



SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)

Financial Statements

Fiscal years ended June 30, 2016 and 2015

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Service Authority for Freeway Emergencies (SAFE), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprises SAFE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAFE as of June 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 5 through 7 and page 17, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016 on our consideration of SAFE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SAFE's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sherman Oaks, California
December 9, 2016

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities of the Service Authority for Freeway Emergencies (SAFE), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise SAFE's basic financial statements, and have issued our report thereon dated December 9, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAFE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAFE's internal control. Accordingly, we do not express an opinion on the effectiveness of SAFE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAFE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sherman Oaks, California
December 9, 2016

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)
Management's Discussion and Analysis (Unaudited)
Fiscal years ended June 30, 2016 and 2015

The management's discussion and analysis of the financial performance of the Service Authority for Freeway Emergencies (SAFE) presents an overview of SAFE's financial activities during the fiscal years ended June 30, 2016 and 2015. Management encourages readers to consider information presented here in conjunction with the financial statements (beginning on page 8). The financial statements, notes to the basic financial statements, and this discussion and analysis were prepared by management and are the responsibility of management.

All dollar amounts are expressed in thousands unless otherwise indicated.

Financial Highlights

- Fiscal year 2016 net position decreased by \$2,105 or 8.57% compared to fiscal year 2015 mainly due to lower operating subsidy to the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the operation of the Freeway Service Patrol. The favorable variance of \$568 in actual receipts of license and fines over budgeted amount was mainly due to an increase in vehicle registration fees collected by the California Department of Motor Vehicles. The favorable variance of \$2,018 in administration and other expenditure over budgeted amount was mainly due to reductions in expenses incurred for professional and technical services and advertising. These favorable variances led to an increase in SAFE's fund balance of \$2,623 over the budgeted amount.
- Total revenues are comprised of licenses and fines, intergovernmental revenue, and investment earnings. Investments earnings in fiscal year 2016 increased by \$261 or 160.12% compared to fiscal year 2015 mainly due to favorable investment conditions.
- Total expenses decreased by \$2,564 or 19.48% in fiscal year 2016 compared to fiscal year 2015. The decrease in expenses for fiscal year 2016 was mainly due to lower operating subsidy to LACMTA for the operation of the Freeway Service Patrol.

Overview of Financial Statements

This management's discussion and analysis serves as an introduction to SAFE's basic financial statements. SAFE's basic financial statements are comprised of three components: (1) the government-wide financial statements; (2) the fund financial statements, and (3) the notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial statements provide a broad overview of SAFE's finances in a manner similar to private sector entities. The government-wide statements consist of: (1) the **statements of net position**, which present information on all of SAFE's assets and liabilities with the difference between the two being reported as net position, and (2) the **statements of activities**, which depict the changes in net position during the year. Trends of increasing or decreasing net position may serve as a useful indicator of financial health.

Fund financial statements represent the near-term inflows, outflows, and balances of spendable resources. The basic fund financial statements consist of: (1) the **balance sheets**, which present SAFE's assets and liabilities, with the difference between assets and liabilities being reported as fund balance; and (2) the

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statements of revenues, expenditures, and changes in fund balances. This report presents the underlying events or activities of the fund that affected the balance sheets.

The **notes to the basic financial statements** are various disclosures that accompany the government-wide and fund financial statements in order to provide a full understanding of SAFE's finances.

Analytical Overview

The table below shows the condensed schedule of net position as of June 30, 2016, 2015, and 2014:

	Governmental Activities		
	Schedule of Net Position		
	2016	2015	2014
Total assets	\$ 23,387	\$ 25,678	\$ 30,624
Total liabilities	933	1,119	901
Total net position	\$ 22,454	\$ 24,559	\$ 29,723

Total assets decreased by \$2,291 or 8.92% in fiscal year 2016, and \$4,946 or 16.15% in fiscal year 2015. This was due to increases in capital and operating subsidies reported as transfers to LACMTA.

Total liabilities decreased by \$186 or 16.62% in fiscal year 2016 due to lower operations program expenditures. Total liabilities for fiscal year 2015 increased by \$218 or 24.20% mainly due to higher program expenditures during the year.

The following table is a condensed schedule of activities for the fiscal years ended June 30, 2016, 2015, and 2014:

	Governmental Activities		
	Summary Schedule of Activities		
	2016	2015	2014
Program expenses, net of revenue:			
Congestion relief operations	\$ 8,310	\$ 8,205	\$ 6,353
Subsidies to LACMTA	2,287	4,956	4,529
Total program expenses	10,597	13,161	10,882
General revenues:			
Licenses and fines	8,068	7,834	7,842
Investment and earnings	424	163	308
Total general revenues	8,492	7,997	8,150
Change in net position	\$ (2,105)	\$ (5,164)	\$ (2,732)

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Factors Impacting Future Periods

For the foreseeable future, SAFE will continue to operate and manage the call box system (fixed and mobile) and the Southern California 511 traveler information system. In fiscal year 2016, SAFE completed the initial removal of 412 call boxes and received approval to proceed with the removal of an additional 534 boxes. For fiscal year 2017, SAFE will be upgrading the remaining call boxes due to a change imposed by AT&T, the wireless carrier, due to the elimination of 2G services which is the platform that supports the current call box system. The funding was allocated in the FY17 budget to cover this one time upgrade. Also, for fiscal year 2017, the cost to operate Southern California 511 is projected to increase due to the concurrent operation of the current system and the development and transition to the next generation 511 system. It is anticipated that future operating costs will decrease as a result of the transition to the next generation system; however, any cost changes are not expected to materialize until FY18. SAFE will continue to provide financial support to the Metro Freeway Service Patrol program as long as the funds remain available. Finally, SAFE is also participating in the evaluation and possible integration of operations into the Los Angeles Transportation Management Center operated jointly by California Highway Patrol (CHP) and the California Department of Transportation (Caltrans). The purpose of this project is to evaluate opportunities to better utilize SAFE services in the overall management of the operation of the freeway system. It is anticipated that there will be a slight cost increase to support this project and future cost reductions will be realized through the operational improvements.

Further Information

This report has been designed to provide all interested parties with a general overview of SAFE's financial condition and related issues. Inquiries should be directed to the Accounting Department, One Gateway Plaza, Mail Stop 99-20-7, Los Angeles, CA 90012-2952.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
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Statements of Net Position
June 30, 2016 and 2015
(Amounts expressed in thousands)

	Governmental activities	
	2016	2015
Assets:		
Cash and cash equivalents	\$ 9,221	\$ 9,122
Investments	13,286	15,796
Intergovernmental receivable	791	653
Interest receivable	89	107
Total assets	23,387	25,678
Liabilities:		
Accounts payable and accrued expenses	933	1,119
Net position:		
Restricted	22,454	24,559
Total net position	\$ 22,454	\$ 24,559

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
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Statements of Activities
Fiscal years ended June 30, 2016 and 2015
(Amounts expressed in thousands)

	Governmental Activities	
	2016	2015
Program expenses, net of revenue:		
Transit operations:		
Congestion relief operations	\$ 8,310	\$ 8,207
Less operating grants and contributions	-	(2)
Net congestion relief operations	<u>8,310</u>	<u>8,205</u>
Subsidies to LACMTA	<u>2,287</u>	<u>4,956</u>
Total program expenses	<u>10,597</u>	<u>13,161</u>
General revenues:		
Licenses and fines	8,068	7,834
Investment earnings	424	163
Total general revenues	<u>8,492</u>	<u>7,997</u>
Change in net position	(2,105)	(5,164)
Net position – beginning of year	<u>24,559</u>	<u>29,723</u>
Net position – end of year	<u>\$ 22,454</u>	<u>\$ 24,559</u>

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
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 Balance Sheets
 June 30, 2016 and 2015
 (Amounts expressed in thousands)

	Special Revenue Fund	
	2016	2015
Assets:		
Cash and cash equivalents	\$ 9,221	\$ 9,122
Investments	13,286	15,796
Intergovernmental receivable	791	653
Interest receivable	89	107
Total assets	23,387	25,678
Liabilities:		
Accounts payable	933	1,119
Fund balance:		
Restricted	22,454	24,559
Total liabilities and fund balance	\$ 23,387	\$ 25,678

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
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 Statements of Revenues, Expenditures, and Changes in Fund Balance
 Fiscal years ended June 30, 2016 and 2015
 (Amounts expressed in thousands)

	Special Revenue Fund	
	2016	2015
Revenues:		
Licenses and fines	\$ 8,068	\$ 7,834
Intergovernmental	-	2
Investment income	424	163
Total revenues	<u>8,492</u>	<u>7,999</u>
Expenditures:		
Administration and other transportation projects	8,310	8,207
Subsidies to LACMTA	2,287	4,956
Total expenditures	<u>10,597</u>	<u>13,163</u>
Net change in fund balance	(2,105)	(5,164)
Fund balance - beginning of year	24,559	29,723
Fund balance - end of year	<u>\$ 22,454</u>	<u>\$ 24,559</u>

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
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Notes to the Basic Financial Statements
June 30, 2016 and 2015

The notes to the basic financial statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying basic financial statements.

Unless otherwise indicated, all dollar amounts are expressed in thousands.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Service Authority for Freeway Emergencies (SAFE) was created in February 1988 pursuant to California Streets and Highway Code Section 2550 et. seq., and is responsible for the operation, maintenance, and administration of the Los Angeles County Kenneth Hahn Call Box system. Under the authority of the above section, the Los Angeles County Metropolitan Transportation Authority (LACMTA) is the designated SAFE for Los Angeles County.

As LACMTA's board is SAFE's board, SAFE is a component unit of LACMTA and is included in LACMTA's financial statements as a blended component unit.

(b) Operations

SAFE is responsible for the implementation, maintenance, operation, and administration of motorist aid on the network of freeways, highways, and unincorporated county roads within Los Angeles County. SAFE operates and maintains approximately 2,700 call boxes along 436 miles of freeways, state highways, and selected county roads in Los Angeles County. SAFE also funds, operates and manages the Southern California 511 traveler information system. This system provides real-time and planned traffic, transit and other related traveler information to the public via the phone, web and mobile application.

(c) Government-wide Financial Statements

SAFE's financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, consist of government-wide statements, including a statement of net position, statement of activities, and fund financial statements, which provide a more detailed level of financial information.

The government-wide financial statements report information on all of the non-fiduciary activities of SAFE and are reported using the economic resources measurement focus and the accrual basis of accounting.

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. Licenses and fines and investment earnings not considered program revenues are reported as general revenues.

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(d) Fund Accounting

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

Governmental funds are used to account for SAFE's activities. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Additionally, the SAFE fund is considered a special revenue governmental fund. Special revenue funds are used to account for specific revenue sources that are legally restricted for specific purposes. 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, SAFE 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 and a valid claim is presented.

(e) Fund Balance and Net Position

Restricted fund balance and net position include amounts that can be spent only for specific purposes stipulated by enabling legislation, by grants, creditors, or by regulations of other governments. SAFE's fund balance and net position were classified as restricted as they can only be used in accordance with the provisions of the California Streets and Highway Code Section 2550 et. seq. by which the fund was created.

(f) Budgetary Accounting

Enabling legislation and adopted policies and procedures provide that the SAFE Board of Directors approve an annual budget. The Board of Directors conducts a public hearing for discussion of the proposed annual budget prior to adoption of the final budget. Unexpended appropriations lapse at year-end. The legal level of control is at the fund level, and expenses may not exceed total appropriations without board approval. By policy, the board has provided procedures for management to make revisions within operational or project budgets when there is no net dollar impact to total appropriations. The budget is prepared on a GAAP basis.

(g) Cash and Investments

SAFE maintains a minimum balance with the Los Angeles County Treasurer's external investment pool. Balances in excess of \$50 are withdrawn and deposited into the LACMTA internal investment pool.

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(h) Receivables

Receivables are net of estimated allowances for uncollectible accounts which are determined based on past experience. Receivables include license and fine revenue due from the State Department of Motor Vehicles. As of June 30, 2016 and 2015, SAFE had a receivable for licenses and fines of \$791 and \$653 respectively.

(i) Licenses and Fines

Licenses and fines revenue is recognized when earned and is generated by a \$1 (amount not in thousands) per car registration fee in Los Angeles County, which is receivable from the State Department of Motor Vehicles.

(j) Effects of New GASB Pronouncements

The following summarizes recent GASB pronouncements and their impact, if any, on the financial statements:

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard is applicable primarily to investments made by state and local governments and defines fair value and describes how fair value should be measured, identifies the assets and liabilities that should be measured at fair value, and requires specific information about fair value to be disclosed in the financial statement. This new standard also expands note disclosures to categorize fair values according to their relative reliability. This Statement is effective for SAFE's fiscal year ended June 30, 2016. The adoption of this statement had no effect on SAFE's net position or changes therein, but it did require additional footnote disclosures.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. This Statement is effective for SAFE's fiscal year ended June 30, 2016. The adoption of this statement had no effect on SAFE's net position or changes therein.

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June 30, 2016 and 2015

(2) Cash and Investments

The following is a breakdown of SAFE's cash and investments as of June 30, 2016 and 2015.

	2016	2015
LACMTA investment pool	\$ 21,834	\$ 24,868
LAC investment pool	673	50
Total	\$ 22,507	\$ 24,918

SAFE's cash balances are pooled with other LACMTA funds participating in the investment pool by the LACMTA Treasurer. These funds are subject to withdrawal from the Treasurer's pool upon demand. The LACMTA Board of Directors provides regulatory oversight for the LACMTA pool. Each fund maintains an equity interest in the pool and is presented as cash and investments in the Statement of Net Position. The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2016 and 2015. Detailed information regarding the LACMTA's pooled cash and investments can be found in the LACMTA Comprehensive Annual Financial Report (CAFR). A copy of the LACMTA's CAFR can be obtained by submitting a written request to the Accounting Department, One Gateway Plaza, Los Angeles, CA 90012-2952.

SAFE's cash balances are also pooled with other County funds and invested by the Los Angeles County Treasurer. These funds are subject to withdrawal from the Treasurer's pool upon demand. The County Board of Supervisors provides regulatory oversight for the Los Angeles County Investment Pool (LACIP). The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2016 and 2015. Detailed information regarding the County's pooled cash and investments can be found in the County of Los Angeles Comprehensive Annual Financial Report (CAFR). A copy of the County's CAFR can be obtained by submitting a written request to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

In accordance with GASB Statement No. 40, *Deposit and Risk Disclosure - an Amendment of GASB Statement No. 3*, certain required disclosures regarding investment policies and practices with respect to the risk associated with their concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk are discussed in the following paragraphs:

(a) Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual shares. SAFE maintains investment policies that establish thresholds for holdings of individual securities. SAFE does not have any holdings meeting or exceeding these threshold levels.

As of June 30, 2016, SAFE does not have any investments with more than 5% of the total investments under one issuer except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

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(b) Custodial Credit Risk

SAFE has no known custodial credit risk for deposits as financial institutions are required by the California Government Code to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling.

(c) Interest Rate Risk

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. SAFE measures interest rate risk on its short-term investments using the effective duration method. SAFE maintains a policy requiring the average duration of the externally managed short-term investments not to exceed 150% of the benchmark duration and the average duration of the internally managed short-term investments not to exceed three years.

(d) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of the cash deposits or investments. As of June 30, 2016, there is no exposure to currency risk as all SAFE cash deposits and investments are denominated in U.S. dollar currency.

(3) Significant Commitments

SAFE has entered into a Memorandum of Understanding (MOU) with the Public Transportation Services Corporation (PTSC), a blended component unit of LACMTA, for PTSC to provide cost reimbursable administrative support services to SAFE. The MOU will remain in effect until terminated by either party with a minimum of sixty (60) days written notice.

SAFE had \$774 and \$2,583 of outstanding contractual commitments as of June 30, 2016 and 2015, respectively that had not been claimed or disbursed.

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Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Unaudited)
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	2016				2015			
	Original Budget*	Final Budget*	Actual	Variance with Final Budget	Original Budget*	Final Budget*	Actual	Variance with Final Budget
Revenues:								
Licenses and fines	\$ 7,500	\$ 7,500	\$ 8,068	\$ 568	\$ 9,000	\$ 9,000	\$ 7,834	\$ (1,166)
Intergovernmental	-	-	-	-	-	-	2	2
Investment income	100	100	424	324	500	500	163	(337)
Total revenues	<u>7,600</u>	<u>7,600</u>	<u>8,492</u>	<u>892</u>	<u>9,500</u>	<u>9,500</u>	<u>7,999</u>	<u>(1,501)</u>
Expenditures:								
Administration and other transportation projects	10,328	10,328	8,310	2,018	11,707	11,589	8,207	3,382
Transfers to LACMTA	<u>2,000</u>	<u>2,000</u>	<u>2,287</u>	<u>(287)</u>	<u>5,000</u>	<u>5,000</u>	<u>4,956</u>	<u>44</u>
Total expenditures	<u>12,328</u>	<u>12,328</u>	<u>10,597</u>	<u>1,731</u>	<u>16,707</u>	<u>16,589</u>	<u>13,163</u>	<u>3,426</u>
Net change in fund balances	(4,728)	(4,728)	(2,105)	2,623	(7,207)	(7,089)	(5,164)	1,925
Fund balances – beginning of year	<u>24,559</u>	<u>24,559</u>	<u>24,559</u>	-	<u>29,723</u>	<u>29,723</u>	<u>29,723</u>	-
Fund balances – end of year	<u>\$ 19,831</u>	<u>\$ 19,831</u>	<u>\$ 22,454</u>	<u>\$ 2,623</u>	<u>\$ 22,516</u>	<u>\$ 22,634</u>	<u>\$ 24,559</u>	<u>\$ 1,925</u>

* Budget prepared in accordance with GAAP.

See accompanying independent auditor's report.