

***CITY OF PASADENA
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, 2017 AND 2016***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF PASADENA
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Pasadena, 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 Pasadena, California (City) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Pasadena, California, as of June 30, 2017 and 2016, and the respective changes in their 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 PALRF, PCLRF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Pasadena, California, as of June 30, 2017 and 2016, 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 Pasadena, 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 30, 2017

CITY OF PASADENA

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 4,298,201	\$ 3,992,454
Accounts receivable	312,811	265,369
Interest receivable	<u>15,615</u>	<u>12,472</u>
Total assets	<u>\$ 4,626,627</u>	<u>\$ 4,270,295</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 273,456	\$ 220,829
Accrued salaries	<u>10,130</u>	<u>9,609</u>
Total liabilities	<u>283,586</u>	<u>230,438</u>
Fund Balance		
Restricted-capital reserve projects (Note 9)	1,654,925	1,635,589
Restricted-general and light rail related projects (Note 10)	113,666	453,638
Restricted-others	<u>2,574,450</u>	<u>1,950,630</u>
Total fund balance	<u>4,343,041</u>	<u>4,039,857</u>
Total liabilities and fund balance	<u>\$ 4,626,627</u>	<u>\$ 4,270,295</u>

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

CITY OF PASADENA

PROPOSITION A LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition A	\$ 2,582,183	\$ 2,542,901
Investment income	19,392	52,016
Proposition A Discretionary Incentive Grant (Note 8)	356,939	395,346
Miscellaneous revenues	896	5,138
Project generated revenues (Note 7)	<u>269,438</u>	<u>240,172</u>
Total revenues	<u>3,228,848</u>	<u>3,235,573</u>
EXPENDITURES		
Various projects	<u>2,925,664</u>	<u>2,737,140</u>
Total expenditures	<u>2,925,664</u>	<u>2,737,140</u>
Excess of revenues over expenditures	303,184	498,433
Fund balance at beginning of year	<u>4,039,857</u>	<u>3,541,424</u>
Fund balance at end of year	<u>\$ 4,343,041</u>	<u>\$ 4,039,857</u>

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

CITY OF PASADENA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017		Variance Favorable (Unfavorable)	2016 Actual
		Metro Budget	Actual		
130-03	Dial-A-Ride	\$ 1,450,210	\$ 1,747,695 a	\$ (297,485)	\$ 1,598,482
140-02	Recreation transit	43,000	38,202	4,798	42,894
140-08	Senior transit project	3,500	-	3,500	-
160-02	Bus shelters & benches	50,000	1,097	48,903	-
180-02	Vehicles and misc. equipment	450,000	(1,125)	451,125	225,066
200-02	Dial-A-Ride vehicle purchase	3,804,882	248,712	3,556,170	248,712
200-03	Electric vehicle transit ridership incentive prog (EVTRIP)	717,782	-	717,782	-
250-09	Homeless transit subsidy	7,950	-	7,950	-
250-17	Senior/disables bus pass buydown	24,000	57,890 b	(33,890)	66,640
250-18	Youth summer program transit subsidy	2,000	-	2,000	-
270-05	Transit services- Prop A	111,993	128,052	(16,059)	130,859
270-13	Transportation planning organizations	35,000	23,954	11,046	27,740
300-01	CNG fueling facilities for transit buses	340,000	340,000	-	-
310-14	Gold line light rail station enhancements	1,850,000	-	1,850,000	-
380-01	Metro Gold line enhancements	3,900,000	-	3,900,000	-
380-23	South Access pedestrian corridor to SMV Light rail station	609,558	-	609,558	-
410-04	Transportation demand management	144,164	94,610	49,554	136,601
480-01	Prop A administration	286,325	246,577	39,748	260,146
	Total expenditures	\$ 13,830,364	\$ 2,925,664	\$ 10,904,700	\$ 2,737,140

The actual variance after considering other funding sources is calculated as follows:

130-03 a)	LACMTA Budget		\$ 1,450,210
	Total expenditures	\$ 1,747,695	
	Less: Project generated revenues (Note 7)	(224,122)	
	Less: Proposition A Discretionary Incentive Grant: (Note 8)	(223,358)	
	PALRF expenditures		1,300,215
	Actual Variance Positive (Negative)		\$ 149,995
250-17 b)	LACMTA Budget		\$ 24,000
	Total expenditures	\$ 57,890	
	Less: Project generated revenues (Note 7)	(45,316)	
	PALRF expenditures		12,574
	Actual Variance Positive (Negative)		\$ 11,426

See accompanying independent auditor's report.

CITY OF PASADENA

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

Date Acquired	Description	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
06/18/91	Bookcase	\$ 478	\$ -	\$ -	\$ 478
03/17/93	Communications Radio	500	-	-	500
05/17/93	Desk	728	-	-	728
06/02/97	Dell Optiplex GMXT 5166 Computers	9,474	-	-	9,474
05/25/99	HP DesignJet 36" Wide Plotter	3,367	-	-	3,367
07/28/00	Dell Dimension 4100 Computer	1,342	-	-	1,342
04/16/01	Sony VPL-CX10 Projector	1,046	-	-	1,046
06/29/09	2009 Starcraft Allstar	57,570	-	-	57,570
06/29/09	2009 Starcraft Allstar	57,570	-	-	57,570
06/29/09	2009 Starcraft Allstar	57,570	-	-	57,570
06/29/09	2009 Starcraft Allstar	57,570	-	-	57,570
06/29/09	2009 Starcraft Allstar	57,570	-	-	57,570
06/29/09	2009 Starcraft Allstar	57,570	-	-	57,570
10/24/11	2012 Starcraft Allstar 25	118,939	-	-	118,939
05/16/12	2012 Starcraft Allstar 25	118,869	-	-	118,869
05/16/12	2012 Starcraft Allstar 25	118,869	-	-	118,869
05/16/12	2012 Starcraft Allstar 25	118,869	-	-	118,869
05/16/12	2012 Starcraft Allstar 25	118,869	-	-	118,869
05/16/12	2012 Starcraft Allstar 25	118,869	-	-	118,869
09/01/12	2012 El Dorado E-Z Rider II Max	2,485,290	248,712	-	2,734,002
02/12/14	2014 El Dorado E-Z Rider II Max	101,144	-	-	101,144
02/12/14	2014 El Dorado E-Z Rider II Max	101,144	-	-	101,144
02/12/14	2014 El Dorado E-Z Rider II Max	101,143	-	-	101,143
02/12/14	2014 El Dorado E-Z Rider II Max	101,143	-	-	101,143
02/12/14	2014 El Dorado E-Z Rider II Max	101,143	-	-	101,143
02/12/14	2014 El Dorado E-Z Rider II Max	101,143	-	-	101,143
02/12/14	2014 El Dorado E-Z Rider II Max	101,143	-	-	101,143
	Total	<u>\$ 4,268,932</u>	<u>\$ 248,712</u>	<u>\$ -</u>	<u>\$ 4,517,644</u>

See accompanying independent auditor's report.

CITY OF PASADENA

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 8,153,366	\$ 7,578,572
Accounts receivable	1,564	5,000
Due from LACMTA	755,460	782,143
Interest receivable	<u>32,017</u>	<u>25,145</u>
Total assets	<u>\$ 8,942,407</u>	<u>\$ 8,390,860</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 593,205	\$ 498,254
Accrued salaries	<u>3,511</u>	<u>3,496</u>
Total liabilities	<u>596,716</u>	<u>501,750</u>
Deferred inflows of resources		
Unavailable revenues	<u>238,357</u>	<u>320,554</u>
Fund Balance		
Restricted- capital reserve projects (Note 9)	1,119,962	1,113,790
Restricted- general and light rail related projects (Note 10)	1,195,940	-
Restricted-others	<u>5,791,432</u>	<u>6,454,766</u>
Total fund balance	<u>8,107,334</u>	<u>7,568,556</u>
Total liabilities and fund balance	<u>\$ 8,942,407</u>	<u>\$ 8,390,860</u>

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

CITY OF PASADENA

PROPOSITION C LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition C	\$ 2,144,653	\$ 2,110,849
Investment income	43,565	100,352
Proposition A Discretionary Incentive Grant (Note 8)	223,358	221,267
Proposition A Growth Over Inflation Funds (Note 8)	464,354	422,855
Federal Transit Administration (FTA) Grant	325,673	200,113
Project generated revenues (Note 7)	1,246,765	1,229,154
Miscellaneous revenues	<u>3,076</u>	<u>4,176</u>
Total revenues	<u>4,451,444</u>	<u>4,288,766</u>
EXPENDITURES		
Various projects	<u>5,847,271</u>	<u>5,250,830</u>
Total expenditures	<u>5,847,271</u>	<u>5,250,830</u>
Deficiency of revenues over expenditures	(1,395,827)	(962,064)
Other financing sources		
Transfers in from general fund	378,994	378,994
Transfers in from traffic reduction fund	700,000	700,000
Transfers in from MRLRF	773,415	773,415
Deferrred inflow of resources	<u>82,196</u>	<u>-</u>
Total other financing sources	<u>1,934,605</u>	<u>1,852,409</u>
Excess of revenues over expenditures and other financing sources	538,778	890,345
Fund balance at beginning of year	<u>7,568,556</u>	<u>6,678,211</u>
Fund balance at end of year	<u>\$ 8,107,334</u>	<u>\$ 7,568,556</u>

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

CITY OF PASADENA

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017

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

Project Code	Project Name	2017			2016 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-01	Arts community circulator	\$ 1,176,459	\$ 4,764,445	\$ (3,587,986) a	\$ 4,706,502
140-02	Recreation transit	15,000	14,790	210	7,938
180-02	Alternative fuel bus purchase	321,655	-	321,655	75,917
180-03	Fixed route & demand response vehicles and misc equipment	2,000,000	700,318	1,299,682	-
200-02	Arts bus purchase	500,000	-	500,000	-
250-01	College pass subsidy program	25,000	-	25,000	-
270-13	Transportation planning organizations	15,000	-	15,000	-
310-14	Gold line light rail station enhancements #75021	166,500	-	166,500	-
380-01	Metro gold line enhancements	666,347	-	666,347	-
380-20	Gold line pedestrian enhancements	190,000	-	190,000	-
480-02	Prop C administration	471,405	358,145	113,260	439,440
	SCAG- Other funding sources	-	9,573	(9,573)	21,033
		<u>\$ 5,547,366</u>	<u>\$ 5,847,271</u>	<u>\$ (299,905)</u>	<u>\$ 5,250,830</u>

The actual variance after considering other funding sources is calculated as follows:

110-01	a) LACMTA Budget		\$ 1,176,459
	Total expenditures	\$ 4,764,445	
	Less: Project Generated Revenues (Note 7)	(1,246,765)	
	Less: Proposition A Discretionary Incentive Grant (Note 8)	(223,358)	
	Less: Proposition A GOI Grant (Note 8)	(464,354)	
	Less: Federal Transit Administration Grant	(325,673)	
	Less: Deferred inflow of resources	(238,357)	
	Less: Transfers in from Traffic Reduction Fund	(700,000)	
	Less: Transfer in from Transit Fund PCLRF expenditures	(378,994)	
	Adjusted total expenditures		<u>1,186,944</u>
	Actual Variance Positive (Negative)		<u>\$ (10,485)</u>

See accompanying independent auditor's report.

CITY OF PASADENA

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

Date Acquired	Description	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
09/13/06	2007 El Dorado CNG Buses 2007	\$ 309,684	\$ -	\$ -	\$ 309,684
09/13/06	El Dorado CNG Bus 2007	309,684	-	-	309,684
06/07/11	Computer software Adobe Illustrator	599	-	-	599
06/01/11	Computer/monitor	1,218	-	-	1,218
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
09/01/12	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
04/13/17	2016 Paratransit Minivan	-	4,639	-	4,639
04/13/17	2016 Paratransit Minivan	-	4,638	-	4,638
06/30/17	2017 El Dorado EZ Rider II/BRT	-	171,671	-	171,671
06/30/17	2017 El Dorado EZ Rider II/BRT	-	171,671	-	171,671
06/30/17	2017 El Dorado EZ Rider II/BRT	-	171,671	-	171,671
06/30/17	2017 El Dorado EZ Rider II/BRT	-	171,670	-	171,670
	Total	\$ 1,047,725	\$ 695,960	\$ -	\$ 1,743,685

See accompanying independent auditor's report.

CITY OF PASADENA
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 1,764,068	\$ 1,399,206
Interest receivable	4,345	2,878
Total assets	<u>\$ 1,768,413</u>	<u>\$ 1,402,084</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>850,265</u>	\$ <u>-</u>
Total liabilities	<u>850,265</u>	<u>-</u>
 Fund Balance		
Restricted	<u>918,148</u>	<u>1,402,084</u>
Total fund balance	<u>918,148</u>	<u>1,402,084</u>
Total liabilities and fund balance	<u>\$ 1,768,413</u>	<u>\$ 1,402,084</u>

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

CITY OF PASADENA

MEASURE R LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Measure R	\$ 1,606,778	\$ 1,582,909
Investment income	<u>10,130</u>	<u>14,263</u>
Total revenues	<u>1,616,908</u>	<u>1,597,172</u>
EXPENDITURES		
Various projects	<u>850,265</u>	<u>18,128</u>
Total expenditures	<u>850,265</u>	<u>18,128</u>
Excess of revenues over expenditures	<u>766,643</u>	<u>1,579,044</u>
Other financing uses		
Transfer out to capital projects fund	(477,164)	(143,263)
Transfer out to PCLRF	<u>(773,415)</u>	<u>(773,415)</u>
	(1,250,579)	(916,678)
(Deficiency) excess of revenues over expenditures and other financing uses	(483,936)	662,366
Fund balance at beginning of year	<u>1,402,084</u>	<u>739,718</u>
Fund balance at end of year	<u>\$ 918,148</u>	<u>\$ 1,402,084</u>

The accompanying notes are an integral part of the financial statements

CITY OF PASADENA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017		Variance Favorable (Unfavorable)	2016 Actual
		Metro Budget	Actual		
3.25	Pasadena bike share program	\$ 600,000	\$ 850,265	\$ (250,265)	\$ 18,128
	Total Expenditures	<u>600,000</u>	<u>850,265</u>	<u>(250,265)</u>	<u>18,128</u>
	Operating Transfers out to Capital Project Fund				
1.30	Cordova street road diet	457,500	-	457,500	-
1.30	Union street cycle track	189,000	8,880	180,120	-
2.03	Intelligent transportation system (ITS) improvements	124,000	-	124,000	70,000
2.05	Mobility corridors- rose bowl	200,000	90,586	109,414	-
3.16	Bicycle selection systems	230,886	230,886	-	-
3.20	Pedestrian crossing enhancement	169,237	5,048	164,189	73,263
3.20	Safety enhancements at Lincoln/Forest and Lincoln/Mountain	75,000	141,764	(66,764)	-
3.90	Pasadena bicycle program	56,810	-	56,810	-
		<u>1,502,433</u>	<u>477,164</u>	<u>1,025,269</u>	<u>143,263</u>
	Operating Transfer out to PCLRF				
4.05	Pasadena area rapid transit system (ARTS)	773,415	773,415	-	773,415
	Total Expenditures and Other Financing Uses	<u>\$ 2,875,848</u>	<u>\$ 2,100,844</u>	<u>\$ 775,004</u>	<u>\$ 934,806</u>

See accompanying independent auditor's report.

CITY OF PASADENA

MEASURE R LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF PASADENA

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

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ -	\$ -
Interest receivable	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to MTA - TDA Article 3 Reserve Account	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
 Fund Balance		
Reserved	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
 Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF PASADENA

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
TDA 3 (Note 11)	\$ 180,000	\$ 6,041
Total revenues	<u>180,000</u>	<u>6,041</u>
EXPENDITURES		
Construction	<u>180,000</u>	<u>2,461</u>
Total expenditures	<u>180,000</u>	<u>2,461</u>
Excess of revenues over expenditures	-	3,580
Fund balance at beginning of year	<u>-</u>	<u>(3,580)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

CITY OF PASADENA

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2017

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Pasadena bicycle program	2016-17	\$ <u>180,000</u>	\$ <u>180,000</u>	\$ -	On-going
Total		\$ <u><u>180,000</u></u>	\$ <u><u>180,000</u></u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				\$ <u><u>-</u></u>	

See accompanying independent auditor's report.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016

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 PASADENA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(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 2017 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, 2017:

- 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 is 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.

Reclassification

Certain fiscal year 2016 expenditures have been reclassified on the Proposition A and Proposition C Balance sheets to conform with the 2017 financial statement presentation. The reclassification had no effect on the total fund balance at June 30, 2016.

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 PASADENA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(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. 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 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 quarterly balances to the total of the pooled cash and investments.

NOTE 7 PROJECT GENERATED REVENUES

Project generated revenues for the years ended June 30, 2017 and 2016 consisted of the following:

PALRF:	2017	2016
Senior/disabled bus passes	\$ 45,316	\$ 49,995
Fare transit program	178,743	136,950
Farebox revenue	45,379	53,227
Total	<u>\$ 269,438</u>	<u>\$ 240,172</u>

PCLRF:	2017	2016
Transit shelter program	\$ 359,100	\$ 363,600
Farebox revenue	787,665	765,554
Other private contribution	100,000	100,000
Total	<u>\$ 1,246,765</u>	<u>\$ 1,229,154</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(Continued)

NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE GRANTS

Proposition A Discretionary Incentive Grants for the years ended June 30, 2017 and 2016 consisted of the following:

	2017	2016
Sub-regional paratransit services	\$ 356,939	\$ 395,346
Voluntary NTD reporting	223,358	221,267
Total	\$ 580,297	\$ 616,613

The **Proposition A Discretionary Incentive Grant** amounting to \$356,939 and \$395,346 for the years ended June 30, 2017 and 2016, respectively, represent incentive funds received from LACMTA for extended services provided by the Dial-A-ride program in the Pasadena area. The revenue was recorded under PALRF.

The **Proposition A Discretionary Incentive Grant** amounting to \$223,358 and \$221,267 for the years ended June 30, 2017 and 2016, respectively, represent additional funds received from LACMTA for participating in the Voluntary NTD Program for the fiscal years 2013/2014 and 2011/2012, respectively. The revenue was recorded under PCLRF where the corresponding project expenditures were recorded.

The **Proposition A Growth Over Inflation Grant** amounting to \$464,354 and \$422,855 for the years ended June 30, 2017 and 2016, respectively, represent additional funds received from LACMTA to expand and improve fixed route transit services provided in the Pasadena area. The revenue was recorded in the PCLRF where the corresponding expenditures were recorded.

NOTE 9- CAPITAL RESERVE

In August 2004, LACMTA and the City entered into an agreement to establish a capital reserve account (Account) of \$4,566,347 for the Metro Gold Line Enhancements (Project). The Account will be funded with the Proposition A Local Return Funds of \$3,900,000 and Proposition C Local Return funds of \$666,347. All interest and investment earnings shall be accrued and placed in the Account for exclusive use of the Project.

With the exception granted by LACMTA in writing to extend the terms, unexpended funds will be automatically lapsed in three (3) years. On July 1, 2007, LACMTA and the City amended the agreement to extend the term of the reserve agreement for an additional three (3) years to September 2, 2010. In June 2011, LACMTA and the City amended the agreement to further extend the term of the Account to June 30, 2016.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(Continued)

NOTE 9- CAPITAL RESERVE (continued)

For the years ended June 30, 2017 and 2016, the following is the capital project balance appropriated from Capital reserve account:

	PALRF	PCLRF
Capital reserve at 6/30/15	\$ 1,617,778	\$ 1,108,349
Allocations and earnings during the year	17,811	5,441
Capital reserve at 6/30/16	1,635,589	1,113,790
Allocations and earnings during the year	19,336	6,172
Capital reserve at 6/30/17	\$ 1,654,925	\$ 1,119,962

The capital reserve agreements between the City and LACMTA was due to expire on June 30, 2017. During fiscal year 2017, the light rail project was delayed and all funds were not expended. As such, on November 16, 2017, the City requested to re-purpose the funds restricted under the agreement to be used for other approved Proposition A and C Local Return Projects. The program manager approved this request on November 20, 2017, so the remaining capital reserve at June 30, 2017 will be re-allocated for use on approved local return projects during fiscal year 2018.

NOTE 10- LIGHT RAIL RELATED PROJECTS

The City council has elected to restrict a portion of the ending fund balance within both the PALRF and the PCLRF to fund Light-Rail related projects, which are various general and future capital projects for the Metro Gold line.

For the years ended June 30, 2017 and 2016, the following is the restricted fund balance appropriated for light rail related projects:

	PALRF	PCLRF
Light rail related project balance at 6/30/15	\$ 88,704	\$ -
Appropriation during the year	590,000	75,917
Capital expenditures during the year	(225,066)	(75,917)
Light rail related project balance at 6/30/16	453,638	-
Appropriations during the year	-	1,973,645
Capital expenditures during the year	(339,972)	(777,705)
Light rail related project balance at 6/30/17	\$ 113,666	\$ 1,195,940

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(Continued)

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE

ALLOCATION

The revenue allocations for the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
FY 2012/13 allocation	\$ 8,028	\$ 6,041
FY 2013/14 allocation	113,456	-
FY 2014/15 allocation	<u>58,516</u>	<u>-</u>
Total allocation	<u>\$ 180,000</u>	<u>\$ 6,041</u>

NOTE 12 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, 2017, and 2016, the City has funds on reserve as follows:

	<u>2017</u>	<u>2016</u>
FY 2012/13 allocation	\$ -	\$ 8,028
FY 2013/14 allocation	-	113,456
FY 2014/15 allocation	33,880	92,396
FY 2015/16 allocation	89,755	89,755
FY 2016/17 allocation	<u>93,751</u>	<u>-</u>
Total reserves	<u>\$ 217,386</u>	<u>\$ 303,635</u>

NOTE 13 SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 30, 2017, 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.



SIMPSON & SIMPSON
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 Pasadena, 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 Pasadena, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2017.

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 a 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 30, 2017

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report on Compliance

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

Report on Compliance

We have audited the compliance of the City of Pasadena, 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, 2017.

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 and the transportation development act article 3 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 Pasadena compiled, 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 Fund (TDAA3F) for the year ended June 30, 2017.



Report on Internal Control over Compliance

Management of the City of Pasadena 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.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 30, 2017

**CITY OF PASADENA
COMPLIANCE MATRIX
Year Ended June 30, 2017**

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) was 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 PASADENA
COMPLIANCE MATRIX
Year Ended June 30, 2017
(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			
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 account.	X		None	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

**CITY OF PASADENA
COMPLIANCE MATRIX
Year Ended June 30, 2017
(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 PASADENA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2017

No finding were noted.

EXIT CONFERENCE

CITY OF PASADENA

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

June 30, 2017

An exit conference was held on December 13, 2017, with the City of Pasadena. Those in attendance were:

Simpson & Simpson Representative:

Joseph Simpson- Audit Manager

Muhammad Riaz- Staff Auditor

City's Representative:

Valerie Gibson, Transit Manger

Phillip Tong, Transportation Management Analysis

Vicky Ly, Senior 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:

Valerie Gibson, Transit Manger

Phillip Tong, Transportation Management Analysis

Vicky Ly, Senior Accountant

Simpson & Simpson, LLP
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF PASADENA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund for the years ended June 30, 2017 and 2016 for the City of Pasadena and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date