

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, 2017 AND 2016



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF GLENDALE
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonllp.com

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF and TDAA3F of the City of Glendale, California, as of June 30, 2017 and 2016, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Glendale, California, as of June 30, 2017 and 2016, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glendale, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 22, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read 'Simpson & Simpson', written in dark ink.

Los Angeles, California
November 22, 2017

CITY OF GLENDALE

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 10,522,776	\$ 10,399,739
Accounts receivable	379,244	243,932
Interest receivable	<u>27,291</u>	<u>20,503</u>
Total assets	<u>\$ 10,929,311</u>	<u>\$ 10,664,174</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 490,360	\$ 771,556
Due to other agencies	373	365
Accrued wages	<u>17,400</u>	<u>-</u>
Total liabilities	<u>508,133</u>	<u>771,921</u>
Fund Balance		
Restricted	<u>10,421,178</u>	<u>9,892,253</u>
Total fund balance	<u>10,421,178</u>	<u>9,892,253</u>
Total liabilities and fund balance	<u>\$ 10,929,311</u>	<u>\$ 10,664,174</u>

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition A	\$ 3,634,545	\$ 3,534,221
Interest income	113,416	91,292
Project generated revenue	18,408	20,342
Unrealized (loss) gain on investments	<u>(73,743)</u>	<u>62,333</u>
Total revenues	<u>3,692,626</u>	<u>3,708,188</u>
EXPENDITURES		
Various projects	<u>3,163,701</u>	<u>3,708,188</u>
Total expenditures	<u>3,163,701</u>	<u>3,708,188</u>
Excess of revenues over expenditures	528,925	-
Fund balance at beginning of year	<u>9,892,253</u>	<u>9,892,253</u>
Fund balance at end of year	<u><u>\$ 10,421,178</u></u>	<u><u>\$ 9,892,253</u></u>

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, 2017

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

Project Code	Project Name	2017			2016 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-31	Glendale transit services	\$ 4,500,000	\$ 3,000,000	\$ 1,500,000	\$ 3,425,393
170-37	Bus and shelter maintenance	200,000	47,200	152,800	127,033
180-01	Farebox for beeline buses	166,000	-	166,000	-
250-05	MTA bus pass subsidy	75,000	23,408	51,592	20,327
300-34	Beeline Maintenance & Fueling Facility	3,251,000	-	3,251,000	-
410-18	Tdm commuter reduction	125,000	80,004	44,996	112,593
480-02	Assistant to the board director	12,000	-	12,000	-
480-47	Direct administration	150,000	13,089	136,911	22,842
	Total expenditures	<u>\$ 8,479,000</u>	<u>\$ 3,163,701</u>	<u>\$ 5,315,299</u>	<u>\$ 3,708,188</u>

See accompanying independent auditor's report.

CITY OF GLENDALE

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

Date Acquired	Description	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
6/30/2010	2010 DODGE AVENGER	\$ 15,846	\$ -	\$ -	\$ 15,846
6/30/2010	2010 DODGE AVENGER	15,846	-	-	15,846
6/30/2010	NEW FLYER Bus - C35LF (B66)	227,707	-	-	227,707
6/30/2010	NEW FLYER Bus - C35LF (B67)	227,707	-	-	227,707
6/30/2010	NEW FLYER Bus - C35LF (B68)	227,707	-	-	227,707
6/30/2010	NEW FLYER Bus - C35LF (B69)	227,707	-	-	227,707
6/30/2010	NEW FLYER Bus - C35LF (B70)	227,707	-	-	227,707
6/30/2010	NEW FLYER Bus - C35LF (B71)	227,707	-	-	227,707
6/30/2010	NEW FLYER Bus - C35LF (B72)	227,707	-	-	227,707
6/30/2010	NEW FLYER Bus - C40LF (B73)	79,330	-	-	79,330
6/30/2010	NEW FLYER Bus - C40LF (B74)	79,330	-	-	79,330
6/30/2013	NEW FLYER Bus - C40LF (B75)	70,234	-	-	70,234
6/30/2013	NEW FLYER Bus - C40LF (B76)	70,234	-	-	70,234
6/30/2013	NEW FLYER Bus - C40LF (B77)	240,346	-	-	240,346
6/30/2013	NEW FLYER Bus - C40LF (B78)	240,346	-	-	240,346
6/30/2014	NEW FLYER Bus - C40LFR (B79)	130,199	-	-	130,199
6/30/2014	NEW FLYER Bus - C40LFR (B80)	130,199	-	-	130,199
6/30/2014	NEW FLYER Bus - C40LFR (B81)	130,199	-	-	130,199
6/30/2014	NEW FLYER Bus - C40LFR (B82)	130,199	-	-	130,199
6/30/2014	NEW FLYER Bus - C40LFR (B83)	130,199	-	-	130,199
6/30/2014	NEW FLYER Bus - C40LFR (B84)	130,199	-	-	130,199
6/30/2014	NEW FLYER Bus - C40LFR (B85)	130,198	-	-	130,198
6/30/2014	NEW FLYER Bus - C40LFR (B86)	130,198	-	-	130,198
6/30/2014	NEW FLYER Bus - C40LFR (B87)	130,198	-	-	130,198
6/30/2014	NEW FLYER Bus - C40LFR (B88)	130,198	-	-	130,198
Total		\$ 3,707,450	\$ -	\$ -	\$ 3,707,450

See accompanying independent auditor's report.

CITY OF GLENDALE

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 5,427,611	\$ 4,734,875
Metro receivable	3,636	-
Interest receivable	20,638	13,036
Due from other agency	<u>148,897</u>	<u>25,010</u>
Total assets	<u>\$ 5,600,782</u>	<u>\$ 4,772,921</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 256,976	\$ 163,119
Accrued wages	<u>22,932</u>	<u>-</u>
Total liabilities	<u>279,908</u>	<u>163,119</u>
Fund Balance		
Restricted	<u>5,320,874</u>	<u>4,609,802</u>
Total fund balance	<u>5,320,874</u>	<u>4,609,802</u>
Total liabilities and fund balance	<u>\$ 5,600,782</u>	<u>\$ 4,772,921</u>

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition C	\$ 3,021,293	\$ 2,938,983
Interest income	74,826	43,683
Project generated revenue	24,606	40,668
Unrealized (loss) gain on investments	<u>(46,959)</u>	<u>39,200</u>
Total revenues	<u>3,073,766</u>	<u>3,062,534</u>
 EXPENDITURES		
Various projects	<u>2,362,694</u>	<u>1,707,866</u>
Total expenditures	<u>2,362,694</u>	<u>1,707,866</u>
 Excess of revenues over expenditures	711,072	1,354,668
 Fund balance at beginning of year	<u>4,609,802</u>	<u>3,255,134</u>
 Fund balance at end of year	<u>\$ 5,320,874</u>	<u>\$ 4,609,802</u>

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, 2017

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

Project Code	Project Name	2017			2016 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-31	Glendale Transit Services	\$ 2,000,000	\$ 872,273	\$ 1,127,727	\$ 347,586
130-07	Dial-A-Ride	1,000,000	700,906	299,094	600,685
140-11	Recreational Transit	5,000	-	5,000	-
160-44	Install Bus Shelters, Benches And Signs	180,000	-	180,000	-
270-49	Orangeline High Speed Maglev Project	30,000	35,632	(5,632)	30,984
270-50	Local & Regional Transportation Planning	450,000	140,521	309,479	359,596
300-35	Glendale Transportation Center Refurbishment	500,000	98,960	401,040	94,600
310-16	GTC Maintenance	275,000	248,158	26,842	263,529
440-39	Street Improvements	300,000	250,000	50,000	-
480-47	Direct Adminsitration	150,000	16,244	133,756	10,886
	Total expenditures	<u>\$ 4,890,000</u>	<u>\$ 2,362,694</u>	<u>\$ 2,527,306</u>	<u>\$ 1,707,866</u>

See accompanying independent auditor's report.

CITY OF GLENDALE

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

Date Acquired	Description	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
6/30/2001	NEW FLYER Bus - C35LF (B44)	\$ 31,745	\$ -	\$ 31,745	\$ -
6/30/2001	NEW FLYER Bus - C35LF (B47)	31,745	-	31,745	-
6/30/2001	NEW FLYER Bus - C35LF (B48)	31,745	-	31,745	-
6/30/2001	NEW FLYER Bus - C35LF (B49)	31,745	-	31,745	-
6/30/2001	NEW FLYER Bus - C35LF (B50)	31,745	-	31,745	-
6/30/2001	NEW FLYER Bus - C35LF (B51)	31,745	-	31,745	-
6/30/2001	NEW FLYER Bus - C35LF (B52)	104,745	-	104,745	-
6/30/2001	NEW FLYER Bus - C35LF (B54)	104,745	-	104,745	-
6/30/2001	NEW FLYER Bus - C35LF (B55)	104,745	-	104,745	-
6/30/2001	NEW FLYER Bus - C35LF (B56)	104,745	-	104,745	-
6/30/2001	NEW FLYER Bus - C35LF (B57)	104,745	-	104,745	-
6/30/2003	Smart Bus	113,392	-	-	113,392
6/30/2006	Bus Shelter/Bench	9,353	-	-	9,353
6/30/2006	Pad Installation	1,612	-	-	1,612
6/30/2006	2005 NEW FLYER C40LF- B58	81,702	-	-	81,702
6/30/2006	2005 NEW FLYER C40LF- 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
6/30/2003	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	<u>\$ 2,196,274</u>	<u>\$ 349,364</u>	<u>\$ 714,195</u>	<u>\$ 1,831,443</u>

See accompanying independent auditor's report.

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

	2017	2016
ASSETS		
Cash and investments	\$ 9,718,383	\$ 9,152,336
Interest receivable	30,157	21,264
Total assets	\$ 9,748,540	\$ 9,173,600
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 18,715	\$ 1,379,104
Accrued wages	445	-
Total liabilities	19,160	1,379,104
 Fund Balance		
Restricted	9,729,380	7,794,496
Total fund balance	9,729,380	7,794,496
Total liabilities and fund balance	\$ 9,748,540	\$ 9,173,600

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Measure R	\$ 2,261,436	\$ 2,199,987
Investment income	111,510	85,582
Unrealised (loss) gain	<u>(76,518)</u>	<u>66,800</u>
Total revenues	<u>2,296,428</u>	<u>2,352,369</u>
 EXPENDITURES		
Various projects	<u>361,544</u>	<u>1,375,197</u>
Total expenditures	<u>361,544</u>	<u>1,375,197</u>
 Excess of revenues over expenditures	1,934,884	977,172
 Fund balance at beginning of year	<u>7,794,496</u>	<u>6,817,324</u>
 Fund balance at end of year	<u><u>\$ 9,729,380</u></u>	<u><u>\$ 7,794,496</u></u>

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, 2017

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

Project Code	Project Name	2017			2016 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
5.10	Bus purchase	\$ 395,900	\$ 229,461	\$ 166,439	\$ 1,119,987
5.10	Dia-A-Ride Vehicle Replacement Local Match	200,000	3,120	196,880	5,494
5.15	Transit Maintenance Facility	9,025,650	54,376	8,971,274	122,966
7.90	Update Transportation Model	300,000	74,587	225,413	126,750
	Total expenditures	<u>\$ 9,921,550</u>	<u>\$ 361,544</u>	<u>\$ 9,560,006</u>	<u>\$ 1,375,197</u>

See accompanying independent auditor's report.

CITY OF GLENDALE

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL ASSETS

June 30, 2017

Date Acquired	Description	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
6/30/2014	NEW FLYER Bus - C40LFR (B79)	\$ 49,565	\$ -	\$ -	\$ 49,565
6/30/2014	NEW FLYER Bus - C40LFR (B80)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B81)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B82)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B83)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B84)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B85)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B86)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B87)	49,565	-	-	49,565
6/30/2014	NEW FLYER Bus - C40LFR (B88)	49,565	-	-	49,565
6/30/2016	NEW FLYER Bus - XN40 (B89)	113,654	21,608	-	135,262
6/30/2016	NEW FLYER Bus - XN40 (B90)	113,654	21,608	-	135,262
6/30/2016	NEW FLYER Bus - XN40 (B91)	113,654	21,608	-	135,262
6/30/2016	NEW FLYER Bus - XN40 (B92)	113,654	21,608	-	135,262
6/30/2016	NEW FLYER Bus - XN40 (B93)	113,654	21,608	-	135,262
6/30/2016	NEW FLYER Bus - XN40 (B94)	113,654	21,608	-	135,262
6/30/2016	NEW FLYER Bus - XN40 (B95)	146,021	33,308	-	179,329
6/30/2016	NEW FLYER Bus - XN40 (B96)	146,021	33,308	-	179,329
6/30/2016	NEW FLYER Bus - XN40 (B97)	146,021	33,308	-	179,329
9/22/2015	SE (Larger Bus) - City Matching Fund	1,246	-	-	1,246
12/15/2015	2007 BRAUN	1,723	300	-	2,023
12/15/2015	2008 BRAUN	1,426	300	-	1,726
12/15/2015	2009 ELDORADO AERO	1,099	2,520	-	3,619
6/30/2016	Beeline Maintenance & Operation Facility	122,965	-	-	122,965
6/30/2017	Beeline Maintenance & Operation Facility	-	54,376	-	54,376
	Total	\$ 1,744,096	\$ 287,068	\$ -	\$ 2,031,164

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**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 10,959	\$ 74,787
Interest receivable	<u>225</u>	<u>303</u>
Total assets	<u>\$ 11,184</u>	<u>\$ 75,090</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Reserved	<u>11,184</u>	<u>75,090</u>
Total fund balance	<u>11,184</u>	<u>75,090</u>
Total liabilities and fund balance	<u>\$ 11,184</u>	<u>\$ 75,090</u>

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

	<u>2017</u>	<u>2016</u>
REVENUES		
TDA 3	\$ 70,000	\$ 135,000
Interest income	<u>692</u>	<u>254</u>
Total revenues	<u>70,692</u>	<u>135,254</u>
 EXPENDITURES		
Construction/maintenance	<u>134,598</u>	<u>62,685</u>
Total expenditures	<u>134,598</u>	<u>62,685</u>
 (Deficiency) Excess of revenues over expenditures	(63,906)	72,569
 Fund balance at beginning of year	<u>75,090</u>	<u>2,521</u>
 Fund balance at end of year	<u>\$ 11,184</u>	<u>\$ 75,090</u>

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, 2017

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Construction/Maintenance	2016-17	\$ 70,000	\$ 134,598	\$ (64,598)	On-going
	Total	<u>\$ 70,000</u>	<u>\$ 134,598</u>	(64,598)	
Unexpended interest accumulated to date				692	
Fund balance at beginning of year				<u>75,090</u>	
Fund balance at end of year				<u>\$ 11,184</u>	

See accompanying independent auditor's report.

CITY OF GLENDALE

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

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

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

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

Basis of Accounting and Measurement focus

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

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

Budgets and Budgetary Accounting

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

CITY OF GLENDALE

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

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

Refer to the City’s 2017 Comprehensive Annual Financial Report for detailed disclosures regarding the City’s investments policy and fair value measurement.

Fund Balance Reporting

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

The PALRF, PCLRF, MRLRF, and TDAA3F report the following fund balance classification as of June 30, 2017:

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

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

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

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

CITY OF GLENDALE

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

NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

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

NOTE 6 – CASH AND INVESTMENTS

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

NOTE 7 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017 and 2016 consisted of the following:

PALRF:

	2017	2016
Access Services	\$ 40,451	\$ 23,929
City of La Canada Flintridge	75,101	57,359
LACMTA	231,404	89,072
MV Transportation	-	50,887
Other	32,288	22,685
Total payment requested	\$ 379,244	\$ 243,932

CITY OF GLENDALE

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

NOTE 7 – ACCOUNTS RECEIVABLE (continued)

PCLRF:

	2017	2016
LACMTA	\$ 55,205	\$ 17,199
City of La Canada Flintridge	32,009	-
MV Transportation	61,683	-
Southland Transit	-	7,811
Total payment requested	\$ 148,897	\$ 25,010

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT

In FY 2017 and FY 2016, the City received Proposition A Discretionary Incentive Grants totaling to \$252,806 and \$244,891 respectively, which were recorded under the Transit Utility Fund of the City as permitted by LACMTA. These grants were for the cities participation in the Voluntary National Transit Database (NTD) reporting program and for the Glendale Paratransit Program with the City of La Canada Flintridge and the County of Los Angeles.

NOTE 9 – PROJECT GENERATED REVENUE- PALRF

During the year ended June 30, 2017 and 2016 the City’s PALRF earned project generated revenue of \$18,408 and \$20,342, respectively. Project generated revenue consist of revenues received from Metro Pass sales.

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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

	2017	2016
FY 2012-13 allocation	\$ -	\$ 119,092
FY 2013-14 allocation	70,000	15,908
Total payment requested	\$ 70,000	\$ 135,000

CITY OF GLENDALE

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

NOTE 11 – 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, 2017 and 2016, the City has funds on reserve as follows:

	2017	2016
FY 2013-14 allocation	\$ 71,000	\$ 141,000
FY 2014-15 allocation	127,780	127,780
FY 2015-16 allocation	124,739	124,739
FY 2016-17 allocation	131,952	-
Available reserve balance	\$ 455,471	\$ 393,519

NOTE 12 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2017 through November 22, 2017, 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
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonllp.com

**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 (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of Glendale, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's local return funds and TDAA3F financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Los Angeles, California
November 22, 2017

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
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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 (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (Guidelines) for the year ended June 30, 2017.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a local return program and the Transportation Development Act Article 3 occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. Our audit does not provide a legal determination of City's compliance with those requirements.

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

In our opinion, the City of Glendale complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund (TDAA3F) for the year ended June 30, 2017.





Other Matters

The results of our auditing procedures disclosed one 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. 2017-001. Our opinion on each local return program is not modified with respect to these matters.

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 responses.

Report on Internal Control over Compliance

Management of the City of Glendale is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

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

Los Angeles, California
November 22, 2017

CITY OF GLENDALE
COMPLIANCE MATRIX
Year Ended June 30, 2017

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

CITY OF GLENDALE
COMPLIANCE MATRIX
Year Ended June 30, 2017
(Continued)

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

CITY OF GLENDALE
COMPLIANCE MATRIX
Year Ended June 30, 2017
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
C. Transportation Development Act Article 3 Fund					
1.	Timely use of funds.		X	\$ 11,184.00	See Finding No. 2017-001 in 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, 2017

TDA Article 3: Finding No. 2017-001

Finding	Entity
Compliance Requirement	According to the TDA Article 3 Guidelines, “Local agency may only draw down local return funds that will be fully spent or encumbered before the end of the fiscal year (June 30) in which they were allocated.”
Condition	During the fiscal year ended June 30, 2017, the City had a remaining fund balance of \$11,184. The City claimed \$70,000 from its fiscal year 2013-14 reserves during fiscal year 2016-17, and the City incurred \$134,598 of allowable expenditures. As the current year revenue was fully expended, the remaining fund balance of \$11,184 at 6/30/17 is 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, 2017. The city has not encumbered these funds as of June 30, 2017. However, on December 13, 2017, the City received an extension from LACMTA to spend the funds by June 30, 2018.
Cause	The City earmarked these funds to be utilized for pedestrian related projects during the fiscal year 2016-17, but the funds were not utilized during the fiscal year.
Effect	Because these funds were not expended within the required timeline per the guidelines and have not been returned to the LACMTA for re-allocation, the City did not comply with TDA Article 3 guidelines.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article reserve balance to ensure that all TDA Article 3 funds are claimed and expended within the required timeline per the guidelines.
Management’s Response	The City of Glendale understands the audit findings and will follow the guidelines to encumber or expend requested funds within the year they are requested. In the circumstance where funds are not encumbered or expended, an extension will be requested as we have done pursuant to this finding.
Finding Corrected During the Audit	On December 13, 2018, the city received an extension on the unexpended funds from the LACMTA program manager. Funds must be expended by June 30, 2018.

EXIT CONFERENCE

CITY OF GLENDALE

PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2017

An exit conference was held on December, 12, 2017, with the City of Glendale. Those in attendance were:

Simpson & Simpson Representative:

Joseph Simpson- Audit Supervisor

City's Representative:

Alwin De Leon, Accounting Supervisor

Matters Discussed:

Results of the audit disclosed one instance of non-compliance.

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

Alwin De Leon, Accounting Supervisor
Kathryn Engel, Transit Manager
Rebecca Granite- Johnson, Executive Analyst

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, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

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

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date