



COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Fiscal Year Ended June 30, 1991

FORTEP

LOS ANGELES
COUNTY
TRANSPORTATION
COMMISSION

LOS ANGELES, CA

PREPARED BY FINANCE

HE
4351
.L6
F52
1991

Leading the Way to Greater Mobility

C2





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

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 1991

Prepared By:

Financial and Audit Services Team
Leslie V. Porter, Deputy Executive Director
C. Robert Green, Acting Controller



This Page Intentionally Left Blank.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 1991

TABLE OF CONTENTS

	<u>Exhibit No.</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Letter of Transmittal		i
GFOA Certificate of Achievement		xi
List of Board Members and Principal Officials		xii
Organization Chart		xiii
FINANCIAL SECTION		
Independent Auditor's Report		
General Purpose Financial Statements:		1
Combined Balance Sheet		
-All Fund Types and Account Groups	1	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -All Government Fund Types	2	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Certain Special Revenue and Capital Projects Funds	3	10
Notes to the Financial Statements		13
Combining, individual Fund and Account Group Statements and Schedules:		
General Fund:		
Comparative Balance Sheets	A-1	39
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	A-2	40
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	A-3	41
Special Revenue Funds:		
Combining Balance Sheet	B-1	44

	<u>Exhibit No.</u>	<u>Page No.</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	46
Proposition A Fund:		
Comparative Balance Sheets	B-3	48
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	B-4	49
Proposition C Fund:		
Balance Sheet	B-5	50
Statement of Revenues, Expenditures and Changes in Fund Balance	B-6	51
State Transit Assistance Fund:		
Comparative Balance Sheets	B-7	52
Comparative Statements of Revenues Expenditures and Changes in Fund Balances	B-8	53
Ridesharing Fund:		
Comparative Balance Sheets	B-9	54
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	B-10	55
Service Authority for Freeway Emergencies Fund:		
Comparative Balance Sheets	B-11	56
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	B-12	57
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	B-13	58

	<u>Exhibit No.</u>	<u>Page No.</u>
Transportation Development Act Administration Fund:		
Comparative Balance Sheets	B-14	59
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	B-15	60
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	B-16	61
PVEA Fund:		
Balance Sheet	B-17	62
Statement of Revenues, Expenditures and Changes in Fund Balance	B-18	63
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	B-19	64
Federal Aid Urban Fund:		
Comparative Balance Sheets	B-20	65
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	B-21	66
Rail Start-Up Fund:		
Comparative Balance Sheets	B-22	67
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	B-23	68
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	B-24	69
Ports Highway Improvements Match Fund:		
Comparative Balance Sheets	B-25	70

	<u>Exhibit No.</u>	<u>Page No.</u>
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	B-26	71
HOV Lanes Fund:		
Comparative Balance Sheets	B-27	72
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	B-28	73
Debt Service Fund:		
Comparative Balance Sheets	C-1	75
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	C-2	76
Capital Projects Funds:		
Combining Balance Sheet	D-1	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	78
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	D-3	79
Trust and Agency Funds:		
Combining Balance Sheet	E-1	81
Land Preservation Corporation Expendable Trust Fund:		
Balance Sheet	E-2	82
Deferred Compensation Agency Fund:		
Statement of Changes in Assets and Liabilities	E-3	83

Exhibit No. Page No.

General Fixed Assets Account Group:

Comparative Schedule of General Fixed
Assets - By Source

F-1 84

Schedule of General Fixed Assets
-By Activity and Function

F-2 85

Schedule of Changes in General Fixed
Assets - By Function

F-3 86

STATISTICAL SECTION

Table No.

General Governmental Expenditures by Function

1 87

General Governmental Revenues by Source

2 88

Demographic Statistics

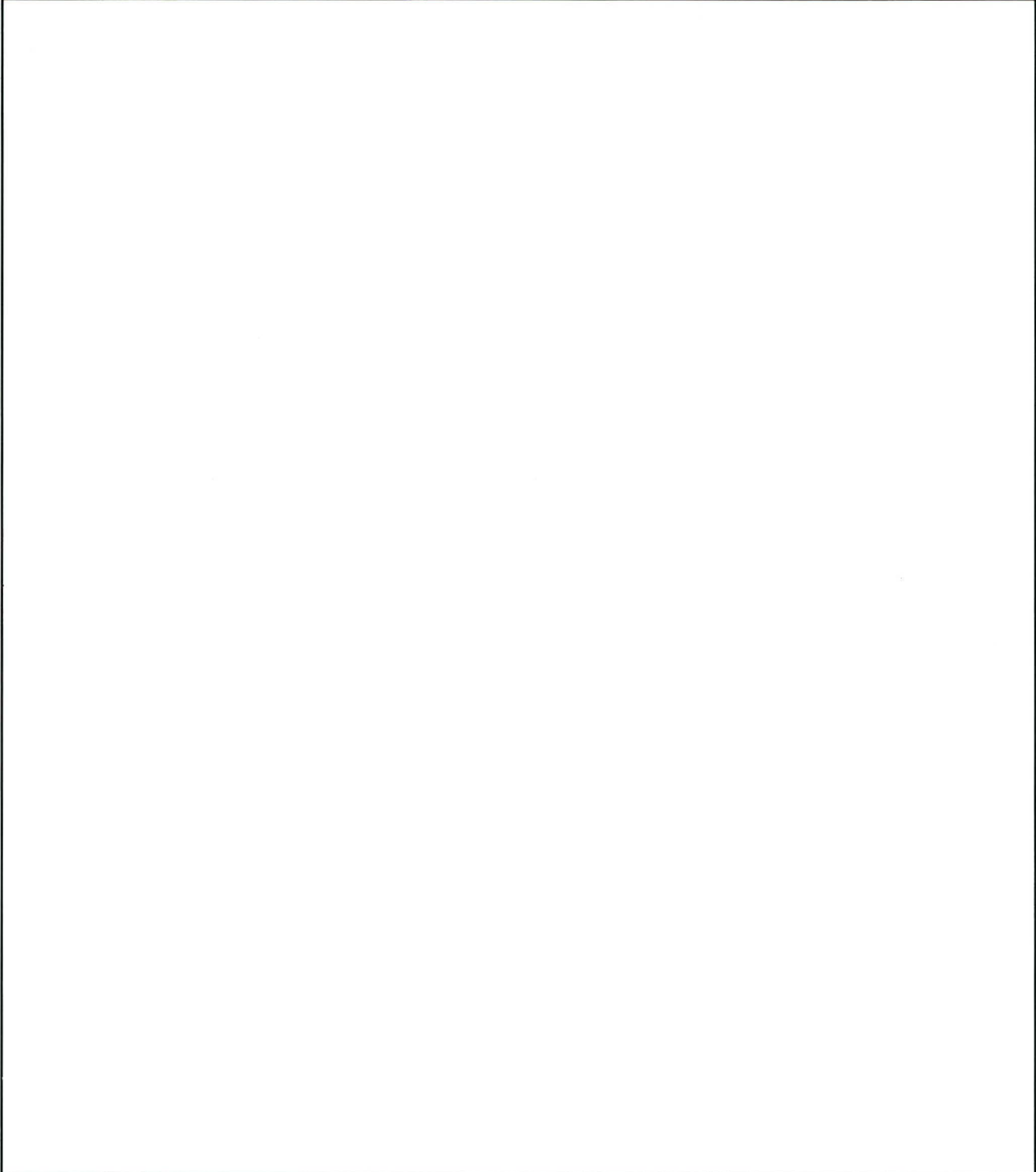
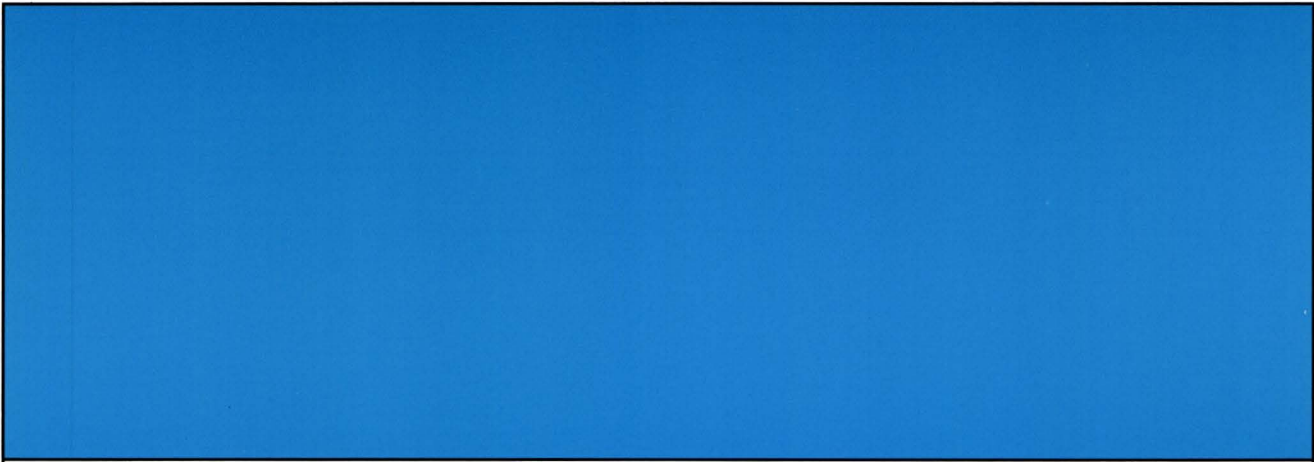
3 89

Miscellaneous Statistics

4 90



This Page Intentionally Left Blank.







December 11, 1991

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, 1991, 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.

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). 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.

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. On November 6, 1990, the voters of the County approved Proposition C, a measure that increases the sales tax in the County by one-half percent. The proceeds are to be used to expand and improve rail transit, bus transit, and paratransit services in the County. Collection of the Proposition C Sales Tax began on April 1, 1991, and the receipts thereof payable to the Commission became available to the Commission in June 1991. However, in February 1991, an action was filed in Superior Court challenging the validity of the tax. The plaintiffs claimed that the Proposition C Sales Tax required a two-thirds vote rather than the majority vote that was obtained. The trial court has upheld the validity of the Proposition C Sales Tax and an appeal has been filed by the plaintiffs. In May 1991, the Commission adopted a policy acknowledging it has no intention of spending the Proposition C Sales Tax proceeds (other than interest earnings thereon) until circumstances indicate that it would be prudent to do so.

There are eighty-eight cities in Los Angeles County. Two thousand five hundred and forty buses are operated during peak hours, carrying an average of 1.4 million passengers a day. In addition, there are sixty-seven providers of supplemental service to the elderly and disabled as well as fifteen general public carriers 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. And in July 1991, it commenced the providing of tow truck service for disabled vehicles on the main highways of the County to expedite the movement of traffic.

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 to date, are shown below (in thousands):

<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>Percent Increase</u>
1990/91	\$400,448	1.3%
1989/90	395,355	6.3%
1988/89	372,021	6.7%
1987/88	348,726	9.9%
1986/87	317,324	3.9%

The general economic downturn in Southern California during this past fiscal year is evidenced in a lower Proposition A sales tax revenue projection. For Fiscal year 1991/92, the Commission is projecting Proposition A receipts of \$348,600,000. It should be noted that this figure is net of anticipated downward adjustments of (\$21,446,000) for repayments related to the Aerospace Corp. v. State Board of Equalization case, and a miscellaneous adjustment from the prior fiscal year.

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 authorized 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 authorized 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 authorized 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 widening. All expenditures of the new revenues will be reported in the State Auditor General's annual report.

Economic forecasts for the Los Angeles County area, reflecting a general economic downturn throughout Southern California, anticipate a decline in taxable sales for fiscal years 1992. Modest increases are forecast for fiscal years 1993 and 1994. 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.

Financial Planning

The Commission has prepared a draft 30-year Integrated Transportation Plan which analyzes the Commission's capacity to finance a comprehensive rail, bus and highway 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

The Commission began revenue operation for the Metro Blue Line on July 14, 1990. The Blue Line, which connects downtown Long Beach and Los Angeles, became fully operational on February 14, 1991 with the opening of the Metro Center Station. Work continued throughout the year completing architectural finishes, landscaping and other contract closeout items. Rail construction was measured at 100% complete by June 1991, and work continues on Metro Blue Line related roadway construction in Compton and on Park-and-Ride facilities at the Florence Street Station.

A groundbreaking ceremony for the Metro Green Line, which will connect the cities of Norwalk and El Segundo by light rail, was held on January 28, 1991. All major civil/structural contracts for the El Segundo Extension guideways, stations, and bridges were awarded this year. Design for the Metro Green Line was approximately 98% complete, and overall construction was approximately 6% complete at the end of this year. The Revenue Operations Date for the Metro Green Line is October 1994.

On July 1, 1990, the Rail Construction Corporation (RCC) assumed responsibility for the management of the Metro Red Line Segment One. All tunnel construction contracts for Segment One were completed, and tracklaying began December 22, 1990. Tracklaying for the first tunnel was completed in February 1991, and tracklaying for the second tunnel was completed on June 15, 1991. Design work was finished except as needed to support construction activities and construction was approximately 82% complete at the end of the year. The Revenue Operations Date for Segment One is September 1993.

A groundbreaking ceremony for the Metro Red Line Segment Two was held on June 13, 1991, at the Wilshire and Western station to commemorate the beginning of construction. All construction contracts for the Wilshire Corridor facilities have been awarded, and the MacArthur Park Lake has been drained to facilitate tunnel construction underneath the lake. RCC plans call for a \$6 million restoration and beautification of the park upon completion of the tunneling work. The Segment Two design was approximately 66% complete at the end of the year. The Revenue Operations Date for the Wilshire Corridor is July 1996 and the Vermont and Hollywood Corridor opens September 1998.

In the past year, RCC began preliminary design work on Segment Three of the Metro Red Line, which runs from the Segment Two Hollywood and Vine station to the Hollywood and Highland station. This advanced Segment Three work was initiated by the Commission to insure that Segment Two and Segment Three work on Hollywood Boulevard will be done concurrently. This action will minimize the construction impact in the Hollywood area communities.

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 has purchased or 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 suburbia 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, 1991 reflected no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

BUDGETING CONTROLS - The Commission maintains budgetary controls, the objective of which 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 rail projects are 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 another 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 summarizes the Commission's revenues and other financing sources (all governmental fund types), other than operating transfers, for the year ending June 30, 1991. Also presented is a comparison of such amounts with the prior year.

<u>Resources</u>	<u>1990/91</u>	<u>Percent of Total</u>	<u>1989/90</u>	<u>Increase (Decrease)</u>
Sales tax	\$442,932	27.3%	\$395,355	\$ 47,577
Licenses	6,023	.4	6,422	(399)
Intergovernmental	231,693	14.3	35,457	196,236
Interest	50,639	3.1	68,767	(18,128)
Other charges and miscellaneous	<u>10,766</u>	<u>.7</u>	<u>4,478</u>	<u>6,288</u>
Subtotal	\$742,053	45.8%	\$510,479	231,574
Financing Proceeds	<u>878,000</u>	<u>54.2</u>	<u>164,461</u>	<u>713,539</u>
Total	<u>\$1,620,053</u>	<u>100.0%</u>	<u>\$674,940</u>	<u>\$945,113</u>

The sales tax increased primarily due to Proposition C revenues of \$42,484. However, as stated above, the Commission has deferred the spending of such funds until the pending litigation is resolved. 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 receipt of UMTA Federal funds in connection with the MOS-1 construction.

The decline in interest revenue represents decreased earnings on cash in the Proposition A Sales Tax Fund, due to the earlier usage of such monies for the financing of construction activities. Other charges increased primarily because of utility refunds (\$4,958), fire loss indemnifications (\$2,644), and the recovery of costs for construction services (\$3,268) provided to other jurisdictions during construction of the Metro Blue Line. The latter 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 compared with the prior year in the following summary.

<u>Expenditures</u>	<u>1990/91</u>	<u>Percent of Total</u>	<u>1989/90</u>	<u>Increase</u>
Administration	\$ 21,370	1.8%	\$ 11,679	\$ 9,691
Transportation subsidy	281,574	23.5	243,278	38,296
Capital outlay	824,402	68.9	342,416	481,986
Debt service	<u>68,852</u>	<u>5.8</u>	<u>50,907</u>	<u>17,945</u>
Total	<u>\$1,196,198</u>	<u>100.0%</u>	<u>\$648,280</u>	<u>\$ 547,918</u>

The increase in subsidy costs is principally due to amounts paid (\$32,748) to the Southern California Rapid Transit District (SCRTD) to fund net operating costs of the Blue Line facilities, pursuant to an agreement between the Commission and SCRTD, operator of the Blue Line.

The significant increase in capital outlay represents spending on the Commission's Commuter Rail program, which involved substantial amounts expended in acquisition of rights-of-way from the Southern Pacific Railroad.

The increase in debt service expenditures reflects the costs (\$12,436) of issuing new bonds and commercial paper, along with increased interest expense (\$4,901) attributable to such issues.

Debt Administration

The Commission had \$1,596,457 of outstanding long-term debt at June 30, 1991, reflecting a net increase of \$880,714 since June 30, 1990. The Commission issued \$345,000 of Commercial Paper Notes, and \$500,000 of Sales Tax Revenue Bonds, 1991 Series A, during fiscal year 1990-91. Because of these new issues, the annual debt service of the Commission will increase from \$55,780 for 1990-91 to \$102,194 for the year ending June 30, 1992. Thereafter, debt amortization requirements will approximate \$99,400 annually. Commission policy precludes incurring debt service payments for rail in excess of 30% of Proposition A sales tax revenues. For the fiscal year ended June 30, 1991, such 30% portion amounted to approximately \$120,100.

Cash Management

The major portion of the Commission's cash and investments at June 30, 1991, 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 in commercial banks 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, 1991 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 this annual audit, the examination of the records is designed to meet the requirements of the 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 reports for the fiscal years ended June 30, 1990 and 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 well organized comprehensive annual financial report, whose contents conform to program standards. Such

report must satisfy both generally accepted accounting principles and applicable legal requirements.

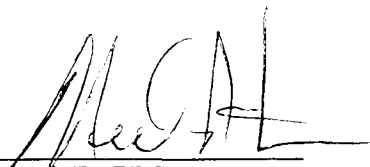
The Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

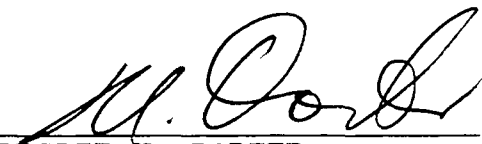
In addition, the Commission also received the GFOA's Award for Distinguished Budget Presentation for its fiscal year 1990-91 and 1989-90 budgets. In order to qualify for the Distinguished Budget Presentation Award, the Commission's budget documents were judged to be proficient in several categories including 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 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: Terry Matsumoto, Controller


NEEL PETERSON
Executive Director


LESLIE V. PORTER
Deputy Executive Director

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, 1990

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. Houston

President

Jeffrey L. Esall

Executive Director

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

BOARD MEMBERS AND PRINCIPAL OFFICIALS

June 30, 1991

BOARD OF COMMISSIONERS

MEMBERS

Ray Grabinski, Chair
Michael D. Antonovich, Vice Chair
Gloria Molina
Edmund D. Edelman
Kenneth Hahn
Deane Dana
Tom Bradley
Richard Alatorre
Jacki Bacharach
Judy Hathaway-Francis
James Tolbert (Citizen Representative)
Jerry B. Baxter (Ex-Officio
representing State of California)

ALTERNATES

Clarence Smith
Nick Patsaouras
Gerry Hertzberg
Marvin Holen
Mas Fukai
Don Knabe
Ray Remy
Michael Woo
Harold Croyts
Robert White

RAIL CONSTRUCTION CORPORATION

BOARD OF DIRECTORS

Ernie Camacho, Chair
Robert E. Kruse, Vice Chair
David E. Anderson
Herbert L. Carter
Judith Hopkinson
Don McIntyre
James T. Pott

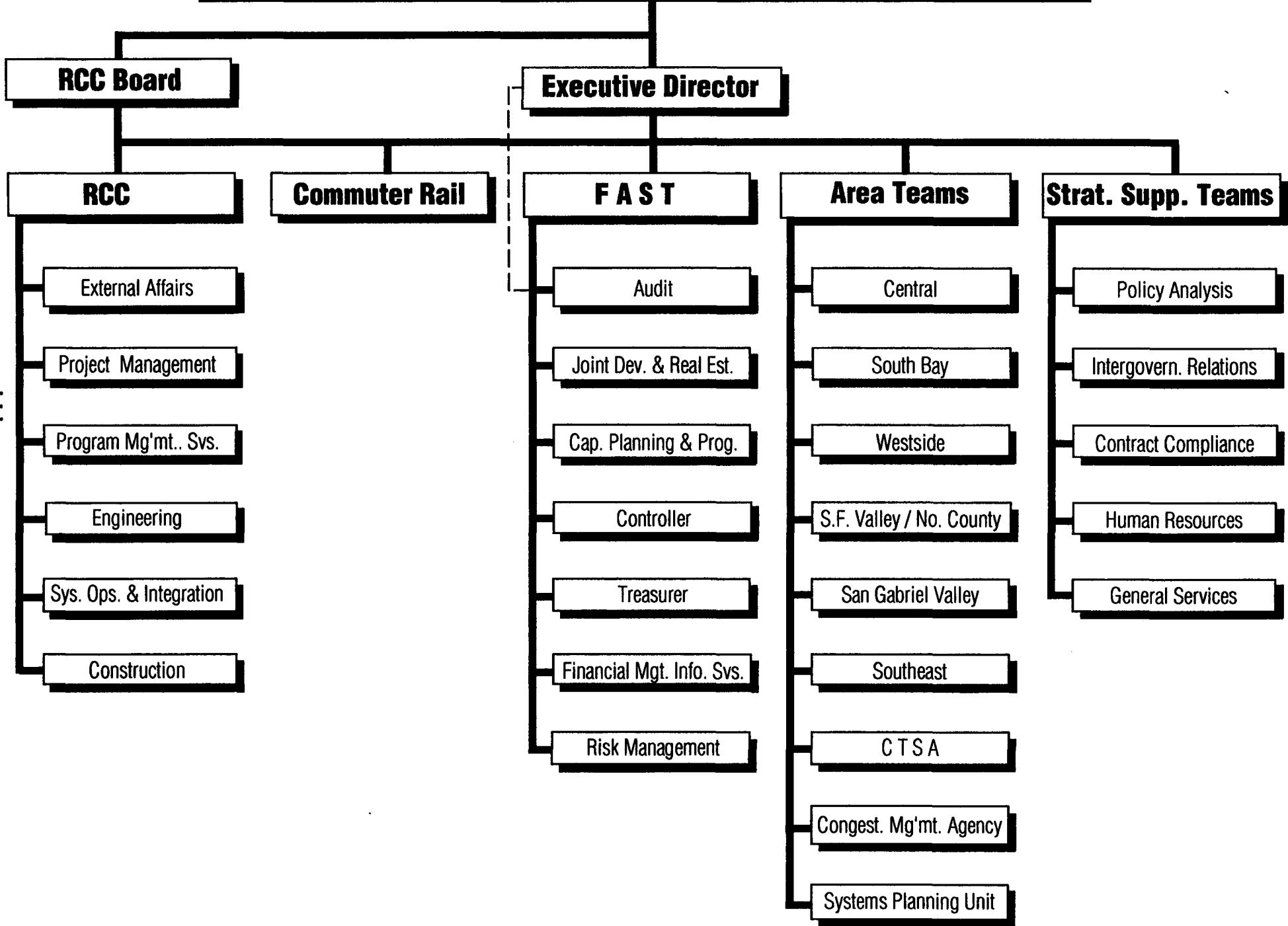
PRINCIPAL OFFICIALS

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

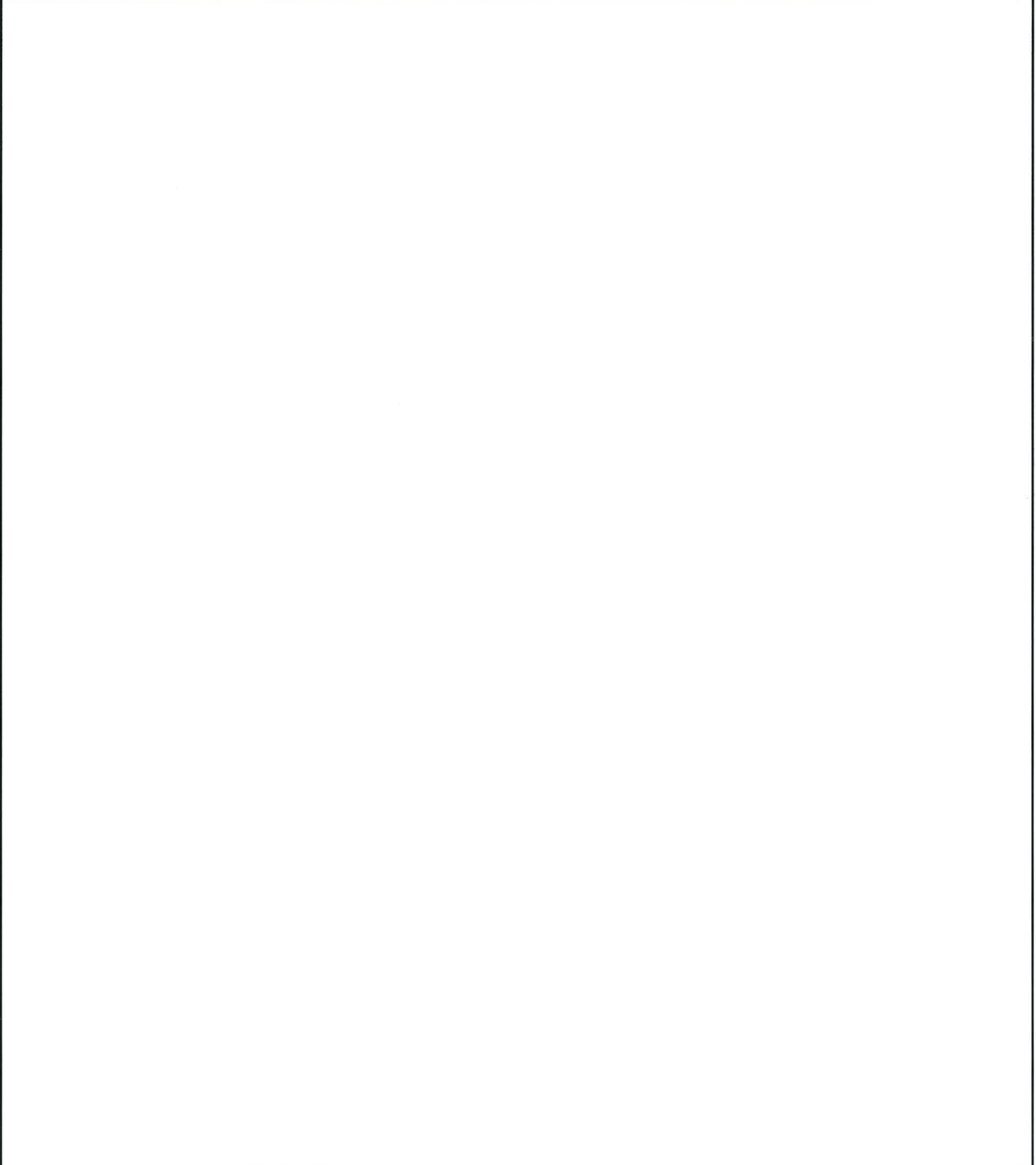
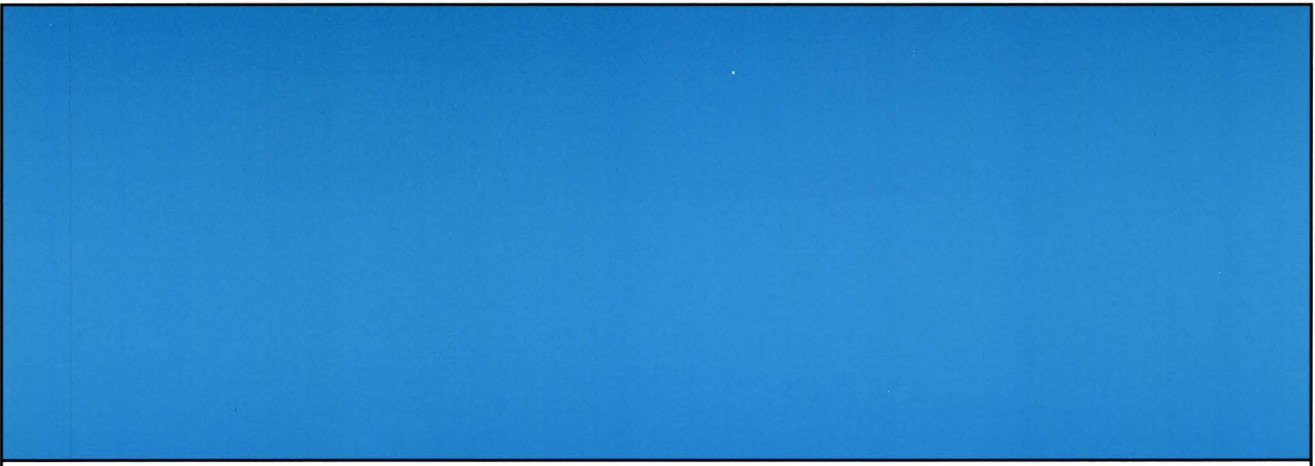
LOS ANGELES COUNTY TRANSPORTATION COMMISSION

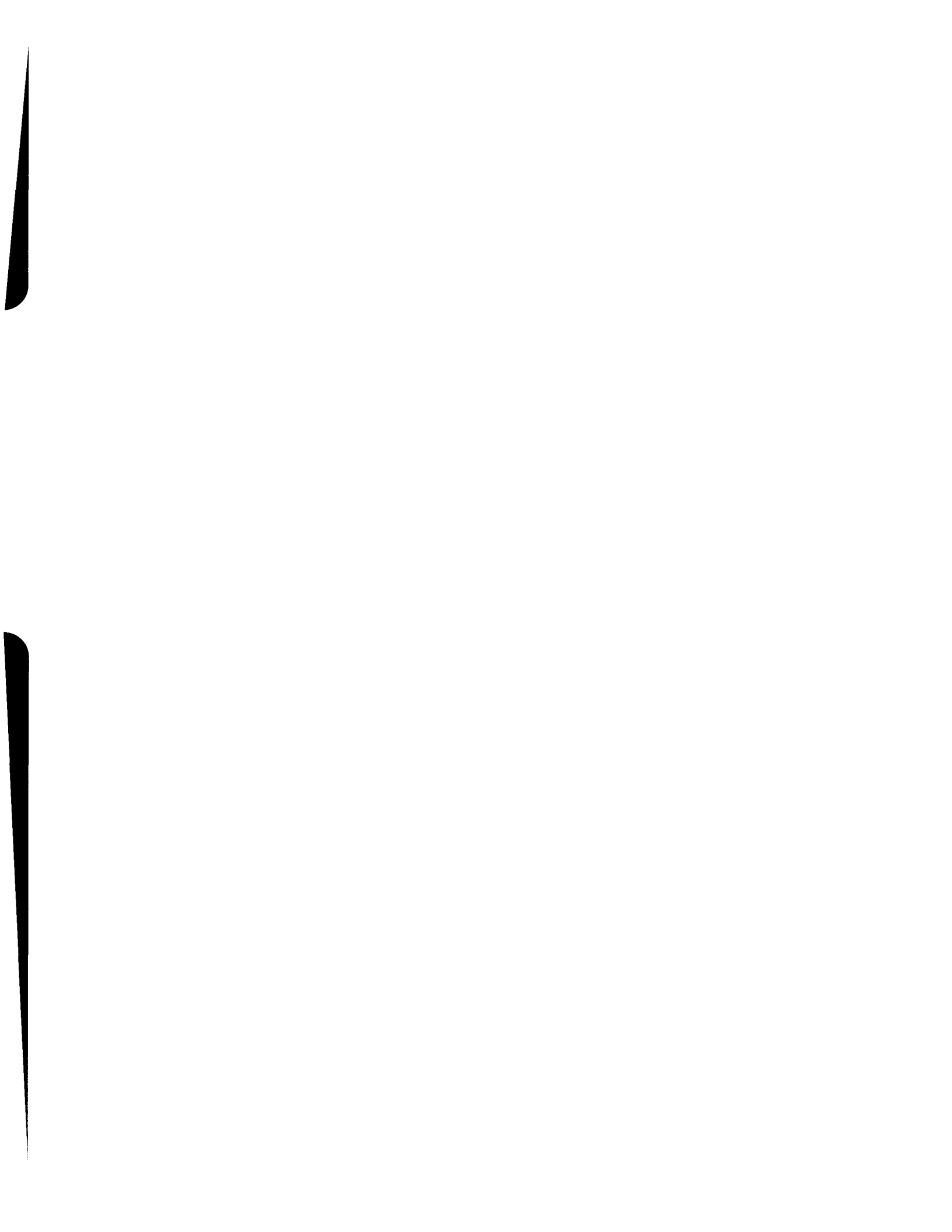




This Page Intentionally Left Blank.

Leading the Way to Greater Mobility





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, 1991, 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, 1991 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 6, 1991



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility



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, 1991
 (With comparative totals for June 30, 1990)
 (Amounts expressed in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Cash and investments	\$177	\$249,006	\$0	\$186,350
Cash and investments with fiscal agents	0	0	582,257	0
Receivables:				
Notes	343	5,575	0	0
Interest	5	5,628	2,241	4,670
Sales tax	0	28,857	0	0
Intergovernmental	0	3,440	0	131,261
Miscellaneous	57	0	0	1,395
Interfund	1,413	8,525	0	30,000
Due from other funds	2,094	0	0	45,880
Prepaid items	0	0	0	630
Deposits	1	10	0	40,425
Interest in property held for resale	0	0	0	700
Metro Rail, MOS 1, facilities, property and equipment	0	0	0	0
Other 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	\$4,090	\$301,041	\$584,498	\$441,311

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

Exhibit 1

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	Trust and Agency	General Fixed Assets	General Long-Term Debt	1991
\$25	\$0	\$0	\$435,558	\$550,455
1,374	0	0	583,631	172,558
0	0	0	5,918	6,386
0	0	0	12,544	18,491
0	0	0	28,857	15,898
0	0	0	134,701	0
0	0	0	1,452	2,344
0	0	0	39,938	0
0	0	0	47,974	62,105
0	0	0	630	1,906
0	0	0	40,436	43
0	0	0	700	200
0	171,218	0	171,218	0
0	1,545,751	0	1,545,751	929,362
0	0	209,009	209,009	63,767
0	0	1,387,794	1,387,794	652,165
\$1,399	\$1,716,969	\$1,596,803	\$4,646,111	\$2,475,680

continued

Los Angeles County Transportation Commission
 Combined Balance Sheet – All Fund Types and Account Groups
 June 30, 1991
 (With comparative totals for June 30, 1990)
 (Amounts expressed in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Equity and Other Credit</u>				
Liabilities:				
Accounts payable	\$2,604	\$5,113	\$0	\$74,055
Accrued salaries	142	0	0	213
Compensated absences payable	207	0	0	311
Claims and judgments payable	0	0	0	20,054
Due to other governments	0	342	0	17,041
Due to other funds	36	45,000	0	2,938
Accrued interest payable	0	0	25,440	0
Interfund payables	0	1,413	0	38,500
Revenue bonds payable	0	0	0	0
Deferred compensation benefits payable	0	0	0	0
Other liabilities	0	0	0	44
Total liabilities	2,989	51,868	25,440	153,156
Equity and Other Credit:				
Investment in general fixed assets	0	0	0	0
Fund balances:				
Reserved for encumbrances	758	2,480	0	243,272
Reserved for note receivable	343	0	0	0
Reserved for resale property	0	0	0	700
Reserved for prepaid items	0	0	0	630
Reserved for debt service	0	0	209,009	0
Reserved for construction	0	0	349,779	0
Reserved for SB1995 Trust	0	0	0	51,966
Reserved for Metrorail Agreement	0	0	0	20,832
Reserved for issuance costs	0	0	270	0
Reserved for contingencies	0	40,926	0	0
Reserved for special purposes	0	7,730	0	0
Unreserved, undesignated	0	198,037	0	(29,245)
Total equity and other credit	1,101	249,173	559,058	288,155
Total liabilities, equity and other credit	\$4,090	\$301,041	\$584,498	\$441,311

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

Exhibit 1
continued

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)		
	Trust and Agency	General Fixed Assets	General Long-Term Debt	1991	1990
	\$0	\$0	\$0	\$81,772	\$58,012
	0	0	0	355	192
	0	0	346	864	473
	0	0	0	20,054	1,116
	0	0	0	17,383	224
	0	0	0	47,974	62,105
	0	0	0	25,440	34,034
	25	0	0	39,938	0
	0	0	1,596,457	1,596,457	715,743
	1,374	0	0	1,374	787
	0	0	0	44	0
	<u>1,399</u>	<u>0</u>	<u>1,596,803</u>	<u>1,831,655</u>	<u>872,686</u>
	0	1,716,969	0	1,716,969	929,362
	0	0	0	246,510	13,566
	0	0	0	343	349
	0	0	0	700	200
	0	0	0	630	1,906
	0	0	0	209,009	63,767
	0	0	0	349,779	72,805
	0	0	0	51,966	31,123
	0	0	0	20,832	21,808
	0	0	0	270	0
	0	0	0	40,926	0
	0	0	0	7,730	644
	0	0	0	168,792	468,108
	<u>0</u>	<u>1,716,969</u>	<u>0</u>	<u>2,814,456</u>	<u>1,603,638</u>
	<u>\$1,399</u>	<u>\$1,716,969</u>	<u>\$1,596,803</u>	<u>\$4,646,111</u>	<u>\$2,476,324</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, 1991
 (With comparative totals for the fiscal year ended June 30, 1990)
 (Amounts expressed in thousands)

Exhibit 2

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	1991	1990
Revenues:						
Sales taxes	\$0	\$442,932	\$0	\$0	\$442,932	\$395,355
Licenses/fines	0	6,023	0	0	6,023	6,422
Intergovernmental	2,090	25,642	0	203,961	231,693	35,457
Interest	189	30,318	8,547	11,585	50,639	68,767
Construction services cost sharing	0	0	0	2,450	2,450	2,897
Miscellaneous	237	0	0	8,079	8,316	1,581
Total revenues	2,516	504,915	8,547	226,075	742,053	510,479
Expenditures:						
Current:						
Administration	18,571	2,799	0	0	21,370	11,679
Transportation subsidy	0	281,574	0	0	281,574	243,278
Capital outlay	2,621	0	0	821,781	824,402	342,416
Debt service:						
Interest and fiscal charges	0	0	56,924	0	56,924	50,907
Bond Discount	0	0	11,342	0	11,342	0
Bond Principal	0	0	586	0	586	0
Total expenditures	21,192	284,373	68,852	821,781	1,196,198	648,280
Excess (deficiency) of revenues over expenditures	(18,676)	220,542	(60,305)	(595,706)	(454,145)	(137,801)
Other Financing Sources (Uses):						
Operating transfers in	18,747	31,740	56,369	497,751	604,607	341,392
Operating transfers out	0	(526,255)	(73,578)	(4,774)	(604,607)	(341,392)
Proceeds from financing	0	0	500,000	378,000	878,000	164,461
Total other financing sources (uses)	18,747	(494,515)	482,791	870,977	878,000	164,461
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	71	(273,973)	422,486	275,271	423,855	26,660
Fund balances, July 1	1,030	523,146	136,572	12,884	673,632	646,972
Fund balances, June 30	\$1,101	\$249,173	\$559,058	\$288,155	\$1,097,487	\$673,632

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



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility

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, 1991
 (Amounts expressed in thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses/fines	\$0	\$0	\$0
Intergovernmental	2,103	2,090	(13)
Interest	114	189	75
Construction services cost sharing	0	0	0
Miscellaneous	15	237	222
Total revenues	2,232	2,516	284
Expenditures:			
Current – administration	19,283	18,571	712
Transportation subsidy	0	0	0
Capital outlay	1,832	2,621	(789)
Total Expenditures	21,115	21,192	(77)
Excess (deficiency) of revenues over expenditures	(18,883)	(18,676)	207
Other Financing Sources (Uses):			
Operating transfers in	18,877	18,747	(130)
Operating transfers out	0	0	0
Proceeds from financing	0	0	0
Total other financing sources (uses)	18,877	18,747	(130)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6)	71	77
Fund balances, July 1	1,030	1,030	0
Fund balances, June 30	\$1,024	\$1,101	\$77

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

Exhibit 3

Certain Special Revenue Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$6,054	\$5,949	(\$105)	\$0	\$0	\$0
2,814	3,110	296	402,060	203,961	(198,099)
1,236	942	(294)	578	11,585	11,007
0	0	0	0	2,450	2,450
0	0	0	1,125	8,079	6,954
10,104	10,001	(103)	403,763	226,075	(177,688)
4,360	3,192	1,168	0	0	0
32,176	32,485	(309)	0	0	0
7,804	0	7,804	1,123,258	821,781	301,477
44,340	35,677	8,663	1,123,258	821,781	301,477
(34,236)	(25,676)	8,560	(719,495)	(595,706)	123,789
7,008	31,740	24,732	494,585	497,751	3,166
0	0	0	0	(4,774)	(4,774)
0	0	0	0	378,000	378,000
7,008	31,740	24,732	494,585	870,977	376,392
(27,228)	6,064	33,292	(224,910)	275,271	500,181
7,789	10,968	3,179	12,884	12,884	0
(\$19,439)	\$17,032	\$36,471	(\$212,026)	\$288,155	\$500,181



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

June 30, 1991

(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 governmental accounting and financial reporting 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 Two 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 Propositions A and C, each of which provide an additional one-half cent sales tax to fund improvements for 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

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

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.

The Los Angeles County Rail Construction Corporation (RCC), which was established by the Commission 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. The activities of RCC are accounted for within and by the Commission.

The Los Angeles County Transportation Land Preservation Corporation, established by the Commission March 27, 1991, as a subsidiary of the Commission for the purpose of acceptance and maintenance of gifts and donations of real and personal property to be used for public transit purposes. The Corporation was formed exclusively for charitable purposes within the meaning of Section 501 (c) 3 of the Internal Revenue Code of 1986. The activities of the corporation are accounted for as an Expendable Trust Fund of the Commission.

B. Fund Accounting

The Commission utilizes fund accounting 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 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. However, the Commission does not have any proprietary type funds at this time. Each category, in turn,

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

is divided into separate "fund types".

Governmental funds are used to account for most of the Commission's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The Commission's 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 Commission. 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 Commission 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 and expendable trust funds are accounted for using a current financial resources measurement focus. Within 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.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, 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 being 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.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

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:

The Commission's Executive Director submits a proposed budget to the Board of Commissioners by the last meeting in April.

Public hearings are conducted to obtain public comments on the proposed budget prior to its adoption by the Board at its last meeting in June.

Annual budgets are adopted on a basis consistent with the modified accrual basis of accounting for the general fund, certain special revenue funds (Transportation Development Act Administration, Service Authority for Freeway Emergencies, PVEA, and Rail Start-Up), and the capital projects funds. Budgets are not adopted for the other special revenue funds or the debt service fund, as these funds are controlled by statute, special agreements, or bond indentures. Special revenue funds which may be established during a fiscal year are considered for budgetary action in the ensuing fiscal year.

The level of control over appropriations is at the fund level. The Commission's 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.

Encumbrance accounting--under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations-- 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.

Unexpended annual appropriations lapse at year-end.

A reconciliation of the Special Revenue Funds' differences between the budgetary statement and the Combined Statement of Revenues,

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Expenditures and Changes in Fund Balances shows the following (in thousands):

	Combined Statement of Revenues, Expenditures and Changes in <u>Fund Balances</u>	Unbudgeted Special <u>Revenue Funds</u>	Combined Budgetary Statement <u>Actual</u>
Total revenues	\$504,915	\$494,914	\$10,001
Total expenditures	<u>284,373</u>	<u>248,696</u>	<u>35,677</u>
Excess (deficiency) of revenues over expenditures	220,542	246,218	(25,676)
Total other financing sources (uses)	<u>(494,515)</u>	<u>(526,255)</u>	<u>31,740</u>
Excess (deficiency) of revenues and other financing sources over expenditures & other financing uses	(273,973)	(280,037)	6,064
Fund balances July 1, 1990	<u>523,146</u>	<u>512,178</u>	<u>10,968</u>
Fund balances June 30, 1991	<u>\$249,173</u>	<u>\$232,141</u>	<u>\$17,032</u>

E. Investments

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

F. Prepaid Expenditures

Payments made for insurance and to vendors for services that will benefit periods beyond June 30, 1991, are recorded as prepaid expenditures.

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 acquisitions 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 are also reported in the general fixed assets account group. All purchased fixed assets are valued at 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.

It is the policy of the Commission to accumulate the costs incurred in the construction of the Metro Rail Project, designated "minimum operable segment one (MOS-1)", within its general fixed asset group of accounts. Such costs, aggregating \$171,218,298 have been accumulated since the Commission's assumption of its role as overall project manager. While the status of primary grantee and operator of the Subway Line rests with the Southern California Rapid Transit District, the Commission believes that its responsibility as overall project manager requires full disclosures of its historical cost of construction and is the most effective matter to present such information is through separate recording in its general fixed asset group accounts.

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 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 of California's PERS Public Employees Retirement System. It is the Commission's policy to fund normal

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

costs, plus the employees' contribution.

K. 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.

L. 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, 1991 consisted of the following (in thousands):

Cash accounts including savings & money market accounts	\$ 19,432
Pledged certificates of deposit (Note 13)	7,500
Los Angeles County Treasurer's Investment Pool	408,626
Deferred compensation plan: Held by fiscal agent	1,374
Restricted cash & investments: Held by fiscal agents	<u>582,257</u>
TOTAL	<u>\$1,019,189</u>

Cash and Non-Negotiable Certificates of Deposit

At June 30, 1991, the net carrying amount of the Commission's deposits was \$26,931,552 while the bank balance was \$41,786,004.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Of the bank balance, \$300,000 was covered by Federal depository insurance and \$41,486,004 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.)

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 the 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

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

o Commercial Paper

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, 1991 was \$1,374,466. Additional information about this plan is presented in another note herewith.

Summary of 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 counterparts'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 in safekeeping.

	<u>Category</u>			<u>Not Required To Be Categorized</u>	<u>Carrying Value</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Risk category: Federal agency securities	\$ 0	\$143,804	\$ 0	\$ 0	\$ 143,804	\$144,702
Los Angeles County Treasurer's Investment Pool	0	0	0	818,295	818,295	818,295
Money Market Accounts	55,716	0	0	0	55,716	55,716
Pooled Deferred Compensation Plan	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,374</u>	<u>1,374</u>	<u>1,374</u>
Total investments	<u>\$55,716</u>	<u>\$143,804</u>	<u>\$0</u>	<u>\$819,669</u>	<u>\$1,019,189</u>	<u>\$1,020,087</u>

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

(3) NOTES RECEIVABLE

During the 1989 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. 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 Executive Director's 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.

In August 1989, the Commission loaned \$6,900,000 to the City of Santa Monica for the acquisition of a land parcel to be used for rail transit. Repayments on the principal (\$431,250) and interest of the note receivable are being made semi-annually over a period of eight years beginning December 31, 1989. The interest rate is recalculated each November 30th and May 31st for the six months preceding, based upon the interest rate the Commission would have obtained from the Los Angeles County Treasurer's pooled investment fund. The principal balance of the note receivable at June 30, 1991, was \$5,575,000.

(4) INTEREST IN REAL ESTATE HELD FOR RESALE

The Commission has entered into shared equity agreements with, and made housing assistance payments to, certain employees totalling \$700,000, as part of individual incentive and compensation benefits packages. 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.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

(5) GENERAL FIXED ASSETS

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

	Balance <u>July 1, 1990</u>	<u>Additions</u>	<u>Transfers</u>	Balance <u>June 30, 1991</u>
Land	\$ 87,382	\$387,797	\$ 0	\$475,179
Rail Lines and Site Improvements	361,046	0	118,228	479,274
Buildings/Stations	99,751	0	65,557	165,308
Light Rail Vehicles	58,547	29,027		87,574
Other Equipment	21,316	4,588	19,222	45,126
Leasehold Improvements	545	288	0	833
Metro Rail, MOS-1 Construction In Progress	0	171,218	0	171,218
Other Construction in Progress	<u>300,775</u>	<u>194,689</u>	<u>(203,007)</u>	<u>292,457</u>
Total	<u>\$929,362</u>	<u>\$787,607</u>	<u>\$ 0</u>	<u>\$1,716,969</u>

(6) RISK MANAGEMENT

The primary emphasis of risk management activities in the Commission is to prevent or minimize the risk of injury to persons and damage to or loss of property. Where losses cannot be prevented, the Commission endeavors to self-insure or to assume such losses as it may deem advisable and economical, giving due consideration to the frequency and severity of probable losses. Determination of the appropriate level of loss to be retained is made on an annual basis. This consideration of the effect of potential self-insured or assumed losses is part of the Commission's financial planning process. LACTC also makes provision to insure its risk of accidental loss from construction through an owner-controller insurance program (OCIP). Such package of policies provides property, liability, and workers' compensation insurance. This covers many of the risks arising from construction

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

of the Metro Rail segments, the Green Line, and the Commuter Rail Lines, both as to the Commission's interests and the contractors and subcontractors in their work on such Commission projects. The LACTC non-construction activities are insured for workers' compensation, general liability, rolling stock, public officials liability, and automobile liability.

(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 type of leases were \$2,257,460 for the year ended June 30, 1991. Future minimum rental payments for the fiscal year ending June 30, in thousands, are:

1992	\$4,032
1993	4,076
1994	3,870
1995	3,782
1996	3,764

(8) LONG-TERM DEBT

Sales Tax Revenue Bonds

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. In June 1991, the Commission issued an additional \$500,000,000 of Sales Tax Revenue Bonds for the acquisition of rail transit systems. As indicated by the title, the bonds are secured by a pledge of sales tax revenue. They 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%.

Leveraged Lease Revenue Bonds

During the prior fiscal year, the Commission entered into two lease arrangements for the acquisition of thirty two (32) light rail cars. The financing program provided for the Commission to purchase the light rail cars, sell them to a leasing agent, formed under the laws of Japan, and lease them back. Basic provisions of

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

the financing program called for the purchase price paid by the leasing agent to be paid 80% in U.S. Dollars and 20% in Yen; lease payments were to be paid in a like manner. These two transactions were defeased prior to June 30, 1990, and do not appear in the Commission's financial statements.

In December 1990, the Commission entered into a third lease financing arrangement, similar to the first two, for an additional twenty two (22) light rail cars at a cost of \$33,000,000. Of this amount, 80% (\$26,400,000) was in U.S. Dollars and 20% (\$6,600,000) was in Yen. In June 1991, the U.S. Dollar portion of the lease was assigned as security for the issuance of \$26,400,000 of Lease Revenue Bonds. The remaining \$6,600,000 represents the obligation payable in Yen with a guaranteed conversion rate of dollars to yen. The lease arrangement has a purchase option equal to 10% of the original financing (\$3,300,000) which is payable at the end of the lease term, whether or not the option is exercised.

Lease Revenue Bonds and the Yen obligation are secured by a subordinate lien pledge of certain sales tax revenues, derived from Proposition A, after satisfaction of debt service on Sales Tax Revenue Bonds.

Outstanding Bonded Debt Summary

At June 30, 1991, the Commission had outstanding debt as shown below:

\$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, 1991 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.

\$157,615,000

\$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.

271,550,000

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

\$112,274,129 Sales Tax Revenue Refunding Bonds, 1988 series A, dated May 1, 1988, due in annual installments including annual sinking fund payment 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 7.3% is payable semi-annually on January 1 and July 1.

112,274,129

\$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.

174,303,858

\$500,000,000 Sales Tax Revenue Bonds, 1991 Series A, dated June 11, 1991 due in annual installments from \$4,040,000 on July 1, 1996 to \$73,730,000 on July 1, 2021. Interest at various annual rates from 5.85% to 7.00% is payable semi-annually on January 1, and July 1.

500,000,000

Sub-Total \$ 1,215,742,987

\$26,400,000 Lease Revenue Bonds, 1990 Series, dated December 27, 1990, due in semi-annual installments from \$22,000 at June 15, 1991 to \$2,332,000 at December 15, 2006. Interest at 7.375% annually is payable semi-annually on June 15, and December 15. (Included herein is the \$3,300,000 purchase option described above.)

29,678,000

\$6,600,000 Yen obligation, payable in semi-annual installments commencing June 15, 1991 through December 15, 2006. Principal amounts vary and provide for negative amortization for the semi-annual payments of June 15, 1994 through June 15, 2001, and for June 15, 2005. Interest at 4.94% annually is payable semi-annually on each June 15, and December 15.

6,035,667

TOTAL BONDED DEBT \$1,251,456,654

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Commercial Paper Notes

During the fiscal year ended June 30, 1991, the Commission issued \$345,000,000 in Commercial Paper Notes, Series A. The notes are secured by a third lien pledge of certain sales tax revenues derived from Proposition A. Although the individual notes are "short term" with maturities (at June 30, 1991) ranging from 12 to 119 days at various interest rates from 3.25% to 4.35% per annum (payable at each maturity), it is the intention of the Commission to pay the accrued interest and re-issue the principal amounts as they mature through January 12, 1994.

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 the issued bonds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. Accordingly, the trust account assets and the liabilities for such defeased bonds are not included in the Commission's financial statements.

Compensated Absences Payable

During the fiscal year ended June 30, 1991, employees earned vacation pay of \$770,354. Of such accrual (or as accrued in a prior year), employees were paid \$379,677 for vacations taken. At June 30, 1991, earned but unused vacation pay aggregated \$864,382, of which \$345,753 is anticipated to be liquidated in subsequent years.

Summary of Changes in Long-Term Liabilities

The following schedule summarizes the changes which occurred during the year ended June 30, 1991, in liabilities reported in the general long-term debt account group (amounts in thousands):

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

	Balance <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30</u>
Sales Tax Revenue Bonds	\$715,743	\$500,000	\$ 0	\$1,215,743
Leveraged Lease Revenue Bonds	<u>0</u>	<u>36,300</u>	<u>586</u>	<u>35,714</u>
Total Bonded Debt	715,743	536,300	586	1,251,457
Commercial Paper Notes	0	345,000	0	345,000
Compensated Absences Payable	<u>189</u>	<u>384</u>	<u>227</u>	<u>346</u>
TOTAL	<u>\$715,932</u>	<u>\$881,684</u>	<u>\$813</u>	<u>\$1,596,803</u>

Amortization Requirements

The annual requirements to amortize the bonds and Yen Obligation outstanding at June 30, 1991, including interest of \$1,799,121,000, are as follows (in thousands):

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
1992	\$ 102,194
1993	99,496
1994	99,326
1995	99,312
1996	103,370
Thereafter	<u>2,546,880</u>
TOTAL	<u>\$3,050,578</u>

(9) INTERFUND ASSETS AND LIABILITIES

The following is a table summarizing receivables and payables between funds at June 30, 1991 (in thousands):

AMOUNTS DUE TO/DUE FROM OTHER FUNDS

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Light Rail	\$ 2,094
Light Rail	Proposition A	45,000
Light Rail	General	36
Metro Rail	Light Rail	806
Metro Rail	Commuter Rail	38
		<u>\$ 47,974</u>

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

INTERFUND LOANS

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Proposition C	\$ 1,413
Proposition A	Commuter Rail	8,500
Proposition A	Land Preservation	25
Light Rail	Commuter Rail	30,000
		<hr/>
		<u>\$ 39,938</u>

(10) DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public 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, 1991, was \$14,556,000 of a total payroll of approximately \$15,039,000.

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 1991, the Commission's contribution rate was 12.901% of covered payroll. This includes the mandatory employee contributions of 7%, which have been assumed by the Commission. Effective July 1, 1991, the rate will be 13.948% of covered payroll. This rate comprises the following:

Employer current normal cost	6.722%
Death benefit normal cost	0.204
1959 survivor normal cost	0.000
Prior service unfunded liability	0.000
Employee normal cost	7.000
	<hr/>
Total	<u>13.948%</u>

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

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 third 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, assessing progress made in accumulating sufficient assets to pay benefits when due, and making 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.

The pension benefit obligation has been computed as part of an actuarial valuation performed as of June 30, 1989, but reflects all plan amendments adopted through June 30, 1990. 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 0.5%, and other across the board increases of 1.5%.

The total net assets in excess of pension benefit obligation applicable to the Commission employees was \$639,420 at June 30, 1990, as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 218,458
Current Employees:	
Accumulated employee contributions including allocated investment earnings	2,065,769
Employer-financed vested	1,293,908

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Employer financed non-vested	<u>450,447</u>
Total Pension Benefit Obligation	\$4,028,582
Net Assets available for benefits at cost (market value is \$5,293,514)	<u>4,668,002</u>
Net Assets in Excess of Pension Benefit Obligation	<u>\$ 639,420</u>

For its valuation purposes and to determine a basis for funding contributions, PERS continues to use the Entry Normal Age 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.

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, 1991 was approximately \$1,884,500 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 the employees' portion of \$1,019,000.

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.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

**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 Assets in Excess of Pension Benefit Obligation	Total Contributions	Contributions as a % of Annual Covered Payroll
						As a % of Covered Payroll		
87	\$2,184	\$1,424	153.4%	\$759	\$3,843	19.8%	\$471	12.3%
88	2,933	2,036	144.1	897	4,637	19.3	535	11.5
89	3,398	2,802	121.3	596	5,792	10.3	649	11.2
90	4,668	4,029	115.9	639	6,952	9.2	896	12.9
91	N/A	N/A	N/A	N/A	14,556	N/A	1,885	13.0

N/A = Information not available as of June 30, 1991.

(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. Participants' rights under the plan are equal to those of the general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

At June 30, 1991, monies on deposit and credited to participants' accounts, at market value, totalled \$1,374,466. Since the Commission has a fiduciary responsibility to handle the plan, such

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

contributions are included in the accompanying general purpose financial statements as part of the fiduciary fund types - 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 Note 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.

Reserved for Construction

This reserve was established to designate that portion of bond proceeds received for construction project costs, which are not available for general use.

Reserved for SB1995 Trust

This reserve has been set up to reflect the Commission's legal requirement to segregate sales tax monies pursuant to State Senate Bill 1995, which relates to the funding of 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.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

Reserved for Issuance Costs

This reserve was established to reflect that portion of bond proceeds designated in the bond indenture for payment of issuance costs, which have not been billed to the Commission at June 30, 1991.

Reserved for Contingencies

This reserve was established to implement the policy adopted by the Commission which provides that revenues received from implementation of Proposition C, pending resolution of a legal challenge as to its validity (see Note 13), shall be held intact.

Reserved for Special Purposes

This reserve has been established for special revenues as restricted by law or administrative action.

(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. The applicable portion of Proposition A funds returned to the Commission are placed in the Ridesharing Fund.

Minority Bond Guarantee Agreement

The Commission has an agreement with the City of Los Angeles (City) and the Southern California Rapid Transit District (SCRTD) 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.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

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.

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 SCRTD 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 adjusted annually 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

Proposition A and The State Board of Equalization

In the litigation of Aerospace v. State Board of Equalization, a California court of appeal granted Aerospace Corporation's ("Aerospace") claim for a refund of sales and use taxes erroneously collected by the State Board of Equalization on supplies and

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

materials Aerospace obtained to perform a contract with the Federal Government. The appellate court found that the regulation under which the Board of Equalization had made the assessments was arbitrary and inconsistent with the governing statute.

The Board of Equalization had also similarly applied the invalid regulation to other federal contractors in California. Since the Aerospace Corp. decision, the State Board of Equalization has received claims for refunds of improperly collected sales and use taxes.

The Commission understands refunds of taxes are being charged so that the amount of any overpayment received by the Commission from the State Board of Equalization with respect to improperly collected sales and use taxes, will be recovered by the State Board of Equalization from the Commission through future reductions in distributions to the Commission of the Proposition A Sales Tax. The Commission recognizes that the State Board of Equalization must audit each claim for refund as it is submitted. Accordingly, it is unclear over what period of time this reduction will occur or when it will commence. According to preliminary estimates of the State Board, the amount that could be recovered statewide from districts such as the Commission is approximately \$61.6 million, including interest. It cannot be ascertained presently what percentage of this amount is attributable to the Commission.

Proposition C Sales Tax

On November 6, 1990, the voters of Los Angeles County approved Proposition C, a measure that increases the sales tax in the County by one-half percent (the "Proposition C Sales Tax"). Collection of the Proposition C Sales Tax began on April 1, 1991, and the receipts thereof payable to the Commission became available to the Commission in June 1991. The proceeds of the Proposition C Sales Tax, estimated at \$420 million annually, are to be used to expand and improve rail transit, bus transit and paratransit services in the County. In addition, streets and highways heavily used by transit will be operationally improved and better maintained.

In February 1991, an action entitled *Vernon v. State Board of Equalization* was filed in Superior Court for the County of Los Angeles, challenging the validity of the Proposition C Sales Tax. The plaintiffs claimed that the Proposition C Sales Tax required a two-thirds vote rather than the majority vote that was obtained. The trial court has upheld the validity of the Proposition C Sales Tax and an appeal has been filed by the plaintiffs. The validity of the Proposition A Sales Tax, which was also adopted by a

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Notes to the Financial Statements

majority vote, was upheld in 1982 by the California Supreme Court in the case of *Los Angeles County Transportation Commission v. Richmond*.

Other

The Commission is a defendant in various other 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.

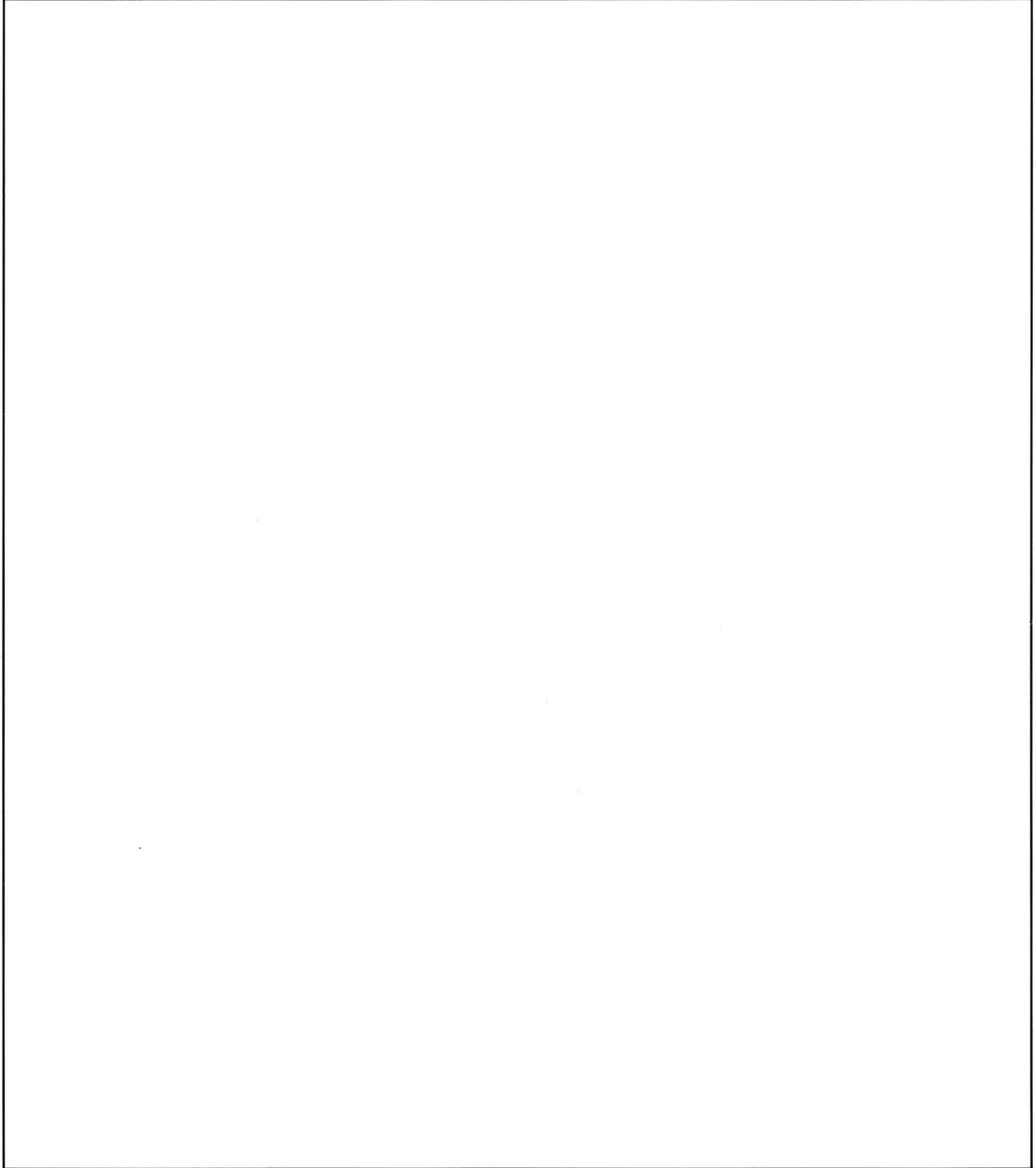
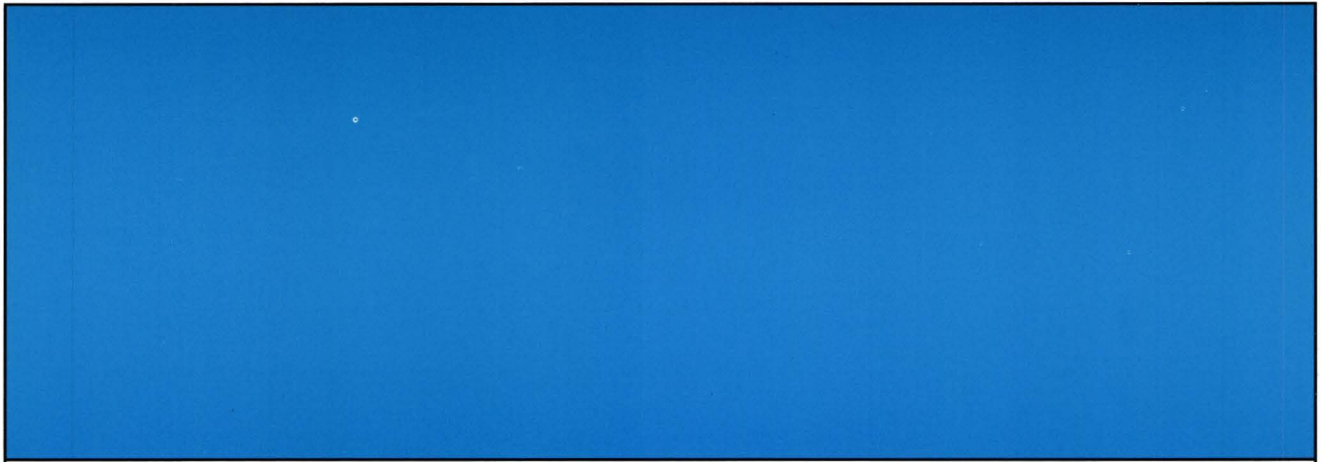
(14) SUBSEQUENT EVENTS

At July 1, 1991 the Southern California Regional Rail Authority (SCRRA) was created as an exercise of joint powers between the Transportation Commissions of the counties of Los Angeles, San Bernardino, Orange, Riverside, and Ventura. This joint powers authority has assumed the overall responsibility of providing a commuter rail system linking the participating counties.



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility



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, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit A-1

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$177	\$2,379
Receivables:		
Note	343	349
Interest	5	10
Miscellaneous	57	28
Interfund	1,413	0
Due from other funds	2,094	322
Prepaid items	0	13
Deposits	1	43
Total assets	<u>\$4,090</u>	<u>\$3,144</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$2,604	\$399
Accrued salaries	142	75
Compensated absences payable	207	121
Due to other funds	36	1,519
Total liabilities	<u>2,989</u>	<u>2,114</u>
Fund Balances:		
Reserved for encumbrances	758	711
Reserved for note receivable	343	349
Reserved for prepaid items	0	13
Unreserved, undesignated	0	(43)
Total fund balances	<u>1,101</u>	<u>1,030</u>
Total liabilities and fund balances	<u>\$4,090</u>	<u>\$3,144</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, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit A-2

	<u>1991</u>	<u>1990</u>
Revenues:		
Intergovernmental:		
Local	\$0	\$10
Transportation Development Act	2,090	2,081
Interest	189	170
Miscellaneous	<u>237</u>	<u>21</u>
Total Revenues	<u>2,516</u>	<u>2,282</u>
Expenditures:		
Current:		
Administration:		
Salaries and benefits	8,411	4,172
Services and supplies	8,570	3,957
Other charges	1,590	18
Capital outlay	<u>2,621</u>	<u>910</u>
Total expenditures	<u>21,192</u>	<u>9,057</u>
Excess (deficiency) of revenues over expenditures	(18,676)	(6,775)
Other Financing Sources:		
Operating transfers in:		
Proposition A Fund	<u>18,747</u>	<u>5,802</u>
Excess (deficiency) of revenues and other financing sources over expenditures	71	(973)
Fund balances, July 1	<u>1,030</u>	<u>2,003</u>
Fund balances, June 30	<u><u>\$1,101</u></u>	<u><u>\$1,030</u></u>

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, 1991 and 1990
 (Amounts expressed in thousands)

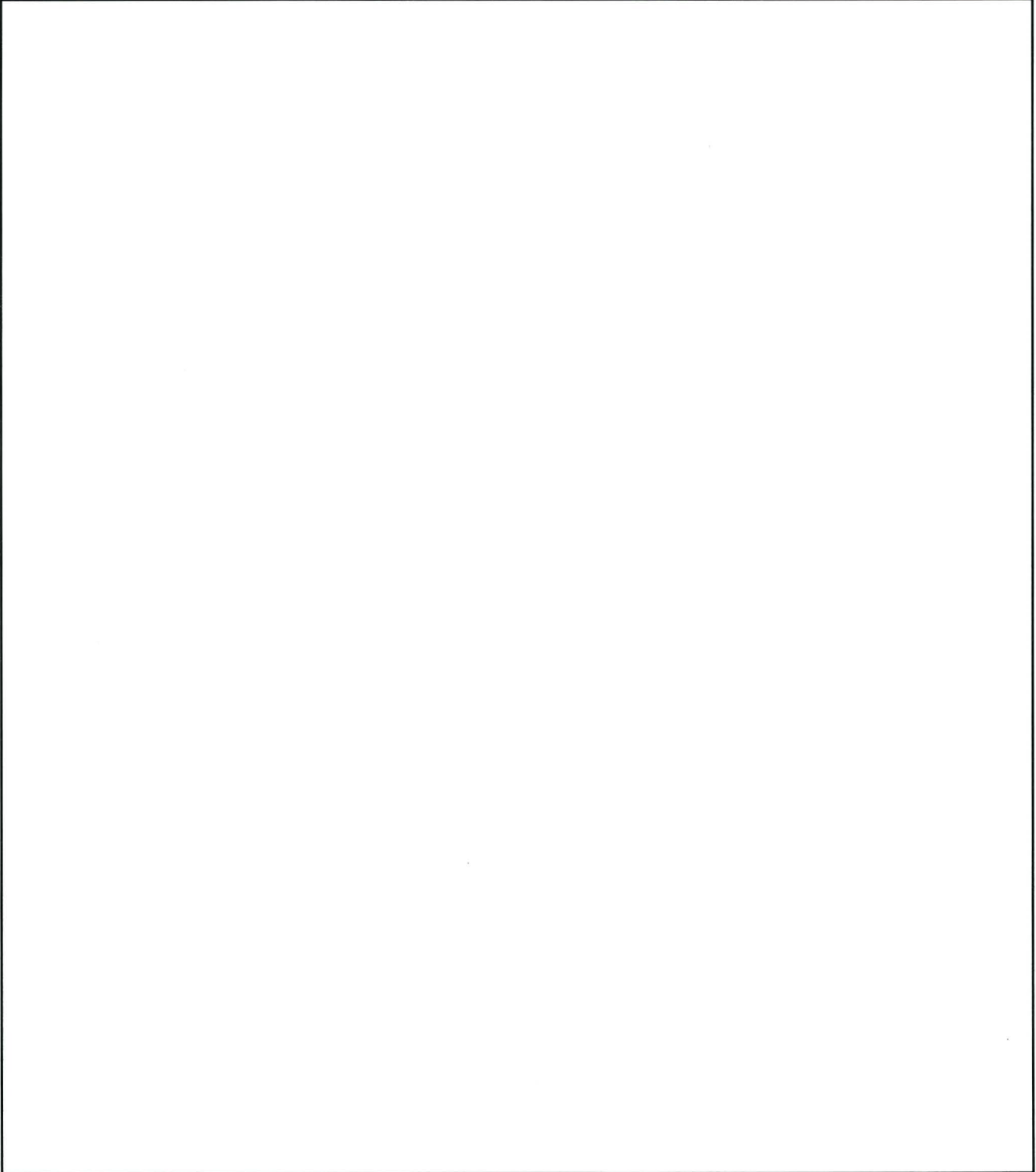
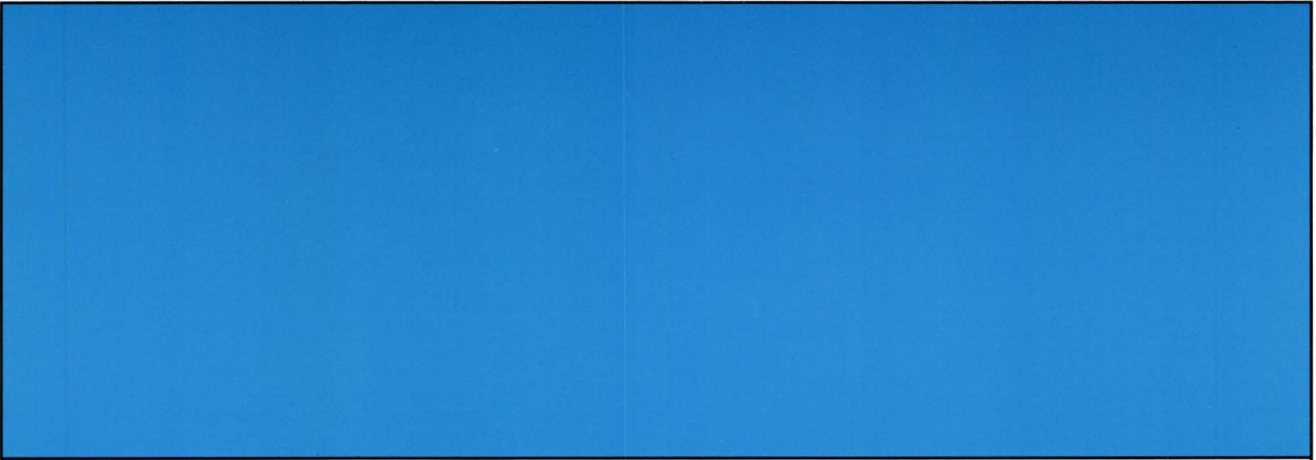
Exhibit A-3

	1991			1990		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental:						
Local	\$0	\$0	\$0	\$0	\$10	\$10
Transportation Development Act	2,103	2,090	(13)	1,975	2,081	106
Urban Mass Transportation Administration	0	0	0	120	0	(120)
Interest	114	189	75	200	170	(30)
Miscellaneous	15	237	222	15	21	6
Total revenues	2,232	2,516	284	2,310	2,282	(28)
Expenditures:						
Current:						
Administration:						
Salaries and benefits	8,894	8,411	483	5,198	4,172	1,026
Services and supplies	8,653	8,570	83	5,272	3,957	1,315
Other charges	1,736	1,590	146	0	18	(18)
Capital outlay	1,832	2,621	(789)	1,118	910	208
Total expenditures	21,115	21,192	(77)	11,588	9,057	2,531
Excess (deficiency) of revenues over expenditures	(18,883)	(18,676)	207	(9,278)	(6,775)	2,503
Other Financing Sources:						
Operating transfers in	18,877	18,747	(130)	7,892	5,802	(2,090)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(6)	71	77	(1,386)	(973)	413
Fund balances, July 1	1,030	1,030	0	2,003	2,003	0
Fund balances, June 30	\$1,024	\$1,101	\$77	\$617	\$1,030	\$413



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility



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.

PROPOSITION C – The official name of this fund is the “Los Angeles County Anti-Gridlock Transit Improvement Fund”. The fund is used to account for the proceeds of the voter approved one-half percent sales tax that became effective on April 1, 1991. Revenues collected are to be allocated: 5% to improve and expand rail and bus security; 10% for Commuter Rail and construction of Transit Centers, Park-and-Ride lots, and Freeway Bus Stops; 20% to local jurisdictions for public transit, paratransit, and related services; 25% for essential County-wide transit-related improvements to freeways and State highways; 40% to improve and expand rail and bus transit County-wide.

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 accounts for Proposition A, Local Return monies, returned to the Commission in exchange for FAU entitlements. Monies received are legally restricted as to use and committed to ridesharing activities.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES (SAFE) – This fund is used to account for revenues received from the State Department of 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 funds administration.

PVEA (PETROLEUM VIOLATIONS ESCROW ACCOUNT) – This fund is used to account for revenues received from fines and penalties collected because of petroleum violations, to be used for certain demonstration projects, including the “Smart Corridor” demonstration project along the Santa Monica Freeway corridor.

FEDERAL AID URBAN (FAU) – This fund accounts for monies received in exchange for FAU entitlements, and are legally restricted to use on transportation improvement projects.

RAIL START-UP – This fund is to account for rail transportation start-up operations, funded specifically by Proposition A and other sources.

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.



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility

Los Angeles County Transportation Commission
Special Revenue Funds
Combining Balance Sheet
June 30, 1991
(With comparative totals for June 30, 1990)
(Amounts expressed in thousands)

	Proposition A	Proposition C	State Transit Assistance	Ridesharing	Service Authority for Freeway Emergencies
Assets					
Cash and investments	\$120,030	\$28,162	\$25,844	\$20,036	\$12,595
Receivables:					
Note	5,575	0	0	0	0
Interest	3,629	30	466	440	261
Sales Tax	14,710	14,147	0	0	0
Intergovernmental	0	0	3,440	0	0
Interfund	8,525	0	0	0	0
Due from other funds	0	0	0	0	0
Deposits	0	0	0	0	0
Total assets	\$152,469	\$42,339	\$29,750	\$20,476	\$12,856
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$1,611	\$0	\$219	\$0	\$111
Due to other governments	0	0	0	0	342
Due to other funds	45,000	0	0	0	0
Interfund payable	0	1,413	0	0	0
Total liabilities	46,611	1,413	219	0	453
Fund Balances:					
Reserved for encumbrances	0	0	0	0	113
Reserved for SB1995 Trust	0	0	0	0	0
Reserved for Metrorail Agreement	0	0	0	0	0
Reserved for contingencies	0	40,926	0	0	0
Reserved for special purposes	0	0	7,730	0	0
Unreserved, undesignated	105,858	0	21,801	20,476	12,290
Total fund balances	105,858	40,926	29,531	20,476	12,403
Total liabilities and fund balances	\$152,469	\$42,339	\$29,750	\$20,476	\$12,856

Exhibit B-1

Transportation Development Act Administration	PVEA	Federal Aid Urban	Rail Start-Up	Ports Highway Improvements Match	HOV Lanes	Totals	
						1991	1990
						\$289	\$2,173
0	0	0	0	0	0	5,575	6,037
5	31	596	32	135	3	5,628	13,469
0	0	0	0	0	0	28,857	15,898
0	0	0	0	0	0	3,440	0
0	0	0	0	0	0	8,525	0
0	0	0	0	0	0	0	3,914
0	0	0	10	0	0	10	0
\$294	\$2,204	\$28,652	\$5,303	\$6,558	\$140	\$301,041	\$578,247
\$0	\$72	\$0	\$3,100	\$0	\$0	\$5,113	\$902
0	0	0	0	0	0	342	224
0	0	0	0	0	0	45,000	53,975
0	0	0	0	0	0	1,413	0
0	72	0	3,100	0	0	51,868	55,101
0	2,132	0	235	0	0	2,480	2,064
0	0	0	0	0	0	0	31,123
0	0	0	0	0	0	0	21,808
0	0	0	0	0	0	40,926	0
0	0	0	0	0	0	7,730	644
294	0	28,652	1,968	6,558	140	198,037	467,507
294	2,132	28,652	2,203	6,558	140	249,173	523,146
\$294	\$2,204	\$28,652	\$5,303	\$6,558	\$140	\$301,041	\$578,247

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, 1991
(With comparative totals for the fiscal year ended June 30, 1990)
(Amounts expressed in thousands)

	Proposition A	Proposition C	State Transit Assistance	Ridesharing	Service Authority for Freeway Emergencies
Revenues:					
Sales taxes	\$400,448	42,484	\$0	\$0	\$0
Licenses/fines	0	0	0	0	5,949
Intergovernmental	0	0	13,755	5,817	0
Interest	23,847	30	1,379	1,127	852
Total revenues	424,295	42,514	15,134	6,944	6,801
Expenditures:					
Current:					
Administration	23	1,588	0	0	43
Transportation subsidy	242,791	0	244	3,935	2,004
Total expenditures	242,814	1,588	244	3,935	2,047
Excess (deficiency) of revenues over expenditures	181,481	40,926	14,890	3,009	4,754
Other Financing Sources (Uses):					
Operating transfers in	0	0	0	0	0
Operating transfers out	(526,255)	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(344,774)	40,926	14,890	3,009	4,754
Fund balances, July 1	450,632	0	14,641	17,467	7,649
Fund balances, June 30	\$105,858	\$40,926	\$29,531	\$20,476	\$12,403

Exhibit B-2

Transportation Development Act Administration	PVEA	Federal Aid Urban	Rail Start-Up	Ports Highway Improvements Match	HOV Lanes	Totals	
						1991	1990
\$0	\$0	\$0	\$0	\$0	\$0	\$442,932	\$395,355
0	0	0	0	0	74	6,023	6,422
314	2,796	0	0	2,960	0	25,642	33,366
23	35	2,525	32	460	8	30,318	48,919
337	2,831	2,525	32	3,420	82	504,915	484,062
183	0	0	962	0	0	2,799	3,532
0	699	115	31,786	0	0	281,574	243,278
183	699	115	32,748	0	0	284,373	246,810
154	2,132	2,410	(32,716)	3,420	82	220,542	237,252
0	0	0	31,740	0	0	31,740	3,825
0	0	0	0	0	0	(526,255)	(238,407)
154	2,132	2,410	(976)	3,420	82	(273,973)	2,670
140	0	26,242	3,179	3,138	58	523,146	520,476
\$294	\$2,132	\$28,652	\$2,203	\$6,558	\$140	\$249,173	\$523,146

Los Angeles County Transportation Commission
 Proposition A Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-3

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$120,030	\$469,665
Receivables:		
Note	5,575	6,037
Interest	3,629	12,000
Sales tax	14,710	15,898
Interfund	8,525	0
Due from other funds	0	486
	<u> </u>	<u> </u>
Total assets	<u>\$152,469</u>	<u>\$504,086</u>
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$1,611	\$1
Due to other governments	0	3,453
Due to capital projects fund	45,000	50,000
	<u> </u>	<u> </u>
Total liabilities	<u>46,611</u>	<u>53,454</u>
Fund Balances:		
Reserved for SB1995 Trust	0	31,123
Reserved for Metrorail Agreement	0	21,808
Unreserved, undesignated	105,858	397,701
	<u> </u>	<u> </u>
Total fund balances	<u>105,858</u>	<u>450,632</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$152,469</u>	<u>\$504,086</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, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-4

	<u>1991</u>	<u>1990</u>
Revenues:		
Sales taxes	\$400,448	\$395,355
Interest	23,847	44,082
Total revenues	<u>424,295</u>	<u>439,437</u>
Expenditures:		
Current:		
Administration	23	17
Transportation subsidy	242,791	240,048
Total expenditures	<u>242,814</u>	<u>240,065</u>
Excess of revenues over expenditures	<u>181,481</u>	<u>199,372</u>
Other Financing (Uses):		
Operating transfers out :		
STA fund	0	(450)
Debt service fund	(51,595)	(50,715)
Capital projects funds	(424,173)	(177,955)
General fund	(18,747)	(5,802)
Rail start-up fund	(31,740)	(3,375)
Total other financing (uses)	<u>(526,255)</u>	<u>(238,297)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(344,774)</u>	<u>(38,925)</u>
Fund balances, July 1	<u>450,632</u>	<u>489,557</u>
Fund balances, June 30	<u><u>\$105,858</u></u>	<u><u>\$450,632</u></u>

Los Angeles County Transportation Commission
Proposition C Special Revenue Fund
Balance Sheet
June 30, 1991
(Amounts expressed in thousands)

Exhibit B-5

	<u>1991</u>
<u>Assets</u>	
Cash and investments	\$28,162
Receivables:	
Interest	30
Sales tax	<u>14,147</u>
Total assets	<u><u>\$42,339</u></u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Interfund payable	<u>\$1,413</u>
Total liabilities	<u>1,413</u>
Fund Balance:	
Reserved for contingencies	<u>40,926</u>
Total liabilities and fund balance	<u><u>\$42,339</u></u>

Los Angeles County Transportation Commission
Proposition C Special Revenue Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 1991
(Amounts expressed in thousands)

Exhibit B-6

	<u>1991</u>
Revenues:	
Sales taxes	\$42,484
Interest	<u>30</u>
Total revenues	<u>42,514</u>
Expenditures:	
Current:	
Administration	<u>1,588</u>
Total expenditures	<u>1,588</u>
Excess of revenues over expenditures	40,926
Fund balance, July 1	<u>0</u>
Fund balance, June 30	<u><u>\$40,926</u></u>

Los Angeles County Transportation Commission
 State Transit Assistance Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-7

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$25,844	\$14,318
Receivables:		
Interest	466	323
Intergovernmental	<u>3,440</u>	<u>0</u>
Total assets	<u><u>\$29,750</u></u>	<u><u>\$14,641</u></u>
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	<u>\$219</u>	<u>\$0</u>
Total liabilities	<u>219</u>	<u>0</u>
 Fund Balances:		
Reserved for special purposes	7,730	644
Unreserved, undesignated	<u>21,801</u>	<u>13,997</u>
Total fund balances	<u>29,531</u>	<u>14,641</u>
Total liabilities and fund balances	<u><u>\$29,750</u></u>	<u><u>\$14,641</u></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, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-8

	<u>1991</u>	<u>1990</u>
Revenues:		
Intergovernmental:		
State	\$13,755	\$1,806
Interest	1,379	1,040
Total revenues	<u>15,134</u>	<u>2,846</u>
Expenditures:		
Transportation subsidy	<u>244</u>	<u>262</u>
Excess of revenues over expenditures	<u>14,890</u>	<u>2,584</u>
Other Financing Sources (uses):		
Operating transfers in:		
Proposition A fund	0	450
Operating transfers out:		
Capital projects fund	<u>0</u>	<u>(110)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	14,890	2,924
Fund balances, July 1	<u>14,641</u>	<u>11,717</u>
Fund balances, June 30	<u><u>\$29,531</u></u>	<u><u>\$14,641</u></u>

Los Angeles County Transportation Commission
 Ridesharing Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-9

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$20,036	\$17,048
Interest receivable	440	419
Total assets	<u>\$20,476</u>	<u>\$17,467</u>
 <u>Fund Balances</u>		
Unreserved, undesignated	<u>\$20,476</u>	<u>\$17,467</u>
Total fund balances	<u>\$20,476</u>	<u>\$17,467</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, 1991 and 1990
(Amounts expressed in thousands)

Exhibit B-10

	<u>1991</u>	<u>1990</u>
Revenues:		
Intergovernmental	\$5,817	\$3,647
Interest	<u>1,127</u>	<u>1,370</u>
Total revenues	<u>6,944</u>	<u>5,017</u>
Expenditures:		
Current:		
Transportation subsidy	<u>3,935</u>	<u>2,968</u>
Excess of revenues over expenditures	3,009	2,049
Fund balances, July 1	<u>17,467</u>	<u>15,418</u>
Fund balances, June 30	<u><u>\$20,476</u></u>	<u><u>\$17,467</u></u>

Los Angeles County Transportation Commission
Service Authority for Freeway Emergencies
Special Revenue Fund
Comparative Balance Sheets
June 30, 1991 and 1990
(Amounts expressed in thousands)

Exhibit B-11

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$12,595	\$8,643
Interest receivable	261	213
Due from other funds	0	5
	<u>0</u>	<u>5</u>
Total assets	<u>\$12,856</u>	<u>\$8,861</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$111	\$849
Due to other governments	342	224
Due to other funds	0	139
	<u>0</u>	<u>139</u>
Total liabilities	<u>453</u>	<u>1,212</u>
Fund Balances:		
Reserved for encumbrances	113	1,238
Unreserved, undesignated	12,290	6,411
	<u>12,290</u>	<u>6,411</u>
Total fund balances	<u>12,403</u>	<u>7,649</u>
Total liabilities and fund balances	<u>\$12,856</u>	<u>\$8,861</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, 1991 and 1990
(Amounts expressed in thousands)

Exhibit B-12

	<u>1991</u>	<u>1990</u>
Revenues:		
Licenses (motor vehicles)	\$5,949	\$6,365
Interest	852	601
Total revenues	<u>6,801</u>	<u>6,966</u>
Expenditures:		
Current:		
Administration:		
Salaries and benefits	43	43
Services and supplies	2,004	2,910
Capital outlay	0	5
Total expenditures	<u>2,047</u>	<u>2,958</u>
Excess of revenues over expenditures	4,754	4,008
Fund balances, July 1	<u>7,649</u>	<u>3,641</u>
Fund balances, June 30	<u><u>\$12,403</u></u>	<u><u>\$7,649</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, 1991 and 1990
(Amounts expressed in thousands)

Exhibit B-13

	1991			1990		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses (motor vehicles)	\$6,054	\$5,949	(\$105)	\$6,018	\$6,365	\$347
Interest	234	852	618	121	601	480
Total revenues	6,288	6,801	513	6,139	6,966	827
Expenditures:						
Current:						
Administration:						
Salaries and benefits	48	43	5	59	43	16
Services and supplies	4,002	2,004	1,998	3,961	2,910	1,051
Capital outlay	7,800	0	7,800	1,605	5	1,600
Total expenditures	11,850	2,047	9,803	5,625	2,958	2,667
Excess (deficiency) of revenues over expenditures	(5,562)	4,754	10,316	514	4,008	3,494
Fund balances, July 1	7,649	7,649	0	3,640	3,641	1
Fund balances, June 30	<u>\$2,087</u>	<u>\$12,403</u>	<u>\$10,316</u>	<u>\$4,154</u>	<u>\$7,649</u>	<u>\$3,495</u>

Los Angeles County Transportation Commission
 Transportation Development Act Administration
 Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-14

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$289	\$328
Interest receivable	5	3
Total assets	<u>\$294</u>	<u>\$331</u>
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$0	\$8
Due to other funds	0	183
Total liabilities	<u>0</u>	<u>191</u>
 Fund Balances:		
Reserved for encumbrances	0	7
Unreserved, undesignated	294	133
Total fund balances	<u>294</u>	<u>140</u>
Total liabilities and fund balances	<u>\$294</u>	<u>\$331</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, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-15

	<u>1991</u>	<u>1990</u>
Revenues:		
Intergovernmental	\$314	\$300
Interest	23	15
	<u>337</u>	<u>315</u>
Total revenues		
Expenditures:		
Current:		
Administration:		
Salaries and benefits	14	112
Services and supplies	169	198
Capital outlay	0	8
	<u>183</u>	<u>318</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	154	(3)
Fund balances, July 1	<u>140</u>	<u>143</u>
Fund balances, June 30	<u><u>\$294</u></u>	<u><u>\$140</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, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-16

	1991			1990		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Intergovernmental	\$314	\$314	0	\$300	\$300	\$0
Interest	10	23	13	0	15	15
Total revenues	324	337	13	300	315	15
Expenditures:						
Current:						
Administration:						
Salaries and benefits	135	14	121	126	112	14
Services and supplies	175	169	6	254	198	56
Capital outlay	4	0	4	8	8	0
Total expenditures	314	183	131	388	318	70
Excess (deficiency) of revenues over expenditures	10	154	144	(88)	(3)	85
Fund balances, July 1	140	140	0	143	143	0
Fund balances, June 30	\$150	\$294	144	\$55	\$140	\$85

Los Angeles County Transportation Commission
PVEA Special Revenue Fund
Balance Sheet
June 30, 1991
(Amounts expressed in thousands)

Exhibit B-17

	<u>1991</u>
<u>Assets</u>	
Cash and investments	\$2,173
Interest receivable	<u>31</u>
Total assets	<u><u>\$2,204</u></u>
 <u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts payable	<u>\$72</u>
Total liabilities	<u>72</u>
 Fund Balance:	
Reserved for encumbrances	<u>2,132</u>
Total fund balance	<u>2,132</u>
Total liabilities and fund balance	<u><u>\$2,204</u></u>

Los Angeles County Transportation Commission
PVEA Special Revenue Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 1991
(Amounts expressed in thousands)

Exhibit B-18

	<u>1991</u>
Revenues:	
Intergovernmental	\$2,796
Interest	<u>35</u>
Total revenues	<u>2,831</u>
Expenditures:	
Current:	
Transportation subsidy	<u>699</u>
Total expenditures	<u>699</u>
Excess of revenues over expenditures	2,132
Fund balance, July 1	<u>0</u>
Fund balance, June 30	<u><u>\$2,132</u></u>

Los Angeles County Transportation Commission
PVEA Special Revenue Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
For the fiscal year ended June 30, 1991
(Amounts expressed in thousands)

Exhibit B-19

	1991		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental	\$2,500	\$2,796	\$296
Interest	0	35	35
Total revenues	2,500	2,831	331
Expenditures:			
Current:			
Transportation subsidy	2,500	699	1,801
Total expenditures	2,500	699	1,801
Excess of revenues over expenditures	0	2,132	2,132
Fund balance, July 1	0	0	0
Fund balance, June 30	\$0	\$2,132	\$2,132

Los Angeles County Transportation Commission
 Federal Aid Urban Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-20

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$28,056	\$25,806
Interest receivable	596	436
Total assets	<u><u>\$28,652</u></u>	<u><u>\$26,242</u></u>
<u>Fund Balances</u>		
Unreserved, undesignated	<u>\$28,652</u>	<u>\$26,242</u>
Total fund balances	<u><u>\$28,652</u></u>	<u><u>\$26,242</u></u>

Los Angeles County Transportation Commission
 Federal Aid Urban Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-21

	<u>1991</u>	<u>1990</u>
Revenues:		
Intergovernmental	\$0	\$24,653
Interest	2,525	1,589
Total revenues	<u>2,525</u>	<u>26,242</u>
Expenditures:		
Current:		
Transportation subsidy	115	0
Total expenditures	<u>115</u>	<u>0</u>
Excess of revenues over expenditures	2,410	26,242
Fund balances, July 1	<u>26,242</u>	<u>0</u>
Fund balances, June 30	<u><u>\$28,652</u></u>	<u><u>\$26,242</u></u>

Los Angeles County Transportation Commission
 Rail Start-Up Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-22

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$5,261	\$0
Interest Receivable	32	0
Due from other funds	0	3,423
Deposits	10	0
Total assets	<u><u>\$5,303</u></u>	<u><u>\$3,423</u></u>
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$3,100	\$44
Due to other funds	0	200
Total liabilities	<u><u>3,100</u></u>	<u><u>244</u></u>
 Fund Balances:		
Reserved for encumbrances	235	0
Unreserved, undesignated	1,968	3,179
Total fund balances	<u><u>2,203</u></u>	<u><u>3,179</u></u>
Total liabilities and fund balances	<u><u>\$5,303</u></u>	<u><u>\$3,423</u></u>

Los Angeles County Transportation Commission
 Rail Start-Up Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-23

	<u>1991</u>	<u>1990</u>
Revenues:		
Interest	<u>\$32</u>	<u>\$43</u>
Total revenues	<u>32</u>	<u>43</u>
Expenditures:		
Current:		
Administration	962	239
Transportation subsidy	<u>31,786</u>	<u>0</u>
Total expenditures	<u>32,748</u>	<u>239</u>
Excess (deficiency) of revenues over expenditures	(32,716)	(196)
Other Financing Sources:		
Operating transfers in:		
Proposition A Fund	<u>31,740</u>	<u>3,375</u>
Total other financing sources	<u>31,740</u>	<u>3,375</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(976)	3,179
Fund balances, July 1	<u>3,179</u>	<u>0</u>
Fund balances, June 30	<u><u>\$2,203</u></u>	<u><u>\$3,179</u></u>

Los Angeles County Transportation Commission
 Rail Start-Up Special Revenue Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances – Budget and Actual
 For the fiscal years ended June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-24

	1991			1990		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Interest	\$992	\$32	(\$960)	\$0	\$43	\$43
Total revenues	<u>992</u>	<u>32</u>	<u>(960)</u>	<u>0</u>	<u>43</u>	<u>43</u>
Expenditures:						
Current:						
Administration	0	962	(962)	0	239	(239)
Transportation subsidy	29,676	31,786	(2,110)	0	0	0
Total expenditures	<u>29,676</u>	<u>32,748</u>	<u>(3,072)</u>	<u>0</u>	<u>239</u>	<u>(239)</u>
Excess (deficiency) of revenues over expenditures	<u>(28,684)</u>	<u>(32,716)</u>	<u>(4,032)</u>	<u>0</u>	<u>(196)</u>	<u>(196)</u>
Other Financing Sources:						
Operating transfers in:						
Proposition A fund	7,008	31,740	24,732	0	3,375	3,375
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(21,676)</u>	<u>(976)</u>	<u>20,700</u>	<u>0</u>	<u>3,179</u>	<u>3,179</u>
Fund balances, July 1	<u>3,179</u>	<u>3,179</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, June 30	<u><u>(\$18,497)</u></u>	<u><u>\$2,203</u></u>	<u><u>\$20,700</u></u>	<u><u>\$0</u></u>	<u><u>\$3,179</u></u>	<u><u>\$3,179</u></u>

Los Angeles County Transportation Commission
 Ports Highway Improvements Match Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-25

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$6,423	\$3,063
Interest receivable	135	75
Total assets	<u><u>\$6,558</u></u>	<u><u>\$3,138</u></u>
 <u>Fund Balances</u>		
Reserved for encumbrances	\$0	\$819
Unreserved, undesignated	6,558	2,319
Total fund balances	<u><u>\$6,558</u></u>	<u><u>\$3,138</u></u>

Los Angeles County Transportation Commission
Ports Highway Improvements Match Special Revenue Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal years ended June 30, 1991 and 1990
(Amounts expressed in thousands)

Exhibit B-26

	<u>1991</u>	<u>1990</u>
Revenues:		
Intergovernmental	\$2,960	\$2,960
Interest	460	178
	<u>3,420</u>	<u>3,138</u>
Total revenues		
	<u>3,138</u>	<u>0</u>
Fund balances, July 1		
	<u>\$6,558</u>	<u>\$3,138</u>
Fund balances, June 30		

Los Angeles County Transportation Commission
 HOV Lanes Special Revenue Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit B-27

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments	\$137	\$58
Interest receivable	3	0
Total assets	<u>\$140</u>	<u>\$58</u>
 <u>Fund Balances</u>		
Unreserved, undesignated	<u>\$140</u>	<u>\$58</u>
Total fund balances	<u>\$140</u>	<u>\$58</u>

Los Angeles County Transportation Commission
HOV Lanes Special Revenue Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal years ended June 30, 1991 and 1990
(Amounts expressed in thousands)

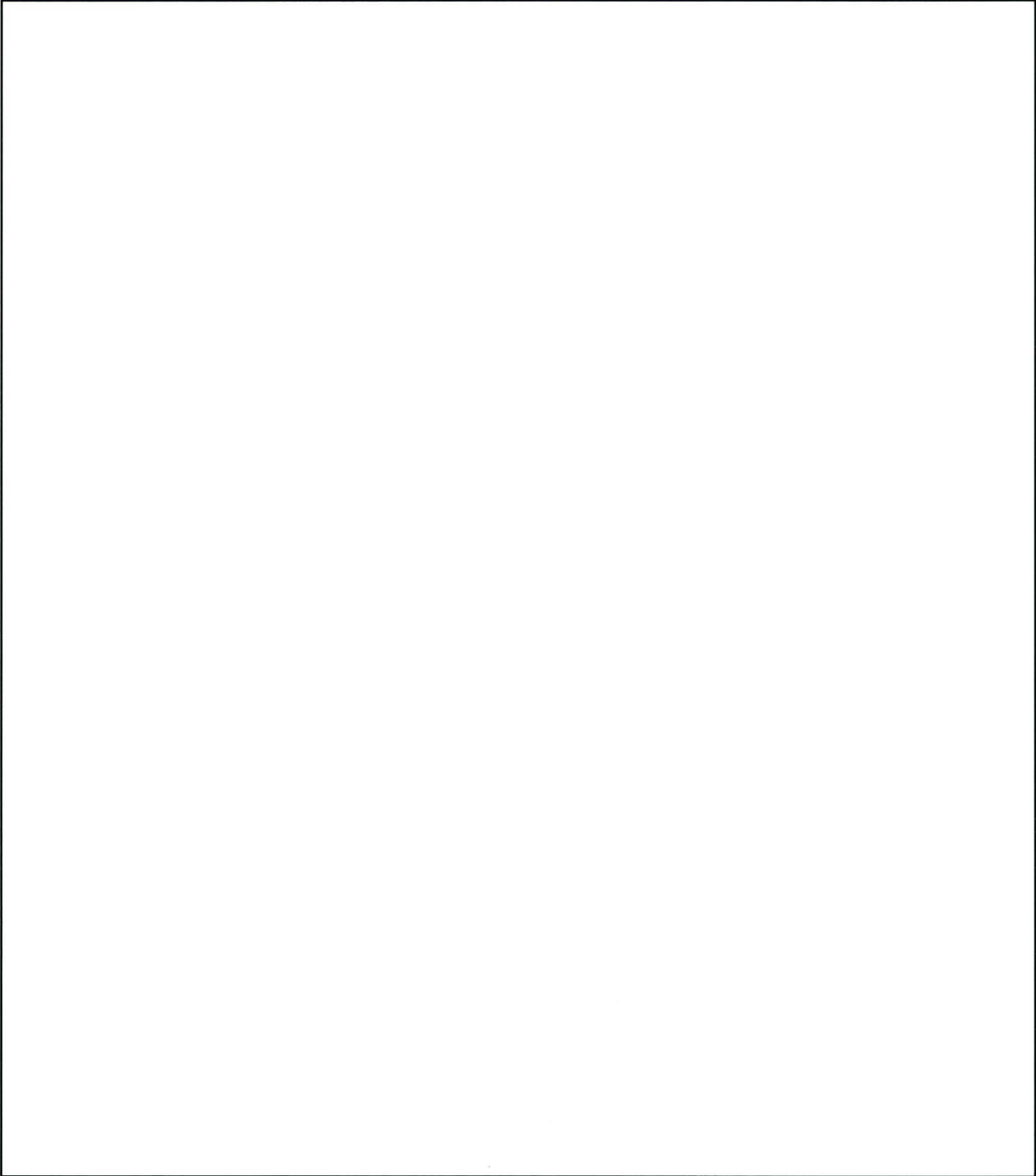
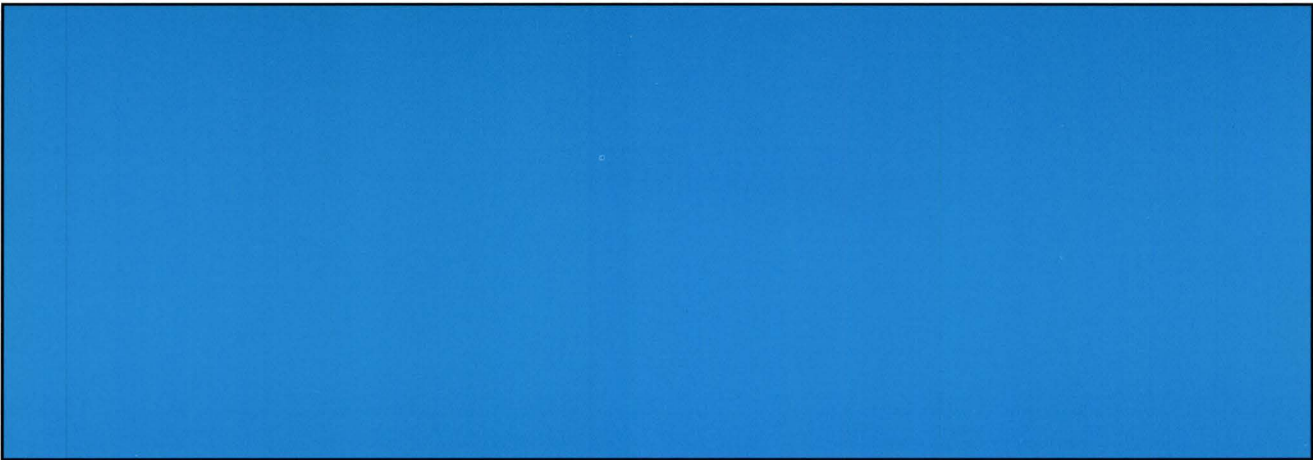
Exhibit B-28

	<u>1991</u>	<u>1990</u>
Revenues:		
Vehicle fines	\$74	\$57
Interest	8	1
Total revenues	<u>82</u>	<u>58</u>
Fund balances, July 1	<u>58</u>	<u>0</u>
Fund balances, June 30	<u><u>\$140</u></u>	<u><u>\$58</u></u>



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility





DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and payment of long-term debt principal and interest.

Los Angeles County Transportation Commission
 Debt Service Fund
 Comparative Balance Sheets
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

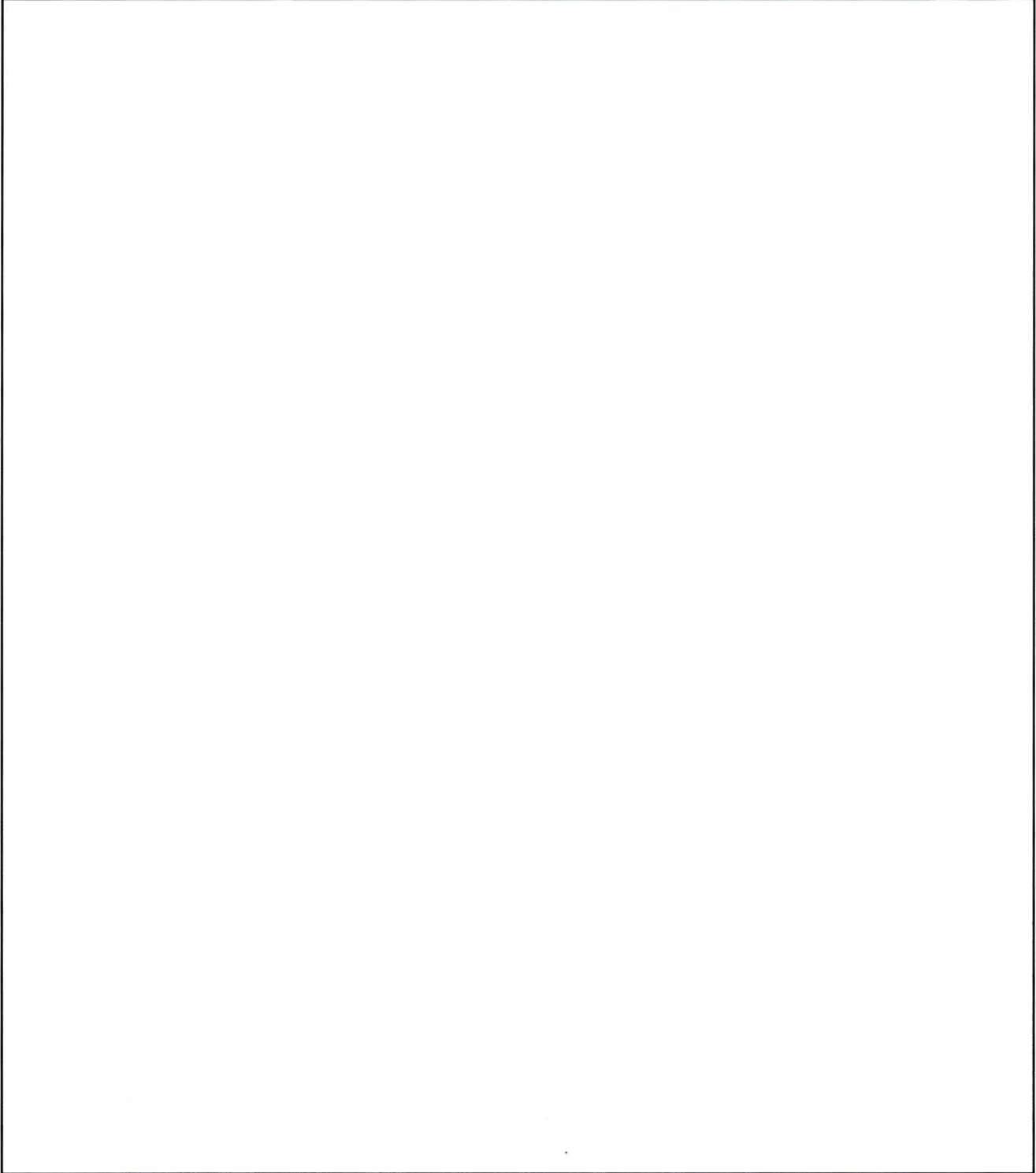
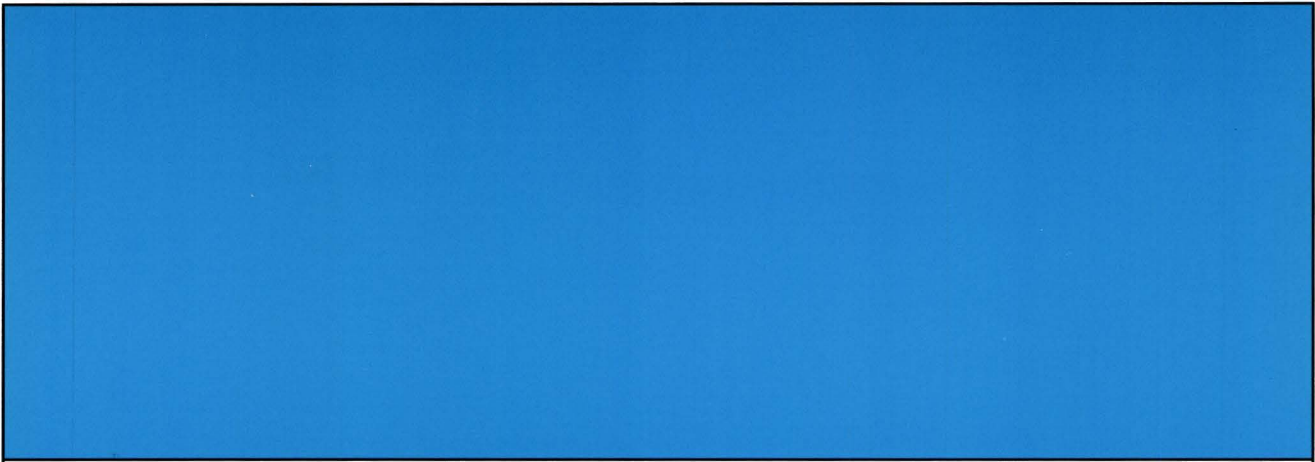
Exhibit C-1

	<u>1991</u>	<u>1990</u>
<u>Assets</u>		
Cash and investments with fiscal agent	\$582,257	\$171,771
Interest receivable	2,241	4,960
Total assets	<u>\$584,498</u>	<u>\$176,731</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Due to capital projects fund	\$0	\$6,125
Accrued interest payable	25,440	34,034
Total liabilities	<u>25,440</u>	<u>40,159</u>
Fund Balances:		
Reserved for debt service	209,009	63,767
Reserved for construction	349,779	72,805
Reserved for bond issuance costs	270	0
Total fund balances	<u>559,058</u>	<u>136,572</u>
Total liabilities and fund balances	<u>\$584,498</u>	<u>\$176,731</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, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit C-2

	<u>1991</u>	<u>1990</u>
Revenues:		
Interest	<u>\$8,547</u>	<u>\$13,050</u>
Total Revenues	<u>8,547</u>	<u>13,050</u>
Expenditures:		
Debt Service:		
Interest	55,780	50,879
Bond issuance costs	1,144	28
Bond discount	11,342	0
Bond principal	<u>586</u>	<u>0</u>
Total expenditures	<u>68,852</u>	<u>50,907</u>
Excess (deficiency) of revenues over expenditures	(60,305)	(37,857)
Other Financing Sources (Uses):		
Operating transfers in:		
Proposition A fund	51,595	50,715
Capital projects fund	4,774	0
Operating transfers out:		
Capital projects fund	(73,578)	(102,985)
Proceeds of escrowed funds	0	164,461
Proceeds of debt issuance	<u>500,000</u>	<u>0</u>
Total other financing sources (uses)	<u>482,791</u>	<u>112,191</u>
Excess of revenues and other financing sources over expenditures and other financing uses	422,486	74,334
Fund balances, July 1	<u>136,572</u>	<u>62,238</u>
Fund balances, June 30	<u><u>\$559,058</u></u>	<u><u>\$136,572</u></u>



CAPITAL PROJECTS FUNDS

The capital project funds are 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 revenues.

LIGHT RAIL CAPITAL PROJECT FUND – This fund is used to collect all costs related to the Metro Blue Line and other light rail projects while under construction.

METRO RAIL CAPITAL PROJECT FUND – This fund is used to collect all costs related to the Metro Red Line, Minimum Operable Segments (MOS) 1, 2, and 3.

COMMUTER RAIL CAPITAL PROJECT FUND – This fund is used to collect all costs related to the Commuter Rail system within Los Angeles County.

Los Angeles County Transportation Commission
 Capital Projects Funds
 Combining Balance Sheet
 June 30, 1991
 (With comparative totals for June 30, 1990)
 (Amounts expressed in thousands)

Exhibit D-1

	Light Rail	Metro Rail	Commuter Rail	Totals	
				1991	1990
Assets					
Cash and investments	\$8,412	\$173,082	\$4,856	\$186,350	\$9,147
Receivables:					
Interest	1,574	3,096	0	4,670	52
Intergovernmental	521	90,133	40,607	131,261	0
Miscellaneous	440	955	0	1,395	2,316
Interfund	30,000	0	0	30,000	0
Due from other funds	44,570	1,310	0	45,880	57,869
Prepaid items	630	0	0	630	1,893
Deposits	19,259	21,166	0	40,425	0
Interest in property held for resale	700	0	0	700	200
Total Assets	\$106,106	\$289,742	\$45,463	\$441,311	\$71,477
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$68,668	\$5,196	\$191	\$74,055	\$56,711
Accrued salaries	213	0	0	213	117
Compensated absences payable	311	0	0	311	163
Claims and judgments payable	20,054	0	0	20,054	1,116
Due to other governments	0	0	17,041	17,041	0
Due to other funds	2,900	0	38	2,938	486
Interfund payable	0	0	38,500	38,500	0
Other liabilities	44	0	0	44	0
Total liabilities	92,190	5,196	55,770	153,156	58,593
Fund Balances:					
Reserved for encumbrances	31,524	211,748	0	243,272	10,791
Reserved for resale property	700	0	0	700	200
Reserved for prepaid items	630	0	0	630	1,893
Reserved for SB1995 trust	0	51,966	0	51,966	0
Reserved for Metrorail Agreement	0	20,832	0	20,832	0
Unreserved, undesignated	(18,938)	0	(10,307)	(29,245)	0
Total fund balances	13,916	284,546	(10,307)	288,155	12,884
Total liabilities and fund balances	\$106,106	\$289,742	\$45,463	\$441,311	\$71,477

Los Angeles County Transportation Commission
 Capital Projects Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal year ended June 30, 1991
 (With comparative totals for the fiscal
 year ended June 30, 1990)
 (Amounts expressed in thousands)

Exhibit D-2

	Light Rail	Metro Rail	Commuter Rail	Totals	
				1991	1990
Revenues:					
Intergovernmental	\$0	\$145,841	\$58,120	\$203,961	\$0
Interest	4,923	6,662	0	11,585	6,628
Construction services cost sharing	2,302	0	148	2,450	2,897
Lease rentals	991	0	976	1,967	892
Miscellaneous	3,465	2,644	3	6,112	668
Total revenues	11,681	155,147	59,247	226,075	11,085
Expenditures:					
Capital outlay:					
Rail development	210,656	222,698	388,427	821,781	341,506
Total expenditures	210,656	222,698	388,427	821,781	341,506
Excess (deficiency) of revenues over expenditures	(198,975)	(67,551)	(329,180)	(595,706)	(330,421)
Other Financing Sources (Uses):					
Operating transfers in:					
Debt service fund	73,578	0	0	73,578	102,985
Proposition A fund	83,203	177,097	163,873	424,173	177,955
State transit assistance fund	0	0	0	0	110
Debt service fund transfers out	(4,774)	0	0	(4,774)	0
Proceeds from financing	48,000	175,000	155,000	378,000	0
Total other financing sources (uses)	200,007	352,097	318,873	870,977	281,050
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,032	284,546	(10,307)	275,271	(49,371)
Fund balances, July 1	12,884	0	0	12,884	62,255
Fund balances, June 30	\$13,916	\$284,546	(\$10,307)	\$288,155	\$12,884

Capital Projects Funds

Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual

For the fiscal years ended June 30, 1991 and 1990

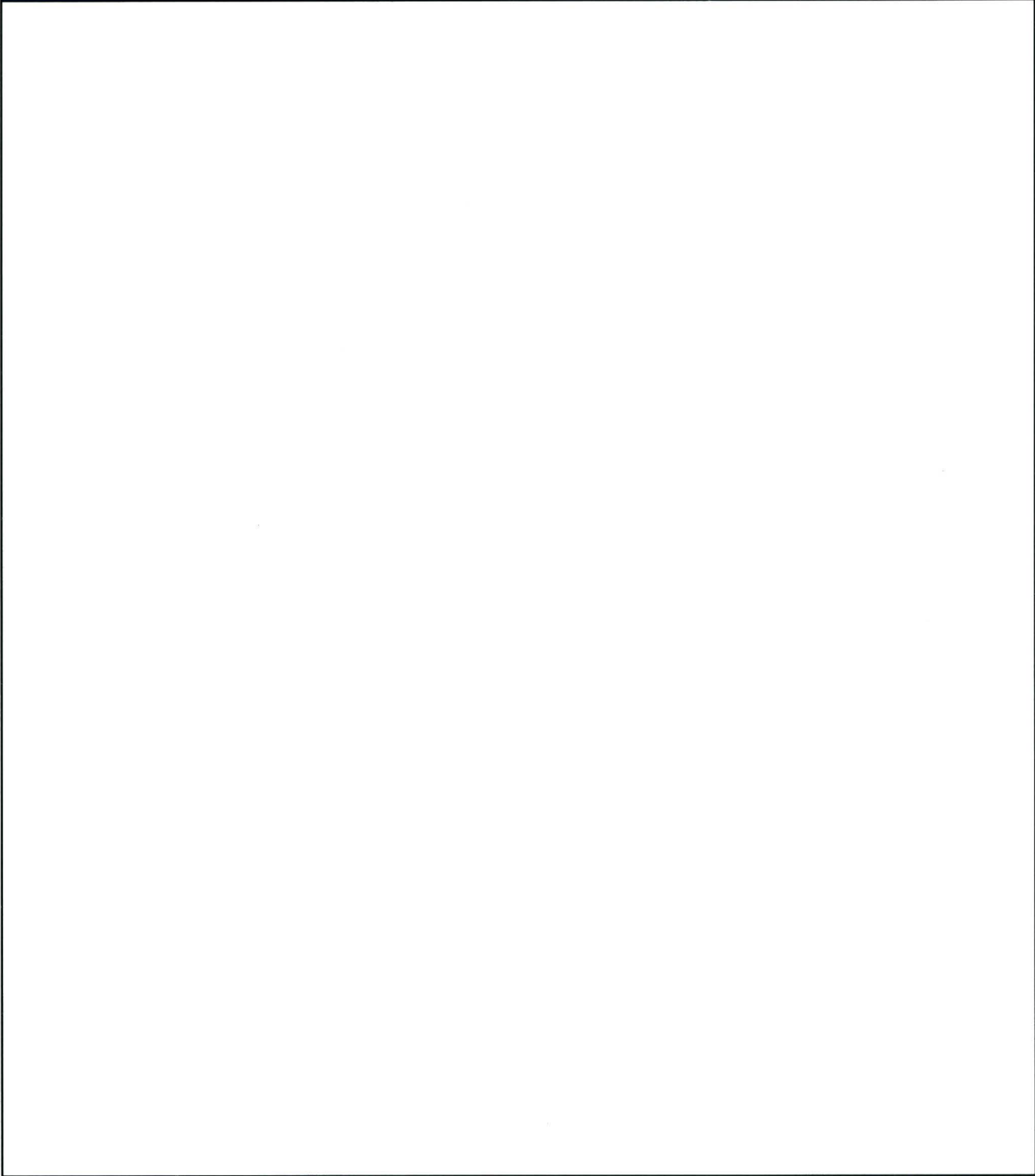
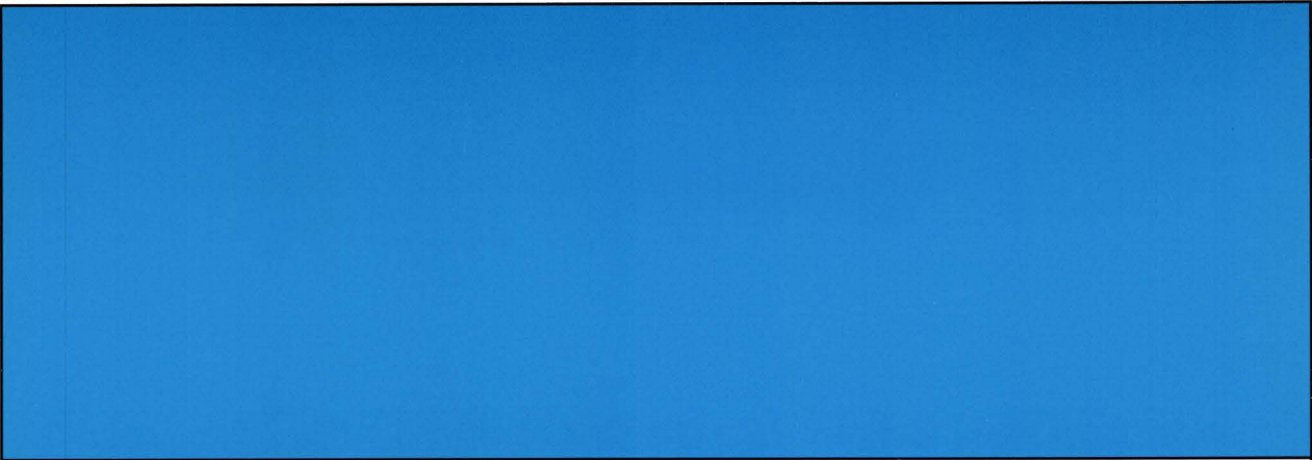
(Amounts expressed in thousands)

	1991			1990		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
	Revenues:					
Intergovernmental	\$402,060	\$203,961	(\$198,099)	\$0	\$0	\$0
Interest	578	11,585	11,007	5,000	6,628	1,628
Construction services cost sharing	0	2,450	2,450	0	2,897	2,897
Lease rentals	0	1,967	1,967	0	892	892
Miscellaneous	1,125	6,112	4,987	360	668	308
Total revenues	403,763	226,075	(177,688)	5,360	11,085	5,725
Expenditures:						
Capital outlay:						
Rail development	1,123,258	821,781	301,477	434,386	341,506	92,880
Total expenditures	1,123,258	821,781	301,477	434,386	341,506	92,880
Excess (deficiency) of revenues over expenditures	(719,495)	(595,706)	123,789	(429,026)	(330,421)	98,605
Other Financing Sources (Uses):						
Operating transfers in:						
Debt service fund	72,200	73,578	1,378	96,860	102,985	6,125
Proposition A fund	422,385	424,173	1,788	268,594	177,955	(90,639)
State transit assistance fund	0	0	0	1,317	110	(1,207)
Debt service fund transfers out	0	(4,774)	(4,774)	0	0	0
Proceeds from financing	0	378,000	378,000	0	0	0
Total other financing sources (uses)	494,585	870,977	376,392	366,771	281,050	(85,721)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(224,910)	275,271	500,181	(62,255)	(49,371)	12,884
Fund balances, July 1	12,884	12,884	0	62,255	62,255	0
Fund balances, June 30	(\$212,026)	\$288,155	\$500,181	\$0	\$12,884	\$12,884



This Page Intentionally Left Blank.

Leading the Way to Greater Mobility



TRUST AND AGENCY FUNDS

The Trust and Agency funds are used to account for assets held by the Commission as an agent for individuals, private organizations, other governments and/or other funds.

LAND PRESERVATION CORPORATION EXPENDABLE TRUST FUND – This fund is used to account for all assets and the maintenance thereof, for the Los Angeles County Transportation Land Preservation Corporation. This wholly-owned corporation was formed exclusively for charitable purposes within the meaning of Section 501 (c) 3 of the Internal Revenue Code of 1986 to accept gifts and donations of real and personal property to be used for public transit purposes.

DEFERRED COMPENSATION AGENCY 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
Trust and Agency Funds
Combining Balance Sheet
June 30, 1991
(With comparative totals for June 30, 1990)
(Amounts expressed in thousands)

Exhibit E-1

	<u>Expendable Trust</u>	<u>Agency</u>	<u>Totals</u>	
	<u>Land Preservation Corporation</u>	<u>Deferred Compensation</u>	<u>1991</u>	<u>1990</u>
<u>Assets</u>				
Cash	\$25	\$0	\$25	\$0
Cash and investments with fiscal agents	0	1,374	1,374	787
Total Assets	\$25	\$1,374	\$1,399	\$787
<u>Liabilities</u>				
Interfund payable	\$25	\$0	\$25	\$0
Deferred compensation benefits payable	0	1,374	1,374	787
Total Liabilities	\$25	\$1,374	\$1,399	\$787

Los Angeles County Transportation Commission
Land Preservation Corporation Expendable Trust Fund
Balance Sheet
June 30, 1991
(Amounts expressed in thousands)

Exhibit E-2

	<u>1991</u>
<u>Assets</u>	
Cash	<u>\$25</u>
<u>Liabilities</u>	
Interfund payable	<u>\$25</u>

Los Angeles County Transportation Commission
 Deferred Compensation Agency Fund
 Statement of Changes in Assets and Liabilities
 For the fiscal year ended June 30, 1991
 (Amounts expressed in thousands)

Exhibit E-3

	<u>Balance</u> <u>July 1, 1990</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1991</u>
<u>Assets</u>				
Cash and investments with fiscal agent	<u>\$787</u>	<u>\$591</u>	<u>\$4</u>	<u>\$1,374</u>
<u>Liabilities</u>				
Deferred compensation benefits payable	<u>\$787</u>	<u>\$591</u>	<u>\$4</u>	<u>\$1,374</u>

Los Angeles County Transportation Commission
 Comparative Schedule of General Fixed Assets—By Source
 June 30, 1991 and 1990
 (Amounts expressed in thousands)

Exhibit F-1

	<u>1991</u>	<u>1990</u>
<u>General Fixed Assets:</u>		
Land	\$475,179	\$87,382
Rail Lines & Site Improvements	479,274	361,046
Buildings & Stations	165,308	99,751
Light Rail Vehicles	87,574	58,547
Other Equipment	45,126	21,316
Leasehold Improvements	833	545
Metro Rail MOS-1 Construction in Progress	171,218	0
Other Construction in Progress	292,457	300,775
Total General Fixed Assets	<u>\$1,716,969</u>	<u>\$929,362</u>
 <u>Investments in General Fixed Assets by Source:</u>		
General Fund	\$5,415	\$3,345
Capital Projects Fund	1,711,554	926,017
Total Investment in General Fixed Assets	<u>\$1,716,969</u>	<u>\$929,362</u>

Los Angeles County Transportation Commission
 Schedule of General Fixed Assets – By Activity and Function
 June 30, 1991
 (Amounts expressed in thousands)

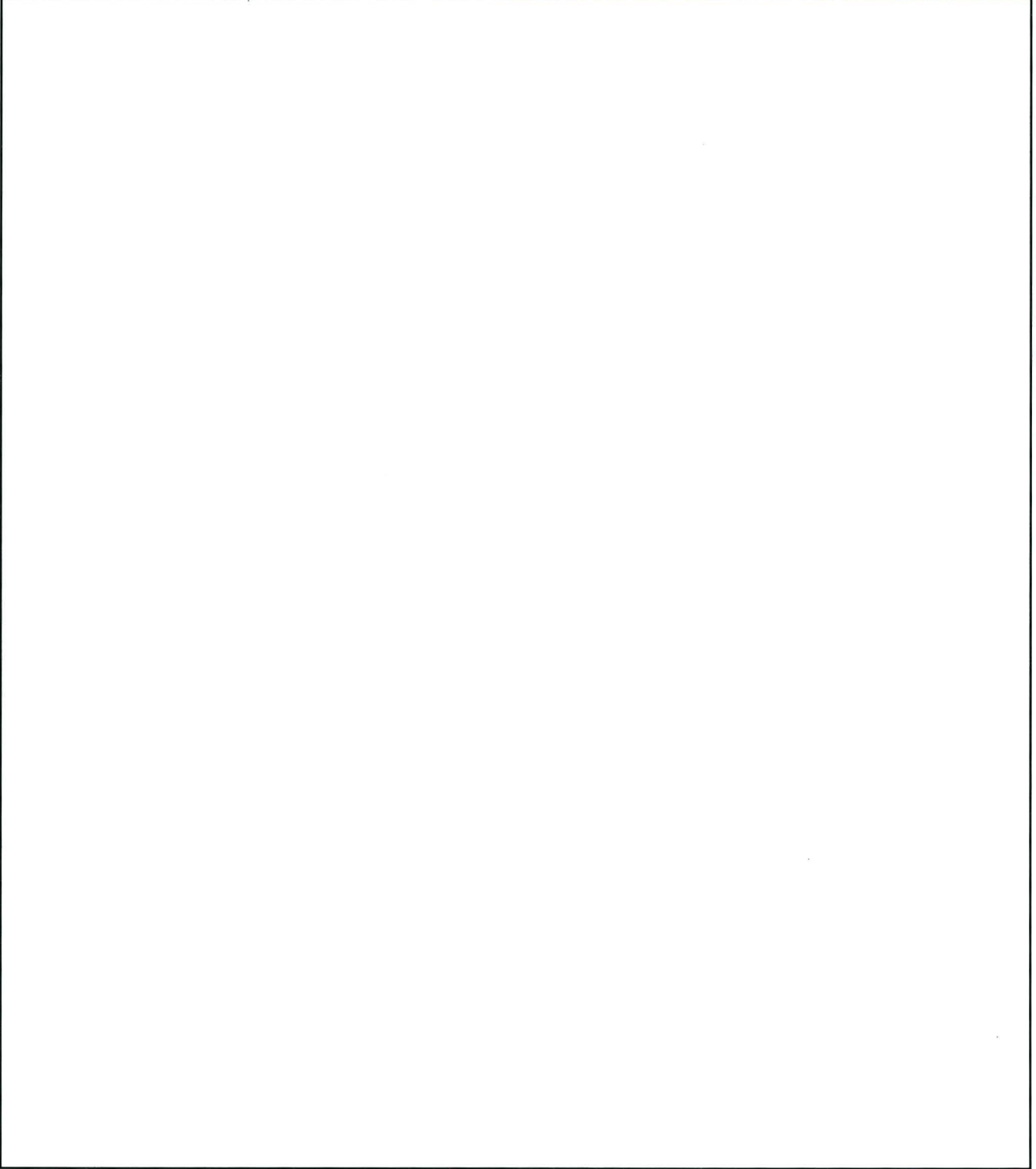
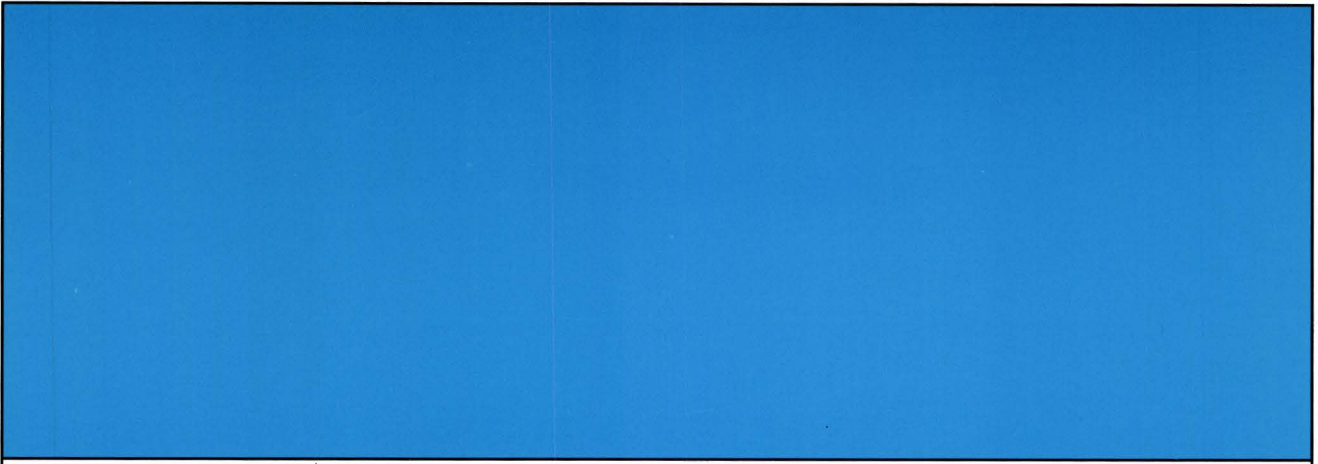
Exhibit F-2

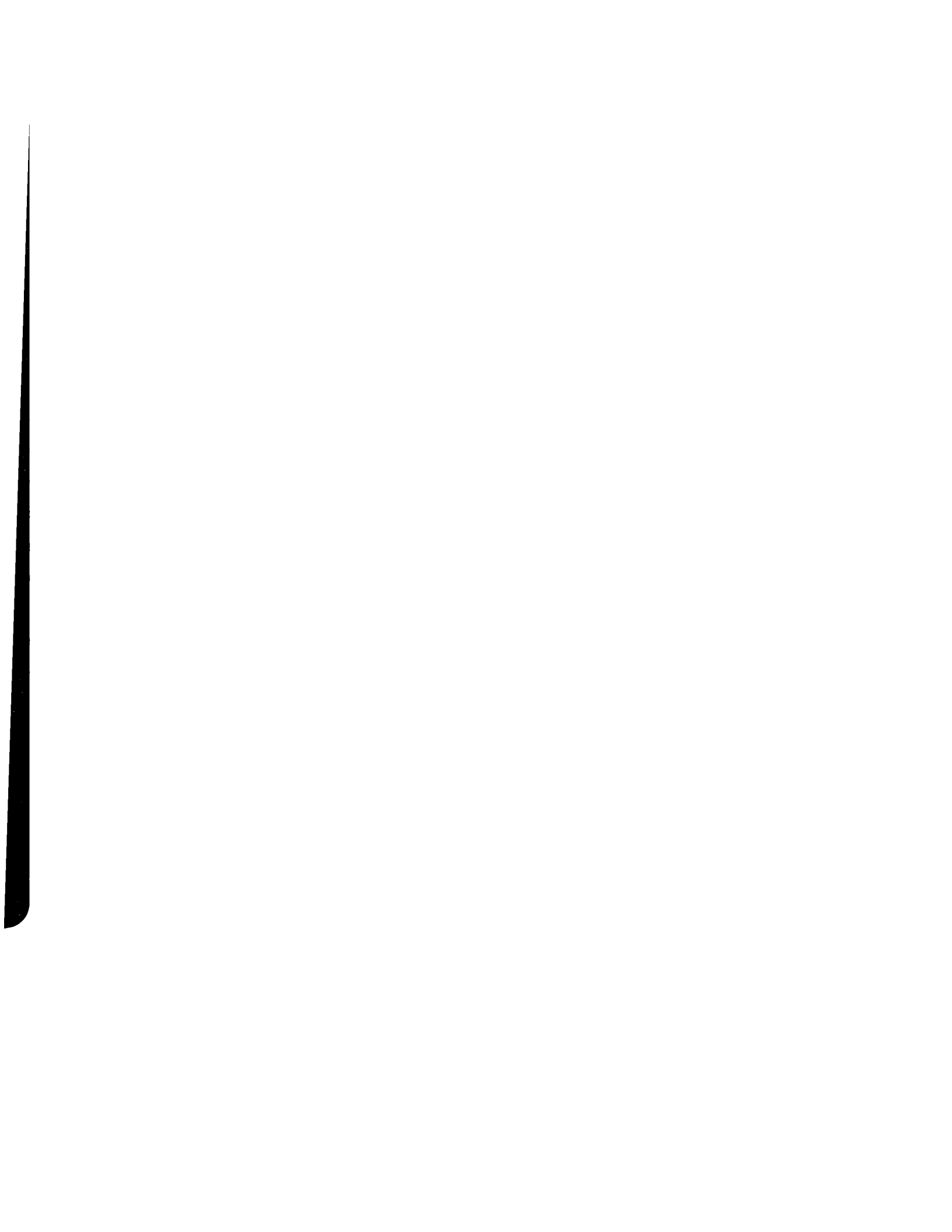
<u>Activity and Function</u>	<u>Administration</u>	<u>Transportation Facilities</u>	<u>Construction in Progress</u>	<u>Total</u>
Land	\$0	\$475,179	\$0	\$475,179
Rail Line/Site Improvements	0	479,274	0	479,274
Buildings/Stations	0	165,308	0	165,308
Light Rail Vehicles	0	87,574	0	87,574
Other Equipment	37,483	7,643	0	45,126
Leasehold Improvements	833	0	0	833
Metro Rail, MOS 1 Construction in Progress	0	0	171,218	171,218
Other Construction in Progress	0	0	292,457	292,457
Total General Fixed Assets	\$38,316	\$1,214,978	\$463,675	\$1,716,969

Los Angeles County Transportation Commission
 Schedule of Changes in General Fixed Assets – By Function
 For the fiscal year ended June 30, 1991
 (Amounts expressed in thousands)

Exhibit F-3

Function	General Fixed Assets July 1, 1990	Additions	Transfers	General Fixed Assets June 30, 1991
Administration	\$21,737	\$4,999	\$11,580	\$38,316
Transportation Facilities	606,850	416,701	191,427	1,214,978
Metro Rail, MOS 1 Construction in Progress	0	171,218	0	171,218
Other Construction in Progress	300,775	194,689	(203,007)	292,457
Total General Fixed Assets	\$929,362	\$787,607	\$0	\$1,716,969





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

Table 1

Fiscal Year	Administration	Transportation Subsidy	Capital Outlay	Debt Service	Total
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	51,854	503,318
1988-89	10,695	243,320	290,986	56,921	601,922
1989-90	11,679	243,278	342,416	50,907	648,280
1990-91	21,370	281,574	824,402	68,852	1,196,198

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
 (Amounts expressed in thousands)

Table 2

Fiscal Year	Sales Tax	Licenses	Inter-Governmental	Interest	Misc	Total
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	68,767	4,478 ⁽⁴⁾	510,479
1990-91	442,932	6,023	231,693	50,639	10,766 ⁽⁵⁾	742,053

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.
- (5) Includes \$3,268,000 in charges for construction services, \$4,958,000 utilities refund, and \$2,644,000 fire loss insurance indemnifications.

Los Angeles County Transportation Commission
 Demographic Statistics
 Last Ten Fiscal Years
 (Amounts 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)
1981-82	7,699	24,423	230,508	\$48,018,486	9.3
1982-83	7,764 ⁽²⁾	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	77,706,166	5.2
1990-91	8,989	30,351	250,878	80,285,389	7.1

Source:

- (1) California Department of Finance.
- (2) State Board of Equalization.
- (3) State Department of Employment Development for the County of Los Angeles.

Date Organized:	1977
Form of Government:	County Transportation Commission Created by Transportation Commission Act
Number of Employees:	339
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 Ventura 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.

HE 4351 .L6 F52 1991 27932
C-2

Los Angeles County
Transportation Commission

C

DATE DUE

DATE DUE	

MTA LIBRARY
ONE GATEWAY PLAZA, 15th Floor
LOS ANGELES, CA 90012

HTA DOROTHY GRAY LIBRARY & ARCHIVE



100000245603

