash Flows

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual:

 Combined Operations

 General Operations

 Operations

 For Hire Vehicle Administration

 San Diego and Arizona Eastern Railway

 MTS - Contracted Services

 San Diego Transit Corporation

 San Diego Trolley, Inc.

This page intentionally left blank.

San Diego Metropolitan Transit System
Combining Schedule of Net Position
June 30, 2024

	General Operations	Contracted Services	SDTC	SDTI	Total
ASSETS					
Current assets:					
Cash, cash equivalents, and investments	\$ 260,874,178	\$ (25,243)	\$ (275,551)	\$ (495,990)	\$ 260,077,394
Cash, cash equivalents, and investments restricted for capital support	34,148,777	-	-	-	34,148,777
Accounts and other receivables	13,699,773	131,920	597,041	1,989,747	16,418,481
Due from other governments	114,948,061	1,038	29,805	161,735	115,140,639
Leases receivable	2,181,156	-	-	-	2,181,156
Internal balances	(32,076,111)	3,676,079	16,290,472	12,109,560	-
Inventory	-	-	4,695,813	33,383,443	38,079,256
Prepaid items and other current assets	1,531,068	35,000	1,204,036	1,175,897	3,946,001
Total current assets	395,306,902	3,818,794	22,541,616	48,324,392	469,991,704
Noncurrent assets:					
Lease receivable, due in more than one year	60,528,351	-	-	-	60,528,351
Capital assets, net	152,398,708	283,281,981	235,450,159	2,610,697,039	3,281,827,887
Total noncurrent assets	212,927,059	283,281,981	235,450,159	2,610,697,039	3,342,356,238
Total assets	608,233,961	287,100,775	257,991,775	2,659,021,431	3,812,347,942
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows of resources	9,039,524	-	32,796,641	20,332,292	62,168,457
OPEB-related deferred outflows of resources	939,985	-	2,510,094	2,794,907	6,244,986
Total deferred outflows of resources	9,979,509	-	35,306,735	23,127,199	68,413,443
LIABILITIES					
Current liabilities:					
Accounts payable	11,933,839	11,758,001	1,520,487	8,157,696	33,370,023
Due to other governments	1,788,843	89,806	72,200	477,257	2,428,106
Unearned revenue	45,869,999	1,781,500	-	-	47,651,499
Accrued expenses	792,542	-	2,684,784	1,025,649	4,502,975
Retentions payable	1,239,124	943	-	65,534	1,305,601
Retentions payable from restricted assets	3,031,659	-	-	-	3,031,659
Due within one year:					
Aggregate total OPEB liability	137,235	-	1,179,053	260,616	1,576,904
Lease liability	-	171,843	96,294	23,058	291,195
Subscription liability	714,597	-	-	-	714,597
Compensated absences	1,264,472	-	3,698,724	3,329,925	8,293,121
Accrued damage, injury, and employee claims	808,727	-	5,435,943	2,717,267	8,961,937
Total current liabilities	67,581,037	13,802,093	14,687,485	16,057,002	112,127,617
Noncurrent liabilities:					
Due in more than one year:					
Lease liability	-	8,690,093	290,675	1,331,548	10,312,316
Subscription liability	2,233,694	-	-	-	2,233,694
Compensated absences	463,041	-	3,198,915	748,020	4,409,976
Accrued damage, injury, and employee claims	1,544,581	-	11,420,118	6,193,185	19,157,884
Aggregate net pension liability	19,332,817	-	159,680,176	50,231,386	229,244,379
Aggregate total OPEB liability	6,321,863	-	19,769,227	11,984,159	38,075,249
Total noncurrent liabilities	29,895,996	8,690,093	194,359,111	70,488,298	303,433,498
Total liabilities	97,477,033	22,492,186	209,046,596	86,545,300	415,561,115
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows of resources	423,071	-	-	342,423	765,494
OPEB-related deferred inflows of resources	3,567,216	-	13,206,131	5,538,894	22,312,241
Lease-related deferred inflows of resources	62,929,628	-	-	-	62,929,628
Total deferred inflows of resources	66,919,915	-	13,206,131	5,881,317	86,007,363
NET POSITION					
Net investment in capital assets	148,211,293	274,419,102	235,063,190	2,609,276,899	3,266,970,484
Unrestricted (deficit)	305,605,229	(9,810,513)	(164,017,407)	(19,554,886)	112,222,423
Total net position	\$ 453,816,522	\$ 264,608,589	\$ 71,045,783	\$ 2,589,722,013	\$ 3,379,192,907

San Diego Metropolitan Transit System
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	General Operations	Contracted Services	SDTC
Operating revenues:			
Passenger revenue	\$ -	\$ 22,847,501	\$ 19,675,154
Advertising	3,450,852	-	-
Miscellaneous	17,685,897	-	2,239
Total operating revenues	21,136,749	22,847,501	19,677,393
Operating expenses:			
Personnel costs	32,449,224	972,749	97,268,586
Outside services	27,632,286	107,191,183	2,434,875
Transit operations funding	200,707,428	-	-
Materials and supplies	204,716	96,829	7,722,260
Energy costs	334,475	9,271,166	7,735,080
Risk management	1,116,487	15,000	3,138,057
Miscellaneous	(20,703,284)	2,592,163	2,379,196
Depreciation and amortization	5,041,520	28,183,822	26,784,533
Total operating expenses	246,782,852	148,322,912	147,462,587
Operating income (loss)	(225,646,103)	(125,475,411)	(127,785,194)
Public support and nonoperating revenues (expenses):			
Federal revenue	185,787,042	33,926,202	39,482,268
Transportation Development Act (TDA) funds	134,821,107	49,849,438	1,834,501
State Transit Assistance (STA) funds	38,466,309	-	10,088,619
State revenue - other	24,717,975	3,767,276	-
<i>TransNet</i> funds	78,161,542	8,709,460	38,853,886
Other local subsidies	12,661,090	1,381,737	3,180,770
Investment earnings	10,483,951	-	-
Interest expense	(97,446)	(173,980)	(46,551)
Gain (loss) on disposal of assets	3,249,423	-	(18,282,322)
Reduction in contributed capital	-	-	(20,867,121)
Other non-operating expenses	-	-	-
Total public support and nonoperating revenues (expenses)	488,250,993	97,460,133	54,244,050
Income (loss) before transfers and contributed capital	262,604,890	(28,015,278)	(73,541,144)
Transfers	(99,673,713)	-	-
Capital contributions, net	(140,493,722)	32,801,165	54,929,222
Changes in net position	22,437,455	4,785,887	(18,611,922)
Net Position:			
Beginning of year	431,379,067	259,822,702	89,657,705
End of year	\$ 453,816,522	\$ 264,608,589	\$ 71,045,783

San Diego Metropolitan Transit System
Combining Schedule of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended June 30, 2024

	SDTI	Eliminations	Total
Operating revenues:			
Passenger revenue	\$ 29,825,713	\$ -	\$ 72,348,368
Advertising	-	-	3,450,852
Miscellaneous	852,951	-	18,541,087
Total operating revenues	30,678,664	-	94,340,307
Operating expenses:			
Personnel costs	58,959,333	-	189,649,892
Outside services	16,101,097	-	153,359,441
Transit operations funding	-	(200,189,408)	518,020
Materials and supplies	11,720,395	-	19,744,200
Energy costs	25,784,952	-	43,125,673
Risk management	5,305,870	-	9,575,414
Miscellaneous	24,250,041	-	8,518,116
Depreciation and amortization	147,338,880	-	207,348,755
Total operating expenses	289,460,568	(200,189,408)	631,839,511
Operating income (loss)	(258,781,904)	200,189,408	(537,499,204)
Public support and nonoperating revenues (expenses):			
Federal revenue	45,041,855	(118,450,325)	185,787,042
Transportation Development Act (TDA) funds	33,173,286	(84,857,225)	134,821,107
State Transit Assistance (STA) funds	-	(10,088,619)	38,466,309
State revenue - other	477,294	(4,244,570)	24,717,975
<i>TransNet</i> funds	24,596,529	(77,659,875)	72,661,542
Other local subsidies	-	(4,562,507)	12,661,090
Investment earnings	-	-	10,483,951
Interest expense	(26,499)	-	(344,476)
Gain (loss) on disposal of assets	(1,887,077)	-	(16,919,976)
Reduction in contributed capital	-	-	(20,867,121)
Other non-operating expenses	(3,861,916)	-	(3,861,916)
Total public support and nonoperating revenues (expenses)	97,513,472	(299,863,121)	437,605,527
Income (loss) before transfers and contributed capital	(161,268,432)	(99,673,713)	(99,893,677)
Transfers	-	99,673,713	-
Capital contributions, net	72,993,814	-	20,230,479
Changes in net position	(88,274,618)	-	(79,663,198)
Net Position:			
Beginning of year	2,677,996,631	-	3,458,856,105
End of year	<u>\$ 2,589,722,013</u>	<u>\$ -</u>	<u>\$ 3,379,192,907</u>

San Diego Metropolitan Transit System
Combining Schedule of Cash Flows
For the Year Ended June 30, 2024

	General Operations	Contracted Services	SDTC	SDTI	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 18,946,247	\$ 23,449,770	\$ 19,806,822	\$ 28,971,217	\$ 91,174,056
Payments to suppliers	(7,675,224)	(114,807,886)	(24,497,855)	(76,058,175)	(223,039,140)
Payments to employees	(30,052,658)	(972,749)	(85,945,287)	(52,779,754)	(169,750,448)
Payments for damage and injury	(105,921)	-	(2,413,864)	(1,066,128)	(3,585,913)
Net cash provided by (used in) operating activities	(18,887,556)	(92,330,865)	(93,050,184)	(100,932,840)	(305,201,445)
Cash flows from noncapital financing activities:					
Public support funds received	193,326,724	92,905,249	95,726,637	106,261,119	488,219,729
Net cash provided by noncapital financing activities	193,326,724	92,905,249	95,726,637	106,261,119	488,219,729
Cash flows from capital and related financing activities:					
Debt service costs	-	-	(1,879,403)	-	(1,879,403)
Property acquisition	(153,316,826)	(342,524)	(97,956)	(7,770,631)	(161,527,937)
Proceeds from disposal of assets	3,428,360	-	114,524	2,086,392	5,629,276
Net cash provided by (used in) capital and related financing activities	(149,888,466)	(342,524)	(1,862,835)	(5,684,239)	(157,778,064)
Cash flows from investing activities:					
Interest received on investments	8,660,958	-	-	-	8,660,958
Net cash provided by investing activities	8,660,958	-	-	-	8,660,958
Net increase (decrease) in cash and cash equivalents	33,211,660	231,860	813,618	(355,960)	33,901,178
Cash, cash equivalents, and investments:					
Beginning of year	261,811,295	(257,103)	(1,089,169)	(140,030)	260,324,993
End of year	<u>\$ 295,022,955</u>	<u>\$ (25,243)</u>	<u>\$ (275,551)</u>	<u>\$ (495,990)</u>	<u>\$ 294,226,171</u>
Cash, cash equivalents, and investments:					
Cash, cash equivalents, and investments	\$ 260,874,178	\$ (25,243)	\$ (275,551)	\$ (495,990)	\$ 260,077,394
Cash restricted for capital support	34,148,777	-	-	-	34,148,777
Total cash, cash equivalents, and investments	<u>\$ 295,022,955</u>	<u>\$ (25,243)</u>	<u>\$ (275,551)</u>	<u>\$ (495,990)</u>	<u>\$ 294,226,171</u>

San Diego Metropolitan Transit System
Combining Schedule of Cash Flows (Continued)
For the Year Ended June 30, 2024

	General Operations	Contracted Services	SDTC	SDTI	Total
Reconciliation of Operating (Loss) to Net Cash (Used In) Operating Activities					
Operating (loss):	\$ (25,456,695)	\$ (125,475,411)	\$ (127,785,194)	\$ (258,781,904)	\$ (537,499,204)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:					
Depreciation and amortization	5,041,520	28,183,822	26,784,533	147,338,880	207,348,755
(Increase) decrease in:					
Accounts and other receivables	(2,277,946)	(5,691)	1,463,329	(1,699,414)	(2,519,722)
Due from other governments	(582,782)	-	(2,685)	-	(585,467)
Inventory	-	-	-	2,499,813	2,499,813
Prepaid expenses and other current assets	(310,941)	15,000	(300,404)	(738,569)	(1,334,914)
Increase (decrease) in:					
Accounts payable	1,272,036	4,347,398	(1,512,510)	3,959,805	8,066,729
Due to other governments	(247,272)	(3,943)	(2,782)	60,370	(193,627)
Accrued expenses	258,357	-	725,152	313,712	1,297,221
Unearned revenue	2,838,751	607,960	-	-	3,446,711
Aggregate net pension liability	986,908	-	4,213,321	3,815,837	9,016,066
Aggregate total OPEB liability	346,957	-	(688,204)	292,652	(48,595)
Compensated absences	129,483	-	151,376	219,523	500,382
Accrued damage, injury and employee claims	(885,932)	-	3,903,884	1,786,455	4,804,407
Total adjustments	6,569,139	33,144,546	34,735,010	157,849,064	232,297,759
Net cash (used in) operating activities	\$ (18,887,556)	\$ (92,330,865)	\$ (93,050,184)	\$ (100,932,840)	\$ (305,201,445)

Supplemental noncash disclosures:

During the year SANDAG contributed \$20,230,479 in capital assets and inventory parts

During the year the fair value of investments decreased by \$247,055

San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Combined Operations
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis	Actuals on	
				Adjustments	Budget Basis	
Operating revenues:						
Passenger revenue	\$ 78,850,492	\$ 74,504,395	\$ 72,348,368	\$ -	\$ 72,348,368	\$ (2,156,027)
Advertising	3,570,046	3,248,991	3,450,852	7,519	3,458,371	209,380
Miscellaneous operating revenues	19,250,869	19,457,786	18,541,087	853,113	19,394,200	(63,586)
Total operating revenues	101,671,407	97,211,172	94,340,307	860,632	95,200,939	(2,010,233)
Operating expenses:						
Personnel costs	173,408,404	178,553,467	189,649,892	(14,679,751)	174,970,141	3,583,326
Outside services	152,266,821	152,528,202	153,359,441	(1,601,260)	151,758,181	770,021
Transit operations funding	846,910	846,910	518,020	-	518,020	328,890
Materials and supplies	16,333,496	18,750,232	19,744,200	(966,145)	18,778,055	(27,823)
Energy costs	46,684,316	46,650,714	43,125,673	-	43,125,673	3,525,041
Risk management	9,058,779	8,502,081	9,575,414	(1,453,379)	8,122,035	380,046
Miscellaneous operating expenses	8,344,018	8,069,231	8,518,116	(112,720)	8,405,396	(336,165)
Depreciation and amortization	-	-	207,348,755	(207,348,755)	-	-
Total operating expenses	406,942,744	413,900,837	631,839,511	(226,162,010)	405,677,501	8,223,336
Operating income (loss)	(305,271,337)	(316,689,665)	(537,499,204)	227,022,642	(310,476,562)	6,213,103
Public support and nonoperating revenues (expenses):						
Federal revenue	155,771,127	155,466,498	185,787,042	(30,646,357)	155,140,685	(325,813)
Transportation Development Act (TDA) funds	92,858,099	92,858,099	134,821,107	(41,848,667)	92,972,440	114,341
State Transit Assistance (STA) funds	11,300,000	8,400,000	38,466,309	(28,377,690)	10,088,619	1,688,619
State revenue - other	112,000	4,500,000	24,717,975	(20,196,641)	4,521,334	21,334
TransNet funds	72,710,953	72,923,021	72,661,542	-	72,661,542	(261,479)
Other local subsidies	4,490,994	4,490,994	12,661,090	(8,098,583)	4,562,507	71,513
Investment earnings	1,864,000	8,254,375	10,483,951	(1,020,359)	9,463,592	1,209,217
Interest expense	(54,149)	(54,149)	(344,476)	308,149	(36,327)	17,822
Gain (loss) on disposal of assets	100,000	250,000	(16,919,976)	19,170,833	2,250,857	2,000,857
Reduction in contributed capital	-	-	(20,867,121)	20,867,121	-	-
Other non-operating expenses	-	-	(3,861,916)	3,861,916	-	-
Total public support and nonoperating revenues (expenses):	339,153,024	347,088,838	437,605,527	(85,980,278)	351,625,249	4,536,411
Income (loss) before contributed capital	33,881,687	30,399,173	(99,893,677)	141,042,364	41,148,687	10,749,514
Reserve revenue	(33,881,687)	(30,399,173)	-	(30,505,034)	(30,505,034)	(105,861)
Capital contributions, net	-	-	20,230,479	(20,230,479)	-	-
Changes in net position	\$ -	\$ -	(79,663,198)	\$ 90,306,851	\$ 10,643,653	\$ 10,643,653
Net Position:						
Beginning of year			3,458,856,105			
End of year			<u>\$ 3,379,192,907</u>			

San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
General Operations
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
Operating revenues:						
Advertising	\$ 3,570,046	\$ 3,248,991	\$ 3,450,852	\$ 7,519	\$ 3,458,371	\$ 209,380
Miscellaneous operating revenues	17,360,476	17,662,895	16,673,242	852,922	17,526,164	(136,731)
Total operating revenues	20,930,522	20,911,886	20,124,094	860,441	20,984,535	72,649
Operating expenses:						
Personnel costs	28,094,979	30,593,098	31,792,636	(1,957,012)	29,835,624	757,474
Outside services	27,194,055	27,407,402	27,618,193	(52,198)	27,565,995	(158,593)
Transit operations funding	846,910	846,910	200,707,428	(200,189,407)	518,021	328,889
Materials and supplies	47,370	340,750	204,230	(140,280)	63,950	276,800
Energy costs	326,300	331,600	329,647	-	329,647	1,953
Risk management	1,085,155	859,000	1,066,639	(392,268)	674,371	184,629
Miscellaneous operating expenses	(26,683,995)	(21,698,248)	(20,756,306)	(599,999)	(21,356,305)	(341,943)
Depreciation and amortization	-	-	5,027,464	(5,027,464)	-	-
Total operating expenses	30,910,774	38,680,512	245,989,931	(208,358,628)	37,631,303	1,049,209
Operating income (loss)	(9,980,252)	(17,768,626)	(225,865,837)	209,219,069	(16,646,768)	1,121,858
Public support and nonoperating revenues (expenses):						
Federal revenue	6,581,221	36,763,267	185,787,042	(149,096,682)	36,690,360	(72,907)
Transportation Development Act (TDA) funds	846,910	846,910	134,821,107	(124,808,259)	10,012,848	9,165,938
State Transit Assistance (STA) funds	-	-	38,466,309	(38,466,309)	-	-
State revenue - other	-	1,500,000	24,717,975	(23,963,917)	754,058	(745,942)
TransNet funds	588,121	486,120	78,161,542	(77,659,875)	501,667	15,547
Other local subsidies	-	-	12,661,090	(12,661,090)	-	-
Investment earnings	1,864,000	8,254,375	10,459,524	(995,932)	9,463,592	1,209,217
Interest expense	-	-	(97,446)	97,446	-	-
Gain (loss) on disposal of assets	100,000	100,000	3,249,423	(3,199,482)	49,941	(50,059)
Total public support and nonoperating revenues (expenses):	9,980,252	47,950,672	488,226,566	(430,754,100)	57,472,466	9,521,794
Income (loss) before transfers and contributed capital	-	30,182,046	262,360,729	(221,535,031)	40,825,698	10,643,652
Transfers	-	-	(99,673,713)	99,673,713	-	-
Reserve revenue	-	(30,182,046)	-	(30,182,046)	(30,182,046)	-
Capital contributions, net	-	-	(140,493,722)	140,493,722	-	-
Changes in net position	\$ -	\$ -	\$ 22,193,294	\$ (11,549,642)	\$ 10,643,652	\$ 10,643,652
Net Position:						
Beginning of year			412,627,446			
End of year			<u>\$ 434,820,740</u>			

San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
For Hire Vehicle Administration
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis	Actuals on	
				Adjustments	Budget Basis	
Operating revenues:						
Miscellaneous operating revenues	\$ 710,600	\$ 758,000	\$ 775,527	\$ -	\$ 775,527	\$ 17,527
Total operating revenues	<u>710,600</u>	<u>758,000</u>	<u>775,527</u>	<u>-</u>	<u>775,527</u>	<u>17,527</u>
Operating expenses:						
Personnel costs	541,088	549,113	653,947	(89,007)	564,940	(15,827)
Outside services	23,800	23,200	14,093	-	14,093	9,107
Materials and supplies	500	500	486	-	486	14
Energy costs	7,000	7,000	4,828	-	4,828	2,172
Risk management	9,000	9,475	9,475	-	9,475	-
Miscellaneous operating expenses	71,468	31,234	30,056	-	30,056	1,178
Total operating expenses	<u>652,856</u>	<u>620,522</u>	<u>712,885</u>	<u>(89,007)</u>	<u>623,878</u>	<u>(3,356)</u>
Operating income (loss)	<u>57,744</u>	<u>137,478</u>	<u>62,642</u>	<u>89,007</u>	<u>151,649</u>	<u>14,171</u>
Reserve revenue	(57,744)	(137,478)	-	(151,649)	(151,649)	(14,171)
Changes in net position	<u>\$ -</u>	<u>\$ -</u>	<u>62,642</u>	<u>\$ (62,642)</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:						
Beginning of year			632,634			
End of year			<u>\$ 695,276</u>			

San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
San Diego and Arizona Eastern Railway
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
Operating revenues:						
Miscellaneous operating revenues	\$ 190,000	\$ 233,000	\$ 237,128	\$ 191	\$ 237,319	\$ 4,319
Total operating revenues	190,000	233,000	237,128	191	237,319	4,319
Operating expenses:						
Personnel costs	9,288	5,351	2,641	-	2,641	2,710
Outside services	35,000	35,000	-	-	-	35,000
Risk management	80,000	80,000	40,373	-	40,373	39,627
Miscellaneous operating expenses	33,000	33,000	22,966	-	22,966	10,034
Depreciation and amortization	-	-	14,056	(14,056)	-	-
Total operating expenses	157,288	153,351	80,036	(14,056)	65,980	87,371
Operating income (loss)	32,712	79,649	157,092	14,247	171,339	91,690
Public support and nonoperating revenues (expenses):						
Investment earnings	-	-	24,427	(24,427)	-	-
Total public support and nonoperating revenues (expenses)	-	-	24,427	(24,427)	-	-
Income (loss) before transfers and contributed capital	32,712	79,649	181,519	(10,180)	171,339	91,690
Reserve revenue	(32,712)	(79,649)	-	(171,339)	(171,339)	(91,690)
Changes in net position	\$ -	\$ -	181,519	\$ (181,519)	\$ -	\$ -
Net Position:						
Beginning of year			18,118,987			
End of year			\$ 18,300,506			

San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
MTS - Contracted Services
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
Operating revenues:						
Passenger revenue	\$ 26,069,855	\$ 23,845,676	\$ 22,847,501	\$ -	\$ 22,847,501	\$ (998,175)
Total operating revenues	<u>26,069,855</u>	<u>23,845,676</u>	<u>22,847,501</u>	<u>-</u>	<u>22,847,501</u>	<u>(998,175)</u>
Operating expenses:						
Personnel costs	852,000	876,500	972,749	-	972,749	(96,249)
Outside services	109,614,085	107,456,549	107,191,183	(506,586)	106,684,597	771,952
Materials and supplies	79,700	43,382	96,829	-	96,829	(53,447)
Energy costs	10,652,931	10,402,535	9,271,166	-	9,271,166	1,131,369
Risk management	15,050	15,000	15,000	-	15,000	-
Miscellaneous operating expenses	3,445,479	2,920,209	2,592,163	342,524	2,934,687	(14,478)
Depreciation and amortization	-	-	28,183,822	(28,183,822)	-	-
Total operating expenses	<u>124,659,245</u>	<u>121,714,175</u>	<u>148,322,912</u>	<u>(28,347,884)</u>	<u>119,975,028</u>	<u>1,739,147</u>
Operating income (loss)	<u>(98,589,390)</u>	<u>(97,868,499)</u>	<u>(125,475,411)</u>	<u>28,347,884</u>	<u>(97,127,527)</u>	<u>740,972</u>
Public support and nonoperating revenues (expenses):						
Federal revenue	44,741,945	34,179,106	33,926,202	-	33,926,202	(252,904)
Transportation Development Act (TDA) funds	43,166,540	50,652,897	49,849,438	(506,586)	49,342,852	(1,310,045)
State revenue - other	112,000	3,000,000	3,767,276	-	3,767,276	767,276
<i>TransNet</i> funds	9,267,594	8,735,185	8,709,460	-	8,709,460	(25,725)
Other local subsidies	1,301,311	1,301,311	1,381,737	-	1,381,737	80,426
Interest expense	-	-	(173,980)	173,980	-	-
Total public support and nonoperating revenues (expenses):	<u>98,589,390</u>	<u>97,868,499</u>	<u>97,460,133</u>	<u>(332,606)</u>	<u>97,127,527</u>	<u>(740,972)</u>
Income (loss) before contributed capital	<u>-</u>	<u>-</u>	<u>(28,015,278)</u>	<u>28,015,278</u>	<u>-</u>	<u>-</u>
Capital contributions, net	-	-	32,801,165	(32,801,165)	-	-
Changes in net position	<u>\$ -</u>	<u>\$ -</u>	<u>4,785,887</u>	<u>\$ (4,785,887)</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:						
Beginning of year			<u>259,822,702</u>			
End of year			<u>\$ 264,608,589</u>			

San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
San Diego Transit Corporation (SDTC)
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Actuals on		
				Budget Basis Adjustments	Budget Basis	
Operating revenues:						
Passenger revenue	\$ 21,576,772	\$ 20,688,182	\$ 19,675,154	\$ -	\$ 19,675,154	\$ (1,013,028)
Miscellaneous operating revenues	-	2,500	2,239	-	2,239	(261)
Total operating revenues	21,576,772	20,690,682	19,677,393	-	19,677,393	(1,013,289)
Operating expenses:						
Personnel costs	91,078,794	91,980,610	97,268,586	(7,665,128)	89,603,458	2,377,152
Outside services	3,022,117	2,628,262	2,434,875	(40,630)	2,394,245	234,017
Materials and supplies	6,986,065	7,448,368	7,722,260	(29,674)	7,692,586	(244,218)
Energy costs	8,673,000	8,786,246	7,735,080	-	7,735,080	1,051,166
Risk management	3,324,003	3,117,321	3,138,057	84,752	3,222,809	(105,488)
Miscellaneous operating expenses	6,163,845	2,475,150	2,379,196	97,956	2,477,152	(2,002)
Depreciation and amortization	-	-	26,784,533	(26,784,533)	-	-
Total operating expenses	119,247,824	116,435,957	147,462,587	(34,337,257)	113,125,330	3,310,627
Operating income (loss)	(97,671,052)	(95,745,275)	(127,785,194)	34,337,257	(93,447,937)	2,297,338
Public support and nonoperating revenues (expenses):						
Federal revenue	49,772,532	38,911,901	39,482,268	-	39,482,268	570,367
Transportation Development Act (TDA) funds	28,673,056	5,778,150	1,834,501	(70,304)	1,764,197	(4,013,953)
State Transit Assistance (STA) funds	11,300,000	8,400,000	10,088,619	-	10,088,619	1,688,619
<i>TransNet</i> funds	38,581,161	39,369,690	38,853,886	-	38,853,886	(515,804)
Other local subsidies	3,189,683	3,189,683	3,180,770	-	3,180,770	(8,913)
Interest expense	(54,149)	(54,149)	(46,551)	10,224	(36,327)	17,822
Gain (loss) on disposal of assets	-	150,000	(18,282,322)	18,396,846	114,524	(35,476)
Reduction in contributed capital	-	-	(20,867,121)	20,867,121	-	-
Total public support and nonoperating revenues (expenses):	131,462,283	95,745,275	54,244,050	39,203,887	93,447,937	(2,297,338)
Income (loss) before contributed capital	33,791,231	-	(73,541,144)	73,541,144	-	-
Reserve revenue	(33,791,231)	-	-	-	-	-
Capital contributions, net	-	-	54,929,222	(54,929,222)	-	-
Changes in net position	\$ -	\$ -	(18,611,922)	\$ 18,611,922	\$ -	\$ -
Net Position:						
Beginning of year			89,657,705			
End of year			<u>\$ 71,045,783</u>			

San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
San Diego Trolley, Inc. (SDTI)
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
Operating revenues:						
Passenger revenue	\$ 31,203,865	\$ 29,970,537	\$ 29,825,713	\$ -	\$ 29,825,713	\$ (144,824)
Miscellaneous operating revenues	989,793	801,391	852,951	-	852,951	51,560
Total operating revenues	32,193,658	30,771,928	30,678,664	-	30,678,664	(93,264)
Operating expenses:						
Personnel costs	52,832,255	54,548,795	58,959,333	(4,968,604)	53,990,729	558,066
Outside services	12,377,764	14,977,789	16,101,097	(1,001,846)	15,099,251	(121,462)
Materials and supplies	9,219,861	10,917,232	11,720,395	(796,191)	10,924,204	(6,972)
Energy costs	27,025,085	27,123,333	25,784,952	-	25,784,952	1,338,381
Risk management	4,545,571	4,421,285	5,305,870	(1,145,863)	4,160,007	261,278
Miscellaneous operating expenses	25,314,221	24,307,886	24,250,041	46,799	24,296,840	11,046
Depreciation and amortization	-	-	147,338,880	(147,338,880)	-	-
Total operating expenses	131,314,757	136,296,320	289,460,568	(155,204,585)	134,255,983	2,040,337
Operating income (loss)	(99,121,099)	(105,524,392)	(258,781,904)	155,204,585	(103,577,319)	1,947,073
Public support and nonoperating revenues (expenses):						
Federal revenue	54,675,429	45,612,224	45,041,855	-	45,041,855	(570,369)
Transportation Development Act (TDA) funds	20,171,593	35,580,142	33,173,286	(1,320,743)	31,852,543	(3,727,599)
State revenue - other	-	-	477,294	(477,294)	-	-
<i>TransNet</i> funds	24,274,077	24,332,026	24,596,529	-	24,596,529	264,503
Interest expense	-	-	(26,499)	26,499	-	-
Gain (loss) on disposal of assets	-	-	(1,887,077)	3,973,469	2,086,392	2,086,392
Other non-operating expenses	-	-	(3,861,916)	3,861,916	-	-
Total public support and nonoperating revenues (expenses):	99,121,099	105,524,392	97,513,472	6,063,847	103,577,319	(1,947,073)
Income (loss) before contributed capital	-	-	(161,268,432)	161,268,432	-	-
Capital contributions, net	-	-	72,993,814	(72,993,814)	-	-
Changes in net position	\$ -	\$ -	(88,274,618)	\$ 88,274,618	\$ -	\$ -
Net Position:						
Beginning of year, as restated			2,677,996,631			
End of year			<u>\$ 2,589,722,013</u>			

STATISTICAL SECTION

(Unaudited)

Included in this section of the Metropolitan Transit System annual comprehensive financial report is detailed information to assist in analysis and understanding of the information presented in the financial statements, notes and required supplementary information.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how MTS's financial position has changed over time.

Revenue Capacity

These schedules contain detailed information about the fare structures and revenue generated from transit operations provided by MTS.

Debt Capacity

This schedule presents information to help the reader assess the affordability of MTS's current levels of outstanding debt and MTS's ability to issue debt in the future.

Demographic and Economic Information

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

Operating Information

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

This page intentionally left blank.

FINANCIAL TRENDS

San Diego Metropolitan Transit System
Net Position by Component (in 000's)
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Business-type activities:					
Net investment in capital assets	\$ 3,266,970	\$ 3,351,318	\$ 3,473,998	\$ 1,965,674	\$ 1,874,320
Restricted	-	-	-	-	218
Unrestricted (deficit)	112,222	107,538	9,192	(46,746)	(12,024)
Total business-type activities net position	<u>\$ 3,379,192</u>	<u>\$ 3,458,856</u>	<u>\$ 3,483,190</u>	<u>\$ 1,918,928</u>	<u>\$ 1,862,514</u>
Primary government:					
Net investment in capital assets	\$ 3,266,970	\$ 3,351,318	\$ 3,473,998	\$ 1,965,674	\$ 1,874,320
Restricted	-	-	-	-	218
Unrestricted (deficit)	112,222	107,538	9,192	(46,746)	(12,024)
Total primary government net position	<u>\$ 3,379,192</u>	<u>\$ 3,458,856</u>	<u>\$ 3,483,190</u>	<u>\$ 1,918,928</u>	<u>\$ 1,862,514</u>

Source: Audited Financial Statements.

San Diego Metropolitan Transit System
Net Position by Component (in 000's)(Continued)
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Business-type activities:					
Net investment in capital assets	\$ 1,822,922	\$ 1,785,808	\$ 1,739,360	\$ 1,760,427	\$ 1,699,222
Restricted	212	4,545	4,440	8,750	5,309
Unrestricted (deficit)	(53,159)	(55,407)	(19,615)	(31,668)	(31,900)
Total business-type activities net position	<u>\$ 1,769,975</u>	<u>\$ 1,734,946</u>	<u>\$ 1,724,185</u>	<u>\$ 1,737,509</u>	<u>\$ 1,672,631</u>
Primary government:					
Net investment in capital assets	\$ 1,822,922	\$ 1,785,808	\$ 1,739,360	\$ 1,760,427	\$ 1,699,222
Restricted	212	4,545	4,440	8,750	5,309
Unrestricted (deficit)	(53,159)	(55,407)	(19,615)	(31,668)	(31,900)
Total primary government net position	<u>\$ 1,769,975</u>	<u>\$ 1,734,946</u>	<u>\$ 1,724,185</u>	<u>\$ 1,737,509</u>	<u>\$ 1,672,631</u>

Source: Audited Financial Statements.

San Diego Metropolitan Transit System
Changes in Net Position (in 000's)
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Operating revenues:					
Passenger revenue	\$ 72,348	\$ 67,481	\$ 56,077	\$ 47,913	\$ 79,532
Advertising	3,451	3,501	1,946	1,013	2,027
Charter	-	-	-	-	-
Miscellaneous	18,541	16,061	19,412	17,411	18,627
Total operating revenues	94,340	87,043	77,435	66,337	100,186
Operating expenses:					
Personnel costs	189,650	173,773	143,950	151,561	149,331
Outside services	153,359	124,333	117,535	111,280	110,590
Transit operations funding	518	659	616	397	523
Materials and supplies	19,744	17,295	14,779	16,334	14,275
Energy costs	43,126	51,203	38,975	31,262	28,587
Risk management	9,575	6,399	11,539	5,584	7,858
Miscellaneous	8,518	8,167	6,334	4,750	4,394
Depreciation and amortization	207,349	205,492	172,251	124,496	127,365
Total operating expenses	631,839	587,321	505,979	445,664	442,923
Operating (loss)	(537,499)	(500,278)	(428,544)	(379,327)	(342,737)
Public support and nonoperating revenues (expenses):					
Grants and contributions	469,115	472,790	386,270	396,581	312,705
Investment earnings	10,484	5,056	800	1,086	1,899
Interest expense	(344)	(442)	(551)	(686)	(797)
Gain (loss) on disposal of assets	(16,920)	(104)	(762)	(249)	2,243
Other expenses	(24,729)	(24,976)	-	-	-
Total public support and nonoperating revenues (expenses)	437,606	452,324	385,757	396,733	316,050
Income (loss) before contributed capital	(99,893)	(47,954)	(42,787)	17,404	(26,686)
Capital contributions, net	20,230	23,621	1,607,050	39,010	119,225
Changes in net position	\$ (79,663)	\$ (24,333)	\$ 1,564,263	\$ 56,414	\$ 92,539

Source: Audited Financial Statements.

San Diego Metropolitan Transit System
Changes in Net Position (in 000's)(Continued)
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Operating revenues:					
Passenger revenue	\$ 92,225	\$ 90,236	\$ 93,279	\$ 97,914	\$ 97,615
Advertising	1,604	1,131	1,379	968	816
Charter	-	-	-	-	6
Miscellaneous	18,831	17,404	18,863	15,781	9,349
Total operating revenues	112,660	108,771	113,521	114,663	107,786
Operating expenses:					
Personnel costs	146,006	146,282	137,021	121,921	114,575
Outside services	107,846	101,574	97,800	94,802	84,302
Transit operations funding	498	488	463	491	2,692
Materials and supplies	12,927	14,918	13,065	9,715	10,307
Energy costs	28,784	26,414	25,552	24,531	28,003
Risk management	2,183	6,675	4,276	4,864	5,849
Miscellaneous	5,446	5,854	5,934	4,978	4,975
Depreciation and amortization	123,007	120,928	123,880	119,520	108,199
Total operating expenses	426,697	423,133	407,991	380,822	358,902
Operating (loss)	(314,037)	(314,362)	(294,470)	(266,159)	(251,116)
Public support and nonoperating revenues (expenses):					
Grants and contributions	243,544	253,298	232,775	235,763	235,755
Investment earnings	1,952	941	636	292	3,065
Interest expense	(671)	(809)	(963)	(1,071)	(6,883)
Gain (loss) on disposal of assets	(2,351)	(809)	396	2,433	67
Other expenses	-	-	-	-	-
Total public support and nonoperating revenues (expenses)	242,474	252,621	232,844	237,417	232,004
Income (loss) before contributed capital	(71,563)	(61,741)	(61,626)	(28,742)	(19,112)
Capital contributions, net	106,592	99,551	48,301	93,619	245,717
Changes in net position	\$ 35,029	\$ 37,810	\$ (13,325)	\$ 64,877	\$ 226,605

Source: Audited Financial Statements.

This page intentionally left blank.

REVENUE CAPACITY

This page intentionally left blank.

San Diego Metropolitan Transit System
Operating Revenues by Source (in 000's)
Last Ten Fiscal Years

Fiscal Year Ended	Passenger Fares	Federal Operating Funds	State Operating Funds	Local Operating Funds	Other	Total
San Diego Transit Corporation						
2015	\$ 27,156	\$ 18,096	\$ 18,085	\$ 28,982	\$ 5	\$ 92,324
2016	26,169	18,000	15,993	35,558	2	95,722
2017	24,864	20,000	17,138	31,038	10	93,050
2018	23,034	20,225	16,467	38,889	187	98,802
2019	22,041	20,500	10,050	40,904	6	93,501
2020	19,749	27,350	12,955	40,401	3	100,458
2021	14,430	46,955	7,374	43,580	-	112,339
2022	14,819	35,700	11,820	38,097	-	100,436
2023	19,666	33,132	20,117	39,396	-	112,311
2024	19,675	39,482	11,923	42,035	2	113,117
San Diego Trolley, Inc.						
2015	41,140	21,151	5,047	5,000	628	72,966
2016	41,113	21,148	6,040	5,000	698	73,999
2017	38,968	23,149	13,609	5,000	704	81,430
2018	39,354	24,247	22,930	-	777	87,308
2019	42,006	24,751	17,012	-	789	84,558
2020	36,464	30,213	23,808	187	740	91,412
2021	19,338	45,824	31,897	-	586	97,645
2022	25,519	39,825	17,086	21,190	904	104,524
2023	26,664	36,897	38,972	24,604	969	128,106
2024	29,826	45,042	33,651	24,597	853	133,969
MTS - Contracted Services						
2015	29,318	14,127	30,543	2,123	79	76,190
2016	30,631	13,827	33,796	2,258	(2)	80,510
2017	29,447	13,838	36,162	2,296	2	81,745
2018	27,848	14,599	38,320	2,699	2	83,468
2019	28,178	15,613	41,445	5,705	1	90,942
2020	23,319	22,221	36,414	9,448	-	91,402
2021	14,146	39,296	26,591	9,875	-	89,908
2022	15,740	33,294	42,426	10,607	-	102,067
2023	21,151	27,516	44,745	10,222	-	103,634
2024	22,848	33,926	53,617	10,091	-	120,482

Source: Audited Financial Statements.

San Diego Metropolitan Transit System
Fare Structure
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
*Stored Value One Way Fares					
One-way fare, Regional	\$ 2.50	\$ 2.50	\$ 2.50	\$ -	\$ -
Senior/disabled, Regional	1.25	1.25	1.25	-	-
One-way fare, Premium Regional	5.00	5.00	5.00	-	-
Senior/disabled, Premium Regional	2.50	2.50	2.50	-	-
Rural	8.00	8.00	8.00	-	-
Senior/disabled Rural	4.00	4.00	4.00	-	-
Bus Cash Fares					
One-way fare, regional	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Senior/disabled, regional	1.25	1.25	1.25	1.25	1.25
Youth regional	1.25	1.25	1.25	1.25	1.25
Rapid/Express	2.50	2.50	2.50	2.50	2.50
Senior/disabled Rapid/Express	1.25	1.25	1.25	1.25	1.25
Youth Rapid/Express	1.25	1.25	1.25	1.25	1.25
Rapid Express/Premium	5.00	5.00	5.00	5.00	5.00
Senior/disabled Rapid Express/Premium	2.50	2.50	2.50	2.50	2.50
Youth Rapid Express/Premium	2.50	2.50	2.50	2.50	2.50
Rural bus	8.00	8.00	8.00	8.00	8.00
Senior/disabled Rural bus	4.00	4.00	4.00	4.00	4.00
Youth Rural bus	4.00	4.00	4.00	4.00	4.00
Trolley Cash Fares					
One-way fare, all stations	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Senior/disabled one-way fare	1.25	1.25	1.25	1.25	1.25
Youth one-way fare	1.25	1.25	1.25	1.25	1.25
Bus and Trolley Day Passes					
Regional day pass	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
Senior/disabled and youth	3.00	3.00	3.00	3.00	3.00
Premium regional day	12.00	12.00	12.00	12.00	12.00
Senior/disabled and youth premium regional day	6.00	6.00	6.00	6.00	6.00
Bus and Trolley Monthly Passes					
Regional monthly pass	\$ 72.00	\$ 72.00	\$ 72.00	\$ 72.00	\$ 72.00
Senior/disabled Regional	23.00	23.00	23.00	23.00	23.00
Youth Regional	-	-	-	23.00	23.00
14-Day Regional	-	-	-	-	-
Premium Regional monthly pass	100.00	100.00	100.00	100.00	100.00
Senior/disabled Premium Regional	32.00	32.00	32.00	32.00	32.00
Youth Premium Regional	-	-	-	32.00	32.00
14-Day Rapid Express/Premium	-	-	-	-	-

*Riders using PRONTO Stored Value can transfer free to a Regional service within two (2) hours of paying a one-way fare.

*The PRONTO system will charge a customer the cost of a one-way fare per boarding up to a daily and monthly maximum equal to the cost of a Day or Monthly Pass. Once the cap is reached, additional boardings made during the day or month after reaching the cap are free. Beginning May 2022, Youth riders with a valid PRONTO card are free. Cash paying passengers will still need to pay the youth fare.

SOURCE: SANDAG Comprehensive Fare Ordinance, amendments effective April 2021.

San Diego Metropolitan Transit System
Fare Structure (Continued)
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
*Stored Value One Way Fares					
One-way fare, Regional	\$ -	\$ -	\$ -	\$ -	\$ -
Senior/disabled, Regional	-	-	-	-	-
One-way fare, Premium Regional	-	-	-	-	-
Senior/disabled, Premium Regional	-	-	-	-	-
Rural	-	-	-	-	-
Senior/disabled Rural	-	-	-	-	-
Bus Cash Fares					
One-way fare, regional	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
Senior/disabled, regional	1.10	1.10	1.10	1.10	1.10
Youth regional	2.25	2.25	2.25	2.25	2.25
Rapid/Express	2.50	2.50	2.50	2.50	2.50
Senior/disabled Rapid/Express	1.25	1.25	1.25	1.25	1.25
Youth Rapid/Express	2.50	2.50	2.50	2.50	2.50
Rapid Express/Premium	5.00	5.00	5.00	5.00	5.00
Senior/disabled Rapid Express/Premium	2.50	2.50	2.50	2.50	2.50
Youth Rapid Express/Premium	5.00	5.00	5.00	5.00	5.00
Rural bus	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00
Senior/disabled Rural bus	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00
Youth Rural bus	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00
Trolley Cash Fares					
One-way fare, all stations	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Senior/disabled one-way fare all stations	1.25	1.25	1.25	1.25	1.25
Youth one-way fare	2.50	2.50	2.50	2.50	2.50
Bus and Trolley Day Passes					
Regional day pass	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Senior/disabled and youth	5.00	5.00	5.00	5.00	5.00
Premium regional day	12.00	12.00	12.00	12.00	12.00
Senior/disabled and youth premium regional day	12.00	12.00	12.00	12.00	12.00
Bus and Trolley Monthly Passes					
Regional monthly pass	\$ 72.00	\$ 72.00	\$ 72.00	\$ 72.00	\$ 72.00
Senior/disabled Regional	18.00	18.00	18.00	18.00	18.00
Youth Regional	36.00	36.00	36.00	36.00	36.00
14-Day Regional	43.00	43.00	43.00	43.00	43.00
Premium Regional monthly pass	100.00	100.00	100.00	100.00	100.00
Senior/disabled Premium Regional	25.00	25.00	25.00	25.00	25.00
Youth Premium Regional	50.00	50.00	50.00	50.00	50.00
14-Day Rapid Express/Premium	60.00	60.00	60.00	60.00	60.00

San Diego Metropolitan Transit System
Farebox Recovery Percentage
Last Ten Fiscal Years

Fiscal Year Ended	San Diego Transit	San Diego Trolley	MTS-Contracted Services
2015	29.50	56.64	38.48
2016	27.39	54.76	38.05
2017	26.21	47.81	36.02
2018	23.12	44.89	33.36
2019	23.41	49.71	30.98
2020	19.94	39.16	25.51
2021	12.82	20.32	15.73
2022	14.33	23.86	15.41
2023	17.59	20.67	20.39
2024	16.77	21.60	18.95

Source: Audited financial statements; calculated as passenger revenue divided by operating expenses (less depreciation, GASB 68 related pension expense and GASB 75 related OPEB expenses), and interest expense.

DEBT CAPACITY

This page intentionally left blank.

San Diego Metropolitan Transit System
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Year ended June 30	MTS Tower	1995 LRV Lease/ Leaseback	Pension Obligation Bonds	Leases	Subscription- Based Technology Arrangements (SBITAs)	Total	Percentage of Personal Income	Debt per Capita
2015	\$ 3,006,729	\$ 18,108,323	\$ 21,960,000	\$ -	\$ -	\$ 43,075,052	0.02%	13
2016	2,393,787	-	19,860,000	-	-	22,253,787	0.01%	7
2017	1,747,713	-	17,655,000	-	-	19,402,713	0.01%	6
2018	1,071,269	-	15,340,000	-	-	16,411,269	0.01%	5
2019	363,072	-	12,910,000	-	-	13,273,072	0.01%	4
2020	-	-	10,355,000	11,667,917	-	22,022,917	0.01%	7
2021	-	-	7,665,000	11,416,609	1,459,402	20,541,011	0.01%	6
2022	-	-	4,830,000	11,155,700	1,179,045	17,164,745	0.01%	5
2023	-	-	1,845,000	10,884,801	2,357,993	15,087,794	0.01%	5
2024	-	-	-	10,603,511	2,948,291	13,551,802	0.01%	4

Details regarding MTS's outstanding debt can be found in the notes to the financial statements.

- MTS retired the 1995 LRV Lease/Leaseback obligation in FY2016
- MTS retired the MTS Tower obligation in FY2020
- MTS retired the Pension Obligation Bonds in FY2024
- Ten year historical information is not yet available for leases or SBITAs.

This page intentionally left blank.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**San Diego Metropolitan Transit System
Regional Population and Personal Income Statistics
Last Ten Fiscal Years**

	County of San Diego Population (1)	County of San Diego Personal Income (thousands) (1)	Per Capita Personal Income (1)	San Diego County Average Unemployment Rate (2)
2015	3,275,897	\$ 180,100,000	\$ 56,796	5.00%
2016	3,297,202	186,100,000	60,271	5.10%
2017	3,320,387	193,300,000	60,460	4.30%
2018	3,344,430	204,500,000	61,134	3.70%
2019	3,366,285	216,700,000	62,665	3.30%
2020	3,386,230	225,500,000	63,105	13.90%
2021	3,366,072	221,300,000	63,169	7.00%
2022	3,279,493	262,000,000	79,815	3.20%
2023	3,276,996	278,000,000	81,619	4.00%
2024	3,275,175	294,000,000	83,616	4.50%

Source:

(1) California Department of Transportation - Actuals 2015-2022, Forecast 2023-2024

(2) California Employment Development Department, June 2024

**San Diego Metropolitan Transit System
Full-Time and Part-Time Employees by Function
Last Ten Fiscal Years**

	<u>MTS</u>	<u>San Diego Transit</u>	<u>San Diego Trolley</u>	<u>Total</u>
2015	154	852	595	1,601
2016	163	823	571	1,557
2017	165	825	578	1,568
2018	166	802	593	1,561
2019	166	841	612	1,619
2020	169	833	624	1,626
2021	168	793	643	1,604
2022	160	753	657	1,570
2023	168	763	663	1,594
2024	184	763	735	1,682

Source: MTS Human Resources records

San Diego Metropolitan Transit System Ten Largest Employers in San Diego County

Company Name	Number of Employees (1)	Percent of 1,510,700 County Total (2)
University of California, San Diego	40,285	2.67%
Naval Base San Diego	38,079	2.52%
Sharp HealthCare	19,528	1.29%
County of San Diego	17,591	1.16%
Scripps Health	14,686	0.97%
San Diego Unified School District	13,453	0.89%
City of San Diego	12,505	0.83%
Qualcomm Inc.	11,615	0.77%
Kaiser Permanente	7,345	0.49%
Amazon Fulfillment Centers (all locations)	7,331	0.49%

Source:

1. Data for fiscal year 2024 not available as of publication date. Data shown for the most recent available information: City of San Diego Annual Comprehensive Financial Report - June 30, 2023.
2. Employment Development Department, State of California, June 2024.

Note: County of San Diego employment information is presented. Employer information is not currently available for the area served by the Metropolitan Transit System within San Diego County. MTS presents only current employment data for the County of San Diego.

OPERATING INFORMATION

San Diego Metropolitan Transit System
Operating Indicators by Function
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Operating Cost (in 000's)					
San Diego Transit	\$ 117,297	\$ 111,789	\$ 103,386	\$ 112,591	\$ 99,027
San Diego Trolley	138,097	129,013	106,936	95,148	93,117
MTS-Contract Services	120,552	103,708	102,143	89,907	91,403
Farebox Revenue (in 000's)					
San Diego Transit	\$ 19,675	\$ 19,666	\$ 14,819	\$ 14,430	\$ 19,749
San Diego Trolley	29,826	26,664	25,519	19,338	36,464
MTS-Contract Services	22,848	21,151	15,740	14,146	23,319
Total Passengers (in 000's)					
San Diego Transit	17,819	16,519	13,098	8,604	18,383
San Diego Trolley	39,649	36,047	29,739	19,516	32,003
MTS-Contract Services	18,214	15,945	14,780	11,095	20,838
Revenue Miles (in 000's)					
San Diego Transit	9,052	8,826	9,426	9,632	9,236
San Diego Trolley	12,156	12,701	11,627	10,077	9,210
MTS-Contract Services	14,565	12,569	13,675	12,966	14,485
Subsidy / Total Passenger					
San Diego Transit	\$ 5.48	\$ 5.58	\$ 6.76	\$ 11.41	\$ 4.32
San Diego Trolley	2.73	2.84	2.74	3.88	1.76
MTS-Contract Services	5.36	5.18	5.85	6.83	3.27

Source: NTD Report, and audited financial statements.

San Diego Metropolitan Transit System
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Operating Cost (in 000's)					
San Diego Transit	\$ 94,160	\$ 99,619	\$ 94,878	\$ 95,526	\$ 92,059
San Diego Trolley	84,507	87,666	81,501	75,086	72,637
MTS-Contract Services	90,942	83,468	81,744	80,511	76,190
Farebox Revenue (in 000's)					
San Diego Transit	\$ 22,041	\$ 23,034	\$ 24,864	\$ 26,169	\$ 27,156
San Diego Trolley	42,006	39,354	38,968	41,113	41,140
MTS-Contract Services	28,178	27,848	29,447	30,631	29,318
Total Passengers (in 000's)					
San Diego Transit	22,397	22,867	24,315	25,628	27,264
San Diego Trolley	37,294	36,995	37,639	39,614	40,082
MTS-Contract Services	25,667	25,567	26,241	27,194	27,574
Revenue Miles (in 000's)					
San Diego Transit	9,739	9,684	9,626	9,702	9,561
San Diego Trolley	8,821	8,656	8,728	8,424	8,596
MTS-Contract Services	15,666	14,983	15,144	14,969	13,328
Subsidy / Total Passenger					
San Diego Transit	\$ 3.22	\$ 3.35	\$ 2.88	\$ 2.71	\$ 2.38
San Diego Trolley	1.14	1.31	1.13	0.86	0.78
MTS-Contract Services	2.45	2.18	2.00	1.83	1.70

Source: NTD Report, and audited financial statements.

San Diego Metropolitan Transit System
Service Performance Data
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Service Provided					
San Diego Transit					
Vehicle Revenue Miles (in 000's)	9,052	8,826	9,426	9,632	9,236
Vehicle Revenue Hours (in 000's)	784	762	806	814	782
Passengers (in 000's)	17,819	16,519	13,098	8,604	18,383
Passenger Miles (in 000's)	77,382	72,309	57,895	45,774	80,855
Number of Vehicles	261	258	270	278	277
San Diego Trolley					
Vehicle Revenue Miles (in 000's)	12,156	12,701	11,627	10,077	9,210
Vehicle Revenue Hours (in 000's)	669	693	639	555	508
Passenger Car Hours (in 000's)	691	715	658	571	527
Passengers (in 000's)	39,649	36,047	29,739	19,516	32,003
Passenger Miles (in 000's)	290,715	248,512	210,465	123,389	194,285
Number of Vehicles	176	173	157	163	168
MTS-Contracted Services					
Vehicle Revenue Miles (in 000's)	14,565	12,569	13,675	12,966	14,485
Vehicle Revenue Hours (in 000's)	1,245	1,119	1,207	1,168	1,237
Passengers (in 000's)	18,214	15,945	14,780	11,095	20,838
Passenger Miles (in 000's)	73,795	65,301	58,910	44,276	82,173
Number of Vehicles	481	462	456	468	508
Total					
Passengers (in 000's)	75,682	68,511	57,617	39,215	71,224
Passenger Miles (in 000's)	441,892	386,122	327,270	213,439	357,313

Source: NTD Report and MTS internal capital asset system

San Diego Metropolitan Transit System
Service Performance Data (Continued)
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Service Provided					
San Diego Transit					
Vehicle Revenue Miles (in 000's)	9,739	9,684	9,626	9,702	9,561
Vehicle Revenue Hours (in 000's)	823	821	822	825	806
Passengers (in 000's)	22,397	22,867	24,315	25,628	27,264
Passenger Miles (in 000's)	98,896	104,545	109,727	111,639	117,585
Number of Vehicles	271	271	278	279	272
San Diego Trolley					
Vehicle Revenue Miles (in 000's)	8,821	8,656	8,728	8,424	8,596
Vehicle Revenue Hours (in 000's)	487	478	490	493	496
Passenger Car Hours (in 000's)	500	486	504	507	509
Passengers (in 000's)	37,294	36,995	37,639	39,614	40,082
Passenger Miles (in 000's)	219,453	214,376	210,971	223,185	224,422
Number of Vehicles	142	131	179	179	179
MTS-Contracted Services					
Vehicle Revenue Miles (in 000's)	15,666	14,983	15,144	14,969	13,328
Vehicle Revenue Hours (in 000's)	1,305	1,256	1,269	1,252	1,112
Passengers (in 000's)	25,667	25,567	26,241	27,194	27,573
Passenger Miles (in 000's)	97,045	94,665	95,940	97,479	94,504
Number of Vehicles	529	536	526	520	520
Total					
Passengers (in 000's)	85,358	85,429	88,195	92,436	94,919
Passenger Miles (in 000's)	415,394	413,586	416,638	432,303	436,511

Source: NTD Report and MTS internal capital asset system

San Diego Metropolitan Transit System
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
General Operations					
Buildings and structures	1	1	1	1	1
Nonrevenue vehicles	-	-	-	-	-
San Diego Transit					
Land (parcels)	4	2	2	2	2
Buildings and structures	15	11	11	11	11
Buses	261	258	270	278	277
Nonrevenue vehicles	11	11	11	12	14
San Diego Trolley					
Trolley stations	63	63	63	54	55
Track miles	65	65	65	54	54
Buildings and structures	3	2	2	-	-
Light rail vehicles (total inventory)	176	173	157	163	168
Nonrevenue vehicles	9	9	9	10	11
MTS - Contracted Services					
Land (parcel)	2	2	2	2	2
Buildings and structures	18	11	11	11	11
Buses	481	462	456	468	508
Nonrevenue vehicles	2	2	2	2	2
For Hire Vehicle Administration					
Buildings and structures	-	1	1	1	1
Nonrevenue vehicles	-	-	-	-	1

Source: MTS ERP System

**San Diego Metropolitan Transit System
Capital Asset Statistics by Function (Continued)
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
General Operations					
Buildings and structures	1	1	1	1	1
Nonrevenue vehicles	-	-	-	1	3
San Diego Transit					
Land (parcels)	2	2	2	2	2
Buildings and structures	11	11	9	8	7
Buses	271	271	278	279	272
Nonrevenue vehicles	15	15	12	12	12
San Diego Trolley					
Trolley stations	54	54	54	54	54
Track miles	54	54	54	54	54
Buildings and structures	-	-	-	-	-
Light rail vehicles (total inventory)	142	131	179	179	179
Nonrevenue vehicles	11	11	12	12	16
MTS - Contracted Services					
Land (parcel)	2	2	2	2	2
Buildings and structures	11	5	4	4	4
Buses	529	536	526	520	520
Nonrevenue vehicles	7	7	9	9	10
For Hire Vehicle Administration					
Buildings and structures	1	1	1	1	1
Nonrevenue vehicles	1	1	1	1	2

Source: MTS ERP System

San Diego Metropolitan Transit System
Ridership
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Ridership (in 000's)					
San Diego Transit	17,819	16,519	13,098	8,604	18,383
% Change	7.87%	26.12%	52.23%	-53.20%	-17.92%
San Diego Trolley	39,649	36,047	29,739	19,516	32,003
% Change	9.99%	21.21%	52.38%	-39.02%	-14.19%
MTS - Contracted Services	18,214	15,945	14,780	11,095	20,838
% Change	14.23%	7.88%	33.21%	-46.76%	-18.81%

Source: NTD Report

**San Diego Metropolitan Transit System
Ridership (Continued)
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
Ridership (in 000's)					
San Diego Transit	22,397	22,867	24,315	25,628	27,264
% Change	-2.06%	-5.96%	-5.12%	-6.00%	-4.47%
San Diego Trolley	37,294	36,995	37,639	39,614	40,082
% Change	0.81%	-1.71%	-4.99%	-1.17%	0.97%
MTS - Contracted Services	25,667	25,567	26,241	27,194	27,574
% Change	0.39%	-2.57%	-3.51%	-1.38%	16.05%

Source: NTD Report

San Diego Metropolitan Transit System
Operating Subsidy
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Average Fare per Rider					
San Diego Transit	\$ 1.10	\$ 1.19	\$ 1.13	\$ 1.68	\$ 1.07
San Diego Trolley	0.75	0.74	0.86	0.99	1.14
MTS - Contract Services	1.25	1.33	1.06	1.28	1.12
Operating Expense per Rider					
San Diego Transit	\$ 6.58	\$ 6.77	\$ 7.89	\$ 13.09	\$ 5.39
San Diego Trolley	3.48	3.58	3.60	4.88	2.91
MTS - Contract Services	6.62	6.50	6.91	8.10	4.39
Subsidy per Rider					
San Diego Transit	\$ 5.48	\$ 5.58	\$ 6.76	\$ 11.41	\$ 4.32
San Diego Trolley	2.73	2.84	2.74	3.88	1.76
MTS - Contract Services	5.37	5.18	5.85	6.83	3.27

Source: NTD report and audited financial statements

**San Diego Metropolitan Transit System
Operating Subsidy (Continued)
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
Average Fare per Rider					
San Diego Transit	\$ 0.98	\$ 1.01	\$ 1.02	\$ 1.02	\$ 1.00
San Diego Trolley	1.13	1.06	1.04	1.04	1.03
MTS - Contract Services	1.10	1.09	1.12	1.13	1.06
Operating Expense per Rider					
San Diego Transit	\$ 4.19	\$ 4.36	\$ 3.90	\$ 3.73	\$ 3.38
San Diego Trolley	2.18	2.37	2.17	1.90	1.81
MTS - Contract Services	3.54	3.27	3.12	2.96	2.76
Subsidy per Rider					
San Diego Transit	\$ 3.21	\$ 3.35	\$ 2.88	\$ 2.71	\$ 2.38
San Diego Trolley	1.05	1.31	1.13	0.86	0.78
MTS - Contract Services	2.44	2.18	2.00	1.83	1.70

Source: NTD report and audited financial statements

This page intentionally left blank.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the San Diego Metropolitan Transit System
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the San Diego Metropolitan Transit System ("MTS"), as of and for the years ended June 30, 2024 and June 30, 2023, and the related notes to the basic financial statements, which collectively comprise MTS's basic financial statements, and have issued our report thereon dated November 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MTS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MTS's internal control. Accordingly, we do not express an opinion on the effectiveness of MTS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

To the Board of Directors
of the San Diego Metropolitan Transit System
San Diego, California
Page 2

Purpose of this report

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

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California
November 7, 2024