

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

***FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017***

***AND MEASURE M LOCAL RETURN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF BURBANK
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FINANCIAL SECTION



SIMPSON & SIMPSON

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Burbank, California (the City) as of and for the years ended June 30, 2018 and 2017, and Measure M Local Return Fund (MMLRF) (the Fund) of the Burbank, California (the City) as of and for the year ended June 30, 2018, 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 Burbank, California, as of June 30, 2018 and 2017, and MMLRF of the City of Burbank, California, as of June 30, 2018, 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, MMLRF and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Burbank, California, as of June 30, 2018 and 2017, and the changes in its financial position 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 audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. The accompanying supplementary information as listed in the table of contents is presented for 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 Funds' financial statements. Such 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 Funds' financial statements or to the Funds' 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' financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 25, 2018, on our consideration of the City's internal control over the Funds' 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 the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' 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 the Funds' financial reporting and compliance.

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

Los Angeles, California
November 25, 2018

CITY OF BURBANK
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2018	2017
ASSETS		
Cash and investments	\$ 2,138,345	\$ 2,178,922
Interest receivable	9,605	8,025
Accounts receivable	5,759	494
Due from Metro	87,454	-
Total assets	\$ 2,241,163	\$ 2,187,441
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 31,258	\$ 39,160
Total liabilities	31,258	39,160
 Fund Balance		
Restricted	2,209,905	2,148,281
Total fund balance	2,209,905	2,148,281
Total liabilities and fund balance	\$ 2,241,163	\$ 2,187,441

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

CITY OF BURBANK
PROPOSITION A LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2018	2017
REVENUES		
Proposition A	\$ 1,960,645	\$ 1,935,753
Proposition A Discretionary Incentive Grant	90,140	90,981
Proposition A Growth Over Inflation Grant	87,454	89,794
Investment income	6,651	1,384
Project generated revenue (Note 10)	82,809	76,200
Miscellaneous revenue (Note 8)	30,921	8,775
Total revenues	2,258,620	2,202,887
EXPENDITURES		
Various projects	2,019,402	1,956,273
Total expenditures	2,019,402	1,956,273
Excess of revenues over expenditures	239,218	246,614
OTHER FINANCING USES		
Operating transfer out to PCLRF	(177,594)	(180,775)
Excess of revenues over expenditures and other financing uses	61,624	65,839
Fund balance at beginning of year	2,148,281	2,082,442
Fund balance at end of year	\$ 2,209,905	\$ 2,148,281

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

CITY OF BURBANK
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
120-03	Burbank Transportation Service	\$ 1,600,671	\$ 1,545,318	\$ 55,353	\$ 1,516,086
150-06	Bus Stop Improvements	1	-	1	-
180-03	Bus Replacement 2017	66,000	36,906	29,094	-
310-07	RITC Operations and Maintenance	350,000	275,410	74,590	273,161
380-01	Vehicle Equipment Replacement Fund	40,562	40,562	-	43,533
480-01	Planning & Administration	135,672	121,206	14,466	123,493
480-02	Direct Administration	1	-	1	-
	Total expenditures	\$ <u>2,192,907</u>	\$ <u>2,019,402</u>	\$ <u>173,505</u>	\$ <u>1,956,273</u>

The accompanying independent auditor's report.

CITY OF BURBANK
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Jan-92	Land 101-201 N. Front St.	\$ 2,475,000	\$ -	\$ -	\$ 2,475,000
Feb-96	Land - Burbank Branch Row	428,000	-	-	428,000
Nov-96	Concrete Bus Benches	42,326	-	7,469	34,857
Jun-97	RITC Station	6,724,780	-	-	6,724,780
Jun-97	Land 217-233 Front Street	1,193,489	-	-	1,193,489
Jun-97	Land 123-211 Front Street	2,233,543	-	-	2,233,543
May-08	Paratransit Vans (7)	386,309	-	165,552	220,757
Apr-16	Senior & Disabled Buses (2)	140,228	-	-	140,228
	Total	\$ <u>13,623,675</u>	\$ <u>-</u>	\$ <u>173,021</u>	\$ <u>13,450,654</u>

The accompanying independent auditor's report.

CITY OF BURBANK
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2018	2017
ASSETS		
Cash and investments	\$ 2,854,263	\$ 2,925,397
Accounts receivable	17,118	24,686
Interest receivable	12,193	11,015
Total assets	\$ 2,883,574	\$ 2,961,098
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 215,441	\$ 106,426
Total liabilities	215,441	106,426
 Fund Balance		
Restricted	2,668,133	2,854,672
Total fund balance	2,668,133	2,854,672
Total liabilities and fund balance	\$ 2,883,574	\$ 2,961,098

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

CITY OF BURBANK
PROPOSITION C LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	<u>2018</u>	<u>2017</u>
REVENUES		
Proposition C	\$ 1,626,316	\$ 1,605,558
Investment income	8,313	4,686
Project generated revenue (Note 10)	125,712	140,474
Miscellaneous revenue (Note 8)	1,836	2,042
Total revenues	<u>1,762,177</u>	<u>1,752,760</u>
 EXPENDITURES		
Various projects	<u>2,126,310</u>	<u>1,602,143</u>
Total expenditures	<u>2,126,310</u>	<u>1,602,143</u>
 (Deficiency) excess of revenues (under) over expenditures	 (364,133)	 150,617
 OTHER FINANCING SOURCES		
Operating transfer in from PALRF	<u>177,594</u>	<u>180,775</u>
 (Deficiency) excess of revenues and other financing sources (under) over expenditures	 (186,539)	 331,392
 Fund balance at beginning of year	 <u>2,854,672</u>	 <u>2,523,280</u>
 Fund balance at end of year	 <u>\$ 2,668,133</u>	 <u>\$ 2,854,672</u>

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

CITY OF BURBANK
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-02	Metrolink Shuttles	\$ 1,622,177	\$ 1,575,795	\$ 46,382	\$ 1,084,955
270-02	SFV Transportation Zone Financial Analysis	57,500	48,679	8,821	46,919
280-01	Transit Marketing	400	284	116	341
310-08	Transit Centers Program	97,500	76,821	20,679	79,165
380-01	Vehicle Equipment Replacement Fund	91,031	91,031	-	91,031
480-02	Direct Administration	40	33	7	55
480-07	Transportation Admin - Prop C	332,464	333,667	(1,203)	299,677
	Total expenditures	\$ <u>2,201,112</u>	\$ <u>2,126,310</u>	\$ <u>74,802</u>	\$ <u>1,602,143</u>

The accompanying independent auditor's report.

CITY OF BURBANK
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Jan-97	Electric Bus Storage Facility	\$ 22,480	\$ -	\$ -	\$ 22,480
Jan-04	CNG Fuel Buses	871,829	-	-	871,829
Feb-07	CNG Fuel Buses (5)	1,675,243	-	-	1,675,243
Aug-09	CNG Fuel Buses (5)	147,137	-	-	147,137
Oct-12	Hydrogen Hybrid Fuel Cell Transit Bus	155,458	-	-	155,458
May-17	CNG Fuel Buses (5)	-	2,168,268	-	2,168,268
	Total \$	<u>2,872,147</u>	<u>\$ 2,168,268</u>	<u>\$ -</u>	<u>\$ 5,040,415</u>

The accompanying independent auditor's report.

CITY OF BURBANK
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2018	2017
ASSETS		
Cash and investments	\$ 4,620,511	\$ 3,537,969
Accounts receivable	119,699	-
Interest receivable	20,133	12,550
Total assets	\$ 4,760,343	\$ 3,550,519
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,059,073	\$ 22,004
Total liabilities	1,059,073	22,004
 Fund Balance		
Restricted	3,701,270	3,528,515
Total fund balance	3,701,270	3,528,515
Total liabilities and fund balance	\$ 4,760,343	\$ 3,550,519

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

CITY OF BURBANK
MEASURE R LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2018	2017
REVENUES		
Measure R	\$ 1,218,084	\$ 1,204,533
Service charges (Note 9)	338,374	113,372
Investment income	1,206	-
Miscellaneous income (Note 8)	2,763	2,079
Total revenues	1,560,427	1,319,984
 EXPENDITURES		
Various projects	1,461,379	606,299
Total expenditures	1,461,379	606,299
 Excess of revenues over expenditures	99,048	713,685
 OTHER FINANCING SOURCES		
Intra City contra account (Note 12)	73,707	-
 Excess of revenue over expenditures and other financing sources	172,755	-
 Fund balance at beginning of year	3,528,515	2,814,830
 Fund balance at end of year	\$ 3,701,270	\$ 3,528,515

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

CITY OF BURBANK
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Rehabilitation and Design and Pothole Design	\$ 1,000,000	\$ 1,192,384	\$ (192,384)	\$ 49,859
4.20	Operating Subsidy to Existing Bus	465,000	256,967	208,033	556,440
5.15	Transit Facilities - Metrolink North Burbank	53,000	6,028	46,972	-
7.90	Other Planning	200,000	6,000	194,000	-
7.20	TDM related	350,000	-	350,000	-
	Total expenditures	\$ <u>2,068,000</u>	\$ <u>1,461,379</u>	\$ <u>606,621</u>	\$ <u>606,299</u>

The accompanying independent auditor's report.

CITY OF BURBANK
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying independent auditor's report.

CITY OF BURBANK
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

		2018
ASSETS		
Cash and investments	\$	1,087,071
Interest receivable		3,987
Total assets	\$	1,091,058
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$	-
Total liabilities		-
 Fund Balance		
Restricted		1,091,058
Total fund balance		1,091,058
Total liabilities and fund balance	\$	1,091,058

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

CITY OF BURBANK
MEASURE M LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

		2018
REVENUES		
Measure M	\$	1,103,862
Investment loss		(12,838)
Miscellaneous revenue		34
Total revenues		1,091,058
 EXPENDITURES		
Various projects		-
Total expenditures		-
 Excess of revenues over expenditures		 1,091,058
 Fund balance at beginning of year		 -
 Fund balance at end of year	 \$	 1,091,058

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

CITY OF BURBANK
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018

Project Code	Project Name	2018		Variance Favorable (Unfavorable)
		Metro Budget	Actual	
None		\$ -	\$ -	\$ -
	Total expenditures	\$ -	\$ -	\$ -

The accompanying independent auditor's report.

CITY OF BURBANK
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

The accompanying independent auditor's report.

CITY OF BURBANK
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)
BALANCE SHEETS
June 30

	2018	2017
ASSETS		
Cash and investments	\$ 96,282	\$ 186,322
Total assets	\$ 96,282	\$ 186,322
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Reserved	96,282	186,322
Total fund balance	96,282	186,322
Total liabilities and fund balance	\$ 96,282	\$ 186,322

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

CITY OF BURBANK
MEASURE R LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2018	2017
REVENUES		
TDA 3	\$ 212,141	\$ 90,040
Total revenues	212,141	90,040
 EXPENDITURES		
Various projects	302,181	-
Total expenditures	302,181	-
 (Deficiency) excess of revenues (under) over expenditures	(90,040)	90,040
 Fund balance at beginning of year	186,322	96,282
 Fund balance at end of year	\$ 96,282	\$ 186,322

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

CITY OF BURBANK
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2018

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>(Over- expended) Allocations</u>	<u>Project Status</u>
Local allocations					
N. San Fernando Safety Project Cycle 5-Safety Improvements on San Fernando Boulevard	2018	\$ 212,141	\$ 302,181	\$ (90,040)	Completed
Total		<u>\$ 212,141</u>	<u>\$ 302,181</u>	<u>(90,040)</u>	
Unexpended interest accumulated to date				-	
Fund balance at beginning of year				<u>186,322</u>	
Fund balance at end of year				<u>\$ 96,282</u>	a)

- a) The remaining fund balance of \$96,282 are all encumbered as follows:
- 1) Project 19056, San Fernando Bikeway = \$77,419
 - Requisition #38630, Professional Services Agreement with Kimley-Horn
 - 2) Project 22377, Bike & Pedestrian Improvements = \$18,863
 - Requisition #49614, Professional Services Agreement with Transportation & Energy Solutions.

The accompanying independent auditor's report.

CITY OF BURBANK
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017

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), Measure M Local Return Fund (MMLRF) 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.

MMLRF is derived from 17% 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, MMLRF and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

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

Budgets and Budgetary Accounting

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

CITY OF BURBANK
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

In accordance with Government Accounting Standards Board (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 2018 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurement.

Fund Balance Reporting

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, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2018:

- 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 uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).

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

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

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

CITY OF BURBANK
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(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. See accompanying Compliance Matrix.

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 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Capital Improvement Plan Ordinance, known as Measure M. In accordance with Measure M Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. The first revenue allocation was received in the current period. See accompanying Compliance Matrix.

NOTE 6 – 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. See accompanying Compliance Matrix.

NOTE 7 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F's 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 8 – MISCELLANEOUS REVENUE

During the year ended June 30, 2018 and 2017 the City's PALRF earned miscellaneous revenues of \$30,921 and \$8,775, respectively. Miscellaneous revenues consist of revenues earned from "supplemental transportation services provided within the City" and revenue from the litigation settlement with Lehman Brothers.

CITY OF BURBANK
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 8 – MISCELLANEOUS REVENUE (continued)

During the year ended June 30, 2018 and 2017 the City’s PCLRF earned miscellaneous revenues of \$1,836 and \$2,042, respectively. Miscellaneous revenues consist of revenue from the litigation settlement with Lehman Brothers.

During the year ended June 30, 2018 and 2017 the City’s MRLRF earned miscellaneous revenues of \$2,763 and \$2,079, respectively. Miscellaneous revenues consist of revenue from the litigation settlement with Lehman Brothers.

During the year ended June 30, 2018 the City’s MMLRF earned miscellaneous revenues of \$34. Miscellaneous revenues consist of revenue from the litigation settlement with Lehman Brothers.

NOTE 9 – MEASURE R SERVICE CHARGES

During the fiscal year 2017, the City obtained approval from LACMTA to use Measure R funds to supplement structural budget deficient in the PALRF. The funds were used to support the existing bus operations. Because the City’s existing bus service is impacted by LACMTA/Caltrans Interstate 5/Empire Interchange Project, Metro is reimbursing the City for traffic mitigation measures with Measure R funds. The City earned \$338,374 and \$113,372 during the fiscal years ended June 30, 2018 and June 30, 2017, respectively.

NOTE 10 – PROJECT GENERATED REVENUE

Project generated revenue for the years ended June 30, 2018 and 2017 consisted of the following:

PALRF:	<u>2018</u>	<u>2017</u>
Transportation Fare	\$ 20,379	\$ 13,652
Senior Passes	4,898	6,148
Transportation Service Fee	<u>57,532</u>	<u>56,400</u>
Total	<u>\$ 82,809</u>	<u>\$ 76,200</u>
PCLRF:	<u>2018</u>	<u>2017</u>
EZ Pass receipts	\$ -	\$ 132,492
Service charges	119,237	-
Vending Revenue	<u>6,475</u>	<u>7,982</u>
Total	<u>\$ 125,712</u>	<u>\$ 140,474</u>

CITY OF BURBANK
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 11 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS AND PROPOSITION A GROWTH OVER INFLATION GRANT

The Proposition A Discretionary Incentive Grant amounting to \$90,140 and \$92,645 for the years ended June 30, 2018 and 2017, respectively, represent additional funds received from LACMTA for participating in the Voluntary NTD Program. The Proposition A Discretionary Incentive Grant was recorded in the PALRF and a transfer out was made to the PCLRF where the corresponding expenditures were recorded.

The Proposition A Growth Over Inflation Grant amounting to \$87,454 and \$89,794 for the years ended June 30, 2018 and 2017, respectively, represent additional funds received from LACMTA to expand and improve fixed route transit services provided in the Burbank area. The revenue was recorded in the PALRF and a transfer out was made to the PCLRF where the corresponding expenditures were recorded.

NOTE 12 – INTRA CITY CONTRA ACCOUNT

The Intra City Contra Account is the City’s supplemental cost allocation plan which Burbank Water and Power (BWP) pays for its share of wear and tear on the City’s streets and reimburses the funds that pay for street maintenance. Because Measure R Local Return funded street improvements under the Street Rehab and Design, and Pothole Repair Project (1.001, 1.05) in FY 2017-2018, BWP reimbursed the fund for BWP’s share of those costs.

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
FY 2013-14 allocation	\$ 72,207	\$ 77,179
FY 2014-15 allocation	69,279	12,861
FY 2015-16 allocation	67,247	-
FY 2016-17 allocation	<u>3,408</u>	<u>-</u>
Total payment requested	<u>\$ 212,141</u>	<u>\$ 90,040</u>

CITY OF BURBANK
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 14 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not 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 Metro. As of June 30, 2018, and 2017, the City has funds on reserve as follows:

	2018	2017
FY 2013-14 allocation	\$ -	\$ 72,207
FY 2014-15 allocation	-	69,279
FY 2015-16 allocation	-	67,247
FY 2016-17 allocation	66,877	70,285
FY 2017-18 allocation	68,448	-
Available reserve balance	\$ 135,325	\$ 279,018

NOTE 15 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2018 through November 25, 2018, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying 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 Burbank, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Burbank, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit 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 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Los Angeles, California
November 25, 2018

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 Burbank, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Burbank, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M 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 (collectively, the Guidelines) for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for the City's compliance with the 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 Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M 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 on Each Local Return Program and Transportation Development Act Article 3

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guideline for the year ended June 30, 2018.





Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 2018-001. Our opinion on each local return program and Transportation Development Act Articles 3 program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. 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.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines 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 Guidelines 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 25, 2018

CITY OF BURBANK
COMPLIANCE MATRIX
Year Ended June 30, 2018

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	X			None	
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	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 are maintained.	X			None	
10.	Accounting procedures, record keeping, and documentation are adequate.		X		\$8,074	See Finding #2018-001 on the Schedule of Findings and Recommendations
11.	Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.			X	None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	
14.	Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.			X	None	

CITY OF BURBANK
COMPLIANCE MATRIX
Year Ended June 30, 2018
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes	X			None	
2.	Fund 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 Metro'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 expenditures are within the 20% cap.	X			None	
11.	Fund exchanges were approved by Metro.	X			None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.	X			None	
13.	Recreational transit form was submitted on time.			X	None	

CITY OF BURBANK
COMPLIANCE MATRIX
Year Ended June 30, 2018
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.			X		There were no expenditures in FY 2017/18
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.			X		There were no expenditures in FY 2017/18
3.	Signed Assurances and Understandings on file.	X				
4.	Separate Measure M Local Return Account was established.	X				
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account			X		There were no expenditures in FY 2017/18
6.	Funds were expended with Metro's approval.			X		There were no expenditures in FY 2017/18
7.	Expenditure Plan (Form One) was submitted on time.	X				
8.	Expenditure Report (Form Two) was submitted on time.	X				
9.	Timely use of funds			X		
10.	Administrative expenses are within the 20% cap.			X		
11.	Fund exchanges were approved by Metro.			X		
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13.	Recreational transit form was submitted timely.			X		

CITY OF BURBANK
COMPLIANCE MATRIX
 Year Ended June 30, 2018
 (Continued)

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

CITY OF BURBANK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2018

PALRF: Finding No. 2018-001

<p>Compliance Requirement</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance and Section V, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation.</p> <p>In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.”</p> <p>Also, “(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: (b) A Federal award and non-Federal award.</p>
<p>Condition</p>	<p>During the fiscal year ended June 30, 2018, S&S noted that the timesheets of five (5) employees were not properly endorsed. During the pay period ended December 30, 2017, we noted that one (1) timesheet was not signed by the employee’s supervisor to support the hours charged to the local return projects. Additionally, we noted four (4) timesheets that were not signed by the employee to certify the percentage of time worked on the local return projects.</p>

CITY OF BURBANK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2018

PALRF: Finding No. 2018-001 (Continued)

Cause	The City’s internal control procedures to ensure that the salaries charged to approved Proposition A Local Return projects were properly endorsed by both the employee and the appropriate supervisor did not operate effectively during the period tested.
Effect	The City did not comply with LACMTA Guidelines. The payroll costs claimed under the Proposition A Local Return Funds projects may include expenditures which may not be an allowable Proposition A project, resulting in questioned cost of \$8,074.
Recommendation	We recommend the City establish controls to ensure that the payroll costs charged to the Local Return Funds are adequately supported by time sheets which includes employees’ working hours and to ensure that the timesheets are signed by employees and supervisors to verify the accuracy of the hours charged. In addition, we recommend the City implement a monitoring and review process to ensure proper reporting of salaries charged to approved Proposition A Local Return Projects.
Management’s Response	<p>All noted timesheets reported actual hours worked by employees whose time are 100% dedicated towards bus service operations (Prop A Project 03-120). Supervision over the selected pay period’s (12/17/17—12/30/17) timesheets was typical due to the holidays and limited staffing—timesheets from the other selected pay period (5/6/18 – 5/19/18) were entirely in compliance.</p> <p>We have amended procedures to strengthen internal controls and require additional approvals throughout the year. In addition to the Transportation Operations Supervisor’s and Transportation Operations Manager’s review and approval of each signed timesheet, administrative management staff will regularly inspect timesheets to ensure compliance. All staff will be advised of timesheet procedures and requirements to guarantee that the audit finding will not be repeated.</p> <p>Additionally, for the exceptions, we retroactively performed supervisory review and approval of the one unapproved timesheet and had the four timesheets signed by the employees.</p>

CITY OF BURBANK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2018

PALRF: Finding No. 2018-001 (Continued)

Finding Corrected During the Audit	The City has already amended City's procedures to strengthen internal controls during the fiscal year 2018 to operate effectively in all period tested except for the instance noted. As such, no follow-up is necessary on this matter.
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EXIT CONFERENCE

CITY OF BURBANK
PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, MEASURE M
LOCAL RETURN FUNDS AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2018

An exit conference was held on November 26, 2018, with the City of Burbank. Those in attendance were:

Simpson & Simpson Representative:

Debra M. Hughes, Auditor

City's Representative:

Beverly Wong, Senior Administrative Analyst

Matters Discussed:

Results of the audit disclosed one (1) non-compliance issue with Metro Guidelines.

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

Beverly Wong, Senior Administrative Analyst

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

RE: CITY OF BURBANK ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund for the years ended June 30, 2018 and 2017 for the City of Burbank and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date