



**Metro**<sup>TM</sup>

**City of La Mirada  
Annual Financial Report of its**

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

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

An Independently Owned Member  
**McGLADREY ALLIANCE**



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

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**FINANCIAL SECTION**

## Report of Independent Auditors

### To the Honorable Members of the City Council of the City of La Mirada, California and the Los Angeles County Metropolitan Transportation Authority

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of La Mirada, California (the City) which comprise the Funds' balance sheets as of June 30, 2015 and 2014, and the related statements of revenues, expenditures and changes in fund balance for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City of La Mirada, California, as of June 30, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City and do not purport to, and do not present fairly the financial position of the City as of June 30, 2015 and 2014, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

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

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 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.

Los Angeles, California  
December 21, 2015

**City of La Mirada  
 Proposition A Local Return Fund  
 Balance Sheets**

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|                                     |    | June 30                   |                     |
|-------------------------------------|----|---------------------------|---------------------|
|                                     |    | 2015                      | 2014                |
| <b>ASSETS</b>                       |    |                           |                     |
| Cash and investment                 | \$ | 1,169,070                 | \$ 1,014,652        |
| Interest receivable                 |    | 2,413                     | 1,974               |
|                                     |    | <b>Total assets</b>       | <b>\$ 1,016,626</b> |
|                                     |    | <b>1,171,483</b>          | <b>\$ 1,016,626</b> |
| <b>LIABILITIES AND FUND BALANCE</b> |    |                           |                     |
| <b>Liabilities</b>                  |    |                           |                     |
| Due to other funds                  | \$ | 8,900                     | \$ 25,745           |
|                                     |    | <b>Total liabilities</b>  | <b>25,745</b>       |
|                                     |    | <b>8,900</b>              | <b>25,745</b>       |
| <b>Fund balance</b>                 |    |                           |                     |
| Restricted                          |    | 1,162,583                 | 990,881             |
|                                     |    | <b>Total fund balance</b> | <b>990,881</b>      |
|                                     |    | <b>1,171,483</b>          | <b>\$ 1,016,626</b> |

*See notes to financial statements.*

City of La Mirada  
**Proposition A Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

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|   | Years ended June 30 |                |
|---|---------------------|----------------|
|   | 2015                | 2014           |
| <b>Revenues</b>   |                     |                |
| Proposition A   | \$ 865,341          | \$ 830,430     |
| Investment income   | 25,705              | 28,227         |
| <b>Total revenues</b>   | <b>891,046</b>      | <b>858,657</b> |
| <b>Expenditures</b>   |                     |                |
| Various projects  | 722,511             | 676,428        |
| <b>Total expenditures</b>                                       | <b>722,511</b>      | <b>676,428</b> |
| Excess of revenues over expenditures                            | 168,535             | 182,229        |
| <b>Other financing source</b>                                   |                     |                |
| Transfer in   | 3,167               | -              |
| Excess of revenues over expenditures and other financing source | 171,702             | 182,229        |
| Fund balance at beginning of year                               | 990,881             | 808,652        |
| Fund balance at end of year                                     | \$ 1,162,583        | \$ 990,881     |

*See notes to financial statements.*

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

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| Project Code | Project Name   | 2015              |                   |                              | 2014 Actual       |
|--------------|--|-------------------|-------------------|------------------------------|-------------------|
|              |  | LACMTA Budget     | Actual            | Variance Positive (Negative) |                   |
| 120-20       | Contract with MV Transportation for Dial-A-Ride Services | \$ 828,000        | \$ 592,321        | \$ 235,679                   | \$ 546,671        |
| 140-07       | Recreational Transit - Youth Excursion                   | 10,000            | -                 | 10,000                       | -                 |
| 270-05       | Transportation Planning                                  | 47,000            | 47,457            | (457)                        | 47,781            |
| 480-01       | Direct Administration                                    | 81,500            | 82,733            | (1,233)                      | 81,976            |
|              | <b>Total expenditures</b>                                | <b>\$ 966,500</b> | <b>\$ 722,511</b> | <b>\$ 243,989</b>            | <b>\$ 676,428</b> |

*See report of independent auditors.*



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

| <u>Date<br/>Acquired</u> | <u>Description</u>                   | <u>Balance<br/>July 1,<br/>2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30,<br/>2015</u> |
|--------------------------|--------------------------------------|-------------------------------------|------------------|------------------|--------------------------------------|
| 1988                     | Facility Improvement                 | \$ 18,373                           | \$ -             | \$ -             | \$ 18,373                            |
| 1989                     | Fuel Distribution System             | 15,981                              | -                | -                | 15,981                               |
| 1991                     | Photocopier                          | 1,669                               | -                | -                | 1,669                                |
| 1991                     | Heating System                       | 3,386                               | -                | -                | 3,386                                |
| 1991                     | Lube Rack                            | 6,027                               | -                | -                | 6,027                                |
| 1991                     | Wheel Balance                        | 10,949                              | -                | -                | 10,949                               |
| 1991                     | Hydraulic Lift                       | 59,595                              | -                | -                | 59,595                               |
| 1992                     | Computer System                      | 43,902                              | -                | -                | 43,902                               |
| 1992                     | Transit Software Underground Storage | 9,750                               | -                | -                | 9,750                                |
| 1993                     | Tank                                 | 149,902                             | -                | -                | 149,902                              |
| 1997                     | 3 Transit Vehicle                    | 11,202                              | -                | -                | 11,202                               |
| 1998                     | 6 Transit Vehicle                    | 59,587                              | -                | -                | 59,587                               |
| 1999                     | 5 Handicapped Buses                  | 51,476                              | -                | -                | 51,476                               |
| <b>Total</b>             |                                      | <b>\$ 441,799</b>                   | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 441,799</b>                    |

*See report of independent auditors.*

**City of La Mirada  
Proposition C Local Return Fund  
Balance Sheets**

|   |           | June 30          |                     |
|---|-----------|------------------|---------------------|
|   |           | 2015             | 2014                |
| <b>ASSETS</b>                             |           |                  |                     |
| Cash and investment                       | \$        | 1,890,547        | \$ 1,345,962        |
| Interest receivable                       |           | 3,914            | 2,618               |
| <b>Total assets</b>                       | <b>\$</b> | <b>1,894,461</b> | <b>\$ 1,348,580</b> |
| <b>LIABILITIES AND FUND BALANCE</b>       |           |                  |                     |
| <b>Liabilities</b>                        |           |                  |                     |
| Due to other funds                        | \$        | 54,431           | \$ 68,390           |
| <b>Total liabilities</b>                  |           | <b>54,431</b>    | <b>68,390</b>       |
| <b>Fund balance</b>                       |           |                  |                     |
| Restricted                                |           | 1,840,030        | 1,280,190           |
| <b>Total fund balance</b>                 |           | <b>1,840,030</b> | <b>1,280,190</b>    |
| <b>Total liabilities and fund balance</b> | <b>\$</b> | <b>1,894,461</b> | <b>\$ 1,348,580</b> |

*See notes to financial statements.*

City of La Mirada  
**Proposition C Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

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|   | Years ended June 30 |                  |
|---|---------------------|------------------|
|   | 2015                | 2014             |
| <b>Revenues</b>                                   |                     |                  |
| Proposition C                                     | \$ 717,876          | \$ 688,787       |
| Investment income                                 | 36,739              | 32,848           |
| <b>Total revenues</b>                             | <b>754,615</b>      | <b>721,635</b>   |
| <b>Expenditures</b>                               |                     |                  |
| Various projects                                  | 194,775             | 1,072,174        |
| <b>Total expenditures</b>                         | <b>194,775</b>      | <b>1,072,174</b> |
| Excess (deficiency) of revenues over expenditures | <b>559,840</b>      | (350,539)        |
| Fund balance at beginning of year                 | <b>1,280,190</b>    | 1,630,729        |
| Fund balance at end of year                       | <b>\$ 1,840,030</b> | \$ 1,280,190     |

*See notes to financial statements.*

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

| Project Code              | Project Name  | 2015              |                   | Variance Positive (Negative) | 2014 Actual         |
|---------------------------|---|-------------------|-------------------|------------------------------|---------------------|
|                           |   | LACMTA Budget     | Actual            |                              |                     |
| 450-01                    | Alondra Street Improvements   | \$ -              | \$ 136,168 *      | \$ (136,168)                 | 267,881             |
| 450-05                    | Santa Gertrudes Avenue Sidewalk Improvements                              | -                 | 54,431 *          | (54,431)                     | 804,293             |
| 450-05                    | Leffingwell Road Pavement Rehabilitation from Telegraph to La Mirada Blvd | 600,000           | 4,176             | 595,824                      | -                   |
| <b>Total expenditures</b> |   | <u>\$ 600,000</u> | <u>\$ 194,775</u> | <u>\$ 405,225</u>            | <u>\$ 1,072,174</u> |

\* See Compliance Matrix.

*See report of independent auditors.*

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

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| <u>Date<br/>Acquired</u> | <u>Description</u>  | <u>Balance<br/>July 1,<br/>2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30,<br/>2015</u> |
|--------------------------|---|-------------------------------------|------------------|------------------|--------------------------------------|
| 1993                     | Underground Storage 10% Retention<br>Transit Building Reroofing | \$ 11,420                           | \$ -             | \$ -             | \$ 11,420                            |
| 1997                     | CC19953   | 3,523                               | -                | -                | 3,523                                |
| 1999                     | Park-N-Ride Facility  | 189,250                             | -                | -                | 189,250                              |
| 2001                     | Bus Shelters  | 109,414                             | -                | -                | 109,414                              |
| <b>Total</b>             |   | <b>\$ 313,607</b>                   | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 313,607</b>                    |

*See report of independent auditors.*

**City of La Mirada  
Measure R Local Return Fund  
Balance Sheets**

|   |           | June 30                 |                            |
|---|-----------|-------------------------|----------------------------|
|   |           | 2015                    | 2014                       |
| <b>ASSETS</b>                             |           |                         |                            |
| Cash and investments                      | \$        | 2,621,568               | \$ 2,338,003               |
| Interest receivable                       |           | 5,428                   | 4,547                      |
| <b>Total assets</b>                       | <b>\$</b> | <b><u>2,626,996</u></b> | <b><u>\$ 2,342,550</u></b> |
| <b>LIABILITIES AND FUND BALANCE</b>       |           |                         |                            |
| <b>Liabilities</b>                        |           |                         |                            |
| Due to general fund                       | \$        | 9,245                   | \$ -                       |
| <b>Total liabilities</b>                  |           | <b><u>9,245</u></b>     | <b><u>-</u></b>            |
| <b>Fund balance</b>                       |           |                         |                            |
| Restricted                                |           | 2,617,751               | 2,342,550                  |
| <b>Total fund balance</b>                 |           | <b><u>2,617,751</u></b> | <b><u>2,342,550</u></b>    |
| <b>Total liabilities and fund balance</b> | <b>\$</b> | <b><u>2,626,996</u></b> | <b><u>\$ 2,342,550</u></b> |

*See notes to financial statements.*

City of La Mirada  
Measure R Local Return Fund

**Statements of Revenues, Expenditures and Changes in Fund Balance**

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|                                      | Years ended June 30 |                |
|--------------------------------------|---------------------|----------------|
|                                      | 2015                | 2014           |
| <b>Revenues</b>                      |                     |                |
| Measure R                            | \$ 538,455          | \$ 514,061     |
| Investment income                    | 54,226              | 55,035         |
| <b>Total revenues</b>                | <b>592,681</b>      | <b>569,096</b> |
| <b>Expenditures</b>                  |                     |                |
| Various projects                     | 317,480             | -              |
| <b>Total expenditures</b>            | <b>317,480</b>      | <b>-</b>       |
| Excess of revenues over expenditures | 275,201             | 569,096        |
| Fund balance at beginning of year    | 2,342,550           | 1,773,454      |
| Fund balance at end of year          | \$ 2,617,751        | \$ 2,342,550   |

*See notes to financial statements.*

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

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| Project Code              | Project Name                                  | 2015                |                   |                              | 2014 Actual |
|---------------------------|---|---------------------|-------------------|------------------------------|-------------|
|                           |   | LACMTA Budget       | Actual            | Variance Positive (Negative) |             |
| 1.05                      | Street Repair - La Mirada and Rosecrans       | \$ 1,050,000        | \$ 24,622         | \$ 1,025,378                 | \$ -        |
| 1.05                      | Street Repair - Santa Gertrudes Street        | 510,000             | 292,858           | 217,142                      | -           |
| 1.90                      | Traffic Signal - Imperial and Santa Gertrudes | 350,000             | -                 | 350,000                      | -           |
| 1.90                      | Traffic Signal - La Mirada and Rosecrans      | 350,000             | -                 | 350,000                      | -           |
| 1.90                      | Traffic Signal - Imperial and Ocaso           | 350,000             | -                 | 350,000                      | -           |
| <b>Total expenditures</b> |   | <b>\$ 2,610,000</b> | <b>\$ 317,480</b> | <b>\$ 2,292,520</b>          | <b>\$ -</b> |

*See report of independent auditors.*



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

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| <u>Date<br/>Acquired</u> | <u>Description</u> | <u>Balance<br/>July 1,<br/>2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30,<br/>2015</u> |
|--------------------------|--------------------|-------------------------------------|------------------|------------------|--------------------------------------|
| None                     |                    | \$ -                                | \$ -             | \$ -             | \$ -                                 |
|                          | <b>Total</b>       | <b>\$ -</b>                         | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>                          |

*See report of independent auditors.*

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

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|                                     |   | June 30 |           |
|-------------------------------------|---|---------|-----------|
|                                     |   | 2015    | 2014      |
| <b>ASSETS</b>                       |   |         |           |
| Due from LACMTA                     |   | \$ -    | \$ 39,655 |
|                                     |   | \$ -    | \$ 39,655 |
| <b>LIABILITIES AND FUND BALANCE</b> |   |         |           |
| <b>Liabilities</b>                  |   |         |           |
| Due to other funds                  |   | \$ -    | \$ 39,655 |
|                                     | <b>Total liabilities</b>                  | -       | 39,655    |
| <b>Fund balance</b>                 |   |         |           |
| Restricted                          |   | -       | -         |
|                                     | <b>Total fund balance</b>                 | -       | -         |
|                                     | <b>Total liabilities and fund balance</b> | \$ -    | \$ 39,655 |

*See notes to financial statements.*

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

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|                                      | Years ended June 30 |               |
|--------------------------------------|---------------------|---------------|
|                                      | 2015                | 2014          |
| <b>Revenues</b>                      |                     |               |
| Intergovernmental Allocations:       |                     |               |
| Article 3                            | \$ 32,298           | \$ 39,655     |
| <b>Total revenues</b>                | <b>32,298</b>       | <b>39,655</b> |
| <b>Expenditures</b>                  |                     |               |
| Construction/Maintenance             | 32,298              | 39,655        |
| <b>Total expenditures</b>            | <b>32,298</b>       | <b>39,655</b> |
| Excess of revenues over expenditures | -                   | -             |
| Fund balance at beginning of year    | -                   | -             |
| Fund balance at end of year          | \$ -                | \$ -          |

*See notes to financial statements.*

City of La Mirada  
 Transportation Development Act Article 3 Fund  
 Supplementary Information  
 Schedule of Transportation Development Act Allocation for Specific Projects  
 Pursuant to Public Utilities Code Section 99234  
 Year ended June 30, 2015

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| Project Description                 | Program<br>Year | Totals to Date   |                  | Unexpended<br>Allocations | Project<br>Status |
|-------------------------------------|-----------------|------------------|------------------|---------------------------|-------------------|
|                                     |                 | Allocations      | Expenditures     |                           |                   |
| <b>Local Allocations:</b>           |                 |                  |                  |                           |                   |
| Sidewalk Infrastructure Replacement | 2015            | \$ 32,298        | \$ 32,298        | \$ -                      | Completed         |
| <b>Totals</b>                       |                 | <u>\$ 32,298</u> | <u>\$ 32,298</u> | -                         |                   |
| Fund balance at beginning of year   |                 |                  |                  | -                         |                   |
| Fund balance at end of year         |                 |                  |                  | <u>\$ -</u>               |                   |

*See report of independent auditors.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

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

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

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

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

**Basis of Accounting**

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

**Budgets and Budgetary Accounting**

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

**Unrealized Gain (Loss) on Investments**

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

**NOTE 2      ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2015 and 2014, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

**NOTE 4      MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS**

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

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

**NOTE 5      TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS**

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

**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 monthly balances to the total of the pooled cash and investments.

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

**NOTE 7 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION**

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

|                       |           | 2015          |           | 2014          |
|-----------------------|-----------|---------------|-----------|---------------|
| FY 2013/14 allocation | \$        | -             | \$        | 39,655        |
| FY 2014/15 allocation |           | <b>32,298</b> |           | -             |
|                       | <b>\$</b> | <b>32,298</b> | <b>\$</b> | <b>39,655</b> |

**NOTE 8 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED**

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by LACMTA.

For fiscal year 2014/15, any TDA Article 3 funds left on reserve for fiscal year 2010/11 or prior, are subject to lapse if not claimed by the agency by June 30, 2015. As of June 30, 2015 and 2014, the City has no funds on reserve.

**NOTE 9 SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 21, 2015, the date the financial statements were available to be issued, and concluded that no events have occurred that require disclosure in or adjustments to the financial statements.

**Report of Independent Auditors on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of La Mirada, California (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2015.

**Internal Control over Financial Reporting**

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

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

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





## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Vaqueria &amp; Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California**  
**December 21, 2015**

**COMPLIANCE SECTION**

## Report of Independent Auditors on Compliance

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

### **Report on Compliance**

We have audited the compliance of the City of La Mirada, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2015.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

### ***Opinion***

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



### **Other Matters**

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

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

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material deficiencies or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying Compliance Matrix as Finding #2015-001, that we consider to be a material weakness.

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

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

A handwritten signature in black ink that reads "Vaguez &amp; Company LLP".

**Los Angeles, California  
December 21, 2015**

**City of La Mirada  
Compliance Matrix  
Year ended June 30, 2015**

| Compliance Requirements                                      | In Compliance |    | Questioned Costs | If no, provide details and management response.  |
|--|---------------|----|------------------|--|
|  | Yes           | No |                  |  |
| <b>A. Proposition A and Proposition C Local Return Funds</b> |               |    |                  |  |
| 1. Timely use of funds.                                      | X             |    | None             |  |
| 2. Expenditures approved before being incurred.              |               | X  | \$190,599        | <p><i>Finding #2015-001</i></p> <p><u>PCLRF</u></p> <p>The City claimed expenditures under the following PCLRF projects with no prior approval from LACMTA:</p> <p>a. Project code 450-01, Alondra Blvd Street Improvements, totaling \$136,168; and</p> <p>b. Project code 450-05 Santa Gertrudes Avenue Sidewalk Improvements, totaling \$54,431.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p> <p>LACMTA Program Manager granted a retroactive approval of the said project in an email dated October 27, 2015.</p> <p>We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to implementing any projects under the Local Return funds.</p> |

**City of La Mirada  
Compliance Matrix  
Year ended June 30, 2015**

| Compliance Requirements  | In Compliance |    | Questioned Costs | If no, provide details and management response.  |
|--|---------------|----|------------------|--|
|  | Yes           | No |                  |  |
| <b>A. Proposition A and Proposition C Local Return Funds (Continued)</b> |               |    |                  |  |
| 2. Expenditures approved before being incurred. (Continued)              |               |    |                  | <p><i>Management Response</i></p> <p>The City of La Mirada's Finance and Public Works staff will review the Capital Improvement Projects Budget at the beginning of each fiscal year to determine which projects are eligible for Proposition A and C funding. Once the projects are identified, staff will prepare and submit a Form A for each eligible project by or before August 1<sup>st</sup> of every year for Metro's review and approval. City staff will review the eligible projects before the end of the fiscal year to ensure approval has been received by Metro. If there are any changes to the project amounts or description, an amended Form A will be submitted. In addition, staff will prepare a list of documents due to Metro along with their respective deadlines.</p> |
| 3. Expenditures did not exceed 25% of LACMTA's approved budget.          | X             |    | None             |  |
| 4. Administrative expenses are within the 20% cap.                       | X             |    | None             |  |
| 5. All on-going and carryover projects were reported on Form B.          | X             |    | None             |  |

**City of La Mirada  
Compliance Matrix  
Year ended June 30, 2015**

| Compliance Requirements  | In Compliance |    | Questioned Costs | If no, provide details and management response.  |
|--|---------------|----|------------------|--|
|  | Yes           | No |                  |  |
| <b>A. Proposition A and Proposition C Local Return Funds (Continued)</b> |               |    |                  |  |
| 6. Annual Project Summary Report (Form B) was submitted on time.         |               | X  | None             | <p><i>Finding #2015-002</i></p> <p>The City submitted its Form B on August 5, 2014, which is beyond the due date set under the Guidelines.</p> <p>We recommend for the City to establish procedures and controls to ensure that Form B is submitted by August 1 as required by the Guidelines.</p> <p><i>Management Response</i></p> <p>The City of La Mirada's Finance staff will prepare the Form B in July of every year. The Form B will be submitted to Metro by or before August 1<sup>st</sup> of every year. The deadline for the Form B will be included in the list of documents due to Metro as mentioned in Finding #2015-001.</p> |
| 7. Annual Expenditure Report (Form C) was submitted on time.             | X             |    | None             |  |
| 8. Cash or cash equivalents are maintained.                              | X             |    | None             |  |

**City of La Mirada  
Compliance Matrix  
Year ended June 30, 2015**

| Compliance Requirements  | In Compliance |    | Questioned Costs | If no, provide details and management response.  |
|--|---------------|----|------------------|--|
|  | Yes           | No |                  |  |
| <b>A. Proposition A and Proposition C Local Return Funds (Continued)</b> |               |    |                  |  |
| 9. Accounting procedures, record keeping and documentation are adequate. |               | X  | None             | <p><i>Finding #2015-003</i></p> <p>The City has not submitted a signed Pavement Management System (PMS) certification in FY 2013/14, which is required to be obtained every 3 years. The City's last certification submitted to LACMTA was in FY 2008/09.</p> <p>During the prior year audit, the City responded that it will hire a consultant to complete the inspection of the City's roadway system and a final report and certification to be available by end of FY 2014/15 to comply with this requirement. However, the report is still in draft form and the certification is yet to be submitted to LACMTA.</p> <p>The City should submit to LACMTA a signed certification that it has a PMS for eligibility of its new or ongoing street maintenance or bikeway projects and keep it on file.</p> |



**City of La Mirada  
Compliance Matrix  
Year ended June 30, 2015**

| Compliance Requirements  | In Compliance |    | Questioned Costs | If no, provide details and management response.  |
|--|---------------|----|------------------|--|
|  | Yes           | No |                  |  |
| <b>A. Proposition A and Proposition C Local Return Funds (Continued)</b>             |               |    |                  |  |
| 9. Accounting procedures, record keeping and documentation are adequate. (Continued) |               |    |                  | <p><i>Management Response</i></p> <p>On May 21, 2015, the City submitted the Pavement Management System (PMS) Certification to Susan Richan with Metro. City staff asked Ms. Richan if any additional documentation was needed, and she replied that what was submitted was fine. Staff was under the impression that no further action was needed. During the annual audit, it was noted that the PMS report was not finalized and that the certification was not signed. On December 9, 2015, the PMS report was completed. On December 21, 2015, the PMS Certification and PMS Final Report were submitted to Metro. City staff will document the PMS Report and Certification process to ensure that the reports are properly submitted in the future.</p> |

**City of La Mirada  
Compliance Matrix  
Year ended June 30, 2015**

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

**EXIT CONFERENCE**

An exit conference was held on December 21, 2015 with a City of La Mirada representative. Those in attendance were:

Vasquez & Company LLP representative:  
Marialyn Salvador – Audit Manager

City of La Mirada representative:  
Judy Quiñonez – Senior Accountant

Matters discussed:

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

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

Judy Quiñonez – Senior Accountant



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