

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FY2002

FOR THE FISCAL YEAR ENDED JUNE 30, 2002





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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2002**

Prepared by:  
**Accounting Department**

**Josie V. Nicasio**  
*Controller*

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*Executive Officer, Finance & Treasurer*

**Richard Brumbaugh**  
*Chief Financial Officer*

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION  
AUTHORITY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2002**

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# Introductory



*Pasito Cesar Chavez, 1996*  
Roberto Gil de Montes, Elsa Flores and Peter Shire, artist team



December 6, 2002

Los Angeles County  
Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012

213.922.6000

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

Dear Honorable Board Members:

Subject: MTA Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report for the Los Angeles County Metropolitan Transportation Authority (MTA) for the fiscal year ended June 30, 2002 is submitted herewith. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the MTA's management. All material disclosures necessary to enable the reader to gain an understanding of the MTA's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections:

- The Introductory Section includes this Letter of Transmittal from the Chief Financial Officer, a reproduction of the MTA's Government Financial Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2001, the MTA's organization chart and a list of Board Members;
- The Financial Section includes the independent accountant's report on the basic financial statements, management's discussion and analysis, the basic financial statements, the notes to the financial statements, the required supplemental information, and the combining individual fund statements and schedules;
- The Statistical Section includes selected financial and demographic data depicting historical trends and other significant information.

The MTA 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-133 *Audits of States, Local Governments and Non-Profit Organizations*. 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.

## **Independent Audit**

The MTA is required to have an annual audit by independent certified public accountants. The MTA's financial statements have been audited by PricewaterhouseCooper LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the MTA for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the MTA's financial statements for the fiscal year ended June 30, 2002, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report. The auditor's report on the financial statements is included in the Financial Section of this report. Reports related specifically to the Single Audit have been issued under separate cover. In addition to this annual audit, the examination of the records is designed to meet the requirements of the Single Audit Act of 1984 and related OMB Circular A-133.

## **Management's Representations**

This report consists of management's representations concerning the finances of the MTA. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the MTA has established a comprehensive internal control framework that is designed both to protect the MTA's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the MTA's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the MTA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

## **Internal Control**

The independent audit of the financial statements of the MTA was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the MTA's internal controls and compliance with legal requirements involving the



administration of federal awards. These reports are available in the MTA's separately issued Single Audit Report.

### **Management's Discussion and Analysis**

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A beginning on page 3 and should be read in conjunction with it.

### **Reporting Entity**

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 operations, planning and programming, and construction. The MTA is the nation's second largest provider of public transit. The MTA's bus system provides service to 1.1 million bus passenger boardings daily with over 81.7 million annual vehicle revenue service miles. The entire fleet is wheelchair accessible and over 48% is now powered by compressed natural gas (CNG).

The MTA's Metro Rail system consists of the following three lines:

- Metro Blue Line - a 22-mile light rail system connecting Long Beach to Los Angeles. This light rail line serves approximately 65,000 weekday passengers.
- Metro Red Line - a 17-mile heavy rail subway system running through downtown Los Angeles from the Gateway Transit Center/Union Station to North Hollywood. The western branch extends along Wilshire Boulevard to Western Avenue. This heavy rail line serves approximately 125,000 weekday passengers.
- Metro Green Line - a 20-mile light rail system linking Norwalk, the Metro Blue Line, El Segundo and Redondo Beach. This light rail line serves approximately 25,000 weekday passengers.

The Los Angeles to Pasadena Metro Line Construction Authority, an independent agency, will complete the Gold Line, a 13-mile light rail line connecting downtown Los Angeles and Pasadena. When completed in 2003, the MTA will assume the rail line assets and all operating responsibilities.

The MTA works with the 16 municipal bus operators in the Los Angeles County to maximize use of the transit dollar and to provide service coordination.

The MTA also funds various commuter and motorist assistance programs. One such program is the Freeway Service Patrol, which provides motorists free assistance through a fleet of 145 tow trucks that patrol LA County freeways to alleviate congestion by assisting disabled vehicles.

The Service Authority for Freeway Emergencies (SAFE) operates the Kenneth Hahn Call Box program, operating and servicing 4,471 call boxes along more than 500 miles of freeways and state highways and selected County roads in Los Angeles County.

The MTA is responsible for the planning and programming of funds for and constructing and operating all major aspects of ground transportation in Los Angeles County including (1) highway construction and traffic flow management; (2) subway and light rail construction; (3) rapid bus line development and construction of fixed guideways for buses and multi-passenger vehicles; (4) bus and rail transit services, including funding administration for all L.A. County transit service providers; (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.

Blended component units, although legally separate entities, are, in substance, part of the MTA's operations and included as part of the MTA's financial reporting. Accordingly, the activities of the Public Transportation Service Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), two Benefit Assessment Districts (BADs), a single-employer public retirement system, the Service Authority for Freeway Emergencies (SAFE), and the LACMTA Leasing Authority are included as blended component units in the financial statements.

**Factors Affecting Financial Condition**

The largest single source of revenue is sales tax which accounts for about \$1.4 billion out of \$2.2 billion in total revenues. Propositions A and C are Los Angeles County voter approved sales tax initiatives for funding public transit and transportation. These revenues are sensitive to economic conditions in the greater Los Angeles metropolitan area. Monies received from the state of California under the State Transit Assistance Program and the Transportation Development Act are, in part, influenced by statewide economic conditions. The MTA develops its spending plans in the context of the expected economic conditions.

The MTA's long-range projections assume modest gains in key economic indicators in California and Los Angeles County. These are shown below:

**LONG-TERM ECONOMIC ASSUMPTIONS**  
**Average Annual Percent Change**

<u>Indicator</u>	<u>California</u>	<u>L.A. County</u>
Retail sales	2.75	2.45
Real personal income	3.00	2.80
Nonfarm employment	2.10	1.70
Population	1.45	1.50

## **Cash Management Policies and Practices**

Operating funds are maintained in trust companies and commercial banks where idle balances are invested as permitted by state law in conformity with the MTA's investment policy.

The MTA's investment 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 Section 53600, et. seq. The MTA has invested in U. S. treasury securities, commercial paper, corporate notes and bonds and other low risk investments.

Restricted cash and investments with fiscal agents represent monies held by trustees specifically for payment of debt service (principal and interest expense). Also included in this category are funds set aside for cost overruns on capital projects and reserves for self-insured public liability, property damage and workers' compensation claims.

## **Risk Management**

The MTA protects itself against the adverse consequences of material financial loss through a balanced program of risk retention and risk transfer. Exposures for which insurance is purchased with various retention or deductible levels include third-party public liability and property damage, specified construction risks, first-party building and contents (property damage), employee theft and dishonesty, crime, fiduciary and public official liability. Effective September 1, 2001, MTA self-insures and self-administers its workers' compensation liabilities.

Rail construction and non-rail transit corridor projects may be insured through either an owner controlled (OCIP) or contractor controlled insurance program (CCIP), where the acquisition and administration of construction insurance and claims is consolidated and managed by either the owner or the prime contractor in order to achieve cost savings and superior coverage. Rail and non-rail insurance coverages include workers' compensation employer's liability, commercial general liability, builders' risk, railroad protective liability and environmental liability.

## **Pension and Other Post Employment Benefits**

Public Transportation Service Corporation (PTSC), a blended component unit, provides a defined benefit pension plan for its employees through the California Public Employees' Retirement System (PERS). Employee contributions are currently paid by PTSC.

The MTA has a single-employer public employees retirement system that includes four defined benefit pension plans for its employees. Only those employees represented by the United Transportation Union, Amalgamated Transit Union and Transportation Communications Union contribute a specified percentage of their annual salaries, as

recommended by the plans' actuary. The financial statements for these pension plans are included in the fiduciary fund type.

The MTA provides post-retirement benefits that consist of health care and life insurance benefits purchased for retired employees and families through a commercial insurance policy. Substantially all retirees of the MTA may become eligible for these 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. There were approximately 3,200 participants and the related outstanding long-term liability for the post-retirement benefits as of June 30, 2002 is \$88,447,000.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Los Angeles County Metropolitan Transportation Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This was the third consecutive year that MTA has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

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

### **Acknowledgments**

I wish to thank the entire staff of the Accounting Department and other professionals of the MTA for their dedicated service and assistance that made the timely preparation of this report possible.

Respectfully submitted,



Richard Brumbaugh  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles County  
Metropolitan Transportation  
Authority, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

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



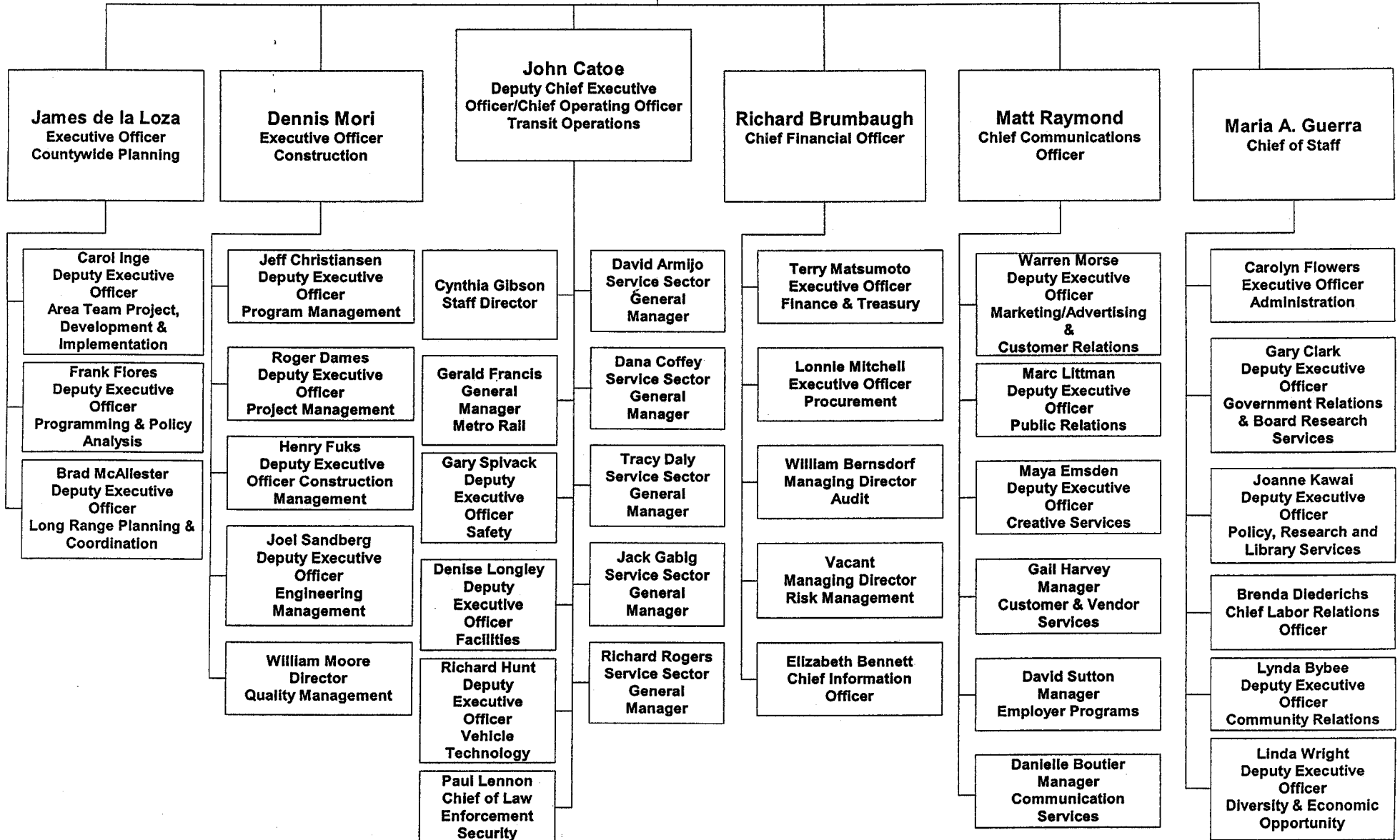
*Thomas A. Drew*  
President

*Jeffrey L. Esler*  
Executive Director

LACMTA Management Organization Chart



**Roger Snoble**  
Chief Executive Officer



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**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
BOARD OF DIRECTORS**

**COUNTY OF LOS ANGELES**

Supervisor Gloria Molina	- First District
Supervisor Yvonne Burke	- Second District
Supervisor Zev Yaroslavsky 1 <sup>st</sup> Vice Chair	- Third District
Supervisor Don Knabe	- Fourth District
Supervisor Michael Antonovich	- Fifth District

**CITY OF LOS ANGELES**

Councilmember Hal Bernson, Chair	- 12 <sup>th</sup> District
James Hahn	- Mayor, Los Angeles
Paul Hudson (Mayor's Appointee)	- Private Sector
Allison Yoh (Mayor's Appointee)	- Private Sector

**LOS ANGELES COUNTY CITY SELECTION COMMITTEE**

Councilmember John Fasana	- Duarte
Councilmember Pam O'Connor	- Santa Monica
Councilmember Beatrice Proo	- Pico Rivera
Mayor Frank C. Roberts 2 <sup>nd</sup> Vice Chair	- Lancaster

**EX-OFFICIO MEMBER APPOINTED BY THE GOVERNOR**

Pending

**CONSTRUCTION COMMITTEE EX-OFFICIO MEMBER**

William Dahl

**Mailing Address**

One Gateway Plaza  
Los Angeles, CA 90012  
Phone: 213-922-4600  
Fax No. 213-922-4594

Effective: June 30, 2002

# Financial





## Report of Independent Accountants

The Board of Directors  
Los Angeles County Metropolitan Transportation Authority

In our opinion, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Metropolitan Transportation Authority (MTA) which collectively comprise the MTA's basic financial statements as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the MTA, at June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the MTA's management; our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note B to the basic financial statements, the MTA has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus and GASB Statement No. 38, Certain Financial Statement Note Disclosures, for the year ended June 30, 2002.

The management's discussion and analysis on pages 3 through 15, combining individual funds statements on pages 78 through 81 and 96 through 103, and budgetary comparison information on pages 82 through 95, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The statistical data on pages 105 through 131 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2002 on our consideration of the MTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an internal part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*PricewaterhouseCoopers LLP*

November 19, 2002

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Los Angeles County Metropolitan Transportation Authority (MTA), we offer readers of our financial statements this narrative overview and analysis. It is designed to:

- Provide an overview of the MTA's financial activity;
- Highlight significant financial issues;
- Discuss changes in the MTA's financial position;
- Explain any material deviations from the approved budget; and
- Identify individual fund issues.

We encourage readers to consider information presented here in conjunction with the letter of transmittal (beginning on page I) and the financial statements (beginning on page 17). All amounts are expressed in thousands of dollars unless otherwise indicated.

### Financial Highlights

- Net assets increased by \$118,498 (2.4%). Business-type net assets increased by \$3,483 (less than 0.1%) and governmental net assets increased by \$115,015 (9.0%).
- At year-end, unrestricted net assets stood at \$849,846 in total. This included \$149,310 and \$700,536 for business-type and governmental activities respectively. These assets may be used to meet the Authority's ongoing obligations to citizens and creditors.
- At year's end the governmental funds reported fund balances totaling \$1,398,927 an increase of \$225,603 from the prior year. Of this amount, \$436,230 is available for spending at the Authority's discretion.
- The enterprise fund's net assets increased by \$11,889 (0.2%).
- The MTA's total long term obligations increased by \$121,889 (3.1%) during the year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the MTA's basic financial statements. The MTA's basic financial statements comprise three components: (1) the government-wide financial statements; (2) the fund financial statements; and (3) the notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

## **Government-wide financial statements**

The government-wide financial statements provide a broad overview of the MTA's finances in a manner similar to private-sector entities.

The statement of net assets (page 17) presents information on all of the MTA's assets and liabilities with the difference between the two being reported as net assets. Trends of increasing or decreasing net assets may serve as a useful indicator of financial health.

The statement of activities (pages 18-19) shows how net assets changed during the year. It reports these changes when the underlying event occurs (total economic resources measurement focus) regardless of the timing of related cash flows. It shows the gross and net costs of the MTA's functions.

Both of the government-wide financial statements distinguish between those functions that are intended to recover a significant portion of their costs from user fees and charges (business-type activities) and those functions that are principally supported by intergovernmental revenues (governmental activities).

The government-wide financial statements include not only the MTA itself, but also legally separate entities that are financially accountable to the MTA. Since they are in substance part of the MTA's operations, their information has been blended with the MTA's information. These entities include the Public Services Transportation Corporation, the PTSC-MTA Risk Management Authority, two Benefit Assessment Districts, a single-employer public employees retirement system, the Los Angeles County MTA Leasing Authority and the Service Authority for Freeway Emergencies.

## **Fund financial statements**

A fund is a group of accounts that is distinguished by a specific activity or objective in accordance with special regulations or restrictions. As is customary with governmental entities, the MTA uses fund accounting to ensure and demonstrate compliance with legal requirements. All of MTA's funds can be divided into three categories: proprietary, governmental and fiduciary.

### **Proprietary funds**

The MTA maintains two different types of proprietary funds. Enterprise funds are used to report the type of functions presented in the business-type activities in the government-wide financial statements. The MTA uses an enterprise fund to account for its transit operations (bus and rail). The basic proprietary fund financial statements are on pages 27 and 29.

Since there are differences between the enterprise fund and the business-type activities in the government-wide financial statements, it is useful to compare them. Information for this is provided in reconciling schedules on pages 28 and 31.

Internal service funds are used to account for goods and services provided to the government's various functions. The MTA uses internal service funds to accumulate and allocate personnel and insurance costs. Since these costs pertain mostly to transit operations, the internal service funds are included within the business-type activities in the government-wide financial statements. Individual fund information for the internal service funds is provided in the form of combining statements on pages 96-97.

### Governmental funds

Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental funds use the current financial resources measurement focus. Thus they report flows of spendable resources and balances of spendable resources. The basic governmental fund financial statements are on pages 20-21 and 24-25.

Since governmental funds have a different measurement focus from the government-wide financial statements, it is useful to compare governmental fund information with the governmental activities information in the government-wide financial statements. Information for this is provided in reconciling schedules on pages 23 and 26.

The MTA maintains 14 individual governmental funds, seven of which are considered major funds. Individual fund data for the major funds are presented in the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances. Individual fund data for the nonmajor governmental funds are presented on pages 78-81.

The MTA adopts a spending plan each year. Budgetary comparison schedules are provided for all governmental funds on pages 82-95.

### Fiduciary funds

Fiduciary funds are used to account for assets held by the MTA in a trustee capacity or as an agent. Since these assets are not available to fund the MTA's programs, they are excluded from the government-wide financial statements. The basic fiduciary fund statements can be found on pages 34-35. They cover the four employee pension funds administered by the MTA and the Business Assessment Districts, which were formed to assist in the financing of a portion of the countywide rail rapid transit system.

Notes to financial statements

Various disclosures accompany the government-wide and fund financial statements in order to provide a full picture of the MTA's finances. The notes to the financial statements are on pages 37-75.

Other information

Besides the basic financial statements and accompanying notes, this report presents certain required supplemental information on page 77 and certain additional supplemental and statistical information beginning on page 105.

**Government-wide Financial Analysis**

Statement of Net Assets

The following table is a summary of the statement of net assets at June 30, 2002.

<b>Los Angeles County Metropolitan Transportation Authority</b>			
<b>Net Assets</b>			
	<u><b>Business-type Activities</b></u>	<u><b>Governmental Activities</b></u>	<u><b>Total</b></u>
Current & other assets	\$ 1,040,119	\$ 1,687,122	\$ 2,727,241
Capital assets	6,733,184	384,291	7,117,475
Total assets	<u>7,773,303</u>	<u>2,071,413</u>	<u>9,844,716</u>
Current & other liabilities	490,502	276,250	766,752
Long-term liabilities	3,591,226	406,145	3,997,371
Total liabilities	<u>4,081,728</u>	<u>682,395</u>	<u>4,764,123</u>
Net Assets:			
Invested in capital assets, net of debt	3,244,649	375,292	3,619,941
Restricted	297,616	313,190	610,806
Unrestricted (deficit)	149,310	700,536	849,846
Total net assets	<u>\$ 3,691,575</u>	<u>\$ 1,389,018</u>	<u>\$ 5,080,593</u>
(For more detailed information refer to page 17.)			

As mentioned earlier, net assets can serve as an indicator of financial health. The MTA's assets exceeded liabilities by \$5,080,593 at the end of the fiscal year. Most of this amount, or \$3,619,941, related to our investment in capital assets (land, buildings, machinery, equipment and construction-in-progress) less the debt incurred to acquire those assets and as such is not available for spending. Also, the \$610,806 in restricted net assets, which are legally restricted for debt service payments, are not available. The unrestricted portion of net assets totaled \$849,846 and represented amounts not yet committed to specific purposes. The business-type portion of unrestricted net assets was \$149,310.

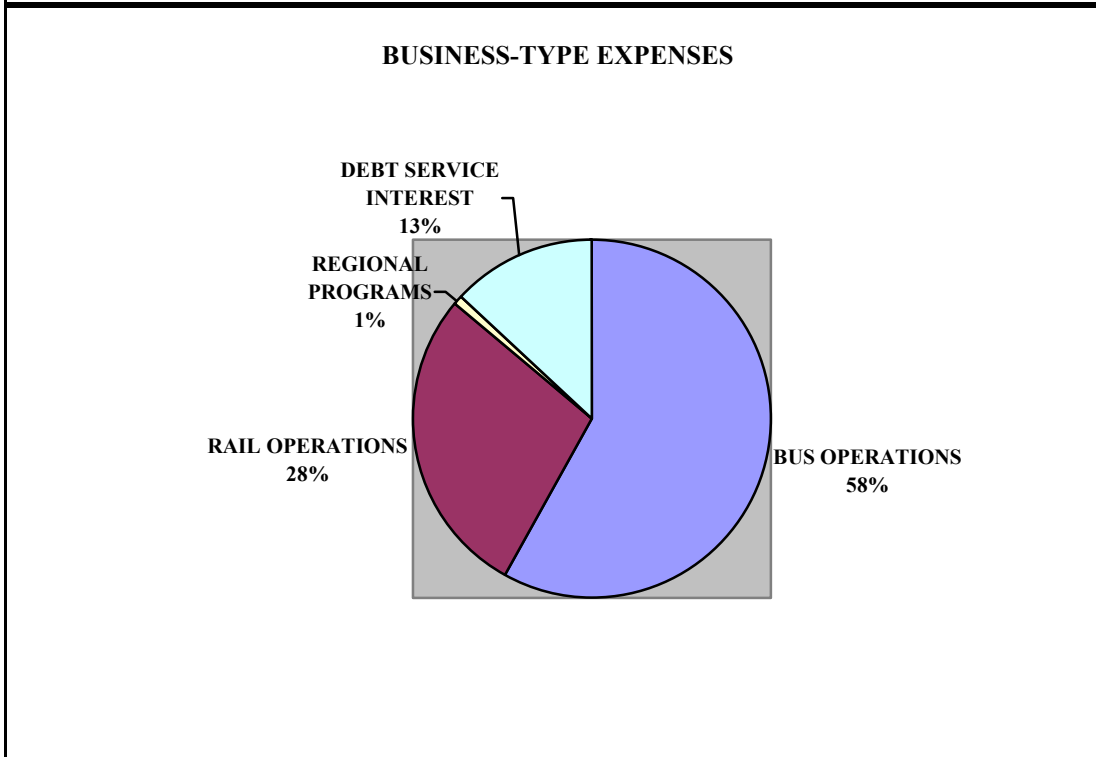
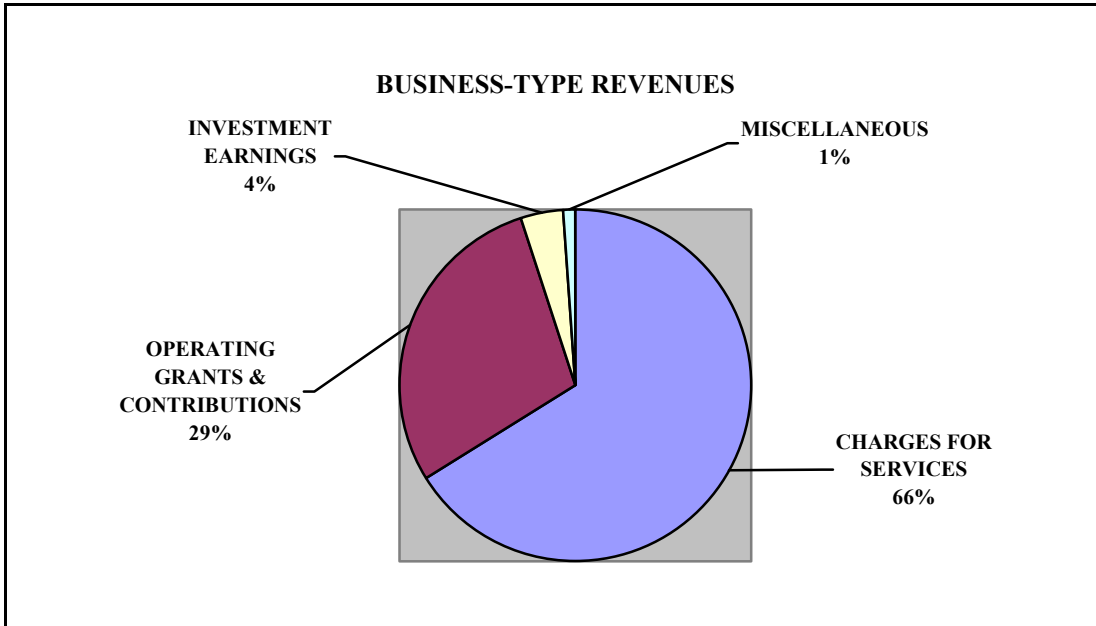
## Statement of Activities

The following table is a summary of the statement of activities for the fiscal year ended June 30, 2002.

<b>Los Angeles County Metropolitan Transportation Authority</b>			
<b>Change in Net Assets</b>			
	<b>Business-type</b>	<b>Governmental</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 256,392	\$ 2,670	\$ 259,062
Operating grants and contributions	110,623	70,006	180,629
<b>General Revenues:</b>			
Sales tax	-	1,380,364	1,380,364
Intergovernmental revenues	-	263,119	263,119
Lease and rental revenues	-	40,896	40,896
Investment earnings	18,187	15,337	33,524
Miscellaneous	787	3,412	4,199
Total revenues	<u>385,989</u>	<u>1,775,804</u>	<u>2,161,793</u>
<b>Expenses:</b>			
Bus operations	793,903	-	793,903
Rail operations	376,832	-	376,832
Debt service interest	172,792	14,409	187,201
Regional programs	6,838	-	6,838
Subsidies to other agencies	-	406,717	406,717
General planning programs	-	125,577	125,577
Regional discretionary capital programs	-	53,106	53,106
Congestion relief operations	-	19,619	19,619
Planning for operating programs	-	8,760	8,760
Real estate management	-	5,691	5,691
General administration	-	59,051	59,051
Total expenses	<u>1,350,365</u>	<u>692,930</u>	<u>2,043,295</u>
Increase (decrease) in net assets before transfers	(964,376)	1,082,874	118,498
Transfers	<u>967,859</u>	<u>(967,859)</u>	<u>-</u>
Increase in net assets	<u>3,483</u>	<u>115,015</u>	<u>118,498</u>
Net assets – beginning of year	<u>3,688,092</u>	<u>1,274,003</u>	<u>4,962,095</u>
Net assets – ending of year	<u>\$ 3,691,575</u>	<u>\$ 1,389,018</u>	<u>\$ 5,080,593</u>

(For more detailed information refer to pages 18-19.)

Business-type activities increased the MTA's net assets by \$3.5 million. Transit operations recovered about 28% of total costs from charges for services and about 13% from other revenues. The remaining costs, excluding depreciation, were covered by subsidies of sales tax revenues from governmental activities. Fixed asset replacement costs have traditionally been funded as needed with governmental resources. Below are graphical depictions of the components of business-type revenues and expenses.



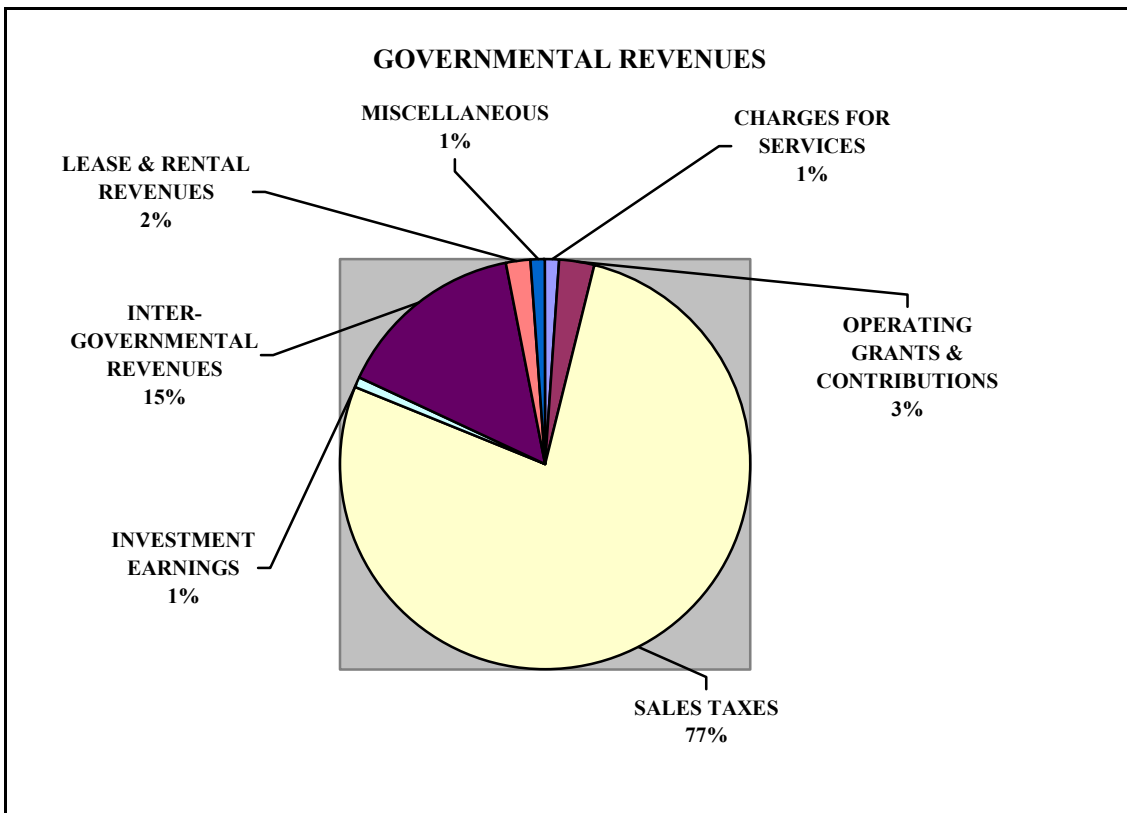


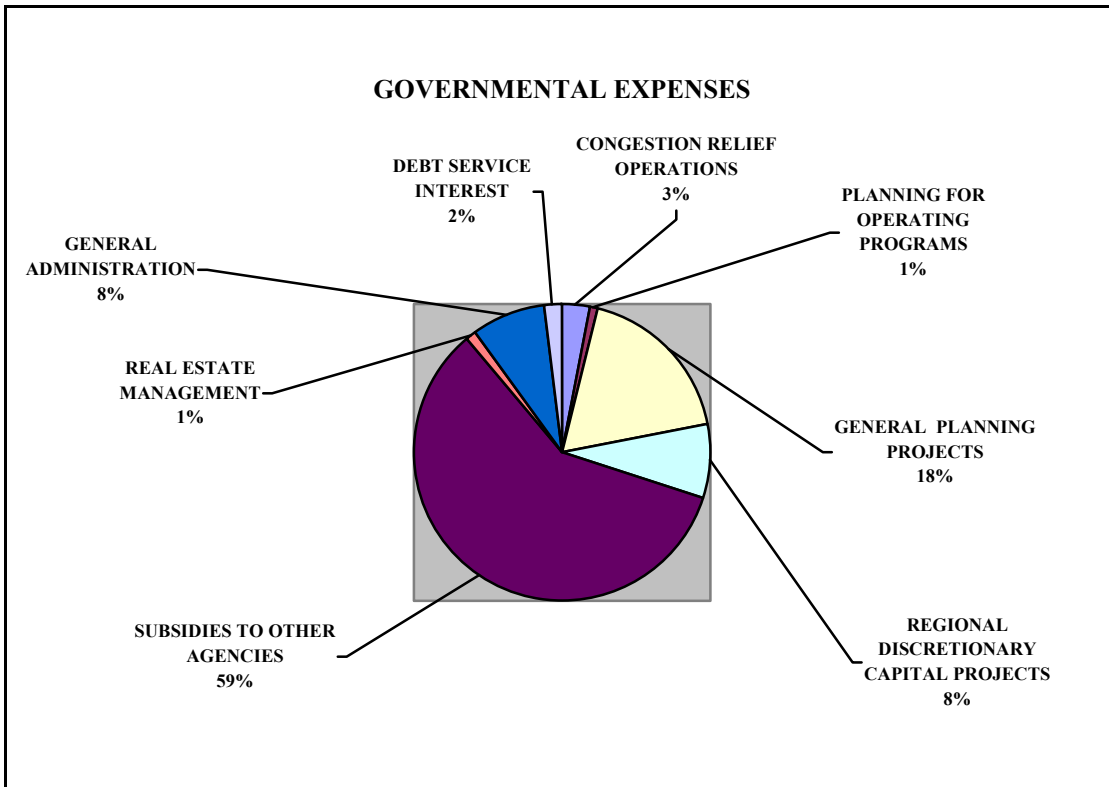
Governmental activities increased the MTA's net assets by \$115,015, thereby accounting for the 9% growth in total net assets.

Other significant capital projects included: East Side Light Rail, LA Rail Car, the North Hollywood extension of the Red Line and the Regional Rebuild Center.

Most of the non-capital portion of governmental activities related to countywide transportation planning and development. These programs are funded mostly by local sales taxes. The largest governmental expense, subsidies to other agencies amounting to \$406,717 consisted of the pass-through of state and local funding to other agencies in Los Angeles County for public transit, transportation demand management, bikeways and highway projects.

Below are graphical depictions of the components of governmental revenues and expenses.





### Financial Analysis of the Authority's Funds

As with other governmental entities, the MTA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These requirements include segregating resources according to stated purpose and limiting spending to authorized levels.

#### Proprietary funds

As mentioned above, the business-type information in the government-wide financial statements differs from the information presented in the proprietary funds. The latter does not include certain fixed assets and long-term debt related to transit operations but funded with non-transit (governmental) resources. A reconciliation is shown on page 28.

The enterprise fund's net assets increased by \$11,889 due to depreciation costs, which were not funded from enterprise fund resources. Fixed assets for the enterprise fund are normally funded with governmental resources.

Since transit operations are not economically self-sufficient, transit agencies use operating statistics to gauge operational effectiveness. Key among these are: (a) the cost per revenue service hour which measures the cost for each hour spent generating revenue, and (b) the subsidy per boarding which measures the amount of non-passenger fare per

boarding. These statistics are calculated for bus and rail. The table below gives the statistics for FY 2002.

<b>Los Angeles County Metropolitan Transportation Authority</b>		
	<u>Bus</u>	<u>Rail</u>
<b>Cost Per Revenue Service Hour</b>		
<b>Budget</b>	\$98.44	\$269.58
<b>Actual</b>	98.75	282.31
<b>Variance</b>	(0.31)	(12.73)
<b>Subsidy per Passenger Boarding</b>		
<b>Budget</b>	\$1.32	\$1.70
<b>Actual</b>	1.34	1.61
<b>Variance</b>	(0.02)	0.09

Please also refer to the attached schedules beginning on page 129.

Bus operations provided 7.3 million revenue service hours (RSH), which was slightly (2.5%) below the target level of 7.5 million RSH. This under run in RSH reflects delays in implementing new pilot line program services and the mid-year transfer of MTA service to other operators. The shortfall in RSH more than offsets the budgetary savings resulting in an unfavorable cost per RSH variance of \$0.31 (0.3%) excluding the \$13.0 million adjustment for workers compensation related to prior years. The bus subsidy per boarding was marginally over the target (1.5%).

Rail operated 507,807 revenue service hours (RSH) in FY 2002. This was 6.6% below the budgeted target of 543,697.

The lower than planned service level was primarily the result of delays in implementation of 3-car trains on the Blue Line and 2-car trains on the Green Line. The cost savings were more than offset by the reduced service level resulting in an unfavorable rail cost per service hour variance of \$12.73 (4.7%).

The rail subsidy per boarding was ahead of budget by \$0.09 (5.3%) due to boardings outperforming their budget by 5.5%.

The MTA reports three internal service funds (pages 96-97). Two of them, the PTSC and the PTSC-MTA Risk Management Authority, are separate entities that provide personnel and risk management services, respectively, to the MTA and each other. The third is MTA's own internal service fund which also provides personnel services to the rest of the MTA's funds. Since these funds recover the full cost of their services, their net assets remain at zero.

## Governmental funds

As noted above, governmental funds present information about current financial (spendable) resources because they directly impact short-term financing requirements. This is especially true of unreserved fund balance, which represents uncommitted available resources.

The MTA's governmental funds ended the fiscal year with \$1,398,927 in total fund balances. Most of this, or \$962,697, was committed for future programs while \$436,230 was uncommitted. The major governmental funds are discussed below.

The General fund had lower than expected expenditures (\$50,858) in administrative costs and its fund balance grew by \$45,636 to \$153,508. Most of that fund balance, or \$136,662, was unreserved. Delays in Los Angeles County's approval of contracts with MTA for UTRAN Program (a component of Welfare to Work) and other programs resulted in significant unexpended budget in the General Fund.

The Debt Service fund received \$360,622 in proceeds from debt, still unspent, helping to increase ending fund balance to \$436,084. This amount was entirely reserved because all debt service fund assets were legally restricted for debt service. The unspent debt proceeds were the result of MTA's ability to take advantage of the historically low interest rates. Although the debt has been issued slightly ahead of the capital projects activity this is merely a timing difference and will match up in the following fiscal year.

Proposition A Fund balance decreased by \$19,255 mainly due to expenditures relating to discretionary monies encumbered in prior year and paid this year. Of the \$101,995 fund balance, \$55,123 is reserved for future programs.

Proposition C Fund balance decreased by \$68,813 mainly due to transfer out to the Debt Service fund to retire the \$55 million long-term notes. The fund balance of \$345,726 is reserved for future programs.

TDA Fund balance increased by \$27,988 mainly due to inaccurate project schedule estimates and other delays by the project sponsors. These are cost reimbursable projects and will be expended when incurred by the project sponsors. These funds will be re-appropriated in future year budgets. The fund balance of \$167,545 is unreserved.

The Metro Rail fund was \$26,114 under budget in intergovernmental revenues. However, expenditures were below budget by \$39,795 primarily due to schedule delays of the projects. Of the total fund of \$105,279, the amount of \$90,603 is reserved for future commitments.

The Other Capital fund recorded a net increase in fund balance of \$13,371, which was higher than budgeted primarily due to delays in bus acquisition and facilities contract completion. The resulting ending fund balance of \$14,420 is all reserved.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

At the end of the current fiscal year, the MTA had \$7,117,475 (net of accumulated depreciation) invested in its business-type and governmental capital assets. This was a 0.5% increase over the previous fiscal year. These assets included land, buildings, equipment vehicles and construction in progress, as shown below.

<b>Los Angeles County Metropolitan Transportation Authority Capital Assets (net of depreciation)</b>			
	<b>Business-type Activities</b>	<b>Governmental Activities</b>	<b>Total</b>
Land	\$ 885,707	\$ 366,136	\$ 1,251,843
Buildings	4,128,245	-	4,128,245
Equipment	272,713	-	272,713
Vehicles	1,018,768	-	1,018,768
Construction in progress	427,751	18,155	445,906
	<b>\$ 6,733,184</b>	<b>\$ 384,291</b>	<b>\$ 7,117,475</b>

Capital assets are purchased or constructed with governmental resources and then contributed to the enterprise fund. The capital budget is usually about 20% of the total budget of \$2.7 billion. Additional information on the MTA's capital assets can be found on page 52 of this report.

#### **Heavy Rail**

Activities related to the Metro Red Line's Segment 3 (North Hollywood) continued throughout the year. The bridge over the Hollywood freeway at Universal Terrace Parkway and the widening of the Lankershim Boulevard bridge across the Los Angeles river were completed. Construction of the Universal City pedestrian underpass, the final activity, will commence in FY 2003.

#### **Light Rail**

The completion of station platform expansions of the Metro Blue Line to accommodate three-car trains allowed a nearly 50% annual increase in service.

## Transit Corridor Projects

The Eastside Light Rail Transit Project moved from planning and preliminary engineering to final design. The preliminary engineering and design for the stations, system installation and testing, and trademark installation was completed.

The San Fernando Valley Bus Rapid Project's contract package for designing and building the busway, stations and systems was completed..

## Consent Decree

In 1996, the MTA entered into a consent decree requiring it to reduce bus overcrowding. The MTA must meet load factor targets that limit how many passengers can stand, on average, on MTA buses. Before the consent decree was signed an average of 18 people stood during rush hours on the busiest lines. The final peak period load factor required by the consent decree was 1.20 (9 standees) by June 2002.

Today, number of standees has been cut in half. However, the parties to the consent decree cannot agree on the methodology for identifying the load factor.

## **Economic Factors and Next Year's Budget**

The budget for FY 2003 assumes a mild improvement in economic conditions. Currently, the statewide picture is mixed. Economic weakness is centered in the information technology and international trade sectors. Northern California is still suffering from difficult economic conditions resulting from the "dot com" bust while Southern California's more diversified economy is faring better. The San Francisco Bay Area lost 150,000 jobs last year or nearly 5% of its workforce. Southern California lost only 1% of its industrial jobs. It appears that technology investment has stopped dropping probably presaging an end to job losses in the north.

Having lost 40,000 jobs in the last year, the economy in Los Angeles County is the worst in Southern California but still strong compared to Northern California. There is cause for cautious optimism since Southern California's economy is closely tied to the U.S. economy which is gradually improving. Economic expansion is expected to take root in the first half of FY 2003 with further improvement later in the fiscal year as information technology companies regain their health.

## **Service Sectors**

Starting in FY 2003, the MTA began to operate bus service on the service sector pattern. Two sectors became operational on July 1, 2003, San Gabriel Valley and San Fernando Valley. The remaining three sectors have since commenced operations. Each sector area is distinguished by its cohesiveness as a group of communities as well as by transit

service patterns. Rail operations and the express bus lines will not be sectorized since they are inter-regional in nature.

Sectors create smaller units with local management that have more intimate knowledge of their service areas enabling them to improve service by making MTA service more responsive to our customers' needs resulting in improved community satisfaction.

### **Safety**

The MTA has started a major safety improvement process called "Safety's 1<sup>st</sup>" in response to an unacceptably high level of injuries. All employees will eventually complete classes aimed at improving safety skills. These classes are designed to increase safety awareness in the workplace and improve skills for recognizing and correcting unsafe conditions and actions. This aggressive safety management is expected to reduce workers' compensation costs in FY 2003 by 14% or \$8.3 million.

### **Further Information**

This report has been designed to provide a general overview to our stakeholders of the MTA's financial condition and related issues. Inquiries should be directed to the Chief Financial Officer, One Gateway Plaza, Mail Stop 99-24-1, Los Angeles, CA 90012-2952.

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**Los Angeles County Metropolitan Transportation Authority**  
**Statement of Net Assets**  
**June 30, 2002**  
(Amounts expressed in thousands)

	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 89,666	\$ 923,412	\$ 1,013,078
Investments	-	3,357	3,357
Receivables - (net of allowance for uncollectible)	87,558	244,195	331,753
Internal balances	24,783	(24,783)	-
Inventories	64,389	-	64,389
Prepays	10,820	1,824	12,644
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents	279,043	20,693	299,736
Investments	174,016	336,480	510,496
Investment in Other Agencies	309,844	181,944	491,788
Capital Assets (net of accumulated depreciation)			
Land	885,707	366,136	1,251,843
Buildings	4,128,245	-	4,128,245
Equipment	272,713	-	272,713
Vehicles	1,018,768	-	1,018,768
Construction in Progress	427,751	18,155	445,906
 Total Assets	 <u>\$ 7,773,303</u>	 <u>\$ 2,071,413</u>	 <u>\$ 9,844,716</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 64,828	\$ 143,760	\$ 208,588
Bonds & Notes Payable Current	93,956	59,572	153,528
Claims and Judgments Payable	168,943	21,006	189,949
Compensated Absences Payable	57,136	-	57,136
Accrued Interest Payable	82,517	3,212	85,729
Due to Other Governments	-	232	232
Deferred Revenue	9,622	47,517	57,139
Other Liabilities	13,500	951	14,451
Post-retirement benefits payable	88,447	-	88,447
Bonds & Notes Payable Non-current	3,502,779	406,145	3,908,924
 Total Liabilities	 <u>4,081,728</u>	 <u>682,395</u>	 <u>4,764,123</u>
<b>NET ASSETS</b>			
Invested in capital Assets, net of related debt	3,244,649	375,292	3,619,941
Restricted for:			
Debt Service	297,616	313,190	610,806
Unrestricted	149,310	700,536	849,846
 Total Net Assets	 <u>\$ 3,691,575</u>	 <u>\$ 1,389,018</u>	 <u>\$ 5,080,593</u>

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

**Los Angeles County Metropolitan Transportation Authority**  
**Statement of Activities**  
**For the Year Ended June 30, 2002**  
**(Amounts expressed in thousands)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Business-type Activities:			
Bus Operations	\$ 793,903	\$ 225,957	\$ 105,385
Rail Operations	376,832	30,435	5,238
Debt Service Interest	172,792	-	-
Regional Programs	6,838	-	-
Total Business-type Activities	<u>1,350,365</u>	<u>256,392</u>	<u>110,623</u>
Government Activities			
Subsidies to Other Agencies	406,717	-	18
General Planning Projects	125,577	-	50,828
Regional Discretionary Capital Projects	53,106	-	-
Congestion Relief Operations	19,619	518	12,651
Debt Service Interest	14,409	2,152	-
Planning for Operating Programs	8,760	-	6,509
Real Estate Management	5,691	-	-
General Administration	59,051	-	-
Total Governmental Activities	<u>692,930</u>	<u>2,670</u>	<u>70,006</u>
Total	<u>\$ 2,043,295</u>	<u>\$ 259,062</u>	<u>\$ 180,629</u>
General Revenues:			
Sales Taxes			
Intergovernmental			
Lease & Rental			
Investment earnings			
Miscellaneous			
Transfers			
Total General Revenue and Transfers			
Change in Net Assets			
Net Assets - Beginning of year			
Net Assets - Ending of year			

**Net (Expense) Revenue and Changes in Net Assets**

<b>Business-Type Activities</b>	<b>Governmental Activities</b>	<b>Total</b>
\$ (462,561)	\$ -	\$ (462,561)
(341,159)	-	(341,159)
(172,792)	-	(172,792)
(6,838)	-	(6,838)
<u>(983,350)</u>	<u>-</u>	<u>(983,350)</u>
-	(406,699)	(406,699)
-	(74,749)	(74,749)
-	(53,106)	(53,106)
-	(6,450)	(6,450)
-	(12,257)	(12,257)
-	(2,251)	(2,251)
-	(5,691)	(5,691)
-	(59,051)	(59,051)
<u>-</u>	<u>(620,254)</u>	<u>(620,254)</u>
<u>(983,350)</u>	<u>(620,254)</u>	<u>(1,603,604)</u>
-	1,380,364	1,380,364
-	263,119	263,119
-	40,896	40,896
18,187	15,337	33,524
787	3,412	4,199
<u>967,859</u>	<u>(967,859)</u>	<u>-</u>
<u>986,833</u>	<u>735,269</u>	<u>1,722,102</u>
<u>3,483</u>	<u>115,015</u>	<u>118,498</u>
<u>3,688,092</u>	<u>1,274,003</u>	<u>4,962,095</u>
<u>\$ 3,691,575</u>	<u>\$ 1,389,018</u>	<u>\$ 5,080,593</u>

**Los Angeles County Metropolitan Transportation Authority**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2002**  
**(Amounts expressed in thousands)**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Proposition A</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 160,517	\$ -	\$ 80,349
Investments	-	-	-
Receivables (net of allowances for uncollectibles):			
Accounts	1,350	743	-
Interest	1,323	1,994	736
Intergovernmental	16,732	-	-
Sales Tax	-	-	31,785
Leases and other	770	5,100	-
Due from other funds	-	-	-
Prepaid items and other assets	703	-	-
Restricted assets:			
Cash and cash equivalents	-	249,784	-
Investments	-	333,962	-
<b>TOTAL ASSETS</b>	<u>\$ 181,395</u>	<u>\$ 591,583</u>	<u>\$ 112,870</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 10,673	\$ 1,011	\$ 10,875
Accrued liabilities	4	-	-
Claims and judgment payable	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	76,007	-
Bonds and notes payable - current	-	78,481	-
Due to other governments	-	-	-
Deferred revenues	16,947	-	-
Other liabilities	263	-	-
<b>TOTAL LIABILITIES</b>	<u>27,887</u>	<u>155,499</u>	<u>10,875</u>
<b>FUND BALANCES</b>			
Fund balances			
Reserved for:			
Memoranda of understanding	-	-	55,123
Encumbrances	16,143	-	-
Prepaid and other assets	703	-	-
Debt service	-	436,084	-
Unreserved, reported in:			
General Fund	136,662	-	-
Special Revenue Funds	-	-	46,872
Capital Projects Funds	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>153,508</u>	<u>436,084</u>	<u>101,995</u>
<b>TOTAL LIABILITIES, FUND BALANCES</b>	<u>\$ 181,395</u>	<u>\$ 591,583</u>	<u>\$ 112,870</u>

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

<b>Proposition C</b>	<b>TDA</b>	<b>Metro Rail</b>	<b>Other Capital</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 317,212	\$ 161,721	\$ 137,196	\$ 1,834	\$ 64,746	\$ 923,575
-	-	-	-	3,357	3,357
22,095	-	24,911	17,898	10,959	77,956
2,959	-	293	50	340	7,695
-	-	12,741	11,000	8,357	48,830
31,710	16,617	-	-	25,646	105,758
-	-	-	-	-	5,870
1,973	-	-	-	-	1,973
-	-	1,123	-	-	1,826
-	-	52	2,159	-	251,995
1,728	-	2,522	-	-	338,212
<u>\$ 377,677</u>	<u>\$ 178,338</u>	<u>\$ 178,838</u>	<u>\$ 32,941</u>	<u>\$ 113,405</u>	<u>\$ 1,767,047</u>
\$ 31,262	\$ -	\$ 51,020	\$ 18,521	\$ 20,932	\$ 144,294
-	-	-	-	-	4
-	-	18,871	-	2,135	21,006
-	10,656	-	-	16,099	26,755
-	-	-	-	-	76,007
-	-	-	-	-	78,481
232	-	-	-	-	232
-	-	3,443	-	-	20,390
457	-	225	-	6	951
<u>31,951</u>	<u>10,656</u>	<u>73,559</u>	<u>18,521</u>	<u>39,172</u>	<u>368,120</u>
345,726	137	-	-	-	400,986
-	-	89,480	14,420	3,758	123,801
-	-	1,123	-	-	1,826
-	-	-	-	-	436,084
-	-	-	-	-	136,662
-	167,545	-	-	69,308	283,725
-	-	14,676	-	1,167	15,843
<u>345,726</u>	<u>167,682</u>	<u>105,279</u>	<u>14,420</u>	<u>74,233</u>	<u>1,398,927</u>
<u>\$ 377,677</u>	<u>\$ 178,338</u>	<u>\$ 178,838</u>	<u>\$ 32,941</u>	<u>\$ 113,405</u>	<u>\$ 1,767,047</u>

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**Los Angeles County Metropolitan Transportation Authority**  
**Reconciliation of the Balance Sheet**  
**To the Statement of Net Assets - Governmental Activities**  
**For the Year Ended June 30, 2002**  
**(Amounts expressed in thousands)**

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Amounts reported for governmental activities in the statement of net assets (page 17 ) are different because:

Fund Balances - total governmental funds (page 21)	\$ 1,398,927
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Governmental capital assets	384,292
Investments in other agencies	181,944
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(465,717)
Governmental funds report revenues only to the extent that they increase current financial resources. However, in the Statement of Activities revenues are reported when earned.	
The amount of revenue recognized in the current period in the governmental funds, but in other periods on the Statement of Activities.	(27,127)
The Debt Service fund accounts for principal payments due at the start of the next fiscal year as an accrued liability, while the Statement of Net Assets does not	9,201
The Debt Service fund accounts for both government and business type debt.	
The portion of debt service fund equity related to business-type debt	(92,502)
Net assets of governmental activities (page 17)	<u>\$ 1,389,018</u>

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

**Los Angeles County Metropolitan Transportation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2002**  
**(Amounts expressed in thousands)**

	General Fund	Debt Service Fund	Proposition A
<b>REVENUES</b>			
Sales tax	\$ -	\$ -	\$ 525,980
Intergovernmental	6,511	3,256	-
Investment income	5,063	16,816	3,128
Net appreciation (decline) in fair value of investments	1,441	3,753	226
Lease and rental	13,408	-	-
Licenses and fines	518	-	-
Proceeds on lease/leaseback to service	27,488	59,278	-
Other	3,513	-	-
<b>TOTAL REVENUES</b>	<b>57,942</b>	<b>83,103</b>	<b>529,334</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	47,473	3,679	-
Transportation subsidies	2,934	6,491	199,563
Capital Outlay	451	-	-
Debt and interest expenditures			
Interest and fiscal charges	-	169,271	-
Bond principal & commercial paper retirement	-	382,516	-
<b>TOTAL EXPENDITURES</b>	<b>50,858</b>	<b>561,957</b>	<b>199,563</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>7,084</b>	<b>(478,854)</b>	<b>329,771</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	40,301	316,245	569
Operating transfers out	(1,749)	(811)	(349,595)
Proceeds from financing	-	339,797	-
Proceeds of refunding bonds	-	20,825	-
Payment to refunding bond escrow agent	-	(21,665)	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>38,552</b>	<b>654,391</b>	<b>(349,026)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>45,636</b>	<b>175,537</b>	<b>(19,255)</b>
Fund balances - beginning	107,872	260,547	121,250
<b>FUND BALANCES - ENDING</b>	<b>\$ 153,508</b>	<b>\$ 436,084</b>	<b>\$ 101,995</b>

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



<b>Proposition C</b>	<b>TDA</b>	<b>Metro Rail</b>	<b>Other Capital</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 525,876	\$ 268,067	\$ -	\$ -	\$ 60,442	\$ 1,380,365
47,733	18	43,406	178,826	48,528	328,278
11,572	7,226	3,355	95	2,453	49,708
2,853	-	656	(64)	220	9,085
-	-	-	-	-	13,408
-	-	-	-	6,996	7,514
-	-	-	-	-	86,766
(81)	-	(20)	-	6,254	9,666
<b>587,953</b>	<b>275,311</b>	<b>47,397</b>	<b>178,857</b>	<b>124,893</b>	<b>1,884,790</b>
45,899	-	61,479	50,276	51,858	260,664
283,457	69,432	-	682	4,014	566,573
1,796	-	29,451	145,420	27,634	204,752
-	-	-	-	-	169,271
-	-	-	-	-	382,516
<b>331,152</b>	<b>69,432</b>	<b>90,930</b>	<b>196,378</b>	<b>83,506</b>	<b>1,583,776</b>
<b>256,801</b>	<b>205,879</b>	<b>(43,533)</b>	<b>(17,521)</b>	<b>41,387</b>	<b>301,014</b>
5,344	1,947	14,067	30,892	29,536	438,901
(330,958)	(179,838)	(34,507)	-	(48,499)	(945,957)
-	-	87,817	-	4,871	432,485
-	-	-	-	-	20,825
-	-	-	-	-	(21,665)
<b>(325,614)</b>	<b>(177,891)</b>	<b>67,377</b>	<b>30,892</b>	<b>(14,092)</b>	<b>(75,411)</b>
(68,813)	27,988	23,844	13,371	27,295	\$ 1,398,927
414,539	139,694	81,435	1,049	46,938	\$ 1,398,927
<b>\$ 345,726</b>	<b>\$ 167,682</b>	<b>\$ 105,279</b>	<b>\$ 14,420</b>	<b>\$ 74,233</b>	<b>\$ 1,398,927</b>

**Los Angeles County Metropolitan Transportation Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental funds to the Statement of Activities Governmental Funds**  
**For the Year Ended June 30, 2002**  
**(Amounts expressed in thousands)**

Amounts reported for governmental activities in the statement of activities (page 19) are different because:

Net change in fund balances - total governmental funds (page 25)	\$ 225,603
Governmental funds report capital outlays as expenditures. However, in the Statement of Assets, capital outlays are reported as governmental construction in progress until the projects are completed and placed in service. (They are then reported as business-type fixed assets). The amount of capital outlays are capitalized	361,783
Governmental funds report capital payments to other agencies as expenditures. However, in the Statement of Net Assets, these expenditures are reported as an investment in other agencies. The amount of capital outlays added to investment in other agencies	15,765
The write-off of fixed assets has not effect on the current financial resources of governmental funds but decreases net assets. The amount of construction-in-progress written off	(34,250)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net assets. Proceeds from long-term debt	(522,389)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net assets. Principal payments	330,301
Since the government-wide financial statements use proprietary accounting, any gain or loss on extinguished debt is deferred and not reported on the fund's operating statement. The amount of bond refunding gain.	(257)
Governmental funds report revenues only to the extent that they increase current financial resources. However, in the Statement of Activities, revenues are reported when earned. The amount of revenue recognized in the current period in the governmental funds, but in prior periods on the Statement of Activities.	(6,250)
The amount of revenue recognized in the current period in the governmental funds, but in future periods on the Statement of Activities.	(26,870)
When construction of fixed assets is completed, the assets are placed in service in transit operations. The amount of fixed assets transferred from governmental construction in progress to business-type fixed assets	(310,919)
The governmental funds include debt service fund activity that relates to business-type debt. Transactions related to these debt issues are reported as business-type transactions on the Statement of Activities.	
Debt service fund revenues related to business-type debt	(239,045)
Debt service fund expenditures related to business-type debt	236,522
Government funds include transactions that are business-type on the Statement of Activities.	
The amount of det proceeds received in the government funds for construction of transit-related fixed assets	92,688
The principal portion of payments under leases capitalized as business-type but paid out of governmental funds	(4,987)
Addition to business-type investment paid from the government funds	(2,966)
The Debt Service Fund accounts for principal payments due at the start of the next fiscal year as a current expenditure, while the Statement of Activities does not.	
Amount of governmental principal expense accrued at March 31, 2002	9,204
Amount of governmental principal expense accrued at June 30, 2001	(8,918)
Change in net assets of governmental activities (page 19)	\$ 115,015

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

**Los Angeles County Metropolitan Transportation Authority**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2002**  
(Amounts expressed in thousands)

	<b>Business-type Activities</b>		
	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 40,974	\$ 48,529	\$ 89,503
Receivables - (net of allowance for uncollectible)	85,240	404	85,644
Inventories	64,389	-	64,389
Due from Other Funds	24,783	113,846	138,629
Prepays	10,234	585	10,819
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents	46,013	-	46,013
Investments	116,959	57,053	174,012
Capital Assets (net of accumulated depreciation)			
Land	537,423	-	537,423
Buildings	4,128,245	-	4,128,245
Equipment	272,713	-	272,713
Vehicles	996,303	-	996,303
Total Assets	<u>6,323,276</u>	<u>220,417</u>	<u>6,543,693</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	43,169	21,122	64,291
Bonds & Notes Payable Current	19,265	-	19,265
Claims and Judgments Payable	120,798	48,144	168,942
Due to Other Funds	-	113,845	113,845
Compensated Absences Payable	32,975	24,162	57,137
Accrued Interest Payable	9,721	-	9,721
Deferred Revenue	9,622	-	9,622
Other Liabilities	376	13,125	13,501
Post-retirement benefits payable	88,428	19	88,447
Bonds & Notes Payable Non-current	304,260	-	304,260
Total Liabilities	<u>628,614</u>	<u>220,417</u>	<u>849,031</u>
<b>NET ASSETS</b>			
Invested in capital Assets, net of related debt	5,729,224	-	5,729,224
Restricted for:			
Debt Service	64,587	-	64,587
Unrestricted	(99,149)	-	(99,149)
Total Net Assets	<u>\$ 5,694,662</u>	<u>\$ -</u>	<u>\$ 5,694,662</u>

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

**Los Angeles County Metropolitan Transportation Authority  
 Reconciliation of the Balance Sheet  
 To the Statement of Net Assets - Business-type Activities  
 For the Year Ended June 30, 2002  
 (Amounts expressed in thousands)**

Amounts reported for business-type activities in the statement of net assets (page 17) are different because:

Net assets - enterprise fund (page 27)	\$ 5,694,662
Capital assets not yet placed in transit operations service are not financial resources and therefore are not reported in the fund financial statements.	
The amount of land related to business-type activities	348,284
The amount of construction-in-progress related to business-type activities	427,751
The amount of investments in other agencies related to business-type activities	309,844
Assets acquired pursuant to capitalized leases are not financial resources and therefore are not reported in the fund financial statements.	
The amount of assets acquired by capitalized leases	24,725
The amount of depreciation expense on these assets	(2,260)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.	
The amount of long-term debt related to business-type activities	(3,273,210)
The Debt Service fund accounts for principal payments due at the start of the next fiscal year as an accrued liability, while the Statement of Net Assets does not	
The amount of busines-type principal accrued	69,277
The Debt Service fund accounts for both government and business type debt.	
The portion of debt service fund equity related to business-type debt	92,502
Net assets of business-type activities (page 17)	<u>\$ 3,691,575</u>

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

Los Angeles County Metropolitan Transportation Authority  
Proprietary Funds  
Statement of Revenues, Expenses and  
Changes in Net Assets  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Business-Type Activities		
	Enterprise Fund	Internal Service Funds	Total
<b>OPERATING REVENUES:</b>			
Passenger fares	\$ 241,144	\$ -	\$ 241,144
Route subsidies	397	-	397
Auxiliary transportation	13,973	-	13,973
Charges for Services	-	569,381	569,381
<b>TOTAL OPERATING REVENUES</b>	<b>255,514</b>	<b>569,381</b>	<b>824,895</b>
<b>OPERATING EXPENSES:</b>			
Transportation	538,244	-	538,244
Maintenance	290,932	-	290,932
General and administrative	46,042	569,381	615,423
Depreciation	299,326	-	299,326
<b>TOTAL OPERATING EXPENSES</b>	<b>1,174,544</b>	<b>569,381</b>	<b>1,743,925</b>
<b>OPERATING LOSS</b>	<b>919,030</b>	<b>(0)</b>	<b>919,030</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Local operating grants	596	-	596
Federal operating grants	110,076	-	110,076
Interest revenues	10,378	-	10,378
Net appreciation (decline) in fair value of investments	1,277	-	1,277
Interest expense	(8,985)	-	(8,985)
(Loss) on disposition of fixed assets	(2,017)	-	(2,017)
Other revenue	1,615	-	1,615
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>112,940</b>	<b>-</b>	<b>112,940</b>
<b>LOSS BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>806,090</b>	<b>0</b>	<b>806,090</b>
Contributions	310,919	-	310,919
Transfers In	507,060	-	507,060
<b>CHANGE IN NET ASSETS</b>	<b>11,889</b>	<b>0</b>	<b>11,889</b>
Net Assets - beginning of year	5,682,773	-	5,682,773
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,694,662</b>	<b>\$ 0</b>	<b>\$ 5,694,662</b>

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

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**Los Angeles County Metropolitan Transportation Authority  
Reconciliation of the Statement of Revenues, Expenses and Changes in  
Net Assets to the Statement of Activities Business-type Activities  
For the Year Ended June 30, 2002  
(Amounts expressed in thousands)**

Amounts reported for business-type activities in the statement of activities (page 19) are different because:

Change in net assets - proprietary funds (page 29)	\$ 11,889
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net assets.	
Principal payments related to business-type debt	68,798
The governmental funds include debt service fund activity that relates to business-type debt. Transactions related to these debt issues are reported as business-type transactions on the Statement of Activities.	
Debt service fund revenues related to business-type debt	239,045
Debt service fund expenditures related to business-type debt	(236,522)
Assets acquired pursuant to capitalized leases are not financial resources and therefore are not reported in the fund financial statements.	
The net impact of capitalizing assets with differing depreciation lives and lease terms	2,474
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.	
Current year depreciation	(2,261)
Governmental funds include transactions that are business-type on the Statement of Activities.	
The amount of debt proceeds received in the governmental funds for construction of transit-related fixed assets	(92,688)
The principal portion of payments under leases capitalized as business-type but paid out of the governmental funds	4,987
Addition to business-type investment paid from the governmental funds	2,967
The Debt Service Fund accounts for principal payments due at the start of the next fiscal year as a current expenditure, while the Statement of Activities does not.	
Amount of business-type principal accrued at June 30, 2002	69,277
Amount of business-type principal accrued at June 30, 2001	(64,483)
Change in net assets of business-type activities (page 19)	<u>\$ 3,483</u>

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

Los Angeles County Metropolitan Transportation Authority  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ending June 30, 2002

	<u>ENTERPRISE FUND</u>	<u>INTERNAL SERVICE FUND</u>	<u>TOTAL</u>
<b>Cash flow from operating activities:</b>			
Receipts customers and users	\$ 257,709	\$ -	\$ 257,709
Receipts interfund services provided	-	553,081	553,081
Proceeds from sales of surplus parts and other	2,387	-	2,387
Payment to suppliers	(243,813)	-	(243,813)
Payment to employees	(570,876)	(485,707)	(1,056,583)
Payment to interfund service used	(92,652)	-	(92,652)
Net cash used in operating activities	<u>(647,245)</u>	<u>67,374</u>	<u>(579,871)</u>
<b>Cash flow from non-capital financing activities:</b>			
Proceeds from operating grants	123,292	-	123,292
Operating transfers in from other funds	507,060	-	507,060
Operating transfers out to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>630,352</u>	<u>-</u>	<u>630,352</u>
<b>Cash flow from capital financing activities:</b>			
Payment of matured bonds and notes payable	(18,665)	-	(18,665)
Interest paid on bonds on notes payable	(9,620)	-	(9,620)
Net cash used in capital and related financing activities	<u>(28,285)</u>	<u>-</u>	<u>(28,285)</u>
<b>Cash flow from investing activities:</b>			
Proceeds from sales and maturity of investments	1,411,879	-	1,411,879
Purchase of investments	(1,401,489)	(57,053)	(1,458,542)
Interest received on investments	9,574	627	10,201
Net cash provided by investing activities	<u>19,964</u>	<u>(56,426)</u>	<u>(36,462)</u>
Net increase (decrease) in cash and cash equivalents	(25,214)	10,948	(14,266)
Cash and cash equivalents, June 30, 2001	<u>112,201</u>	<u>37,581</u>	<u>149,782</u>
Cash and cash equivalents, June 30, 2002	<u>\$ 86,987</u>	<u>\$ 48,529</u>	<u>\$ 135,516</u>

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



Los Angeles County Metropolitan Transportation Authority  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ending June 30, 2002

	<u>ENTERPRISE FUND</u>	<u>INTERNAL SERVICE FUND</u>	<u>TOTAL</u>
<b>Reconciliation of operating income to net cash provided (used ) by operating activities:</b>			
Operating loss	\$ (919,030)	\$ -	\$ (919,030)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Proceeds from sales of surplus parts and other	2,387	-	2,387
Depreciation expense	299,326	-	299,326
Accounts receivable	1,818	(49,335)	(47,517)
Leases and other receivables	(23)	201	178
Due from other funds	12,607	32,793	45,400
Prepaid and other assets	(3,666)	40	(3,626)
Inventories	(6,921)	-	(6,921)
Accounts payable	2,933	(29)	2,904
Accrued liabilities	(13,276)	1,791	(11,485)
Compensated absences payable	1,280	6,368	7,648
Advances from other funds	(12,870)	(32,794)	(45,664)
Advances to other funds	(24,783)	-	(24,783)
claims and judgment payable	(4,777)	47,323	42,546
Post retirement benefits payable	18,100	-	18,100
Other liabilities	376	61,016	61,392
deferred revenues	(726)	-	(726)
Total adjustments	<u>271,785</u>	<u>67,374</u>	<u>339,159</u>
Net cash provided by operating activities	<u>\$ (647,245)</u>	<u>\$ 67,374</u>	<u>\$ (579,871)</u>

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

**Los Angeles County Metropolitan Transportation Authority**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2002**  
**(Amounts expressed in thousands)**

	<b>Employee Retirement Funds</b>	<b>Agency Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 268	\$ 11,665	\$ 11,933
Investments	603,524	-	\$ 603,524
Receivables:			
Interest	2,143	17	\$ 2,160
Leases and other	403	852	\$ 1,255
Prepaid items and other assets	124	-	\$ 124
<b>TOTAL ASSETS</b>	<b><u>606,462</u></b>	<b><u>12,534</u></b>	<b><u>618,996</u></b>
<b>LIABILITIES</b>			
Accounts payable	9,600	557	10,157
Accrued interest payable	-	3,197	3,197
Accrued bond principal payable	-	8,780	8,780
Liabilities for retirement income plan	43,479	-	43,479
<b>TOTAL LIABILITIES</b>	<b><u>53,079</u></b>	<b><u>12,534</u></b>	<b><u>65,613</u></b>
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits and Other Purposes	553,383	-	553,383
<b>TOTAL NET ASSETS</b>	<b><u>\$ 553,383</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 553,383</u></b>

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

**Los Angeles County Metropolitan Transportation Authority**  
**Statement of Changes in Fiduciary Net Assets**  
**For the year ended June 30, 2002**  
**(Amounts expressed in thousands)**

	<b>Employee Retirement Funds</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 22,338
Member	12,836
Total contributions	<u>35,174</u>
From Investing Activities	
Net depreciation in fair value of investments	(39,551)
Investment income	12,651
Investment Expense	(2,852)
Other revenue	214
Total investing activity (loss)	<u>(29,538)</u>
<b>TOTAL ADDITIONS</b>	<u>5,636</u>
<b>DEDUCTIONS</b>	
Retiree benefits	(78,045)
Administrative expense	(1,033)
<b>TOTAL DEDUCTIONS</b>	<u>(79,078)</u>
<b>NET (DECREASE)</b>	(73,442)
Net Assets Beginning of year	<u>626,825</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 553,383</u>

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

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements  
June 30, 2002

The Notes to the Combined Financial Statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying financial statements. Unless otherwise stated all dollar amounts are expressed in thousands.

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting entity**

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

Management has prepared the financial statements of the MTA and its blended component units. The blended component units discussed below are included as part of the reporting entity because they are financially accountable to the MTA. The blended component units, although legally separate entities, are in substance part of the MTA's operations and data from these units are combined with financial data of the MTA.

The MTA administers and includes the activities of the Public Transportation Service Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), two Benefit Assessment Districts (BADs), a single-employer public employees retirement system, the LACMTA Leasing Authority, and the Service Authority for Freeway Emergencies (SAFE), in the accompanying financial statements. They are treated as blended component units and reported in the Proprietary and the Fiduciary Fund types. Additional detailed financial information for each of these entities can be obtained from the MTA Finance Department, One Gateway Plaza, Los Angeles, CA 90012-2932.

PTSC was created in August 1997, to conduct activities essential to the provision of public transportation in and around Los Angeles County. To achieve this goal, the MTA entered into an Acquisition Agreement (Agreement) under which the planning, programming, administrative, operational management and construction functions of MTA were transferred to and acquired by PTSC. Under the Agreement, these functions are provided by PTSC and funded by MTA.

PRMA was established in September 1998 for the purpose of pooling certain self-insured claims and losses and jointly purchasing excess insurance and reinsurance in connection with self-insurance programs for PTSC and MTA.

The BADs were formed to assist in the financing of the private sector portion of the countywide rail rapid transit system. In this capacity the BADs have issued bonds and receive funds to repay the indebtedness from assessments levied on properties within their respective districts.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

The single-employer public employees retirement system includes four defined benefit pension plans covering substantially all MTA employees providing retirement, disability and death benefits.

The LACMTA Leasing Authority is a single purpose joint exercise of powers authority, created in 1997 to facilitate a lease financing involving 30 heavy rail vehicles. The Leasing Authority holds title to the rail vehicles and serves as the head lessor in the transaction structure. The Leasing Authority will go out of existence upon conclusion of the leasing transaction.

SAFE was established in 1988 under authority of the California Legislature to provide emergency aid to motorists on freeways and expressways within Los Angeles County.

**B. Government-wide and fund financial statements**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments: Omnibus and GASB Statement No. 38, Certain Financial Statement Note Disclosures. GASB Statement No. 34 provides a financial reporting model for governmental entities that addresses four basic reporting elements: management's discussion and analysis, government-wide and fund financial statements, notes to the financial statements and required supplementary information.

The MTA adopted GASB Statement No. 34 for the year ending June 30, 2002, which required the MTA to present Management's Discussion and Analysis (MD&A) as required supplementary information preceding the basic financial statements which consists of the government wide and fund financial statements.

The adoption of GASB Statement No. 34 did not have an impact on the net assets of the MTA's funds.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Business-type activities, which rely to a significant extent on fees and charges for services, are reported separately from government activities, which normally are supported by taxes and intergovernmental revenues.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

The statement of activities demonstrates the degree to which the direct expenses, including centralized expenses, of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for proprietary funds, governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual enterprise funds and major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and contributions are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, MTA considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial



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statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). MTA also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The MTA has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers transit services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the MTA enterprise fund and of the internal service funds are charges to customers for services.

When both restricted and unrestricted resources are available for use, it is the MTA's policy to use restricted resources first. Unrestricted resources are used as they are needed.

### **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: proprietary, governmental and fiduciary, as described below.

**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* is used to account for operations that 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 and shortfalls from governmental subsidies.

*Internal Service Funds* are used to account for the goods and services provided to MTA projects on a cost reimbursement basis.

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

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*General Fund* is used to account for those financial resources that are not required to be accounted for in another fund.

*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.

*Proposition A* – This fund is used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on July 1, 1982. Revenues collected are to be allocated: 25% to local jurisdiction for local transit; 35% to be used for construction and debt service payments and operation of rail rapid transit systems; 40% is allocated at the discretion of the MTA.

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

*Transportation Development Act (TDA)* – This fund is used to account for revenues received from the State as part of the Transportation Development Act. These funds are paid out to various transit operators and are also used to help fund the bus operations and capital costs in the Enterprise fund.

*Service Authority for Freeway Emergencies (SAFE)* - This fund is used to account for revenues received from the State Department of Motor Vehicles, generated by charging an additional \$1 to each car registration in Los Angeles County to improve freeway emergency call box operations.

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

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*Petroleum Violations Escrow Account (PVEA)* - This fund is used to account for revenues received from fines and penalties collected because of petroleum violations, and are to be used for certain demonstration projects, including the "Smart Corridor" demonstration project along the Santa Monica Freeway corridor.

*Congestion Mitigation and Air Quality (CMAQ)* - This fund is used to account for monies received that are legally restricted. *Transportation Service Management (TSM)* - This fund is for user incentives and disincentives to maximize capacity and usage of the existing transportation networks.

*Budget Change Proposal Fund for Freeway Service State TCI*-This fund is used to account for local and state grants that help fund the Freeway

*FEMA Earthquake Reimbursement* - This fund was established to account for funds received by the Federal Government for projects related to the 1994 Earthquake through the Office of Emergency Management or FEMA.

*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.

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

*Metro Rail Fund* – Heavy Rail Fund (MOS – 2 & 3)

*Light Rail Fund* – Pasadena and Greenline

*Other Capital* – Bus capital, bus & facilities acquisition and others

**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:

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

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary information

#### **Budgetary accounting**

Each year all departments of MTA submit requests for appropriations in February to management so that an operational and capital projects budget may be prepared. The proposed budgets are submitted to the Board in May for review. Prior to the adoption of the budgets, the Board conducts public hearings for discussion of the proposed annual budgets and at the conclusion of the hearings, but not later than June 30, adopts the final budget.

Enabling legislation and adopted policies and procedures provide that the MTA's Board approves an annual budget. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds. The Board also approves a life of project budget whenever new capital projects are approved. All appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, project, expense type, and department. The legal level of control is at the fund level and the Board must approve additional appropriations. By policy, the Board has provided procedures for management to make revisions within operational or project budgets only when there is no net dollar impact to the total appropriations at the fund level. Re-forecasted budgets for operating and capital expenditures are submitted to the Board a minimum of once a year. Budget amendments are made when needed. The budget for the Proposition C transportation subsidies was increased by \$7,197 for the year ended June 30, 2002.

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 the modified accrual basis of accounting for governmental fund types. These include the general fund, the special revenue funds and the debt service fund.
- Annual budgets are adopted on the accrual basis for the proprietary fund types.

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**B. Encumbrances**

Encumbrance accounting is employed in the general, special revenue and capital projects funds. Under this method, purchase orders, contracts, memoranda of understanding (MOUs), and other commitments outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. These commitments will be recognized in subsequent years' appropriations.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

All investments are stated at fair value. Net increases or decreases in the fair value of investments are shown in the Statement of Revenues, Expenditures and Changes in Fund Balance for governmental funds, the Statement of Revenues, Expenses and Changes in Net Assets for the enterprise fund and the Statement of Changes in Fiduciary Net Assets. The calculation of realized gain/loss is independent of the calculation of the net change in the fair value of investments.

The MTA maintains a cash and investments fund that is used to pool all cash and investments. All proprietary and governmental funds maintain an equity interest in the pool. 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 earned and expenses incurred as a result of investing are allocated to the various funds based on their average monthly equity balances. For purposes of the statement of cash flows, all highly liquid investments, including restricted assets with an original maturity date of 90 days or less when purchased, are considered to be cash and cash equivalents.

As of June 30, 2002, the MTA's carrying amount of cash in checking and money market accounts was \$282,167 while the bank balance was \$318,124 with the difference represented primarily by outstanding checks. Two bank accounts were covered by Federal Deposit Insurance Corporation (FDIC) for up to \$100,000 (amount not in thousands) each and \$317,924 was insured or registered, or was covered by securities held by the bank's trust department or its agent in the MTA's name and therefore classified as Category 1 risk deposits as prescribed by GASB Statement 3.

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

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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 collateralize 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 that are fully insured up to \$100,000 (amount not in thousands) by the Federal Deposit Insurance Corporation.

The MTA invests its temporarily idle cash under the prudent investor rule. 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. 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
- Municipal bonds
- Mutual funds
- Asset-backed securities
- Mortgage-backed securities

Restricted cash and investments are comprised of assets set aside for funding self-insurance claims, funding of debt, construction cost overruns, and pension benefits. Restricted cash for each of these purposes is recorded in distinctly separate accounts.

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

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

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

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

As of June 30, 2002, the business-type activities investment balances were as follows:

	Categories			Fair Value
	1	2	3	
U.S. Treasury Securities	\$ 18,605	\$ -	\$ -	\$ 18,605
U.S. Agency Securities	126,486	-	-	126,486
Commercial Paper	55,567	-	-	55,567
Corporate Notes & Bonds	93,965	-	-	93,965
Repurchase Agreements	10,011	-	-	10,011
Total	\$ 304,634	\$ -	\$ -	\$ 304,634
Investments not subject to categorization				
Mutual Funds				8,296
Investment Contracts				100,915
Investment Pools				104,544
Total				213,755
Total Investments				\$ 518,389

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As of June 30, 2002, the governmental activities investment balances were as follows:

	Categories			Fair Value
	1	2	3	
U.S. Treasury Securities	\$ 58,918	\$ -	\$ -	\$ 58,918
U.S. Agency Securities	400,539	-	-	400,539
Commercial Paper	175,963	-	-	175,963
Corporate Notes & Bonds	297,555	-	-	297,555
Repurchase Agreements	31,701	-	-	31,701
Total	<u>\$ 964,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 964,676</u>

Investments not subject to categorizations:

Mutual Funds	26,271
Investment Contracts	319,565
Investment Pools	<u>331,056</u>
Total	<u>676,892</u>
Total Investments	<u><u>\$1,641,568</u></u>

The MTA holds positions in two investment pools: the California Local Agency Investment Fund (LAIF) and the Los Angeles County Investment Pool (LACIP). Neither fund is registered with the Securities and Exchange Commission (SEC). The LAIF Advisory Board, whose chairman is the State Treasurer or designee, provides regulatory oversight for LAIF. The County Board of Supervisors provides regulatory oversight for the LACIP.

A reconciliation of Deposits and Investments to amounts shown on the Statement of Net Assets at June 30, 2002 is as follows:

Cash	\$ 282,167
Investments	<u>2,159,957</u>
Total	<u>\$ 2,442,124</u>
Reported in Statement of Net Assets:	
Cash and cash equivalents	\$ 1,013,078
Investments	3,357
Restricted cash and cash equivalents	299,736
Restricted investments	<u>510,496</u>
Total	1,826,667
Reported in the Fiduciary and Agency Funds	<u>615,457</u>
Total	<u><u>\$ 2,442,124</u></u>



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**B. Interfund receivables, payables and transfers**

Internal fund balances represent receivables/payables owed to a particular fund by another fund for loans, advances, or goods or services rendered.

Due from / to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The composition of the due to / from other funds as of June 30, 2002, is as follows:

Due To:	Due From:	Amount
Enterprise Fund	TDA Fund	\$ 10,634
Enterprise Fund	STA Fund	14,149
Proposition C	Light Rail	1,950
Proposition C	TDA Fund	22
	Totals	\$ 26,755

Operating transfers In/Out:

Transfers Out	Transfers In									Total
	General Fund	Debt Service Fund	Proposition		TDA	Metro Rail	Other Capital	Other Governmental Funds	Enterprise Fund	
			A	C						
General Fund \$	943 \$	- \$	- \$	169	\$ - \$	- \$	- \$	- \$	637 \$	1,749
Debt Service Fund	-	-	569	241	-	-	-	-	-	810
Proposition A	25,785	142,939	-	601	573	-	-	9,944	169,753	349,595
Proposition C	7,919	168,106	-	176	-	10,071	215	125	144,347	330,959
TDA	5,275	-	-	-	1,373	2,473	5,611	4	165,102	179,838
Metro Rail	-	-	-	175	-	2	16,481	17,849	-	34,507
Other Governmental Funds	380	5,199-	-	3,982	-	1,520	8,586	1,614	27,221	48,502
Total	\$ 40,302	\$ 316,244	\$ 569	\$ 5,344	\$ 1,946	\$ 14,066	\$ 30,893	\$ 29,536	\$ 507,060	\$ 945,960

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**C. Receivables**

Receivables as of June 30, 2002 as shown in the government-wide financials, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables</u>	<u>Fund Financials</u>	<u>Elimination</u>	<u>Government-wide</u>
<b>Business type activities</b>			
Accounts receivables	\$ 18,938	\$ 1,914	\$ 20,852
Sales tax	65,306	-	65,306
Interest	2,647	-	2,647
Other	<u>614</u>	<u>-</u>	<u>614</u>
Gross receivables	87,505	1,914	89,419
Less allowances	<u>1,861</u>	<u>-</u>	<u>1,861</u>
Net Receivables	<u>\$ 85,644</u>	<u>\$ 1,914</u>	<u>\$ 87,558</u>
 <b>Government type activities</b>			
Accounts receivables	\$ 77,956	\$ (1,914)	\$ 76,042
Sales tax	105,758	-	105,758
Intergovernmental	48,830	-	48,830
Interest	7,695	-	7,695
Other	<u>5,870</u>	<u>-</u>	<u>5,870</u>
Gross receivables	<u>\$ 246,109</u>	<u>\$ (1,914)</u>	<u>\$ 244,195</u>
 Total	 <u>\$ 331,753</u>	 <u>\$ -</u>	 <u>\$ 331,753</u>

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Receivables as of June 30, 2002 for proprietary individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	Enterprise Fund	Internal Service Fund	PTSC	Total
Accounts Receivables	\$ 18,938	\$ -	\$ -	\$ 18,938
Intergovernmental	65,306	-	-	65,306
Interest	2,647	-	-	2,647
Other	210	19	385	614
Gross Receivables	87,101	19	385	87,505
Less Allowances	(1,861)	-	-	(1,861)
Net Receivables	<u>\$ 85,240</u>	<u>\$ 19</u>	<u>\$ 385</u>	<u>\$ 85,644</u>

Receivables as of June 30, 2002 for government activities individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General Fund	Debt Service	Prop A	Prop C	TDA	Metro Rail	Other Capital	Other	Total
Accounts	\$ 1,350	\$ 743	\$ -	\$ 22,095	\$ -	\$ 24,911	\$ 17,898	\$ 10,959	\$ 77,956
Interest	1,323	1,994	736	2,959	-	293	50	340	7,695
Intergovernmental	16,732	-	-	-	-	12,741	11,000	8,357	48,830
Sales Tax	-	-	31,785	31,710	16,617	-	-	25,646	105,758
Leases and Other	770	5,100	-	-	-	-	-	-	5,870
Net receivables	<u>\$ 20,175</u>	<u>\$ 7,837</u>	<u>\$ 32,521</u>	<u>\$ 56,764</u>	<u>\$ 16,617</u>	<u>\$ 37,945</u>	<u>\$ 28,948</u>	<u>\$ 45,302</u>	<u>\$ 246,109</u>

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**D. Inventories and prepaid items**

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and reported in both business-type activities and government activities.

**E. Restricted assets**

Certain proceeds of the MTA's business-type activities and governmental activities are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable designation.

**F. Investments in other agencies**

The MTA has made the following investments in other agencies:

<u>Agency</u>	<u>Amount</u>	<u>Type</u>
Los Angeles to Pasadena Metro Construction Authority (Gold Line)	\$309,844	Business-type
Southern California Regional Rail Authority	\$181,944	Governmental

When the Gold Line is fully constructed and ready for service it will revert back to the MTA for operation.

**G. Capital assets (property, plant and equipment)**

Capital assets are reported in the applicable business-type or governmental activities in the governmental-wide financial statements. Capital assets are defined by the MTA as assets with an initial individual cost of more than \$2,500. Such assets are recorded at historical cost if purchased or constructed. If donated, capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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Property, plant and equipment in the proprietary funds are recorded at cost. Major outlays for capital assets and improvements are reflected as expenditures in the capital project fund.

Depreciation is computed using the straight-line method that is based upon the estimated useful lives of individual assets. The estimated useful lives of fixed assets are as follows:

	<u>Years</u>
Buildings and structures	30
Rail Cars	25
Buses	12
Other vehicles	5
Equipment and other furnishings	10

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 statement of revenues, expenses and changes in net assets.

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Capital asset activity for the year ended June 30, 2002 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 960,552	\$ 330	\$ (75,175)	\$ 885,707
Construction in progress	<u>664,595</u>	<u>-</u>	<u>(236,844)</u>	<u>427,751</u>
Total capital assets, not being depreciated	<u>1,625,147</u>	<u>330</u>	<u>(312,019)</u>	<u>1,313,458</u>
Capital assets, being depreciated:				
Buildings	5,069,408	70,304	-	5,139,712
Equipment	768,334	10,371	(29,371)	749,334
Vehicles - capitalized leases	-	24,725	-	24,725
Vehicles	<u>1,274,816</u>	<u>334,138</u>	<u>(40,027)</u>	<u>1,568,927</u>
Total capital assets, being depreciated	<u>7,112,558</u>	<u>439,538</u>	<u>(69,398)</u>	<u>7,482,698</u>
Less accumulated depreciation for:				
Buildings	(847,361)	(164,105)	-	(1,011,466)
Equipment	(420,358)	(56,263)	-	(476,621)
Vehicles - capitalized leases	-	(2,261)	-	(2,261)
Vehicles	<u>(531,227)</u>	<u>(78,957)</u>	<u>37,560</u>	<u>(572,624)</u>
Total accumulated depreciation	<u>(1,798,946)</u>	<u>(301,586)</u>	<u>37,560</u>	<u>(2,062,972)</u>
Total capital assets, being depreciated, net	<u>5,313,612</u>	<u>137,952</u>	<u>(31,838)</u>	<u>5,419,726</u>
Business-type activities capital assets, net	<u>\$ 6,938,759</u>	<u>\$ 138,282</u>	<u>\$ (343,857)</u>	<u>\$ 6,733,184</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 366,136	\$ -	\$ -	\$ 366,136
Construction in progress	<u>9,496</u>	<u>358,816</u>	<u>(350,157)</u>	<u>18,155</u>
Governmental activities capital assets	<u>\$ 375,632</u>	<u>\$ 358,816</u>	<u>\$ (350,157)</u>	<u>\$ 384,291</u>

Depreciation expense was charged to functions/programs of the MTA as follows:

	<u>Business-type Activities</u>
Transit Operations	<u>\$ 301,586</u>

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**H. Risk Financing**

The primary emphasis of risk management activities at 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. The consideration of the effect of potential self-insured or assumed losses is part of the MTA's financial planning process.

The MTA 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 cover many of the risks arising from the work of contractors and subcontractors in their work on construction projects of the Metro Rail segments. As of June 30, 2002 the amount of settlements for the last three fiscal years did not exceed the insurance coverage in force on the reporting date. At June 30, 2002, a liability of \$21,006 has been determined and accrued for such potential losses.

**Operations**

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 and PTSC believe that the estimated liability for self-insured claims at June 30, 2002 will be sufficient to cover any costs arising out of claims filed or to be filed for incidents that occurred through that date. The liability is based, in part, upon an independent estimate of reserves required for unsettled claims and related administrative costs, and includes damages that have been incurred, but no claims have been reported.

Prior to September 1, 1998, the MTA was fully self-insured for workers' compensation claims and administered by a third party administrator. The outstanding liability as of June 30, 2002 is \$73,566 for claims arising prior to that date. Effective September 1, 1999, the MTA and PTSC formed a joint powers authority, the PTSC-MTA Risk Management Authority (PRMA), to reduce the cost of each party's workers compensation expense to provide the worker's compensations coverage to both companies. For claims occurring on and after September 1, 2001, PRMA implemented a workers' compensation program that is both self-insured and self-administered, on behalf of the MTA and PTSC, with the claims operation managed by PRMA. This new self-insured program has a liability of \$47,536 at June 30, 2002. Between September 1, 1998 and August 31, 2000, MTA was insured for workers compensation claims by an outside insurance carrier. As of June 30, 2002, MTA estimates an additional retro premium will eventually be paid to the underwriter; therefore, a liability for \$8,958 has been setup. A cash reserve has been established equal to the combined new self-insured and retro premium liabilities.

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The MTA is partially self-insured for public liability and property damage for non-construction activities up to \$4,500 per occurrence. MTA has acquired outside insurance coverage for losses in excess of this amount. The MTA reserves set aside for the incurred and outstanding liabilities as of June 30, 2002 are \$47,841 for liabilities under the self-insured retention.

In addition, MTA has an all-risk property insurance program divided into two packages: (1) for rail operations and (2) for bus operations. The property insurance policy covers insurable values of \$4,800,000. The policies also contain an earthquake sub-limit of \$100,000 with a 5% of value per site deductible. The amount of settlements has never exceeded the insurance coverage.

The following table summarizes changes in the claims and judgments reserves for the years ended June 30, 2002 and 2001:

	Construction		Property and Casualty		Workers' Compensation		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
Unpaid claims and claim adjustment reserve - beginning of year	\$21,006	\$21,005	\$46,529	\$45,634	\$79,868	\$102,803	\$147,403	\$169,442
Incurred claims and claim adjustment expense:								
Provisions for insured events of the current fiscal years	-	-	24,968	23,858	50,680	-	75,648	23,858
Increase in provision for insured events of prior fiscal years	-	4,206	-	-	-	-	-	4,206
Interest Income	-	-	2,526	1,583	3,352	3,786	5,878	5,369
Total incurred claims and claims adjustment expense	21,006	25,211	74,023	71,075	133,900	106,589	228,929	202,875
Payments:								
Attributable to insured events of the current fiscal year	-	-	-	-	(3,951)	-	(3,951)	-
Attributable to insured events of prior fiscal years	-	(4,205)	(26,182)	(24,546)	(8,847)	(26,721)	(35,029)	(55,472)
Total Payments	-	(4,205)	(26,182)	(24,546)	(12,798)	(26,721)	(38,980)	(55,472)
Total unpaid claims and claim adjustment reserves -end of the year	<u>\$21,006</u>	<u>\$21,006</u>	<u>\$47,841</u>	<u>\$46,529</u>	<u>\$121,102</u>	<u>\$79,868</u>	<u>\$189,949</u>	<u>\$147,403</u>



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**I. Leases**

**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, 2002 were \$6,644. Future minimum lease payments for these leases are as follows:

Year Ending <u>June 30,</u>	
2003	\$ 933
2004	498
2005	327
2006	153
2007	102
2008 and thereafter	<u>48</u>
Total	<u>\$2,061</u>

**Capital leases**

The MTA has entered into various lease agreements as lessee for financing the acquisition of buses. These lease agreements qualify as capital leases for accounting purposes and, therefore, the related assets and liabilities have been recorded as business-type items. The liabilities they represent have been recorded at the present values of the future minimum lease payments while the assets covered by the leases are shown at depreciated cost.

The assets acquired through capital leases are as follows:

Vehicles	\$24,725
Less: accumulated depreciation	<u>(2,260)</u>
Total	<u>\$22,465</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2002, were as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type Activities	8.0% - 10.622%	\$ 17,264

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Lease payment schedule to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 5,414	\$ 1,227
2004	5,879	763
2005	5,858	258
2006	113	3
<b>Totals</b>	<u>\$ 17,264</u>	<u>\$ 2,251</u>

**J. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type or governmental activities. Bond premiums and discounts, as well as issuance cost, are deferred and amortized over the life of the bonds using the effective interest method.

As of June 30, 2002, the MTA's long-term obligations relate to its business-type and governmental activities are:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2002</u>	<u>One Year</u>
<b>Business-type Activities</b>					
Bonds Payable:					
Sales Tax Revenue Bonds and Refunding Bonds	\$ 3,064,015	\$ -	\$ (64,483)	\$ 2,999,532	\$ 69,277
General Revenue Bonds	185,735	-	-	185,735	-
Total Bonds Payable	3,249,750	-	(64,483)	3,185,267	69,277
Certificates of Participation	156,455	-	(18,665)	137,790	19,265
Capitalized Lease	-	22,251	(4,987)	17,264	5,414
Commercial Paper Notes	163,726	92,688	-	256,414	-
Business-type Activity Long-term Liabilities	<u>3,569,931</u>	<u>114,939</u>	<u>(88,135)</u>	<u>3,596,735</u>	<u>93,956</u>
<b>Governmental Activities</b>					
Bonds Payable:					
Sales Tax Revenue Bonds and Refunding Bonds	60,475	-	(2,102)	58,373	2,213
Sales Tax revenue Bonds - Local Allocation	17,360	-	(2,170)	15,190	2,170
Lease Revenue bonds	21,775	-	(2,395)	19,380	2,589
Redevelopment Bonds and Housing Bonds	31,120	20,825	(21,665)	30,280	0
Total Bonds Payable	130,730	20,825	(28,332)	123,223	6,972
Lease/Leaseback to Service Obligation	164,112	408,876	(243,834)	329,154	50,590
Commercial Paper Notes	69,475	-	(60,475)	9,000	-
Certificates of Participation	6,315	-	(1,975)	4,340	2,010
Governmental Activity Long-term Liabilities	<u>370,632</u>	<u>429,701</u>	<u>(334,616)</u>	<u>465,717</u>	<u>59,572</u>
Total Long-Term Liabilities	<u>\$ 3,940,563</u>	<u>\$ 544,640</u>	<u>\$ (422,751)</u>	<u>\$ 4,062,452</u>	<u>\$ 153,528</u>

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**Sales tax revenue bonds**

*Sales tax revenue bonds* issued by MTA where sales tax revenue derived from Proposition A and C, authorized by Los Angeles County voters, have been pledged to pay debt service. These bonds were issued to provide funds for the acquisition and construction of major capital facilities.

*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. The Sales Tax Revenue Proposition A Refunding bonds, series 1992-A and the Sales Tax revenue Proposition C Refunding Bonds, Second Sr. bonds, Series 1993-A are supported by standby bond purchase agreements provided by banks having credit ratings of AA. Bondholders are allowed to “put” the bonds back to the remarketing agent. The bank must purchase bonds that cannot be remarketed and must hold them beyond the expiration of the agreement (if necessary) until they are remarketed, refinanced or mature. The agreement for the Proposition A bonds expires in January 2003 and in January 2004 for the Proposition C bonds. Neither agreement is cancelable.

Sales tax revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type Activities	3.50% - 8.375%	\$2,999,532
Governmental Activities	3.75% - 7.70%	\$58,373

Sale tax revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>		<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 69,277	\$ 157,994	\$ 2,213	\$ 3,134
2004	73,264	154,005	2,341	3,005
2005	77,727	149,477	2,478	2,869
2006	81,974	145,224	2,626	2,722
2007	86,622	140,592	2,783	2,564
2008-2012	528,586	621,752	8,524	10,834
2013-2017	689,604	463,803	8,806	8,712
2018-2022	896,915	266,163	11,350	6,166
2023-2027	401,854	75,689	12,506	3,000
2028-2032	<u>93,709</u>	<u>9,872</u>	<u>4,746</u>	<u>602</u>
Total	<u>\$ 2,999,532</u>	<u>\$ 2,184,571</u>	<u>\$ 58,373</u>	<u>\$ 43,608</u>

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**Sales tax revenue bonds – local allocation**

*Sales tax revenue bonds - local allocation* are those where the MTA assists local governmental entities in the County by issuing bonds collateralized by sales tax revenues that are allocated to the entity. The necessary funds are withheld by the bond trustee from the MTA's portion of local return sales tax revenue receipts in order to fund debt service on the bonds.

Sales tax revenue bonds – local allocation - currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	4.00% - 4.30%	\$15,190

Sale tax revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 2,170	\$ 627
2004	2,170	540
2005	2,170	453
2006	2,170	364
2007	2,170	275
2008-2012	<u>4,340</u>	<u>279</u>
Total	<u>\$ 15,190</u>	<u>\$ 2,538</u>

**General obligation debt**

*General revenue bonds* were issued to finance the cost of the 27-story headquarters building for the MTA, including parking and related improvements.

General revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	5.00% - 5.90%	\$185,735

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Annual debt service requirements to maturity for the general revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ -	\$ 10,740
2004	-	10,740
2005	-	10,740
2006	-	10,740
2007	780	10,740
2008-2012	12,875	52,462
2013-2017	31,720	47,308
2018-2022	61,050	34,995
2023-2027	<u>79,310</u>	<u>12,291</u>
Total	<u>\$ 185,735</u>	<u>\$ 200,756</u>

**Certificates of participation**

*Certificates of participation* series 1991-G, amounting to \$3,470 as of June 30, 2002, and 1992-C, amounting to \$870 as of June 30, 2002, were issued by MTA in association with the California Special Districts Association (CSDA) who 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. The MTA subleases the buses to other governmental agencies. These agencies are required to make payments equal the amount of the lease payments due to the CSDA. In the event the amounts received from the governmental agencies do not equal the lease payments to the CSDA, the MTA is required to use other available resources to make such lease payments.

*Certificates of Participation* (1990 Issue) - In July 1990, the MTA issued \$160,000 of adjustable rate demand Certificates of Participation due in annual installments from \$6,100 beginning on July 1, 1995 to \$15,100 due July 1, 2010. The 1990 certificates were converted in 1992 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 was to provide a multiple-year workers' compensation self-insurance fund for the MTA. The total principal amount outstanding recorded in the enterprise fund as of June 30, 2002 was \$108,200.

*Certificates of Participation* (1992 issue) - In June 1992, the MTA participated in the \$118,375 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 80 funded from Federal Transit Administration (FTA) Section 5307 capital grant funds and 20 from Transportation Development Act funds. The percentages may change in the

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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 recorded in the enterprise fund at June 30, 2002 was \$29,590.

Certificates of participation currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type Activities	3.25% - 7.70%	\$137,790
Governmental Activities	2.90% - 6.50%	\$4,340

Annual debt service requirements to maturity for the certificates of participation are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>		<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 19,265	\$ 8,703	\$ 2,010	\$ 220
2004	19,765	7,518	2,040	91
2005	20,360	6,283	290	17
2006	11,200	4,995	-	-
2007	11,900	4,155	-	-
2008-2012	55,300	8,607	-	-
Total	<u>\$ 137,790</u>	<u>\$ 40,261</u>	<u>\$ 4,340</u>	<u>\$ 328</u>

**Commercial paper notes**

*Commercial paper notes* (CPN), taxable and tax-exempt, were issued by the MTA with original maturity dates ranging from one to 270 days at various interest rates. Under the terms of the notes, MTA can rollover or extend the principal amounts due for one year periods thereafter. It is the intention of the MTA to pay the accrued interest and roll over or reissue the principal amounts as they mature, on a year-by-year basis. The proceeds from the CPNs have been used to finance construction activities including rail construction and land acquisitions on an interim basis.

The taxable and tax-exempt commercial paper programs are supported by direct-pay, irrevocable letters of credit. The letters of credit are issued by a syndicate of five banks whose credit ratings range from AA to AAA. These letters of credit are drawn upon at each note maturity to repay the bondholders. Principal from the matured notes is reimbursed to the banks either through remarketing of the commercial paper or by direct payment from the MTA. Interest expense is reimbursed on a current basis to the banks

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from sales tax revenues. In the event that the dealer is unable to remarket the commercial paper and/or MTA is unable to repay interest or principal, the bank will incur an unreimbursed draw on the letter of credit. Unreimbursed draws are converted to term loans following a specified period of time. The term loans are repayable over a period of three years with equal semiannual principal payments. Interest is charged at the Base rate as defined in the applicable Reimbursement Agreement. The letter of credit supporting the taxable commercial paper program expires in May 2005, while the letter of credit supporting the tax-exempt commercial paper program expires in November 2005.

**Lease revenue bonds**

*Leveraged lease revenue bonds* were issued as part of a sale/leaseback of light rail cars. Basic provisions of the financing program called for the purchase price paid by the leasing agent to be paid 80% in U.S. dollars and 20% in Japanese yen. The lease arrangement has a purchase option equal to 10% of the original purchase price of \$3,300 which is payable at the end of the lease term.

Lease revenue bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	4.94% - 7.385%	\$19,380

Annual debt service requirements to maturity for the lease revenue bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2003	\$ 2,589	\$ 800
2004	3,940	713
2005	2,698	621
2006	3,363	484
2007	2,753	312
2008-2012	4,037	86
Total	\$ 19,380	\$ 3,016

**Redevelopment and housing bonds**

*Redevelopment and housing bonds* were issued to fund a rail joint development project intended to increase utilization of the Red Line. 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) to assist in the financing of the Grand Central Square Multi-family Housing and Redevelopment Project. Under this

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agreement, a housing bond and a redevelopment bond were issued. The project is completed and the MTA is currently making payments for the debt service related to these bonds. Under a reimbursement agreement, collateralized by real property of the Grand Central Square Project, the developer is to repay MTA the amounts advanced as debt service.

On April 15, 2002, MTA refunded the CRA of the City of Los Angeles Grand Central Square Qualified Redevelopment Bonds 1993 Series A of \$21,665 into a \$20,825 2002 Refunding Series A Bonds to avail of low interest rate. This resulted in a present value savings of \$989.

Lease revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	2.50% - 5.85%	\$30,280

Annual debt service requirements to maturity for the redevelopment and housing bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ -	\$ 1,707
2004	343	1,569
2005	723	1,548
2006	749	1,519
2007	780	1,487
2008-2012	4,440	6,857
2013-2017	5,659	5,605
2018-2022	7,334	3,876
2023-2027	9,565	1,578
2028-2032	<u>687</u>	<u>20</u>
Total	<u>\$ 30,280</u>	<u>\$ 25,766</u>

**Lease/leaseback-to-service obligation**

In January 1997, the MTA entered into a head lease agreement to lease 30 Breda heavy rail vehicles that are currently in service on the Metro Red Line with a carrying value of \$38.5 million. The MTA simultaneously entered into a sub-lease agreement to lease the vehicles back. MTA received payments under the head lease from the investor of approximately \$38.5 million of which \$33.2 million were placed into two investments in irrevocable trusts, as agreed. These trusts will make the principal and interest payments



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on the finance obligations under the lease agreement. MTA placed \$27 million in a fixed rate deposit and invested \$6.2 million in U.S. Government zero-coupon bonds. The interest earned on the deposit, together with the principal amount of the deposit and the maturities of the zero-coupon bonds, are sufficient to cover the financial obligations due under the lease agreement. As a result, obligations under this lease/leaseback transactions are considered to be defeased in substance and therefore, the related debt, as well as the trust assets, have been excluded from the MTA's financial statements. MTA has the option to exercise a buy-out option on January 22, 2022. MTA has no other obligations defeased in substance outstanding.

In June 2000, the MTA entered into three "lease/leaseback to service" agreements covering 72 heavy rail vehicles. These arrangements are similar to lease/leaseback transactions but have a 25-year service period at the end of lease/leaseback period under certain conditions. These arrangements are substantially identical except that two have 22-year lease/leaseback terms and the third has a 19-year term. The MTA entered into head leases to lease the cars to trusts (investors) and simultaneously entered into sublease agreements to lease them back. The MTA received prepayments of the head lease from the investors of approximately \$182.6 million, of which, it used approximately \$166.0 million to place two types of investments that will be used to make the interest and principal payments on the finance obligation. The MTA placed \$143.6 million in fixed rate deposits and invested \$22.4 million in government zero-coupon bonds. The interest earned on the deposits together with the principal amounts of the deposits and the maturities of the zero-coupon bonds are sufficient to cover the amounts due under the finance obligation. \$16.6 million represents consideration for tax benefits.

In August 2001, the MTA entered into a "lease to service" agreement leasing various real property operating facilities. This arrangement is similar to the prior lease/leaseback to service agreement and has a 22-year service period at the end of the lease/leaseback period under certain conditions. The MTA received lease proceeds equal to the asset value from the investors of approximately \$285.6 million, of which it used approximately \$233.0 million to prepay rent through the early buyout date and invested approximately \$31.1 million in fixed rate deposits to fund the cost of the exercise of the early buyout option. The interests earned on the investments, together with the principal amounts, are sufficient to cover the amounts due under the finance obligation. \$14.3 million represents the consideration for tax benefits net of \$7.2 million in expenses.

In September 2001, the MTA entered into two "lease to service" agreements leasing 15 Sumitomo light rail vehicles and 10 Siemens light rail vehicles respectively. These arrangements are similar to the June 2000 lease/leaseback transaction but have 14.5-year to 20-year service periods respectively at the end of lease/leaseback period under certain conditions. The MTA entered into two head leases to lease the cars to the trust (investor) and simultaneously entered into sublease agreements to lease them back. The MTA received prepayments of the head lease rents from the investors of approximately \$82.4 million, of which it used approximately \$75.6 million to invest in four fixed rate deposits used to make the rent payments on the sublease obligations. The interests earned on the

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investments, together with the principal amounts, are sufficient to cover the amounts due under the finance obligation. \$5.9 million represents consideration for tax benefits net of \$ 0.9 million in expenses.

In June 2002, the MTA entered into a “lease to service” agreement leasing various real property operating facilities. This arrangement is similar to the August 2001 lease to service agreement and has a 22-year service period at the end of lease/leaseback period under certain conditions. The MTA entered into a head lease to lease the facilities to a trust (investor) and simultaneously entered into a sublease agreement to lease them back. The MTA received prepayment of the head lease rent from the investors of approximately \$125.0 million, of which \$55.5 million was used to prepay rent on the date of closing and invested \$43.9 million to prepay additional rent in December 2002. Approximately \$15.4 million was invested in fixed interest rate deposits. The interests earned on the investments, together with the principal amounts, are sufficient to cover the amounts due under the finance obligation. \$7.2 million represents consideration for tax benefits net of \$3 million in expenses.

For the above transactions, the MTA is obligated to insure and maintain the facilities and rail cars. The lease agreement also provides for the MTA’s right to continue to use and control the facilities and rail cars. The MTA also has agreed to indemnify the lessor from any taxes imposed by United States taxing authorities and from any other increased costs.

The proceeds from the various finance obligations have been recorded as restricted investments in the debt service fund. The related liabilities are shown as governmental long-term debt. This debt will be repaid from earnings on the related investments together with the principal amounts of the investments. Funds sufficient to cover all payments have been placed with fiscal agents.

The lease obligations currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	1.85% - 7.38%	\$329,154

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Annual debt service requirements to maturity for the lease obligation are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 50,590	\$ 2,240
2004	6,271	5,487
2005	5,842	5,901
2006	5,442	6,286
2007	5,070	7,009
2008-2012	56,620	66,747
2013-2017	17,669	43,175
2018-2022	58,936	207,160
2023-2027	74,583	135,287
2028-2032	48,131	237,063
Total	<u>\$ 329,154</u>	<u>\$ 716,355</u>

**K. Capital and MOU commitments**

**Engineering And Construction In Progress And Other Significant Commitments**

The Board approved a new Long Range Transportation Plan. This Long Range Transportation Plan looks ahead at transportation needs over the next twenty-five years, from 2000 through 2025. The plan directs public expenditures of \$106 billion for a balanced transportation program with a strong emphasis on public transit to meet growth in travel. Among the projects to improve Los Angeles County is completion of the Eastside and Pasadena light rail projects, Alameda Corridor industrial rail and vehicular corridor, busway for the San Fernando Valley, a new project from downtown to West Los Angeles and other fixed guideway projects through the year 2025.

Other major aspects of the plan include expansion of the successful Metro Rapid Bus program as a prominent component. The plan encourages more ridesharing, walking and bike riding, telecommuting and improved management of truck traffic. Increased highway capacity is addressed by completing the countywide system of HOV (high occupancy vehicles) lanes and freeway gap closures to integrate circulation throughout the region. It is envisioned that more grade separations at railroad crossings and local arterial highway improvements will be made in cooperation with the 88 cities and the County of Los Angeles.

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The MTA, in the governmental activities, has active capital projects as of June 30, 2002. The projects include various phases of the development of rail projects and the acquisition of buses. At year-end the MTA's commitments with vendors relating to these contracts are as follows:

<u>Project</u>	<u>Inception-to-date Expended</u>	<u>Remaining Commitment</u>
Rail Projects	\$ 5,035,541	\$ 89,480
Bus Acquisition & Others	942,249	29,633
Total	<u>\$ 5,977,790</u>	<u>\$ 119,113</u>

The MTA, through the Call For Projects, has entered into various Memorandum of Understanding (MOU) agreements to fund local transportation projects. The MTA has reserved \$401,000 for MOU commitments in various Special Revenue Funds.

**L. Compensated absences**

MTA's and PTSC's union-represented (contract) employees, which are made up of employees represented by the United Transportation Union (UTU), the Amalgamated Transportation Union (ATU), Transportation Communications Union (TCU), American Federation State, County, Municipal Employees (AFSCME) and the Brotherhood of Teamsters (Teamsters) accumulate vacation pay and sick leave pay in varying amounts based on the collective bargaining agreements with the various unions. All outstanding vacation is payable upon termination of employment. UTU and 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.

The MTA and PTSC have a combined sick leave and vacation program for its non-represented and AFSCME-represented 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. Frozen vacation may be converted into TOWP once per year at the request of the employee, or will be paid at 100% at retirement, termination, or death. Frozen sick leave may be converted to TOWP prior to retirement at a 75% conversion rate, when an employee age is 55 and has five years or more service. Upon retirement, unused sick pay is paid at 75%, except for those individuals that retire between age 50 and 55 years, wherein the payout rate varies from 50% to 75% depending on the employee's age at retirement. All employees with 30 or more years of service, regardless of age at retirement, have a payout rate at 75%. Upon death, payment of frozen sick leave will be at 100% to the employee's beneficiary.

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Notes to Combined Financial Statements (Continued)  
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The following is a summary of the compensated absences payable at June 30, 2002:

	Union	Non-Union	Total
Vacation	\$ 18,619	\$ 1,045	\$ 19,664
Sick Leave	17,234	3,253	20,487
TOWP	4,646	12,339	16,985
Total	\$ 40,499	\$ 16,637	\$ 57,136

**M. Deferred revenues**

Deferred revenues arise when 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, such as grant monies, received prior to the incurrence of the 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.

**N. Pensions and post-retirement benefits payable**

MTA provides pension benefits that cover substantially all full-time employees through five defined benefit pension plans. Three of the plans are restricted to specific union members and two are restricted to Teamsters, AFSCME, and non-represented employees.

**California public employees’ retirement system**

The California public employees’ retirement system (PERS) is an agent multiple-employer public retirement system.

Most full-time employees of PTSC 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 form of the normal benefit 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. The benefit provisions and all other requirements are established by contract with the public employees retirement system in accordance with the provisions of the Public Employees’ Retirement Law. An annual stand-alone financial report is issued and a copy can be obtained by requesting a copy from PERS, P.O. Box 942709, Sacramento, California 94229-2709.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

The employer and employee contributions are a percentage of the employees' compensation. The rates are defined by law and are based on the employer's benefit formula as determined by periodic actuarial valuations. These contributions are deposited in a fund established for each entity for the purpose of creating actuarial reserves for future benefits. For the year ended June 30, 2002, the contribution rate of covered payroll was 11.335%. This rate includes the mandatory employee contribution of 7.0% that is currently paid by PTSC.

Total annual required contributions (ARC) for the years ended June 30, 2002, 2001 and 2000, were \$10,323, \$10,186 and \$10,348 respectively, all of which were attributable to the PTSC and paid in full. Such contributions were made in accordance with the latest PERS actuarial valuation. These pension contributions for normal costs include the employees' portion and for the years ended June 30, 2002, 2001 and 2000 were \$6,408, \$5,876, and \$5,266 respectively. At June 30, 2002, 2001 and 2000 there was no net pension obligation (NPO) for this fund.

The valuation date was June 30, 2001 and the individual entry age normal cost was the actuarial cost method used to determine the ARC. The smoothing of market value method was used to determine the actuarial value of assets. The level percentage of payroll closed is the amortization method used with the remaining amortization period an average of 10 years for public agencies. The actuarial assumptions are an 8.25% investment rate of return; an inflation rate of 3.5%; projected salary increases varying based upon the duration of service; and a post retirement benefit increase of 2%.

### **MTA administered plans**

The MTA has a single-employer public employees retirement system that includes four defined benefit pension plans (Plans) covering substantially all employees, providing retirement, disability and death benefits. Generally, employees' rights to retirement benefits vest after five years for non-represented, Teamster, and AFSCME represented employees and 10 years for UTU, ATU, and TCU represented 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. An annual stand-alone financial report is issued for the plans and can be obtained by requesting a copy from the Finance Department at MTA.

The MTA's funding policy is to make annual contributions to the Plans in amounts that, when combined with employees' contributions, fund the actuarially computed cost as they accrue. Actuarially computed costs are determined using the projected unit credit cost method. The employee and employer contributions are required by the plan agreement as either a percentage of annual earning or to finance the benefits provided in the union plans on a sound actuarial basis. The MTA uses the level percentage of payroll

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

method to amortize the unfunded liability or surplus of the base plan over a closed 15-year period.

The annual required contributions (ARC), for the MTA and employees, by plan, for the years ended June 30, 2002, 2001, and 2000 are as follows:

Contributions	United Transportation Union Plan	Transportation Communication Union Plan	Amalgamated Transit Union Plan	Non-Contract Employees Plan	Total
<u>2002</u>					
Employer	\$ 10,744	\$ 1,111	\$ 10,483	\$ -	\$ 22,338
Employee	<u>11,122</u>	<u>1,119</u>	<u>595</u>	<u>-</u>	<u>12,836</u>
Total	<u>\$ 21,866</u>	<u>\$ 2,230</u>	<u>\$ 11,078</u>	<u>\$ -</u>	<u>\$ 35,174</u>
<u>2001</u>					
Employer	\$ 6,817	\$ 644	\$ 7,100	\$ 63	\$ 14,624
Employee	<u>11,543</u>	<u>1,049</u>	<u>1,143</u>	<u>-</u>	<u>13,735</u>
Total	<u>\$ 18,360</u>	<u>\$ 1,693</u>	<u>\$ 8,243</u>	<u>\$ 63</u>	<u>\$ 28,359</u>
<u>2000</u>					
Employer	\$ 6,287	\$ 843	\$ 4,102	\$ 1,361	\$ 12,593
Employee	<u>10,576</u>	<u>1,016</u>	<u>4,332</u>	<u>-</u>	<u>15,924</u>
Total	<u>\$ 16,863</u>	<u>\$ 1,859</u>	<u>\$ 8,434</u>	<u>\$ 1,361</u>	<u>\$ 28,517</u>

The MTA's contributions to the Plans for the year ended June 30, 2002 were made in accordance with the actuarially determined requirements computed as of December 31, 2001. Actuarially computed costs are determined using the projected unit credit cost method. The total ARC, was paid in full for all plans, for the years ended June 30, 2002, 2001 and 2000 was \$22,338, \$14,624 and \$12,593 respectively, which also was the annual pension cost for both periods since there was no NPO at June 30, 2002, 2001 or 2000. The required contribution rate by employees for years ended June 30, 2002, 2001 and 2000, was between 0% to 7.09%, 0% to 7.73% and 4.62% to 7.25% respectively, of their annual wages. The employer rate is equal to ARC. The method of 1/2 book value + 1/2 market value was used to determine the actuarial value of assets. The level percentage of payroll closed is the amortization method used with the remaining amortization period an average of 15 years for public agencies. The actuarial assumptions are: an 8.5% investment rate of return including a 3.5% rate for inflation; projected salary increases of 4.5%; and no post-retirement benefit increases.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

**Post-retirement benefits**

The MTA provides post-retirement benefits that consist of health care and life insurance benefits purchased for retired employees and families through a commercial insurance policy. Substantially all retirees of the MTA may become eligible for these 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 3,000 participants was \$15,938 for the year ended June 30, 2002 and MTA contributions are funded on a pay-as-you-go-basis. The outstanding long-term liability for the post-retirement benefits as of June 30, 2002 is \$88,447.

**O. Deferred compensation and 401(k) savings plan**

**Deferred compensation plan**

The MTA has a deferred compensation plan for all employees established in accordance with IRC Section 457 that permits employees to defer a portion of their current salary to future years. Under this plan, employees may contribute up to the lesser of \$11,000 or 100% of their earnings in calendar year 2002

The plan is managed by a third party plan administrator and trustee. Employee deferrals can be allocated among several investment options as directed by the employee. Although the employee is always 100% vested in the plan, withdrawals are not available to employees until termination, retirement, death or unforeseeable emergency. 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, the assets of the deferred compensation plan and the related liability to employees are not reported in the fiduciary fund. At June 30, 2002 the deferred compensation plans had assets (at fair value) totaling \$144,559.

**401 (k) savings plan**

The MTA also offers a deferred savings plan to all employees created in accordance with IRC Section 401(k). The savings plan is managed by a third party plan administrator, and the participants can direct the Plan Administrator to allocate their deferral 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. 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, the plan's assets and liability to employees are not reported in the fiduciary fund. At June 30, 2002 the 401(k) savings plan had assets (at market value) totaling \$109,717.



LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

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 \$22,000 (amount not in thousands).

**P. Fiduciary fund type**

Included in the fiduciary fund type are accounts related to the Benefit Assessment Districts (BADs.) The BADs have issued revenue bonds as described below:

*Benefit Assessment District's Revenue Bonds* - The Special Benefit Assessment District A1 Revenue Refunding Bonds, Series 2001 (A1 Bonds), and Special Benefit Assessment District A2 Revenue Refunding Bonds, Series 2001 (A2 Bonds), were issued to provide fund for retiring previously issued BAD revenue bonds. The retired bonds were issued to assist in the financing of the private sector portion of the Metro Red Line. The A1 and A2 Bonds, \$128,115 and \$7,130, respectively, are solely payable from assessments paid by owners of assessable property within Districts A1 and A2, respectively.

These current refundings were undertaken to reduce interest cost, as shown below:

	Reacquisition Price Exceeded Net Earnings <u>Amount by</u>	Economic <u>Gain</u>	Reduction in Future Debt <u>Service</u>
<u>Payments</u>			
District A1	\$ 1,390	\$ 4,061	\$ 4,697
District A2	\$ 237	\$ 386	\$ 368

The amounts by which the reacquisition prices exceeded the net carrying amounts are being amortized over the remaining life of the refunded debt which in the case of District A1 is shorter than the life of the old debt. In District A2 the new debt has the same life as the old debt.

The bonds do not constitute an indebtedness of the MTA and are payable solely from payments received on assessments against the levied properties. Accordingly no liability has been recorded in the accompanying MTA financial statements.

**Q. 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 the overall responsibility of providing a regional commuter rail system, Metrolink, linking the participating counties.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

The SCRRA consists of an independent governing board of eleven members appointed by the member agencies with voting powers as follows: for MTA - 4; for OCTA - 2; for RCTC - 2; for SANBAG - 2; for 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, San Diego County and terminating at the Los Angeles Union Station.

Funding for the Metrolink's construction has been from capital contributions from member agencies and the State of California. The MTA has made capital contributions to the SCRRA totaling \$181,944 as of June 30, 2002.

The MTA provided the majority of the system's operating costs for the year ending June 30, 2002. Summary audited financial information for the SCRRA's enterprise fund as of and for the year ended June 30, 2001 (most recent data available) is as follows:

Current Assets	\$	54,987
Investments, Property and Equipment		681,380
Total Assets	\$	736,367
Total Liabilities	\$	41,433
Total Equity		694,934
Total Liabilities and Equity	\$	736,367
Total Revenues	\$	116,684
Total Expenses		131,766
Contributed Capital Adjustment for Depreciation		51,412
Net Increase in Retained Earnings	\$	36,330

Additional detailed financial information is available from the SCRRA, P.O. Box 86425, Los Angeles, CA 90086-0425.

**R. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative managements plans that are subject to change.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
Notes to Combined Financial Statements (Continued)  
June 30, 2002

**S. Litigation and other contingencies**

**Litigation**

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.

**Federal, state and other governmental funding**

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. Such programs are subject to review and audit by the grantor agencies. These audits could result in disallowed expenditures 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.

**T. Reclassifications**

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

**U. Subsequent Events**

**Lease / leasehold Agreement**

In September 2002, the MTA entered into a lease/leaseback to service contract covering 17 light rail cars. The transaction resulted in the MTA receiving a net up front benefit of \$4.9 million.

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
 REQUIRED SUPPLEMENTAL INFORMATION  
 For Fiscal Year Ended June 30, 2002

Schedule of Funding Progress

The schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll for the pension funds contributed to by:

Valuation Date	Entry Age	Actuarial Value of Assets (b)	Unfunded		Annual Covered Payroll (c)	UAAL As a % of Payroll {(a)-(b)}/(c)
	Normal Accrued Liability (a)		Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)		
<b>PTSC</b>						
6/30/99	53,714,000	80,690,000	(26,976,000)	150.20%	71,098,000	(37.94)%
6/30/00	69,044,000	100,283,000	(31,239,000)	145.20%	77,968,000	(40.07)%
6/30/01	87,033,000	114,366,000	(27,333,000)	131.41%	87,089,000	(31.39)%
<b>MTA</b>						
<u>UTU</u>						
12/31/99	309,834,000	252,925,000	56,909,000	81.63%	148,194,000	38.40%
12/31/00	325,791,000	261,163,000	64,628,000	80.16%	161,508,000	40.02%
12/31/01	342,460,000	249,387,000	93,073,000	72.82%	162,566,000	57.25%
<u>TCU</u>						
12/31/99	45,002,000	46,373,000	(1,371,000)	103.05%	22,533,000	(6.08)%
12/31/00	47,562,000	48,061,000	(499,000)	101.05%	24,145,000	(2.07)%
12/31/01	51,346,000	45,770,000	5,576,000	89.14%	26,265,000	21.23%
<u>ATU</u>						
12/31/99	158,850,000	148,410,000	10,440,000	93.43%	84,984,000	12.28%
12/31/00	178,615,000	155,311,000	23,304,000	86.95%	90,211,000	25.83%
12/31/01	188,385,000	146,551,000	41,834,000	77.79%	94,946,000	44.06%
<u>Non Contract</u>						
12/31/99	142,596,000	169,891,000	(27,295,000)	119.14%	29,715,000	(91.86)%
12/31/00	139,796,000	168,235,000	(28,439,000)	120.34%	26,907,000	(105.69)%
12/31/01	144,715,000	154,216,000	(9,501,000)	106.57%	26,020,000	(36.51)%
<u>Total</u>						
12/31/99	656,282,000	617,599,000	38,683,000	94.11%	285,426,000	13.55%
12/31/00	691,764,000	632,770,000	58,994,000	91.47%	302,771,000	19.48%
12/31/01	726,906,000	595,924,000	130,982,000	81.98%	309,797,000	42.28%

**Los Angeles County Metropolitan Transportation Authority**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2002**  
**(Amounts expressed in thousands)**

	<b>Special Revenue</b>		
	<b>Service Authority For Fwy Emergency</b>	<b>STA</b>	<b>PVEA</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,201	\$ 28,805	\$ 455
Investments	-	-	-
Receivables (net of allowances for uncollectibles):			
Accounts	-	-	-
Interest	261	-	5
Intergovernmental	-	-	-
Sales Tax	-	25,646	-
<b>TOTAL ASSETS</b>	<b>\$ 29,462</b>	<b>\$ 54,451</b>	<b>\$ 460</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 2,017	\$ 424	\$ -
Claims and judgment payable	-	-	-
Due to other funds	-	14,149	-
Other liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,017</b>	<b>14,573</b>	<b>-</b>
<b>FUND BALANCES</b>			
Fund balances:			
Reserved for:			
Encumbrances	3,758	-	-
Unreserved, reported in:			
Special Revenue Funds	23,687	39,878	460
Capital Project Funds	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>27,445</b>	<b>39,878</b>	<b>460</b>
<b>TOTAL LIABILITIES, FUND BALANCES</b>	<b>\$ 29,462</b>	<b>\$ 54,451</b>	<b>\$ 460</b>

				<b>Capital Projects</b>			
<b>CMAQ TSM</b>	<b>Budget Change Proposal</b>	<b>FEMA Earthquake Reimb.</b>	<b>Total</b>	<b>Light Rail</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>	
\$ 1,022	\$ 2,696	\$ 2,480	\$ 64,659	\$ 87	\$ 87	\$ 64,746	
-	-	-	-	3,357	3,357	3,357	
(985)	-	18	(967)	11,926	11,926	10,959	
-	57	-	323	17	17	340	
-	-	-	-	8,357	8,357	8,357	
-	-	-	25,646	-	-	25,646	
<u>\$ 37</u>	<u>\$ 2,753</u>	<u>\$ 2,498</u>	<u>\$ 89,661</u>	<u>\$ 23,744</u>	<u>\$ 23,744</u>	<u>\$ 113,405</u>	
\$ -	\$ (5)	\$ -	\$ 2,436	\$ 18,496	\$ 18,496	\$ 20,932	
-	-	-	-	2,135	2,135	2,135	
-	-	-	14,149	1,950	1,950	16,099	
-	10	-	10	(4)	(4)	6	
-	5	-	16,595	22,577	22,577	39,172	
-	-	-	3,758	-	-	3,758	
37	2,748	2,498	69,308	-	-	69,308	
-	-	-	-	1,167	1,167	1,167	
<u>37</u>	<u>2,748</u>	<u>2,498</u>	<u>73,066</u>	<u>1,167</u>	<u>1,167</u>	<u>74,233</u>	
<u>\$ 37</u>	<u>\$ 2,753</u>	<u>\$ 2,498</u>	<u>\$ 89,661</u>	<u>\$ 23,744</u>	<u>\$ 23,744</u>	<u>\$ 113,405</u>	

**Los Angeles County Metropolitan Transportation Authority**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2002**  
**(Amounts expressed in thousands)**

	<b>Special Revenue</b>		
	<b>Service Authority For Fwy Emergency</b>	<b>STA</b>	<b>PVEA</b>
<b>REVENUES</b>			
Sales tax	\$ -	\$ 60,442	\$ -
Intergovernmental	-	-	(85)
Investment income	991	1,105	18
Net appreciation (decline) in fair value of investments	278	-	5
Licenses and fines	6,996	-	-
Other	-	-	-
<b>TOTAL REVENUES</b>	<b>8,265</b>	<b>61,547</b>	<b>(62)</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	4,808	-	-
Transportation subsidies	524	3,222	-
Capital Outlay	33	-	-
<b>TOTAL EXPENDITURES</b>	<b>5,365</b>	<b>3,222</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,900</b>	<b>58,325</b>	<b>(62)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	40	125
Operating transfers out	-	(38,142)	(89)
Proceeds from financing	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>-</b>	<b>(38,102)</b>	<b>36</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,900</b>	<b>20,223</b>	<b>(26)</b>
Fund balances - beginning	24,545	19,655	486
<b>FUND BALANCES - ENDING</b>	<b>\$ 27,445</b>	<b>\$ 39,878</b>	<b>\$ 460</b>



				<b>Capital Projects</b>		
<b>CMAQ TSM</b>	<b>Budget Change Proposal</b>	<b>FEMA Earthquake Reimb.</b>	<b>Total</b>	<b>Light Rail</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 60,442	\$ -	\$ -	\$ 60,442
-	5,974	239	6,128	42,400	42,400	48,528
10	74	-	2,198	255	255	2,453
-	(7)	-	276	(56)	(56)	220
-	-	-	6,996	-	-	6,996
-	-	-	-	6,254	6,254	6,254
10	6,041	239	76,040	48,853	48,853	124,893
-	148	30	4,986	46,872	46,872	51,858
-	268	-	4,014	-	-	4,014
-	-	-	33	27,601	27,601	27,634
-	416	30	9,033	74,473	74,473	83,506
10	5,625	209	67,007	(25,620)	(25,620)	41,387
-	-	-	165	29,371	29,371	29,536
-	(3,573)	(697)	(42,501)	(5,998)	(5,998)	(48,499)
-	-	-	-	4,871	4,871	4,871
-	(3,573)	(697)	(42,336)	28,244	28,244	(14,092)
10	2,052	(488)	24,671	2,624	2,624	27,295
27	696	2,986	48,395	(1,457)	(1,457)	46,938
<u>\$ 37</u>	<u>\$ 2,748</u>	<u>\$ 2,498</u>	<u>\$ 73,066</u>	<u>\$ 1,167</u>	<u>\$ 1,167</u>	<u>\$ 74,233</u>

Los Angeles County Metropolitan Transportation Authority  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive/(Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 14,997	\$ 6,511	\$ (8,486)
Investment income	1,000	5,063	4,063
Net appreciation (decline) in fair value of investments	-	1,441	1,441
Lease and rental	11,954	13,408	1,454
Licenses and fines	250	518	268
Proceeds on lease/leaseback to service	-	27,488	27,488
Other	12,666	3,513	(9,153)
<b>TOTAL REVENUES</b>	<b>40,867</b>	<b>57,942</b>	<b>17,075</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	77,754	47,473	30,281
Transportation subsidies	758	2,934	(2,176)
Capital Outlay	568	451	117
<b>TOTAL EXPENDITURES</b>	<b>79,080</b>	<b>50,858</b>	<b>28,222</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(38,213)</b>	<b>7,084</b>	<b>45,297</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	35,728	40,301	4,573
Transfers out	(2,996)	(1,749)	1,247
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>32,732</b>	<b>38,552</b>	<b>5,820</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,481)</b>	<b>45,636</b>	<b>51,117</b>
Fund balances - beginning	107,872	107,872	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 102,391</b>	<b>\$ 153,508</b>	<b>\$ 51,117</b>

Los Angeles County Metropolitan Transportation Authority  
Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive / (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 4,416	\$ 3,256	\$ (1,160)
Investment income	9,000	16,816	7,816
Net appreciation (decline) in fair value of investments	-	3,753	3,753
Proceeds on lease/leaseback to service	-	59,278	59,278
<b>TOTAL REVENUES</b>	<b>13,416</b>	<b>83,103</b>	<b>69,687</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	-	3,679	(3,679)
Transportation subsidies	-	6,491	(6,491)
Debt and interest expenditures:			
Interest and fiscal charges	208,230	169,271	38,959
Bond issuance costs	-	-	-
Bond principal & commercial paper retirement	378,064	382,516	(4,452)
<b>TOTAL EXPENDITURES</b>	<b>586,294</b>	<b>561,957</b>	<b>24,337</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(572,878)</b>	<b>(478,854)</b>	<b>94,024</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	282,686	316,245	33,559
Transfers out	-	(811)	(811)
Proceeds from financing	290,890	339,797	48,907
Proceeds of refunding bonds	-	20,825	20,825
Payment to refunding bond escrow agent	-	(21,665)	(21,665)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>573,576</b>	<b>654,391</b>	<b>80,815</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>698</b>	<b>175,537</b>	<b>174,839</b>
Fund balances - beginning	260,547	260,547	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 261,245</b>	<b>\$ 436,084</b>	<b>\$ 174,839</b>

Los Angeles County Metropolitan Transportation Authority  
Proposition A Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive/(Negative)</b>
<b>REVENUES</b>			
Sales tax	\$ 528,443	\$ 525,980	\$ (2,463)
Investment income	6,000	3,128	(2,872)
Net appreciation (decline) in fair value of investments	-	226	226
<b>TOTAL REVENUES</b>	<b>534,443</b>	<b>529,334</b>	<b>(5,109)</b>
<b>EXPENDITURES</b>			
Current:			
Transportation subsidies	194,391	199,563	(5,172)
<b>TOTAL EXPENDITURES</b>	<b>194,391</b>	<b>199,563</b>	<b>(5,172)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>340,052</b>	<b>329,771</b>	<b>(10,281)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	569	569
Transfers out	(340,356)	(349,595)	(9,239)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(340,356)</b>	<b>(349,026)</b>	<b>(8,670)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(304)</b>	<b>(19,255)</b>	<b>(18,951)</b>
Fund balances - beginning	121,250	121,250	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 120,946</b>	<b>\$ 101,995</b>	<b>\$ (18,951)</b>

Los Angeles County Metropolitan Transportation Authority  
Proposition C Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Budgeted Amounts		Variance with Final Budget - Positive/(Negative)
	Original	Actual Amounts	
<b>REVENUES</b>			
Sales tax	\$ 528,340	\$ 525,876	\$ (2,464)
Investment income	14,000	11,572	(2,428)
Net appreciation (decline) in fair value of investments	-	2,853	2,853
<b>TOTAL REVENUES</b>	<b>600,101</b>	<b>587,953</b>	<b>(12,148)</b>
<b>EXPENDITURES</b>			
Current:			
Transportation subsidies	376,987	283,457	100,727
<b>TOTAL EXPENDITURES</b>	<b>461,907</b>	<b>331,152</b>	<b>137,952</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>138,194</b>	<b>256,801</b>	<b>125,804</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	113,264	5,344	(107,920)
Transfers out	(328,115)	(330,958)	(2,843)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(214,851)</b>	<b>(325,614)</b>	<b>(110,763)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(76,657)</b>	<b>(68,813)</b>	<b>15,041</b>
Fund balances - beginning	414,539	414,539	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 337,882</b>	<b>\$ 345,726</b>	<b>\$ 15,041</b>

Los Angeles County Metropolitan Transportation Authority  
Transportation Development Act Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive/(Negative)
<b>REVENUES</b>			
Sales tax	\$ 267,838	\$ 268,067	\$ 229
Intergovernmental	-	18	18
Investment income	3,500	7,226	3,726
<b>TOTAL REVENUES</b>	<b>271,338</b>	<b>275,311</b>	<b>3,973</b>
<b>EXPENDITURES</b>			
Current:			
Transportation subsidies	86,986	69,432	17,554
<b>TOTAL EXPENDITURES</b>	<b>86,986</b>	<b>69,432</b>	<b>17,554</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>184,352</b>	<b>205,879</b>	<b>21,527</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	919	1,947	1,028
Transfers out	(196,432)	(179,838)	16,594
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(195,513)</b>	<b>(177,891)</b>	<b>17,622</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(11,161)</b>	<b>27,988</b>	<b>39,149</b>
Fund balances - beginning	139,694	139,694	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 128,533</b>	<b>\$ 167,682</b>	<b>\$ 39,149</b>

Los Angeles County Metropolitan Transportation Authority  
Metro Rail Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive/(Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 69,520	\$ 43,406	\$ (26,114)
Investment income	-	3,355	3,355
Net appreciation (decline) in fair value of investments	-	656	656
Other	-	(20)	(20)
<b>TOTAL REVENUES</b>	<b>69,520</b>	<b>47,397</b>	<b>(22,123)</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	50,852	61,479	(10,627)
Capital Outlay	79,873	29,451	50,422
<b>TOTAL EXPENDITURES</b>	<b>130,725</b>	<b>90,930</b>	<b>39,795</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(61,205)</b>	<b>(43,533)</b>	<b>17,672</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	18,209	14,067	(4,142)
Transfers out	(90,795)	(34,507)	56,288
Proceeds from financing	134,100	87,817	(46,283)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>61,514</b>	<b>67,377</b>	<b>5,863</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>309</b>	<b>23,844</b>	<b>23,535</b>
Fund balances - beginning	81,435	81,435	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 81,744</b>	<b>\$ 105,279</b>	<b>\$ 23,535</b>

Los Angeles County Metropolitan Transportation Authority  
**Other Capital Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2002**  
(Amounts expressed in thousands)

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive/(Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 319,456	\$ 178,826	\$ (140,630)
Investment income	-	95	95
Net appreciation (decline) in fair value of investments	-	(64)	(64)
<b>TOTAL REVENUES</b>	<b>319,456</b>	<b>178,857</b>	<b>(140,599)</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	93,419	50,276	43,143
Transportation subsidies	-	682	(682)
Capital Outlay	313,209	145,420	167,789
<b>TOTAL EXPENDITURES</b>	<b>406,628</b>	<b>196,378</b>	<b>210,250</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(87,172)</b>	<b>(17,521)</b>	<b>69,651</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	85,073	30,892	(54,181)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>85,073</b>	<b>30,892</b>	<b>(54,181)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,099)</b>	<b>13,371</b>	<b>15,470</b>
Fund balances - beginning	1,049	1,049	-
<b>FUND BALANCES - ENDING</b>	<b>\$ (1,050)</b>	<b>\$ 14,420</b>	<b>\$ 15,470</b>



Los Angeles County Metropolitan Transportation Authority  
Service Authority for Freeway Emergency Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive/(Negative)
<b>REVENUES</b>			
Investment income	\$ -	\$ 991	\$ 991
Net appreciation (decline) in fair value of investments	-	278	278
Licenses and fines	6,100	6,996	896
<b>TOTAL REVENUES</b>	<b>6,100</b>	<b>8,265</b>	<b>2,165</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	12,769	4,808	7,961
Transportation subsidies	-	524	(524)
Capital Outlay	35	33	2
<b>TOTAL EXPENDITURES</b>	<b>12,804</b>	<b>5,365</b>	<b>7,439</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(6,704)</b>	<b>2,900</b>	<b>9,604</b>
Fund balances - beginning	24,545	24,545	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 17,841</b>	<b>\$ 27,445</b>	<b>\$ 9,604</b>

Los Angeles County Metropolitan Transportation Authority  
State Transit Assistance Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive/(Negative)
<b>REVENUES</b>			
Sales tax	\$ 59,278	\$ 60,442	\$ 1,164
Investment income	400	1,105	705
<b>TOTAL REVENUES</b>	<u>59,678</u>	<u>61,547</u>	<u>1,869</u>
<b>EXPENDITURES</b>			
Current:			
Transportation subsidies	8,521	3,222	5,299
<b>TOTAL EXPENDITURES</b>	<u>8,521</u>	<u>3,222</u>	<u>5,299</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>51,157</u>	<u>58,325</u>	<u>7,168</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	40	40
Transfers out	(47,515)	(38,142)	9,373
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>(47,515)</u>	<u>(38,102)</u>	<u>9,413</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,642	20,223	16,581
Fund balances - beginning	19,655	19,655	-
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 23,297</u></u>	<u><u>\$ 39,878</u></u>	<u><u>\$ 16,581</u></u>

**Los Angeles County Metropolitan Transportation Authority**  
**Petroleum Violation Escrow Account Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2002**  
**(Amounts expressed in thousands)**

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive/(Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ (85)	\$ (85)
Investment income	-	18	18
Net appreciation (decline) in fair value of investments	-	5	5
<b>TOTAL REVENUES</b>	<b>-</b>	<b>(62)</b>	<b>(62)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	125	125
Transfers out	-	(89)	(89)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>-</b>	<b>36</b>	<b>36</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(26)</b>	<b>(26)</b>
Fund balances - beginning	486	486	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 486</b>	<b>\$ 460</b>	<b>\$ (26)</b>

**Los Angeles County Metropolitan Transportation Authority**  
**Congestion Mitigation and Air Quality / Transportation Service Management Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2002**  
**(Amounts expressed in thousands)**

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive/(Negative)</b>
<b>REVENUES</b>			
Investment income	\$ -	\$ 10	\$ 10
<b>TOTAL REVENUES</b>	<b>-</b>	<b>10</b>	<b>10</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>10</b>	<b>10</b>
Fund balances - beginning	27	27	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 27</b>	<b>\$ 37</b>	<b>\$ 10</b>

**Los Angeles County Metropolitan Transportation Authority**  
**Budget Change Proposal Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2002**  
**(Amounts expressed in thousands)**

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive/(Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 9,862	\$ 5,974	\$ (3,888)
Investment income	-	74	74
Net appreciation (decline) in fair value of investments	-	(7)	(7)
<b>TOTAL REVENUES</b>	<b>9,862</b>	<b>6,041</b>	<b>(3,821)</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	108	148	(40)
Transportation subsidies	4,354	268	4,086
<b>TOTAL EXPENDITURES</b>	<b>4,462</b>	<b>416</b>	<b>4,046</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,400</b>	<b>5,625</b>	<b>225</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(5,400)	(3,573)	1,827
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(5,400)</b>	<b>(3,573)</b>	<b>1,827</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>2,052</b>	<b>2,052</b>
Fund balances - beginning	696	696	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 696</b>	<b>\$ 2,748</b>	<b>\$ 2,052</b>

Los Angeles County Metropolitan Transportation Authority  
FEMA Earthquake Reimbursement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive/(Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 42	\$ 239	\$ 197
<b>TOTAL REVENUES</b>	42	239	197
<b>EXPENDITURES</b>			
Current:			
Administration and other	42	30	12
<b>TOTAL EXPENDITURES</b>	42	30	12
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	209	209
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(697)	(697)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	-	(697)	(697)
<b>NET CHANGE IN FUND BALANCES</b>	-	(488)	(488)
Fund balances - beginning	2,986	2,986	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,986</u>	<u>\$ 2,498</u>	<u>\$ (488)</u>

Los Angeles County Metropolitan Transportation Authority  
Light Rail Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive/(Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 57,448	\$ 42,400	\$ (15,048)
Investment income	-	255	255
Net appreciation (decline) in fair value of investments	-	(56)	(56)
Other	-	6,254	6,254
<b>TOTAL REVENUES</b>	<b>57,448</b>	<b>48,853</b>	<b>(8,595)</b>
<b>EXPENDITURES</b>			
Current:			
Administration and other	68,872	46,872	22,000
Capital Outlay	49,102	27,601	21,501
<b>TOTAL EXPENDITURES</b>	<b>117,974</b>	<b>74,473</b>	<b>43,501</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(60,526)</b>	<b>(25,620)</b>	<b>34,906</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	42,902	29,371	(13,531)
Transfers out	(74,838)	(5,998)	68,840
Proceeds from financing	92,570	4,871	(87,699)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>60,634</b>	<b>28,244</b>	<b>(32,390)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>108</b>	<b>2,624</b>	<b>2,516</b>
Fund balances - beginning	(1,457)	(1,457)	-
<b>FUND BALANCES - ENDING</b>	<b>\$ (1,349)</b>	<b>\$ 1,167</b>	<b>\$ 2,516</b>

**Los Angeles County Metropolitan Transportation Authority**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**June 30, 2002**  
 (Amounts expressed in thousands)

	LACMTA	PTSC	PRMA	Total Internal Service Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,746	\$ 30,619	\$ 1,164	\$ 48,529
Accounts Receivables (net)	19	385	-	404
Due from other funds	49,700	46,056	18,090	113,846
Prepaid items and other assets	585	-	-	585
Restricted assets:				-
Investments	-	-	57,053	57,053
<b>TOTAL ASSETS</b>	<b>\$ 67,050</b>	<b>\$ 77,060</b>	<b>\$ 76,307</b>	<b>220,417</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 9,961	\$ 560	\$ 111	10,632
Accrued liabilities	6,835	3,655	-	10,490
Claims and judgment payable	-	609	47,535	48,144
Due to other funds	45,467	48,676	19,702	113,845
Accrued interest payable	-	-	-	-
Compensated absences payable	637	23,525	-	24,162
Post-retirement benefits payable (Note 7)	-	19	-	19
Other Liabilities	4,150	16	8,959	13,125
<b>TOTAL LIABILITIES</b>	<b>67,050</b>	<b>77,060</b>	<b>76,307</b>	<b>220,417</b>
<b>TOTAL NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, FUND BALANCES</b>	<b>\$ 67,050</b>	<b>\$ 77,060</b>	<b>\$ 76,307</b>	<b>\$ 220,417</b>



Los Angeles County Metropolitan Transportation Authority  
Internal Service Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	LACMTA	PTSC	PRMA	Total Internal Service Funds
<b>REVENUES</b>				
Charges for Services	\$ 358,300	\$ 146,801	\$ 64,280	\$ 569,381
<b>TOTAL REVENUES</b>	<b>358,300</b>	<b>146,801</b>	<b>64,280</b>	<b>569,381</b>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	146,634	98,325	392	245,351
Fringe Benefits	170,594	47,915	63,480	281,989
Allocable costs	41,072	561	408	42,041
<b>TOTAL OPERATING EXPENSES</b>	<b>358,300</b>	<b>146,801</b>	<b>64,280</b>	<b>569,381</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest revenues	-	-	-	-
Other	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Assets - beginning	-	-	-	-
<b>NET ASSETS - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Los Angeles County Metropolitan Transportation Authority  
Internal Service Fund  
Statement of Cash Flows  
For the Fiscal Year Ending June 30, 2002  
(Amount expressed in thousands)

	LACMTA	PTSC	PRMA	Total Internal Service Funds
<b>Cash flow from operating activities:</b>				
Receipts customers and users				
Receipts interfund services provided	313,260	171,432	68,389	553,081
Payment to suppliers				
Payment to employees	(331,089)	(141,083)	-13,535	(485,707)
Payment to interfund service used				
Net cash used in operating activities	<u>(17,829)</u>	<u>30,349</u>	<u>54,854</u>	<u>67,374</u>
<b>Cash flow from investing activities:</b>				
Proceeds from sales and maturity of investments				
Purchase of investments	-	-	(57,053)	(57,053)
Interest received on investments	627	-	-	627
Net cash provided by investing activities	<u>627</u>	<u>-</u>	<u>(57,053)</u>	<u>(56,426)</u>
Net increase (decrease) in cash and cash equivalents	(17,202)	30,349	(2,199)	10,948
Cash and cash equivalents, June 30, 2001	<u>33,948</u>	<u>270</u>	<u>3,363</u>	<u>37,581</u>
Cash and cash equivalents, June 30, 2002	<u>\$ 16,746</u>	<u>\$ 30,619</u>	<u>\$ 1,164</u>	<u>\$ 48,529</u>

**Los Angeles County Metropolitan Transportation Authority**  
**Internal Service Fund**  
**Statement of Cash Flows**  
**For the Fiscal Year Ending June 30, 2002**  
**(Amount expressed in thousands)**

	<u>LACMTA</u>	<u>PTSC</u>	<u>PRMA</u>	<u>Total Internal Service Funds</u>
<b>Reconciliation of operating income to net cash provided (used ) by operating activities:</b>				
Operating income	-	-	-	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Accounts receivable	(48,948)	(387)	-	(49,335)
Leases and other receivables	22	179	-	201
Due from other funds	3,846	24,839	4,108	32,793
Prepaid and other assets	40	-	-	40
Accounts payable	4,127	(642)	(3,514)	(29)
Accrued liabilities	470	1,321	-	1,791
Compensated absences payable	637	5,731	-	6,368
Advances from other funds	18,241	(30,455)	(20,580)	(32,794)
Claims and judgment payable	-	(213)	47,536	47,323
Other liabilities	3,736	29,976	27,304	61,016
Total adjustments	<u>(17,829)</u>	<u>30,349</u>	<u>54,854</u>	<u>67,374</u>
Net cash provided by operating activities	<u>\$ (17,829)</u>	<u>\$ 30,349</u>	<u>\$ 54,854</u>	<u>\$ 67,374</u>

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Los Angeles County Metropolitan Transportation Authority  
Combining Statement of Changes in Fiduciary Net Assets  
For the year ended June 30, 2002  
(Amounts expressed in thousands)

	United Transportation Union Plan	Transportation Communication Union Plan	Amalgamated Transportation Union Plan	Non-Contract Employees' Retirement Plan	Totals 2002
<b>ADDITIONS</b>					
Contributions					
Employer	\$ 10,744	\$ 1,112	\$ 10,483	\$ -	\$ 22,339
Member	11,122	1,119	595		12,836
Total contributions	<u>21,866</u>	<u>2,231</u>	<u>11,078</u>	<u>-</u>	<u>35,175</u>
From Investing Activities					
Net depreciation in fair value of investments	(16,656)	(3,004)	(9,839)	(10,052)	(39,551)
Investment income	5,355	953	3,112	3,231	12,651
Other revenue	91	16	53	55	215
Total investing activity income	<u>(11,210)</u>	<u>(2,035)</u>	<u>(6,674)</u>	<u>(6,766)</u>	<u>(26,685)</u>
Total net investment income	<u>(11,210)</u>	<u>(2,035)</u>	<u>(6,674)</u>	<u>(6,766)</u>	<u>(26,685)</u>
<b>TOTAL ADDITIONS</b>	<u>10,656</u>	<u>196</u>	<u>4,404</u>	<u>(6,766)</u>	<u>8,490</u>
<b>DEDUCTIONS</b>					
Retiree benefits	(39,161)	(4,630)	(20,559)	(13,695)	(78,045)
Investment expense	(1,208)	(215)	(702)	(727)	(2,852)
Administrative expense	(284)	(151)	(252)	(346)	(1,033)
<b>TOTAL DEDUCTIONS</b>	<u>(40,653)</u>	<u>(4,996)</u>	<u>(21,513)</u>	<u>(14,768)</u>	<u>(81,930)</u>
<b>NET (DECREASE)</b>	<u>(29,997)</u>	<u>(4,800)</u>	<u>(17,109)</u>	<u>(21,534)</u>	<u>(73,440)</u>
Net Assets Beginning of year	<u>263,382</u>	<u>47,025</u>	<u>153,982</u>	<u>162,435</u>	<u>626,824</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 233,385</u>	<u>\$ 42,225</u>	<u>\$ 136,873</u>	<u>\$ 140,901</u>	<u>\$ 553,384</u>

Los Angeles County Metropolitan Transportation Authority  
Fiduciary Funds  
Combining Statement of Fiduciary Net Assets  
June 30, 2002  
(Amounts expressed in thousands)

	Employee Retirement Funds				Total
	United Transportation Union Retirement Trust	Transportation Communication Union Retirement Trust	Amalgamated Transportation Union Retirement Trust	Non-Contract Employees' Retirement Trust	
<b>ASSETS</b>					
Receivables:					
Interest	\$ 909	\$ 163	\$ 530	\$ 541	\$ 2,143
Leases and other	228	44	44	86	402
Prepaid items and other assets	51	10	31	32	124
Restricted:					
Cash and cash equivalents	114	20	66	68	268
Investments	256,009	45,847	149,344	152,324	603,524
<b>TOTAL ASSETS</b>	<u>\$ 257,311</u>	<u>\$ 46,084</u>	<u>\$ 150,015</u>	<u>\$ 153,051</u>	<u>\$ 606,461</u>
<b>LIABILITIES</b>					
Accounts payable	5,484	556	2,384	1,176	9,600
Accrued interest payable					-
Accrued bond principal payable					-
Liabilities for retirement income plan	18,443	3,303	10,759	10,974	43,479
<b>TOTAL LIABILITIES</b>	<u>23,927</u>	<u>3,859</u>	<u>13,143</u>	<u>12,150</u>	<u>53,079</u>
<b>NET ASSETS</b>					
Held in trust for pension benefits and other purposes	233,384	42,225	136,872	140,901	553,382
<b>TOTAL NET ASSETS</b>	<u>\$ 233,384</u>	<u>\$ 42,225</u>	<u>\$ 136,872</u>	<u>\$ 140,901</u>	<u>\$ 553,382</u>

**Los Angeles County Metropolitan Transportation Authority**  
**Agency Funds - Benefit Assessment Districts**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2002**  
**(Amounts expressed in thousands)**

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2002</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,370	\$ 1,295		\$ 11,665
Receivables:				
Interest	160	441	584	17
Leases and others	521	14,586	14,255	852
<b>TOTAL ASSETS</b>	<u>\$ 11,051</u>	<u>\$ 16,322</u>	<u>\$ 14,839</u>	<u>\$ 12,534</u>
<b>LIABILITIES</b>				
Accounts payable	432	551	426	\$ 557
Accrued interest payable	2,709	9,406	8,918	3,197
Accrued bond principal payable	7,910	8,780	7,910	8,780
<b>TOTAL LIABILITIES</b>	<u>\$ 11,051</u>	<u>\$ 18,737</u>	<u>\$ 17,254</u>	<u>\$ 12,534</u>

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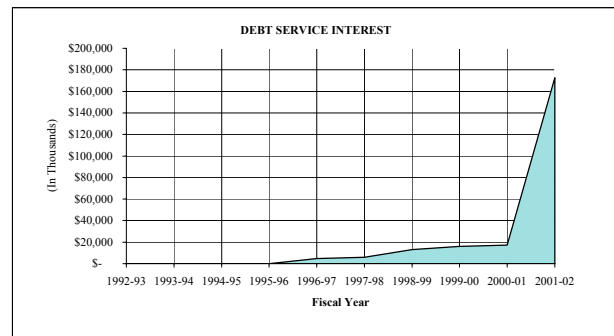
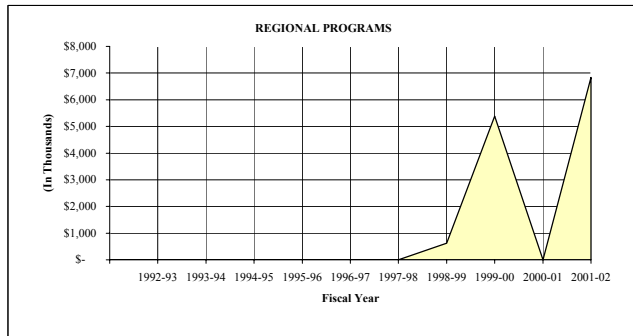
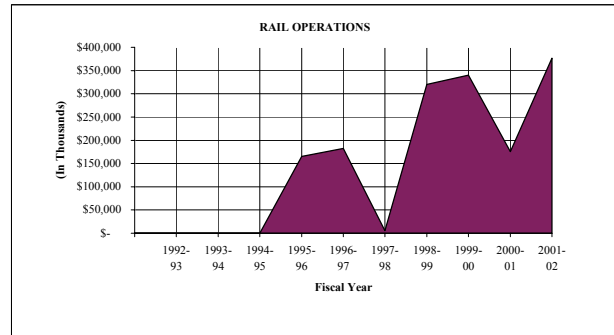
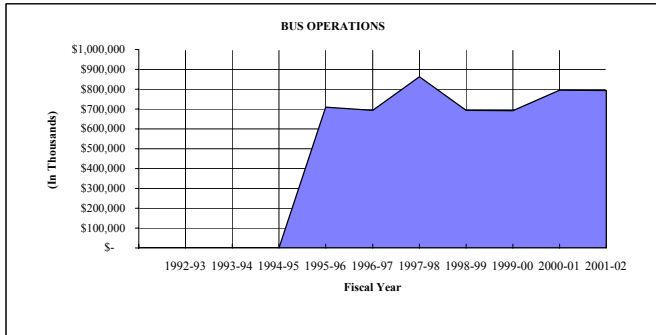


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Escudero-Fribourg Architects, architect

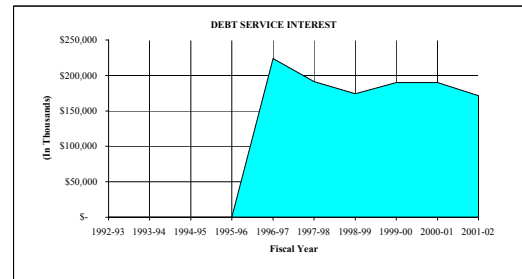
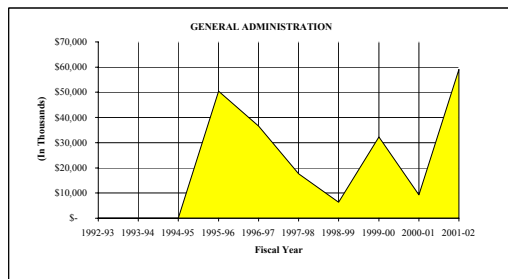
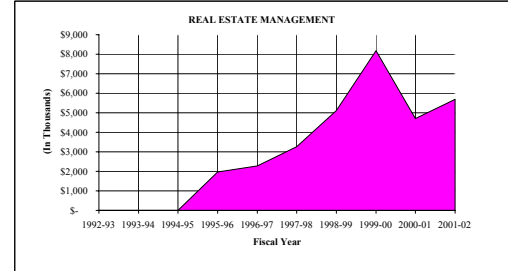
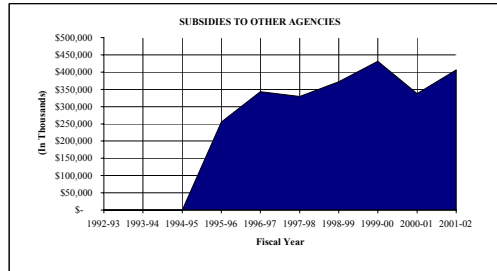
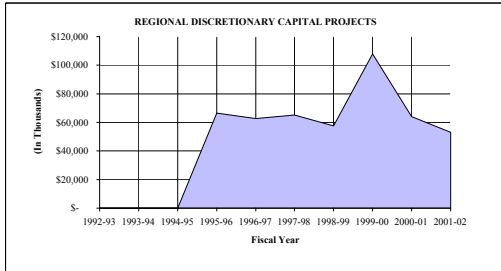
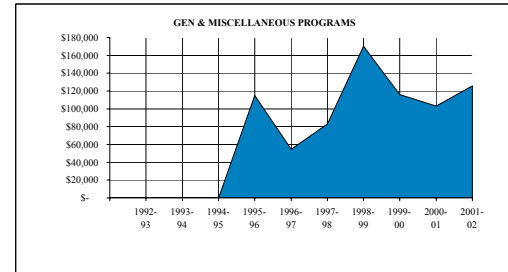
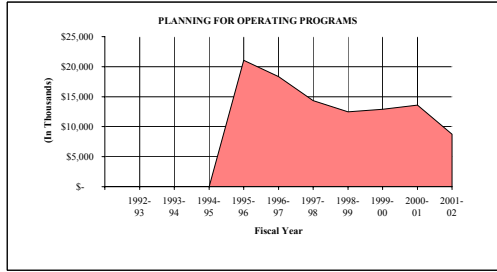
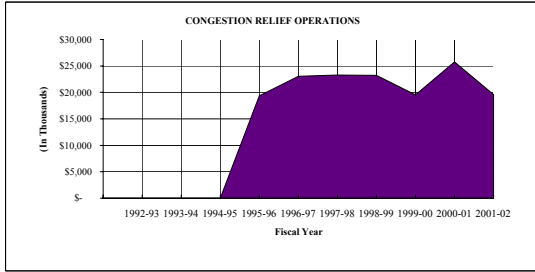
Fiscal Year	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES									TOTAL
	BUS OPERATIONS	RAIL OPERATIONS	REGIONAL PROGRAMS	DEBT SERVICE INTEREST	CONGESTION RELIEF OPERATIONS	PLANNING FOR OPERATING PROGRAMS	GEN & MISCELLANEOUS PROGRAMS	REGIONAL DISCRETIONARY CAPITAL PROJECTS	SUBSIDIES TO OTHER AGENCIES	REAL ESTATE MANAGEMENT	GENERAL ADMINISTRATION	DEBT SERVICE INTEREST		
1992 - 93 *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1993 - 94 *	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1994 - 95 *	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1995 - 96 *	709,287	164,912	-	17	19,356	21,033	114,996	66,452	255,368	1,967	50,418	223,890	1,627,695	
1996 - 97	692,836	182,344	-	4,633	23,070	18,313	54,509	62,713	343,187	2,279	36,541	191,483	1,611,908	
1997 - 98	862,610	5,654	-	5,879	23,265	14,364	82,840	65,225	328,889	3,260	17,647	174,323	1,583,955	
1998 - 99	693,756	319,883	623	12,965	23,222	12,464	170,416	57,470	372,402	5,119	6,378	189,780	1,864,479	
1999 - 00	692,600	340,302	5,381	16,135	19,542	12,876	116,035	107,994	431,534	8,181	32,295	189,808	1,972,682	
2000 - 01	794,935	175,570	-	17,262	25,744	13,592	102,989	63,975	337,985	4,710	9,288	171,525	1,717,574	
2001 - 02	793,903	376,832	6,838	172,792	19,619	8,760	125,577	53,106	406,717	5,691	59,051	14,409	2,043,295	

Source: Comprehensive Annual Financial Report

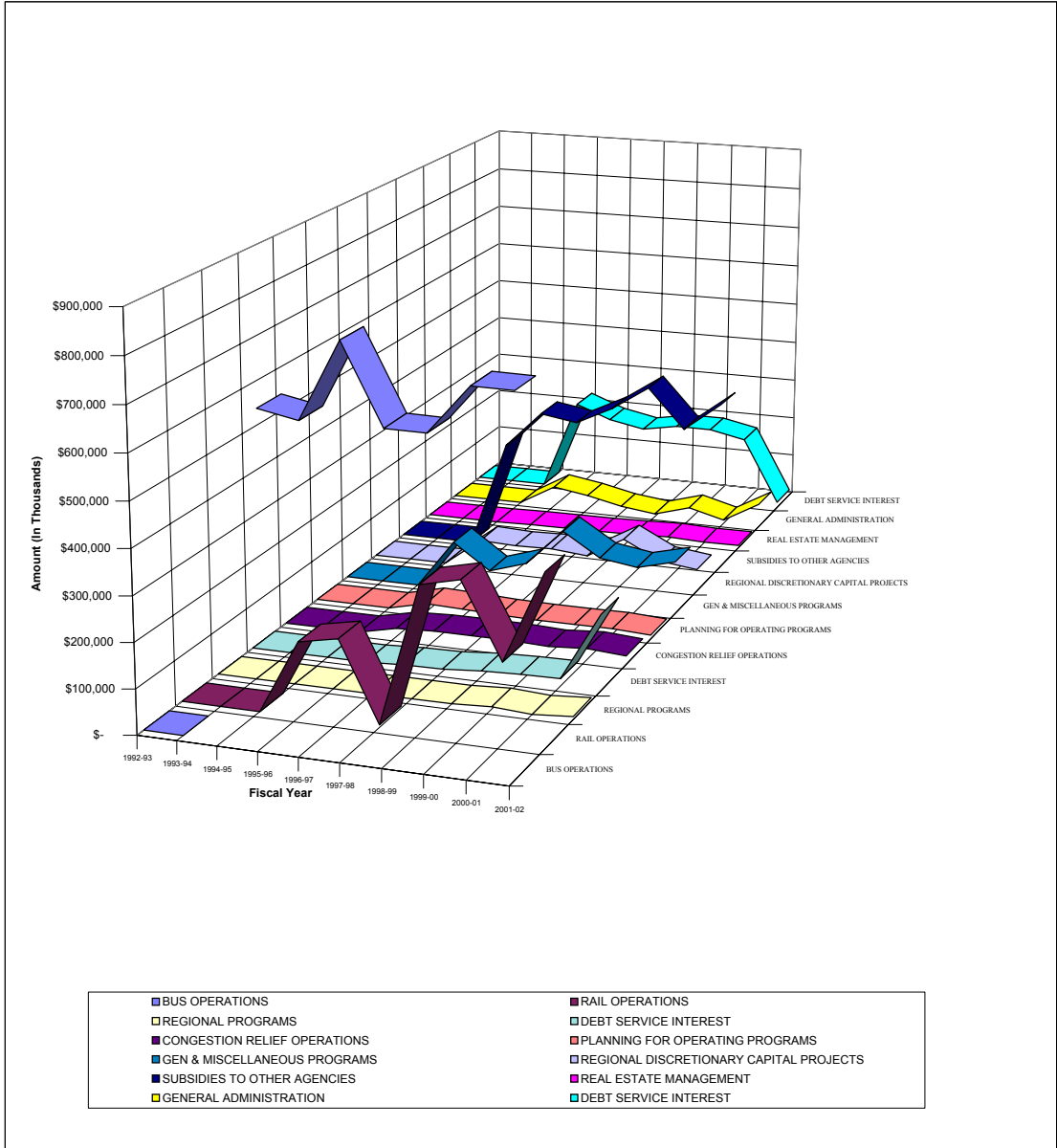
Graphical Presentation A of Table 1  
Business Activities



**Graphical Presentation B of Table 1  
Governmental  
Activities**



Graphical Presentation C  
of Table 1



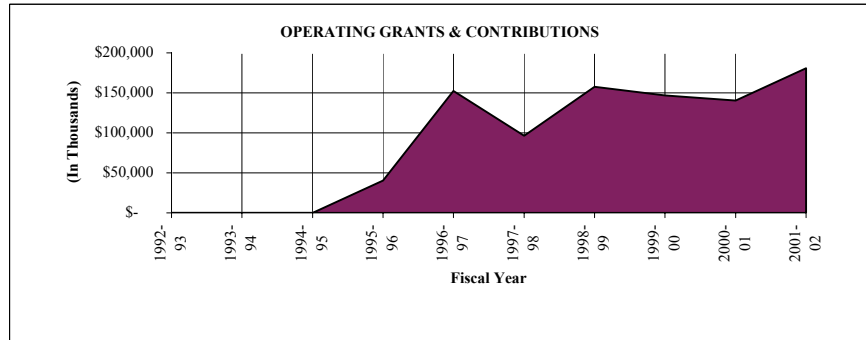
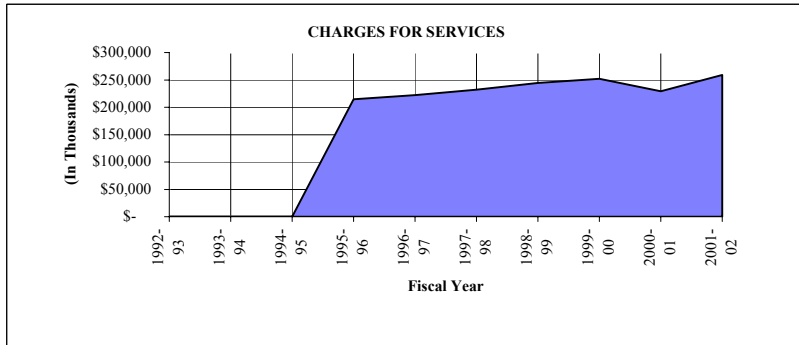
Los Angeles County Metropolitan Transportation Authority  
 Government -Wide Revenues By Function  
 Last Ten Fiscal Years  
 (Amounts expressed in thousands)

Table 2

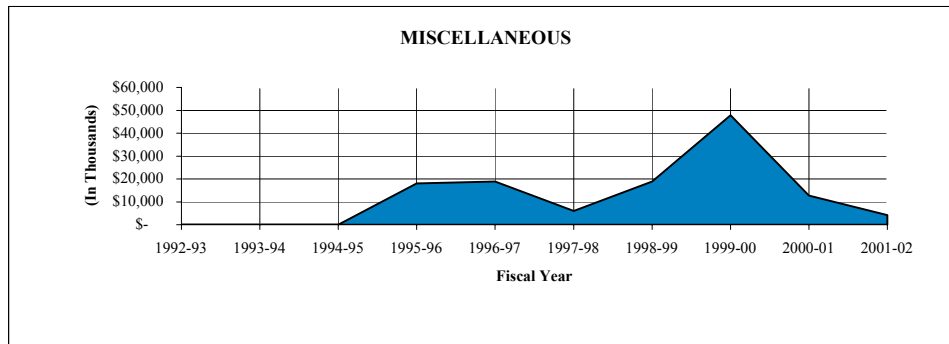
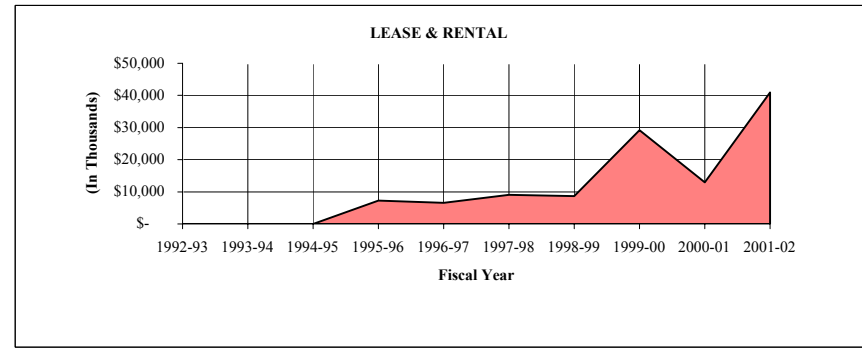
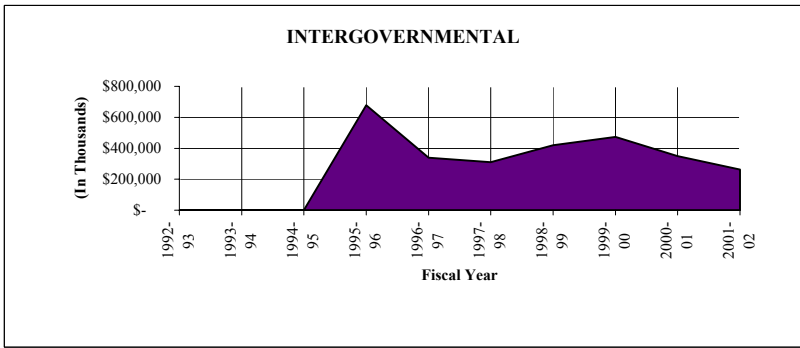
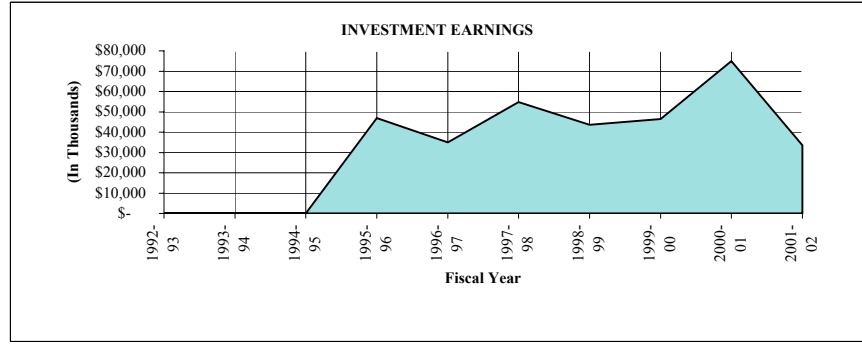
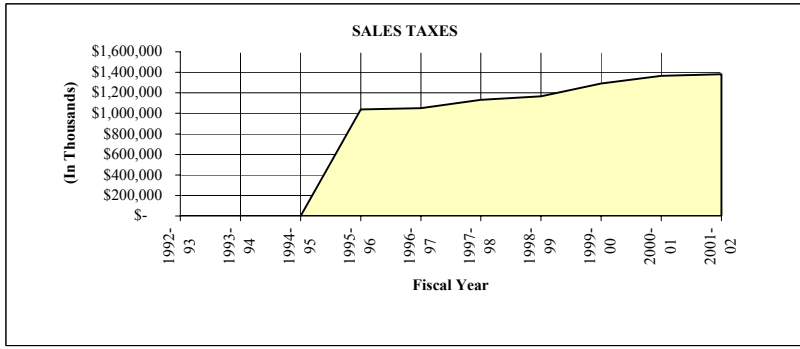
Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						TOTAL GENERAL REVENUES	TOTAL ALL REVENUES
	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	TOTAL PROGRAM REVENUES	SALES TAXES	INVESTMENT EARNINGS	INTERGOVERNMENTAL	LEASE & RENTAL	MISCELLANEOUS			
1992 - 93 *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1993 - 94 *	-	-	-	-	-	-	-	-	-	-	-
1994 - 95 *	-	-	-	-	-	-	-	-	-	-	-
1995 - 96	214,481	40,358	254,839	1,037,892	46,930	677,212	7,288	18,063	1,787,385	2,042,224	
1996 - 97	222,036	152,488	374,524	1,050,497	35,030	338,945	6,551	18,833	1,449,856	1,824,381	
1997 - 98	232,124	96,593	328,718	1,131,676	54,852	309,345	9,024	5,986	1,510,883	1,839,601	
1998 - 99	244,707	157,435	402,142	1,167,642	43,669	419,739	8,634	18,834	1,658,518	2,060,660	
1999 - 00	252,024	146,960	398,983	1,290,121	46,428	474,085	29,221	47,802	1,887,657	2,286,640	
2000 - 01	229,137	140,440	369,578	1,365,650	74,989	350,292	12,960	12,746	1,816,637	2,186,215	
2001 - 02	259,062	180,629	439,691	1,380,364	33,524	263,119	40,896	4,199	1,722,102	2,161,793	

Source: Comprehensive Annual Financial Report

Graphical Presentation A of Table 2  
Program Revenues



**Graphical Presentation B of Table 2  
General Revenues**





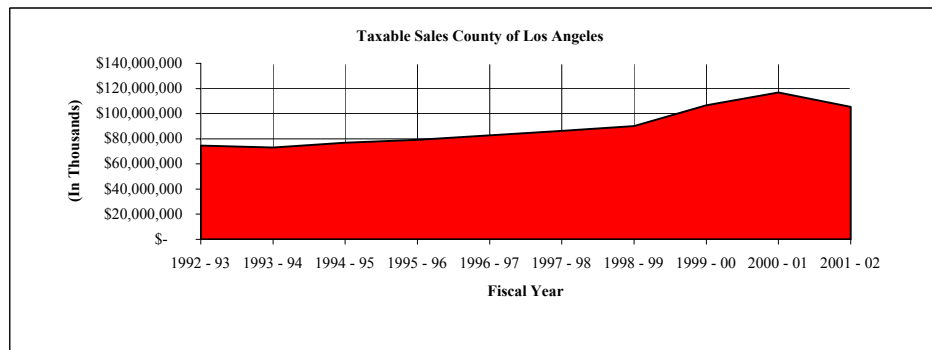
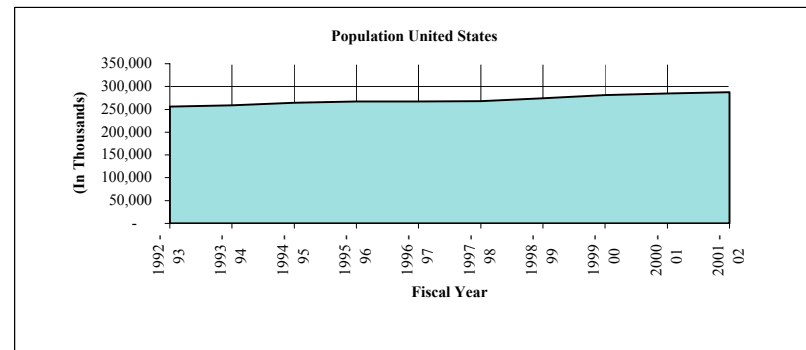
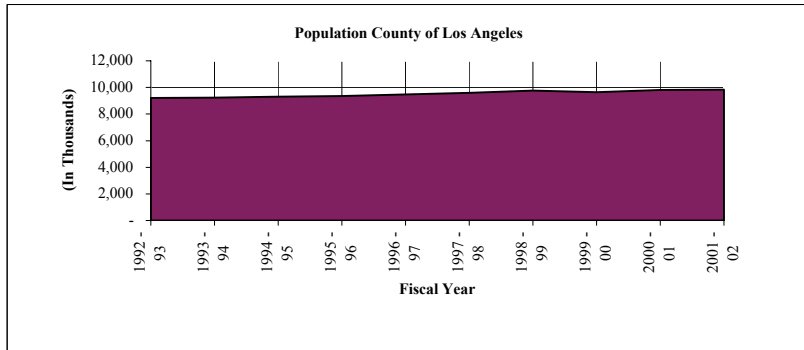
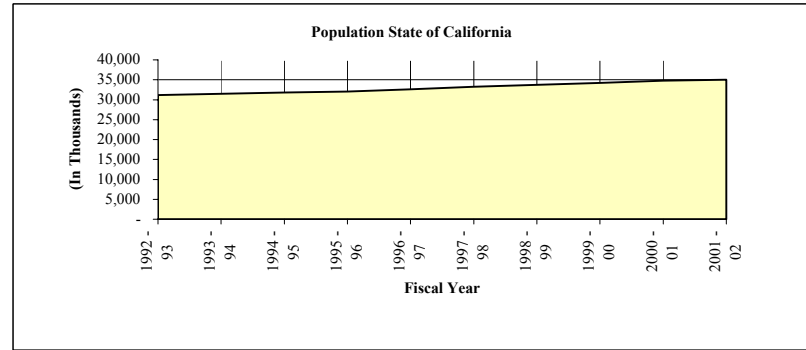
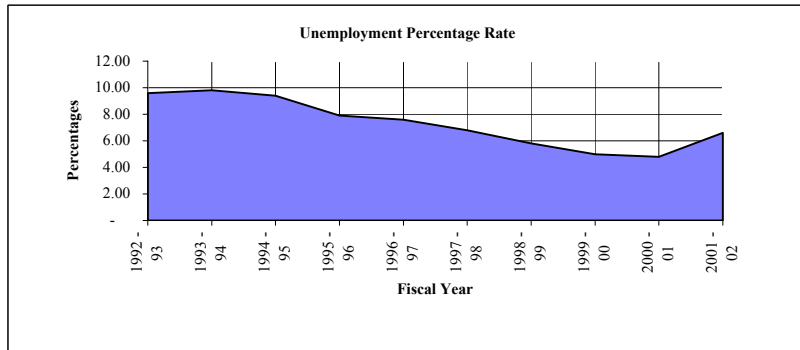
**Los Angeles County Metropolitan Transportation Authority**  
**Demographic Statistics**  
**Last Ten Fiscal Years**  
(Amounts expressed in thousands)

**Table 3**

<b>Fiscal Year</b>	(1) <b>Unemployment Percentage Rate</b>	(2) <b>Population County of Los Angeles</b>	(2) <b>Population State of California</b>	(2) <b>Population United States</b>	(3) <b>Taxable Sales County of Los Angeles</b>
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	264,500	76,898,666
1995 - 96	7.9	9,352	32,063	267,500	79,068,152
1996 - 97	7.6	9,468	32,609	267,567	82,620,919
1997 - 98	6.8	9,603	33,252	267,636	86,397,850
1998 - 99	5.8	9,758	33,773	274,028	90,205,600
1999 - 00	5.0	9,643	34,206	281,422	106,673,534
2000 - 01	4.8	9,802	34,818	284,500	116,914,193
2001 - 02	6.6	9,824	35,037	287,914	105,331,353

*Sources:* (1) State Department of Employment Development for the County of Los Angeles (12 month moving average)  
(2) California Department of Finance  
(3) State Board of Equalization  
(4) Projected Taxable Sales  
\* Merger between LACTC & SCRTE

Graphical Presentation of Table 3



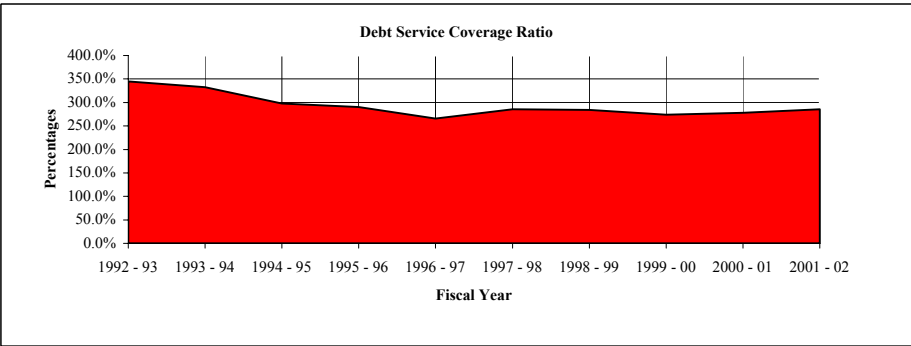
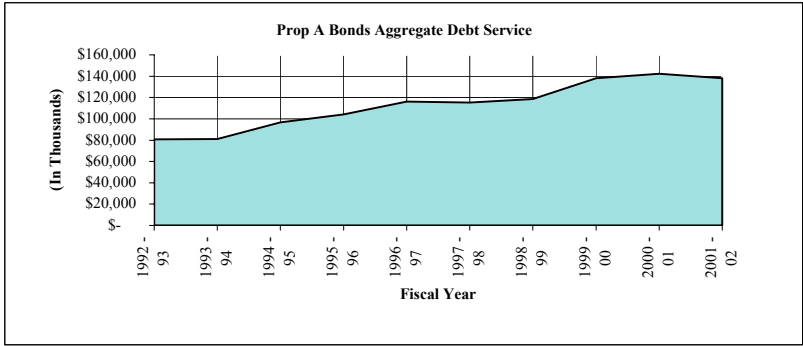
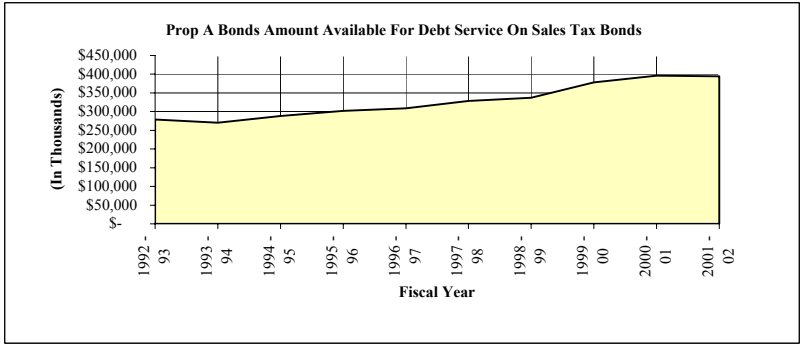
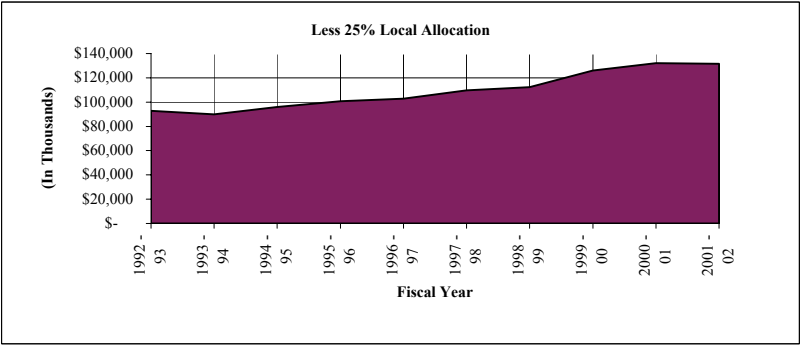
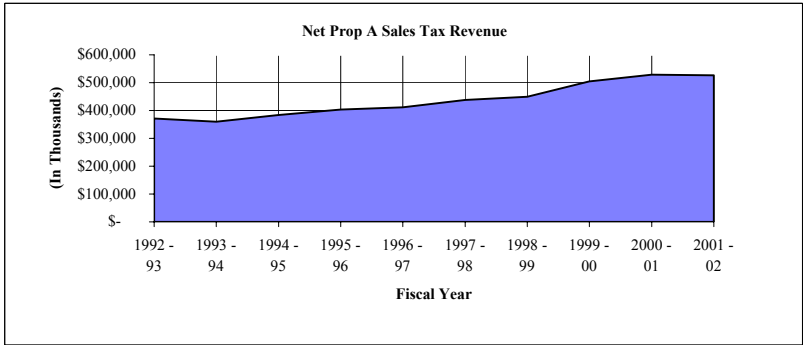
**Los Angeles County Metropolitan Transportation Authority**  
**Historical Debt Service Coverage Ratios - Prop A**  
**Last Ten Fiscal Years**  
(Amounts expressed in thousands)

**Table 4**

<b>Fiscal Year</b>	<b>Net Prop A Sales Tax Revenue</b>	<b>Less 25% Local Allocation</b>	<b>Prop A Sales tax Available For Debt Service On Sales Tax Bonds</b>	<b>Prop A Bonds Aggregate Debt Service</b>	<b>Debt Service Coverage Ratio</b>
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
1996 - 97	411,529	102,882	308,647	116,197	2.66
1997 - 98	438,321	109,580	328,741	115,270	2.85
1998 - 99	449,054	112,264	336,791	118,443	2.84
1999 - 00	504,353	126,088	378,265	138,188	2.74
2000 - 01	528,299	132,075	396,224	142,427	2.78
2001 - 02	525,980	131,495	394,485	138,234	2.85

Source: Comprehensive Annual Financial Report

Graphical Presentation of Table 4



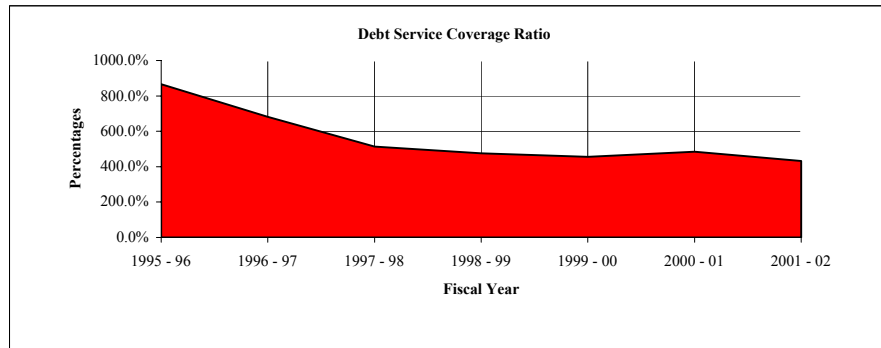
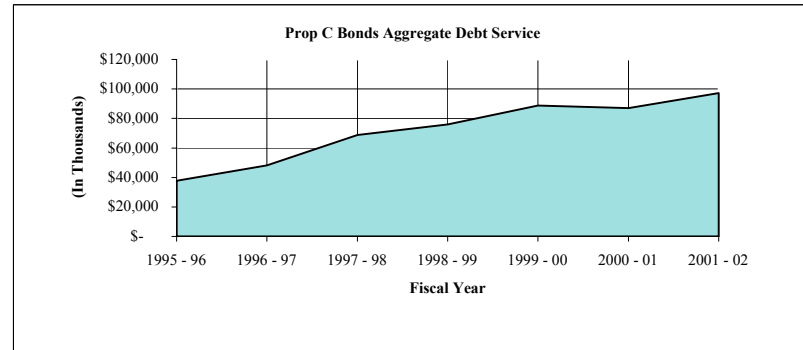
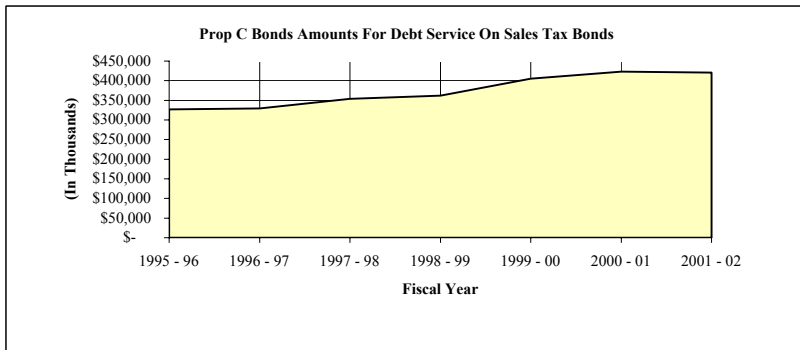
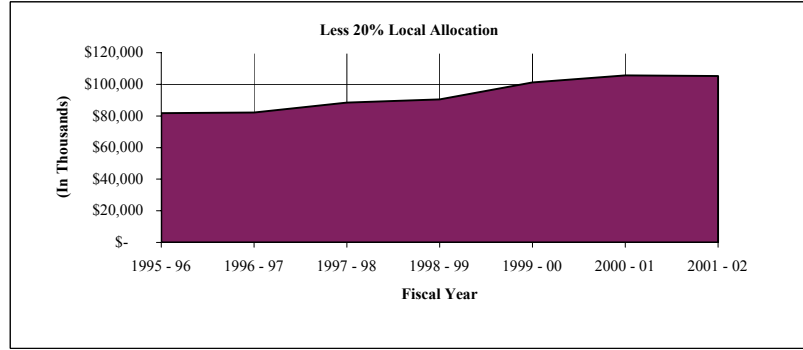
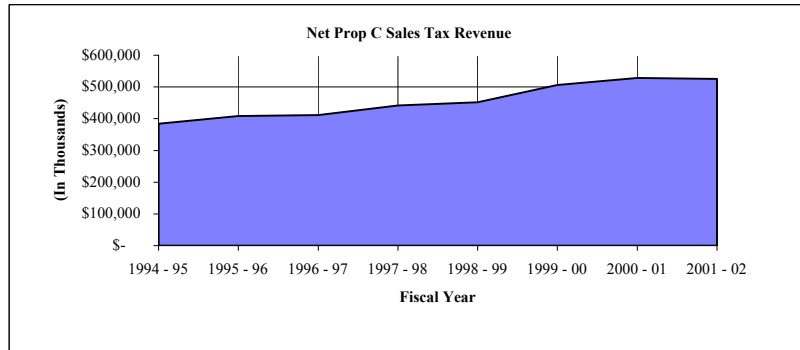
**Los Angeles County Metropolitan Transportation Authority**  
**Historical Debt Service Coverage Ratios - Prop C**  
**Last Eight Fiscal Years**  
(Amounts expressed in thousands)

**Table 5**

<b>Fiscal Year</b>	<b>Prop C Sales Tax Revenue</b>	<b>Less 20% Local Allocation</b>	<b>Prop C Sales tax available For Debt Service On Sales Tax Bonds</b>	<b>Prop C Bonds Aggregate Debt Service</b>	<b>Debt Service Coverage Ratio</b>
1994 - 95	\$ 384,029	\$ 76,806	\$ 307,223	\$ 37,521	8.19
1995 - 96	408,491	81,698	326,793	37,716	8.66
1996 - 97	411,224	82,245	328,979	48,202	6.83
1997 - 98	441,929	88,386	353,543	68,828	5.14
1998 - 99	452,232	90,446	361,786	75,935	4.76
1999 - 00	505,949	101,190	404,759	88,801	4.56
2000 - 01	528,432	105,686	422,746	87,108	4.85
2001 - 02	525,876	105,175	420,701	97,313	4.32

Source: Comprehensive Annual Financial Report

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**

*Table 6*

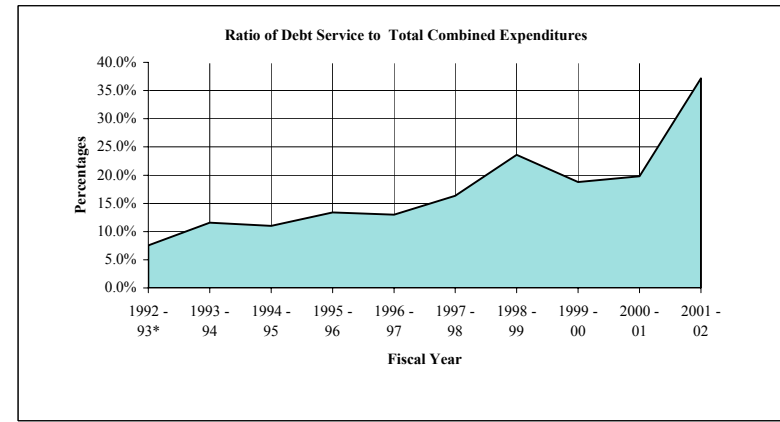
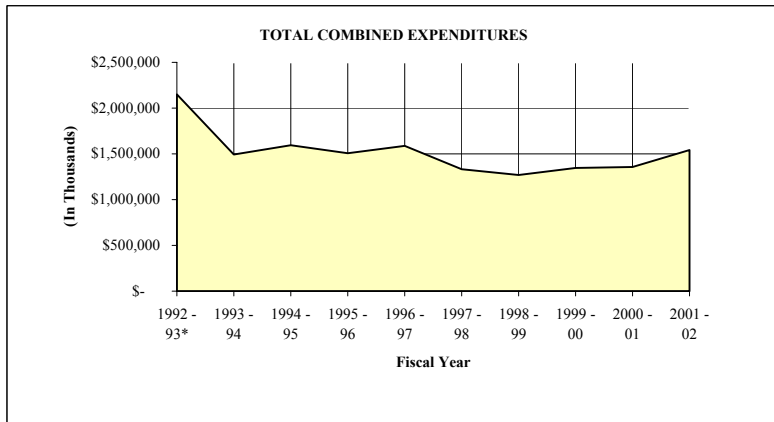
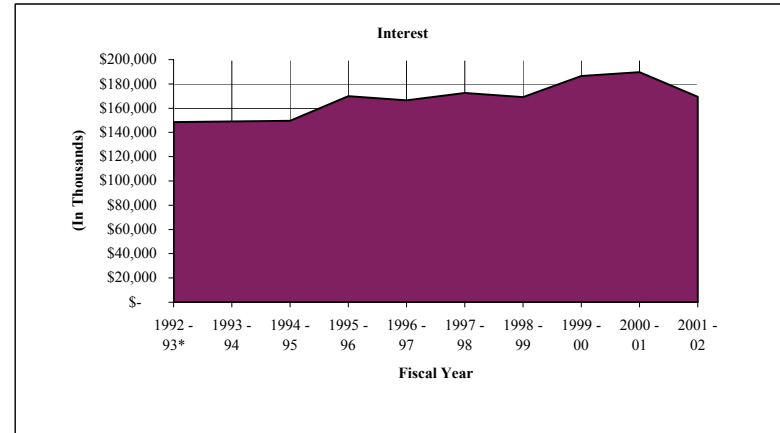
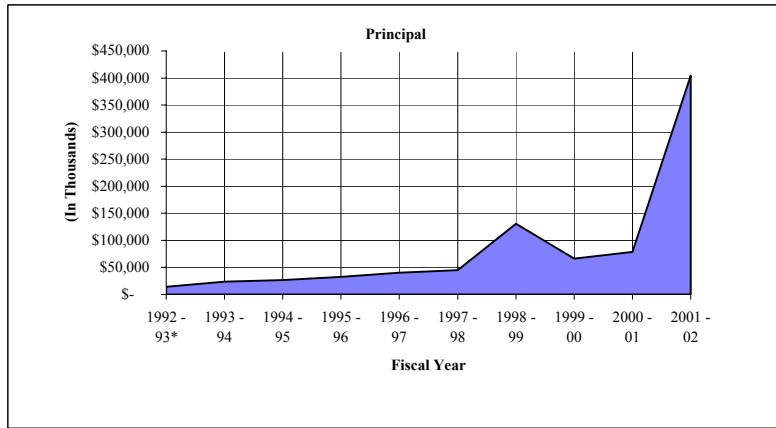
(Amounts expressed in thousands)

<b>FISCAL YEAR</b>	<b>1992 - 93*</b>	<b>1993 - 94</b>	<b>1994 - 95</b>	<b>1995 - 96</b>	<b>1996 - 97</b>	<b>1997 - 98</b>	<b>1998 - 99</b>	<b>1999 - 00</b>	<b>2000 - 01</b>	<b>2001 - 02</b>
Principal	\$ 14,019	\$ 23,639	\$ 26,345	\$ 32,498	\$ 40,200	\$ 45,025	\$ 130,757	\$ 66,135	\$ 78,881	\$ 404,181
Interest	148,576	148,975	149,630	169,876	166,552	172,579	169,011	186,437	189,808	169,271
Commercial Paper Retirement	-	-	-	-	-	-	-	-	-	-
Total Debt Service Expenditures	162,595	172,614	175,975	202,374	206,752	217,604	299,768	252,572	268,689	573,452
<b>Total Combined Expenditures</b>	<b>2,151,711</b>	<b>1,492,832</b>	<b>1,595,752</b>	<b>1,508,202</b>	<b>1,588,259</b>	<b>1,333,136</b>	<b>1,270,128</b>	<b>1,345,286</b>	<b>1,356,751</b>	<b>1,542,563</b>
Ratio of Debt Service to										
General Expenditures (%)	7.56%	11.56%	11.03%	13.42%	13.02%	16.32%	23.60%	18.77%	19.80%	37.18%

Source: Comprehensive Annual Financial Report

\* Merger between LACTC & SCRTD

Graphical Presentation of Table 6





**Los Angeles County Metropolitan Transportation Authority  
Operating Revenues By Source (Bus & Rail)**

**Table 7**

**Last Ten Fiscal Years**

(Amounts expressed in thousands)

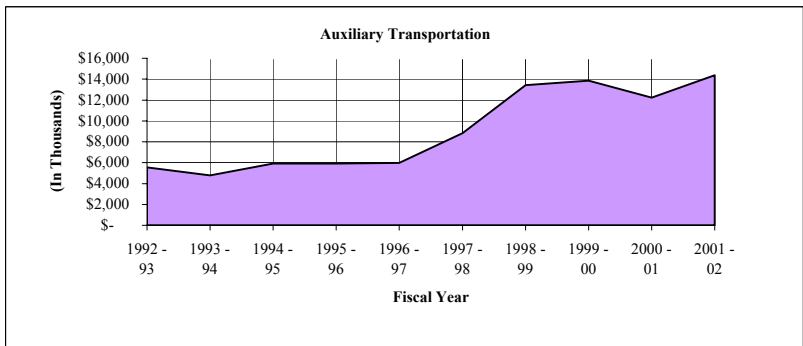
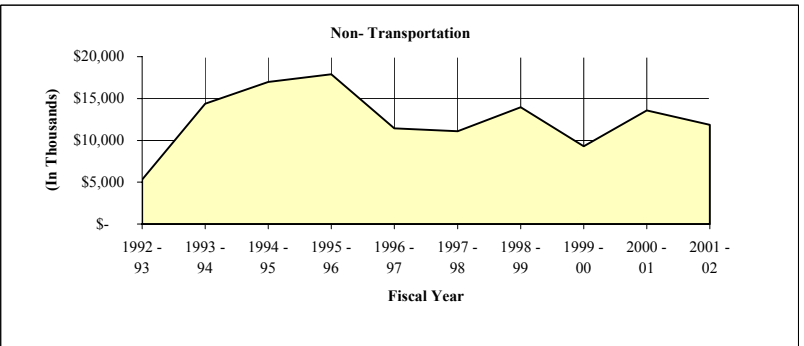
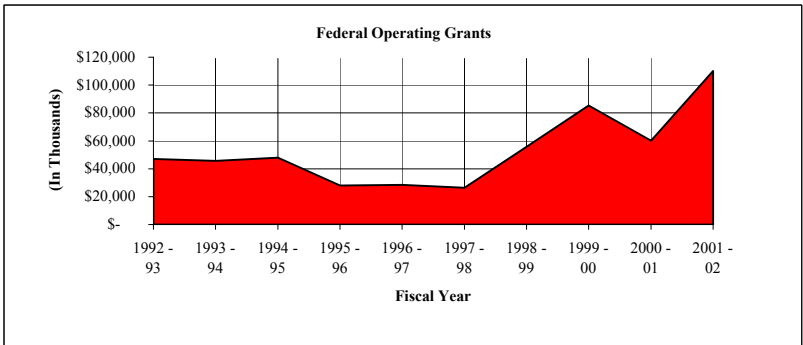
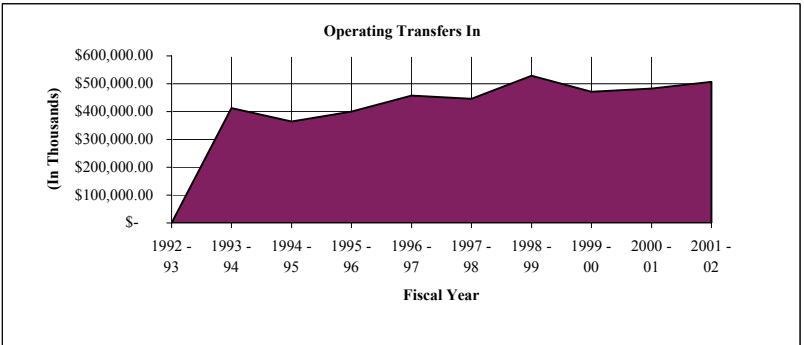
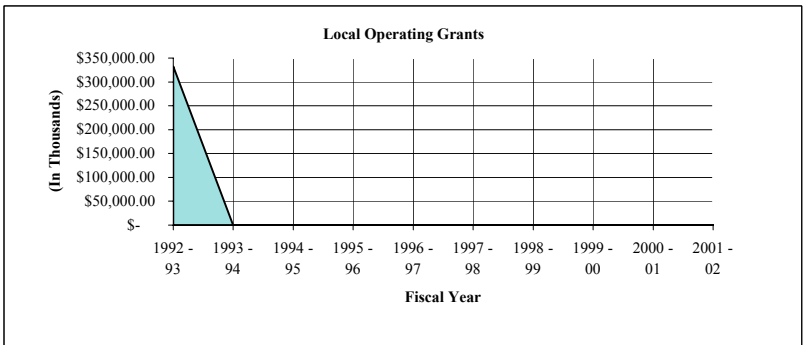
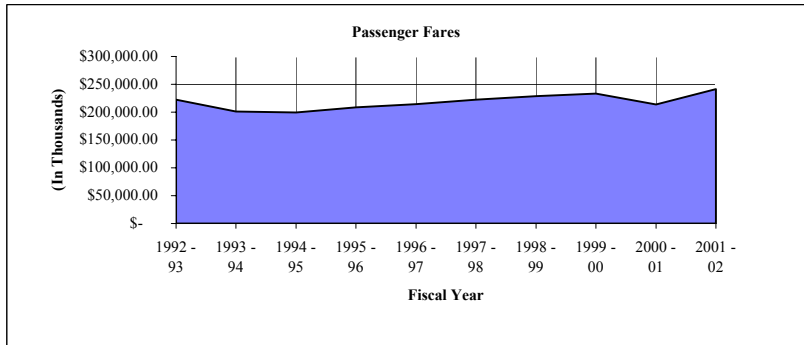
<b>Fiscal Year</b>	<b>Passenger Fares</b>	<b>Local Operating Grants</b>	<b>Operating Transfers In (1)</b>	<b>Federal Operating Grants</b>	<b>State Operating Grants</b>	<b>Non-Transportation</b>	<b>Auxiliary Transportation</b>	<b>Total</b>
1992 - 93 *	\$ 222,211	\$ 332,478	-	\$ 47,064	\$ 18,368	\$ 5,326	\$ 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
1996 - 97	214,519	-	457,868	28,476	-	11,449	5,968	718,280
1997 - 98	222,502	-	445,861	26,372	-	11,094	8,835	714,664
1998 - 99	228,854	-	528,956	55,845	-	13,941	13,422	841,018
1999 - 00	233,436	-	470,863	85,379	-	9,276	13,864	812,818
2000 - 01	213,989	-	482,742	60,128	-	13,570	12,227	782,656
2001 - 02	241,144	-	507,060	110,076	-	11,848	14,370	884,498

Source: Comprehensive Annual Financial Report

\*Merger between LACTC & SCRTD

(1) Represents local government revenue.

Graphical Presentation of Table 7



**Los Angeles County Metropolitan Transportation Authority**  
**Operating Expenses By Function (Bus & Rail)**  
**Last Ten Fiscal Years**  
(Amounts expressed in thousands)

*Table 8*

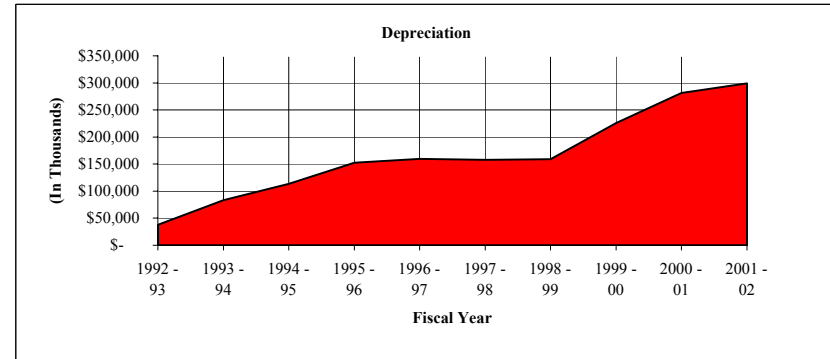
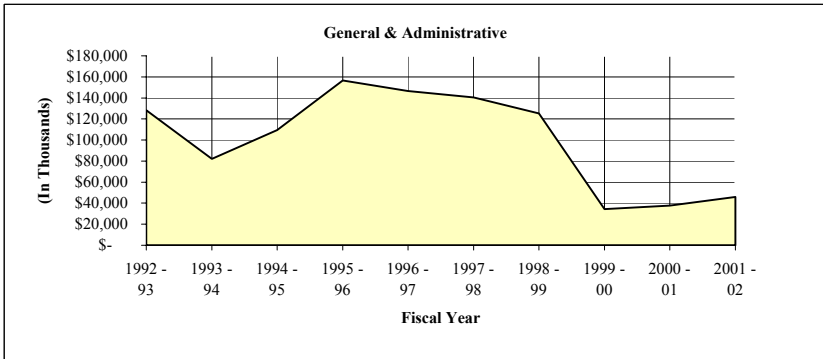
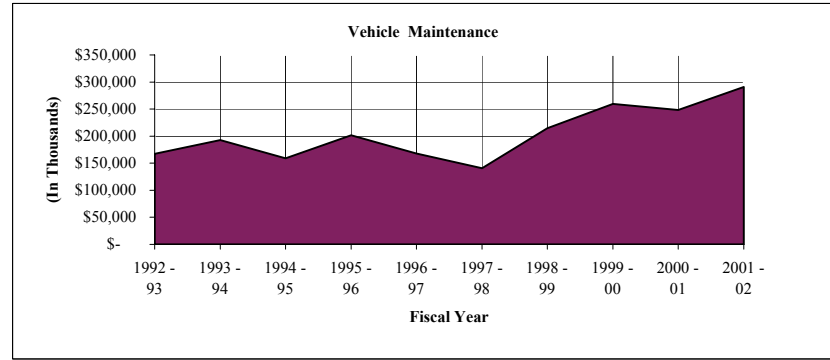
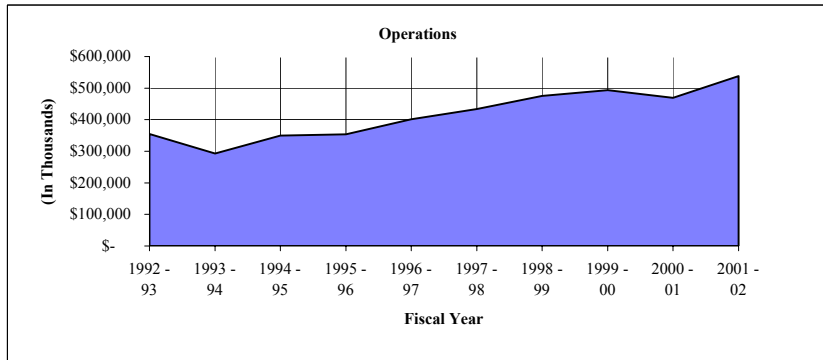
<b>Fiscal Year</b>	<b>Operations</b>	<b>Vehicle Maintenance</b>	<b>General &amp; Administrative (1)</b>	<b>Depreciation</b>	<b>Total</b>
<b>1992 - 93 *</b>	\$354,997	\$167,024	\$128,169	\$37,781	\$ 687,971
<b>1993 - 94</b>	292,986	192,767	82,149	83,405	<b>651,307</b>
<b>1994 - 95</b>	349,593	158,855	109,457	113,269	731,174
<b>1995 - 96</b>	353,740	201,806	156,599	152,645	<b>864,790</b>
<b>1996 - 97</b>	400,982	167,621	146,457	159,500	<b>874,560</b>
<b>1997 - 98</b>	433,560	140,720	140,332	158,027	<b>872,639</b>
<b>1998 - 99</b>	475,280	214,710	125,274	159,210	974,474
<b>1999 - 00</b>	493,961	259,656	34,444	225,762	<b>1,013,823</b>
<b>2000 - 01</b>	469,386	248,150	37,734	281,694	<b>1,036,964</b>
<b>2001 - 02</b>	538,238	290,931	46,049	299,326	<b>1,174,544</b>

Source: Comprehensive Annual Financial Report

\*Merger between LACTC & SCRTRD

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

Graphical Presentation of Table 8



**Metropolitan Transportation Authority**  
**San Fernando Valley Trust Fund**  
**Schedule of Metro Red Line Project Costs/Local Monies Spent**  
(Amount Expressed in Thousands)

Year	Federal				L o c a l						Project Costs				
	Seg. 1	Seg. 2	Seg. 3	Total	Seg. 1	Seg. 2	Seg. 3			Total	Seg. 1	Seg. 2	Seg. 3*		
							LA	Sub-Total	SFV				LA	SFV	Total
1986	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1987	167,364	-	-	167,364	138,543	-	-	138,543	-	138,543	305,907	-	-	-	305,907
1988	71,209	-	-	71,209	69,429	-	-	69,429	-	69,429	140,638	-	-	-	140,638
1989	128,067	-	-	128,067	64,781	7,898	-	72,679	-	72,679	192,848	7,898	-	-	200,746
1990	145,631	-	-	145,631	100,505	16,069	-	116,574	-	116,574	246,137	16,069	-	-	262,205
1991	86,837	10,132	-	96,968	53,620	59,886	-	113,506	-	113,506	140,457	70,018	-	-	210,475
1992	53,151	78,453	-	131,603	90,573	89,947	904	181,425	2,325	183,750	143,724	168,399	904	2,325	315,353
1993	10,855	130,432	18,200	159,488	9,266	85,066	3,664	97,996	9,421	107,416	20,121	215,498	8,760	22,525	266,904
1994	33,379	154,956	35,696	224,031	195,974	85,479	3,926	285,378	10,095	295,473	229,353	240,435	13,921	35,796	519,505
1995	( 610)	164,555	83,795	247,741	10,940	80,144	17,657	108,741	45,404	154,145	10,330	244,699	41,120	105,737	401,886
1996	-	118,574	112,081	230,655	5,296	76,460	7,745	89,501	19,916	109,417	5,296	195,034	39,128	100,615	340,073
1997	-	61,998	233,032	295,029	( 731)	46,159	3,510	48,939	9,027	57,965	( 731)	108,157	68,759	176,810	352,995
1998	-	-	124,352	124,352	3,539	208,306	21,842	233,688	56,166	289,854	3,539	208,306	56,661	145,699	414,206
1999	-	-	58,774	58,774	( 247)	97,484	31,142	128,379	80,080	208,459	( 247)	120,484	47,599	122,397	290,234
2000	-	-	109,874	109,874	277	59,871	5,507	65,655	14,159	79,814	277	98,519	30,779	98,761	228,336
2001	-	-	99,148	99,148	-	37,949	8,777	29,172	22,571	6,601	-	50,674	19,389	49,858	119,921
2002	-	-	17,872	17,872	-	-	19,134	19,134	35,242	54,376	-	-	-	56,523	56,523
<b>Total</b>	<b>695,884</b>	<b>719,100</b>	<b>892,824</b>	<b>2,307,808</b>	<b>741,765</b>	<b>950,717</b>	<b>106,255</b>	<b>1,798,738</b>	<b>259,264</b>	<b>2,058,002</b>	<b>1,437,649</b>	<b>1,744,191</b>	<b>327,020</b>	<b>917,046</b>	<b>4,425,906</b>

<b>Expenditure Requirement (15% * \$1,779,604)</b>	\$ 266,941
<b>Interest Earned</b>	32,913
<b>Total Required Expenditures</b>	\$ 299,854
<b>Actual Expenditures</b>	\$ 917,046

\* Split of Seg. 3 - 22% LA and 78% Valley based on construction engineering's estimate is used for this analysis.

**Schedule of Sources and Uses of General Funds  
For the Fiscal Year Ending June 30, 2002**

Project	Task Description	Expenditures	Revenues				
			Prop A Admin	Prop C Admin	TDA Admin	Other Sources	Total Revenue
<b>Beginning Fund Balance</b>		-	-	-	-	107,872	107,872
<b>Revenues for the year</b>		-	25,785	7,735	5,321	59,402	98,243
<b>Available funds</b>		-	25,785	7,735	5,321	167,274	206,115
<b><u>100002-Governmental/Oversight</u></b>							
100002	General Non-Allocable	16,499	12,481	2,058	1,959	0	16,499
	Funds Administration	33	-	-	-	33	33
	Legal Ops - OH	2,327	-	-	-	2,327	2,327
	Consent Decree	3	-	-	-	3	3
	Emp Severance Pay	2,272	-	-	-	2,272	2,272
	Invest & Debt Mgt G&A	20	20	-	-	-	20
	Invest & Cash Mgmt	151	151	-	-	-	151
	Debt Management	62	62	-	-	-	62
<b>100002 Total</b>		<b>21,367</b>	<b>12,714</b>	<b>2,058</b>	<b>1,959</b>	<b>4,635</b>	<b>21,367</b>
<b><u>100006-Labor Negotiations</u></b>							-
100006	Negotiation	125	-	-	-	125	125
	Contingency Plan	11	-	-	-	11	11
<b>100006 Total</b>		<b>136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>136</b>
<b><u>100011-Employee Activities</u></b>							
100011	Emply Recreation Exp	371	-	-	-	371	371
	Emply Center Exp	485	-	-	-	485	485
<b>100011 Total</b>		<b>856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>856</b>	<b>856</b>
<b><u>100012-Prop A &amp; C Audit</u></b>							
100012	Prop A Audit	34	34	-	-	-	34
	Prop C Audit	19	-	19	-	-	19
<b>100012 Total</b>		<b>53</b>	<b>34</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>53</b>
<b><u>100013-Finance Dept Special Project-Transit Zone Guideline</u></b>							
100013	San Gabriel Valley	19	-	19	-	-	19
	San Fernando Valley	219	-	219	-	-	219
<b>100013 Total</b>		<b>238</b>	<b>-</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>238</b>
<b><u>100014-MTA Service Sector Planning &amp; Development</u></b>							
100014	Sector - Wide Pln & Dev	592	-	-	-	592	592
	SFV Serv Sector Plan	533	-	-	-	533	533
	SGV Serv Sector Plan	943	-	-	-	943	943
<b>100014 Total</b>		<b>2,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,068</b>	<b>2,068</b>
<b><u>330400-Change Control System</u></b>							
330400	General	2	2	-	-	-	2
<b>330400 Total</b>		<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b><u>330500-Industry Assistance</u></b>							
330500	Film Marketing	375	-	-	-	375	375
<b>330500 Total</b>		<b>375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>	<b>375</b>

**Schedule of Sources and Uses of General Funds  
For the Fiscal Year Ending June 30, 2002**

Project	Task Description	Expenditures	Revenues				
			Prop A Admin	Prop C Admin	TDA Admin	Other Sources	Total Revenue
<b><u>400014-Regional Activities</u></b>							
400014	Munis Cust Relation	46	-	-	-	46	46
	El Monte Transit Center	4	-	-	-	4	4
	Reg Loc & Terminal	1	-	-	-	1	1
	Harbor Transitway	1	-	-	-	1	1
<b>400014 Total</b>		<b>52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>52</b>
<b><u>400017-Capital Planning and Programing</u></b>							
400017	STIP PPM Mont Activ	40	-	40	-	-	40
<b>400017 Total</b>		<b>40</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>40</b>
<b><u>400018-Union Station Enhancements</u></b>							
400018	CA-03-0504 MTA	28	-	-	-	28	28
	CA-03-0504 Interiorn	246	-	-	-	246	246
	CA-0504 Ped Tunnel	267	-	-	-	267	267
		-	-	-	-	-	-
<b>400018 Total</b>		<b>541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>541</b>	<b>541</b>
<b><u>405510-Other Planning and Programming</u></b>							
405510	Call / MOU Tech Support	142	27	56	48	11	142
	Consolidated Audit	262	-	262	-	-	262
	HOV Administration	1	-	1	-	-	1
	Prop A/C Admin	139	70	70	-	-	139
	Grants Admin	437	-	-	437	-	437
	Grants Fund Admin	15	-	-	15	-	15
	TDA Art. 3 & 8	169	-	-	169	-	169
	TIP Administration	588	194	194	200	-	588
	Gen Public Outreach	25	8	8	9	-	25
	Interdept Coord	637	-	637	-	-	637
	Project Imajine	188	-	188	-	-	188
	Fuel Cell Buyers	603	603	-	-	-	603
	Bus System Improvement	687	687	-	-	-	687
	Other P&P	70	-	-	-	70	70
	STA. Plan / Jt Dev.	745	745	-	-	-	745
	New "Call" Program	234	-	234	-	-	234
	Non-Motorized	225	-	225	-	-	225
	Transit Capitat / TCI	48	38	10	-	-	48
	Art Program	19	15	4	-	-	19
	Public Outreach	373	298	75	-	-	373
	General Planning	988	790	198	-	-	988
	Transit User Program	336	269	67	-	-	336
	Gen Commuter Programs	114	91	23	-	-	114
<b>405510 Total</b>		<b>7,045</b>	<b>3,836</b>	<b>2,250</b>	<b>877</b>	<b>81</b>	<b>7,045</b>
<b><u>405511-Transit Planning</u></b>							
405511	Avalon Jitney	94	31	31	32	-	94
	El Pueblo Improvement	1	-	-	-	1	1

**Schedule of Sources and Uses of General Funds  
For the Fiscal Year Ending June 30, 2002**

Project	Task Description	Expenditures	Revenues				
			Prop A Admin	Prop C Admin	TDA Admin	Other Sources	Total Revenue
	USC-DA Bums Study	2	-	-	-	2	2
	Chinatown Plaza	207	-	207	-	-	207
	Long Range Plan UPD	1,376	454	454	468	-	1,376
	Selac Bus Restructur	53	53	-	-	-	53
	MTA Ops Bus Bike Rac	1	-	-	-	1	1
	Muni Funding & Coord	268	88	88	91	-	268
	Admin NTD Rprt for S	178	59	59	61	-	178
	Coord Implmt DPSS	59	19	19	20	-	59
	BL Pico / Slauson	3	1	1	1	-	3
	SRTP Serv Dvlp	73	24	24	25	-	73
	Bus / Rail Interface	10	3	3	3	-	10
	Restructuring Study	67	22	22	23	-	67
	Consent Decree	2,237	1,338	438	461	-	2,237
	GN LN Bus / Rail Iface	101	33	33	34	-	101
	New Bus Service	14	5	5	5	-	14
	Alter Serv Delivery	57	19	19	19	-	57
	BSIP Proj. S/ Dvpmnt	102	34	34	35	-	102
	Alt Delivery Service	(56)	(18)	(18)	(19)	-	(56)
	Implmt Metro Rapid Bus	724	239	239	246	-	724
	Transit Service EXPA	128	42	42	44	-	128
	Program Development	176	58	58	60	-	176
	Transit Planning	1,482	809	169	504	-	1,482
	SB Traffic Signal	59	19	19	20	-	59
	DPSS Labor Charges	502	166	166	171	-	502
	BRT Research / TVL	15	5	5	5	-	15
	Eastside Ext Ped Cor	(2)	(1)	(1)	(1)	-	(2)
	Taylor Yard Safety	6	2	2	2	-	6
	ADA Compliance	214	71	71	73	-	214
	Social Service Transit	147	49	49	50	-	147
	Transit Zone Study	11	4	4	4	-	11
	BDOF	26	-	-	-	26	26
	Operating Reports	48	16	16	16	-	48
	Privatized Lines	21	7	7	7	-	21
	Labor Cost Model	1	0	0	0	-	1
	YR 2000 Prog Conv	24	8	8	8	-	24
	Scheduling Data Arc	37	12	12	13	-	37
	Research & Development	4	-	-	4	-	4
<b>405511 Total</b>		<b>8,470</b>	<b>3,671</b>	<b>2,285</b>	<b>2,484</b>	<b>30</b>	<b>8,470</b>
<b>405547-SCAG Employer Rideshare</b>							
405547	Core Rideshare STIP	56	45	11	-	-	56
	Core Rideshare Services	1,549	1,239	310	-	-	1,549
	Employer Rideshare Services	2,616	2,093	523	-	-	2,616
<b>405547 Total</b>		<b>4,221</b>	<b>3,377</b>	<b>844</b>	<b>-</b>	<b>-</b>	<b>4,221</b>
<b>410034-Local Transportaiton Projects</b>							
410034	Transit Sheltors	122	98	24	-	-	122
<b>410034 Total</b>		<b>122</b>	<b>98</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>122</b>



**Schedule of Sources and Uses of General Funds  
For the Fiscal Year Ending June 30, 2002**

Project	Task Description	Expenditures	Revenues				
			Prop A Admin	Prop C Admin	TDA Admin	Other Sources	Total Revenue
<b>500001-Figueroa Corridor/37th Improv.</b>							
500001	Figueroa Corridor Construct.	518	-	-	-	518	518
<b>500001 Total</b>		<b>518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>518</b>	<b>518</b>
<b>609909-Transportation Teaching Institute</b>							
609909	General TTI	1	-	-	-	1	1
<b>609909 Total</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>609911-Transit Academy/TOPS</b>							
609911	TOP	174	174	-	-	-	174
<b>609911 Total</b>		<b>174</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174</b>
<b>609912-Transit Career Foundation</b>							
609912	TFLA MOU TRANSP F	(55)	(55)	-	-	-	(55)
<b>609912 Total</b>		<b>(55)</b>	<b>(55)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55)</b>
<b>609916-Graffiti Abatement Program</b>							
609916	Bus Seats	8	-	-	-	8	8
<b>609916 Total</b>		<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>8</b>
<b>610041-Property Management</b>							
610041	General ROW OH	4,598	-	-	-	4,598	4,598
	West Santa Ana	99	-	-	-	99	99
	Exposition	1	-	-	-	1	1
	SANBAG	116	-	-	-	116	116
	APT	18	-	-	-	18	18
<b>610041 Total</b>		<b>4,832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,832</b>	<b>4,832</b>
<b>610051-Pasadena Property Mgmt.</b>							
610051	Pasadena Blue Line	46	-	-	-	46	46
<b>610051 Total</b>		<b>46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>46</b>
<b>610061-Owned Property</b>							
610061	Property Acquisition	109	-	-	-	109	109
	Administration	704	-	-	-	704	704
<b>610061 Total</b>		<b>813</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>813</b>	<b>813</b>
<b>Total Expenditures</b>		<b>51,801</b>	<b>23,753</b>	<b>7,735</b>	<b>5,321</b>	<b>14,992</b>	<b>51,801</b>
<b>Allocation To Other Funds</b>							
300011	Bus Project	637				637	637
300070	Freeway Service Patrol	169				169	169
<b>Total Expenditures and Allocations</b>		<b>52,607</b>	<b>23,753</b>	<b>7,735</b>	<b>5,321</b>	<b>15,798</b>	<b>52,607</b>
<b>Remaining Balance at June 30, 2002</b>			<b>\$ 2,032</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$151,476</b>	<b>\$153,508</b>

**FY02 JUNE YEAR TO DATE ACTIVITY BASED BUS COST MODEL**

ACTIVITY	ADOPTED		ACTUAL		ADOPTED TO ACTUAL	
	DOLLARS	PER RSH	DOLLARS	PER RSH	\$ Inc. /RSH	% Inc. /RSH
1 TRANSPORTATION (300011)						
2 UTU WAGES & BENEFITS	\$ 235,786,095	\$ 34.52	\$ 245,978,755	\$ 36.81	\$ (2.29)	-6.6%
3 SERVICES	11,000	0.00	1,607	0.00	0.00	85.1%
4 DIVISION MGT & ADMIN	12,922,898	1.89	11,238,079	1.68	0.21	11.1%
5 TRAINING	3,888,520	0.57	4,269,078	0.64	(0.07)	-12.2%
6 CONTROL CENTER	8,469,896	1.24	7,237,242	1.08	0.16	12.7%
7 SCHEDULING AND PLANNING	2,333,246	0.34	2,206,051	0.33	0.01	3.4%
8 UNIFORMS	1,174,783	0.17	986,865	0.15	0.02	14.1%
9 DEO	1,927,513	0.28	1,863,881	0.28	0.00	1.2%
10 SUB-TOTAL	266,513,951	39.01	273,781,557	40.97	(1.96)	-5.0%
11						
12 DIVISION MAINTENANCE (300011 & 300005)						
13 SERVICE ATTENDANT	20,725,954	3.03	20,758,696	3.11	(0.07)	-2.4%
14 MECHANIC	53,093,397	7.77	55,418,664	8.29	(0.52)	-6.7%
15 FUEL	37,916,317	5.55	21,347,585	3.19	2.36	42.5%
16 TIRES	4,303,242	0.63	5,198,745	0.78	(0.15)	-23.5%
17 MATERIALS & SUPPLIES	25,829,084	3.78	29,179,777	4.37	(0.59)	-15.5%
18 SERVICES	103,000	0.02	12,913	0.00	0.01	87.2%
19 DIVISION MGT & ADMIN	9,716,930	1.42	9,176,213	1.37	0.05	3.5%
20 UNIFORMS	1,227,020	0.18	1,147,659	0.17	0.01	4.4%
21 PREVENTATIVE MAINTENANCE	4,243,550	0.62	2,432,856	0.36	0.26	41.4%
22 SUB-TOTAL	157,158,496	23.01	144,673,108	21.65	1.36	5.9%
23						
24 OTHER MAINTENANCE						
25 INVENTORY MANAGEMENT	5,576,542	0.82	6,518,396	0.98	(0.16)	-19.5%
26 LOGISTICS	6,686,840	0.98	7,136,801	1.07	(0.09)	-9.1%
27 REVENUE ADMINISTRATION	14,152,369	2.07	13,849,112	2.07	(0.00)	0.0%
28 SUB-TOTAL	26,415,751	3.87	27,504,309	4.12	(0.25)	-6.4%
29						
30 RRC REGULAR MAINTENANCE (300011)						
31 ATU	5,251,200	0.77	6,117,345	0.92	(0.15)	-19.1%
32 MATERIALS & SUPPLIES	3,492,272	0.51	3,105,214	0.46	0.05	9.1%
33 SERVICES	389,148	0.06	-	-	0.06	100.0%
34 RRC MGT & ADMIN	2,312,211	0.34	2,242,468	0.34	0.00	0.9%
35 SUB-TOTAL	11,444,830	1.68	11,465,027	1.72	(0.04)	-2.4%
36						
37 RRC PREVENTATIVE MAINTENANCE (300005)						
38 POWER PLANT ASSEMBLY	14,761,254	2.16	12,078,903	1.81	0.35	16.4%
39 ACCIDENT REPAIR	747,940	0.11	523,272	0.08	0.03	28.5%
40 ETHANOL CONVERSION	-	-	-	-	-	-
41 WHEELCHAIR LIFTS	577,303	0.08	392,360	0.06	0.03	30.5%
42 PAINTING	3,061,591	0.45	2,427,080	0.36	0.09	19.0%
43 WINDOWS	185,803	0.03	668,878	0.10	(0.07)	-268.0%
44 RRC MGT & ADMIN	412,611	0.06	274,577	0.04	0.02	32.0%
45 SUB-TOTAL	19,746,502	2.89	16,365,071	2.45	0.44	15.3%
46						
47 MAINTENANCE SUPPORT	5,003,392	0.73	3,325,662	0.50	0.23	32.1%
48 NON-REVENUE VEHICLES	3,474,149	0.51	2,988,221	0.45	0.06	12.1%
49 FACILITIES MAINTENANCE	18,051,671	2.64	18,207,014	2.72	(0.08)	-3.1%
50 TRAINING	1,530,931	0.22	1,280,479	0.19	0.03	14.5%
51 DEO	2,189,136	0.32	1,053,309	0.16	0.16	50.8%
52 OTHER	-	-	-	-	-	-
53 SUB-TOTAL	30,249,280	4.43	26,854,685	4.02	0.41	9.3%
54						
55 SUB-TOTAL MAINTENANCE	245,014,859	35.87	226,862,199	33.94	1.93	5.4%
56						
57 TRANSIT SECURITY	26,127,948	3.82	26,339,011	3.94	(0.12)	-3.0%
58 SAFETY	3,278,505	0.48	2,382,629	0.36	0.12	25.7%
59 CASUALTY & LIABILITY	31,179,462	4.56	30,206,939	4.52	0.04	1.0%
60 WORKERS' COMP	53,225,165	7.79	51,137,196	7.65	0.14	1.8%
61 TRANSITIONAL DUTY PROGRAM	2,979,017	0.44	2,896,873	0.43	0.00	0.6%
62 SUB-TOTAL	116,790,097	17.10	112,962,647	16.90	0.20	1.2%
63						
64 TRANSIT OPERATIONS SUPPORT DEPARTMENTS (300011, 300005 & 300050)						
65 EO	101,600	0.01	54,581	0.01	0.01	45.1%
66 SUPPORT SERVICES	5,235,554	0.77	5,982,478	0.90	(0.13)	-16.8%
67 OPERATIONS ISF CHARGES	11,299,914	1.65	13,354,307	2.00	(0.34)	-20.8%
68 OTHER (RAIL)	-	-	96,463	0.01	(0.01)	-
69 SUB-TOTAL	16,637,068	2.44	19,487,830	2.92	(0.48)	-19.7%
70						
71 OTHER UNITS CHARGING (300011, 300005 & 300050, 100001, 100003, 100004, 100003)						
72 BOARD OVERSIGHT	9,588	0.00	166,142	0.02	(0.02)	-1671.2%
73 CEO	2,254,555	0.33	3,050,632	0.46	(0.13)	-38.3%
74 MASD	851,603	0.12	811,388	0.12	0.00	2.6%
75 OTHER PROCUREMENT	4,016,907	0.59	4,316,561	0.65	(0.06)	-9.8%
76 COUNTYWIDE P & D	839,336	0.12	1,938,017	0.29	(0.17)	-136.0%
77 OTHER FINANCE	13,614,031	1.99	13,011,557	1.95	0.05	2.3%
78 HUMAN RESOURCES	6,606,063	0.97	5,580,429	0.83	0.13	13.7%
79 ADMINISTRATION	20,953,517	3.07	20,843,672	3.12	(0.05)	-1.7%
80 ENGINEERING & CONSTRUCTION	188,486	0.03	568,230	0.09	(0.06)	-208.1%
81 SUB-TOTAL	49,334,086	7.22	50,286,627	7.52	(0.30)	-4.2%
82						
83 TOTAL MTA OPERATED	694,290,061	101.63	683,380,861	102.25	(0.62)	-0.6%
84 REVENUE SERVICE HOURS	6,831,265		6,683,264		(148,001)	-2.2%
85						
86 PURCHASED TRANSPORTATION						
87 CONTRACTED SERVICE	30,281,036	46.30	25,550,625	41.36	4.94	10.7%
88 SECURITY	2,382,261	3.64	2,433,990	3.94	(0.30)	-8.2%
89 ADMINISTRATION	313,928	0.48	194,006	0.31	0.17	34.6%
90 SUB-TOTAL	32,977,225	50.42	28,178,620	45.61	4.81	9.5%
91 REVENUE SERVICE HOURS	654,041		617,764		(36,277)	-5.5%
92						
93 ENTERPRISE FUND DEBT						
94 INTEREST (610709)	8,819,745	1.18	9,005,767	1.23	(0.06)	-4.7%
95 ADMINISTRATION (300076)	735,605	0.10	591,453	0.08	0.02	17.6%
96 SUB-TOTAL	9,555,350	1.28	9,597,220	1.31	(0.03)	-2.3%
97						
98 TOTAL BUS PROJECT	\$ 736,822,636	\$ 98.44	\$ 721,156,701	\$ 98.77	\$ (0.33)	-0.3%
99 TOTAL REVENUE SERVICE HOURS	7,485,306		7,301,028		(184,278)	-2.5%

Actuals

Based on preliminary June financial data, and preliminary revenue service hours

**FY02 JUNE YTD ACTIVITY BASED HEAVY RAIL COST MODEL**

ACTIVITY	ADOPTED		YTD ACTUAL		ACTUAL TO ADOPTED	
	DOLLARS	PER RSH	DOLLARS	PER RSH	\$ /RSH	% Inc.
1 TRANSPORTATION						
2 OPERATOR WAGES & BENEFITS	3,841,923	\$ 14.84	1,849,987	\$ 7.11	\$ 7.72	52.1%
3 SERVICES	-	-	-	-	-	-
4 MATERIALS & SUPPLIES	40,000	0.15	19,999	0.08	0.08	50.2%
5 MGT & ADMIN	994,530	3.84	1,015,102	3.90	(0.06)	-1.6%
6 CENTROL CONTROL	2,115,663	8.17	2,771,769	10.66	(2.49)	-30.4%
7 SCHEDULING AND PLANNING	183,739	0.71	76,944	0.30	0.41	58.3%
8 UNIFORMS	25,875	0.10	19,937	0.08	0.02	23.3%
9 SUB-TOTAL	7,201,731	27.82	5,753,738	22.13	5.69	20.5%
10						
11 DIVISION MAINTENANCE						
12 SERV ATTEN WAGES & BENEFITS	1,512,626	5.84	1,793,275	6.90	(1.05)	-18.0%
13 MECHANIC WAGES & BENEFITS	3,956,007	15.28	6,161,246	23.70	(8.41)	-55.1%
14 MATERIALS & SUPPLIES	1,199,000	4.63	1,547,399	5.95	(1.32)	-28.5%
15 SERVICES	164,000	0.63	29,341	0.11	0.52	82.2%
16 MGT & ADMIN	1,024,343	3.96	964,008	3.71	0.25	6.3%
17 UNIFORMS	74,000	0.29	53,282	0.20	0.08	28.3%
18 PREVENTATIVE MAINTENANCE	1,800,015	6.95	687,498	2.64	4.31	62.0%
19 SUB-TOTAL	9,729,990	37.58	11,236,050	43.21	(5.63)	-15.0%
20						
21 OTHER MAINTENANCE						
22 INVENTORY MANAGEMENT	129,579	0.50	75,653	0.29	0.21	41.9%
23 LOGISTICS	536,863	2.07	535,591	2.06	0.01	0.7%
24 REVENUE ADMINISTRATION	1,227,571	4.74	1,149,621	4.42	0.32	6.8%
25 SUB-TOTAL	1,894,013	7.32	1,760,866	6.77	0.55	7.5%
26						
27 MAINTENANCE OF WAY						
28 ATU WAGES & BENEFITES	3,503,188	13.53	3,640,242	14.00	(0.47)	-3.5%
29 MATERIALS & SUPPLIES	291,850	1.13	461,129	1.77	(0.65)	-57.3%
30 SERVICES	16,000	0.06	54,781	0.21	(0.15)	-240.9%
31 UNIFORMS	49,290	0.19	35,083	0.13	0.06	29.1%
32 PROPULSION POWER	6,350,000	24.53	5,762,972	22.16	2.36	9.6%
33 MGT & ADMIN	918,499	3.55	856,796	3.30	0.25	7.1%
34 SUB-TOTAL	11,128,827	42.99	10,811,004	41.58	1.41	3.3%
35						
36 MAINTENANCE SUPPORT						
37 NON-REVENUE VEHICLES	520,176	2.01	505,866	1.95	0.06	3.2%
38 FACILITIES MAINTENANCE	8,483,807	32.77	8,354,563	32.13	0.64	1.9%
39 OTHER	-	-	-	-	-	-
40 SUB-TOTAL	9,003,983	34.78	8,860,429	34.08	0.70	2.0%
41						
42 TRANSIT SECURITY	12,843,543	49.61	12,786,785	49.18	0.43	0.9%
43 SAFETY	416,822	1.61	233,981	0.90	0.71	44.1%
44 CASUALTY & LIABILITY	2,799,507	10.81	2,513,493	9.67	1.15	10.6%
45 WORKERS' COMP	1,654,440	6.39	1,516,642	5.83	0.56	8.7%
46 TRANSITIONAL DUTY PROGRAM	51,362	0.20	13,894	0.05	0.14	73.1%
47 SUB-TOTAL	17,765,675	68.62	17,064,796	65.63	2.99	4.4%
48						
49 TRANSIT OPERATIONS SUPPORT DEPARTMENTS						
50 DEO	446,544	1.72	361,605	1.39	0.33	19.4%
51 EO	960	0.00	-	-	0.00	100.0%
52 SUPPORT SERVICES	363,546	1.40	231,385	0.89	0.51	36.6%
53 OPERATIONS ISF CHARGES	714,466	2.76	976,577	3.76	(1.00)	-36.1%
54 OTHER (BUS, RRC)	-	-	9,922	0.04	(0.04)	-
55 SUB-TOTAL	1,525,516	5.89	1,579,490	6.07	(0.18)	-3.1%
56						
57 OTHER UNITS CHARGING (300022, 300033 & 300009, 100001, 100003, 100004, 100033)						
58 BOARD	704	0.00	8,985	0.03	(0.03)	-1170.8%
59 CEO	170,032	0.66	213,521	0.82	(0.16)	-25.0%
60 MASD	106,661	0.41	82,601	0.32	0.09	22.9%
61 OTHER PROCUREMENT	496,568	1.92	489,564	1.88	0.04	1.8%
62 COUNTYWIDE P & D	158,536	0.61	140,592	0.54	0.07	11.7%
63 OTHER FINANCE	1,136,032	4.39	908,743	3.49	0.89	20.4%
64 HUMAN RESOURCES	518,599	2.00	386,824	1.49	0.52	25.7%
65 ADMINISTRATION	1,723,705	6.66	1,570,697	6.04	0.62	9.3%
66 ENGINEERING & CONSTRUCTION	152,387	0.59	137,574	0.53	0.06	10.1%
67 SUB-TOTAL	4,463,225	17.24	3,939,102	15.15	2.09	12.1%
68						
69 TOTAL MTA OPERATED	62,712,960	\$ 242.23	61,005,473	\$ 234.62	\$ 7.61	3.1%
70 REVENUE SERVICE HOURS	258,896		260,020			

Actuals

Based on June soft close, and preliminary revenue service hours

**FY02 JUNE YTD ACTIVITY BASED LIGHT RAIL COST MODEL**

ACTIVITY	ADOPTED		YTD ACTUAL		ACTUAL TO ADOPTED	
	DOLLARS	PER RSH	DOLLARS	PER RSH	\$ /RSH	% Inc.
1 TRANSPORTATION						
2 OPERATOR WAGES & BENEFITS	6,855,011	\$ 24.07	10,856,000	\$ 43.81	\$ (19.74)	-82.0%
3 SERVICES	-	-	-	-	-	-
4 MATERIALS & SUPPLIES	112,400	0.39	64,624	0.26	0.13	33.9%
5 MGT & ADMIN	1,761,327	6.18	1,768,763	7.14	(0.95)	-15.4%
6 CENTROL CONTROL	4,571,399	16.05	4,030,325	16.27	(0.21)	-1.3%
7 SCHEDULING AND PLANNING	367,479	1.29	144,406	0.58	0.71	54.8%
8 UNIFORMS	40,325	0.14	45,392	0.18	(0.04)	-29.4%
9 SUB-TOTAL	13,707,941	48.13	16,909,509	68.24	(20.11)	-41.8%
10						
11 DIVISION MAINTENANCE						
12 SERV ATTEN WAGES & BENEFITS	1,898,236	6.67	1,803,540	7.28	(0.61)	-9.2%
13 MECHANIC WAGES & BENEFITS	5,995,451	21.05	7,131,804	28.78	(7.73)	-36.7%
14 MATERIALS & SUPPLIES	2,122,000	7.45	3,672,940	14.82	(7.37)	-98.9%
15 SERVICES	378,500	1.33	45,654	0.18	1.14	86.1%
16 MGT & ADMIN	1,891,702	6.64	1,620,871	6.54	0.10	1.5%
17 UNIFORMS	105,000	0.37	96,972	0.39	(0.02)	-6.1%
18 PREVENTATIVE MAINTENANCE	3,754,299	13.18	228,581	0.92	12.26	93.0%
19 SUB-TOTAL	16,145,188	56.69	14,600,363	58.92	(2.23)	-3.9%
20						
21 OTHER MAINTENANCE						
22 INVENTORY MANAGEMENT	189,960	0.67	127,048	0.51	0.15	23.1%
23 LOGISTICS	921,586	3.24	934,290	3.77	(0.53)	-16.5%
24 REVENUE ADMINISTRATION	1,846,443	6.48	1,626,661	6.56	(0.08)	-1.3%
25 SUB-TOTAL	2,957,989	10.39	2,687,999	10.85	(0.46)	-4.4%
26						
27 MAINTENANCE OF WAY						
28 ATU WAGES & BENEFITS	3,370,687	11.84	3,568,230	14.40	(2.57)	-21.7%
29 MATERIALS & SUPPLIES	433,170	1.52	566,969	2.29	(0.77)	-50.4%
30 SERVICES	313,750	1.10	155,068	0.63	0.48	43.2%
31 UNIFORMS	53,010	0.19	36,788	0.15	0.04	20.2%
32 PROPULSION POWER	10,197,000	35.80	8,768,977	35.39	0.41	1.2%
33 MGT & ADMIN	1,178,083	4.14	1,159,321	4.68	(0.54)	-13.1%
34 SUB-TOTAL	15,545,701	54.58	14,255,352	57.53	(2.95)	-5.4%
35						
36 MAINTENANCE SUPPORT						
37 NON-REVENUE VEHICLES	555,247	1.95	449,917	1.82	0.13	6.9%
38 FACILITIES MAINTENANCE	6,023,320	21.15	5,445,314	21.98	(0.83)	-3.9%
39 OTHER	-	-	-	-	-	-
40 SUB-TOTAL	6,578,568	23.10	5,895,231	23.79	(0.69)	-3.0%
41						
42 TRANSIT SECURITY	14,297,231	50.20	14,177,482	57.22	(7.02)	-14.0%
43 SAFETY	1,309,735	4.60	780,549	3.15	1.45	31.5%
44 CASUALTY & LIABILITY	1,937,064	6.80	1,621,403	6.54	0.26	3.8%
45 WORKERS' COMP	2,252,877	7.91	3,041,142	12.27	(4.36)	-55.2%
46 TRANSITIONAL DUTY PROGRAM	51,362	0.18	13,894	0.06	0.12	68.9%
47 SUB-TOTAL	19,848,270	69.69	19,634,470	79.24	(9.55)	-13.7%
48						
49 TRANSIT OPERATIONS SUPPORT DEPARTMENTS						
50 DEO	903,598	3.17	768,219	3.10	0.07	2.3%
51 EO	1,920	0.01	-	-	0.01	100.0%
52 SUPPORT SERVICES	233,977	0.82	512,467	2.07	(1.25)	-151.7%
53 OPERATIONS ISF CHARGES	977,032	3.43	1,289,266	5.20	(1.77)	-51.7%
54 OTHER (BUS, RRC)	(0)	(0.00)	3,013	0.01	(0.01)	-
55 SUB-TOTAL	2,116,527	7.43	2,572,964	10.38	(2.95)	-39.7%
56						
57 OTHER UNITS CHARGING (300022, 300033 & 300009, 100001, 100003, 100004, 100033)						
58 BOARD	70,968	0.25	17,643	0.07	0.18	71.4%
59 CEO	236,747	0.83	735,604	2.97	(2.14)	-257.1%
60 MASD	175,303	0.62	142,829	0.58	0.04	6.4%
61 OTHER PROCUREMENT	885,413	3.11	632,201	2.55	0.56	17.9%
62 COUNTYWIDE P & D	405,619	1.42	196,815	0.79	0.63	44.2%
63 OTHER FINANCE	1,567,786	5.50	1,363,905	5.50	0.00	0.0%
64 HUMAN RESOURCES	714,413	2.51	551,768	2.23	0.28	11.2%
65 ADMINISTRATION	2,299,293	8.07	2,070,103	8.35	(0.28)	-3.5%
66 ENGINEERING & CONSTRUCTION	700,691	2.46	153,331	0.62	1.84	74.8%
67 SUB-TOTAL	7,056,232	24.78	5,864,199	23.67	1.11	4.5%
68						
69 TOTAL MTA OPERATED	83,956,415	\$ 294.79	82,420,086	\$ 332.62	\$ (37.83)	-12.8%
70 REVENUE SERVICE HOURS	284,801		247,787			

Actuals

Based on June soft close, and preliminary revenue service hours