

***CITY OF BURBANK
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND***

***FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015***



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF BURBANK
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FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Burbank, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of Burbank, California (City) as of and for the year ended June 30, 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 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF and TDAA3F of the City of Burbank, California, as of June 30, 2016, and the respective changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the PALRF, PCLRF, MRLRF, and TDAA3F as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated March 15, 2016, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Burbank, California, as of June 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in conformity 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 financial statements that collectively comprise the City of Burbank, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplementary 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 supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.



Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016 on our consideration of the City'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 City's internal control over financial reporting and compliance.

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

Los Angeles, California
December 28, 2016

CITY OF BURBANK

**PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 2,192,416	\$ 1,855,499
Interest receivable	6,073	6,494
Due from PCLRF	-	31,332
Accounts receivable	<u>3,688</u>	<u>8,393</u>
Total assets	\$ <u><u>2,202,177</u></u>	\$ <u><u>1,901,718</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	27,710	35,126
Due to PCLRF	<u>92,025</u>	
Total liabilities	\$ <u><u>119,735</u></u>	\$ <u><u>35,126</u></u>
Fund Balance		
Restricted	<u>2,082,442</u>	<u>1,866,592</u>
Total fund balance	<u><u>2,082,442</u></u>	<u><u>1,866,592</u></u>
Total liabilities and fund balance	\$ <u><u>2,202,177</u></u>	\$ <u><u>1,901,718</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF BURBANK

**PROPOSITION A LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
REVENUES		
Proposition A	\$ 1,905,078	\$ 1,856,637
Proposition A discretionary incentive grant	92,645	93,015
Proposition A growth over inflation grant	92,025	89,464
Investment income	42,521	30,187
Project generated revenue	74,973	86,546
Miscellaneous revenue	43,211	9,128
Total revenues	<u>2,250,453</u>	<u>2,164,977</u>
EXPENDITURES		
Various projects	<u>1,942,578</u>	<u>1,889,893</u>
Total expenditures	<u>1,942,578</u>	<u>1,889,893</u>
Excess of revenues over expenditures	307,875	275,084
Other financing sources		
Operating transfer out to PCLRF	92,025	-
Excess of revenues over expenditures and other financing use	215,850	275,084
Fund balance at beginning of year	<u>1,866,592</u>	<u>1,591,508</u>
Fund balance at end of year	<u>\$ 2,082,442</u>	<u>\$ 1,866,592</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BURBANK

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
120-03	Burbank Transportation Service	\$ 1,630,622	\$ 1,585,818	\$ 44,804	\$ 1,521,070
150-06	Bus Stop Improvements	5,000	3,050	1,950	1,579
310-07	RITC Operations and Maintenance	280,431	217,041	63,390	279,121
380-01	Vehicle Equipment Replacement Fund	125,000	43,533	81,467	-
480-01	Planning and Administration	94,566	93,136	1,430	88,123
		<u>\$ 2,135,619</u>	<u>\$ 1,942,578</u>	<u>\$ 193,041</u>	<u>\$ 1,889,893</u>

See accompanying independent auditor's report.

CITY OF BURBANK

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date		Balance			Balance
Acquired	Description	July 1, 2015	Additions	Deletions	June 30, 2016
Jan-92	Land 101-201 N. Front St.	\$ 2,475,000	\$ -	\$ -	\$ 2,475,000
Feb-96	Land - Burbank Branch Row	428,000	-	-	428,000
Nov-96	Concrete Bus Benches	42,326	-	-	42,326
Jun-97	RITC Station	6,724,780	-	-	6,724,780
Jun-97	Land 217-233 Front Street	1,193,489	-	-	1,193,489
Jun-97	Land 123-211 Front Street	2,233,543	-	-	2,233,543
May-08	Paratransit Vans (7)	386,309	-	-	386,309
Apr-15	Senior & Disabled Buses (2)	140,228	-	-	140,228
	Total	<u>\$ 13,623,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,623,675</u>

See accompanying independent auditor's report.

CITY OF BURBANK

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 2,404,810	\$ 1,681,681
Account receivable	60,501	-
Interest receivable	6,619	3,772
Miscellaneous receivable	-	40,550
Due from PALRF	92,025	-
	<u>2,563,955</u>	<u>1,726,003</u>
Total assets	\$ <u>2,563,955</u>	\$ <u>1,726,003</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	40,675	13,817
Due to PALRF	-	31,332
	<u>40,675</u>	<u>45,149</u>
Total liabilities	\$ <u>40,675</u>	\$ <u>45,149</u>
 Fund Balance		
Restricted	<u>2,523,280</u>	<u>1,680,854</u>
Total fund balance	<u>2,523,280</u>	<u>1,680,854</u>
	<u>2,563,955</u>	<u>1,726,003</u>
Total liabilities and fund balance	\$ <u>2,563,955</u>	\$ <u>1,726,003</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BURBANK

PROPOSITION C LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
REVENUES		
Proposition C	\$ 1,579,289	\$ 1,539,834
Investment income	45,535	21,410
State DOT safe route to school grant	-	290,140
Project generated revenue	240,227	280,439
Miscellaneous revenue	2,253	3,720
Total revenues	1,867,304	2,135,543
EXPENDITURES		
Various projects	1,116,903	1,468,773
Total expenditures	1,116,903	1,468,773
Excess of revenues over expenditures	750,401	666,770
Other financing sources:		
Operating transfer in from PALRF	92,025	-
Excess of revenues over expenditures and other financing	842,426	666,770
Fund balance at beginning of year	1,680,854	1,014,084
Fund balance at end of year	\$ 2,523,280	\$ 1,680,854

The accompanying notes are an integral part of the financial statements.

CITY OF BURBANK

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
110-02	Metrolink Shuttles	\$ 917,565	\$ 569,271	\$ 348,294	\$ 1,115,197
120.-04	General Public Paratransit	2,000	-	2,000	-
270-02	SFV Transportation Zone Financial Analysis	57,536	46,342	11,194	43,364
280-01	Transit Marketing	5,000	-	5,000	3,257
310-08	Transit Centers Program	97,500	85,429	12,071	91,929
370-01	Downtown Metrolink Station Elevator	75,000	-	75,000	-
380-01	Vehicle Equipment Replacement Fund	500,000	167,849	332,151	-
430-04	Safe Routes to School Grant - Cycle 7	-	-	-	-
480-02	Direct Administration	5,000	357 a	4,643	26
480-07	Transportation Administration - Prop C	253,145	247,655 a	5,490	215,000
		<u>\$ 1,912,746</u>	<u>\$ 1,116,903</u>	<u>\$ 795,843</u>	<u>\$ 1,468,773</u>

a)	PCLRF Administration Expense	\$ 248,012
	Less: Project Generated Revenue	240,227
	PCLRF Administration Expense	<u>7,785</u>
	PCLRF Administration Expense	\$ <u>7,785</u>
	Divided by: PCLRF Total Expense	<u>1,116,903</u>
	Total % of Administration Cost	<u>1%</u>

See accompanying independent auditor's report.

CITY OF BURBANK

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date		Balance			Balance
Acquired	Description	July 1, 2015	Additions	Deletions	June 30, 2016
Jan-97	Electric Bus Storage Facility	\$ 22,480	\$ -	\$ -	\$ 22,480
Jan - Mar 04	CNG Fuel Buses (7)	871,829	-	-	871,829
Feb-07	CNG Fuel Buses (5)	1,675,243	-	-	1,675,243
Aug-09	CNG Fuel Buses (5)	147,137	-	-	147,137
Oct-12	Hydrogen Hybrid Fuel Cell Transit Bus	155,458	-	-	155,458
	Total	\$ 2,872,147	\$ -	\$ -	\$ 2,872,147

See accompanying independent auditor's report.

CITY OF BURBANK

MEASURE R LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 3,351,017	\$ 3,049,213
Interest receivable	<u>9,133</u>	<u>7,472</u>
Total assets	<u><u>\$ 3,360,150</u></u>	<u><u>\$ 3,056,685</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 526,793	\$ 214,500
Retention payable	<u>18,527</u>	<u>-</u>
Total liabilities	<u>545,320</u>	<u>214,500</u>
Fund Balance		
Restricted	<u>2,814,830</u>	<u>2,842,185</u>
Total fund balance	<u>2,814,830</u>	<u>2,842,185</u>
Total liabilities and fund balance	<u><u>\$ 3,360,150</u></u>	<u><u>\$ 3,056,685</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF BURBANK

MEASURE R LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
REVENUES		
Measure R	\$ 1,185,875	\$ 1,155,286
Investment income	66,014	37,065
Services charges	191,442	-
Miscellaneous income	3,198	8,616
Total revenues	<u>1,446,529</u>	<u>1,200,967</u>
EXPENDITURES		
Various projects	<u>1,473,884</u>	<u>1,111,163</u>
Total expenditures	<u>1,473,884</u>	<u>1,111,163</u>
(Deficiency) excess of revenues over expenditures	(27,355)	89,804
Fund balance at beginning of year	<u>2,842,185</u>	<u>2,752,381</u>
Fund balance at end of year	\$ <u><u>2,814,830</u></u>	\$ <u><u>2,842,185</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF BURBANK

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
1.001	Street Repair and Maintenance Street Rehabilitation and Design and Pothole Repair	\$ 400,000	\$ 370,540	\$ 29,460	\$ 583,737
4.001	Operating Subsidy to Existing Bus Operator Measure R Funds Used to Offset Structural Budget Deficit in PALRF	1,240,000	1,103,344	136,656	527,426
		\$ <u>1,640,000</u>	\$ <u>1,473,884</u>	\$ <u>166,116</u>	\$ <u>1,111,163</u>

See accompanying independent auditor's report.

CITY OF BURBANK

MEASURE R LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date		Balance			Balance
Acquired	Description	July 1, 2015	Additions	Deletions	June 30, 2016
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF BURBANK

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

BALANCE SHEETS

JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ <u>195,112</u>	\$ <u>183,424</u>
Total assets	\$ <u><u>195,112</u></u>	\$ <u><u>183,424</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Account payable	\$ <u>98,830</u>	\$ <u>-</u>
Total liabilities	<u>98,830</u>	<u>-</u>
 Fund Balance		
Reserved	<u>96,282</u>	<u>183,424</u>
Total fund balance	<u>96,282</u>	<u>183,424</u>
 Total liabilities and fund balance	\$ <u><u>195,112</u></u>	\$ <u><u>183,424</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF BURBANK

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
REVENUES		
Article 3	\$ <u>11,688</u>	\$ <u>84,000</u>
Total revenues	<u>11,688</u>	<u>84,000</u>
EXPENDITURES		
Construction / Maintenance	<u>98,830</u>	<u>50,377</u>
Total expenditures	<u>98,830</u>	<u>50,377</u>
(Deficiency) excess of revenues over expenditures	(87,142)	33,623
Fund balance at beginning of year	<u>183,424</u>	<u>149,801</u>
Fund balance at end of year	\$ <u><u>96,282</u></u>	\$ <u><u>183,424</u></u>

The accompanying notes are an integral part of the financial statements.

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTAL INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2016

Project Description	Program Year	Allocations	Expenditures	Unexpended Allocations	Project Status
Local allocations					
BS 1378- Safe Route To School Cycle 8 Project	2016	\$ 11,688	98,830	\$ (87,142)	On-going
	Total	<u>\$ 11,688</u>	<u>\$ 98,830</u>	<u>(87,142)</u>	
Fund balance at beginning of year				<u>183,424</u>	
Fund balance at end of year				<u>\$ 96,282</u>	a

a) The remaining fund balance for Project 19056- San Fernando Bikeway Final Design of \$77,419 was encumbered in October 2013. Additionally, \$18,863 of the remaining fund balance was encumbered for project 22377 Bike & Pedestrian Improvements as of June 30, 2016.

See accompanying independent auditor's report.

CITY OF BURBANK

NOTES TO FINANCIAL STATEMENTS For the Fiscal Years Ended June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF) and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

Transportation Development Act Article 3 Fund (TDAA3F) is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement focus

PALRF, PCLRF, MRLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue funds are reported on spending or "financial flow" measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statement of revenue, expenditures and changes in fund balance for Special Revenue Funds generally present increase (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF BURBANK

NOTES TO FINANCIAL STATEMENTS **For the Fiscal Years Ended June 30, 2016 and 2015** **(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

In accordance with GASB Statement No. 72, Fair Value measurement and Application, which became effective for the fiscal year ended June 30, 2016, the city categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the city reports its investment at fair value and recognizes unrealized gain (loss) on investments.

Refer to city's 2016 Comprehensive Annual Financial Report for detailed disclosures regarding the city's investments policy and fair value measurement.

Fund Balance Reporting

Governmental Accounting Standard Board (GASB) Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes the fund balance classifications that comprise a hierarchy based primarily on extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, and TDAA3F report the following fund balance classification as of June 30, 2016:

- Restricted— Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the funds' remaining fund balance are restricted for projects approved by LACMTA

Information regarding the fund balance reporting policy adopted by the city is described in note 1 to the city's Comprehensive Annual Financial Report.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, and Transportation Development Act Article 3 and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

CITY OF BURBANK

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2016 and 2015
(Continued)

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs.

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with *Measure R Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs.

NOTE 5 TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with *Public Utilities Code Section 99234*, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities.

NOTE 6 CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF and TDAA3F cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average monthly balances to the total of the pooled cash and investments.

NOTE 7- MISCELLANEOUS REVENUE

During the year ended June 30, 2016 and 2015 the City's PALRF earned miscellaneous revenues of \$43,211 and \$9,128, respectively. Miscellaneous revenues consist of revenues earned from supplemental transportation services provided within the City. The City also received revenue from Lehman Brothers' Investments.

During the year ended June 30, 2016 and 2015 the City's PCLRF earned miscellaneous revenues of \$2,253 and \$3,720, respectively. Miscellaneous revenues consist of revenues received from Lehman Brothers' Investments.

During the year ended June 30, 2016 and 2015 the City's MRLRF earned miscellaneous revenues of \$3,197 and \$8,616, respectively. Miscellaneous revenues consist of revenues received from Lehman Brothers' Investments.

CITY OF BURBANK

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2016 and 2015
(Continued)

NOTE 8- MEASURE R SERVICE CHARGES

During the fiscal year 2016 the City obtained approval from MTA to use Measure R funds to offset structural budget deficit in the PALRF. The funds were used to support the existing bus operations. Because the City's existing bus service is impacted by Metro/Caltrans's Interstate 5/Empire Interchange Project, Metro is reimbursing the City for traffic mitigation measures with Measure R funds. The City earned \$191,442 and \$0.00 during the fiscal years ended June 30, 2016 and 2015 respectively.

NOTE 9- PROJECT GENERATED REVENUE

Project generated revenue for the years ended June 30, 2016 and 2015 consisted of the following:

PALRF	2016	2015
Transportation Fare	\$ 16,512	\$ 17,889
Senior Passes	8,810	19,457
Transport Service Fee	49,651	49,200
Total	\$ 74,973	\$ 86,546

PCLRF :	2016	2015
EZ Pass receipts	\$ 155,624	\$ 147,696
Advertising	77,469	126,152
Vending Revenue	7,134	6,591
Total	\$ 240,227	\$ 280,439

NOTE 10- PROPOSITION A DISCRETIONARY INCENTIVE GRANTS AND PROPOSITION A GROWTH OVER INFLATION GRANT

The **Proposition A Discretionary Incentive Grant** amounting to \$92,645 and \$93,015 for the years ended June 30, 2016 and 2015, respectively, represent additional funds received from LACMTA for participating in the Voluntary NTD Program. The Proposition A Discretionary Incentive Grant was recorded under PALRF.

The **Proposition A Growth- Over Inflation Grant** amounting to \$92,025 and \$89,464 for the years ended June 30, 2016 and 2015, respectively, represent additional funds received from LACMTA to expand and improve fixed route transit services provided in the Burbank area. The revenue was recorded in the PALRF and a transfer out was made to the PCLRF where the corresponding expenditures were recorded.

CITY OF BURBANK

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2016 and 2015
(Continued)

NOTE 11- TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
FY 2010/11 reserve	\$ -	\$ 43,440
FY 2011/12 reserve	11,688	40,560
FY 2012/13 reserve	-	-
FY 2013/14 reserve	-	-
FY 2014/15 reserve	-	-
Total	\$ 11,688	\$ 84,000

NOTE 12- TRANSPORTATION DEVELOPMENT ACT ARTICLE FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by LACMTA. As of June 30, 2016 and 2015, the City has funds on reserve as follows:

	2016	2015
FY 2011/12 reserve	\$ -	\$ 11,688
FY 2012/13 reserve	77,179	77,179
FY 2013/14 reserve	85,068	85,068
FY 2014/15 reserve	69,279	69,279
FY 2015/16 allocation	67,247	-
Available reserve balance	\$ 298,773	\$ 243,214

NOTE 13- SUBSEQUENT EVENTS

The City has evaluated subsequent events or transactions that occurred subsequent to June 30, 2016 through December 28, 2016, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



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CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**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***

To the Honorable Members of the City Council of the
City of Burbank, California and the
Los Angeles County Metropolitan Transit 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 financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of Burbank, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's local return funds and TDAA3F 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.



The CPA. Never Underestimate The Value.™



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 and compliance and the result 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.

A handwritten signature in black ink that reads "Simpson & Simpson".

Los Angeles, California
December 28, 2016

COMPLIANCE SECTION



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Independent Auditor's Report on Compliance

To the Honorable Members of the City Council of the
City of Burbank, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Burbank, California (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (Guidelines) for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for the City's compliance with those guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance 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 a local return program occurred. An audit includes examining, on a test basis, evidence about City's 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. Our audit does not provide a legal determination of City's compliance with those requirements.

Opinion on Each Local Return Program and Transportation Development Act Article 3

In our opinion, the City of Burbank complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 (TDAA3F) Fund for the year ended June 30, 2016.

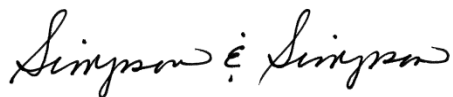
Report on Internal Control over Compliance

Management of the City of Burbank is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, but not for the purpose of expressing an opinion on the effectiveness of the City's 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 under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements 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 we consider to 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 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.



Los Angeles, California
December 28, 2016

CITY OF BURBANK
COMPLIANCE MATRIX
Year Ended June 30, 2016

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
A. Proposition A and Proposition C Local Return Funds					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Expenditures did not exceed 25% of Metro's approved budget.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	All on-going and carryover projects were reported in Form B.	X		None	
7	Annual Project Summary Report (Form B) was submitted on time.	X		None	
8.	Annual Expenditure Report (Form C) and listing of Recreational Transit Services, if applicable, were submitted on time.	X		None	
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.	X		None	
11.	Revenues received including allocations, project generated revenues and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

CITY OF BURBANK
COMPLIANCE MATRIX
Year Ended June 30, 2016
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
B. Measure R Local Return Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Funds were not substituted for property tax.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.	X		None	
10.	Revenues received including allocations, project generated revenues and interest income were properly credited to the Measure R Local Return Account.	X		None	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

CITY OF BURBANK
COMPLIANCE MATRIX
Year Ended June 30, 2016
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
C. Transportation Development Act Article 3 Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None	

CITY OF BURBANK

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2016

No findings were noted.

EXIT CONFERENCE

CITY OF BURBANK

**PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2016**

A telephoned exit conference was held on December 28, 2016 with the City of Burbank. Those in attendance were:

Simpson & Simpson Representative:

Joseph Simpson, Senior Auditor
Muhammad Riaz, Professional Staff Auditor

City's Representative:

Dino Balos, CPA, Accounting & Audit Manager
Beverly Wong – Administrative Analyst II
Monina Marin – Accountant

Matters Discussed:

Results of the audit disclosed no significant financial and compliance issues.

A copy of this report was forwarded to the following City representative for their comments prior to the issuance of the final report:

Dino Balos, CPA, Accounting & Audit Manager
Beverly Wong – Administrative Analyst II
Monina Marin – Accountant