

The word "access" is written in a white, lowercase, sans-serif font. It is centered within a horizontal rectangular bar that has a teal-to-blue gradient, transitioning from a lighter shade on the left to a darker shade on the right.

**Access Services
(A Nonprofit Benefit Corporation)
Audited Financial Report on the**

**Schedules of Revenues and Expenditures and
Deferred Revenues and Support
under MOU No. P000ASI21**

As of and For the Year Ended June 30, 2017

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FINANCIAL SECTION

Report of Independent Auditors

To the Board of Directors of Access Services and the Los Angeles County Metropolitan Transportation Authority

Report on the Schedules of Revenues and Expenditures and Deferred Revenues and Support

We have audited the accompanying Schedule of Revenues and Expenditures of Access Services for the year ended June 30, 2017 and Schedule of Deferred Revenues and Support as of June 30, 2017 as defined by the Proposition C Program Guidelines and the Memorandum of Understanding (MOU No. P000ASI21) dated June 23, 2016 between Access Services as grantee, and the Los Angeles County Metropolitan Transportation Authority (LACMTA), as grantor and the related notes to the Schedules of Revenues and Expenditures and Deferred Revenues and Support (Schedules).

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules 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 the Schedules that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit 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 Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, 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 Schedules 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 Schedules.



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 Schedule of Revenues and Expenditures for the year ended June 30, 2017 and the Schedule of Deferred Revenues and Support as of June 30, 2017 referred to above present fairly, in all material respects, the revenues and expenditures and deferred revenues and support of Access Services under MOU No. P000ASI21 for the year ended June 30, 2017 and as of June 30, 2017, respectively, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 3, the Schedules of Revenues and Expenditures and Deferred Revenues and Support present only the revenues, expenditures and deferred revenues and support of Access Services under MOU No. P000ASI21, and do not purport to, and do not present fairly the financial position of Access Services as of June 30, 2017 and the changes in its financial position thereof for the year 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Schedules of Revenues and Expenditures and Deferred Revenues and Support. The Schedule of Capital Assets is presented for purposes of additional analysis and has not been subjected to the auditing procedures applied in the audit of the Schedules of Revenues and Expenditures and Deferred Revenues and Support. Accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2018 on our consideration of Access Services' internal control over financial reporting which includes the Schedules of Revenues and Expenditures and Deferred Revenues and Support 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 solely to describe the scope of our testing of internal control over financial reporting of the Schedules of Revenues and Expenditures and Deferred Revenues and Support and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Access Services' internal control over financial reporting of the Schedules of Revenues and Expenditures and Deferred Revenues and Support or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Access Services' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Vasquez & Company LLP".

**Los Angeles, California
January 16, 2018**

Access Services
MOU No. P000ASI21
Schedule of Revenues and Expenditures
For the year ended June 30, 2017

	<u>Federal 5310</u>	<u>Proposition C</u>	<u>Total</u>
Revenues			
Revenues - Funding Source			
Operating	\$ 63,300,000	\$ 81,793,808	\$ 145,093,808
Capital	6,899,484	-	6,899,484
Passenger Fares	-	9,956,441	9,956,441
MTA Shuttle Reimbursement	-	17,028	17,028
MTA Tether Strap Reimbursement	-	1,517	1,517
Miscellaneous Income	-	82,618	82,618
Gain on Sale of Capital Assets	44,057	552,939	596,996
Total Revenues	<u>70,243,541</u>	<u>92,404,351</u>	<u>162,647,892</u>
Expenditures			
Paratransit Operations - Direct Cost			
Purchased Transportation Services - Regular Trips			
Southern Region	20,299,314	16,084,933	36,384,247
Eastern Region	18,123,029	13,675,906	31,798,935
Northern Region	11,089,519	10,675,827	21,765,346
West/Central Region	10,540,066	8,115,614	18,655,680
Antelope Valley Region	2,631,527	1,895,830	4,527,357
Santa Clarita Valley Region	602,202	479,152	1,081,354
Free Fare	-	3,595,306	3,595,306
Back - Up	-	31,620	31,620
Tokens and Electronic Payment Gateway Fees	-	50,593	50,593
MTA Shuttle Service	-	18,974	18,974
Customer Service	-	602	602
Total Purchased Transportation Services - Regular Trips	<u>63,285,657</u>	<u>54,624,357</u>	<u>117,910,014</u>
Communications	-	1,817,773	1,817,773
Phone and Computer System Maintenance	-	801,116	801,116
Salaries and Related Benefits	-	731,032	731,032
Contracted Customer Service	-	2,127,938	2,127,938
Vehicle Cost - Direct	-	73,803	73,803
Community Events and Materials	-	188,481	188,481
Office Rent	-	127,458	127,458
Insurance - Commercial	-	6,292,708	6,292,708
Travel and Conference	-	7,356	7,356
Professional Services	-	13,551	13,551
Temporary Personnel	-	9,028	9,028
Office Supplies	-	6,628	6,628
Security Contract - Metro/LASD	-	200,000	200,000
Other Miscellaneous Expenses	14,343	19,968	34,311
Total Paratransit Operations Direct Cost	<u>63,300,000</u>	<u>67,041,197</u>	<u>130,341,197</u>
Paratransit Operations - Indirect Cost			
Salaries and Related Benefit - Operations	-	2,358,388	2,358,388
Communications - Telephone and Data Transmission	-	58,244	58,244
Vehicle Costs - Indirect	-	80,703	80,703
Office Rent	-	118,681	118,681
Insurance - Commercial	-	35,330	35,330
Travel and Conference	-	62,997	62,997
Office Supplies	-	7,039	7,039
Community Events and Materials	-	86,262	86,262
Publications/Printed Materials - Riders Communication	-	125,502	125,502
Postage/Mailing	-	26,996	26,996
Other Miscellaneous Expenses	-	2,060	2,060
Total Paratransit Operations - Indirect Cost	<u>-</u>	<u>2,962,202</u>	<u>2,962,202</u>

See notes to Schedules of Revenues and Expenditures and Deferred Revenues and Support.

Access Services
MOU No. P000ASI21
Schedule of Revenues and Expenditures (Continued)
For the year ended June 30, 2017

	<u>Federal 5310</u>	<u>Proposition C</u>	<u>Total</u>
Eligibility Determination Expenses			
Salaries and Related Benefits - Certification and Appeals	\$ -	\$ 1,417,942	\$ 1,417,942
Eligibility and Appeal Contracts	-	6,477,223	6,477,223
Travel Training	-	588,569	588,569
Tether Pilot Program	-	173,367	173,367
Promotions and events	-	22,963	22,963
Professional Services	-	205,603	205,603
Communications - Telephone / Data Transmission	-	165,106	165,106
Office Rent	-	98,314	98,314
Insurance - Commercial	-	70,570	70,570
Travel and Conference	-	726	726
Office Supplies	-	5,493	5,493
Publications / Printed Materials	-	366,087	366,087
Postage / Mailing / Courier	-	160,209	160,209
Repair and Maintenance	-	34,526	34,526
Other Miscellaneous Expenses	-	2,657	2,657
Total Eligibility Determination Expenses	<u>-</u>	<u>9,789,355</u>	<u>9,789,355</u>
CTSA Function - Access Ride Information Expenses			
Salaries and Related Benefits - Ride Information	-	448,671	448,671
Communications - Telephone	-	4,130	4,130
Temporary Personnel	-	8,904	8,904
Office Rent	-	13,187	13,187
Office Supplies	-	1,774	1,774
Postage/Mailing	-	5,399	5,399
Printed Materials	-	2,341	2,341
Promotions and Events	-	2,192	2,192
Insurance	-	707	707
Other Miscellaneous Expenses	-	30,043	30,043
Total CTSA Function - Access Ride information Expenses	<u>-</u>	<u>517,348</u>	<u>517,348</u>
Administrative Expenses			
Salaries and Related Benefits	-	3,815,933	3,815,933
Telecom Maintenance	-	832,240	832,240
Communications - Telephone and Data Transmission	-	214,831	214,831
Office Rent	-	279,360	279,360
Insurance - Commercial	-	193,232	193,232
Office Supplies	-	24,681	24,681
Professional Services	-	1,258,082	1,258,082
Promotions and Events	-	35,256	35,256
Repairs and Maintenance	-	17,827	17,827
Postage/Mailing/Messenger	-	63,395	63,395
Publications/Printed Materials /Copying	-	37,889	37,889
Temporary Personnel	-	7,423	7,423
Board and Advisory Committee Compensation	-	19,766	19,766
Business Meetings and Meals	-	3,182	3,182
Travel and Conference	-	55,397	55,397
Registration Fees	-	1,047	1,047
Other Miscellaneous Expenses	-	77,306	77,306
Total Administrative Expenses	<u>-</u>	<u>6,936,847</u>	<u>6,936,847</u>
Total Expenses Before Depreciation	63,300,000	87,246,949	150,546,949
Depreciation Expense	1,309,564	5,658,005	6,967,569
Total Expenses including Depreciation	<u>64,609,564</u>	<u>92,904,954</u>	<u>157,514,518</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 5,633,977	\$ (500,603)	\$ 5,133,374

See notes to Schedules of Revenues and Expenditures and Deferred Revenues and Support.

Access Services
MOU No. P000ASI21
Schedule of Deferred Revenues and Support
June 30, 2017

Deferred support	
Proposition C advance funds	\$ <u>8,139,953</u>
Deferred revenue - coupon sales	\$ <u>250,214</u>

See notes to Schedules of Revenues and Expenditures and Deferred Revenues and Support.

Access Services
MOU No. P000ASI21
Supplementary Information
Schedule of Capital Assets
June 30, 2017

Date Acquired	Description	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
2008	Chevy Uplander (2)	\$ 83,863	\$ -	\$ 83,863	\$ -
2008	Chevy Impala (2)	33,912	-	33,912	-
2008	Chevy Silverado	20,878	-	-	20,878
2009	Chevy Uplander	41,895	-	41,895	-
2009	Chevy Uplander (18 of 19 disposed in current year)	753,292	-	713,528	39,764
2010	Chevy Uplander (14)	558,630	-	558,630	-
2011	Chevy Malibu	18,307	-	-	18,307
2011	Dodge Caravan (47)	1,857,568	-	1,142,619	714,949
2011	Ford Starcraft	71,302	-	71,302	-
2012	Chevy Malibu (6)	110,814	-	-	110,814
2012	Dodge Caravan (33 of 73 disposed in current year)	2,993,729	-	1,300,860	1,692,869
2012	Ford Aerolite (7)	429,072	-	-	429,072
2012	Ford Aerotech 220 (2 of 10 disposed in current year)	724,965	-	135,136	589,829
2012	Ford Aerotech 240 (2)	155,732	-	-	155,732
2012	Ford Fusion Hybrid	35,491	-	-	35,491
2012	VPG MV1 (5)	280,180	-	-	280,180
2013	10 Smartdrive Units & Installation - GPI	4,250	-	-	4,250
2013	3 Smartdrive Units & Set Up	1,523	-	-	1,523
2013	Dodge Caravan	42,144	-	-	42,144
2013	Mnc/Shared Ride Modules	22,300	-	-	22,300
2013	Stratagen Ph 1 - Cr#14	36,000	-	-	36,000
2013	VPG MV1 (12)	668,086	-	-	668,086
2014	(1) Smartdrive; Controller; Primary & Dr Cam - CTI	1,054	-	-	1,054
2014	(1) Smartdrive; Controller; Primary & Dr Cam - DT	1,054	-	-	1,054
2014	(1) Smartdrive; Controller; Primary & Dr Cam - GPI	1,054	-	-	1,054
2014	(1) Smartdrive; Controller; Primary & Dr Cam - SGT	1,054	-	-	1,054
2014	(10) Gsp-1700 Satellite Phone	4,795	-	-	4,795
2014	(2) Controller; (2) Primary & (2) Driver Camera - MV	1,289	-	-	1,289
2014	(2) Graphics Card & (4) Compaq 19' LCD	1,163	-	-	1,163
2014	(2) Monitors; (2) Desktop & (2) Laserjet	2,545	-	-	2,545
2014	13 Smartdrive Units & Set Up Fee - MV	6,633	-	-	6,633
2014	4 Smartdrive Units -CTI	1,514	-	-	1,514
2014	13 Smartdrive Units -DT	5,295	-	-	5,295
2014	1 VPG Diagnostic Kit For MV1 Vehicles	1,183	-	-	1,183
2014	20 Smartdrive Units - GPI	8,983	-	-	8,983
2014	11 Smartdrive Units For MV1 Vehicles	5,584	-	-	5,584
2014	180 Smartdrive Units	125,390	-	-	125,390
2014	3 Smartdrive Unit & Set Up Fee - DTI	1,523	-	-	1,523
2014	12 Smartdrive Units - SGT	6,091	-	-	6,091
2014	AED With Extra Battery & Cabinet	2,628	-	-	2,628
2014	Apple Ipad Air	7,707	-	-	7,707
2014	Axiom SFP+Transceiver Module - Axiom	3,090	-	-	3,090
2014	Cisco Catalyst 3750X-48T S Layer 3 Switch	12,310	-	-	12,310
2014	Cisco Network Module-Catalyst 3K-X 10	2,808	-	-	2,808
2014	Cisco Smartnet-1 Yr Ext Svc Us	2,538	-	-	2,538
2014	Dodge Caravan (115)	5,080,861	-	-	5,080,861
2014	Elite Desk G1 Desktop	2,948	-	-	2,948
2014	Ford Aerotech 220 (10)	762,868	-	-	762,868
2014	Good For Enterprise (Cal) & GI Server Perpetual Bundle	3,885	-	-	3,885
2014	HP Desktop	1,487	-	-	1,487
2014	HP Laptop (R. Streiff)	1,901	-	-	1,901
2014	May/14: Cisco Router And Cisco Hw Switch	7,107	-	-	7,107
2014	Misc Licenses For Windows/Citrix/HP Implementation	21,416	-	-	21,416
2014	New Call Accounting IP Buffer	1,495	-	-	1,495
2014	VPG MV1 (24)	1,255,245	-	-	1,255,245
2015	(1) Ergonomic Task Chair	208	-	-	208
2015	(1) Lenovo Thinkpad & (1) Memory	943	-	-	943
2015	(1) Smartdrive Recorder	486	-	-	486
2015	(1) Smartdrive Recorder for CTI	478	-	-	478
2015	(1) Smartdrive Recorder for DT	478	-	-	478
2015	(1) Smartdrive Recorder for DT	478	-	-	478

See report of independent auditors.

Access Services
MOU No. P000ASI21
Supplementary Information
Schedule of Capital Assets (Continued)
June 30, 2017

Date Acquired	Description	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
2015	(1) Smartdrive Recorder for GPI	\$ 478	\$ -	\$ -	\$ 478
2015	(1) Smartdrive Recorder for GPI	478	-	-	478
2015	(1) Smartdrive Recorder for GPI	478	-	-	478
2015	(1) Smartdrive Recorder for GPI	478	-	-	478
2015	(1) Smartdrive Recorder for GPI	478	-	-	478
2015	(1) Smartdrive Recorder for SGT	478	-	-	478
2015	(1) Smartdrive Recorder for SGT	478	-	-	478
2015	(1) Smartdriver	271	-	-	271
2015	(1) Virtual Desktop Implementation	23,310	-	-	23,310
2015	(13) Smartdrive Camera for GPI	6,218	-	-	6,218
2015	(13) Smartdrive Units for SGT	6,218	-	-	6,218
2015	(14) Smartdrive Recorder for GPI	7,107	-	-	7,107
2015	(2) Desk; (4) Folding Table; (2) File Cabinet	505	-	-	505
2015	(2) Desks & (4) Folding Table	1,289	-	-	1,289
2015	(2) Desks & (4) Folding Table	213	-	-	213
2015	(2) Smartdrive Re-Cert Camera for SGT	315	-	-	315
2015	(2) Smartdrive Recorder for CTI	957	-	-	957
2015	(2) Smartdrive Recorder for DT	957	-	-	957
2015	(2) Smartdrive Recorder for GPI	957	-	-	957
2015	(2) Smartdrive Recorder for SGT	1,015	-	-	1,015
2015	(2) Smartdrive Recorder for SGT	957	-	-	957
2015	(2) Smartdrive Units for CTI	957	-	-	957
2015	(2) Smartdrive Units for Sgt	957	-	-	957
2015	(3) Microsoft Surface Pro 3 Tablet	2,805	-	-	2,805
2015	(3) Smartdrive Camera for DTI	1,525	-	-	1,525
2015	(3) Smartdrive Camera for GPI	1,435	-	-	1,435
2015	(3) Smartdrive Camera for GPI	1,435	-	-	1,435
2015	(3) Smartdrive Recorder for GPI	957	-	-	957
2015	(3) Smartdrive Recorder for GPI	1,435	-	-	1,435
2015	(3) Smartdrive Units for GPI	1,435	-	-	1,435
2015	(4) Smartdrive Units for GPI	1,913	-	-	1,913
2015	(5) Ergonomic Task Chair	1,224	-	-	1,224
2015	(5) Smartdrive Units for Staff Vehicles	3,665	-	-	3,665
2015	(5) Smartdriver Camera for GPI	2,391	-	-	2,391
2015	(6) Vsphere Ent 5.0 License	14,008	-	-	14,008
2015	(7) Smartdrive Recorder for SGT	3,553	-	-	3,553
2015	(8) Smartdrive Camera for SGT & MVT	4,081	-	-	4,081
2015	(8) Smartdrive Units for GPI	3,826	-	-	3,826
2015	1 Lot Of HP Servers & Storage Arrays	100,435	-	-	100,435
2015	1 Lot Of HP Servers & Storage Arrays System	236,486	-	-	236,486
2015	(1) Smartdrive Unit - SGT	414	-	-	414
2015	(13) Smartdrive Unit & Set Up Fee - GPI	6,599	-	-	6,599
2015	2016 Ford Fusion Hybrid	43,238	-	-	43,238
2015	(5) Smartdrive Unit & Set Up Fee - GPI	2,391	-	-	2,391
2015	Adobe Echosign Electronic Signature	2,700	-	-	2,700
2015	Apc Smart - UPS	1,825	-	-	1,825
2015	Apple Ipad Air	1,778	-	-	1,778
2015	Aug/14 Labor Costs for VD1 Project	7,640	-	-	7,640
2015	Automate Pro Software License	1,650	-	-	1,650
2015	Cisco Smartnet, Power Supply, Modem	30,928	-	-	30,928
2015	Computer Hardware for Implementation	44,857	-	-	44,857
2015	Dell Wyse D10D Thin Client	371	-	-	371
2015	(3) Dell Wyse Thin Client	7,397	-	-	7,397
2015	Dodge Caravan (2 of 147 disposed in current year)	6,508,752	-	93,095	6,415,657
2015	Ford Aerolite (1 of 33 disposed in current year)	2,184,600	-	63,825	2,120,775
2015	(12) Ford Aerotech 220	915,813	-	-	915,813
2015	Ford Aerotech 221	78,089	-	-	78,089
2015	Ford Aerotech 222	78,089	-	-	78,089
2015	(2) Ford Aerotech 223	156,178	-	-	156,178
2015	(2) Ford Aerotech 240	169,582	-	-	169,582
2015	(3) Honda Civic	86,958	-	-	86,958
2015	HP Desktop, Ddr 3 Memory, Monitors	2,424	-	-	2,424
2015	HP Proliant D1380 Server	2,391	-	-	2,391

See report of independent auditors.

Access Services
MOU No. P000ASI21
Supplementary Information
Schedule of Capital Assets (Continued)
June 30, 2017

Date Acquired	Description	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
2015	HP Servers & Storage Arrays System	\$ 92,569	\$ -	\$ -	\$ 92,569
2015	Lenovo DDR Memory & HP Pavilion Monitor	742	-	-	742
2015	Lenovo Laptop	846	-	-	846
2015	Lenovo Thinkpad	2,568	-	-	2,568
2015	Oracle ERP Migration/Implementation	164,807	-	-	164,807
2015	Security System	5,050	-	-	5,050
2015	Sept/14 Labor Costs for Vd1 Project	5,396	-	-	5,396
2015	Sonic Dell Sra 4600	1,410	-	-	1,410
2015	Sonic Dell Sra 4600 Add 25U (License)	1,931	-	-	1,931
2015	(13) VPG MV1	799,874	-	-	799,874
2015	Websense Enterprise	7,013	-	-	7,013
2015	Wifi Infrastructure Equipment	3,481	-	-	3,481
2015	Windows Implementation	73,900	-	-	73,900
2015	(2) Wyse Thin Client	8,842	-	-	8,842
2016	(1) APC Netshelter and (1) APC Aircooling System	4,859	-	-	4,859
2016	(1) Ramp - ASI	1,194	-	-	1,194
2016	(3) Smartdrive Installation for DT	1,435	-	-	1,435
2016	(1) Smartdrive Installation for Staff Vehicle	195	-	-	195
2016	(1) Smartdrive Recorder & Set Up Fee for MV	515	-	-	515
2016	(1) Smartdrive Recorder for GPI	478	-	-	478
2016	(1) Smartdrive Recorder for Staff Vehicle	561	-	-	561
2016	(10) Smartdrive Recorder & Set Up Fee for SGT	4,783	-	-	4,783
2016	(10) Smartdrive Recorder for GPI	4,783	-	-	4,783
2016	(11) Smartdrive Installation for CTI	5,261	-	-	5,261
2016	(2) Kenwood Digital Radio, Battery, Charger and Antenna	1,803	-	-	1,803
2016	(2) Smartdrive Recorder & Sr Cont for DT	957	-	-	957
2016	(3) Smartdrive Recorder for GPI	1,435	-	-	1,435
2016	(4) Smartdrive Recorder & Set Up Fee for MV	2,030	-	-	2,030
2016	(4) Smartdrive Recorder for GPI	1,913	-	-	1,913
2016	(4) UPS Tower; (3) UPS Battery & (4) Remote Management Adapter	21,506	-	-	21,506
2016	(6) 48-Ports Ethernet Switch & (6) Hot-Swappable Stacking Module	22,239	-	-	22,239
2016	(6) Smartdrive Recorder for CTI	2,870	-	-	2,870
2016	(66) Desktops and (28) Monitors	55,637	-	-	55,637
2016	(14) Smartdrive Recorder for SGT	6,696	-	-	6,696
2016	(6) Smartdrive Recorder for MV-ATW	3,059	-	-	3,059
2016	(20) Smartdrive Recorder for SGT	10,148	-	-	10,148
2016	(22) Smartdrive Recorder for GPI	11,162	-	-	11,162
2016	(1) Smartdrive Recorder for CTI-ATW	507	-	-	507
2016	(8) Vehicles Toll Road Vehicle Equipment Installation - SGT	27,989	-	-	27,989
2016	(8) Vehicles Toll Road Vehicle Equipment Installation - GPI	27,989	-	-	27,989
2016	(4) NRE Deposits	87,400	-	-	87,400
2016	2014 VPG MV1	61,986	-	-	61,986
2016	27" LCD Monitor	2,382	-	-	2,382
2016	Information Technologies	12,937	-	-	12,937
2016	Accessla New Rider 360 Desktop Portal Development	16,985	-	-	16,985
2016	Cisco Smartnet	2,529	-	-	2,529
2016	Creative Wireless, Inc - Misc Network Equipments	36,643	-	-	36,643
2016	(1) Dell Latitude Laptop	915	-	-	915
2016	Double Sided Cut Sheet Braille Embosser	5,518	-	-	5,518
2016	Gecrb/Amazon - 02/29/16: Hp Laser Printer	329	-	-	329
2016	Gecrb/Amazon - 03/02/16: Hp Laser Printer	252	-	-	252
2016	HP Pro Desk 400 SRP Kmat	2,119	-	-	2,119
2016	HP Proliant M350 Server	2,847	-	-	2,847
2016	MacPro Desktop	4,778	-	-	4,778
2016	Microsoft Surface Pro 3 and Misc Accessories	1,080	-	-	1,080
2016	MS Surface Pro & Cover	2,287	-	-	2,287
2016	New Rider 360 Desktop Portal & Accessla New Rider 360 Desktop Portal Development	16,735	-	-	16,735

See report of independent auditors.

Access Services
MOU No. P000ASI21
Supplementary Information
Schedule of Capital Assets (Continued)
June 30, 2017

Date Acquired	Description	July 1, 2016	Additions	Deletions	June 30, 2017
2016	Portable Air Conditioner	\$ 2,529	\$ -	\$ -	\$ 2,529
2016	Rider Mobile Portal Application Development	14,990	-	-	14,990
2016	Ruckus Wireless Zoneflex Wireless Access Point	3,836	-	-	3,836
2016	Shredder	2,665	-	-	2,665
2016	Surface Pro	812	-	-	812
2016	Tableau Software License	12,798	-	-	12,798
2017	(7) Desktop computer	-	9,889	-	9,889
2017	(2) HP Laserjet	-	2,587	-	2,587
2017	(2) Sharp MX-M565N Workgroup Copier	-	18,331	-	18,331
2017	(1) 65" Television	-	1,100	-	1,100
2017	(7) Laptop	-	6,696	-	6,696
2017	(1) Audio and Video equipment	-	1,826	-	1,826
2017	(1) Came-TV Boltzen Fresnet light	-	603	-	603
2017	(1) Data Center Installzation	-	15,975	-	15,975
2017	(1) KACE K1100 Appliance	-	14,036	-	14,036
2017	(1) KACE K2100 Appliance	-	8,600	-	8,600
2017	(1) Closed Circuit Television	-	3,000	-	3,000
2017	(1) Microsoft Surface Pro 4	-	1,564	-	1,564
2017	(1) HP ML/DL Proliant ML 370 G6 Rackmount Server	-	986	-	986
2017	(1) Cisco router	-	4,589	-	4,589
2017	(1) Epson Printer	-	754	-	754
2017	Structured Cabling Services	-	1,102,901	-	1,102,901
2017	(1) File cabinet	-	4,701	-	4,701
2017	(1) Wheresmyride Application	-	2,925	-	2,925
2017	(1) Info Pass Server Software	-	12,819	-	12,819
2017	(1) CollectiveFleet 6.2 Software	-	24,999	-	24,999
2017	(10) Tableau Software	-	8,000	-	8,000
2017	(2) 2016 Chevrolet Impala	-	43,568	-	43,568
2017	(610) Smart Drive Dashboard Camera and Accessories	-	286,966	-	286,966
2017	(3) 2016 Class B StarCraft AllStar Cutaway 22	-	54,105	-	54,105
2017	(2) 2016 Class C StarCraft AllStar Cutaway 25	-	47,755	-	47,755
2017	(7) 2016 ELDORADO AMERIVAN WHITE	-	368,525	-	368,525
		<u>\$ 28,752,109</u>	<u>\$ 2,047,800</u>	<u>\$ 4,238,665</u>	<u>\$ 26,561,244</u>

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Access Services was incorporated in the State of California as a nonprofit 501 (c)(3) public benefit corporation on March 31, 1994. Access Services is the designated Los Angeles County Consolidated Transportation Agency (CTSA) pursuant to Government Code §159759(a) and public entity pursuant to Government Code §15975(t). Access Services administers the Los Angeles County Coordinated Paratransit Plan on behalf of the Los Angeles (LA) County's 45 public fixed route operators (i.e., bus and rail). Access Services facilitates the provision of complementary American Disability Act (ADA) paratransit services to certain persons with disabilities as required by 42 U.S.C. §12143 under the name "Access Paratransit". Paratransit is an alternative mode of flexible passenger transportation that does not follow fixed routes or schedules. Access Paratransit system provides approximately 3.4 million trips per year to more than 171,000 qualified disabled riders in a service area of over 1,950 square miles.

Access Services is governed by a Board of Directors composed of the nine members of the LA County Board of Supervisors, the City Selection Committee's Corridor Transportation Representatives, the Mayor of the City of Los Angeles, the LA County municipal fixed-route operators, the LA County local fixed-route operators, the LA County Commission on Disabilities, the Coalition of LA County Independent Living, the LA County Metropolitan Transportation Authority (LACMTA), and an alternating appointment by the municipal and local fixed-route operators.

Accounting and Reporting

Proposition C funds represent 40% of the ½ cent Proposition C sales taxes which must be used exclusively for transportation related programs and projects. Regional Surface Transportation Program (RSTP) Funds were provided through Federal Section 5310 Program. The operations of the Proposition C Discretionary Incentive Grant and Federal Section 5310 Grant are accounted for in a separate set of self-balancing accounts that accounts for its revenues and expenditures.

Basis of Accounting

Revenues and expenditures are accounted for using the accrual basis of accounting. Revenues from grants are recognized when expenditures are incurred. Expenditures are generally recognized when the related liabilities are incurred.

Use of Estimates

The preparation of the Schedules in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditure during the relevant period. Actual results could differ from the estimates.

Notes to Schedules of Revenues and Expenditures and Deferred Revenues and Support
Year ended June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Access Services primarily receives revenue from FTA Section 5310 grants, Proposition C Discretionary funds through LACMTA, and passenger fares for the paratransit services provided. Revenues are deemed to be earned when allowable expenses are incurred or recognized by Access Services. Passenger revenues are recognized as services are provided to passengers.

Expenses

Salaries, benefits, and other related expenses are categorized to paratransit operations, eligibility determination, CTSA function and ride information, and management and general, primarily based on personnel job function. Other indirect costs are allocated based on either the number of employees located within a department, estimated asset usage, or the nature of services provided.

NOTE 2 MEMORANDUM OF UNDERSTANDING

On June 23, 2016, Access Services (grantee) and the Los Angeles County Metropolitan Transportation Authority (LACMTA) (grantor) entered into a Memorandum of Understanding (MOU No. P000ASI21), which is effective through June 30, 2017, for the purpose of providing funding to Access Services during the fiscal year 2016/17 for the provision of ADA mandated complementary paratransit service on behalf of member agencies, to provide shuttles or deviated route service and to carry out Access Services' role as the CTSA for Los Angeles County as required under §15950 of the California Government Code.

LACMTA shall make available to Access Services an amount not to exceed \$145,300,000 which consists of the following:

Federal Section 5310 program	\$ 63,300,000
Proposition C 40% Discretionary - operating and capital	<u>82,000,000</u>
	<u>\$ 145,300,000</u>

LACMTA has authorized RSTP funds for Access Services in the amount of \$63,300,000 for FY2016/17. These funds have been flexed into Federal Section 5310 Program – Enhanced Mobility of Seniors and Individuals with Disabilities grant (Federal Award Identification Number (FAIN) 5830-2016-012), which was approved by the Federal Transit Administration (FTA) on June 21, 2016.

Notes to Schedules of Revenues and Expenditures and Deferred Revenues and Support
Year ended June 30, 2017

NOTE 2 MEMORANDUM OF UNDERSTANDING (CONTINUED)

LACMTA also authorized the Proposition C 40% funding totaling \$74,000,000 less \$2,852,640 for prepaid insurance for a net amount of \$71,147,360 for operating and capital funds payable in ten (10) equal monthly installments of \$7,114,736 beginning in July 2016, payable on the 1st of each month following receipt of a disbursement request and subject to the conditions set forth below:

- Proposition C 40% funds in the amount of \$8,000,000 is carried over from fiscal year 2015/16 into 2016/17 for operating and capital as approved by the LACMTA Board.
- Any unused Proposition C 40% operating funds identified as a result of the audit and not designated as grant match shall be deemed available and shall be applied against Access' unwithdrawn FY 2016/17 Proposition C funding.
- Any unused Proposition C 40% capital funds not expended and/or encumbered as a result of the audit may be carried forward into the next fiscal year upon written request and approval from LACMTA.

In accordance with MOU No. P000ASI21, the Grantee must abide by the restrictions for the use of the funds as enumerated under Section 4 of the agreement.

NOTE 3 SCHEDULES OF REVENUES AND EXPENDITURES AND DEFERRED REVENUES AND SUPPORT

The Schedules are intended to reflect the revenues and expenditures and deferred revenues and support of FTA Section 5310 Program and Proposition C Discretionary funds only under MOU No. P000ASI21. Accordingly, the Schedules do not purport to, and does not present fairly the financial position of Access Services and changes in financial position thereof as of and for the year ended June 30, 2017 in conformity with generally accepted accounting principles in the United States of America.

NOTE 4 SINGLE YEAR PRESENTATION

The Schedule of Revenues and Expenditures of Access Services under Proposition C Program Guidelines and Memorandum of Understanding (MOU No. P000ASI21) was only presented for the year ended June 30, 2017, owing to a change in the presentation of functional expenses by management for increased clarity and usability.

NOTE 5 SUBSEQUENT EVENTS

Access Services has evaluated events or transactions that occurred subsequent to June 30, 2017 through January 16, 2018, the date the accompanying Schedules were available to be issued, for potential recognition or disclosure and determined no subsequent matters require disclosure or adjustment to the accompanying Schedules.

**Report of Independent Auditors 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***

**To the Board of Directors of Access Services and the
Los Angeles County Metropolitan Transportation Authority**

We have audited, 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, the accompanying Schedules of Revenues and Expenditures and Deferred Revenues and Support (Schedules) as defined by the Proposition C Program Guidelines and Memorandum of Understanding (MOU No. P000ASI21) dated June 23, 2016 between Access Services, as grantee, and the Los Angeles County Metropolitan Transportation Authority, as grantor as of and for the year ended June 30, 2017, and have issued our report thereon dated January 16, 2018, wherein we expressed a qualified opinion.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered Access Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the accompanying Schedules of Revenues and Expenditures and Deferred Revenues and Support, but not for the purpose of expressing an opinion on the effectiveness of Access Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Access Services' 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 over financial reporting 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 Access Services' Schedules are free from 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 the Schedules and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over the Schedules 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 over the Schedules and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California
January 16, 2018**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

**To the Board of Directors of Access Services and the
Los Angeles County Metropolitan Transportation Authority**

Report on Compliance

We have audited the compliance of Access Services with the Proposition C Program Guidelines and Memorandum of Understanding (MOU No. P000ASI21) dated June 23, 2016 (collectively, the Guidelines) for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for Access Services' compliance with the Guidelines.

Auditors' Responsibility

Our responsibility is to express an opinion on Access Services' compliance with the Guidelines based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Proposition C Grant program occurred. An audit includes examining, on a test basis, evidence about Access Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of Access Services' compliance with the Guidelines.

Opinion

In our opinion, Access Services complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2017.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the requirements, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2017-001. Our opinion is not modified with respect to this matter.

The Agency's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Access Services is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Access Services' internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Access Services' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vasquez & Company LLP".

**Los Angeles, California
January 16, 2018**

Access Services
MOU No. P000ASI21
Compliance Matrix
Year ended June 30, 2017

Compliance Requirement		In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
A. Memorandum of Understanding (MOU)						
1.	Operate as an integrated countywide ADA complementary paratransit system on behalf of the Los Angeles County fixed route transit operators as required by the U.S. Code of Federal Regulations 49 CFR Part 37, Subpart F.	X				
2.	Operate shuttle services as projects for ADA and non-ADA eligible riders when such services can be provided at a lower cost than ADA complementary paratransit or fixed route transit services.	X				
3.	Prepare and submit the Annual Plan Update of the Los Angeles County Coordinated Paratransit Plan to the U.S. Department of Transportation as required on behalf of Access Services' member agencies, if required.	X				
4.	Provide emergency back-up transportation to individuals with disabilities as required.	X				
5.	Provide temporary shuttle services in cases where LACMTA has accessible pathways and elevator repairs underway at rail and bus stations, in accordance with MOU guidelines.	X				
6.	Submit demand and expense projections to LACMTA through a Five Year Strategic and Short Term Business Plan, including annual updates; at the time of submittal of a preliminary budget as referenced in the MOU.	X				
7.	Comply with the requirements of the Social Service Transportation Improvement Act, California Governmental Code §15950, et seq., and to carry out Access Services' role as the Consolidated Transportation Service Agency (CTSA) for Los Angeles County.	X				

Access Services
MOU No. P000ASI21
Compliance Matrix
Year ended June 30, 2017

Compliance Requirement		In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
A. Memorandum of Understanding (MOU) (Continued)						
8.	Provide LACMTA Security reimbursement for the Security Services in an amount not to exceed \$200,000 performed on behalf of Access Services.	X				
9.	Provide oversight and management of LACMTA's Safety Strap Program, to include scheduling appointments, transporting noneligible Los Angeles County paratransit rider to and from Access Services' Eligibility Center for wheelchair safety marking, and having eligibility center staff attend Los Angeles County disability events for wheelchair safety marking (collectively, the "Safety Strap Services").	X				
10.	Utilize the funds in accordance with all applicable federal, state and local statutes and regulations, including but not limited to the Proposition C Guidelines, FTA Section 5310 Program Guidelines, FTA Master Agreement, FTA Circular 5010.1 D, FTA Circular 4220.1 F, and in accordance with the LACMTA Board of Directors' actions at their May 28, 2015 meeting.		X			See Finding #2017-001
11.	Funds are not used to substitute for any other funds, service, or project not specified in the MOU.	X				
12.	Administrative costs, as defined in the MOU, do not exceed ten percent (10%) of the total Operating and Capital expense for ADA Paratransit Operations and the CTSA activities.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Access Services
MOU No. P000ASI21
Schedule of Findings and Questioned Costs
Year ended June 30, 2017**

Finding #2017-001

Criteria	Article 4 of the MOU No. P000ASI21 requires that funds be utilized towards project expenses, as prescribed under the MOU, and that documentation be maintained towards such expenses incurred in accordance with jurisdictional standards.
Condition	We tested a total of 17 payroll related expenses and noted 15 employees have no record of an approved Personnel Change Form for salary changes in their personnel files.
Cause	The personnel actions were processed as a batch vs. individually and consequently separate support was not generated for each salary change that was approved by management.
Effect	Payments to employees might be made utilizing incorrect or unauthorized pay rates.
Recommendation	We recommend for Access Services to dedicate sufficient resources to properly review and approve personnel change forms timely and accurately, and maintain approved forms in the personnel file.
Management's Response	Management acknowledges the issue and has taken corrective action so that proper procedures are followed in the future.

EXIT CONFERENCE

An exit conference was held on January 12, 2018 with Access Services' representatives. Those in attendance were:

Vasquez & Company representatives:

Cristy Canieda – Partner
Marialyn Salvador – Audit Senior Manager
Shweta Mehrotra – Audit Supervisor

Access Services representatives:

Hector Rodriguez – Deputy Executive Director - Finance
Bruce Frink – Senior Manager, Finance, Planning and Analysis
Rene Arrieta – General Accounting Supervisor

Matters discussed:

Results of the audit disclosed an issue of noncompliance with the Guidelines.

A copy of this report was forwarded to the following Access Services representatives for comments prior to the issuance of the final report.

Hector Rodriguez – Deputy Executive Director - Finance
Bruce Frink – Senior Manager, Finance, Planning and Analysis
Rene Arrieta – General Accounting Supervisor



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