



Comprehensive Annual Financial Report

For the Fiscal Year

Ended June 30, 1996

Los Angeles County

Metropolitan Transportation Authority

Los Angeles, CA





**Los Angeles County
Metropolitan Transportation Authority**
Los Angeles, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 1996

Prepared by:

FINANCE

William B. Henderson, Controller

Terry Matsumoto, Executive Officer for Finance



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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ended June 30, 1996

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January 8, 1997

The Honorable Authority Members
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California.

The Comprehensive Annual Financial Report for the Los Angeles County Metropolitan Transportation Authority (MTA or Authority) for the fiscal year ended June 30, 1996, is submitted herewith. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and result of operations of the various funds and account groups of the Authority. All material disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

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

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

The Reporting Entity

Established in April 1993, The Los Angeles County Metropolitan Transportation Authority (MTA) is the nation's second largest provider of public transportation. The MTA is the principal transportation agency in Los Angeles County and is unique as a transportation agency with broad responsibilities in the areas of planning and programming, operations, and construction.

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

The MTA operates one of the largest bus systems in the United States providing service to one million bus passengers daily with over 71.4 million vehicle service miles. The fleet is 100% wheelchair-accessible and 20% of the fleet uses alternative fuels.

The MTA's Metro Rail system serves an estimated 100,000 rail passengers daily. The system currently consists of the following three lines:

- Metro Blue Line - 22-mile light rail system connecting Long Beach to Los Angeles.
- Metro Red Line - the 5.2-mile heavy rail system running through downtown Los Angeles from the Gateway Transit Center/Union Station to Wilshire Boulevard at Western Avenue.
- Metro Green Line - 20-mile light rail system linking Norwalk, the Metro Blue Line, El Segundo and Redondo Beach.

The MTA also funds various commuter/motorist assistance programs. One such program is the Freeway Service Patrol that provides free motorist assistance through a fleet of 144 tow trucks which patrol LA County freeways to alleviate congestion by assisting stalled vehicles. Another program is the Metro Call Box program servicing 4,000 call boxes along more than 500 miles of freeways and state highways.

Highway programs are a key element of MTA services. These programs include the development of High Occupancy Vehicle (HOV) lanes for carpools, buses and vanpools, and Smart Streets; computerized systems for monitoring traffic flow and providing information to adjust signals to maximize vehicle speeds.

The MTA provides countywide coordinated services for persons with disabilities through Access Services Incorporated. The MTA also supports an extensive system of bike lanes throughout the Los Angeles County service area, and park-and-ride centers strategically placed throughout the county for access to rail and bus service. In addition, the MTA dedicates one-half of 1% of rail construction costs to artwork at each Metro Rail station.

In 1995, the MTA opened the Gateway Transit Center at historic Union Station. The Gateway Transit Center continues the transformation of downtown Los Angeles into Southern California's commercial and transportation hub. The center connects Los Angeles County through regional and local bus service, and links Los Angeles to neighboring counties by providing easy connections for commuters using Metro Rail, Amtrak, Metrolink, the El Monte Busway, as well

as vanpools, carpools and taxis. The Center also offers park-and-ride options for auto users. In addition to the federally funded transit center, the project also includes a new 27-floor high rise that serves as the MTA's headquarters. The building houses 1,800 MTA employees who were previously located at 13 other sites.

Major Initiatives

The MTA realized many successes during the past year. Ridership on the first elements of the MTA's new light and heavy rail transportation system which opened in July 1990, exceeds that of 12 other major U.S. cities that operate rail systems. Statistics also indicate rail ridership in Los Angeles has doubled in the last two years. Nearly 100,000 passengers use the Metro Rail system on an average week day. MTA ridership figures are even more impressive when compared with major U.S. cities with systems less than 20 years old.

The MTA celebrated the nearly 55% extension of the Metro Red Line into the Wilshire District in July 1996. The line provided service from Union Station/Gateway Transit Center to Wilshire Boulevard at Western Avenue. The opening of the extension capped five years of construction and brought to 44 the number of passenger rail stations within a network of approximately 48 connected miles of MTA's operated track.

Commuting from south Los Angeles became easier with the opening of the Freeway Passenger Platform at the bottom level of the Metro Green Line Harbor/I-105 Station. The opening of the Freeway Passenger Platform is significant because it provides transit riders with direct connections to the Metro Green Line and various local and express buses operating between the South Bay and downtown Los Angeles. The project was completed with federal funding through a partnership between Caltrans and the MTA.

In August 1995, after more than 10 years of planning, design, and construction, the Metro Green Line officially began carrying passengers. The line is a 20-mile east-west route, that runs largely down the median of the I-105 Century Freeway. It connects Norwalk and Redondo Beach giving area residents a new transportation choice. The Metro Green Line is the third rail line to begin operation since 1990.

The MTA also procured 294 clean-burning compressed natural gas (CNG) buses during the year and took delivery of 194. The buses are not only working to improve Los Angeles County's air quality, but are providing riders with a brighter, newly designed interior.

To make the bus system better, safer, faster and more affordable, the MTA adopted a bus system improvement plan with 30 proposed projects/programs. The plan is designed to improve service to the transit dependent and expand mobility options throughout the county. The key elements of the plan includes the development of a detailed market research and public outreach program, redistributing service, and identifying new fare technology and methods of payment. The MTA also approved an annual program to improve service on overcrowded lines for the transit dependent as part of the bus system improvement plan. For fiscal year 1997, \$10.4 million have been committed to this program.

The MTA's Zero Tolerance Program has virtually wiped out graffiti on Metro Buses. The program removes graffiti from Metro Buses immediately and has, over time, discouraged tagging. The success of the Zero Tolerance Program has cut graffiti and other bus fleet cleanup costs from approximately \$21 million in 1993 to \$16 million in 1995/96 and has resulted in a favorable response from riders.

Industry Trends and Practices

The MTA is considered a leader in the industry in testing new technology and exploring new innovations in the world of transit. This year alone, the MTA proved to be on the cutting edge in several different areas.

After four years of research and development, the MTA in cooperation with Northrop Grumman Corporation and the Federal Transit Administration, unveiled the first prototype of the Advanced Technology Transit Bus (ATTB). Using advanced technologies developed in the aerospace industries, the ATTB is expected to be more reliable, fuel-efficient and produce lower emissions than a conventional CNG-powered bus. Ultimately, the ATTB is expected to provide longer service to the MTA and other transit operators around the country.

Considered by transportation officials nationwide as a significant step in achieving a new transportation vision for the 21st century, The Bikestation, a full-service bicycle storage and rental facility began operation in Long Beach. The Bikestation is adjacent to the Metro Blue Line and the downtown transit mall and is intended to encourage bicycle usage and transit ridership. The MTA, Federal Government, and City of Long Beach have subsidized The Bikestation concept which is modeled after many successful examples operating today in Holland and Japan. The Long Beach station is the first of its kind in the United States.

The MTA recently celebrated the opening of the nation's first "Smart Transportation Corridor." This integration of communication resources using new and existing computer systems, video cameras and roadway sensors is a cooperative effort of Caltrans, California Highway Patrol (CHP) and the Los Angeles Department of Transportation (LADOT). Millions of motorists who travel along the Santa Monica Corridor every week will now get up-to-the-second information that should increase the average speed on the Santa Monica Freeway by 15 percent.

The opening of the Metro Blue Line TeleVillage successfully fulfilled one of the MTA's responsibilities of developing innovative telecommunications-based transportation projects. The TeleVillage has been hailed as the first of its kind facility that combines rail and bus public transit with telecommunications and information technologies. This community-based computing, teleconferencing, information and service center located at the Martin Luther King, Jr. Transit Center adjacent to the Metro Blue Line Compton Station. It is a public transit accessible access point not only to the Internet but also to electronic transactions and commerce of all sorts.

Long Range Plan

On March 22, 1995, the MTA Board adopted the current Long Range Transportation Plan (“The Long Range Plan”). The Long Range Plan is the strategic plan of the MTA, and establishes the framework that guides the MTA in fulfilling its mission “to design, construct, operate and maintain a safe, reliable, affordable and efficient transportation system that increases mobility, relieves congestion and improves air quality to meet the needs of all Los Angeles County residents over the 20 year period through the year 2013.”

The Long Range Plan vision is to develop a multimodal system that better serves the needs of transit dependent riders, while also providing a network that will attract solo drivers out of their cars, primarily through faster transit speeds, improved quality of service and more commute choices.

Some of the major elements of the Long Range Plan include:

- maintaining existing revenue sources and aggressively pursuing new transportation revenues for Los Angeles County;
- improving bus transit service by targeting highly transit dependent areas with better, more frequent service; creating financial allowances, through the Mobility Allowance program, funding flexible transit options such as smart shuttles, vans, community based transit and various other alternatives; adding 300 buses to the total countywide peak bus fleet to improve service quality in high demand areas and, as rail lines open, eliminate duplicate bus routes and thereby reallocating buses for other needed service;
- continuing to develop Los Angeles County’s rail network by building the Metro Blue Line to Pasadena, building a rail line in the San Fernando Valley and completing the eastern and western extensions of the Metro Red Line;
- improving highway transit speeds and service by constructing 279 miles of HOV lanes and gap closures on freeways and major streets, adding 130 miles of arterial bus lanes on surface streets and increasing traffic signal synchronization efforts throughout the county;
- using existing rights-of-way by enhancing commuter rail service and exploring the option of using rail/bus (DMU) technology to provide a lower cost alternative to light rail systems in corridors such as Glendale/Burbank, and the Metro Blue Line to Pasadena extension;
- participating as a financial partner in the Alameda Corridor Project to help ensure the economic success of the region by facilitating the efficient movement of goods;
- promoting changes in behaviors of the commuting public by exploring and advancing policies that discourage single occupancy vehicle travel and encourage greater reliance on public transportation, ridesharing and innovative alternatives such as telecommuting; and
- implementing cost savings measures to increase the cost efficient delivery of both transit services and capital projects.

The 1995 plan proposed a \$72.4 billion investment in Los Angeles County's transportation future that will be funded with a variety of local, state and federal revenues. The plan identified the majority of funding as coming from local sources. The delivery of all projects and programs in the Long Range Plan is dependent upon the availability of local, state and federal revenues at the levels projected. Major changes in state or federal policy or unanticipated shifts in the economy will impact the implementation of the plan.

There is a formal review and update leading to re-adoption every two years of the Long Range Plan. The next re-adoption is scheduled for March 1997. Revisions to the plan will include evaluation of changes to economic forecasts, sales tax projections, refined estimates of project costs, updated transportation demand modeling forecasts and revised budget information.

Economic Condition and Outlook

According to the UCLA Business Forecasting Project, Los Angeles County remains on track in its recovery with a steady rebound to pre-recessionary levels. Retail sales data released by the U.S. Department of Commerce indicates steady growth of 4.4% in the second quarter from one year ago, while consumer confidence is at its highest point in six years.

The California State Board of Equalization has indicated that taxable sales grew 4.7% in the first quarter of 1996 over the same quarter one year ago, and preliminary estimates for the second quarter of 1996 indicate sales grew between seven and eight percent for the state as a whole. Unemployment has been inching its way down since reaching its 1996 peak of 8.5% in April.

Revenue Trends

In determining the MTA's financial capacity to fund future transportation programs and projects, the agency makes projections on what will be available based on past funding levels, inflation, growth in sales tax, revenue from service and an assessment of state and federal funding possibilities. There are over thirty separate sources from which the MTA receives funding. Formulas allocating the MTA's share of these revenue sources involve such factors as local population, bus revenue hours, miles of passenger railroad tracks, and state highway miles. The MTA bases its future funding assumptions on economic projections used by various governmental agencies such as the annual UCLA Business Forecasting Project.

Since the adoption of the MTA Long Range Plan, which envisioned a \$72.4 billion investment in Los Angeles County's Transportation future, some strategic revenue assumptions have not been achieved, such as Federal Section 3 New Starts and implementation of certain fare increases. The combination of these factors has adversely affected the MTA's long-term revenue outlook.

An analysis done in February 1996 to update financial estimates has identified a cumulative decline in various revenue sources of 5% from \$72.4 billion to \$68.9 billion. MTA fare revenue forecasts were revised downward to reflect the current fare box recovery ratios. The revised 1996 revenue forecast projected declines in federal bus capital and operating subventions of \$1.1 billion.

The MTA's revenue outlook was also affected by a Consent Decree filed in October 1996 between the MTA and class action plaintiffs represented by the NAACP Legal Defense and Education Fund, Inc. The Consent Decree calls for additional bus service, a commitment by the MTA to devote additional resources for security on the bus system, a continuation of the sale of the monthly bus pass and a rollback in price of passes from \$49 to \$42 for three years, off-peak discount fares to be established on selected bus lines and a two-year commitment by the MTA to maintain the current cash fare of \$1.35 and the cost of tokens at 90 cents. Funding to pay for these service improvements will be identified as the MTA updates its Long Range Plan in March, 1997.

Budget Projections

While prior year budgets relied on layoffs, fare increases, service reductions and one-time revenue sources to remain balanced, the FY 97 budget is balanced. The FY 97 has been balanced through realistic revenue and expense projections and management strategies to hold constant or reduce costs that do not directly impact the level and quality of bus and rail services and prioritization of capital expenditures.

The key assumptions upon which the FY97 budget are based on funding transit services first and challenging staff to find ways to keep non-service related costs from increasing with inflation. Based upon the FY97 budget, in constant dollars, the MTA will be providing more service at a lower cost in FY97 than it provided in FY93.

The FY97 budget provides adequate funding for the short-term. However, for the long-term, the MTA will need to continue to develop alternative strategies through its Long Range Plan process.

Funding Sources

The agency receives funds from a variety of federal, state and local sources.

Local funds are provided primarily through local sales tax measures known as Proposition A and Proposition C. Proposition A funds are revenues generated from a half-cent sales tax approved by Los Angeles County voters in November 1980. After a deduction of up to 5% for MTA administration, funds are apportioned as follows: local return-25%, rail development-35%, and discretionary-40%. In November 1990, the voters of Los Angeles County approved Proposition C, an additional half-cent sales tax for transportation. After a deduction of up to 1.5% for MTA administration, funds are as follows: security-5%, commuter rail and transit centers-10%, local return-20%, highways-25%, and discretionary-40%.

The agency receives funding from a variety of different State funds. Federal funds are provided through the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. ISTEA funds are authorized for both highway and transit use and are distributed for the following programs: Surface Transportation Program (STP), Congestion Mitigation and Air Quality Improvement Programs (CMAQ), Transportation Enhancement Activities (TEA), Minimum Allocation Donor State Bonus, Interstate Maintenance, Bridge Replacement and Rehabilitation, National Highway

System, and Substitute Highway. In FY 96 the agency received \$473 million from ISTEA. The MTA expects to receive \$407 million in FY 97.

Capital Projects

The MTA's Capital Budget is a means of implementing planning and programming decisions made through the Long Range Plan and Transportation Improvement Program. Capital projects include rail construction and other projects associated with bus operations, rail operations and other agency planning and support functions.

Major capital expenditures planned for FY97 include the following:

RAIL CONSTRUCTION

Metro Red Line

- Continue construction on the Vermont/Hollywood Corridor which will connect Westlake/MacArthur Park to Hollywood and Vine. Major planned activities include completing concrete placements for station box structures at five stations, completing track installations, and beginning system installations;
- Continue the Hollywood Construction Impact Program which is designed to minimize inconveniences to residents, commuters, and businesses due to heavy construction activity on the Metro Red Line extension;
- Continue tunneling and construction work on the North Hollywood extension of the Metro Red Line Segment 3 Project. This 6.4 mile project has three stations and begins just west of the Hollywood/Vine Station, and continues west under Hollywood Boulevard to the Hollywood/Highland Station and north under the Santa Monica mountains to its terminus in North Hollywood.
- Finalize environmental work and begin design on the 2.3-mile Mid-City Extension Segment 3 Project which has two stations beginning west of the Wilshire/Western Station passing through the Crenshaw/Olympic Station and terminating at the Pico-San Vicente Station; and
- Continue design and construction work on the East Side Extension of Segment 3, a 4-mile alignment running east from Union Station to First and Lorena Street and includes four stations. Work will be done to complete station designs, real estate acquisitions and the beginning of construction for utility rearrangements, demolition and environmental clean-up.

Metro Blue Line to Pasadena

- Construction of the 13.7 mile Pasadena light rail line commenced in April 1994. This line runs from Union Station in Downtown Los Angeles northeast to Sierra Madre Villa Avenue in Pasadena. The major activities planned include completing the retrofit of 13 bridges along the alignment, beginning construction

of the Arroyo Seco to Del Mar line segment, and completing design constructions for various stations.

Mandated Programs

- In compliance with environmental mandates, the agency will continue its program to replace underground storage tanks at 12 separate locations. Americans with Disabilities Act (ADA) - mandated facility improvement will be made to the USC Center Busway Pico/Rimpau Transit Center, El Monte Station, Cal State Bus Station, and LAX Transit Center.

Health and Safety

- Various rail passenger safety improvements are planned to be implemented including chain link fences at elevated Metro Blue and Metro Green Line stations, battery monitoring systems for stations and tunnels in the event of a power failure, and various Metro Red Line Station improvements including a public address system.

Maintenance of Assets

- Various bus maintenance programs will be initiated including overhaul of the methanol buses and a periodic refurbishment of high mileage buses. This program also includes various rail maintenance projects and facility modifications to five CNG fueling facilities.

Scheduled Replacements

- The FY97 capital bus replacement program provides the funds for delivery of approximately 200 new CNG buses.

The multi-year transit radio system program is for an integrated bus radio communication system and equipment. Over 750 buses will be outfitted with this communications equipment during FY97.

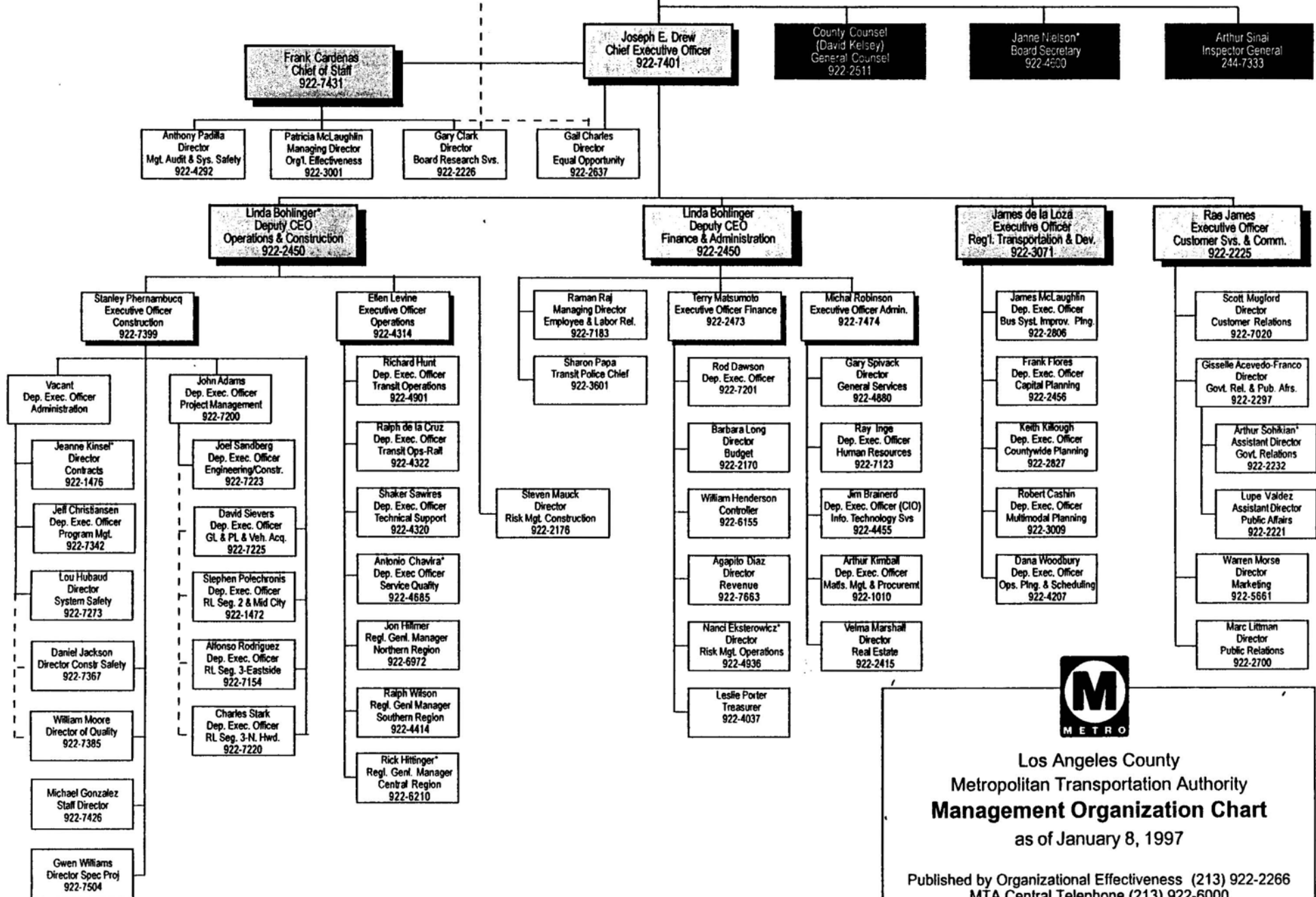
The anti-graffiti bus interior cleaning program continues with the replacement of etched windows, replacement of soiled seats, and the purchase of equipment and modifications to bus cleaning shops at two divisions.

The MTA's capital program also includes the Tire Lead and Replacement Program, the purchase of gearbox and other rail equipment, computer and diagnostic equipment, printing and cash counting equipment, replacement of support vehicles, information technology upgrades, upgrading the communications system and continued participation in a public/private joint venture between Northrop and the MTA for continued testing of the Advanced Technology Transit Bus.

Summary

The employees of the MTA, its contract service providers, local, state, and federal partners bring an effective combination of skills, experience, and dedication to carry out their mission to plan, program, design, construct, operate and maintain a safe, reliable, affordable and efficient transportation system in Los Angeles County.

MTA BOARD OF DIRECTORS



Los Angeles County Metropolitan Transportation Authority Management Organization Chart as of January 8, 1997

Published by Organizational Effectiveness (213) 922-2266
MTA Central Telephone (213) 922-6000

*Interim or Acting



MTA BOARD OF DIRECTORS

Member

Alternate

County of Los Angeles

Michael Antonovich

Nick Patsaouras

Yvonne Brathwaite Burke

Michael Bohlke

Don Knabe

Robert Arthur

Zev Yaroslavsky

Robert Abernethy

Gloria Molina

Vivien Bonzo

City of Los Angeles

Richard Riordan

Hal Bernson

Richard Alatorre

Nate Holden

Carol Schatz

Richard Alarcón

Mel Wilson

Jackie Goldberg

Los Angeles County City Selection Committee

Jenny Oropeza

Joyce Lawrence

James Cragin

Joseph Dawidziak

John Fasana

Beatrice LaPisto-Kirtley

Larry Zarian

Jan Heidt

Ex-Officio Member Appointed by the Governor

Dean Dunphy

Construction Committee Ex-Officio Members

George Battey, Jr.

Bill Dahl

Nick Patsaouras

Mailing Address

One Gateway Plaza

Los Angeles, CA 90012-2932

Phone: (213) 922-4601

Fax: (213) 922-4594

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, 1996, 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, 1996 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.

In accordance with Government Auditing Standards, we have also issued a report dated January 8, 1997 on our consideration of MTA's internal control structure and a report dated January 8, 1997 on its compliance with laws and regulations.

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.

The statistical data on pages 131 through 146 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the MTA. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

Casper & Lybrand T. J. P.

Los Angeles, California
January 8, 1997



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General Purpose Financial Statements

Los Angeles County Metropolitan Transportation Authority
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1996
(Amounts expressed in thousands)

| | Governmental Fund Types | | | |
|--|-------------------------|-------------------|-------------------|-------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Assets and other debits | | | | |
| Assets: | | | | |
| Cash and cash equivalents (Note 3) | \$ 2,142 | \$ 473,222 | \$ - | \$ 60,919 |
| Investments (Note 3) | - | - | - | 313,139 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Intergovernmental | 73 | 33,249 | - | 365,210 |
| Sales tax | - | 48,497 | - | - |
| Notes | 3,529 | 3,335 | - | - |
| Interest | 18 | 3,306 | 6,523 | 540 |
| Benefit assessment | - | - | - | - |
| Leases and other | 1,160 | 908 | 1,832 | 10,794 |
| Interfund (Note 9) | - | 122,163 | 370 | 106,099 |
| Inventory | - | - | - | - |
| Prepaid items and other assets | 854 | - | - | 11,742 |
| Restricted assets: | | | | |
| Cash and cash equivalents (Note 3) | - | - | 101,679 | - |
| Investments (Note 3) | - | - | 209,654 | - |
| Fixed assets (Note 4) | - | - | - | - |
| Assets held under deferred compensation plans (Note 10) | - | - | - | - |
| Assets held under 401(k) savings plan (Note 10) | - | - | - | - |
| Other Debits: | | | | |
| Amount available in debt service | - | - | - | - |
| Amount to be provided for retirement of general long-term debt | - | - | - | - |
| Total assets and other debits | \$ 7,776 | \$ 684,680 | \$ 320,058 | \$ 868,443 |

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

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals (Memorandum only) |
|------------------------|---------------------|-------------------------|----------------------------|------------------------------|--------------------------------|
| Enterprise | Internal Service | Trust & Agency | General Fixed Assets | General Long-Term Debt | |
| \$ 14,693 | \$ 92,563 | \$ - | \$ - | \$ - | \$ 643,539 |
| - | - | - | - | - | 313,139 |
| 19,101 | - | - | - | - | 19,101 |
| 36,281 | - | - | - | - | 434,813 |
| - | - | - | - | - | 48,497 |
| - | - | - | - | - | 6,864 |
| 949 | 499 | 3,679 | - | - | 15,514 |
| - | - | 2,510 | - | - | 2,510 |
| 1,543 | 93 | 1,167 | - | - | 17,497 |
| 81,461 | 281,377 | - | - | - | 591,470 |
| 46,036 | - | - | - | - | 46,036 |
| 4,112 | 4,390 | - | - | - | 21,098 |
| 17,897 | 24,956 | 20,319 | - | - | 164,851 |
| 62,664 | 11,590 | 609,709 | - | - | 893,617 |
| 3,174,532 | 145,538 | - | 3,185,616 | - | 6,505,686 |
| - | - | 106,162 | - | - | 106,162 |
| - | - | 26,868 | - | - | 26,868 |
| - | - | - | - | 211,505 | 211,505 |
| - | - | - | - | 2,933,177 | 2,933,177 |
| \$ 3,459,269 | \$ 561,006 | \$ 770,414 | \$ 3,185,616 | \$ 3,144,682 | \$ 13,001,944 |

continued

Los Angeles County Metropolitan Transportation Authority
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1996
(Amounts expressed in thousands)

| | Governmental Fund Types | | | |
|--|-------------------------|-------------------|-------------------|-------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Liabilities, equity and other credits | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 525 | \$ 17,452 | \$ - | \$ 27,652 |
| Accrued liabilities | 620 | 33,671 | 2,546 | 89,835 |
| Claims and judgement payable | - | - | - | 16,297 |
| Interfund payable (Note 9) | - | 132,132 | 10,665 | 155,083 |
| Accrued interest payable | - | - | 65,515 | - |
| Compensated absences payable (Note 2) | - | - | - | - |
| Revenue anticipation notes | - | - | - | - |
| Bonds and notes payable - current | - | - | 29,827 | - |
| Due to other governments | - | 16,462 | - | - |
| Deferred revenue | - | - | - | 40,214 |
| Other liabilities | 8 | 3,540 | - | 70,435 |
| Post-retirement benefits payable (Note 8) | - | - | - | - |
| Liabilities for retirement income plan | - | - | - | - |
| Liabilities for deferred compensation plan (Note 10) | - | - | - | - |
| Liabilities for 401(k) savings plan (Note 10) | - | - | - | - |
| Bonds and notes payable (Note 5) | - | - | - | - |
| Insurance reserves (Note 11) | - | - | - | - |
| Total liabilities | 1,153 | 203,257 | 108,553 | 399,516 |
| Equity and other credits: | | | | |
| Investment in general fixed assets | - | - | - | - |
| Retained earnings (Notes 12 and 14) | - | - | - | - |
| Capital grants (contributed): (Note 12) | | | | |
| Federal | - | - | - | - |
| State | - | - | - | - |
| Local | - | - | - | - |
| Fund balance: (Notes 13 and 14) | | | | |
| Reserve for memoranda of understanding | - | 467,497 | - | - |
| Reserved for encumbrances | - | - | - | 457,184 |
| Reserved for notes receivable | 3,529 | 3,335 | - | - |
| Reserve for prepaid and other assets | 852 | - | - | 11,743 |
| Reserved for debt service | - | - | 211,505 | - |
| Reserved for employee retirements | - | - | - | - |
| Unreserved | 2,242 | 10,591 | - | - |
| Total equity and other credits | 6,623 | 481,423 | 211,505 | 468,927 |
| Total liabilities, equity and other credits | \$ 7,776 | \$ 684,680 | \$ 320,058 | \$ 868,443 |

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

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals (Memorandum only) |
|------------------------|---------------------|-------------------------|----------------------------|------------------------------|--------------------------------|
| Enterprise | Internal Service | Trust & Agency | General Fixed Assets | General Long-Term Debt | |
| \$ 21,994 | \$ 9,983 | \$ 6,060 | \$ - | \$ - | \$ 83,666 |
| 1,636 | 25,018 | 16,627 | - | - | 169,953 |
| - | - | - | - | - | 16,297 |
| 293,587 | - | 3 | - | - | 591,470 |
| 3,018 | 4,964 | 3,011 | - | - | 76,508 |
| - | 54,935 | - | - | - | 54,935 |
| 30,000 | - | - | - | - | 30,000 |
| 13,185 | 6,500 | 1,200 | - | - | 50,712 |
| - | - | - | - | - | 16,462 |
| 7,460 | - | - | - | - | 47,674 |
| - | 69 | - | - | - | 74,052 |
| - | 35,196 | - | - | - | 35,196 |
| - | - | 31,158 | - | - | 31,158 |
| - | - | 106,162 | - | - | 106,162 |
| - | - | 26,868 | - | - | 26,868 |
| 78,915 | 147,400 | - | - | 3,144,682 | 3,370,997 |
| - | 130,740 | - | - | - | 130,740 |
| <u>449,795</u> | <u>414,805</u> | <u>191,089</u> | <u>-</u> | <u>3,144,682</u> | <u>4,912,850</u> |
| - | - | - | 3,185,616 | - | 3,185,616 |
| (85,357) | 662 | - | - | - | (84,695) |
| 922,640 | - | - | - | - | 922,640 |
| 310,461 | - | - | - | - | 310,461 |
| 1,861,730 | 145,539 | - | - | - | 2,007,269 |
| - | - | - | - | - | 467,497 |
| - | - | - | - | - | 457,184 |
| - | - | - | - | - | 6,864 |
| - | - | - | - | - | 12,595 |
| - | - | - | - | - | 211,505 |
| - | - | 579,190 | - | - | 579,190 |
| - | - | 135 | - | - | 12,968 |
| <u>3,009,474</u> | <u>146,201</u> | <u>579,325</u> | <u>3,185,616</u> | <u>-</u> | <u>8,089,094</u> |
| \$ <u>3,459,269</u> | \$ <u>561,006</u> | \$ <u>770,414</u> | \$ <u>3,185,616</u> | \$ <u>3,144,682</u> | \$ <u>13,001,944</u> |

Los Angeles County Metropolitan Transportation Authority
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 All Governmental Fund Types and Expendable Trust Funds
 For the year ended June 30, 1996
 (Amounts expressed in thousands)

Exhibit 2

| | Governmental Funds | | | | Fudiciary Fund Type | Total (Memorandum Only) |
|--|--------------------|--------------------|-------------------|---------------------|---------------------------|-------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust Funds | |
| Revenues: | | | | | | |
| Sales tax | \$ - | \$ 1,037,892 | \$ - | \$ - | \$ - | \$ 1,037,892 |
| Intergovernmental | 59 | 33,472 | 3,439 | 642,660 | - | 679,630 |
| Investment income | 227 | 30,479 | 16,025 | 14,815 | 4 | 61,550 |
| Lease and rental | - | - | - | 7,411 | - | 7,411 |
| Licenses and fines | 179 | 7,013 | - | - | - | 7,192 |
| Other | 501 | 1,475 | 4 | 6,320 | 48 | 8,348 |
| Total revenues | 966 | 1,110,331 | 19,468 | 671,206 | 52 | 1,802,023 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 8,569 | 8,262 | - | 42,893 | 221 | 59,945 |
| Transportation subsidies | 9,213 | 497,287 | - | - | - | 506,500 |
| Capital Outlay | - | - | - | 717,865 | - | 717,865 |
| Debt service: | | | | | | |
| Interest and fiscal charges | - | - | 169,876 | - | - | 169,876 |
| Bond issuance costs | - | - | 19,910 | - | - | 19,910 |
| Bond principal | - | - | 32,498 | - | - | 32,498 |
| Joint development expense | - | - | 1,608 | - | - | 1,608 |
| Total expenditures | 17,782 | 505,549 | 223,892 | 760,758 | 221 | 1,508,202 |
| Excess (deficiency) of revenues over expenditures | (16,816) | 604,782 | (204,424) | (89,552) | (169) | 293,821 |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | 32,285 | 95,549 | 171,426 | 66,263 | - | 365,523 |
| Operating transfers out | (10,097) | (714,684) | - | (51,992) | - | (776,773) |
| Proceeds from financing | - | - | 187,773 | 277,522 | - | 465,295 |
| Total other financing sources (uses) | 22,188 | (619,135) | 359,199 | 291,793 | - | 54,045 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 5,372 | (14,353) | 154,775 | 202,241 | (169) | 347,866 |
| Fund balance - beginning of year | 1,251 | 495,776 | 56,730 | 266,686 | 304 | 820,747 |
| Fund balance - end of year | \$ 6,623 | \$ 481,423 | \$ 211,505 | \$ 468,927 | \$ 135 | \$ 1,168,613 |

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



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Los Angeles County Metropolitan Transportation Authority
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 All Governmental Fund Types
 For the year ended June 30, 1996
 (Amounts expressed in thousands)

| | General Fund | | | Special Revenue Fund | | |
|---|-----------------|-----------------|----------------------------------|----------------------|-------------------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Sales tax | \$ - | \$ - | \$ - | \$ 1,010,864 | 1,037,892 | \$ 27,028 |
| Intergovernmental | - | 59 | 59 | 123,878 | 33,472 | (90,406) |
| Investment income | - | 227 | 227 | 18,000 | 30,479 | 12,479 |
| Lease and rental | - | - | - | - | - | - |
| Licenses and fines | - | 179 | 179 | 6,600 | 7,013 | 413 |
| Other | 1,254 | 501 | (753) | 98 | 1,475 | 1,377 |
| Total revenues | 1,254 | 966 | (288) | 1,159,440 | 1,110,331 | (49,109) |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 24,839 | 8,569 | 16,270 | 22,252 | 8,262 | 13,990 |
| Transportation subsidies | 8,118 | 9,213 | (1,095) | 571,820 | 497,287 | 74,533 |
| Capital Outlay | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - | - |
| Bond principal | - | - | - | - | - | - |
| Joint development expense | - | - | - | - | - | - |
| Total expenditures | 32,957 | 17,782 | 15,175 | 594,072 | 505,549 | 88,523 |
| Excess (deficiency) of revenues over expenditures | (31,703) | (16,816) | 14,887 | 565,368 | 604,782 | 39,414 |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | 32,105 | 32,285 | 180 | - | 95,549 | 95,549 |
| Operating transfers out | (402) | (10,097) | (9,695) | (760,636) | (714,684) | 45,952 |
| Proceeds from financing | - | - | - | - | - | - |
| Total other financing sources (uses) | 31,703 | 22,188 | (9,515) | (760,636) | (619,135) | 141,501 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | - | 5,372 | 5,372 | (195,268) | (14,353) | 180,915 |
| Fund balance - beginning of year | 1,251 | 1,251 | - | 495,776 | 495,776 | - |
| Fund balance - end of year | \$ 1,251 | \$ 6,623 | \$ 5,372 | \$ 300,508 | \$ 481,423 | \$ 180,915 |

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

| Debt Service Fund | | | Capital Project Fund | | |
|-------------------|-------------------|----------------------------------|----------------------|-------------------|----------------------------------|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2,845 | 3,439 | 594 | 659,355 | 642,660 | (16,695) |
| - | 16,025 | 16,025 | 2,180 | 14,815 | 12,635 |
| - | - | - | 8,100 | 7,411 | (689) |
| - | - | - | - | - | - |
| - | 4 | 4 | - | 6,320 | 6,320 |
| <u>2,845</u> | <u>19,468</u> | <u>16,623</u> | <u>669,635</u> | <u>671,206</u> | <u>1,571</u> |
| - | - | - | 102,234 | 42,893 | 59,341 |
| - | - | - | - | - | - |
| - | - | - | 1,074,306 | 717,865 | 356,441 |
| 166,548 | 169,876 | (3,328) | - | - | - |
| - | 19,910 | (19,910) | - | - | - |
| 32,780 | 32,498 | 282 | - | - | - |
| - | 1,608 | (1,608) | - | - | - |
| <u>199,328</u> | <u>223,892</u> | <u>(24,564)</u> | <u>1,176,540</u> | <u>760,758</u> | <u>415,782</u> |
| (196,483) | (204,424) | 7,941 | (506,905) | (89,552) | 417,353 |
| 156,619 | 171,426 | 14,807 | 144,643 | 66,263 | (78,380) |
| - | - | - | (1,600) | (51,992) | (50,392) |
| - | 187,773 | 187,773 | 140,000 | 277,522 | 137,522 |
| <u>156,619</u> | <u>359,199</u> | <u>202,580</u> | <u>283,043</u> | <u>291,793</u> | <u>8,750</u> |
| (39,864) | 154,775 | 194,639 | (223,862) | 202,241 | 426,103 |
| 56,730 | 56,730 | - | 266,686 | 266,686 | - |
| <u>\$ 16,866</u> | <u>\$ 211,505</u> | <u>\$ 194,639</u> | <u>\$ 42,824</u> | <u>\$ 468,927</u> | <u>\$ 426,103</u> |

Los Angeles County Metropolitan Transportation Authority
Combined Statement of Revenues, Expenditures and Changes in Retained Earnings
All Proprietary Fund Types and Pension Trust Funds
For the year ended June 30, 1996
(Amounts expressed in thousands)

Exhibit 4

| | Proprietary Fund Types | | Fiduciary Fund Types | Totals (Memorandum only) |
|--|---------------------------|---------------------|-------------------------|--------------------------------|
| | Enterprise | Internal Service | Pension Trusts | |
| Operating revenues: | | | | |
| Passenger fares | \$ 208,389 | \$ - | \$ - | \$ 208,389 |
| Route subsidies | 836 | - | - | 836 |
| Investment income | - | - | 133,796 | 133,796 |
| Auxiliary transportation | 5,091 | - | - | 5,091 |
| Charges for services | - | 272,290 | - | 272,290 |
| Employer contributions | - | - | 16,779 | 16,779 |
| Employee contributions | - | - | 11,013 | 11,013 |
| Total operating revenues | 214,316 | 272,290 | 161,588 | 648,194 |
| Operating Expenses: | | | | |
| Transportation | 353,740 | - | - | 353,740 |
| Vehicle maintenance | 167,947 | - | - | 167,947 |
| Non-vehicle maintenance | 33,859 | - | - | 33,859 |
| General and administrative | 156,599 | 37,526 | 4,364 | 198,489 |
| Depreciation | 152,645 | 3,615 | - | 156,260 |
| Salaries and wages | - | 32,961 | - | 32,961 |
| Fringe benefits | - | 204,592 | - | 204,592 |
| Benefits and contribution refunds paid to participants and beneficiaries | - | - | 72,450 | 72,450 |
| Total operating expenses | 864,790 | 278,694 | 76,814 | 1,220,298 |
| Operating income (loss) | (650,474) | (6,404) | 84,774 | (572,104) |
| Nonoperating revenues / (expenses): | | | | |
| Local operating grants | 5,147 | - | - | 5,147 |
| Federal operating grants | 27,998 | - | - | 27,998 |
| Investment income | 10,029 | 2,718 | - | 12,747 |
| Interest expense | (8,334) | (10,212) | - | (18,546) |
| Loss on disposition of fixed | (1,090) | - | - | (1,090) |
| Other | 2,739 | 309 | - | 3,048 |
| Total nonoperating revenues | 36,489 | (7,185) | - | 29,304 |
| Income (loss) before operating transfer in | (613,985) | (13,589) | 84,774 | (542,800) |
| Operating transfers in | 400,230 | 11,020 | - | 411,250 |
| Net Income (Loss) for the Year | (213,755) | (2,569) | 84,774 | (131,550) |
| Add back depreciation on assets acquired with capital grants | 153,690 | 3,615 | - | 157,305 |
| Increase (decrease) In Retained Earnings | (60,065) | 1,046 | 84,774 | 25,755 |
| Retained earnings (deficit) - Beginning of year | (25,292) | (384) | 494,416 | 468,740 |
| Retained earnings (deficit) - End of year | \$ (85,357) | \$ 662 | \$ 579,190 | \$ 494,495 |

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

Los Angeles County Metropolitan Transportation Authority
Combined Statement of Cash Flows - All Proprietary Fund Types
For the years ended June 30, 1996
(Amount expressed in thousands)

Exhibit 5

| | Enterprise | Internal Service | Totals |
|--|------------------|---------------------|-------------------|
| Cash flow from operating activities: | | | |
| Operating loss | \$ (650,474) | \$ (6,404) | \$ (656,878) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | | | |
| Depreciation | 152,645 | 3,615 | 156,260 |
| Net effect of changes in: | | | |
| Accounts receivables | 4,764 | - | 4,764 |
| Leases and other receivables | (1,382) | 550 | (832) |
| Interfund receivables | 148,494 | (20,943) | 127,551 |
| Prepaid items and other assets | 1,286 | (405) | 881 |
| Inventory | (5,891) | - | (5,891) |
| Accounts payable | (28,928) | 8,500 | (20,428) |
| Accrued liabilities | (16,332) | 11,791 | (4,541) |
| Due to other governments | (1,027) | (2) | (1,029) |
| Compensated absences payable | - | 1,792 | 1,792 |
| Post retirement benefits payable | - | 4,266 | 4,266 |
| Interfund payables | (28,951) | (39,237) | (68,188) |
| Insurance reserves | - | 4,743 | 4,743 |
| Deferred revenues | (2,317) | - | (2,317) |
| Other liabilities | - | (5) | (5) |
| Net cash used in operating activities | <u>(428,113)</u> | <u>(31,739)</u> | <u>(459,852)</u> |
| Cash flow from non-capital financing activities: | | | |
| Proceeds from operating grants | 28,129 | - | 28,129 |
| Proceeds from issuance of revenue anticipation notes | 30,000 | - | 30,000 |
| Operating transfers in from other funds | 400,230 | 11,020 | 411,250 |
| Repayment of matured revenue anticipation notes | (70,000) | - | (70,000) |
| Interest paid on revenue anticipation notes | (3,091) | - | (3,091) |
| Interest received on revenue anticipation notes | 3,935 | - | 3,935 |
| Net cash provided by non-capital financing activities | <u>389,203</u> | <u>11,020</u> | <u>400,223</u> |
| Cash flow from capital and related financing activities: | | | |
| Proceeds from capital grants received | 12,078 | - | 12,078 |
| Purchase of facilities, property and equipment | - | - | - |
| Proceeds from sale of retired equipments | 267 | - | 267 |
| Payment of matured bonds and notes payable | (13,005) | (6,100) | (19,105) |
| Interest paid on bonds and notes payable | (5,534) | (10,089) | (15,623) |
| Net cash used in capital and related financing activities | <u>(6,194)</u> | <u>(16,189)</u> | <u>(22,383)</u> |
| Cash flow from investing activities: | | | |
| Proceeds from sales and maturity of investments | 137,811 | 40,976 | 178,787 |
| Purchase of investments | (78,074) | (35,809) | (113,883) |
| Interest received on investments | 5,401 | 2,982 | 8,383 |
| Net cash provided by investing activities | <u>65,138</u> | <u>8,149</u> | <u>73,287</u> |
| Net increase (decrease) in cash and cash equivalents | 20,034 | (28,759) | (8,725) |
| Cash and cash equivalents - beginning of year | <u>12,556</u> | <u>146,278</u> | <u>158,834</u> |
| Cash and cash equivalents - end of year | <u>\$ 32,590</u> | <u>\$ 117,519</u> | <u>\$ 150,109</u> |
| Supplemental schedule of noncash investing and financing transactions: | | | |
| Transfer of fixed assets from General Fixed Assets Account Group | 926,473 | 149,154 | 1,075,627 |

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

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements June 30, 1996

(1) Organization

General

The Los Angeles County (County) Metropolitan Transportation Authority (MTA) was created as a result of the merger of the former Los Angeles County Transportation Commission (Commission) and the former Southern California Rapid Transit District (District). The MTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness (bonded or otherwise), immunities and exemptions of the Commission and the District.

The MTA is governed by a 14-member Board of Directors (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 non-voting member appointed by the Governor of the State of California. The MTA Board members are permitted to appoint alternate members who can represent a regular member only if the regular member cannot attend an MTA meeting. Some alternate members, however, have only limited power to vote at such meetings.

Reporting Entity

In evaluating how to define the entity for financial reporting purposes, management has considered all potential component units by applying criteria set forth in GASB Statement No. 14 which relates to the "Reporting Entity".

The three basic criteria used to determine whether a potential component unit is included within the reporting entity are 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 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 MTA administers four Defined Benefit Pension Plans - the Benefit Assessment Districts (BAD's), the Transportation Foundation, and the Los Angeles County Transportation Land Preservation Corporation. These activities are included in the accompanying financial statements as blended component units, and reported in the Fiduciary Fund Type. Additional detailed financial information for each of these entities can be obtained from the MTA Treasury Department, One Gateway Plaza, Los Angeles, CA 90012-2932.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

Bus and Rail Operations

The MTA serves as the main source of bus service in all of the County south of the San Gabriel Mountains, except Santa Catalina Island. The MTA operates a vehicle fleet of over 2,200 buses that covers a weekday total of 240,000 revenue service miles over a route system of approximately 3,800 miles carrying approximately 1.0 million weekday passengers.

The MTA also operates three metro rail lines. The Metro Blue Line is a light rail system, which covers 22 miles between the cities of Los Angeles and Long Beach. The Metro Green Line is a light rail system which covers 20 miles between the cities of Norwalk and El Segundo. The Metro Red Line is a heavy rail system which covers 5.2 miles between Union Station/Gateway Transit Center to Wilshire Boulevard at Western Avenue.

Planning and Programming

The MTA is responsible for the programming and administration of all regional surface transportation funds in the County. In accordance with State regulations and Memoranda of Understanding (MOU) with bus operators and local municipalities, the MTA is responsible for disbursement of monies derived from the State Transportation Act (STA), the Transportation Development Act (TDA), and Sales Tax. The MTA coordinates the operation of all public transportation services including managing transit operating policies among the County's 17 municipal bus operators, developing light, heavy and commuter rail projects and programming regional funds for improvement to the County highway system.

Construction

The MTA is constructing an additional 38.4 miles of urban light and heavy rail in the County. The rail systems under construction are a 24.8 miles extension of the Red Line and 13.7 miles for the Pasadena Blue Line.

Joint Development

California statutes authorize the MTA to enter into agreements with public or private entities to plan, finance, and construct projects that are adjacent, or physically or functionally related to rail transit facilities or major bus plazas. The goal of these joint development projects is to secure the most appropriate private and public sector development which will enhance the design, construction and operation of a comprehensive transit system while achieving appropriate returns for the MTA on its investment. Such projects are compatible with, and supportive of plans and economic development objectives of local jurisdictions.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(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 below:

A. Fund Accounting

The MTA utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary, as described below.

Governmental Funds are used to account for most of the MTA's general activities. The measurement focus is determination of changes in financial position, rather than net income determination. The MTA uses the following governmental fund types:

General Fund - The General Fund is used to account for those financial resources which are not required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

Capital Projects Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets.

Proprietary Funds are used to account for the MTA's ongoing operations and activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds include the following fund types:

Enterprise Fund - The Enterprise Fund is used to account for operations which are financed and operated in a manner similar to private businesses where the intent is that costs (including depreciation) of providing goods or services to the general public on a continuing basis be recovered primarily through user charges.

Internal Service Fund - The Internal Service Fund is used to account for the goods and services provided to MTA projects and funds on a cost reimbursement basis.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

Fiduciary Funds are used to account for assets held by the MTA in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Fiduciary Funds include the following fund types:

Expendable Trust Funds - Expendable trust funds are used to account for assets held by the MTA in a trustee capacity and are accounted for in essentially the same manner as the governmental fund types, using the measurement focus and basis of accounting.

Pension Trust Funds - Pension trust funds account for the assets of the four Defined Benefit Pension Plans that the MTA administers, and are accounted for in essentially the same manner as the Proprietary Funds.

Agency Funds - Agency Funds are custodial in nature and do not present results of operations or have a measurement focus.

Account Groups are used to establish accountability for certain assets and liabilities that are not recorded in specific funds because they do not directly affect net expendable available financial resources. The MTA uses the following account groups:

General Fixed Assets Account Group - This group is established to account for all fixed assets of the MTA, other than those accounted for in the Proprietary Funds.

General Long-Term Debt Account Group - The group is established to account for all long-term debt of the MTA except that which is a direct obligation of the Proprietary Funds.

B. Basis of Accounting

The modified accrual basis of accounting is used for all governmental and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, which means measurable (amount can be determined) and available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period).

The accrual basis of accounting is utilized by all proprietary funds. Under this basis, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

The account groups are self-balancing balance sheet accounts and do not have a specified basis of accounting.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

C. Budgetary Accounting

The MTA Board adopts an annual budget for certain governmental and proprietary fund types. Annually, the Board conducts public hearings for discussion of the proposed annual budget. At the conclusion of the public hearings, and not later than June 30, the Board adopts the final budget including revisions by resolution. The annual budget is regularly amended for changes in available resources and program objectives, with the approval of the Board.

The MTA employs the following practices and procedures in establishing 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 Enterprise Fund.

D. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration in the General, Special Revenue, Debt Service and Capital Projects Funds. Under this method, purchase orders, contracts, memorandum of understanding (MOU), and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as reservations of fund balances and are carried forward.

E. Pooled Cash and Investments

The MTA maintains a pooled cash and investment account that is available for use by all funds, except those restricted by state statutes or other legal requirements. Each fund's positive equity in the pooled cash and investment account is presented as "Cash and Cash Equivalents" on the combined balance sheets. Negative equity balances have been reclassified and are reflected as interfund receivables/payables, interest income and expense are allocated to the various funds based upon their average monthly equity balances.

For statement of cash flows, the Proprietary Funds consider all highly liquid investments, including restricted assets with an original maturity date of three months or less when purchased, to be cash and cash equivalents.

F. Interfund Receivables/Payables

Interfund receivables/payables are amounts owed to a particular fund by another fund for loans, advances, or goods or services rendered.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

G. Inventories

Inventories, consisting primarily of bus and rail vehicle parts, are valued at weighted average cost. Inventory items are recorded as expenditures when consumed rather than when purchased.

H. Pension Plans

The MTA provides a defined benefit pension plan for former Commission employees through the California Public Employees' Retirement System (PERS) paid for by the MTA.

The MTA has a Single-Employer Public Employees Retirement System which includes four defined benefit pension plans for its former District employees and all new employees. All employees except non-contract employees contribute a specified percentage (as recommended by the Plans' actuary) of their annual salaries to the plan in which they participate. The financial statements for these pension plans are included in the Fiduciary Fund Type.

I. Property, Plant and Equipment (Fixed Assets)

Fixed assets used in governmental fund types of the MTA are recorded in the General Fixed Asset Account Group at cost or estimated historical cost if purchased or constructed. Assets in the General Fixed Asset Account Group are not depreciated. Interest incurred during construction is not capitalized in the General Fixed Assets Account Group.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the General Fixed Asset Account Group or capitalized in the Proprietary Funds.

Property, plant and equipment in the Proprietary Fund are recorded at cost. Major outlays for capital assets and improvements are reflected as expenditures in the Capital Projects Funds.

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 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:

| | <u>Years</u> |
|---|--------------|
| Buildings | 30 |
| Rail Cars | 25 |
| Buses | 12 |
| Other vehicles | 5 |
| Bus maintenance and office equipment, and other furnishing | 10 |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

Proprietary Fund 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, and added back to retained earnings.

J. Compensated Absences

MTA union represented (contract) employees, which are made up of employees represented by the United Transportation Union (UTU), the Amalgamated Transportation Union (ATU) and the Transportation Communications Union (TCU), accumulate vacation pay and sick leave pay in varying amounts as services are provided based on memoranda of understanding with the various unions. All outstanding vacation is payable upon termination of employment. TCU employees may request payment of a limited amount of unused sick leave each year. Unused sick leave for contract employees is payable upon retirement or death.

On January 1, 1995, the MTA has a combined sick leave/vacation leave program for non-contract employees. Under this program, sick and vacation leave are combined as time off with pay (TOWP) which accrues at varying rates throughout the year. Previously accumulated vacation and sick leave were considered frozen and remain on the books as a liability of the Internal Service Fund. Frozen vacation is payable upon termination of employment while frozen sick leave is payable (at 75%) upon retirement or death.

K. Long-Term Obligations

The portion of long-term debt expected to be financed from available financial resources is reported as a fund liability of the Debt Service 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.

L. Deferred Revenues

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.

M. Total Column

The total column on the combined statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or changes in financial position in conformity with GAAP. Such data is not comparable to a consolidation, since interfund eliminations have not been made.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

N. Comparative Data/Reclassifications

Comparative data for the prior year have been presented in the selected sections of the accompanying financial positions and operations. Also, certain accounts presented in the prior year's data have been reclassified in order to be consistent with the current year's presentation.

(3) Cash and Investments

At June 30, 1996, the MTA's carrying amount of cash in checking and money market accounts was \$125,175,000 while the bank balance was \$165,611,000, with the difference represented primarily by outstanding checks. Two bank accounts were covered by Federal Depository Insurance for up to \$100,000 each and \$165,411,000 was covered by collateral held in the pledging bank's trust department or agent, but not in the MTA's name.

The California Government Code requires California financial institutions to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling. The market value of pledged securities must be in accordance with 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).

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 circumstance 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.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

Investments may be made within the following approved instrument guidelines:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loans
- Bankers' acceptances
- Los Angeles County Treasurer or other authorized pooled investment programs
- Passbook savings account demand deposits
- Money market accounts
- Repurchase agreements
- Commercial paper
- Corporate notes and bonds
- Municipal Bonds
- Mutual funds

On August 25, 1995 and February 28, 1996, the MTA Board of Directors approved a revision of the Investment Policy for MTA. The revised policy prohibits holdings in asset backed and floating rate securities. To comply with the new policy, the MTA received \$34,333,000 from sale of investments, with cost of \$34,837,000, to bring the portfolio in compliance with the MTA's Statement of Investment Policy and the California Government Code.

As of June 30, 1996, MTA held \$1,000,000 par value notes of AT& T Capital Corporation, with a cost of \$1,022,390. The notes were rated at least "A" by both Standard and Poor's and Moody's at the date of purchase. On June 6, 1996, Moody's downgraded these notes to BAA3 and MTA received \$1,007,040 from the sale of these notes on July 19, 1996, bringing the portfolio in compliance with MTA's Statement of Investment Policy.

Restricted cash and investments are comprised of assets set aside for funding self-insurance claims, 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.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

As required by GASB Statement No. 3, the MTA has categorized its investments to give an indication of the level of risk assumed:

Category 1: Insured or registered, or securities held by the Board or its agent in the MTA's name.

Category 2: Uninsured or unregistered, with securities held by the counterparty's trust department or agent in the MTA's name.

Category 3: Uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the MTA's name.

Investments at June 30, 1996 consisted of the following (in thousands):

| | Categories | | | Book Value | Market Value |
|--|------------|---|-------------------|-------------------------|-------------------------|
| | 1 | 2 | 3 | | |
| <u>Categorized Investments:</u> | | | | | |
| Repurchase Agreements | | | \$ 31,197 | \$ 31,197 | \$ 32,508 |
| U.S. Treasury Securities | | | 224,455 | 224,455 | 220,040 |
| U.S. Agency Securities | | | 114,671 | 114,671 | 115,009 |
| Banker's Acceptance | | | 9,302 | 9,302 | 9,302 |
| Commercial Paper | | | 44,935 | 44,935 | 44,939 |
| Corporate Notes & Bonds | | | 63,966 | 63,966 | 63,149 |
| State and Local Gov't Securities | | | <u>17,181</u> | <u>17,181</u> | <u>16,959</u> |
| Total Categorized Investments | | | <u>\$ 505,707</u> | <u>\$ 505,707</u> | <u>\$ 501,906</u> |
| <u>Non-Categorized Investments:</u> | | | | | |
| Certificates of Deposits | | | | 9,183 | 9,183 |
| Mutual Funds | | | | 104,520 | 104,520 |
| Investment Contracts | | | | 444,927 | 444,927 |
| Investment Pool | | | | 216,265 | 216,265 |
| Deferred Compensation Plan Investments | | | | 106,162 | 106,162 |
| 401(k) Plan Investments | | | | 26,868 | 26,868 |
| Pension Plan Investments | | | | <u>609,369</u> | <u>677,945</u> |
| Total Non-Categorized Investments | | | | <u>\$ 1,517,294</u> | <u>\$ 1,585,870</u> |
| Total Investments | | | | <u>\$ 2,023,001</u> | <u>\$ 2,087,776</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

A reconciliation of Cash and Investments as shown on the Combined Balance Sheet for all funds at June 30, 1996 are as follows (in thousands):

| | |
|-------------|---------------------|
| Cash | \$ 125,175 |
| Investments | <u>2,023,001</u> |
| Total | <u>\$ 2,148,176</u> |

Reported as:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 643,539 |
| Investment | 313,139 |
| Restricted cash and cash equivalents | 164,851 |
| Restricted investments | 893,617 |
| Deferred compensation plan investments | 106,162 |
| 401(k) savings plan investments | <u>26,868</u> |
| Total | <u>\$ 2,148,176</u> |

(4) Fixed Assets

A summary of changes in the General Fixed Asset Account Group for the year ended June 30, 1996 follows (in thousands):

| | <u>Balance</u> <u>July 1, 1995</u> | <u>Additions</u> | <u>Transfers</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 1996</u> |
|--------------------------------|---------------------------------------|-------------------|-----------------------|--------------------|--|
| Land | \$ 866,315 | \$ 18,563 | (\$ 35,596) | (\$ 428) | \$ 848,854 |
| Contributed Capital - SCRRRA | 118,903 | 6,908 | - | - | 125,811 |
| Construction in Progress: | | | | | |
| Metro Green Line, facilities | 556,433 | 15,532 | (571,965) | - | - |
| Metro Rail, MOS 2 facilities | 925,579 | 232,969 | - | - | 1,158,548 |
| Metro Rail, MOS 3 facilities | 221,229 | 229,969 | - | - | 451,198 |
| Pasadena Line | 128,727 | 29,676 | - | - | 158,403 |
| Gateway Project | 234,559 | 60,224 | (294,783) | - | - |
| Other construction in progress | <u>335,043</u> | <u>281,042</u> | <u>(173,283)</u> | - | <u>442,802</u> |
| Total | <u>\$ 3,386,788</u> | <u>\$ 874,833</u> | <u>(\$ 1,075,627)</u> | <u>(\$ 428)</u> | <u>\$ 3,185,616</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

The following is a summary of Enterprise Fund and Internal Service Fund fixed assets as of June 30, 1996 (in thousands):

| | <u>Enterprise</u> | <u>Internal Service</u> |
|--------------------------------------|---------------------|-----------------------------|
| Land | \$ 331,552 | \$ - |
| Building and Structures | 2,510,028 | 142,390 |
| Vehicles | 762,408 | - |
| Bus Maintenance and Office Equipment | <u>461,905</u> | <u>6,763</u> |
| Total Cost | 4,065,893 | 149,153 |
| Less: Accumulated Depreciation | <u>891,361</u> | <u>3,615</u> |
| Net Fixed Assets | <u>\$ 3,174,532</u> | <u>\$ 145,538</u> |

(5) Long-Term Debt

Long-term obligations of the MTA consist of sales tax revenue bonds, refunding bonds, certificates of participation, commercial paper notes, revenue anticipation notes and other liabilities payable from 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 Group

A summary description of bonds, notes and other liabilities recorded in the General Long-Term Debt Account Group as of June 30, 1996 follows:

Sales Tax Revenue Bonds - Sales Tax Revenue Bonds consist of Proposition A and C bonds which were issued to provide funds for the acquisition and construction of major capital facilities.

Sales Tax Revenue Refunding Bonds- Sales tax revenue refunding bonds (refunding bonds) were issued to provide funds for retiring previously issued sales tax revenue bonds. Generally, refunding bonds are issued to reduce debt service costs of the MTA as a result of more favorable interest rates being available.

Leveraged Lease Revenue Bonds - Leveraged lease revenue bonds were issued to finance the purchase of light rail cars. Basic provision 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. 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.

Certificates of Participation - The MTA in association with the California Special Districts Association (CSDA), issued certificates of participation for the purpose of providing supplementary financing for the procurement of buses and other equipment. The MTA is obligated to make lease payments to CSDA, and subsequently subleases the buses to other governmental agencies. These agencies are required to make payments that will equal the

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

amount of the lease payments to the CSDA. In the event the amount received from the governmental agencies does not equal the lease payment to the CSDA, the MTA is required to use other available resources to make such lease payments.

Commercial Paper Notes - The MTA issued commercial paper notes (CPN), taxable and tax exempt, with original maturity dates ranging from seven to 200 days at various interest rates. Under the terms of the notes, the MTA can rollover or extend the principal amounts due on the notes annually. 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. The proceeds from the CPNs were used to finance construction activities including rail construction and land acquisition.

Redevelopment and Housing Bonds - As part of the MTA's commitment to assist in the revitalization of certain areas in the County, the MTA entered into an agreement with the Community Redevelopment Financing Authority (CRFA) of the Community Redevelopment Agency of the City of Los Angeles (CRA) for financing the Grand Central Square Multi-family Housing and Redevelopment Project. Under this agreement, a housing bond and a redevelopment bond were issued, secured by real property of the Grand Central Square Project. The project is completed and MTA is currently making payments for the debt service related to these bonds.

General Revenue Bonds - These bonds were issued to finance the cost of the new 27-story headquarters building for the MTA, including parking and related improvements.

The following schedule summarizes the changes, which occurred during the year ended June 30, 1996, in the liabilities reported in the General Long-Term Debt Account Group (in thousands):

| | <u>Balance</u> <u>July 1, 1995</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance</u> <u>June 30, 1996</u> |
|--|---------------------------------------|-------------------|--------------------|--|
| Sales Tax Revenue Bonds and Refunding Bonds | \$ 2,157,675 | \$ 466,390 | (\$ 29,135) | \$ 2,594,930 |
| Grand Central Square Bonds | | | | |
| Redevelopment Bonds | 21,665 | - | - | 21,665 |
| Lease Revenue Bonds | 9,448 | - | - | 9,448 |
| General Revenue Bonds | 169,500 | - | - | 169,500 |
| Lease Revenue Bonds | <u>31,143</u> | <u>237</u> | <u>(1,518)</u> | <u>29,862</u> |
| Total Bonded Debt | 2,389,431 | 466,627 | (30,653) | 2,825,405 |
| Commercial Paper Notes | 303,712 | - | - | 303,712 |
| Certificates of Participation | <u>17,410</u> | <u>-</u> | <u>(1,845)</u> | <u>15,565</u> |
| Total | <u>\$ 2,710,553</u> | <u>\$ 466,627</u> | <u>(\$ 32,498)</u> | <u>\$ 3,144,682</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

At June 30, 1996, the MTA has outstanding debt as show below in the General Long-Term Account Group (in thousands):

| Description | Date of Issue | Final Maturity | Interest Rate | Original Amount | Balance Outstanding |
|---|------------------|-------------------|---------------|--------------------|---------------------------|
| Sales Tax Revenue Bond, Series 1986-A | 1986 | 2016 | 6.2%-7.6% | \$ 157,615 | \$ 46,875 |
| Sales Tax Revenue Refunding Bonds, Series 1987-A | 1987 | 2017 | 6.0%-8.0% | 271,550 | 5,185 |
| Sales Tax Revenue Refunding Bonds, Series 1988-A | 1988 | 2018 | 5.6%-8.125% | 112,274 | 10,060 |
| Sales Tax Revenue Refunding Bonds, Series 1989-A | 1989 | 2019 | 6.2%-7.4% | 174,304 | 163,760 |
| Sales Tax Revenue Bonds, Series 1991-A | 1991 | 2003 | 5.85%-6.9% | 500,000 | 36,570 |
| Sales Tax Revenue Refunding Bonds, Series 1991-B | 1991 | 2018 | 4.9%-6.5% | 281,425 | 270,460 |
| Sales Tax Revenue Refunding Bonds, Series 1992-A | 1992 | 2012 | 5.86% | 98,700 | 98,700 |
| Sales Tax Revenue Refunding Bonds, Series 1992-B | 1992 | 2004 | 5.0%-6.0% | 107,665 | 107,665 |
| Sales Tax Revenue Bonds Series 1996-A | 1996 | 2026 | 4.40%-6.0% | 110,580 | 110,580 |
| Sales Tax Revenue Refunding Bonds, Series 1996 | 1996 | 2026 | 5.50%-6.18% | 104,715 | 104,715 |
| Sales Tax Revenue Proposition C Second Sr, Bonds, Series 1992-A | 1992 | 2023 | 3.75%-6.75% | 516,885 | 317,500 |
| Sales Tax Revenue Proposition A Refunding Bonds, Series 1993-A | 1993 | 2021 | 3.5%-6.25% | 560,570 | 556,415 |
| Sales Tax Revenue Proposition C Refunding Bonds, Second Sr. Bonds, Series 1993-A | 1993 | 2020 | Variable | 204,095 | 204,095 |
| Sales Tax Revenue Proposition C Second Sr. Bonds, Series 1993-B | 1993 | 2023 | 4.75%-8.0% | 312,350 | 312,350 |
| Sales Tax Revenue Proposition C Second Sr. Bonds, Series 1995-A | 1995 | 2025 | 4.40%-5.75% | 250,000 | 250,000 |
| Grand Central Square Redevelopment Bonds, Series 1993-A | 1993 | 2027 | 5.9% | 21,665 | 21,665 |
| Grand Central Square Housing Bonds, Series 1993-A | 1993 | 2027 | 5.75%-5.85% | 9,448 | 9,448 |
| General Revenue Bonds, Series 1995-A | 1995 | 2025 | Variable | 169,500 | 169,500 |
| Lease Revenue Bonds | 1990 | 2006 | 7.375% | 26,400 | 20,680 |
| Yen Obligation | 1991 | 2006 | 4.940% | 6,600 | 9,182 |
| Certificates of Participation, Series 1991-G | 1991 | 2004 | 4.9%-6.5% | 19,340 | 13,225 |
| Certificates of Participation, Series 1992-C | 1992 | 2004 | 2.9%-6.0% | 3,390 | 2,340 |
| Commercial Paper Notes | 1991 | Various | Various | 345,000 | <u>303,712</u> |
| Total | | | | | <u>\$3,144,682</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

**Notes to Combined Financial Statements (continued)
June 30, 1996**

The annual funding requirements (principal and interest) for the General Long-Term Debt Account Group liability at June 30, 1996 are as follows (in thousands):

| Year Ending June 30 | <u>Bonded Debt</u> | <u>Other Debt</u> | Totals <u>Governmental Funds Debt</u> |
|--|---------------------|-------------------|--|
| 1997 | \$ 198,802 | \$ 13,698 | \$ 212,500 |
| 1998 | 210,247 | 13,611 | 223,858 |
| 1999 | 210,358 | 13,525 | 223,883 |
| 2000 | 207,861 | 13,431 | 221,292 |
| 2001 | 208,286 | 13,333 | 221,619 |
| Thereafter | <u>4,901,471</u> | <u>321,276</u> | <u>5,222,747</u> |
| Total principal and interest | 5,937,025 | 388,874 | 6,325,899 |
| Less: Amount representing interest and accreted value | <u>3,111,620</u> | <u>69,597</u> | <u>3,181,217</u> |
| Total | <u>\$ 2,825,405</u> | <u>\$ 319,277</u> | <u>\$ 3,144,682</u> |

Proprietary Fund Types

The portion of outstanding debt related to operations of the Enterprise Fund and the Internal Service Fund are included in the accounts of the Proprietary Fund Types. A summary of debt service requirements, including principal and interest as of June 30, 1996, are as follows:

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. The fixed interest rates range from 5.2% to 7.7% for the period 1995 to 2010. The purpose of these certificates are to provide a multiple-year worker's compensation self-insurance fund for the MTA. The total principal amount outstanding as of June 30, 1996 is \$147,400,000.

Certificates of Participation (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 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. Interest rates range from 3.25% (1993) to 6.25% (2004). The total principal amount outstanding at June 30, 1996 is \$78,915,000.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

**Notes to Combined Financial Statements (continued)
June 30, 1996**

The annual funding requirements (principal and interest) for the Long-term Debt outstanding of the Proprietary Fund Type at June 30, 1996 are as follows (in thousands):

| <u>Year Ending June 30</u> | <u>Certificates of Participation</u> |
|------------------------------------|--|
| 1997 | \$ 30,968 |
| 1998 | 30,563 |
| 1999 | 29,992 |
| 2000 | 29,352 |
| 2001 | 28,637 |
| Thereafter | <u>178,049</u> |
| Total Principal and Interest | 327,561 |
| Less: Amount representing interest | <u>101,246</u> |
| Total | <u>\$ 226,315</u> |
| | |
| Enterprise Fund | \$ 78,915 |
| Internal Service Fund | <u>147,400</u> |
| Total | <u>\$ 226,315</u> |

Fiduciary Fund Type

Included in the Fiduciary Fund Type are accounts related to the BADs. The BADs have issued revenue bonds as described below:

Benefit Assessment District's 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 (Metro Rail Project). The A1 and A2 Bonds total \$152,985,000 and \$8,065,000, respectively, and are solely payable from assessments paid by owners of assessable property within Districts A1 and A2, respectively, against which assessments have been 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. In the opinion of MTA officials, the total outstanding debt of \$159,890,000 is not payable from any revenue or asset of the MTA. Accordingly, no liability has been recorded in the accompanying financial statements.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(6) Advance Refunding of Debt

In prior years, the MTA advance refunded various bond issues by issuing refunding bonds and depositing the proceeds into separate irrevocable escrow accounts to purchase U.S. Government securities. The following schedule presents the cash flow savings and the economic gain at the date of refunding (in thousands):

| | <u>Refunding Issue</u> | <u>Defeased Debt</u> | <u>Cash Flow Savings</u> | <u>Economic Gain</u> |
|---|----------------------------|--------------------------|------------------------------|--------------------------|
| Prop A, Sales Tax Revenue Refunding Bonds, Series 1991-B | \$281,425 | \$246,697 | \$14,689 | \$14,233 |
| Prop A, Sales Tax Revenue Refunding Bonds, Series 1992-A&B | 206,365 | 186,047 | 11,636 | 10,368 |
| Prop A, Sales Tax Revenue Refunding Bonds, Series 1993-A | 560,570 | 490,970 | 19,457 | 18,955 |
| Prop C, Sales Tax Revenue Refunding Bonds, Series 1993-A | <u>204,095</u> | <u>178,205</u> | <u>8,275</u> | <u>7,871</u> |
| Total | <u>\$1,252,455</u> | <u>\$1,101,919</u> | <u>\$54,057</u> | <u>\$51,427</u> |

(7) 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 year ended June 30, 1996 were \$4,671,000. Future minimum lease payments for these leases are as follows (in thousands):

| Year Ending <u>June 30,</u> | |
|--------------------------------|-----------------|
| 1997 | \$ 1,718 |
| 1998 | 412 |
| 1999 | 314 |
| 2000 | 248 |
| 2001 | 78 |
| Thereafter | <u>28</u> |
| Total | <u>\$ 2,798</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(8) Pensions, Post-Retirement Benefits and Compensated Absences

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

Former Commission Employees

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, 1996 was \$23,934,000 out of a total payroll of \$24,485,000.

Former Commission full-time employees are covered members under PERS and become fully vested in their accrued benefits after 5 years of credited service. Normal retirement is at age 60 with 5 years of credited service. The normal benefit form is a modified straight line annuity equal to 2% (benefit factor) of final average compensation (last consecutive 36 months of employment) times years of credited service. Other optional benefits 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.

For the year ended June 30, 1996, the MTA's contribution rate was 13.796% of covered payroll. This rate included the mandatory employee contributions of 7.0%, which have been assumed by the MTA. Effective July 1, 1996, the rate will be 13.786% of covered payroll. This rate comprises the following:

| | |
|------------------------------|----------------|
| Employer current normal cost | 6.786 % |
| Employee normal cost | <u>7.000 %</u> |
| Total | 13.786 % |

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. 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.

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

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)
June 30, 1996

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, 1995, and reflects all plan amendments adopted through June 30, 1995. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 8.5% per year compounded annually.
- Projected salary increases of 4.5% per year compounded annually, attributable to inflation.

Net assets in excess of pension benefit obligation applicable to MTA employees at June 30, 1995 are as follows (in thousands):

| | |
|--|-----------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | \$ 2,328 |
| Current employees: Accumulated employee contributions including allocated investment earnings | 11,319 |
| Employer financed vested | 5,158 |
| Employer financed non-vested | <u>2,351</u> |
| Total Pension Benefit Obligation | 21,156 |
| Less: Net Assets available for benefits at cost (market value is \$31,432,000) | <u>29,569</u> |
| Net Assets in Excess of Pension Benefit Obligation | <u>\$ 8,413</u> |

For valuation purposes and to determine a basis for funding contributions, PERS uses 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 the Entry Normal Age Actuarial 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.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

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 from the prior year.

Total contributions to PERS for the year ended June 30, 1996 were \$3,331,000, 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 \$1,675,000 for the year ended June 30, 1996.

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 fiscal year 1987, is not available.

The following historical trend information for the nine years ended June 30, 1995, the only years that such information is available for PERS, are presented below (in thousands):

| Fiscal Year | Net Assets Available for Benefits | Pension Benefit Obligation | % Funded | Net Assets in Excess of Pension Benefit Obligation | Annual Covered Payroll | Net Assets in Excess of Pension Benefit Obligation as a % of Covered Payroll | Total Contributions | Contributions as a % of Annual Covered Payroll |
|-------------|-----------------------------------|----------------------------|----------|--|------------------------|--|---------------------|--|
| 1987 | \$ 2,184 | \$ 1,425 | 153.3 | \$ 759 | \$ 3,843 | 19.8 | \$ 471 | 12.3 |
| 1988 | 2,933 | 2,036 | 144.1 | 897 | 4,637 | 19.4 | 535 | 11.5 |
| 1989 | 3,398 | 2,802 | 121.3 | 596 | 5,792 | 10.3 | 649 | 11.2 |
| 1990 | 4,668 | 4,029 | 115.9 | 639 | 9,717 | 6.6 | 896 | 9.2 |
| 1991 | 6,688 | 6,055 | 110.5 | 633 | 19,307 | 3.3 | 1,885 | 9.8 |
| 1992 | 10,512 | 9,704 | 108.3 | 808 | 30,199 | 2.7 | 3,313 | 11.0 |
| 1993 | 16,136 | 14,325 | 112.6 | 1,811 | 37,199 | 4.9 | 4,571 | 12.3 |
| 1994 | 24,201 | 17,215 | 140.6 | 6,986 | 33,271 | 21.0 | 4,350 | 13.1 |
| 1995 | 29,569 | 21,156 | 139.8 | 8,413 | 27,565 | 30.5 | 3,786 | 13.7 |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

Former District and New Employees

The MTA has a Single-Employer Public Employees Retirement System which includes four defined benefit pension plans (Plans) covering substantially all employees, which provides 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, 1995 was \$425,001,000. The MTA's total payroll for employees covered by these Plans for the year ended June 30, 1996 was \$422,972,000. Generally, the differences between covered and total payrolls are a result of the exclusion of most overtime hours and of part-time employees.

At December 31, 1995 (the most recent actuarial valuation date), employee membership data related to the plans was as follows:

| | <u>TCU</u> | <u>UTU</u> | <u>ATU</u> | <u>Non- Contract</u> | <u>Total</u> |
|--|------------|--------------|--------------|--------------------------|--------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 122 | 1,192 | 369 | 363 | 2,046 |
| Active participants: | | | | | |
| Vested | 325 | 2,016 | 1,109 | 1,457 | 4,907 |
| Non Vested | <u>311</u> | <u>1,017</u> | <u>607</u> | <u>302</u> | <u>2,237</u> |
| Total | <u>758</u> | <u>4,225</u> | <u>2,085</u> | <u>2,122</u> | <u>9,190</u> |

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

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 credit 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, 1995. 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%, annual salary increase of 5% and no post-retirement benefit increases.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

**Notes to Combined Financial Statements (continued)
June 30, 1996**

Total unfunded pension benefit obligation applicable to the MTA at December 31, 1995 were as follows (in thousands):

| | <u>TCU</u> | <u>UTU</u> | <u>ATU</u> | <u>Non-Contract</u> | <u>Total</u> |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|
| Pension Benefit Obligation: Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | \$ 10,478 | \$ 95,568 | \$ 32,267 | \$ 48,940 | \$ 187,253 |
| Current employees: Accumulated employee contributions, including allocated investment income | 5,143 | 48,735 | 18,968 | 6,847 | 79,693 |
| Employer financed vested | 6,129 | 65,129 | 34,460 | 32,636 | 138,354 |
| Employer financed non-vested | <u>12,743</u> | <u>107,779</u> | <u>48,361</u> | <u>32,505</u> | <u>201,388</u> |
| Total pension benefit obligations | 34,493 | 317,211 | 134,055 | 120,928 | 606,687 |
| Net assets available for benefits, at cost | <u>33,442</u> | <u>261,146</u> | <u>122,192</u> | <u>110,402</u> | <u>527,182</u> |
| Unfunded Pension Benefit Obligation | <u>\$ 1,051</u> | <u>\$ 56,065</u> | <u>\$ 11,863</u> | <u>\$ 10,526</u> | <u>\$ 79,506</u> |

Net assets available for plan benefits at market value were \$678,146,000 at December 31, 1995.

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, 1996 were made in accordance with the actuarially determined requirements computed as of December 31, 1995.

Contributions to the Plans and the rate to covered employees for the year ended June 30, 1996 are summarized as follows (in thousands):

| | <u>TCU</u> | <u>UTU</u> | <u>ATU</u> | <u>Non-Contract</u> | <u>Total</u> |
|------------------------------|-----------------|------------------|-----------------|---------------------|------------------|
| MTA's contributions: | | | | | |
| Normal costs | \$ 1,356 | \$ 6,681 | \$ 6,001 | \$ 5,931 | \$ 19,969 |
| Unfunded Liability (Surplus) | <u>(570)</u> | <u>(949)</u> | <u>(1,304)</u> | <u>(367)</u> | <u>(3,190)</u> |
| MTA's contribution | 786 | 5,732 | 4,697 | 5,564 | 16,779 |
| Employees' contribution | <u>743</u> | <u>7,969</u> | <u>2,342</u> | <u>(41)</u> | <u>11,013</u> |
| Total contributions | <u>\$ 1,529</u> | <u>\$ 13,701</u> | <u>\$ 7,039</u> | <u>\$ 5,523</u> | <u>\$ 27,792</u> |

Contributions as a percentage of covered payroll:

| | | | | |
|-------------------------|-------|-------|-------|-------|
| MTA's contribution | 3.41% | 3.80% | 5.78% | 5.66% |
| Employees' contribution | 3.64% | 5.48% | 3.22% | .00% |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

The above presentations include the combined funding status and contributions to the "base plan" and the "23 years/50% plan" for contract employees. These employees contributed 1% to the base plan, with the balance of base plan funded by MTA 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 \$47,190,000 at December 31, 1995. The related fund deficit of the 23 years/50% component totaled \$6,372,000 at December 31, 1995.

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

| | December 31, | | | | |
|--------------|--------------|-------------|-------------|-------------|-------------|
| | <u>1995</u> | <u>1994</u> | <u>1993</u> | <u>1992</u> | <u>1991</u> |
| TCU | 67.0% | 93.7% | 97.9% | 92.3% | 96.1% |
| UTU | 82.3% | 81.8% | 87.2% | 85.4% | 89.5% |
| ATU | 88.9% | 88.9% | 88.9% | 85.7% | 89.2% |
| Non-Contract | 91.3% | 94.2% | 98.4% | 92.5% | 95.2% |

The unfunded pension benefit obligation (at cost), represented the following percentages of covered payroll by plan:

| | December 31, | | | | |
|--------------|--------------|-------------|-------------|-------------|-------------|
| | <u>1995</u> | <u>1994</u> | <u>1993</u> | <u>1992</u> | <u>1991</u> |
| TCU | 4.6% | 10.5% | 3.0% | 10.0% | 4.9% |
| UTU | 38.2% | 33.1% | 23.5% | 25.3% | 17.1% |
| ATU | 16.6% | 19.3% | 16.5% | 20.3% | 14.4% |
| Non-Contract | 11.4% | 8.7% | 1.9% | 8.9% | 5.8% |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

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 Year Ended December 31, | | | | |
|--------------|------------------------------|-------------|-------------|-------------|-------------|
| | <u>1995</u> | <u>1994</u> | <u>1993</u> | <u>1992</u> | <u>1991</u> |
| TCU | 3.41% | 3.88% | 2.41% | 2.37% | 2.06% |
| UTU | 3.91% | 4.68% | 3.04% | 2.92% | 4.06% |
| ATU | 5.78% | 6.69% | 4.66% | 4.14% | 3.10% |
| Non-Contract | 6.03% | 4.20% | 4.84% | 4.84% | 4.47% |

Ten-year 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 actions. The cost of providing these benefits for approximately 2,584 participants was \$ 4,266,000 for the year ended June 30, 1996 and MTA contributions are funded on a pay-as-you-go basis. The outstanding liability for the Post-Retirement Benefits as at June 30, 1996 is \$35,196,000.

Compensated Absences

The following is a summary of the compensated absences payable at June 30, 1996 (in thousands):

| | <u>Contract</u> | <u>Non-Contract</u> | <u>Total</u> |
|------------|------------------|---------------------|------------------|
| Vacation | \$ 18,030 | \$ 6,279 | \$ 24,309 |
| Sick Leave | 13,692 | 4,186 | 17,878 |
| TOWP | - | 12,748 | 12,748 |
| Total | <u>\$ 31,722</u> | <u>\$ 23,213</u> | <u>\$ 54,935</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(9) Interfund Accounts

The following is a table summarizing interfund receivables and payables at June 30, 1996 (in thousands):

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------------------|--------------------------------------|-------------------|
| Internal Service | Enterprise Fund | \$281,377 |
| Proposition A | Debt Service - Other | 2,048 |
| Proposition A | Land Bank Corporation | 2 |
| Proposition C | Transportation Development Act-ART 4 | 5,403 |
| Proposition C | Congestion Mitigation & Air Quality | 9,085 |
| Proposition C | STATE TCI | 7 |
| Proposition C | FTA Section 26B | 129 |
| Proposition C | Heavy Rail | 90,178 |
| Proposition C | Bus & Rail Capital | 1,081 |
| Transportation Development Act-ART 4 | Enterprise Fund | 11,842 |
| Rideshare Special Revenue Fund | Congestion Mitigation & Air Quality | 608 |
| FEMA Earthquake | FHWA Earthquake | 1,779 |
| Debt Service - Prop A | Enterprise Fund | 370 |
| Light Rail Capital Projects | Proposition C | 15,876 |
| Commuter Rail | Bus & Rail Capital | 49,345 |
| Bus & Rail Capital | Proposition C Bonds | 5,127 |
| Bus & Rail Capital | Proposition C | 11,729 |
| Bus & Rail Capital | Transportation Development Act-ART 4 | 24,023 |
| Enterprise Fund | State Transit Assistance Spec. Rev. | 2,279 |
| Enterprise Fund | State Transit Assistance (STA) Rail | 1,572 |
| Enterprise Fund | Proposition C | 39,337 |
| Enterprise Fund | Congestion Mitigation & Air Quality | 14,704 |
| Enterprise Fund | Transportation Development Act-Art 4 | 5,600 |
| Enterprise Fund | Debt Service | 8,617 |
| Enterprise Fund | Bus & Rail Capital Projects | 9,352 |
| | TOTAL | <u>\$ 591,470</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(10) Deferred Compensation and Savings Plan

Deferred Compensation Plans

The MTA has a deferred compensation plan established in accordance with IRC Section 457 which permits employees to defer a portion of their current salary to future years. Employee deferrals can be allocated among several investment options as directed by the employee. Employee deferrals can be allocated among twenty four investment funds as directed by the employee.

Beginning January 1, 1996, the deferred compensation plan is managed by a third party plan administrator. All deferred compensation held or invested under the deferred compensation plans and any income thereon are solely the property of the MTA until paid or made available to the employee or other beneficiary. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Participants rights are equal to those of general creditors of the MTA in an amount equal to the fair market value of the deferred account for each participant. The MTA believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

In the opinion of management, the MTA has no liability for losses under the plans, but does have the fiduciary responsibility of due professional care that would be required from a prudent investor. Accordingly, assets of the deferred compensation plans and the related liability to employees are recorded in the fiduciary fund.

At June 30, 1996, the deferred compensation plans had assets (at market value) totaling \$106,162,000.

401 (k) Savings Plan

The MTA also offers a deferred savings plan to non-contract employees created in accordance with IRC Section 401(k). Under this plan, employees may contribute up to 15% of their earnings (10% for highly compensated employees) not to exceed \$9,240 in calendar year 1996.

Beginning January 1, 1996, the savings plan is managed by a third party plan administrator, wherein the participants direct the MTA to invest funds based on several investment options. Plan benefits are based solely on amounts contributed by employees to their own accounts. Withdrawals are not available to employees until termination, retirement, age 59 1/2, death or unforeseen emergency.

Unlike assets of the deferred compensation plans, assets of the 401(k) savings plan are not the property of the MTA, and therefore, are not subject to the claims by creditors in case of bankruptcy. 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 fiduciary fund.

At June 30, 1996, the 401(k) Savings Plan had assets (at market value) totaling \$26,868,000.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

Employees may participate in both the 401(k) savings plan and the deferred compensation plans; however, amounts placed in the deferred compensation plans must be reduced by deferrals made in the savings plan. The maximum annual combined contribution per calendar year using both plans is \$7,500.

(11) 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 assumed 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). These 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 Southern California Regional Rail Authority (SCRRA) lines for the interest of the MTA, the contractors and subcontractors in their work on such MTA projects.

The self-insurance programs are administered by independent adjusting companies. The liability is based, in part, upon the independent adjusting companies estimate of reserves required for unsettled claims and related administrative costs, and includes damages that have been incurred, but have no claims reported.

The MTA is fully self-insured for workers' compensation claims. The outstanding liabilities as of June 30, 1996 is \$76,268,000.

The MTA is partially self-insured for public liability and property damage for non-construction activities up to \$4,500,000 per occurrence. The all-risk property insurance program is divided into two packages: (1) for rail operations including SCRRA rail cars and (2) for bus operations. Each package covers insurable values of \$1 billion. The policies also contain an earthquake sublimit of \$50 million for rail operations, \$65 million for bus operations, and a 5% value per site deductible. The MTA's liabilities as of June 30, 1996 is \$54,472,000.

The reserves for the workers' compensation and the public liability and property damage claims are actuarially determined and subject to periodic adjustment as conditions warrant. The reserves are discounted using an average rate of return of 6.0%. The MTA believes that the estimated liability for self-insured claims at June 30, 1996 will be sufficient to cover any costs arising out of claims filed or to be filed for incidents which occurred through that date.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

The following table summarizes changes in the insurance reserves for the years ended June 30, 1996 and 1995 (in thousands):

| | <u>Property and Casualty</u> | | <u>Workers' Compensation</u> | | <u>Totals</u> | |
|--|------------------------------|-----------------|------------------------------|-----------------|------------------|------------------|
| | <u>1996</u> | <u>1995</u> | <u>1996</u> | <u>1995</u> | <u>1996</u> | <u>1995</u> |
| Unpaid claims and claim adjustment expenses at beginning of the fiscal year | \$56,446 | \$46,227 | \$69,551 | \$84,862 | \$125,997 | \$131,089 |
| Incurring claims and claim adjustment expenses: | | | | | | |
| Provisions for insured events of the current fiscal year | 22,298 | 22,444 | 24,882 | 19,783 | 47,180 | 42,227 |
| Increase(decrease) in provision for insured events of prior fiscal years | <u>3,397</u> | <u>8,985</u> | <u>14,199</u> | <u>(5,031)</u> | <u>17,596</u> | <u>3,954</u> |
| Total incurred claims and claims adjustment expenses | <u>82,141</u> | <u>77,656</u> | <u>108,632</u> | <u>99,614</u> | <u>190,773</u> | <u>177,270</u> |
| Payments: | | | | | | |
| Claims and claim adjustment expenses attributable to insured events of the current fiscal year | (1,011) | (1,219) | (5,441) | (5,022) | (6,452) | (6,241) |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal years | <u>(26,658)</u> | <u>(19,991)</u> | <u>(26,923)</u> | <u>(25,041)</u> | <u>(53,581)</u> | <u>(45,032)</u> |
| Total Payments | <u>(27,669)</u> | <u>(21,210)</u> | <u>(32,364)</u> | <u>(30,063)</u> | <u>(60,033)</u> | <u>(51,273)</u> |
| Total unpaid claims and claim adjustment expenses at the end of the fiscal year | <u>\$54,472</u> | <u>\$56,446</u> | <u>\$76,268</u> | <u>\$69,551</u> | <u>\$130,740</u> | <u>\$125,997</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(12) Changes in Proprietary Fund Equity Balances

The changes in the Proprietary Fund equity balances for the year ended June 30, 1996 are as follows (in thousands):

| <u>Enterprise Fund</u> | <u>Retained Earnings</u> | <u>Contributed Capital</u> | | | <u>Total</u> |
|---|--------------------------|----------------------------|-------------------|---------------------|---------------------|
| | | <u>Federal</u> | <u>State</u> | <u>Local</u> | |
| Balance, July 1, 1995 | (\$ 25,292) | \$ 892,113 | \$ 217,911 | \$ 1,222,561 | \$ 2,307,293 |
| Decrease in Retained Earnings | (60,065) | - | - | - | (60,065) |
| Depreciation on fixed assets acquired by grants externally restricted for capital | - | (58,146) | (8,690) | (86,853) | (153,689) |
| Capital grants | - | <u>88,673</u> | <u>101,240</u> | <u>726,022</u> | <u>915,935</u> |
| Balance, June 30, 1996 | <u>(\$ 85,357)</u> | <u>\$ 922,640</u> | <u>\$ 310,461</u> | <u>\$ 1,861,730</u> | <u>\$ 3,009,474</u> |

Internal Service Fund

| | | | | |
|---|---------------|---|---|-------------------|
| Balance July 1, 1995 | (\$ 384) | - | - | (\$ 384) |
| Increase in Retained Earnings | 1,046 | - | - | 1,046 |
| Depreciation of fixed assets acquired by grants externally restricted for capital | - | - | - | (3,615) |
| Capital grants | - | - | - | <u>149,154</u> |
| Balance, June 30, 1996 | <u>\$ 662</u> | - | - | <u>\$ 145,539</u> |

(13) Reserved and Designated Fund Balances

The following descriptions relate to the MTA's reserved and designated 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 certain non-current assets such as notes receivable, resale property, and prepaid items do not represent available spendable resources, even though they are a component of assets.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

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 Employees Retirement System - Established to reflect fund balances restricted to provide retirement benefits in future years.

(14) **Deficit Fund/Retained Earnings Balances**

As of June 30, 1996, the Enterprise fund had a deficit retained earning balance of \$85,357,000 and the Rideshare fund had a deficit fund balance of \$2,573,000, and the FEMA and Federal Board of Education funds had a deficit fund balance of \$1,326,000 and \$66,000, respectively. The primary reasons for the deficit in the Enterprise Fund were due to reductions in Federal operating grants; reductions in local operating subsidies and an increase in operational expenses. It is anticipated that this deficit will be corrected by transferring additional local funding to the Enterprise fund and reducing the operational expenses. The deficit in the Rideshare, FEMA and Board of Education funds will be eliminated by transferring funds from the General fund.

(15) **Individual Funds With Excess of Expenditures Over Appropriations**

The following individual fund expenditures exceeded appropriations during the year (in thousands). These excess expenditures were funded by available fund balances.

| <u>Name of Fund</u> | <u>Amount of Expenditures Over Appropriations</u> |
|---|---|
| State Transit Assistance Fund | (772) |
| Transportation Development Act Fund | (5,858) |
| Petroleum Violations Escrow Account Fund (PVEA) | (118) |
| Federal Aid to Urban Fund | (363) |
| Port Highway Fund | (9) |
| Freeway Service Fund | (1,239) |
| Federal Board of Education Fund | (260) |
| Debt Service Fund | (24,564) |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(16) **Construction in Progress and Other Significant Commitments**

The MTA has several major construction projects underway as reported in Construction in Progress in the General Fixed Asset Account Group. These major projects are the Red Line segment MOS-2 and MOS-3, and Metro Pasadena Blue Line.

The MOS-2 is a 13.2 mile project. The overall budget for MOS-2 is \$1.4 billion, of which \$689 million has been expended as of June 30, 1996. 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 \$56 million has been expended as of June 30, 1996. The planned completion 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 Pasadena Blue Line is a 13.7 mile line extending from Union Station to the eastern area of Pasadena. The Metro Pasadena Blue Line Project budget is \$841 million. No federal funds will be used to fund this project. The project commitments through June 30, 1996 are \$110 million representing approximately 13% of the total budget.

Purchase Commitment

The MTA 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 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 materially 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 and advances under deferred "Local Match" provisions in certain programs it administers. Such programs are subject to review and audit by the grantor agencies. Such audits 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.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(18) Joint Powers

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 |

SCRRA operates the Metrolink Commuter Rail on five lines originating in: Oxnard, Ventura County; Lancaster, Los Angeles County; San Bernardino, San Bernardino County; Riverside, Riverside County; and Oceanside, Orange County and terminating at the Los Angeles Union Station.

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 \$125,811,000 as of June 30, 1996. 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. The MTA is obligated to fund the majority of the system's operating costs for the year ending June 30, 1997.

Summary financial (unaudited) information for the SCRRA as of and for the year ended June 30, 1996 is as follows (in thousands):

| | |
|---|-------------------|
| Current Assets | \$ 75,334 |
| Property and equipment | <u>747,868</u> |
| Total Assets | <u>\$ 823,202</u> |
| | |
| Total Liabilities | \$ 81,713 |
| Total Equity | <u>741,489</u> |
| Total Liabilities and Equity | <u>\$ 823,202</u> |
| | |
| Total Revenues | \$ 75,375 |
| Total Expenses | (83,866) |
| Contributed Capital Adjustment for Depreciation | <u>29,486</u> |
| Net Increase in Retained Earnings | <u>\$ 20,995</u> |

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Notes to Combined Financial Statements (continued)

June 30, 1996

(19) Subsequent Events

General Revenue Refunding Bonds

On July 17, 1996 MTA issued General Revenue Refunding Bonds (Union Station Gateway Project) Series 1996-A in the amount of \$185,735,000. The proceeds of the Series 1996-A will be used to refund the General Revenue bonds (Union Station Gateway Project) 1995-A with an outstanding balance of \$169,500,000 and fund the termination payment required with two separate related interest rate swap agreements. The Bonds are secured by a lien and pledge on General Revenues and all interest, profits and other income received from the investment of such amounts and the pledge of the Remaining Sales Tax.

Payment of Advance from FEMA

On August 22, 1996, MTA repaid \$15,970,840 advanced to assist in funding cost incurred by MTA in response to the emergency created by the Northridge earthquake on January 17, 1994.

Red Line - MOS-2

On July 14, 1996, MTA opened the 2.2 mile extension of the Red Line Segment 2, which extends the heavy rail operations from MacArthur Park to Wilshire and Western in Los Angeles.

Agreement settling Class Action Lawsuit

On October 28, 1996 the Federal Court approved an agreement whereby MTA will increase the number of buses in service over the next two years; roll back the bus fare for monthly bus pass; offer semi-monthly and weekly passes; and to establish off peak discount fares on selected bus lines. The MTA agrees to maintain the current cash fare prices for two years.

General Fund

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

Los Angeles County Metropolitan Transportation Authority
 General Fund
 Comparative Balance Sheets
 June 30, 1996 and 1995
 (Amounts expressed in thousands)

Exhibit A-1

| | 1996 | 1995 |
|--|-----------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,142 | \$ - |
| Receivables: | | |
| Intergovernmental | 73 | - |
| Notes | 3,529 | 2,997 |
| Interest | 18 | 13 |
| Leases and other | 1,160 | 706 |
| Prepaid items and other assets | 854 | - |
| Int in prop. held for resale | - | 850 |
| Total assets | \$ 7,776 | \$ 4,566 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 525 | \$ 3,174 |
| Accrued liabilities | 620 | - |
| Interfund payable | - | 141 |
| Other liabilities | 8 | - |
| Total liabilities | 1,153 | 3,315 |
| Fund Balances: | | |
| Reserved for notes receivable | 3,529 | 1,251 |
| Reserve for prepaid and other assets | 852 | - |
| Unreserved | 2,242 | - |
| Total fund balances | 6,623 | 1,251 |
| Total liabilities and fund balances | \$ 7,776 | \$ 4,566 |

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

Los Angeles County Metropolitan Transportation Authority

Exhibit A-2

General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | <u>1996</u> | <u>1995</u> |
|--|-------------------|-------------------|
| Revenues: | | |
| Intergovernmental | \$ 59 | \$ 26 |
| Investment income | 227 | 380 |
| Licenses and fines | 179 | 191 |
| Other | 501 | 401 |
| | <u> </u> | <u> </u> |
| Total revenues | 966 | 998 |
| | <u> </u> | <u> </u> |
| Expenditures: | | |
| Current: | | |
| Administration and other | 8,569 | 31,826 |
| Transportation subsidies | 9,213 | 30 |
| | <u> </u> | <u> </u> |
| Total expenditures | 17,782 | 31,856 |
| | <u> </u> | <u> </u> |
| Excess (deficiency) of revenues over expenditures | (16,816) | (30,858) |
| | <u> </u> | <u> </u> |
| Other financing Sources (Uses): | | |
| Operating transfers in | 32,285 | 29,068 |
| Operating transfers out | (10,097) | - |
| Proceeds from financing | - | - |
| | <u> </u> | <u> </u> |
| Total other financing sources (uses) | 22,188 | 29,068 |
| | <u> </u> | <u> </u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 5,372 | (1,790) |
| Fund balance - beginning of year | 1,251 | 3,041 |
| Fund balance - end of year | <u>\$ 6,623</u> | <u>\$ 1,251</u> |

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

General Fund

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|---|-----------------|-----------------|----------------------------|-----------------|-----------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ - | \$ 59 | \$ 59 | \$ - | \$ 26 | \$ 26 |
| Investment income | - | 227 | 227 | - | 380 | 380 |
| Licenses and fines | - | 179 | 179 | - | 191 | 191 |
| Other | 1,254 | 501 | (753) | - | 401 | 401 |
| Total revenues | 1,254 | 966 | (288) | - | 998 | 998 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 24,839 | 8,569 | 16,270 | 23,500 | 31,826 | (8,326) |
| Transportation subsidies | 8,118 | 9,213 | (1,095) | - | 30 | (30) |
| Total expenditures | 32,957 | 17,782 | 15,175 | 23,500 | 31,856 | (8,356) |
| Excess (deficiency) of revenues over expenditures | (31,703) | (16,816) | 14,887 | (23,500) | (30,858) | (7,358) |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | 32,105 | 32,285 | 180 | 25,800 | 29,068 | 3,268 |
| Operating transfers out | (402) | (10,097) | (9,695) | - | - | - |
| Total other financing sources (uses) | 31,703 | 22,188 | (9,515) | 25,800 | 29,068 | 3,268 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | - | 5,372 | 5,372 | 2,300 | (1,790) | (4,090) |
| Fund balance - beginning of year | 1,251 | 1,251 | - | 3,041 | 3,041 | - |
| Fund balance - end of year | \$ 1,251 | \$ 6,623 | \$ 5,372 | \$ 5,341 | \$ 1,251 | \$ (4,090) |

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

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for special purposes.

Los Angeles County Metropolitan Transportation Authority
Special Revenue Fund
Combining Balance Sheet
June 30, 1996
(Amounts expressed in thousands)

| | Proposition A | Proposition C | State Transit Assistance | Ride- Share CMAQ | Service Authority For Fwy Emerg |
|--|-------------------|-------------------|--------------------------------|------------------------|--|
| Assets | | | | | |
| Cash and cash equivalents | \$ 81,988 | \$ 163,923 | \$ 3,635 | \$ - | \$ 19,595 |
| Receivables: | | | | | |
| Intergovernmental | 218 | 5,954 | - | 21,200 | - |
| Sales tax | 20,503 | 23,399 | 4,595 | - | - |
| Notes | 848 | - | - | - | - |
| Interest | 445 | 1,078 | 156 | 17 | 64 |
| Leases and other | 903 | - | - | - | - |
| Interfund | 2,050 | 105,887 | - | 608 | - |
| Total assets | \$ 106,955 | \$ 300,241 | \$ 8,386 | \$ 21,825 | \$ 19,659 |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 17,116 | \$ - | \$ - | \$ 250 |
| Accrued liabilities | 2,182 | 25,943 | - | - | 339 |
| Interfund payable | - | 66,942 | 3,850 | 24,398 | - |
| Due to other governments | - | 224 | - | - | - |
| Other liabilities | - | - | 50 | - | - |
| Total liabilities | 2,182 | 110,225 | 3,900 | 24,398 | 589 |
| Fund Balances: | | | | | |
| Reserve for memoranda of understanding | 103,925 | 190,016 | 4,486 | - | 19,070 |
| Reserved for notes receivable | 848 | - | - | - | - |
| Unreserved | - | - | - | (2,573) | - |
| Total fund balances | 104,773 | 190,016 | 4,486 | (2,573) | 19,070 |
| Total liabilities and fund balances | \$ 106,955 | \$ 300,241 | \$ 8,386 | \$ 21,825 | \$ 19,659 |

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

| Trans Development Act | PVEA | Federal Aid Urban | Port Highway Improvement Match | Budget Change for TCI | FEMA Earth-Quake Reimb. | Federal Board of Education | Total |
|-----------------------|---------------|-------------------|--------------------------------|-----------------------|-------------------------|----------------------------|-------------------|
| \$ 155,402 | \$ 920 | \$ 25,004 | \$ 10,028 | \$ 2,172 | \$ 10,555 | \$ - | \$ 473,222 |
| 631 | - | 801 | - | - | 4,115 | 330 | 33,249 |
| - | - | - | - | - | - | - | 48,497 |
| 2,487 | - | - | - | - | - | - | 3,335 |
| 1,419 | 3 | 83 | 35 | 6 | - | - | 3,306 |
| - | - | - | - | - | 4 | 1 | 908 |
| 11,839 | - | - | - | - | 1,779 | - | 122,163 |
| <u>\$ 171,778</u> | <u>\$ 923</u> | <u>\$ 25,888</u> | <u>\$ 10,063</u> | <u>\$ 2,178</u> | <u>\$ 16,453</u> | <u>\$ 331</u> | <u>\$ 684,680</u> |
| \$ 86 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,452 |
| 4,947 | - | - | - | - | - | 260 | 33,671 |
| 35,026 | - | - | - | - | 1,779 | 137 | 132,132 |
| - | - | 238 | - | - | 16,000 | - | 16,462 |
| 3,490 | - | - | - | - | - | - | 3,540 |
| <u>43,549</u> | <u>-</u> | <u>238</u> | <u>-</u> | <u>-</u> | <u>17,779</u> | <u>397</u> | <u>203,257</u> |
| 125,742 | - | 25,650 | - | - | (1,326) | (66) | 467,497 |
| 2,487 | - | - | - | - | - | - | 3,335 |
| - | 923 | - | 10,063 | 2,178 | - | - | 10,591 |
| <u>128,229</u> | <u>923</u> | <u>25,650</u> | <u>10,063</u> | <u>2,178</u> | <u>(1,326)</u> | <u>(66)</u> | <u>481,423</u> |
| <u>\$ 171,778</u> | <u>\$ 923</u> | <u>\$ 25,888</u> | <u>\$ 10,063</u> | <u>\$ 2,178</u> | <u>\$ 16,453</u> | <u>\$ 331</u> | <u>\$ 684,680</u> |

Los Angeles County Metropolitan Transportation Authority
Special Revenue Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 1996
(Amounts expressed in thousands)

| | Proposition A | Proposition C | State Transit Assistance | Ride- Share CMAQ | Service Authority For Fwy Emerg |
|---|-------------------|-------------------|--------------------------------|------------------------|--|
| Revenues: | | | | | |
| Sales tax | \$ 402,981 | \$ 408,491 | \$ 22,531 | \$ - | \$ - |
| Intergovernmental | - | 8,356 | - | 21,200 | - |
| Investment income | 4,715 | 14,708 | 594 | 240 | 977 |
| Licenses and fines | - | - | - | - | 7,013 |
| Other | 917 | 458 | - | 21 | 24 |
| Total revenues | 408,613 | 432,013 | 23,125 | 21,461 | 8,014 |
| Expenditures: | | | | | |
| Current | | | | | |
| Administration and other | 1,082 | 6,279 | 248 | 37 | 489 |
| Transportation subsidies | 147,183 | 240,990 | 524 | 670 | 4,662 |
| Total expenditures | 148,265 | 247,269 | 772 | 707 | 5,151 |
| Excess (deficiency) of revenues over expenditures | 260,348 | 184,744 | 22,353 | 20,754 | 2,863 |
| Other financing Sources (Uses): | | | | | |
| Operating transfers in | 1,948 | 42,843 | 33 | - | - |
| Operating transfers out | (267,817) | (248,005) | (27,944) | (21,099) | - |
| Total other financing sources (uses) | (265,869) | (205,162) | (27,911) | (21,099) | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (5,521) | (20,418) | (5,558) | (345) | 2,863 |
| Fund balance - beginning of year | 110,294 | 210,434 | 10,044 | (2,228) | 16,207 |
| Fund balance - end of year | \$ 104,773 | \$ 190,016 | \$ 4,486 | \$ (2,573) | \$ 19,070 |

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

| Trans Develop Act | PVEA | Federal Aid Urban | Port Hwy Improv Match | Budget Change for TCI | FEMA Earth- Quake Reimb. | Federal Board of Education | Total |
|-------------------------|---------------|-------------------------|--------------------------------|--------------------------------|-----------------------------------|-------------------------------------|-------------------|
| \$ 203,889 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,037,892 |
| - | 867 | 2,136 | - | - | 531 | 382 | 33,472 |
| 7,404 | 38 | 909 | 489 | 159 | 241 | 5 | 30,479 |
| - | - | - | - | - | - | - | 7,013 |
| 1 | 1 | 30 | 17 | 7 | (1) | - | 1,475 |
| 211,294 | 906 | 3,075 | 506 | 166 | 771 | 387 | 1,110,331 |
| 8 | 118 | 1 | - | - | - | - | 8,262 |
| 101,388 | - | 362 | 9 | 1,239 | - | 260 | 497,287 |
| 101,396 | 118 | 363 | 9 | 1,239 | - | 260 | 505,549 |
| 109,898 | 788 | 2,712 | 497 | (1,073) | 771 | 127 | 604,782 |
| 50,725 | - | - | - | - | - | - | 95,549 |
| (147,368) | - | - | - | - | (2,097) | (354) | (714,684) |
| (96,643) | - | - | - | - | (2,097) | (354) | (619,135) |
| 13,255 | 788 | 2,712 | 497 | (1,073) | (1,326) | (227) | (14,353) |
| 114,974 | 135 | 22,938 | 9,566 | 3,251 | - | 161 | 495,776 |
| <u>\$ 128,229</u> | <u>\$ 923</u> | <u>\$ 25,650</u> | <u>\$ 10,063</u> | <u>\$ 2,178</u> | <u>\$ (1,326)</u> | <u>\$ (66)</u> | <u>\$ 481,423</u> |

Los Angeles County Metropolitan Transportation Authority
Proposition A Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-3

| | <u>1996</u> | <u>1995</u> |
|--|--------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 81,988 | \$ 94,083 |
| Receivables: | | |
| Intergovernmental | 218 | - |
| Sales tax | 20,503 | 14,159 |
| Notes | 848 | 2,156 |
| Interest | 445 | 584 |
| Leases and other | 903 | 4,500 |
| Interfund | 2,050 | 2,073 |
| Total assets | <u><u>\$ 106,955</u></u> | <u><u>\$ 117,555</u></u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 1,875 |
| Accrued liabilities | 2,182 | - |
| Interfund payable | - | 3,836 |
| Due to other governments | - | 1,550 |
| Total liabilities | <u>2,182</u> | <u>7,261</u> |
| Fund Balances: | | |
| Reserve for memoranda of understanding | 103,925 | 108,138 |
| Reserved for notes receivable | 848 | 2,156 |
| Total fund balances | <u>104,773</u> | <u>110,294</u> |
| Total liabilities and fund balances | <u><u>\$ 106,955</u></u> | <u><u>\$ 117,555</u></u> |

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

Los Angeles County Metropolitan Transportation Authority
Proposition A Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-4

| | <u>1996</u> | <u>1995</u> |
|--|-------------------|-------------------|
| Revenues: | | |
| Sales tax | \$ 402,981 | \$ 384,139 |
| Investment income | 4,715 | 2,781 |
| Other | 917 | - |
| | <u>408,613</u> | <u>386,920</u> |
| Expenditures: | | |
| Current: | | |
| Administration and other | 1,082 | 689 |
| Transportation subsidies | 147,183 | 128,498 |
| | <u>148,265</u> | <u>129,187</u> |
| Total expenditures | 148,265 | 129,187 |
| Excess (deficiency) of revenues over expenditures | <u>260,348</u> | <u>257,733</u> |
| Other financing Sources (Uses): | | |
| Operating transfers in | 1,948 | 8,210 |
| Operating transfers out | (267,817) | (306,875) |
| | <u>(265,869)</u> | <u>(298,665)</u> |
| Total other financing and sources (uses) | (265,869) | (298,665) |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (5,521) | (40,932) |
| Fund balance - beginning of year | 110,294 | 151,226 |
| Fund balance - end of year | <u>\$ 104,773</u> | <u>\$ 110,294</u> |

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

Los Angeles County Metropolitan Transportation Authority
 Proposition A Special Revenue Fund
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the years ended June 30, 1996 and 1995
 (Amounts expressed in thousands)

Exhibit B-4A

| | 1996 | | | 1995 | | |
|--|------------------|-------------------|----------------------------|------------------|-------------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Sales tax | \$ 392,958 | \$ 402,981 | \$ 10,023 | \$ 379,000 | \$ 384,139 | \$ 5,139 |
| Investment income | 8,000 | 4,715 | (3,285) | 3,000 | 2,781 | (219) |
| Other | - | 917 | 917 | - | - | - |
| Total revenues | 400,958 | 408,613 | 7,655 | 382,000 | 386,920 | 4,920 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 14,000 | 1,082 | 12,918 | 11,000 | 689 | 10,311 |
| Transportation subsidies | 194,678 | 147,183 | 47,495 | 137,200 | 128,498 | 8,702 |
| Total expenditures | 208,678 | 148,265 | 60,413 | 148,200 | 129,187 | 19,013 |
| Excess (deficiency) of revenues over expenditures | 192,280 | 260,348 | 68,068 | 233,800 | 257,733 | 23,933 |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | - | 1,948 | 1,948 | - | 8,210 | 8,210 |
| Operating transfers out | (275,133) | (267,817) | 7,316 | (359,700) | (306,875) | 52,825 |
| Total other financing and sources (uses) | (275,133) | (265,869) | 9,264 | (359,700) | (298,665) | 61,035 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (82,853) | (5,521) | 77,332 | (125,900) | (40,932) | 84,968 |
| Fund balance - beginning of year | 110,294 | 110,294 | - | 151,226 | 151,226 | - |
| Fund balance - end of year | \$ 27,441 | \$ 104,773 | \$ 77,332 | \$ 25,326 | \$ 110,294 | \$ 84,968 |

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 Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-5

| | <u>1996</u> | <u>1995</u> |
|--|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 163,923 | \$ 260,518 |
| Receivables: | | |
| Intergovernmental | 5,954 | 937 |
| Sales tax | 23,399 | 14,160 |
| Interest | 1,078 | 1,733 |
| Interfund | 105,887 | 21,701 |
| Total assets | \$ 300,241 | \$ 299,049 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 17,116 | \$ 9,791 |
| Accrued liabilities | 25,943 | - |
| Interfund payable | 66,942 | 77,274 |
| Due to other governments | 224 | 1,550 |
| Total liabilities | 110,225 | 88,615 |
| Fund Balances: | | |
| Reserve for memoranda of understanding | 190,016 | 210,434 |
| Total fund balances | 190,016 | 210,434 |
| Total liabilities and fund balances | \$ 300,241 | \$ 299,049 |

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 Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-6

| | <u>1996</u> | <u>1995</u> |
|--|-------------------|-------------------|
| Revenues: | | |
| Sales tax | \$ 408,491 | \$ 384,029 |
| Intergovernmental | 8,356 | 734 |
| Investment income | 14,708 | 12,972 |
| Other | 458 | - |
| | <u>432,013</u> | <u>397,735</u> |
| Total revenues | | |
| Expenditures: | | |
| Current: | | |
| Administration and other | 6,279 | 6,812 |
| Transportation subsidies | 240,990 | 209,274 |
| | <u>247,269</u> | <u>216,086</u> |
| Total expenditures | | |
| Excess (deficiency) of revenues over expenditures | <u>184,744</u> | <u>181,649</u> |
| Other financing Sources (Uses): | | |
| Operating transfers in | 42,843 | 4,922 |
| Operating transfers out | (248,005) | (237,322) |
| | <u>(205,162)</u> | <u>(232,400)</u> |
| Total other financing and sources (uses) | | |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>(20,418)</u> | <u>(50,751)</u> |
| Fund balance - beginning of year | 210,434 | 261,185 |
| Fund balance - end of year | <u>\$ 190,016</u> | <u>\$ 210,434</u> |

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

Proposition C Special Revenue Fund

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|---|-------------------|-------------------|----------------------------|------------------|-------------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Sales tax | \$ 389,006 | \$ 408,491 | \$ 19,485 | \$ 373,300 | \$ 384,029 | \$ 10,729 |
| Intergovernmental | - | 8,356 | 8,356 | - | 734 | 734 |
| Investment income | 10,000 | 14,708 | 4,708 | 3,000 | 12,972 | 9,972 |
| Other | - | 458 | 458 | - | - | - |
| Total revenues | 399,006 | 432,013 | 33,007 | 376,300 | 397,735 | 21,435 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 7,552 | 6,279 | 1,273 | 58,500 | 6,812 | 51,688 |
| Transportation subsidies | 270,482 | 240,990 | 29,492 | 284,700 | 209,274 | 75,426 |
| Total expenditures | 278,034 | 247,269 | 30,765 | 343,200 | 216,086 | 127,114 |
| Excess (deficiency) of revenues over expenditures | 120,972 | 184,744 | 63,772 | 33,100 | 181,649 | 148,549 |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | - | 42,843 | 42,843 | 5,900 | 4,922 | (978) |
| Operating transfers out | (179,698) | (248,005) | (68,307) | (245,700) | (237,322) | 8,378 |
| Total other financing and sources (uses) | (179,698) | (205,162) | (25,464) | (239,800) | (232,400) | 7,400 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (58,726) | (20,418) | 38,308 | (206,700) | (50,751) | 155,949 |
| Fund balance - beginning of year | 210,434 | 210,434 | - | 261,185 | 261,185 | - |
| Fund balance - end of year | \$ 151,708 | \$ 190,016 | \$ 38,308 | \$ 54,485 | \$ 210,434 | \$ 155,949 |

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 Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-7

| | 1996 | 1995 |
|--|-----------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,635 | \$ 17,620 |
| Receivables: | | |
| Sales tax | 4,595 | 3,119 |
| Interest | 156 | 263 |
| Total assets | \$ 8,386 | \$ 21,002 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 946 |
| Interfund payable | 3,850 | 10,012 |
| Other liabilities | 50 | - |
| Total liabilities | 3,900 | 10,958 |
| Fund Balances: | | |
| Reserve for memoranda of understanding | 4,486 | 10,044 |
| Total fund balances | 4,486 | 10,044 |
| Total liabilities and fund balances | \$ 8,386 | \$ 21,002 |

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 Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-8

| | 1996 | 1995 |
|--|-----------------|------------------|
| Revenues: | | |
| Sales tax | \$ 22,531 | \$ 22,088 |
| Investment income | 594 | 1,117 |
| | <hr/> | <hr/> |
| Total revenues | 23,125 | 23,205 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Administration and other | 248 | - |
| Transportation subsidies | 524 | 2,193 |
| | <hr/> | <hr/> |
| Total expenditures | 772 | 2,193 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 22,353 | 21,012 |
| | <hr/> | <hr/> |
| Other financing Sources (Uses): | | |
| Operating transfers in | 33 | 5,000 |
| Operating transfers out | (27,944) | (22,356) |
| | <hr/> | <hr/> |
| Total other financing and sources (uses) | (27,911) | (17,356) |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (5,558) | 3,656 |
| Fund balance - beginning of year | 10,044 | 6,388 |
| Fund balance - end of year | \$ <u>4,486</u> | \$ <u>10,044</u> |

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

State Transit Assistance Special Revenue Fund

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|--|-----------|-----------|----------------------------|-----------|-----------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Sales tax | \$ 19,600 | \$ 22,531 | \$ 2,931 | \$ 17,800 | \$ 22,088 | \$ 4,288 |
| Investment income | - | 594 | 594 | - | 1,117 | 1,117 |
| Total revenues | 19,600 | 23,125 | 3,525 | 17,800 | 23,205 | 5,405 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | - | 248 | (248) | - | - | - |
| Transportation subsidies | - | 524 | (524) | - | 2,193 | (2,193) |
| Total expenditures | - | 772 | (772) | - | 2,193 | (2,193) |
| Excess (deficiency) of revenues over expenditures | 19,600 | 22,353 | 2,753 | 17,800 | 21,012 | 3,212 |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | - | 33 | 33 | - | 5,000 | 5,000 |
| Operating transfers out | (27,897) | (27,944) | (47) | (16,400) | (22,356) | (5,956) |
| Total other financing and sources (uses) | (27,897) | (27,911) | (14) | (16,400) | (17,356) | (956) |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (8,297) | (5,558) | 2,739 | 1,400 | 3,656 | 2,256 |
| Fund balance - beginning of year | 10,044 | 10,044 | - | 6,388 | 6,388 | - |
| Fund balance - end of year | \$ 1,747 | \$ 4,486 | \$ 2,739 | \$ 7,788 | \$ 10,044 | \$ 2,256 |

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

**Los Angeles County Metropolitan Transportation Authority
Rideshare & CMAQ Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-9

| | <u>1996</u> | <u>1995</u> |
|--|------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ - | \$ 3,092 |
| Receivables: | | |
| Intergovernmental | 21,200 | - |
| Interest | 17 | 22 |
| Interfund | 608 | 608 |
| Total assets | <u>\$ 21,825</u> | <u>\$ 3,722</u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 263 |
| Interfund payable | 24,398 | 5,687 |
| Total liabilities | <u>24,398</u> | <u>5,950</u> |
| Fund Balances: | | |
| Unreserved | (2,573) | (2,228) |
| Total fund balances | <u>(2,573)</u> | <u>(2,228)</u> |
| Total liabilities and fund balances | <u>\$ 21,825</u> | <u>\$ 3,722</u> |

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

**Los Angeles County Metropolitan Transportation Authority
Rideshare & CMAQ Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-10

| | 1996 | 1995 |
|--|-------------------|-------------------|
| Revenues: | | |
| Intergovernmental | \$ 21,200 | \$ 1,270 |
| Investment income | 240 | 422 |
| Other | 21 | - |
| | <hr/> | <hr/> |
| Total revenues | 21,461 | 1,692 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Administration and other | 37 | 132 |
| Transportation subsidies | 670 | 2,379 |
| | <hr/> | <hr/> |
| Total expenditures | 707 | 2,511 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 20,754 | (819) |
| | <hr/> | <hr/> |
| Other financing Sources (Uses): | | |
| Operating transfers out | (21,099) | (9,000) |
| | <hr/> | <hr/> |
| Total other financing and sources (uses) | (21,099) | (9,000) |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (345) | (9,819) |
| Fund balance - beginning of year | (2,228) | 7,591 |
| Fund balance - end of year | \$ <u>(2,573)</u> | \$ <u>(2,228)</u> |

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

Los Angeles County Metropolitan Transportation Authority

Exhibit B-10A

Rideshare & CMAQ Special Revenue Fund

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|---|-----------------|-------------------|----------------------------|-----------------|-------------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 53,760 | \$ 21,200 | \$ (32,560) | \$ - | \$ 1,270 | \$ 1,270 |
| Investment income | - | 240 | 240 | - | 422 | 422 |
| Other | - | 21 | 21 | - | - | - |
| Total revenues | 53,760 | 21,461 | (32,299) | - | 1,692 | 1,692 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | - | 37 | (37) | - | 132 | (132) |
| Transportation subsidies | 1,000 | 670 | 330 | - | 2,379 | (2,379) |
| Total expenditures | 1,000 | 707 | 293 | - | 2,511 | (2,511) |
| Excess (deficiency) of revenues over expenditures | 52,760 | 20,754 | (32,006) | - | (819) | (819) |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers out | (46,330) | (21,099) | 25,231 | - | (9,000) | (9,000) |
| Total other financing and sources (uses) | (46,330) | (21,099) | 25,231 | - | (9,000) | (9,000) |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 6,430 | (345) | (6,775) | - | (9,819) | (9,819) |
| Fund balance - beginning of year | (2,228) | (2,228) | - | 7,591 | 7,591 | - |
| Fund balance - end of year | \$ 4,202 | \$ (2,573) | \$ (6,775) | \$ 7,591 | \$ (2,228) | \$ (9,819) |

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

Los Angeles County Metropolitan Transportation Authority
Service Authority For Freeway Emergency Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-11

| | 1996 | 1995 |
|--|------------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 19,595 | \$ 17,057 |
| Receivables: | | |
| Interest | 64 | 136 |
| Total assets | \$ 19,659 | \$ 17,193 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 250 | \$ 986 |
| Accrued liabilities | 339 | - |
| Total liabilities | 589 | 986 |
| Fund Balances: | | |
| Reserve for memoranda of understanding | 19,070 | 16,207 |
| Total fund balances | 19,070 | 16,207 |
| Total liabilities and fund balances | \$ 19,659 | \$ 17,193 |

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

**Los Angeles County Metropolitan Transportation Authority
Service Authority For Freeway Emergency Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-12

| | 1996 | 1995 |
|---|-------------|-------------|
| Revenues: | | |
| Investment income | \$ 977 | \$ 752 |
| Licenses and fines | 7,013 | 7,104 |
| Other | 24 | - |
| | <hr/> | <hr/> |
| Total revenues | 8,014 | 7,856 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Administration and other | 489 | 45 |
| Transportation subsidies | 4,662 | 3,354 |
| | <hr/> | <hr/> |
| Total expenditures | 5,151 | 3,399 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 2,863 | 4,457 |
| | <hr/> | <hr/> |
| Fund balance - beginning of year | 16,207 | 11,750 |
| | <hr/> | <hr/> |
| Fund balance - end of year | \$ 19,070 | \$ 16,207 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

Los Angeles County Metropolitan Transportation Authority
Service Authority For Freeway Emergency Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-12A

| | 1996 | | | 1995 | | |
|---|-----------|-----------|----------------------------|-----------|-----------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Investment income | \$ - | \$ 977 | \$ 977 | \$ - | \$ 752 | \$ 752 |
| Licenses and fines | 6,600 | 7,013 | 413 | 6,400 | 7,104 | 704 |
| Other | 98 | 24 | (74) | - | - | - |
| Total revenues | 6,698 | 8,014 | 1,316 | 6,400 | 7,856 | 1,456 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 615 | 489 | 126 | - | 45 | (45) |
| Transportation subsidies | 10,207 | 4,662 | 5,545 | - | 3,354 | (3,354) |
| Total expenditures | 10,822 | 5,151 | 5,671 | - | 3,399 | (3,399) |
| Excess (deficiency) of revenues over expenditures | (4,124) | 2,863 | 6,987 | 6,400 | 4,457 | (1,943) |
| Fund balance - beginning of year | 16,207 | 16,207 | - | 11,750 | 11,750 | - |
| Fund balance - end of year | \$ 12,083 | \$ 19,070 | \$ 6,987 | \$ 18,150 | \$ 16,207 | \$ (1,943) |

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

**Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-13

| | 1996 | 1995 |
|--|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 155,402 | \$ 143,561 |
| Receivables: | | |
| Intergovernmental | 631 | 777 |
| Notes | 2,487 | 4,020 |
| Interest | 1,419 | 2,516 |
| Interfund | 11,839 | 11,842 |
| Total assets | \$ 171,778 | \$ 162,716 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 86 | \$ - |
| Accrued liabilities | 4,947 | - |
| Interfund payable | 35,026 | 47,742 |
| Other liabilities | 3,490 | - |
| Total liabilities | 43,549 | 47,742 |
| Fund Balances: | | |
| Reserve for memoranda of understanding | 125,742 | 110,954 |
| Reserved for notes receivable | 2,487 | 4,020 |
| Total fund balances | 128,229 | 114,974 |
| Total liabilities and fund balances | \$ 171,778 | \$ 162,716 |

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

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-14

| | 1996 | 1995 |
|--|-------------------|-------------------|
| Revenues: | | |
| Sales tax | \$ 203,889 | \$ 198,810 |
| Investment income | 7,404 | 7,743 |
| Other | 1 | - |
| | <hr/> | <hr/> |
| Total revenues | 211,294 | 206,553 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Administration and other | 8 | 65 |
| Transportation subsidies | 101,388 | 78,386 |
| | <hr/> | <hr/> |
| Total expenditures | 101,396 | 78,451 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 109,898 | 128,102 |
| | <hr/> | <hr/> |
| Other financing Sources (Uses): | | |
| Operating transfers in | 50,725 | 14,014 |
| Operating transfers out | (147,368) | (137,424) |
| | <hr/> | <hr/> |
| Total other financing and sources (uses) | (96,643) | (123,410) |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 13,255 | 4,692 |
| Fund balance - beginning of year | 114,974 | 110,282 |
| Fund balance - end of year | \$ <u>128,229</u> | \$ <u>114,974</u> |

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

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-14A

| | 1996 | | | 1995 | | |
|---|------------------|-------------------|----------------------------|-------------------|-------------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Sales tax | \$ 209,300 | \$ 203,889 | \$ (5,411) | \$ 198,100 | \$ 198,810 | \$ 710 |
| Investment income | - | 7,404 | 7,404 | - | 7,743 | 7,743 |
| Other | - | 1 | 1 | - | - | - |
| Total revenues | <u>209,300</u> | <u>211,294</u> | <u>1,994</u> | <u>198,100</u> | <u>206,553</u> | <u>8,453</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 85 | 8 | 77 | - | 65 | (65) |
| Transportation subsidies | 95,453 | 101,388 | (5,935) | - | 78,386 | (78,386) |
| Total expenditures | <u>95,538</u> | <u>101,396</u> | <u>(5,858)</u> | <u>-</u> | <u>78,451</u> | <u>(78,451)</u> |
| Excess (deficiency) of revenues over expenditures | <u>113,762</u> | <u>109,898</u> | <u>(3,864)</u> | <u>198,100</u> | <u>128,102</u> | <u>(69,998)</u> |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | - | 50,725 | 50,725 | - | 14,014 | 14,014 |
| Operating transfers out | (197,443) | (147,368) | 50,075 | (166,800) | (137,424) | 29,376 |
| Total other financing and sources (uses) | <u>(197,443)</u> | <u>(96,643)</u> | <u>100,800</u> | <u>(166,800)</u> | <u>(123,410)</u> | <u>43,390</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>(83,681)</u> | <u>13,255</u> | <u>96,936</u> | <u>31,300</u> | <u>4,692</u> | <u>(26,608)</u> |
| Fund balance - beginning of year | <u>114,974</u> | <u>114,974</u> | <u>-</u> | <u>110,282</u> | <u>110,282</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 31,293</u> | <u>\$ 128,229</u> | <u>\$ 96,936</u> | <u>\$ 141,582</u> | <u>\$ 114,974</u> | <u>\$ (26,608)</u> |

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

Los Angeles County Metropolitan Transportation Authority
PVEA Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-15

| | <u>1996</u> | <u>1995</u> |
|---------------------------|---------------|---------------|
| Assets | | |
| Cash and cash equivalents | \$ 920 | \$ 132 |
| Receivables: | | |
| Interest | 3 | 3 |
| Total assets | <u>\$ 923</u> | <u>\$ 135</u> |
| Fund Balances: | | |
| Unreserved | 923 | 135 |
| Total fund balances | <u>923</u> | <u>135</u> |
| Total fund balances | <u>\$ 923</u> | <u>\$ 135</u> |

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

Los Angeles County Metropolitan Transportation Authority
PVEA Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-16

| | 1996 | 1995 |
|---|---------------|---------------|
| Revenues: | | |
| Intergovernmental | \$ 867 | \$ 15 |
| Investment Income | 38 | 25 |
| Other | 1 | - |
| | <hr/> | <hr/> |
| Total revenues | 906 | 40 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Administration and other | 118 | - |
| Transportation subsidies | - | 450 |
| | <hr/> | <hr/> |
| Total expenditures | 118 | 450 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 788 | (410) |
| Fund balance - beginning of year | 135 | 545 |
| Fund balance - end of year | \$ <u>923</u> | \$ <u>135</u> |

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

PVEA Special Revenue Fund

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|---|----------|--------|----------------------------|----------|--------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 1,883 | \$ 867 | \$ (1,016) | \$ 1,000 | \$ 15 | \$ (985) |
| Investment income | - | 38 | 38 | - | 25 | 25 |
| Other | - | 1 | 1 | - | - | - |
| Total revenues | 1,883 | 906 | (977) | 1,000 | 40 | (960) |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | - | 118 | (118) | - | - | - |
| Transportation subsidies | - | - | - | - | 450 | (450) |
| Total expenditures | - | 118 | (118) | - | 450 | (450) |
| Excess (deficiency) of revenues over expenditures | 1,883 | 788 | (1,095) | 1,000 | (410) | (1,410) |
| Fund balance - beginning of year | 135 | 135 | - | 545 | 545 | - |
| Fund balance - end of year | \$ 2,018 | \$ 923 | \$ (1,095) | \$ 1,545 | \$ 135 | \$ (1,410) |

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 Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-17

| | 1996 | 1995 |
|--|------------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 25,004 | \$ 22,026 |
| Receivables: | | |
| Intergovernmental | 801 | 1,074 |
| Interest | 83 | 76 |
| Total assets | \$ 25,888 | \$ 23,176 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Due to other governments | \$ 238 | \$ 238 |
| Total liabilities | 238 | 238 |
| Fund Balances: | | |
| Reserve for memoranda of understanding | 25,650 | 22,938 |
| Total fund balances | 25,650 | 22,938 |
| Total liabilities and fund balances | \$ 25,888 | \$ 23,176 |

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 Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-18

| | <u>1996</u> | <u>1995</u> |
|---|------------------|------------------|
| Revenues: | | |
| Intergovernmental | \$ 2,136 | \$ - |
| Investment income | 909 | 666 |
| Other | 30 | - |
| | <u>3,075</u> | <u>666</u> |
| Total revenues | 3,075 | 666 |
| Expenditures: | | |
| Current: | | |
| Administration and other | 1 | 5 |
| Transportation subsidies | 362 | 1,450 |
| | <u>363</u> | <u>1,455</u> |
| Total expenditures | 363 | 1,455 |
| Excess (deficiency) of revenues over expenditures | 2,712 | (789) |
| Fund balance - beginning of year | 22,938 | 23,727 |
| Fund balance - end of year | <u>\$ 25,650</u> | <u>\$ 22,938</u> |

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

Federal Aid Urban Special Revenue Fund

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|---|-----------|-----------|----------------------------|-----------|-----------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 1,228 | \$ 2,136 | \$ 908 | \$ - | \$ - | \$ - |
| Investment income | - | 909 | 909 | - | 666 | 666 |
| Other | - | 30 | 30 | - | - | - |
| Total revenues | 1,228 | 3,075 | 1,847 | - | 666 | 666 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | - | 1 | (1) | - | 5 | (5) |
| Transportation subsidies | - | 362 | (362) | - | 1,450 | (1,450) |
| Total expenditures | - | 363 | (363) | - | 1,455 | (1,455) |
| Excess (deficiency) of revenues over expenditures | 1,228 | 2,712 | 1,484 | - | (789) | (789) |
| Fund balance - beginning of year | 22,938 | 22,938 | - | 23,727 | 23,727 | - |
| Fund balance - end of year | \$ 24,166 | \$ 25,650 | \$ 1,484 | \$ 23,727 | \$ 22,938 | \$ (789) |

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

Los Angeles County Metropolitan Transportation Authority
Port Highway Improvement Match Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-19

| | <u>1996</u> | <u>1995</u> |
|--|------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 10,028 | \$ 9,521 |
| Receivables: | | |
| Interest | 35 | 45 |
| Total assets | <u>\$ 10,063</u> | <u>\$ 9,566</u> |
| Liabilities and Fund Balance | | |
| Fund Balances: | | |
| Unreserved | 10,063 | 9,566 |
| Total fund balances | <u>10,063</u> | <u>9,566</u> |
| Total liabilities and fund balances | <u>\$ 10,063</u> | <u>\$ 9,566</u> |

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

**Los Angeles County Metropolitan Transportation Authority
Port Highway Improvement Match Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-20

| | <u>1996</u> | <u>1995</u> |
|---|------------------|-----------------|
| Revenues: | | |
| Investment income | \$ 489 | \$ 415 |
| Other | 17 | - |
| | <u>506</u> | <u>415</u> |
| Total revenues | 506 | 415 |
| | <u>9</u> | <u>109</u> |
| Expenditures: | | |
| Current: | | |
| Transportation subsidies | 9 | 109 |
| | <u>9</u> | <u>109</u> |
| Total expenditures | 9 | 109 |
| Excess (deficiency) of revenues over expenditures | 497 | 306 |
| Fund balance - beginning of year | 9,566 | 9,260 |
| Fund balance - end of year | <u>\$ 10,063</u> | <u>\$ 9,566</u> |

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

Los Angeles County Metropolitan Transportation Authority
Port Highway Improvement Match Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-20A

| | 1996 | | | 1995 | | |
|---|------------------|------------------|----------------------------|-----------------|-----------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 27,872 | \$ - | \$ (27,872) | \$ - | \$ - | \$ - |
| Investment income | - | 489 | 489 | - | 415 | 415 |
| Other | - | 17 | 17 | - | - | - |
| Total revenues | 27,872 | 506 | (27,366) | - | 415 | 415 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Transportation subsidies | - | 9 | (9) | - | 109 | (109) |
| Total expenditures | - | 9 | (9) | - | 109 | (109) |
| Excess (deficiency) of revenues over expenditures | 27,872 | 497 | (27,375) | - | 306 | 306 |
| Fund balance - beginning of year | 9,566 | 9,566 | - | 9,260 | 9,260 | - |
| Fund balance - end of year | \$ 37,438 | \$ 10,063 | \$ (27,375) | \$ 9,260 | \$ 9,566 | \$ 306 |

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

**Los Angeles County Metropolitan Transportation Authority
 Budget Change Proposal Fund for Freeway Service State TCI
 Comparative Balance Sheets
 June 30, 1996 and 1995
 (Amounts expressed in thousands)**

Exhibit B-21

| | <u>1996</u> | <u>1995</u> |
|--|-----------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,172 | \$ 5,583 |
| Receivables: | | |
| Intergovernmental | - | 189 |
| Interest | 6 | 24 |
| Total assets | <u>\$ 2,178</u> | <u>\$ 5,796</u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 2,545 |
| Total liabilities | <u>-</u> | <u>2,545</u> |
| Fund Balances: | | |
| Unreserved | 2,178 | 3,251 |
| Total fund balances | <u>2,178</u> | <u>3,251</u> |
| Total liabilities and fund balances | <u>\$ 2,178</u> | <u>\$ 5,796</u> |

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

Los Angeles County Metropolitan Transportation Authority
Budget Change Proposal Fund for Freeway Service State TCI
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-22

| | 1996 | 1995 |
|---|-----------------|-----------------|
| Revenues: | | |
| Intergovernmental | \$ - | \$ 4,260 |
| Investment income | 159 | 91 |
| Other | 7 | - |
| | <u>166</u> | <u>4,351</u> |
| Total revenues | 166 | 4,351 |
| Expenditures: | | |
| Current: | | |
| Transportation subsidies | 1,239 | 5,884 |
| | <u>1,239</u> | <u>5,884</u> |
| Total expenditures | 1,239 | 5,884 |
| Excess (deficiency) of revenues over expenditures | (1,073) | (1,533) |
| Fund balance - beginning of year | 3,251 | 4,784 |
| Fund balance - end of year | <u>\$ 2,178</u> | <u>\$ 3,251</u> |

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

Los Angeles County Metropolitan Transportation Authority
 Budget Change Proposal Fund for Freeway Service State TCI
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the years ended June 30, 1996 and 1995
 (Amounts expressed in thousands)

Exhibit B-22A

| | 1996 | | | 1995 | | |
|--|-----------------|-----------------|----------------------------|-----------------|-----------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 4,000 | \$ - | \$ (4,000) | \$ - | \$ 4,260 | \$ 4,260 |
| Investment income | - | 159 | 159 | - | 91 | 91 |
| Other | - | 7 | 7 | - | - | - |
| Total revenues | <u>4,000</u> | <u>166</u> | <u>(3,834)</u> | <u>-</u> | <u>4,351</u> | <u>4,351</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Transportation subsidies | - | 1,239 | (1,239) | - | 5,884 | (5,884) |
| Total expenditures | <u>-</u> | <u>1,239</u> | <u>(1,239)</u> | <u>-</u> | <u>5,884</u> | <u>(5,884)</u> |
| Excess (deficiency) of revenues over expenditures | 4,000 | (1,073) | (5,073) | - | (1,533) | (1,533) |
| Fund balance - beginning of year | 3,251 | 3,251 | - | 4,784 | 4,784 | - |
| Fund balance - end of year | <u>\$ 7,251</u> | <u>\$ 2,178</u> | <u>\$ (5,073)</u> | <u>\$ 4,784</u> | <u>\$ 3,251</u> | <u>\$ (1,533)</u> |

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

**Los Angeles County Metropolitan Transportation Authority
FEMA Earthquake Reimbursement Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-23

| | 1996 | 1995 |
|--|------------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 10,555 | \$ 1,115 |
| Receivables: | | |
| Intergovernmental | 4,115 | 18,656 |
| Leases and other | 4 | - |
| Interfund | 1,779 | 1,779 |
| Total assets | \$ 16,453 | \$ 21,550 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 1,720 |
| Interfund payable | 1,779 | 3,830 |
| Due to other governments | 16,000 | 16,000 |
| Total liabilities | 17,779 | 21,550 |
| Fund Balances: | | |
| Reserve for memoranda of understanding | (1,326) | - |
| Total fund balances | (1,326) | - |
| Total liabilities and fund balances | \$ 16,453 | \$ 21,550 |

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

**Los Angeles County Metropolitan Transportation Authority
FEMA Earthquake Reimbursement Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)**

Exhibit B-24

| | 1996 | 1995 |
|--|-------------------|-------------|
| Revenues: | | |
| Intergovernmental | \$ 531 | \$ 3,121 |
| Investment income | 241 | - |
| Other | (1) | - |
| | <hr/> | <hr/> |
| Total revenues | 771 | 3,121 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Administration and other | - | - |
| Transportation subsidies | - | 3,500 |
| | <hr/> | <hr/> |
| Total expenditures | - | 3,500 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 771 | (379) |
| | <hr/> | <hr/> |
| Other financing Sources (Uses): | | |
| Operating transfers out | (2,097) | - |
| | <hr/> | <hr/> |
| Total other financing and sources (uses) | (2,097) | - |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (1,326) | (379) |
| Fund balance - beginning of year | - | 379 |
| Fund balance - end of year | \$ <u>(1,326)</u> | \$ <u>-</u> |

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

Los Angeles County Metropolitan Transportation Authority
Federal Board of Education Special Revenue Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-25

| | 1996 | 1995 |
|--|---------------|---------------|
| Assets | | |
| Cash and cash equivalents | \$ - | \$ 469 |
| Receivables: | | |
| Intergovernmental | 330 | 371 |
| Leases and other | 1 | - |
| Total assets | \$ 331 | \$ 840 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 679 |
| Accrued liabilities | 260 | - |
| Interfund payable | 137 | - |
| Total liabilities | 397 | 679 |
| Fund Balances: | | |
| Reserve for memoranda of understanding | (66) | 161 |
| Total fund balances | (66) | 161 |
| Total liabilities and fund balances | \$ 331 | \$ 840 |

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

Los Angeles County Metropolitan Transportation Authority
Federal Board of Education Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit B-26

| | 1996 | 1995 |
|--|----------------|---------------|
| Revenues: | | |
| Intergovernmental | \$ 382 | \$ 460 |
| Investment income | 5 | - |
| | <hr/> | <hr/> |
| Total revenues | 387 | 460 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Administration and other | - | - |
| Transportation subsidies | 260 | 1,102 |
| | <hr/> | <hr/> |
| Total expenditures | 260 | 1,102 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 127 | (642) |
| | <hr/> | <hr/> |
| Other financing Sources (Uses): | | |
| Operating transfers in | - | 803 |
| Operating transfers out | (354) | - |
| | <hr/> | <hr/> |
| Total other financing and sources (uses) | (354) | 803 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (227) | 161 |
| Fund balance - beginning of year | 161 | - |
| Fund balance - end of year | \$ <u>(66)</u> | \$ <u>161</u> |

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

Los Angeles County Metropolitan Transportation Authority
 Federal Board of Education Special Revenue Fund
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the years ended June 30, 1996 and 1995
 (Amounts expressed in thousands)

Exhibit B-26A

| | 1996 | | | 1995 | | |
|--|-----------|---------|----------------------------|--------|--------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 35,135 | \$ 382 | \$ (34,753) | \$ - | \$ 460 | \$ 460 |
| Investment income | - | 5 | 5 | - | - | - |
| Other | - | - | - | - | - | - |
| Total revenues | 35,135 | 387 | (34,748) | - | 460 | 460 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | - | - | - | - | - | - |
| Transportation subsidies | - | 260 | (260) | - | 1,102 | (1,102) |
| Total expenditures | - | 260 | (260) | - | 1,102 | (1,102) |
| Excess (deficiency) of revenues over expenditures | 35,135 | 127 | (35,008) | - | (642) | (642) |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | - | - | - | - | 803 | 803 |
| Operating transfers out | (34,135) | (354) | 33,781 | - | - | - |
| Total other financing and sources (uses) | (34,135) | (354) | 33,781 | - | 803 | 803 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 1,000 | (227) | (1,227) | - | 161 | 161 |
| Fund balance - beginning of year | 161 | 161 | - | - | - | - |
| Fund balance - end of year | \$ 1,161 | \$ (66) | \$ (1,227) | \$ - | \$ 161 | \$ 161 |

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



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Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

Los Angeles County Metropolitan Transportation Authority
Debt Service Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amounts expressed in thousands)

Exhibit C-1

| | <u>1996</u> | <u>1995</u> |
|--|-------------------|-------------------|
| Assets | | |
| Receivables: | | |
| Intergovernmental | \$ - | \$ 1,867 |
| Interest | 6,523 | 68 |
| Leases and other | 1,832 | - |
| Interfund | 370 | - |
| Restricted: | | |
| Investments | 209,654 | 140,999 |
| Cash and cash equivalents | 101,679 | - |
| Total assets | \$ 320,058 | \$ 142,934 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accrued liabilities | \$ 2,546 | \$ - |
| Interfund payable | 10,665 | 2,098 |
| Accrued interest payable | 65,515 | 60,476 |
| Bonds and notes payable - current | 29,827 | 23,630 |
| Total liabilities | 108,553 | 86,204 |
| Fund Balances: | | |
| Reserved for debt service | 211,505 | 56,730 |
| Total fund balances | 211,505 | 56,730 |
| Total liabilities and fund balances | \$ 320,058 | \$ 142,934 |

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

Los Angeles County Metropolitan Transportation Authority

Exhibit C-2

Debt Service Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | 1995 |
|--|-------------------|------------------|
| Revenues: | | |
| Intergovernmental | \$ 3,439 | \$ 3,040 |
| Investment income | 16,025 | 7,789 |
| Other | 4 | - |
| | <hr/> | <hr/> |
| Total revenues | 19,468 | 10,829 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Current: | | |
| Interest and fiscal charges | 169,876 | 149,630 |
| Bond issuance costs | 19,910 | - |
| Bond principal | 32,498 | 26,345 |
| Joint development expense | 1,608 | 941 |
| | <hr/> | <hr/> |
| Total expenditures | 223,892 | 176,916 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | (204,424) | (166,087) |
| | <hr/> | <hr/> |
| Other financing Sources (Uses): | | |
| Operating transfers in | 171,426 | 151,636 |
| Operating transfers out | - | (10,556) |
| Proceeds from financing | 187,773 | 16,528 |
| | <hr/> | <hr/> |
| Total other financing and sources (uses) | 359,199 | 157,608 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 154,775 | (8,479) |
| Fund balance - beginning of year | 56,730 | 65,209 |
| Fund balance - end of year | \$ <u>211,505</u> | \$ <u>56,730</u> |

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

Debt Service Fund

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|---|------------------|-------------------|----------------------------|------------------|------------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 2,845 | \$ 3,439 | \$ 594 | \$ - | \$ 3,040 | \$ 3,040 |
| Investment income | - | 16,025 | 16,025 | - | 7,789 | 7,789 |
| Other | - | 4 | 4 | - | - | - |
| Total revenues | 2,845 | 19,468 | 16,623 | - | 10,829 | 10,829 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Interest and fiscal charges | 166,548 | 169,876 | (3,328) | 195,000 | 149,630 | 45,370 |
| Bond issuance costs | - | 19,910 | (19,910) | - | - | - |
| Bond principal | 32,780 | 32,498 | 282 | - | 26,345 | (26,345) |
| Joint development expense | - | 1,608 | (1,608) | - | 941 | (941) |
| Total expenditures | 199,328 | 223,892 | (24,564) | 195,000 | 176,916 | 18,084 |
| Excess (deficiency) of revenues over expenditures | (196,483) | (204,424) | (7,941) | (195,000) | (166,087) | (7,255) |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | 156,619 | 171,426 | 14,807 | 141,800 | 151,636 | 9,836 |
| Operating transfers out | - | - | - | - | (10,556) | (10,556) |
| Proceeds from financing | - | 187,773 | 187,773 | 38,400 | 16,528 | (21,872) |
| Total other financing and sources (uses) | 156,619 | 359,199 | 202,580 | 180,200 | 157,608 | (22,592) |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (39,864) | 154,775 | 194,639 | (14,800) | (8,479) | 6,321 |
| Fund balance - beginning of year | 56,730 | 56,730 | - | 65,209 | 65,209 | - |
| Fund balance - end of year | \$ 16,866 | \$ 211,505 | \$ 194,639 | \$ 50,409 | \$ 56,730 | \$ 6,321 |

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

Capital Projects Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets.

Heavy Rail Fund - Metro Rail

Light Rail Fund - Pasadena and Greenline

Commuter Rail Fund - Commuter project

SB - 1995 Fund - Capital Project Fund for the Metro Rail extension into North Hollywood

Other Bus Capital - Construction in progress & Bus Facilities

Los Angeles County Metropolitan Transportation Authority
 Capital Project Funds
 Combining Balance Sheet
 For the year ended June 30, 1996
 (Amounts expressed in thousands)

Exhibit D-1

| | Light Rail | Metro Rail | Commuter Rail | SB 1995 Rail | Other Capital | Total |
|--|-------------------|-------------------|------------------|--------------|-------------------|-------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 31,831 | \$ 4,994 | \$ 24,092 | \$ - | \$ 2 | \$ 60,919 |
| Investments | 175,863 | 108,163 | - | - | 29,113 | 313,139 |
| Receivables: | | | | | | |
| Intergovernmental | 77,126 | 241,066 | 5,309 | - | 41,709 | 365,210 |
| Interest | 215 | 239 | 44 | - | 42 | 540 |
| Leases and other | - | - | - | - | 10,794 | 10,794 |
| Interfund | 15,876 | - | 49,345 | - | 40,878 | 106,099 |
| Prepaid items and other assets | 2,242 | 9,528 | (28) | - | - | 11,742 |
| Total assets | \$ 303,153 | \$ 363,990 | \$ 78,762 | \$ - | \$ 122,538 | \$ 868,443 |
| Liabilities and Fund Balance | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 1,427 | \$ 20,917 | \$ 53 | \$ - | \$ 5,255 | \$ 27,652 |
| Accrued liabilities | 5,942 | 75,923 | 245 | - | 7,725 | 89,835 |
| Claims and judgement payable | 937 | 15,360 | - | - | - | 16,297 |
| Interfund payable | 5,127 | 99,530 | - | - | 50,426 | 155,083 |
| Deferred revenue | - | 40,214 | - | - | - | 40,214 |
| Other liabilities | 11,007 | 59,343 | 85 | - | - | 70,435 |
| Total liabilities | 24,440 | 311,287 | 383 | - | 63,406 | 399,516 |
| Fund Balances: | | | | | | |
| Reserved for encumbrances | 276,471 | 43,174 | 78,407 | - | 59,132 | 457,184 |
| Reserve for prepaid and other assets | 2,242 | 9,529 | (28) | - | - | 11,743 |
| Total fund balances | 278,713 | 52,703 | 78,379 | - | 59,132 | 468,927 |
| Total liabilities and fund balances | \$ 303,153 | \$ 363,990 | \$ 78,762 | \$ - | \$ 122,538 | \$ 868,443 |

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

Los Angeles County Metropolitan Transportation Authority
Capital Project Funds
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 1996
(Amounts expressed in thousands)

Exhibit D-2

| | Light Rail | Metro Rail | Commuter Rail | SB 1995 Rail | Other Capital | Total |
|---|-------------------|------------------|------------------|-----------------|------------------|-----------------|
| Revenues: | | | | | | |
| Intergovernmental | \$ 92,345 | \$ 411,749 | \$ 2,690 | \$ - | \$ 135,876 | \$ 642,660 |
| Investment income | 3,912 | 7,898 | 441 | - | 2,564 | 14,815 |
| Lease and rental | - | 123 | 7,288 | - | - | 7,411 |
| Licenses and fines | - | - | - | - | - | - |
| Other | 1,307 | 4,113 | 876 | 38 | (14) | 6,320 |
| Total revenues | 97,564 | 423,883 | 11,295 | 38 | 138,426 | 671,206 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 6,094 | 25,048 | 2,569 | 511 | 8,671 | 42,893 |
| Capital Outlay | 80,934 | 466,316 | 4,978 | - | 165,637 | 717,865 |
| Total expenditures | 87,028 | 491,364 | 7,547 | 511 | 174,308 | 760,758 |
| Excess (deficiency) of revenues over expenditures | 10,536 | (67,481) | 3,748 | (473) | (35,882) | (89,552) |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | 8,217 | 30,186 | 2,350 | - | 25,510 | 66,263 |
| Operating transfers out | (11,028) | (9,621) | (998) | (28,899) | (1,446) | (51,992) |
| Proceeds from financing | 138,000 | 89,522 | - | - | 50,000 | 277,522 |
| Total other financing and sources (uses) | 135,189 | 110,087 | 1,352 | (28,899) | 74,064 | 291,793 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 145,725 | 42,606 | 5,100 | (29,372) | 38,182 | 202,241 |
| Fund balance - beginning of year | 132,988 | 10,097 | 73,279 | 29,372 | 20,950 | 266,686 |
| Fund balance - end of year | \$ 278,713 | \$ 52,703 | \$ 78,379 | \$ - | \$ 59,132 | 468,927 |

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

Capital Project Funds

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

For the years ended June 30, 1996 and 1995

(Amounts expressed in thousands)

| | 1996 | | | 1995 | | |
|---|------------------|-------------------|----------------------------|-------------------|-------------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$ 659,355 | \$ 642,660 | \$ (16,695) | \$ 534,300 | \$ 520,262 | \$ (14,038) |
| Investment income | 2,180 | 14,815 | 12,635 | - | 37,637 | 37,637 |
| Lease and rental | 8,100 | 7,411 | (689) | 7,000 | 8,648 | 1,648 |
| Other | - | 6,320 | 6,320 | - | 15,994 | 15,994 |
| Total revenues | 669,635 | 671,206 | 1,571 | 541,300 | 582,541 | 41,241 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration and other | 102,234 | 42,893 | 59,341 | 140,600 | 56,192 | 84,408 |
| Capital Outlay | 1,074,306 | 717,865 | 356,441 | 1,051,800 | 886,345 | 165,455 |
| Total expenditures | 1,176,540 | 760,758 | 415,782 | 1,192,400 | 942,537 | 249,863 |
| Excess (deficiency) of revenues over expenditures | (506,905) | (89,552) | 417,353 | (651,100) | (359,996) | 291,104 |
| Other financing Sources (Uses): | | | | | | |
| Operating transfers in | 144,643 | 66,263 | (78,380) | 492,500 | 157,701 | (334,799) |
| Operating transfers out | (1,600) | (51,992) | (50,392) | - | (12,116) | (12,116) |
| Proceeds from financing | 140,000 | 277,522 | 137,522 | 135,700 | 220,652 | 84,952 |
| Total other financing sources (uses) | 283,043 | 291,793 | 8,750 | 628,200 | 366,237 | (261,963) |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (223,862) | 202,241 | 426,103 | (22,900) | 6,241 | 29,141 |
| Fund balance - beginning of year | 266,686 | 266,686 | - | 309,653 | 309,653 | - |
| Transfer of liability related to residual equity transfer | - | - | - | - | (49,207) | (49,207) |
| Fund balance - end of year | \$ 42,824 | \$ 468,927 | \$ 426,103 | \$ 286,753 | \$ 266,687 | \$ (20,066) |

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

Enterprise Funds

The Enterprise Funds are used to account for operations which are financed and operated in a manner similar to private businesses where the intent is that costs (including depreciation) of providing goods or services to the general public on a continuing basis be recovered primarily through user charges.

Bus operations

Heavy & Light Rail operations

Los Angeles County Metropolitan Transportation Authority
Enterprise Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amount expressed in thousands)

Exhibit E-1

| | <u>1996</u> | <u>1995</u> |
|---------------------------------------|----------------------------|----------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 14,693 | \$ 9,187 |
| Receivables: | | |
| Accounts | 19,101 | 21,125 |
| Intergovernmental | 36,281 | 31,264 |
| Interest | 949 | 256 |
| Leases and other | 1,543 | 161 |
| Interfund | 81,461 | 252,573 |
| Inventory | 46,036 | 40,145 |
| Prepaid items and other assets | 4,112 | 5,612 |
| Restricted Assets: | | |
| Cash and cash equivalents | 17,897 | 3,369 |
| Investments | 62,664 | 122,403 |
| Fixed assets | <u>3,174,532</u> | <u>2,402,060</u> |
| Total assets | <u><u>\$ 3,459,269</u></u> | <u><u>\$ 2,888,155</u></u> |
| Liabilities and Equity | | |
| Liabilities: | | |
| Accounts payable | \$ 21,994 | \$ 50,922 |
| Accrued liabilities | 1,636 | 17,968 |
| Interfund payables | 293,587 | 322,538 |
| Accrued interest payable | 3,018 | 3,525 |
| Revenue anticipation notes | 30,000 | 70,000 |
| Bonds and notes payable-current | 13,185 | 13,005 |
| Due to other governments | - | 1,027 |
| Deferred revenue | 7,460 | 9,777 |
| Bonds and notes payable-long-term | 78,915 | 92,100 |
| Total Liabilities | <u>449,795</u> | <u>580,862</u> |
| Equity: | | |
| Retained earnings (deficit) | (85,357) | (25,292) |
| Capital grants (contributed capital): | | |
| Federal | 922,640 | 892,113 |
| State | 310,461 | 217,911 |
| Local | 1,861,730 | 1,222,561 |
| Total equity | <u>3,009,474</u> | <u>2,307,293</u> |
| Total liabilities and equity | <u><u>\$ 3,459,269</u></u> | <u><u>\$ 2,888,155</u></u> |

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

Los Angeles County Metropolitan Transportation Authority
Enterprise Fund
Comparative Statement of Revenues, Expenses and
Changes in Retained Earnings
For the Years Ended June 30, 1996 and 1995
(Amount expressed in thousands)

Exhibit E-2

| | <u>1996</u> | <u>1995</u> |
|---|--------------------|--------------------|
| Operating revenues: | | |
| Passenger fares | \$ 208,389 | \$ 198,349 |
| Route subsidies | 836 | 869 |
| Auxiliary transportation | <u>5,091</u> | <u>5,034</u> |
| Total operating revenues | <u>214,316</u> | <u>204,252</u> |
| Operating expenses: | | |
| Transportation | 353,740 | 349,593 |
| Vehicle maintenance | 167,947 | 123,325 |
| Non-vehicle maintenance | 33,859 | 35,530 |
| General and administrative | 156,599 | 109,457 |
| Depreciation | <u>152,645</u> | <u>113,269</u> |
| Total operating expenses | <u>864,790</u> | <u>731,174</u> |
| Operating loss | (650,474) | (526,922) |
| Non-operating revenues (expenses): | | |
| Local operating transfers in | 5,147 | 6,553 |
| Federal operating grants | 27,998 | 48,020 |
| Interest revenues | 10,029 | 9,812 |
| Interest expenses | (8,334) | (21,060) |
| Loss on disposition of fixed assets | (1,090) | (598) |
| Other | <u>2,739</u> | <u>1,599</u> |
| Total nonoperating revenues (expenses) | <u>36,489</u> | <u>44,326</u> |
| Loss before operating transfers in | (613,985) | (482,596) |
| Operating transfers in | <u>400,230</u> | <u>364,295</u> |
| Loss for the year | (213,755) | (118,301) |
| Add back depreciation on assets acquired with capital grants | <u>153,690</u> | <u>113,699</u> |
| Decrease in retained earnings | (60,065) | (4,602) |
| Retained earnings (deficit) - beginning of year | (25,292) | (27,211) |
| Contributed Capital transferred to Retained Earnings | <u>-</u> | <u>6,521</u> |
| Retained earnings (deficit) - end of year | <u>\$ (85,357)</u> | <u>\$ (25,292)</u> |

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

Los Angeles County Metropolitan Transportation Authority
Enterprise Fund
Comparative Statement of Cash Flows
For the years ended June 30, 1996 and 1995
(amount expressed in thousands)

Exhibit E-3

| | <u>1,996</u> | <u>1995</u> |
|--|------------------|------------------|
| Cash flow from operating activities: | | |
| Operating loss | \$ (650,474) | \$ (526,922) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 152,645 | 113,269 |
| Net effect of changes in: | | |
| Accounts receivables | 4,764 | (6,885) |
| Leases and other receivables | (1,382) | 389 |
| Interfund receivables | 148,494 | (82,658) |
| Prepaid items and other assets | 1,286 | 9,399 |
| Inventory | (5,891) | 1,240 |
| Accounts payable | (28,928) | 18,193 |
| Accrued liabilities | (16,332) | (6,225) |
| Due to other governments | (1,027) | (15,370) |
| Interfund payables | (28,951) | (235) |
| Deferred revenues | (2,317) | 9,777 |
| Net cash used in operating activities | <u>(428,113)</u> | <u>(486,028)</u> |
| Cash flow from non-capital financing activities: | | |
| Proceeds from operating grants | 28,129 | 54,726 |
| Proceeds from issuance of revenue anticipation notes | 30,000 | 70,000 |
| Operating transfers in from other funds | 400,230 | 364,295 |
| Repayment of matured revenue anticipation notes | (70,000) | (60,000) |
| Interest paid on revenue anticipation notes | (3,091) | (4,909) |
| Interest received on revenue anticipation notes | 3,935 | 5,189 |
| Net cash provided by non-capital financing activities | <u>389,203</u> | <u>429,301</u> |
| Cash flow from capital and related financing activities: | | |
| Proceeds from capital grants received | 12,078 | 36,179 |
| Purchase of facilities, property and equipment | - | (37,785) |
| Proceeds from sale of retired equipments | 267 | 149 |
| Payment of matured bonds and notes payable | (13,005) | (15,695) |
| Interest paid on bonds and notes payable | (5,534) | (21,885) |
| Net cash used in capital and related financing activities | <u>(6,194)</u> | <u>(39,037)</u> |
| Cash flow from investing activities: | | |
| Proceeds from sales and maturity of investments | 137,811 | 138,194 |
| Purchase of investments | (78,074) | (75,922) |
| Interest received on investments | 5,401 | 7,559 |
| Net cash provided by investing activities | <u>65,138</u> | <u>69,831</u> |
| Net increase (decrease) in cash and cash equivalents | 20,034 | (25,933) |
| Cash and cash equivalents - beginning of year | <u>12,556</u> | <u>38,489</u> |
| Cash and cash equivalents - end of year | <u>\$ 32,590</u> | <u>\$ 12,556</u> |
| Supplemental schedule of noncash investing and financing transactions: | | |
| Transfer of fixed assets from General Fixed Assets Account Group | 926,473 | 171,256 |
| Transfer of liability related to residual equity transfer | - | 49,207 |
| Residual equity transfer to general fixed assets account group | - | 122,049 |
| Transfer of bonds and notes payable to Internal Service Fund | - | (160,000) |
| Transfer of compensated absences payable to Internal Service Fund | - | (43,000) |
| Transfer of post retirement benefits payable to Internal Service Fund | - | (23,553) |

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

Internal Service Funds

The Internal Service Fund is used to account for the goods and services provided to MTA projects and funds on a cost reimbursement basis.

Los Angeles County Metropolitan Transportation Authority
Internal Service Fund
Comparative Balance Sheets
June 30, 1996 and 1995
(Amount expressed in thousands)

Exhibit F-1

| | <u>1996</u> | <u>1995</u> |
|---------------------------------------|--------------------------|--------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 92,563 | \$ 99,810 |
| Receivables: | | |
| Interest | 499 | - |
| Intergovernmental | - | 761 |
| Leases and others | 93 | 334 |
| Interfund | 281,377 | 260,434 |
| Prepaid and other assets | 4,390 | 4,267 |
| Restricted Assets: | | |
| Cash and cash equivalents | 24,956 | 46,468 |
| Investments | 11,590 | 16,757 |
| Fixed assets | <u>145,538</u> | <u>-</u> |
| Total Assets | <u><u>\$ 561,006</u></u> | <u><u>\$ 428,831</u></u> |
| Liabilities and Equity | | |
| Liabilities: | | |
| Accounts payable | \$ 9,983 | \$ 1,483 |
| Accrued liabilities | 25,018 | 18,349 |
| Due to other governments | - | 2 |
| Accrued interest payable | 4,964 | - |
| Bonds and notes payable-current | 6,500 | 6,100 |
| Bonds and notes payable-long-term | 147,400 | 153,900 |
| Compensated absences payable | 54,935 | 53,143 |
| Post retirement benefits payable | 35,196 | 30,930 |
| Interfund payables | - | 39,237 |
| Insurance reserves | 130,740 | 125,997 |
| Other liabilities | 69 | 74 |
| Total Liabilities | <u>414,805</u> | <u>429,215</u> |
| Retained earnings (deficit) | 662 | (384) |
| Capital grants (contributed capital): | | |
| Federal | - | - |
| State | - | - |
| Local | 145,539 | - |
| Total equity | <u>146,201</u> | <u>(384)</u> |
| Total Liabilities and Equity | <u><u>\$ 561,006</u></u> | <u><u>\$ 428,831</u></u> |

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

Los Angeles County Metropolitan Transportation Authority
Internal Service Fund
Comparative Statement of Revenues, Expenses and
Changes in Retained Earnings
For the Years Ended June 30, 1996 and 1995
(Amount expressed in thousands)

Exhibit F-2

| | 1996 | 1995 |
|---|----------------|----------------|
| Operating revenues: | | |
| Charges for services | \$ 272,290 | \$ 304,200 |
| Total operating revenues | <u>272,290</u> | <u>304,200</u> |
| Operating expenses: | | |
| General and administrative | 37,526 | 46,151 |
| Depreciation | 3,615 | - |
| Salaries and wages | 32,961 | 50,952 |
| Fringe benefits | 204,592 | 207,481 |
| Total operating expenses | <u>278,694</u> | <u>304,584</u> |
| Operating loss | (6,404) | (384) |
| Non-operating revenues (expenses): | | |
| Interest revenues | 2,718 | - |
| Interest expenses | (10,212) | - |
| Other | 309 | - |
| Total nonoperating revenues (expenses) | <u>(7,185)</u> | <u>-</u> |
| Loss before operating transfers in | (13,589) | (384) |
| Operating transfers in | <u>11,020</u> | <u>-</u> |
| Loss for the year | (2,569) | (384) |
| Add back depreciation on assets acquired with capital grants | <u>3,615</u> | <u>-</u> |
| Increase (Decrease) in retained earnings | 1,046 | (384) |
| Retained earnings (deficit) - beginning of year | <u>(384)</u> | <u>-</u> |
| Retained earnings (deficit) - end of year | <u>\$ 662</u> | <u>(384)</u> |

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

Los Angeles County Metropolitan Transportation Authority
Internal Service Fund
Comparative Statement of Cash Flows
For the years ended June 30, 1996 and 1995
(Amount expressed in thousands)

Exhibit F-3

| | <u>1996</u> | <u>1995</u> |
|--|-----------------|----------------|
| Cash flow from operating activities: | | |
| Operating loss | (6,404) | (384) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 3,615 | - |
| Net effect of changes in: | | |
| Accounts receivables | - | (761) |
| Leases and other receivables | 550 | (334) |
| Interfund receivables | (20,943) | 56,267 |
| Prepaid items and other assets | (405) | (4,267) |
| Accounts payable | 8,500 | 1,483 |
| Accrued liabilities | 11,791 | 17,305 |
| Due to other governments | (2) | - |
| Compensated absences payable | 1,792 | 1,952 |
| Post retirement benefits payable | 4,266 | 2,891 |
| Interfund payables | (39,237) | 39,237 |
| Insurance reserves | 4,743 | (5,092) |
| Other liabilities | (5) | - |
| Net cash used in operating activities | <u>(31,739)</u> | <u>108,297</u> |
| Cash flow from non-capital financing activities: | | |
| Operating transfers in from other funds | 11,020 | - |
| Net cash provided by non-capital financing activities | <u>11,020</u> | <u>-</u> |
| Cash flow from capital and related financing activities: | | |
| Payment of matured bonds and notes payable | (6,100) | - |
| Interest paid on bonds and notes payable | (10,089) | - |
| Net cash used in capital and related financing activities | <u>(16,189)</u> | <u>-</u> |
| Cash flow from investing activities: | | |
| Proceeds from sales and maturity of investments | 40,976 | 36,243 |
| Purchase of investments | (35,809) | - |
| Interest received on investments | 2,982 | - |
| Net cash provided by investing activities | <u>8,149</u> | <u>36,243</u> |
| Net increase (decrease) in cash and cash equivalents | (28,759) | 144,540 |
| Retained earnings (deficit) - beginning of year | <u>146,278</u> | <u>1,738</u> |
| Cash and cash equivalents - end of year | <u>117,519</u> | <u>146,278</u> |
| Supplemental schedule of noncash investing and financing transactions: | | |
| Transfer of fixed assets from General Fixed Assets Account Group | 149,154 | - |
| Transfer of bonds and notes payable from Enterprise Fund | - | 160,000 |
| Transfer of compensated absences payable from Enterprise Fund | - | 43,000 |
| Transfer of post retirement benefits payable from Enterprise Fund | - | 23,553 |

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

Trust and Agency Funds

Trust Funds are used to account for assets held by the government in a trustee capacity. **Agency Funds** are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Pension Trust Funds - Pension trust funds account for the assets of the four Defined Benefit Pension Plans that the MTA administers, and are accounted for in essentially the same manner as the Proprietary Funds.

Agency Funds - Agency Funds are custodial in nature and do not present results of operations or have a measurement focus.

Deferred Compensation Fund - This fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

Expendable Trust Fund - Expendable Trust Funds are used to account for assets held by MTA in a trustee capacity and are accounted for in essentially the same manner as the government fund types, using the measurement focus and basis of accounting.

Los Angeles County Metropolitan Transportation Authority
Trust and Agency Funds
Combining Balance Sheet
June 30, 1996
(Amounts expressed in thousands)

| | Expendable Trust | | |
|---|--------------------------------------|----------------------------------|--|
| | Land Preservation Corporation | Transportation Foundation | Transportation Communication Union Retirement Trust |
| Assets | | | |
| Receivables: | | | |
| Interest | \$ - | \$ - | \$ 217 |
| Assets held under deferred compensation plans | - | - | - |
| Assets held under 401(k) savings plan | - | - | - |
| Benefit assessment | - | - | - |
| Leases and other | - | - | 31 |
| Total Current Assets | - | - | 248 |
| Restricted: | | | |
| Cash and cash equivalents | - | - | 1,178 |
| Investments | - | 340 | 40,101 |
| Total assets | \$ - | \$ 340 | \$ 41,527 |
| Liabilities and Fund Balance | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ 181 |
| Accrued liabilities | - | 202 | 1,081 |
| Liabilities for retirement income plan | - | - | 2,050 |
| Liabilities for deferred compensation plan | - | - | - |
| Total liabilities | 3 | 202 | 3,312 |
| Fund Balances: | | | |
| Reserved for employee retirements | - | - | 38,215 |
| Unreserved | (3) | 138 | - |
| Total fund balances | (3) | 138 | 38,215 |
| Total liabilities and fund balances | \$ - | \$ 340 | \$ 41,527 |

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

| Pension Trust | | | Agency | | | |
|--|---|---|--------------------------|------------------------|-----------------------------------|-------------------|
| United Transportation Union Retirement Trust | Amalgamated Transportation Union Retirement Trust | Non-Contract Employee's Retirement Trust | Deferred Compensation | 401(k) Savings Plan | Benefit Assessment District | Total |
| \$ 1,643 | \$ 712 | \$ 739 | \$ - | \$ - | \$ 368 | \$ 3,679 |
| - | - | - | 106,162 | - | - | 106,162 |
| - | - | - | - | 26,868 | - | 26,868 |
| - | - | - | - | - | 2,510 | 2,510 |
| 316 | 99 | 721 | - | - | - | 1,167 |
| <u>1,959</u> | <u>811</u> | <u>1,460</u> | <u>106,162</u> | <u>26,868</u> | <u>2,878</u> | <u>140,386</u> |
| 8,882 | 3,844 | 3,996 | - | - | 2,419 | 20,319 |
| 302,376 | 130,856 | 136,036 | - | - | - | 609,709 |
| <u>\$ 313,217</u> | <u>\$ 135,511</u> | <u>\$ 141,492</u> | <u>\$ 106,162</u> | <u>\$ 26,868</u> | <u>\$ 5,297</u> | <u>\$ 770,414</u> |
| \$ 3,779 | \$ 827 | \$ 187 | \$ - | \$ - | \$ 1,086 | \$ 6,060 |
| 8,150 | 3,527 | 3,667 | - | - | - | 16,627 |
| 15,461 | 6,691 | 6,956 | - | - | - | 31,158 |
| - | - | - | 106,162 | - | - | 106,162 |
| <u>27,390</u> | <u>11,045</u> | <u>10,810</u> | <u>106,162</u> | <u>26,868</u> | <u>5,297</u> | <u>191,089</u> |
| 285,827 | 124,466 | 130,682 | - | - | - | 579,190 |
| - | - | - | - | - | - | 135 |
| <u>285,827</u> | <u>124,466</u> | <u>130,682</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>579,325</u> |
| <u>\$ 313,217</u> | <u>\$ 135,511</u> | <u>\$ 141,492</u> | <u>\$ 106,162</u> | <u>\$ 26,868</u> | <u>\$ 5,297</u> | <u>770,414</u> |

Los Angeles County Metropolitan Transportation Authority
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Expendable Trust Funds
For year ended June 30, 1996
(Amounts expressed in thousands)

Exhibit G-2

| | Land Preservation Corporation | Transportation Foundation | Total |
|--|----------------------------------|------------------------------|--------|
| | _____ | _____ | _____ |
| Revenues: | | | |
| Donations | \$ - | \$ 48 | \$ 48 |
| Investment income | - | 4 | 4 |
| | _____ | _____ | _____ |
| Total revenues | - | 52 | 52 |
| | _____ | _____ | _____ |
| Expenditures: | | | |
| Current: | | | |
| Administration and other | - | 221 | 221 |
| | _____ | _____ | _____ |
| Total expenditures | - | 221 | 221 |
| | _____ | _____ | _____ |
| Excess (deficiency) of revenues over | - | (169) | (169) |
| | _____ | _____ | _____ |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | - | (169) | (169) |
| Fund balance - beginning of year | (3) | 307 | 304 |
| Fund balance - end of year | \$ (3) | \$ 138 | \$ 135 |
| | ===== | ===== | ===== |

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

Los Angeles County Metropolitan Transportation Authority
Pension Trust Funds
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 1996
(Amounts expressed in thousands)

Exhibit G-3

| | Pension Trust | | | | Total |
|---|--|---|--|---|-------------------|
| | Transportation Communication Union Retirement Trust | United Transportation Union Retirement Trust | Amalgamated Transportation Union Retirement Trust | Non-Contract Employee's Retirement Trust | |
| Operating revenues: | | | | | |
| Investment income | \$ 8,344 | \$ 67,887 | \$ 29,253 | \$ 28,312 | \$ 133,796 |
| Employer contributions | 785 | 5,732 | 4,698 | 5,564 | 16,779 |
| Employee contributions | 743 | 7,969 | 2,342 | (41) | 11,013 |
| Total operating revenues | 9,872 | 81,588 | 36,293 | 33,835 | 161,588 |
| Operating expenditures: | | | | | |
| Administration and other | 287 | 2,177 | 966 | 934 | 4,364 |
| Benefits and contribution refunds paid to participants and beneficiaries | 2,480 | 38,445 | 23,947 | 7,578 | 72,450 |
| Total operating expenditures | 2,767 | 40,622 | 24,913 | 8,512 | 76,814 |
| Net income | 7,105 | 40,966 | 11,380 | 25,323 | 84,774 |
| Fund balances beginning of year | 31,110 | 244,861 | 113,086 | 105,359 | 494,416 |
| Fund balances end of year | \$ 38,215 | \$ 285,827 | \$ 124,466 | \$ 130,682 | \$ 579,190 |

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

Los Angeles County Metropolitan Transportation Authority
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 1996
(Amounts expressed in thousands)

| | Balance July 1, 1995 | Additions | Deletions | Balance June 30, 1996 |
|---|----------------------------|------------------|------------------|-----------------------------|
| DEFERRED COMPENSATION - AGENCY FUND | | | | |
| Restricted assets | | | | |
| Deferred compensation plans | \$ 92,704 | \$ 13,458 | \$ - | \$ 106,162 |
| Total assets | <u>\$ 92,704</u> | <u>\$ 13,458</u> | <u>\$ -</u> | <u>\$ 106,162</u> |
| Liabilities | | | | |
| Deferred compensation benefits payable | \$ 92,704 | \$ 13,458 | \$ - | \$ 106,162 |
| Total liabilities | <u>\$ 92,704</u> | <u>\$ 13,458</u> | <u>\$ -</u> | <u>\$ 106,162</u> |
| 401(k) SAVINGS PLAN - AGENCY FUND | | | | |
| Restricted assets | | | | |
| 401(k) savings plan | \$ 21,649 | \$ 5,219 | \$ - | \$ 26,868 |
| Total assets | <u>\$ 21,649</u> | <u>\$ 5,219</u> | <u>\$ -</u> | <u>\$ 26,868</u> |
| Liabilities | | | | |
| 401(k) savings plan payable | \$ 21,649 | \$ 5,219 | \$ - | \$ 26,868 |
| Total liabilities | <u>\$ 21,649</u> | <u>\$ 5,219</u> | <u>\$ -</u> | <u>\$ 26,868</u> |
| BENEFIT ASSESSMENT DISTRICTS - AGENCY FUND | | | | |
| Assets | | | | |
| Assessment receivable | \$ 1,536 | \$ 12,067 | \$ 11,093 | \$ 2,510 |
| Interest receivable | 313 | 368 | 313 | 368 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 3,167 | - | 748 | 2,419 |
| Total assets | <u>\$ 5,016</u> | <u>\$ 12,435</u> | <u>\$ 12,154</u> | <u>\$ 5,297</u> |
| Liabilities | | | | |
| Accounts payable | \$ 830 | \$ 427 | \$ 171 | \$ 1,086 |
| Accrued liabilities | 3,026 | 3,010 | 3,025 | 3,011 |
| B.A.D. revenue bonds payable | 1,160 | 1,200 | 1,160 | 1,200 |
| Total liabilities | <u>\$ 5,016</u> | <u>\$ 4,637</u> | <u>\$ 4,356</u> | <u>\$ 5,297</u> |

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

General Fixed Assets Account Group

This group is established to account for all fixed assets
of the MTA, other than those accounted for in the
Proprietary Funds.

Los Angeles County Metropolitan Transportation Authority
Comparative Schedules of General Fixed Assets-By Source
June 30, 1996 and 1995
(Amounts expressed in thousands)

| | <u>1996</u> | <u>1995</u> |
|---|---------------------|---------------------|
| General Fixed Assets: | | |
| Contributed Capital - SCRRA | \$ 125,811 | \$ 118,903 |
| Land | 848,854 | 866,315 |
| Construction in Progress: | | |
| Light Rail Vehicles | - | 24,982 |
| Call Boxes | 7,750 | 7,750 |
| Other Equipment | 39,029 | 17,584 |
| Leasehold Improvements | 1,746 | 1,746 |
| Metro Green Line | - | 556,433 |
| Metro Rail MOS-2 | 1,158,548 | 925,579 |
| Metro Rail MOS-3 (North Hollywood) | 413,931 | 215,246 |
| Metro Rail MOS-3 (East Side) | 24,542 | 3,397 |
| Metro Rail MOS-3 (Mid-City) | 12,059 | 2,068 |
| Metro Rail MOS-3 (Eastern Ext.) | 666 | 518 |
| Pasadena Line | 158,403 | 128,727 |
| L.A. Car | 78,893 | 32,040 |
| Systemwide | 40,681 | 18,693 |
| Rail Development | 8,701 | 8,701 |
| Gateway Headquarters and Transit Facilities | - | 234,559 |
| Other Operations Capital Projects | 148,608 | 116,339 |
| Other Construction in Progress | 117,394 | 107,208 |
| Total General Fixed Assets | \$ 3,185,616 | \$ 3,386,788 |
| Investments in General Fixed Assets by Source: | | |
| General Fund | \$ 7,640 | \$ 7,640 |
| Capital Projects Fund | 3,177,976 | 3,379,148 |
| Total Investment in General Fixed Assets | \$ 3,185,616 | \$ 3,386,788 |

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

Los Angeles County Metropolitan Transportation Authority
 Schedule of General Fixed Assets - By Activity and Function
 June 30, 1996
 (Amounts expressed in thousands)

| Activity and Function | <u>Administration</u> | <u>Transportation Facilities</u> | <u>Construction in Progress</u> | <u>Total</u> |
|------------------------------------|-----------------------|--------------------------------------|-------------------------------------|--------------|
| Equity in JPA/SCRRA | | | | |
| Contributed Capital - SCRRA | \$ - | \$ 125,811 | \$ - | \$ 125,811 |
| Land | - | 848,854 | - | 848,854 |
| Construction in Progress: | | | | |
| Light Rail Vehicles | - | - | - | - |
| Call boxes | - | 7,750 | - | 7,750 |
| Other Equipment | 35,804 | 3,225 | - | 39,029 |
| Leasehold Improvements | 1,746 | - | - | 1,746 |
| Metro Green Line | - | - | - | - |
| Metro Rail MOS 2 | - | - | 1,158,548 | 1,158,548 |
| Metro Rail MOS 3 (North Hollywood) | - | - | 413,931 | 413,931 |
| Metro Rail MOS 3 (East Side) | - | - | 24,542 | 24,542 |
| Metro Rail MOS 3 (Mid-City) | - | - | 12,059 | 12,059 |
| Metro Rail MOS 3 (Eastern Ext.) | - | - | 666 | 666 |
| Pasadena line | - | - | 158,403 | 158,403 |
| L.A. Car | - | - | 78,893 | 78,893 |
| Systemwide | - | - | 40,681 | 40,681 |
| Rail Development | - | - | 8,701 | 8,701 |
| Other Operations Capital Projects | - | - | 148,608 | 148,608 |
| Other Construction in Progress | - | - | 117,394 | 117,394 |
| Total General Fixed Assets | \$ 37,550 | \$ 985,640 | \$ 2,162,426 | \$ 3,185,616 |

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



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STATISTICAL SECTION

Los Angeles County Metropolitan Transportation Authority
General Governmental Expenditures By Function (1)
Last Ten Fiscal Years
(Amounts expressed in thousands)

Table 1

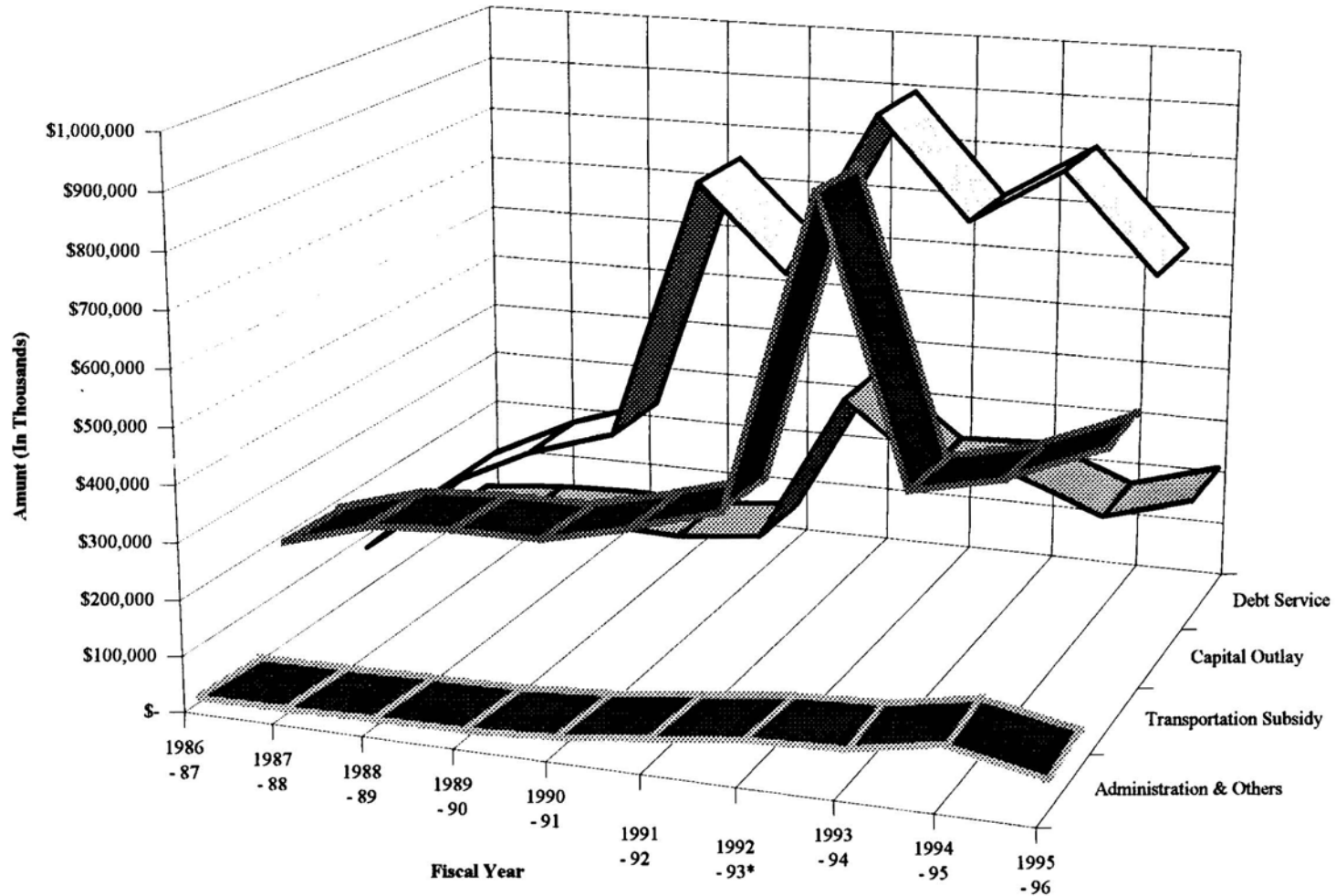
| Fiscal Year | Administration & Others | Transportation Subsidy | Capital Outlay | Debt Service | Total |
|--------------------|--|-----------------------------------|---------------------------|-------------------------|--------------|
| 1986 - 87 | \$ 6,819 | \$ 183,188 | \$ 73,500 | \$ 37,280 | \$ 300,787 |
| 1987 - 88 | 6,918 | 231,896 | 212,650 | 51,854 | 503,318 |
| 1988 - 89 | 10,695 | 243,320 | 290,986 | 56,921 | 601,922 |
| 1989 - 90 | 11,679 | 243,278 | 342,416 | 50,907 | 648,280 |
| 1990 - 91 | 21,370 | 281,574 | 820,000 | 68,852 | 1,191,796 |
| 1991 - 92 | 40,391 | 328,870 | 669,076 | 352,308 (2) | 1,390,645 |
| 1992 - 93* | 60,795 | 894,086 (3) | 963,313 | 233,517 | 2,151,711 |
| 1993 - 94 | 66,277 | 399,037 | 787,105 | 240,413 | 1,492,832 |
| 1994 - 95 | 95,991 | 436,500 | 886,345 | 176,916 | 1,595,752 |
| 1995 - 96 | 59,945 | 506,500 | 717,865 | 223,892 | 1,508,202 |

Source: Comprehensive Annual Financial Report

Notes:

- (1) Include all governmental fund types.
- (2) Includes Retirement of Commercial Paper Debt & Bond Issuance Cost.
- (3) Prop C funds that were held up in the Superior Court were approved for transit expenditures.
- * Merger between LACTC & SCRTD

Graphical Presentation Of Table 1



Administration & Others Transportation Subsidy Capital Outlay Debt Service

Los Angeles County Metropolitan Transportation Authority
General Governmental Revenues By Source (1)
Last Ten Fiscal Years
(Amounts expressed in thousands)

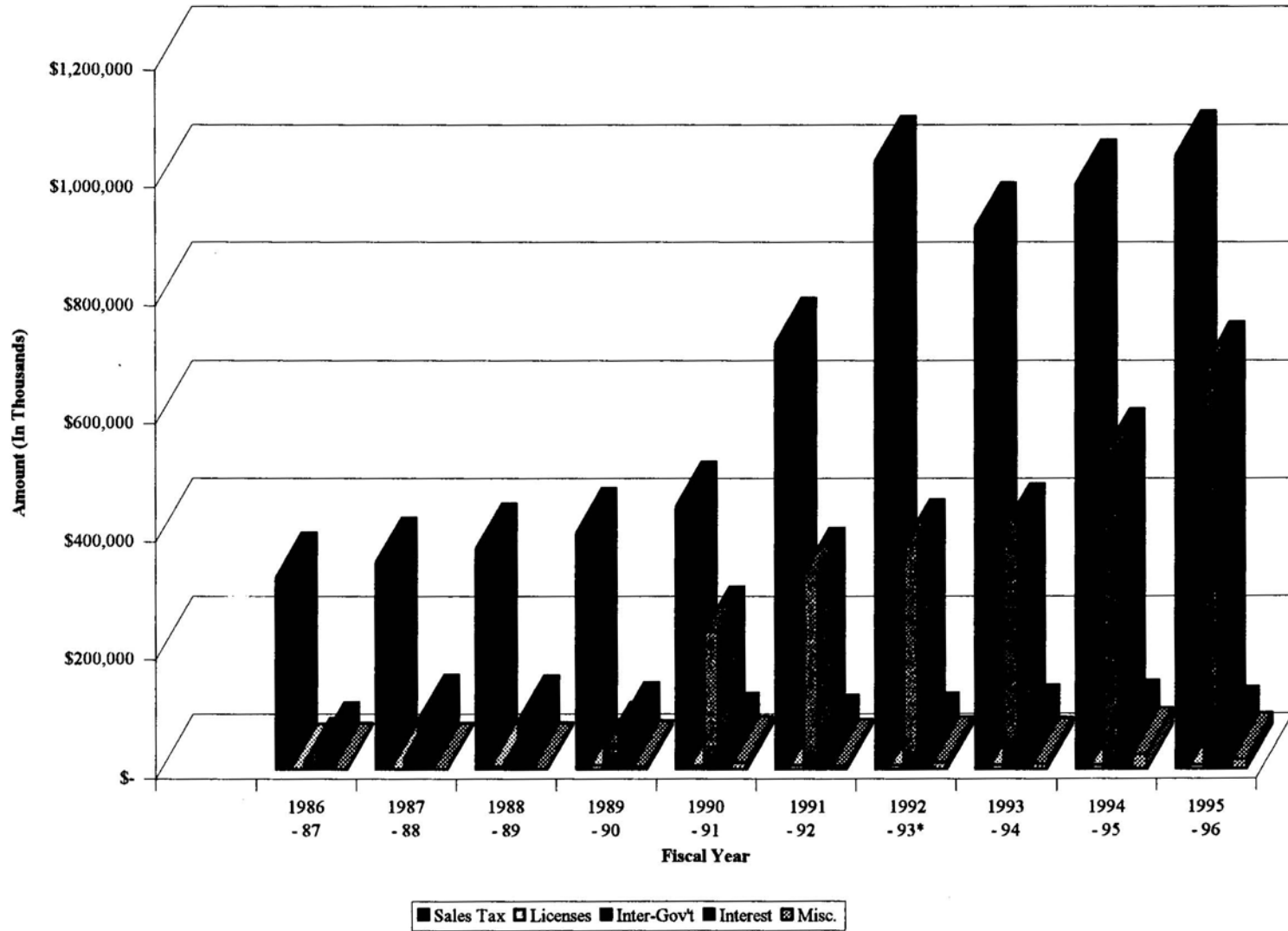
Table 2

| Fiscal Year | Sales Tax | Licenses | Inter-Gov't | Interest | Misc. | Total |
|--------------------|------------------|-----------------|--------------------|-----------------|--------------|--------------|
| 1986 - 87 | \$ 323,000 | \$ - | \$ 9,365 | \$ 35,377 | \$ 176 | \$ 367,918 |
| 1987 - 88 | 348,726 | - | 17,826 | 82,087 | 242 | 448,881 |
| 1988 - 89 | 372,021 | 4,852 | 10,100 | 80,865 | 1,573 (2) | 469,411 |
| 1989 - 90 | 398,600 | 6,422 | 35,457 | 68,767 | 4,478 (3) | 513,724 |
| 1990 - 91 | 442,932 | 6,023 | 231,693 (8) | 50,639 | 10,766 (4) | 742,053 |
| 1991 - 92 | 720,348 (5) | 6,611 | 330,958 | 48,019 | 6,049 | 1,111,985 |
| 1992 - 93* | 1,029,547 (7) | 6,634 | 379,231 | 50,749 | 10,405 (6) | 1,476,559 |
| 1993 - 94 | 916,398 | 6,520 | 406,676 | 63,983 | 9,064 (6) | 1,402,641 |
| 1994 - 95 | 989,066 | 7,295 | 533,188 | 72,790 | 25,206 (9) | 1,627,545 |
| 1995 - 96 | 1,037,892 | 7,192 | 679,630 | 61,550 | 15,759 (6) | 1,802,023 |

Source: Comprehensive Annual Financial Report

- Notes: (1) Include all governmental fund types
(2) Includes \$718,000 in charges for construction services.
(3) Includes \$2,897,000 in charges for construction services.
(4) Includes \$3,268,000 in charges for construction services, \$4,958,000 utilities refund, \$2644,000 fire loss insurance indemnification's.
(5) Includes voter-approved one-half cent sales tax Proposition C for the full year.
(6) Includes Lease rentals.
(7) MTA took over as the administrator of TDA Sales Tax Revenue which had a fund balance of 90 million.
(8) Includes Federal revenue for the Metro Rail Construction project.
(9) Includes insurance refunds.
* Merger between LACTC & SCRTRD

Graphical Presentation Of Table 2



Los Angeles County Metropolitan Transportation Authority
Demographic Statistics
Last Ten Fiscal Years
(Amounts expressed in thousands)

Table 3

| Fiscal Year | (1) Unemployment Percentage Rate | (2) Population County Of Los Angeles | (2) Population State of California | (2) Population United States | (3) Taxable Sales County Of Los Angeles |
|--------------------|--|--|--|--|---|
| 1986 - 87 | 5.9 | 8,404 | 27,292 | 241,077 | \$ 66,078,267 |
| 1987 - 88 | 4.9 | 8,556 | 28,019 | 245,231 | 70,185,491 |
| 1988 - 89 | 5.1 | 8,650 | 28,662 | 247,635 | 75,136,462 |
| 1989 - 90 | 5.2 | 8,770 | 29,473 | 249,605 | 77,706,166 |
| 1990 - 91 | 7.1 | 8,989 | 30,351 | 250,878 | 80,285,389 |
| 1991 - 92 | 9.8 | 9,087 | 30,989 | 253,668 | 75,417,049 |
| 1992 - 93* | 9.6 | 9,200 | 31,188 | 256,316 | 74,655,812 |
| 1993 - 94 | 9.8 | 9,245 | 31,517 | 258,951 | 73,000,967 |
| 1994 - 95 | 9.4 | 9,312 | 31,790 | 261,432 | 76,898,666 |
| 1995 - 96 | 7.9 | 9,352 | 32,063 | 263,835 | 79,068,152 |

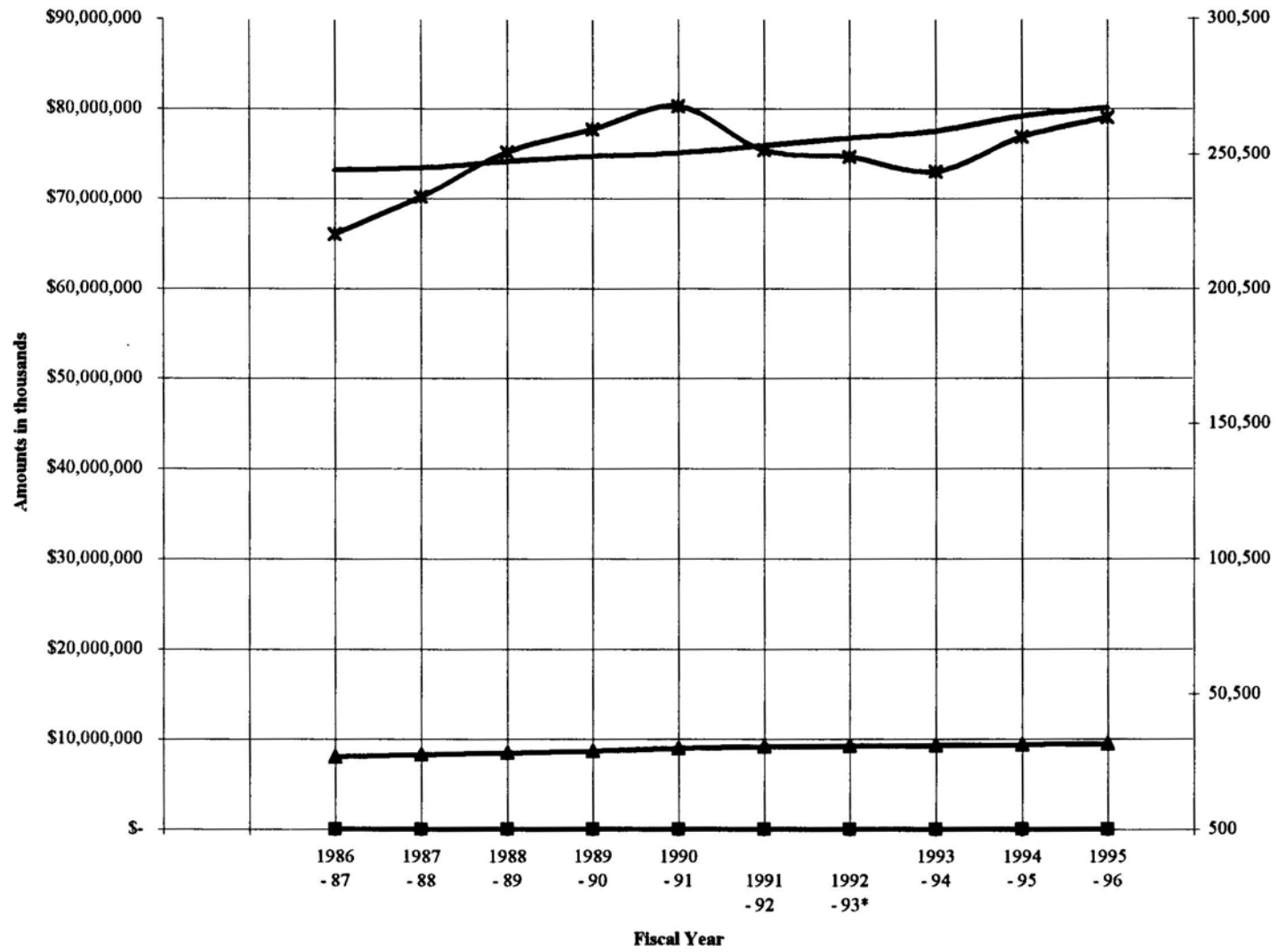
Sources: (1) State Department of Employment Development for the County of Los Angeles

(2) California Department of Finance

(3) State Board of Equalization

* Merger between LACTC & SCRTD

Graphical Presentation of Table 3



Population County Of Los Angeles
 Taxable Sales County Of Los Angeles
 Population State of California
 Population United States

Los Angeles County Metropolitan Transportation Authority
Historical Debt Service Coverage Ratios - Prop A
Last Ten Fiscal Years
(Amounts expressed in thousands)

Table 4

| Fiscal Year | Net Prop A Sales Tax Revenue (1) | Less 25% Local Allocation | Prop A Bonds Amounts For Debt Service On Sales Tax Bonds | Prop A Bonds Aggregate Debt Service | Debt Service Coverage Ratio (2) |
|--------------------|---|----------------------------------|---|--|--|
| 1986 - 87 | \$ 323,000 | \$ 80,750 | \$ 242,250 | \$ 10,758 | 22.52 |
| 1987 - 88 | 348,200 | 87,050 | 261,150 | 34,528 | 7.56 |
| 1988 - 89 | 372,100 | 93,025 | 279,075 | 46,338 | 6.02 |
| 1989 -90 | 398,600 | 99,650 | 298,950 | 50,879 | 5.88 |
| 1990 - 91 | 400,400 | 100,100 | 300,300 | 50,879 | 5.90 |
| 1991 - 92 | 367,707 | 91,927 | 275,780 | 65,893 | 4.19 |
| 1992 - 93* | 371,452 | 92,863 | 278,589 | 80,750 | 3.45 |
| 1993 - 94 | 360,023 | 90,006 | 270,017 | 81,128 | 3.33 |
| 1994 - 95 | 384,139 | 96,035 | 288,104 | 96,810 | 2.98 |
| 1995 - 96 | 402,981 | 100,745 | 302,236 | 104,096 | 2.90 |

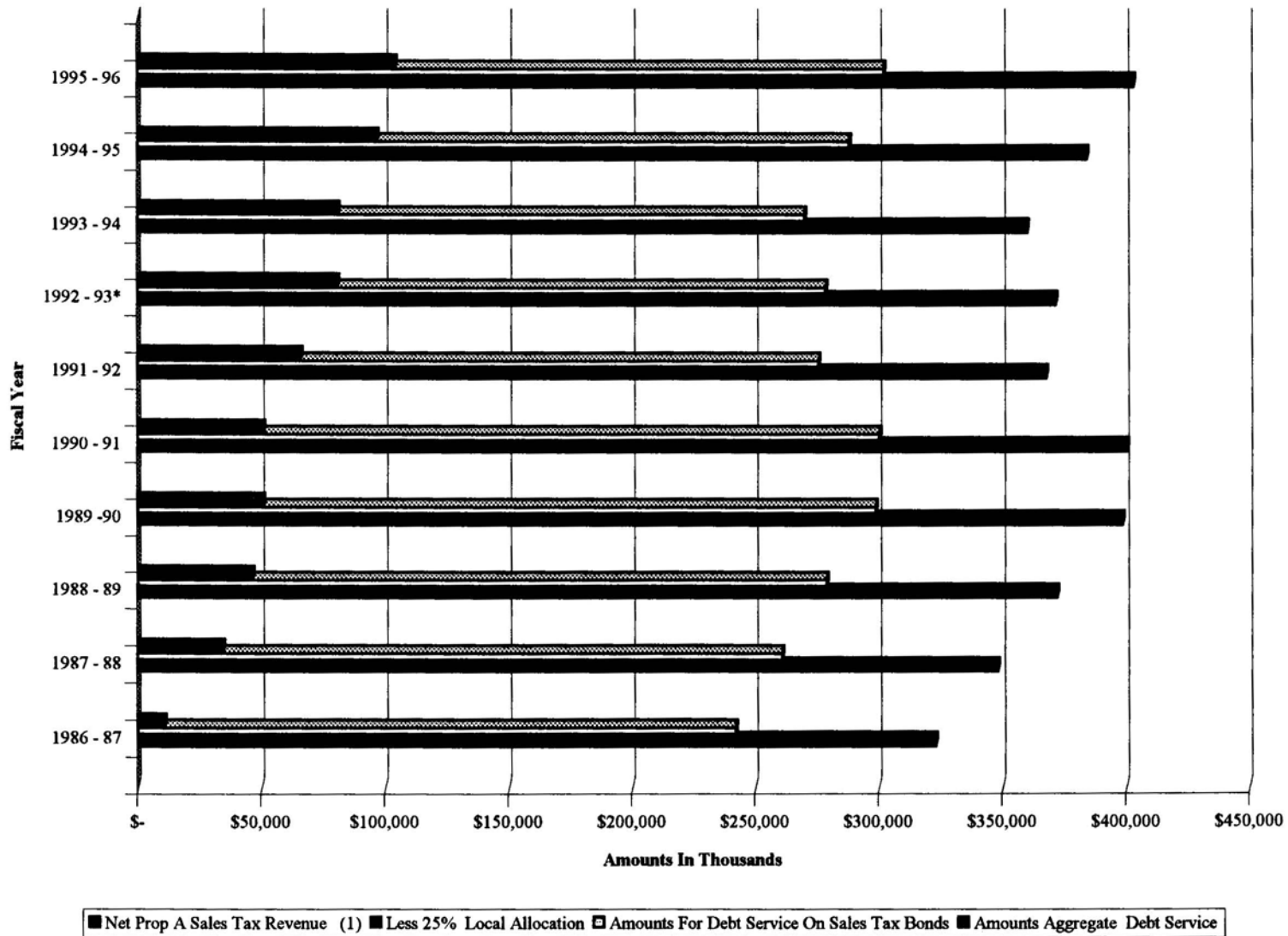
Source: Comprehensive Annual Financial Report

(1) As of June 30, only Prop A Sales tax had been pledged.

(2) By policy, no more than 30% of Prop A Revenues can be pledged to Debt Service.

* Merger between LACTC & SCRTD

Graphical Presentation Of Table 4



Los Angeles County Metropolitan Transportation Authority
Historical Debt Service Coverage Ratios - Prop C (1)
Last Five Fiscal Years
(Amounts expressed in thousands)

Table 5

| Fiscal Year | Net Prop C Sales Tax Revenue | Less 20% Local Allocation | Prop C Bonds Amounts For Debt Service On Sales Tax Bonds | Prop C Bonds Aggregate Debt Service | Debt Service Coverage Ratio |
|--------------------|-------------------------------------|----------------------------------|---|--|------------------------------------|
| 1991 - 92 | (2) \$ 42,532 | \$ 8,506 | \$ 34,026 | N/A | N/A |
| 1992 - 93* | 368,272 | 73,654 | 294,618 | 22,877 | 12.88 |
| 1993 - 94 | 355,094 | 71,019 | 284,075 | 37,549 | 7.57 |
| 1994 - 95 | 384,029 | 76,806 | 307,223 | 37,521 | 8.19 |
| 1995 - 96 | 408,491 | 81,698 | 326,793 | 37,716 | 8.66 |

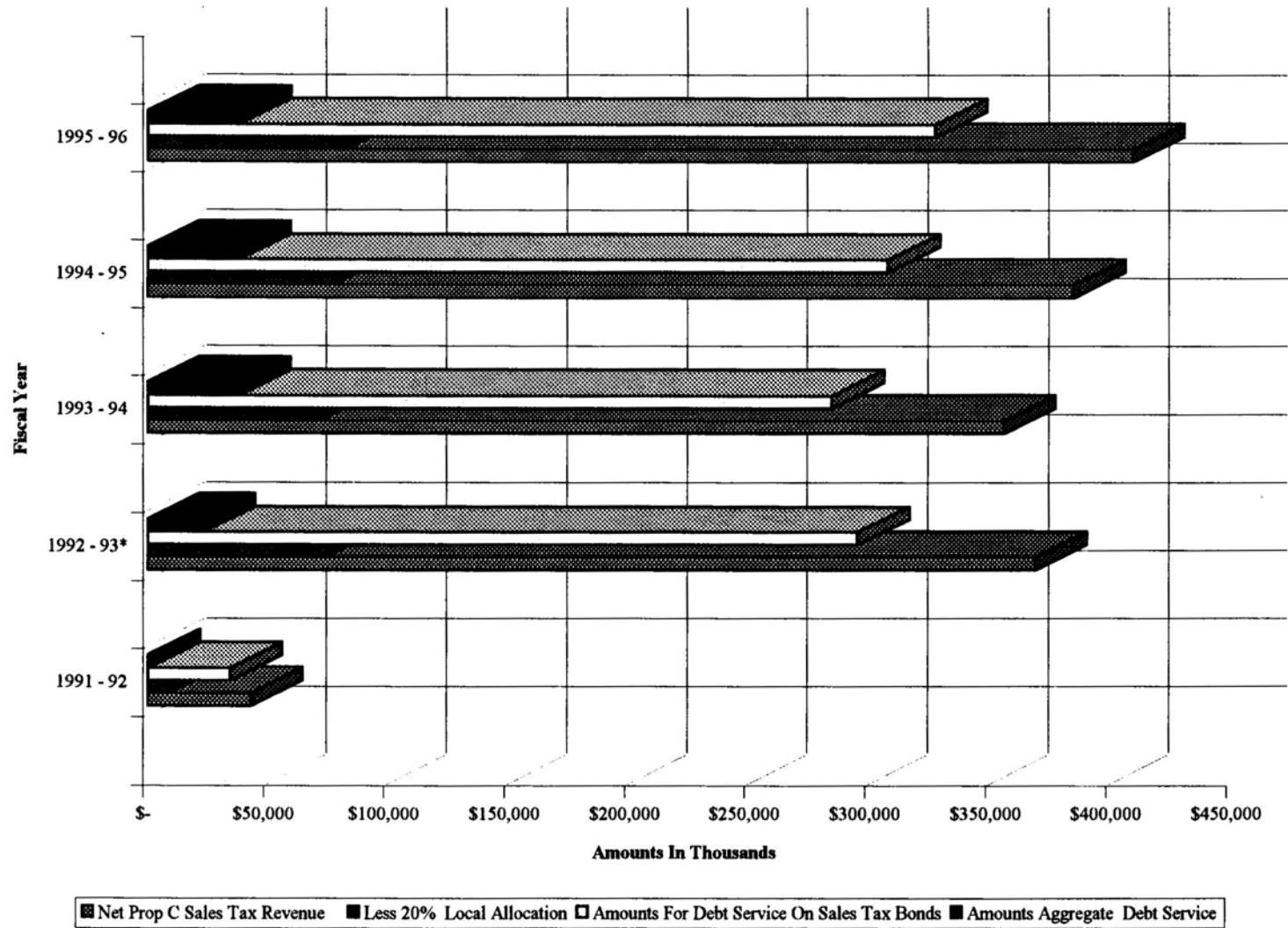
Source: Comprehensive Annual Financial Report

(1) Prop C Bonds was issued beginning FY 1992 - 1993

(2) Prop C Sales Tax Revenue went into effect on May of 1992.

* Merger between LACTC & SCRTRD

Graphical Presentation of Table 5



Los Angeles County Metropolitan Transportation Authority
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Fund Expenditures
Last Ten Fiscal Years
(Amounts expressed in thousands)

Table 6

| FISCAL YEAR | 1986 - 87 | 1987 - 88 | 1988 - 89 | 1989 - 90 | 1990 - 91 | 1991 - 92 | 1992 - 93* | 1993 - 94 | 1994 - 95 | 1995 - 96 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| Principal | \$ - | \$ - | \$ - | \$ - | \$ 586 | \$ 12,592 | \$ 14,019 | \$ 23,639 | \$ 26,345 | \$ 32,498 |
| Interest | 37,280 | 51,854 | 56,921 | 50,907 | 55,780 | 110,090 | 148,576 | 148,975 | 149,630 | 169,876 |
| Commercial Paper Retirement | - | - | - | - | - | 177,000 | - | - | - | - |
| Total Debt Service Expenditures | 37,280 | 51,854 | 56,921 | 50,907 | 56,366 | 299,682 | 162,595 | 172,614 | 175,975 | 202,374 |
| Total General Fund Expenditures | 300,787 | 503,308 | 601,922 | 648,280 | 1,196,198 | 1,390,645 | 2,151,711 | 1,492,832 | 1,595,752 | 1,508,202 |
| Ratio of Debt Service to General Expenditures (%) | 12.39% | 10.30% | 9.46% | 7.85% | 4.71% | 21.55% | 7.56% | 11.56% | 11.03% | 13.42% |

Source : Comprehensive Annual Financial Report
*Merger between LACTC & SCRTD

Los Angeles County Metropolitan Transportation Authority
Revenues By Source
Last Ten Fiscal Years
(Amounts expressed in thousands)

Table 7

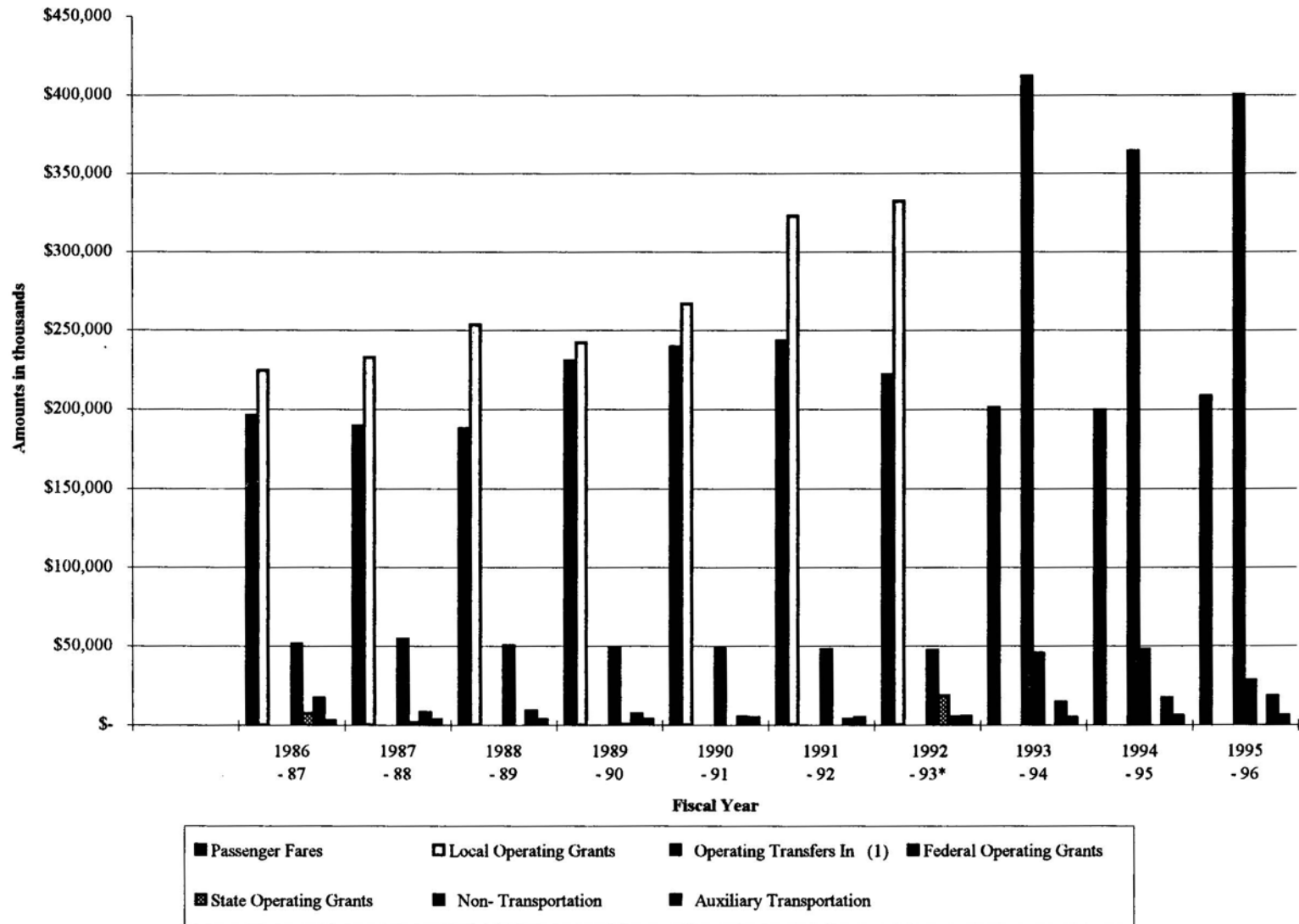
| Fiscal Year | Passenger Fares | Local Operating Grants | Operating Transfers In (1) | Federal Operating Grants | State Operating Grants | Non-Transportation | Auxiliary Transportation | Total |
|--------------------|------------------------|-------------------------------|-----------------------------------|---------------------------------|-------------------------------|---------------------------|---------------------------------|--------------|
| 1986 - 87 | \$ 196,142 | \$ 224,488 | \$ - | \$ 51,429 | \$ 7,391 | \$ 17,074 | \$ 2,892 | \$ 499,416 |
| 1987 - 88 | 189,335 | 232,821 | - | 54,516 | 1,860 | 8,148 | 3,396 | 490,076 |
| 1988 - 89 | 187,772 | 253,631 | - | 50,171 | 79 | 9,173 | 3,595 | 504,421 |
| 1989 - 90 | 230,859 | 242,268 | - | 48,870 | 694 | 6,775 | 3,651 | 533,117 |
| 1990 - 91 | 239,905 | 266,821 | - | 48,300 | - | 5,331 | 4,780 | 565,137 |
| 1991 - 92 | 243,422 | 322,865 | - | 47,905 | - | 3,970 | 4,989 | 623,151 |
| 1992 - 93* | 222,211 | 332,478 | - | 47,064 | 18,368 | 5,326 | 5,542 | 630,989 |
| 1993 - 94 | 200,923 | - | 412,119 | 45,619 | - | 14,374 | 4,781 | 677,816 |
| 1994 - 95 | 199,349 | - | 364,295 | 48,020 | - | 16,964 | 5,903 | 634,531 |
| 1995 - 96 | 208,389 | - | 400,230 | 27,998 | - | 17,915 | 5,927 | 660,459 |

Source: Comprehensive Annual Financial Report

* Merger between LACTC & SCRTD

(1) Represent's local government revenue.

Graphical Presentation of Table 7



Los Angeles County Metropolitan Transportation Authority
Expenses By Function
Last Ten Fiscal Years
(Amounts expressed in thousands)

Table 8

| Fiscal Year | Operations | Vehicle Maintenance | General & Administrative (B) | Non-Vehicle Maintenance | Depreciation | Cumulative Effect Adjustment | Total |
|--------------------|-------------------|----------------------------|---|--------------------------------|---------------------|-------------------------------------|--------------|
| 1986 - 87 | \$ 258,357 | \$ 114,816 | \$ 108,302 | \$ 14,289 | \$ 39,833 | | \$ 535,597 |
| 1987 - 88 | 253,709 | 111,052 | 118,164 | 17,592 | 42,313 | (10,441) (A) | 532,389 |
| 1988 - 89 | 275,335 | 112,397 | 100,688 | 16,027 | 44,758 | | 549,205 |
| 1989 - 90 | 273,454 | 119,063 | 128,131 | 12,412 | 44,486 | | 577,546 |
| 1990 - 91 | 291,745 | 135,817 | 124,460 | 13,115 | 48,111 | | 613,248 |
| 1991 - 92 | 311,549 | 148,851 | 145,724 | 17,027 | 52,628 | | 675,779 |
| 1992 - 93* | 354,997 | 148,815 | 128,169 | 18,209 | 37,781 | | 687,971 |
| 1993 - 94 | 292,986 | 109,362 | 82,149 | 30,555 | 83,405 | | 598,457 |
| 1994 - 95 | 349,593 | 123,325 | 109,457 | 35,530 | 113,269 | | 731,174 |
| 1995 - 96 | 353,740 | 167,947 | 156,599 | 33,859 | 152,645 | | 864,790 |

Source: Comprehensive Annual Financial Report

* Merger between LACTC & SCRTD

(A) Cumulative effect on prior years (to June 30, 1986) of discounting liability for insurance claims.

(B) Includes interest expense, a non-operating cost.

Graphical Presentation of Table 8

