

***CITY OF LA MIRADA
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***



CITY OF LA MIRADA
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FINANCIAL SECTION



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Independent Auditor's Report

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 (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 La Mirada, 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 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 audit 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 PALRF, PCLRF, MRLRF, and TDAA3F of the City of La Mirada, 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 La Mirada, 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 La Mirada, 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 purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2017, on our consideration of the City of La Mirada'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, 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* and in considering the City's internal control over financial reporting and compliance.

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

Los Angeles, California
October 28, 2017

CITY OF LA MIRADA
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 2,178,647	\$ 1,677,229
Interest receivable	6,109	4,094
Total assets	\$ 2,184,756	\$ 1,681,323
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 114,292	\$ 17,318
Total liabilities	114,292	17,318
 Fund Balance		
Restricted	2,070,464	1,664,005
Total fund balance	2,070,464	1,664,005
Total liabilities and fund balance	\$ 2,184,756	\$ 1,681,323

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

CITY OF LA MIRADA

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	\$ 903,627	\$ 887,675
Interest income	<u>23,588</u>	<u>16,125</u>
Total revenues	<u>927,215</u>	<u>903,800</u>
EXPENDITURES		
Various projects	<u>602,542</u>	<u>402,378</u>
Total expenditures	<u>602,542</u>	<u>402,378</u>
Excess of revenues over expenditures	324,673	501,422
Other Financing Source		
Transfer in from General Fund (Note 7)	<u>81,786</u>	<u>-</u>
Excess of revenues over expenditures and other financing source	406,459	501,422
Fund balance at beginning of year	<u>1,664,005</u>	<u>1,162,583</u>
Fund balance at end of year	<u>\$ 2,070,464</u>	<u>\$ 1,664,005</u>

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

CITY OF LA MIRADA

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)	
120-20	Contract with MV Transportation for Dial-A-Services	\$ 850,000	\$ 599,207	\$ 250,793	\$ 260,972
270-05	Transportation Planning	75,000	-	75,000	63,656
480-01	Direct Administration	82,500	-	82,500	77,750
500-01	Consulting Services	25,000	3,335	21,665	-
	Total expenditures	<u>\$ 1,032,500</u>	<u>\$ 602,542</u>	<u>\$ 429,958</u>	<u>\$ 402,378</u>

See accompanying independent auditor's report.

CITY OF LA MIRADA

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
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
	Total	\$ 441,799	\$ -	\$ -	\$ 441,799

See accompanying independent auditor's report.

CITY OF LA MIRADA

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 2,298,711	\$ 2,138,002
Interest receivable	<u>6,783</u>	<u>5,219</u>
Total assets	<u>\$ 2,305,494</u>	<u>\$ 2,143,221</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ <u>5,279</u>	\$ <u>10,502</u>
Total liabilities	<u>5,279</u>	<u>10,502</u>
Fund Balance		
Restricted	<u>2,300,215</u>	<u>2,132,719</u>
Total fund balance	<u>2,300,215</u>	<u>2,132,719</u>
Total liabilities and fund balance	<u>\$ 2,305,494</u>	<u>\$ 2,143,221</u>

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

CITY OF LA MIRADA

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	\$ 749,612	\$ 736,089
Interest income	<u>28,791</u>	<u>24,943</u>
Total revenues	<u>778,403</u>	<u>761,032</u>
EXPENDITURES		
Various projects	<u>610,907</u>	<u>468,343</u>
Total expenditures	<u>610,907</u>	<u>468,343</u>
Excess of revenues over expenditures	167,496	292,689
Fund balance at beginning of year	<u>2,132,719</u>	<u>1,840,030</u>
Fund balance at end of year	<u>\$ 2,300,215</u>	<u>\$ 2,132,719</u>

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

CITY OF LA MIRADA

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		Variance Favorable (Unfavorable)	2016 Actual
		Metro Budget	Actual		
120-20	Contract with MV Transportation for Dial-A-Services	\$ -	\$ -	\$ -	\$ 325,000
440-08	Slurry Seal - Imperial Highway from La Mirada Boulevard to East City Limit with Sign Upgrades	460,000	506,448	(46,448)	25,267
450-05	Santa Gertrudes Avenue Sidewalk Improvements	-	-	-	82,392
450-06	Knott Avenue Street Rehabilitation	800,000	-	800,000	35,684
450-08	Santa Gertrudes Avenue Parkway and Wall Improvements	2,225,000	72,057	2,152,943	-
450-09	La Mirada Boulevard/Alondra Boulevard Intersection Improvement	50,000	-	50,000	-
450-10	Turn Pocket Right of Way and Utility Coordination: LM/Imperial and Imperial/Telegraph	260,000	32,402	227,598	-
	Total expenditures	<u>\$ 3,795,000</u>	<u>\$ 610,907</u>	<u>\$ 3,184,093</u>	<u>\$ 468,343</u>

See accompanying independent auditor's report.

CITY OF LA MIRADA

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
1993	Underground Storage 10% Retention 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
	Total	<u>\$ 313,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,607</u>

See accompanying independent auditor's report.

CITY OF LA MIRADA

MEASURE R LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,959,236	\$ 1,734,685
Interest receivable	<u>5,708</u>	<u>4,234</u>
Total assets	<u>\$ 1,964,944</u>	<u>\$ 1,738,919</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ <u>120,598</u>	\$ <u>103,651</u>
Total liabilities	<u>120,598</u>	<u>103,651</u>
Fund Balance		
Restricted	<u>1,844,346</u>	<u>1,635,268</u>
Total fund balance	<u>1,844,346</u>	<u>1,635,268</u>
Total liabilities and fund balance	<u>\$ 1,964,944</u>	<u>\$ 1,738,919</u>

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

CITY OF LA MIRADA

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	\$ 562,287	\$ 552,561
Interest income	<u>21,667</u>	<u>23,569</u>
Total revenues	<u>583,954</u>	<u>576,130</u>
EXPENDITURES		
Various projects	<u>374,876</u>	<u>1,548,866</u>
Total expenditures	<u>374,876</u>	<u>1,548,866</u>
Excess (deficiency) of revenues over expenditures	209,078	(972,736)
Fund balance at beginning of year	<u>1,635,268</u>	<u>2,608,004</u>
Fund balance at end of year	\$ <u><u>1,844,346</u></u>	\$ <u><u>1,635,268</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF LA MIRADA

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)	
1.05	Street Repair - La Mirada and Rosecrans	\$ 75,000	\$ 172	\$ 74,828	\$ 619,634
1.05	Street Repair - Santa Gentrude Street	200,000	-	200,000	-
1.90	Traffic Signal - Alondra Boulevard and Phoebe Avenue	375,000	-	375,000	-
1.90	Traffic Signal - Artesia Avenue and Industry Circle	138,000	-	138,000	-
1.90	Traffic Signal - Imperial and Ocaso	50,000	33,136	16,864	264,069
1.90	Traffic Signal - Imperial and Santa Gertrudes	150,000	79,674	70,326	322,501
1.90	Traffic Signal - La Mirada and Rosecrans	60,000	45,604	14,396	300,761
1.90	Traffic Signal - La Mirada Corridor Intersections at Hutchins	1,215,000	66,290	1,148,710	41,901
1.90	Traffic Signal - Valley View and Adoree	150,000	150,000	-	-
	Total expenditures	<u>\$ 2,413,000</u>	<u>\$ 374,876</u>	<u>\$ 2,038,124</u>	<u>\$ 1,548,866</u>

See accompanying independent auditor's report.

CITY OF LA MIRADA

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

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

See accompanying independent auditor's report.

CITY OF LA MIRADA

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

**BALANCE SHEETS
JUNE 30**

	<u>2017</u>	<u>2016</u>
ASSETS		
Due from MTA	\$ -	\$ 2,612
Total assets	\$ -	\$ 2,612
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ -	\$ 2,612
Total liabilities	-	2,612
Fund Balance		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ 2,612

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

CITY OF LA MIRADA

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		
Intergovernment allocations: Article 3	\$ 32,818	\$ 31,343
Total revenues	<u>32,818</u>	<u>31,343</u>
EXPENDITURES		
Sidewalk Infrastructure Replacement	<u>32,818</u>	<u>31,343</u>
Total expenditures	<u>32,818</u>	<u>31,343</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF LA MIRADA

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					
Sidewalk Infrastructure Replacement	2016-17	\$ 32,818	\$ 32,818	\$ -	Complete
Total		<u>\$ 32,818</u>	<u>\$ 32,818</u>	<u>\$ -</u>	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

CITY OF LA MIRADA

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) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) 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 represents 15% of the 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 a 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. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

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

CITY OF LA MIRADA

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 investments 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 measurements.

Fund Balance Reporting

Governmental Accounting Standards 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 the extent to which a government is bound to observe constraints imposed upon the use of the 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 purposes, 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 balances are restricted for projects approved by LACMTA.

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

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, 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 LA MIRADA

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.

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 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 balances to the total of the pooled cash and investments.

NOTE 7 – TRANSFER FROM GENERAL FUND – PALRF

The amount of \$81,786 represents a reimbursement from the General Fund to PALRF related to the fiscal year ended June 30, 2016 Finding #2016-001 for the administrative salaries and benefits which were based on distribution percentages and were determined before the services were performed.

NOTE 8 – 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 2015-16 allocation	\$ -	\$ 31,343
FY 2016-17 allocation	32,818	-
Total	<u>\$ 32,818</u>	<u>\$ 31,343</u>

CITY OF LA MIRADA

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

NOTE 9 – 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 no funds on reserve.

NOTE 10 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2017 through October 28, 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.



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**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the
City of La Mirada, 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 La Mirada, 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 October 28, 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 is 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
October 28, 2017

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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Independent Auditor's Report on Compliance

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

Report on Compliance

We have audited the compliance of the City of La Mirada, 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 (collectively, the 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 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

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

In our opinion, the City of La Mirada 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 an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding #2017-001. Our opinion on each local return program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the City of La Mirada 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 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 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 weakness may exist that have not been identified.

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

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

Los Angeles, California
October 28, 2017

CITY OF LA MIRADA
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	PCLRF: \$6,165	See Finding #2017-001 on the Schedule of Findings and Recommendations.
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) and listing of Recreational Transit Services, if applicable, were 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	

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

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	
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.	X		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.	X		None	

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

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

CITY OF LA MIRADA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2017

PCLRF: Finding #2017-001

Compliance Reference	According to Proposition A and C Local Return Guidelines, Section IV.E.1, “Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.”
Condition	<p>A portion of the City’s fiscal year 2013-14 ending fund balance in the amount of \$6,165 was not fully expended within 3 years as of June 30, 2017 and was not reserved for capital projects as required by Local Return guidelines.</p> <p>The City contacted LACMTA on November 16, 2017 to request the Proposition C Local Return funds to be placed on capital reserve and obtain LACMTA Board of Directors’ approval. The LACMTA Board meeting will be held in May 2018.</p>
Cause	Due to an oversight, the City did not meet the timely use of PCLRFs in the amount of \$6,165.
Effect	The Proposition C Local Return funds were not expended or reserved within the Timely Use period resulting in questioned costs of \$6,165.
Recommendation	We recommend that the City return the lapsed Proposition C Local Return Funds of \$6,165 to LACMTA. In addition, we recommend that the City establish a policy in place where the City Manager, City Engineer and Finance Department discuss the availability of Proposition C Local Return funds in conjunction with any eligible PCLRF projects and submit its Form B (Annual Project Update Form) on time. Alternative measure would include requesting a Capital Reserve Agreement with LACMTA.
Management’s Response	The City will be submitting a Form A Capital Reserve Request to LACMTA to reserve \$6,165 Proposition C Local Return Funds by February 2018. The request will be presented to the LACMTA’s Board of Directors for approval in May 2018.

EXIT CONFERENCE

CITY OF LA MIRADA

**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 November 28, 2017 via telephone conference. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Auditor

City's Representative:

Judith Quinonez, Senior Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and one (1) non-compliance issue with LACMTA's Guidelines.

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

Judith Quinonez, Senior Accountant

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

RE: CITY OF LA MIRADA 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 La Mirada and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date