



December 3, 1998

TO: BOARD OF DIRECTORS
FROM: TERRY MATSUMOTO
EXECUTIVE OFFICER, FINANCE

Los Angeles County
Metropolitan
Transportation
Authority

SUBJECT: JUNE 1998 SUMMARY FINANCIAL RESULTS

One Gateway Plaza
Los Angeles, CA
90012
213.922.6000

ISSUE

This report summarizes MTA's FY98 financial performance comparing preliminary, unaudited revenues and expenditures through June 1998 to the reforecast revenue and expenditure budgets presented to the Board of Directors in November and December 1997. The FY98 Comprehensive Annual Financial Report (CAFR) will be distributed to the Board when available.

Mailing Address:
P.O. Box 194
Los Angeles, CA 90053

REPORT SUMMARY

Total FY98 revenues and expenditures are under budget:

\$ millions	Budget	Actual
Revenues	\$2,880	\$2,870
Less Bond Refinancing ¹	-	(220)
Revenues	2,880	2,650
Expenditures	2,448	2,444
Less Bond Refinancing ¹	-	(377)
Expenditures	\$2,448	\$2,067

Revenue

FY98 revenues, less bond refinancing, were less than budget by \$230 million, or 8%, primarily due to deferred new money bond issuances.

- Fare revenue was \$222.5 million, which is \$1.9 million greater than the \$220.6 million budget. Boardings were 8% higher, 33 million, more than budget. Pass sales continue to constitute an increasing percentage of revenue sales which dilutes average fare collection results.

¹The FY98 expenditures reflect two bond refinancings, a Prop. A backed commercial paper and a Prop. C-backed bond. The FY98 revenues reflect ONLY the Prop. C backed bond refinancing. The revenue from the refinancing of the Prop. A-backed commercial paper is reflected in FY97 and was reported to the Board in the April 1998 YTD report.

- Sales tax revenues consist of Proposition A and Proposition C. Receipts are higher than budget by \$23.1 million. The FY98 Reforecast Budget was based on a projected 4% growth rate over FY97 revenues. The actual growth rate is 7%.
- Interest and other local revenues were greater than budget by \$26.7 million and \$12.4 million, respectively. Other local revenues include the City of L.A. revenues for rail construction activities and other interagency reimbursements.
- Revenues received from state grants is \$29.5 million less than budget, due to reduced rail construction activity.

Expenditures

- Total operating expenditures, as shown below, came in below budget by \$6.0 million, or less than 1%.
- Total debt service expenditures are \$597 million. Due to timing, the expenditure associated with a FY97 refinancing transaction (\$377 million) was included in the FY98 results. When this transaction is excluded, total debt expenditures are under budget by \$42 million.
- Capital expenditures are \$571.5 million, or \$249 million under budget in FY98 due to delays in scheduled bus deliveries, implementing vehicle overhauls, and delays in the rail construction program.
- Regional and Municipal Programs are under budget by \$84.1 million, or 15.6%. Grantees awarded funds through the Call-for-Projects process are drawing funds at a slower rate than anticipated.

The Summary of Preliminary Revenues is shown in Attachment A, the FY98 Summary Revenue and Expenditures in Attachment B, and the FY98 Summary Expenditures by Program in Attachment C.

Operating Budget

The operating budget consists of three major components: enterprise fund (bus and rail operations), general fund (agency administration), and special revenue funds. Operating results are summarized below.

\$ millions	Revenues		Expenditures		Surplus/(Deficit)	
	Budget	Actual	Budget	Actual	Budget	Actual
Enterprise Fund	\$698.0	\$712.1	\$703.0	\$716.7	(\$5.0)	(\$4.6)
General Fund	56.0	59.4	54.0	53.0	2.0	6.4
Special Revenue	<u>57.9</u>	<u>39.2</u>	<u>57.9</u>	<u>39.2</u>	<u>0</u>	<u>0</u>
Total Operating	\$811.9	\$810.7	\$814.9	\$808.9	(\$3.0)	\$1.8

The enterprise fund results are materially impacted by Workers Compensation costs. Net Workers Compensation costs are \$50.0 million², \$14.4 million greater than the \$35.6 million budget. The upward trend of reoccurrences and average settlements, contributed to the upward

²Gross Workers' Compensation costs of \$66 million include \$16 million reserve transfer from the PL/PD reserve to accurately reflect the separate balances.

year-end audit adjustment. Workers Compensation payments include medical, indemnity, legal, and other miscellaneous payments. The indemnity portion of Workers Compensation payments has significantly increased each year since 1994.

With the improvements of the Travelers' contract, as well as new procedures requiring doctor's review for all reoccurring claims, it is anticipated our future exposure from new and old claims will be reduced.

The Enterprise Fund Report, shown in Attachment D and summarized below, shows both a cash surplus of \$15.7 million that is offset by noncash reserve adjustments for a net book deficit of \$4.6 million. In FY98, the MTA absorbed \$20.4 million in noncash expense adjustments, primarily to increase Workers Compensation reserves (\$8.5 million) and pension reserves (\$9.0 million). Other noncash adjustments include: write-off of disposed assets (\$0.9 million), and inventory valuation and obsolescence adjustments (\$1.9 million).

Enterprise Fund (\$000) (Cash & Noncash Expenses)	Budget	Preliminary June YTD	Better/(Poorer)
Revenues	\$697,973	\$712,058	\$14,085
Cash Expenses	<u>699,718</u>	<u>696,344</u>	<u>3,374</u>
Cash Surplus/(Shortfall)	(1,745)	15,714	17,459
Noncash Expenses	<u>3,300</u>	<u>20,355</u>	<u>17,055</u>
Total Surplus/(Shortfall)	\$(5,045)	\$(4,641)	\$404

The Enterprise Fund began the year with a cumulative deficit of \$97.8 million. The \$4.6 million shortfall in FY98 will increase the cumulative deficit to \$102.4 million.

FY98 preliminary modal operating statistics are presented in Attachment E. Attachment F shows an organizational view of the FY98 preliminary, unaudited expenditures.

ATTACHMENTS

- A. FY98 Summary of Preliminary Revenues
- B. FY98 Summary Revenue and Expenditures
- C. FY98 Summary Expenditures by Program
- D. FY98 Enterprise Fund Report
- E. FY98 Modal Operating Statistics
- F. FY98 Summary Expenditures by Department

Prepared by: Barbara Long, Deputy Executive Officer, Budget
M.J. West, Director of Budget

ATTACHMENT A - SUMMARY OF PRELIMINARY REVENUES

The schedule on the following page compares new FY98 revenues budget versus actuals. As stated in the report, sales tax revenues are greater than budgeted, as are interest revenues, City of Los Angeles revenues, and Section 9 capital funds. Of the total City of LA revenues received in FY98, \$26.2 is recognized in FY98 for expenditures incurred in FY96 and FY97 for Red Line Segments 1 and 2. The reduction in state grant funds reflects reduced construction activity as these revenues are on a reimbursement basis.

FY98 Summary of Preliminary Revenues (unaudited)
(S000)

Attachment A

	FY98 Reforecast	FY98 Preliminary	% to Budget
Farebox Revenue	220,588	222,502	100.9%
Local Revenues			
Advertising	8,450	8,570	101.4%
Lease Revenues	9,100	9,023	99.2%
Interagency Revenues	7,138	4,104	57.5%
HOV Violations	500	396	79.1%
Ports Access Highway	0	372	0.0%
City of L.A.	61,101	71,128	116.4%
Other Local Revenues	24,315	29,412	121.0%
Subtotal Local & Farebox	331,192	345,509	104.3%
Sales Tax Revenue			
Proposition A	427,459	438,321	102.5%
Proposition C	429,735	441,929	102.8%
TDA	217,360	219,888	101.2%
Subtotal Sales Tax	1,074,554	1,100,138	102.4%
Interest Revenue			
Prop A Interest	3,500	5,454	155.8%
Prop C Interest	10,000	11,607	116.1%
TDA Interest	8,000	9,521	119.0%
STA Interest	300	644	214.8%
Interest - Operations	3,700	3,883	104.9%
General Fund - Interest Revenue	0	1,556	0.0%
Interest Earned on Internal Service Fund	0	5,003	0.0%
Interest Earned on Light & Heavy Rail Funds	0	14,544	0.0%
Subtotal Interest	25,500	52,212	204.8%
State Grants			
STA	23,700	31,538	133.1%
Rail Bonds	31,859	1,864	5.9%
State Highway Account	93,943	86,619	92.2%
Service Authority Freeway Emergencies - SAFE	6,050	6,412	106.0%
Budget Change Proposal - BCP	3,535	3,666	103.7%
Other State	0	26,901	0.0%
Subtotal State Grants	159,087	157,000	98.7%
Federal Grants			
Section 3 New Starts	61,500	31,483	51.2%
Section 3 Rail Modifications	3,025	0	0.0%
Section 9	78,973	124,062	157.1%
Department of Justice - DOJ	900	297	33.0%
Other Federal	62,217	49,914	80.2%
Subtotal Federal Grants	206,615	205,755	99.6%
Proceeds From Financing			
Prop A - Proceeds from Financing	56,423	7,092	12.6%
Prop C - Streets & Highway Bonds	27,744	5,918	21.3%
Prop C - Discretionary 40% Bonds	141,050	-	0.0%
Prop C - 1992A Bonds Refunding	0	219,710	0.0%
Subtotal Proceeds from Financing	225,217	232,719	103.3%
Total Revenue Receipts	2,022,165	2,093,332	103.5%
Estimated Carryover	857,555	776,551	90.6%
Total Revenues	2,879,720	2,869,883	99.7%

ATTACHMENT B - SUMMARY OF REVENUE AND EXPENDITURES

The schedule on the following page shows total agency revenues by major categories and expenditures by major activity. Revenues are shown excluding proceeds from financing, the bond refinancing transaction discussed in the report, and carryover revenues. In total, revenues were close to budget.

Total agency expenditures, including \$377 million from a FY97 refinancing transaction that were recognized in FY98, are under budget by \$4.6 million, or less than 1%. Operating expenditures, including the Enterprise Fund, General Fund, and Special Revenue Fund were under budget by \$6.0 million. The Enterprise fund ended FY98 with a \$4.6 million deficit. The General Fund ended FY98 with a \$6.4 million surplus. The Special Revenue fund ended the year balanced. FY98 debt expenditures included \$377 million from a prior year transaction. FY98 debt expenditures were under budget when this transaction is excluded.

Capital expenditures are under budget by \$249.3 million. These are further explained in Attachment C.

Regional and Municipal Programs are under budget by \$84.1 million, expending only 84.4% of the total annual budget.

FY98 Summary of Revenue and Expenditures (unaudited)
 (\$000)

Attachment B

	FY98 Budget	FY98 Preliminary	Better/ (Poorer)	% to Budget
Revenue				
Fare Revenue	220,588	222,502	1,914	100.9%
Interest	25,500	52,212	26,712	204.8%
Other Local	110,603	123,007	12,403	111.2%
Prop A Sales Tax	427,459	438,321	10,862	102.5%
Prop C Sales Tax	429,735	441,929	12,194	102.8%
TDA	217,360	219,888	2,528	101.2%
State Grants	159,087	157,000	(2,087)	98.7%
Federal Grants	206,615	205,755	(860)	99.6%
Subtotal Revenue	1,796,948	1,860,613	63,665	103.5%
Proceeds from Financing & Interest Revenue	225,217	13,009	(212,208)	5.8%
Bond Refinancing		219,710	219,710	
Carryover Revenues	857,555	776,551	(81,004)	90.6%
Total Revenue	2,879,720	2,869,883	(9,837)	99.7%
Less Bond Refinancing Revenue	-	(219,710)	(219,710)	
Total Revenue net Bond Refinancing	2,879,720	2,650,173	(229,547)	-8.0%
Expenditures				
Operating Expenses	814,974	808,914	6,060	99.3%
Benefit Assessment Management	10,665	10,365	301	97.2%
Debt Refunding, Principal & Interest	261,906	597,069	(335,162)	228.0%
Capital Expenses	820,750	571,489	249,261	69.6%
Regional & Municipal Programs	540,055	455,962	84,094	84.4%
Total Expenditures	2,448,351	2,443,797	4,554	99.8%
Less Bond Refinancing Expenses		(377,000)	377,000	
Total Expenditures net Bond Refinancing	2,448,351	2,066,797	381,554	84.4%
Unallocated Revenues/(Deficit)	431,369	426,086		

ATTACHMENT C - SUMMARY EXPENDITURES BY PROGRAM

The Summary of Expenditures by Program details the agency's expenditures. Total expenditures are \$2,443.8 million compared to the reforecast budget of \$2,448.4 million – 99.8% of the annual projected expenditures.

- The Enterprise Fund has project expenditures of \$716.7 million. These expenditures are discussed in the Enterprise Fund section.
- The General Fund projects consist of transit and other planning projects, property management and agency administration. Total expenditures are \$53 million, or 98% of the budget. Planning projects were under budget by \$8.1 million and Agency Administration is under budget by \$2.5 million.
- The Special Revenue Fund includes commuter service programs, i.e., Freeway Service Patrol and SAFE, and planning projects which are funded with dedicated sales tax revenues. Commuter Services programs expensed \$23 million, only 59% of the total \$39 million budget due to delays caused by pending lawsuits related to ADA compliance. The Planning projects expensed 86% of their budget, due to delays in implementing major HOV projects. However, these delays were partially offset by overexpending the Commuter Rail and Call for Projects (CFP) Management projects.
- Debt expenditures are under budget by \$42 million when the \$377 million FY97 transaction is excluded. The MTA did not issue the planned bond issuances based on cashflow requirements. MTA had two refundings for a total of \$377 million, one to refund Proposition A-backed commercial paper and the other to refinance a Proposition C bond. Refundings are revenue - neutral, however, due to timing, FY98 expenditures results include the expenditures from commercial paper transaction but not the revenues, since the revenues were reflected in FY97 results. This was reported to the Board in the April YTD report.
- Capital expenditures are under budget by \$249.3 million.
 - Bus capital expenditures were under budget by \$41.5 million due to delays in the delivery schedule for buses under contract, delays in the start of upgrading divisions to support CNG fuel capability, and reductions in the scope of bus painting and engine rebuilding programs.
 - Rail capital expenditures were under budget by \$30.1 million due to delays in initiating light rail vehicle subsystem overhauls and in implementing Segment 1 radio retrofits and tunnel maintenance programs.
 - Rail Construction expenditures were under budget by \$153.2 million due to the following:
 - Red Line Segment 2 is under budget due to the deferment of the revenue operation date from December 1998 to May 1999.
 - Red Line Segment 3 North Hollywood is under budget by \$57 million as the vehicle delivery schedule was extended by 12 months, and system installation and testing schedules were also delayed.
 - Pasadena Blue Line budget was revised to reduce the scope of potential right of way acquisitions required for demobilization.
 - Other rail construction projects is under budget. Systemwide and the Green Line projects reduced project scope and the MOW Building project experienced a delay in starting construction. Additionally, billing for the Imperial Grade Separation project was delayed.
 - Other Capital projects budgets were under budget by \$24.4 million because of the deferral of improvements to the Headquarter building, revision in the scope of major systems procurements to address Year 2000 issues, and revisions to the non-revenue vehicle acquisition and allocation program.
- Regional program subsidies are under budget by \$84.1 million, or 15.6%. Grantees awarded funds through the Call-for-Projects process are drawing funds at a slower rate than anticipated.

FY98 Summary of Expenditures by Program (unaudited)
(\$000)

Attachment C

	FY97 Actual	FY98 Reforecast	FY98 Preliminary	FY98 Prelim Inc / (Dec)	
				\$	%
Operating Budget					
Enterprise Fund					
Bus	612,678	609,797	627,617	17,820	102.9%
Blue Line	52,806	35,686	36,684	998	102.8%
Green Line	18,692	22,313	15,801	(6,512)	70.8%
Red Line	31,164	29,874	30,879	1,006	103.4%
MTA Lite & Bus Debt	5,159	5,349	5,717	369	106.9%
Enterprise Fund Total	720,499	703,018	716,699	13,680	101.9%
General Fund					
Transit & Other Planning	19,367	27,216	19,035	(8,181)	69.9%
Property Management	2,279	2,734	3,260	526	119.2%
Agency Administration	31,349	24,099	30,671	6,572	127.3%
General Fund Total	52,995	54,049	52,966	(1,083)	98.0%
Special Revenue Fund					
Freeway Service Patrol	18,640	25,283	17,427	(7,856)	68.9%
SAFE	4,430	13,859	5,837	(8,021)	42.1%
Highway Planning	7,198	13,070	9,462	(3,608)	72.4%
Commuter Rail & Metrolink Support	3,418	1,085	2,667	1,582	245.8%
Mobility & Air Quality Program	2,520	4,609	2,671	(1,939)	57.9%
RTP&D-CFP Management	-	-	1,185	1,185	0.0%
Special Revenue Fund Total	36,207	57,906	39,249	(18,657)	67.8%
Operating Budget Total	809,701	814,974	808,914	(6,060)	99.3%
Benefit Assessment	9,476	10,665	10,365	(301)	97.2%
Debt Service Total	609,830	261,906	597,069	335,162	228.0%
Operating & Debt Budgets Total	1,429,007	1,087,545	1,416,347	328,801	130.2%
Capital Budget					
Bus Capital					
Bus Acquisition	58,635	109,324	95,882	(13,442)	87.7%
Bus Maintenance & Equipment	45,153	50,855	35,922	(14,933)	70.6%
Bus Facilities Maintenance	5,327	20,862	7,703	(13,159)	36.9%
Bus Capital Total	109,115	181,040	139,506	(41,534)	77.1%
Rail Capital					
Rail Vehicle Maintenance	5,349	9,027	3,171	(5,856)	35.1%
Rail Facilities Maintenance	11,680	28,290	9,213	(19,076)	32.6%
Maintenance-of-Way Facilities	2,863	5,717	4,379	(1,339)	76.6%
LA Rail Car	14,917	30,066	26,227	(3,839)	87.2%
Rail Capital Total	34,809	73,100	42,990	(30,110)	58.8%
Rail Construction Projects					
Rail Planning	9,761	906	6	(900)	0.6%
Red Line Segment 2	226,790	166,174	128,152	(38,022)	77.1%
Red Line Segment 3-North Hollywood	211,369	245,914	188,615	(57,299)	76.7%
Red Line Segment 3-Eastside	63,994	34,846	30,509	(4,337)	87.6%
Red Line Segment 3-Mid City	250	2,049	980	(1,069)	47.8%
Pasadena Blue Line	40,275	44,942	22,891	(22,051)	50.9%
Other Rail Construction Projects	26,034	42,502	12,948	(29,554)	30.5%
Rail Construction Projects Total	578,474	537,334	384,101	(153,233)	71.5%
Other Capital Projects					
Intermodal Transit Center	7,637	4,267	1,374	(2,893)	32.2%
Gateway Headquarters	(1,028)	3,219	1,538	(1,680)	47.8%
Non-Revenue Vehicles & Equipment	3,222	8,486	670	(7,816)	7.9%
Information Technology & Systems	8,619	13,305	1,309	(11,995)	9.8%
Other Capital Projects Total	18,449	29,276	4,892	(24,384)	16.7%
Capital Budget Total	740,847	820,750	571,489	(249,261)	69.6%
Regional Programs					
Municipal Operator Programs	150,368	125,864	69,237	(56,627)	55.0%
ADA/Accessibility Funding Programs	3,279	37,620	37,929	309	100.8%
Local Projects and Programs	248,187	337,244	315,004	(22,240)	93.4%
Other Local Projects	1,048	8,140	194	(7,946)	2.4%
Commuter Rail & Intercity Rail	39,614	31,187	33,597	2,410	107.7%
Regional Programs Total	442,496	540,055	455,962	(84,094)	84.4%
MTA Total	2,612,350	2,448,351	2,443,797	(4,554)	99.8%

ATTACHMENT D - ENTERPRISE FUND REPORT

The Enterprise Fund ends FY98 with \$4.6 million deficit, after absorbing \$20.4 in non-cash expenses that are explained in the report. Major budget variances are summarized below.

- Revenues are reported at \$712 million. Fare revenues were higher than budget due to increased boardings. Section 15 results reflect 406 million boardings, versus 372 million budgeted. This is an increase of 34 million boardings, or almost 9%. Section 9 revenues allocated to the Enterprise Fund for capitalized maintenance expenditures were \$4 million more than budget.
- Overall, expenditures of \$716.7 million were booked to the Enterprise Fund in FY98.
- Labor costs are over budget primarily due to increased UTU overtime usage. The total operator/assignment ratio for FY98 averaged 1.1458, versus a budget of 1.16. This reduced ratio resulted in increased overtime usage. Additionally, the FY98 budget assumed a lower UTU wage rate, based on increased wage tiering. This did not materialize as planned.
- Fringe Benefits were over budget, due primarily to increased Workers' Compensation expenses. \$12 million in post retirement benefits and inventory adjustments, that were not budgeted as cash items are the primary contributors to the deficit.
- Services are under budget by \$14.5 million primarily due to delays in the Transit Police merger.
- Fuel and utilities expenditures are under budget by \$6.3 million. Fuel was budgeted at \$.89 per gallon, while the year-end price is \$.53 per gallon, due to favorable negotiations and reduced fuel prices, based on the Oil Producing Information Service (OPIS) index.
- Supplies were under budget by \$0.8 million.
- Purchased transportation is under budget by \$4.2 million, due to delays in finalizing demonstration lines.
- Non-operating expenses are significantly under budget due to reduced PL/PD expenses. FY98 PL/PD expenditures are \$4.7 million, which is a savings of \$21.2 million. This savings is due to reduced reserve requirements.
- The FY98 budget for debt expense included \$1.8 million for the L.A. Bus Lease; the expense for the lease is booked to the leases and rental account, reflected under non-operating expenses. The interest for the Bus COP is booked against the Enterprise Fund, instead of the Debt Fund. This resulted in a net increase of \$4.1 million to the Enterprise Fund expenditures, which is offset by revenues, although the total agency's expenditures did not increase.

	Annual FY97 Results	Annual Adopted Budget	Revised Reforecast Budget	Preliminary June YTD	% Refest Budget
Revenue					
Fares	214,520	218,900	220,588	222,503	101%
Other System	8,461	12,833	14,909	12,026	81%
Prop A	159,060	133,619	136,893	142,650	104%
Prop C	90,362	91,594	95,451	98,756	103%
TDA	142,628	150,636	157,220	158,911	101%
Other State	21,968	20,649	20,649	20,649	100%
Federal	62,469	39,260	38,861	42,864	110%
Local	4,806	3,856	9,702	9,858	102%
Debt/Interest	3,686	5,400	3,700	3,841	104%
Total	707,960	676,747	697,973	712,058	102%
Expenditures					
Salaries & Wages	303,097	245,296	274,224	286,942	105%
Fringe Benefits	165,390	131,951	156,311	185,449	119%
Services	32,604	77,760	62,563	48,060	77%
Fuels & Utilities	39,538	35,457	36,622	30,290	83%
Supplies	30,722	34,133	31,702	30,850	97%
Purchased Transportation	15,689	24,646	24,646	20,375	83%
Non-operating expenses(2)	35,579	35,064	35,249	10,420	30%
General Overhead	73,870	90,677	76,638	79,850	104%
Interest	5,318	1,763	1,763	4,108	233%
Cash Expenses	701,807	676,747	699,718	696,344	100%
				-	N.A.
Surplus/(Shortfall)					
Cash	6,153	-	(1,745)	15,714	
<u>Less Non-Cash Expenses (3)</u>	<u>18,692</u>		<u>3,300</u>	<u>20,355</u>	
Total (4)	(12,539)	-	(5,045)	(4,641)	

Bus Operations (1)

Revenue					
Fares/System	199,000	203,700	204,772	207,535	101%
Other System	8,461	12,833	14,909	12,026	81%
Prop A	118,000	115,000	118,372	121,195	102%
Prop C	83,000	71,000	80,209	80,810	101%
TDA	142,628	141,900	148,438	154,129	104%
Other State	21,968	10,000	9,449	11,449	121%
Federal	20,000	22,000	22,009	22,009	100%
Local	4,806	4,000	9,541	9,858	103%
Debt/Interest	3,686	5,400	3,700	3,841	104%
Total	601,549	585,833	611,399	622,852	102%
Expenditures					
Salaries & Wages	261,119	222,610	245,944	257,920	105%
Fringe	142,386	118,000	140,300	169,717	121%
Services	25,989	52,990	42,819	33,638	79%
Fuels & Utilities	29,142	26,000	27,702	21,337	77%
Supplies	29,150	31,000	29,009	27,640	95%
Purchased Transportation	15,689	24,646	24,646	20,375	83%
Non-operating expenses (2)	29,166	29,000	29,848	6,605	22%
General Overhead	63,184	79,824	69,815	72,555	104%
Interest	5,318	1,763	1,763	4,108	233%
Cash Expenses	601,143	585,833	611,846	613,895	100%
Surplus/(Shortfall)					
Cash	406	0	(447)	8,957	
<u>Less Non-Cash Expenses (3)</u>	<u>(16,694)</u>		<u>3,300</u>	<u>19,439</u>	
Total	(16,288)	0	(3,747)	(10,482)	

Rail Operations

	Annual FY97 Results	Annual Adopted Budget	Revised Reforecast Budget	Preliminary June YTD	% Refcst Budget
Revenue					
Fares/System	15,520	15,200	15,816	14,968	95%
Other System	0	0	0	0	N.A.
Prop A	41,060	18,619	18,521	21,455	116%
Prop C	7,362	20,594	15,242	17,946	118%
TDA	0	8,736	8,782	4,782	54%
Other State	0	10,649	11,200	9,200	82%
Federal	42,469	17,260	16,852	20,855	124%
Local	0	(144)	161	0	0%
Debt/Interest	0	0	0	0	N.A.
Total	106,411	90,914	86,574	89,206	103%
Expenditures					
Salaries & Wages	41,978	22,686	28,280	29,022	103%
Fringe	23,004	13,951	16,011	15,732	98%
Services	6,615	24,770	19,744	14,422	73%
Fuels & Utilities	10,396	9,457	8,920	8,953	100%
Supplies	1,572	3,133	2,693	3,210	119%
Purchased Transportation	0	0	0	0	N.A.
Non-operating expenses (2)	6,413	6,064	5,401	3,815	71%
General Overhead	10,686	10,853	6,823	7,295	107%
Interest	0	0	0	0	N.A.
Cash Expenses	100,664	90,914	87,872	82,449	94%
Surplus/(Shortfall)					
Cash	5,747	0	(1,298)	6,757	
<u>Less Non-Cash Expenses (3)</u>	<u>1,998</u>		<u>0</u>	<u>916</u>	
Total	3,749	0	(1,298)	5,841	

Notes:

- (1) Includes Enterprise Fund Debt and MTA LiTE projects
- (2) Non-operating expenses include public liability & property damage insurance, rent, leases and taxes
- (3) Non-Cash Expenses include post retirement fringe benefits, worker's compensation provisioning, write-off of disposed assets and inventory adjustments.
- (4) Cash expenses plus Non-cash expenses equals Enterprise Fund total on Summary of FY98 Expenditures by Program

ATTACHMENT E - FY98 MODAL OPERATING STATISTICS

The year-end preliminary performance measures are reported below. A summary of their significance is provided.

- Boardings were higher than budgeted and expenditures were also higher than budgeted. Subsidy per boarding figures reduced slightly due to the increased boardings.
- 6,726,000 bus and rail revenue service hours were operated, versus a budget of 6,748,000 hours, which is less than 1% variance.
- The farebox recovery ratio of 33.1.5% is slightly less than the 33.8% anticipated. This reflects the increased use of discounted fare media, passes and tokens, by the patrons.
- Total operating cost per hour increased by \$2.39 due to the absorption of noncash expenses. Bus cost per hour increased \$2.86; Rail cost per hour increased \$1.29, from \$568.14 to \$569.43, less than 1%.
- Passenger miles increased by 117,199, or 8%. This means the service offered is more efficient, since more passengers were carried with the same revenue service hours.

Bus	Budget	Preliminary	Inc/(Dec)
Fares (000)	206,251	207,535	1,284
Expenses (000)	610,435	628,517	18,082
Boardings (000)	341,971	369,518	27,547
Farebox Recovery Ratio (000)	33.8%	33.0%	-0.8%
Vehicle Revenue Service Hours (000)	6,595	6,580	(15)
Cost per Hour	\$92.56	\$95.53	\$2.97
Cost per Passenger Mile	\$0.48	\$0.46	(\$0.02)
Vehicle Revenue Service Miles (000)	79,894	79,533	(361)
Passenger Miles (000)	1,265,294	1,367,215	101,921
Subsidy per Boarding	\$1.18	\$1.14	(\$0.04)
Subsidy per Passenger Mile	\$0.32	\$0.31	(\$0.01)

Rail	Budget	Preliminary	Inc/(Dec)
Fares (000)	14,337	14,968	631
Expenses (000)	86,926	83,363	(3,563)
Boardings (000)	30,400	36,153	5,753
Farebox Recovery Ratio (000)	16.5%	18.0%	1.5%
Vehicle Revenue Service Hours (000)	153	146	(7)
Cost per Hour	\$568.14	\$569.43	\$1.29
Cost per Passenger Mile	\$0.43	\$0.38	(\$0.05)
Vehicle Revenue Service Miles (000)	3,442	3,382	(60)
Passenger Miles (000)	203,000	218,278	15,278
Subsidy per Boarding	\$2.39	\$1.89	(\$0.50)
Subsidy per Passenger Mile	\$0.36	\$0.31	(\$0.04)

Total	Budget	Preliminary	Inc/(Dec)
Fares (000)	220,588	222,503	1,915
Expenses (000)	697,361	711,880	14,519
Boardings (000)	372,371	405,671	33,300
Farebox Recovery Ratio (000)	31.6%	31.3%	-0.4%
Vehicle Revenue Service Hours (000)	6,748	6,726	(22)
Cost per Hour	\$103.34	\$105.84	\$2.50
Cost per Passenger Mile	\$0.47	\$0.45	(\$0.03)
Vehicle Revenue Service Miles (000)	83,336	82,915	(421)
Passenger Miles (000)	1,468,294	1,585,493	117,199
Subsidy per Boarding	\$1.28	\$1.21	(\$0.07)
Subsidy per Passenger Mile	\$0.32	\$0.31	(\$0.02)

Notes:

- Expenses exclude rent, interest & debt service
- Fares excludes other system generated revenue
- Rail statistics reflect train hours & miles

ATTACHMENT F - SUMMARY EXPENDITURES BY DEPARTMENT

The Summary of Expenditures by Department details the agency's expenditures at the department and Executive Officer levels. The expenditures include both operating and capital expenditures. The reduced expenditures in the capital projects are reflected in the figures. The report follows the same organization structure as the FY99 budget.

- The Board departments, which consist of the Board Office, Office of the Board Secretary, Ethics Office, County Counsel, and Inspector General, came in on budget.
- The Chief Executive Office, which includes the Office of the CEO, Chief of Staff, and the Office of Safety is under budget by \$12.8 million. The Office of Safety is under budget by \$9.4 million due to reduced capital expenditures and reduced LAPD/LASD contract.
- Transit Operations is under budget by almost \$14 million, or 2.3% of the total budget. This is due to decreased capital expenditures.
- RTP&D is under budget by over \$24 million, primarily because projects were not implemented as planned. Expenditures of \$6 million were booked against the \$25 million services budget, less than 25% of the budget.
- When the refundings are excluded, (\$377 million), the Finance department is under budget by \$67.6 million, or 17%. This is primarily caused by Risk Management, which is almost \$34 million under budget. Rail construction claims settlement are delayed, and a re-evaluation of rail construction related liabilities is ongoing. Suspension of the Pasadena, Mid-Cities, and Eastside rail lines reduced insurance broker and legal fees.
- Administration is under budget by almost \$23.4 million, primarily in the Real Estate and the ITS departments. These are primarily due to reduced capital activities.
- The Office of Procurement is under budget by \$16.1 million, primarily in the Bus Acquisition/Warranty area, due to delays in the delivery schedule for buses under contract.
- The Communication unit is close to budget. The Marketing department did not expend the planned amount for services and advertising fees.
- The Construction unit is under budget by \$142,700. As described in the FY98 Expenditures by Project Summary, rail construction projects were under budget in all major rail construction projects.

FY98 Summary of Expenditures by Department (unaudited)
(\$000)

Attachment F

		FY97	FY98	FY98	FY98 Prelim Inc / (Dec)		
		Actual	Reforecast	Preliminary	\$	%	
Board Of Directors	Board Office	423	255	183	(72)	71.9%	
	Office Of Board Secretary	615	580	562	(19)	96.7%	
	Ethics Office	264	560	623	63	111.3%	
	County Counsel	12,950	14,608	14,765	157	101.1%	
	Legal Contingency	2	1,521	1,987	466	130.6%	
	Inspector General	3,841	3,820	3,220	(600)	84.3%	
	Board Of Directors Total	18,095	21,344	21,340	(4)	100.0%	
Chief Executive Office	Chief Executive Office	3,163	258	606	348	234.9%	
	Deputy CEO Construction / Operation	-	-	-	-	-	
	Office Of Deputy CEO	-	3,154	1,391	(1,764)	44.1%	
	Chief Of Staff	8,621	11,150	9,138	(2,011)	82.0%	
	Office Of Safety	42,462	54,744	45,365	(9,378)	82.9%	
	Chief Executive Office Total	54,246	69,306	56,500	(12,805)	81.5%	
Transit Operations	Executive Office, Transit Operations	714	517	577	60	111.5%	
	Transit Operations Support	6,327	2,621	5,562	2,941	212.2%	
	Transit Operations Supp Non Dept	69	35,469	35,462	(7)	100.0%	
	Service Delivery Support	39,040	57,532	41,828	(15,704)	72.7%	
	Maintenance Support	82,015	92,266	77,949	(14,317)	84.5%	
	Northern Bus Region	177,435	175,381	181,812	6,431	103.7%	
	Southern Bus Region	202,119	199,574	210,772	11,198	105.6%	
	Transit Rail Operations	37,662	41,157	36,676	(4,481)	89.1%	
	Transit Operations Total	545,382	604,517	590,638	(13,878)	97.7%	
	R T P & D	Executive Office, Reg Transp Plan	863	657	396	(261)	60.2%
Operations Planning		8,086	13,597	9,412	(4,185)	69.2%	
Countywide Planning		4,459	4,541	3,279	(1,261)	72.2%	
Transp Dev & Implementation		19,436	32,031	13,191	(18,840)	41.2%	
Capital Dev & Prog		2,662	2,238	2,242	3	100.2%	
R T P & D Total		35,505	53,064	28,520	(24,544)	53.7%	
Programmed Funds/Subsidies		2,549	539,564	470,669	(68,895)	87.2%	
R T P & D Total	38,054	592,628	499,189	(93,439)	84.2%		
Finance	Executive Office, Finance	796	815	419	(396)	51.4%	
	Accounting	5,701	5,806	5,320	(286)	95.1%	
	Treasury	155	2,027	1,176	(851)	58.0%	
	Treasury Non Dept/Debt	76	284,697	631,602	346,905	221.9%	
	Risk Management	26,364	83,948	50,146	(33,802)	59.7%	
	Revenue Administration	12,716	18,337	16,695	(1,642)	91.0%	
	Office Of Management & Budget	1,332	1,971	1,733	(238)	87.9%	
	Finance Total	47,141	397,600	707,291	309,691	177.9%	
	Administration	Executive Office, Administration	444	217	226	9	104.3%
		Human Resources	12,083	14,026	16,939	2,913	120.8%
General Services		13,148	16,186	14,765	(1,421)	91.2%	
Real Estate		23,197	15,680	9,488	(6,192)	60.5%	
Information & Technology Services		43,908	40,010	21,284	(18,726)	53.2%	
Administration Total		92,780	86,119	62,702	(23,417)	72.8%	
Office Of Procurement	Executive Office, Procurement	-	-	-	-	-	
	Material Management	8,331	12,391	11,742	(649)	94.8%	
	Proc/Contract Admin	4,023	3,962	3,322	(641)	83.8%	
	Bus Acquisition/ Warranty	64,577	114,150	100,309	(13,841)	87.9%	
	Construction Procurement	4,602	6,303	5,370	(932)	85.2%	
	Office Of Procurement Total	81,532	136,806	120,744	(16,063)	88.3%	
Communications	Executive Office, Communications	657	438	461	22	105.1%	
	Media Relations	1,102	1,036	1,022	(14)	98.6%	
	Marketing	4,778	3,916	2,484	(1,431)	63.4%	
	Customer Relations	6,584	6,499	6,682	183	102.8%	
	Communications Total	13,121	11,889	10,649	(1,241)	89.6%	
Construction	Executive Office, Construction	6,123	2,657	2,206	(451)	83.0%	
	Quality Management	1,799	1,570	1,686	116	107.4%	
	Engineering	16,937	31,160	16,784	(14,376)	53.9%	
	Construction	3,051	2,833	2,930	97	103.4%	
	Construction Contracts	494,854	479,771	353,762	(126,010)	73.7%	
	Program Management	4,749	3,917	3,419	(497)	87.3%	
	Metro Art	604	852	499	(354)	58.5%	
	Public Affairs	3,483	5,169	3,944	(1,225)	76.3%	
	Construction Total	536,601	527,930	385,230	(142,700)	73.0%	
Non-Departmental	1,185,399	213	(10,486)	(10,699)	-4923.2%		
MTA Total	2,612,351	2,448,351	2,443,797	(4,554)	99.8%		