



Metro

*One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room*

Agenda - Final

Tuesday, April 29, 2025

1:00 PM

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PTSC-MTA Risk Management Authority

*Kenneth Hernandez, President
Nalini Ahuja, Vice President
Rodney Johnson, Clerk/Treasurer-Auditor*

METROPOLITAN TRANSPORTATION AUTHORITY BOARD AGENDA RULES
(ALSO APPLIES TO BOARD COMMITTEES)

PUBLIC INPUT

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the general public comment period, which will be held at the beginning and /or end of each meeting. Each person will be allowed to speak for one (1) minute during this General Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

CONDUCT IN THE BOARD ROOM - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

REMOVAL FROM THE BOARD ROOM - The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD

Agendas for the Regular MTA Board meetings are prepared by the Board Clerk and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded and is available at <https://www.metro.net> or on CD's and as MP3's for a nominal charge.

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The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding coming before an agency involving a license, permit, or other entitlement for use including all contracts (other than competitively bid contracts that are required by law, agency policy, or agency rule to be awarded pursuant to a competitive process , labor contracts, personal employment contracts, contracts valued under \$50,000, contracts where no party receives financial compensation, contracts between two or more agencies, the periodic review or renewal of development agreements unless there is a material modification or amendment proposed to the agreement, the periodic review or renewal of competitively bid contracts unless there are material modifications or amendments proposed to the agreement that are valued at more than 10 percent of the value of the contract or fifty thousand dollars (\$50,000), whichever is less, and modifications of or amendments to any of the foregoing contracts, other than competitively bid contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$500 made within the preceding 12 months by the party, or the party's agent, to any officer of the agency. When a closed corporation is party to, or participant in, such a proceeding, the majority shareholder must make the same disclosure. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

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A Spanish language interpreter is available at all Committee and Board Meetings. All other languages must be requested 72 hours in advance of the meeting by calling (213) 364-2837 or (213) 922-4600. Live Public Comment Instructions can also be translated if requested 72 hours in advance.



323.466.3876

x2 *Español (Spanish)*

x3 *中文 (Chinese)*

x4 *한국어 (Korean)*

x5 *Tiếng Việt (Vietnamese)*

x6 *日本語 (Japanese)*

x7 *русский (Russian)*

x8 *Հայերէն (Armenian)*

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NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

Live Public Comment Instructions:

Live public comment can be given by telephone or in-person.

The Meeting begins at 1:00 PM Pacific Time on April 29, 2025; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-978-8818 and enter
English Access Code: 5647249#
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Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.

Instrucciones para comentarios publicos en vivo:

Los comentarios publicos en vivo se pueden dar por telefono o en persona.

La Reunion de la Junta comienza a las 1:00 PM, hora del Pacifico, el 29 de Abril de 2025. Puedes unirse a la llamada 5 minutos antes del comienzo de la junta.

Marque: 888-978-8818 y ingrese el codigo
Codigo de acceso en ingles: 5647249#
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Los comentarios del público se tomaran cuando se toma cada tema. Para dar un comentario público sobre una tema ingrese # 2 (Tecla de numero y dos) cuando se le solicite. Tenga en cuenta que la transmisión de video en vivo se retrasa unos 30 segundos con respecto a la reunión real. No hay retraso en la línea de acceso telefónico para comentarios públicos.

Written Public Comment Instruction:

Written public comments must be received by 5PM the day before the meeting.

Please include the Item # in your comment and your position of "FOR," "AGAINST," "GENERAL COMMENT," or "ITEM NEEDS MORE CONSIDERATION."

Email: BoardClerk@metro.net

Post Office Mail:

Board Administration

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

CALL TO ORDER

ROLL CALL

1. **SUBJECT: MINUTES** [2025-0303](#)
RECOMMENDATION
APPROVE Minutes of the Regular Board Meeting held May 30, 2024.
Attachments: [MINUTES - May 30, 2024 PRMA](#)

2. **SUBJECT: ELECTION OF OFFICERS** [2025-0308](#)
RECOMMENDATION
Election of Officers (President, Vice President, Clerk/Treasurer-Auditor).

3. **SUBJECT: 2023 - 2024 AUDITED FINANCIAL ACTIVITIES** [2025-0310](#)
RECOMMENDATION
RECEIVE and FILE the audited PTSC-MTA Risk Management Authority (PRMA) financial activities for the fiscal year ending June 30, 2024.
Attachments: [Attachment A - Audited Financial Activities Report - PRMA - FY 2024](#)
[Attachment B - Independent Auditor's Report on Internal Control](#)

4. **SUBJECT: AUDITED ANNUAL FINANCIAL ACTIVITIES DISCUSSION** [2025-0311](#)
RECOMMENDATION
RECEIVE oral report on discussion of the 2023-2024 audited annual financial activities.

5. **SUBJECT: PUBLIC SELF INSURERS ANNUAL REPORT** [2025-0312](#)
RECOMMENDATION
RECEIVE and FILE the Public Self Insurers Annual Report for fiscal year 2024.
Attachments: [Attachment A - Public Self Insurers Annual Report 2023-2024](#)

6. **SUBJECT: ACTUARIAL STUDY DISCUSSION** [2025-0313](#)
RECOMMENDATION
RECEIVE oral report on discussion of the June 30, 2024 actuarial study.

7. **SUBJECT: NEW BUSINESS** [2025-0314](#)
RECOMMENDATION
CONSIDER items of new business.

8. **SUBJECT: FUTURE MEETING**

[2025-0315](#)

RECOMMENDATION

SCHEDULE future meeting and discuss agenda items for next meeting.

SUBJECT: GENERAL PUBLIC COMMENT

[2025-0325](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

**COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S
SUBJECT MATTER JURISDICTION**

Adjournment



Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Board Report

File #: 2025-0303, **File Type:** Minutes

Agenda Number: 1.

**PTSC-MTA RISK MANAGEMENT AUTHORITY
APRIL 29, 2025**

SUBJECT: MINUTES

RECOMMENDATION

APPROVE Minutes of the Regular Board Meeting held May 30, 2024.



MINUTES

Thursday, May 30, 2024

1:00 PM

PTSC-MTA Risk Management Authority

**DIRECTORS PRESENT:
Kenneth Hernandez, President
Nalini Ahuja, Vice President
Rodney Johnson***

***Attended Virtually: 518 Rosarita Drive, Fullerton, CA 92835**

CALLED TO ORDER: 1:07 P.M.

ROLL CALL

1. SUBJECT: MINUTES

2024-0366

APPROVED Minutes of the Regular Board Meeting held May 19, 2023.

NA	KH	RJ
Y	Y	Y

2. SUBJECT: ELECTION OF OFFICERS

2024-0381

Election of Officers (President, Vice President, Clerk/Treasurer-Auditor).

NA	KH	RJ
Y	Y	Y

3. SUBJECT: AUDITED ANNUAL FINANCIAL ACTIVITIES

2024-0380

RECEIVED AND FILED report of audited annual financial activities for 2022-2023.

NA	KH	RJ
P	P	P

4. SUBJECT: AUDITED ANNUAL FINANCIAL ACTIVITIES DISCUSSION **2024-0382**

RECEIVED oral report on discussion of the 2022-2023 audited annual financial activities.

NA	KH	RJ
P	P	P

5. SUBJECT: ANNUAL SELF-INSURANCE PLAN

2024-0383

RECEIVED AND FILED report of annual self-insurance plan filing with the Department of Industrial Relations for 2022-2023.

NA	KH	RJ
P	P	P

NA = N. Ahuja	KH = K. Hernandez	RJ = R. Johnson
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LEGEND: Y = YES, N = NO, C = CONFLICT, ABS = ABSTAIN, A = ABSENT, P = PRESENT

6. SUBJECT: ACTUARIAL STUDY DISCUSSION

2024-0384

RECEIVED oral report on discussion of the June 30, 2023 actuarial study.

NA	KH	RJ
P	P	P

7. SUBJECT: NEW BUSINESS

2024-0372

CONSIDERED items of new business.

NA	KH	RJ
P	P	P

8. SUBJECT: FUTURE MEETING

2024-0374

SCHEDULED future meeting and discuss agenda items for next meeting.

NA	KH	RJ
P	P	P

ADJOURNED AT 1:42 P.M.

Prepared by: Jennifer Avelar
Sr. Administrative Analyst, Board Administration



Collette Langston, Board Clerk



Board Report

File #: 2025-0310, **File Type:** Informational Report

Agenda Number: 3.

**PTSC-MTA RISK MANAGEMENT AUTHORITY
APRIL 29, 2025**

SUBJECT: 2023 - 2024 AUDITED FINANCIAL ACTIVITIES

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE and FILE the audited PTSC-MTA Risk Management Authority (PRMA) financial activities for the fiscal year ending June 30, 2024.

ISSUE

Financial statements reflecting the financial activities for PRMA are submitted to the California State Controller's Office annually.

DISCUSSION

PRMA is a California Joint Powers Authority (JPA) and is subject to Special Districts Financial Transaction reporting requirements under Government Code sections 26909 and 53891. Metro's Accounting department prepares the basic financial statements. Metro contracts with certified public accounting (CPA) firm BCA Watson Rice LLP to provide an Independent Auditor's Report.

NEXT STEPS

PRMA By-Laws specify the Treasurer-Auditor shall cause an annual independent audit be made by a CPA. The Basic Financial Statements, Independent Auditor's Management Letter to the Board and Independent Auditor's Report on Internal Control over financial reporting are attached.

ATTACHMENTS

Attachment A - Basic Financial Statements with Independent Auditor's Report for the Fiscal Year Ended June 30, 2024

Attachment B - Independent Auditor's Report on Internal Control for the Fiscal Year Ended June 30, 2024

Prepared by: William Douglas, Senior Manager, Risk Financing, (213) 922-2105

Reviewed by: Kenneth Hernandez, Interim Chief Transit Safety Officer, (213) 922-2990

PTSC-MTA RISK MANAGEMENT AUTHORITY

A Component Unit of the

Los Angeles County Metropolitan Transportation Authority

Basic Financial Statements and Required Supplementary Information

**For the Fiscal Year Ended June 30, 2024
(With Independent Auditor's Report Thereon)**



2355 Crenshaw Blvd. Suite 150 Torrance, CA 90501
t: (310) 792-4640 f: (310) 792-4140

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
PTSC-MTA Risk Management Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of PTSC-MTA Risk Management Authority (PRMA), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise PRMA'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 financial position of PRMA as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 PRMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the 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 of events, considered in the aggregate, that raise substantial doubt about PRMA'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 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 opinion. 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 generally accepted auditing standards 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 with generally accepted auditing standards.
- 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 PRMA'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 PRMA'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 be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024 on our consideration of PRMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 PRMA's internal control over financial reporting and compliance.

BCA Watson Rice, LLP

Torrance, California
December 2, 2024

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2024

As management of the PTSC-MTA Risk Management Authority (PRMA), we offer readers of PRMA's basic financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. This discussion and analysis are designed to assist the readers in focusing on the significant financial issues and activities of PRMA.

All dollar amounts are expressed in thousands unless otherwise indicated.

Financial Highlights

- Net position remained at \$0. The net position did not change as the Los Angeles County Transportation Authority (LACMTA) reimburses all PRMA's expenses.
- Current and other assets as of June 30, 2024, decreased by \$15,646 or 3.34% compared to June 30, 2023 as a result of reporting the net amount due to other funds in the liabilities section of the Statement of Net Position offset by favorable performance of the investment portfolio.
- Current and non-current liabilities as of June 30, 2024, decreased by \$15,646 or 3.34% compared to June 30, 2023 as a result of reporting the net amount due to other funds in the liabilities section of the Statement of Net Position offset by an increase in claims liability.
- PRMA's expenses decreased by \$29,809 or 16.24% in fiscal year 2024 as compared to fiscal year 2023 which included a \$81,606 adjustment to the actuarially determined claim liabilities.

Overview of the Basic Financial Statements

This management's discussion and analysis serves as an introduction to PRMA's basic financial statements. PRMA's basic financial statements are (1) the statement of net position, (2) the statement of revenues, expenses, and changes in net position, (3) the statement of cash flows, and (4) the notes to the basic financial statements.

PRMA's basic financial statements are prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board (GASB). PRMA is structured as an Enterprise Fund, with revenues recognized when earned and measurable. Expenses are recognized when they are incurred. See notes to the basic financial statements for the summary of PRMA's significant accounting policies.

The statement of net position presents information on all of PRMA's assets and liabilities, with the difference between the two reported as net position. The statement of revenues, expenses, and changes in net position presents the results of PRMA's operations. The statement of cash flows presents the cash flows generated by PRMA to meet its obligations. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Management’s Discussion and Analysis (Unaudited)
June 30, 2024

Analytical Overview

The tables below are summaries of the statement of net position and statement of revenues, expenses, and changes in net position as of and for the years ended June 30, 2024, and 2023.

Condensed statement of net position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 453,202	\$ 468,853
Noncurrent assets	5	-
Total assets	<u>453,207</u>	<u>468,853</u>
Current and other liabilities	140,163	186,404
Noncurrent liabilities	313,044	282,449
Total liabilities	<u>453,207</u>	<u>468,853</u>
Net position	<u>\$ -</u>	<u>\$ -</u>

Condensed statement of revenues, expenses, and changes in net position

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 153,798	\$ 183,607
Operating expenses	<u>153,798</u>	<u>183,607</u>
Operating loss	-	-
Non-operating revenues	-	-
Change in net position	-	-
Net position - beginning of year	-	-
Net position - end of year	<u>\$ -</u>	<u>\$ -</u>

Factors Impacting Future Periods

The main economic factors affecting PRMA’s financial capacity include the following:

- Economic conditions affecting local sales taxes.
- Inflation

PRMA uses forecasts from LACMTA’s various governmental sources as a basis for its future funding assumptions. PRMA uses LACMTA’s revenue sources in constructing its budget that balances anticipated revenues with the need for managing risks associated with its capital program. PRMA’s projected expenses and revenue sources are incorporated in LACMTA’s annual budget.

Further Information

This report has been designed to provide other interested parties with a general overview of PRMA’s financial condition and related issues. Inquiries should be directed to the Accounting Department, One Gateway Plaza, Mail Stop 99-20-7, Los Angeles, CA 90012-2952.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Statement of Net Position
June 30, 2024
(Amounts Expressed in Thousands)

Assets

Current Assets	
Cash and cash equivalents	\$ 401
Investments	439,335
Prepaid expenses and other assets	13,466
Total current assets	453,202
Noncurrent assets	
IT subscription asset, net of amortization	5
Total noncurrent assets	5
Total assets	453,207

Liabilities and Net Position

Current Liabilities	
Accounts payable and other liabilities	1,716
Due to other funds	5,029
IT subscription liability	4
Claims payable	133,414
Total current liabilities	140,163
Noncurrent liabilities	
IT subscription liability	1
Claims payable	313,043
Total noncurrent liabilities	313,044
Total liabilities	453,207
Net Position	\$ -

See Accompanying Notes to the Basic Financial Statements

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2024
(Amounts Expressed in Thousands)

Operating Revenues	
Charges for services	\$ <u>153,798</u>
Total operating revenues	<u>153,798</u>
Operating Expenses	
Workers' compensation	85,355
Casualty and liability	57,190
Professional and technical services	5,459
Other expenditures	5,790
Amortization	<u>4</u>
Total operating expenses	<u>153,798</u>
Net operating income (loss)	<u>-</u>
Net Position	
Net position - beginning of year	<u>-</u>
Net position - end of year	<u>\$ -</u>

See Accompanying Notes to the Basic Financial Statements

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024
(Amounts Expressed in Thousands)

Cash flows from operating activities	
Receipts from customers	\$ 153,915
Payment to suppliers	<u>(137,282)</u>
Net cash provided by operating activities	<u>16,633</u>
Cash flows used for financing activities	
Principal payments - Right-to-use lease assets	<u>(4)</u>
Net cash flows used for financing activities	<u>(4)</u>
Cash flows from investing activities	
Proceeds from sale and maturity of investments	180,590
Purchase of investments	<u>(216,484)</u>
Net cash used for investing activities	<u>(35,894)</u>
Net decrease in cash and cash equivalents	(19,265)
Cash and cash equivalent - beginning of year	<u>19,666</u>
Cash and cash equivalent - end of year	<u>\$ 401</u>
Reconciliation of net operating income (loss) to net cash flows provided by operating activities	
Net operating income (loss)	\$ -
Adjustments to reconcile operating loss to net cash flows provided by operating activities:	
Decrease in accounts receivable	117
Increase in prepaid expense	(1,295)
Decrease from other funds	33,457
Increase in accounts payable	1,256
Increase in subscription liability	5
Decrease in due to other funds	(41,745)
Increase in claims payable	<u>24,838</u>
Total adjustments	<u>16,633</u>
Net cash flows provided by operating activities	<u>\$ 16,633</u>

See Accompanying Notes to the Basic Financial Statements

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The notes to the basic financial statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying basic financial statements.

All dollar amounts are expressed in thousands unless otherwise indicated.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

In October 1998, the Public Transportation Services Corporation (PTSC) and the Los Angeles County Metropolitan Transportation Authority (LACMTA) entered into a joint powers agreement to create the PTSC-MTA Risk Management Authority (PRMA) for the purpose of establishing and operating a program of cooperative self-insurance and risk management. PRMA provides workers' compensation insurance coverage for all LACMTA and PTSC employees. PRMA also provides public liability and property damage insurance coverage for all LACMTA and PTSC properties. The costs of these services are shared by PTSC and LACMTA in accordance with the joint powers' agreement.

PRMA is currently governed by a three-member Board of Directors, two of whom are appointed by the LACMTA and one appointed by PTSC in accordance with the bylaws.

Component Unit of LACMTA

PRMA receives all of its funding from LACMTA and PTSC. As PTSC also derives its funding from LACMTA, PRMA is a component unit of LACMTA and is included in LACMTA's financial statements as a blended component unit. The specific elements of oversight criteria considered in defining a reporting entity are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The financial statements presented in this report cover only the operations of PRMA, which is only a portion of LACMTA. PRMA's financial information is included in LACMTA's basic financial statements.

Pooling Self-Insurance

PRMA is responsible for obtaining reinsurance as directed by PTSC and LACMTA.

Basis of Presentation and Accounting

PRMA's basic financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Government Accounting Standards Board (GASB). Under this method, revenues are recognized when earned and expenses are recorded when the related liability is incurred.

Fund Accounting

PRMA utilizes a proprietary fund to account for ongoing operations and activities similar to those found in the private sector, where the determination of net income is necessary or useful to provide sound financial administration. PRMA accounts for the goods and services provided to PTSC and LACMTA on a cost-reimbursement basis through the process of chargebacks.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

PRMA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, producing and delivering goods and services in connection with PRMA’s ongoing operations. PRMA’s principal operating revenues are charges to PTSC and LACMTA for workers' compensation and casualty and liability claims. Operating expenses include contracted costs, professional technical services, office supplies, and other costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

Cash and cash equivalents include all highly liquid assets such as cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less at the acquisition date. Otherwise, they are considered investments.

Capital Assets

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, PRMA has recorded an intangible right to use subscription asset in the Statement of Net Position as of June 30, 2024. The right-to-use subscription asset is equal to the amount of the initial measurement of the subscription liability, plus any payments made to the vendor at or before the commencement date of the subscription term and direct ancillary costs necessary to place the asset into service. It is being amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset. An amortization expense is recognized representing the decrease in the useful life of the right to use subscription asset over the lease term. Any remeasurement of the subscription liability requires a corresponding change in the right to use subscription asset.

Intangible right-to-use subscription assets are amortized over the subscription term of the underlying asset, as follows:

Asset Type	Useful Life in Years	Lease Term in Years
Intangible right-to-use IT subscription assets	-	3-5 years

Amortization on these capital assets is included in the Statement of Revenues, Expenses, and Changes in Net Position.

Use of Estimates

The preparation of the basic financial statements in conformity with Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

PTSC-MTA RISK MANAGEMENT AUTHORITY
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Subscription-Based Information Technology Arrangement (SBITA)

Effective July 1, 2022, PRMA implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which establishes standards of accounting and financial reporting for SBITAs by a government end user. Subscription-based information technology arrangements provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual licenses or titles to the IT software and associated tangible capital assets. GASB Statement No. 96 requires that certain SBITA results in the recognition of a right-to-use IT subscription asset, an intangible asset, and a corresponding subscription liability. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs.

With the implementation of GASB 96, PRMA has recorded an intangible right-to-use subscription asset in the Statement of Net Position, equal to the initial amount of subscription liability, payments made to a SBITA vendor before the commencement of the subscription term, and the capitalizable of any implementation costs. It is amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT assets. An amortization expense is recognized representing the decrease in the useful life of the right-to-use subscription-based information technology arrangement assets and is being reported as an outflow of resources. Subscription assets are reported with other capital assets and subscription liabilities are reported separately on the Statement of Net Position.

PRMA determines the discount rate it uses to discount the expected SBITA payments to present value. PRMA uses the interest rate charged by the vendor as the discount rate. When the interest rate is not provided in the agreement, PRMA uses its estimated incremental borrowing rate as the discount rate for SBITA. The future subscription payments expected to be made are discounted using the interest rate implicit in the agreement given an average subscription term of 5 to 7 years. The SBITA terms and payments used are those that are stated in the executed agreements. The term includes the noncancellable period of the subscription. SBITA payments included in the measurement of the liability is composed of fixed payments and purchase option price that the PRMA is reasonably certain to exercise.

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

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 – Effect of New GASB Pronouncement

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

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

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

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

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. PRMA implemented the new reporting requirements in Fiscal Year ended June 30, 2024 and there were no material events requiring disclosure under GASB 100.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 – Cash and Investments

As of June 30, 2024, the following are PRMA’s cash and investments:

Cash and Investment Type

Debt securities		
Medium term notes	\$	152,655
Asset backed securities		48,898
Fixed income		
Pooled funds and mutual funds		401
US Agencies securities		29,857
US Treasury obligations		207,925
Total Cash and investments	\$	439,736

Reported in the Statement of Net Position

Cash and cash equivalents	\$	401
Investments		439,335
Total cash and investments	\$	439,736

Note: A portion of PRMA’s investments totaling \$401 is classified as cash and cash equivalents on the Statement of Net Position based on their maturity date.

Fair Value Measurements

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

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

Level 2 - Inputs to the valuation methodology include:

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

PTSC-MTA RISK MANAGEMENT AUTHORITY
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

Fair Value Measurements (Continued)

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

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

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

As of June 30, 2024, the following are PRMA’s investments set forth by level within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities				
Asset backed securities	\$ -	\$ 48,898	\$ -	\$ 48,898
Medium term notes	-	152,655	-	152,655
Fixed income				
Pooled funds and mutual funds	-	401	-	401
US Treasury obligations	207,925	-	-	207,925
US Agencies securities	-	29,857	-	29,857
	\$ 207,925	\$ 231,811	\$ -	\$ 439,736

Investment Policy

LACMTA internally pools all cash deposits and investments in which PRMA is a participant. For purposes of the Statement of Net Position and Statement of Cash Flows, all highly liquid investments, including restricted/designated assets with an original maturity date of 90 days or less when purchased, are considered to be cash and cash equivalents. Otherwise, they are classified as investments.

LACMTA maintains investments designated to cover PRMA’s Workers’ Compensation and Public Liability and Property Damage liabilities. The investments are in the name of LACMTA.

All investments are stated at fair value. Net changes in the fair value of investments are recorded in the claims and judgment payable presented in the Statement of Net Position. LACMTA’s most recent investment policy, adopted by the Board on March 28, 2024, requires LACMTA’s investment program to meet three criteria in the order of their importance:

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

Investment Policy (Continued)

- Safety – preservation of capital and the protection of investment principal.
- Liquidity – investment portfolios will remain sufficiently liquid to enable PRMA to meet operating requirements that might be reasonably anticipated; and
- Return on Investments – LACMTA will maximize yield on the portfolio consistent with the safety and liquidity objectives.

The table below briefly describes LACMTA’s investment policy. This table does not address cash deposits and investments held by bond trustees that are governed by the provisions of LACMTA’s bond trust agreements.

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

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

LACMTA’s investment policy prohibits investing in derivatives or reverse repurchase agreements.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

Risk

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

Credit Risk

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

Concentration of Credit Risk

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

As of June 30, 2024, LACMTA does not have any investments with more than 10 percent of the total investments under one issuer except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

Custodial Credit Risk

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

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

Risk (Continued)

Interest Rate Risk

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

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of cash deposits or investments. As of June 30, 2024, there is no exposure to currency risk as all LACMTA’s cash deposits and investments are denominated in U.S. dollar currency.

Note 4 – Prepaid Expenses

Represents payment of insurance premiums that relate to future periods and are amortized over the period covered.

Note 5 – Capital Assets

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases/</u> <u>(Decreases)</u>	<u>Balance</u> <u>June 30, 2024</u>
Intangible right-to-use subscription asset	\$ -	\$ 14	\$ 14
Total capital assets, being amortized	<u>-</u>	<u>14</u>	<u>14</u>
Less: Accumulated amortization	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Net capital assets being amortized	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

Note 6 – Accounts Payable

Accounts payable represent amounts owed to vendors for services performed or goods purchased.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 – Due to Other Funds

Due to other funds are amounts owed to LACMTA and PTSC for temporary loans to meet the operating needs of PRMA.

Note 8 – Subscription Liability

PRMA, as a subscriber, has entered Subscription-Based Information Technology Arrangements (SBITA) for the use of software, access to vendors’ database and use of vendors’ computing power and storage. In fiscal year 2024, principal and interest payments of \$4,635 and \$179 (amounts not in thousands), respectively, represent the total amount of SBITA payments per executed contract. The amount of \$5 was reported as subscription liability in the Statement of Net Position for the fiscal year ending June 30, 2024. The amount was measured based on the present value of the of future SBITA payments expected to be made during the contract period.

As of June 30, 2024, the future payments under the SBITAs are as follows:

As of June 30	Principal	Interest	Total
2025	\$ 4,269	\$ 78	\$ 4,347
2026	1,067	4	1,071
Total	\$ 5,336 *	\$ 82 *	\$ 5,418 *

* Amounts not rounded in thousands.

Note 9 – Claims Payable

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

Capital

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

LACMTA purchased a construction project umbrella insurance program (super excess general liability policies) that provides additional coverage limits on identified LACMTA major capital projects. The program provides up to \$550 million in additional coverage over the dedicated limits of insurance provided by each of the Design-Build contractors. The Design-Build contract values for the ongoing and recently completed projects is approximately \$13 billion.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 9 – Claims Payable (Continued)

Operations

The estimated liabilities for public liability and property damage, and workers’ compensation claims are actuarially determined and subject to periodic adjustment as conditions warrant. The estimated liabilities are discounted using an average discount rate of 3.0%. LACMTA believes that the estimated liability for self-insured claims as of June 30, 2024 will be sufficient to cover any costs arising from claims filed or to be filed for incidents that occurred through that date. The estimated liabilities are based, in part, upon an independent actuarial estimate of unsettled claims including losses that have been incurred but not reported, and legal expenses, but excluding direct administration costs both by LACMTA employees and third-party administrators.

LACMTA is partially self-insured for public liability and property damage for non-construction activities up to \$25 million per occurrence. In addition, LACMTA has established an excess liability program of insurance coverage with limits of \$300 million through the International and Domestic markets for claims more than self-insurance retentions.

Furthermore, LACMTA has an all-risk property insurance program that covers all of its property. The property insurance policy covers insurable values of approximately \$18.8 billion on a probable maximum loss basis with policy limits of \$650 million for damages (\$150 million for flood damages). Earthquake coverage is not included in the current program structure. LACMTA does not set aside funds to cover potential gaps in property insurance coverage in case of losses.

The following table summarizes changes in the claims liabilities for the year ended June 30, 2024:

	Property and Casualty	Workers’ Compensation	Total
Unpaid claims and claims adjustment liabilities – beginning of year	\$ 139,659	\$ 281,960	\$ 421,619
Provisions for insured events	57,610	82,120	139,730
Investment income	5,557	12,964	18,521
Total incurred claims and claims adjustment expense	202,826	377,044	579,870
Payment attributable to insured events	(48,217)	(85,196)	(133,413)
Total unpaid claims and claims adjustment liabilities – end of year	\$ 154,609	\$ 291,848	\$ 446,457

As of June 30, 2024, \$133,414 of the total claims’ liability is considered current. Claims payable is reported in the Statement of Net Position.

As of June 30, 2024, a designated investment in the amount of \$152,473 has been set aside for property and casualty liabilities.

The workers’ compensation program is both self-insured and self-administered by LACMTA. As of June 30, 2024, a designated investment in the amount of \$286,862 has been set aside for workers’ compensation liabilities.

PTSC-MTA RISK MANAGEMENT AUTHORITY
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 9 – Claims Payable (Continued)

Operations (continued)

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

Note 10 – Subsequent Events

In preparing these basic financial statements, PRMA has evaluated events and transactions for potential recognition or disclosure through December 2, 2024, the date the financial statements were available to be issued. Based on this evaluation, it was determined that no subsequent events occurred that required recognition or additional disclosure in the basic financial statements.



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
PTSC-MTA Risk Management Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the PTSC-MTA Risk Management Authority (PRMA), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the fiscal year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise PRMA’s basic financial statements, and have issued our report thereon dated December 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered PRMA’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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of PRMA’s internal control. Accordingly, we do not express an opinion on the effectiveness of PRMA’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether PRMA's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the basic financial statement amounts. 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*.

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.

BCA Watson Rice, LLP

Torrance, CA
December 2, 2024



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December 2, 2024

To the Board of Directors of
PTSC-MTA Risk Management Authority

We have audited the basic financial statements of PTSC-MTA Risk Management Authority (PRMA), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated December 2, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Basic Financial Statements Audit Under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated to management at the entrance conference on August 21, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the basic financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PRMA's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of PRMA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

There were no findings regarding significant control deficiencies, material weaknesses over financial reporting, material noncompliance, and other matters noted during our audit.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to PRMA.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant policies adopted by PRMA is included in Note 1 to the basic financial statements. There have been no changes in significant accounting policies or their applications during the fiscal year ended June 30, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, and; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There are no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to PRMA's basic financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For the purpose of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify any circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain representations from management, which are included in the management representation letter dated December 2, 2024.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with PRMA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the PRMA, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as PRMA's auditors.

This report is intended for the information and use of PRMA, the Los Angeles County Metropolitan Transportation Authority, and the California State Controller and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, CA



Board Report

File #: 2025-0312, **File Type:** Informational Report

Agenda Number: 5.

**PTSC-MTA RISK MANAGEMENT AUTHORITY
APRIL 29, 2025**

SUBJECT: PUBLIC SELF INSURERS ANNUAL REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE and FILE the Public Self Insurers Annual Report for fiscal year 2024.

ISSUE

Risk Management, on behalf of PRMA, prepares and submits an annual report of workers' compensation claims activities to the California Office of Self Insurance Plans (OSIP).

DISCUSSION

PRMA is a California Joint Powers Authority (JPA) and received consent to self-insure workers' compensation claims from the Department of Industrial Relations in 1998. PRMA is required to submit an annual report to OSIP which describes claims paid (indemnity/medical), future liability on open claims, number of employees/total wages and a list of open indemnity claims.

NEXT STEPS

The Public Self Insurer Claim Liability Annual Report for fiscal year 2024 submitted to OSIP is provided to the members of the Board for information. The report is attached as Attachment A.

ATTACHMENTS

Attachment A - Public Self Insurers Claim Liability Annual Report for Year 2023/2024

Prepared by: William Douglas, Senior Manager, Risk Financing, (213) 922-2105

Reviewed by: Kenneth Hernandez, Interim Chief Transit Safety Officer, (213) 922-2990

State of California



Public Self Insurers ER Annual Report

For Fiscal Year 2023-24

September 5, 2024
PTSC-MTA Risk Management Authority
One Gateway Plaza - Mail Stop 99-10-2
Los Angeles, CA 90012 2952

FORM AR-2 (1-2016)

State of California

Employer

General Information:

Certificate Number	5813	Period Of Report	Annual
(Period) From	07/01/2023	(Period) To	06/30/2024

Master Certificate Holder:

Name	PTSC-MTA Risk Management Authority		
Address 1	One Gateway Plaza - Mail Stop 99-10-2		
Address 2		FTIN	95-4713266
City	Los Angeles	State	CA Zip 90012 2952
State of Incorporation			

Affiliates:

	Full Legal Name	Subsidiaries Affiliate Certificate Number	State
1)	Los Angeles County Metropolitan Transportation Authority	5813-01	
2)	Public Transportation Services Corporation	5813-02	

State of California

During the reporting period of this report, has there been any of the following with respect to the Master Certificate Holder for any affiliate?

None

Any additions to the Self Insurance Program?

None

Employment and wages paid in current fiscal year:

Number of Employees 11,842

Total Wages and Salaries Paid \$1,143,827,612

Addressed Correspondence For Related Self-Insurance Matters:

Company Name PTSC-MTA Risk Management Authority (PRMA)

Name Cathy Yates

Title Director

Phone (213) 922-4297

Fax (213) 922-4351

Email Address Yatesc@metro.net

Address 1 ONE Gateway Plaza, Mail Stop 99-10-2

Address 2

City Los Angeles

State CA

Zip

90012

Web Site

State of California

TPA Adjusting Locations:

Has there been a change in TPA Adjusting Locations during this reporting period that has not yet been reported to OSIP? No

Have you added any new TPA Adjusting Locations during this reporting period that has not yet been reported to OSIP? No

Record Storage:

Are there open and closed claims stored at a location other than the adjusting location? No

Insurance Coverage:

1) During this reporting period, does your company maintain a standard workers' compensation insurance policy to cover any of your California liabilities? No

2) During this reporting period, does your company have a specific excess workers' compensation policy in force to cover any of your California liabilities? No

3) Do you carry an aggregate(stop loss) workers' compensation insurance policy? No

Certification By Authorized Representative:

Company Name PTSC-MTA Risk Management Authority (PRMA)

Name Cathy Yates

Title Director

Phone (213) 922-4297

Fax (213) 922-4351

Email Address Yatesc@metro.net

Address 1 ONE Gateway Plaza, Mail Stop 99-10-2

Address 2

City Los Angeles

State CA **Zip** 90012

Name of Person Legally Responsible for this Electronic Signature:

Cathy Yates (Date/Time of Signature) - 09/05/2024 05:43

State of California

Report Location Number: 5813-01-099 A **Identification of Location:** PTSC-MTA RISK MANAGEMENT at LOS ANGELES **Certificate Holder:** PTSC-MTA Risk Management Authority

CASES AND BENEFITS (to the nearest dollar)				From Date-	07/01/2023	To Date-	06/30/2024
		Incurred Liability		Paid To Date		Future Liability	
Date	#	Indemnity	Medical	Indemnity	Medical	Indemnity	Medical
1) Cases open as of 06/30/2024 reported prior to 2019/20	175	\$28,443,724	\$34,002,035	\$20,269,050	\$23,807,965	\$8,174,674	\$10,194,070
2) Open and closed Liabilities							
A) All Cases reported in 2019/20	1,248	\$36,260,767	\$15,989,220	\$31,959,670	\$12,908,350	\$4,301,097	\$3,080,870
2019/20 Cases open	84	\$10,923,304	\$7,670,121	\$6,622,207	\$4,589,251	\$4,301,097	\$3,080,870
B) All Cases reported in 2020/21	1,104	\$41,813,676	\$16,932,198	\$34,939,109	\$13,272,506	\$6,874,567	\$3,659,692
2020/21 Cases open	140	\$16,596,203	\$8,650,402	\$9,721,636	\$4,990,710	\$6,874,567	\$3,659,692
C) All Cases reported in 2021/22	1,586	\$56,924,973	\$23,523,404	\$42,160,757	\$15,001,726	\$14,764,216	\$8,521,678
2021/22 Cases open	322	\$33,549,353	\$16,469,287	\$18,785,137	\$7,947,609	\$14,764,216	\$8,521,678
D) All Cases reported in 2022/23	1,586	\$54,227,731	\$26,671,758	\$29,702,468	\$10,696,428	\$24,525,263	\$15,975,330
2022/23 Cases open	494	\$45,918,995	\$23,717,930	\$21,393,732	\$7,742,600	\$24,525,263	\$15,975,330
E) All Cases reported in 2023/24	1,707	\$39,494,194	\$19,724,746	\$12,929,098	\$3,788,515	\$26,565,096	\$15,936,231
2023/24 Cases open	773	\$37,458,660	\$18,599,329	\$10,893,564	\$2,663,098	\$26,565,096	\$15,936,231

	\$ Indemnity	\$ Medical
SUBTOTAL	\$85,204,913	\$57,367,871
TOTAL		\$142,572,784

3) Estimate Future Liability (Indemnity Plus Medical)

4) Total Benefits Paid During 2023/24 (Including all case expenditures). The indemnity amount includes the amount of LC § 4800/4850 benefits paid for the year (total of Lines 11 and 12)

	\$ Indemnity	\$ Medical
	\$52,469,776	\$25,257,930

5) Number of MEDICAL-ONLY Cases Reported in 2023/24

	225
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6) Number of INDEMNITY Cases Reported in 2023/24

	1,482
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7) Total of 5 and 6 (Also entered in 2E above)

	1,707
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8) Total Number of open Indemnity Cases (All Years)

	1,963
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9) Number of Fatality Cases Reported In 2023/24

	0
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10) (a) Number of FY 2023/24 claims for which the employer or administrator was notified of representation by an attorney or legal representative in 2023/24

	311
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10) (a) Number of non-FY 2023/24 claims for which the employer or administrator was notified of representation by an attorney or legal representative in 2023/24

	81
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11) Amount from salary continuation payments made pursuant to LC § 4800/4850 that is in excess of the applicable temporary disability rate for the period paid.

	\$0
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12) Amount from salary continuation payments made pursuant to LC § 4800/4850 capped at the temporary disability rate for the period paid.

	\$0
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ALL Open Indemnity Claims (by reporting and by year) reported and with claims: Annual Report SIP list of Public Open Ind Cases 2023-2024.pdf

Dual Jurisdiction Claims

Please note that California Labor Code Section 3702.2(b) requires that "... the annual report of a self-insured employer who has self-insured both state and federal workers' compensation liability shall also be set forth (1) amount of all compensation liability incurred, paid-to-date, the estimated future liability under both this chapter and under the federal longshore and Harbor Worker's Compensation Act (33 U.S.C Sec. 901 et seq.), and (2) the identity and the amount of the security deposit securing the employer's liability under state and federal self-insured programs."

Accordingly, please indicate all California exposure on your Self Insurer's Annual Report, and, in addition identify each Claim with dual jurisdiction on Separate List of Open Idemnity Claims. For those claims, indicate the incurred, paid-to-date, and estimated future liabilities for federal exposure. Please also indicate the amount and the type of security deposit securing those claims.

Instructions To Claims Administrator For Specific Excess Insurance

The TPA should provide a sum of the unpaid excess carrier excess liability under "Calculation of Specific Excess Coverage Entry for the Annual Reports". In addition, provide a list of claims for which specific excess credit is being claimed. This may be provided as a spreadsheet. Indicate in the list of claims the following information:

The list shall include the name of the claimant, claim number, date of injury, description of injury, carrier name and policy number, policy coverage period, retention level of policy and paid to date in indemnity or medical benefits, and the estimated future liability of the claim minus the total unpaid employer retention, which equals the total unpaid carrier liability, whether the claim has been reported to a carrier, if the claim has been accepted by the carrier, if the carrier has denied any part of the liability of the claim.

Refer to OSIP website for sample format of the Excess Credit Calculation form.

Calculation Of Specific Excess Coverage Entry For Annual Reports:

Enter the sum of the total unpaid carrier excess liability claimed from the "Specific Excess Insurance Policy Coverage". If none enter "0".

\$

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Certification

Administrating Agency's Certificate Number 099

Or Self Administered

I declare under penalty of perjury that I have prepared or caused this report to be prepared and I have examined this liabilities report to be prepared and I have examined this liabilities report of this self insurer's worker's compensation liabilities. To the best of my knowledge and belief this report is true, correct and complete with respect to the worker's compensation liabilities incurred and paid. I further declare under the penalty of perjury that the estimates of future liability of worker's compensation claims made in this report reflect the administrator's best judgement as to the future liability of claims, using prevailing industry standards, and the signatory intends Self Insurance Plans to rely upon the representation.

Agency Name PTSC-MTA RISK MANAGEMENT

Name Cathy Yates

Phone (213) 922-4297

Fax

Email Address yatesc@metro.net

Address 1 One Gateway Plaza 99-10-2

Address 2

City Los Angeles

State CA

Zip 90012

Name of Person Legally Responsible for this Electronic Signature:

Cathy Yates (Date/Time of Signature) - 09/05/2024 05:46