



MetroTM

**City of Pomona
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 Year Ended June 30, 2016
with Report of Independent Auditors**

	<u>PAGE</u>
FINANCIAL SECTION	
Report of Independent Auditors	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balance	5
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	6
Schedule of Capital Assets	7
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures and Changes in Fund Balance	9
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	10
Schedule of Capital Assets	11
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	14
Schedule of Capital Assets	15
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	18
Notes to Funds Financial Statements	19
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 <i>Government Auditing Standards</i>	25
COMPLIANCE SECTION	
Report of Independent Auditors on Compliance	27
Compliance Matrix	29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	31
EXIT CONFERENCE	32

FINANCIAL SECTION

Report of Independent Auditors

To the Honorable Members of the City Council of the City of Pomona, 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 Pomona, California (the City) which comprise the Funds' balance sheets as of June 30, 2016, and the related statements of revenues, expenditures and changes in fund balances for the year 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 Pomona, California, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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, as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated December 22, 2015, expressed an unmodified opinion on those statements.

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, 2016, and the changes in its financial position for the year 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, 2016 on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

Vacques & Company LLP

Los Angeles, California
December 21, 2016

**City of Pomona
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2016	2015
ASSETS			
Cash and investments	\$	2,325,709	\$ 1,819,877
Accounts receivable		2,000	37,000
Interest receivable		2,869	1,429
Due from other government agencies		295,281	449,078
Total assets	\$	<u>2,625,859</u>	<u>\$ 2,307,384</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	157,149	\$ 177,696
Accrued payroll and employee benefits		4,854	8,695
Total liabilities		<u>162,003</u>	<u>186,391</u>
Deferred inflows of resources			
Unavailable revenues		295,281	439,007
Total deferred inflows of resources		<u>295,281</u>	<u>439,007</u>
Fund balance			
Restricted		2,168,575	1,681,986
Total fund balance		<u>2,168,575</u>	<u>1,681,986</u>
Total liabilities, deferred inflows of resources and fund balance	\$	<u>2,625,859</u>	<u>\$ 2,307,384</u>

See notes to Funds financial statements.

City of Pomona
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2016	2015
Revenues		
Proposition A	\$ 2,738,458	\$ 2,669,451
Investment income	12,506	2,408
Get About Subsidy	14,280	14,000
Other revenues	12,000	35,000
Total revenues	2,777,244	2,720,859
 Expenditures		
Various projects	2,290,655	2,245,780
Total expenditures	2,290,655	2,245,780
 Excess of revenues over expenditures	486,589	475,079
 Fund balance at beginning of year	1,681,986	1,206,907
 Fund balance at end of year	\$ 2,168,575	\$ 1,681,986

See notes to Funds financial statements.

City of Pomona
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2016
(With Comparative Actuals for 2015)

Project Code	Project Name	2016			2015 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
130-01	PVTA - Get About	\$ 1,441,275	\$ 1,332,160	\$ 109,115	\$ 1,338,499
130-02	Group Service Transit Pilot Program	125,000	70,400	54,600	47,500
140-01	Recreational Transit	40,000	42,440	(2,440)	13,206
160-07	Transit Improvement Program - Citywide	288,000	29,846	258,154	128,947
160-09	Bus Stop Improvements	730,000	-	730,000	-
170-03	Bus Stop Shelter Maintenance	118,865	108,305	10,560	102,721
230-01	Metrolink Security	232,000	209,817	22,183	222,003
230-05	Bus Stop Improvements	62,553	53,370	9,183	-
250-01	Get About Subsidy	16,000	-	16,000	-
250-03	Metrolink Passes Subsidy Program	190,000	159,120	30,880	150,695
360-01	Metrolink Utilities (2 Stations)	72,000	68,937	3,063	78,313
390-01	Metrolink Maintenance (2 Stations)	109,098	113,235	(4,137)	83,835
480-01	Administration	90,000	103,025	(13,025)	80,061
Total expenditures		\$ 3,514,791	\$ 2,290,655	\$ 1,224,136	\$ 2,245,780

See report of independent auditors.

City of Pomona
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2016

Date Acquired	Description	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

**City of Pomona
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2016	2015
ASSETS			
Cash and investments	\$	7,787,601	\$ 5,893,671
Due from LACMTA		-	60,000
Interest receivable		9,629	5,245
Total assets	\$	<u>7,797,230</u>	<u>\$ 5,958,916</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	261	\$ 13,076
Retention payable		-	20,000
Accrued payroll and employee benefits		3,066	1,796
Total liabilities		<u>3,327</u>	<u>34,872</u>
Fund balance			
Restricted		7,793,903	5,924,044
Total fund balance		<u>7,793,903</u>	<u>5,924,044</u>
Total liabilities and fund balance	\$	<u>7,797,230</u>	<u>\$ 5,958,916</u>

See notes to Funds financial statements.

City of Pomona
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2016	2015
Revenues			
Proposition C	\$	2,276,663	\$ 2,220,079
Investment income		42,084	9,019
Other LACMTA grants		-	60,000
Total revenues		2,318,747	2,289,098
Expenditures			
Various projects		448,888	3,124,511
Total expenditures		448,888	3,124,511
Excess (deficiency) of revenues over expenditures		1,869,859	(835,413)
Other financing sources (uses)			
Transfers-out		-	(651,241)
Transfers-in		-	321,721
Total other financing sources (uses)		-	(329,520)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		1,869,859	(1,164,933)
Fund balance at beginning of year		5,924,044	7,088,977
Fund balance at end of year	\$	7,793,903	\$ 5,924,044

See notes to Funds financial statements.

City of Pomona
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2016
(With Comparative Actuals for 2015)

Project Code	Project Name	2016			2015 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
230-04	Transit Security Camera Repair and Upgrade	\$ 82,000	\$ -	\$ 82,000	\$ 5,022
370-01	Street Improvements - Hamilton Underpass at UPRR	50,000	7,863	42,137	-
400-01	Garey and McKinley - Traffic Signal Modification	30,000	140	29,860	10,000
400-02	Traffic Signal Improvements - Towne Avenue and Philadelphia	43,000	21,716	21,284	10,000
400-03	Coop Agreement - Traffic Signal (Foothill Blvd and Sumner Ave)	250,000	6,783	243,217	-
440-01	Bridge Rehabilitation Program	44,200	2,240	41,960	157,271
450-01	Mission Boulevard Grade Separation at State Route 71	180,400	28,998	151,402	10,985
450-02	Median Closure - State Route 71	100,000	-	100,000	-
450-07	Major Street Rehabilitation - Citywide	100,000	-	100,000	-
450-08	Major Street Rehabilitation - Citywide	2,370,535	318,954	2,051,581	2,877,061
450-09	Landscape Improvements - Mission Blvd/SR-1	125,000	-	125,000	-
480-01	Administration	190,000	62,194	127,806	54,172
Total expenditures		\$ 3,565,135	\$ 448,888	\$ 3,116,247	\$ 3,124,511

See report of independent auditors.

City of Pomona
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2016

Date Acquired	Description	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

**City of Pomona
Measure R Local Return Fund
Balance Sheets**

		June 30	
		<u>2016</u>	<u>2015</u>
ASSETS			
Cash and investments	\$	2,376,609	\$ 2,325,232
Interest receivable		3,134	1,917
Total assets	\$	<u>2,379,743</u>	<u>\$ 2,327,149</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	50,417	\$ 125,606
Accrued payroll and employee benefits		21,243	17,580
Total liabilities		<u>71,660</u>	<u>143,186</u>
Fund balance			
Restricted		<u>2,308,083</u>	<u>2,183,963</u>
Total fund balance		<u>2,308,083</u>	<u>2,183,963</u>
Total liabilities and fund balance	\$	<u>2,379,743</u>	<u>\$ 2,327,149</u>

See notes to Funds financial statements.

City of Pomona
Measure R Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2016	2015
Revenues			
Measure R	\$	1,704,639	\$ 1,661,057
Investment income		14,303	3,146
	Total revenues	1,718,942	1,664,203
Expenditures			
Various projects		1,597,062	1,063,437
	Total expenditures	1,597,062	1,063,437
Excess of revenues over expenditures		121,880	600,766
Other financing sources (uses)			
Transfers-out		-	(442,512)
Transfers-in		2,240	179,718
	Total other financing sources (uses)	2,240	(262,794)
Change in fund balance		124,120	337,972
Fund balance at beginning of year		2,183,963	1,845,991
Fund balance at end of year		\$ 2,308,083	\$ 2,183,963

See notes to Funds financial statements.

City of Pomona
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2016
(With Comparative Actuals for 2015)

Project Code	Project Name	2016			2015 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Major Street Rehabilitation - Citywide (FY12/14 - FY15/16) \$	173,000	\$ 173,000	\$ -	\$ 157,272
1.05	Street Rehabilitation - District 2 and 3	480,000	432,166	47,834	-
1.10	Restripe 9 Miles of City Streets	79,953	-	79,953	-
1.20	Install 2012 Raised Pavement Markers	59,965	-	59,965	-
1.90	Repair 5420 Square Feet of Sidewalk	119,450	119,450	-	114,955
1.90	Replace 8406 Square Feet of Deteriorated Asphalt	164,758	152,578	12,180	158,559
1.90	Repair 7169 potholes	127,688	127,688	-	122,883
2.03	Maintain 598 Traffic Signals	166,086	166,086	-	31,181
2.03	Replace Damaged Signal Poles	66,435	169,997	(103,562)	299,760
2.29	Replacement/addition of Traffic Signs	59,965	59,965	-	162,611
2.29	Upgrade 36 Traffic Signals	99,652	99,198	454	-
3.20	ADA Curb Ramps and Sidewalks - Citywide	75,000	75,000	-	-
8.10	Fund Administration (20% cap)	150,476	21,934	128,542	16,216
Total expenditures		\$ 1,822,428	\$ 1,597,062	\$ 225,366	\$ 1,063,437

See report of independent auditors.

City of Pomona
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
09/23/2014	Accushot Epoxy Machine with Trailer	\$ 7,653	\$ -	\$ -	\$ 7,653
06/08/2015	Message Board	12,993	-	-	12,993
06/23/2015	Zieman 1185 Trailer	7,602	-	-	7,602
Total		<u>\$ 28,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,248</u>

See report of independent auditors.

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

	June 30	
	2016	2015
ASSETS AND DEFERRED OUTFLOWS OR RESOURCES		
Cash and investments	\$ 6,741	\$ 5,760
Accounts receivable	-	30,093
Interest receivable	16	-
Due from LACMTA	196,259	99,602
Total assets	\$ 203,016	\$ 135,455
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 45,702	\$ 5,218
Accrued salaries payable	295	495
Total liabilities	45,997	5,713
 Deferred inflows of resources		
Unavailable revenues	116,259	99,602
Total deferred inflows of resources	116,259	99,602
 Fund balance		
Restricted	40,760	30,140
Total fund balance	40,760	30,140
Total liabilities, deferred inflows of resources and fund balance	\$ 203,016	\$ 135,455

See notes to Funds financial statements.

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

	Years ended June 30	
	2016	2015
Revenues		
Intergovernmental Allocations:		
Article 3	\$ 80,000	\$ 241,156
Investment income (loss)	64	(18)
Other income	-	845,458
Total revenues	80,064	1,086,596
Expenditures		
Construction/Maintenance	69,444	1,156,114
Total expenditures	69,444	1,156,114
Excess (deficiency) of revenues over expenditures	10,620	(69,518)
Other financing sources		
Transfers-in	-	211,409
Total other financing sources	-	211,409
Excess of revenues over expenditures and other financing sources	10,620	141,891
Fund balance (deficit) at beginning of year	30,140	(111,751)
Fund balance at end of year	\$ 40,760	\$ 30,140

See notes to Funds financial statements.

City of Pomona
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2016

Project Description	Program Year	Totals to Date			Project Status
		Allocations	Expenditures	Unexpended Allocations	
Local Allocations:					
Sidewalk Concrete Repair Services Citywide Project	2016	\$ 80,000	\$ 69,444	\$ 10,556	Ongoing
Totals		\$ 80,000	\$ 69,444	10,556	
Investment income				64	
Fund balance at beginning of year				30,140	
Fund balance at end of year				\$ 40,760 *	

* As of June 30, 2016, the City has not received the revenue draw down of \$80,000 .
for the FY 2015/16. The unspent fund balance balance was encumbered for the
above ongoing project.

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.

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

The PALRF, PCLRF, MRLRF, and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is 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.

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 2016 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, 2016:

- 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.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources reported by the City represent unavailable resources that are not available for spending as of June 30, 2016 and 2015.

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, 2016, and the changes in its financial position for the year 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 balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

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

NOTE 7 DUE FROM OTHER GOVERNMENT AGENCIES

Due from other government agencies for the years ended June 30, 2016 and 2015 consisted of the following:

PALRF

		<u>2016</u>		<u>2015</u>
State of California – SB90	\$	295,281	\$	439,007
Pomona Valley Transportation Authority		-		10,071
	\$	<u>295,281</u>	\$	<u>449,078</u>

NOTE 8 TRANSFERS-IN AND OUT

During fiscal year ended June 30 2015, PCLRF, MRLRF and TDAA3F had the following transfers:

				<u>Transfers-in</u>		<u>Transfers-out</u>	
PCLRF	Measure R	Series AG Bond	Highway 71 Conversion	\$ 200,000	\$	157,271	
				121,271		-	
				-		10,985	
				-		482,985	
				<u>\$ 321,721</u>		<u>\$ 651,241</u>	
MRLRF	PCLRF	Capital Outlay	Construction in Progress	Sewer Construction	TDAA3F	\$ 157,271	
						646	-
						21,801	-
						-	81,000
						<u>\$ 179,718</u>	<u>\$ 442,512</u>
TDAA3F	Measure R	AQMD	\$ 161,461	\$	-		
			49,948		-		
			<u>\$ 211,409</u>		<u>\$ -</u>		

NOTE 9 OTHER REVENUES

Other revenues under PALRF amounting to \$12,000 and \$35,000 for the years ended June 30, 2016 and 2015, respectively, represents funds received from the Foothill Transit Authority.

Other revenues under PCLRF amounting to \$0 and \$60,000 for the years ended June 30, 2016 and 2015, respectively, represents funds received from the County of Los Angeles.

NOTE 9 OTHER REVENUES (CONTINUED)

Other revenues of TDAA3F amounting to \$845,458 for the year ended June 30, 2015 represents grants received from the California State Department of Transportation.

NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2016 and 2015 consisted of the following:

		<u>2016</u>		<u>2015</u>
FY 2011/12 allocation	\$	-	\$	2,392
FY 2012/13 allocation		-		116,459
FY 2013/14 allocation		-		122,305
FY 2014/15 allocation		80,000		-
	\$	<u>80,000</u>	\$	<u>241,156</u>

NOTE 11 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. As of June 30, 2016 and 2015, the City has funds on reserve as follows:

		<u>2016</u>		<u>2015</u>
FY 2014/15 reserve	\$	19,602	\$	99,602
FY 2015/16 allocation		96,657		-
	\$	<u>116,259</u>	\$	<u>99,602</u>

For FY 2015/16, any TDA Article 3 funds left on reserve for FY 2011/12 or prior, are subject to lapse if not claimed by the City by June 30, 2016. There were no funds that lapsed in FY 2015/16.

NOTE 13 SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 31, 2016, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure 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 Pomona, 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 Pomona, California (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2016.

Internal Control over Financial Reporting

In planning and performing our audits of the Funds' financial statements, we considered the City's internal control over the Funds' 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 Funds' 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.

Los Angeles, California
December 21, 2016

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Pomona, 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, 2016.

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 with the Guidelines 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 Pomona, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2016.



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 with the requirements, 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 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 might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

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

Los Angeles, California
December 21, 2016

**City of Pomona
Compliance Matrix
Year ended June 30, 2016**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.	X				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted on time.	X				
8. Annual Expenditure Report (Form C) was submitted on time.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.	X				
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted on time.	X				

**City of Pomona
Compliance Matrix
Year ended June 30, 2016**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form One) was submitted on time.	X				
8. Expenditure Report (Form Two) was submitted on time.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted on time.			X		
C. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Pomona
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on December 21, 2016 with the City of Pomona representative. Those in attendance were:

Vasquez and Company LLP representative:
Marialyn Salvador – Audit Manager

City of Pomona representative:
Joe Weaver – Senior Accountant

Matters discussed:

Results of the audit disclosed no significant compliance or financial statement issues.

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

Linda Poliakon – Accounting Manager
Joe Weaver – Senior Accountant
Dennice Raygoza – Senior Management Analyst



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801 South Grand Avenue, Suite 400 • Los Angeles, California 90017-4646 • Ph. (213) 873-1700 • Fax (213) 873-1777