



**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE
SPECIAL REVENUE FUND**

**Financial Statements
Fiscal Years Ended June 30, 2017 and 2016**

**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE
SPECIAL REVENUE FUND**

Table of Contents

	Page
Independent Auditor’s Report	1
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 <i>Government Auditing Standards</i>	3
Management’s Discussion and Analysis (Unaudited)	5
Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures, and Changes in Fund Balances	9
Notes to the Financial Statements	10
Required Supplementary Information (Unaudited)	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	13
Supplementary Information (Unaudited)	
Supplemental Schedule of Allocations	14
Supplemental Schedule of Expenditures and Transfers	15
Independent Auditor’s Report on Compliance	16

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 State Transit Assistance Fund (the STA Fund), a special revenue fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the years ended June 30, 2017 and 2016, and the related notes to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the STA Fund, of the LACMTA, as of June 30, 2017 and 2016, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of the Los Angeles County Metropolitan Transportation Authority, as of June 30, 2017 and 2016, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental schedule of allocations and supplemental schedule of expenditures and transfers are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 on our consideration of the STA Fund'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 STA Fund's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Los Angeles, California
December 1, 2017

**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 State Transit Assistance Fund (the STA Fund), a special revenue fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the STA Fund's basic financial statements, and have issued our report thereon dated December 1, 2017. As discussed in Note 1, the financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of LACMTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the STA Fund'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 the STA Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the STA Fund'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 the STA Fund'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

Los Angeles, California
December 1, 2017

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Management's Discussion and Analysis (Unaudited)
Fiscal years ended June 30, 2017 and 2016

The Los Angeles County Metropolitan Transportation Authority's State Transit Assistance Special Revenue Fund (the STA Fund) was created in accordance with the provisions of the Transportation Development Act (the Act) as administered by the Department of Transportation of the State of California (the State). Sales tax revenues of the STA Fund represent an allocation of sales tax on diesel fuel collected by the State Board of Equalization in the State of California. Expenditures from the STA Fund are made by Los Angeles County (the County) in accordance with written instructions issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA) under the terms of the Act.

Our discussion and analysis of STA Fund's financial performance presents an overview of the STA Fund's financial activities during the fiscal years ended June 30, 2017 and 2016. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 8). The financial statements, notes to the financial statements, and this discussion and analysis were prepared by management and are the responsibility of the management.

All amounts are expressed in thousands of dollars unless otherwise indicated.

2017 Financial Highlights

- Sales tax collected for the year decreased by \$4,659 or 5.92% compared with prior year. The decrease was mainly due to lower allocation received from the State that depend on the consumption and price of the diesel fuel. Actual sales tax received from the State totaled \$74,027 compared to original and final budget of \$52,855 resulting in a favorable variance of \$21,172.
- Total other financing uses of funds decreased by \$54,981 or 59.43% compared with the prior year was mainly due to prior year negative fund balances which resulted in the decrease in transfers out to the LACMTA's Enterprise Fund for bus and rail operation and maintenance.

2016 Financial Highlights

- Sales tax collected for the year decreased by \$27,437 or 25.85% compared with prior year. The decrease was mainly due to shortfall in allocation received from the State. Actual sales tax received from the State totaled \$78,686, compared to original and final budget of \$105,682 resulting in an unfavorable variance of \$26,996. The shortfall has resulted in a negative fund balance for the STA fund.
- Total other financing uses of funds increased by \$1,569 or 1.73% compared with prior year. The increase in transfer out was mainly due to an increase in operating subsidies to the LACMTA's Enterprise Fund for bus and rail operation and maintenance.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Management's Discussion and Analysis (Unaudited)
Fiscal years ended June 30, 2017 and 2016

Overview of Financial Statements

This discussion and analysis serves as an introduction to the basic financial statements. The STA Fund's basic financial statements consisted of two components: (1) the fund financial statements, and (2) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The condensed balance sheets show the STA Fund's assets and liabilities as of June 30, 2017, 2016, and 2015. The differences between the assets and liabilities are reported as fund balances. The fund balance may serve as a useful indicator of the STA Fund's financial health.

The comparative statements of revenues and expenditures and changes in fund balance for the fiscal years show the underlying events or activities of the fund that impacted the fund balances.

Condensed Balance Sheets

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total assets	<u>\$ 33,829</u>	<u>\$ 43,801</u>	<u>\$ 48,186</u>
Total liabilities	24,224	56,895	39,632
Fund balances	<u>9,605</u>	<u>(13,094)</u>	<u>8,554</u>
Total liabilities and fund balances	<u>\$ 33,829</u>	<u>\$ 43,801</u>	<u>\$ 48,186</u>

Total assets decreased by \$9,972 or 22.77% as of June 30, 2017 compared to June 30, 2016 primarily due to lower allocation and lesser receivable accrued in FY17 compared to the prior year. Total liabilities decreased by \$32,671 or 57.42% as of June 30, 2017 compared to June 30, 2016 mainly due to higher funding to the Enterprise Fund for its operating and capital expenses.

Total assets decreased by \$4,385 or 9.10% as of June 30, 2016 compared to June 30, 2015 primarily due to lower allocation receipts from the State. Total liabilities increased by \$17,263 or 43.56% as of June 30, 2016 compared to June 30, 2015 mainly due to higher bus and rail operating subsidies.

Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund
Management's Discussion and Analysis (Unaudited)
Fiscal years ended June 30, 2017 and 2016

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues	\$ 74,170	\$ 78,863	\$ 106,287
Expenditures and other financing uses of funds	<u>(51,471)</u>	<u>(100,511)</u>	<u>(101,453)</u>
Excess of revenues over expenditures	22,699	(21,648)	4,834
Fund balances – beginning of year	<u>(13,094)</u>	8,554	<u>3,720</u>
Fund balances – end of year	<u>\$ 9,605</u>	<u>\$ (13,094)</u>	<u>\$ 8,554</u>

Total revenues decreased \$4,693 or 5.95% during fiscal year 2017 compared to fiscal year 2016 primarily due to lower sales tax allocations received from the State. Expenditures and other financing uses decreased \$49,040 or 48.79% during fiscal 2017 compared to fiscal year 2016 mainly due to lower bus and rail operating subsidies to the LACMTA's Enterprise Fund.

Total revenues decreased by \$27,424 or 25.80% during fiscal year 2016 compared to fiscal year 2015 primarily due to shortfall in allocations received from the State. Expenditures and other financing uses decreased \$942 or 0.93% during fiscal 2016 compared to fiscal year 2015 mainly due to lower bus and rail operating subsidies to the LACMTA's Enterprise Fund.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Balance Sheets

June 30, 2017 and 2016

(Amounts expressed in thousands)

	2017	2016
Assets		
Cash and cash equivalents	\$ 13,175	\$ 3,430
Interest receivable	32	13
Sales tax receivable	20,622	40,358
Total assets	33,829	43,801
Liabilities		
Accounts payable and accrued liabilities	1,670	33
Due to other funds	22,554	56,862
Total liabilities	24,224	56,895
Fund balances		
Restricted	9,605	—
Unassigned	—	(13,094)
Total fund balances	9,605	(13,094)
Total liabilities and fund balances	\$ 33,829	\$ 43,801

See accompanying notes to financial statements.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Statements of Revenues, Expenditures, and Changes in Fund Balances

Fiscal years ended June 30, 2017 and 2016

(Amounts expressed in thousands)

	2017	2016
Revenues:		
Sales tax	\$ 74,027	\$ 78,686
Investment income	143	177
Total revenues	74,170	78,863
Expenditures:		
Transportation subsidies	13,943	8,002
Excess of revenues over expenditures	60,227	70,861
Other financing uses:		
Transfers out	(37,528)	(92,509)
Net change in fund balances	22,699	(21,648)
Fund balances - beginning of year	(13,094)	8,554
Fund balances - end of year	\$ 9,605	\$ (13,094)

See accompanying notes to financial statements.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Notes to Financial Statements
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies

(a) General Description

The Los Angeles County Metropolitan Transportation Authority's State Transit Assistance Special Revenue Fund (the STA Fund) was created in accordance with the provisions of the Transportation Development Act (the Act) as administered by the Department of Transportation of the State of California (the State). Sales tax revenues of the STA Fund represent an allocation of retail sales tax on diesel fuel collected by the State Board of Equalization in the State of California. Expenditures from the STA Fund are made by Los Angeles County (the County) in accordance with written instructions issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA) under the terms of the Act.

(b) Basis of Accounting

The STA Fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become 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, LACMTA 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. Transportation subsidies are recorded when all of the eligibility requirements have been met, including the receipt of the reimbursement request.

(c) Fund Accounting

LACMTA 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. The STA Fund is considered a governmental fund. The measurement focus is the determination of changes in financial position, rather than net income determination. Additionally, the STA Fund is considered a special revenue governmental fund. Special revenue funds are used to account for proceeds of specific revenue sources including sales tax that are legally restricted to expenditures for specified purposes.

(d) Financial Statement Presentation

The accompanying financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of the LACMTA as of June 30, 2017 and 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Notes to Financial Statements
June 30, 2017 and 2016

(e) Cash and Cash Equivalents

The STA Fund's cash and cash equivalents include deposits with the Los Angeles County Investment Pool (LACIP). The STA Fund is an involuntary participant in the LACIP.

(f) Sales Tax Receivable

Sales tax receivables represent uncollected amounts from the allocation of retail sales tax on diesel fuel collected by the State Board of Equalization in the State of California. As of June 30, 2017 and 2016, the STA Fund had receivables of \$20,622 and \$40,358, respectively.

2. Cash and Investments

Cash balances of the STA Fund are pooled with other County funds and invested by the Los Angeles County Treasurer (the Treasurer). These funds are subject to withdrawal from the Treasurer's pool upon demand.

STA Fund's pooled cash and investments with the LACIP amounted to \$13,175 at June 30, 2017 and \$3,430 at June 30, 2016. The County Board of Supervisors provides regulatory oversight for the 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, 2017 and 2016.

Detailed information concerning 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 writing to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

3. Due to/from Other Funds

Due to or from other funds represent payables owed to or receivable from a particular LACMTA fund for temporary loans, advances, goods delivered, or services rendered. As of June 30, 2017 and 2016, the STA Fund had a payable to LACMTA's Enterprise Fund for \$22,554 and \$56,862, respectively, for various unpaid operating and capital subsidies.

4. Interfund Transfers

Transfers represent permanent, legally authorized transfers from a fund receiving revenue to the fund through which resources are to be expended. These transfers represent operating and capital subsidies given out from one fund to another fund. For the fiscal years ended June 30, 2017 and 2016, the STA Fund transferred \$37,528 and \$92,509 to LACMTA Enterprise Fund, respectively.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Notes to Financial Statements
June 30, 2017 and 2016

5. Sales Tax Revenue

Sales tax revenue represents amounts from the allocation of retail sales tax on diesel fuel collected by the California State Board of Equalization. For the years ended June 30, 2017 and 2016, the STA Fund received an allocation of \$74,027 and \$78,686, respectively.

6. Payable to Cities and Jurisdictions

As of June 30, 2017 and 2016, the STA Fund had accrued liabilities to various cities and jurisdictions of \$1,670 and \$33, respectively. These accrued liabilities represented claims for the current fiscal year allocation that were disbursed by the STA Fund in the following fiscal year.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Unaudited)

Fiscal year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final budget
Revenues:				
Sales tax	\$ 52,855	\$ 52,855	\$ 74,027	\$ 21,172
Investment income	—	—	143	143
Total revenues	52,855	52,855	74,170	21,315
Expenditures:				
Transportation subsidies	7,545	7,545	13,943	(6,398)
Excess of revenues over expenditures	45,310	45,310	60,277	14,917
Other financing sources (uses):				
Transfers out	(49,992)	(37,534)	(37,528)	6
Net change in fund balances	(4,682)	7,776	22,699	14,923
Fund balances – beginning of year	(13,094)	(13,094)	(13,094)	—
Fund balances – end of year	<u>\$ (17,776)</u>	<u>\$ (5,318)</u>	<u>\$ 9,605</u>	<u>\$ 14,923</u>

See accompanying independent auditor's report.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Supplemental Schedule of Allocations (Unaudited)

Fiscal years ended June 30, 2017 and 2016

(Amounts expressed in thousands)

<u>PUC Code</u>	<u>Operating 6730(a)</u>	<u>Capital 6730(b)</u>	<u>Rail 6730(c)</u>	<u>2017 Total</u>	<u>2016 Total</u>
Jurisdiction					
Arcadia	\$ 22	\$ —	\$ —	\$ 22	\$ 49
Claremont	14	—	—	14	26
Commerce	30	—	—	30	55
Culver City	415	—	—	415	767
Foothill Transit	1,842	—	—	1,842	3,378
Gardena	410	—	—	410	763
La Mirada	9	—	—	9	18
Long Beach	1,813	—	—	1,813	3,354
LACMTA	21,732	—	29,665	51,397	93,480
Montebello	653	—	—	653	1,215
Norwalk	234	—	—	234	439
Redondo Beach	56	—	—	56	108
Santa Monica	1,547	—	—	1,547	2,898
Torrance	456	44	—	500	931
Total STA fund allocations	<u>\$ 29,233</u>	<u>\$ 44</u>	<u>\$ 29,665</u>	<u>\$ 58,942</u>	<u>\$ 107,481</u>

:

See accompanying independent auditor's report.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Supplemental Schedule of Expenditures and Transfers (Unaudited)
Fiscal years ended June 30, 2017 and 2016
(Amounts expressed in thousands)

PUC Code	FY2017				FY2016			
	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	Total	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	Total
Jurisdiction								
Arcadia	\$ 41	\$ —	\$ —	\$ 41	\$ 34	\$ —	\$ —	\$ 34
Claremont	10	29	—	39	—	—	—	—
Commerce	56	—	—	56	10	—	—	10
Culver City	798	—	—	798	545	—	—	545
Foothill Transit	3,531	—	—	3,531	2,375	—	—	2,375
Gardena	792	9	—	801	541	—	—	541
La Mirada	16	—	—	16	24	—	—	24
Long Beach	3,490	—	—	3,490	1,677	—	—	1,677
LACMTA	21,732	—	15,796	37,528	40,515	(158)	52,152	92,509
Montebello	1,261	—	—	1,261	608	—	—	608
Norwalk	395	—	—	395	220	—	—	220
Redondo Beach	54	—	—	54	54	—	—	54
Santa Monica	2,996	—	—	2,996	1,449	—	—	1,449
Torrance	465	—	—	465	465	—	—	465
Total STA fund expenditures	\$ 35,637	\$ 38	\$ 15,796	\$ 51,471	\$ 48,517	\$ (158)	\$ 52,152	\$ 100,511

See accompanying independent auditors' report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

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 State Transit Assistance Fund (the STA Fund), a special revenue fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA), which comprise the balance sheet as of June 30, 2017 and 2016, and the related statement of revenues, expenditures, and changes in fund balance for the years then ended, and have issued our report thereon dated December 1, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that LACMTA failed to comply with the terms, covenants, provisions, or conditions of Section 6751 of the California Code of Regulations, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding LACMTA's noncompliance with the above-referenced terms, covenants, provisions, or conditions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of management, LACMTA's Board of Directors, others within LACMTA, and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Los Angeles, California
December 1, 2017