

***CITY OF GLENDALE
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 GLENDALE
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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 Glendale, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (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 Glendale, 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 City of Glendale, 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 Glendale, California, as of June 30, 2018 and 2017, and MMLRF of the City of Glendale, 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 Glendale, 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 December 13, 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
December 13, 2018

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

	2018	2017
ASSETS		
Cash and investments	\$ 11,210,970	\$ 10,522,776
Accounts receivable	67,087	32,288
Due from other agencies (Note 8)	567,636	346,956
Interest receivable	35,114	27,291
Total assets	\$ 11,880,807	\$ 10,929,311
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 732,685	\$ 490,360
Due to other agencies	223	373
Accrued wages	24,074	17,400
Total liabilities	756,982	508,133
 Deferred Inflows of Resources		
Unavailable revenues	153,902	-
 Fund Balance		
Restricted	10,969,923	10,421,178
Total fund balance	10,969,923	10,421,178
Total liabilities, deferred inflows of resources and fund balance	\$ 11,880,807	\$ 10,929,311

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

CITY OF GLENDALE
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	\$ 3,761,767	\$ 3,634,545
Interest income	155,338	113,416
Project generated revenue (Note 10)	19,025	18,408
Unrealized loss on investments	(114,357)	(73,743)
Total revenues	3,821,773	3,692,626
 EXPENDITURES		
Various projects	3,273,028	3,163,701
Total expenditures	3,273,028	3,163,701
 Excess of revenues over expenditures	548,745	528,925
 Fund balance at beginning of year	10,421,178	9,892,253
 Fund balance at end of year	\$ 10,969,923	\$ 10,421,178

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

CITY OF GLENDALE
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)	
110-31	Glendale Transit Services	\$ 4,500,000	\$ 3,000,000	\$ 1,500,000	\$ 3,000,000
170-37	Bus and Shelter Maintenance	200,000	113,496	86,504	47,200
180-01	Fareboxes for Beeline Buses	445,000	-	445,000	-
250-05	MTA Bus Pass Subsidy	100,000	14,510	85,490	23,408
300-34	Beeline Maintenance & Fueling Facility	3,376,000	11,320	3,364,680	-
410-18	TDM Commuter Reduction	124,000	116,866	7,134	80,004
480-02	Assistant to The Board Director	12,000	-	12,000	-
480-47	Direct Administration	150,000	16,836	133,164	13,089
	Total expenditures	\$ 8,907,000	\$ 3,273,028	\$ 5,633,972	\$ 3,163,701

See accompanying independent auditor's report.

CITY OF GLENDALE
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
6/30/2010	2010 OR NEWER DODGE AVENGER	\$ 15,846	\$ -	\$ -	\$ 15,846
6/30/2010	2010 OR NEWER DODGE AVENGER	15,846	-	-	15,846
6/30/2010	NEW FLYER Bus - C35LF (B66)	227,707	-	(12) *	227,695
6/30/2010	NEW FLYER Bus - C35LF (B67)	227,707	-	(12) *	227,695
6/30/2010	NEW FLYER Bus - C35LF (B68)	227,707	-	(12) *	227,695
6/30/2010	NEW FLYER Bus - C35LF (B69)	227,707	-	(12) *	227,695
6/30/2010	NEW FLYER Bus - C35LF (B70)	227,707	-	(12) *	227,695
6/30/2010	NEW FLYER Bus - C35LF (B71)	227,707	-	(12) *	227,695
6/30/2010	NEW FLYER Bus - C35LF (B72)	227,707	-	(12) *	227,695
6/30/2010	NEW FLYER Bus - C40LF (B73)	79,330	-	(10) *	79,320
6/30/2010	NEW FLYER Bus - C40LF (B74)	79,330	-	(10) *	79,320
6/30/2013	NEW FLYER Bus - C40LF (B75)	70,234	13,713	-	83,947
6/30/2013	NEW FLYER Bus - C40LF (B76)	70,234	13,713	-	83,947
6/30/2013	NEW FLYER Bus - C40LF (B77)	240,346	34,409	-	274,755
6/30/2013	NEW FLYER Bus - C40LF (B78)	240,346	34,409	-	274,755
6/30/2014	NEW FLYER Bus - C40LFR (B79)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B80)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B81)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B82)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B83)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B84)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B85)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B86)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B87)	130,199	4,535	-	134,734
6/30/2014	NEW FLYER Bus - C40LFR (B88)	130,198	4,535	-	134,733
6/30/2018	Beeline Fareboxes	-	11,320	-	11,320
Total \$		<u>3,707,450</u>	<u>\$ 152,914</u>	<u>\$ (104)</u>	<u>\$ 3,860,260</u>

*The adjustments were made to match the amounts of capital assets per the Schedule of Capital Assets to the amounts of capital assets per the City's records.

See accompanying independent auditor's report.

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

	2018	2017
ASSETS		
Cash and investments	\$ 5,670,825	\$ 5,427,611
Accounts receivable	34,885	61,683
Due from other agencies (Note 8)	592,369	90,850
Interest receivable	31,398	20,638
Total assets	\$ 6,329,477	\$ 5,600,782
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 501,494	\$ 256,976
Accrued wages	24,330	22,932
Total liabilities	525,824	279,908
 Deferred inflows of resources		
Unavailable revenues	84,824	-
 Fund Balance		
Restricted	5,718,829	5,320,874
Total fund balance	5,718,829	5,320,874
Total liabilities, deferred inflows of resources and fund balance	\$ 6,329,477	\$ 5,600,782

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

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

	2018	2017
REVENUES		
Proposition C	\$ 3,113,595	\$ 3,021,293
Interest income	113,396	74,826
Project generated revenue (Note 10)	20,836	24,606
Unrealized loss on investments	(102,340)	(46,959)
Total revenues	3,145,487	3,073,766
 EXPENDITURES		
Various projects	2,747,532	2,362,694
Total expenditures	2,747,532	2,362,694
 Excess of revenues over expenditures	397,955	711,072
 Fund balance at beginning of year	5,320,874	4,609,802
 Fund balance at end of year	\$ 5,718,829	\$ 5,320,874

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

CITY OF GLENDALE
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)	
110-31	Glendale Transit Services	\$ 2,000,000	\$ 1,406,365	\$ 593,635	\$ 872,273
130-07	Dial-A-Ride	1,000,000	708,556	291,444	700,906
140-11	Recreational Transit	5,000	-	5,000	-
160-44	Install Bus Shelters, Benches and Signs	135,000	-	135,000	-
270-49	Orangeline High Speed Maglev Project	36,000	-	36,000	35,632
270-50	Local & Regional Transportation Planning	450,000	301,773	148,227	140,521
300-35	Glendale Transportation Center Refurbishment	308,540	-	308,540	98,960
310-16	GTC Maintenance	300,000	246,378	53,622	248,158
440-39	Street Improvements	225,000	65,102	159,898	250,000
480-47	Direct Administration	150,000	19,358	130,642	16,244
	Total expenditures	\$ <u>4,609,540</u>	\$ <u>2,747,532</u>	\$ <u>1,862,008</u>	\$ <u>2,362,694</u>

See accompanying independent auditor's report.

CITY OF GLENDALE
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
6/30/2003	Smart Bus	\$ 113,392	\$ -	\$ -	\$ 113,392
6/30/2006	Bus Shelter/Bench	9,353	-	-	9,353
6/30/2006	Pad Installation	1,612	-	-	1,612
6/30/2006	2005 NEW FLYER C40LF (B58)	81,702	-	(14) *	81,688
6/30/2006	2005 NEW FLYER C40LF (B59)	378,711	-	-	378,711
6/30/2008	Chevy/El Dorado National (D081)	4,925	-	-	4,925
6/30/2008	Chevy/El Dorado National (D082)	4,925	-	-	4,925
6/30/2008	Chevy/El Dorado National (D083)	4,925	-	-	4,925
6/30/2008	Chevy/El Dorado National (D084)	4,925	-	-	4,925
6/30/2008	Ford /Starcraft (D085)	6,423	-	-	6,423
6/30/2008	Ford /Starcraft (D086)	6,423	-	-	6,423
6/30/2009	Digital Recorders for the New Buses	112,694	-	-	112,694
6/30/2018	Bus Stop Improvements Per ADA Standards	-	65,102	-	65,102
6/30/2003	Bus Maint/Nat Gas Fac	657,469	-	-	657,469
6/30/2017	Green Streets Dem Project	250,000	-	-	250,000
6/30/2016	Refurbishment of Glendale Transportation Center	94,600	-	-	94,600
6/30/2017	Refurbishment of Glendale Transportation Center	99,364	-	-	99,364
	Total	\$ 1,831,443	\$ 65,102	\$ (14)	\$ 1,896,531

*The adjustment was made to match the amount of capital assets per the Schedule of Capital Assets to the amount of capital assets per the City's records.

See accompanying independent auditor's report.

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

	2018	2017
ASSETS		
Cash and investments	\$ 11,603,964	\$ 9,718,383
Interest receivable	47,255	30,157
Total assets	\$ 11,651,219	\$ 9,748,540
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 127,449	\$ 18,715
Accrued wages	1,234	445
Total liabilities	128,683	19,160
 Fund Balance		
Restricted	11,522,536	9,729,380
Total fund balance	11,522,536	9,729,380
Total liabilities and fund balance	\$ 11,651,219	\$ 9,748,540

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

CITY OF GLENDALE
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	\$ 2,337,061	\$ 2,261,436
Interest income	186,652	111,510
Unrealized loss on investments	(154,047)	(76,518)
Total revenues	2,369,666	2,296,428
 EXPENDITURES		
Various projects	576,510	361,544
Total expenditures	576,510	361,544
 Excess of revenues over expenditures	1,793,156	1,934,884
 Fund balance at beginning of year	9,729,380	7,794,496
 Fund balance at end of year	\$ 11,522,536	\$ 9,729,380

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

CITY OF GLENDALE
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)	
5.10	Bus Purchase	\$ 400,000	\$ -	\$ 400,000	\$ 229,461
5.10	Dia-A-Ride Vehicle Replacement Local Match	200,000	100,721	99,279	3,120
5.15	Transit Maintenance Facility	9,025,650	449,845	8,575,805	54,376
7.10	MM Subregional Outreach Effort (Glendale Portion)	31,500	-	31,500	-
7.90	Update Transportation Model	300,000	25,944	274,056	74,587
	Total expenditures	\$ 9,957,150	\$ 576,510	\$ 9,380,640	\$ 361,544

See accompanying independent auditor's report.

CITY OF GLENDALE
MEASURE R 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
6/30/2014	NEW FLYER Bus - C40LFR (B79)	\$ 49,565	\$ -	\$ (17,866)	\$ 31,699
6/30/2014	NEW FLYER Bus - C40LFR (B80)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B81)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B82)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B83)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B84)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B85)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B86)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B87)	49,565	-	(17,866)	31,699
6/30/2014	NEW FLYER Bus - C40LFR (B88)	49,565	-	(17,866)	31,699
6/30/2016	NEW FLYER Bus - XN40 (B89)	135,262	7 *	-	135,269
6/30/2016	NEW FLYER Bus - XN40 (B90)	135,262	7 *	-	135,269
6/30/2016	NEW FLYER Bus - XN40 (B91)	135,262	7 *	-	135,269
6/30/2016	NEW FLYER Bus - XN40 (B92)	135,262	7 *	-	135,269
6/30/2016	NEW FLYER Bus - XN40 (B93)	135,262	7 *	-	135,269
6/30/2016	NEW FLYER Bus - XN40 (B94)	135,262	7 *	-	135,269
6/30/2016	NEW FLYER Bus - XN40 (B95)	179,329	3 *	-	179,332
6/30/2016	NEW FLYER Bus - XN40 (B96)	179,329	3 *	-	179,332
6/30/2016	NEW FLYER Bus - XN40 (B97)	179,329	3 *	-	179,332
9/22/2015	SE (Larger Bus) - City Matching Fund	1,246	-	-	1,246
12/15/2015	2007 BRAUN	2,023	-	-	2,023
12/15/2015	2008 BRAUN	1,726	-	-	1,726
12/15/2015	2009 ELDORADO AERO	3,619	-	-	3,619
12/12/2017	2016 DODGE/BRAUN	-	10,163	-	10,163
11/7/2017	2016 DODGE/BRAUN	-	10,378	-	10,378
11/7/2017	2016 DODGE/BRAUN	-	10,378	-	10,378
11/7/2017	2016 DODGE/BRAUN	-	10,378	-	10,378
1/25/2018	2017 Spirit of Mobility	-	29,712	-	29,712
1/25/2018	2017 Spirit of Mobility	-	29,712	-	29,712
6/30/2016	Beeline Maintenance & Operation Facility	122,965	-	-	122,965
6/30/2017	Beeline Maintenance & Operation Facility	54,376	-	-	54,376
6/1/2018	Beeline Maintenance & Operation Facility	-	449,845	-	449,845
Total		\$ 2,031,164	\$ 550,617	\$ (178,660)	\$ 2,403,121

*The adjustments were made to match the amounts of capital assets per the Schedule of Capital Assets to the amounts of capital assets per the City's records.

See accompanying independent auditor's report.

CITY OF GLENDALE
MEASURE M LOCAL RETURN FUND
BALANCE SHEET
June 30

		2018
ASSETS		
Cash and investments	\$	2,104,451
Interest receivable		7,787
Total assets	\$	2,112,238
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$	-
Total liabilities		-
 Fund Balance		
Restricted		2,112,238
Total fund balance		2,112,238
Total liabilities and fund balance	\$	2,112,238

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

CITY OF GLENDALE
MEASURE M LOCAL RETURN FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
For the Fiscal Years Ended June 30

		2018
REVENUES		
Measure M	\$	2,117,912
Interest income		19,822
Unrealized loss on investments		(25,496)
Total revenues		2,112,238
 EXPENDITURES		
Various projects		-
Total expenditures		-
 Excess of revenues over expenditures		 2,112,238
 Fund balance at beginning of year		 -
 Fund balance at end of year	 \$	 2,112,238

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

CITY OF GLENDALE
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	
3.90	Train Station 1st/Last Mile-Phase I	\$ 711,100	\$ -	\$ 711,100
4.90	Transit Route Analysis	200,000	-	200,000
7.90	Circulation Element of the General Plan	200,000	-	200,000
8.10	Fund Admin	200	-	200
	Total expenditures	<u>\$ 1,111,300</u>	<u>\$ -</u>	<u>\$ 1,111,300</u>

See accompanying independent auditor's report.

CITY OF GLENDALE
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	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2018	2017
ASSETS		
Cash and investments	\$ 82,309	\$ 10,959
Interest receivable	45	225
Total assets	\$ 82,354	\$ 11,184
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	82,354	11,184
Total fund balance	82,354	11,184
Total liabilities and fund balance	\$ 82,354	\$ 11,184

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

CITY OF GLENDALE
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2018	2017
REVENUES		
TDA 3	\$ 71,000	\$ 70,000
Interest income	170	692
Total revenues	71,170	70,692
EXPENDITURES		
Annual Sidewalk Program	-	134,598
Total expenditures	-	134,598
Excess (deficiency) of revenues over (under) expenditures	71,170	(63,906)
Fund balance at beginning of year	11,184	75,090
Fund balance at end of year	\$ 82,354	\$ 11,184

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

CITY OF GLENDALE
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>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Annual Sidewalk Program	2017-18	\$ 71,000	\$ -	\$ 71,000	Complete
	Total	<u>\$ 71,000</u>	<u>\$ -</u>	71,000	
Unexpended interest accumulated to date				170	
Fund balance at beginning of year				<u>11,184</u>	
Fund balance at end of year				<u>\$ 82,354</u>	

See accompanying independent auditor's report.

CITY OF GLENDALE
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 revenues, expenditures and change in fund balance for Special Revenue Funds generally presents increases (revenues 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 GLENDALE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

In accordance with Governmental 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 the 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.

Reclassification

Certain reclassifications have been made to fiscal year 2017 amounts in order to conform to the fiscal year 2018 presentation. Such reclassifications had no effect on the previously reported change in fund balance.

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 GLENDALE
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 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 and investments 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.

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

NOTE 8 – DUE FROM OTHER AGENCIES

Due from other agencies as of June 30, 2018 and 2017 consisted of the following:

PALRF:

	2018	2017
Metro	\$ 396,593	\$ 231,404
Access Services	22,896	40,451
LOSSAN Rail Corridor Agency	1,011	-
Metrolink	75,927	-
City of La Canada Flintridge	71,209	75,101
Total payment requested	\$ 567,636	\$ 346,956

PCLRF:

	2018	2017
Metro	\$ 498,032	\$ 58,841
Access Services	10,287	-
LOSSAN Rail Corridor Agency	454	-
Metrolink	34,112	-
City of La Canada Flintridge	49,484	32,009
Total payment requested	\$ 592,369	\$ 90,850

NOTE 9 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS

In FY 2018 and FY 2017, the City received Proposition A Discretionary Incentive Grants totaling to \$266,119 and \$252,806 respectively, which were recorded under the Transit Utility Fund of the City as permitted by Metro. These grants were for the cities participation in the Voluntary National Transit Database (NTD) reporting program and for the Glendale Paratransit Program with the City of La Cañada Flintridge and the County of Los Angeles.

NOTE 10 – PROJECT GENERATED REVENUES - PALRF AND PCLRF

During the year ended June 30, 2018 and 2017 the City’s PALRF earned project generated revenue of \$19,025 and \$18,408, respectively. Project generated revenues consist of revenues received from Metro Pass sales.

During the year ended June 30, 2018 and 2017 the City’s PCLRF earned project generated revenue of \$20,836 and \$24,606, respectively. Project generated revenues consist of revenues generated from the City’s parking garage.

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

NOTE 11 – 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	\$ 71,000	\$ 70,000
Total payment requested	<u>\$ 71,000</u>	<u>\$ 70,000</u>

NOTE 12 – 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:

	<u>2018</u>	<u>2017</u>
FY 2013-14 allocation	\$ -	\$ 71,000
FY 2014-15 allocation	127,780	127,780
FY 2015-16 allocation	124,739	124,739
FY 2016-17 allocation	131,952	131,952
FY 2017-18 allocation	<u>131,312</u>	<u>-</u>
Available reserve balance	<u>\$ 515,783</u>	<u>\$ 455,471</u>

NOTE 13 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2018 through December 13, 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.



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**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 Glendale, 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 Glendale, 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 December 13, 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
December 13, 2018

COMPLIANCE SECTION



SIMPSON & SIMPSON

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Independent Auditor's Report on Compliance

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

Report on Compliance

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



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding No. 2018-001 and Finding No. 2018-002. Our opinion on each local return and Transportation Development Act Article 3 program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 requirement 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
December 13, 2018

CITY OF GLENDALE
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			None	
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	There was no Intelligent Transportation Systems projects in FY 2017/18.
14.	Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2017/18.

CITY OF GLENDALE
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 was 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	See Finding #2018-001 on the Schedule of Findings and Recommendations.
10.	Administrative expenditures are within the 20% cap.			X	None	There were no administrative expenditures in FY 2017/18.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2017/18.
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	There was no recreational transit in FY 2017/18.

CITY OF GLENDALE
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	None	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	None	There were no expenditures in FY 2017/18.
3.	Signed Assurances and Understandings was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.			X	None	There were no expenditures in FY 2017/18.
7.	Expenditure Plan (Form One) was submitted on time.			X	None	Expenditure Plan (Form One) was not required in FY 2017/18.
8.	Expenditure Report (Form Two) was submitted on time.			X	None	Expenditure Report (Form Two) was not required in FY 2017/18.
9.	Timely use of funds	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY 2017/18.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2017/18.
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 timely.			X	None	There was no recreational transit in FY 2017/18.

CITY OF GLENDALE
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	See Finding #2018-002 on the Schedule of Findings and Recommendations.
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

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

MRLRF: Finding No. 2018-001

Finding	Entity
Compliance Requirement	According to Measure R Local Return Guidelines Section III. Timely Use of Funds, funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.
Condition	A portion of the City's fiscal year 2013 ending fund balance in the amount of \$235,994 was not fully expended within 5 years as of June 30, 2018 and it was not reserved for capital projects as required by the Measure R Local Return Guidelines. However, on October 16, 2018, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2019.
Cause	The subject funds are encumbered in a multimillion-dollar construction contract for the Beeline Maintenance Facility. The construction start date was delayed and staff underestimated the contractor's actual expenditure draw before the end of the fiscal year.
Effect	Untimely review of the funding status from the prior year allocation could result in losing the funding.
Recommendation	In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted.
Management's Response	Staff agrees to implement a procedure to monitor the fund balance so that a capital reserve account can be established in a timely manner.
Finding Corrected During the Audit	On October 16, 2018, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2019.

CITY OF GLENDALE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2018
 (Continued)

TDAA3F: Finding No. 2018-002

Compliance Requirement	According to Los Angeles County Metropolitan Transportation Authority’s Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (TDA Article 3 Guidelines), “Agencies may only draw down local return funds if they will be fully spent or encumbered before the end of the fiscal year (June 30) in which they were allocated.”
Condition	<p>During the fiscal year ended June 30, 2017, the City had a remaining fund balance of \$11,354. The City claimed additional \$71,000 from its fiscal year 2013-14 reserves during fiscal year 2017-18, but the City incurred no expenditures.</p> <p>As of June 30, 2018, the current year claim of \$71,000 was fully encumbered. However, the remaining fund balance of \$11,354 at June 30, 2018 was from the fiscal year 2013-14 reserves that were claimed during fiscal year 2015-16. These funds should have been placed back on reserve if not fully expended by June 30, 2018. The City has not encumbered these funds as of June 30, 2018. The questioned amount is subject to lapse. However, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2019.</p>
Cause	The City earmarked these funds to be utilized for pedestrian related projects during the fiscal year 2017-18, but the funds were not utilized during the fiscal year.
Effect	Because these funds were not expended within the required timeline per the TDA Article 3 Guidelines and have not been returned to the LACMTA for re-allocation, the City did not comply with the TDA Article 3 Guidelines.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 reserve balance to ensure that all TDA Article 3 funds are claimed and expended within the required timeline per the TDA Article 3 Guidelines.
Management’s Response	The City’s intention was to encumber \$11,354 for the Pedestrian Portion of the SR134 Freeway Ramps Engineering Study. However, due to the complexity of this project it took us about a year to define scope and hire a consultant for this project. The City will encumber \$11,354 TDA Article 3 funds for pedestrian portion of this project by January 2019 and will use it before May 2019.
Finding Corrected During the Audit	On December 10, 2018, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2019.

EXIT CONFERENCE

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

An exit conference was held on December 12, 2018 with the City of Glendale. Those in attendance were:

Simpson & Simpson Representative:

Tian Bian, Staff Auditor

City's Representative:

Alwin DeLeon, Accounting Supervisor

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and two (2) non-compliance issues 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:

Alwin DeLeon, Accounting Supervisor

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

RE: CITY OF GLENDALE 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 Glendale and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date