



November 25, 1998

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TO: BOARD OF DIRECTORS  
FROM: TERRY MATSUMOTO  
EXECUTIVE OFFICER, FINANCE  
SUBJECT: FIRST QUARTER FY99 RESULTS

ISSUE

The Board adopted the MTA's FY99 budget with minor amendments in June 1998. This report presents the first quarter results and should not be considered indicative of the trend for the remainder of the fiscal year. Increased service requirements for the Consent Decree have not been finalized, but are anticipated to be funded with debt service savings resulting from the delay of bond issuances based on recent cash flow projections.

REPORT

Total agency revenues and expenditures are shown below.

FY99 First Quarter Revenue  
(S000)

	FY99 Budget	FY99 1st Qtr	% to Budget
Fare Revenue	224,431	57,667	25.7%
Interest	21,745	6,184	28.4%
Other Local	52,460	12,367	24.5%
Prop A Sales Tax	449,695	110,329	24.5%
Prop C Sales Tax	452,089	110,392	24.5%
TDA	228,667	57,232	25.1%
State Grants	251,200	31,406	12.5%
Federal Grants	131,447	36,072	27.4%
<b>Subtotal Revenue</b>	<b>1,311,734</b>	<b>422,598</b>	<b>32.3%</b>
Proceeds from Financing & Interest Revenue	402,455	-	0.0%
Carryover Revenues	443,530	443,530	100.0%
<b>Total Funds Available *</b>	<b>2,557,367</b>	<b>366,378</b>	<b>14.5%</b>

\* - FY99 Total annual revenues and expenditures were increased from the adopted budget by \$750,000 to reflect the additional income from the LRV gearbox litigation settlement.

Fare and sales tax revenues are tracking to the budget. State grant revenues are lower than budget due to timing differences in revenue receipt. This situation is expected to correct itself in the second quarter of FY99. Revenue from proceeds from financing will remain below budget until planned FY99 bonds are issued. Carryover revenues are shown at budget until FY98 audited results are finalized.

**FY99 First Quarter Expenditures**  
(S000)

	FY99 Budget	FY99 1st Qtr	% to Budget
Operating Expenses			
Enterprise Fund *	707,151	179,259	25.3%
Enterprise Fund debt	10,167	5,406	53.2%
General Fund	42,387	9,689	22.9%
Special Revenue Fund	74,451	5,457	7.3%
Subtotal Operating Expenses	834,156	199,811	24.0%
Benefit Assessment Management	10,651	110	1.0%
Debt Refunding, Principal & Interest	338,572	(42)	0.0%
Capital Expenses	701,857	87,538	12.5%
Regional & Municipal Programs	642,106	99,522	15.5%
<b>Total Expenditures</b>	<b>2,527,342</b>	<b>386,989</b>	<b>15.3%</b>

\* - The Enterprise Fund expenses contain bus and rail operations and MTA LITE projects.

Operating expenses are slightly below budget (additional detail provided in review of Enterprise Fund below). There are no significant benefit assessment and debt expenses for the first quarter because the semi-annual payments are routinely recorded in the second quarter of FY99. Regional and municipal program expenses are below budget due to delays in CALTRANS related activities.

**ENTERPRISE FUND - BUS & RAIL OPERATIONS**

A detailed Enterprise Fund schedule of revenue and expenses is shown in Attachment A. Total first quarter system revenue are \$62.3 million, 26.0% of the annual budget of \$240.1 million. Fare revenues are on track at 25.7% of budget, while other system revenues are 29.8% of budget due to the receipt of the majority of the expected annual MTA LITE revenues in the first quarter.

Operating expenses are \$179.1 million, 25.3% of the annual budget of \$707.2 million. Salaries and wages are 26.4% of the total year budget. Wages were negatively impacted by excess fulltime bus operators and an under utilization of BDOF operators in July and August pending the arbitrator's decision. Other Enterprise Fund salaries were on budget. As a result of the wage variance, fringe benefits were 25.4% of budget and allocated overhead was 27.0% of budget.

Services are 25.9% of the annual budget due to higher than anticipated professional and maintenance services, while fuel & utilities are only 19.6% of the annual budget due to unexpectedly low diesel prices and materials and supplies are 20.0% of the annual budget as a result of lower than expected usage of repair parts. Debt service is 53.2% of budget, since half of FY99's bus lease expense was recognized in the first quarter.

First quarter subsidy revenues are \$121.1 million, 25.4% of the annual budget of \$477.3 million. Other local revenue is 61.3% of budget, since 76% of anticipated lease revenue was received in the first quarter. Proceeds from financing is \$0, since no new debt was issued.

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**ATTACHMENT:**

**A. Summary of First Quarter Enterprise Fund Revenues & Expenses**

Summary of First Quarter Enterprise Fund Revenues and Expenses  
(\$000)

Attachment A

	FY99 Budget	FY99 1st Qtr	% to Budget
<b>System Revenue</b>			
Fare Revenue	224,431	57,667	25.7%
Other System	15,626	4,654	29.8%
<b>Total Operating Revenue</b>	<b>240,057</b>	<b>62,321</b>	<b>26.0%</b>
<b>Wages &amp; Benefits</b>			
Salaries & Wages	272,864	71,985	26.4%
Fringe Benefits	169,548	43,059	25.4%
<b>Subtotal Wages &amp; Benefits</b>	<b>442,412</b>	<b>115,044</b>	<b>26.0%</b>
<b>Other Expenses</b>			
Services	68,571	17,731	25.9%
Fuels & Utilities	32,341	6,326	19.6%
Supplies	39,777	3,168	20.5%
Purchased Transportation	29,330	7,370	24.7%
Non-operating Expenses	32,255	7,884	24.4%
General Overhead	61,965	16,736	27.0%
<b>Subtotal Other Expenses</b>	<b>264,739</b>	<b>64,215</b>	<b>24.3%</b>
<b>Total Operating Expenses</b>	<b>707,151</b>	<b>179,259</b>	<b>25.3%</b>
Operating (Deficit)	(467,094)	(116,938)	25.0%
Debt Service	10,167	5,406	53.2%
<b>Total (Deficit)</b>	<b>(477,261)</b>	<b>(122,344)</b>	<b>25.6%</b>
<b>Subsidies</b>			
Prop A Sales Tax	140,424	35,106	25.0%
Prop C Sales Tax	111,344	27,836	25.0%
Other Local	15,512	6,095	39.3%
TDA	155,423	38,856	25.0%
Other State	22,732	5,683	25.0%
Federal Grants	29,126	6,982	24.0%
Debt/Interest	2,700	550	20.4%
<b>Total Subsidies</b>	<b>477,261</b>	<b>121,108</b>	<b>25.4%</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>(1,236)</b>	