

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 1990



July 14, 1990. The opening of the Metro Blue Line, Long Beach to Los Angeles.



LACTC

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Los Angeles, California

Prepared by Finance

Leading the Way to Greater Mobility





LACTC

**LOS ANGELES
COUNTY
TRANSPORTATION
COMMISSION**
Los Angeles, California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 1990

Prepared By:

Financial and Administrative Services Team
Leslie V. Porter, Deputy Executive Director
Annette Colfax, Manager of Finance
C. Robert Green, Financial Advisor

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LOS ANGELES COUNTY TRANSPORTATION COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 1990

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Metro Red Line Construction



Tunnel construction on the Metro Red Line. As the backbone of a planned, 150-mile rail transit network, the red line subway will connect downtown Los Angeles with North Hollywood in the San Fernando Valley through Hollywood. The Red Line will open in 1993.





LACTC

**Los Angeles County
Transportation Commission**

818 West Seventh Street
Suite 1100
Los Angeles, CA 90017
Tel 213 623-1194
Fax 213 236-4805

November 6, 1990

The Honorable Commission Members
Los Angeles County Transportation Commission
Los Angeles, California

The Comprehensive Annual Financial Report for the Los Angeles County Transportation Commission (Commission) for the fiscal year ended June 30, 1990, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The Commission is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are set forth in a separate single audit report.

(i)

The Reporting Entity

The Los Angeles County Transportation Commission was created by state law in 1976 to oversee the funding and coordination of all public transportation services within Los Angeles County. Its mission is to improve mobility and maximize the cost effectiveness of transportation dollars in the County. The Commission is responsible for setting policies, establishing priorities, and coordinating activities between the various transportation operators and agencies. It programs and/or reviews the allocation of federal, state and local funds for highway, transit, rail, bike and other transportation activities.

The Commission is responsible also for building the 150-mile rail rapid transit system in Los Angeles County. Design and construction activities are carried out by the Commission's subsidiary, the Los Angeles County Rail Construction Corporation (RCC). The primary source of rail construction funds has been Proposition A, a half-cent sales tax which county voters approved in 1980 for public transit improvements. Additionally, the Commission serves as the local Service Authority for Freeway Emergencies (SAFE), a state sponsored program to provide emergency call box service for motorists. The Commission also administers funds provided through the State Transit Assistance program. These activities are included in the reporting entity along with all the funds and account groups of the Commission.

There are eighty-six cities in Los Angeles County. Two thousand three hundred and thirty-nine buses are operated during peak hours, carrying an average of 1.4 million passengers a day. More than seventy cities in the County provide supplemental service to the elderly, disabled and the general public via a variety of community shuttles and dial-a-rides. These systems carry 12.5 million additional passengers a year.

The Commission is involved in a number of innovative demonstration projects, both locally and federally-funded. These projects include bus service contracting, alternate fuels and transit system coordination, such as dial-one-number for telephone information. The Commission has also been a leader, with the City of Los Angeles and Caltrans, in demonstrating intelligent vehicle and highway systems (IVHS), including the Santa Monica Freeway Smart Corridor Demonstration Project.

Economic Condition and Outlook

The Los Angeles County economy is quite diverse, and surpasses most of the national economies of the world in terms of size. Three-fifths of the jobs in Southern California are found in the County, and approximately 31% of California's total wages are earned here. Twenty-nine percent of taxable sales in the State of California are generated in Los Angeles County; between 1974 and 1988, taxable sales in the County grew at a compound annual rate of 8.2%.

Proposition A sales tax revenues, the Commission's largest funding source, have grown steadily over the last five years as shown below (in thousands):

<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>Percent Increase</u>
1989/90	\$395,355	6.3%
1988/89	372,021	6.7%
1987/88	348,726	9.9%
1986/87	317,324	3.9%
1985/86	305,371	-

Proposition A sales tax revenues for 1990/91 are projected to be \$419,700,000.

Propositions approved by California voters in June 1990 are expected to generate \$20.5 billion statewide over the next 10 years for transportation projects. The Commission is expected to receive \$4.34 billion of these revenues.

Proposition 111 authorizes a five-cent increase in the State gas tax in 1990, with a one cent additional increase each year for the ensuing four-years. The proceeds are earmarked for highway and rail transit projects which offer traffic congestion relief. The Commission is expected to receive \$3.84 billion of revenues from this measure over the next 10 years.

Proposition 108 authorizes the State to issue \$1.0 billion in general obligation bonds in 1990 for intercity commuter and urban rail transit projects. The Commission is expected to receive approximately \$430 million of these proceeds over the next 10 years. Additional \$1.0 billion rail bond proposals will be presented to California voters in 1992 and 1994, bringing the total State rail bond package to \$3.0 billion. The Commission is expected to receive approximately \$950 million of the proceeds from these additional bond issues.

Proposition 116 authorizes the State to issue \$2.0 billion in general obligation bonds to finance intercity, commuter, and urban rail projects. Los Angeles County is expected to receive \$560 million of these revenues over the next 10 years. The Commission will receive \$379 million of these funds.

Together, these new revenues will enable the Commission to construct the planned county-wide 150-mile rail transit system, implement commuter rail service to downtown Los Angeles from outlying areas in Los Angeles, Ventura, Orange, and San Bernardino counties, and continue an aggressive program of highway improvements throughout Los Angeles County emphasizing HOV lanes, gap closures, and street widenings. All expenditures of the new revenues will be reported in the State Auditor General's annual report.

The December 1989 UCLA Business Forecast for Los Angeles County projects continued growth in personal income: 7% in 1990, and 5.4% in 1991, compared to 8.3% in 1989. Taxable retail sales are projected to grow 5.4% in 1989, 5.8% in 1990, and 6% in 1991. The population is expected to continue growing between one and two percent per year during this period. These growth factors are expected to support continued growth in sales taxes, the primary local funding source for the Commission's activities.

Major Initiatives

In 1990, the Commission intensified its leadership role in solving the mobility problems in Los Angeles County, and, at the same time, recognized the need to disseminate and make accessible more reliable information on its plans to the cities, community groups, and other customers. The major areas of endeavor are:

Strategic Planning

To increase productivity, effectiveness and efficiency, the Commission has created a solid, leadership plan and an organizational structure which focuses on meeting the needs of our customers. To carry out the mission of "Leading the Way to Greater Mobility," the Commission is organized to fulfill five key objectives.

1. Increased Customer Satisfaction
2. Measured Increase in Mobility
3. Decreased Cost of Mobility Per Dollar
4. Improved Quality of Life
5. Sustained Organizational Health.

The new structure has meant reorganizing the planning and development departments from a mode-isolated structure, which separated sections according to modal focus (highways, transit, rail, para-transit, etc.), to a multi-modal structure, which integrates modal expertise to meet the transportation needs of the county by area. This new approach facilitates improved customer responsiveness and improves mobility through cooperative planning among transportation modes. Moreover, the Commission has created a team of professionals with high levels of expertise to lead the way in fulfilling its objectives.

The key finding of the original strategic planning effort was that the Commission's constituents are looking to the agency to provide leadership in improving mobility countywide and at the local level, using whatever mix of modes is required to get the job done. In recognition of the need to address issues in a multi-modal environment and to take an increased leadership role in transportation development, the Commission reorganized its operating divisions into multi-modal area teams. Each of the six area teams (Central, Westside, San Gabriel Valley, Southeast, South Bay and San Fernando Valley/North County) is a full-service planning, operations and evaluation "agency" for the area. The teams handle all rail, bus, highway, paratransit, transportation demand management and public affairs issues and projects. The areas average over 1 million in population and over 500 square miles. The Area Teams have just completed draft strategic action plans for each geographic subdivision, which will become the implementation section of the overall Commission strategic plan.

Financial Planning

The Commission has prepared a 30-year Transit Financial Plan which analyzes the Commission's capacity to finance a comprehensive transit network for Los Angeles County. Based on alternative scenarios, recommendations are developed as to how the network can be financed using new and existing revenue sources. The plan facilitates decisions regarding project timing and resource allocation, and represents Commission programs and revenue requirements to local, State, Federal, and private sector partners in the public transportation development process.

Rail System Design and Construction

Shortly after the year end (July 16, 1990), the Commission commenced operation of the Metro Blue Line project, a 22-mile light rail system linking downtown Long Beach and Los Angeles.

Design of the Metro Green Line which connects the cities of Norwalk and El Segundo by light rail, is approximately 86% complete. Construction is approximately 1% complete. The Green Line is scheduled to be operational in 1994.

The two downtown subway projects of the rail transit system, known as the Metro Red Line MOS-1 and MOS-2 were commenced by the Southern California Rapid Transit District (SCRTD). On July 2, 1990 the RCC began implementation of the transfer of the Metro Red Line MOS-1 project management responsibility from the SCRTD to the Commission. MOS-1 design is over 95% complete and construction is approximately 70% complete. MOS-1 is scheduled to be operational in September 1993.

The Metro Red Line, MOS-2, Full Funding Grant Agreement between the Commission, the State of California, and the Urban Mass Transportation Administration (UMTA) was concluded in April, 1990. The MOS-2 design is approximately 36% complete. The first major construction contract for the tunnel underneath Mac Arthur Park has been issued for bid and an award is expected in December 1990. The MOS-2 Wilshire Line is scheduled to be operational in 1996 and the Vermont/Hollywood Line in 1999.

Commuter Rail

The Commission has initiated, with the active participation of five surrounding counties (Riverside, Ventura, Orange, San Bernardino, and San Diego), joint planning, project development and procurement activities related to the initiation of new commuter rail services. Such services from multiple corridors principally into Los Angeles Union Passenger Terminal will operate on existing rights-of-way for which the Commission is negotiating to purchase or secure operating rights. Unlike many of the Commission's projects, the commuter rail initiative is principally geared toward the outlying counties suburban to downtown Los Angeles trip, a market currently poorly serviced by public transportation.

Financial Information

Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

SINGLE AUDIT - As a recipient of federal and state financial assistance, the Commission also is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Commission's independent auditors.

As a part of the single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the Commission has complied with applicable laws and regulations. The results of its single audit for the fiscal year ended June 30, 1990 reflected no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

BUDGETING CONTROLS - In addition, the Commission maintains budgetary controls. The objective of these is to ensure compliance with legal provisions embodied in the annual appropriated budgets approved by the Board of Commissioners. Activities of the general fund and certain special revenue funds are included in the annual appropriated budgets, such funds providing the level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount). Comprehensive multi-year Program Plans, adopted when a rail project is approved for the final design and construction phase, provide project-length budgetary control in the Capital Projects funds. The portion of costs expected to be incurred on each project during the fiscal year are included in the annual operating budget.

The Commission also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, such encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. As with the financial section, amounts presented in the remainder of this letter are expressed in thousands.

Summary of Resources

The following tabulation (in thousands) summarizes the Commission's revenues and other financing sources (all governmental fund types), other than operating transfers, for the year ending June 30, 1990. Also presented is a comparison of such amounts with the prior year.

<u>Resources</u>	<u>1989/90</u>	<u>Percent of Total</u>	<u>1988/89</u>	<u>Increase (Decrease)</u>
Sales tax	\$395,355	66%	\$372,021	\$23,334
Licenses	6,422	1	4,852	1,570
Intergovernmental	35,457	6	10,100	25,357
Interest	63,649	11	80,865	(17,216)
Other charges and miscellaneous	<u>4,478</u>	<u>-</u>	<u>1,573</u>	<u>2,905</u>
Subtotal	505,361	84	469,411	35,950
Proceeds of refunding bonds	<u>96,774</u>	<u>16</u>	<u>170,032</u>	<u>(73,258)</u>
Total	<u>\$602,135</u>	<u>100%</u>	<u>\$639,443</u>	<u>(\$37,308)</u>

Revenues from the sales tax (Proposition A) increased 6.3% due to inflation and growth in taxable sales within Los Angeles County. License revenue represents principally the receipt by the Commission of a one dollar fee imposed upon each motor vehicle registration in the County, as the administrator of the Service Authority for Freeway Emergencies (SAFE) program.

The increase in intergovernmental revenues reflects the additional trading of Proposition A local return funds for FAU funds. The FAU trades are negotiated on a case by case basis at the request of cities within the County, and proceeds are accounted for in the Commission's Ridesharing Fund. Such proceeds fund the Commuter Computer program and represent the Commission's regional FAU discretionary contribution to commuter transportation services.

The decline in interest revenue represents a decline in earnings on cash in the debt service fund, due primarily to drawdowns of bond proceeds (made available through the issuance of refunding bonds) for the financing of construction activities. Other charges increased primarily because of the recovery of costs for construction services provided to other jurisdictions during construction of the Metro Blue Line. This reflects the completion of portions of such construction, at which time costs are billed.

Summary of Expenditures

The amount of expenditures for all governmental fund types of the Commission are set forth in the following summary, along with a comparison of such figures with the prior year, in thousands.

<u>Expenditures</u>	<u>1989/90</u>	<u>Percent of Total</u>	<u>1988/89</u>	<u>Increase (Decrease)</u>
Administration	\$ 11,679	2%	\$ 10,695	\$ 984
Transportation subsidy	243,278	37	243,320	(42)
Capital outlay	342,416	53	290,986	51,430
Debt service	<u>50,907</u>	<u>8</u>	<u>56,921</u>	<u>(6,014)</u>
Total	<u>\$648,280</u>	<u>100%</u>	<u>\$601,922</u>	<u>\$ 46,358</u>

The increase in administration costs is due to overall growth in Commission general government activities, such as funds allocation, support services, fiscal monitoring, and public information services relating to transit.

Transportation subsidy expenditures reflects the allocation of sales tax dollars to cities and transit operators for numerous transportation programs throughout the region, which approximated the prior year. The significant increase in capital outlay represents spending on construction of the Metro Blue Line, design on the Metro Green Line, and expenditures for other rail projects. The higher expenditure reflects progress made in developing multiple rail projects and the construction schedule.

Debt Administration

The Commission had \$715,743 of revenue and revenue refunding bonds outstanding at June 30, 1990. There were no new bonds issued during the fiscal year. \$91,655 of the bond proceeds became available for construction in July 1989, and \$72,806 in July 1990.

Annual debt service on the Commission's outstanding bonds for each of the fiscal years ending June 30, 1990 and 1991, will approximate \$50,879. For subsequent fiscal years, this amount will increase to approximately \$62,400 annually. Commission policy precludes incurring debt service payments for rail in excess of 30% of Proposition A sales tax revenues, leaving 5% available for rail operations. For the fiscal year ended June 30, 1990, such 30% portion amounted to approximately \$110,400.

Cash Management

The major portion of the Commission's cash and investments at June 30, 1990, was on deposit with the Los Angeles County Treasurer in the County's pooled investments fund.

Interest earned on these pooled investments is allocated to the participating funds based upon each fund's average daily deposit balance. Statutes authorize the County to invest in obligations of the United States Treasury, Federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's corporation or P-1 by Moody's, bankers' acceptances, repurchase agreements and reverse repurchase agreements.

Operating funds are maintained with Union Bank where idle balances are invested as permitted by State law in certificates of deposit, obligations of the United States Treasury, and commercial paper.

Cash and investments with fiscal agents represents principally restricted monies held by the Trustee for the Commission's revenue bonds. These funds are set aside in accordance with the bond indentures, for the purpose of making bond interest and principal payments when appropriate. They are invested pursuant to the directions of the Commission in keeping with its investment policy, giving full recognition to Federal arbitrage regulations.

Further details of the Commission's cash and investments at June 30, 1990 are set forth in a footnote to the financial statements.

Risk Management

The Commission protects itself against the adverse consequences of material or financial loss through a balanced program of risk retention, risk transfers, and the purchase of commercial insurance. Loss exposures retained by the Commission and treated as normal operating expenses include building contents (property), employee theft and dishonesty, crime, fiduciary and public official liabilities. Exposures for which insurance is purchased with various retention or deductible levels include workers' compensation and employers liability, employee benefits, vehicle liability, and specified rail construction risks.

Rail construction projects are protected through the purchase of an owner controlled insurance program (OCIP). OCIP coverages include workers' compensation and employers liability, bodily injury and property damage liability, builders risk (property), and railroad protective liability.

Independent Audit

The Administrative Code of the Commission requires that an annual audit be made by independent certified public accountants. The joint venture of KPMG Peat Marwick, and Gilbert Vasquez & Company, certified public accountants has been retained to meet this requirement. In addition to the annual audit, the examination of the records is designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-128. The auditors' report on the general purpose financial statements is included in the Financial Section of this report. The reports related specifically to the single audit have been issued under separate cover.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Los Angeles County Transportation Commission for its comprehensive annual financial report for the fiscal year ended June 30, 1989. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the Commission must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

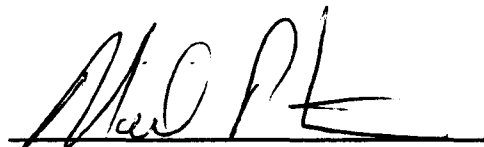
The Certificate of Achievement is valid for a period of one year only. 1989 was the first year that the Commission has received this prestigious award. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

In addition, the Commission also received the GFOA's Award for Distinguished Budget Presentation for its fiscal year 1989-90 budget adopted June 28, 1989. In order to qualify for the Distinguished Budget Presentation Award, the Commission's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

The undersigned sincerely appreciate the cooperation and assistance of many individuals who contributed directly or indirectly to the accumulation of the financial data included in this financial report. The leadership and understanding of the Commissioners and management during the rapidly-changing Commission activities of the past fiscal year also were of great significance in this endeavor. Most of all, the timely preparation of this report was made possible primarily by the dedicated services of the entire staff of the Finance Section, who are to be commended for their high level of performance.

PREPARED BY: ANNETTE COLFAX
Manager of Finance



NEIL PETERSON
Executive Director



LESLIE V. PORTER
Deputy Executive Director



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles County Transportation
Commission, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1989

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.



Gary R. Hooten

President

Jeffrey L. Esell

Executive Director

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

BOARD MEMBERS AND PRINCIPAL OFFICIALS

JUNE 30, 1990

BOARD OF COMMISSIONERS

MEMBERS

Edmund D. Edelman, Chair
Ray Grabinski, Vice Chair
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Kenneth Hahn
Deane Dana
Michael D. Antonovich
Tom Bradley
Richard Alatorre
Christine E. Reed
Jacki Bacharach
Carole Stevens
Jerry B. Baxter (Ex-Officio representing
State of California)

ALTERNATES

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Clarence Smith
Michael W. Lewis
Walter H. King
Barna Szabo
Bill Korek
Ray Remy
Michael Woo
Robert White
Harold Croyts
Eduardo Bermudez

RAIL CONSTRUCTION CORPORATION

BOARD OF DIRECTORS

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Herbert L. Carter
Judith Hopkinson
Robert E. Kruse
Don McIntyre
James T. Pott

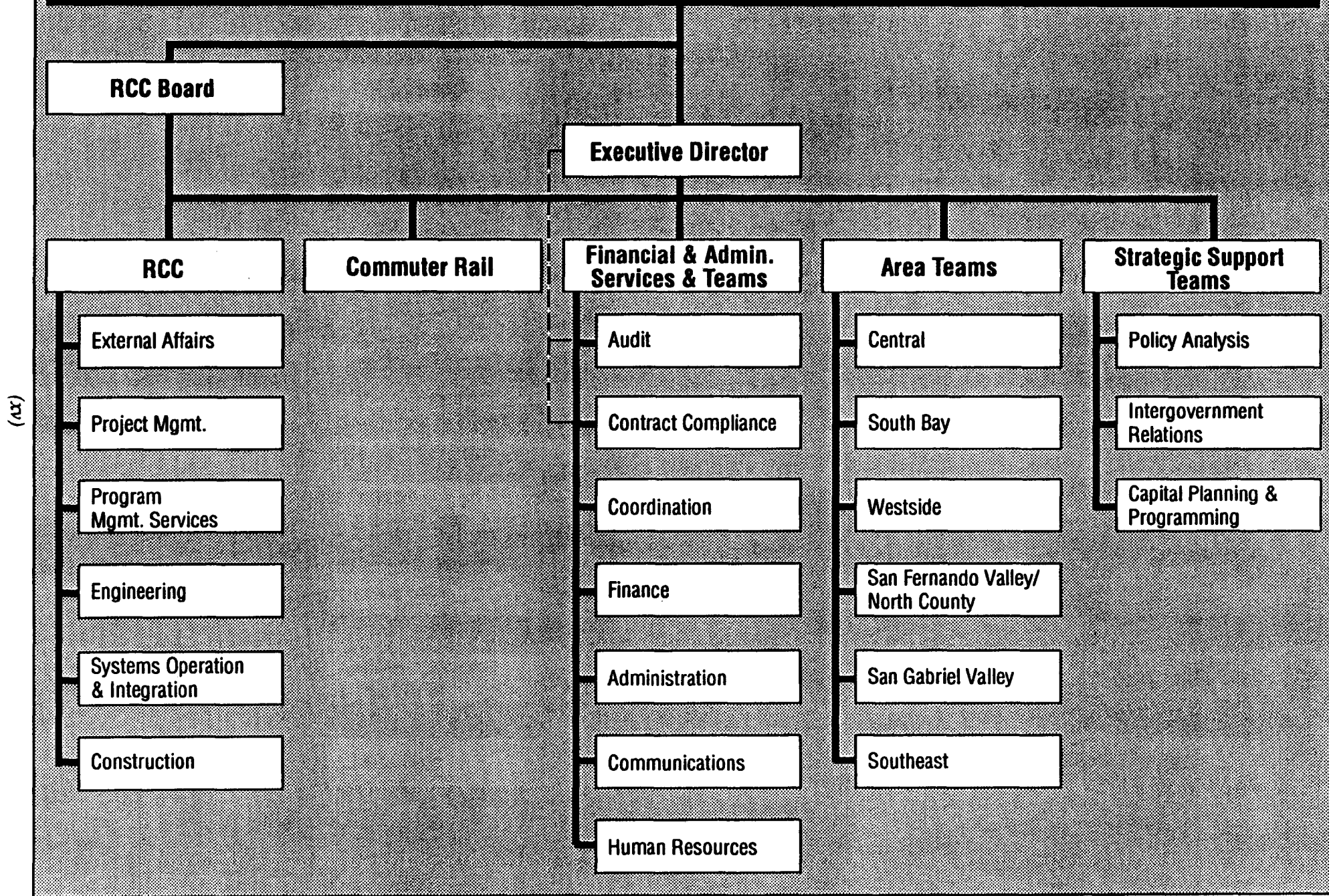
PRINCIPAL OFFICIALS

NAME

TITLE

Neil Peterson	Executive Director - LACTC
Edward McSpedon	President/CEO - RCC
Leslie V. Porter	Deputy Executive Director - LACTC
Judy Weiss	Deputy Executive Director - LACTC

LOS ANGELES COUNTY TRANSPORTATION COMMISSION





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TOP Program

The Transportation Occupations Program (TOP) is a joint project between the LACTC and local school districts. During the summer months, sleeping late or hanging out at the mall doesn't fit a TOP student's schedule. They're on the job at construction sites, working at contractor's offices or at the LACTC, and out in the community informing the public about the rail projects.



Independent Auditors' Report

The Honorable Board of Commissioners
Los Angeles County Transportation Commission:

We have audited the general purpose financial statements of the Los Angeles County Transportation Commission as of and for the year ended June 30, 1990, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Los Angeles County Transportation Commission as of June 30, 1990 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Los Angeles County Transportation Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick

Gilbert Vasquez & Company

September 17, 1990



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LACTC

General Purpose Financial Statements

Leading the Way to Greater Mobility

Los Angeles County Transportation Commission
 Combined Balance Sheet – All Fund Types and Account Groups
 June 30, 1990
 (With comparative totals for June 30, 1989)
 (Amounts expressed in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
Assets:				
Cash and investments	\$2,379	\$538,929	\$0	\$9,147
Cash and investments with fiscal agents	0	0	171,771	0
Receivables:				
Notes	349	6,037	0	0
Interest	10	13,469	4,960	52
Sales tax	0	15,898	0	0
Intergovernmental	0	0	0	0
Miscellaneous	28	0	0	2,316
Due from other funds	322	3,914	0	57,869
Prepaid items	13	0	0	1,893
Deposits	43	0	0	0
Interest in property held for resale	0	0	0	200
Facilities, property and equipment	0	0	0	0
Other Debits:				
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement of general long-term debt	0	0	0	0
Total assets and other debits	<u>\$3,144</u>	<u>\$578,247</u>	<u>\$176,731</u>	<u>\$71,477</u>

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

Exhibit 1

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1990	1989
Agency				
\$0	\$0	\$0	\$550,455	\$601,467
787	0	0	172,558	93,314
0	0	0	6,386	350
0	0	0	18,491	10,088
0	0	0	15,898	19,192
0	0	0	0	1,246
0	0	0	2,344	93
0	0	0	62,105	566
0	0	0	1,906	1,660
0	0	0	43	0
0	0	0	200	0
0	929,362	0	929,362	607,322
0	0	63,767	63,767	62,238
0	0	652,165	652,165	654,862
<u>\$787</u>	<u>\$929,362</u>	<u>\$715,932</u>	<u>\$2,475,680</u>	<u>\$2,052,398</u>

continued

Los Angeles County Transportation Commission
 Combined Balance Sheet – All Fund Types and Account Groups
 June 30, 1990
 (With comparative totals for June 30, 1989)
 (Amounts expressed in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Equity and Other Credit:</u>				
Liabilities:				
Accounts payable	\$399	\$902	\$0	\$56,711
Accrued salaries	75	0	0	117
Compensated absences payable	121	0	0	163
Claims and judgments payable	0	0	0	1,116
Due to other governments	0	224	0	0
Due to other funds	1,519	53,975	6,125	486
Accrued interest payable	0	0	34,034	0
Capital lease obligations	0	0	0	0
Revenue bonds payable	0	0	0	0
Deferred compensation benefits payable	0	0	0	0
Total liabilities	<u>2,114</u>	<u>55,101</u>	<u>40,159</u>	<u>58,593</u>
Equity and Other Credit:				
Investment in general fixed assets	0	0	0	0
Fund balances:				
Reserved for encumbrances	711	2,064	0	10,791
Reserved for note receivable	349	0	0	0
Reserved for resale property	0	0	0	200
Reserved for prepaid items	13	0	0	1,893
Reserved for debt service	0	0	63,767	0
Reserved for construction	0	0	72,805	0
Reserved for SB1995 Trust	0	31,123	0	0
Reserved for Metrorail Agreement	0	21,808	0	0
Unreserved, undesignated	(43)	468,151	0	0
Total equity and other credit	<u>1,030</u>	<u>523,146</u>	<u>136,572</u>	<u>12,884</u>
Total liabilities, equity and other credit	<u>\$3,144</u>	<u>\$578,247</u>	<u>\$176,731</u>	<u>\$71,477</u>

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

Exhibit 1
continued

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1990	1989
Agency				
	\$0	\$0	\$58,012	\$36,672
	0	0	192	104
	0	189	473	339
	0	0	1,116	1,301
	0	0	224	12,247
	0	0	62,105	566
	0	0	34,034	30,558
	0	0	0	56
	0	715,743	715,743	715,743
	787	0	787	518
	<u>787</u>	<u>0</u>	<u>787</u>	<u>518</u>
	787	715,932	872,686	798,104
	<u>787</u>	<u>0</u>	<u>872,686</u>	<u>798,104</u>
	0	929,362	929,362	607,322
	0	0	13,566	57,156
	0	0	349	350
	0	0	200	0
	0	0	1,906	1,660
	0	0	63,767	62,238
	0	0	72,805	0
	0	0	31,123	0
	0	0	21,808	0
	0	0	468,108	525,568
	<u>0</u>	<u>929,362</u>	<u>1,602,994</u>	<u>1,254,294</u>
	<u>\$787</u>	<u>\$929,362</u>	<u>\$2,475,680</u>	<u>\$2,052,398</u>

Los Angeles County Transportation Commission
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types
 For the fiscal year ended June 30, 1990
 (With comparative totals for the fiscal year ended June 30, 1989)
 (Amounts expressed in thousands)

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Sales taxes	\$0	\$395,355	\$0
Licenses/fines	0	6,422	0
Intergovernmental	2,091	33,366	0
Interest	170	48,919	13,050
Construction services cost sharing	0	0	0
Miscellaneous	21	0	0
Total revenues	2,282	484,062	13,050
Expenditures:			
Current:			
Administration	8,147	3,532	0
Transportation subsidy	0	243,278	0
Capital outlay	910	0	0
Debt service:			
Interest and fiscal charges	0	0	50,907
Total expenditure	9,057	246,810	50,907
Excess (deficiency) of revenues over expenditures	(6,775)	237,252	(37,857)
Other Financing Sources (Uses):			
Operating transfers in	5,802	3,825	50,715
Operating transfers out	0	(238,407)	(102,985)
Proceeds of escrowed funds	0	0	164,461
Proceeds of refunding bonds	0	0	0
Payment to refunded bond escrow agent	0	0	0
Total other financing sources (uses)	5,802	(234,582)	112,191
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(973)	2,670	74,334
Fund balances, July 1	2,003	520,476	62,238
Prior period adjustments	0	0	0
Fund balances, June 30	\$1,030	\$523,146	\$136,572

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

Exhibit 2

Capital Projects	Totals (Memorandum Only)	
	1990	1989
\$0	\$395,355	\$372,021
0	6,422	4,852
0	35,457	10,100
6,628	68,767	80,865
2,897	2,897	718
1,560	1,581	855
<u>11,085</u>	<u>510,479</u>	<u>469,411</u>
0	11,679	10,695
0	243,278	243,320
341,506	342,416	290,986
<u>0</u>	<u>50,907</u>	<u>56,921</u>
<u>341,506</u>	<u>648,280</u>	<u>601,922</u>
<u>(330,421)</u>	<u>(137,801)</u>	<u>(132,511)</u>
281,050	341,392	286,823
0	(341,392)	(286,823)
0	164,461	0
0	0	170,032
0	0	(154,037)
<u>281,050</u>	<u>164,461</u>	<u>15,995</u>
(49,371)	26,660	(116,516)
62,255	646,972	1,044,714
<u>0</u>	<u>0</u>	<u>(281,226)</u>
<u>\$12,884</u>	<u>\$673,632</u>	<u>\$646,972</u>

Los Angeles County Transportation Commission
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – General, Certain Special Revenue, and Capital Projects Funds
 For the fiscal year ended June 30, 1990
 (Amounts expressed in thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses/fines	\$0	\$0	\$0
Intergovernmental	2,095	2,091	(4)
Interest	200	170	(30)
Construction services cost sharing	0	0	0
Miscellaneous	15	21	6
Total revenues	<u>2,310</u>	<u>2,282</u>	<u>(28)</u>
Expenditures:			
Current – administration	10,470	8,147	2,323
Capital outlay	1,118	910	208
Total Expenditures	<u>11,588</u>	<u>9,057</u>	<u>2,531</u>
Excess (deficiency) of revenues over expenditures	(9,278)	(6,775)	2,503
Other Financing Sources:			
Operating transfers in	7,892	5,802	(2,090)
Excess (deficiency) of revenues and other financing sources over expenditures	(1,386)	(973)	413
Fund balances, July 1	2,003	2,003	0
Fund balances, June 30	<u>\$617</u>	<u>\$1,030</u>	<u>\$413</u>

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

Certain Special Revenue Funds			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$6,018	\$6,365	\$347	\$0	\$0	\$0
300	300	0	0	0	0
121	616	495	5,000	6,628	1,628
0	0	0	0	2,897	2,897
0	0	0	360	1,560	1,200
<u>6,439</u>	<u>7,281</u>	<u>842</u>	<u>5,360</u>	<u>11,085</u>	<u>5,725</u>
4,400	3,263	1,137	0	0	0
1,613	13	1,600	434,386	341,506	92,880
<u>6,013</u>	<u>3,276</u>	<u>2,737</u>	<u>434,386</u>	<u>341,506</u>	<u>92,880</u>
426	4,005	3,579	(429,026)	(330,421)	98,605
0	0	0	366,771	281,050	(85,721)
426	4,005	3,579	(62,255)	(49,371)	12,884
3,783	3,784	1	62,255	62,255	0
<u>\$4,209</u>	<u>\$7,789</u>	<u>\$3,580</u>	<u>\$0</u>	<u>\$12,884</u>	<u>\$12,884</u>

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

June 30, 1990

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Los Angeles County Transportation Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing generally accepted accounting principles for governments. The more significant of the Commission's accounting policies are described below.

A. Reporting Entity

The Commission was established in 1977 under the State of California Transportation Development Act. The Commission's purpose is to coordinate the operation of all public transportation services within the County of Los Angeles. The Commission consists of an 11-member board composed of:

- o The five Los Angeles County Supervisors;
- o The Mayor of the City of Los Angeles;
- o The members appointed by the Mayor of the City of Los Angeles - a member of the City of Los Angeles City Council, and, traditionally, a private citizen;
- o A member of the Long Beach City Council; and
- o Two city council members appointed by the League of California Cities to represent other cities within the county.

Funding for the Commission is provided primarily through the county voter approved Proposition A, that provides an additional one-half cent sales tax to fund improvements to public transit. The Commission is also responsible for administering the funds provided through the State Transit Assistance Program and the Los Angeles County Service Authority for Freeway Emergencies which have been determined to be component financial reporting units of the Commission. As the Board of Commissioners exercises financial and management oversight responsibility over these component units, they have been included as part of the reporting entity and are presented in the accompanying financial statements. Oversight responsibility was determined based on selection of governing authority and the ability to significantly influence management and accountability for fiscal matters. Other governmental entities provide services within the County of Los Angeles, however, these entities are governed by independently elected boards and are not considered within the scope of the Commission's general purpose financial statements. The Commission is a separate entity from both the County and the City of Los Angeles, each of which have independently elected boards.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

The Rail Construction Corporation (RCC), which was established in 1988 as a subsidiary of the Commission for the purpose of managing rail construction projects in Los Angeles County, was activated in August 1989. The Board of RCC was delegated authority by the Commission to be responsible for the design and construction of Los Angeles County rail projects. RCC's staff personnel are Commission staff members appointed by the Executive Director of the Commission. All of the corporation's activities are accounted for within and by the Commission.

B. Fund Accounting

The government uses funds and account groups to report on 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 government functions or activities.

A fund is a separate accounting and fiscal entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the Commission holds on behalf of others as their agent.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). The term "Measurable" is interpreted to refer to whether the amount of the transaction can be determined and the term "available" is interpreted to refer to collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Commission considers sales taxes, interest revenues, and grant funds as susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

D. Budgets

The Commission employs the following practices and procedures in establishing the budgetary data on a basis consistent with generally accepted accounting principles as reflected in the general purpose financial statements:

- o The Commission's Executive Director submits a proposed budget to the Board of Commissioners by the last meeting in April.
- o Public hearings are conducted to obtain public comments on the proposed budget prior to its adoption by the Board by its last meeting in June.
- o Annual budgets are adopted on a basis consistent with the modified accrual basis of accounting for the general fund, Transportation Development Act Administration and Service Authority for Freeway Emergencies special revenue funds, and the capital projects fund. Budgets are not adopted for the Proposition A, State Transit Assistance and Ridesharing special revenue funds or the debt service fund as these funds are controlled by statute or bond indentures. Special revenue funds which are added during a fiscal year are considered for budgetary action in the ensuing fiscal year.
- o The level of control over appropriations is at the fund level. The Executive Director is authorized to transfer appropriations between cost centers within any fund. Budget revisions that alter the total expenditures of any fund must be approved by the Board of Commissioners. Budget amounts as reflected in the financial statements represent the final adjusted amounts (including supplementary appropriations which were not material in amount) and the adjusted budgetary figures do not vary significantly from the original budget as adopted.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

- o Encumbrance accounting—under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation—is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.
- o Unexpended appropriations lapse at year-end.

A reconciliation of the difference between the budgetary statement and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for the Special Revenue funds are as follows (in thousands):

	Combined Statement of Revenues, Expenditures and Changes in <u>Fund Balances</u>	Unbudgeted Special <u>Revenue Funds</u>	Combined Statement of Revenues, Expenditures and Changes in Fund Balances - <u>Budget and Actual</u>
Total revenues	\$484,062	\$476,781	\$7,281
Total expenditures	<u>246,810</u>	<u>243,534</u>	<u>3,276</u>
Excess of revenues over expenditures	237,252	233,247	4,005
Total other financing uses	(234,582)	(234,582)	<u>0</u>
Excess (deficiency) of revenues over expenditures and other uses	2,670	(1,335)	4,005
Fund balances, July 1, 1989	<u>520,476</u>	<u>516,692</u>	<u>3,784</u>
Fund balances, June 30, 1990	<u>\$523,146</u>	<u>\$515,357</u>	<u>\$7,789</u>

E. Investments

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund that are reported at market value.

F. Prepaid Items

Payments made for insurance and to vendors for services that will benefit periods beyond June 30, 1990, are recorded as prepaid items.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

G. General Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Insofar as infrastructure assets are constructed as part of the Commission's systems of rail lines, they would also be reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost where historical records are available, and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets in the general fixed assets account group are not depreciated.

H. Compensated Absences

Commission employees accrue vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Employees are not reimbursed for unused sick leave.

The cost of accumulated vacation pay which is expected to be paid from currently available resources is recorded as an expenditure and a fund liability in the governmental fund which will pay it. Vacation pay which is expected to be liquidated in subsequent fiscal years is reported in the general long-term debt account group.

J. Pension Plans

The Commission provides a defined benefit pension plan for its employees through the State's PERS (Public Employees Retirement System). It is the Commission's policy to fund normal costs, plus the employees' contribution.

K. Self-Insurance

The Commission is self-insured up to \$500,000 per occurrence for each bodily injury and property damage liability loss, and \$50,000 per occurrence for each builders risk (property) loss.

L. Total Columns - Memorandum Only

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation, since interfund eliminations have not been made.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

K. Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Commission's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

(2) CASH AND INVESTMENTS

Cash and investments at June 30, 1990 consisted of the following (in thousands):

Cash accounts including savings and money market accounts	\$ 3,874
Pledged certificates of deposit (Note 13)	7,500
Los Angeles County Treasurer's Investment Pool	533,081
Commercial paper	6,000
Deferred compensation plan: Held by fiscal agent	787
Restricted cash and investments: Held by fiscal agent	<u>171,771</u>
	<u>\$723,013</u>

Cash and Non-Negotiable Certificates of Deposit

At June 30, 1990, the net carrying amount of the Commission's deposits was \$11,374,280 while the bank balance was \$12,044,127. Of the bank balance, \$150,023 was covered by Federal depository insurance and \$11,894,104 was covered by collateral held in the pledging bank's trust department or agent in the Commission's name.

The California Government Code requires California financial institutions to secure 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 equal at least 100% of the public funds deposits. California law also allows financial institutions to secure public funds deposits by pledging first trust deed mortgage notes having a value of 150% of a governmental unit's total deposits. (The Commission may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.)

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Authorized Investments

The Commission invests its temporarily idle cash under the prudent investor rule (Civil Code Section 2261). The prudent investor rule states, in essence, that "in investing... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs..."

This affords the Commission a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under California Government Code Sections 53600 et seq.

Investments may be made using the following instruments:

- o Securities of the U.S. Government or its agencies
- o Certificates of deposit (or Time Deposits) placed with commercial banks and/or savings and loans
- o Bankers' Acceptances
- o State of California Local Agency Investment Fund or other authorized pooled investment programs
- o Passbook Savings Account Demand Deposits
- o Money Market Accounts
- o Commercial Paper

Investments

Investments of the Commission are summarized below (in thousands). The investments that are represented by specific identifiable investment securities are classified as to credit risk by three categories as follows: Category 1 investments includes investments that are insured or registered or for which securities are held by the Commission or its agent in the Commission's name; Category 2 investments includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Commission's name; and Category 3 investments includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Commission's name.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

	Category			Uncategorized	Carrying Value	Market Value
	1	2	3			
Risk category:						
Commercial paper	\$6,000	\$ 0	\$0	\$ 0	\$ 6,000	\$ 6,000
Federal agency securities	0	93,421	0	0	93,421	93,511
Los Angeles County Treasurer's Investment Pool	0	0	0	533,081	533,081	533,081
Money Market Accounts	0	0	0	4,757	4,757	4,757
Pooled Deferred Compensation Plan	0	0	0	787	787	787
Total investments	<u>\$6,000</u>	<u>\$93,421</u>	<u>\$0</u>	<u>\$538,625</u>	<u>\$638,046</u>	<u>\$638,136</u>

Cash and Investments - Deferred Compensation Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The market value of the plan assets at June 30, 1990 is \$787,235. Additional information about this plan is presented in another note herewith.

(3) NOTE RECEIVABLE

During the 1988-89 fiscal year, the Commission entered into an agreement to lend the Executive Director \$350,000, to be repaid in equal monthly installments in an amount sufficient to fully amortize the note over a term of thirty (30) years. The note is secured by a recorded first deed of trust on the real property for which the note was made. The interest on the note shall be adjusted annually at a rate equal to the rate of return of the Commission's investments over the previous six (6) month period. The interest payments will be forgiven during the five (5) year term of the employment agreement. The balance of the principal shall be due and payable upon the sale of the property, or the refinancing of the note, or within two (2) years of the expiration of the five (5) year term of the employment agreement, or within two (2) years of employee's earlier termination or resignation, whichever occurs first.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

(4) INTEREST IN REAL ESTATE HELD FOR RESALE

During the fiscal year 1989-90, the Commission entered into shared equity agreements with, and made housing assistance payments to, certain employees totalling \$200,000, as part of their incentive and compensation benefits package. The shared equity agreements provide for the employees and the Commission to acquire, as tenants in common, certain real properties to be occupied in each instance by the new employee as a residence. Each agreement sets forth the separate ownership interest of the Commission and the employee, as a percentage undivided interest in the property. This percentage reflects the relationship of the Commission's monetary advance to the total purchase cost as determined in escrow. Among other things, the agreement provides for "termination events" (such as employee's termination, death, and default) in which instance the property would be sold, and the Commission would be repaid its original contribution, plus its share of any additional proceeds (net of the employee's contributions), on the basis of its undivided interest.

(5) GENERAL FIXED ASSETS

A summary of changes in the general fixed assets account group during the fiscal year follows (in thousands):

	Balance July 1, 1989	Additions	Transfers	Deletions	Balance June 30, 1990
Land	\$ 56,998	\$ 30,384	\$ 0	\$ 0	\$ 87,382
Rail Lines and Site Improvements	0	0	361,046	0	361,046
Buildings/Stations	0	0	99,751	0	99,751
Light Rail Vehicles	17,399	41,148	0	0	58,547
Other Equipment	2,271	1,592	17,453	0	21,316
Leasehold Improvements	223	545	0	223	545
Construction in Progress	<u>530,431</u>	<u>248,594</u>	<u>(478,250)</u>	<u>0</u>	<u>300,775</u>
	<u>\$607,322</u>	<u>\$322,263</u>	<u>\$ -0-</u>	<u>\$ 223</u>	<u>\$929,362</u>

The Commission has entered into contracts for the construction of the following rail transit projects, as of June 30, 1990 (in thousands):

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>	<u>Further Financing Required</u>
Long Beach-Los Angeles (Blue Line)	\$ 877,300	\$748,060	\$38,878	None
Norwalk-El Segundo (Green Line)	<u>600,000</u>	<u>50,531</u>	<u>8,901</u>	None
Total	<u>\$1,477,300</u>	<u>\$798,591</u>	<u>\$47,779</u>	

(6) RISK MANAGEMENT

The Commission avails itself of the services of TIA - Transit Insurance Administrators, a joint venture of Fred S. James & Co., Akasaka, Ortiz & Varela, and Rideau & Associates. TIA has had the responsibility for "course of construction" insurance on the "Blue Line" during this period. (A "sister" joint venture handles these needs for SCRID and its Metro Rail activities.)

In 1987, a master insurance program was initiated for the Commission's construction activities as indicated above. This program provides for an overall liability coverage including contractors' and subcontractors' workers compensation and employers liability. The program also covers "premises" liability (excluding Commission office space). The total coverage of the program is \$50,000,000, which has been placed with Lloyds of London. The coverage includes \$20,000,000 of earthquake coverage, and provides for a \$500,000 loss retention by the Commission - which is similar to the Commission "self-insuring" the first \$500,000. There is also coverage of \$50,000,000 for property builders risk, and \$15,000,000 for professional liability (errors and omissions). Vehicle liability insurance is carried on all vehicles used, owned and leased, in the amount of \$1,000,000.

The Commission's personal property, such as furniture, fixtures, computer equipment, etc., which is used in the occupancy of rented offices, is under separate coverage.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

(7) LEASE OBLIGATIONS

Operating Leases

The Commission leases its office space under non-cancelable operating leases, which expire at various dates through fiscal year 2000. Rentals for such leases were \$852,628 for the year ended June 30, 1990. Future minimum rental payments for the fiscal years ending June 30, in thousands, are:

1991	\$1,688
1992	2,871
1993	2,990
1994	3,058
1995	3,162

(8) LONG-TERM DEBT

The Commission issued \$707,615,000 of Sales Tax Revenue Bonds in 1986 for the acquisition and construction of a rail rapid transit system. A portion of the bond proceeds was deposited with an escrow agent pursuant to an Escrow Agreement. Subsequently, Sales Tax Revenue Refunding Bonds were issued to advance refund the bonds subject to the Escrow Agreement. At June 30, 1990, the Commission had the following Sales Tax Revenue and Revenue Refunding Bonds outstanding:

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

<p>\$157,615,000 Sales Tax Revenue Bonds, 1986 series A, dated July 15, 1986, serial bond due in annual installments from \$2,410,000 on July 1, 1992 up to \$12,805,000 on July 1, 2016. Interest at various annual rates ranging from 6.2% to 7.5% is payable semi-annually on January 1 and July 1.</p>	<p>\$157,615,000</p>
<p>\$271,550,000 Sales Tax Revenue Refunding Bonds, 1987 series A, dated May 1, 1987, due in annual installments from \$3,790,000 beginning on July 1, 1992 to \$22,995,000 on July 1, 2017. Interest at various annual rates ranging from 6.0% to 7.9% is payable semi-annually on January 1 and July 1.</p>	<p>271,550,000</p>
<p>\$112,274,129 Sales Tax Revenue Refunding Bonds, 1988 series A, dated May 1, 1988, due in annual installments including annual sinking fund payments from \$2,345,000 on July 1, 1992 to \$9,535,000 on July 1, 2018. Interest at various annual rates ranging from 5.6% to 8.125% is payable semi-annually on January 1 and July 1.</p>	<p>112,274,129</p>
<p>\$174,303,858 Sales Tax Revenue Refunding Bonds, 1989 series A, dated January 1, 1989, due in annual installments including annual sinking fund payments from \$3,000,000 on July 1, 1992 to \$14,140,000 on July 1, 2019. Interest at various annual rates ranging from 6.2% to 7.3% is payable semi-annually on January 1 and July 1.</p>	<p><u>174,303,858</u></p>
<p>Total</p>	<p><u>\$715,742,987</u></p>

The above bonds are secured by a pledge of sales tax revenue. Bonds are subject to redemption at the option of the Commission commencing on any interest payment date after July 1, 1996 at redemption prices ranging from 103% to 100%.

Annual requirements to amortize the bonds outstanding at June 30, 1990, including interest of \$987,621,000, are as follows (in thousands):

Year Ending <u>June 30</u>	<u>Amount</u>
1991	\$50,879
1992	62,424
1993	62,436
1994	62,439
1995	62,456
Thereafter	<u>1,402,730</u>
Total	<u>\$1,703,364</u>

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Advance Refunding and Defeasance of Debt

In prior years, the Commission advance refunded the 1986-B, 1986-C, 1986-D and 1986-E series Sales Tax Revenue Bonds by issuance of Sales Tax Revenue Refunding Bonds, in order to extend the ultimate maturity of the original bonds by 30 years. The proceeds of these new bonds, when issued, were placed in an irrevocable trust to provide for future debt service payments of such Sales Tax Revenue Bonds. Accordingly, the trust account assets and the liabilities for such bonds are not included in the Commission's financial statements.

Changes in Long-Term Liabilities

During the year ended June 30, 1990, the following changes occurred in liabilities reported in the general long-term debt account group (amounts in thousands):

	Balance <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30</u>
Revenue Bonds Payable	\$715,743	\$ 0	\$ 0	\$715,743
Capitalized Lease Obligation	56	0	56	0
Claims and Judgments Payable	<u>1,301</u>	<u>0</u>	<u>1,301</u>	<u>0</u>
Total	<u>\$717,100</u>	<u>\$ 0</u>	<u>\$1,357</u>	<u>\$715,743</u>

(9) INTERFUND BALANCES

The following is a table summarizing interfund receivables and payables at June 30, 1990 (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Service Authority for Freeway Emergencies	\$ 139
General Fund	Transportation Development Administration	183
Proposition A	Capital Projects	50,515
Rail Start-Up	Proposition A	3,418
Debt Service	Capital Projects	6,125
Capital Projects	General Fund	1,520
Capital Projects	Rail Start-Up	<u>205</u>
		<u>\$62,105</u>

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

(10) DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employees retirement system that acts as a common investment and administrative agent for participating public entities in California. The Commission's payroll for employees covered by PERS for the year ended June 30, 1990, was \$6,952,000 of a total payroll of approximately \$6,986,000.

All full-time employees are eligible to participate in PERS, and become vested in the system after five years of service. Upon vesting, employees who retire at age 60 are entitled to receive an annual retirement benefit. The benefit is payable monthly for life, in an amount equal to 2% of the employee's average salary during the last year of employment for each year of credited service. The system also provides death and disability benefits.

During fiscal year 1990, the Commission's contribution rate was 12.835% of covered payroll. This includes the mandatory employee contributions of 7%, which have been assumed by the Commission. Effective, July 1, 1990, the rate will be 12.901% of covered payroll. This rate comprises the following:

Employer current normal cost	5.870%
Death normal cost	0.031
1959 survivor normal cost	0.000
Prior service unfunded liability	0.000
Employee normal cost	<u>7.000</u>
Total	<u>12.901%</u>

PERS invests plan assets in a wide variety of investment vehicles including U.S. Government securities, bonds, stocks, and other types of investment instruments. It is the policy of PERS to avoid related party investments of its plan employer-participants. Plan investments conforming to California State laws have been determined to generally comply with Commission policy. Details of the PERS investment portfolio are published annually and may be found in the PERS annual report.

The term "pension benefit obligation" is a standardized disclosure measure of present value of pension benefits, as adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Commission's pension system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Commission's pension system.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

The pension benefit obligation has been computed as part of an actuarial valuation performed as of June 30, 1988, but reflects all plan amendments adopted through June 30, 1989. Significant actuarial assumptions used in the valuation include:

- o A rate of return on the investment of present and future assets of 8.5% per year compounded annually.
- o Projected salary increases of 7% per year compounded annually, attributable to: inflation of 5%, additional projected merit increases of 1.5%, and other across the board increases of .5%.

The total net assets in excess of pension benefit obligation applicable to the Commission employees was \$596,177 at June 30, 1989, as follows (in thousands):

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 142
Current Employees:	
Accumulated employee contributions including allocated investment earnings	1,506
Employer-financed vested	693
Employer-financed non-vested	<u>461</u>
Total Pension Benefit Obligation	2,802
Net Assets available for benefits at cost (market value is \$3,982,826)	<u>3,398</u>
Net Assets in Excess of Pension Benefit Obligation	<u>\$ 596</u>

For its valuation purposes and to determine a basis for funding contributions, PERS continues to use the Entry Age Normal Actuarial Cost Method. This method is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future, as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the Commission's total normal cost is expressed as a level percent of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability expires in the year 2011.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation, as previously described. There were no material changes in the basic actuarial assumptions used in this calculation in the prior year.

The total contribution to PERS for the year ended June 30, 1990 was approximately \$896,000 all of which was attributable to the Commission. Such contributions were made in accordance with actuarially determined requirements as computed by the latest PERS actuarial valuation. These pension contributions for normal costs include employees' portion of \$487,000.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical information is important to assist readers of the financial statements in assessing the Commission's progress in accumulating sufficient resources with PERS to pay pension benefits as they become payable. Such information is now being accumulated; however, historical information for periods prior to 1987 is not available.

REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS
(In Thousands)

Fiscal Year	Net Assets Available for Benefits	Pension Benefit Obligation	% Funded	Net Assets in Excess of Pension Benefit Obligation	Annual Covered Payroll	Net	Total Contri- butions Payroll	Contri- butions as a % of Annual Covered Payroll
						Assets in Excess of Pension Benefit Obligation as a % of Covered Payroll		
1987	\$2,184	\$1,424	153.4%	\$759	\$3,843	19.8%	\$471	12.3%
1988	2,933	2,036	144.1	897	4,637	19.3	535	11.5
1989	3,398	2,802	121.3	596	5,792	10.3	649	11.2
1990	N/A	N/A	N/A	N/A	6,952	N/A	896	12.9

N/A = Information not available as of June 30, 1990.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

(11) DEFERRED COMPENSATION

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Plan assets are invested in a pooled deferred compensation plan. The plan, available to all Commission employees, permits them to defer a portion of their salary without penalty of income tax until future years. The compensation so deferred is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participant's rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

At June 30, 1990, funds on deposit and credited to participants' accounts, at market value, totalled \$787,235. Since the Commission has a fiduciary responsibility to handle the plan, such funds are included in the accompanying general purpose financial statements as part of the fiduciary fund type - Agency Funds.

(12) RESERVED AND DESIGNATED FUND BALANCES

The following descriptions relate to the Commission's reservations and designations of fund balances:

Reserved for Encumbrances

This reserve was established to segregate a portion of the fund balance for outstanding commitments related to unperformed contracts.

Reserved for Note Receivable, Resale Property, and Prepaid Items

These reserves were established to set aside a portion of fund balance to indicate that Notes Receivable, Resale Property, and Prepaid Items do not represent available spendable resources even though they are a component of assets.

Reserved for Debt Service

This reserve has been established to reflect any fund balance legally restricted to the payment of general long-term debt principal and interest maturing in future years.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Reserved for SB1995 Trust

This reserve has been set up to reflect the Commission's legal requirement to segregate sales tax monies pursuant to SB1995 relative to funding a portion of the San Fernando Valley rail facilities.

Reserved for Metro Rail Agreement

The Metro Rail agreement provides that the Commission will set aside certain funds in anticipation of forthcoming Metro Rail costs.

(13) COMMITMENTS AND CONTINGENCIES

Proposition A/FAU Funds Trade Agreement

Under the Air Quality Management Plan, the Commission is required to include specified level of support for regional ridesharing in the Transportation Improvement Program (TIP). Traditionally, this was accomplished by programming Regional Federal Aid-Urban (FAU) funds to Commuter Computer. Beginning in 1986, the Commission established a policy of trading these Regional FAU funds to local jurisdictions in return for Proposition A Local Return funds. Local jurisdictions use the Regional FAU funds for street and road projects of regional significance. Proposition A funds received by the Commission are placed in an interest-bearing account, to be used for funding Commuter Computer.

This fiscal year, the Commission has committed \$3.6 million in Regional FAU funds to trade with local jurisdictions for Proposition A funds (equal to the amount allocated to Commuter Computer).

Minority Bond Guarantee Agreement

The Commission has an agreement with the City of Los Angeles (City) and the Southern California Rapid Transit District to participate in a minority bond guarantee program. Such program consists of two principal components: 1) a bond reserve account which would be used to guarantee bonds for disadvantaged and women-owned business enterprise (DBE/WBE) subcontractors who cannot obtain bonds on their own financial strength; and 2) a working capital loan component which would generate the funds necessary to ensure or enhance the subcontractors' financial stability and performance under an awarded contract.

The agreement calls for the City and the Commission to each contribute \$7.5 million to the program. The \$15 million has been invested in certificates of deposit which are pledged for the minority bond guarantee program. The Commission's \$7.5 million contribution is included in the cash and investments account of the Capital Projects fund.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Metro Rail Funding Agreement

The first construction segment of the 18-mile Metro Rail project has been designated minimum operable segment one (MOS-1). The agreement between the Commission, the Urban Mass Transportation Administration (UMTA), and the Southern California Rapid Transit District commits the Commission to:

1. Provide \$176.6 million as its portion of the requested financing plan for the project;
2. Provide \$203.7 million as the current shortfall of requested UMTA Section 3 funds. This funding commitment will be liquidated in whole or in part with any future authorized and appropriated Federal funds;
3. Establish a Capital Reserve Account for the payment of unbudgeted costs. This account is annually adjusted to equal 10% of the budgeted construction expenditures.
4. Provide funds needed by SCRTD to match UMTA funds made available for extraordinary costs.
5. Provide for funding of cost overruns to be shared equally between the Commission and the City.

A review of the Metro Rail MOS-1 project was performed to establish the financial condition of the project and the implications of any contract delays and claims against the project. As a result of the review, it is expected that the Metro Rail MOS-1 project will exceed budgeted expenditures by \$135 million. The Commission is contingently liable to fund 50% of such cost overruns.

Litigation

The Commission is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the Commission.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

(14) SUBSEQUENT EVENTS

The Commission's "Blue Line" rail facilities between the cities of Los Angeles and Long Beach were substantially completed at June 30, 1990, except for the "loop" facilities at the downtown ends in such cities. Pursuant to an agreement, the Southern California Rapid Transit District commenced operating the Blue Line on July 16, 1990, using the Commission rail lines and vehicles. SCRID will retain all revenues arising directly from such operations, and has the responsibility for providing the operating and maintenance personnel for the system. The Commission will fund the SCRID net operating costs of such rail facilities from Proposition A sales tax revenues for the first two (2) years of operations. These subsidies are estimated to cost between \$2 and \$3 million per month.

It is presently estimated that legal Propositions approved by California voters in June 1990, will bring \$4.56 billion to the Commission during the next 10 years. Proposition 111 added 5 cents to the state gasoline tax in 1990, and provided for increases of one additional cent a year for the following four-year period. Propositions 108 and 116 together authorized the State to issue about \$3 billion in general obligation bonds. The funds generated by these propositions will go, among other governmental entities, to commuter and urban rail, state highways, and local streets and road projects within the County of Los Angeles.



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Travis the Owl Safety Program

Travis the owl is the mascot of the rail transit school safety program, and membership in the Travis the Owl Travel Club means that children have learned the rules for being rail wise. Following these rules is important for their safety, and for the security of all passengers who ride L.A.'s growing rail transit system.

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Los Angeles County Transportation Commission
 General Fund
 Comparative Balance Sheets
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit A-1

	<u>1990</u>	<u>1989</u>
<u>Assets</u>		
Cash and investments	\$2,379	\$1,475
Receivables:		
Note	349	350
Interest	10	11
Miscellaneous	28	50
Due from other funds	322	566
Prepaid items	13	3
Deposits	43	0
Total assets	<u>\$3,144</u>	<u>\$2,455</u>
<u>Liabilities and Fund Balances:</u>		
Liabilities:		
Accounts payable	\$399	\$305
Accrued salaries	75	0
Compensated absences payable	121	147
Due to other funds	1,519	0
Total liabilities	<u>2,114</u>	<u>452</u>
Fund Balances:		
Reserved for encumbrances	711	213
Reserved for note receivable	349	350
Reserved for prepaid items	13	3
Unreserved, undesignated	(43)	1,437
Total fund balances	<u>1,030</u>	<u>2,003</u>
Total liabilities and fund balances	<u>\$3,144</u>	<u>\$2,455</u>

Los Angeles County Transportation Commission
 General Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit A-2

	<u>1990</u>	<u>1989</u>
Revenues:		
Intergovernmental:		
Local	\$10	\$0
Transportation Development Act	2,081	1,907
Urban Mass Transportation Administration	0	144
Interest	170	148
Miscellaneous	<u>21</u>	<u>502</u>
 Total Revenues	 <u>2,282</u>	 <u>2,701</u>
 Expenditures:		
Current:		
Administration:		
Salaries and benefits	4,172	3,004
Services and supplies	3,957	2,469
Other charges	18	10
Capital outlay	<u>910</u>	<u>422</u>
 Total expenditures	 <u>9,057</u>	 <u>5,905</u>
 Excess (deficiency) of revenues over expenditures	 (6,775)	 (3,204)
 Other Financing Sources:		
Operating transfers in	<u>5,802</u>	<u>3,596</u>
 Excess (deficiency) of revenues and other financing sources over expenditures	 (973)	 392
 Fund balances, July 1	 <u>2,003</u>	 <u>1,611</u>
 Fund balances, June 30	 <u><u>\$1,030</u></u>	 <u><u>\$2,003</u></u>



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Los Angeles County Transportation Commission
 General Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances – Budget and Actual
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

	1990		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental:			
Local	\$0	\$10	\$10
Transportation Development Act	1,975	2,081	106
Urban Mass Transportation Administration	120	0	(120)
Interest	200	170	(30)
Miscellaneous	15	21	6
Total revenues	<u>2,310</u>	<u>2,282</u>	<u>(28)</u>
Expenditures:			
Current:			
Administration:			
Salaries and benefits	5,198	4,172	1,026
Services and supplies	5,272	3,957	1,315
Other charges	0	18	(18)
Capital outlay	1,118	910	208
Total expenditures	<u>11,588</u>	<u>9,057</u>	<u>2,531</u>
Excess (deficiency) of revenues over expenditures	(9,278)	(6,775)	2,503
Other Financing Sources:			
Operating transfers in	<u>7,892</u>	<u>5,802</u>	<u>(2,090)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(1,386)	(973)	413
Fund balances, July 1	<u>2,003</u>	<u>2,003</u>	<u>0</u>
Fund balances, June 30	<u>\$617</u>	<u>\$1,030</u>	<u>\$413</u>

Exhibit A-3

1989		
Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0
1,909	1,907	(2)
150	145	(5)
20	148	128
5	501	496
<u>2,084</u>	<u>2,701</u>	<u>617</u>
3,135	3,004	131
3,013	2,469	544
18	10	8
445	422	23
<u>6,611</u>	<u>5,905</u>	<u>706</u>
(4,527)	(3,204)	1,323
<u>4,192</u>	<u>3,596</u>	<u>(596)</u>
(335)	392	727
<u>1,611</u>	<u>1,611</u>	<u>0</u>
<u>\$1,276</u>	<u>\$2,003</u>	<u>\$727</u>



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Bikeways

LOS ANGELES TIMES PHOTO



A complete bikeway system has been planned for Los Angeles County, and each year a number of projects are approved and funded by the Los Angeles County Transportation Commission. Biking is not only fun and good exercise, it is becoming a viable alternative to commuting by car.

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

PROPOSITION A - This fund is used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on July 1, 1982. Revenues collected are to be allocated: 25% to local jurisdictions for local transit; 35% to be set-aside for construction and operation of rail rapid transit systems; 40% is allocated at the discretion of the Commission.

STATE TRANSIT ASSISTANCE (STA) - This fund is used to account for revenue received from the State Transit Assistance Program of the Transportation Development Act which provides formulas to determine the uses of the proceeds.

RIDESHARING - This fund is used to account for ridesharing contributions from various local governments, which are legally restricted for public transit.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES (SAFE) - This fund is used to account for revenues received from the Motor Vehicles Office generated by charging an additional \$1 to each car registration in Los Angeles County to improve freeway emergency call boxes operations.

TRANSPORTATION DEVELOPMENT ACT (TDA) ADMINISTRATION - This fund is used to account for revenues received from TDA fund allocation for TDA fund administration.

FEDERAL AID URBAN (FAU) - This fund accounts for Federal Highways Act monies apportioned to the cities and county for transportation projects such as streets, street lighting, and signalization.

RAIL START-UP - This fund is to account for a portion of the Proposition A sales tax revenue designated for start-up operations.

PORTS HIGHWAY IMPROVEMENTS MATCH - The Commission has agreed to act as escrow agent to accumulate in this fund matching monies, which are to be contributed by certain local agencies, for a Federal Demonstration Grant.

HOV LANES - This fund accounts for allocated portions of fines collected from high occupancy vehicle (HOV) lane violations in Los Angeles County, to be used for improving traffic flow and traffic operations on the state highway system in the County.



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Los Angeles County Transportation Commission
Special Revenue Funds
Combining Balance Sheet
June 30, 1990
(With comparative totals for June 30, 1989)
(Amounts expressed in thousands)

	Proposition A	State Transit Assistance	Ridesharing	Service Authority for Freeway Emergencies
<u>Assets:</u>				
Cash and investments	\$469,665	\$14,318	\$17,048	\$8,643
Receivables:				
Interest	12,000	323	419	213
Sales Tax	15,898	0	0	0
Note	6,037	0	0	0
Due from other funds	486	0	0	5
Total assets	<u>\$504,086</u>	<u>\$14,641</u>	<u>\$17,467</u>	<u>\$8,861</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$1	\$0	\$0	\$849
Due to other governments	0	0	0	224
Due to other funds	53,453	0	0	139
Total liabilities	<u>53,454</u>	<u>0</u>	<u>0</u>	<u>1,212</u>
Fund Balances:				
Reserved for encumbrances	0	0	0	1,238
Reserved for SB1995 Trust	31,123	0	0	0
Reserved for Metrorail Agreement	21,808	0	0	0
Unreserved, undesignated	397,701	14,641	17,467	6,411
Total fund balances	<u>450,632</u>	<u>14,641</u>	<u>17,467</u>	<u>7,649</u>
Total liabilities and fund balances	<u>\$504,086</u>	<u>\$14,641</u>	<u>\$17,467</u>	<u>\$8,861</u>

Exhibit B-1

Transportation Development Act Administration	Federal Aid Urban	Rail Start-Up	Ports Highways Improvements Match	HOV Lanes	Totals	
					1990	1989
\$328	\$25,806	\$0	\$3,063	\$58	\$538,929	\$506,943
3	436	0	75	0	13,469	8,121
0	0	0	0	0	15,898	19,192
0	0	0	0	0	6,037	0
0	0	3,423	0	0	3,914	0
<u>\$331</u>	<u>\$26,242</u>	<u>\$3,423</u>	<u>\$3,138</u>	<u>\$58</u>	<u>\$578,247</u>	<u>\$534,256</u>
\$8	\$0	\$44	\$0	\$0	\$902	1,191
0	0	0	0	0	224	12,247
183	0	200	0	0	53,975	342
<u>191</u>	<u>0</u>	<u>244</u>	<u>0</u>	<u>0</u>	<u>55,101</u>	<u>13,780</u>
7	0	0	819	0	2,064	70
0	0	0	0	0	31,123	0
0	0	0	0	0	21,808	0
133	26,242	3,179	2,319	58	468,151	520,406
<u>140</u>	<u>26,242</u>	<u>3,179</u>	<u>3,138</u>	<u>58</u>	<u>523,146</u>	<u>520,476</u>
<u>\$331</u>	<u>\$26,242</u>	<u>\$3,423</u>	<u>\$3,138</u>	<u>\$58</u>	<u>\$578,247</u>	<u>\$534,256</u>

Los Angeles County Transportation Commission
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)
(Amounts expressed in thousands)

	Proposition A	State Transit Assistance	Ridesharing	Service Authority for Freeway Emergencies
Revenues:				
Sales taxes	\$395,355	\$0	\$0	\$0
Licenses/fines	0	0	0	6,365
Intergovernmental	0	1,806	3,647	0
Interest	44,082	1,040	1,370	601
Total revenues	439,437	2,846	5,017	6,966
Expenditures:				
Current:				
Administration	17	0	0	2,958
Transportation subsidy	240,048	262	2,968	0
Total expenditures	240,065	262	2,968	2,958
Excess (deficiency) of revenues over expenditures	199,372	2,584	2,049	4,008
Other Financing Sources (Uses):				
Operating transfers in	0	450	0	0
Operating transfers out	(238,297)	(110)	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(38,925)	2,924	2,049	4,008
Fund balances, July 1	489,557	11,717	15,418	3,641
Prior period adjustments	0	0	0	0
Fund balances, June 30	\$450,632	\$14,641	\$17,467	\$7,649

Exhibit B-2

Transportation Development Act Administration	Federal Aid Urban	Rail Start-Up	Ports Highways Improvements Match	HOV Lanes	Totals	
					1990	1989
\$0	\$0	\$0	\$0	\$0	\$395,355	\$372,021
0	0	0	0	57	6,422	4,852
300	24,653	0	2,960	0	33,366	4,453
15	1,589	43	178	1	48,919	37,660
<u>315</u>	<u>26,242</u>	<u>43</u>	<u>3,138</u>	<u>58</u>	<u>484,062</u>	<u>418,986</u>
318	0	239	0	0	3,532	5,212
0	0	0	0	0	243,278	243,320
<u>318</u>	<u>0</u>	<u>239</u>	<u>0</u>	<u>0</u>	<u>246,810</u>	<u>248,532</u>
<u>(3)</u>	<u>26,242</u>	<u>(196)</u>	<u>3,138</u>	<u>58</u>	<u>237,252</u>	<u>170,454</u>
0	0	3,375	0	0	3,825	0
0	0	0	0	0	(238,407)	(90,964)
(3)	26,242	3,179	3,138	58	2,670	79,490
143	0	0	0	0	520,476	435,421
0	0	0	0	0	0	5,565
<u>\$140</u>	<u>\$26,242</u>	<u>\$3,179</u>	<u>\$3,138</u>	<u>\$58</u>	<u>\$523,146</u>	<u>\$520,476</u>

Los Angeles County Transportation Commission
 Proposition A Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-3

	<u>1990</u>	<u>1989</u>
<u>Assets:</u>		
Cash and investments	\$469,665	\$474,461
Interest receivable	12,000	7,531
Sales tax receivable	15,898	19,192
Note receivable	6,037	0
Due from other funds	486	0
	<u> </u>	<u> </u>
Total assets	<u>\$504,086</u>	<u>\$501,184</u>
 <u>Liabilities and Fund Balances</u>		
<u>Liabilities:</u>		
Accounts payable	\$1	\$0
Due to other governments	3,453	11,464
Due to capital projects fund	50,000	163
	<u> </u>	<u> </u>
Total liabilities	<u>53,454</u>	<u>11,627</u>
 <u>Fund Balances:</u>		
Reserved for SB1995 Trust	31,123	0
Reserved for Metrorail Agreement	21,808	0
Unreserved, undesignated	397,701	489,557
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$504,086</u>	<u>\$501,184</u>

Los Angeles County Transportation Commission
Proposition A Special Revenue Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal years ended June 30, 1990 and 1989
(Amounts expressed in thousands)

Exhibit B-4

	<u>1990</u>	<u>1989</u>
Revenues:		
Sales taxes	\$395,355	\$372,021
Intergovernmental	0	631
Interest	<u>44,082</u>	<u>35,122</u>
Total revenues	<u>439,437</u>	<u>407,774</u>
Expenditures:		
Current:		
Administration	17	11
Transportation subsidy	<u>240,048</u>	<u>239,343</u>
Total expenditures	<u>240,065</u>	<u>239,354</u>
Excess of revenues over expenditures	<u>199,372</u>	<u>168,420</u>
Other Financing (Uses):		
Operating transfers out :		
STA fund	(450)	0
Debt service fund	(50,715)	(39,493)
Capital projects fund	(177,955)	(49,681)
General fund	(5,802)	(3,596)
Rail start-up fund	<u>(3,375)</u>	<u>0</u>
Total other financing (uses)	<u>(238,297)</u>	<u>(92,770)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(38,925)</u>	<u>75,650</u>
Fund balances, July 1	489,557	408,733
Prior period adjustments	<u>0</u>	<u>5,174</u>
Fund balances, June 30	<u><u>\$450,632</u></u>	<u><u>\$489,557</u></u>

Los Angeles County Transportation Commission
 State Transit Assistance Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-5

	<u>1990</u>	<u>1989</u>
<u>Assets:</u>		
Cash and investments	\$14,318	\$12,277
Interest receivable	<u>323</u>	<u>223</u>
Total assets	<u>\$14,641</u>	<u>\$12,500</u>
 <u>Liabilities and Fund Balances</u>		
<u>Liabilities:</u>		
Due to other governments	<u>\$0</u>	<u>\$783</u>
Total liabilities	<u>0</u>	<u>783</u>
 <u>Fund Balances:</u>		
Unreserved, undesignated	<u>14,641</u>	<u>11,717</u>
Total liabilities and fund balances	<u>\$14,641</u>	<u>\$12,500</u>

Los Angeles County Transportation Commission
 State Transit Assistance Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-6

	<u>1990</u>	<u>1989</u>
Revenues:		
Intergovernmental:		
State	\$1,806	\$585
Local	0	300
Interest	<u>1,040</u>	<u>1,072</u>
Total revenues	<u>2,846</u>	<u>1,957</u>
Expenditures:		
Transportation subsidy	<u>262</u>	<u>831</u>
Excess of revenues over expenditures	<u>2,584</u>	<u>1,126</u>
Other Financing Sources (Uses):		
Operating transfers in:		
Proposition A Fund	450	0
Operating transfers out:		
Capital projects fund	<u>(110)</u>	<u>(1,790)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	2,924	(664)
Fund balances, July 1	11,717	12,197
Prior period adjustments	<u>0</u>	<u>184</u>
Fund balances, June 30	<u>\$14,641</u>	<u>\$11,717</u>

Los Angeles County Transportation Commission
Ridesharing Special Revenue Fund
Comparative Balance Sheets
June 30, 1990 and 1989
(Amounts expressed in thousands)

Exhibit B-7

	<u>1990</u>	<u>1989</u>
<u>Assets:</u>		
Cash and investments	\$17,048	\$15,128
Interest receivable	419	290
Total assets	<u>\$17,467</u>	<u>\$15,418</u>
 <u>Fund Balances:</u>		
Unreserved, undesignated	<u>\$17,467</u>	<u>\$15,418</u>
Total fund balance	<u>\$17,467</u>	<u>\$15,418</u>

Los Angeles County Transportation Commission
 Ridesharing Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-8

	<u>1990</u>	<u>1989</u>
Revenues:		
Intergovernmental – local	\$3,647	\$2,570
Interest	<u>1,370</u>	<u>1,296</u>
Total revenues	<u>5,017</u>	<u>3,866</u>
Expenditures:		
Current:		
Transportation subsidy	<u>2,968</u>	<u>3,146</u>
Excess of revenues over expenditures	2,049	720
Fund balances, July 1	15,418	14,491
Prior period adjustments	<u>0</u>	<u>207</u>
Fund balances, June 30	<u>\$17,467</u>	<u>\$15,418</u>

Los Angeles County Transportation Commission
 Service Authority for Freeway Emergencies
 Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-9

	<u>1990</u>	<u>1989</u>
<u>Assets:</u>		
Cash and investments	\$8,643	\$4,710
Interest receivable	213	77
Due from other funds	5	0
Total assets	<u>\$8,861</u>	<u>\$4,787</u>
<u>Liabilities and Fund Balances:</u>		
<u>Liabilities:</u>		
Accounts payable	\$849	\$1,143
Due to other funds	139	3
Due to other governments	224	0
Total liabilities	<u>1,212</u>	<u>1,146</u>
<u>Fund Balances:</u>		
Reserved for encumbrances	1,238	3
Unreserved, undesignated	6,411	3,638
Total fund balances	<u>7,649</u>	<u>3,641</u>
Total liabilities and fund balances	<u>\$8,861</u>	<u>\$4,787</u>

Los Angeles County Transportation Commission
 Service Authority for Freeway Emergencies
 Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-10

	<u>1990</u>	<u>1989</u>
Revenues:		
Licenses (motor vehicles)	\$6,365	\$4,852
Interest	<u>601</u>	<u>170</u>
Total revenues	<u>6,966</u>	<u>5,022</u>
Expenditures:		
Current:		
Administration:		
Salaries and benefits	43	13
Services and supplies	2,910	1,368
Capital outlay	<u>5</u>	<u>0</u>
Total expenditures	<u>2,958</u>	<u>1,381</u>
Excess of revenues over expenditures	4,008	3,641
Fund balances, July 1	<u>3,641</u>	<u>0</u>
Fund balances, June 30	<u><u>\$7,649</u></u>	<u><u>\$3,641</u></u>

Los Angeles County Transportation Commission
 Service Authority for Freeway Emergencies
 Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances – Budget and Actual
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

	1990		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Licenses (motor vehicles)	\$6,018	\$6,365	\$347
Interest	121	601	480
Total revenues	<u>6,139</u>	<u>6,966</u>	<u>827</u>
Expenditures:			
Current:			
Administration:			
Salaries and benefits	59	43	16
Services and supplies	3,961	2,910	1,051
Capital outlay	<u>1,605</u>	<u>5</u>	<u>1,600</u>
Total expenditures	<u>5,625</u>	<u>2,958</u>	<u>2,667</u>
Excess of revenues over expenditures	514	4,008	3,494
Fund balances, July 1	<u>3,640</u>	<u>3,641</u>	<u>1</u>
Fund balances, June 30	<u><u>\$4,154</u></u>	<u><u>\$7,649</u></u>	<u><u>\$3,495</u></u>

Exhibit B-11

1989		
Budget	Actual	Variance Favorable (Unfavorable)
\$4,718	\$4,852	\$134
0	170	170
<u>4,718</u>	<u>5,022</u>	<u>304</u>
16	13	3
4,702	1,368	3,334
0	0	0
<u>4,718</u>	<u>1,381</u>	<u>3,337</u>
0	3,641	3,641
0	0	0
<u>\$0</u>	<u>\$3,641</u>	<u>\$3,641</u>

Los Angeles County Transportation Commission
 Transportation Development Act Administration
 Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-12

	<u>1990</u>	<u>1989</u>
<u>Assets:</u>		
Cash and investments	\$328	\$367
Interest receivable	3	0
	<u>331</u>	<u>367</u>
Total assets	<u>\$331</u>	<u>\$367</u>
 <u>Liabilities and Fund Balances:</u>		
Liabilities:		
Accounts payable	\$8	\$48
Due to other funds	183	176
	<u>191</u>	<u>224</u>
Total liabilities	<u>191</u>	<u>224</u>
 Fund Balances:		
Reserved for encumbrances	7	67
Unreserved, undesignated	133	76
	<u>140</u>	<u>143</u>
Total fund balances	<u>140</u>	<u>143</u>
Total liabilities and fund balances	<u>\$331</u>	<u>\$367</u>

Los Angeles County Transportation Commission
 Transportation Development Act Administration
 Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit B-13

	<u>1990</u>	<u>1989</u>
Revenues:		
Intergovernmental - TDA	\$300	\$367
Interest	<u>15</u>	<u>0</u>
Total revenues	<u>315</u>	<u>367</u>
Expenditures:		
Current:		
Administration:		
Salaries and benefits	112	39
Services and supplies	198	182
Capital outlay	<u>8</u>	<u>3</u>
Total expenditures	<u>318</u>	<u>224</u>
Excess (deficiency) of revenues over expenditures	(3)	143
Fund balances, July 1	<u>143</u>	<u>0</u>
Fund balances, June 30	<u><u>\$140</u></u>	<u><u>\$143</u></u>

Los Angeles County Transportation Commission
 Transportation Development Act Administration
 Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances – Budget and Actual
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

	1990		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental – TDA	\$300	\$300	\$0
Interest	0	15	15
Total revenues	300	315	15
Expenditures:			
Current:			
Administration:			
Salaries and benefits	126	112	14
Services and supplies	254	198	56
Other charges	0	0	0
Capital outlay	8	8	0
Total expenditures	388	318	70
Excess (deficiency) of revenues over expenditures	(88)	(3)	85
Fund balances, July 1	143	143	0
Fund balances, June 30	\$55	\$140	\$85

Exhibit B-14

<u>1989</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$367	\$367	\$0
<u>0</u>	<u>0</u>	<u>0</u>
367	367	0
<u>95</u>	<u>39</u>	<u>56</u>
256	182	74
1	0	1
<u>15</u>	<u>3</u>	<u>12</u>
<u>367</u>	<u>224</u>	<u>143</u>
0	143	143
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$143</u>	<u>\$143</u>

Los Angeles County Transportation Commission
Federal Aid Urban Special Revenue Fund
Balance Sheet
June 30, 1990
(Amounts expressed in thousands)

Exhibit B-15

	<u>1990</u>
<u>Assets:</u>	
Cash and investments	\$25,806
Interest receivable	436
	<hr/>
Total assets	<u>\$26,242</u>
<u>Fund Balance:</u>	
Unreserved, undesignated	<u>\$26,242</u>
Total fund balance	<u>\$26,242</u>

Los Angeles County Transportation Commission
Federal Aid Urban Special Revenue Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 1990
(Amounts expressed in thousands)

Exhibit B-16

	<u>1990</u>
Revenues:	
Intergovernmental - FAU	\$24,653
Interest	<u>1,589</u>
 Total revenues	 <u>26,242</u>
 Fund balance, July 1	 <u>0</u>
 Fund balance, June 30	 <u><u>\$26,242</u></u>

Los Angeles County Transportation Commission
Rail Start-Up Special Revenue Fund
Balance Sheet
June 30, 1990
(Amounts expressed in thousands)

Exhibit B-17

	<u>1990</u>
<u>Assets:</u>	
Cash and investments	\$0
Due from other funds	<u>3,423</u>
 Total assets	 <u><u>\$3,423</u></u>
 <u>Liabilities and Fund Balance:</u>	
<u>Liabilities:</u>	
Accounts payable	\$44
Due to other funds	<u>200</u>
 Total liabilities	 <u>244</u>
 <u>Fund balance:</u>	
Unreserved, undesignated	<u>3,179</u>
 Total fund balance	 <u>3,179</u>
 Total liabilities and fund balance	 <u><u>\$3,423</u></u>

Los Angeles County Transportation Commission
 Rail Start-Up Special Revenue Fund
 Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the fiscal year ended June 30, 1990
 (Amounts expressed in thousands)

Exhibit B-18

	<u>1990</u>
Revenues:	
Interest	<u>\$43</u>
Total revenues	<u>43</u>
Expenditures:	
Current:	
Administration	<u>239</u>
Total expenditures	<u>239</u>
Excess (deficiency) of revenues over expenditures	(196)
Other Financing Sources:	
Operating transfers in:	
Proposition A Fund	<u>3,375</u>
Total other financing sources	<u>3,375</u>
Excess of revenues and other financing sources over expenditures	3,179
Fund balance, July 1	<u>0</u>
Fund balance, June 30	<u><u>\$3,179</u></u>

Los Angeles County Transportation Commission
Ports Highway Improvements Match Special Revenue Fund
Balance Sheet
June 30, 1990
(Amounts expressed in thousands)

Exhibit B-19

	<u>1990</u>
<u>Assets:</u>	
Cash and investments	\$3,063
Interest receivable	<u>75</u>
 Total assets	 <u><u>\$3,138</u></u>
 <u>Fund Balance:</u>	
Reserved for encumbrances	\$819
Unreserved, undesignated	<u>2,319</u>
 Total fund balance	 <u><u>\$3,138</u></u>

Los Angeles County Transportation Commission
Ports Highway Improvements Match Special Revenue Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 1990
(Amounts expressed in thousands)

Exhibit B-20

	<u>1990</u>
Revenues:	
Intergovernmental - local	\$2,960
Interest	<u>178</u>
Total revenues	<u>3,138</u>
Fund balance, July 1	<u>0</u>
Fund balance, June 30	<u><u>\$3,138</u></u>

Los Angeles County Transportation Commission
HOV Lanes Special Revenue Fund
Balance Sheet
June 30, 1990
(Amounts expressed in thousands)

Exhibit B-21

	<u>1990</u>
<u>Assets:</u>	
Cash and investments	<u>\$58</u>
Total assets	<u><u>\$58</u></u>
 <u>Fund Balance:</u>	
Unreserved, undesignated	<u>\$58</u>
Total fund balance	<u><u>\$58</u></u>

Los Angeles County Transportation Commission
HOV Lanes Special Revenue Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 1990
(Amounts expressed in thousands)

Exhibit B-22

	<u>1990</u>
Revenues:	
Vehicle fines	\$57
Interest	<u>1</u>
Total revenues	<u>58</u>
Fund balance, July 1	<u>0</u>
Fund balance, June 30	<u><u>\$58</u></u>



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Highways



The primary mission of the LACTC is to lead the way to greater mobility. This plan includes short and long-range proposals for modern, practical, cost-effective methods of managing traffic and maintaining streets.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and payment of sales tax revenue bond principal and interest from the Proposition A special revenue fund.

Los Angeles County Transportation Commission
 Debt Service Fund
 Comparative Balance Sheets
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit C-1

	<u>1990</u>	<u>1989</u>
<u>Assets:</u>		
Cash and investments with fiscal agent	\$171,771	\$92,796
Interest receivable	4,960	0
Total assets	<u>\$176,731</u>	<u>\$92,796</u>
<u>Liabilities and Fund Balances:</u>		
Liabilities:		
Accrued interest payable	\$34,034	\$30,558
Due to Capital Projects fund	6,125	0
Total liabilities	<u>40,159</u>	<u>30,558</u>
Fund Balances:		
Reserved for debt service	63,767	62,238
Reserved for construction	72,805	0
Total fund balances	<u>136,572</u>	<u>62,238</u>
Total liabilities and fund balances	<u>\$176,731</u>	<u>\$92,796</u>

Los Angeles County Transportation Commission
 Debt Service Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit C-2

	<u>1990</u>	<u>1989</u>
Revenues:		
Interest	<u>\$13,050</u>	<u>\$31,795</u>
Total revenues	<u>13,050</u>	<u>31,795</u>
Expenditures:		
Debt service:		
Interest	50,879	56,574
Refunding bond issuance costs	<u>28</u>	<u>347</u>
Total expenditures	<u>50,907</u>	<u>56,921</u>
Excess (deficiency) of revenues over expenditures	<u>(37,857)</u>	<u>(25,126)</u>
Other Financing Sources (Uses):		
Operating transfers in:		
Proposition A fund	50,715	39,493
Operating transfers out:		
Capital Projects fund	(102,985)	(195,859)
Proceeds of escrowed funds	164,461	0
Proceeds of refunding bonds	0	170,032
Payment to refunding bond escrow agent	<u>0</u>	<u>(154,037)</u>
Total other financing sources (uses)	<u>112,191</u>	<u>(140,371)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	74,334	(165,497)
Fund balances, July 1	62,238	514,526
Prior period adjustments	<u>0</u>	<u>(286,791)</u>
Fund balances, June 30	<u>\$136,572</u>	<u>\$62,238</u>

Paratransit



LACTC helps social service organizations save money and centralize their transportation, working with such groups as the City and County Area Agencies on Aging and the seven County Regional Centers for Developmentally Disabled Individuals.

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the planning, design and construction of rail transit systems in Los Angeles County financed primarily by 35% of Proposition A sales tax revenue.

Los Angeles County Transportation Commission
 Capital Projects Fund
 Comparative Balance Sheets
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit D-1

	<u>1990</u>	<u>1989</u>
<u>Assets :</u>		
Cash and investments	\$9,147	\$93,049
Receivables:		
Interest	52	1,956
Intergovernmental	0	1,246
Miscellaneous	2,316	43
Due from other funds	57,869	0
Prepaid items	1,893	1,657
Interest in property held for resale	200	0
Total assets	<u><u>\$71,477</u></u>	<u><u>\$97,951</u></u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$56,711	\$35,280
Accrued salaries	117	0
Compensated absences payable	163	192
Claims and judgments payable	1,116	0
Due to other funds	486	224
Total liabilities	<u><u>58,593</u></u>	<u><u>35,696</u></u>
Fund Balances:		
Reserved for encumbrances	10,791	56,873
Reserved for prepaid items	1,893	1,657
Reserved for resale property	200	0
Unreserved, undesignated	0	3,725
Total fund balances	<u><u>12,884</u></u>	<u><u>62,255</u></u>
Total liabilities and fund balances	<u><u>\$71,477</u></u>	<u><u>\$97,951</u></u>

Los Angeles County Transportation Commission
 Capital Projects Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit D-2

	<u>1990</u>	<u>1989</u>
Revenues:		
Interest	\$6,628	\$11,262
Construction services cost sharing	2,897	718
Lease rentals	892	0
Miscellaneous	<u>668</u>	<u>353</u>
Total revenues	<u>11,085</u>	<u>12,333</u>
Expenditures:		
Capital outlay:		
Rail development	<u>341,506</u>	<u>290,564</u>
Total expenditures	<u>341,506</u>	<u>290,564</u>
Excess (deficiency) of revenues over expenditures	<u>(330,421)</u>	<u>(278,231)</u>
Other Financing Sources:		
Operating transfers in :		
Debt service fund	102,985	195,859
Proposition A fund	177,955	49,681
State Transit Assistance fund	<u>110</u>	<u>1,790</u>
Total other financing sources	<u>281,050</u>	<u>247,330</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(49,371)	(30,901)
Fund balances, July 1	<u>62,255</u>	<u>93,156</u>
Fund balances, June 30	<u><u>\$12,884</u></u>	<u><u>\$62,255</u></u>



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Los Angeles County Transportation Commission
 Capital Projects Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances – Budget and Actual
 For the fiscal years ended June 30, 1990 and 1989
 (Amounts expressed in thousands)

	1990		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Interest	\$5,000	\$6,628	\$1,628
Construction services cost sharing	0	2,897	2,897
Lease rentals	0	892	892
Miscellaneous	360	668	308
Total revenues	5,360	11,085	5,725
Expenditures:			
Capital outlay:			
Rail development	434,386	341,506	92,880
Total expenditures	434,386	341,506	92,880
Excess (deficiency) of revenues over expenditures	(429,026)	(330,421)	98,605
Other Financing Sources:			
Operating transfers in:			
Debt service fund	96,860	102,985	6,125
Proposition A fund	268,594	177,955	(90,639)
State Transit Assistance fund	1,317	110	(1,207)
Total other financing sources	366,771	281,050	(85,721)
Excess (deficiency) of revenues and other financing sources over expenditures	(62,255)	(49,371)	12,884
Fund balances, July 1	62,255	62,255	0
Fund balances, June 30	\$0	\$12,884	\$12,884

Exhibit D-3

<u>1989</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$10,540	\$11,262	\$722
0	718	718
0	0	0
<u>391</u>	<u>353</u>	<u>(38)</u>
<u>10,931</u>	<u>12,333</u>	<u>1,402</u>
<u>412,958</u>	<u>290,564</u>	<u>122,394</u>
<u>412,958</u>	<u>290,564</u>	<u>122,394</u>
(402,027)	(278,231)	123,796
195,859	195,859	0
111,123	49,681	(61,442)
<u>1,925</u>	<u>1,790</u>	<u>(135)</u>
<u>308,907</u>	<u>247,330</u>	<u>(61,577)</u>
(93,120)	(30,901)	62,219
<u>93,156</u>	<u>93,156</u>	<u>0</u>
<u>\$36</u>	<u>\$62,255</u>	<u>\$62,219</u>



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Buses



Cleaner buses mean cleaner air. The LACTC is sponsoring demonstration projects testing alternative fuels such as methanol, more efficient bus engines, and analyzing new bus technology to meet state and federal clean air mandates.

AGENCY FUND

The agency fund is used to account for assets held by the commission as an agent for individuals, private organizations, other governments and/or other funds.

DEFERRED COMPENSATION FUND - This fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

GENERAL FIXED ASSETS ACCOUNT GROUP

Los Angeles County Transportation Commission
Deferred Compensation Agency Fund
Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 1990
(Amounts expressed in thousands)

Exhibit E-1

	<u>Balance</u> <u>July 1, 1989</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1990</u>
<u>Assets:</u>				
Cash and investments with fiscal agent	<u>\$518</u>	<u>\$271</u>	<u>\$2</u>	<u>\$787</u>
<u>Liabilities:</u>				
Deferred compensation benefits payable	<u>\$518</u>	<u>\$271</u>	<u>\$2</u>	<u>\$787</u>

Los Angeles County Transportation Commission
 Comparative Schedule of General Fixed Assets—By Source
 June 30, 1990 and 1989
 (Amounts expressed in thousands)

Exhibit F-1

	<u>1990</u>	<u>1989</u>
<u>General Fixed Assets:</u>		
Land	\$87,382	\$56,998
Rail Lines & Site Improvements	361,046	0
Buildings & Stations	99,751	0
Light Rail Vehicles	58,547	17,399
Other Equipment	21,316	2,271
Leasehold Improvements	545	223
Construction in Progress	<u>300,775</u>	<u>530,431</u>
Total General Fixed Assets	<u><u>\$929,362</u></u>	<u><u>\$607,322</u></u>
 <u>Investments in General Fixed Assets by Source:</u>		
General Fund	\$3,345	\$2,544
Capital Projects Fund	<u>926,017</u>	<u>604,778</u>
Total Investment in General Fixed Assets	<u><u>\$929,362</u></u>	<u><u>\$607,322</u></u>

Los Angeles County Transportation Commission
 Schedule of General Fixed Assets - By Activity and Function
 June 30, 1990
 (Amounts expressed in thousands)

Exhibit F-2

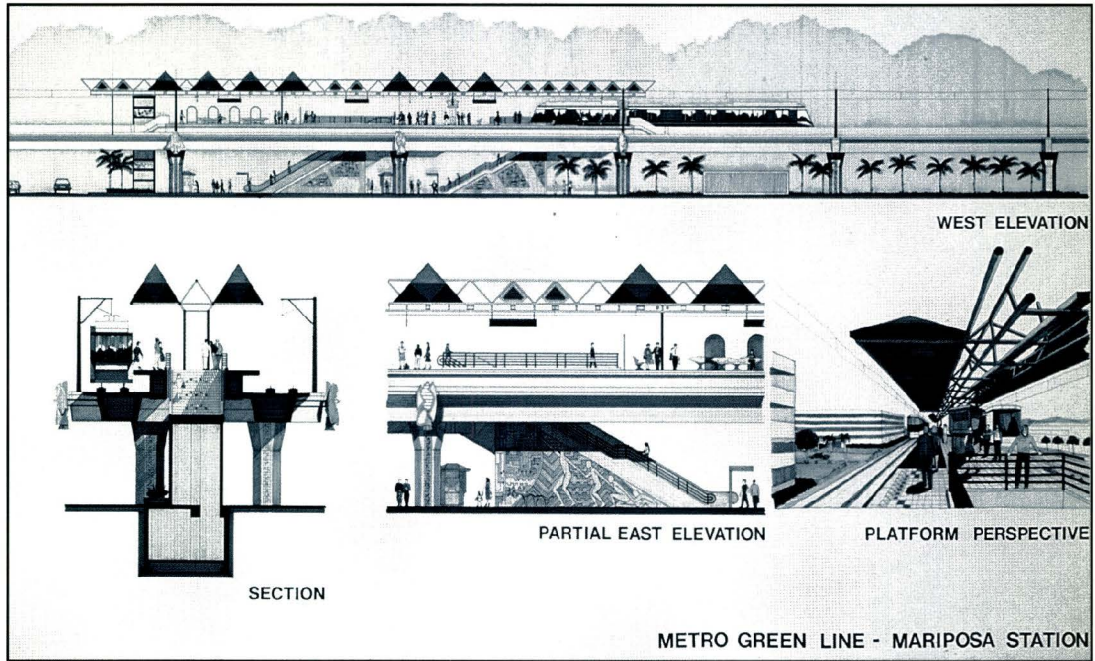
<u>Activity and Function</u>	<u>Administration</u>	<u>Transportation Facilities</u>	<u>Construction in Progress</u>	<u>Total</u>
Land	\$0	\$87,382	\$0	\$87,382
Rail Line/Site Improvements	0	361,046	0	361,046
Buildings/Stations	0	99,751	0	99,751
Light Rail Vehicles	0	58,547	0	58,547
Other Equipment	21,192	124	0	21,316
Leasehold Improvements	545	0	0	545
Construction in Progress	0	0	300,775	300,775
Total General Fixed Assets	\$21,737	\$606,850	\$300,775	\$929,362

Los Angeles County Transportation Commission
 Schedule of Changes in General Fixed Assets – By Function
 For the fiscal year ended June 30, 1990
 (Amounts expressed in thousands)

Exhibit F-3

Function	General Fixed Assets July 1, 1989	Additions	Transfers	Deletions	General Fixed Assets June 30, 1990
Administration	\$2,370	\$2,137	\$17,453	\$223	\$21,737
Transportation Facilities	74,521	71,532	460,797	0	606,850
Construction in Progress	530,431	248,594	(478,250)	0	300,775
Total General Fixed Assets	\$607,322	\$322,263	\$0	\$223	\$929,362

Art Program



This drawing shows the Mariposa Station of the Metro Green Line (scheduled to open in 1994), designed by artist Charles Dickson with architects Escudero-Fribourg Associates. The LACTC's Art Program allocates one half of one percent of construction cost of the 150-mile rail transit system for the creation of works of art for the Metro System.



Los Angeles County Transportation Commission
 General Governmental Expenditures by Function (1)
 Last Ten Fiscal years
 (Amount expressed in thousands)

Table 1

<u>Fiscal Year</u>	<u>Administration</u>	<u>Transportation Subsidy</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1980-81	\$1,490	\$0	\$0	\$0	\$1,490
1981-82	1,488	0	0	0	1,488
1982-83	4,455	177,884 (2)	0	0	182,339
1983-84	6,612	232,293	0	0	238,905
1984-85	7,423	263,146	7,168	0	277,737
1985-86	5,972	196,506	65,219	0	267,697
1986-87	6,819	183,188	73,500	37,280	300,787
1987-88	6,918	231,896	212,650	311,854	763,318
1988-89	10,695	243,320	290,986	56,921	601,922
1989-90	11,679	243,278	342,416	50,907	648,280

Source: Comprehensive Annual Financial Reports

Notes:

- (1) Includes all governmental fund types.
- (2) Voter-approved one-half cent sales tax started in fiscal year 1982-83.

Los Angeles County Transportation Commission
 General Governmental Revenues by Source (1)
 Last Ten Fiscal years
 (Amount expressed in thousands)

Table 2

<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>Licenses</u>	<u>Inter-Governmental</u>	<u>Interest</u>	<u>Misc</u>	<u>Total</u>
1980-81	\$0	\$0	\$1,186	\$107	\$0	\$1,293
1981-82	0	0	1,299	152	0	1,451
1982-83	195,128 (2)	0	3,356	1,006	0	199,490
1983-84	251,233	0	32,750	8,324	146	292,453
1984-85	293,716	0	30,760	11,955	24	336,455
1985-86	305,371	0	29,692	14,819	38	349,920
1986-87	317,324	0	9,365	35,377	176	362,242
1987-88	348,726	0	17,826	82,087	242	448,881
1988-89	372,021	4,852	10,100	80,865	1,573 (3)	469,411
1989-90	395,355	6,422	35,457	63,649	4,478 (4)	505,361

Source: Comprehensive Annual Financial Reports

Notes:

- (1) Includes all governmental fund types.
- (2) Voter-approved one-half cent sales tax started in fiscal year 1982-83.
- (3) Includes \$718,000 in charges for construction services.
- (4) Includes \$2,897,000 in charges for construction services.

Los Angeles County Transportation Commission
 Demographic Statistics
 Last Ten Fiscal years
 (Amount expressed in thousands)

Table 3

Fiscal Year	Population County of Los Angeles (1)	Population State of California (1)	Population United States (1)	Taxable Sales County of Los Angeles (2)	Unemployment Rate % (3)
1980-81	7,552	24,013	229,307	\$49,109,330	6.9%
1981-82	7,699	24,423	230,508	48,018,486	9.3
1982-83	7,764	24,959	233,267	50,782,822	9.7
1983-84	7,867	25,415	235,226	57,473,587	7.9
1984-85	7,953	25,858	237,318	61,656,383	7.0
1985-86	8,155	26,637	240,778	62,378,720	6.7
1986-87	8,404	27,292	241,077	66,078,267	5.9
1987-88	8,556	28,019	245,231	70,185,491	4.9
1988-89	8,650	28,662	247,635	75,136,462	5.1
1989-90	8,770	29,473	249,605	79,870,059 (4)	n/a

Sources:

- (1) California Department of Finance.
- (2) State Board of Equalization.
- (3) State Department of Employment Development for the County of Los Angeles.
- (4) Estimated
Not Available

Los Angeles County Transportation Commission
Miscellaneous Statistics
June 30, 1990

Table 4

Date Organized:	1977
Form of Government:	County Transportation Commission Created by Transportation Commission Act
Number of Employees:	190
Area of County:	4083.21 square miles
Fiscal Year:	July 1 – June 30
Geographical Location	The County of Los Angeles is located in the southern portion of California and is bordered on the east by Orange and San Bernardino Counties, on the north by Kern County, on the west by Vetura County and on the south by the Pacific Ocean.
Altitude:	9 feet below sea level at Wilmington to 10,080 feet above sea level at Mt. San Antonio.