

Los Angeles County

***Metropolitan Transportation Authority***

**Independent Auditor's Report on Schedule of  
Revenues and Expenditures  
For  
Proposition A and Proposition C  
Special Revenue Funds**

**For the Year Ended June 30, 2006**

**December 2006**

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**TCBA**

**THOMPSON, COBB, BAZILIO & ASSOCIATES, P.C.**  
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**AGENDA**

**Independent  
Citizens'  
Advisory and  
Oversight  
Committee**

**INDEPENDENT CITIZENS' ADVISORY  
AND OVERSIGHT COMMITTEE MEETING**

**Metro Headquarters  
3rd Floor - Board Room  
One Gateway Plaza  
Los Angeles**

One Gateway  
Plaza  
Los Angeles, CA  
90012

**Friday, February 1, 2008 – 10:00 A.M.**

213-922-4600

Call to order:

**Members:**

Russ Lesser, Chair  
Brian Russell, Vice Chair  
Emina Darakjy  
Dwight Ham

1. APPROVE **minutes** of Regular Board meeting held **January 23, 2007**.
2. RECEIVE AND FILE **FY 2007 Audit of Propositions A & C Revenues and Expenditures**.
3. CONSIDER:
  - A. scheduling a **Public Hearing** for *Wed* *Mon - Apr 14* *11:00* Monday, April 9, 2008 at 10:00 a.m. to receive input on FY 2007 Audit of Propositions A & C Revenues and Expenditures; and
  - B. approving **Notice of Intent to Hold Public Hearing**.
4. 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 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 Board subsequent to the posting of the agenda.

## ADJOURNMENT



# Metro

January 12, 2007

To: Independent Citizen's Advisory and Oversight Committee

From: Josie V. Nicasio, Controller

The attached documents are submitted in relation to the ICAOC board meeting on January 23, 2007:

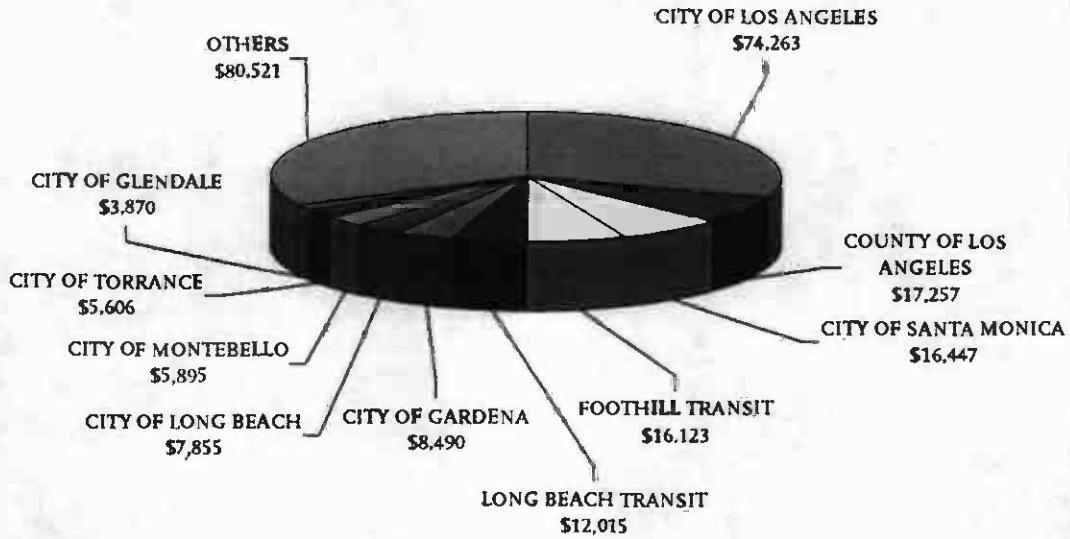
- Independent Auditor's Report on Schedule of Revenues and Expenditures for Proposition A and Proposition C
- Schedule of Transportation Subsidies to External Agencies – Prop A
- Schedule of MTA Expenditures – Prop A
- Schedule of Transportation Subsidies to External Agencies – Prop C
- Schedule of MTA Expenditures – Prop C

If you have any questions, please do not hesitate to call me @213.922.6810.

Attachments

**PROPOSITION A  
 TRANSPORTATION SUBSIDIES TO EXTERNAL AGENCIES  
 FISCAL YEAR 2006  
 (Amounts in thousands)**

**TOP TEN EXTERNAL AGENCIES**

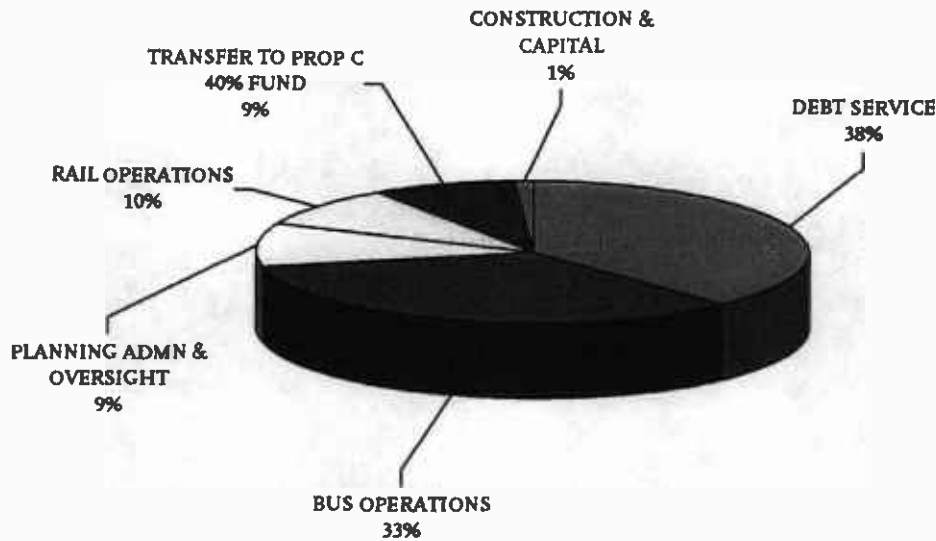


Agencies	Amount
CITY OF LOS ANGELES	\$ 74,263
COUNTY OF LOS ANGELES	17,257
CITY OF SANTA MONICA	16,447
FOOTHILL TRANSIT	16,123
LONG BEACH TRANSIT	12,015
CITY OF GARDENA	8,490
CITY OF LONG BEACH	7,855
CITY OF MONTEBELLO	5,895
CITY OF TORRANCE	5,606
CITY OF GLENDALE	3,870
OTHERS - See attached list	80,521
<b>TOTAL</b>	<b>\$ 248,343</b>

PROPOSITION A  
TRANSPORTATION SUBSIDIES TO EXTERNAL AGENCIES - OTHER  
FISCAL YEAR 2006  
(Amounts in thousands)

Agencies	Amount	Agencies	Amount
ANTELOPE VALLEY TRANSIT AUTHORITY	\$ 2,688	CITY OF MALIBU	\$ 219
CITY OF AGOURA HILLS	409	CITY OF MANHATTAN BEACH	590
CITY OF ALHAMBRA	1,533	CITY OF MAYWOOD	495
CITY OF ARCADIA	1,128	CITY OF MONROVIA	677
CITY OF ARTESIA	277	CITY OF MONTEREY PARK	1,118
CITY OF AVALON	520	CITY OF NORWALK	3,282
CITY OF AZUSA	776	CITY OF PALMDALE	2,117
CITY OF BALDWIN PARK	1,441	CITY OF PALOS VERDES EST.	227
CITY OF BELL	623	CITY OF PARAMOUNT	930
CITY OF BELL GARDENS	741	CITY OF PASADENA	2,868
CITY OF BELLFLOWER	1,242	CITY OF PICO RIVERA	1,077
CITY OF BEVERLY HILLS	605	CITY OF POMONA	2,554
CITY OF BRADBURY	15	CITY OF RANCHO PALOS VERDES	697
CITY OF BURBANK	1,700	CITY OF REDONDO BEACH	1,423
CITY OF CALABASAS	369	CITY OF ROLLING HILLS	32
CITY OF CARSON	1,722	CITY OF ROLLING HILLS EST.	131
CITY OF CERRITOS	914	CITY OF ROSEMEAD	914
CITY OF CLAREMONT	653	CITY OF SAN DIMAS	593
CITY OF COMMERCE	215	CITY OF SAN FERNANDO	399
CITY OF COMPTON	1,579	CITY OF SAN GABRIEL	676
CITY OF COVINA	792	CITY OF SAN MARINO	219
CITY OF CUDAHY	414	CITY OF SANTA CLARITA	2,659
CITY OF CULVER CITY	3,323	CITY OF SANTA FE SPRINGS	294
CITY OF DIAMOND BAR	960	CITY OF SIERRA MADRE	178
CITY OF DOWNEY	1,819	CITY OF SIGNAL HILL	172
CITY OF DUARTE	364	CITY OF SOUTH EL MONTE	356
CITY OF EL MONTE	2,141	CITY OF SOUTH GATE	1,635
CITY OF EL SEGUNDO	272	CITY OF SOUTH PASADENA	411
CITY OF GLENDORA	839	CITY OF TEMPLE CITY	569
CITY OF HAWAIIAN GARDENS	253	CITY OF VERNON	2
CITY OF HAWTHORNE	1,422	CITY OF WALNUT	511
CITY OF HERMOSA BEACH	315	CITY OF WEST COVINA	1,917
CITY OF HIDDEN HILLS	33	CITY OF WEST HOLLYWOOD	826
CITY OF HUNTINGTON PARK	1,327	CITY OF WESTLAKE VILLAGE	142
CITY OF INDUSTRY	13	CITY OF WHITTIER	1,654
CITY OF INGLEWOOD	2,247	COMPTON, CITY OF	58
CITY OF IRWINDALE	24	CULVER CITY MUNICIPAL BUS LINES	86
CITY OF LA CANADA-FLINTRIDGE	345	FAME ASSISTANCE CORP	681
CITY OF LA HABRA HEIGHTS	99	INTERNATIONAL INSTITUTE OF LA	337
CITY OF LA MIRADA	910	L.A. COUNTY DEPT. OF PUBLIC WO	522
CITY OF LA PUENTE	694	LA COUNTY DEPARTMENT OF PUBLIC WORKS	117
CITY OF LA VERNE	536	LADOT	1,405
CITY OF LAKEWOOD	1,340	PALOS VERDES PENINSULA TRANSIT AUTH	206
CITY OF LANCASTER	2,084	POMONA VALLEY TRANSP AUTH	454
CITY OF LAWNSDALE	535	SANTA CLARITA TRANSIT	483
CITY OF LOMITA	339	SANTA CLARITA VALLEY TMA	3,405
CITY OF LYNWOOD	1,198	YEAR END ACCRUAL / (REVERSAL)	(3,591)
		<b>TOTAL</b>	<b>\$ 80,521</b>

**PROPOSITION A  
MTA EXPENDITURES  
FISCAL YEAR 2006  
(Amounts in thousands)**

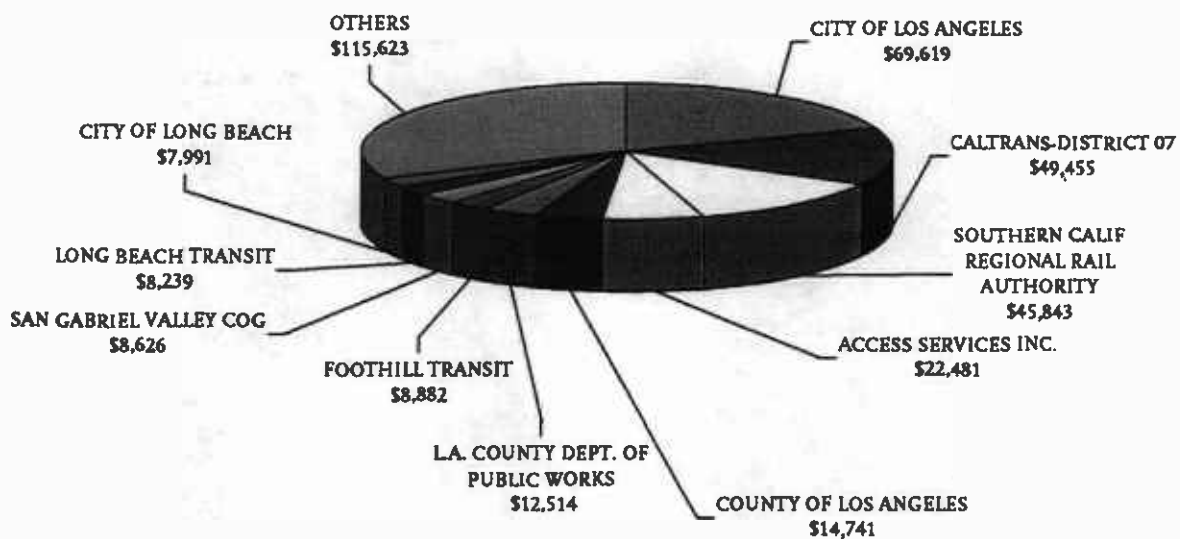


<b>Expenditures</b>	<b>Amount</b>	<b>%</b>
DEBT SERVICE	\$ 151,529	38%
BUS OPERATIONS	132,465	33%
RAIL OPERATIONS	37,124	10%
TRANSFER TO PROP C 40% FUND *	36,542	9%
PLANNING ADMN & OVERSIGHT	33,663	9%
CONSTRUCTION & CAPITAL	4,429	1%
<b>TOTAL</b>	<b>\$ 395,753</b>	<b>100%</b>

\* NOTE: Proposition A Discretionary funds transferred to Proposition C Discretionary fund were programmed to MTA and external agencies, and are included in Proposition C disbursements and fund balance.

**PROPOSITION C  
 TRANSPORTATION SUBSIDIES TO EXTERNAL AGENCIES  
 FISCAL YEAR 2006  
 (Amounts in thousands)**

**TOP TEN EXTERNAL AGENCIES**



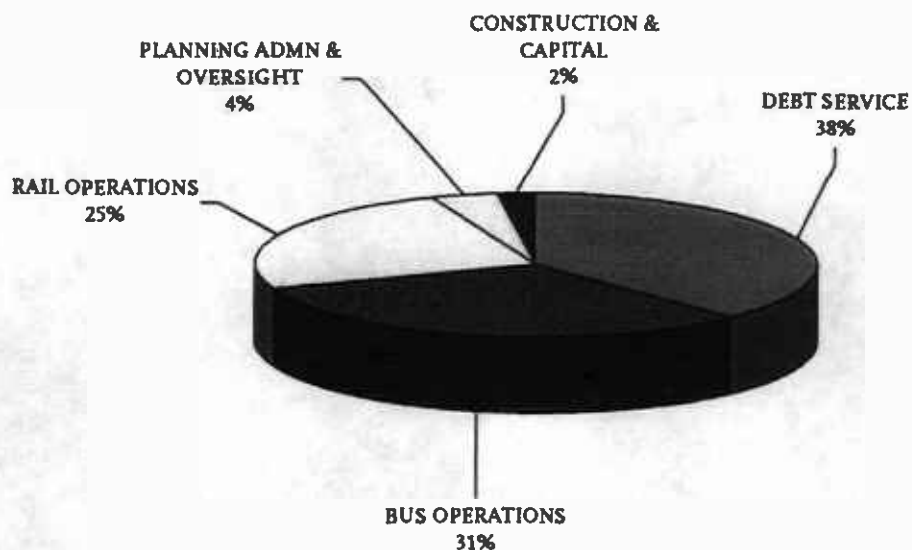
Agencies	Amount
CITY OF LOS ANGELES	\$ 69,619
CALTRANS-DISTRICT 07	49,455
SOUTHERN CALIF REGIONAL RAIL AUTHORITY	45,843
ACCESS SERVICES INC.	22,481
COUNTY OF LOS ANGELES	14,741
L.A. COUNTY DEPT. OF PUBLIC WORKS	12,514
FOOTHILL TRANSIT	8,882
SAN GABRIEL VALLEY COG	8,626
LONG BEACH TRANSIT	8,239
CITY OF LONG BEACH	7,991
OTHERS - See attached list	115,623
<b>TOTAL</b>	<b>\$ 364,014</b>



PROPOSITION C  
TRANSPORTATION SUBSIDIES TO EXTERNAL AGENCIES - OTHER  
FISCAL YEAR 2006  
(Amounts in thousands)

Agencies	Amount	Agencies	Amount
ALAMEDA CORRIDOR - EAST CONSTRUCTION AUTHORITY	500	CITY OF MAYWOOD	\$ 408
ANTELOPE VALLEY TRANSIT AUTHORITY	1,144	CITY OF MONROVIA	538
CITY OF AGOURA HILLS	4,026	CITY OF MONTEBELLO	2,271
CITY OF ALHAMBRA	1,244	CITY OF MONTEREY PARK	886
CITY OF ARCADIA	874	CITY OF NORWALK	2,110
CITY OF ARTESIA	238	CITY OF PALMDALE	2,453
CITY OF AVALON	48	CITY OF PALOS VERDES EST.	195
CITY OF AZUSA	666	CITY OF PARAMOUNT	801
CITY OF BALDWIN PARK	1,114	CITY OF PASADENA	2,291
CITY OF BELL	536	CITY OF PICO RIVERA	925
CITY OF BELL GARDENS	638	CITY OF POMONA	2,216
CITY OF BELLFLOWER	1,068	CITY OF RANCHO PALOS VERDES	599
CITY OF BEVERLY HILLS	954	CITY OF REDONDO BEACH	1,154
CITY OF BRADBURY	13	CITY OF ROLLING HILLS	27
CITY OF BURBANK	1,462	CITY OF ROLLING HILLS EST.	113
CITY OF CALABASAS	360	CITY OF ROSEMEAD	786
CITY OF CARSON	1,333	CITY OF SAN DIMAS	510
CITY OF CERRITOS	758	CITY OF SAN FERNANDO	343
CITY OF CLAREMONT	529	CITY OF SAN GABRIEL	581
CITY OF COMMERCE	185	CITY OF SAN MARINO	188
CITY OF COMPTON	1,357	CITY OF SANTA CLARITA	4,467
CITY OF COVINA	2,779	CITY OF SANTA FE SPRINGS	244
CITY OF CUDAHY	356	CITY OF SANTA MONICA	3,377
CITY OF CULVER CITY	934	CITY OF SIERRA MADRE	153
CITY OF DIAMOND BAR	825	CITY OF SIGNAL HILL	147
CITY OF DOWNEY	2,693	CITY OF SOUTH EL MONTE	307
CITY OF DUARTE	313	CITY OF SOUTH GATE	1,477
CITY OF EL MONTE	1,727	CITY OF SOUTH PASADENA	366
CITY OF EL SEGUNDO	234	CITY OF TEMPLE CITY	489
CITY OF GARDENA	2,517	CITY OF TORRANCE	4,614
CITY OF GLENDALE	5,617	CITY OF VERNON	1
CITY OF GLENDORA	721	CITY OF WALNUT	440
CITY OF HAWAIIAN GARDENS	218	CITY OF WEST COVINA	1,545
CITY OF HAWTHORNE	1,223	CITY OF WEST HOLLYWOOD	979
CITY OF HERMOSA BEACH	271	CITY OF WESTLAKE VILLAGE	122
CITY OF HIDDEN HILLS	28	CITY OF WHITTIER	1,207
CITY OF HUNTINGTON PARK	895	COMMUNITY REDEVELOPMENT	101
CITY OF INDUSTRY	11	COUNTY OF LOS ANGELES	5,372
CITY OF INGLEWOOD	1,737	CULVER CITY MUNICIPAL BUS LINES	1,463
CITY OF IRWINDALE	21	DEPARTMENT OF TRANSPORTATION01	432
CITY OF LA. DEPT. OF PUBLIC	6,936	FAME ASSISTANCE CORP	1,625
CITY OF LA CANADA-FLINTRIDGE	297	GARDENA MUNICIPAL BUS LINES 01	1,058
CITY OF LA HABRA HEIGHTS	85	GATEWAY CITIES COUNCIL OF GOVERNMENTS	1
CITY OF LA MIRADA	728	INTERNATIONAL INSTITUTE OF LA	2,069
CITY OF LA PUENTE	597	LADOT	879
CITY OF LA VERNE	461	MONTEBELLO MUNICIPAL BUS LINES	1,834
CITY OF LAKEWOOD	1,152	MTA-GL ADJUSTMENTS	(320)
CITY OF LANCASTER	1,785	SANTA CLARITA TRANSIT	194
CITY OF LAWDALE	460	SANTA CLARITA VALLEY TMA	182
CITY OF LOMITA	291	SOUTHERN CALIFORNIA ASSOCIATION OF	(10)
CITY OF LOS ANGELES - TREASURER	7,161	TRANSPORTATION FOUNDATION OF LOS ANGELES	14
CITY OF LYNWOOD	1,013	UCLA - CAPITAL PROGRAMS	99
CITY OF MALIBU	542	YEAR END ACCRUAL / (REVERSAL)	(2,882)
CITY OF MANHATTAN BEACH	508	TOTAL	\$ 115,623

**PROPOSITION C  
MTA EXPENDITURES  
FISCAL YEAR 2006  
(Amounts in thousands)**



<b>Expenditures</b>	<b>Amount</b>	<b>%</b>
DEBT SERVICE	\$ 102,907	38%
BUS OPERATIONS	84,910	31%
RAIL OPERATIONS	67,474	25%
PLANNING ADMN & OVERSIGHT	10,176	4%
CONSTRUCTION & CAPITAL	6,235	2%
<b>TOTAL</b>	<b>\$ 271,702</b>	<b>100%</b>

**Guarino, Marilou**

**From:** Guarino, Marilou  
**Sent:** Tuesday, January 29, 2008 1:37 PM  
**To:** Santos, Danilo  
**Subject:** RE: Please attend this meeting

OK

*Proj 2723  
210 Proj W to  
Pasadena  
La Canada*

**Marilou F. Guarino**

Accounting Department - General Ledger  
Tel -213-922-7690  
Fax-213-922-6837  
E-mail: guarinom@metro.net

**From:** Santos, Danilo  
**Sent:** Tuesday, January 29, 2008 12:47 PM  
**To:** Guarino, Marilou  
**Subject:** Please attend this meeting

**Prop A & C ICAOC Meeting - Meeting**

File Edit View Insert Format Tools Actions Help

Accept Tentative Decline Propose New Time Calendar...

Appointment Scheduling

Accepted on 1/29/2008 10:51 AM

Organizer: Nicasio, Josie Sent:

Subject: Prop A & C ICAOC Meeting

Location: Board Room Label:  None

Start time: Fri 2/1/2008 10:00 AM  All day event

End time: Fri 2/1/2008 11:00 AM

Reminder: 15 minutes Show time as: Busy

Meeting Workspace...  This is an online meeting using: Microsoft NetMeeting

Danny A. Santos  
Accounting Department  
SantosD@Metro.net  
Tel: 213.922.4295

1/29/2008

3710

					14,457.52
		206023	52130	27-SEP-07	5,630.03
		209004	52162	27-SEP-07	1,332.94
		209008	52168	27-SEP-07	331.90
		209044	52129	27-SEP-07	1,741.51
<b>STA POPULATION SHARE Total</b>					<b>155,938.24</b>
STA SPECIAL REV	PB000083	201033	52135	27-SEP-07	1,920.09
		202056	52146	27-SEP-07	744.80
		207010	52196	27-SEP-07	16,345.28
		207023	52132	27-SEP-07	3.15
		207061	52134	27-SEP-07	335,658.20
		207063	52152	27-SEP-07	762.57
		207064	52154	27-SEP-07	762.57
<b>STA SPECIAL REV Total</b>					<b>356,196.66</b>
TDA ADMIN	PB000078	400228	52128	27-SEP-07	153,881.07
		405510	52191	27-SEP-07	973,100.96
		405518	52127	27-SEP-07	222,664.31
<b>TDA ADMIN Total</b>					<b>1,349,646.34</b>
TDA ARTICLE 4 (TRANSIT)	PB000080	202006	52170	27-SEP-07	338.83
		202007	52197	27-SEP-07	435,952.44
		202009	52176	27-SEP-07	384.07
		202026	52145	27-SEP-07	19,547.49
		202065	52179	27-SEP-07	8,371.61
		202066	52181	27-SEP-07	70,000.00
		202076	52182	27-SEP-07	1,080.88
		202181	52147	27-SEP-07	

**Los Angeles County Metropolitan Transportation Authority  
Independent Auditor's Report on  
Schedule of Revenues and Expenditures  
For  
Proposition A and Proposition C  
Special Revenue Funds  
  
For The Year Ended June 30, 2006**

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**Table Of Contents**

	<b><u>Page</u></b>
Independent Auditor's Report	1
Report on Compliance and Internal Control over Financial Reporting	2
Proposition A Special Revenue Fund:	
Schedule of Revenues and Expenditures	4
Schedule of Revenues and Expenditures - Budget to Actual	5
Proposition C Special Revenue Fund	
Schedule of Revenues and Expenditures	6
Schedule of Revenues and Expenditures - Budget to Actual	7
Notes to Schedule of Revenues and Expenditures Proposition A and Proposition C Special Revenue Funds	8
Schedule of Current Year Findings	11
Status of Prior Year Findings	12

**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT, SYSTEMS, AND FINANCIAL CONSULTANTS**

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202-737-3300  
FAX: 202-737-2684

100 PEARL STREET  
14<sup>TH</sup> FLOOR  
HARTFORD, CT 06103  
203-249-7246  
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**INDEPENDENT AUDITOR'S REPORT**

Independent Citizens' Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

We have audited the accompanying Schedules of Proposition A ("Ordinance No. 16") and Proposition C ("Ordinance No. 49") Revenues and Expenditures (the "Schedules") of the Los Angeles County Metropolitan Transportation Authority (the "LACMTA") for the year ended June 30, 2006. These Schedules are the responsibility of the LACMTA's management. Our responsibility is to express an opinion on these Schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules of Proposition A and Proposition C revenues and expenditures are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present fairly, in all material respects, the Proposition A and Proposition C revenues and expenditures of the LACMTA for the year ended June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 26, 2006, on our consideration of the LACMTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Torrance, CA  
December 26, 2006

*Thompson, Cobb, Bazilio & Associates, PC*

**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT, SYSTEMS, AND FINANCIAL CONSULTANTS**

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**Report On Internal Control Over Financial Reporting  
And On Compliance Based On An Audit  
Performed In Accordance With  
Government Auditing Standards**

Independent Citizens' Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

We have audited the Schedules of Revenues and Expenditures (the "Schedules") for Proposition A and Proposition C Special Revenue Funds of the Los Angeles County Metropolitan Transportation Authority (the "LACMTA") for the year ended June 30, 2006 and have issued our report thereon dated December 26, 2006. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the LACMTA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on these Schedules and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the Schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Schedules are free of material misstatement, we performed tests of the LACMTA's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of the revenue and expenditure amounts in the Schedules. 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*.

This report is intended solely for the information and use of the LACMTA's Board of Directors and management, and the Independent Citizens' Advisory and Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California  
December 26, 2006

*Thompson, Cole, Bagilio & Associates, PC*



**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A Special Revenue Fund**  
**Schedule of Revenues and Expenditures**  
**For the year ended June 30, 2006**  
(Amounts expressed in thousands)

Revenues:		
Sales tax	\$	668,984
Investment income		<u>4,760</u>
Total revenues		<u>673,744</u>
Expenditures:		
Transportation subsidies		<u>248,343</u>
Total expenditures		<u>248,343</u>
Excess of revenues over expenditures		<u>425,401</u>
Other financing sources (uses)		
Operating transfers out		<u>(395,753)</u>
Total other financing sources (uses)		<u>(395,753)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$	<u><u>29,648</u></u>

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

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A Special Revenue Fund**  
**Schedule of Revenues and Expenditures - Budget to Actual**  
**For the year ended June 30, 2006**  
(Amounts expressed in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:			
Sales tax	\$ 619,348	\$ 668,984	\$ 49,636
Investment income	<u>2,000</u>	<u>4,760</u>	<u>2,760</u>
Total revenues	<u>621,348</u>	<u>673,744</u>	<u>52,396</u>
Expenditures:			
Transportation subsidies	<u>228,245</u>	<u>248,343</u>	<u>(20,098)</u>
Total expenditures	<u>228,245</u>	<u>248,343</u>	<u>(20,098)</u>
Excess (Deficiency) of revenues over expenditures	<u>393,103</u>	<u>425,401</u>	<u>32,298</u>
Other financing sources (uses)			
Operating transfers out	<u>(377,858)</u>	<u>(395,753)</u>	<u>(17,895)</u>
Total other financing sources (uses)	<u>(377,858)</u>	<u>(395,753)</u>	<u>(17,895)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 15,245</u>	<u>\$ 29,648</u>	<u>\$ 14,403</u>

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

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Special Revenue Fund**  
**Schedule of Revenues and Expenditures**  
**For the year ended June 30, 2006**

(Amounts expressed in thousands)

Revenues:	
Sales tax	\$ 669,025
Intergovernmental	16,546
Investment income	11,513
Other	<u>497</u>
Total revenues	<u>697,581</u>
Expenditures:	
Administration and other	33,768
Transportation subsidies	<u>364,014</u>
Total expenditures	<u>397,782</u>
Excess of revenues over expenditures	<u>299,799</u>
Other financing sources (uses)	
Operating transfers in	42,673
Operating transfers out	<u>(271,702)</u>
Total other financing sources (uses)	<u>(229,029)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (See Note 5)	<u>\$ 70,770</u>

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

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Special Revenue Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the year ended June 30, 2006**  
(Amounts expressed in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:			
Sales tax	\$ 619,321	\$ 669,025	\$ 49,704
Intergovernmental	51,964	16,546	(35,418)
Investment Income	7,600	11,513	3,913
Other	<u>-</u>	<u>497</u>	<u>497</u>
Total revenues	<u>678,885</u>	<u>697,581</u>	<u>18,696</u>
Expenditures:			
Administration and other	51,027	33,768	17,259
Transportation subsidies	<u>391,513</u>	<u>364,014</u>	<u>27,499</u>
Total expenditures	<u>442,540</u>	<u>397,782</u>	<u>44,758</u>
Excess (Deficiency) of revenues over expenditures	<u>236,345</u>	<u>299,799</u>	<u>63,454</u>
Other financing sources (uses)			
Operating transfers in	22,549	42,673	20,124
Operating transfers out	<u>(324,129)</u>	<u>(271,702)</u>	<u>52,427</u>
Total other financing sources (uses)	<u>(301,580)</u>	<u>(229,029)</u>	<u>72,551</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (65,235)</u>	<u>\$ 70,770</u>	<u>\$ 136,005</u>

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

**Los Angeles County Metropolitan Transportation Authority**  
Notes to Schedules of Revenues and Expenditures  
for Proposition A and Proposition C Special Revenue Funds

For the Year Ended June 30, 2006

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**1. Organization**

**General**

The Los Angeles County Metropolitan Transportation Authority (the "LACMTA") is governed by a Board of Directors composed of the five members of the County Board of Supervisors, the Mayor of the City of Los Angeles, three members appointed by the Mayor, four members who are either a mayor or a member of a city council and have been appointed by the Los Angeles County City Selection Committee to represent the other cities in the County, and a non-voting member appointed by the Governor of the State of California.

The LACMTA is responsible for planning and programming, operating and constructing all aspects of ground transportation in Los Angeles County including (1) highway construction and traffic flow management; (2) public parking facilities; (3) rail construction; (4) bus, rail and ferry services; (5) alternate modes of transportation; (6) research and development of alternate energy sources for transit vehicles; and (7) air quality, environmental impact land use and economic development decisions.

**Proposition A**

The Proposition A Fund is a special revenue fund used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on August 20, 1980. Revenues collected are to be allocated: 25% to be distributed to local jurisdictions for local transit; 35% to be used for construction, debt service payments and operation of rail rapid transit systems; and 40% to be used for public transit purposes at the discretion of the LACMTA.

**Proposition C**

The official name of this special revenue fund is the "Los Angeles Anti-Gridlock Transit Improvement Fund". This fund is used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on April 1, 1990. Revenues collected are to be allocated: 5% to improve and expand rail and bus security; 10% for Commuter Rail and construction of Transit Centers, Park-and-Ride lots and Freeway Bus Stops; 20% to local jurisdictions for public transit and related services; 25% for essential county-wide transit related improvements to freeways and state highways; and 40% to improve and expand rail and bus transit county-wide.

**Los Angeles County Metropolitan Transportation Authority**  
Notes to Schedules of Revenues and Expenditures  
for Proposition A and Proposition C Special Revenue Funds

For the Year Ended June 30, 2006

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**2. Summary of Significant Accounting Policies**

The Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments. The more significant of the LACMTA's accounting policies with regard to the special revenue fund type are described below:

**Fund Accounting**

The LACMTA utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Governmental Funds are used to account for most of the LACMTA's general activities. The measurement focus is a determination of changes in financial position, rather than a net income determination. The LACMTA uses governmental fund type Special Revenue Funds to account for Proposition A and Proposition C sales tax revenues and expenditures. Special Revenue Funds are used to account for proceeds of specific revenue sources (rather than major capital projects) that are legally restricted to expenditures for specified purposes.

**Basis of Accounting**

The modified accrual basis of accounting is used for the special revenue fund type. Under the modified accrual basis of accounting, revenues (primarily from sales tax) are recorded when susceptible to accrual, which means measurable (amount can be determined) and available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period).

**Budgetary Accounting**

The established legislation and adopted policies and procedures provide that the LACMTA's Board approves an annual budget. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

**Los Angeles County Metropolitan Transportation Authority**  
Notes to Schedules of Revenues and Expenditures  
for Proposition A and Proposition C Special Revenue Funds

For the Year Ended June 30, 2006

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Prior to the adoption of the budget, the Board conducts public hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but not later than June 30, adopts the final budget. All appropriations lapse at fiscal year end. The budget is prepared by fund, project, expense type, and department. The legal level of control is at the fund level and additional appropriations must be approved by the Board. By policy, the Board has provided procedures for management to make revisions within operational or project budgets only when there is no net dollar impact to the total appropriations at the fund level. A re-forecasted budget for operating and capital expenditures is submitted to the Board a minimum of once a year.

Annual budgets are adopted by the LACMTA on the modified accrual basis of accounting for the special revenue fund types, on a basis consistent with GAAP as reflected in the Schedules.

**Interest Income and Appreciation in Fair Value of Investments**

The net appreciation in the fair value of investments is shown on the Schedule of Revenues and Expenditures. The LACMTA maintains a pooled cash and investments account that is available for use by all funds, except those restricted by state statutes.

**Use of Estimates**

The preparation of the Schedules in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**3. Intergovernmental Transactions**

Any transaction conducted with a governmental agency outside the complete jurisdiction of the LACMTA will be recorded in an account designated as Intergovernmental.

**4. Operating Transfers**

Amounts reflected as operating transfers represent permanent, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. All operating transfers in/out of the Proposition A and Proposition C Special Revenue Funds have been made in accordance with all expenditure requirements of both Proposition A and Proposition C Ordinances.

**Los Angeles County Metropolitan Transportation Authority**  
Current Year Findings

For the Year Ended June 30, 2006

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None noted.



**Los Angeles County Metropolitan Transportation Authority**  
Status of Prior Year Findings

For the Year Ended June 30, 2006

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None noted.