



# Annual Comprehensive Financial Report

for the Fiscal Years Ended June 30, 2025 and 2024

San Diego, California





# **San Diego Metropolitan Transit System**

San Diego, California

*Annual Comprehensive Financial Report  
and Independent Auditor's Report*

*For the Years Ended June 30, 2025 and 2024*

PREPARED BY SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
FINANCE DEPARTMENT

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# San Diego Metropolitan Transit System

## Table of Contents

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|  | <u>Page</u> |
|--|-------------|
| <b>Introductory Section (Unaudited):</b>   |             |
| Letter of Transmittal .....  | i           |
| Listing of Board of Directors and Management .....   | viii        |
| Executive Level Organization Chart .....   | x           |
| Certificate of Achievement for Excellence in Financial Reporting – GFOA .....                      | xi          |
| <b>Financial Section:</b>  |             |
| <b>Independent Auditor’s Report</b> .....  | 1           |
| <b>Management's Discussion and Analysis – Required Supplementary Information (Unaudited)</b> ..... | 5           |
| <b>Basic Financial Statements:</b>   |             |
| <b>Business–Type Activities (Primary Government)</b>   |             |
| Statements of Net Position .....   | 12          |
| Statements of Revenues, Expenses and Changes in Net Position .....                                 | 13          |
| Statements of Cash Flows .....   | 14          |
| <b>Fiduciary Fund Financial Statements</b>   |             |
| Statements of Fiduciary Net Position .....   | 18          |
| Statements of Changes in Fiduciary Net Position .....  | 19          |
| <b>Notes to the Basic Financial Statements</b> .....   | 25          |
| <b>Required Supplementary Information (Unaudited):</b>   |             |
| Schedule of Proportionate Share of the Net Pension Liability .....                                 | 92          |
| Schedule of Changes in Net Pension Liability and Related Ratios .....                              | 94          |
| Schedule of Contributions .....  | 100         |
| Schedule of Changes in the Total OPEB Liability and Related Ratios .....                           | 108         |
| <b>Supplementary Information:</b>  |             |
| Combining Schedule of Net Position .....   | 117         |
| Combining Schedule of Revenues, Expenses, and Changes in Net Position .....                        | 118         |
| Combining Schedule of Cash Flows .....   | 120         |
| Schedules of Revenues, Expenses, and Changes in Net Position – Budget and Actual:                  |             |
| Combined Operations .....  | 122         |
| General Operations .....   | 123         |
| For Hire Vehicle Administration .....  | 124         |
| San Diego and Arizona Eastern Railway .....  | 125         |
| MTS – Contracted Services .....  | 126         |
| San Diego Transit Corporation (SDTC) .....   | 127         |
| San Diego Trolley, Inc. (SDTI) .....   | 128         |

# San Diego Metropolitan Transit System

## Table of Contents (Continued)

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|  | <u>Page</u> |
|--|-------------|
| <b>Statistical Section (Unaudited):</b>  |             |
| Financial Trends:  |             |
| Net Position by Component .....  | 132         |
| Changes in Net Position .....  | 134         |
| Revenue Capacity:  |             |
| Operating Revenues by Source .....   | 139         |
| Fare Structure .....   | 140         |
| Farebox Recovery Percentage .....  | 142         |
| Debt Capacity:   |             |
| Ratio of Outstanding Debt by Type .....  | 145         |
| Demographic and Economic Statistics:   |             |
| Regional Population and Personal Income Statistics .....   | 148         |
| Full-Time and Part-Time Employees by Function .....  | 149         |
| Ten Largest Employers in San Diego County .....  | 150         |
| Operating Information:   |             |
| Operating Indicators by Function .....   | 152         |
| Service Performance Data .....   | 154         |
| Capital Asset Statistics by Function .....   | 156         |
| Ridership .....  | 158         |
| Operating Subsidy .....  | 160         |
| <br><b>Independent Auditor's Report on Internal Control Over Financial Reporting and on<br/>Compliance and Other Matters Based on an Audit of Financial Statements<br/>Performed in Accordance with <i>Government Auditing Standards</i></b> |             |
| .....  | 163         |

## **INTRODUCTORY SECTION**

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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, 2025 and 2024 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, 2025 and 2024 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, 2025 and 2024 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.



## 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 257 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 68 fixed-route bus lines and paratransit services with an active fleet of 483 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, like California and the nation, experienced moderate growth in fiscal year 2025. Key industries such as tourism, military and defense, cross-border trade, and innovation placed the region in a relatively strong position. According to the San Diego Tourism Authority, San Diego welcomed 32.2 million visitors in 2024, an increase of 1.4% from the prior year, producing \$22 billion in economic impact and supporting roughly 1 in 8 local jobs. San Diego county hosts the largest concentration of U.S. military assets, which remain a cornerstone of stability for the local economy by generating steady federal funding and supporting a large civilian workforce. San Diego is also a leading hub for life sciences and technology-based industries and continues to draw significant venture funding, with billions directed towards new investment for innovation and advanced research. These strengths, combined with a highly educated workforce and retirees with disposable income, continue to drive consumer spending. San Diego's Gross Domestic Product (GDP) reached \$261.7 billion in 2023, up from \$257.3 billion in 2022, accounting for 8.1% of California's GDP. Over the past year, consumer prices rose 3.8%, with increases concentrated in food, housing, and transportation, though gasoline and energy costs fell compared with prior year highs, easing some pressure on households. The unemployment rate was 4.9% in June 2025, compared with 5.8% for California and 4.4% nationally. Housing affordability remains a pressing concern, with median prices of single-family homes above \$1 million and average monthly rents near \$3,000, more than 50% above the U.S. average, while nearly 35% of residents face difficulty meeting the county's basic self-sufficiency income standard.

### **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 FY2025 budget assumed a 14% reduction in fare revenues compared to FY2019, the last full fiscal year pre-pandemic, a drop from \$92.2 million to \$78.9 million. Overall, ridership increased by 7% in FY2025 compared to FY2024, growing to over 81 million passengers, and passenger fare revenue finished at \$77.9 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 increased in FY2025, with Transportation Development Act (TDA) receipts increasing 2.0% versus the prior year and Transnet receipts increasing by 0.1%. State Transit Assistance (STA), derived from the state sales tax on diesel fuel, decreased from \$38.2 million in FY2024 to \$33.7 million in FY2025, 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. The FY2025 amended operating budget included \$9.0 million in SB125 TIRCP funds, and MTS received the first cash payment of \$135.8 million in September 2024 as well as the second payment of \$59.4 million in June 2025. SB125 funds will be utilized for the next few years 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 \$47.4 million in FY2025 and has drawn \$220.0 million in total. MTS will utilize funds in the operating deficit reserve and SB125 funds to balance the operating budget until depleted. Additionally, MTS's contingency reserve balance is approximately 12.5% of the operating budget.

## **Major Initiatives**

In October 2024, MTS launched its new Copper Line - East County Connector. The Copper Line serves four stations between El Cajon Transit Center and Santee Trolley Station every 15 minutes every day for most of the day. The new segment replaces the existing Green and Orange Line Trolley service north of El Cajon Transit Center. The primary purpose of the Copper Line is to reduce the impacts of the single-track segment between Gillespie Field and Santee. In turn, this has improved service reliability throughout the Trolley network. In addition, delays that may occur on the rest of the system no longer impact Trolley service between El Cajon and Santee.

In January 2025, MTS launched Route 910 Overnight Express and MTS officially became a 24-hour operation. The new route connects San Ysidro and downtown San Diego during the late night and early morning hours and helps provide a link along the busiest transit corridor in the region. Route 910 operates during the hours when the UC San Diego Blue Line Trolley cannot run service giving riders 24-hour transit reliability along this corridor. MTS shares part of the rail line with heavy freight companies overnight and federal regulations limit the agency's ability to run service at the same time. Route 910 is an express route, serving limited stops between the U.S.-Mexico border and downtown San Diego, making the route time competitive and more effective for users. Route 910 has stops at or near the Iris Avenue Transit Center, Palomar Street Transit Center, 24th Street Transit Center, near the Harborside and Barrio Logan Trolley Stations, and multiple stops in downtown San Diego.

Also in January 2025, MTS added more Trolley service on nights and weekends. The Green Line now offers 15-minute service all day, every day. The UC San Diego Blue Line increased to 15-minute service after 9:30 p.m. between downtown San Diego and UTC nightly. And the Orange Line increased to 15-minute service weekend mornings, giving riders 15-minute service until 7 p.m.

The opinions of our riders are very important to MTS, and MTS has conducted onboard customer satisfaction surveys for more than a decade, approximately every other year since 2011. The 2024 Customer Satisfaction Survey results show MTS continues to exceed public transportation industry benchmarks in several key areas of service, including on-time performance, customer satisfaction, community value and safety. The survey, conducted in November 2024 by ETC Institute, a professional market research firm that specializes in customer satisfaction surveys, gathered feedback from more than 3,700 riders across the MTS bus and Trolley networks. Results revealed that 83% of bus riders and 82% of Trolley riders are satisfied with the service MTS provides—well above national averages for transit agencies (58%). Survey Highlights:

- **High Community Value:** 87% of bus riders and 85% of Trolley riders believe MTS provides value to the community.
- **Recommended Service:** When asked if riders would recommend MTS services to others, 58% of bus riders and 62% of Trolley riders are highly likely to do so.
- **Reliable Operations:** 79% of Trolley riders and 66% of bus riders agree that their vehicle usually runs on time, compared to 48% nationwide.

- Important Economic Connector: 61% of Trolley riders and 73% of bus riders use MTS services to get to work or school.
- Safety on Board: 71% of bus riders and 63% of Trolley riders feel safe while on board, scoring higher than the national average (42% for bus and Trolley).
- Positive Trends: In addition to safety trends, riders were five times more likely to say their satisfaction has improved over the past year (31% bus, 33% Trolley) than decreased (5% bus, 6% Trolley).

While the survey results are overwhelmingly positive, MTS will use this rider feedback to identify areas for improvement. The most impactful areas, based on rider priorities, include safety while waiting for transit, cleanliness of vehicles and stations, and maintaining timely service.

In July 2024, MTS and North County Transit District (NCTD) launched a new contactless payment feature for the PRONTO fare collection system. With contactless payment, riders can pay their fare with the direct tap of a debit or credit card or other contactless payment options, such as a smartphone or smartwatch, on fare validators system wide. This means riders can bypass ticket vending machines and bus fareboxes and pay directly on the fare validator. Contactless Payment is available on MTS buses and Trolleys, and NCTD Coaster, Sprinter, Flex and Breeze services.

In March 2025, another fare payment option was added to PRONTO. Express Mode was made available for customers using Apple Pay to pay and ride transit, with just a simple tap of an iPhone or Apple Watch. With Express Mode enabled for debit or credit cards, riders do not need to wake or unlock their iPhone or Apple Watch, or even open any apps, to pay and ride. All users have to do is hold their Apple device near a PRONTO validator to securely pay with Apple Pay. As of May 2025, MTS and NCTD riders have completed over one million trips with contactless payment options since the feature's launch. MTS and NCTD became the first transit systems within the state to reach one million contactless payment transactions.

A common request riders have for MTS is to have better amenities at stops and stations. MTS made progress on its amenities program over the past year by installing new next-arrival digital boards on the Orange Line, new murals at busy transit centers and improved lighting at bus stops and Trolley stations.

The new state-of-the-art digital signs along the Trolley's Orange Line provide passengers important real-time messages about service. The new digital signs provide greater display flexibility, enabling real-time Trolley arrival updates, delivery of critical passenger notifications, special event information, public service announcements, and more. In total, 78 digital signs will be installed at 19 Trolley stations, spanning from the Arnele Avenue Trolley Station to the Courthouse Trolley Station. MTS invested \$2.3 million on this modernization project which is funded in part by a 2022 Transit and Intercity Rail Capital Program (TIRCP) Award from the California State Transportation Agency (CalSTA). The Green, UC San Diego Blue, and Copper Lines will also get new digital signs after the Orange Line is completed, which will be partially funded by Federal Community Project earmarks.

Four new murals were installed – two at the E Street Transit Center and two at the Grossmont Transit Center - as a part of the agency's efforts to "color the corridor" in and around transit centers. MTS, in collaboration with Caltrans and local artists, unveiled the community-focused murals which are part of a larger effort by MTS to provide a better, more inviting experience for passengers using the transit system. MTS previously partnered with artists for completed works of art at Massachusetts Avenue, 62nd Street, 47th Street, Euclid Avenue, and the 67th Street pedestrian crossing. MTS also has one more mural in the works with other artists along the UC San Diego Blue Line at the Beyer Blvd Trolley Station, to be completed in 2026. These murals were funded in part by a Clean California grant award.

MTS riders have also asked for better lighting at stops and stations to offer better visibility, security and awareness. Over the last year, MTS has been improving lighting systems on Orange Line Trolley platforms and transit centers. Lighting improvement projects were completed at nine stations, which included new LED lights on platforms, walkways, shelters and parking lots. Total project cost was \$1 million. MTS also installed 33 solar lights on bus stop poles to improve nighttime visibility for passengers and bus operators.

This bus stop lighting pilot is testing new technology, and installation is expected to be complete by the end of 2025. Total project cost is \$1 million for the bus stop lighting project.

The Orange Line Improvement Project includes Transit and Intercity Rail Capital Program (TIRCP) grant funded projects to improve the Trolley system infrastructure at various locations along the 17.6-mile Orange Line. The \$151.2 million project will benefit the riding public and the cities of San Diego, Lemon Grove, La Mesa, and El Cajon. The comprehensive state of good repair project aims to enhance the Trolley system between 32nd Street and El Cajon. By investing in these improvements along the Orange Line, MTS will be able to increase train speeds, improve grade crossings, reconstruct three new pedestrian grade crossings for better pedestrian safety, upgrade lighting in MTS stations and parking lots, plus much more. Various design projects are well underway, and construction will take place between summer 2025 and early 2028.

MTS is undertaking a comprehensive operational analysis (COA) to evaluate the efficiency of our operations over the next couple of years. The COA will examine two scenarios: securing more revenue or not. This analysis is crucial for addressing a significant budget deficit, which needs to happen by 2028. While challenging, we've faced similar situations, such as during the Great Recession in 2008-09, and emerged stronger. It's essential we take proactive steps now, rather than waiting until funds run out. Over the next few months, MTS teams will prepare for the COA, with regular updates provided to the Board of Directors and staff. Thanks to everyone involved, from Planning to Bus Operations, Marketing to Procurement and more, for contributing to this critical task.

In July 2024, MTS achieved a major milestone towards its goal to help San Diego reduce greenhouse gas emissions and advance cleaner air. On the road to having a carbon-neutral fleet by 2040, MTS's battery-electric buses eclipsed the one-million-mile marker that month. This milestone, 1,021,990 miles, represents 2,130 metric tons of CO<sub>2</sub>e, or carbon dioxide equivalent, not being emitted into our region's air. It is also the equivalent of 4.9 million passenger vehicle miles traveled. This means less cars on the road and cleaner air. MTS currently has 25 electric buses in service and more on the way to keep residents moving in a cleaner and greener way. MTS anticipates receiving 13 more electric buses in late 2025.

MTS also made progress with its ZEB infrastructure. The Imperial Avenue Division (IAD) is getting overhead charging infrastructure to accommodate a large electrical fleet. Design has been completed, and construction of the overhead charging ports was approved by the Board in December 2024.

The FY2026 CIP budget of \$163.3 million will fund 49 different projects for state-of-good repair and zero-emission bus transition purposes. Of that amount, 93% of the funding goes towards keeping the bus and rail systems in a state of good repair. Top funding allocations include:

- \$54.0 million – Orange Line Improvement Project Phases 1 and 2.
- \$53.9 million – Continuing bus fleet replacements.
- \$31.4 million – Rail infrastructure improvements and maintenance.
- \$9.8 million – Overhead charging infrastructure at existing bus division to support conversion to an all-electric bus fleet.

## **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, 2024. This was the nineteenth consecutive year and the twenty-ninth 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 13, 2025

# San Diego Metropolitan Transit System

## Listing of Board of Directors and Management

### BOARD OF DIRECTORS

| <b>Members</b>           | <b>Board position (elected position)</b>  |
|--------------------------|---|
| 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)                                     |
| Carrie Downey            | Board Member, since 12/24 (Councilmember, City of Coronado)                                   |
| Sean Elo-Rivera          | Board Member since 12/20 (Councilmember, City of San Diego)                                   |
| Cesar Fernandez          | Board Member since 12/24 (Councilmember, City of Chula Vista)                                 |
| Todd Gloria              | Board Member, since 12/20 (Mayor, City of San Diego)  |
| 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 12/23 (Mayor, City of Chula Vista)  |
| Jennifer Mendoza         | Board Member since 1/25 (Councilmember, City of Lemon Grove)                                  |
| Vivian Moreno            | Board Member since 12/18 (Councilmember, City of San Diego)                                   |
| Steve Vaus               | Board Member since 1/25 (Councilmember, City of Poway)  |

### BOARD COMMITTEE MEMBERSHIP

| <b>Accessible Services<br/>Advisory Committee</b>  | <b>Airport Authority<br/>Advisory Committee</b> | <b>The Joint Audit Oversight,<br/>Budget Development and<br/>Executive Committee</b>   | <b>Los Angeles-San Diego<br/>Rail Corridor Agency</b> |
|--|---|--|---|
| George Gastil, Chair   | Ronn Hall                                       | Stephen Whitburn, Chair<br>Steve Goble, Vice Chair<br>Patricia Dillard<br>Sean Elo-Rivera<br>Cesar Fernandez<br>Monica Montgomery Steppe<br>Steve Vaus | Jennifer Mendoza                                      |
| <b>Public Security<br/>Committee</b>   | <b>SANDAG Board</b>                             | <b>SANDAG Regional<br/>Planning Committee</b>  | <b>SANDAG Transportation<br/>Committee</b>            |
| Monica Montgomery Steppe, Chair<br>Patricia Dillard<br>Cesar Fernandez<br>Henry Foster<br>Steve Goble<br>Ronn Hall<br>Jose Rodriguez | Matthew Leyba-Gonzalez                          | Patricia Dillard   | Patricia Dillard                                      |
| <b>San Diego Regional Building<br/>Authority</b>   | <b>Taxicab Advisory<br/>Committee</b>           |  |   |
| Steve Goble  | Sean Elo-Rivera, Chair                          |  |   |



# San Diego Metropolitan Transit System

## Listing of Board of Directors and Management (Continued)

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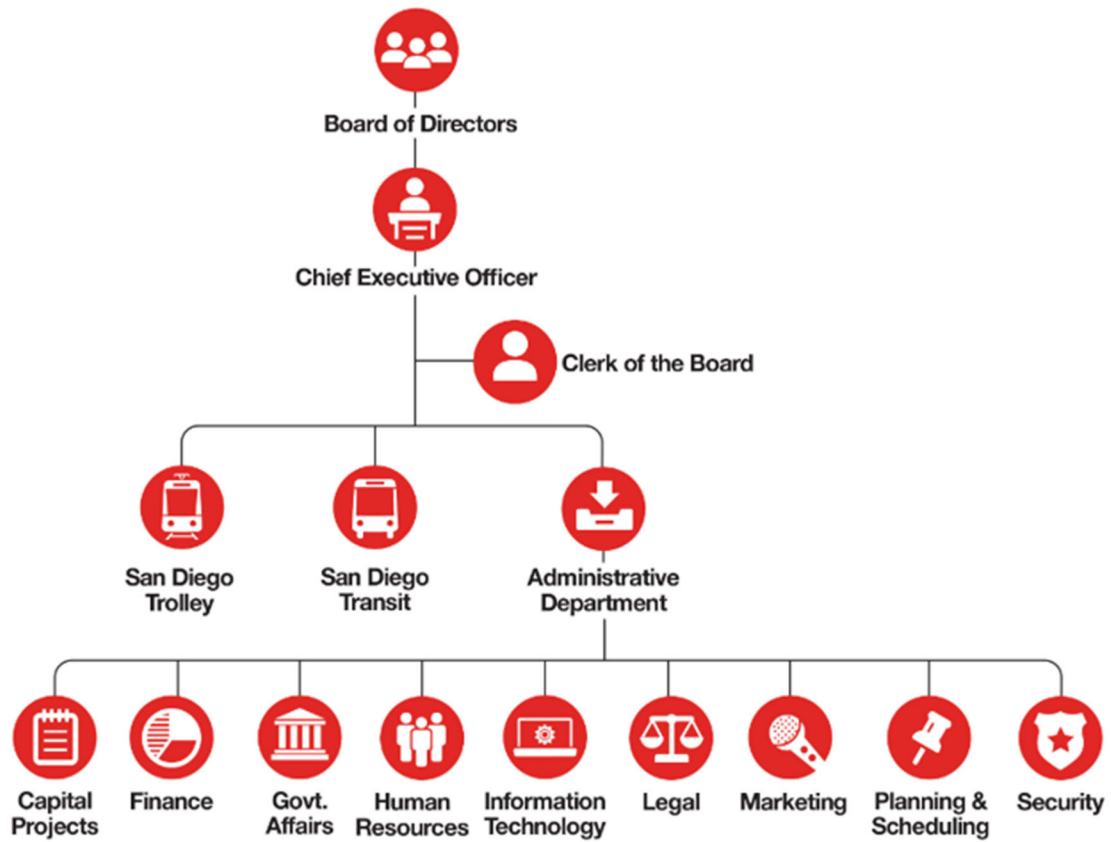
### MTS MANAGEMENT

| 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                        |
| Brent Boyd     | 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

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# **San Diego Metropolitan Transit System**

## **Certificate of Achievement for Excellence in Financial Reporting - GFOA**

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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, 2024

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S 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, 2025 and 2024, 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, 2025 and 2024, 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.

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.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 accompanying 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 13, 2025, 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.

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 13, 2025

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# San Diego Metropolitan Transit System

## Management's Discussion and Analysis (Unaudited)

### June 30, 2025 and 2024

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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, 2025 and 2024. This information should be used in conjunction with the Letter of Transmittal, which can be found on pages i through vii of this report.

#### Financial Highlights

- Net position, as reported in the statement of net position, totaled \$3,281 million as of June 30, 2025, \$3,379 million as of June 30, 2024 and \$3,459 million as of June 30, 2023. Of this amount, \$133 million was unrestricted as of June 30, 2025, \$112 million was unrestricted as of June 30, 2024 and \$108 million was unrestricted as of June 30, 2023. Total net position decreased by \$(98.4) million in the current year and decreased by \$(79.7) million in the prior year. The current year decrease is primarily due to a \$120 million decrease in capital assets and a \$189 million increase in unearned revenue, partially offset by a \$187 million increase in cash restricted for capital support. The prior year decrease was primarily due to \$84 million decrease in capital assets and a \$16 million increase in unearned revenue, partially offset by a \$34 million increase in cash.
- For the year ended June 30, 2025, 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 19.04%, compared to 19.24% for the year ended June 30, 2024 and 19.59% for the year ended June 30, 2023. The current year decrease is primarily due to an increase in personnel costs and outside services associated to higher wages negotiated through collective bargaining agreements and higher costs for purchased transportation. The prior year decrease was primarily due to an increase in personnel costs and outside services resulting from increased revenue miles.

#### 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.

**San Diego Metropolitan Transit System**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**June 30, 2025 and 2024**

**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.

**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 \$3,281 million at the close of the most recent fiscal year and \$3,379 million at the end of FY2024 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 \$46.0 million, of which the largest projects are the replacement of 51 forty-foot CNG buses and the Orange Line Rail Signal Upgrade Project, at \$18.6 and \$7.6 million respectively. Prior year construction-in-progress totaled \$95.0 million, of which the largest projects were the replacement of the SD100 Light Revenue Vehicles and the El Cajon Third Track Expansion Project, at \$57.0 and \$11.2 million respectively. In FY2023, construction-in-progress was \$88.7 million with the largest projects being 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 FY2025, MTS transferred completed projects worth \$136.3 million to SDTC, SDTI and MTS - Contracted Services compared to \$140.5 million in FY2024 and \$106.6 million in FY2023.

The balance in the unrestricted component of net position increased by \$20 million during the current year and \$5 million in the prior year. Total assets increased by \$93 million, due to a \$187 million increase in restricted cash primarily from Senate Bill 125 funding, offset by a decrease in capital assets of \$120 million. In FY2024, total assets decreased by \$30 million primarily due to a decrease in capital assets of \$84 million, offset by an increase in cash of \$34 million. In the current fiscal year, total liabilities increased by \$175 million primarily due to a \$189 million increase in unearned revenue for unspent Senate Bill 125 restricted funding. The previous year increase of \$21 million was primarily due to a \$16 million increase in unearned revenue.

|                                   | 2025            | 2024            | Change          | 2023            | Change          |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Current and other assets          | \$ 679,849,449  | \$ 469,991,704  | \$ 209,857,745  | \$ 434,835,372  | \$ 35,156,332   |
| Noncurrent assets                 | 63,043,438      | 60,528,351      | 2,515,087       | 42,356,862      | 18,171,489      |
| Capital assets, net               | 3,162,129,739   | 3,281,827,887   | (119,698,148)   | 3,365,458,553   | (83,630,666)    |
| Total assets                      | 3,905,022,626   | 3,812,347,942   | 92,674,684      | 3,842,650,787   | (30,302,845)    |
| Deferred outflows of resources    | 51,752,218      | 68,413,443      | (16,661,225)    | 74,965,242      | (6,551,799)     |
| Current and other liabilities     | 298,015,714     | 112,127,617     | 185,888,097     | 94,986,635      | 17,140,982      |
| Long-term liabilities outstanding | 293,026,036     | 303,433,498     | (10,407,462)    | 299,235,393     | 4,198,105       |
| Total liabilities                 | 591,041,750     | 415,561,115     | 175,480,635     | 394,222,028     | 21,339,087      |
| Deferred inflows of resources     | 84,891,859      | 86,007,363      | (1,115,504)     | 64,537,896      | 21,469,467      |
| Net position:                     |                 |                 |                 |                 |                 |
| Net investment in capital assets  | 3,148,235,380   | 3,266,970,484   | (118,735,104)   | 3,351,318,258   | (84,347,774)    |
| Unrestricted (deficit)            | 132,605,855     | 112,222,423     | 20,383,432      | 107,537,847     | 4,684,576       |
| Total net position                | \$3,280,841,235 | \$3,379,192,907 | \$ (98,351,672) | \$3,458,856,105 | \$ (79,663,198) |

**San Diego Metropolitan Transit System**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**June 30, 2025 and 2024**

The increase in operating revenue is attributable to \$6 million in additional passenger revenue this year due to ridership increasing by 7%. In the prior year, operating revenue was also up \$5 million in passenger revenue as ridership was continuing to rebound from the pandemic. Nonoperating revenues decreased by \$23 million primarily due to federal stimulus funding decreasing by \$35 million, partially offset by a \$19 million increase in TransNet funding primarily on the capital side. Nonoperating revenues increased by just \$2 million in the previous year. The current year increase in operating expenses totaling \$25 million, includes an increase in outside services of \$14 million primarily due to increased purchased transportation costs related to contractual increases as well as an \$12 million increase in personnel costs related to increased wages from new collective bargaining agreements. In FY2024 the increase in operating expenses totaled \$45 million, which included a \$29 million increase in outside services as well as \$16 million in personnel expenses stemming from wages and insurance benefits.

|   | 2025                   | 2024                   | Change                 | 2023                   | Change                 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Revenues:</b>                                  |                        |                        |                        |                        |                        |
| Operating revenues:                               |                        |                        |                        |                        |                        |
| Passenger revenue                                 | \$ 77,868,768          | \$ 72,348,368          | \$ 5,520,400           | \$ 67,481,023          | \$ 4,867,345           |
| Other operating revenue                           | 26,527,899             | 21,991,939             | 4,535,960              | 19,562,074             | 2,429,865              |
| Nonoperating revenues:                            |                        |                        |                        |                        |                        |
| Federal revenue                                   | 149,551,353            | 185,787,042            | (36,235,689)           | 191,051,771            | (5,264,729)            |
| Transportation Development Act                    | 138,297,760            | 134,821,107            | 3,476,653              | 131,274,182            | 3,546,925              |
| State Transit Assistance                          | 41,660,838             | 38,466,309             | 3,194,529              | 50,133,029             | (11,666,720)           |
| State revenue - other                             | 17,980,403             | 24,717,975             | (6,737,572)            | 20,076,778             | 4,641,197              |
| TransNet funds                                    | 91,642,945             | 72,661,542             | 18,981,403             | 68,040,812             | 4,620,730              |
| Other nonoperating revenue                        | 17,539,998             | 23,145,041             | (5,605,043)            | 17,164,380             | 5,980,661              |
| Total nonoperating revenue                        | 456,673,297            | 479,599,016            | (22,925,719)           | 477,740,952            | 1,858,064              |
| <b>Total revenues</b>                             | <b>561,069,964</b>     | <b>573,939,323</b>     | <b>(12,869,359)</b>    | <b>564,784,049</b>     | <b>9,155,274</b>       |
| <b>Expenses:</b>                                  |                        |                        |                        |                        |                        |
| Operating expenses                                | 656,419,508            | 631,839,511            | 24,579,997             | 587,320,838            | 44,518,673             |
| Nonoperating expenses                             | 3,478,913              | 41,993,489             | (38,514,576)           | 25,418,049             | 16,575,440             |
| <b>Total expenses</b>                             | <b>659,898,421</b>     | <b>673,833,000</b>     | <b>(13,934,579)</b>    | <b>612,738,887</b>     | <b>61,094,113</b>      |
| <b>Income (loss) before capital contributions</b> | <b>(98,828,457)</b>    | <b>(99,893,677)</b>    | <b>1,065,220</b>       | <b>(47,954,838)</b>    | <b>(51,938,839)</b>    |
| <b>Capital contributions</b>                      | <b>476,785</b>         | <b>20,230,479</b>      | <b>(19,753,694)</b>    | <b>23,620,737</b>      | <b>(3,390,258)</b>     |
| <b>Increase (decrease) in net position</b>        | <b>(98,351,672)</b>    | <b>(79,663,198)</b>    | <b>(18,688,474)</b>    | <b>(24,334,101)</b>    | <b>(55,329,097)</b>    |
| <b>Net position:</b>                              |                        |                        |                        |                        |                        |
| Beginning of year                                 | 3,379,192,907          | 3,458,856,105          | (79,663,198)           | 3,483,190,206          | (24,334,101)           |
| End of year                                       | <u>\$3,280,841,235</u> | <u>\$3,379,192,907</u> | <u>\$ (98,351,672)</u> | <u>\$3,458,856,105</u> | <u>\$ (79,663,198)</u> |

**San Diego Metropolitan Transit System**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**June 30, 2025 and 2024**

**Capital, Lease and Subscription Assets and Debt Administration**

**Capital assets.** MTS's investment in capital assets net of accumulated depreciation and amortization as of June 30, 2025, 2024, and 2023 amounted to \$3,162 million, \$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 FY2025, MTS placed 29 new buses into service totaling \$11.0 million, and 19 new trolleys totaling \$87.3 million.
- MTS capitalized \$13 million in infrastructure, modifying the El Cajon Trolley station by adding a third track, new signal components and extending the existing platform to enable the opening of the Copper Rail Line that runs between the El Cajon Trolley Station and the Santee Town Center Trolley Station to enhance the overall system service efficiency.
- MTS replaced 78 variable messaging signs along 19 stations on the Orange Line, adding \$2 million in assets to modernize the next-train arrival communication system.

**CAPITAL ASSETS**

(Net of Accumulated Depreciation and Amortization)

|                          | <b>2025</b>             | <b>2024</b>             | <b>2023</b>             |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Land                     | \$ 270,102,306          | \$ 270,088,885          | \$ 252,472,813          |
| Buildings                | 2,099,019,786           | 2,200,710,591           | 2,316,479,580           |
| Vehicles                 | 654,857,767             | 614,084,664             | 596,660,980             |
| Equipment & other        | 78,948,124              | 88,003,757              | 97,351,383              |
| Lease assets             | 9,902,827               | 10,247,349              | 10,640,938              |
| Subscription assets      | 3,312,957               | 3,693,011               | 3,141,582               |
| Construction-in-progress | 45,985,972              | 94,999,630              | 88,711,277              |
| Total                    | <u>\$ 3,162,129,739</u> | <u>\$ 3,281,827,887</u> | <u>\$ 3,365,458,553</u> |

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

**Long-term debt.** 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, 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](http://www.sdmts.com) or direct inquiries to the Controller, MTS, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

## **BASIC FINANCIAL STATEMENTS**

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## **PRIMARY GOVERNMENT**

**San Diego Metropolitan Transit System**  
**Statements of Net Position**  
**June 30, 2025 and 2024**

|  | 2025                    | 2024                    |
|--|-------------------------|-------------------------|
| <b>ASSETS</b>  |                         |                         |
| <b>Current assets:</b>   |                         |                         |
| Cash, cash equivalents, and investments                                | \$ 250,604,231          | \$ 260,077,394          |
| Cash, cash equivalents, and investments restricted for capital support | 221,058,392             | 34,148,777              |
| Accounts and other receivables   | 21,035,148              | 16,418,481              |
| Due from other governments   | 137,475,917             | 115,140,639             |
| Lease receivable   | 2,516,670               | 2,181,156               |
| Inventory  | 43,185,419              | 38,079,256              |
| Prepaid items and other current assets                                 | 3,973,672               | 3,946,001               |
| <b>Total current assets</b>  | <b>679,849,449</b>      | <b>469,991,704</b>      |
| <b>Noncurrent assets:</b>  |                         |                         |
| Lease receivable, due in more than one year                            | 63,043,438              | 60,528,351              |
| Capital assets, net  | 3,162,129,739           | 3,281,827,887           |
| <b>Total noncurrent assets</b>   | <b>3,225,173,177</b>    | <b>3,342,356,238</b>    |
| <b>Total assets</b>  | <b>3,905,022,626</b>    | <b>3,812,347,942</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                  |                         |                         |
| Pension-related deferred outflows of resources                         | 46,628,928              | 62,168,457              |
| OPEB-related deferred outflows of resources                            | 5,123,290               | 6,244,986               |
| <b>Total deferred outflows of resources</b>                            | <b>51,752,218</b>       | <b>68,413,443</b>       |
| <b>LIABILITIES</b>   |                         |                         |
| <b>Current liabilities:</b>  |                         |                         |
| Accounts payable   | 29,598,034              | 33,370,023              |
| Due to other governments   | 1,904,388               | 2,428,106               |
| Unearned revenue   | 236,919,590             | 47,651,499              |
| Accrued expenses   | 4,366,959               | 4,502,975               |
| Retentions payable   | 524,301                 | 1,305,601               |
| Retentions payable from restricted assets                              | 1,934,753               | 3,031,659               |
| Due within one year:   |                         |                         |
| Aggregate total OPEB liability   | 1,677,900               | 1,576,904               |
| Lease liability  | 268,925                 | 291,195                 |
| Subscription liability   | 1,049,849               | 714,597                 |
| Compensated absences payable   | 10,444,249              | 8,293,121               |
| Accrued damage, injury, and employee claims                            | 9,326,766               | 8,961,937               |
| <b>Total current liabilities</b>                                       | <b>298,015,714</b>      | <b>112,127,617</b>      |
| <b>Noncurrent liabilities:</b>   |                         |                         |
| Due in more than one year:   |                         |                         |
| Lease liability  | 10,070,615              | 10,312,316              |
| Subscription liability   | 1,980,669               | 2,233,694               |
| Compensated absences   | 2,747,951               | 4,409,976               |
| Accrued damage, injury, and employee claims                            | 19,916,646              | 19,157,884              |
| Aggregate net pension liabilities                                      | 218,740,575             | 229,244,379             |
| Aggregate total OPEB liabilities                                       | 39,569,580              | 38,075,249              |
| <b>Total noncurrent liabilities</b>                                    | <b>293,026,036</b>      | <b>303,433,498</b>      |
| <b>Total liabilities</b>   | <b>591,041,750</b>      | <b>415,561,115</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                         |                         |
| Pension-related deferred inflows of resources                          | 516,113                 | 765,494                 |
| OPEB-related deferred inflows of resources                             | 19,321,955              | 22,312,241              |
| Lease-related deferred inflows of resources                            | 65,053,791              | 62,929,628              |
| <b>Total deferred inflows of resources</b>                             | <b>84,891,859</b>       | <b>86,007,363</b>       |
| <b>NET POSITION</b>  |                         |                         |
| Net investment in capital assets                                       | 3,148,235,380           | 3,266,970,484           |
| Unrestricted   | 132,605,855             | 112,222,423             |
| <b>Total net position</b>  | <b>\$ 3,280,841,235</b> | <b>\$ 3,379,192,907</b> |

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, 2025 and 2024**

|  | 2025                           | 2024                           |
|--|--------------------------------|--------------------------------|
| <b>Operating Revenues:</b>                                       |                                |                                |
| Passenger revenue  | \$ 77,868,768                  | \$ 72,348,368                  |
| Advertising  | 4,046,154                      | 3,450,852                      |
| Miscellaneous  | 22,481,745                     | 18,541,087                     |
| <b>Total operating revenues</b>                                  | <b>104,396,667</b>             | <b>94,340,307</b>              |
| <b>Operating Expenses:</b>                                       |                                |                                |
| Personnel costs  | 201,569,735                    | 189,649,892                    |
| Outside services   | 167,137,993                    | 153,359,441                    |
| Transit operations funding                                       | 685,703                        | 518,020                        |
| Materials and supplies   | 18,439,585                     | 19,744,200                     |
| Energy costs   | 44,218,208                     | 43,125,673                     |
| Risk management  | 10,126,133                     | 9,575,414                      |
| Miscellaneous  | 8,055,497                      | 8,518,116                      |
| Depreciation and amortization                                    | 206,186,654                    | 207,348,755                    |
| <b>Total operating expenses</b>                                  | <b>656,419,508</b>             | <b>631,839,511</b>             |
| <b>Operating income (loss)</b>                                   | <b>(552,022,841)</b>           | <b>(537,499,204)</b>           |
| <b>Public Support and Nonoperating Revenues (Expenses):</b>      |                                |                                |
| Federal revenue  | 149,551,353                    | 185,787,042                    |
| Transportation Development Act (TDA) funds                       | 138,297,760                    | 134,821,107                    |
| State Transit Assistance (STA) funds                             | 33,555,061                     | 38,466,309                     |
| STA State of Good Repair   | 8,105,777                      | -                              |
| State revenue - other  | 17,980,403                     | 24,717,975                     |
| <i>TransNet</i> funds  | 91,642,945                     | 72,661,542                     |
| Other local subsidies  | 6,343,300                      | 12,661,090                     |
| Investment earnings  | 11,196,698                     | 10,483,951                     |
| Interest expense   | (288,529)                      | (344,476)                      |
| Gain (Loss) on disposal of assets                                | (1,960,492)                    | (16,919,976)                   |
| Reduction in contributed capital                                 | -                              | (20,867,121)                   |
| Other non-operating expenses                                     | (1,229,892)                    | (3,861,916)                    |
| <b>Total public support and nonoperating revenues (expenses)</b> | <b>453,194,384</b>             | <b>437,605,527</b>             |
| <b>Income (loss) before capital contributions</b>                | <b>(98,828,457)</b>            | <b>(99,893,677)</b>            |
| Capital contributions, net                                       | 476,785                        | 20,230,479                     |
| <b>Change in net position</b>                                    | <b>(98,351,672)</b>            | <b>(79,663,198)</b>            |
| <b>Net Position:</b>   |                                |                                |
| Beginning of year  | 3,379,192,907                  | 3,458,856,105                  |
| End of year  | <u><u>\$ 3,280,841,235</u></u> | <u><u>\$ 3,379,192,907</u></u> |

See accompanying notes to basic financial statements.

**San Diego Metropolitan Transit System**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| <b>Cash Flows From Operating Activities:</b>  |                       |                       |
| Receipts from customers and users   | \$ 91,303,312         | \$ 91,174,056         |
| Payments to suppliers   | (253,617,463)         | (223,039,140)         |
| Payments to employees   | (190,836,368)         | (169,750,448)         |
| Payments for damage and injury  | (4,390,606)           | (3,585,913)           |
| <b>Net cash (used in) operating activities</b>  | <b>(357,541,125)</b>  | <b>(305,201,445)</b>  |
| <b>Cash Flows From Noncapital Financing Activities:</b>   |                       |                       |
| Public support funds received   | 618,913,802           | 488,219,729           |
| <b>Net cash provided by noncapital financing activities</b>                                     | <b>618,913,802</b>    | <b>488,219,729</b>    |
| <b>Cash Flows From Capital and Related Financing Activities:</b>                                |                       |                       |
| Debt service costs  | -                     | (1,879,403)           |
| Property acquisition  | (91,992,413)          | (161,527,937)         |
| Proceeds from disposal of assets  | 673,531               | 5,629,276             |
| <b>Net cash (used in) capital and related financing activities</b>                              | <b>(91,318,882)</b>   | <b>(157,778,064)</b>  |
| <b>Cash Flows From Investing Activities:</b>  |                       |                       |
| Interest received on investments  | 7,382,657             | 8,660,958             |
| <b>Net cash provided by investing activities</b>  | <b>7,382,657</b>      | <b>8,660,958</b>      |
| <b>Net increase in cash, cash equivalents, and investments</b>                                  | <b>177,436,452</b>    | <b>33,901,178</b>     |
| <b>Cash, Cash Equivalents, and Investments:</b>   |                       |                       |
| Beginning of year   | 294,226,171           | 260,324,993           |
| End of year   | <b>\$ 471,662,623</b> | <b>\$ 294,226,171</b> |
| <b>Reconciliation of Cash, Cash Equivalents, and Investments to Statements of Net Position:</b> |                       |                       |
| Cash, cash equivalents, and investments   | \$ 250,604,231        | \$ 260,077,394        |
| Cash, cash equivalents, and investments restricted for capital support                          | 221,058,392           | 34,148,777            |
| <b>Total cash, cash equivalents, and investments</b>  | <b>\$ 471,662,623</b> | <b>\$ 294,226,171</b> |

**San Diego Metropolitan Transit System**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

|   | 2025                    | 2024                    |
|---|-------------------------|-------------------------|
| <b>Reconciliation of Operating (Loss) to Net Cash (Used In) Operating Activities:</b> |                         |                         |
| Operating (loss)  | \$ (552,022,841)        | \$ (537,499,204)        |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities: |                         |                         |
| Depreciation and amortization   | 206,186,654             | 207,348,755             |
| (Increase) decrease in:   |                         |                         |
| Accounts and other receivables  | (4,616,667)             | (2,519,722)             |
| Due from other governments  | (9,232,978)             | (585,467)               |
| Inventory   | 439,025                 | 2,499,813               |
| Prepaid items and other current assets  | (27,671)                | (1,334,914)             |
| Increase (decrease) in:   |                         |                         |
| Accounts payable  | (5,053,747)             | 8,066,729               |
| Due to other governments  | (141,746)               | (193,627)               |
| Accrued expenses  | (136,017)               | 1,297,221               |
| Unearned revenue  | 1,113,722               | 3,446,711               |
| Aggregate net pension liability   | 4,786,344               | 9,016,066               |
| Aggregate total OPEB liability  | (273,263)               | (48,595)                |
| Compensated absences  | 489,103                 | 500,382                 |
| Accrued damage, injury and employee claims  | 948,957                 | 4,804,407               |
| Total adjustments   | 194,481,716             | 232,297,759             |
| <b>Net cash (used in) operating activities</b>  | <b>\$ (357,541,125)</b> | <b>\$ (305,201,445)</b> |
| <b>Noncash investing, capital, and financing activities:</b>                          |                         |                         |
| Contributions of capital assets and inventory parts from SANDAG                       | \$ 476,785              | \$ 23,620,737           |
| Subscription assets added   | \$ 1,001,431            | \$ 1,420,387            |
| Subscription liabilities added  | \$ (1,001,431)          | \$ (1,420,387)          |
| Retention held at year end not from restricted cash                                   | \$ (524,301)            | \$ (1,305,659)          |
| Increase (decrease) in fair value of investments                                      | \$ 91,292               | \$ (247,055)            |

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## **FIDUCIARY FUND**

**San Diego Metropolitan Transit System**  
**Statements of Fiduciary Net Position**  
**June 30, 2025 and 2024**

|  |  | San Diego Transit Corporation Employee Retirement Plan Pension Trust Fund |                |
|--|--|---|----------------|
| ASSETS   |  | 2025  | 2024           |
| Investments, at fair value:                      |  |   |                |
| Common stocks                                    |  | \$ 50,287,539   | \$ 66,949,764  |
| Mutual funds                                     |  | 62,827,350  | 45,478,416     |
| Corporate debt / Bond funds                      |  | 64,979,272  | 53,838,498     |
| U.S. treasury inflation protected security funds |  | -   | 9,607,283      |
| Short-term investment funds                      |  | 30,205,749  | 17,671,846     |
| Total investments                                |  | 208,299,910   | 193,545,807    |
| Receivables:                                     |  |   |                |
| Dividends and interest                           |  | 109,710   | 78,434         |
| Other receivables                                |  | 5,379   | 27,842         |
| Total receivables                                |  | 115,089   | 106,276        |
| <b>Total assets</b>                              |  | 208,414,999   | 193,652,083    |
| LIABILITIES                                      |  |   |                |
| Due to plan sponsor                              |  | 450,085   | 600,842        |
| Other payables                                   |  | 88,845  | 106,478        |
| <b>Total liabilities</b>                         |  | 538,930   | 707,320        |
| NET POSITION                                     |  |   |                |
| Net position restricted for plan benefits        |  | \$ 207,876,069  | \$ 192,944,763 |



**San Diego Metropolitan Transit System**  
**Statements of Changes in Fiduciary Net Position**  
**For the Years Ended June 30, 2025 and June 30, 2024**

|   | <b>San Diego Transit Corporation Employee<br/>Retirement Plan Pension Trust Fund</b> |                |
|---|--|----------------|
|   | <b>2025</b>  | <b>2024</b>    |
| <b>ADDITIONS:</b>   |  |                |
| Contributions:  |  |                |
| Employer  | \$ 18,430,690  | \$ 17,213,854  |
| Employee  | 1,740,617  | 1,712,165      |
| Total contributions                                       | 20,171,307   | 18,926,019     |
| Investment income (loss):                                 |  |                |
| Interest  | 1,168,511  | 128,205        |
| Dividends   | 4,914,600  | 5,187,711      |
| Net realized and unrealized gains (losses) on investments | 13,036,554   | 9,207,890      |
| Total investment income (loss)                            | 19,119,665   | 14,523,806     |
| Investment expense  | (215,776)  | (219,026)      |
| Net investment income                                     | 18,903,889   | 14,304,780     |
| <b>Total additions to fiduciary net position</b>          | 39,075,196   | 33,230,799     |
| <b>DEDUCTIONS:</b>  |  |                |
| Distributions to participants                             | 23,878,520   | 23,302,300     |
| Administrative expenses                                   | 265,370  | 156,428        |
| <b>Total deductions from fiduciary net position</b>       | 24,143,890   | 23,458,728     |
| <b>NET INCREASE IN FIDUCIARY NET POSITION</b>             | 14,931,306   | 9,772,071      |
| <b>NET POSITION RESTRICTED FOR PLAN BENEFITS:</b>         |  |                |
| Beginning of year   | 192,944,763  | 183,172,692    |
| End of year   | \$ 207,876,069   | \$ 192,944,763 |

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## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**San Diego Metropolitan Transit System**  
**Index to the Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

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|   | <u>Page</u> |
|---|-------------|
| <b>Note 1 – Summary of Significant Accounting Policies</b>                            |             |
| 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 .....                                      | 30          |
| F. Inventory .....  | 31          |
| G. Prepaid Items and Other Assets.....  | 31          |
| H. Leases .....   | 31          |
| I. Subscription-Based Information Technology Arrangements (SBITAs) .....              | 33          |
| J. Capital Assets .....   | 34          |
| K. Construction-in-Progress .....   | 34          |
| L. Compensated Absences .....   | 34          |
| M. Pension .....  | 35          |
| N. Other Postemployment Benefits .....  | 35          |
| O. Net Position .....   | 35          |
| P. Use of Estimates .....   | 36          |
| Q. Implementation of New GASB Pronouncements for the Year Ended June 30, 2025 .....   | 36          |
| R. Upcoming Government Accounting Standards Implementation.....                       | 36          |
| <b>Note 2 – Cash, Cash Equivalents, and Investments</b>                               |             |
| A. Primary Government .....   | 37          |
| B. Fiduciary Fund Financial Statements .....  | 41          |
| <b>Note 3 – Accounts Receivable</b>   |             |
| A. Accounts and Other Receivables.....  | 46          |
| B. Due from Other Governments .....   | 46          |
| C. Lease Receivable and Related Deferred Inflows of Resources .....                   | 47          |
| <b>Note 4 – Inventory .....</b>   | <b>48</b>   |
| <b>Note 5 – Capital Assets .....</b>  | <b>49</b>   |
| <b>Note 6 – Due to Other Governments .....</b>  | <b>51</b>   |
| <b>Note 7 – Unearned Revenue.....</b>   | <b>52</b>   |
| <b>Note 8 – Long-Term Liabilities</b>   |             |
| A. Summary .....  | 52          |
| B. Lease Liability .....  | 54          |
| C. Subscription Liability .....   | 54          |
| <b>Note 9 – Risk Management .....</b>   | <b>55</b>   |
| <b>Note 10 – Commitments and Contingencies.....</b>                                   | <b>56</b>   |
| <b>Note 11 – Other Postemployment Benefits .....</b>                                  | <b>56</b>   |

**San Diego Metropolitan Transit System**  
**Index to the Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

---

|  | <u><b>Page</b></u> |
|--|--------------------|
| <b>Note 12 – Employee Retirement Systems</b>           |                    |
| A. Summary .....                                       | 62                 |
| B. MTS.....  | 64                 |
| C. SDTI.....   | 71                 |
| D. SDTC.....   | 82                 |
| <b>Note 13 – Other Required Individual Disclosures</b> |                    |
| A. Deficit Unrestricted Net Position.....              | 89                 |
| <b>Note 14 – Net Investment in Capital Assets.....</b> | <b>89</b>          |
| <b>Note 15 – Other Non-Operating Expenses .....</b>    | <b>89</b>          |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

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**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 of America (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, 2025 and 2024**

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**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 Employee 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 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, 2025 and 2024**

---

**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.

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, 2025 and 2024**

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**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 of MTS's \$448.2 million and \$413.9 million operating budget for FY2025 and FY2024 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 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
- 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
- 5310 Enhanced Mobility of Seniors & Individuals with Disabilities for Americans with Disabilities Act (ADA) capital improvements

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 \$47.4 million in FY2025 and has received the full \$220 million in total.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

**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. In FY2025, MTS earned \$13.7 million and has recognized \$21.9 million in total.

**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. MTS currently has three open TIRCP Grants totaling \$80.8 million. In FY2025, MTS recognized \$2.8 million, bringing the total earned to \$46.3 million.

**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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

**Low Carbon Transit Operations Program (LCTOP) (Continued)**

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.

**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, with no reauthorization since. MTS has budgeted these funds with a three-year lag so MTS will be utilizing these funds in the capital budget through FY2027. Fiscal Year 2025 revenues were \$2.1 million.

**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. 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.

***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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Cash, Cash Equivalents, and Investments (Continued)***

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.

***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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***H. Leases (Continued)***

**Lessee (Continued)**

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.

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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***H. Leases (Continued)***

**Lessor (Continued)**

- 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.

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

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***J. Capital Assets***

Capital assets include land and right-of-way, buildings and infrastructure assets, vehicles, and equipment. Capital 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.

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***

MTS adopted the provisions of GASB Statement No. 101, *Compensated Absences*, as of July 1, 2023. MTS updated its policies for estimating compensated absences to conform with the new standard. Under GASB 101, MTS determined that the following leave types are more likely than not to be fully used by employees or paid out upon retirement or termination:

- Vacation leave
- Annual leave
- Floating holiday leave
- Compensatory time off

MTS therefore reports liabilities for 100% of earned but unused leave held by employees at year end for these types of leave.

For sick leave, MTS performs calculations to estimate liabilities connected to two separate factors:

- 1) MTS employees are entitled to payouts of earned, but unused sick leave based on specific criteria under their respective collective bargaining agreements (CBA's). For those employees meeting the criteria at year end, MTS calculates the liability for the full amount they would be entitled to base on specific provisions covering maximum hours paid out under their respective CBAs.



**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***L. Compensated Absences (Continued)***

- 2) MTS performs a six year historical trend analysis of sick leave usage for employees in comparison with expected sick leave earnings for the current fiscal year by CBA. The resulting percentage is applied to the sick leave balances at year end for those employees not meeting the aforementioned vesting requirements to arrive at the expected portion of sick leave balances more likely than not to be used by these employees in the future.

For each type of leave, MTS estimates the amount expected to be used within one year based on the actual usage that took place in the current fiscal year.

For further information, refer to Note 8: Long-Term Liabilities.

***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.

***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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**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, 2025**

During fiscal year ended June 30, 2025, MTS has implemented the following new 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. The standard requires liabilities for compensated absences be recognized for:

1. leave that has not yet been used
2. leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if:
  - a. the leave is attributable to services already rendered
  - b. the leave accumulates
  - c. the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means

Application of this statement on MTS's financial statements for the fiscal year ended June 30, 2025 was determined to be immaterial and did not result in a prior period adjustment.

**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 did not have a significant effect on MTS's financial statements for the year ended June 30, 2025.

**R. Upcoming Government Accounting Standards Implementation**

Next year MTS will implement the following GASB Pronouncements:

**GASB Statement No. 103** – In April 2024, 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.

**GASB Statement No. 104** – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The objective will be met by requiring certain types of capital assets to be disclosed separately in the capital assets note disclosures as well as additional disclosures for capital assets held for sale. Application of this statement is effective for MTS's fiscal year ending June 30, 2026.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**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, 2025 and 2024:

|  | 2025                  | 2024                  |
|--|-----------------------|-----------------------|
| Cash, cash equivalents, and investments                                | \$ 250,604,231        | \$ 260,077,394        |
| Cash, cash equivalents, and investments restricted for capital support | 221,058,392           | 34,148,777            |
| <b>Total cash, cash equivalents, and investments</b>                   | <b>\$ 471,662,623</b> | <b>\$ 294,226,171</b> |

Cash, cash equivalents, and investments consisted as follows on June 30, 2025 and 2024:

| Investment Type                                      | Measurement Input | Fair Value            |                       |
|--|-------------------|-----------------------|-----------------------|
|  |                   | 2025                  | 2024                  |
| <b>Cash, cash equivalents, and investments:</b>      |                   |                       |                       |
| Demand deposits                                      | N/A               | \$ 36,639,946         | \$ 31,040,360         |
| Retention trust account                              | N/A               | 1,934,753             | 3,031,659             |
| San Diego County Treasurer's Pooled Money Fund       | Uncategorized     | 356,812,550           | 193,338,700           |
| State of California - Local Agency Investment Fund   | Uncategorized     | 76,275,374            | 66,815,452            |
| <b>Total cash, cash equivalents, and investments</b> |                   | <b>\$ 471,662,623</b> | <b>\$ 294,226,171</b> |

**Demand Deposits**

As of June 30, 2025, the carrying amount of demand deposits was \$36,639,946 and the bank balance was \$44,439,802 compared to \$31,040,360 and \$33,363,400 at June 30, 2024, 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

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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

**A. Primary Government (Continued)**

**Investments (Continued)**

- 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 evidence of indebtedness of a local agency within California
  - Registered treasury notes or bonds of any of the other 49 states in addition to California
- 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 is a participant in Local Agency Investment Fund (LAIF) which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, MTS had \$76,275,374 invested in LAIF compared to \$66,815,452 at June 30, 2024. LAIF determines fair value on its investments portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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

**A. Primary Government (Continued)**

**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 5.27% and 5.02% of the Investment Pool as of June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the fair value of our position in the pool is 103.04% and 100.84%, respectively, of the value of the pool shares.

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, 2025 and 2024.

MTS's investments with the County Treasurer's Office include a portion of the pool funds invested in asset-backed securities, which 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 collateralized mortgage obligations), small business loans or credit card receivables. As of June 30, 2025, MTS had \$356,812,550 invested with the San Diego County Treasurer's Pooled Money Fund, which had invested 4.60% of the pool investment funds in asset-backed securities compared to \$193,338,700 and 6.78% at June 30, 2024.

**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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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

**A. Primary Government (Continued)**

**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.

**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, 2025 and 2024, are shown below:

| Maturity            | 2025                  | 2024                  |
|---------------------|-----------------------|-----------------------|
| Current to one year | \$ 471,662,623        | \$ 294,226,171        |
| Total               | <u>\$ 471,662,623</u> | <u>\$ 294,226,171</u> |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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

**B. Fiduciary Fund**

**Investments**

The fair value and net asset value of the investments at June 30, 2025 and 2024 were as follows:

|  | <b>Fair Value<br/>June 30, 2025</b> | <b>Quoted Prices in<br/>Active Markets for<br/>Identical Assets<br/>(Level 1)</b> |
|--|-------------------------------------|---|
| <b>Investments by Fair Value Level:</b>      |                                     |   |
| <b><u>Common Stocks:</u></b>                 |                                     |   |
| PIMCO Research Affiliates Equity (RAE) Fund  | \$ 22,383,649                       | \$ 22,383,649   |
| Total Common Stocks                          | <u>22,383,649</u>                   | <u>22,383,649</u>   |
| <b><u>Mutual Funds:</u></b>                  |                                     |   |
| Blackrock Minimum Volatility ETF             | 21,130,137                          | 21,130,137  |
| Fidelity U.S. Sustainability Index Fund      | 5,134,098                           | 5,134,098   |
| Vanguard Treasury Fund                       | 15,772,112                          | 15,772,112  |
| Total Mutual Funds                           | <u>42,036,347</u>                   | <u>42,036,347</u>   |
| <b><u>Corporate Bond Funds:</u></b>          |                                     |   |
| Vanguard Long Bond Fund                      | 43,088,993                          | 43,088,993  |
| Vanguard Total Bond Fund                     | 21,890,279                          | 21,890,279  |
| Total Corporate Bond Funds                   | <u>64,979,272</u>                   | <u>64,979,272</u>   |
| <b><u>Short-Term Investment Funds:</u></b>   |                                     |   |
| First American Prime Obligations Fund        | 30,205,749                          | 30,205,749  |
| Total Short-Term Investment Funds            | <u>30,205,749</u>                   | <u>30,205,749</u>   |
| <b>Total Investments by Fair Value Level</b> | <u>159,605,017</u>                  | <u>\$ 159,605,017</u>   |
| <b>Investments Measured at NAV:</b>          |                                     |   |
| <b><u>Common Stocks:</u></b>                 |                                     |   |
| BNYM Newton Small-Mid Cap Growth             | 5,663,091                           |   |
| MFS Investment Management                    | 22,240,799                          |   |
| Total Common Stocks                          | <u>27,903,890</u>                   |   |
| <b><u>Mutual Funds:</u></b>                  |                                     |   |
| Westwood Trust Large Cap Equity EB Fund      | 20,791,003                          |   |
| Total Mutual Funds                           | <u>20,791,003</u>                   |   |
| <b>Total Investments Measured at NAV</b>     | <u>48,694,893</u>                   |   |
| <b>Total Investments</b>                     | <u>\$ 208,299,910</u>               |   |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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

**B. Fiduciary Fund (Continued)**

**Investments (Continued)**

|  | <b>Fair Value<br/>June 30, 2024</b> | <b>Quoted Prices in<br/>Active Markets for<br/>Identical Assets<br/>(Level 1)</b> |
|--|-------------------------------------|---|
| <b>Investments by Fair Value Level:</b>                  |                                     |   |
| <u>Common Stocks:</u>                                    |                                     |   |
| PIMCO Research Affiliates Equity (RAE) Fund              | \$ 20,482,628                       | \$ 20,482,628   |
| Total Common Stocks                                      | 20,482,628                          | 20,482,628  |
| <u>Mutual Funds:</u>                                     |                                     |   |
| Fidelity U.S. Sustainability Index Fund                  | 4,554,620                           | 4,554,620   |
| Vanguard Treasury Fund                                   | 20,475,886                          | 20,475,886  |
| Total Mutual Funds                                       | 25,030,506                          | 25,030,506  |
| <u>Corporate Bond Funds:</u>                             |                                     |   |
| Vanguard Total Bond Fund                                 | 53,838,498                          | 53,838,498  |
| Total Corporate Bond Funds                               | 53,838,498                          | 53,838,498  |
| <u>U.S. Treasury Inflation Protected Security Funds:</u> |                                     |   |
| Vanguard Fund  | 9,607,283                           | 9,607,283   |
| Total U.S. Treasury Inflation Protected Security Funds   | 9,607,283                           | 9,607,283   |
| <u>Short-Term Investment Funds:</u>                      |                                     |   |
| First American Prime Obligations Fund                    | 17,671,846                          | 17,671,846  |
| Total Short-Term Investment Funds                        | 17,671,846                          | 17,671,846  |
| <b>Total Investments by Fair Value Level</b>             | <b>126,630,761</b>                  | <b>\$ 126,630,761</b>   |
| <b>Investments Measured at NAV:</b>                      |                                     |   |
| <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                          |   |
| <b>Total Investments Measured at NAV</b>                 | <b>66,915,046</b>                   |   |
| <b>Total Investments</b>                                 | <b>\$ 193,545,807</b>               |   |



**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**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, 2025 and 2024, respectively:

| <b>June 30, 2025</b>                    | <b>Fair Value</b>    | <b>Unfunded<br/>Commitments</b> | <b>Redemption<br/>Frequency<br/>(if currently<br/>available)</b> | <b>Redemption<br/>Notice<br/>Period</b> |
|---|----------------------|---------------------------------|--|---|
| BNYM Newton Small-Mid Cap Growth        | \$ 5,663,091         | N/A                             | Daily  | Daily                                   |
| MFS Investment Management               | 22,240,799           | N/A                             | Daily  | Daily                                   |
| Westwood Trust Large Cap Equity EB Fund | 20,791,003           | N/A                             | Daily  | Daily                                   |
| Total                                   | <u>\$ 48,694,893</u> |                                 |  |   |

| <b>June 30, 2024</b>                    | <b>Fair Value</b>    | <b>Unfunded<br/>Commitments</b> | <b>Redemption<br/>Frequency<br/>(if currently<br/>available)</b> | <b>Redemption<br/>Notice<br/>Period</b> |
|---|----------------------|---------------------------------|--|---|
| 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> |                                 |  |   |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**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:

|  | 2025                 | 2024                |
|--|----------------------|---------------------|
| Unrealized appreciation (depreciation) on investments held | \$ 14,507,172        | \$ 14,882,966       |
| Realized gain (loss) on investments                        | (1,470,618)          | (5,675,076)         |
| Net realized and unrealized investment gains (losses)      | <u>\$ 13,036,554</u> | <u>\$ 9,207,890</u> |

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:

|   | 2025          |       | 2024          |       |
|---|---------------|-------|---------------|-------|
|   | Fair Value    | %     | Fair Value    | %     |
| <b><u>Common Stocks:</u></b>                                    |               |       |               |       |
| PIMCO Research Affiliates Equity (RAE) Fund                     | \$ 22,383,649 | 10.7% | \$ 20,482,628 | 10.6% |
| MFS Investment Management                                       | 22,240,799    | 10.7% | 20,344,391    | 10.5% |
| Systematic Edge U.S. Low Vol                                    | -             | -     | 20,385,310    | 10.5% |
| <b><u>Mutual Funds:</u></b>                                     |               |       |               |       |
| Blackrock Minimum Volatility EFT                                | 21,130,137    | 10.1% | -             | -     |
| Westwood Trust Large Cap Equity EB Fund                         | 20,791,003    | 10.0% | 20,447,910    | 10.6% |
| Vanguard Treasury Fund  | 15,772,112    | 7.6%  | 20,475,886    | 10.6% |
| <b><u>Corporate Bond Funds:</u></b>                             |               |       |               |       |
| Vanguard Long Bond Fund   | 43,088,993    | 20.7% | -             | -     |
| Vanguard Total Bond Fund  | 21,890,279    | 10.5% | 53,838,498    | 27.8% |
| <b><u>Short-Term Investment Funds:</u></b>                      |               |       |               |       |
| First American Prime Obligations Fund                           | 30,205,749    | 14.5% | 17,671,846    | 9.1%  |
| <b><u>U.S. Treasury Inflation Protected Security Funds:</u></b> |               |       |               |       |
| Vanguard Fund   | -             | -     | 9,607,283     | 5.0%  |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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

**B. Fiduciary Fund (Continued)**

**Investments (Continued)**

**Rate of return**

For the years ended June 30, 2025 and 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.68 percent and 4.98 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. Fixed-income securities should generally have a quality rating of investment grade at the time of purchase. However, investment managers may purchase securities rated below investment grade (with a minimum rating of B- or equivalent at the time of purchase) in an amount not to exceed 10% of the marked value of the fixed-income portfolio at the time of purchase. 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, 2025  |              |               |               |               |           | Total          |
|--|----------------|--------------|---------------|---------------|---------------|-----------|----------------|
|  | Not Rated      | AAA          | AA            | A             | BBB           | Below     |                |
| Corporate Bond Funds:                            |                |              |               |               |               |           |                |
| Vanguard Total Bond Fund (VBTIX)                 | \$ -           | \$ 707,056   | \$ 15,758,812 | \$ 2,615,888  | \$ 2,808,523  | \$ -      | \$ 21,890,279  |
| U.S. Treasury Inflation Protected Security Fund: |                |              |               |               |               |           |                |
| Vanguard Infl-Prot;Inst (VIPIX)                  | -              | 529,995      | 24,565,035    | 8,803,081     | 9,156,411     | 34,471    | 43,088,993     |
| All Other Investments                            | 143,320,638    | -            | -             | -             | -             | -         | 143,320,638    |
| Total  | \$ 143,320,638 | \$ 1,237,051 | \$ 40,323,847 | \$ 11,418,969 | \$ 11,964,934 | \$ 34,471 | \$ 208,299,910 |

|  | June 30, 2024  |               |              |              |              |   | Total          |
|--|----------------|---------------|--------------|--------------|--------------|---|----------------|
|  | Not Rated      | AAA           | AA           | A            | BBB          |   |                |
| 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  | \$ 130,100,026 | \$ 48,101,809 | \$ 1,615,155 | \$ 6,729,812 | \$ 6,999,005 |   | \$ 193,545,807 |

**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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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

**B. Fiduciary Fund (Continued)**

**Investments (Continued)**

**Interest Rate Risk (Continued)**

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.

**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, 2025 and 2024, the net accounts and other receivables consisted of the following:

|                                      | 2025                 | 2024                 |
|--------------------------------------|----------------------|----------------------|
| Energy credits and rebate revenue    | \$ 5,971,002         | \$ 7,467,243         |
| Interest receivable                  | 5,579,313            | 2,726,528            |
| Insurance recovery                   | 3,775,591            | 1,785,613            |
| Passenger revenue - general public   | 2,849,245            | 1,434,995            |
| Other trade receivables              | 2,409,912            | 2,403,260            |
| Pension plan receivable              | 450,085              | 600,842              |
| Total accounts and other receivables | <u>\$ 21,035,148</u> | <u>\$ 16,418,481</u> |

**B. Due from Other Governments**

At June 30, 2025 and 2024, amounts due from other governments consisted of the following:

|  | 2025                  | 2024                  |
|--|-----------------------|-----------------------|
| FTA Grant Funds  | \$ 83,303,270         | \$ 78,797,137         |
| SANDAG - TransNet  | 35,294,187            | 10,835,227            |
| STA Funds  | 9,442,409             | 11,736,753            |
| State of California  | 2,773,009             | 8,240,620             |
| Passenger Revenue - Other Governments                              | 2,689,114             | 463,199               |
| US Treasury  | 2,637,255             | 4,062,968             |
| North County Transit District - passenger revenue and shared costs | 759,725               | 690,385               |
| SANDAG - Project/Route reimbursement                               | 569,194               | 189,906               |
| County of San Diego  | 7,754                 | 72,653                |
| Department of Homeland Security                                    | -                     | 51,791                |
| Total due from other governments                                   | <u>\$ 137,475,917</u> | <u>\$ 115,140,639</u> |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**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 5 to 48 years. The calculated interest rates used vary depending on the length of the lease.

For the fiscal year ended June 30, 2025, MTS recognized \$3,007,903 in lease revenue and \$948,656 in interest revenue, and the outstanding receivable amount is \$65,560,108. For the fiscal year ended June 30, 2024, MTS recognized \$1,994,826 in lease revenue and \$681,049 in interest revenue and the receivable amount was \$62,709,507.

A summary of changes in lease receivable for the fiscal year ended June 30, 2025 is as follows:

| Balance<br>July 1, 2024 | Additions    | Reductions     | Balance<br>June 30, 2025 | Amounts<br>due within<br>one year | Amounts<br>due in more<br>than one year |
|-------------------------|--------------|----------------|--------------------------|-----------------------------------|---|
| \$ 62,709,507           | \$ 5,120,256 | \$ (2,269,655) | \$ 65,560,108            | \$ 2,516,670                      | \$ 63,043,438                           |

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

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

As of June 30, 2025, the required payments for these leases, including interest, are:

| Year Ending<br>June 30 | Lease<br>Receivable | Interest      | Total         |
|------------------------|---------------------|---------------|---------------|
| 2026                   | \$ 2,516,670        | \$ 959,613    | \$ 3,476,283  |
| 2027                   | 2,576,404           | 923,730       | 3,500,134     |
| 2028                   | 2,639,291           | 886,653       | 3,525,944     |
| 2029                   | 2,704,013           | 848,337       | 3,552,350     |
| 2030                   | 2,711,008           | 808,602       | 3,519,610     |
| 2031-2035              | 14,284,534          | 3,413,307     | 17,697,841    |
| 2036-2040              | 16,277,727          | 2,225,831     | 18,503,558    |
| 2041-2045              | 11,557,059          | 933,385       | 12,490,444    |
| 2046-2050              | 2,754,021           | 498,427       | 3,252,448     |
| 2051-2055              | 3,162,751           | 336,251       | 3,499,002     |
| 2056-2060              | 3,075,715           | 152,677       | 3,228,392     |
| 2061-2065              | 1,237,497           | 42,503        | 1,280,000     |
| 2066                   | 63,418              | 584           | 64,002        |
| Total                  | \$ 65,560,108       | \$ 12,029,900 | \$ 77,590,008 |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 3 – Accounts Receivable (Continued)**

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

As of June 30, 2025, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

| Year Ending<br>June 30 | Total                |
|------------------------|----------------------|
| 2026                   | \$ 3,236,957         |
| 2027                   | 3,236,957            |
| 2028                   | 3,236,957            |
| 2029                   | 3,236,957            |
| 2030                   | 3,236,958            |
| 2031-2035              | 15,436,199           |
| 2036-2040              | 15,270,902           |
| 2041-2045              | 9,565,327            |
| 2046-2050              | 2,424,277            |
| 2051-2055              | 2,424,277            |
| 2056-2060              | 2,291,848            |
| 2061-2065              | 1,099,993            |
| 2066-2070              | 292,629              |
| 2071-2073              | 63,553               |
| Total                  | <u>\$ 65,053,791</u> |

In addition to the leases reported above, MTS has one additional ground lease 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 2025, total lease revenue was \$580,320 compared to \$642,945 in Fiscal Year 2024.

**Note 4 – Inventory**

At June 30, 2025 and 2024, inventory consisted of the following repair and maintenance parts and administrative supplies:

|                               | 2025                 | 2024                 |
|-------------------------------|----------------------|----------------------|
| San Diego Transit Corporation | \$ 4,859,952         | \$ 4,695,813         |
| San Diego Trolley, Inc.       | 38,325,467           | 33,383,443           |
| Total inventory               | <u>\$ 43,185,419</u> | <u>\$ 38,079,256</u> |

During the year ended June 30, 2025, MTS removed the final SD100 cars from the active fleet for trolley. Those cars are currently being prepped for transport to Mendoza, Argentina. MTS is in discussions with Mendoza regarding the purchase of up to \$3.3 million of spare parts in inventory that are specific to this fleet. Once the final transfer and sale are made, the remaining inventory will be scrapped in Fiscal Year 2026.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 5 – Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2025 is as follows:

|  | Balance<br>July 1, 2024 | Additions     | Deletions        | Adjustments &<br>Remeasurements | Balance<br>June 30, 2025 |
|--|-------------------------|---------------|------------------|---------------------------------|--------------------------|
| Capital assets, not depreciated:                 |                         |               |                  |                                 |                          |
| Land and right-of-way                            | \$ 270,088,885          | \$ 13,421     | \$ -             | \$ -                            | \$ 270,102,306           |
| Construction-in-progress                         | 94,999,630              | 87,874,011    | (136,887,669)    | -                               | 45,985,972               |
| Total capital assets, not depreciated            | 365,088,515             | 87,887,432    | (136,887,669)    | -                               | 316,088,278              |
| Capital assets, depreciated:                     |                         |               |                  |                                 |                          |
| Buildings and structures                         | 3,704,643,833           | 31,459,501    | (28,865,247)     | -                               | 3,707,238,087            |
| Buses and vehicles                               | 1,072,082,028           | 98,330,176    | (60,929,452)     | -                               | 1,109,482,752            |
| Equipment and other capital assets               | 170,076,150             | 7,122,332     | (1,382,770)      | -                               | 175,815,712              |
| Total capital assets, depreciated                | 4,946,802,011           | 136,912,009   | (91,177,469)     | -                               | 4,992,536,551            |
| Less accumulated depreciation for:               |                         |               |                  |                                 |                          |
| Buildings and structures                         | (1,503,933,242)         | (131,758,133) | 27,473,074       | -                               | (1,608,218,301)          |
| Buses and vehicles                               | (457,997,364)           | (56,524,850)  | 59,897,229       | -                               | (454,624,985)            |
| Equipment and other capital assets               | (82,072,393)            | (16,150,106)  | 1,354,911        | -                               | (96,867,588)             |
| Total accumulated depreciation                   | (2,044,002,999)         | (204,433,089) | 88,725,214       | -                               | (2,159,710,874)          |
| Lease assets:                                    |                         |               |                  |                                 |                          |
| Land and land improvements                       | 9,656,946               | -             | -                | -                               | 9,656,946                |
| Buildings and structures                         | 14,256,740              | -             | (151,954)        | 27,558                          | 14,132,344               |
| Total lease assets                               | 23,913,686              | -             | (151,954)        | 27,558                          | 23,789,290               |
| Less accumulated amortization for:               |                         |               |                  |                                 |                          |
| Land and land improvements                       | (953,772)               | (238,443)     | -                | -                               | (1,192,215)              |
| Buildings and structures                         | (12,712,565)            | (133,637)     | 151,954          | -                               | (12,694,248)             |
| Total accumulated amortization                   | (13,666,337)            | (372,080)     | 151,954          | -                               | (13,886,463)             |
| Subscription assets:                             | 5,858,233               | 1,001,431     | (760,962)        | -                               | 6,098,702                |
| Less: accumulated amortization                   | (2,165,222)             | (1,381,485)   | 760,962          | -                               | (2,785,745)              |
| Total capital assets, depreciated/amortized, net | 2,916,739,372           | (68,273,214)  | (2,452,255)      | 27,558                          | 2,846,041,461            |
| Total capital assets, net                        | \$ 3,281,827,887        | \$ 19,614,218 | \$ (139,339,924) | \$ 27,558                       | \$ 3,162,129,739         |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 5 – Capital Assets (Continued)**

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

|  | Balance<br>July 1, 2023 | Additions      | Deletions        | Adjustments &<br>Remeasurements | Balance<br>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:                   |                         |                |                  |                                 |                          |
| 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:                   |                         |                |                  |                                 |                          |
| 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.

**Construction in Progress**

MTS converted \$136.9 million in capital assets from construction-in-progress (CIP) to assets in service in FY2025 compared to \$141.6 million in FY2024. A summary of capital asset additions transferred from CIP to depreciable assets by MTS is as follows:

|                               | 2025           | 2024           |
|-------------------------------|----------------|----------------|
| MTS - General Operations      | \$ 623,460     | \$ 1,136,341   |
| MTS - Contracted Services     | 6,116,595      | 32,801,165     |
| San Diego Transit Corporation | 8,236,626      | 54,929,222     |
| San Diego Trolley, Inc.       | 121,910,988    | 52,763,336     |
| Total                         | \$ 136,887,669 | \$ 141,630,064 |



**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 5 – Capital Assets (Continued)**

**Capital Contributions**

Capital asset additions totaling \$38 thousand were contributed by SANDAG in FY2025 compared to \$17.7 million in FY2024, due to the UCSD Midcoast Trolley Line extension in the previous year. SANDAG also contributed spare parts for the new LRVs to SDTI. A summary of capital contributions is as follows:

|  | 2025              | 2024                 |
|--|-------------------|----------------------|
| San Diego Trolley, Inc.                            | \$ 37,760         | \$ 17,730,666        |
| San Diego Trolley, Inc - LRV Spare Parts Inventory | 439,025           | 2,499,813            |
| Total capital contributions                        | <u>\$ 476,785</u> | <u>\$ 20,230,479</u> |

**Depreciation and Amortization**

Depreciation and amortization expense for capital assets for the years ended June 30, 2025 and 2024 were comprised of the following:

|                               | 2025                  | 2024                  |
|-------------------------------|-----------------------|-----------------------|
| MTS - General Operations      | \$ 4,599,909          | \$ 5,041,520          |
| MTS - Contracted Services     | 27,747,281            | 28,183,822            |
| San Diego Transit Corporation | 24,084,950            | 26,784,533            |
| San Diego Trolley, Inc.       | 149,754,514           | 147,338,880           |
| Total                         | <u>\$ 206,186,654</u> | <u>\$ 207,348,755</u> |

**Note 6 – Due to Other Governments**

At June 30, 2025 and 2024, amounts due to other governments consisted of the following:

|   | 2025                | 2024                |
|---|---------------------|---------------------|
| North County Transit District - passenger revenue | \$ 475,777          | \$ 920,392          |
| City of San Diego - miscellaneous                 | 377,016             | 309,033             |
| State of California - miscellaneous               | 356,358             | 575,737             |
| City of Lemon Grove - TDA funds                   | 188,611             | 184,677             |
| City of El Cajon - TDA funds                      | 141,468             | 138,518             |
| City of La Mesa - TDA funds                       | 80,160              | 78,488              |
| City of Coronado - TDA funds                      | 74,181              | 39,736              |
| County of San Diego - miscellaneous               | 67,877              | 65,377              |
| City of Poway - TDA funds                         | 49,275              | 29,633              |
| City of Chula Vista - miscellaneous               | 40,198              | 46,856              |
| SANDAG - project reimbursements                   | 32,944              | 22,554              |
| Other Governments - miscellaneous                 | 20,523              | 17,105              |
| Total due to other governments                    | <u>\$ 1,904,388</u> | <u>\$ 2,428,106</u> |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 7 – Unearned Revenue**

At June 30, 2025 and 2024, unearned revenue consisted of the following:

|  | 2025                  | 2024                 |
|--|-----------------------|----------------------|
| SB 125 Formula funds received in advance           | \$ 180,830,903        | \$ -                 |
| Caltrans LCTOP funds received in advance           | 30,995,878            | 21,819,817           |
| Fare media payments received in advance            | 14,444,218            | 13,272,609           |
| STA State of Good Repair funds received in advance | 8,945,455             | 10,798,050           |
| Naming rights payment received in advance          | 1,206,484             | 1,123,781            |
| Other reimbursements received in advance           | 496,652               | 637,242              |
| Total unearned revenue                             | <u>\$ 236,919,590</u> | <u>\$ 47,651,499</u> |

**Note 8 – Long-Term Liabilities**

**A. Summary**

A summary of changes in long-term obligations for the year ended June 30, 2025 is as follows:

|   | Balance<br>June 30, 2024 | Additions            | Reductions             | Balance<br>June 30, 2025 | Amounts due<br>within one<br>year | Amounts due<br>in more than<br>one year |
|---|--------------------------|----------------------|------------------------|--------------------------|-----------------------------------|---|
| MTS:  |                          |                      |                        |                          |                                   |   |
| Compensated absences                        | \$ 1,727,513             | \$ 230,624           | \$ -                   | \$ 1,958,137             | \$ 1,683,025                      | \$ 275,112                              |
| Accrued damage, injury, and employee claims | 2,353,308                | 977,728              | (890,411)              | 2,440,625                | 857,598                           | 1,583,027                               |
| Subscription liability                      | 2,948,291                | 1,751,161            | (1,668,934)            | 3,030,518                | 1,049,849                         | 1,980,669                               |
| Aggregate net pension liability             | 19,332,817               | 3,099,593            | (3,470,832)            | 18,961,578               | -                                 | 18,961,578                              |
| Aggregate total OPEB liability              | 6,459,098                | 726,612              | (203,242)              | 6,982,468                | 120,750                           | 6,861,718                               |
| Total MTS                                   | <u>32,821,027</u>        | <u>6,785,718</u>     | <u>(6,233,419)</u>     | <u>33,373,326</u>        | <u>3,711,222</u>                  | <u>29,662,104</u>                       |
| MTS Contracted Services:                    |                          |                      |                        |                          |                                   |   |
| Lease liability                             | 8,861,936                | -                    | (171,843)              | 8,690,093                | 175,207                           | 8,514,886                               |
| Total MTS Contracted Services               | <u>8,861,936</u>         | <u>-</u>             | <u>(171,843)</u>       | <u>8,690,093</u>         | <u>175,207</u>                    | <u>8,514,886</u>                        |
| San Diego Transit Corporation:              |                          |                      |                        |                          |                                   |   |
| Pension Obligation Bonds - public offering  | -                        | -                    | -                      | -                        | -                                 | -                                       |
| Compensated absences                        | 6,897,639                | 498,010              | -                      | 7,395,649                | 4,922,810                         | 2,472,839                               |
| Accrued damage, injury, and employee claims | 16,856,061               | 8,046,347            | (6,563,580)            | 18,338,828               | 5,731,364                         | 12,607,464                              |
| Lease liability                             | 386,969                  | 27,559               | (96,628)               | 317,900                  | 67,730                            | 250,170                                 |
| Aggregate net pension liability             | 159,680,176              | 28,070,835           | (33,074,371)           | 154,676,640              | -                                 | 154,676,640                             |
| Aggregate total OPEB liability              | 20,948,280               | 1,760,087            | (1,413,856)            | 21,294,511               | 1,233,750                         | 20,060,761                              |
| Total San Diego Transit Corporation         | <u>204,769,125</u>       | <u>38,402,838</u>    | <u>(41,148,435)</u>    | <u>202,023,528</u>       | <u>11,955,654</u>                 | <u>190,067,874</u>                      |
| San Diego Trolley, Inc.:                    |                          |                      |                        |                          |                                   |   |
| Compensated absences                        | 4,077,945                | -                    | (239,531)              | 3,838,414                | 3,838,414                         | -                                       |
| Accrued damage, injury, and employee claims | 8,910,452                | 4,435,977            | (4,882,470)            | 8,463,959                | 2,737,804                         | 5,726,155                               |
| Lease liability                             | 1,354,606                | -                    | (23,059)               | 1,331,547                | 25,988                            | 1,305,559                               |
| Aggregate net pension liability             | 50,231,386               | 22,389,132           | (27,518,161)           | 45,102,357               | -                                 | 45,102,357                              |
| Aggregate total OPEB liability              | 12,244,775               | 1,138,845            | (413,119)              | 12,970,501               | 323,400                           | 12,647,101                              |
| Total San Diego Trolley, Inc.               | <u>76,819,164</u>        | <u>27,963,954</u>    | <u>(33,076,340)</u>    | <u>71,706,778</u>        | <u>6,925,606</u>                  | <u>64,781,172</u>                       |
| Total                                       | <u>\$ 323,271,252</u>    | <u>\$ 73,152,510</u> | <u>\$ (80,630,037)</u> | <u>\$ 315,793,725</u>    | <u>\$ 22,767,689</u>              | <u>\$ 293,026,036</u>                   |

**Note to Schedule:**

In Fiscal Year 2025, MTS Implemented GASB 101, *Compensated Absences* as of July 1, 2023. This statement establishes recognition and measurement guidance for benefits such as vacation, sick leave and other paid time off, requiring that a liability be recognized when the leave is earned and is more likely than not to be used or paid. Implementation did not have a material impact on prior period amounts; therefore, comparative financial information for fiscal years 2024 and (2023 (MD&A)) has not been restated. The effect of adoption was limited to enhanced disclosures and presentation of compensated absences liabilities in the current year financial statements.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 8 – Long-Term Liabilities (Continued)**

**A. Summary (Continued)**

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

|   | Balance<br>July 1, 2023 | Additions            | Reductions             | Balance<br>June 30, 2024 | Amounts due<br>within one<br>year | Amounts due<br>in more than<br>one year |
|---|-------------------------|----------------------|------------------------|--------------------------|-----------------------------------|---|
| <b>MTS:</b>                                 |                         |                      |                        |                          |                                   |   |
| 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                               |
| <b>Total MTS</b>                            | <b>29,920,813</b>       | <b>9,882,134</b>     | <b>(6,981,920)</b>     | <b>32,821,027</b>        | <b>2,925,031</b>                  | <b>29,895,996</b>                       |
| <b>MTS Contracted Services:</b>             |                         |                      |                        |                          |                                   |   |
| Lease liability                             | 9,030,480               | -                    | (168,544)              | 8,861,936                | 171,843                           | 8,690,093                               |
| <b>Total MTS Contracted Services</b>        | <b>9,030,480</b>        | <b>-</b>             | <b>(168,544)</b>       | <b>8,861,936</b>         | <b>171,843</b>                    | <b>8,690,093</b>                        |
| <b>San Diego Transit Corporation:</b>       |                         |                      |                        |                          |                                   |   |
| 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                              |
| <b>Total San Diego Transit Corporation</b>  | <b>207,262,955</b>      | <b>43,390,910</b>    | <b>(45,884,740)</b>    | <b>204,769,125</b>       | <b>10,410,014</b>                 | <b>194,359,111</b>                      |
| <b>San Diego Trolley, Inc.:</b>             |                         |                      |                        |                          |                                   |   |
| 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                              |
| <b>Total San Diego Trolley, Inc.</b>        | <b>71,975,928</b>       | <b>31,252,406</b>    | <b>(26,409,170)</b>    | <b>76,819,164</b>        | <b>6,330,866</b>                  | <b>70,488,298</b>                       |
| <b>Total</b>                                | <b>\$ 318,190,176</b>   | <b>\$ 84,525,450</b> | <b>\$ (79,444,374)</b> | <b>\$ 323,271,252</b>    | <b>\$ 19,837,754</b>              | <b>\$ 303,433,498</b>                   |

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

|   | 2025                   |                              |                       | 2024                   |                              |                       |
|---|------------------------|------------------------------|-----------------------|------------------------|------------------------------|-----------------------|
|   | Due within<br>one year | Due in more<br>than one year | Total                 | Due within<br>one year | Due in more<br>than one year | Total                 |
| <b>Long-Term Liabilities:</b>               |                        |                              |                       |                        |                              |                       |
| Compensated absences                        | \$ 10,444,249          | \$ 2,747,951                 | \$ 13,192,200         | \$ 8,293,121           | \$ 4,409,976                 | \$ 12,703,097         |
| Accrued damage, injury, and employee claims | 9,326,766              | 19,916,646                   | 29,243,412            | 8,961,937              | 19,157,884                   | 28,119,821            |
| Lease liability                             | 268,925                | 10,070,615                   | 10,339,540            | 291,195                | 10,312,316                   | 10,603,511            |
| Subscription liability                      | 1,049,849              | 1,980,669                    | 3,030,518             | 714,597                | 2,233,694                    | 2,948,291             |
| Aggregate net pension liability             | -                      | 218,740,575                  | 218,740,575           | -                      | 229,244,379                  | 229,244,379           |
| Aggregate total OPEB liability              | 1,677,900              | 39,569,580                   | 41,247,480            | 1,576,904              | 38,075,249                   | 39,652,153            |
| <b>Total long-term liabilities</b>          | <b>\$ 22,767,689</b>   | <b>\$ 293,026,036</b>        | <b>\$ 315,793,725</b> | <b>\$ 19,837,754</b>   | <b>\$ 303,433,498</b>        | <b>\$ 323,271,252</b> |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 8 – Long-Term Liabilities (Continued)**

***B. Lease Liability***

MTS has entered into leases for land and building use. The remaining terms on the leases range from 5 to 35 years. The calculated interest rates used range between 0.86% and 1.94% depending on the length of the lease.

At June 30, 2025 and 2024, the outstanding balance of the leases are \$10,339,540 and \$10,603,511, respectively.

Principal and interest payments to maturity as of June 30, 2025 are as follows:

| Year ending<br>June 30 | Principal            | Interest            | Total                |
|------------------------|----------------------|---------------------|----------------------|
| 2026                   | \$ 268,925           | \$ 196,727          | \$ 465,652           |
| 2027                   | 279,320              | 191,841             | 471,161              |
| 2028                   | 290,152              | 186,774             | 476,926              |
| 2029                   | 301,441              | 181,518             | 482,959              |
| 2030                   | 252,084              | 176,376             | 428,460              |
| 2031-2035              | 1,265,809            | 810,680             | 2,076,489            |
| 2036-2040              | 1,499,901            | 677,117             | 2,177,018            |
| 2041-2045              | 1,730,844            | 518,602             | 2,249,446            |
| 2046-2050              | 1,342,429            | 370,191             | 1,712,620            |
| 2051-2055              | 1,479,053            | 233,567             | 1,712,620            |
| 2056-2060              | 1,629,582            | 83,037              | 1,712,619            |
| Total                  | <u>\$ 10,339,540</u> | <u>\$ 3,626,430</u> | <u>\$ 13,965,970</u> |

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 2025 and 2024, total lease payments for the sublease were \$1,963,640 and \$1,666,626, respectively.

***C. 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 14 months to 9 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, 2025, the capitalized right-to-use assets related to SBITAs were \$6,098,702 and the total subscription liability was \$3,030,518, of which \$1,049,849 is reported as a current liability representing the amount due within the next fiscal year. As of June 30, 2024, the right to use asset was \$5,858,233, the total subscription liability was \$2,948,291 with the short term subscription payable being \$714,597.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 8 – Long-Term Liabilities (Continued)**

**C. Subscription Liability (Continued)**

Principal and interest payments to maturity as of June 30, 2025 are as follows:

| Year ending<br>June 30 | Principal           | Interest          | Total               |
|------------------------|---------------------|-------------------|---------------------|
| 2026                   | \$ 1,049,849        | \$ 67,168         | \$ 1,117,017        |
| 2027                   | 587,973             | 48,585            | 636,558             |
| 2028                   | 448,399             | 35,227            | 483,626             |
| 2029                   | 419,892             | 22,564            | 442,456             |
| 2030                   | 245,251             | 12,824            | 258,075             |
| 2031-2033              | 279,154             | 13,183            | 292,337             |
| Total                  | <u>\$ 3,030,518</u> | <u>\$ 199,551</u> | <u>\$ 3,230,069</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. The cyber liability policy increased to a limit of \$18,000,000 subject to a \$250,000 deductible, compared to a limit of \$16,000,000 subject to a \$250,000 deductible in FY 2024 . As of the July 1, 2025 renewal of the Cyber policy, aggregate limit of liability increased to \$20,000,000, compared to \$18,000,000 in FY2024. 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<br>fiscal year | Current year<br>claims and changes<br>in estimates | Claims<br>payments | End of<br>fiscal year |
|------|-----------------------------|--|--------------------|-----------------------|
| 2023 | \$ 21,533,309               | \$ 7,410,241                                       | \$ (7,400,000)     | \$ 21,543,550         |
| 2024 | 21,543,550                  | 11,976,271   | (5,400,000)        | 28,119,821            |
| 2025 | 28,119,821                  | 7,723,591  | (6,600,000)        | 29,243,412            |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 9 – Risk Management (Continued)**

Following is a summary of accrued damage, injury, and employee claims for fiscal years 2025 and 2024:

|                     | 2025                 | 2024                 |
|---------------------|----------------------|----------------------|
| Current portion     | \$ 9,326,766         | \$ 8,961,937         |
| Non-current portion | 19,916,646           | 19,157,884           |
| Total               | <u>\$ 29,243,412</u> | <u>\$ 28,119,821</u> |

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 \$29,243,412 at June 30, 2025 and \$28,119,821 at June 30, 2024.

The Board has designated \$7,500,000 for the purposes of funding the future claims liabilities of MTS, SDTC, and SDTI as of June 30, 2025, which increased from the fiscal year 2024 designation of \$5,000,000.

**Note 10 – Commitments and Contingencies**

**Pending legal actions.** MTS, SDTC and SDTI have been named in certain legal actions pending at June 30, 2025 and 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.

**Note 11 – Other Postemployment Benefits**

U.S. GAAP requires 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, 2024                |
| Measurement Period | July 1, 2023 - June 30, 2024 |

**Plan Description:** MTS funds a Health Reimbursement Arrangement (HRA) account for MTS retirees, SDTI retirees and SDTC 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.

**Eligibility.** Employees are eligible after attaining age/service years of 55/10 for MTS, SDTI Management and SDTC Management, 55/15 for SDTI union and 55/10 for SDTC unions. SDTC union employees must be 65 to participate.

**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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 11 – Other Postemployment Benefits (Continued)**

***Employees Covered***

As of the June 30, 2025 (measurement date 2024), the following current and former employees were covered by the benefit terms:

|  | MTS | SDTI | SDTC |
|--|-----|------|------|
| Active employees   | 184 | 735  | 763  |
| Inactive employees or beneficiaries currently receiving benefits | 27  | 68   | 226  |
| Inactive employees entitled to but not yet receiving benefits    | -   | -    | -    |
| Total  | 211 | 803  | 989  |

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 |

***Actuarial Assumptions***

The total OPEB liability, as of June 30, 2025 (measurement date 2024), 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, 2024  |      |      |
| Actuarial Assumptions:     |  |      |      |
| Discount Rate              | 4.21% 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<br>Disabled Lives: Pub2010 General, disabled retirees, with generational mortality improvements with Scale MP-2021 |      |      |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 11 – Other Postemployment Benefits (Continued)**

***Discount Rate***

The discount rate used to measure the total OPEB liability was 4.21% percent as of the measurement date June 30, 2024 and 4.13% as of the measurement date June 30, 2023. 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, 2024. 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, 2025 (measurement date 2024):

|                       | MTS          | SDTI          | SDTC          | Aggregate     |
|-----------------------|--------------|---------------|---------------|---------------|
| 1% Decrease           | 3.21%        | 3.21%         | 3.21%         | 3.21%         |
| Total OPEB Liability  | \$ 8,168,388 | \$ 15,088,591 | \$ 25,123,383 | \$ 48,380,362 |
| Current Discount Rate | 4.21%        | 4.21%         | 4.21%         | 4.21%         |
| Total OPEB Liability  | \$ 6,982,468 | \$ 12,970,501 | \$ 21,294,511 | \$ 41,247,480 |
| 1% Increase           | 5.21%        | 5.21%         | 5.21%         | 5.21%         |
| Total OPEB Liability  | \$ 6,022,282 | \$ 11,248,787 | \$ 18,226,883 | \$ 35,497,952 |

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, 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, 2025 and 2024**

**Note 11 – Other Postemployment Benefits (Continued)**

***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, 2025 (measurement date 2024):

|   | MTS          | SDTI          | SDTC                                | Aggregate     |
|---|--------------|---------------|-------------------------------------|---------------|
| 1% Decrease in Healthcare Cost Trend Rate |              |               | 6.00% HMO<br>decreasing to<br>3.00% |               |
| Total OPEB Liability                      | \$ 5,757,578 | \$ 10,816,560 | \$ 17,812,282                       | \$ 34,386,420 |
| Current Healthcare Cost Trend Rate        |              |               | 7.0% HMO<br>decreasing to<br>4.00%  |               |
| Total OPEB Liability                      | \$ 6,982,468 | \$ 12,970,501 | \$ 21,294,511                       | \$ 41,247,480 |
| 1% Increase in Healthcare Cost Trend Rate |              |               | 8.0% HMO<br>decreasing to<br>5.00%  |               |
| Total OPEB Liability                      | \$ 8,594,026 | \$ 15,775,721 | \$ 25,805,922                       | \$ 50,175,669 |

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 |              |               | 6.50% HMO<br>decreasing to<br>3.00% |               |
| Total OPEB Liability                      | \$ 5,371,113 | \$ 10,280,097 | \$ 17,756,351                       | \$ 33,407,561 |
| Current Healthcare Cost Trend Rate        |              |               | 7.50% HMO<br>decreasing to<br>4.00% |               |
| Total OPEB Liability                      | \$ 6,459,098 | \$ 12,244,775 | \$ 20,948,280                       | \$ 39,652,153 |
| 1% Increase in Healthcare Cost Trend Rate |              |               | 8.50% HMO<br>decreasing to<br>5.00% |               |
| 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, 2025 and 2024**

**Note 11 – Other Postemployment Benefits (Continued)**

***Change in Total OPEB Liability***

At June 30, 2025, the change in the Total OPEB liability is as follows:

|   | MTS          | SDTI          | SDTC          | Aggregate     |
|---|--------------|---------------|---------------|---------------|
| Balance at June 30, 2024                          | \$ 6,459,098 | \$ 12,244,775 | \$ 20,948,280 | \$ 39,652,153 |
| Changes Recognized for the Measurement Period:    |              |               |               |               |
| Service Cost                                      | 443,917      | 613,119       | 881,770       | 1,938,806     |
| Interest on the total OPEB liability              | 282,695      | 525,726       | 878,317       | 1,686,738     |
| Difference between expected and actual experience | -            | -             | -             | -             |
| Changes in assumptions                            | (85,825)     | (153,574)     | (275,769)     | (515,168)     |
| Benefit payments                                  | (117,417)    | (259,545)     | (1,138,087)   | (1,515,049)   |
| Net Changes                                       | 523,370      | 725,726       | 346,231       | 1,595,327     |
| Balance at June 30, 2025                          | \$ 6,982,468 | \$ 12,970,501 | \$ 21,294,511 | \$ 41,247,480 |

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 |

***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 2025 and 2024, the following contributions were made:

|                    | MTS        | SDTI       | SDTC         | Aggregate    |
|--------------------|------------|------------|--------------|--------------|
| 2025 Contributions | \$ 129,501 | \$ 308,954 | \$ 770,753   | \$ 1,209,208 |
| 2024 Contributions | \$ 117,417 | \$ 259,545 | \$ 1,138,087 | \$ 1,515,049 |

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

For the year ended June 30, 2025 and 2024, OPEB expense is included in the accompanying statement of revenues, expenses, and changes in net position as follows:

|                   | MTS        | SDTI       | SDTC         | Aggregate    |
|-------------------|------------|------------|--------------|--------------|
| 2025 OPEB Expense | \$ 430,841 | \$ 749,465 | \$ (244,361) | \$ 935,945   |
| 2024 OPEB Expense | \$ 464,374 | \$ 552,197 | \$ 449,883   | \$ 1,466,454 |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 11 – Other Postemployment Benefits (Continued)**

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

At June 30, 2025, (measurement date 2024) 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<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Contributions made after measurement date         | \$ 126,501                        | \$ -                             | \$ 308,954                        | \$ -                             |
| Difference between expected and actual experience | -                                 | (838,934)                        | 1,032,248                         | (1,367,689)                      |
| Changes in assumptions                            | 718,599                           | (2,414,367)                      | 1,207,656                         | (3,639,941)                      |
| Total   | <u>\$ 845,100</u>                 | <u>\$ (3,253,301)</u>            | <u>\$ 2,548,858</u>               | <u>\$ (5,007,630)</u>            |

|   | SDTC                              |                                  | Aggregate                         |                                  |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Contributions made after measurement date         | \$ 770,753                        | \$ -                             | \$ 1,209,208                      | \$ -                             |
| Difference between expected and actual experience | -                                 | (2,585,899)                      | 1,032,248                         | (4,792,522)                      |
| Changes in assumptions                            | 955,579                           | (8,475,125)                      | 2,881,834                         | (14,529,433)                     |
| Total   | <u>\$ 1,726,332</u>               | <u>\$ (11,061,024)</u>           | <u>\$ 5,123,290</u>               | <u>\$ (19,321,955)</u>           |

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<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>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<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>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>           |

The combined \$1,209,208 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, 2026 compared to the combined \$1,515,049 reported in the previous year.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 11 – Other Postemployment Benefits (Continued)**

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

As of June 30, 2025 (measurement date 2024), other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ended<br>June 30, | MTS                   | SDTI                  | SDTC                   | Aggregate              |
|------------------------|-----------------------|-----------------------|------------------------|------------------------|
| 2026                   | \$ (295,771)          | \$ (389,384)          | \$ (2,004,443)         | \$ (2,689,598)         |
| 2027                   | (295,771)             | (283,128)             | (1,797,169)            | (2,376,068)            |
| 2028                   | (239,134)             | (264,441)             | (1,797,168)            | (2,300,743)            |
| 2029                   | (228,691)             | (264,441)             | (2,013,698)            | (2,506,830)            |
| 2030                   | (228,689)             | (264,445)             | (1,751,073)            | (2,244,207)            |
| Thereafter             | (1,246,646)           | (1,301,887)           | (741,894)              | (3,290,427)            |
| Total                  | <u>\$ (2,534,702)</u> | <u>\$ (2,767,726)</u> | <u>\$ (10,105,445)</u> | <u>\$ (15,407,873)</u> |

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<br>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> |

**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:

|                      | 2025                  | 2024                  |
|----------------------|-----------------------|-----------------------|
| MTS CalPERS Plans    | \$ 18,961,578         | \$ 19,332,817         |
| SDTI CalPERS Plans   | 43,221,391            | 47,942,045            |
| SDTI PARS Plan       | 1,880,966             | 2,289,341             |
| SDTC Retirement Plan | 154,676,640           | 159,680,176           |
| Total                | <u>\$ 218,740,575</u> | <u>\$ 229,244,379</u> |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**A. Summary (Continued)**

**Deferred Outflows of Resources**

Deferred outflows of resources at June 30, 2025 are reported in the accompanying statement of net position as follows:

|                      | Contributions<br>Made After<br>Measurement<br>Date | Difference<br>Between<br>Expected and<br>Actual<br>Experience | Difference<br>Between<br>Projected<br>and Actual<br>Earnings on<br>Pension Plan<br>Investments | Changes in<br>Assumptions | Changes in<br>Employer's<br>Proportion | Difference<br>Between<br>Employer's<br>Contributions<br>and Proportionate<br>Share of<br>Contributions | Total         |
|----------------------|--|---|--|---------------------------|--|--|---------------|
| MTS CalPERS Plans    | \$ 3,620,191                                       | \$ 1,639,402  | \$ 1,091,595   | \$ 487,352                | \$ 124,732                             | \$ 670,440   | \$ 7,633,712  |
| SDTI CalPERS Plans   | 7,929,839  | 503,223   | 2,437,828  | 3,151,086                 | -                                      | -  | 14,021,976    |
| SDTI PARS Plan       | 476,841  | 102,473   | -  | -                         | -                                      | -  | 579,314       |
| SDTC Retirement Plan | 18,430,690   | -   | 5,963,236  | -                         | -                                      | -  | 24,393,926    |
| Total                | \$ 30,457,561                                      | \$ 2,245,098  | \$ 9,492,659   | \$ 3,638,438              | \$ 124,732                             | \$ 670,440   | \$ 46,628,928 |

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

|                      | Contributions<br>Made After<br>Measurement<br>Date | Difference<br>Between<br>Expected and<br>Actual<br>Experience | Difference<br>Between<br>Projected<br>and Actual<br>Earnings on<br>Pension Plan<br>Investments | Changes in<br>Assumptions | Changes in<br>Employer's<br>Proportion | Difference<br>Between<br>Employer's<br>Contributions<br>and Proportionate<br>Share of<br>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                | \$ 27,652,411                                      | \$ 3,610,424  | \$ 24,247,019  | \$ 6,021,434              | \$ 206,500                             | \$ 430,669   | \$ 62,168,457 |

**Deferred Inflows of Resources**

Deferred inflows of resources at June 30, 2025 are reported in the accompanying statement of net position as follows:

|                    | Difference<br>Between<br>Expected and<br>Actual<br>Experience | Difference<br>Between<br>Projected and<br>Actual Earnings<br>on Pension Plan<br>Investments | Changes in<br>Assumptions | Changes in<br>Employer's<br>Proportion | Difference<br>Between<br>Employer's<br>Contributions<br>and Proportionate<br>Share of<br>Contributions | Total      |
|--------------------|---|---|---------------------------|--|--|------------|
| MTS CalPERS Plans  | \$ 63,968   | \$ -  | \$ -                      | \$ 100,800                             | \$ 17,987  | \$ 182,755 |
| SDTI CalPERS Plans | 204,552   | -   | -                         | -                                      | -  | 204,552    |
| SDTI PARS Plan     | -   | 100,197   | 28,609                    | -                                      | -  | 128,806    |
| Total              | \$ 268,520  | \$ 100,197  | \$ 28,609                 | \$ 100,800                             | \$ 17,987  | \$ 516,113 |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**A. Summary (Continued)**

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

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

**Pension Expense**

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

|                      | 2025                 | 2024                 |
|----------------------|----------------------|----------------------|
| MTS CalPERS Plans    | \$ 4,414,448         | \$ 4,104,272         |
| SDTI CalPERS Plans   | 8,448,293            | 10,373,926           |
| SDTI PARS Plan       | 551,565              | 759,123              |
| SDTC Retirement Plan | 21,825,886           | 21,463,544           |
| Total                | <u>\$ 35,240,192</u> | <u>\$ 36,700,865</u> |

**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 PEPPRA, 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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

**General Information about the Pension Plans**

**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, 2025 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              | 51.34%   |
| 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 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              | 11.36%  |
| 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, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

**General Information about the Pension Plans (Continued)**

**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              | 8.29%  |
| 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%  |

**Employees Covered** – At June 30, 2025 (measurement date 2024) and June 30, 2024 (measurement date 2023), the following employees were covered by the benefit terms:

|  | 2025 | 2024 |
|--|------|------|
| Inactive employees or beneficiaries currently receiving benefits | 165  | 162  |
| Inactive employees entitled to but not yet receiving benefits    | 63   | 60   |
| Active employees   | 188  | 179  |
| Total  | 416  | 401  |

**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.



**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

For the years ended June 30, 2025 and 2024 (measurement date 2024 and 2023), the active employee contribution rates and average employer contribution rates were as follows:

|  | 2025                             |                                  | 2024                             |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | Employee<br>Contribution<br>Rate | Employer<br>Contribution<br>Rate | Employee<br>Contribution<br>Rate | Employer<br>Contribution<br>Rate |
| MTS - Miscellaneous Plan-1223              | 8.00%                            | 51.34%                           | 8.00%                            | 42.00%                           |
| MTS Miscellaneous Second Tier Plan - 30134 | 7.00%                            | 11.36%                           | 7.00%                            | 10.66%                           |
| MTS PEPRA Miscellaneous Plan - 26789       | 7.75%                            | 8.29%                            | 7.75%                            | 7.68%                            |

For the years ended June 30, 2025 and 2024 (measurement date 2024 and 2023), the plan's proportionate share of aggregate contributions recognized as part of pension expense were:

|                          | 2025         | 2024         |
|--------------------------|--------------|--------------|
| Contributions - employer | \$ 2,531,250 | \$ 2,456,504 |
| Contributions - employee | 939,581      | 768,741      |

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

As of June 30, 2025 and 2024 (measurement dates 2024 and 2023), MTS reported \$18,961,578 and \$19,332,817 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2023). 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, 2024). 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, 2024 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY2024).
- (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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

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

(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).

MTS's proportionate share of the net pension liability as of June 30, 2024, 2023, and 2022 (measurement dates) were as follows:

|                              |           |
|------------------------------|-----------|
| Proportion June 30, 2022     | 0.379420% |
| Proportion June 30, 2023     | 0.386620% |
| Change - Increase (Decrease) | 0.007200% |
| Proportion June 30, 2024     | 0.392040% |
| Change - Increase (Decrease) | 0.005420% |

For the years ended June 30, 2025 and 2024, MTS recognized pension expense of \$4,414,448 and \$4,104,272, respectively. At June 30, 2025 and 2024, MTS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | 2025                                 |                                     | 2024                                 |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Contributions made after measurement date  | \$ 3,620,191                         | \$ -                                | \$ 3,117,363                         | \$ -                                |
| Difference between expected and actual experience                                | 1,639,402                            | (63,968)                            | 987,625                              | (153,205)                           |
| Changes in assumptions   | 487,352                              | -                                   | 1,167,210                            | -                                   |
| Change in employer's proportion  | 124,732                              | (100,800)                           | 206,500                              | (226,182)                           |
| Difference between actual and proportionate share of employer contributions      | 670,440                              | (17,987)                            | 430,669                              | (43,684)                            |
| Net difference between projected and actual earnings on pension plan investments | 1,091,595                            | -                                   | 3,130,157                            | -                                   |
| Total  | <u>\$ 7,633,712</u>                  | <u>\$ (182,755)</u>                 | <u>\$ 9,039,524</u>                  | <u>\$ (423,071)</u>                 |

The \$3,620,191 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, 2026.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

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

As of the measurement date June 30, 2024, 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<br>June 30 | Amounts             |
|-----------------------|---------------------|
| 2026                  | \$ 1,339,278        |
| 2027                  | 2,719,874           |
| 2028                  | 145,691             |
| 2029                  | (374,077)           |
| 2030                  | -                   |
| Total                 | <u>\$ 3,830,766</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<br>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> |

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

|                           |   |
|---------------------------|---|
| Valuation Date            | June 30, 2023   |
| Measurement Date          | June 30, 2024   |
| 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. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2000 published by the Society of Actuaries

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

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

**Change in Assumptions** – In the current and prior year, the actuarial report did not have any changes in assumptions.

**Discount Rate** – The discount rate used to measure the total pension liability was 6.90 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<br>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, 2025 and 2024**

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**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, 2025 and 2024, 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:

|                       | 2025          | 2024          |
|-----------------------|---------------|---------------|
| 1% Decrease           | 5.90%         | 5.90%         |
| Net Pension Liability | \$ 30,468,842 | \$ 29,939,269 |
| Current Discount Rate | 6.90%         | 6.90%         |
| Net Pension Liability | \$ 18,961,578 | \$ 19,332,817 |
| 1% Increase           | 7.90%         | 7.90%         |
| Net Pension Liability | \$ 9,489,407  | \$ 10,602,797 |

**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, 2025, MTS reported a payable of \$87,617 for the outstanding amount of contributions to the pension plan required for the current year compared to \$71,663 for the year ended June 30, 2024.

**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 PEPR 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, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**1. CalPERS Plans (Continued)**

The Plans' provisions and benefits in effect as of June 30, 2025 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%  | 11.19%   |
| Required employer contribution rates              | 18.38%   | 15.19%   |
| 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              | 19.38%   |
| 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, 2025 and 2024**

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**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, 2025 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              | 15.20%                         |
| 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, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**2. PARS Plan (Continued)**

**Employees Covered**

At June 30, 2025 and 2024 (measurement dates 2024 and 2023), the following employees were covered by the benefit terms for each Plan:

|  | CalPERS Plan |              | PARS Plan |           |
|--|--------------|--------------|-----------|-----------|
|  | 2025         | 2024         | 2025      | 2024      |
| Inactive employees or beneficiaries currently receiving benefits | 351          | 339          | 66        | 62        |
| Inactive employees entitled to but not yet receiving benefits    | 134          | 107          | 1         | 1         |
| Active employees   | 722          | 699          | 27        | 31        |
|  | <u>1,207</u> | <u>1,145</u> | <u>94</u> | <u>94</u> |

\*SDTI PEPRA Plan is included in the SDTI Miscellaneous Plan June 30, 2023 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, 2025 and 2024 (measurement dates 2024 and 2023), the active employee contribution rates and average employer contribution rates were as follows:

|  | 2025     |          | 2024     |          |
|--|----------|----------|----------|----------|
|  | Employee | Employer | Employee | Employer |
| SDTI Miscellaneous Plan 1406 - Management EE | 8.00%    | 18.38%   | 8.00%    | 17.49%   |
| SDTI Miscellaneous Plan 1406 - Union EE      | 11.19%   | 15.19%   | 10.74%   | 14.75%   |
| SDTI Miscellaneous PEPRA Plan 26965          | 7.50%    | 19.38%   | 7.50%    | 18.49%   |

For the years ended June 30, 2025 and 2024 (measurement dates 2024 and 2023), the contributions recognized as part of pension expense were:

|                           | CalPERS Plans |              |
|---------------------------|---------------|--------------|
|                           | 2025          | 2024         |
| Contributions - employer  | \$ 7,017,017  | \$ 6,229,147 |
| Contributions - employees | 3,069,915     | 2,463,713    |



**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**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 year ended June 30, 2024 (measurement date) the employer's contribution rate was 15.20%.and for the year ended June 30, 2023 (measurement date), the employer's contribution rate was 9.02%.

For the years June 30, 2025 and 2024 (measurement date 2024 and 2023), the contributions recognized as part of pension expense were:

|                           | PARS Plan  |            |
|---------------------------|------------|------------|
|                           | 2025       | 2024       |
| Contributions - employer  | \$ 300,464 | \$ 318,025 |
| 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, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2023 actuarial valuations were determined using the following actuarial assumptions:

|                                  |  |
|----------------------------------|--|
| Valuation Date                   | June 30, 2023  |
| Measurement Date                 | June 30, 2024  |
| 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. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Net Pension Liability (Continued)**

**1. CalPERS Plans (Continued)**

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

**Discount Rate** – The discount rate used to measure the total pension liability was 6.90 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<br>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, 2025 and 2024**

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**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, 2024, using an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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, 2024, using an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

|                                      |  |
|--------------------------------------|--|
| Valuation Date                       | June 30, 2023  |
| Measurement Date                     | June 30, 2024  |
| Actuarial Cost Method                | Entry Age Normal   |
| Actuarial Assumptions:               |  |
| Discount Rate                        | 6.00%  |
| Inflation                            | 2.30%  |
| Salary Increases Including Inflation | Graded rates based on years of services, 3.50% after 30 years of service                   |
| Payroll Growth                       | 2.80%  |
| Investment Rate of Return            | 6.00%  |
| Pre-Retirement Mortality             | Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension       |
| 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 inflation rate decreased from 2.50% to 2.30%. In the prior year, the report did not have any changes.

**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.

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.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Net Pension Liability (Continued)**

**2. PARS Plan (Continued)**

**Discount Rate (Continued)**

| Asset Class                        | Target Allocation | Long-Term<br>Expected<br>Arithmetic Real<br>Rate of Return (a) | Long-Term<br>Expected<br>Geometric Real<br>Rate of Return (a) |
|------------------------------------|-------------------|--|---|
| U.S. Cash                          | 5.00%             | 0.94%  | 0.91%   |
| U.S. Core Fixed Income (Aggregate) | 27.00%            | 2.52%  | 2.36%   |
| US Short Govt/Credit Bonds         | 6.75%             | 1.65%  | 1.59%   |
| US High Yield Bonds                | 1.25%             | 4.43%  | 3.87%   |
| US Large & Mid Cap Equity          | 32.00%            | 5.41%  | 3.74%   |
| US Mid Cap Equity                  | 6.00%             | 5.98%  | 3.90%   |
| US Small Cap Equity                | 9.00%             | 6.99%  | 4.41%   |
| Foreign Developed Equity           | 7.00%             | 6.92%  | 5.12%   |
| Emerging Market Equity             | 4.00%             | 9.34%  | 6.21%   |
| U.S. REITs                         | 2.00%             | 6.91%  | 4.72%   |

(a) Assumed inflation: 2.31% mean and 1.45% 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, 2025 and 2024, 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    |              |
|-----------------------|---------------|---------------|--------------|--------------|
|                       | 2025          | 2024          | 2025         | 2024         |
| 1% Decrease           | 5.90%         | 5.90%         | 5.00%        | 5.00%        |
| Net Pension Liability | \$ 75,644,997 | \$ 78,935,037 | \$ 3,223,927 | \$ 3,580,930 |
| Current Discount Rate | 6.90%         | 6.90%         | 6.00%        | 6.00%        |
| Net Pension Liability | \$ 43,221,391 | \$ 47,942,045 | \$ 1,880,966 | \$ 2,289,341 |
| 1% Increase           | 7.90%         | 7.90%         | 7.00%        | 7.00%        |
| Net Pension Liability | \$ 16,613,581 | \$ 22,511,225 | \$ 756,257   | \$ 1,205,976 |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Changes in the Net Pension Liability**

**1. CalPERS Plans**

At June 30, 2025 (measurement date 2024), the change in the Net Pension Liability for the Plan is as follows:

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|---|----------------------------|--------------------------------|--------------------------|
| Balance at July 1, 2024                                     | \$ 215,258,555             | \$ 167,316,510                 | \$ 47,942,045            |
| Changes in the year:  |                            |                                |                          |
| Service cost  | 6,040,977                  | -                              | 6,040,977                |
| Interest on the total pension liability                     | 14,787,229                 | -                              | 14,787,229               |
| Changes of assumptions                                      | -                          | -                              | -                        |
| Changes of benefits terms                                   | -                          | -                              | -                        |
| Difference between expected and actual experience           | 604,484                    | -                              | 604,484                  |
| Benefit payments, including refunds of member contributions | (9,151,704)                | (9,151,704)                    | -                        |
| Net Plan to Plan resource movement                          |                            | -                              | -                        |
| Contributions - employer                                    |                            | 7,017,017                      | (7,017,017)              |
| Contributions - employee                                    |                            | 3,069,915                      | (3,069,915)              |
| Net investment income                                       |                            | 16,202,558                     | (16,202,558)             |
| Administrative expense                                      |                            | (136,146)                      | 136,146                  |
| Net Changes   | 12,280,986                 | 17,001,640                     | (4,720,654)              |
| Balance at June 30, 2025                                    | \$ 227,539,541             | \$ 184,318,150                 | \$ 43,221,391            |

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

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>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   | 11,656,531                 | 10,013,400                     | 1,643,131                |
| Balance at June 30, 2024                                    | \$ 215,258,555             | \$ 167,316,510                 | \$ 47,942,045            |

**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, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Changes in the Net Pension Liability (Continued)**

**2. PARS Plan**

At June 30, 2025 (measurement date 2024), the change in the net pension liability for the Plan is as follows:

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|---|----------------------------|--------------------------------|--------------------------|
| Balance at July 1, 2024                                     | \$ 10,851,463              | \$ 8,562,122                   | \$ 2,289,341             |
| Changes in the year:  |                            |                                |                          |
| Service cost  | 164,491                    | -                              | 164,491                  |
| Interest on the total pension liability                     | 644,223                    | -                              | 644,223                  |
| Changes of assumptions                                      | (57,219)                   | -                              | (57,219)                 |
| Difference between expected and actual experience           | 204,947                    | -                              | 204,947                  |
| Benefit payments, including refunds of member contributions | (566,030)                  | (566,030)                      | -                        |
| Contributions - employer                                    | -                          | 300,464                        | (300,464)                |
| Contributions - employee                                    | -                          | -                              | -                        |
| Net investment income                                       | -                          | 1,080,892                      | (1,080,892)              |
| Administrative expense                                      | -                          | (16,539)                       | 16,539                   |
| Net Changes   | 390,412                    | 798,787                        | (408,375)                |
| Balance at June 30, 2025                                    | \$ 11,241,875              | \$ 9,360,909                   | \$ 1,880,966             |

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

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>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             |

**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, 2025 and 2024**

**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, 2025 and 2024, SDTI recognized pension expense of \$8,999,858 and \$11,133,049, respectively. At June 30, 2025 and 2024, SDTI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | CalPERS Plans                        |                                     |                                      |                                     |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|   | 2025                                 |                                     | 2024                                 |                                     |
|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Contributions made after measurement date   | \$ 7,929,839                         | \$ -                                | \$ 7,016,748                         | \$ -                                |
| Difference between expected and actual experience                                   | 503,223                              | (204,552)                           | 110,231                              | (342,423)                           |
| Changes in assumptions  | 3,151,086                            | -                                   | 4,726,630                            | -                                   |
| Net difference between projected and actual earnings<br>on pension plan investments | 2,437,828                            | -                                   | 7,545,077                            | -                                   |
| Total   | <u>\$ 14,021,976</u>                 | <u>\$ (204,552)</u>                 | <u>\$ 19,398,686</u>                 | <u>\$ (342,423)</u>                 |

|   | PARS Plan                            |                                     |                                      |                                     |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|   | 2025                                 |                                     | 2024                                 |                                     |
|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Contributions made after measurement date   | \$ 476,841                           | \$ -                                | \$ 300,463                           | \$ -                                |
| Difference between expected and actual experience                                   | 102,473                              | -                                   | 41,026                               | -                                   |
| Changes in assumptions  | -                                    | (28,609)                            | 127,594                              | -                                   |
| Net difference between projected and actual earnings<br>on pension plan investments | -                                    | (100,197)                           | 464,523                              | -                                   |
| Total   | <u>\$ 579,314</u>                    | <u>\$ (128,806)</u>                 | <u>\$ 933,606</u>                    | <u>\$ -</u>                         |

The combined \$8,406,680 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, 2026 compared to \$7,317,211 for the previous year.

As of the measurement date, June 30, 2024, 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<br>June 30 | SDTI CalPERS<br>Plan | SDTI PARS<br>Plan  |
|-----------------------|----------------------|--------------------|
| 2026                  | \$ 1,505,332         | \$ 3,885           |
| 2027                  | 5,823,007            | 236,626            |
| 2028                  | (579,772)            | (151,682)          |
| 2029                  | (860,982)            | (115,162)          |
| 2030                  | -                    | -                  |
| Total                 | <u>\$ 5,887,585</u>  | <u>\$ (26,333)</u> |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**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<br>June 30 | SDTI CalPERS<br>Plan | SDTI PARS<br>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> |

**Payable to the Pension Plan**

At June 30, 2025, SDTI reported a payable of \$190,386 to CalPERS and \$11,121 to PARS for the outstanding amount of contributions to the pension plans required for the fiscal year compared to \$159,923 payable to CalPERS and \$6,513 payable to PARS for the year ended June 30, 2024.

**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.



**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**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, 2025 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%   | 9.00%                       |
| Required employer contribution rates                    | 80.76%  | 79.76%                      |
| 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%   |                             |
| 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                    | 80.76%  | 80.76%                      |
| 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 |                             |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**General Information about the Pension Plans (Continued)**

**Employees Covered** – At June 30, 2025 and 2024 (measurement date 2024 and 2023), the following employees were covered by the benefit terms for the Plan:

|  | 2025  | 2024  |
|--|-------|-------|
| Inactive employees or beneficiaries currently receiving benefits | 1,064 | 1,066 |
| Inactive employees entitled to but not yet receiving benefits    | 172   | 175   |
| Active employees   | 289   | 310   |
|  | 1,525 | 1,551 |

**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, 2024 (measurement date), the active employee contribution rate is 8.00–9.00% of annual pay, and the average employer’s contribution rate is 80.26% of annual payroll compared to 8.00–9.50% and 73.92% for the previous year.

For the year ended June 30, 2025 and 2024 (measurement date 2024 and 2023), the contributions recognized as part of pension expense for the Plan were as follows:

|                           | 2025          | 2024          |
|---------------------------|---------------|---------------|
| Contributions - employer  | \$ 17,213,854 | \$ 16,157,770 |
| Contributions - employees | 1,712,165     | 1,719,444     |

**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, 2024, using an annual actuarial valuation as of July 1, 2024.

**Actuarial Assumptions** – The total pension liabilities in the July 1, 2024 actuarial valuations were determined using the following actuarial assumptions:

|                                      |   |
|--------------------------------------|---|
| Valuation Date                       | July 1, 2024  |
| Measurement Date                     | July 1, 2024  |
| Actuarial Cost Method                | Individual entry age to final decrement   |
| Actuarial Assumptions:               |   |
| Discount Rate                        | 6.00%   |
| Inflation                            | 2.50%   |
| Projected Salary Increase            | 2.5% plus merit component based on employee classification and years of service |
| Investment Rate of Return (1)        | 6.00%   |
| Mortality                            | Generational improvements from the base year 2016 using Scale MP-2020           |
| COLA Increase - Non-Contract Members | 2.00%   |

(1) Net of pension plan investment expenses.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Net Pension Liability (Continued)**

**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.

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%            | 3.54%           |
| International Equity | 20.00%            | 6.57%           |
| Fixed Income         | 55.00%            | 2.00%           |

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

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Net Pension Liability (Continued)**

**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, 2025 and 2024, 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:

|                       | 2025           | 2024           |
|-----------------------|----------------|----------------|
| 1% Decrease           | 5.00%          | 5.00%          |
| Net Pension Liability | \$ 190,914,098 | \$ 195,575,453 |
| Current Discount Rate | 6.00%          | 6.00%          |
| Net Pension Liability | \$ 154,676,640 | \$ 159,680,176 |
| 1% Increase           | 7.00%          | 7.00%          |
| Net Pension Liability | \$ 123,839,774 | \$ 129,138,346 |

**Changes in Net Pension Liability**

At June 30, 2025 (measurement date 2024), the change in the Net Pension Liability for the SDTC Plan is as follows:

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|---|----------------------------|--------------------------------|--------------------------|
| Balance at July 1, 2024                                     | \$ 342,852,868             | \$ 183,172,692                 | \$ 159,680,176           |
| Changes in the year:  |                            |                                |                          |
| Service cost  | 3,557,763                  | -                              | 3,557,763                |
| Interest on the total pension liability                     | 20,095,752                 | -                              | 20,095,752               |
| Changes of assumptions                                      | -                          | -                              | -                        |
| Difference between expected and actual experience           | 4,417,320                  | -                              | 4,417,320                |
| Benefit payments, including refunds of member contributions | (23,302,300)               | (23,302,300)                   | -                        |
| Contributions - employer                                    | -                          | 17,213,854                     | (17,213,854)             |
| Contributions - employee                                    | -                          | 1,712,165                      | (1,712,165)              |
| Net investment income                                       | -                          | 14,304,780                     | (14,304,780)             |
| Administrative expense                                      | -                          | (156,428)                      | 156,428                  |
| Net Changes   | 4,768,535                  | 9,772,071                      | (5,003,536)              |
| Balance at June 30, 2025                                    | \$ 347,621,403             | \$ 192,944,763                 | \$ 154,676,640           |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Changes in Net Pension Liability (Continued)**

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

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>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           |

**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.

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

For the years ended June 30, 2025 and 2024, SDTC recognized pension expense of \$21,825,886 and \$21,463,544, respectively. At June 30, 2025 and 2024, SDTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | 2025                                 |                                     | 2024                                 |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Contributions made after measurement date  | \$ 18,430,690                        | \$ -                                | \$ 17,217,837                        | \$ -                                |
| Difference between expected and actual experience                                | -                                    | -                                   | 2,471,542                            | -                                   |
| Net difference between projected and actual earnings on pension plan investments | 5,963,236                            | -                                   | 13,107,262                           | -                                   |
| Total  | \$ 24,393,926                        | \$ -                                | \$ 32,796,641                        | \$ -                                |

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

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

The \$18,430,690 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, 2026 compared to \$17,217,837 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<br>June 30 | Amounts             |
|-----------------------|---------------------|
| 2026                  | \$ 1,431,825        |
| 2027                  | 6,099,073           |
| 2028                  | (877,979)           |
| 2029                  | (689,683)           |
| 2030                  | -                   |
| Total                 | <u>\$ 5,963,236</u> |

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

| Year Ended<br>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> |

**Payable to the Pension Plan**

At June 30, 2025, SDTC reported a payable of \$1,546,162 for the outstanding amount of contributions to the pension plan required for the fiscal year compared to \$1,377,738 for the year ended June 30, 2024.

**San Diego Metropolitan Transit System**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**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, 2025 and 2024. 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.

|                               | <u>2025</u>    | <u>2024</u>    |
|-------------------------------|----------------|----------------|
| MTS Contracted Services       | \$ (9,760,994) | \$ (9,810,513) |
| San Diego Transit Corporation | (176,510,271)  | (164,017,407)  |
| San Diego Trolley, Inc.       | (32,113,475)   | (19,554,886)   |

**Note 14 – Net Investment in Capital Assets**

At June 30, 2025 and 2024, the net investment in capital assets consisted of the following:

|   | <u>2025</u>                    | <u>2024</u>                    |
|---|--------------------------------|--------------------------------|
| Capital assets, net   | \$ 3,162,129,739               | \$ 3,281,827,887               |
| Cash Restricted for capital support, Retention trust account (see Note 2) | 1,934,753                      | 3,031,659                      |
| Less: Retentions payable from restricted assets                           | (1,934,753)                    | (3,031,659)                    |
| Less: Retentions payable  | (524,301)                      | (1,305,601)                    |
| Less: Lease liabilities   | (10,339,540)                   | (10,603,511)                   |
| Less: Subscription liabilities  | (3,030,518)                    | (2,948,291)                    |
| <b>Net investment in capital assets</b>                                   | <u><u>\$ 3,148,235,380</u></u> | <u><u>\$ 3,266,970,484</u></u> |

**Note 15 – Other Non-Operating Expense**

On January 22, 2024, San Diego, CA was hit by a historic flood causing an estimated \$17 million in damage to the Trolley System. The destruction was widespread impacting track, stations, buildings and equipment. In Fiscal Year 2025, MTS incurred \$2.4 million of expenses reimbursable by insurance and \$1.2 million in expenses that are not expected to be covered by insurance compared to \$4.3 million and \$3.9 million in FY2024. The expenses that were not offset with insurance proceeds are included in the 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 also has several capital replacement projects related to the flood. In the current fiscal year, \$1.8 million was spent and \$1.9 million was capitalized and in the prior fiscal year \$1.3 million was spent and \$624 thousand was capitalized. MTS is expecting an estimated \$2.0 million in expenses for FY2026, with the majority of these being eligible for insurance coverage.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

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

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**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MTS**

| Measurement Period, Year Ended June 30:   | 2024          | 2023          | 2022          | 2021          | 2020          |
|---|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability   | 0.39204%      | 0.38662%      | 0.37942%      | 0.43072%      | 0.35975%      |
| Proportionate share of the net pension liability                                  | \$ 18,961,578 | \$ 19,332,817 | \$ 17,754,063 | \$ 8,178,565  | \$ 15,174,709 |
| Covered payroll   | \$ 16,641,398 | \$ 15,217,610 | \$ 14,346,741 | \$ 14,166,669 | \$ 13,715,993 |
| Proportionate share of the net pension liability as percentage of covered payroll | 113.94%       | 127.04%       | 123.75%       | 57.73%        | 110.64%       |
| Plan's fiduciary net position as percentage of the total pension liability        | 77.67%        | 75.35%        | 75.69%        | 87.57%        | 74.92%        |
| Proportionate share of aggregate employer contributions                           | \$ 2,531,250  | \$ 2,456,504  | \$ 2,867,564  | \$ 2,265,608  | \$ 2,024,949  |

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

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)**  
**MTS**

| Measurement Period, Year Ended June 30:   | 2019          | 2018          | 2017          | 2016          | 2015         |
|---|---------------|---------------|---------------|---------------|--------------|
| Proportion of the net pension liability   | 0.35122%      | 0.34449%      | 0.34040%      | 0.33571%      | 0.35383%     |
| Proportionate share of the net pension liability                                  | \$ 14,064,659 | \$ 12,982,663 | \$ 13,418,753 | \$ 11,661,984 | \$ 9,707,169 |
| Covered payroll   | \$ 12,892,323 | \$ 12,873,186 | \$ 11,809,510 | \$ 11,078,469 | \$ 9,954,718 |
| Proportionate share of the net pension liability as percentage of covered payroll | 109.09%       | 100.85%       | 113.63%       | 105.27%       | 97.51%       |
| Plan's fiduciary net position as percentage of the total pension liability        | 75.16%        | 75.65%        | 72.65%        | 72.53%        | 75.07%       |
| Proportionate share of aggregate employer contributions                           | \$ 1,763,681  | \$ 1,536,182  | \$ 1,348,728  | \$ 1,896,142  | \$ 1,998,897 |

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

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**SDTI CALPERS PLANS**

| Measurement Period, Year Ended June 30:                                    | 2024                  | 2023                  | 2022                  | 2021                  | 2020                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>   |                       |                       |                       |                       |                       |
| Service cost   | \$ 6,040,977          | \$ 5,794,970          | \$ 5,576,840          | \$ 4,670,260          | \$ 4,479,774          |
| Interest on total pension liability  | 14,787,229            | 13,977,882            | 13,189,942            | 12,372,042            | 11,672,869            |
| Difference between expected and actual experience                          | 604,484               | 56,691                | (392,728)             | (284,762)             | 355,799               |
| Changes in assumptions   | -                     | -                     | 7,877,718             | -                     | -                     |
| Changes in benefit terms   | -                     | 216,615               | -                     | -                     | -                     |
| Benefit payments, including refunds of employee contributions              | (9,151,704)           | (8,389,627)           | (7,069,799)           | (6,645,332)           | (5,723,615)           |
| <b>Net change in total pension liability</b>                               | 12,280,986            | 11,656,531            | 19,181,973            | 10,112,208            | 10,784,827            |
| <b>Total pension liability - beginning</b>                                 | 215,258,555           | 203,602,024           | 184,420,051           | 174,307,843           | 163,523,016           |
| <b>Total pension liability - ending (a)</b>                                | <u>\$ 227,539,541</u> | <u>\$ 215,258,555</u> | <u>\$ 203,602,024</u> | <u>\$ 184,420,051</u> | <u>\$ 174,307,843</u> |
| <b>Plan fiduciary net position</b>   |                       |                       |                       |                       |                       |
| Contributions - employer   | \$ 7,017,017          | \$ 6,229,147          | \$ 5,769,619          | \$ 5,237,955          | \$ 4,532,160          |
| Contributions - employee   | 3,069,915             | 2,463,713             | 2,366,931             | 2,398,196             | 2,108,348             |
| Net investment income  | 16,202,558            | 9,825,840             | (12,824,227)          | 31,172,082            | 6,512,893             |
| Benefit payments, including refunds of employee contributions              | (9,151,704)           | (8,389,627)           | (7,069,799)           | (6,645,332)           | (5,723,615)           |
| Net plan to plan resource movement   | -                     | -                     | -                     | -                     | -                     |
| Administrative expense   | (136,146)             | (115,673)             | (105,380)             | (136,995)             | (183,118)             |
| <b>Net change in plan fiduciary net position</b>                           | 17,001,640            | 10,013,400            | (11,862,856)          | 32,025,906            | 7,246,668             |
| <b>Plan fiduciary net position - beginning</b>                             | 167,316,510           | 157,303,110           | 169,165,966           | 137,140,060           | 129,893,392           |
| <b>Plan fiduciary net position - ending (b)</b>                            | <u>\$ 184,318,150</u> | <u>\$ 167,316,510</u> | <u>\$ 157,303,110</u> | <u>\$ 169,165,966</u> | <u>\$ 137,140,060</u> |
| <b>Net pension liability - ending (a) - (b)</b>                            | \$ 43,221,391         | \$ 47,942,045         | \$ 46,298,914         | \$ 15,254,085         | \$ 37,167,783         |
| Plan fiduciary net position as a percentage of the total pension liability | 81.00%                | 77.73%                | 77.26%                | 91.73%                | 78.68%                |
| Covered payroll  | \$ 40,234,632         | \$ 37,077,411         | \$ 35,512,059         | \$ 33,604,962         | \$ 31,913,060         |
| Plan net pension liability as a percentage of covered payroll              | 107.42%               | 129.30%               | 130.38%               | 45.39%                | 116.47%               |

**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)**  
**Last Ten Fiscal Years**

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

| Measurement Period, Year Ended June 30:                                    | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>   |                       |                       |                       |                       |                       |
| Service cost   | \$ 4,304,517          | \$ 4,029,579          | \$ 3,882,206          | \$ 3,580,302          | \$ 3,615,793          |
| Interest on total pension liability  | 10,947,906            | 10,112,324            | 9,611,237             | 9,201,415             | 8,554,525             |
| Difference between expected and actual experience                          | 2,647,270             | (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              | (5,389,412)           | (5,090,945)           | (4,901,765)           | (4,345,171)           | (3,799,240)           |
| <b>Net change in total pension liability</b>                               | 12,510,281            | 7,488,391             | 14,425,433            | 8,812,243             | 5,586,014             |
| <b>Total pension liability - beginning</b>                                 | 151,012,735           | 143,524,344           | 129,098,911           | 120,286,668           | 114,700,654           |
| <b>Total pension liability - ending (a)</b>                                | <u>\$ 163,523,016</u> | <u>\$ 151,012,735</u> | <u>\$ 143,524,344</u> | <u>\$ 129,098,911</u> | <u>\$ 120,286,668</u> |
| <b>Plan fiduciary net position</b>   |                       |                       |                       |                       |                       |
| Contributions - employer   | \$ 3,824,864          | \$ 3,342,623          | \$ 2,835,680          | \$ 2,659,911          | \$ 2,553,900          |
| Contributions - employee   | 2,075,270             | 2,034,672             | 1,806,506             | 1,778,990             | 1,839,206             |
| Net investment income  | 8,009,279             | 9,482,977             | 11,214,548            | 628,353               | 2,204,904             |
| Benefit payments, including refunds of employee contributions              | (5,389,412)           | (5,090,945)           | (4,901,765)           | (4,345,171)           | (3,799,240)           |
| Net plan to plan resource movement   | (86,676)              | (281)                 | -                     | -                     | -                     |
| Administrative expense   | 281                   | (506,849)             | (149,699)             | (61,391)              | (113,387)             |
| <b>Net change in plan fiduciary net position</b>                           | 8,433,606             | 9,262,197             | 10,805,270            | 660,692               | 2,685,383             |
| <b>Plan fiduciary net position - beginning</b>                             | 121,459,786           | 112,197,589           | 101,392,319           | 100,731,627           | 98,046,244            |
| <b>Plan fiduciary net position - ending (b)</b>                            | <u>\$ 129,893,392</u> | <u>\$ 121,459,786</u> | <u>\$ 112,197,589</u> | <u>\$ 101,392,319</u> | <u>\$ 100,731,627</u> |
| <b>Net pension liability - ending (a) - (b)</b>                            | \$ 33,629,624         | \$ 29,552,949         | \$ 31,326,755         | \$ 27,706,592         | \$ 19,555,041         |
| Plan fiduciary net position as a percentage of the total pension liability | 79.43%                | 80.43%                | 78.17%                | 78.54%                | 83.74%                |
| Covered payroll  | \$ 29,886,251         | \$ 27,790,199         | \$ 26,643,371         | \$ 27,247,357         | \$ 26,965,416         |
| Plan net pension liability as a percentage of covered payroll              | 112.53%               | 106.34%               | 117.58%               | 101.69%               | 72.52%                |

**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)**  
**Last Ten Fiscal Years**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**SDTI PARS PLAN**

| Measurement Period, Year<br>Ended June 30:                                 | 2024                 | 2023                 | 2022                 | 2021                | 2020                |
|--|----------------------|----------------------|----------------------|---------------------|---------------------|
| <b>Total Pension Liability</b>   |                      |                      |                      |                     |                     |
| Service cost   | \$ 164,491           | \$ 199,311           | \$ 193,977           | \$ 201,071          | \$ 195,690          |
| Interest on total pension liability  | 644,223              | 628,518              | 566,474              | 590,139             | 591,918             |
| Difference between expected and actual experience                          | 204,947              | -                    | 177,780              | -                   | (262,427)           |
| Changes in assumptions   | (57,219)             | -                    | 552,904              | -                   | (164,168)           |
| Changes in benefit terms   | -                    | -                    | -                    | -                   | -                   |
| Benefit payments, including refunds of employee contributions              | (566,030)            | (497,452)            | (428,359)            | (415,242)           | (372,953)           |
| <b>Net change in total pension liability</b>                               | <b>390,412</b>       | <b>330,377</b>       | <b>1,062,776</b>     | <b>375,968</b>      | <b>(11,940)</b>     |
| <b>Total pension liability - beginning</b>                                 | <b>10,851,463</b>    | <b>10,521,086</b>    | <b>9,458,310</b>     | <b>9,082,342</b>    | <b>9,094,282</b>    |
| <b>Total pension liability - ending (a)</b>                                | <b>\$ 11,241,875</b> | <b>\$ 10,851,463</b> | <b>\$ 10,521,086</b> | <b>\$ 9,458,310</b> | <b>\$ 9,082,342</b> |
| <b>Plan fiduciary net position</b>   |                      |                      |                      |                     |                     |
| Contributions - employer   | \$ 300,464           | \$ 318,025           | \$ 348,656           | \$ 358,879          | \$ 436,518          |
| Contributions - employee   | -                    | -                    | -                    | -                   | -                   |
| Net investment income  | 1,080,892            | 662,626              | (1,370,500)          | 2,025,536           | 186,614             |
| Benefit payments, including refunds of employee contributions              | (566,030)            | (497,452)            | (428,359)            | (415,242)           | (372,953)           |
| Administrative expense   | (16,539)             | (18,958)             | (17,388)             | (16,382)            | (15,143)            |
| <b>Net change in plan fiduciary net position</b>                           | <b>798,787</b>       | <b>464,241</b>       | <b>(1,467,591)</b>   | <b>1,952,791</b>    | <b>235,036</b>      |
| <b>Plan fiduciary net position - beginning</b>                             | <b>8,562,122</b>     | <b>8,097,881</b>     | <b>9,565,472</b>     | <b>7,612,681</b>    | <b>7,377,645</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                            | <b>\$ 9,360,909</b>  | <b>\$ 8,562,122</b>  | <b>\$ 8,097,881</b>  | <b>\$ 9,565,472</b> | <b>\$ 7,612,681</b> |
| <b>Net pension liability (asset) - ending (a) - (b)</b>                    | <b>\$ 1,880,966</b>  | <b>\$ 2,289,341</b>  | <b>\$ 2,423,205</b>  | <b>\$ (107,162)</b> | <b>\$ 1,469,661</b> |
| Plan fiduciary net position as a percentage of the total pension liability | 83.27%               | 78.90%               | 76.97%               | 101.13%             | 83.82%              |
| Covered payroll  | \$ 3,201,890         | \$ 3,466,427         | \$ 3,927,255         | \$ 4,471,089        | \$ 4,351,424        |
| Plan net pension liability as a percentage of covered payroll              | 58.75%               | 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):**

- \*2024 - Inflation rate decreased from 2.50 percent to 2.30 percent
- \*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.

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

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

| Measurement Period, Year<br>Ended June 30:                                 | 2019                | 2018                | 2017                | 2016                | 2015                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total Pension Liability</b>   |                     |                     |                     |                     |                     |
| 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)           |
| <b>Net change in total pension liability</b>                               | <b>454,337</b>      | <b>293,516</b>      | <b>483,925</b>      | <b>629,632</b>      | <b>519,333</b>      |
| <b>Total pension liability - beginning</b>                                 | <b>8,639,945</b>    | <b>8,346,429</b>    | <b>7,862,504</b>    | <b>7,232,872</b>    | <b>6,713,539</b>    |
| <b>Total pension liability - ending (a)</b>                                | <b>\$ 9,094,282</b> | <b>\$ 8,639,945</b> | <b>\$ 8,346,429</b> | <b>\$ 7,862,504</b> | <b>\$ 7,232,872</b> |
| <b>Plan fiduciary net position</b>   |                     |                     |                     |                     |                     |
| 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)            |
| <b>Net change in plan fiduciary net position</b>                           | <b>504,123</b>      | <b>677,592</b>      | <b>928,845</b>      | <b>199,626</b>      | <b>476,245</b>      |
| <b>Plan fiduciary net position - beginning</b>                             | <b>6,873,522</b>    | <b>6,195,930</b>    | <b>5,267,085</b>    | <b>5,067,459</b>    | <b>4,591,214</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                            | <b>\$ 7,377,645</b> | <b>\$ 6,873,522</b> | <b>\$ 6,195,930</b> | <b>\$ 5,267,085</b> | <b>\$ 5,067,459</b> |
| <b>Net pension liability (asset) - ending (a) - (b)</b>                    | <b>\$ 1,716,637</b> | <b>\$ 1,766,423</b> | <b>\$ 2,150,499</b> | <b>\$ 2,595,419</b> | <b>\$ 2,165,413</b> |
| 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):**

- \*2024 - Inflation rate decreased from 2.50 percent to 2.30 percent
- \*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.

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

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**SDTC PLAN**

| Measurement Period, Year Ended June 30:                                    | 2024                  | 2023                  | 2022                  | 2021                  | 2020                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>   |                       |                       |                       |                       |                       |
| Service cost   | \$ 3,557,763          | \$ 3,615,035          | \$ 3,612,367          | \$ 3,087,757          | \$ 3,326,248          |
| Interest on total pension liability  | 20,095,752            | 19,776,787            | 19,441,516            | 20,767,402            | 20,793,979            |
| Difference between expected and actual experience                          | 4,417,320             | 4,943,085             | 4,856,802             | 3,560,873             | (3,159,945)           |
| Changes in assumptions   | -                     | -                     | -                     | 10,215,184            | -                     |
| Changes in benefit terms   | -                     | -                     | -                     | -                     | -                     |
| Benefit payments, including refunds of employee contributions              | (23,302,300)          | (22,630,610)          | (22,029,157)          | (21,531,678)          | (20,712,755)          |
| <b>Net change in total pension liability</b>                               | <b>4,768,535</b>      | <b>5,704,297</b>      | <b>5,881,528</b>      | <b>16,099,538</b>     | <b>247,527</b>        |
| <b>Total pension liability - beginning</b>                                 | <b>342,852,868</b>    | <b>337,148,571</b>    | <b>331,267,043</b>    | <b>315,167,505</b>    | <b>314,919,978</b>    |
| <b>Total pension liability - ending (a)</b>                                | <b>\$ 347,621,403</b> | <b>\$ 342,852,868</b> | <b>\$ 337,148,571</b> | <b>\$ 331,267,043</b> | <b>\$ 315,167,505</b> |
| <b>Plan fiduciary net position</b>   |                       |                       |                       |                       |                       |
| Contributions - employer   | \$ 17,213,854         | \$ 16,157,770         | \$ 15,838,082         | \$ 23,718,402         | \$ 14,709,528         |
| Contributions - employee   | 1,712,165             | 1,719,444             | 1,621,654             | 1,950,898             | 2,017,164             |
| Net investment income  | 14,304,780            | 11,403,121            | (22,759,878)          | 34,664,950            | 24,666                |
| Benefit payments, including refunds of employee contributions              | (23,302,300)          | (22,630,610)          | (22,029,157)          | (21,531,678)          | (20,712,755)          |
| Administrative expense   | (156,428)             | (354,459)             | (265,106)             | (252,541)             | (256,420)             |
| <b>Net change in plan fiduciary net position</b>                           | <b>9,772,071</b>      | <b>6,295,266</b>      | <b>(27,594,405)</b>   | <b>38,550,031</b>     | <b>(4,217,817)</b>    |
| <b>Plan fiduciary net position - beginning</b>                             | <b>183,172,692</b>    | <b>176,877,426</b>    | <b>204,471,831</b>    | <b>165,921,800</b>    | <b>170,139,617</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                            | <b>\$ 192,944,763</b> | <b>\$ 183,172,692</b> | <b>\$ 176,877,426</b> | <b>\$ 204,471,831</b> | <b>\$ 165,921,800</b> |
| <b>Net pension liability - ending (a) - (b)</b>                            | <b>\$ 154,676,640</b> | <b>\$ 159,680,176</b> | <b>\$ 160,271,145</b> | <b>\$ 126,795,212</b> | <b>\$ 149,245,705</b> |
| Plan fiduciary net position as a percentage of the total pension liability | 55.50%                | 53.43%                | 52.46%                | 61.72%                | 52.65%                |
| Covered payroll  | \$ 23,668,509         | \$ 23,631,077         | \$ 25,059,762         | \$ 24,891,340         | \$ 25,826,289         |
| Plan net pension liability as a percentage of covered payroll              | 653.51%               | 675.72%               | 639.56%               | 509.39%               | 577.88%               |

**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, 2024 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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**SDTC PLAN**

| Measurement Period, Year Ended June 30:                                    | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>   |                       |                       |                       |                       |                       |
| Service cost   | \$ 3,345,262          | \$ 3,559,738          | \$ 3,660,961          | \$ 3,469,595          | \$ 3,590,766          |
| Interest on total pension liability  | 20,568,075            | 20,325,978            | 19,885,608            | 18,865,499            | 18,434,275            |
| Difference between expected and actual experience                          | 3,139,304             | (240,474)             | 1,185,687             | (2,174,475)           | 812,878               |
| Changes in assumptions   | 7,536,766             | (640,322)             | -                     | 29,699,872            | -                     |
| Changes in benefit terms   | -                     | -                     | -                     | -                     | -                     |
| Benefit payments, including refunds of employee contributions              | (19,969,862)          | (18,715,199)          | (17,977,346)          | (17,350,158)          | (16,584,043)          |
| <b>Net change in total pension liability</b>                               | <b>14,619,545</b>     | <b>4,289,721</b>      | <b>6,754,910</b>      | <b>32,510,333</b>     | <b>6,253,876</b>      |
| <b>Total pension liability - beginning</b>                                 | <b>300,300,433</b>    | <b>296,010,712</b>    | <b>289,255,802</b>    | <b>256,745,469</b>    | <b>250,491,593</b>    |
| <b>Total pension liability - ending (a)</b>                                | <b>\$ 314,919,978</b> | <b>\$ 300,300,433</b> | <b>\$ 296,010,712</b> | <b>\$ 289,255,802</b> | <b>\$ 256,745,469</b> |
| <b>Plan fiduciary net position</b>   |                       |                       |                       |                       |                       |
| Contributions - employer   | \$ 13,633,181         | \$ 13,020,223         | \$ 12,649,101         | \$ 10,711,282         | \$ 11,352,628         |
| Contributions - employee   | 2,074,025             | 1,751,616             | 2,047,593             | 1,754,869             | 1,363,092             |
| Net investment income  | 8,415,801             | 8,792,300             | 12,216,936            | (540,093)             | (2,018,866)           |
| Benefit payments, including refunds of employee contributions              | (19,969,862)          | (18,715,199)          | (17,977,346)          | (17,350,158)          | (16,584,043)          |
| Administrative expense   | (252,585)             | (244,890)             | (234,128)             | (290,381)             | (262,808)             |
| <b>Net change in plan fiduciary net position</b>                           | <b>3,900,560</b>      | <b>4,604,050</b>      | <b>8,702,156</b>      | <b>(5,714,481)</b>    | <b>(6,149,997)</b>    |
| <b>Plan fiduciary net position - beginning</b>                             | <b>166,239,057</b>    | <b>161,635,007</b>    | <b>152,932,851</b>    | <b>158,647,332</b>    | <b>164,797,329</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                            | <b>\$ 170,139,617</b> | <b>\$ 166,239,057</b> | <b>\$ 161,635,007</b> | <b>\$ 152,932,851</b> | <b>\$ 158,647,332</b> |
| <b>Net pension liability - ending (a) - (b)</b>                            | <b>\$ 144,780,361</b> | <b>\$ 134,061,376</b> | <b>\$ 134,375,705</b> | <b>\$ 136,322,951</b> | <b>\$ 98,098,137</b>  |
| Plan fiduciary net position as a percentage of the total pension liability | 54.03%                | 55.36%                | 54.60%                | 52.87%                | 61.79%                |
| Covered payroll  | \$ 27,121,687         | \$ 29,672,305         | \$ 31,660,643         | \$ 31,048,663         | \$ 32,658,827         |
| Plan net pension liability as a percentage of covered payroll              | 533.82%               | 451.81%               | 424.43%               | 439.06%               | 300.37%               |

**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, 2024 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:   | 2025          | 2024          | 2023          | 2022          | 2021          |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution                                  | \$ 3,620,191  | \$ 3,117,363  | \$ 2,960,147  | \$ 2,772,487  | \$ 2,580,445  |
| Contributions in relation to the actuarially determined contribution | (3,620,191)   | (3,117,363)   | (2,960,147)   | (2,772,487)   | (2,580,445)   |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Covered payroll  | \$ 18,955,284 | \$ 16,641,398 | \$ 15,217,610 | \$ 14,346,741 | \$ 14,166,669 |
| Contributions as a percentage of covered payroll                     | 19.10%        | 18.73%        | 19.45%        | 19.32%        | 18.21%        |

**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 2025 were derived from the June 30, 2022 funding valuation report.

|                            |  |
|----------------------------|--|
| Actuarial cost method      | Entry Age Actuarial Cost method  |
| Amortization method/period | For details, see June 30, 2022 Funding Valuation Report  |
| Asset valuation method     | Fair value of assets   |
| Inflation                  | 2.30%  |
| Salary increases           | Varies based on entry age and service  |
| Payroll growth             | 2.80%  |
| Investment rate of return  | 6.80% net of pension plan investment and administrative expenses   |
| Retirement age             | The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.  |
| Mortality                  | The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

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

**SCHEDULE OF CONTRIBUTIONS (CONTINUED)**  
**MTS**

| Fiscal Year Ended June 30:   | 2020          | 2019          | 2018          | 2017          | 2016          |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution                                  | \$ 2,320,104  | \$ 2,041,117  | \$ 1,896,639  | \$ 1,731,711  | \$ 1,582,497  |
| Contributions in relation to the actuarially determined contribution | (2,320,104)   | (2,041,117)   | (1,896,639)   | (1,731,711)   | (1,582,497)   |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Covered payroll  | \$ 13,715,993 | \$ 12,892,323 | \$ 12,873,186 | \$ 11,809,510 | \$ 11,078,469 |
| Contributions as a percentage of covered payroll                     | 16.92%        | 15.83%        | 14.73%        | 14.66%        | 14.28%        |

**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 2025 were derived from the June 30, 2022 funding valuation report.

|                            |  |
|----------------------------|--|
| Actuarial cost method      | Entry Age Actuarial Cost method  |
| Amortization method/period | For details, see June 30, 2022 Funding Valuation Report  |
| Asset valuation method     | Fair value of assets   |
| Inflation                  | 2.30%  |
| Salary increases           | Varies based on entry age and service  |
| Payroll growth             | 2.80%  |
| Investment rate of return  | 6.80% net of pension plan investment and administrative expenses   |
| Retirement age             | The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.  |
| Mortality                  | The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

**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:   | 2025          | 2024          | 2023          | 2022          | 2021          |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution                                  | \$ 7,929,839  | \$ 7,016,748  | \$ 6,229,147  | \$ 5,769,619  | \$ 5,237,955  |
| Contributions in relation to the actuarially determined contribution | (7,929,839)   | (7,016,748)   | (6,229,147)   | (5,769,619)   | (5,237,955)   |
| Contribution deficiency (excess)                                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Covered payroll  | \$ 45,086,390 | \$ 40,234,632 | \$ 37,077,411 | \$ 35,512,059 | \$ 33,604,962 |
| Contributions as a percentage of covered payroll                     | 17.59%        | 17.44%        | 16.80%        | 16.25%        | 15.59%        |

**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 2025 were derived from the June 30, 2022 funding valuation report.

|                            |  |
|----------------------------|--|
| Actuarial cost method      | Entry Age Normal Actuarial; Cost method  |
| Amortization method/period | For details, see June 30, 2022 Funding Valuation Report  |
| Asset valuation method     | Fair value of assets   |
| Inflation                  | 2.30%  |
| Salary increases           | Varies based on entry age and service  |
| Payroll growth             | 2.80%  |
| Investment rate of return  | 6.80% net of pension plan investment and administrative expenses   |
| Retirement age             | The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.  |
| Mortality                  | The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

**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:   | 2020          | 2019          | 2018          | 2017          | 2016          |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution                                  | \$ 4,532,160  | \$ 3,824,864  | \$ 3,266,081  | \$ 2,835,680  | \$ 2,659,911  |
| Contributions in relation to the actuarially determined contribution | (4,532,160)   | (3,824,864)   | (3,266,081)   | (2,835,680)   | (2,659,911)   |
| Contribution deficiency (excess)                                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Covered payroll  | \$ 31,913,060 | \$ 29,886,251 | \$ 27,790,199 | \$ 26,643,371 | \$ 27,247,357 |
| Contributions as a percentage of covered payroll                     | 14.20%        | 12.80%        | 11.75%        | 10.64%        | 9.76%         |

**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 2025 were derived from the June 30, 2022 funding valuation report.

|                            |  |
|----------------------------|--|
| Actuarial cost method      | Entry Age Normal Actuarial; Cost method  |
| Amortization method/period | For details, see June 30, 2022 Funding Valuation Report  |
| Asset valuation method     | Fair value of assets   |
| Inflation                  | 2.30%  |
| Salary increases           | Varies based on entry age and service  |
| Payroll growth             | 2.80%  |
| Investment rate of return  | 6.80% net of pension plan investment and administrative expenses   |
| Retirement age             | The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.  |
| Mortality                  | The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

**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:   | 2025            | 2024               | 2023              | 2022               | 2021             |
|--|-----------------|--------------------|-------------------|--------------------|------------------|
| Actuarially determined contribution                                  | \$ 482,743      | \$ 288,810         | \$ 312,672        | \$ 334,820         | \$ 381,185       |
| Contributions in relation to the actuarially determined contribution | (476,841)       | (300,463)          | (318,025)         | (348,656)          | (358,878)        |
| Contribution deficiency (excess)                                     | <u>\$ 5,902</u> | <u>\$ (11,653)</u> | <u>\$ (5,353)</u> | <u>\$ (13,836)</u> | <u>\$ 22,307</u> |
| Covered payroll  | \$ 3,175,938    | \$ 3,201,890       | \$ 3,466,427      | \$ 3,927,255       | \$ 4,471,089     |
| Contributions as a percentage of covered payroll                     | 15.01%          | 9.38%              | 9.17%             | 8.88%              | 8.03%            |

**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 2025 were derived from the June 30, 2023 funding valuation report.

|                           |                                       |
|---------------------------|---------------------------------------|
| Valuation date            | June 30, 2023                         |
| Actuarial cost method     | Entry Age Normal                      |
| Amortization method       | Level dollar                          |
| Amortization period       | 10 years as of valuation date         |
| Asset valuation method    | 5-year smoothed market                |
| Inflation                 | 2.30%                                 |
| Salary increases          | Varies based on entry age and service |
| Payroll growth            | 2.80%                                 |
| 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:   | 2020               | 2019             | 2018               | 2017                | 2016                |
|--|--------------------|------------------|--------------------|---------------------|---------------------|
| Actuarially determined contribution                                  | \$ 408,250         | \$ 459,504       | \$ 460,930         | \$ 499,993          | \$ 445,465          |
| Contributions in relation to the actuarially determined contribution | (418,735)          | (435,748)        | (549,296)          | (605,864)           | (547,473)           |
| Contribution deficiency (excess)                                     | <u>\$ (10,485)</u> | <u>\$ 23,756</u> | <u>\$ (88,366)</u> | <u>\$ (105,871)</u> | <u>\$ (102,008)</u> |
| Covered payroll  | \$ 4,351,424       | \$ 4,909,640     | \$ 4,766,641       | \$ 5,170,611        | \$ 5,020,011        |
| Contributions as a percentage of covered payroll                     | 9.62%              | 8.88%            | 11.52%             | 11.72%              | 10.91%              |

**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 2025 were derived from the June 30, 2023 funding valuation report.

|                           |                                       |
|---------------------------|---------------------------------------|
| Valuation date            | June 30, 2023                         |
| Actuarial cost method     | Entry Age Normal                      |
| Amortization method       | Level dollar                          |
| Amortization period       | 10 years as of valuation date         |
| Asset valuation method    | 5-year smoothed market                |
| Inflation                 | 2.30%                                 |
| Salary increases          | Varies based on entry age and service |
| Payroll growth            | 2.80%                                 |
| 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:   | 2025          | 2024          | 2023          | 2022          | 2021           |
|--|---------------|---------------|---------------|---------------|----------------|
| Actuarially determined contribution                                  | \$ 18,430,690 | \$ 17,217,837 | \$ 16,125,384 | \$ 15,838,082 | \$ 17,585,592  |
| Contributions in relation to the actuarially determined contribution | (18,430,690)  | (17,217,837)  | (16,125,384)  | (15,838,082)  | (23,718,402)   |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ (6,132,810) |
| Covered payroll  | \$ 24,011,424 | \$ 23,668,509 | \$ 23,631,077 | \$ 25,059,762 | \$ 24,891,340  |
| Contributions as a percentage of covered payroll                     | 76.76%        | 72.75%        | 68.24%        | 63.20%        | 95.29%         |

**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 2025 were derived from the July 1, 2022 funding valuation report.

|                            |   |
|----------------------------|---|
| Valuation date             | July 1, 2022  |
| 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  |
| Inflation rate             | 2.50%   |
|                            | 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:   | 2020          | 2019          | 2018          | 2017          | 2016          |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution                                  | \$ 14,709,813 | \$ 13,633,181 | \$ 13,020,223 | \$ 12,649,101 | \$ 10,711,282 |
| Contributions in relation to the actuarially determined contribution | (14,709,813)  | (13,633,181)  | (13,020,223)  | (12,649,101)  | (10,711,282)  |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Covered payroll  | \$ 25,826,289 | \$ 27,121,687 | \$ 29,672,305 | \$ 31,660,643 | \$ 31,048,663 |
| Contributions as a percentage of covered payroll                     | 56.96%        | 50.27%        | 43.88%        | 39.95%        | 34.50%        |

**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 2025 were derived from the July 1, 2022 funding valuation report.

|                            |   |
|----------------------------|---|
| Valuation date             | July 1, 2022  |
| 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  |
| Inflation rate             | 2.50%   |
| Discount rate              | 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 CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**MTS**

| Measurement period, year ended June 30:  | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>  |                      |                      |                      |                      |                      |
| Service cost   | \$ 443,917           | \$ 461,314           | \$ 714,088           | \$ 559,935           | \$ 544,949           |
| Interest   | 282,695              | 291,679              | 200,714              | 211,713              | 217,111              |
| Change of benefit terms  | -                    | -                    | -                    | -                    | -                    |
| Difference between expected and actual experience                              | -                    | (668,252)            | -                    | (31,742)             | (206,133)            |
| Change in assumptions  | (85,825)             | (221,195)            | (2,608,790)          | 465,523              | 610,704              |
| Benefit payments, including refunds of member contributions                    | (117,417)            | (147,799)            | (110,701)            | (112,510)            | (117,063)            |
| <b>Net change in total OPEB liability</b>                                      | <b>523,370</b>       | <b>(284,253)</b>     | <b>(1,804,689)</b>   | <b>1,092,919</b>     | <b>1,049,568</b>     |
| <b>Total OPEB liability - beginning</b>  | <b>6,459,098</b>     | <b>6,743,351</b>     | <b>8,548,040</b>     | <b>7,455,121</b>     | <b>6,405,553</b>     |
| <b>Total OPEB liability - ending (a)</b>                                       | <b>\$ 6,982,468</b>  | <b>\$ 6,459,098</b>  | <b>\$ 6,743,351</b>  | <b>\$ 8,548,040</b>  | <b>\$ 7,455,121</b>  |
| <b>OPEB fiduciary net position</b>   |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 117,417           | \$ 147,799           | \$ 110,701           | \$ 112,510           | \$ 117,063           |
| Net investment income  | -                    | -                    | -                    | -                    | -                    |
| Benefit payments, including refunds of member contributions                    | (117,417)            | (147,799)            | (110,701)            | (112,510)            | (117,063)            |
| Administrative expense   | -                    | -                    | -                    | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Plan net OPEB liability - ending (a) - (b)</b>                              | <b>\$ 6,982,468</b>  | <b>\$ 6,459,098</b>  | <b>\$ 6,743,351</b>  | <b>\$ 8,548,040</b>  | <b>\$ 7,455,121</b>  |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         |
| <b>Covered-employee payroll</b>  | <b>\$ 16,877,267</b> | <b>\$ 15,418,605</b> | <b>\$ 14,503,909</b> | <b>\$ 14,147,812</b> | <b>\$ 12,699,847</b> |
| <b>Plan net OPEB liability as a percentage of covered employee payroll</b>     | <b>41.37%</b>        | <b>41.89%</b>        | <b>46.49%</b>        | <b>60.42%</b>        | <b>58.70%</b>        |

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)**  
**Last Ten Fiscal Years\***

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

| Measurement period, year ended June 30:  | 2019                 | 2018                 | 2017                 |
|--|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>  |                      |                      |                      |
| Service cost   | \$ 452,623           | \$ 450,678           | \$ 504,282           |
| Interest   | 224,774              | 203,185              | 171,522              |
| Change of benefit terms  | -                    | -                    | -                    |
| Difference between expected and actual experience                              | (324,826)            | -                    | -                    |
| Change in assumptions  | 139,049              | (104,394)            | (566,410)            |
| Benefit payments, including refunds of member contributions                    | (111,141)            | (99,520)             | (96,621)             |
| <b>Net change in total OPEB liability</b>                                      | <b>380,479</b>       | <b>449,949</b>       | <b>12,773</b>        |
| <b>Total OPEB liability - beginning</b>  | <b>6,025,074</b>     | <b>5,575,125</b>     | <b>5,562,352</b>     |
| <b>Total OPEB liability - ending (a)</b>                                       | <b>\$ 6,405,553</b>  | <b>\$ 6,025,074</b>  | <b>\$ 5,575,125</b>  |
| <b>OPEB fiduciary net position</b>   |                      |                      |                      |
| Contributions - employer   | \$ 111,141           | \$ 99,520            | \$ 96,621            |
| Net investment income  | -                    | -                    | -                    |
| Benefit payments, including refunds of member contributions                    | (111,141)            | (99,520)             | (96,621)             |
| Administrative expense   | -                    | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Plan net OPEB liability - ending (a) - (b)</b>                              | <b>\$ 6,405,553</b>  | <b>\$ 6,025,074</b>  | <b>\$ 5,575,125</b>  |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         |
| <b>Covered-employee payroll</b>  | <b>\$ 13,522,496</b> | <b>\$ 12,763,760</b> | <b>\$ 12,392,000</b> |
| <b>Plan net OPEB liability as a percentage of covered employee payroll</b>     | <b>47.37%</b>        | <b>47.20%</b>        | <b>44.99%</b>        |

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)**  
**Last Ten Fiscal Years\***

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**SDTI**

| Measurement period, year ended June 30:  | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>  |                      |                      |                      |                      |                      |
| Service cost   | \$ 613,119           | \$ 467,782           | \$ 749,568           | \$ 577,191           | \$ 561,743           |
| Interest   | 525,726              | 460,997              | 317,424              | 386,140              | 412,287              |
| Difference between expected and actual experience                              | -                    | 1,112,998            | -                    | (1,764,102)          | (351,313)            |
| Change in assumptions  | (153,574)            | (505,754)            | (3,912,097)          | 832,716              | 997,581              |
| Benefit payments, including refunds of member contributions                    | (259,545)            | (187,732)            | (138,350)            | (181,540)            | (233,181)            |
| <b>Net change in total OPEB liability</b>                                      | <b>725,726</b>       | <b>1,348,291</b>     | <b>(2,983,455)</b>   | <b>(149,595)</b>     | <b>1,387,117</b>     |
| <b>Total OPEB liability - beginning</b>  | <b>12,244,775</b>    | <b>10,896,484</b>    | <b>13,879,939</b>    | <b>14,029,534</b>    | <b>12,642,417</b>    |
| <b>Total OPEB liability - ending (a)</b>                                       | <b>\$ 12,970,501</b> | <b>\$ 12,244,775</b> | <b>\$ 10,896,484</b> | <b>\$ 13,879,939</b> | <b>\$ 14,029,534</b> |
| <b>OPEB fiduciary net position</b>   |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 259,545           | \$ 187,732           | \$ 138,350           | \$ 181,540           | \$ 233,181           |
| Benefit payments, including refunds of member contributions                    | (259,545)            | (187,732)            | (138,350)            | (181,540)            | (233,181)            |
| Administrative expense   | -                    | -                    | -                    | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Plan net OPEB liability - ending (a) - (b)</b>                              | <b>\$ 12,970,501</b> | <b>\$ 12,244,775</b> | <b>\$ 10,896,484</b> | <b>\$ 13,879,939</b> | <b>\$ 14,029,534</b> |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         |
| <b>Covered-employee payroll</b>  | <b>\$ 40,459,223</b> | <b>\$ 37,310,945</b> | <b>\$ 35,758,575</b> | <b>\$ 33,827,843</b> | <b>\$ 32,204,645</b> |
| <b>Plan net OPEB liability as a percentage of covered employee payroll</b>     | <b>32.06%</b>        | <b>32.82%</b>        | <b>30.47%</b>        | <b>41.03%</b>        | <b>43.56%</b>        |

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)**  
**Last Ten Fiscal Years\***

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

| Measurement period, year ended June 30:  | 2019                 | 2018                 | 2017                 |
|--|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>  |                      |                      |                      |
| Service cost   | \$ 442,873           | \$ 440,969           | \$ 493,375           |
| Interest   | 415,912              | 389,043              | 336,668              |
| Difference between expected and actual experience                              | 230,450              | -                    | -                    |
| Change in assumptions  | 238,432              | (168,207)            | (956,245)            |
| Benefit payments, including refunds of member contributions                    | (251,166)            | (194,710)            | (189,039)            |
| <b>Net change in total OPEB liability</b>                                      | <b>1,076,501</b>     | <b>467,095</b>       | <b>(315,241)</b>     |
| <b>Total OPEB liability - beginning</b>  | <b>11,565,916</b>    | <b>11,098,821</b>    | <b>11,414,062</b>    |
| <b>Total OPEB liability - ending (a)</b>                                       | <b>\$ 12,642,417</b> | <b>\$ 11,565,916</b> | <b>\$ 11,098,821</b> |
| <b>OPEB fiduciary net position</b>   |                      |                      |                      |
| Contributions - employer   | \$ 251,166           | \$ 194,710           | \$ 189,039           |
| Benefit payments, including refunds of member contributions                    | (251,166)            | (194,710)            | (189,039)            |
| Administrative expense   | -                    | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Plan net OPEB liability - ending (a) - (b)</b>                              | <b>\$ 12,642,417</b> | <b>\$ 11,565,916</b> | <b>\$ 11,098,821</b> |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         |
| <b>Covered-employee payroll</b>  | <b>\$ 34,000,928</b> | <b>\$ 31,280,070</b> | <b>\$ 30,369,000</b> |
| <b>Plan net OPEB liability as a percentage of covered employee payroll</b>     | <b>37.18%</b>        | <b>36.98%</b>        | <b>36.55%</b>        |

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)**  
**Last Ten Fiscal Years\***

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

| Measurement period, year ended June 30:  | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>  |                      |                      |                      |                      |                      |
| Service Cost   | \$ 881,770           | \$ 1,433,157         | \$ 2,246,032         | \$ 1,354,186         | \$ 1,317,943         |
| Interest   | 878,317              | 1,057,025            | 721,320              | 879,890              | 947,591              |
| Changes of benefit terms   | -                    | -                    | -                    | -                    | -                    |
| Difference between expected and actual experience                              | -                    | (1,968,176)          | -                    | (1,192,985)          | (424,383)            |
| Changes in assumptions   | (275,769)            | (3,415,439)          | (8,349,207)          | (907,986)            | 2,156,592            |
| Benefit payments, including refunds of member contributions                    | (1,138,087)          | (1,127,242)          | (977,243)            | (1,052,058)          | (1,022,172)          |
| <b>Net change in total OPEB liability</b>                                      | <b>346,231</b>       | <b>(4,020,675)</b>   | <b>(6,359,098)</b>   | <b>(918,953)</b>     | <b>2,975,571</b>     |
| <b>Total OPEB liability - beginning</b>  | <b>20,948,280</b>    | <b>24,968,955</b>    | <b>31,328,053</b>    | <b>32,247,006</b>    | <b>29,271,435</b>    |
| <b>Total OPEB liability - ending (a)</b>                                       | <b>\$ 21,294,511</b> | <b>\$ 20,948,280</b> | <b>\$ 24,968,955</b> | <b>\$ 31,328,053</b> | <b>\$ 32,247,006</b> |
| <b>OPEB fiduciary net position</b>   |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 1,138,087         | \$ 1,127,242         | \$ 977,243           | \$ 1,052,058         | \$ 1,022,172         |
| Net investment income  | -                    | -                    | -                    | -                    | -                    |
| Benefit payments, including refunds of member contributions                    | (1,138,087)          | (1,127,242)          | (977,243)            | (1,052,058)          | (1,022,172)          |
| Administrative expense   | -                    | -                    | -                    | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Plan net OPEB liability - ending (a) - (b)</b>                              | <b>\$ 21,294,511</b> | <b>\$ 20,948,280</b> | <b>\$ 24,968,955</b> | <b>\$ 31,328,053</b> | <b>\$ 32,247,006</b> |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         |
| <b>Covered-employee payroll</b>  | <b>\$ 52,310,897</b> | <b>\$ 49,579,476</b> | <b>\$ 46,831,537</b> | <b>\$ 44,955,979</b> | <b>\$ 43,063,090</b> |
| <b>Plan net OPEB liability as a percentage of covered employee payroll</b>     | <b>40.71%</b>        | <b>42.25%</b>        | <b>53.32%</b>        | <b>69.69%</b>        | <b>74.88%</b>        |

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)**  
**Last Ten Fiscal Years\***

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

| Measurement period, year ended June 30:  | 2019                 | 2018                 | 2017                 |
|--|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>  |                      |                      |                      |
| Service Cost   | \$ 1,180,991         | \$ 1,176,005         | \$ 1,317,293         |
| Interest   | 1,056,425            | 1,000,292            | 875,283              |
| Changes of benefit terms   | -                    | -                    | -                    |
| Difference between expected and actual experience                              | (2,478,929)          | -                    | -                    |
| Changes in assumptions   | 1,027,981            | (421,922)            | (2,399,513)          |
| Benefit payments, including refunds of member contributions                    | (1,035,246)          | (957,045)            | (929,170)            |
| <b>Net change in total OPEB liability</b>                                      | <b>(248,778)</b>     | <b>797,330</b>       | <b>(1,136,107)</b>   |
| <b>Total OPEB liability - beginning</b>  | <b>29,520,213</b>    | <b>28,722,883</b>    | <b>29,858,990</b>    |
| <b>Total OPEB liability - ending (a)</b>                                       | <b>\$ 29,271,435</b> | <b>\$ 29,520,213</b> | <b>\$ 28,722,883</b> |
| <b>OPEB fiduciary net position</b>   |                      |                      |                      |
| Contributions - employer   | \$ 1,035,246         | \$ 957,045           | \$ 929,170           |
| Net investment income  | -                    | -                    | -                    |
| Benefit payments, including refunds of member contributions                    | (1,035,246)          | (957,045)            | (929,170)            |
| Administrative expense   | -                    | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Plan net OPEB liability - ending (a) - (b)</b>                              | <b>\$ 29,271,435</b> | <b>\$ 29,520,213</b> | <b>\$ 28,722,883</b> |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | <b>0.00%</b>         | <b>0.00%</b>         | <b>0.00%</b>         |
| <b>Covered-employee payroll</b>  | <b>\$ 41,720,578</b> | <b>\$ 40,561,400</b> | <b>\$ 39,380,000</b> |
| <b>Plan net OPEB liability as a percentage of covered employee payroll</b>     | <b>70.16%</b>        | <b>72.78%</b>        | <b>72.94%</b>        |

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

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## **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.

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**San Diego Metropolitan Transit System**  
**Combining Schedule of Net Position**  
**June 30, 2025**

|   | General<br>Operations | Contracted<br>Services | SDTC                 | SDTI                    | Total                   |
|---|-----------------------|------------------------|----------------------|-------------------------|-------------------------|
| <b>ASSETS</b>   |                       |                        |                      |                         |                         |
| <b>Current assets:</b>  |                       |                        |                      |                         |                         |
| Cash, cash equivalents, and investments                                   | \$ 254,156,020        | \$ (2,243,549)         | \$ (583,859)         | \$ (724,381)            | \$ 250,604,231          |
| Cash, cash equivalents, and investments<br>restricted for capital support | 221,058,392           | -                      | -                    | -                       | 221,058,392             |
| Accounts and other receivables  | 17,877,107            | 115,287                | 614,924              | 2,427,830               | 21,035,148              |
| Due from other governments  | 135,560,885           | -                      | 76,389               | 1,838,643               | 137,475,917             |
| Leases receivable   | 2,516,670             | -                      | -                    | -                       | 2,516,670               |
| Internal balances   | (3,497,125)           | 4,856,726              | 8,417,599            | (9,777,200)             | -                       |
| Inventory   | -                     | -                      | 4,859,952            | 38,325,467              | 43,185,419              |
| Prepaid items and other current assets                                    | 1,899,934             | 20,000                 | 1,228,160            | 825,578                 | 3,973,672               |
| <b>Total current assets</b>   | <b>629,571,883</b>    | <b>2,748,464</b>       | <b>14,613,165</b>    | <b>32,915,937</b>       | <b>679,849,449</b>      |
| <b>Noncurrent assets:</b>   |                       |                        |                      |                         |                         |
| Lease receivable, due in more than one year                               | 63,043,438            | -                      | -                    | -                       | 63,043,438              |
| Capital assets, net   | 100,362,593           | 261,600,833            | 219,184,315          | 2,580,981,998           | 3,162,129,739           |
| <b>Total noncurrent assets</b>  | <b>163,406,031</b>    | <b>261,600,833</b>     | <b>219,184,315</b>   | <b>2,580,981,998</b>    | <b>3,225,173,177</b>    |
| <b>Total assets</b>   | <b>792,977,914</b>    | <b>264,349,297</b>     | <b>233,797,480</b>   | <b>2,613,897,935</b>    | <b>3,905,022,626</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                       |                        |                      |                         |                         |
| Pension-related deferred outflows of resources                            | 7,633,712             | -                      | 24,393,926           | 14,601,290              | 46,628,928              |
| OPEB-related deferred outflows of resources                               | 848,100               | -                      | 1,726,332            | 2,548,858               | 5,123,290               |
| <b>Total deferred outflows of resources</b>                               | <b>8,481,812</b>      | <b>-</b>               | <b>26,120,258</b>    | <b>17,150,148</b>       | <b>51,752,218</b>       |
| <b>LIABILITIES</b>  |                       |                        |                      |                         |                         |
| <b>Current liabilities:</b>   |                       |                        |                      |                         |                         |
| Accounts payable  | 12,111,785            | 10,596,147             | 1,873,166            | 5,016,936               | 29,598,034              |
| Due to other governments  | 1,500,789             | 88,278                 | 81,794               | 233,527                 | 1,904,388               |
| Unearned revenue  | 235,094,557           | 1,825,033              | -                    | -                       | 236,919,590             |
| Accrued expenses  | 631,999               | -                      | 2,522,082            | 1,212,878               | 4,366,959               |
| Retentions payable  | 466,299               | -                      | 23,728               | 34,274                  | 524,301                 |
| Retentions payable from restricted assets                                 | 1,934,753             | -                      | -                    | -                       | 1,934,753               |
| Due within one year:  |                       |                        |                      |                         |                         |
| Aggregate total OPEB liability  | 120,750               | -                      | 1,233,750            | 323,400                 | 1,677,900               |
| Lease liability   | -                     | 175,207                | 67,730               | 25,988                  | 268,925                 |
| Subscription liability  | 1,049,849             | -                      | -                    | -                       | 1,049,849               |
| Compensated absences payable  | 1,683,025             | -                      | 4,922,810            | 3,838,414               | 10,444,249              |
| Accrued damage, injury, and employee claims                               | 857,598               | -                      | 5,731,364            | 2,737,804               | 9,326,766               |
| <b>Total current liabilities</b>  | <b>255,451,404</b>    | <b>12,684,665</b>      | <b>16,456,424</b>    | <b>13,423,221</b>       | <b>298,015,714</b>      |
| <b>Noncurrent liabilities:</b>  |                       |                        |                      |                         |                         |
| Due in more than one year:  |                       |                        |                      |                         |                         |
| Lease liability   | -                     | 8,514,886              | 250,170              | 1,305,559               | 10,070,615              |
| Subscription liability  | 1,980,669             | -                      | -                    | -                       | 1,980,669               |
| Compensated absences payable  | 275,112               | -                      | 2,472,839            | -                       | 2,747,951               |
| Accrued damage, injury, and employee claims                               | 1,583,027             | -                      | 12,607,464           | 5,726,155               | 19,916,646              |
| Aggregate net pension liability   | 18,961,578            | -                      | 154,676,640          | 45,102,357              | 218,740,575             |
| Aggregate total OPEB liability  | 6,861,718             | -                      | 20,060,761           | 12,647,101              | 39,569,580              |
| <b>Total noncurrent liabilities</b>                                       | <b>29,662,104</b>     | <b>8,514,886</b>       | <b>190,067,874</b>   | <b>64,781,172</b>       | <b>293,026,036</b>      |
| <b>Total liabilities</b>  | <b>285,113,508</b>    | <b>21,199,551</b>      | <b>206,524,298</b>   | <b>78,204,393</b>       | <b>591,041,750</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                       |                        |                      |                         |                         |
| Pension-related deferred inflows of resources                             | 182,755               | -                      | -                    | 333,358                 | 516,113                 |
| OPEB-related deferred inflows of resources                                | 3,253,301             | -                      | 11,061,024           | 5,007,630               | 19,321,955              |
| Lease-related deferred inflows of resources                               | 65,053,791            | -                      | -                    | -                       | 65,053,791              |
| <b>Total deferred inflows of resources</b>                                | <b>68,489,847</b>     | <b>-</b>               | <b>11,061,024</b>    | <b>5,340,988</b>        | <b>84,891,859</b>       |
| <b>NET POSITION</b>   |                       |                        |                      |                         |                         |
| Net investment in capital assets  | 96,865,776            | 252,910,740            | 218,842,687          | 2,579,616,177           | 3,148,235,380           |
| Unrestricted (deficit)  | 350,990,595           | (9,760,994)            | (176,510,271)        | (32,113,475)            | 132,605,855             |
| <b>Total net position</b>   | <b>\$ 447,856,371</b> | <b>\$ 243,149,746</b>  | <b>\$ 42,332,416</b> | <b>\$ 2,547,502,702</b> | <b>\$ 3,280,841,235</b> |

**San Diego Metropolitan Transit System**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2025**

|  | General<br>Operations | Contracted<br>Services | SDTC                 |
|--|-----------------------|------------------------|----------------------|
| <b>Operating revenues:</b>                                       |                       |                        |                      |
| Passenger revenue  | \$ -                  | \$ 25,544,858          | \$ 20,708,203        |
| Advertising  | 4,046,154             | -                      | -                    |
| Miscellaneous  | 21,290,839            | -                      | -                    |
| <b>Total operating revenues</b>                                  | <u>25,336,993</u>     | <u>25,544,858</u>      | <u>20,708,203</u>    |
| <b>Operating expenses:</b>                                       |                       |                        |                      |
| Personnel costs  | 36,226,126            | 1,052,500              | 101,546,825          |
| Outside services   | 28,022,888            | 117,609,421            | 3,645,124            |
| Transit operations funding                                       | 207,067,214           | -                      | -                    |
| Materials and supplies   | 232,544               | 132,827                | 7,843,865            |
| Energy costs   | 341,983               | 9,321,552              | 7,447,126            |
| Risk management  | 771,916               | 15,000                 | 5,055,391            |
| Miscellaneous  | (27,930,721)          | 3,177,532              | 4,481,180            |
| Depreciation and amortization                                    | 4,599,909             | 27,747,281             | 24,084,950           |
| <b>Total operating expenses</b>                                  | <u>249,331,859</u>    | <u>159,056,113</u>     | <u>154,104,461</u>   |
| <b>Operating income (loss)</b>                                   | <u>(223,994,866)</u>  | <u>(133,511,255)</u>   | <u>(133,396,258)</u> |
| <b>Public support and nonoperating revenues (expenses):</b>      |                       |                        |                      |
| Federal revenue  | 149,551,353           | 32,240,856             | 36,573,139           |
| Transportation Development Act (TDA) funds                       | 138,297,761           | 56,238,852             | 10,792,672           |
| State Transit Assistance (STA) funds                             | 33,555,061            | 2,185,060              | 5,960,988            |
| STA State of Good Repair   | 8,105,777             | -                      | -                    |
| State revenue - other  | 17,980,403            | 5,351,406              | -                    |
| <i>TransNet</i> funds  | 97,142,945            | 8,969,798              | 40,308,384           |
| Other local subsidies  | 6,343,300             | 1,120,526              | 3,231,242            |
| Investment earnings  | 11,196,698            | -                      | -                    |
| Interest expense   | (86,789)              | (170,681)              | (4,978)              |
| Gain (loss) on disposal of assets                                | 358,914               | -                      | (415,182)            |
| Other non-operating expenses                                     | -                     | -                      | -                    |
| <b>Total public support and nonoperating revenues (expenses)</b> | <u>462,445,423</u>    | <u>105,935,817</u>     | <u>96,446,265</u>    |
| <b>Income (loss) before transfers and contributed capital</b>    | <u>238,450,557</u>    | <u>(27,575,438)</u>    | <u>(36,949,993)</u>  |
| Transfers  | (108,146,499)         | -                      | -                    |
| Capital contributions, net                                       | (136,264,209)         | 6,116,595              | 8,236,626            |
| <b>Changes in net position</b>                                   | <u>(5,960,151)</u>    | <u>(21,458,843)</u>    | <u>(28,713,367)</u>  |
| <b>Net Position:</b>   |                       |                        |                      |
| Beginning of year  | 453,816,522           | 264,608,589            | 71,045,783           |
| End of year  | <u>\$ 447,856,371</u> | <u>\$ 243,149,746</u>  | <u>\$ 42,332,416</u> |

**San Diego Metropolitan Transit System**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position (Continued)**  
**For the Year Ended June 30, 2025**

|  | SDTI                    | Eliminations         | Total                   |
|--|-------------------------|----------------------|-------------------------|
| <b>Operating revenues:</b>                                       |                         |                      |                         |
| Passenger revenue  | \$ 31,615,707           | \$ -                 | \$ 77,868,768           |
| Advertising  | -                       | -                    | 4,046,154               |
| Miscellaneous  | 1,190,906               | -                    | 22,481,745              |
| <b>Total operating revenues</b>                                  | <b>32,806,613</b>       | <b>-</b>             | <b>104,396,667</b>      |
| <b>Operating expenses:</b>                                       |                         |                      |                         |
| Personnel costs  | 62,744,284              | -                    | 201,569,735             |
| Outside services   | 17,860,560              | -                    | 167,137,993             |
| Transit operations funding                                       | -                       | (206,381,511)        | 685,703                 |
| Materials and supplies   | 10,230,349              | -                    | 18,439,585              |
| Energy costs   | 27,107,547              | -                    | 44,218,208              |
| Risk management  | 4,283,826               | -                    | 10,126,133              |
| Miscellaneous  | 28,327,506              | -                    | 8,055,497               |
| Depreciation and amortization                                    | 149,754,514             | -                    | 206,186,654             |
| <b>Total operating expenses</b>                                  | <b>300,308,586</b>      | <b>(206,381,511)</b> | <b>656,419,508</b>      |
| <b>Operating income (loss)</b>                                   | <b>(267,501,973)</b>    | <b>206,381,511</b>   | <b>(552,022,841)</b>    |
| <b>Public support and nonoperating revenues (expenses):</b>      |                         |                      |                         |
| Federal revenue  | 51,914,736              | (120,728,731)        | 149,551,353             |
| Transportation Development Act (TDA) funds                       | 29,028,450              | (96,059,975)         | 138,297,760             |
| State Transit Assistance (STA) funds                             | -                       | (8,146,048)          | 33,555,061              |
| STA State of Good Repair   | -                       | -                    | 8,105,777               |
| State revenue - other  | 866,694                 | (6,218,100)          | 17,980,403              |
| <i>TransNet</i> funds  | 24,245,206              | (79,023,388)         | 91,642,945              |
| Other local subsidies  | -                       | (4,351,768)          | 6,343,300               |
| Investment earnings  | -                       | -                    | 11,196,698              |
| Interest expense   | (26,081)                | -                    | (288,529)               |
| Gain (loss) on disposal of assets                                | (1,904,224)             | -                    | (1,960,492)             |
| Other non-operating expenses                                     | (1,229,892)             | -                    | (1,229,892)             |
| <b>Total public support and nonoperating revenues (expenses)</b> | <b>102,894,889</b>      | <b>(314,528,010)</b> | <b>453,194,384</b>      |
| <b>Income (loss) before transfers and contributed capital</b>    | <b>(164,607,084)</b>    | <b>(108,146,499)</b> | <b>(98,828,457)</b>     |
| Transfers  | -                       | 108,146,499          | -                       |
| Capital contributions, net                                       | 122,387,773             | -                    | 476,785                 |
| <b>Changes in net position</b>                                   | <b>(42,219,311)</b>     | <b>-</b>             | <b>(98,351,672)</b>     |
| <b>Net Position:</b>   |                         |                      |                         |
| Beginning of year  | 2,589,722,013           | -                    | 3,379,192,907           |
| End of year  | <u>\$ 2,547,502,702</u> | <u>\$ -</u>          | <u>\$ 3,280,841,235</u> |

**San Diego Metropolitan Transit System**  
**Combining Schedule of Cash Flows**  
**For the Year Ended June 30, 2025**

|  | General<br>Operations | Contracted<br>Services | SDTC                 | SDTI                 | Total                 |
|--|-----------------------|------------------------|----------------------|----------------------|-----------------------|
| <b>Cash flows from operating activities:</b>                                   |                       |                        |                      |                      |                       |
| Receipts from customers and users  | \$ 12,805,276         | \$ 25,605,024          | \$ 20,492,979        | \$ 32,400,033        | \$ 91,303,312         |
| Payments to suppliers  | (3,649,515)           | (131,405,657)          | (26,394,339)         | (92,167,952)         | (253,617,463)         |
| Payments to employees  | (34,614,031)          | (1,052,500)            | (96,158,731)         | (59,011,106)         | (190,836,368)         |
| Payments for damage and injury   | (140,639)             | -                      | (2,751,668)          | (1,498,299)          | (4,390,606)           |
| <b>Net cash provided by (used in) operating activities</b>                     | <b>(25,598,909)</b>   | <b>(106,853,133)</b>   | <b>(104,811,759)</b> | <b>(120,277,324)</b> | <b>(357,541,125)</b>  |
| <b>Cash flows from noncapital financing activities:</b>                        |                       |                        |                      |                      |                       |
| Public support funds received  | 284,355,648           | 104,977,351            | 105,642,820          | 123,937,983          | 618,913,802           |
| <b>Net cash provided by noncapital financing activities</b>                    | <b>284,355,648</b>    | <b>104,977,351</b>     | <b>105,642,820</b>   | <b>123,937,983</b>   | <b>618,913,802</b>    |
| <b>Cash flows from capital and related financing activities:</b>               |                       |                        |                      |                      |                       |
| Property acquisition   | (86,586,517)          | (342,524)              | (1,169,269)          | (3,894,103)          | (91,992,413)          |
| Proceeds from disposal of assets   | 638,578               | -                      | 29,900               | 5,053                | 673,531               |
| <b>Net cash provided by (used in) capital and related financing activities</b> | <b>(85,947,939)</b>   | <b>(342,524)</b>       | <b>(1,139,369)</b>   | <b>(3,889,050)</b>   | <b>(91,318,882)</b>   |
| <b>Cash flows from investing activities:</b>                                   |                       |                        |                      |                      |                       |
| Interest received on investments   | 7,382,657             | -                      | -                    | -                    | 7,382,657             |
| <b>Net cash provided by investing activities</b>                               | <b>7,382,657</b>      | <b>-</b>               | <b>-</b>             | <b>-</b>             | <b>7,382,657</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>                    | <b>180,191,457</b>    | <b>(2,218,306)</b>     | <b>(308,308)</b>     | <b>(228,391)</b>     | <b>177,436,452</b>    |
| <b>Cash, cash equivalents, and investments:</b>                                |                       |                        |                      |                      |                       |
| Beginning of year  | 295,022,955           | (25,243)               | (275,551)            | (495,990)            | 294,226,171           |
| End of year  | <u>\$ 475,214,412</u> | <u>\$ (2,243,549)</u>  | <u>\$ (583,859)</u>  | <u>\$ (724,381)</u>  | <u>\$ 471,662,623</u> |
| <b>Cash, cash equivalents, and investments:</b>                                |                       |                        |                      |                      |                       |
| Cash, cash equivalents, and investments  | \$ 254,156,020        | \$ (2,243,549)         | \$ (583,859)         | \$ (724,381)         | \$ 250,604,231        |
| Cash restricted for capital support  | 221,058,392           | -                      | -                    | -                    | 221,058,392           |
| <b>Total cash, cash equivalents, and investments</b>                           | <b>\$ 475,214,412</b> | <b>\$ (2,243,549)</b>  | <b>\$ (583,859)</b>  | <b>\$ (724,381)</b>  | <b>\$ 471,662,623</b> |

**San Diego Metropolitan Transit System**  
**Combining Schedule of Cash Flows (Continued)**  
**For the Year Ended June 30, 2025**

|   | General<br>Operations  | Contracted<br>Services  | SDTC                    | SDTI                    | Total                   |
|---|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Reconciliation of Operating (Loss) to Net Cash (Used In)</b>                       |                        |                         |                         |                         |                         |
| <b>Operating Activities</b>   |                        |                         |                         |                         |                         |
| <b>Operating (loss):</b>  | \$ (17,613,355)        | \$ (133,511,255)        | \$ (133,396,258)        | \$ (267,501,973)        | \$ (552,022,841)        |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities: |                        |                         |                         |                         |                         |
| Depreciation and amortization   | 4,599,909              | 27,747,281              | 24,084,950              | 149,754,514             | 206,186,654             |
| (Increase) decrease in:   |                        |                         |                         |                         |                         |
| Accounts and other receivables  | (4,177,334)            | 16,633                  | (17,883)                | (438,083)               | (4,616,667)             |
| Due from other governments  | (9,186,394)            | -                       | (46,584)                | -                       | (9,232,978)             |
| Inventory   | -                      | -                       | -                       | 439,025                 | 439,025                 |
| Prepaid expenses and other current assets   | (368,866)              | 15,000                  | (24,124)                | 350,319                 | (27,671)                |
| Increase (decrease) in:   |                        |                         |                         |                         |                         |
| Accounts payable  | (1,095,337)            | (1,162,797)             | 376,407                 | (3,172,020)             | (5,053,747)             |
| Due to other governments  | 93,918                 | (1,528)                 | 9,594                   | (243,730)               | (141,746)               |
| Accrued expenses  | (160,543)              | -                       | (162,703)               | 187,229                 | (136,017)               |
| Unearned revenue  | 1,070,189              | 43,533                  | -                       | -                       | 1,113,722               |
| Aggregate net pension liability   | 794,257                | -                       | 3,399,179               | 592,908                 | 4,786,344               |
| Aggregate total OPEB liability  | 301,340                | -                       | (1,015,114)             | 440,511                 | (273,263)               |
| Compensated absences payable  | 230,624                | -                       | 498,010                 | (239,531)               | 489,103                 |
| Accrued damage, injury and employee claims  | (87,317)               | -                       | 1,482,767               | (446,493)               | 948,957                 |
| Total adjustments   | (7,985,554)            | 26,658,122              | 28,584,499              | 147,224,649             | 194,481,716             |
| <b>Net cash (used in) operating activities</b>  | <b>\$ (25,598,909)</b> | <b>\$ (106,853,133)</b> | <b>\$ (104,811,759)</b> | <b>\$ (120,277,324)</b> | <b>\$ (357,541,125)</b> |

**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, 2025**

|   | Budgeted Amounts     |                      | Actual Amounts   |                             |                            |   |
|---|----------------------|----------------------|--|-----------------------------|----------------------------|---|
|   | Original             | Final                | Actuals per<br>Statement of<br>Revenues,<br>Expenses, and<br>Changes in<br>Net Position<br>Amounts | Budget Basis<br>Adjustments | Actuals on<br>Budget Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   |                      |                      |  |                             |                            |   |
| <b>Operating revenues:</b>  |                      |                      |  |                             |                            |   |
| Passenger revenue   | \$ 78,865,726        | \$ 79,814,235        | \$ 77,868,768  | \$ -                        | \$ 77,868,768              | \$ (1,945,467)  |
| Advertising   | 3,828,823            | 4,080,480            | 4,046,154  | 33,326                      | 4,079,480                  | (1,000)   |
| Miscellaneous operating revenues                                  | 20,609,843           | 21,290,961           | 22,481,745   | (716,743)                   | 21,765,002                 | 474,041   |
| <b>Total operating revenues</b>                                   | <b>103,304,392</b>   | <b>105,185,676</b>   | <b>104,396,667</b>   | <b>(683,417)</b>            | <b>103,713,250</b>         | <b>(1,472,426)</b>                                      |
| <b>Operating expenses:</b>  |                      |                      |  |                             |                            |   |
| Personnel costs   | 196,604,805          | 196,345,124          | 201,569,735  | (6,840,672)                 | 194,729,063                | 1,616,061   |
| Outside services  | 161,504,864          | 163,372,318          | 167,137,993  | (6,388,942)                 | 160,749,051                | 2,623,267   |
| Transit operations funding  | 854,859              | 838,665              | 685,703  | -                           | 685,703                    | 152,962   |
| Materials and supplies  | 20,693,250           | 19,961,904           | 18,439,585   | (37,804)                    | 18,401,781                 | 1,560,123   |
| Energy costs  | 48,641,333           | 46,913,604           | 44,218,208   | -                           | 44,218,208                 | 2,695,396   |
| Risk management   | 11,335,218           | 10,637,984           | 10,126,133   | 714,797                     | 10,840,930                 | (202,946)   |
| Miscellaneous operating expenses                                  | 8,590,783            | 10,120,816           | 8,055,497  | 2,037,079                   | 10,092,576                 | 28,240  |
| Depreciation and amortization                                     | -                    | -                    | 206,186,654  | (206,186,654)               | -                          | -   |
| <b>Total operating expenses</b>                                   | <b>448,225,112</b>   | <b>448,190,415</b>   | <b>656,419,508</b>   | <b>(216,702,196)</b>        | <b>439,717,312</b>         | <b>8,473,103</b>  |
| <b>Operating income (loss)</b>                                    | <b>(344,920,720)</b> | <b>(343,004,739)</b> | <b>(552,022,841)</b>   | <b>216,018,779</b>          | <b>(336,004,062)</b>       | <b>7,000,677</b>  |
| <b>Public support and nonoperating revenues (expenses):</b>       |                      |                      |  |                             |                            |   |
| Federal revenue   | 120,122,820          | 125,113,846          | 149,551,353  | (25,782,873)                | 123,768,480                | (1,345,366)   |
| Transportation Development Act (TDA) funds                        | 92,809,842           | 90,194,289           | 138,297,760  | (45,756,628)                | 92,541,132                 | 2,346,843   |
| State Transit Assistance (STA) funds                              | 11,300,000           | 6,246,579            | 33,555,061   | (27,594,073)                | 5,960,988                  | (285,591)   |
| STA State of Good Repair  | -                    | -                    | 8,105,777  | (8,105,777)                 | -                          | -   |
| State revenue - other   | -                    | 9,000,000            | 17,980,403   | (8,962,755)                 | 9,017,648                  | 17,648  |
| TransNet funds  | 75,911,312           | 73,251,380           | 91,642,945   | (17,677,740)                | 73,965,205                 | 713,825   |
| Other local subsidies   | 4,309,683            | 4,309,683            | 6,343,300  | (1,991,532)                 | 4,351,768                  | 42,085  |
| Investment earnings   | 8,724,893            | 9,613,263            | 11,196,698   | (961,256)                   | 10,235,442                 | 622,179   |
| Interest expense  | -                    | -                    | (288,529)  | 288,529                     | -                          | -   |
| Gain (loss) on disposal of assets                                 | 100,000              | 150,000              | (1,960,492)  | 2,074,695                   | 114,203                    | (35,797)  |
| Other non-operating expenses                                      | -                    | -                    | (1,229,892)  | 1,229,892                   | -                          | -   |
| <b>Total public support and nonoperating revenues (expenses):</b> | <b>313,278,550</b>   | <b>317,879,040</b>   | <b>453,194,384</b>   | <b>(133,239,518)</b>        | <b>319,954,866</b>         | <b>2,075,826</b>  |
| <b>Income (loss) before contributed capital</b>                   | <b>(31,642,170)</b>  | <b>(25,125,699)</b>  | <b>(98,828,457)</b>  | <b>82,779,261</b>           | <b>(16,049,196)</b>        | <b>9,076,503</b>  |
| Reserve revenue   | 31,642,170           | 25,125,699           | -  | 19,358,975                  | 19,358,975                 | (5,766,724)   |
| Capital contributions, net  | -                    | -                    | 476,785  | (476,785)                   | -                          | -   |
| <b>Change in net position</b>                                     | <b>\$ -</b>          | <b>\$ -</b>          | <b>(98,351,672)</b>  | <b>\$ 101,661,451</b>       | <b>\$ 3,309,779</b>        | <b>\$ 3,309,779</b>                                     |
| <b>Net Position:</b>  |                      |                      |  |                             |                            |   |
| Beginning of year   |                      |                      | 3,379,192,907  |                             |                            |   |
| End of year   |                      |                      | <u>\$ 3,280,841,235</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, 2025**

|   | Budgeted Amounts    |                     | Actual Amounts   |                             |                            | Variance with<br>Final Budget<br>Positive<br>Positive<br>(Negative) |
|---|---------------------|---------------------|--|-----------------------------|----------------------------|---|
|   | Original            | Final               | Actuals per<br>Statement of<br>Revenues,<br>Expenses, and<br>Changes in<br>Net Position<br>Amounts | Budget Basis<br>Adjustments | Actuals on<br>Budget Basis |   |
|   |                     |                     |  |                             |                            |   |
| <b>Operating revenues:</b>  |                     |                     |  |                             |                            |   |
| Advertising   | \$ 3,828,823        | \$ 4,080,480        | \$ 4,046,154   | \$ 33,326                   | \$ 4,079,480               | \$ (1,000)  |
| Miscellaneous operating revenues                                      | 18,447,011          | 19,184,005          | 20,184,537   | (718,039)                   | 19,466,498                 | 282,493   |
| <b>Total operating revenues</b>                                       | <b>22,275,834</b>   | <b>23,264,485</b>   | <b>24,230,691</b>  | <b>(684,713)</b>            | <b>23,545,978</b>          | <b>281,493</b>  |
| <b>Operating expenses:</b>  |                     |                     |  |                             |                            |   |
| Personnel costs   | 35,699,267          | 34,872,332          | 35,579,335   | (1,581,762)                 | 33,997,573                 | 874,759   |
| Outside services  | 30,236,282          | 30,648,424          | 27,913,842   | 1,110,046                   | 29,023,888                 | 1,624,536   |
| Transit operations funding  | 854,859             | 838,665             | 207,067,214  | (206,381,511)               | 685,703                    | 152,962   |
| Materials and supplies  | 65,141              | 54,358              | 230,162  | (37,804)                    | 192,358                    | (138,000)   |
| Energy costs  | 387,945             | 361,700             | 337,584  | -                           | 337,584                    | 24,116  |
| Risk management   | 1,264,292           | 997,514             | 696,001  | 168,224                     | 864,225                    | 133,289   |
| Miscellaneous operating expenses                                      | (32,439,477)        | (26,713,355)        | (28,018,506)   | 1,544,266                   | (26,474,240)               | (239,115)   |
| Depreciation and amortization   | -                   | -                   | 4,585,853  | (4,585,853)                 | -                          | -   |
| <b>Total operating expenses</b>                                       | <b>36,068,309</b>   | <b>41,059,638</b>   | <b>248,391,485</b>   | <b>(209,764,394)</b>        | <b>38,627,091</b>          | <b>2,432,547</b>  |
| <b>Operating income (loss)</b>  | <b>(13,792,475)</b> | <b>(17,795,153)</b> | <b>(224,160,794)</b>   | <b>209,079,681</b>          | <b>(15,081,113)</b>        | <b>2,714,040</b>  |
| <b>Public support and nonoperating<br/>revenues (expenses):</b>       |                     |                     |  |                             |                            |   |
| Federal revenue   | 3,584,703           | 3,794,111           | 149,551,353  | (145,748,792)               | 3,802,561                  | 8,450   |
| Transportation Development Act (TDA)<br>funds                         | 854,859             | 838,665             | 138,297,761  | (137,453,062)               | 844,699                    | 6,034   |
| State Transit Assistance (STA) funds                                  | -                   | -                   | 33,555,061   | (33,555,061)                | -                          | -   |
| STA State of Good Repair  | -                   | -                   | 8,105,777  | (8,105,777)                 | -                          | -   |
| State revenue - other   | -                   | 2,987,123           | 17,980,403   | (14,993,280)                | 2,987,123                  | -   |
| TransNet funds  | 528,020             | 461,991             | 97,142,945   | (96,701,128)                | 441,817                    | (20,174)  |
| Other local subsidies   | -                   | -                   | 6,343,300  | (6,343,300)                 | -                          | -   |
| Investment earnings   | 8,724,893           | 9,613,263           | 11,160,899   | (925,457)                   | 10,235,442                 | 622,179   |
| Interest expense  | -                   | -                   | (86,789)   | 86,789                      | -                          | -   |
| Gain (loss) on disposal of assets                                     | 100,000             | 100,000             | 358,914  | (279,664)                   | 79,250                     | (20,750)  |
| <b>Total public support and<br/>nonoperating revenues (expenses):</b> | <b>13,792,475</b>   | <b>17,795,153</b>   | <b>462,409,624</b>   | <b>(444,018,732)</b>        | <b>18,390,892</b>          | <b>595,739</b>  |
| <b>Income (loss) before transfers and<br/>contributed capital</b>     | <b>-</b>            | <b>-</b>            | <b>238,248,830</b>   | <b>(234,939,051)</b>        | <b>3,309,779</b>           | <b>3,309,779</b>  |
| Transfers   | -                   | -                   | (108,146,499)  | 108,146,499                 | -                          | -   |
| Capital contributions, net  | -                   | -                   | (136,264,209)  | 136,264,209                 | -                          | -   |
| <b>Change in net position</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ (6,161,878)</b>  | <b>\$ 9,471,657</b>         | <b>\$ 3,309,779</b>        | <b>\$ 3,309,779</b>   |
| <b>Net Position:</b>  |                     |                     |  |                             |                            |   |
| Beginning of year   |                     |                     | 434,820,740  |                             |                            |   |
| End of year   |                     |                     | \$ 428,658,862   |                             |                            |   |

**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, 2025**

|                                  | Budgeted Amounts |                 | Actual Amounts   |                             |                            |   |
|----------------------------------|------------------|-----------------|--|-----------------------------|----------------------------|---|
|                                  | Original         | Final           | Actuals per<br>Statement of<br>Revenues,<br>Expenses, and<br>Changes in<br>Net Position<br>Amounts | Budget Basis<br>Adjustments | Actuals on<br>Budget Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Operating revenues:</b>       |                  |                 |  |                             |                            |   |
| Miscellaneous operating revenues | \$ 757,000       | \$ 771,770      | \$ 821,251   | \$ -                        | \$ 821,251                 | \$ 49,481   |
| <b>Total operating revenues</b>  | <u>757,000</u>   | <u>771,770</u>  | <u>821,251</u>   | <u>-</u>                    | <u>821,251</u>             | <u>49,481</u>   |
| <b>Operating expenses:</b>       |                  |                 |  |                             |                            |   |
| Personnel costs                  | 674,978          | 636,640         | 644,506  | -                           | 644,506                    | (7,866)   |
| Outside services                 | 27,300           | 98,476          | 100,506  | -                           | 100,506                    | (2,030)   |
| Materials and supplies           | 500              | 500             | 2,382  | -                           | 2,382                      | (1,882)   |
| Energy costs                     | 9,000            | 6,000           | 4,399  | -                           | 4,399                      | 1,601   |
| Risk management                  | 9,600            | 10,412          | 29,143   | -                           | 29,143                     | (18,731)  |
| Miscellaneous operating expenses | 61,916           | 63,935          | 64,684   | -                           | 64,684                     | (749)   |
| <b>Total operating expenses</b>  | <u>783,294</u>   | <u>815,963</u>  | <u>845,620</u>   | <u>-</u>                    | <u>845,620</u>             | <u>(29,657)</u>   |
| <b>Operating income (loss)</b>   | <u>(26,294)</u>  | <u>(44,193)</u> | <u>(24,369)</u>  | <u>-</u>                    | <u>(24,369)</u>            | <u>19,824</u>   |
| Reserve revenue                  | 26,294           | 44,193          | -  | 24,369                      | 24,369                     | (19,824)  |
| <b>Change in net position</b>    | <u>\$ -</u>      | <u>\$ -</u>     | <u>(24,369)</u>  | <u>\$ 24,369</u>            | <u>\$ -</u>                | <u>\$ -</u>   |
| <b>Net Position:</b>             |                  |                 |  |                             |                            |   |
| Beginning of year                |                  |                 | 695,276  |                             |                            |   |
| End of year                      |                  |                 | <u>\$ 670,907</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, 2025**

|  | Budgeted Amounts |                | Actual Amounts   |                             |                            |   |
|--|------------------|----------------|--|-----------------------------|----------------------------|---|
|  | Original         | Final          | Actuals per<br>Statement of<br>Revenues,<br>Expenses, and<br>Changes in<br>Net Position<br>Amounts | Budget Basis<br>Adjustments | Actuals on<br>Budget Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Operating revenues:</b>   |                  |                |  |                             |                            |   |
| Miscellaneous operating revenues                                     | \$ 233,000       | \$ 240,000     | \$ 285,051   | \$ 1,296                    | \$ 286,347                 | \$ 46,347   |
| <b>Total operating revenues</b>                                      | <b>233,000</b>   | <b>240,000</b> | <b>285,051</b>   | <b>1,296</b>                | <b>286,347</b>             | <b>46,347</b>   |
| <b>Operating expenses:</b>   |                  |                |  |                             |                            |   |
| Personnel costs  | 5,636            | 5,700          | 2,285  | -                           | 2,285                      | 3,415   |
| Outside services   | 35,000           | 35,000         | 8,540  | -                           | 8,540                      | 26,460  |
| Risk management  | 89,000           | 96,615         | 46,772   | -                           | 46,772                     | 49,843  |
| Miscellaneous operating expenses                                     | 33,000           | 33,000         | 23,101   | -                           | 23,101                     | 9,899   |
| Depreciation and amortization  | -                | -              | 14,056   | (14,056)                    | -                          | -   |
| <b>Total operating expenses</b>                                      | <b>162,636</b>   | <b>170,315</b> | <b>94,754</b>  | <b>(14,056)</b>             | <b>80,698</b>              | <b>89,617</b>   |
| <b>Operating income (loss)</b>                                       | <b>70,364</b>    | <b>69,685</b>  | <b>190,297</b>   | <b>15,352</b>               | <b>205,649</b>             | <b>135,964</b>  |
| <b>Public support and nonoperating<br/>revenues (expenses):</b>      |                  |                |  |                             |                            |   |
| Investment earnings  | -                | -              | 35,799   | (35,799)                    | -                          | -   |
| <b>Total public support and<br/>nonoperating revenues (expenses)</b> | <b>-</b>         | <b>-</b>       | <b>35,799</b>  | <b>(35,799)</b>             | <b>-</b>                   | <b>-</b>  |
| <b>Income (loss) before transfers and<br/>contributed capital</b>    | <b>70,364</b>    | <b>69,685</b>  | <b>226,096</b>   | <b>(20,447)</b>             | <b>205,649</b>             | <b>135,964</b>  |
| Reserve revenue  | (70,364)         | (69,685)       | -  | (205,649)                   | (205,649)                  | (135,964)   |
| <b>Change in net position</b>  | <b>\$ -</b>      | <b>\$ -</b>    | <b>226,096</b>   | <b>\$ (226,096)</b>         | <b>\$ -</b>                | <b>\$ -</b>   |
| <b>Net Position:</b>   |                  |                |  |                             |                            |   |
| Beginning of year  |                  |                | 18,300,506   |                             |                            |   |
| End of year  |                  |                | <u>\$ 18,526,602</u>   |                             |                            |   |

**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, 2025**

|   | Budgeted Amounts |               | Actual Amounts   |                             |                            |   |
|---|------------------|---------------|--|-----------------------------|----------------------------|---|
|   |                  |               | Actuals per<br>Statement of<br>Revenues,<br>Expenses, and<br>Changes in<br>Net Position<br>Amounts | Budget Basis<br>Adjustments | Actuals on<br>Budget Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   | Original         | Final         |  |                             |                            |   |
| Operating revenues:   |                  |               |  |                             |                            |   |
| Passenger revenue   | \$ 25,033,690    | \$ 25,523,144 | \$ 25,544,858  | \$ -                        | \$ 25,544,858              | \$ 21,714   |
| Total operating revenues                                      | 25,033,690       | 25,523,144    | 25,544,858   | -                           | 25,544,858                 | 21,714  |
| Operating expenses:   |                  |               |  |                             |                            |   |
| Personnel costs   | 850,769          | 940,300       | 1,052,500  | -                           | 1,052,500                  | (112,200)   |
| Outside services  | 113,641,346      | 114,414,883   | 117,609,421  | (2,585,905)                 | 115,023,516                | (608,633)   |
| Materials and supplies  | 55,692           | 130,980       | 132,827  | -                           | 132,827                    | (1,847)   |
| Energy costs  | 10,673,389       | 9,507,059     | 9,321,552  | -                           | 9,321,552                  | 185,507   |
| Risk management   | 15,050           | 15,000        | 15,000   | -                           | 15,000                     | -   |
| Miscellaneous operating expenses                              | 3,550,635        | 3,601,287     | 3,177,532  | 342,524                     | 3,520,056                  | 81,231  |
| Depreciation and amortization                                 | -                | -             | 27,747,281   | (27,747,281)                | -                          | -   |
| Total operating expenses                                      | 128,786,881      | 128,609,509   | 159,056,113  | (29,990,662)                | 129,065,451                | (455,942)   |
| Operating income (loss)                                       | (103,753,191)    | (103,086,365) | (133,511,255)  | 29,990,662                  | (103,520,593)              | (434,228)   |
| Public support and nonoperating<br>revenues (expenses):       |                  |               |  |                             |                            |   |
| Federal revenue   | 33,327,273       | 32,232,803    | 32,240,856   | -                           | 32,240,856                 | 8,053   |
| Transportation Development Act (TDA)<br>funds                 | 60,000,018       | 55,335,368    | 56,238,852   | (400,845)                   | 55,838,007                 | 502,639   |
| State Transit Assistance (STA) funds                          | -                | -             | 2,185,060  | (2,185,060)                 | -                          | -   |
| State revenue - other   | -                | 5,333,758     | 5,351,406  | -                           | 5,351,406                  | 17,648  |
| TransNet funds  | 9,305,900        | 9,064,436     | 8,969,798  | -                           | 8,969,798                  | (94,638)  |
| Other local subsidies   | 1,120,000        | 1,120,000     | 1,120,526  | -                           | 1,120,526                  | 526   |
| Interest expense  | -                | -             | (170,681)  | 170,681                     | -                          | -   |
| Total public support and<br>nonoperating revenues (expenses): | 103,753,191      | 103,086,365   | 105,935,817  | (2,415,224)                 | 103,520,593                | 434,228   |
| Income (loss) before contributed<br>capital                   | -                | -             | (27,575,438)   | 27,575,438                  | -                          | -   |
| Capital contributions, net                                    | -                | -             | 6,116,595  | (6,116,595)                 | -                          | -   |
| Change in net position  | \$ -             | \$ -          | (21,458,843)   | \$ 21,458,843               | \$ -                       | \$ -  |
| Net Position:   |                  |               |  |                             |                            |   |
| Beginning of year   |                  |               | 264,608,589  |                             |                            |   |
| End of year   |                  |               | \$ 243,149,746   |                             |                            |   |

**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, 2025**

|   | Budgeted Amounts     |                      | Actual Amounts   |                             |                            |   |
|---|----------------------|----------------------|--|-----------------------------|----------------------------|---|
|   | Original             | Final                | Actuals per<br>Statement of<br>Revenues,<br>Expenses, and<br>Changes in<br>Net Position<br>Amounts | Budget Basis<br>Adjustments | Actuals on<br>Budget Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   |                      |                      |  |                             |                            |   |
| <b>Operating revenues:</b>  |                      |                      |  |                             |                            |   |
| Passenger revenue   | \$ 21,238,956        | \$ 20,535,178        | \$ 20,708,203  | \$ -                        | \$ 20,708,203              | \$ 173,025  |
| Miscellaneous operating revenues                                      | 50,000               | -                    | -  | -                           | -                          | -   |
| <b>Total operating revenues</b>                                       | <b>21,288,956</b>    | <b>20,535,178</b>    | <b>20,708,203</b>  | <b>-</b>                    | <b>20,708,203</b>          | <b>173,025</b>  |
| <b>Operating expenses:</b>  |                      |                      |  |                             |                            |   |
| Personnel costs   | 99,047,680           | 99,053,996           | 101,546,825  | (3,504,981)                 | 98,041,844                 | 1,012,152   |
| Outside services  | 2,634,239            | 3,055,264            | 3,645,124  | (1,068,119)                 | 2,577,005                  | 478,259   |
| Materials and supplies  | 7,703,394            | 7,743,979            | 7,843,865  | -                           | 7,843,865                  | (99,886)  |
| Energy costs  | 8,805,394            | 8,091,412            | 7,447,126  | -                           | 7,447,126                  | 644,286   |
| Risk management   | 4,186,718            | 3,654,594            | 5,055,391  | (859,961)                   | 4,195,430                  | (540,836)   |
| Miscellaneous operating expenses                                      | 7,137,120            | 4,861,905            | 4,481,180  | 101,150                     | 4,582,330                  | 279,575   |
| Depreciation and amortization   | -                    | -                    | 24,084,950   | (24,084,950)                | -                          | -   |
| <b>Total operating expenses</b>                                       | <b>129,514,545</b>   | <b>126,461,150</b>   | <b>154,104,461</b>   | <b>(29,416,861)</b>         | <b>124,687,600</b>         | <b>1,773,550</b>  |
| <b>Operating income (loss)</b>  | <b>(108,225,589)</b> | <b>(105,925,972)</b> | <b>(133,396,258)</b>   | <b>29,416,861</b>           | <b>(103,979,397)</b>       | <b>1,946,575</b>  |
| <b>Public support and nonoperating<br/>revenues (expenses):</b>       |                      |                      |  |                             |                            |   |
| Federal revenue   | 36,894,027           | 37,310,327           | 36,573,139   | (762,812)                   | 35,810,327                 | (1,500,000)   |
| Transportation Development Act (TDA)<br>funds                         | 705,109              | 11,435,993           | 10,792,672   | (305,307)                   | 10,487,365                 | (948,628)   |
| State Transit Assistance (STA) funds                                  | 11,300,000           | 6,246,579            | 5,960,988  | -                           | 5,960,988                  | (285,591)   |
| <i>TransNet</i> funds   | 41,450,530           | 39,542,199           | 40,308,384   | -                           | 40,308,384                 | 766,185   |
| Other local subsidies   | 3,189,683            | 3,189,683            | 3,231,242  | -                           | 3,231,242                  | 41,559  |
| Interest expense  | -                    | -                    | (4,978)  | 4,978                       | -                          | -   |
| Gain (loss) on disposal of assets                                     | -                    | 50,000               | (415,182)  | 445,082                     | 29,900                     | (20,100)  |
| <b>Total public support and<br/>nonoperating revenues (expenses):</b> | <b>93,539,349</b>    | <b>97,774,781</b>    | <b>96,446,265</b>  | <b>(618,059)</b>            | <b>95,828,206</b>          | <b>(1,946,575)</b>                                      |
| <b>Income (loss) before contributed<br/>capital</b>                   | <b>(14,686,240)</b>  | <b>(8,151,191)</b>   | <b>(36,949,993)</b>  | <b>28,798,802</b>           | <b>(8,151,191)</b>         | <b>-</b>  |
| Reserve revenue   | 14,686,240           | 8,151,191            | -  | 8,151,191                   | 8,151,191                  | -   |
| Capital contributions, net  | -                    | -                    | 8,236,626  | (8,236,626)                 | -                          | -   |
| <b>Change in net position</b>   | <b>\$ -</b>          | <b>\$ -</b>          | <b>(28,713,367)</b>  | <b>\$ 28,713,367</b>        | <b>\$ -</b>                | <b>\$ -</b>   |
| <b>Net Position:</b>  |                      |                      |  |                             |                            |   |
| Beginning of year   |                      |                      | 71,045,783   |                             |                            |   |
| End of year   |                      |                      | <u>\$ 42,332,416</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, 2025**

|   | Budgeted Amounts     |                      | Actual Amounts   |                          |                         |  |
|---|----------------------|----------------------|--|--------------------------|-------------------------|--|
|   | Original             | Final                | Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts | Budget Basis Adjustments | Actuals on Budget Basis | Variance with Final Budget Positive (Negative) |
| <b>Operating revenues:</b>  |                      |                      |  |                          |                         |  |
| Passenger revenue   | \$ 32,593,080        | \$ 33,755,913        | \$ 31,615,707  | \$ -                     | \$ 31,615,707           | \$ (2,140,206)                                 |
| Miscellaneous operating revenues                                  | 1,122,832            | 1,095,186            | 1,190,906  | -                        | 1,190,906               | 95,720   |
| <b>Total operating revenues</b>                                   | <b>33,715,912</b>    | <b>34,851,099</b>    | <b>32,806,613</b>  | <b>-</b>                 | <b>32,806,613</b>       | <b>(2,044,486)</b>                             |
| <b>Operating expenses:</b>  |                      |                      |  |                          |                         |  |
| Personnel costs   | 60,326,475           | 60,836,156           | 62,744,284   | (1,753,929)              | 60,990,355              | (154,199)                                      |
| Outside services  | 14,930,697           | 15,120,271           | 17,860,560   | (3,844,964)              | 14,015,596              | 1,104,675                                      |
| Materials and supplies  | 12,868,523           | 12,032,087           | 10,230,349   | -                        | 10,230,349              | 1,801,738                                      |
| Energy costs  | 28,765,605           | 28,947,433           | 27,107,547   | -                        | 27,107,547              | 1,839,886                                      |
| Risk management   | 5,770,558            | 5,863,849            | 4,283,826  | 1,406,534                | 5,690,360               | 173,489  |
| Miscellaneous operating expenses                                  | 30,247,589           | 28,274,044           | 28,327,506   | 49,139                   | 28,376,645              | (102,601)                                      |
| Depreciation and amortization                                     | -                    | -                    | 149,754,514  | (149,754,514)            | -                       | -  |
| <b>Total operating expenses</b>                                   | <b>152,909,447</b>   | <b>151,073,840</b>   | <b>300,308,586</b>   | <b>(153,897,734)</b>     | <b>146,410,852</b>      | <b>4,662,988</b>                               |
| <b>Operating income (loss)</b>                                    | <b>(119,193,535)</b> | <b>(116,222,741)</b> | <b>(267,501,973)</b>   | <b>153,897,734</b>       | <b>(113,604,239)</b>    | <b>2,618,502</b>                               |
| <b>Public support and nonoperating revenues (expenses):</b>       |                      |                      |  |                          |                         |  |
| Federal revenue   | 46,316,817           | 51,776,605           | 51,914,736   | -                        | 51,914,736              | 138,131  |
| Transportation Development Act (TDA) funds                        | 31,249,856           | 22,584,263           | 29,028,450   | (3,657,389)              | 25,371,061              | 2,786,798                                      |
| State revenue - other   | -                    | 679,119              | 866,694  | (187,575)                | 679,119                 | -  |
| <i>TransNet</i> funds   | 24,626,862           | 24,182,754           | 24,245,206   | -                        | 24,245,206              | 62,452   |
| Interest expense  | -                    | -                    | (26,081)   | 26,081                   | -                       | -  |
| Gain (loss) on disposal of assets                                 | -                    | -                    | (1,904,224)  | 1,909,277                | 5,053                   | 5,053  |
| Other non-operating expenses                                      | -                    | -                    | (1,229,892)  | 1,229,892                | -                       | -  |
| <b>Total public support and nonoperating revenues (expenses):</b> | <b>102,193,535</b>   | <b>99,222,741</b>    | <b>102,894,889</b>   | <b>(679,714)</b>         | <b>102,215,175</b>      | <b>2,992,434</b>                               |
| <b>Income (loss) before contributed capital</b>                   | <b>(17,000,000)</b>  | <b>(17,000,000)</b>  | <b>(164,607,084)</b>   | <b>153,218,020</b>       | <b>(11,389,064)</b>     | <b>5,610,936</b>                               |
| Reserve revenue   | 17,000,000           | 17,000,000           | -  | 11,389,064               | 11,389,064              | (5,610,936)                                    |
| Capital contributions, net  | -                    | -                    | 122,387,773  | (122,387,773)            | -                       | -  |
| <b>Change in net position</b>                                     | <b>\$ -</b>          | <b>\$ -</b>          | <b>(42,219,311)</b>  | <b>\$ 42,219,311</b>     | <b>\$ -</b>             | <b>\$ -</b>                                    |
| <b>Net Position:</b>  |                      |                      |  |                          |                         |  |
| Beginning of year   |                      |                      | 2,589,722,013  |                          |                         |  |
| End of year   |                      |                      | <u>\$ 2,547,502,702</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.

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## **FINANCIAL TRENDS**

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

|  | 2025                       | 2024                       | 2023                       | 2022                       | 2021                       |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Business-type activities:</b>                   |                            |                            |                            |                            |                            |
| Net investment in capital assets                   | \$ 3,148,235               | \$ 3,266,970               | \$ 3,351,318               | \$ 3,473,998               | \$ 1,965,674               |
| Restricted   | -                          | -                          | -                          | -                          | -                          |
| Unrestricted (deficit)                             | 132,606                    | 112,222                    | 107,538                    | 9,192                      | (46,746)                   |
| <b>Total business-type activities net position</b> | <u><u>\$ 3,280,841</u></u> | <u><u>\$ 3,379,192</u></u> | <u><u>\$ 3,458,856</u></u> | <u><u>\$ 3,483,190</u></u> | <u><u>\$ 1,918,928</u></u> |
| <b>Primary government:</b>                         |                            |                            |                            |                            |                            |
| Net investment in capital assets                   | \$ 3,148,235               | \$ 3,266,970               | \$ 3,351,318               | \$ 3,473,998               | \$ 1,965,674               |
| Restricted   | -                          | -                          | -                          | -                          | -                          |
| Unrestricted (deficit)                             | 132,606                    | 112,222                    | 107,538                    | 9,192                      | (46,746)                   |
| <b>Total primary government net position</b>       | <u><u>\$ 3,280,841</u></u> | <u><u>\$ 3,379,192</u></u> | <u><u>\$ 3,458,856</u></u> | <u><u>\$ 3,483,190</u></u> | <u><u>\$ 1,918,928</u></u> |

Source: Audited Financial Statements.

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

|  | 2020                       | 2019                       | 2018                       | 2017                       | 2016                       |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Business-type activities:</b>                   |                            |                            |                            |                            |                            |
| Net investment in capital assets                   | \$ 1,874,320               | \$ 1,822,922               | \$ 1,785,808               | \$ 1,739,360               | \$ 1,760,427               |
| Restricted   | 218                        | 212                        | 4,545                      | 4,440                      | 8,750                      |
| Unrestricted (deficit)                             | (12,024)                   | (53,159)                   | (55,407)                   | (19,615)                   | (31,668)                   |
| <b>Total business-type activities net position</b> | <u><u>\$ 1,862,514</u></u> | <u><u>\$ 1,769,975</u></u> | <u><u>\$ 1,734,946</u></u> | <u><u>\$ 1,724,185</u></u> | <u><u>\$ 1,737,509</u></u> |
| <b>Primary government:</b>                         |                            |                            |                            |                            |                            |
| Net investment in capital assets                   | \$ 1,874,320               | \$ 1,822,922               | \$ 1,785,808               | \$ 1,739,360               | \$ 1,760,427               |
| Restricted   | 218                        | 212                        | 4,545                      | 4,440                      | 8,750                      |
| Unrestricted (deficit)                             | (12,024)                   | (53,159)                   | (55,407)                   | (19,615)                   | (31,668)                   |
| <b>Total primary government net position</b>       | <u><u>\$ 1,862,514</u></u> | <u><u>\$ 1,769,975</u></u> | <u><u>\$ 1,734,946</u></u> | <u><u>\$ 1,724,185</u></u> | <u><u>\$ 1,737,509</u></u> |

Source: Audited Financial Statements.

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

|  | 2025               | 2024               | 2023               | 2022                | 2021             |
|--|--------------------|--------------------|--------------------|---------------------|------------------|
| <b>Operating revenues:</b>                                       |                    |                    |                    |                     |                  |
| Passenger revenue  | \$ 77,869          | \$ 72,348          | \$ 67,481          | \$ 56,077           | \$ 47,913        |
| Advertising  | 4,046              | 3,451              | 3,501              | 1,946               | 1,013            |
| Charter  | -                  | -                  | -                  | -                   | -                |
| Miscellaneous  | 22,482             | 18,541             | 16,061             | 19,412              | 17,411           |
| <b>Total operating revenues</b>                                  | <b>104,397</b>     | <b>94,340</b>      | <b>87,043</b>      | <b>77,435</b>       | <b>66,337</b>    |
| <b>Operating expenses:</b>                                       |                    |                    |                    |                     |                  |
| Personnel costs  | 201,570            | 189,650            | 173,773            | 143,950             | 151,561          |
| Outside services   | 167,138            | 153,359            | 124,333            | 117,535             | 111,280          |
| Transit operations funding                                       | 686                | 518                | 659                | 616                 | 397              |
| Materials and supplies   | 18,440             | 19,744             | 17,295             | 14,779              | 16,334           |
| Energy costs   | 44,218             | 43,126             | 51,203             | 38,975              | 31,262           |
| Risk management  | 10,126             | 9,575              | 6,399              | 11,539              | 5,584            |
| Miscellaneous  | 8,055              | 8,518              | 8,167              | 6,334               | 4,750            |
| Depreciation and amortization                                    | 206,187            | 207,349            | 205,492            | 172,251             | 124,496          |
| <b>Total operating expenses</b>                                  | <b>656,420</b>     | <b>631,839</b>     | <b>587,321</b>     | <b>505,979</b>      | <b>445,664</b>   |
| <b>Operating (loss)</b>  | <b>(552,023)</b>   | <b>(537,499)</b>   | <b>(500,278)</b>   | <b>(428,544)</b>    | <b>(379,327)</b> |
| <b>Public support and nonoperating revenues (expenses):</b>      |                    |                    |                    |                     |                  |
| Grants and contributions   | 445,477            | 469,115            | 472,790            | 386,270             | 396,581          |
| Investment earnings  | 11,197             | 10,484             | 5,056              | 800                 | 1,086            |
| Interest expense   | (289)              | (344)              | (442)              | (551)               | (686)            |
| Gain (loss) on disposal of assets                                | (1,960)            | (16,920)           | (104)              | (762)               | (249)            |
| Other expenses   | (1,231)            | (24,729)           | (24,976)           | -                   | -                |
| <b>Total public support and nonoperating revenues (expenses)</b> | <b>453,194</b>     | <b>437,606</b>     | <b>452,324</b>     | <b>385,757</b>      | <b>396,732</b>   |
| <b>Income (loss) before contributed capital</b>                  | <b>(98,829)</b>    | <b>(99,893)</b>    | <b>(47,954)</b>    | <b>(42,787)</b>     | <b>17,404</b>    |
| Capital contributions, net                                       | 477                | 20,230             | 23,621             | 1,607,050           | 39,010           |
| <b>Changes in net position</b>                                   | <b>\$ (98,352)</b> | <b>\$ (79,663)</b> | <b>\$ (24,333)</b> | <b>\$ 1,564,263</b> | <b>\$ 56,414</b> |

Source: Audited Financial Statements.

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

|  | 2020             | 2019             | 2018             | 2017               | 2016             |
|--|------------------|------------------|------------------|--------------------|------------------|
| <b>Operating revenues:</b>                                       |                  |                  |                  |                    |                  |
| Passenger revenue  | \$ 79,532        | \$ 92,225        | \$ 90,236        | \$ 93,279          | \$ 97,914        |
| Advertising  | 2,027            | 1,604            | 1,131            | 1,379              | 968              |
| Charter  | -                | -                | -                | -                  | -                |
| Miscellaneous  | 18,627           | 18,831           | 17,404           | 18,863             | 15,781           |
| <b>Total operating revenues</b>                                  | <b>100,186</b>   | <b>112,660</b>   | <b>108,771</b>   | <b>113,521</b>     | <b>114,663</b>   |
| <b>Operating expenses:</b>                                       |                  |                  |                  |                    |                  |
| Personnel costs  | 149,331          | 146,006          | 146,282          | 137,021            | 121,921          |
| Outside services   | 110,590          | 107,846          | 101,574          | 97,800             | 94,802           |
| Transit operations funding                                       | 523              | 498              | 488              | 463                | 491              |
| Materials and supplies   | 14,275           | 12,927           | 14,918           | 13,065             | 9,715            |
| Energy costs   | 28,587           | 28,784           | 26,414           | 25,552             | 24,531           |
| Risk management  | 7,858            | 2,183            | 6,675            | 4,276              | 4,864            |
| Miscellaneous  | 4,394            | 5,446            | 5,854            | 5,934              | 4,978            |
| Depreciation and amortization                                    | 127,365          | 123,007          | 120,928          | 123,880            | 119,520          |
| <b>Total operating expenses</b>                                  | <b>442,923</b>   | <b>426,697</b>   | <b>423,133</b>   | <b>407,991</b>     | <b>380,822</b>   |
| <b>Operating (loss)</b>  | <b>(342,737)</b> | <b>(314,037)</b> | <b>(314,362)</b> | <b>(294,470)</b>   | <b>(266,159)</b> |
| <b>Public support and nonoperating revenues (expenses):</b>      |                  |                  |                  |                    |                  |
| Grants and contributions   | 312,705          | 243,544          | 253,298          | 232,775            | 235,763          |
| Investment earnings  | 1,899            | 1,952            | 941              | 636                | 292              |
| Interest expense   | (797)            | (671)            | (809)            | (963)              | (1,071)          |
| Gain (loss) on disposal of assets                                | 2,243            | (2,351)          | (809)            | 396                | 2,433            |
| Other expenses   | -                | -                | -                | -                  | -                |
| <b>Total public support and nonoperating revenues (expenses)</b> | <b>316,050</b>   | <b>242,474</b>   | <b>252,621</b>   | <b>232,844</b>     | <b>237,417</b>   |
| <b>Income (loss) before contributed capital</b>                  | <b>(26,686)</b>  | <b>(71,563)</b>  | <b>(61,741)</b>  | <b>(61,626)</b>    | <b>(28,742)</b>  |
| Capital contributions, net                                       | 119,225          | 106,592          | 99,551           | 48,301             | 93,619           |
| <b>Changes in net position</b>                                   | <b>\$ 92,539</b> | <b>\$ 35,029</b> | <b>\$ 37,810</b> | <b>\$ (13,325)</b> | <b>\$ 64,877</b> |

Source: Audited Financial Statements.

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## **REVENUE CAPACITY**

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

| Fiscal Year<br>Ended          | Passenger<br>Fares | Federal<br>Operating<br>Funds | State<br>Operating<br>Funds | Local<br>Operating<br>Funds | Other  | Total     |
|-------------------------------|--------------------|-------------------------------|-----------------------------|-----------------------------|--------|-----------|
| San Diego Transit Corporation |                    |                               |                             |                             |        |           |
| 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   |
| 2025                          | 20,708             | 36,573                        | 16,754                      | 43,540                      | -      | 117,575   |
| San Diego Trolley, Inc.       |                    |                               |                             |                             |        |           |
| 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   |
| 2025                          | 31,616             | 51,915                        | 29,895                      | 24,245                      | 1,191  | 138,862   |
| MTS - Contracted Services     |                    |                               |                             |                             |        |           |
| 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   |
| 2025                          | 25,545             | 32,241                        | 63,775                      | 10,090                      | -      | 131,651   |

Source: Audited Financial Statements.

# San Diego Metropolitan Transit System

## Fare Structure

### Last Ten Fiscal Years

|  | 2025     | 2024     | 2023     | 2022     | 2021     |
|--|----------|----------|----------|----------|----------|
| <b>*Stored Value One Way Fares</b>             |          |          |          |          |          |
| One-way fare, Regional                         | \$ 2.50  | \$ 2.50  | \$ 2.50  | \$ 2.50  | \$ -     |
| Senior/disabled, Regional                      | 1.25     | 1.25     | 1.25     | 1.25     | -        |
| One-way fare, Premium Regional                 | 5.00     | 5.00     | 5.00     | 5.00     | -        |
| Senior/disabled, Premium Regional              | 2.50     | 2.50     | 2.50     | 2.50     | -        |
| Rural  | 8.00     | 8.00     | 8.00     | 8.00     | -        |
| Senior/disabled Rural                          | 4.00     | 4.00     | 4.00     | 4.00     | -        |
| <b>Bus Cash Fares</b>                          |          |          |          |          |          |
| 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     |
| <b>Trolley Cash Fares</b>                      |          |          |          |          |          |
| 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     |
| <b>Bus and Trolley Day Passes</b>              |          |          |          |          |          |
| 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     |
| <b>Bus and Trolley Monthly Passes</b>          |          |          |          |          |          |
| 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    |
| 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    |
| 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**

|  | 2020     | 2019       | 2018       | 2017       | 2016       |
|--|----------|------------|------------|------------|------------|
| <b>*Stored Value One Way Fares</b>             |          |            |            |            |            |
| One-way fare, Regional                         | \$ -     | \$ -       | \$ -       | \$ -       | \$ -       |
| Senior/disabled, Regional                      | -        | -          | -          | -          | -          |
| One-way fare, Premium Regional                 | -        | -          | -          | -          | -          |
| Senior/disabled, Premium Regional              | -        | -          | -          | -          | -          |
| Rural  | -        | -          | -          | -          | -          |
| Senior/disabled Rural                          | -        | -          | -          | -          | -          |
| <b>Bus Cash Fares</b>                          |          |            |            |            |            |
| One-way fare, regional                         | \$ 2.50  | \$ 2.25    | \$ 2.25    | \$ 2.25    | \$ 2.25    |
| Senior/disabled, regional                      | 1.25     | 1.10       | 1.10       | 1.10       | 1.10       |
| Youth regional                                 | 1.25     | 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                            | 1.25     | 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                    | 2.50     | 5.00       | 5.00       | 5.00       | 5.00       |
| Rural bus                                      | 8.00     | 5.00-10.00 | 5.00-10.00 | 5.00-10.00 | 5.00-10.00 |
| Senior/disabled Rural bus                      | 4.00     | 2.50-5.00  | 2.50-5.00  | 2.50-5.00  | 2.50-5.00  |
| Youth Rural bus                                | 4.00     | 5.00-10.00 | 5.00-10.00 | 5.00-10.00 | 5.00-10.00 |
| <b>Trolley Cash Fares</b>                      |          |            |            |            |            |
| 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     | 2.50       | 2.50       | 2.50       | 2.50       |
| <b>Bus and Trolley Day Passes</b>              |          |            |            |            |            |
| Regional day pass                              | \$ 6.00  | \$ 5.00    | \$ 5.00    | \$ 5.00    | \$ 5.00    |
| Senior/disabled and youth                      | 3.00     | 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 | 6.00     | 12.00      | 12.00      | 12.00      | 12.00      |
| <b>Bus and Trolley Monthly Passes</b>          |          |            |            |            |            |
| Regional monthly pass                          | \$ 72.00 | \$ 72.00   | \$ 72.00   | \$ 72.00   | \$ 72.00   |
| Senior/disabled Regional                       | 23.00    | 18.00      | 18.00      | 18.00      | 18.00      |
| Youth Regional                                 | 23.00    | 36.00      | 36.00      | 36.00      | 36.00      |
| 14-Day Regional                                | -        | 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               | 32.00    | 25.00      | 25.00      | 25.00      | 25.00      |
| Youth Premium Regional                         | 32.00    | 50.00      | 50.00      | 50.00      | 50.00      |
| 14-Day Rapid Express/Premium                   | -        | 60.00      | 60.00      | 60.00      | 60.00      |

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

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| Fiscal Year<br>Ended | San Diego<br>Transit | San Diego<br>Trolley | MTS-Contracted<br>Services |
|----------------------|----------------------|----------------------|----------------------------|
| 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                      |
| 2025                 | 16.21                | 21.13                | 19.39                      |

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**

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

| Year ended<br>June 30 | MTS Tower    | Pension<br>Obligation Bonds | Leases     | Subscription-<br>Based<br>Technology<br>Arrangements<br>(SBITAs) | Total         | Percentage of<br>Personal Income | Debt per Capita |
|-----------------------|--------------|-----------------------------|------------|--|---------------|----------------------------------|-----------------|
| 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    | 0.00%                            | 4               |
| 2025                  | -            | -                           | 10,339,540 | 3,030,518  | 13,370,058    | 0.00%                            | 4               |

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

- 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.

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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

|      | County of San Diego<br>Population (1) | County of San Diego<br>Personal Income<br>(thousands) (1) | Per Capita Personal<br>Income (1) | San Diego County<br>Average<br>Unemployment Rate (2) |
|------|---------------------------------------|---|-----------------------------------|--|
| 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%  |
| 2025 | 3,274,134                             | 309,000,000   | 85,435                            | 4.90%  |

Source:

(1) California Department of Transportation - Actuals 2015-2022, Forecast 2023-2025

(2) California Employment Development Department, June 2025

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

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|      | <u>MTS</u> | <u>San Diego Transit</u> | <u>San Diego Trolley</u> | <u>Total</u> |
|------|------------|--------------------------|--------------------------|--------------|
| 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        |
| 2025 | 191        | 777                      | 753                      | 1,721        |

Source: MTS Human Resources records

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

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| Company Name                        | Number of<br>Employees (1) | Percent of 1,590,900<br>County Total (2) |
|-------------------------------------|----------------------------|--|
| Naval Base San Diego                | 40,472                     | 2.54%                                    |
| University of California, San Diego | 39,688                     | 2.49%                                    |
| Sharp HealthCare                    | 20,139                     | 1.27%                                    |
| County of San Diego                 | 18,936                     | 1.19%                                    |
| San Diego Unified School District   | 17,226                     | 1.08%                                    |
| Scripps Health                      | 14,732                     | 0.93%                                    |
| City of San Diego                   | 13,408                     | 0.84%                                    |
| Qualcomm Inc.                       | 10,124                     | 0.64%                                    |
| Kaiser Permanente                   | 7,687                      | 0.48%                                    |
| Northrop Grumman Corp               | 6,639                      | 0.42%                                    |

Source:

1. Data for fiscal year 2025 not available as of publication date. Data shown for the most recent available information: City of San Diego Annual Comprehensive Financial Report - June 30, 2024.
2. Employment Development Department, State of California, June 2025.

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**

|                                    | 2025       | 2024       | 2023       | 2022       | 2021       |
|------------------------------------|------------|------------|------------|------------|------------|
| <b>Operating Cost (in 000's)</b>   |            |            |            |            |            |
| San Diego Transit                  | \$ 127,716 | \$ 117,297 | \$ 111,789 | \$ 103,386 | \$ 112,591 |
| San Diego Trolley                  | 149,605    | 138,097    | 129,013    | 106,936    | 95,148     |
| MTS-Contract Services              | 131,718    | 120,552    | 103,708    | 102,143    | 89,907     |
| <b>Farebox Revenue (in 000's)</b>  |            |            |            |            |            |
| San Diego Transit                  | \$ 20,708  | \$ 19,675  | \$ 19,666  | \$ 14,819  | \$ 14,430  |
| San Diego Trolley                  | 31,616     | 29,826     | 26,664     | 25,519     | 19,338     |
| MTS-Contract Services              | 25,545     | 22,848     | 21,151     | 15,740     | 14,146     |
| <b>Total Passengers (in 000's)</b> |            |            |            |            |            |
| San Diego Transit                  | 18,378     | 17,819     | 16,519     | 13,098     | 8,604      |
| San Diego Trolley                  | 42,654     | 39,649     | 36,047     | 29,739     | 19,516     |
| MTS-Contract Services              | 20,208     | 18,214     | 15,945     | 14,780     | 11,095     |
| <b>Revenue Miles (in 000's)</b>    |            |            |            |            |            |
| San Diego Transit                  | 9,139      | 9,052      | 8,826      | 9,426      | 9,632      |
| San Diego Trolley                  | 12,266     | 12,156     | 12,701     | 11,627     | 10,077     |
| MTS-Contract Services              | 15,089     | 14,565     | 12,569     | 13,675     | 12,966     |
| <b>Subsidy / Total Passenger</b>   |            |            |            |            |            |
| San Diego Transit                  | \$ 5.82    | \$ 5.48    | \$ 5.58    | \$ 6.76    | \$ 11.41   |
| San Diego Trolley                  | 2.77       | 2.73       | 2.84       | 2.74       | 3.88       |
| MTS-Contract Services              | 5.25       | 5.36       | 5.18       | 5.85       | 6.83       |

Source: NTD Report, and audited financial statements.

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

|                                    | 2020      | 2019      | 2018      | 2017      | 2016      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Operating Cost (in 000's)</b>   |           |           |           |           |           |
| San Diego Transit                  | \$ 99,027 | \$ 94,160 | \$ 99,619 | \$ 94,878 | \$ 95,526 |
| San Diego Trolley                  | 93,117    | 84,507    | 87,666    | 81,501    | 75,086    |
| MTS-Contract Services              | 91,403    | 90,942    | 83,468    | 81,744    | 80,511    |
| <b>Farebox Revenue (in 000's)</b>  |           |           |           |           |           |
| San Diego Transit                  | \$ 19,749 | \$ 22,041 | \$ 23,034 | \$ 24,864 | \$ 26,169 |
| San Diego Trolley                  | 36,464    | 42,006    | 39,354    | 38,968    | 41,113    |
| MTS-Contract Services              | 23,319    | 28,178    | 27,848    | 29,447    | 30,631    |
| <b>Total Passengers (in 000's)</b> |           |           |           |           |           |
| San Diego Transit                  | 18,383    | 22,397    | 22,867    | 24,315    | 25,628    |
| San Diego Trolley                  | 32,003    | 37,294    | 36,995    | 37,639    | 39,614    |
| MTS-Contract Services              | 20,838    | 25,667    | 25,567    | 26,241    | 27,194    |
| <b>Revenue Miles (in 000's)</b>    |           |           |           |           |           |
| San Diego Transit                  | 9,236     | 9,739     | 9,684     | 9,626     | 9,702     |
| San Diego Trolley                  | 9,210     | 8,821     | 8,656     | 8,728     | 8,424     |
| MTS-Contract Services              | 14,485    | 15,666    | 14,983    | 15,144    | 14,969    |
| <b>Subsidy / Total Passenger</b>   |           |           |           |           |           |
| San Diego Transit                  | \$ 4.31   | \$ 3.22   | \$ 3.35   | \$ 2.88   | \$ 2.71   |
| San Diego Trolley                  | 1.77      | 1.14      | 1.31      | 1.13      | 0.86      |
| MTS-Contract Services              | 3.27      | 2.45      | 2.18      | 1.99      | 1.83      |

Source: NTD Report, and audited financial statements.

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

|                                  | 2025    | 2024    | 2023    | 2022    | 2021    |
|----------------------------------|---------|---------|---------|---------|---------|
| Service Provided                 |         |         |         |         |         |
| San Diego Transit                |         |         |         |         |         |
| Vehicle Revenue Miles (in 000's) | 9,139   | 9,052   | 8,826   | 9,426   | 9,632   |
| Vehicle Revenue Hours (in 000's) | 794     | 784     | 762     | 806     | 814     |
| Passengers (in 000's)            | 18,378  | 17,819  | 16,519  | 13,098  | 8,604   |
| Passenger Miles (in 000's)       | 77,735  | 77,382  | 72,309  | 57,895  | 45,774  |
| Number of Vehicles               | 257     | 261     | 258     | 270     | 278     |
| San Diego Trolley                |         |         |         |         |         |
| Vehicle Revenue Miles (in 000's) | 12,266  | 12,156  | 12,701  | 11,627  | 10,077  |
| Vehicle Revenue Hours (in 000's) | 685     | 669     | 693     | 639     | 555     |
| Passenger Car Hours (in 000's)   | 708     | 691     | 715     | 658     | 571     |
| Passengers (in 000's)            | 42,654  | 39,649  | 36,047  | 29,739  | 19,516  |
| Passenger Miles (in 000's)       | 273,848 | 290,715 | 248,512 | 210,465 | 123,389 |
| Number of Vehicles               | 171     | 176     | 173     | 157     | 163     |
| MTS-Contracted Services          |         |         |         |         |         |
| Vehicle Revenue Miles (in 000's) | 15,089  | 14,565  | 12,569  | 13,675  | 12,966  |
| Vehicle Revenue Hours (in 000's) | 1,332   | 1,245   | 1,119   | 1,207   | 1,168   |
| Passengers (in 000's)            | 20,208  | 18,214  | 15,945  | 14,780  | 11,095  |
| Passenger Miles (in 000's)       | 84,061  | 73,795  | 65,301  | 58,910  | 44,276  |
| Number of Vehicles               | 483     | 481     | 462     | 456     | 468     |
| Total                            |         |         |         |         |         |
| Passengers (in 000's)            | 81,240  | 75,682  | 68,511  | 57,617  | 39,215  |
| Passenger Miles (in 000's)       | 435,644 | 441,892 | 386,122 | 327,270 | 213,439 |

Source: NTD Report and MTS internal capital asset system



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

|                                  | 2020    | 2019    | 2018    | 2017    | 2016    |
|----------------------------------|---------|---------|---------|---------|---------|
| Service Provided                 |         |         |         |         |         |
| San Diego Transit                |         |         |         |         |         |
| Vehicle Revenue Miles (in 000's) | 9,236   | 9,739   | 9,684   | 9,626   | 9,702   |
| Vehicle Revenue Hours (in 000's) | 782     | 823     | 821     | 822     | 825     |
| Passengers (in 000's)            | 18,383  | 22,397  | 22,867  | 24,315  | 25,628  |
| Passenger Miles (in 000's)       | 80,855  | 98,896  | 104,545 | 109,727 | 111,639 |
| Number of Vehicles               | 277     | 271     | 271     | 278     | 279     |
| San Diego Trolley                |         |         |         |         |         |
| Vehicle Revenue Miles (in 000's) | 9,210   | 8,821   | 8,656   | 8,728   | 8,424   |
| Vehicle Revenue Hours (in 000's) | 508     | 487     | 478     | 490     | 493     |
| Passenger Car Hours (in 000's)   | 527     | 500     | 486     | 504     | 507     |
| Passengers (in 000's)            | 32,003  | 37,294  | 36,995  | 37,639  | 39,614  |
| Passenger Miles (in 000's)       | 194,285 | 219,453 | 214,376 | 210,971 | 223,185 |
| Number of Vehicles               | 168     | 142     | 131     | 179     | 179     |
| MTS-Contracted Services          |         |         |         |         |         |
| Vehicle Revenue Miles (in 000's) | 14,485  | 15,666  | 14,983  | 15,144  | 14,969  |
| Vehicle Revenue Hours (in 000's) | 1,237   | 1,305   | 1,256   | 1,269   | 1,252   |
| Passengers (in 000's)            | 20,838  | 25,667  | 25,567  | 26,241  | 27,194  |
| Passenger Miles (in 000's)       | 82,173  | 97,045  | 94,665  | 95,940  | 97,479  |
| Number of Vehicles               | 508     | 529     | 536     | 526     | 520     |
| Total                            |         |         |         |         |         |
| Passengers (in 000's)            | 71,224  | 85,358  | 85,429  | 88,195  | 92,436  |
| Passenger Miles (in 000's)       | 357,313 | 415,394 | 413,586 | 416,638 | 432,303 |

Source: NTD Report and MTS internal capital asset system

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

|  | 2025 | 2024 | 2023 | 2022 | 2021 |
|--|------|------|------|------|------|
| <b>General Operations</b>              |      |      |      |      |      |
| Buildings and structures               | 1    | 1    | 1    | 1    | 1    |
| Nonrevenue vehicles                    | -    | -    | -    | -    | -    |
| <b>San Diego Transit</b>               |      |      |      |      |      |
| Land (parcels)                         | 4    | 4    | 2    | 2    | 2    |
| Buildings and structures               | 15   | 15   | 11   | 11   | 11   |
| Buses                                  | 257  | 261  | 258  | 270  | 278  |
| Nonrevenue vehicles                    | 10   | 11   | 11   | 11   | 12   |
| <b>San Diego Trolley</b>               |      |      |      |      |      |
| Trolley stations                       | 63   | 63   | 63   | 63   | 54   |
| Track miles                            | 65   | 65   | 65   | 65   | 54   |
| Buildings and structures               | 3    | 3    | 2    | 2    | -    |
| Light rail vehicles (total inventory)  | 171  | 176  | 173  | 157  | 163  |
| Nonrevenue vehicles                    | 9    | 9    | 9    | 9    | 10   |
| <b>MTS - Contracted Services</b>       |      |      |      |      |      |
| Land (parcel)                          | 2    | 2    | 2    | 2    | 2    |
| Buildings and structures               | 18   | 18   | 11   | 11   | 11   |
| Buses                                  | 483  | 481  | 462  | 456  | 468  |
| Nonrevenue vehicles                    | -    | 2    | 2    | 2    | 2    |
| <b>For Hire Vehicle Administration</b> |      |      |      |      |      |
| Buildings and structures               | -    | -    | 1    | 1    | 1    |
| Nonrevenue vehicles                    | -    | -    | -    | -    | -    |

Source: MTS ERP System

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

|  | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------|------|------|------|------|
| <b>General Operations</b>              |      |      |      |      |      |
| Buildings and structures               | 1    | 1    | 1    | 1    | 1    |
| Nonrevenue vehicles                    | -    | -    | -    | -    | 1    |
| <b>San Diego Transit</b>               |      |      |      |      |      |
| Land (parcels)                         | 2    | 2    | 2    | 2    | 2    |
| Buildings and structures               | 11   | 11   | 11   | 9    | 8    |
| Buses                                  | 277  | 271  | 271  | 278  | 279  |
| Nonrevenue vehicles                    | 14   | 15   | 15   | 12   | 12   |
| <b>San Diego Trolley</b>               |      |      |      |      |      |
| Trolley stations                       | 55   | 54   | 54   | 54   | 54   |
| Track miles                            | 54   | 54   | 54   | 54   | 54   |
| Buildings and structures               | -    | -    | -    | -    | -    |
| Light rail vehicles (total inventory)  | 168  | 142  | 131  | 179  | 179  |
| Nonrevenue vehicles                    | 11   | 11   | 11   | 12   | 12   |
| <b>MTS - Contracted Services</b>       |      |      |      |      |      |
| Land (parcel)                          | 2    | 2    | 2    | 2    | 2    |
| Buildings and structures               | 11   | 11   | 5    | 4    | 4    |
| Buses                                  | 508  | 529  | 536  | 526  | 520  |
| Nonrevenue vehicles                    | 2    | 7    | 7    | 9    | 9    |
| <b>For Hire Vehicle Administration</b> |      |      |      |      |      |
| Buildings and structures               | 1    | 1    | 1    | 1    | 1    |
| Nonrevenue vehicles                    | 1    | 1    | 1    | 1    | 1    |

Source: MTS ERP System

**San Diego Metropolitan Transit System**  
**Ridership**  
**Last Ten Fiscal Years**

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|                           | 2025   | 2024   | 2023   | 2022   | 2021    |
|---------------------------|--------|--------|--------|--------|---------|
| Ridership (in 000's)      |        |        |        |        |         |
| San Diego Transit         | 18,378 | 17,819 | 16,519 | 13,098 | 8,604   |
| % Change                  | 3.14%  | 7.87%  | 26.12% | 52.23% | -53.20% |
| San Diego Trolley         | 42,654 | 39,649 | 36,047 | 29,739 | 19,516  |
| % Change                  | 7.58%  | 9.99%  | 21.21% | 52.38% | -39.02% |
| MTS - Contracted Services | 20,208 | 18,214 | 15,945 | 14,780 | 11,095  |
| % Change                  | 10.95% | 14.23% | 7.88%  | 33.21% | -46.76% |

Source: NTD Report

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

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|                           | 2020    | 2019   | 2018   | 2017   | 2016   |
|---------------------------|---------|--------|--------|--------|--------|
| Ridership (in 000's)      |         |        |        |        |        |
| San Diego Transit         | 18,383  | 22,397 | 22,867 | 24,315 | 25,628 |
| % Change                  | -17.92% | -2.06% | -5.96% | -5.12% | -6.00% |
| San Diego Trolley         | 32,003  | 37,294 | 36,995 | 37,639 | 39,614 |
| % Change                  | -14.19% | 0.81%  | -1.71% | -4.99% | -1.17% |
| MTS - Contracted Services | 20,838  | 25,667 | 25,567 | 26,241 | 27,194 |
| % Change                  | -18.81% | 0.39%  | -2.57% | -3.51% | -1.38% |

Source: NTD Report

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

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|                             | 2025    | 2024    | 2023    | 2022    | 2021     |
|-----------------------------|---------|---------|---------|---------|----------|
| Average Fare per Rider      |         |         |         |         |          |
| San Diego Transit           | \$ 1.13 | \$ 1.10 | \$ 1.19 | \$ 1.13 | \$ 1.68  |
| San Diego Trolley           | 0.74    | 0.75    | 0.74    | 0.86    | 0.99     |
| MTS - Contract Services     | 1.26    | 1.25    | 1.33    | 1.06    | 1.28     |
| Operating Expense per Rider |         |         |         |         |          |
| San Diego Transit           | \$ 6.95 | \$ 6.58 | \$ 6.77 | \$ 7.89 | \$ 13.09 |
| San Diego Trolley           | 3.51    | 3.48    | 3.58    | 3.60    | 4.88     |
| MTS - Contract Services     | 6.52    | 6.62    | 6.50    | 6.91    | 8.10     |
| Subsidy per Rider           |         |         |         |         |          |
| San Diego Transit           | \$ 5.82 | \$ 5.48 | \$ 5.58 | \$ 6.76 | \$ 11.41 |
| San Diego Trolley           | 2.77    | 2.73    | 2.84    | 2.74    | 3.88     |
| MTS - Contract Services     | 5.26    | 5.37    | 5.18    | 5.85    | 6.83     |

Source: NTD report and audited financial statements

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

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|                             | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Average Fare per Rider      |             |             |             |             |             |
| San Diego Transit           | \$ 1.07     | \$ 0.98     | \$ 1.01     | \$ 1.02     | \$ 1.02     |
| San Diego Trolley           | 1.14        | 1.13        | 1.06        | 1.04        | 1.04        |
| MTS - Contract Services     | 1.12        | 1.10        | 1.09        | 1.12        | 1.13        |
| Operating Expense per Rider |             |             |             |             |             |
| San Diego Transit           | \$ 5.39     | \$ 4.19     | \$ 4.36     | \$ 3.90     | \$ 3.73     |
| San Diego Trolley           | 2.91        | 2.18        | 2.37        | 2.17        | 1.90        |
| MTS - Contract Services     | 4.39        | 3.54        | 3.27        | 3.12        | 2.96        |
| Subsidy per Rider           |             |             |             |             |             |
| San Diego Transit           | \$ 4.32     | \$ 3.21     | \$ 3.35     | \$ 2.88     | \$ 2.71     |
| San Diego Trolley           | 1.76        | 1.05        | 1.31        | 1.13        | 0.86        |
| MTS - Contract Services     | 3.27        | 2.44        | 2.18        | 2.00        | 1.83        |

Source: NTD report and audited financial statements

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**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 Auditor's 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, 2025 and June 30, 2024, 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 13, 2025.

**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.

*The Pw Group, LLP*

San Diego, California  
November 13, 2025