



MetroTM

**City of Glendale
Annual Financial Report of its**

**Proposition A Local Return Fund
Proposition C Local Return Fund
Measure R Local Return Fund
Transportation Development Act Article 3 Fund**

**As of and for the Years Ended June 30, 2015 and 2014
with Report of Independent Auditors**

An Independently Owned Member
McGLADREY ALLIANCE



 **Vasquez**
& Company LLP
Certified Public Accountants and Business Consultants

	<u>PAGE</u>
FINANCIAL SECTION	
Report of Independent Auditors	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	13
Schedule of Capital Assets	14
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	17
Notes to Funds Financial Statements	18
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 <i>Government Auditing Standards</i>	22
COMPLIANCE SECTION	
Report of Independent Auditors on Compliance	24
Compliance Matrix	26
EXIT CONFERENCE	30

FINANCIAL SECTION

Report of Independent Auditors

To the Honorable Members of the City Council of the City of Glendale, 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, Proposition C Local Return Fund, Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds), of the City of Glendale, California (the City) which comprise the Funds' balance sheets as of June 30, 2015 and 2014, and the related statements of revenues, expenditures and changes in fund balance for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 audits 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 opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Glendale, California, as of June 30, 2015 and 2014, and the respective changes in financial position 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 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City and do not, purport to, and do not, present fairly the financial position of the City as of June 30, 2015 and 2014, and the changes in its financial position 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' basic financial statements or to the Funds' basic 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 each of the Funds' basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 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 "Vaguez & Company LLP".

**Los Angeles, California
March 23, 2016**

**City of Glendale
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	9,877,255	\$ 9,159,142
Accounts receivable		218,289	184,666
Interest receivable		17,370	9,484
Total assets	\$	10,112,914	\$ 9,353,292
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	220,011	\$ 242,762
Due to other agencies		650	-
Total liabilities		220,661	242,762
Fund balance			
Reserved		9,892,253	9,110,530
Total fund balance		9,892,253	9,110,530
Total liabilities and fund balance	\$	10,112,914	\$ 9,353,292

See notes to financial statements.

City of Glendale
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2015	2014
Revenues		
Proposition A	\$ 3,424,791	\$ 3,286,622
Investment income	60,054	29,187
Unrealized gain on investments	8,744	22,252
Project generated revenue	23,942	26,641
Total revenues	3,517,531	3,364,702
Expenditures		
Various projects	2,735,808	3,277,733
Total expenditures	2,735,808	3,277,733
Excess of revenues over expenditures	781,723	86,969
Fund balance at beginning of year	9,110,530	9,023,561
Fund balance at end of year	\$ 9,892,253	\$ 9,110,530

See notes to financial statements.

City of Glendale
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2015
Actual for 2014

Project Code	Project Name	2015		Variance Positive (Negative)	2014 Actual
		LACMTA Budget	Actual		
110-31	Glendale Transit Services	\$ 4,000,000	\$ 2,476,000	\$ 1,524,000	\$ 1,721,314
170-37	Bus and Shelter Maintenance	200,000	115,698	84,302	135,055
180-01	Fareboxes for Beeline Buses	166,000	-	166,000	-
200-32	Beeline Bus Purchase	2,000,000	-	2,000,000	1,301,986
250-05	MTA Bus Pass Subsidy	100,000	26,197	73,803	27,979
300-34	Beeline Maintenance and Fueling Facility	4,200,000	-	4,200,000	-
410-18	TDM Commuter Reduction	125,000	81,971 *	43,029	40,151
480-02	Assistant to the Board of Director	12,000	-	12,000	11,179
480-47	Direct Administration	200,000	35,942	164,058	40,069
Total expenditures		\$ 11,003,000	\$ 2,735,808	\$ 8,267,192	\$ 3,277,733

* See Compliance Matrix.

See report of independent auditors.

City of Glendale
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
6/30/2010	2010 or Newer Dodge Avenger	\$ 15,846	\$ -	-	\$ 15,846
6/30/2010	2010 or Newer Dodge Avenger	15,846	-	-	15,846
6/30/2010	New Flyer Bus - C35LF (B66)	227,707	-	-	227,707
6/30/2010	New Flyer Bus - C35LF (B67)	227,707	-	-	227,707
6/30/2010	New Flyer Bus - C35LF (B68)	227,707	-	-	227,707
6/30/2010	New Flyer Bus - C35LF (B69)	227,707	-	-	227,707
6/30/2010	New Flyer Bus - C35LF (B70)	227,707	-	-	227,707
6/30/2010	New Flyer Bus - C35LF (B71)	227,707	-	-	227,707
6/30/2010	New Flyer Bus - C35LF (B72)	227,707	-	-	227,707
6/30/2010	New Flyer Bus - C40LF (B73)	79,330	-	-	79,330
6/30/2010	New Flyer Bus - C40LF (B74)	79,330	-	-	79,330
6/30/2013	New Flyer Bus - C40LF(B75)	70,234	-	-	70,234
6/30/2013	New Flyer Bus - C40LF(B75)	70,234	-	-	70,234
6/30/2013	New Flyer Bus - C40LF(B75)	240,346	-	-	240,346
6/30/2013	New Flyer Bus - C40LF(B75)	240,346	-	-	240,346
6/30/2014	New Flyer Bus - C40LF(B79)	130,199	-	-	130,199
6/30/2014	New Flyer Bus - C40LF(B80)	130,199	-	-	130,199
6/30/2014	New Flyer Bus - C40LF(B81)	130,199	-	-	130,199
6/30/2014	New Flyer Bus - C40LF(B82)	130,199	-	-	130,199
6/30/2014	New Flyer Bus - C40LF(B83)	130,199	-	-	130,199
6/30/2014	New Flyer Bus - C40LF(B84)	130,199	-	-	130,199
6/30/2014	New Flyer Bus - C40LF(B85)	130,198	-	-	130,198
6/30/2014	New Flyer Bus - C40LF(B86)	130,198	-	-	130,198
6/30/2014	New Flyer Bus - C40LF(B87)	130,198	-	-	130,198
6/30/2014	New Flyer Bus - C40LF(B88)	130,198	-	-	130,198
Total		\$ 3,707,447	\$ -	-	\$ 3,707,447

See report of independent auditors.

**City of Glendale
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	3,213,127	\$ 3,238,569
Accounts receivable		220,428	256,941
Interest receivable		11,737	16,558
Total assets	\$	<u>3,445,292</u>	<u>\$ 3,512,068</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	190,158	\$ 478,104
Total liabilities		<u>190,158</u>	<u>478,104</u>
Fund balance			
Restricted		3,255,134	3,033,964
Total fund balance		<u>3,255,134</u>	<u>3,033,964</u>
Total liabilities and fund balance	\$	<u>3,445,292</u>	<u>\$ 3,512,068</u>

See notes to financial statements.

City of Glendale
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2015	2014
Revenues		
Proposition C	\$ 2,850,142	\$ 2,735,018
Investment income	31,911	37,791
Unrealized gain on investments	3,724	29,478
Project generated revenue	52,130	37,260
Total revenues	2,937,907	2,839,547
Expenditures		
Various projects	2,716,737	3,244,679
Total expenditures	2,716,737	3,244,679
Excess (deficiency) of revenues over expenditures	221,170	(405,132)
Fund balance at beginning of year	3,033,964	3,439,096
Fund balance at end of year	\$ 3,255,134	\$ 3,033,964

See notes to financial statements.

City of Glendale
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2015
Actual for 2014

Project Code	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-31	Glendale Transit Services	\$ 2,500,000	\$ 1,446,432	\$ 1,053,568	\$ 2,000,000
130-07	Dial-A-Ride	850,000	687,303	162,697	690,575
140-11	Recreational Transit	5,000	-	5,000	1,450
160-44	Install Bus Shelters, Benches and Signs	180,000	-	180,000	-
270-49	Orangeline High Speed Maglev Project	30,000	30,984	(984)	26,214
270-50	Local and Regional Transportation Planning	225,000	238,892 *	(13,892)	173,672
300-34	Beeline Maintenance and Fueling Facility	2,710,000	-	2,710,000	-
310-16	GTC Maintenance	275,000	257,321	17,679	276,847
440-39	Street Improvements	264,000	2,997	261,003	-
480-47	Direct Administration	200,000	52,808	147,192	75,921
Total expenditures		\$ 7,239,000	\$ 2,716,737	\$ 4,522,263	\$ 3,244,679

* See Compliance Matrix.

See report of independent auditors.

**City of Glendale
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2015**

Date Acquired	Description	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
6/30/2001	New Flyer Bus - C35LF (B44)	\$ 31,745	\$ -	-	\$ 31,745
6/30/2001	New Flyer Bus - C35LF (B45)	31,745	-	-	31,745
6/30/2001	New Flyer Bus - C35LF (B46)	31,745	-	-	31,745
6/30/2001	New Flyer Bus - C35LF (B47)	31,745	-	-	31,745
6/30/2001	New Flyer Bus - C35LF (B48)	31,745	-	-	31,745
6/30/2001	New Flyer Bus - C35LF (B49)	31,745	-	-	31,745
6/30/2001	New Flyer Bus - C35LF (B50)	31,745	-	-	31,745
6/30/2001	New Flyer Bus - C35LF (B51)	31,745	-	-	31,745
6/30/2001	New Flyer Bus - C35LF (B51)	104,745	-	-	104,745
6/30/2001	New Flyer Bus - C35LF (B53)	104,745	-	-	104,745
6/30/2001	New Flyer Bus - C35LF (B54)	104,745	-	-	104,745
6/30/2001	New Flyer Bus - C35LF (B55)	104,745	-	-	104,745
6/30/2001	New Flyer Bus - C35LF (B56)	104,745	-	-	104,745
6/30/2001	New Flyer Bus - C35LF (B57)	104,745	-	-	104,745
6/30/2003	Bus Maint/Nat Gas Fac	657,469	-	-	657,469
6/30/2003	Smart Bus	113,392	-	-	113,392
6/30/2006	Bus Shelter/Bench	9,353	-	-	9,353
6/30/2006	Pad Installation	1,612	-	-	1,612
6/30/2006	2005 New Flyer C40LF- B58	81,702	-	-	81,702
6/30/2006	2005 New Flyer C40LF - B58	378,711	-	-	378,711
6/30/2008	Chevy/El Dorado National (D081)	4,925	-	-	4,925
6/30/2008	Chevy/El Dorado National (D082)	4,925	-	-	4,925
6/30/2008	Chevy/El Dorado National (D083)	4,925	-	-	4,925
6/30/2008	Chevy/El Dorado National (D084)	4,925	-	-	4,925
6/30/2008	Ford /Starcraft (D085)	6,423	-	-	6,423
6/30/2008	Ford /Starcraft (D086)	6,423	-	-	6,423
6/30/2009	Digital Recorders for the New Buses	112,694	-	-	112,694
Total		\$ 2,269,909	\$ -	-	\$ 2,269,909

See report of independent auditors.

**City of Glendale
Measure R Local Return Fund
Balance Sheets**

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	6,809,162	\$ 4,860,690
Interest receivable		14,539	13,915
Total assets	\$	6,823,701	\$ 4,874,605
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	6,377	\$ -
Total liabilities		6,377	-
Fund balance			
Restricted		6,817,324	4,874,605
Total fund balance		6,817,324	4,874,605
Total liabilities and fund balance	\$	6,823,701	\$ 4,874,605

See notes to financial statements.

City of Glendale
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2015	2014
Revenues		
Measure R	\$ 2,131,063	\$ 2,034,518
Interest income	50,403	32,278
Unrealized gain on investments	6,033	13,784
Total revenues	2,187,499	2,080,580
Expenditures		
Various projects	244,780	312,563
Total expenditures	244,780	312,563
Excess of revenues over expenditures	1,942,719	1,768,017
Fund balance at beginning of year	4,874,605	3,106,588
Fund balance at end of year	\$ 6,817,324	\$ 4,874,605

See notes to financial statements.

City of Glendale
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2015
Actual for 2014

Project Code	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
05-001	Bus Purchase	\$ 1,915,000	\$ 189,650	\$ 1,725,350	\$ 306,000
05-002	Transit Maintenance Facility	4,993,000	36,690	4,956,310	6,563
07-001	Update Transportation Model	330,000	18,440	311,560	-
	Total expenditures	\$ 7,238,000	\$ 244,780	\$ 6,993,220	\$ 312,563

See report of independent auditors.

City of Glendale
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
6/30/2014	New Flyer Bus - C40LFR (B79)	\$ 30,600	\$ -	\$ -	\$ 30,600
6/30/2014	New Flyer Bus - C40LFR (B80)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B81)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B82)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B83)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B84)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B85)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B86)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B87)	30,600	-	-	30,600
6/30/2014	New Flyer Bus - C40LFR (B88)	30,600	-	-	30,600
3/17/2015	New Flyer Bus - C40LFR	-	189,650	-	189,650
Total		\$ 306,000	\$ 189,650	\$ -	\$ 495,650

See report of independent auditors.

City of Glendale
Transportation Development Act Article 3 Fund
Balance Sheets
Pursuant to Public Utilities Code Section 99234

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	2,305	\$ 190,182
Interest receivable		216	605
Total assets	\$	2,521	\$ 190,787
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	-	\$ -
Total liabilities		-	-
Fund balance			
Restricted		2,521	190,787
Total fund balance		2,521	190,787
Total liabilities and fund balance	\$	2,521	\$ 190,787

See notes to financial statements.

City of Glendale
 Transportation Development Act Article 3 Fund
 Statements of Revenues, Expenditures and Changes in Fund Balance
 Pursuant to Public Utilities Code Section 99234

		Years ended June 30	
		2015	2014
Revenues			
Intergovernmental Allocations:			
Article 3	\$	-	\$ 128,944
Interest income		1,369	1,151
Total revenues		1,369	130,095
Expenditures			
Construction/Maintenance		189,635	142,434
Total expenditures		189,635	142,434
Deficiency of revenues over expenditures		(188,266)	(12,339)
Fund balance at beginning of year		190,787	203,126
Fund balance at end of year	\$	2,521	\$ 190,787

See notes to financial statements.

City of Glendale
Transportation Development Act Article 3 Fund
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2015

Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
Citywide Bicycle Lanes Construction	2015	\$ -	\$ 174,789	\$ (174,789)	Ongoing
Capital outlay	2015	-	14,846	(14,846)	Completed
Totals		<u>\$ -</u>	<u>\$ 189,635</u>	<u>(189,635)</u>	
Unexpended interest accumulated to date				1,369	
Fund balance at beginning of year				<u>190,787</u>	
Fund balance at end of year				<u>\$ 2,521</u>	*

* See Compliance Matrix.

See report of independent auditors.

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.

TDAA3F is pooled with other City monies in the Special Revenue Fund. The Special Revenue Fund accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting

PALRF, PCLRF, MRLRF and the 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.

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.

Unrealized Gain (Loss) on Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, local governments are required to use fair value (instead of amortized costs) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss) on investments.

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 do not purport to, and do not, present fairly the City's financial position as of June 30, 2015 and 2014, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded to other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

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. See accompanying Compliance Matrix.

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

The Measure R Ordinance specifies that LR funds are to be used for transportation purposes.

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. See accompanying Compliance Matrix.

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 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 quarterly balances to the total of the pooled cash and investments.

Please refer to the City's Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

NOTE 7 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015 and 2014 consisted of the following:

PALRF:

	2015	2014
Access Services	\$ 53,992	\$ 20,406
City of La Cañada Flintridge	37,970	39,747
LACMTA	91,716	64,355
MV Transportation	34,611	50,653
Others	-	9,505
	\$ 218,289	\$ 184,666

PCLRF:

	2015	2014
LACMTA	\$ 117,159	\$ 75,548
LA County Department of Public Works	22,202	27,720
City of La Cañada Flintridge	25,381	51,559
Access Services	31,541	23,955
MV Transportation	20,219	59,463
Southland Transit	3,926	7,540
Others	-	11,156
	\$ 220,428	\$ 256,941

NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE GRANTS

In FY 2015 and FY 2014, the City received Proposition A Discretionary Incentive Grants totaling to \$562,389 and \$534,680 respectively, which were recorded under the Transit Utility Fund of the City as permitted by LACMTA. These grants were for the cities participation in the Voluntary National Transit Database (NTD) reporting program and for the Glendale Paratransit Program with the City of La Cañada Flintridge and the County of Los Angeles.

NOTE 9 PROJECT GENERATED REVENUE – PALRF

Project generated revenue under PALRF for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Metro pass sales	\$ 23,852	\$ 26,138
Miscellaneous	90	503
	\$ 23,942	\$ 26,641

NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2015 and 2014 consisted of the following:

		<u>2015</u>		<u>2014</u>
FY 2011/12 reserve	\$	-	\$	100,119
FY 2012/13 reserve		-		28,825
	\$	<u>-</u>	\$	<u>128,944</u>

There was no drawdown of TDA Article 3 funds in FY2014/15.

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 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, 2015 and 2014, the City has funds on reserve as follows:

		<u>2015</u>		<u>2014</u>
FY 2012/13 reserve	\$	119,092	\$	119,092
FY 2013/14 reserve		156,908		156,908
FY 2014/15 allocation		127,780		-
Available reserve balance	\$	<u>403,780</u>	\$	<u>276,000</u>

For FY 2013/14, any TDA Article 3 funds left on reserve for FY 2009/10 or prior, are subject to lapse if not claimed by the City by June 30, 2015. There were no funds that lapsed in FY 2014/15.

NOTE 12 SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 23, 2016, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure or adjustments to the financial statements.

**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 Honorable Members of the City Council of the
City of Glendale, California and the
Los Angeles County Metropolitan Transportation Authority**

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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Glendale, California (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audits of the Funds' 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 Funds' 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 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 audits 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 City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund financial statements 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 audits, 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 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.

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

Los Angeles, California
March 23, 2016

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Glendale, California (the 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 Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for the City's compliance with the Guidelines.

Auditors' 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 the 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. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the 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 with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

Opinion

In our opinion, the City of Glendale, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2015.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the requirements, which are described in the accompanying Compliance Matrix. Our opinion is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Compliance Matrix. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the City 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 the City's 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 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 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, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Compliance Matrix as Finding #2015-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Compliance Matrix. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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 "Vaguez & Company LLP".

Los Angeles, California
March 23, 2016

**City of Glendale
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	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 approved before being incurred.	X		None	
3. Expenditures did not exceed 25% of LACMTA's approved budget.	X		None	
4. Administrative expenses are within the 20% cap.	X		None	
5. All on-going and carryover projects were reported in Form B.	X		None	
6. Annual Project Summary Report (Form B) was submitted on time.	X		None	
7. Annual Expenditure Report (Form C) was submitted on time.	X		None	
8. Cash or cash equivalents are maintained.	X		None	
9. Accounting procedures, record keeping and documentation are adequate.		X	PALRF - \$81,971 PCLRF - \$238,892	<p><i>Finding #2015-001</i></p> <p>The salaries and benefits charges to the following Proposition A and Proposition C projects were not supported by timesheets or similar time and effort documentation to demonstrate that the salaries charged were eligible under the Local Return Guidelines.</p> <p>a. PALRF Project code 410-18, TDM Commuter Reduction - \$81,971;</p> <p>b. PCLRF Project code 270-50, Local and Regional Transportation Planning - \$238,892</p> <p>Under the Audit Section of the Local Return (LR) Guidelines, Jurisdictions are responsible to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed under these Guidelines.</p>

**City of Glendale
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
A. Proposition A and Proposition C Local Return Funds (Continued)				
9. Accounting procedures, record keeping and documentation are adequate. (Continued)				<p>Insufficient supporting documentation (activity reports, timesheets, and/or time study) to substantiate the charges to the LR projects could result in disallowed costs claimed under the LR funds.</p> <p>We recommend for the City to develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LR projects. The record of hours worked must: i) identify the LR project, ii) be authenticated by the employee and approved by his/her immediate supervisor, and iii) tie to hours reported in the payroll records.</p> <p><i>Management Response</i></p> <p>The City agrees with the finding as presented. In the middle of Fiscal Year 2014-15, the City organization went through a mini reorganization. As part of this reorganization, the Transportation Planning and Transit Operations were moved from the Public Works Department to the Community Development Department and merged with Mobility Planning, which resulted in several new staff members who were unfamiliar with the local return funds. Since then, staff has learned of the local return funds and its reporting requirements. To this end, the City (Community Development Department) will implement a new policy and procedure for the use of Local Return Funds for salaries and benefits that clearly establishes responsibilities and oversight for compliance.</p>

**City of Glendale
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
B. Measure R Local Return Fund				
1. Funds were expended for transportation purposes.	X		None	
2. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a funding shortfall.	X		None	
3. Signed Assurances and Understandings on file.	X		None	
4. Separate Measure R Local Return Account was established.	X		None	
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X		None	
6. Funds were expended with LACMTA's approval.	X		None	
7. Expenditure Plan (Form One) was submitted on time.	X		None	
8. Expenditure Report (Form Two) was submitted on time.	X		None	
9. Timely use of funds.	X		None	
10. Administrative expenses are within the 20% cap.	X		None	
11. Fund exchanges were approved by LACMTA.				Not applicable.
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.				Not applicable.
13. Recreational transit form was submitted on time.				Not applicable.

**City of Glendale
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	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	\$2,521	<p><i>Finding #2015-002</i></p> <p>The City has unexpended/unencumbered TDA Article 3 funds of \$2,521 as of June 30, 2015. Under TDA Article 3 and LACMTA Guidelines, funds drawdown, including interest earned therein, should be expended during the fiscal year the funds were released. This is a recurring finding from prior year.</p> <p>We recommend that the City return the unexpended/unencumbered funds to LACMTA consistent with the TDA Article 3 Guidelines.</p> <p>On March 22, 2016, the LACMTA Program Manager approved the City's request to keep the unexpended fund balance. The City will use the unexpended fund balance of \$2,105 on eligible TDA 3 projects by June 30, 2016.</p> <p><i>Management Response</i></p> <p>The City (Community Development Department) requested and was granted a waiver from LACMTA for the return of the unexpended/unencumbered funds of \$2,521 as of June 30, 2015. The remaining funds of \$2,521 will be utilized in TDA3 eligible projects by June 30, 2016.</p>
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None	

EXIT CONFERENCE

An exit conference was held on March 23, 2016 with City of Glendale representatives. Those in attendance were:

Vasquez and Company LLP representatives:

Roger Martinez – Partner
Marialyn Salvador – Audit Manager

City of Glendale representatives:

Alwin De Leon – Accounting Supervisor
Kathryn Engel – Transit Manager
Fred Zohrehvand – Senior Planner, TDA3 Funds
Cassandra Pruett – Senior Administrative Officer

Matters discussed:

Results of the audit disclosed issues of noncompliance with the Guidelines.

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

Shu-Jun Li – Accounting Manager
Alwin De Leon – Accounting Supervisor
Kathryn Engel – Transit Manager
Fred Zohrehvand – Senior Planner, TDA3 Funds



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801 South Grand Avenue, Suite 400 • Los Angeles, California 90017-4646 • Ph. (213) 873-1700 • Fax (213) 873-1777