Coopers & Lybrand

Certified Public Accountants



# LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

## GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

## FOR THE YEAR ENDED JUNE 30, 1993

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
For the Year Ended June 30, 1993

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Los Angeles County Metropolitan Transportation Authority

We have audited the accompanying general purpose financial statements of the Los Angeles County Metropolitan Transportation Authority (the "MTA") as of and for the year ended June 30, 1993, as listed in the table of contents. These general purpose financial statements are the responsibility of MTA'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 and "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 general purpose 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 MTA as of June 30, 1993 and the results of its operations and cash flows of its proprietary fund types 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 and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the MTA. 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.

Coopers & Lybrand

Los Angeles, California
November 22, 1993

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Los Angeles County Metropolitan Transportation Authority
Combined Balance Sheet – All Fund Types and Account Groups
June 30, 1993
(Amounts expressed in thousands)

| | Governmental Fund Types | | | |
|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects |
| **Assets and Other Debits** | | | | |
| Assets: | | | | |
| Cash and investments (Note 3) | $ 1,778 | $ 746,794 | $ 0 | $ 333,158 |
| Receivables: | | | | |
| Notes | 640 | 10,582 | 0 | 0 |
| Interest | 108 | 6,564 | 10,045 | 675 |
| Benefit asessment | 0 | 0 | 0 | 21,231 |
| Sales tax | 0 | 29,075 | 0 | 0 |
| Intergovernmental | 4,002 | 9,651 | 2,159 | 126,158 |
| Leases and other | 229 | 501 | 0 | 1,095 |
| Interfund (Note 10) | 0 | 1,137 | 0 | 42,977 |
| Prepaid and other assets | 1 | 452 | 0 | 3,579 |
| Inventory | 0 | 0 | 0 | 0 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents (Note 3) | 0 | 0 | 1,283,481 | 0 |
| Insurance claims fund, net | 0 | 0 | 0 | 0 |
| Certificates of participation | 0 | 0 | 0 | 0 |
| Deferred compensation plan | 0 | 0 | 0 | 0 |
| 401(k) savings plan | 0 | 0 | 0 | 0 |
| Equipment trust certificates | 0 | 0 | 0 | 0 |
| Alternate savings plan | 0 | 0 | 0 | 0 |
| Interest in property held for resale | 150 | 0 | 0 | 700 |
| Fixed assets: (Note 4) | | | | |
| Facilities, property and equipment, net | 0 | 0 | 0 | 0 |
| Metro Blue Line, net | 0 | 0 | 0 | 0 |
| Metro Rail, MOS 1, net | 0 | 0 | 0 | 0 |
| Construction in Progress: | | | | |
| Metro Green Line, facilities, | 0 | 0 | 0 | 0 |
| Metro Rail, MOS 2, facilities, | 0 | 0 | 0 | 0 |
| Metro Rail, MOS 3, facilities, | 0 | 0 | 0 | 0 |
| Land | 0 | 0 | 0 | 0 |
| Other rail lines | 0 | 0 | 0 | 0 |
| Contributed Capital – SCRRA | 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 (Note 7) | 0 | 0 | 0 | 0 |
| **Total assets and other debits** | $ 6,908 | $ 804,756 | $ 1,295,685 | $ 529,573 |

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

Exhibit 1

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Total (Memorandum Only) |
|---|---|---|---|---|---|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Debt | 1993 |
| $ 134,503 | $ 0 | $ 178 | $ 0 | $ 0 | $ 1,216,411 |
| 0 | 0 | 0 | 0 | 0 | 11,222 |
| 0 | 0 | 0 | 0 | 0 | 17,392 |
| 0 | 0 | 0 | 0 | 0 | 21,231 |
| 0 | 0 | 0 | 0 | 0 | 29,075 |
| 95,231 | 0 | 0 | 0 | 0 | 237,201 |
| 0 | 0 | 0 | 0 | 0 | 1,825 |
| 64,755 | 66,915 | 0 | 0 | 0 | 175,784 |
| 0 | 0 | 0 | 0 | 0 | 4,032 |
| 51,855 | 0 | 0 | 0 | 0 | 51,855 |
| 39,914 | 0 | 24,119 | 0 | 0 | 1,347,514 |
| 0 | 94,176 | 0 | 0 | 0 | 94,176 |
| 127,919 | 0 | 0 | 0 | 0 | 127,919 |
| 70,991 | 0 | 0 | 0 | 0 | 70,991 |
| 15,601 | 0 | 0 | 0 | 0 | 15,601 |
| 17,589 | 0 | 0 | 0 | 0 | 17,589 |
| 12,516 | 0 | 0 | 0 | 0 | 12,516 |
| 0 | 0 | 0 | 0 | 0 | 850 |
| 519,768 | 0 | 0 | 0 | 0 | 519,768 |
| 739,404 | 0 | 0 | 0 | 0 | 739,404 |
| 1,412,999 | 0 | 0 | 0 | 0 | 1,412,999 |
| 0 | 0 | 0 | 308,381 | 0 | 308,381 |
| 0 | 0 | 0 | 393,102 | 0 | 393,102 |
| 0 | 0 | 0 | 30,757 | 0 | 30,757 |
| 0 | 0 | 0 | 818,928 | 0 | 818,928 |
| 0 | 0 | 0 | 109,469 | 0 | 109,469 |
| 0 | 0 | 0 | 82,936 | 0 | 82,936 |
| 0 | 0 | 0 | 0 | 1,295,685 | 1,295,685 |
| 0 | 0 | 0 | 0 | 1,990,632 | 1,990,632 |
| $ 3,303,045 | $ 161,091 | $ 24,297 | $ 1,743,573 | $ 3,286,317 | $ 11,155,245 |

continued

**Los Angeles County Metropolitan Transportation Authority**
**Combined Balance Sheet – All Fund Types and Account Groups**
**June 30, 1993**
**(Amounts expressed in thousands)**

| | Governmental Fund Types | | | |
|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects |
| **Liabilities, Equity and Other Credits** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ 6,760 | $ 40,437 | $ 0 | $ 113,332 |
| Accrued liabilities | 0 | 0 | 0 | 0 |
| Claims and judgments payable | 0 | 0 | 0 | 13,292 |
| Due to other governments | 0 | 614 | 0 | 584 |
| Accrued interest payable | 0 | 0 | 79,153 | 0 |
| Interfund payables (Note 10) | 2,108 | 107,325 | 0 | 1,486 |
| Revenue anticipation notes | 0 | 0 | 0 | 0 |
| Current portion compensated absences | 673 | 0 | 0 | 0 |
| Current portion of equip trust certificates | 0 | 0 | 0 | 0 |
| Bonds and notes payable (Note 7) | 0 | 0 | 12,800 | 0 |
| Compensated absences payable | 0 | 0 | 0 | 0 |
| Deferred compensation benefits payable (Note 11) | 0 | 0 | 0 | 0 |
| 401(k) savings plan (Note 11) | 0 | 0 | 0 | 0 |
| Benefit assessment district payable | 0 | 0 | 0 | 0 |
| Insurance claims fund | 0 | 0 | 0 | 0 |
| Deferred revenue – Intergovermental | 0 | 0 | 0 | 96,319 |
| Other liabilities | 4 | 0 | 0 | 202 |
| **Total liabilities** | **9,545** | **148,376** | **91,953** | **225,215** |
| **Equity and Other Credits:** | | | | |
| Investment in general fixed assets | 0 | 0 | 0 | 0 |
| Retained earnings (Note 14) | 0 | 0 | 0 | 0 |
| Capital grants (contributed capital): (Note 14) | | | | |
| Federal | 0 | 0 | 0 | 0 |
| State | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |
| Fund balances: (Notes 5 and 12) | | | | |
| Reserved for memoranda of understanding | 0 | 571,098 | 0 | 0 |
| Reserved for encumbrances | 0 | 0 | 0 | 300,079 |
| Reserved for notes receivable | 640 | 0 | 0 | 0 |
| Reserved for notes receivable (non-current portion of loan) | 0 | 9,852 | 0 | 0 |
| Reserved for other property | 150 | 0 | 0 | 700 |
| Reserved for prepaid items | 0 | 0 | 0 | 3,579 |
| Reserved for debt service | 0 | 0 | 1,203,732 | 0 |
| Reserved for construction | 0 | 0 | 0 | 0 |
| Reserved for issuance costs | 0 | 0 | 0 | 0 |
| Unreserved, undesignated (Note 13) | (3,427) | 75,430 | 0 | 0 |
| **Total equity and other credits** | **(2,637)** | **656,380** | **1,203,732** | **304,358** |
| **Total liabilities, equity and other credits** | **$ 6,908** | **$ 804,756** | **$ 1,295,685** | **$ 529,573** |

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

Exhibit 1
continued

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Total (Memorandum Only) |
|---|---|---|---|---|---|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Debt | 1993 |
| $ 32,943 | $ 1,907 | $ 25 | $ 0 | $ 0 | $ 195,404 |
| 90,512 | 0 | 0 | 0 | 0 | 90,512 |
| 0 | 0 | 0 | 0 | 0 | 13,292 |
| 12,410 | 0 | 0 | 0 | 0 | 13,608 |
| 0 | 0 | 3,039 | 0 | 0 | 82,192 |
| 64,840 | 0 | 25 | 0 | 0 | 175,784 |
| 130,000 | 0 | 0 | 0 | 0 | 130,000 |
| 5,280 | 888 | 0 | 0 | 0 | 6,841 |
| 5,425 | 0 | 0 | 0 | 0 | 5,425 |
| 295,902 | 0 | 17,704 | 0 | 3,283,794 | 3,610,200 |
| 35,754 | 4,875 | 0 | | 2,523 | 43,152 |
| 62,472 | 8,519 | 3,351 | 0 | 0 | 74,342 |
| 13,729 | 1,872 | 0 | 0 | 0 | 15,601 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 143,030 | 0 | 0 | 0 | 143,030 |
| 0 | 0 | 0 | 0 | 0 | 96,319 |
| 0 | 0 | 0 | 0 | 0 | 206 |
| **749,267** | **161,091** | **24,144** | **0** | **3,286,317** | **4,695,908** |
| 0 | 0 | 0 | 1,743,573 | 0 | 1,743,573 |
| (15,742) | 0 | 0 | 0 | 0 | (15,742) |
| 975,970 | 0 | 0 | 0 | 0 | 975,970 |
| 226,258 | 0 | 0 | 0 | 0 | 226,258 |
| 1,367,292 | 0 | 0 | 0 | 0 | 1,367,292 |
| 0 | 0 | 0 | 0 | 0 | 571,098 |
| 0 | 0 | 0 | 0 | 0 | 300,079 |
| 0 | 0 | 0 | 0 | 0 | 640 |
| 0 | 0 | 0 | 0 | 0 | 9,852 |
| 0 | 0 | 0 | 0 | 0 | 850 |
| 0 | 0 | 0 | 0 | 0 | 3,579 |
| 0 | 0 | 0 | 0 | 0 | 1,203,732 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 153 | 0 | 0 | 72,156 |
| **2,553,778** | **0** | **153** | **1,743,573** | **0** | **6,459,337** |
| **$ 3,303,045** | **$ 161,091** | **$ 24,297** | **$ 1,743,573** | **$ 3,286,317** | **$ 11,155,245** |

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**Los Angeles County Metropolitan Transportation Authority**
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**
**All Governmental Fund Types**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | Governmental Fund Types | | | | Total (Memorandum Only) |
|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | 1993 |
| **Revenues:** | | | | | |
| Sales taxes | $ 0 | $ 1,029,547 | $ 0 | $ 0 | $ 1,029,547 |
| Licenses/fines | 111 | 6,523 | 0 | 0 | 6,634 |
| Intergovernmental | 5,851 | 43,000 | 5,274 | 325,106 | 379,231 |
| Interest | 392 | 26,912 | 18,628 | 4,817 | 50,749 |
| Lease rentals | 0 | 0 | 0 | 5,659 | 5,659 |
| Miscellaneous | 166 | 720 | 3,370 | 490 | 4,746 |
| **Total revenues** | 6,520 | 1,106,702 | 27,272 | 336,072 | 1,476,566 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| Administration and other | 12,223 | 2,483 | 0 | 46,089 | 60,795 |
| Transportation subsidies | 17,185 | 876,901 | 0 | 0 | 894,086 |
| Capital outlay | 0 | 0 | 0 | 963,313 | 963,313 |
| Debt service: | | | | | |
| Interest and fiscal charges | 0 | 0 | 148,576 | 0 | 148,576 |
| Bond issuance costs | 0 | 0 | 3,361 | 0 | 3,361 |
| Bond discount | 0 | 0 | 53,517 | 0 | 53,517 |
| Bond principal | 0 | 0 | 14,019 | 0 | 14,019 |
| Bond insurance | 0 | 0 | 5,550 | 0 | 5,550 |
| Financing costs | 0 | 0 | 3,399 | 0 | 3,399 |
| C.O.P. transit development expense | 0 | 0 | 5,095 | 0 | 5,095 |
| **Total expenditures** | 29,408 | 879,384 | 233,517 | 1,009,402 | 2,151,711 |
| **Excess (deficiency) of revenues over expenditures** | (22,888) | 227,318 | (206,245) | (673,330) | (675,145) |
| **Other Financing Sources (Uses):** | | | | | |
| Operating transfers in | 38,968 | 64,017 | 94,118 | 285,613 | 482,716 |
| Operating transfers out | (18,173) | (375,807) | (106,909) | (107) | (500,996) |
| Proceeds from financing | 0 | 0 | 852,620 | 505,790 | 1,358,410 |
| Contributions from property owners | 0 | 84,770 | 0 | 0 | 84,770 |
| **Total other financing sources (uses)** | 20,795 | (227,020) | 839,829 | 791,296 | 1,424,900 |
| **Excess (deficiency) of revenues and other financing sources over expenditures and other financing us** | (2,093) | 298 | 633,584 | 117,966 | 749,755 |
| **Residual equity – transfers out** | 0 | 0 | (109,194) | 0 | (109,194) |
| **Fund balances, July 1** | (544) | 656,082 | 679,342 | 186,392 | 1,521,272 |
| **Fund balances, June 30** | $ (2,637) | $ 656,380 | $ 1,203,732 | $ 304,358 | $ 2,161,833 |

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

Los Angeles County Metropolitan Transportation Authority
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenue, and Capital Projects Funds
For the year ended June 30, 1993
(Amounts expressed in thousands)

| | General Fund | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Licenses/fines | $ 0 | $ 111 | $ 111 |
| Intergovernmental | 5,851 | 5,851 | 0 |
| Interest | 0 | 392 | 392 |
| Construction services cost sharing | 0 | 0 | 0 |
| Sales Tax | 0 | 0 | 0 |
| Lease rentals | 0 | 0 | 0 |
| Miscellaneous | 0 | 166 | 166 |
| **Total revenues** | 5,851 | 6,520 | 669 |
| **Expenditures:** | | | |
| Administration and other | 32,916 | 12,223 | 20,693 |
| Transportation subsidies | 0 | 17,185 | (17,185) |
| Capital outlay | 734 | 0 | 734 |
| **Total Expenditures** | 33,650 | 29,408 | 4,242 |
| **Excess (deficiency) of revenues over expenditures** | (27,799) | (22,888) | 4,911 |
| **Other Financing Sources (Uses):** | | | |
| Operating transfers in | 50,799 | 38,968 | (11,831) |
| Operating transfers out | (20,500) | (18,173) | 2,327 |
| Proceeds from financing | 0 | 0 | 0 |
| Contributions from property owners | 0 | 0 | 0 |
| **Total other financing sources (uses)** | 30,299 | 20,795 | (9,504) |
| **Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses** | 2,500 | (2,093) | (4,593) |
| **Fund balances, July 1** | (544) | (544) | 0 |
| **Fund balances, June 30** | $ 1,956 | $ (2,637) | $ (4,593) |

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

Exhibit 3

| Special Revenue Funds Budget | Special Revenue Funds Actual | Special Revenue Funds Variance Favorable (Unfavorable) | Capital Projects Funds Budget | Capital Projects Funds Actual | Capital Projects Funds Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| $ 0 | $ 6,523 | $ 6,523 | $ 0 | $ 0 | $ 0 |
| 47,250 | 43,000 | (4,250) | 427,763 | 325,106 | (102,657) |
| 33,255 | 26,912 | (6,343) | 0 | 4,817 | 4,817 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 703,882 | 1,029,547 | 325,665 | 0 | 0 | 0 |
| 0 | 0 | 0 | 4,250 | 5,659 | 1,409 |
| 0 | 720 | 720 | 0 | 490 | 490 |
| 784,387 | 1,106,702 | 322,315 | 432,013 | 336,072 | (95,941) |
| 61,713 | 2,483 | 59,230 | 40,000 | 46,089 | (6,089) |
| 588,648 | 876,901 | (288,253) | 0 | 0 | 0 |
| 0 | 0 | 0 | 878,991 | 963,313 | (84,322) |
| 650,361 | 879,384 | (229,023) | 918,991 | 1,009,402 | (90,411) |
| 134,026 | 227,318 | 93,292 | (486,978) | (673,330) | (186,352) |
| 0 | 64,017 | 64,017 | 244,750 | 285,613 | 40,863 |
| (167,505) | (375,807) | (208,302) | 0 | (107) | (107) |
| 0 | 0 | 0 | 500,000 | 505,790 | 5,790 |
| 0 | 84,770 | 84,770 | 0 | 0 | 0 |
| (167,505) | (227,020) | (59,515) | 744,750 | 791,296 | 46,546 |
| (33,479) | 298 | 33,777 | 257,772 | 117,966 | (139,806) |
| 593,789 | 656,082 | 62,293 | 171,322 | 186,392 | 15,070 |
| $ 560,310 | $ 656,380 | $ 96,070 | $ 429,094 | $ 304,358 | $ (124,736) |

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Los Angeles County Metropolitan Transportation Authority
Combined Statement of Revenues, Expenses and
Changes in Retained Earnings
Propietary Fund Types
For the fiscal year ended June 30, 1993
(Amounts expressed in thousands)

| | Proprietary Fund Type | | Total |
|---|---|---|---|
| | Enterprise | Internal Service | (Memorandum Only) 1993 |
| **Operating revenues:** | | | |
| Passenger fares | $ 200,923 | $ 0 | $ 200 923 |
| Route subsidies | 2,257 | 0 | 2,257 |
| Auxiliary transportation | 4,781 | 0 | 4,781 |
| **Total operating revenues** | 207,961 | 0 | 207,961 |
| **Operating expenses:** | | | |
| Transportation | 292,986 | 0 | 292,986 |
| Vehicle maintenance | 109,362 | 0 | 109,362 |
| Non-vehicle maintenance | 30,555 | 0 | 30,555 |
| General and administrative | 82,149 | 0 | 82,149 |
| Depreciation | 83,405 | 0 | 83,405 |
| Salaries and wages | 0 | 61,370 | 61,370 |
| Fringe benefits | 0 | 17,988 | 17,988 |
| Insurance expense | 0 | 45,307 | 45,307 |
| Administrative overhead | 0 | 18,132 | 18,132 |
| Other administrative expense | 0 | 12,275 | 12,275 |
| **Total operating expenses** | 598,457 | 155,072 | 753,529 |
| **Operating (loss)** | (390,496) | (155,072) | (545,568) |
| **Nonoperating revenues and expenses:** | | | |
| Local operating grants | 385,549 | 0 | 385,549 |
| Federal operating grants | 45,619 | 0 | 45,619 |
| State operating grants | 8,438 | 0 | 8,438 |
| Interest revenues | 2,964 | 7,927 | 10,891 |
| Interest expenses | (14,783) | 0 | (14,783) |
| Loss on disposition of fixed assets | (783) | 0 | (783) |
| Other | 3,483 | 0 | 3,483 |
| **Total nonoperating revenues and expenses** | 430,487 | 7,927 | 438,414 |
| **Income (loss) before operating transfers** | $ 39,991 | $ (147,145) | $ (107,154) |
| **Depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction** | 83,811 | | 83,811 |
| **Operating transfers in (out):** | | | |
| Transfer (to)/from other funds | (129,013) | 147,145 | 18,132 |
| Contributed capital transferred to retained earnings | 1,158 | 0 | 1,158 |
| **Decrease in retained earnings** | (4,053) | 0 | (4,053) |
| **Retained earnings, July 1** | (11,689) | 0 | (11,689) |
| **Retained earnings, June 30** | $ (15,742) | $ 0 | $ (15,742) |

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

**Los Angeles County Metropolitan Transportation Authority**
**Combined Statement of Cash Flows – Proprietary Fund**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | | 1993 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash received from customers | $ | 202,934 |
| Cash paid to employees and suppliers | | (718,703) |
| Interest paid | | (15,337) |
| Interest received | | 8,610 |
| **Net cash used in operating activities** | | (522,496) |
| **Cash flows from non–capital financing activities:** | | |
| Proceeds from operating grants | | 477,178 |
| Procceds from issuance of Revenue Anticipation Notes | | 61,000 |
| Interfund transfers | | 18,132 |
| Repayment of insurance fund reserve borrowings | | (5,528) |
| **Net cash provided by non–capital financing activities** | | 550,782 |
| **Cash flows from capital and related financing activities:** | | |
| Capital grants receipts | | 12,786 |
| Capital grant transfers to other fund | | (16,318) |
| Purchase of property, plant & equipment | | (95,015) |
| Proceeds from sale of retired equipment | | 180 |
| Proceeds from off shore lease | | 5,237 |
| Decrease in Benefit Assessment Districts receivables | | 84,222 |
| Decrease in Benefit Assessment Districts payables | | (39,928) |
| Repayment of matured equipment trust certificates | | (5,060) |
| **Net cash used by financing activities** | | (53,896) |
| **Cash flows from investing activities** | | |
| Purchases of investments with fiscal agents | | (39,914) |
| Proceeds from collateral equalization fund | | 115,818 |
| Increase in certificate repayment fund | | 11,653 |
| **Net cash provided by investing activities** | | 87,557 |
| **Net increase in cash and cash equivalents** | | 61,947 |
| **Cash and cash equivalents, July 1** | | 72,556 |
| **Cash and cash equivalents, June 30** | $ | 134,503 |

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

Exhibit 5
continued

**Los Angeles County Metropolitan Transportation Authority**
**Combined Statement of Cash Flows – Proprietary Fund**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | | 1993 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Provided by Operating Activities:** | | |
| Net loss before operating grants and transfers | $ | (546,760) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | | 83,405 |
| Loss on disposition of fixed assets | | 783 |
| Changes in assets and liabilites: | | |
| Increase in revenues receivable | | (14,108) |
| Increase in interest receivable | | (2,281) |
| Increase in inventory and other | | (5,822) |
| Increase in interfund receivables | | (131,670) |
| Increase in accounts payable | | 13,155 |
| Increase in accrued liabilities | | 9,902 |
| Increase in compensated absences payable | | 6,058 |
| Increase in interfund payables | | 64,842 |
| **Net cash used in operating activiites** | $ | (522,496) |
| **Supplemental schedule of noncash financing transactions:** | | |
| Transfer of property from general fixed asset account group | $ | 126,002 |
| Capital grant transfer to general fixed asset account group | | 16,318 |
| Increase in 401(k) asset and liability | | 16,340 |
| Increase in insurance claims fund asset and liability | | 14,980 |
| Increase in deferred compensation asset and liability | | 8,043 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid during the year for: | | |
| Interest | $ | 15,337 |

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

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**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

1. ORGANIZATION AND POOLING METHOD OF ACCOUNTING

The Los Angeles County (the "County") Metropolitan Transportation Authority (the "MTA") was created as of February 1, 1993, essentially as a merger of the former Los Angeles County Transportation Commission (the "Commission") and the former Southern California Rapid Transit District (the "District"). The merger was accounted for under the pooling-of-interest method of accounting; and, accordingly, the July 1, 1992 fund balances have been restated. (See Note 5).

Prior to the formation of the MTA, the Commission served as the County's transportation commission for coordinating the operation of all public transportation services within the County. The Commission's responsibilities included managing transit operating policies among the County's 17 municipal bus operators, and planning and developing the light, heavy and commuter rail projects. The Commission was also responsible for constructing a 150-mile urban light and heavy rail system in Los Angeles through the Rail Construction Corporation, a nonprofit corporation organized in 1989 (the "RCC"), and participating in the construction and operation of the 250-mile Metrolink commuter rail system in the five-county *Metrolink* service area.

Before the formation of the MTA, the District served as the main source of bus service in all of the County south of the San Gabriel Mountains, except Santa Catalina Island. The District operated a vehicle fleet of over 2,200 buses that covered a weekday total of over 249,000 revenue service miles over a route system of approximately 3,800 miles carrying approximately 1.2 million weekday passengers. The District also operated the Metro Blue Line light rail system, which covers 22 miles between the cities of Los Angeles and Long Beach and the Red Line, which covers 4 miles between Union Station and MacArthur Park in the Los Angeles central business district.

The MTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, (bonded or otherwise), immunities and exemptions of the Commission and the District.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the MTA have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental 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 MTA's accounting policies are described.

### A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility including but not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The second criterion used in evaluating a potential component unit is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government, and is generally available to its citizens. The third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government can exercise oversight responsibilities.

The Benefit Assessment Districts ("BAD"), the Transportation Foundation, and the Los Angeles County Transportation Land Preservation Corporation, meet the above criteria. The MTA considers these entities as component units of the MTA and, as such, are included in the MTA's financial statements.

### B. Governance

The MTA is governed by a 14-member Board of Directors (the "Board"). The Board is composed of the five members of the County Board of Supervisors, the Mayor of the City of Los Angeles, two public members and one member of the City Council of the City of Los Angeles, four members who are either a mayor or a member of a city council and have been appointed by the Los Angeles County City Selection Committee and a nonvoting member appointed by the Governor of the State of California. The MTA Board members are permitted to appoint alternate members to the MTA, who would represent a regular member only if the regular member could not attend a MTA meeting. Some alternate members, however, have only limited power to vote at such meetings.

C. Fund Accounting

The MTA 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 governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary and are described below.

The MTA also uses account groups that are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly effect net expendable available financial resources.

Governmental funds are used to account for most of the MTA'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 and payment of general long-term debt (debt service fund) principal and interest. The MTA's general fund is used to account for all activities of the MTA not accounted for in another fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the MTA (internal service funds). Certain MTA self-insurance programs, principally worker's compensation and general liability, are recorded in the internal service fund. See Note 6 for further discussion.

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 MTA. 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 is used. The terms "nonexpendable" and "expendable" refer to whether or not the MTA is under an obligation to maintain the trust principal. Agency funds generally are used to account for custodial assets that the MTA holds on behalf of others as their agent and does not involve measurement of results of operations.

Account groups are used to account for and control the MTA's general fixed assets and general long-term debt.

D. 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 uses) in net current assets.

All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total 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). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all other governmental fund revenues. 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.

The accrual basis of accounting is utilized by proprietary fund types, pension trust funds and nonexpendable trust funds. Under this method, revenues and expenses are recognized and recorded when earned or when the obligation has been incurred.

The MTA reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the MTA before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the MTA has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

E. Budgets

The MTA is legally required to adopt an annual budget for the following funds: General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund and Proprietary Funds. The MTA adheres to the provisions of the applicable sections of the California Government Code concerning budgetary matters. Annually, the Board of Supervisors conducts a public hearing for discussion of the proposed budgets. At the conclusion of the hearings, and no later than June 30, the Board adopts the final budget including revisions by resolution. Subsequent revisions which occur during the year are also adopted by the Board.

The MTA employs the following practices and procedures in establishing the budgetary data on a basis consistent with GAAP as reflected in the general purpose financial statements:

- Annual budgets are adopted on a basis consistent with the modified accrual basis of accounting for governmental fund types.

- Annual budgets are adopted on the accrual basis for the proprietary fund.

- Special revenue funds that may be established during a fiscal year are considered for budgetary action in the ensuing fiscal year.

F. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with an original maturity date of three months or less.

State statues authorize the MTA to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at the lower of cost (amortized cost) or market, except investments in the deferred compensation agency fund which are reported at current market value.

G. Short-Term Interfund Receivables/Payables

Numerous transactions occur between individual funds during the normal course of operations. Short-term interfund loans between these funds are classified as interfund receivables and payables.

H. Prepaid Expenditures

Payments made for insurance and to vendors for services that will benefit periods beyond June 30, 1993 are recorded as prepaid expenditures.

I. Inventory

Inventory consisting primarily of bus and rail vehicle parts is stated at the lower of average cost or market. Inventory items are expended as consumed.

J. Property, Plant and Equipment (Fixed Assets)

Property, plant and equipment are recorded in both the general fixed asset account group and proprietary fund. Capital acquisitions and construction are reflected as expenditures and assets in the proprietary or governmental funds depending on the use of the asset.

Property, plant and equipment are stated at cost. Donated fixed assets are valued at their estimated fair market value on the date received. Major improvements and betterments to existing plant and equipment are capitalized. Costs for maintenance and repairs which do not extend the useful life of the applicable assets are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations. Certain assets in the general fixed asset account group are not depreciated.

It is the policy of the MTA to transfer the cost of rail lines to the enterprise fund when the project becomes operational. At June 30, 1993, the enterprise fund reflects the costs of the Blue Line and the Minimum Operable Segment-1 (MOS-1) of the Red Line.

Depreciation is recorded in the proprietary fund using the sum-of-the-years-digits method on all revenue-earning equipment which was acquired before July 2, 1988. Depreciation on revenue-earning equipment acquired after July 2, 1988 and all other property, plant and equipment is computed using the straight-line method. Both methods are based upon the estimated useful lives of individual assets. The estimated useful lives of fixed assets are as follows:

| | Years |
|---|---|
| Buildings | 30 |
| Rail Cars | 25 |
| Buses | 12 |
| Other vehicles | 5 |
| Bus maintenance and office equipment, furnishings and others | 10 |

Assets acquired with federal, state and local capital grants are included in property, plant and equipment, and depreciation on these assets is included in the accompanying statements of operations. Federal, state and local grant revenues equivalent to the depreciation amount for the year are recognized in equity.

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and recorded as a liability of the governmental fund responsible for the payment. Vested or accumulated vacation leave amounts that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is recognized or recorded for these amounts.

Vested or accumulated vacation leave for the proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

L. Pension Plans

The MTA provides a defined benefit pension plan for some noncontract employees through the California Public Employees' Retirement System (PERS). It is the MTA's current policy to fund the employees' contribution.

The MTA has a Single-Employer Public Employees Retirement System which includes four defined benefit pension plans for its former District employees. All employees except noncontract employees contribute a specified percentage, as recommended by the Plans' actuary, of their annual salaries to the plan in which they participate. It is the MTA's current policy to fund the noncontract employees' contribution.

M. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

N. Total Column - Memorandum Only

The total column 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.

3. CASH AND INVESTMENTS

Cash and investments at June 30, 1993 consisted of the following (in thousands):

| | |
|---|---|
| Cash and short-term investment accounts including savings & money market accounts | $ 462,117 |
| Pledged certificates of deposit | 7,500 |
| Los Angeles County Treasurer's Investment Pool | 746,794 |
| Restricted cash & investments held by fiscal agents | 1,686,306 |
| Total | $2,902,717 |

Restricted Cash and Investments

Restricted cash and investments are comprised of assets set aside for funding self-insurance claims, the deferred compensation plan, the 401(k) Savings Plan, the purchase of buses provided by the issuance of Equipment Trust Certificates and for the repayment of Equipment Trust Certificates, Revenue Anticipation Notes, Certificates of Participation and Sales Tax Revenue and Refunding Bonds. Restricted cash for each of these purposes is held separately and is deposited in cash accounts or invested.

Self Insurance Claims Fund

The rules and regulations of the MTA permit borrowing from the self-insurance claims fund to meet the MTA'S working capital requirements. Such borrowing is to be repaid as soon as reasonably practical and at interest rates that approximate the rate of return of the fund. As a result of the delay in receipt of operating grants, the MTA had outstanding borrowing from this fund of $48,854,000 at June 30, 1993.

Cash and Cash Equivalents

At June 30, 1993, the net book carrying amount of the MTA's deposits comprised of cash in checking and money market accounts totalled $196,738,000 while the bank balance was $206,545,000. Of the bank balance, $200,000 was covered by federal depository insurance and $206,345,000 was covered by collateral held in the pledging bank's trust department or agent in the MTA'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 be in accordance with Title 5, Division 2, Chapter 4, Article 2 of the Government Code for the State of California. California law also allows financial institutions to secure public fund deposits by pledging first trust deed mortgage notes having a value of 150% of a governmental unit's total deposits. (The MTA may waive collateral requirements for deposits which are fully insured up to $100,000 by the Federal Deposit Insurance Corporation.)

Authorized Investments

The MTA 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 policy affords the MTA 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 within the following approved instrument guidelines:

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

## Summary of Investments

The MTA's investments are categorized to give an indication of the level of risk assumed. Category 1 includes investments that are insured or collateralized with securities held by the MTA or its agent in the MTA's name. Category 2 includes investments that are collateralized with securities held by the pledging financial institutions' trust department or agent in the MTA's name. Category 3 includes investments that are uncollateralized or collateralized with securities held by the pledging financial institutions or by their trust departments or agent but not in the MTA's name.

Investments at June 30, 1993 consist of the following (in thousands):

| | Categories 1 | 2 | 3 | Book Value | Market Value |
|---|---|---|---|---|---|
| **CATEGORIZED INVESTMENT:** | | | | | |
| U.S. Treasury securities | $1,349,277 | | | $1,349,277 | $1,406,429 |
| U.S. Agency securities | 15,268 | | | 15,268 | 15,863 |
| Bankers' acceptance | 29,508 | | | 29,508 | 29,508 |
| Commercial paper | 23,700 | | | 23,700 | 23,700 |
| Corporate notes and bonds | 68,582 | | | 68,582 | 69,053 |
| State & local gov't securities | 111,950 | | | 111,950 | 111,987 |
| **Total categorized investments** | $1,598,285 | | | $1,598,285 | $1,656,540 |
| **NON-CATEGORIZED INVESTMENTS:** | | | | | |
| Certificates of deposit | | | | $ 75,222 | $ 75,222 |
| Mutual funds | | | | 52,003 | 52,003 |
| Bond funds | | | | 920 | 920 |
| Los Angeles County Treasurer's Investment Pool | | | | 979,429 | 979,429 |
| Other | | | | 120 | 120 |
| **Total non-categorized investments** | | | | 1,107,694 | 1,107,694 |
| **Total** | | | | $2,705,979 | $2,764,234 |

## Equipment Trust Certificates and Certificates of Participation

Equipment Trust Certificates and Certificates of Participation at June 30, 1993 were comprised of the following funds (in thousands):

Equipment Trust Certificates Account:

| | |
|---|---|
| Collateral equalization | $ 14,256 |
| 1986 bus purchase | 3,333 |
| **Total** | $ 17,589 |

Certificate of Participation Account:

| | |
|---|---|
| Claims payment | $108,933 |
| COPs reserve | 12,940 |
| Installment payment | 6,046 |
| **Total** | $127,919 |

Certificate of Participation Account - (1992-COPS):

| | |
|---|---|
| Acquisition Account | $ 15,719 |
| Lease Payment | 12,996 |
| Cost of Issuance | 66 |
| Reserve Account | 11,133 |
| **Total** | $ 39,914 |

## 4. FIXED ASSETS

A summary of changes in the general fixed assets account group during the fiscal year ended June 30, 1993 follows (in thousands):

| | July 1, 1992 (restated) | Additions | Transfers | June 30, 1993 |
|---|---|---|---|---|
| Administration | $ 5,414 | $ 1,142 | $ - | $ 6,556 |
| Transportation Facilities/Land | 485,890 | 390,266 | - | 876,156 |
| Equity in JPA/SCRRA Capital Contribution | 56,074 | 26,862 | - | 82,936 |
| Construction in Progress: | | | | |
| Metro Green | 169,380 | 139,001 | - | 308,381 |
| Metro Rail, MOS 1 Construction | - | 107,296 | (107,296) | - |
| Metro Rail, MOS 2 Construction | 225,180 | 167,922 | - | 393,102 |
| Metro Rail, MOS 3 Construction | 4,332 | 26,425 | - | 30,757 |
| Other Construction in Progress | 39,985 | 5,700 | - | 45,685 |
| Total General Fixed Assets | $986,255 | $864,614 | $(107,296) | $1,743,573 |

The following is a summary of the enterprise fund-type fixed assets as of June 30, 1993 (in thousands):

| | Bus Operations | Rail Operations | Total |
|---|---|---|---|
| Bus and other vehicles | $488,993 | $ 166,036 | $ 655,029 |
| Land | 87,731 | 204,287 | 292,018 |
| Bus maintenance and office equipment, furnishings and other | 9,941 | 1,563 | 11,504 |
| Building and structures | 144,278 | 1,712,137 | 1,856,415 |
| Construction-in-progress | 73,047 | 29,475 | 102,522 |
| Equipment | 137,791 | 170,662 | 308,453 |
| | 941,781 | $2,284,160 | 3,225,941 |
| Less: Accumulated depreciation | 448,465 | 105,305 | 553,770 |
| Net fixed assets | $493,316 | $2,178,855 | $2,672,171 |

5. POOLING OF INTEREST

Effective February 1, 1993, the former Commission was merged with the former District to form the MTA. The merger has been accounted for under the pooling-of-interest method of accounting and, accordingly, the MTA's financial statements and other financial data which had previously been reported upon separately have been restated as of July 1, 1992 to include the accounts and operations of the aforementioned entities, as well as to reflect certain accounting principles on a consistent basis. The following July 1, 1992 equity/fund balances for the enterprise and special revenue funds have been restated: (in thousands)

| | Enterprise Fund | Special Revenue Fund |
|---|---|---|
| Balances, July 1, 1992 | $1,647,422 | $607,082 |
| Adjustments as a result of the pooling of interest method of accounting | 874,797 | 49,000 |
| Balances, July 1, 1992, as restated | $2,522,219 | $656,082 |

The pooling adjustments are primarily related to the recognition of the Metro Red and Blue Lines and related depreciation in the enterprise fund and an adjustment to the intercompany funding in the special revenue fund.

6. INSURANCE RESERVES

The primary emphasis of risk management activities in the MTA is to prevent or minimize the risk of injury to persons and damage to or loss of property. Where losses cannot be prevented, the MTA 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 MTA's financial planning process. The MTA also makes provision to insure its risk of accidental loss from construction through an owner-controlled insurance program (OCIP). Policies provide property, liability, and workers' compensation insurance and covers many of the risks arising from construction of the Metro Rail segments, the Green Line, and the SCRRA Lines for the interest of the MTA, the contractors and subcontractors in their work on such MTA projects.

The MTA is fully self-insured for workers' compensation claims and partially self-insured for public liability and property damage for nonconstruction activities. The self-insurance maximum for public liability and property damage claims is $4,500,000 and $2,500,000 for any one occurrence on bus and rail, respectively. Claims in excess of self-insurance retention are covered up to an additional $95,500,000 and $97,500,000 by an insurance policy for bus and rail, respectively.

The self-insurance programs are administered by independent adjustment bureaus. The liability is based, in part, upon the independent adjustment bureaus' estimate of reserves required for unsettled claims and related administrative costs, and includes claims that are incurred but not reported. Such reserves are actuarially determined and subject to periodic adjustment as conditions warrant. In 1993, the reserves are discounted using an average rate of return of 5.0%.

The MTA believes that the estimated liability for self-insured claims at June 30, 1993 will be sufficient to cover any costs arising out of claims filed or to be filed for incidents which occurred through that date.

7. LONG-TERM DEBT

Long-term obligations of the MTA consist of sales tax revenue bonds, refunding bonds, certificates of participation, commercial paper notes, equipment trust certificates, revenue anticipation notes and other liabilities which are payable from general governmental and proprietary activities. Long-term obligations also consist of special assessment bonds which are payable from fiduciary (agency) fund activities.

GENERAL LONG-TERM DEBT ACCOUNT

A summary description of bonds, notes and other liabilities recorded in the General Long-Term Debt Account Group as of June 30, 1993 follows:

Sales Tax Revenue Bonds
Sales Tax Revenue Bonds are primarily Proposition A and C bonds. Proposition A and C bonds are issued to provide funds for the acquisition and construction of major capital facilities, such as the Metro Blue Line, the Metro Green Line, the Metro Red Line Segments I, II, and III and the acquisition of stock for the rail system.

Sales Tax Revenue Refunding Bonds
Prior to fiscal year 1992, the MTA issued various Sales Tax Revenue Refunding Bonds ("Refunding Bonds") Series 1987-A, 1988-A, and 1989-A to advance refund the MTA's previous issued and outstanding Sales Tax Revenue Bonds ("Revenue Bonds") Series 1986-A, 1986-C, and 1986-D, respectively due to favorable interest rates. The net proceeds were place in irrevocable trusts with escrow agents. The funds in the escrow accounts have been invested in primarily U.S. Treasury securities. The maturities of these investments coincide with the principal and interest payment dates of the defeased bonds and are sufficient to pay all principal and interest on the bonds when due as required by applicable laws. Certain bonds are considered defeased and the liability for those bonds have been removed from the general long-term debt account group. The MTA remains contingently liable for the defeased bonds.

The MTA also issued Refunding Bonds, Series 1991-B, Series 1992-A and 1992-B, to be used to reduce the MTA's debt service requirements related to the Sales tax Revenue Bond Series 1986-A Bonds, the Series 1987 Bonds and the Series 1988 Bonds prior to fiscal year ending June 30, 1993. The issuances did not result in a defeasance of debt. These three refunding issues produced resources that are being held in the Series

1986-A, Series 1987 and Series 1988 Escrow Fund (Refunding Escrow Fund) created under the terms of an Escrow Agreement. As a result, the bonds are still recognized on the MTA's general long-term debt account group.

During fiscal year 1993, the MTA issued additional Refunding Bonds of $560,570,000 Proposition A Series 1993-A and $204,095,000 Proposition C Series 1993-A. The Proposition A bonds will be used to pay the principal and interest due on the various Refunded Bond Series 1986-A, 1987-A, 1988-A, 1989-A, 1991-A and 1991-B. The Proposition C bonds will be used to refund the Proposition C Revenue Second Senior Bonds Series 1992-A. The refunding issues produced resources which are currently held in escrow funds and these transactions did not result in a defeasance of debt. As a result, the bonds are still recognized on the MTA's general long-term debt account group.

Leveraged Lease Revenue Bonds

During the 1989-90 fiscal year, the MTA entered into two leverage lease arrangements for the acquisition of thirty-two (32) light rail cars. The financing program provided for the MTA 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 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 MTA financial statements.

In December 1990, the MTA entered into a third lease financing arrangement 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 $6,660,000 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.

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

Certificates of Participation - 1992, Series G
In October 1991, the MTA in association with the California Special Districts Association ("CSDA"), issued $19,340,000 of Certificates of Participation for the purpose of providing supplementary financing for the procurement of sixty (60) over-the-road buses and twenty-six (26) local fixed-route buses. The MTA is obligated to make lease payments to CSDA and subsequently subleases the buses to the cities of Los Angeles and Santa Clarita and the County of Los Angeles. These entities are required to make payments that will equal the amount of the MTA'S lease payments to the CSDA. Additional funding for the projects includes a $2.3 million contribution by the MTA and a $4.8 million federal grant. In the event that the amount received by the MTA from the cities of Los Angeles and Santa Clarita and the County of Los Angeles under the sublease is insufficient to make its least payment to the CSDA, the MTA is required to use any other legally available funds to make such lease payments.

Certificates of Participation - 1992 Series C
In December 1992, the MTA issued $3,390,000 of Certificates of Participation for the purpose of providing financing for the procurement of 14 diesel buses and other equipment. The MTA is obligated to make lease payments to CSDA and subsequently subleased the buses to the City of Torrance. The MTA has a memorandum of understanding with the city that holds the City of Torrance liable for the lease payments.

Commercial Paper Notes
The MTA issued $345,000,000 in Commercial Paper Notes (the "Notes), Series A, in the fiscal year ending June 30, 1991. During fiscal year 1991-92 the MTA paid off $177,000,000 of the Notes as reported in the debt service fund and reissued an additional $25,000,000 of the Notes leaving an outstanding balance of $193,000,000 reported in the Long Term Debt Account Group.

The Notes are considered long-term debt because the principal amounts due on this debt can be rolled-over or refinanced through January 28, 1994 and can be extended for one year periods thereafter. The Notes are collateralized by a third lien pledge of certain sales tax revenues derived from Proposition A and by various letters of credit in an aggregate amount of $350,000,000 to support the payment of principal and interest on the Notes when due. Although the individual Notes are "short-term" with maturities (at June 30, 1993) ranging from seven to two hundred days at various interest rates from 3.25% to 4.35% per annum (payable at each maturity), it is the intention of the MTA to pay the accrued interest and rollover or reissue the principal amounts as they mature through January 28, 1994 and thereafter on a year by year basis.

Taxable Commercial Paper Notes
The MTA issued $73,500,000 in Taxable Commercial Paper Notes, Series A, in June 1993. The proceeds of the notes were used to acquire certain real estate parcels needed for the Metrolink Rail project. The notes are similar to the other commercial paper notes issued except the interest earnings are taxable for the investors.

Compensated Absences Payable
As of June 30, 1993, earned vacation totalling $2,523,000 was included in the Long-Term Debt Account Group as the MTA management estimates that these amounts will not be taken or paid within a year.

Outstanding Bonded Debt Summary in Long-Term Debt Account Group

At June 30, 1993, the MTA had outstanding debt as shown below in the Long-Term Debt Account Group:

| | (in thousands) |
|---|---|
| $157,615,000 Sales Tax Revenue Bonds, 1986 Series A, dated July 15, 1986, serial bond due in annual installments from $2,410,000 on July 1, 1992 up to $12,805,000 on July 1, 2016. Interest at various annual rates ranging from 6.2% to 7.5% is payable semiannually on January 1 and July 1. | $152,645 |
| $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 semiannually on January 1 and July 1. | 263,740 |

| | |
|---|---|
| $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 semiannually on January 1 and July 1. | 107,449 |
| $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 semiannually on January 1 and July 1. | 168,114 |
| $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 $93,730,000 on July 1, 2021. Interest at various annual rates from 5.85% to 7.00% is payable semiannually on January 1 and July 1. | 500,000 |
| $281,425,000 Sales Tax Revenue Refunding Bonds, 1991 Series B, dated December 4, 1991, due in annual installments from $550,000 on July 1, 1993 to $9,700,000 on July 1, 2018. Interest at various annual rates from 4.9% to 6.5% is payable semiannually on January 1 and July 1. | 280,875 |
| $98,700,000 Sales Tax Revenue Refunding Bonds, 1992 Series A dated June 1, 1992, due in annual installments including annual sinking fund payments from $16,200,000 on July 1, 2005 to $10,000,000 on July 1, 2012. Interest at various annual rates ranging from 2.2% through June 23, 1992 and variable thereafter, at a weekly interest rate determined by the Municipal Index Market. Interest is payable semiannually on January 1 and July 1. | 98,700 |

| | |
|---|---|
| \$107,665,000 Sales Tax Revenue Refunding Bonds, 1992 Series B dated June 1, 1992, due in annual installments including annual sinking fund payments from \$3,365,000 on July 1, 1997 to \$15,305,000 due July 1, 2004. Interest at various annual rates from 5.0% to 6.0% is payable semiannually on January 1 and July 1. | 107,665 |
| \$516,855,000 Sales Tax Revenue Proposition C Second Senior Bonds, 1992 Series A, dated October 15, 1992, due in annual installments of \$6,780,000 beginning on July 1, 1994 to \$104,115,000 on July 1, 2023. Interest at various annual rate ranging from 3.7% to 6.5% is payable semiannually on January 1 and July 1. | 516,855 |
| \$560,570,000 Sales Tax Revenue Proposition A Refunding Bonds, 1993 Series A, dated April 15, 1993, due in annual installments from \$1,825,000 beginning on July 1, 1995 to \$258,450,000 due July 1, 2021. Interest at various annual rates ranging from 3.5% to 5.6% is payable semiannually on January 1 and July 1. | 560,570 |
| \$204,095,000 Sales Tax Revenue Proposition C Refunding Bonds, Second Senior Bonds, 1993 Series A, dated June 30, 1993 due in annual installments from \$195,000 on July 1, 1997 to \$31,005,000 on July 1, 2020. Interest at a variable rate determined by the Municipal Index Market. | 204,095 |
| \$26,400,000 Lease Revenue Bonds, 1990 Series, dated December 27, 1990, due in semiannual installments from \$22,000 at June 15, 1991 to \$2,332,000 at December 15, 2006. Interest at 7.375% annually is payable semiannually on June 15 and December 15. | 28,732 |

| | |
|---|---|
| $6,600,000 Yen obligation payable in semiannual installments commencing June 15, 1991 through December 15, 2006. | 5,289 |
| Total | $ 2,994,729 |

## The Refunding Plan

The MTA has a very aggressive refunding plan to refund certain maturities of its Proposition A Revenue and Refunding Bonds. The MTA, through the issuance of the Series 1993-A Bonds, has reduced the interest cost on a portion of its indebtedness by taking advantage of current marked conditions. Similar to the refinancing of a home mortgage, to take advantage of low interest rates, the MTA has lowered its interest cost related to Proposition A Bonds by approximately a $96 million spread over 30 years.

The MTA is also looking into ways of refunding Proposition C Bonds in order to achieve similar results.

## Summary of Changes in Long-Term Liabilities

The following schedule summarizes the changes which occurred during the year ended June 30, 1993, in liabilities reported in the general long-term debt account group (in thousands):

| | Balance July 1, 1992 as restated | Additions | Reductions | Balance June 30, 1993 |
|---|---|---|---|---|
| Sales Tax Revenue Bonds | $1,692,561 | $1,281,520 | $13,373 | $2,960,708 |
| Leveraged Lease Revenue Bonds | 34,667 | - | 646 | 34,021 |
| Total Bonded Debt | $1,727,228 | 1,281,520 | 14,019 | $2,994,729 |
| Commercial Paper Notes | 193,000 | 73,500 | - | 266,500 |
| Certificates of Participation | 19,340 | 3,225 | - | 22,565 |
| Compensated Absences Payable | 568 | 1,955 | - | 2,523 |
| Total | $1,940,136 | $1,360,200 | $ 14,019 | $3,286,317 |

## Amortization Requirements

The annual requirements (principal and interest) to amortize the bonds outstanding at June 30, 1993 are as follows (in thousands):

| Year Ending June 30 | Proposition A Bonds (Combined) | Proposition C Bonds (Combined) | Total |
|---|---|---|---|
| 1994 | $ 81,128 | $ 37,549 | $ 118,677 |
| 1995 | 93,810 | 37,521 | 131,331 |
| 1996 | 98,301 | 37,518 | 135,819 |
| 1997 | 98,340 | 37,715 | 136,055 |
| 1998 | 99,764 | 38,246 | 138.010 |
| Thereafter | 2,299,447 | 960,810 | 3,260,257 |
| Total principal and interest | $ 2,770,790 | $1,149,359 | $3,920,149 |
| Less: Amount representing interest | 531,032 | 428,409 | 959,441 |
| Total | $ 2,239,758 | $ 720,950 | $2,960,708 |

## PROPRIETARY FUND

The portion of outstanding debt related to proprietary fund operations is included in the accounts of the proprietary fund. A summary of proprietary fund debt and debt service requirements, including interest and principal as of June 30, 1993, are as follows:

### Equipment Trust Certificates

The Equipment Trust Certificates were issued to acquire buses and are funded by local capital grants. The respective certificate agreements require that certain funds be deposited to a collateral certificate repayment fund account to satisfy debt service requirements. In addition, the 1986 Certificates agreement requires the MTA to deposit funds into a bus purchase account to pay for future bus acquisitions. The total principal amount outstanding on the equipment trust certificates as of

June 30, 1993 is $17,715,000 at interest rates ranging from 3.5% to 9.1%. Payment dates for principal and interest are as follows (in thousands):

| | 1984 Issue Due July 1, | | 1986 Issue Due July 1, | | Total | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 1993 | $2,640 | $499 | $ 2,785 | $ 647 | $ 5,425 | $ 1,146 |
| 1994 | 2,875 | 261 | 2,955 | 480 | 5,830 | 741 |
| 1995 | - | - | 3,140 | 295 | 3,140 | 295 |
| 1996 | - | - | 3,320 | 116 | 3,320 | 116 |
| | $5,515 | $760 | $12,200 | $1,538 | $17,715 | $2,298 |

Certificates of Participation (1990 Issue)
In July 1990, the MTA issued $160,000,000 of Adjustable Rate Demand Certificates of Participation due in annual installments from $6,100,000 beginning on July 1, 1995 to $15,100,000 due July 1, 2010. The 1990 certificates were converted in 1991 from an adjustable rate to a fixed rate of interest, rates ranging from 5.2% to 7.7% for the period 1995 to 2010. The total principal amount outstanding as of June 30, 1993 is $160,000,000 and is payable as follows (in thousands):

| Due July 1, | Principal | Interest |
|---|---|---|
| 1993 | $ - | $ 10,244 |
| 1994 | - | 10,244 |
| 1995 | 6,100 | 10,244 |
| 1996 | 6,500 | 9,927 |
| 1997 | 6,900 | 9,576 |
| Thereafter | 140,500 | 70,272 |
| | $160,000 | $ 120,507 |

Certificates of Participation (C.O.P. 1992 issue)
On June 29, 1992, the MTA participated in a $118,375,000 issuance of California Transit Finance Corporation Certificates of Participation 1992 Series B (the "1992 Certificates") to finance the acquisition of 333 buses and related equipment to be operated by the MTA. The MTA is required to make annual lease payments that are funded in part from Federal Transit Administration (FTA) Section 9 Capital Grant funds received by the MTA (80%) and from Transportation Development Act funds (20%). The percentages may change in the future and the FTA grants available for such payments are subject to future Congressional appropriation and authorization. The 1992

Certificates bear interest rates ranging from 3.25% (1993) to 6.25% (2004). The total principal amount outstanding as of June 30, 1993 is $118,375,000 and is payable as follows (in thousands):

| Due July 1, | Principal | Interest |
|---|---|---|
| 1993 | $ 9,865 | $ 6,882 |
| 1994 | 9,865 | 6,032 |
| 1995 | 9,865 | 5,588 |
| 1996 | 9,865 | 5,119 |
| 1997 | 9,865 | 4,626 |
| Thereafter | 69,050 | 16,775 |
| | $118,375 | $ 45,022 |

Revenue Anticipation Notes

The MTA currently has a total of $130,000,000 of Revenue Anticipation Notes outstanding as of June 30, 1993. These notes are collateralized by a pledge of and will be repaid from, federal, state and local grants, due in fiscal year 1994 and thereafter. The purpose of the notes is to fund current operations until certain grant receivables can be collected.

FIDUCIARY FUND

The portion of outstanding debt related to the fiduciary (agency fund) operations are accounted for in the fiduciary fund type.

BENEFIT ASSESSMENT DISTRICTS' REVENUE BONDS

The special Benefit Assessment District A1 Revenue Bonds, Series 1992-A ("A1 Bonds"), and Benefit Assessment District A2 Revenue Bonds, Series 1992-A ("A2 Bonds"), were issued to assist in the financing of the private sector portion of the County-wide Rail Rapid Transit System (the "Metro Rail Project")-the Minimum Operable Segment-1 (MOS-1).

The A1 and A2 Bonds total $154,055,000 and $8,115,000, respectively. The A1 and A2 Bonds are solely payable from assessments paid by owners of assessable property within Districts A1 and A2, respectively, against which assessments have been and/or will be levied on such property.

The bonds do not constitute an indebtedness of the MTA and are payable solely from payments received on assessments against the levied properties. The total outstanding debt is $162,170,000, and in the opinion of MTA officials, these bonds are not payable from any revenues or assets of the MTA, and neither the full faith and credit nor the taxing authority of the MTA, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the General Long-Term Debt Account Group and/or Proprietary funds for these bonds.

8. OPERATING LEASES

The MTA is committed under various leases for building and office space. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the years ended June 30, 1993 were $12,030,000. Future minimum lease payments for these leases are as follows (in thousands):

| Year Ending | Amount |
|---|---|
| 1994 | $12,268 |
| 1995 | 11,890 |
| 1996 | 3,947 |
| 1997 | 37 |
| 1998 | 51 |
| Thereafter | 10 |
| Total | $28,203 |

The MTA anticipates moving into the new Gateways building in fiscal year 1995/96; thus, potential contingent liabilities may arise related to the current building leases.

9. PENSIONS AND POST-RETIREMENT BENEFITS

The MTA currently has pension plans that cover the former Commission employees and the former District employees. Details related to the plans are noted below.

A. Defined Benefit Pension Plan (for former Commission Employees)

Plan Description

The MTA 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 MTA's payroll for employees covered by PERS for the year ended June 30, 1993, was $33,156,000 of a total payroll of approximately $35,741,000.

All full-time employees are covered members under PERS and became fully vested in their accrued benefits after 5 years of credited service. Normal retirement is age 60 with 5 years of credited service. The normal benefit form is a modified straight life annuity equal to 2%

(benefit factor) of final average compensation (last consecutive 36 months of employment) times years of credited service. Other optional benefit forms are available at a reduced amount. Early retirement is available at age 50 with 5 years of credited service. The benefit factor is actuarially reduced for retirement prior to age 60 and actuarially increased after age 60 up to age 63. The plan provides for survivor and disability benefits.

During fiscal year 1993, the MTA's contribution rate was 13.655% of covered payroll. This rate includes the mandatory employee contributions of 7%, which have been assumed by the MTA. Effective July 1, 1993, the rate will be 13.557% of covered payroll. This rate comprises the following:

| | |
|---|---|
| Employer current normal cost | 6.442% |
| Prior service unfunded liability | .115 |
| Employee normal cost | 7.000 |
| Total | 13.557% |

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 MTA policy. Details of the PERS investment portfolio are published annually and may be found in the PERS annual report.

Funding Status and Progress

The term "pension benefit obligation" is a standardized disclosure measure of the 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 MTA'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 MTA's pension system.

The pension benefit obligation has been computed as part of an actuarial valuation performed as of June 30, 1993, and reflects all plan amendments adopted through June 30, 1993. Significant actuarial assumptions used in the valuation include:

- o A rate of return on the investment of present and future assets of 8.75% per year compounded annually.

- o Projected salary increases of 7% per year compounded annually, attributable to inflation of 4.50%, additional projected merit increases of 1.75%, and other across the board increases of .75%.

Total net assets in excess of pension benefit obligation applicable to the MTA employees at June 30, 1992, follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | $ 353,746 |
| Current Employees: Accumulated employee contributions including allocated investment earnings | 5,051,132 |
| Employer-financed vested | 2,341,486 |
| Employer financed non-vested | 1,957,665 |
| Total Pension Benefit Obligation | 9,704,029 |
| Less: Net Assets available for benefits at cost (market value is $11,858,067) | 10,512,471 |
| Net Assets in Excess of Pension Benefit Obligation | $ 808,442 |

## Actuarially Determined Contributions Required and Contributions Made

For 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, which 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 that 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 MTA'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 2006.

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, 1993 was approximately $4,570,829, all of which was attributable to the MTA. Such contributions were made in accordance with the latest PERS actuarial valuation. These pension contributions for normal costs include the employees' portion of $2,322,240.

Trend Information

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

**REQUIRED SUPPLEMENTARY INFORMATION**
**ANALYSIS OF FUNDING PROGRESS**
**(in thousands)**

| Fiscal Year | Net Assets Available for Benefits | Pension Benefit Obligation | % Funded | Net Assets in Excess of Pension Benefit Oblig-ation | Annual Covered Payroll | Unfunded Pension Benefit Obliga-tion as a % of Covered Payroll | Total Contri-butions | Contri-butions as a % of Annual 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 | 19.4 | 535 | 11.4 |
| 89 | 3,398 | 2,802 | 121.3 | 596 | 5,792 | 10.3 | 649 | 11.2 |
| 90 | 4,668 | 4,029 | 115.9 | 639 | 9,717 | 6.6 | 896 | 9.2 |
| 91 | 6,688 | 6,055 | 110.5 | 633 | 19,307 | 3.3 | 1,885 | 9.8 |
| 92 | 10,512 | 9,704 | 108.3 | 809 | 30,199 | 2.7 | 3,313 | 11 |
| 93 | N/A | N/A | N/A | N/A | 33,156 | N/A | 4,571 | 13.8 |

N/A - Information not available as of June 30, 1993

## B. Defined Benefit Pension Plans (for former District employees)

Plan Description

The MTA has a Single-Employer Public Employees Retirement System which includes four defined benefit pension plans (the "Plans") covering substantially all employees, which provide retirement, disability and death benefits. Generally, employees' rights to retirement benefits vest after five years for non-contract employees and 10 years for contract employees and are based on the individual employee's years of service, age, final compensation and for bargaining units, disability status. The benefit provisions and all other requirements are established by state statute, ordinance, collective bargaining agreements or Board of Directors' actions. The amount of payroll used for pension coverage under the Plans for the year ended December 31, 1992 was $338,982,000. The MTA's total payroll for employees covered by these Plans for the year ended June 30, 1993 was $393,427,000. Generally, the differences between covered and total payrolls are a result of the exclusion of most overtime hours and of part-time employees.

As of December 31, 1992, employee membership data related to the pension plans were as follows:

| | Plan | | | |
|---|---|---|---|---|
| | TCU | UTU | ATU | Non-contract |
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 106 | 1,097 | 337 | 325 |
| Active participants: | | | | |
| Vested | 286 | 2,134 | 1,056 | 1,119 |
| Non-vested | 377 | 1,889 | 863 | 588 |
| Total | 769 | 5,120 | 2,256 | 2,032 |

All employees, except non-contract employees contribute specified percentages, as recommended by the Plans' actuary, of their annual salaries to the plan in which they participate.

Funding Status and Progress

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

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1992 (the most recent actuarial valuations). The significant actuarial assumptions used in the valuation to compute the pension benefit obligation was an assumed rate of return on investment assets of 8% as of December 31, 1992, annual salary increases of 5% and no post-retirement benefit increases.

Total underfunded pension benefit obligation applicable to the MTA at December 31, 1992 is as follows:

| | TCU | UTU | ATU | Non-contract | Total |
|---|---|---|---|---|---|
| Pension benefit obligation: | | | | | |
| Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | $ 7,433,261 | $ 82,306,707 | $ 25,870,407 | $ 35,070,046 | $159,680,421 |
| Current employees: | | | | | |
| Accumulated employee contributions, including allocated investment income | 3,441,324 | 31,194,014 | 12,644,511 | 7,718,243 | 54,998,092 |
| Employer-financed vested | 6,140,606 | 67,138,056 | 30,985,378 | 34,895,537 | 139,159,577 |
| Employer-financed Nonvested | 10,103,065 | 83,501,224 | 38,169,770 | 28,368,447 | 160,142,506 |
| Total pension benefit obligation | 27,118,256 | 264,140,001 | 107,670,066 | 106,052,273 | 504,980,596 |
| Net assets available for plan benefits, at cost | $25,031,958 | $ 225,533,936 | $ 92,215,800 | $ 98,097,860 | $440,879,554 |

Net assets available for plan benefits at market value were $511,282,459 at December 31, 1992.

Actuarially Determined Contributions Required and Contributions Made

The funding policy of the Plans provides for actuarially determined periodic contributions by the MTA at rates such that sufficient assets will be available to pay plan benefits when due. The contribution rate for normal cost is determined by using the projected unit credit method. This method is also used to amortize the surplus of net assets available for benefits in excess of the pension benefit obligation over a thirty-year period. The assumptions used to compute the actuarially determined contribution are the same as those used to compute the pension benefit obligation. The MTA's contributions to the Plans for the year ended June 30, 1993 were made in accordance with the actuarially determined requirements computed as of December 31, 1992.

Contributions to the Plans and the rate to covered employees for the year ended June 30, 1993 are summarized as follows:

| | TCU | UTU | ATU | NON-CONTRACT |
|---|---|---|---|---|
| MTA's contributions: | | | | |
| For normal cost | $ 806,192 | $6,686,043 | $3,379,369 | $3,983,609 |
| For unfunded actuarial accrued liability(surplus) | ( 327,547) | (2,219,924) | ( 327,405) | 22,641 |
| MTA's contribution | 478,645 | 4,466,119 | 3,051,964 | 4,006,250 |
| Employees' contribution | 612,502 | 5,432,411 | 1,612,802 | 16,178 |
| Total contributions | $1,091,147 | $9,898,530 | $4,664,766 | $4,022,428 |
| Contributions as a percentage of union/non-contract covered employees' payroll: | | | | |
| MTA's contribution | 2.37% | 2.92% | 4.04% | 4.84% |
| Employees' contribution | 2.97% | 3.53% | 2.08% | 0.02% |

The above presentations include the combined funding status and contributions to the "base plan" and the "23 years/50% plan" for union-represented employees. These employees contributed 1% to the base plan, with the balance funded by District contributions. The 23 years/50% plan is to be fully funded only by employee contributions over a 15-year period. The actuarial accrued liability of the 23 years/50% component totaled $55,266,322 at December 31, 1992. The related fund deficit of the 23 years/50% component totaled $1,685,498 at December 31, 1992.

## Trend Information

Trend information shows the progress made in accumulating sufficient assets to pay benefits when due. As of December 31, available assets (at cost) were sufficient to fund the following percentage of the pension benefit obligation per plan:

| | PLAN YEARS 1992 | 1991 | 1990 |
|---|---|---|---|
| TCU | 92.3% | 96.1% | 100.5% |
| UTU | 85.4% | 89.5% | 95.4% |
| ATU | 85.7% | 89.2% | 94.2% |
| Non-contract | 92.5% | 95.2% | 99.1% |

The unfunded pension benefit obligations, at cost as of December 31, represented the following percentages of covered payroll by plan:

| | PLAN YEARS 1992 | 1991 | 1990 |
|---|---|---|---|
| TCU | 10.0% | 4.9% | (0.6%) |
| UTU | 25.3% | 17.1% | 7.2% |
| ATU | 20.3% | 14.5% | 7.5% |
| Non-contract | 8.9% | 5.9% | 1.1% |

The MTA's contributions to the Plans, which were all made in accordance with actuarially determined requirements, were the following percentage of annual payroll:

| | PLAN YEARS 1992 | 1991 | 1990 |
|---|---|---|---|
| TCU | 2.37% | 2.06% | 2.18% |
| UTU | 2.92% | 4.06% | 4.43% |
| ATU | 4.04% | 3.10% | 3.06% |
| Non-contract | 4.84% | 4.47% | 4.41% |

Ten-year trend information is publicly available from the MTA's separate Plan reports. These reports include the following information: net assets available for benefits, pension benefit obligation, unfunded pension benefit obligation and annual covered payroll.

Post-Retirement Benefits

The MTA provides post-retirement benefits which consist of health care and life insurance benefits for retired employees and families. Substantially all retirees of the MTA may become eligible for those benefits if they reach the appropriate eligibility requirements for retirement while working for the MTA. The benefit provisions and all other requirements are established by collective bargaining agreements and/or Board of Directors' actions. The cost of providing these benefits for approximately 2,100 participants was

$4,278,000 in fiscal year 1993. The liability of providing these benefits is included in the balance sheet caption, Compensated Absences Payable, is $30,729,000 at June 30, 1993.

## 10. INTERFUND ASSETS AND LIABILITIES

The following is a table summarizing receivables and payables between funds at June 30, 1993 (in thousands):

| | Due from Other Funds | Due to Other Funds |
|---|---|---|
| General Fund | $ 0 | $ 2,108 |
| Special Revenue Funds | | |
| Proposition A | 25 | 14,500 |
| Proposition C | 18 | 92,231 |
| Ridesharing | 1,094 | 594 |
| Total Special Revenue Funds | 1,137 | 107,325 |
| Capital Project Funds: | | |
| Light Rail | 1,001 | 0 |
| Heavy Rail | 41,976 | 966 |
| Commuter Rail | 0 | 520 |
| Total Capital Project | 42,977 | 1,486 |
| Enterprise Fund | 64,755 | 64,840 |
| Internal Service Fund | 66,915 | 0 |
| Trust and Agency Fund | 0 | 25 |
| Total | $175,784 | $175,784 |

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. As a result of the merger, equity in the debt service fund (primarily the COPs) related to the Metro Rail, MOS-1, was transferred to the enterprise fund.

11. DEFERRED COMPENSATION AND 401(K) SAVINGS PLANS

Deferred Compensation Plans

The MTA offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 401(k). The market value of plan assets at June 30, 1993 was $89,943,000. The MTA has two deferred compensation plans, established in accordance with Internal Revenue Code Section 457, for its employees. Under the deferred compensation plans, employees may defer on a pre-tax basis a portion of their annual earnings up to the lesser of 25% or $7,500.

The first plan covers former SCRTD employees and MTA employees, hired after April 1, 1993, and is administered by the MTA. Employee deferrals can be allocated between four investment vehicles, as authorized by the California code covering such plans.

The second plan covers former LACTC employees and is administered by a third-party administrator. Employee deferrals can be allocated between seven investment funds as managed by the fund administrator.

All deferred compensation held or invested under the plan and any income thereon are solely the property of the MTA until paid or made available to the employee or other beneficiary. This amount is subject only to the claims of the MTA's general creditors. Participants' rights under the plan are equal to those of the general creditors of the MTA in an amount equal to the fair market value of the deferred account for each participant.

Benefits under this plan are not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets and accumulated earnings thereon remain an asset of the MTA until paid or made available to participants and/or beneficiaries.

At June 30, 1993, monies on deposit and credited to participants' accounts, at market value, totalled $3,351,000. Since the MTA has a fiduciary responsibility to handle the general plan, such contributions are included in the accompanying general purpose financial statements as part of the fiduciary fund types - Agency Funds or the Enterprise fund as appropriate.

It is the opinion of the MTA's management that the MTA has no liability for losses but does have the fiduciary responsibility of due professional care that would be required from a prudent investor. The MTA believes that it is unlikely that it will use the plan's assets to satisfy the claims of general creditors in the future.

401(k) Savings Plan

The MTA has a 401(k) Savings Plan for noncontract employees of the former District created in accordance with Internal Revenue Code Section 401(k). Under the 401(k) Savings Plan, noncontract employees may contribute from a minimum of $15 per pay period up to 15% of their earnings not exceeding $8,994 in calendar 1993. For taxable years beginning after January 1, 1989, amounts deferred in the deferred compensation plan must be reduced by the deferrals made in the 401(K) Savings Plan. The maximum annual combined contributions per calendar year using both plans is $7,500. Plan withdrawals are not generally available to employees until termination, retirement, age 59 1/2, death or unforeseeable emergency. Investments held for the 401(k) Savings Plan and the resulting 401(k) Savings Plan liabilities are recorded in the accompanying financial statements as part of the Enterprise Fund at the market value of the plan.

The plan bases benefits solely on amounts contributed by employees to their own accounts.

12. RESERVED AND DESIGNATED FUND BALANCES

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

Reserved for Memoranda of Understanding

Established to segregate a portion of the fund balance for contractual commitments.

Reserved for Encumbrances

Established to segregate part of the fund balance for outstanding commitments related to unperformed contracts.

Reserved for Notes Receivable, Resale Property, and Prepaid Items

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

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

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

Reserved for Issuance Costs

Established to reflect that portion of bond proceeds designated in the bond indenture for payment of issuance costs, which have been billed to the MTA at June 30, 1993.

13. DEFICIT FUND BALANCE

As of June 30, 1993, the MTA's general fund balance was a deficit of $2,637,000. However, the MTA's management believes that this deficit will be recovered from future operating transfers. See management's plans at Note 19.

## 14. CHANGES IN ENTERPRISE FUND BALANCES

The changes in the enterprise fund balances are as follows (in thousands):

| | RETAINED EARNINGS | CAPITAL GRANTS(CONTRIBUTED CAPITAL) FEDERAL | STATE | LOCAL | TOTAL |
|---|---|---|---|---|---|
| Balance, July 1, 1992 as restated (Note 5) | $ (11,689) | $942,148 | $210,232 | $1,381,528 | $2,522,219 |
| Net loss | (89,022) | - | - | - | (89,022) |
| Depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction | 83,811 | (34,619) | (2,776) | (46,416) | - |
| Capital grants | - | 68,441 | 18,802 | 33,338 | 120,581 |
| Contributed capital | 1,158 | - | - | (1,158) | - |
| Balance, June 30, 1993 | $(15,742) | $975,970 | $226,258 | $1,367,292 | $2,553,778 |

## 15. BENEFIT ASSESSMENT DISTRICTS

In July 1985, the MTA established Benefit Assessment Districts ("BADs") pursuant to California Public Utilities Code Section 33000. The BADs have been included in the MTA's financial statements (as discussed in Note 2). The purpose of the BADs is to provide up to $130,300,000 of construction costs needed to finance five (5) Metro Rail stations. The BADs' share of project costs will be raised through assessments levied on assessed properties located within the BADs.

At June 30, 1993, the BADs' share of the MOS-1 project costs was approximately $130,300,000 of which $19,200,000 has been collected from assessments, and the balance of approximately $111,100,000 has been funded by the issuance of the BAD bonds, and is included in the accompanying financial statements. See Note 7.

## 16. CONSTRUCTION IN PROGRESS AND OTHER SIGNIFICANT COMMITMENTS

The MTA has several major construction projects underway as reported in Construction in Process in the general fixed asset account group. Four of these major projects are the MOS-2, MOS-3, the Metro Green Line, and the Metro Pasadena Blue Line.

The MOS-2 is a 13.2 mile project. The overall budget for MOS-2 is $1,446 billion, of which $393 million has been expended as of June 30, 1993. The MOS-2 Full Funding Grant Agreement between the MTA and the Federal Transit Administration ("FTA") was executed in April 1990. Under this agreement, the FTA has committed a total of $667 million, subject to annual appropriations.

The MOS-3 is a 11.6 mile project with three branches. The three branches include: the North Hollywood branch, the East Los Angeles branch and the Mid-City branch. The preliminary cost estimate is $2.4 billion of which $30.7 million has been expended as of June 30, 1993. The planned opening date for this project is in the year 2001. The MOS-3 Full Funding Grant Agreement between the MTA and the FTA was executed in May 1993. Under this agreement, the FTA has committed a total of $1.4 billion, subject to annual appropriations.

The Metro Green Line is a 19.5 mile line linking the El Segundo employment area near the Los Angeles International Airport to the City of Norwalk and other communities. The Metro Green Line Project budget of $772 million has been approved by the MTA. No federal funds will be used to fund this project. The project commitments through June 1993 are $577 million representing approximately 75% of the total budget, of which $308 million is reported in construction-in-progress.

The Metro Pasadena Blue Line is a 13.6 mile line extending from Union Station to the eastern area of Pasadena. The Metro Pasadena Blue Line Project budget of $841 million has been approved by the MTA in January 1993. No federal funds will be used to fund this project. The project commitments through June 1993 are $44 million representing approximately 5% of the total budget, of which $20.4 million is reported in construction-in-progress.

### Purchase Commitment

The MTA has entered into a contract to purchase 15 rail cars from the Sumitomo Corporation. The total amount of the purchase is expected to be approximately $15-20 million.

The MTA has entered into a contract in December 1993 to procure 74 rail vehicles from the Siemens Corp. (i.e., the L.A. Rail Car Contract) at a total cost of $215 million.

17. LITIGATION AND OTHER CONTINGENCIES

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

The MTA receives significant funding from federal, state and other governmental grant funds as reimbursement for costs incurred in certain programs it administers. Such programs are subject to review and audit by the grantor agencies. Such audit could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant or in reductions of future grant monies. Based on prior experience, the MTA management believes that costs ultimately disallowed, if any, would not materially affect the financial condition of the MTA.

18. JOINT POWERS AUTHORITY

The MTA is a member of the Southern California Regional Rail Authority (SCRRA), which was created as an exercise of joint powers between the transportation commissions of the counties of Los Angeles (MTA), San Bernardino (SANBAG), Orange (OCTA), Riverside (RCTC), and Ventura (VCTC). The SCRRA has assumed the overall responsibility of providing a regional commuter rail system, *Metrolink*, linking the participating counties.

The SCRRA consists of an independent governing board of eleven members appointed by the member agencies with voting powers as follows:

| | |
|---|---|
| MTA | 4 |
| OCTA | 2 |
| RCTC | 2 |
| SANBAG | 2 |
| VCTC | 1 |

Funding for the SCRRA during the initial period has been primarily through capital contributions from member agencies and the State of California.

The MTA has made capital contributions to the SCRRA totaling $82,936,000. These capital contributions are recorded in the MTA's Capital Projects Fund and are reported in the general fixed asset account group as contributed capital. (See Note 4)

Summary financial information as of and for the year ended June 30, 1993 is as follows: (in thousands)

| | | |
|---|---|---|
| Current assets | $ | 27,474 |
| Property and equipment, net | | 429,343 |
| Total assets | $ | 456,817 |
| | | |
| Total liabilities | $ | 54,960 |
| Total equity | | 401,857 |
| Total liabilities and equity | $ | 456,817 |
| | | |
| Total revenues | $ | 19,272 |
| Total expenses | | (31,226) |
| Contributed capital adjustment for depreciation | | 12,272 |
| Net increase in retained earnings | $ | 318 |

On October 26, 1992, SCRRA commenced the Metrolink Commuter Rail Service on three lines: San Bernardino, Santa Clarita and Ventura County to Los Angeles Union Station. The MTA is also obligated to fund the majority of the system operating costs in fiscal year 1993/94.

19. SUBSEQUENT EVENTS

A. On September 15, 1993, the Community Redevelopment Financing Authority of the Community Redevelopment Agency of the City of Los Angeles, California, issued the following bonds of which the MTA is a partial guarantor, 1) $22,225,000 Grand Central Square Multifamily Housing Bonds, 1993 Series A, $6,975,000 and $15,360,000, due December 1,, 2013, and 2026, respectively, and, 2) $21,665,000 Grand Central Square Qualified Redevelopment Bonds, 1993 Series A, $6,665,000 and $15,000,000, due December 1, 2013, and 2026, respectively. Both the Housing Bonds and the Redevelopment Bonds are special, limited obligations of the Community Redevelopment Financing Authority. The sources of payment for the Housing Bonds are different from the source of payment for the Redevelopment Bonds.

The source of all payments of principal and of interest on the Housing Bonds <u>prior</u> to Completion and Reconveyance of the Project (or if the Completion and Reconveyance never occurs, until all Housing Bonds are paid) will be tax increment revenues received by The Community Redevelopment Agency of the City of Los Angeles, California (the "Agency") from the Agency's Bunker Hill Urban Renewal Project 1B. <u>After</u> Completion and Reconveyance of the Project (if such event occurs), the source of payment of the Housing Bonds will be (i) in part from the tax increment funds received by the Agency from its Bunker

Hill Urban Renewal Project 1B and (ii) in part from a portion of the Proposition A sales tax revenues (as described herein) received by the MTA.

The Redevelopment Bonds are payable primarily from a portion of the Proposition A sales tax revenues received by the MTA.

B. On November 15, 1993, the MTA issued $312,350,000 of Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1993B, due July 1, 1997 - 2013 at interest rates from 4.75 - 8.00%. The notes are special obligations payable from and secured by a pledge of the receipts from the imposition in the County of Los Angeles for public transit purposes of a one-half cent retail transactions and use tax, less 20% thereof paid to local jurisdictions and certain administrative fees.

C. On February 15, 1994, the MTA issued $14,650,000 of Proposition A tax-exempt commercial paper and $10,100,000 of Proposition C taxable commercial paper. The issues are to pay costs of the Union Station Gateway Intermodel Transit Center and related facilities and of the Union Station Gateway Headquarters Building and related facilities, respectively. These commercial paper issues will be refunded through long-term bond issues related to the projects.

D. On March 15, 1994, the MTA issued $60,000,000 of Revenue Anticipation Notes, Series 1994-A, due March 14, 1994 at an interest rate of 3.75%. The notes are collateralized by a pledge of, and will be repaid from, federal, state and local funds. The purpose of the issue is to fund current operations until the collection of the pledged revenues.

E. On May 12, 1994, the MTA issued $66,492,000 of tax-exempt Second Subordinate Sales Tax Revenue Commercial Paper Notes Series A pursuant to a First Supplemental Subordinate Trust Agreement, as amended, dated as of January 1, 1991. The proceeds are for the 1) current refunding of outstanding taxable commercial paper issued February 15, 1994 ($22,880,000) to be held by the trustee and 2) interim financing for current and previous advanced costs for the Union Station Gateway Headquarters Building and related facilities. Although the individual Notes are "short-term" with maturities ranging from seven to two hundred days at various interest rates from 3.25% to 4.35%

per annum (payable at each maturity), it is the intention of the MTA to pay the accrued interest and rollover or reissue the principal amounts as they mature on a year by year basis.

F. Due to the general economic conditions in the State of California, the MTA is expected to experienced a shortfall in the budget during the fiscal year beginning July 1, 1994 as a result of reduced funding from sales tax and ridesharing revenues. The budget deficit for fiscal year 1994-1995 is expected to be approximately $126,000,000. The MTA's plans to alleviate the budget deficit is as follows:

- Reevaluating and restructuring of the fare system.
- Reduction of staff and restructuring of operations for efficiencies.
- Proposed salary/hiring freezes for contract and noncontract employees which will result in an estimated savings of $14 million.
- Proposed delays on certain capital projects in order to provide funding for operational needs.

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*Leading the Way to Greater Mobility*

Los Angeles County Metropolitan Transportation Authority
Special Revenue Funds
Combining Balance Sheet
June 30, 1993
(Amounts expressed in thousands)

| | Proposition A | Proposition C | State Transit Assistance | Ridesharing and CMAQ | Service Authority for Freeway Emergencies |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and investments | $ 235,823 | $ 316,485 | $ 47,641 | $ 12,835 | $ 10,071 |
| Receivables: | | | | | |
| Notes | 10,582 | 0 | 0 | 0 | 0 |
| Interest | 1,869 | 2,581 | 346 | 106 | 97 |
| Sales tax | 14,626 | 14,449 | 0 | 0 | 0 |
| Intergovernmental | 0 | 30 | 0 | 426 | 0 |
| Leases and other | 0 | 0 | 0 | 0 | 501 |
| Interfund | 25 | 18 | 0 | 1,094 | 0 |
| Prepaids and other assets | 0 | 452 | 0 | 0 | 0 |
| **Total assets** | $ 262,925 | $ 334,015 | $ 47,987 | $ 14,461 | $ 10,669 |
| **Liabilities and Fund Balances** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable | $ 1,742 | $ 26,467 | $ 7,833 | $ 1,453 | $ 576 |
| Due to other governments | 0 | 0 | 0 | 0 | 614 |
| Interfund payable | 14,500 | 92,231 | 0 | 594 | 0 |
| **Total liabilities** | 16,242 | 118,698 | 7,833 | 2,047 | 1,190 |
| **Fund Balances:** | | | | | |
| Reserved for memoranda of understanding | 236,831 | 162,203 | 40,154 | 4,800 | 3,700 |
| Reserved for notes receivable | 9,852 | 0 | 0 | 0 | 0 |
| Unreserved, undesignated | 0 | 53,114 | 0 | 7,614 | 5,779 |
| **Total fund balances** | 246,683 | 215,317 | 40,154 | 12,414 | 9,479 |
| **Total liabilities and fund balances** | $ 262,925 | $ 334,015 | $ 47,987 | $ 14,461 | $ 10,669 |

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

| Transportation Development Act | PVEA | Federal Aid Urban | Ports Highway Improvements Match | FTA Pass-Through | Total 1993 |
|---|---|---|---|---|---|
| $ 97,115 | $ 659 | $ 17,316 | $ 8,849 | $ 0 | $ 746,794 |
| 0 | 0 | 0 | 0 | 0 | 10,582 |
| 1,354 | 7 | 130 | 74 | 0 | 6,564 |
| 0 | 0 | 0 | 0 | 0 | 29,075 |
| 0 | 0 | 9,195 | 0 | 0 | 9,651 |
| 0 | 0 | 0 | 0 | 0 | 501 |
| 0 | 0 | 0 | 0 | 0 | 1,137 |
| 0 | 0 | 0 | 0 | 0 | 452 |
| $ 98,469 | $ 666 | $ 26,641 | $ 8,923 | $ 0 | $ 804,756 |
| | | | | | |
| $ 862 | $ 336 | $ 1,168 | $ 0 | $ 0 | $ 40,437 |
| 0 | 0 | 0 | 0 | 0 | 614 |
| 0 | 0 | 0 | 0 | 0 | 107,325 |
| 862 | 336 | 1,168 | 0 | 0 | 148,376 |
| | | | | | |
| 97,607 | 330 | 25,473 | 0 | 0 | 571,098 |
| 0 | 0 | 0 | 0 | 0 | 9,852 |
| 0 | 0 | 0 | 8,923 | 0 | 75,430 |
| 97,607 | 330 | 25,473 | 8,923 | 0 | 656,380 |
| | | | | | |
| $ 98,469 | $ 666 | $ 26,641 | $ 8,923 | $ 0 | $ 804,756 |

Los Angeles County Metropolitan Transportation Authority
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the year ended June 30, 1993
(Amounts expressed in thousands)

| | Proposition A | Proposition C | State Transit Assistance | Ridesharing and CMAQ | Service Authority for Freeway Emergencies |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Sales taxes | $ 371,452 | $ 368,272 | $ 0 | $ 0 | $ 0 |
| Licenses/fines | 0 | 0 | 0 | 0 | 6,523 |
| Intergovernmental | 0 | 0 | 17,036 | 3,330 | 0 |
| Interest | 5,832 | 12,565 | 1,331 | 608 | 551 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 |
| **Total revenues** | 377,284 | 380,837 | 18,367 | 3,938 | 7,074 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| Administration and other | 690 | 921 | 30 | 485 | 242 |
| Transportation subsidies | 302,444 | 333,122 | 8,871 | 8,692 | 9,654 |
| **Total expenditures** | 303,134 | 334,043 | 8,901 | 9,177 | 9,896 |
| **Excess (deficiency) of revenues over expenditures** | 74,150 | 46,794 | 9,466 | (5,239) | (2,822) |
| **Other Financing Sources (Uses):** | | | | | |
| Operating transfers in | 64,010 | 0 | 7 | 0 | 0 |
| Operating transfers out | (143,809) | (231,998) | 0 | 0 | 0 |
| Contributions from property owners | 84,770 | 0 | 0 | 0 | 0 |
| **Total other financing sources (uses)** | 4,971 | (231,998) | 7 | 0 | 0 |
| **Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses** | 79,121 | (185,204) | 9,473 | (5,239) | (2,822) |
| **Fund balances, July 1** | 167,562 | 400,521 | 30,681 | 17,653 | 12,301 |
| **Fund balances, June 30** | $ 246,683 | $ 215,317 | $ 40,154 | $ 12,414 | $ 9,479 |

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

Exhibit A-2

| Transportation Development Act | PVEA | Federal Aid Urban | Ports Highway Improvements Match | FTA Pass-Through | Total 1993 |
|---|---|---|---|---|---|
| $ 289,823 | $ 0 | $ 0 | $ 0 | $ 0 | $ 1,029,547 |
| 0 | 0 | 0 | 0 | 0 | 6,523 |
| 346 | 3,093 | 18,695 | 0 | 500 | 43,000 |
| 5,013 | 46 | 637 | 329 | 0 | 26,912 |
| 720 | | 0 | 0 | 0 | 720 |
| **295,902** | **3,139** | **19,332** | **329** | **500** | **1,106,702** |
| 96 | 0 | 19 | 0 | 0 | 2,483 |
| 198,575 | 3,322 | 11,721 | 0 | 500 | 876,901 |
| **198,671** | **3,322** | **11,740** | **0** | **500** | **879,384** |
| **97,231** | **(183)** | **7,592** | **329** | **0** | **227,318** |
| 0 | 0 | 0 | 0 | 0 | 64,017 |
| 0 | 0 | 0 | 0 | 0 | (375,807) |
| 0 | 0 | 0 | 0 | 0 | 84,770 |
| **0** | **0** | **0** | **0** | **0** | **(227,020)** |
| **97,231** | **(183)** | **7,592** | **329** | **0** | **298** |
| **376** | **513** | **17,881** | **8,594** | **0** | **656,082** |
| **$ 97,607** | **$ 330** | **$ 25,473** | **$ 8,923** | **$ 0** | **$ 656,380** |

Los Angeles County Metropolitan Transportation Authority
Proposition A Special Revenue Fund
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 1993
(Amounts expressed in thousands)

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Sales taxes | $ 364,341 | $ 371,452 | $ 7,111 |
| Interest | 4,000 | 5,832 | 1,832 |
| **Total revenues** | 368,341 | 377,284 | 8,943 |
| **Expenditures:** | | | |
| Current: | | | |
| Administration and other | 400 | 690 | (290) |
| Transportation subsidies | 231,462 | 302,444 | (70,982) |
| **Total expenditures** | 231,862 | 303,134 | (71,272) |
| **Excess of revenues over expenditures** | 136,479 | 74,150 | (62,329) |
| **Other Financing Sources (Uses):** | | | |
| Operating transfers in: | | | |
| Proposition C fund | 46,600 | 64,010 | 17,410 |
| Operating transfers out: | | | |
| Debt service fund | (95,000) | (91,734) | 3,266 |
| Capital projects funds | (24,000) | (26,474) | (2,474) |
| General fund | (25,505) | (25,594) | (89) |
| STA fund | 0 | (7) | (7) |
| Contributions from property owners | 0 | 84,770 | 84,770 |
| **Total other financing sources (uses)** | (97,905) | 4,971 | 102,876 |
| **Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses** | 38,574 | 79,121 | 40,547 |
| **Fund balances, July 1** | 118,562 | 167,562 | 49,000 |
| **Fund balances, June 30** | $ 157,136 | $ 246,683 | $ 89,547 |

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

Los Angeles County Metropolitan Transportation Authority
Proposition C Special Revenue Fund
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual
For the year ended June 30, 1993
(Amounts expressed in thousands)

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Sales taxes | $ 346,124 | $ 368,272 | $ 22,148 |
| Interest | 23,000 | 12,565 | (10,435) |
| **Total revenues** | 369,124 | 380,837 | 11,713 |
| **Expenditures:** | | | |
| Current: | | | |
| Administration and other | 1,000 | 921 | 79 |
| Transportation subsidies | 345,000 | 333,122 | 11,878 |
| **Total expenditures** | 346,000 | 334,043 | 11,957 |
| **Excess (deficiency) of revenues over expenditures** | 23,124 | 46,794 | 23,670 |
| **Other Financing (Uses):** | | | |
| **Operating transfers out:** | | | |
| General fund | (10,100) | (13,374) | (3,274) |
| Proposition A fund | (100,000) | (63,910) | 36,090 |
| Rail startup fund | 0 | (100) | (100) |
| Debt service | 0 | (2,384) | (2,384) |
| Capital projects fund | (168,380) | (152,230) | 16,150 |
| **Total other financing (uses)** | (278,480) | (231,998) | 46,482 |
| **Excess (deficiency) of revenues over expenditures and other financing uses** | (255,356) | (185,204) | 70,152 |
| **Fund balances, July 1** | 400,521 | 400,521 | 0 |
| **Fund balances, June 30** | $ 145,165 | $ 215,317 | $ 70,152 |

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

**Los Angeles County Metropolitan Transportation Authority**
**State Transit Assistance Special Revenue Fund**
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Intergovernmental | $ 17,450 | $ 17,036 | $ (414) |
| Interest | 1,555 | 1,331 | (224) |
| **Total revenues** | 19,005 | 18,367 | (638) |
| **Expenditures:** | | | |
| Current: | | | |
| Administration and other | 0 | 30 | (30) |
| Transportation subsidies | 7,500 | 8,871 | (1,371) |
| **Total expenditures** | 7,500 | 8,901 | (1,401) |
| **Excess of revenues over expenditures** | 11,505 | 9,466 | (2,772) |
| **Other Financing Sources:** | | | |
| Operating transfers in: | | | |
| Proposition A fund | 0 | 7 | (7) |
| **Total other financing sources** | 0 | 7 | (7) |
| **Excess (deficiency) of revenues and other financing sources over expenditures** | 11,505 | 9,473 | 2,032 |
| **Fund balances, July 1** | 30,681 | 30,681 | 0 |
| **Fund balances, June 30** | $ 42,186 | $ 40,154 | $ 2,032 |

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

Los Angeles County Metropolitan Transportation Authority
Ridesharing and CMAQ Special Revenue Fund
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 1993
(Amounts expressed in thousands)

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Intergovernmental | $ 23,300 | $ 3,330 | $ (19,970) |
| Interest | 950 | 608 | (342) |
| **Total revenues** | 24,250 | 3,938 | (20,312) |
| **Expenditures:** | | | |
| Current: | | | |
| Administration and other | 506 | 485 | 21 |
| Transportation subsidy | 41,045 | 8,692 | 32,353 |
| **Total expenditures** | 41,551 | 9,177 | 32,374 |
| **Excess (deficiency) of revenues over expenditures** | (17,301) | (5,239) | 12,062 |
| **Fund balances, July 1** | 17,653 | 17,653 | 0 |
| **Fund balances, June 30** | $ 352 | $ 12,414 | $ 12,062 |

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

**Los Angeles County Metropolitan Transportation Authority**
**Service Authority for Freeway Emergencies**
**Special Revenue Fund**
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Licenses (motor vehicles) | $ 6,630 | $ 6,523 | $ (107) |
| Interest | 758 | 551 | (207) |
| **Total revenues** | 7,388 | 7,074 | (314) |
| **Expenditures:** | | | |
| Current: | | | |
| Administration and other | 149 | 242 | (93) |
| Transportation subsidies | 11,753 | 9,654 | 2,099 |
| **Total expenditures** | 11,902 | 9,896 | 2,006 |
| **Excess (deficiency) of revenues over expenditures** | (4,514) | (2,822) | 1,692 |
| **Fund balances, July 1** | 12,301 | 12,301 | 0 |
| **Fund balances June 30** | $ 7,787 | $ 9,479 | $ 1,692 |

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

Exhibit A-8

**Los Angeles County Metropolitan Transportation Authority**
**Transportation Development Act**
**Special Revenue Fund**
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**
**For the years ended June 30, 1993**
**(Amounts expressed in thousands)**

| | 1993 | | |
|---|---|---|---|
| | Budget * | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Sales tax | $ 0 | $ 289,823 | $ 289,823 |
| Intergovernmental | 720 | 346 | (374) |
| Interest | 30 | 5,013 | 4,983 |
| Miscellaneous | 0 | 720 | 720 |
| **Total revenues** | **750** | **295,902** | **295,152** |
| **Expenditures:** | | | |
| Current: | | | |
| Administration and other | 151 | 96 | 55 |
| Transportation subsidies | 338 | 198,575 | (198,237) |
| **Total expenditures** | **489** | **198,671** | **(198,182)** |
| **Excess of revenues over expenditures** | **261** | **97,231** | **96,970** |
| **Fund balances, July 1** | **376** | **376** | **0** |
| **Fund balances, June 30** | **$ 637** | **$ 97,607** | **$ 96,970** |

*** Budget was prepared for administrative costs only.**

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

Exhibit A-9

**Los Angeles County Metropolitan Transportation Authority**
**PVEA Special Revenue Fund**
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Intergovernmental | $ 0 | $ 3,093 | $ 3,093 |
| Interest | 0 | 46 | 46 |
| **Total revenues** | 0 | 3,139 | 3,139 |
| **Expenditures:** | | | |
| Current: | | | |
| Transportation subsidies | 1,031 | 3,322 | (2,291) |
| **Total expenditures** | 1,031 | 3,322 | (2,291) |
| **Excess (deficiency) of revenues over expenditures** | (1,031) | (183) | 848 |
| **Fund balances, July 1** | 513 | 513 | 0 |
| **Fund balances, June 30** | $ (518) | $ 330 | $ 848 |

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

**Los Angeles County Metropolitan Transportation Authority**
**Federal Aid Urban Special Revenue Fund**
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Intergovernmental | $ 6,500 | $ 18,695 | $ 12,195 |
| Interest | 1,770 | 637 | (1,133) |
| **Total revenues** | **8,270** | **19,332** | **11,062** |
| **Expenditures:** | | | |
| Current: | | | |
| Administration and other | 10 | 19 | (9) |
| Transportation subsidies | 10,019 | 11,721 | (1,702) |
| **Total expenditures** | **10,029** | **11,740** | **(1,711)** |
| **Excess (deficiency) of revenues over expenditures** | **(1,759)** | **7,592** | 9,351 |
| **Fund balances, July 1** | **17,881** | **17,881** | **0** |
| **Fund balances, June 30** | **$ 16,122** | **$ 25,473** | **$ 9,351** |

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

**Los Angeles County Metropolitan Transportation Authority**
**Ports Highway Improvements Match Special Revenue Fund**
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**
**For the year ended June 30, 1993**
**(Amounts expressed in thousands)**

| | 1993 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Interest | $ 425 | $ 329 | $ (96) |
| Total revenues | 425 | 329 | (96) |
| Fund balances, July 1 | 8,594 | 8,594 | 0 |
| Fund balances, June 30 | $ 9,019 | $ 8,923 | $ (96) |

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

METRO

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*Leading the Way to Greater Mobility*

# Los Angeles County Metropolitan Transportation Authority
## Capital Projects Funds
## Combining Balance Sheet
## June 30, 1993
## (Amounts expressed in thousands)

| | Light Rail | Metro Rail | Commuter Rail | Total 1993 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and investments | $ 209,803 | $ 70,028 | $ 53,327 | $ 333,158 |
| Receivables: | | | | |
| Interest | 0 | 675 | 0 | 675 |
| Benefits assessment | 0 | 21,231 | 0 | 21,231 |
| Intergovernmental | 1,211 | 115,898 | 9,049 | 126,158 |
| Lease and other | 491 | 25 | 579 | 1,095 |
| Interfund | 1,001 | 41,976 | 0 | 42,977 |
| Prepaid and other | 358 | 3,221 | 0 | 3,579 |
| Interest in property held for resale | 700 | 0 | 0 | 700 |
| **Total assets** | $ 213,564 | $ 253,054 | $ 62,955 | $ 529,573 |
| **Liabilities and Fund Balances** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ 51,246 | $ 61,572 | $ 514 | $ 113,332 |
| Accrued salaries | 0 | 0 | 0 | 0 |
| Compensated absences payable | 0 | 0 | 0 | 0 |
| Claims and judgments payable | 1,248 | 12,044 | 0 | 13,292 |
| Due to other governments | 0 | 87 | 497 | 584 |
| Due to other funds | 0 | 966 | 520 | 1,486 |
| Deferred revenue – intergovermental | 0 | 96,319 | 0 | 96,319 |
| Other liabilities | 44 | 130 | 28 | 202 |
| **Total liabilities** | 52,538 | 171,118 | 1,559 | 225,215 |
| **Fund balances:** | | | | |
| Reserved for encumbrances | 159,968 | 78,715 | 61,396 | 300,079 |
| Reserved for resale property | 700 | 0 | 0 | 700 |
| Reserved for prepaid items | 358 | 3,221 | 0 | 3,579 |
| **Total fund balances** | 161,026 | 81,936 | 61,396 | 304,358 |
| **Total liabilities and fund balances** | $ 213,564 | $ 253,054 | $ 62,955 | $ 529,573 |

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

Los Angeles County Metropolitan Transportation Authority
Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the year ended June 30, 1993
(Amounts expressed in thousands)

| | Light Rail | Metro Rail | Commuter Rail | Total 1993 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Intergovernmental | $ 0 | $ 259,242 | $ 65,864 | $ 325,106 |
| Interest | 1,216 | 3,422 | 179 | 4,817 |
| Lease rentals | 0 | 3 | 5,656 | 5,659 |
| Miscellaneous | 337 | 150 | 3 | 490 |
| **Total revenues** | 1,553 | 262,817 | 71,702 | 336,072 |
| **Expenditures:** | | | | |
| Administration: | | | | |
| Salaries and administration | 15,284 | 21,208 | 9,597 | 46,089 |
| Capital outlay: | | | | |
| Rail development | 240,834 | 427,478 | 295,001 | 963,313 |
| **Total expenditures** | 256,118 | 448,686 | 304,598 | 1,009,402 |
| **(Deficiency) of revenues over expenditures** | (254,565) | (185,869) | (232,896) | (673,330) |
| **Other Financing Sources (Uses):** | | | | |
| Operating transfers in: | | | | |
| Proposition A fund | 0 | 26,474 | 0 | 26,474 |
| Proposition C fund | 23,725 | 42,189 | 86,316 | 152,230 |
| Debt service fund | 83,144 | 23,765 | 0 | 106,909 |
| Operating transfers out: | | | | |
| Proposition A fund | 0 | 0 | 0 | 0 |
| Debt service fund | 0 | 0 | 0 | 0 |
| TOP foundation | (107) | 0 | 0 | (107) |
| Proceeds from financing | 326,646 | 24,000 | 155,144 | 505,790 |
| **Total other financing sources** | 433,408 | 116,428 | 241,460 | 791,296 |
| **Excess (deficiency) of revenues and other financing sources over expenditures** | 178,843 | (69,441) | 8,564 | 117,966 |
| **Fund balances, July 1** | (17,817) | 151,377 | 52,832 | 186,392 |
| **Fund balances, June 30** | $ 161,026 | $ 81,936 | $ 61,396 | $ 304,358 |

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

Exhibit C-1

**Los Angeles County Metropolitan Transportation Authority**
**Trust and Agency Funds**
**Combining Balance Sheet**
**June 30, 1993**
**(Amounts expressed in thousands)**

| | Expendable Trust | Agency | | | |
|---|---|---|---|---|---|
| | Land Preservation Corporation | Deferred Compensation | Transportion Foundation | Benefit Assessment District | Total 1993 |
| **Assets** | | | | | |
| Cash | $ 25 | $ 0 | $ 153 | $ 0 | $ 178 |
| Cash and investments with fiscal agents | 0 | 3,351 | 0 | 20,768 | 24,119 |
| **Total assets** | $ 25 | $ 3,351 | $ 153 | $ 20,768 | $ 24,297 |
| **Liabilities and Fund Balances** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable | $ 0 | $ 0 | $ 0 | $ 25 | $ 25 |
| Accrued liabilities | 0 | 0 | 0 | 3,039 | 3,039 |
| Interfund payable | 25 | 0 | 0 | 0 | 25 |
| Bonds and notes payable | 0 | 0 | 0 | 17,704 | 17,704 |
| Deferred compensation benefits payable | 0 | 3,351 | 0 | 0 | 3,351 |
| **Total liabilities** | 25 | 3,351 | 0 | 20,768 | 24,144 |
| **Fund balances:** | | | | | |
| Unreserved, undesignated | 0 | 0 | 153 | 0 | 153 |
| **Total fund balances** | 0 | 0 | 153 | 0 | 153 |
| **Total liabilities and fund balances** | $ 25 | $ 3,351 | $ 153 | $ 20,768 | $ 24,297 |

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

Los Angeles County Metropolitan Transportation Authority
Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 1993
(Amounts expressed in thousands)

| | Balance July 1, 1992 | Additions | Deletions | Balance June 30, 1993 |
|---|---|---|---|---|
| **Land Preservation Corporation-Expendable Trust** | | | | |
| **Assets** | | | | |
| Cash | $ 25 | $ 0 | $ 0 | $ 25 |
| Total assets | $ 25 | $ 0 | $ 0 | $ 25 |
| **Liabilities and Fund Balances** | | | | |
| Liabilities: | | | | |
| Interfund payable | 25 | 0 | 0 | 25 |
| Total liabilities | 25 | 0 | 0 | 25 |
| Total liabilities and fund balances | $ 25 | $ 0 | $ 0 | $ 25 |
| **Deferred Compensation-Agency Fund** | | | | |
| **Assets** | | | | |
| Cash and investments with fiscal agents | $ 2,174 | $ 1,177 | $ 0 | $ 3,351 |
| Total assets | $ 2,174 | $ 1,177 | $ 0 | $ 3,351 |
| **Liabilities and Fund Balances** | | | | |
| Liabilities: | | | | |
| Deferred compensation benfits payable | $ 2,174 | $ 1,177 | $ 0 | $ 3,351 |
| Total liabilities | 2,174 | 1,177 | 0 | 3,351 |
| Total liabilities and fund balances | $ 2,174 | $ 1,177 | $ 0 | $ 3,351 |
| **Transportation Foundation-Agency Fund** | | | | |
| **Assets** | | | | |
| Cash | $ 0 | $ 153 | $ 0 | $ 153 |
| Total assets | $ 0 | $ 153 | $ 0 | $ 153 |
| **Liabilities and Fund Balances** | | | | |
| Fund balances: | | | | |
| Unreserved, undesignated | $ 0 | $ 153 | $ 0 | $ 153 |
| Total fund balances | 0 | 153 | 0 | 153 |
| Total liabilities and fund balances | $ 0 | $ 153 | $ 0 | $ 153 |
| **Benefit Assessment Districts-Agency Fund** | | | | |
| **Assets** | | | | |
| Cash and investments with fiscal agents | $ 0 | $ 20,768 | $ 0 | $ 20,768 |
| Total assets | $ 0 | $ 20,768 | $ 0 | $ 20,768 |
| **Liabilities and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 0 | $ 25 | $ 0 | $ 25 |
| Accrued liabilites | 0 | 3,039 | 0 | 3,039 |
| Deferred compensation benefits payable | 0 | 17,704 | 0 | 17,704 |
| Total liabilities | 0 | 20,768 | 0 | 20,768 |
| Total liabilities and fund balances | $ 0 | $ 20,768 | $ 0 | $ 20,768 |

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

Exhibit D–1

**Los Angeles County Metropolitan Transportation Authority**
**Schedule of General Fixed Assets–By Source**
**June 30, 1993**
**(Amounts expressed in thousands)**

| | | 1993 |
|---|---|---|
| **General Fixed Assets:** | | |
| Construction in progress: | | |
| Land | $ | 818,928 |
| Light Rail Vehicles | | 24,982 |
| Call Boxes | | 7,750 |
| Other Equipment | | 7,698 |
| Leasehold Improvements | | 1,731 |
| Contributed Capital – SCRRA | | 82,936 |
| Metro Green Line | | 308,381 |
| Metro Rail, MOS 2 Construction | | 393,102 |
| Metro Rail, MOS 3 Construction | | 30,757 |
| Pasadena line | | 21,623 |
| Other Construction in Progress | | 45,685 |
| Total General Fixed Assets | $ | 1,743,573 |
| **Investments in General Fixed Assets by Source:** | | |
| General Fund | $ | 6,556 |
| Capital Projects Fund | | 1,737,017 |
| Total Investment in General Fixed Assets | $ | 1,743,573 |

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

Exhibit D-2

**Los Angeles County Metropolitan Transportation Authority**
**Schedule of General Fixed Assets – By Activity and Function**
**June 30, 1993**
**(Amounts expressed in thousands)**

| Activity and Function | Administration | Transportation Facilities | Construction in Progress | Total |
|---|---|---|---|---|
| Construction in Progress: | | | | |
| Land | $ 0 | $ 818,928 | $ 0 | $ 818,928 |
| Rail Line/Site Improvements | 0 | 0 | 0 | 0 |
| Light Rail Vehicles | 0 | 24,982 | 0 | 24,982 |
| Call boxes | 0 | 7,750 | 0 | 7,750 |
| Other Equipment | 4,825 | 2,873 | 0 | 7,698 |
| Leasehold Improvements | 1,731 | 0 | 0 | 1,731 |
| Equity in JPA/SCRRA | | | | |
| Contributed Capital – SCRRA | 0 | 82,936 | 0 | 82,936 |
| Metro Green Line | 0 | 0 | 308,381 | 308,381 |
| Metro Rail, MOS 2 Construction | 0 | 0 | 393,102 | 393,102 |
| Metro Rail, MOS 3 Construction | 0 | 0 | 30,757 | 30,757 |
| Pasadena line | 0 | 0 | 21,623 | 21,623 |
| Other Construction in Progress | 0 | 0 | 45,685 | 45,685 |
| **Total General Fixed Assets** | $ 6,556 | $ 937,469 | $ 799,548 | $ 1,743,573 |

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