

***CITY OF POMONA  
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, 2015 AND 2014***



***CITY OF POMONA***  
**TABLE OF CONTENTS**

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	14
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplemental Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	17
Notes to Financial Statements	18
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 <i>Government Auditing Standards</i>	24
<b>COMPLIANCE SECTION</b>	
Independent Auditor’s Report On Compliance	26
Compliance Matrix	29
Schedule of Findings and Recommendations	32
<b>EXIT CONFERENCE</b>	35

---

***FINANCIAL SECTION***

---



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditor's Report

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 (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 Pomona, California (City) as of and for the years then June 30, 2015 and 2014, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 Pomona, California, as of June 30, 2015 and 2014, and the respective changes in their fund balances 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 Pomona, California, as of June 30, 2015 and 2014, 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.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pomona, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplemental 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 supplemental 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 supplemental 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 information is fairly stated in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have issued our report dated December 22, 2015, on our consideration of the City of Pomona'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 should be considered in assessing the results of our audit.

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

Los Angeles, California  
December 22, 2015

**CITY OF POMONA**

**PROPOSITION A LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,819,877	\$ 1,316,130
Metro Receivable	37,000	-
Interest receivable	1,429	1,011
Due from other governments (Note 8)	<u>449,078</u>	<u>358,420</u>
Total assets	<u>\$ 2,307,384</u>	<u>\$ 1,675,561</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 177,696	\$ 117,081
Accrued payroll and employee benefits	<u>8,695</u>	<u>2,152</u>
Total liabilities	<u>186,391</u>	<u>119,233</u>
 Deferred inflows of resources (Note 8)	 <u>439,007</u>	 <u>349,421</u>
Total deferred inflows of resources	<u>439,007</u>	<u>349,421</u>
 <b>Fund Balance</b>		
Restricted	<u>1,681,986</u>	<u>1,206,907</u>
Total fund balance	<u>1,681,986</u>	<u>1,206,907</u>
 Total liabilities and fund balance	 <u>\$ 2,307,384</u>	 <u>\$ 1,675,561</u>

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

**CITY OF POMONA**

**PROPOSITION A LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Proposition A	\$ 2,669,451	\$ 2,561,756
Interest income	2,408	2,033
Project generated revenue	14,000	14,000
Unrealized gain	-	347
Other revenue (Note 10)	35,000	-
	<u>2,720,859</u>	<u>2,578,136</u>
<b>EXPENDITURES</b>		
Various projects	<u>2,245,780</u>	<u>2,132,361</u>
	<u>2,245,780</u>	<u>2,132,361</u>
Excess of revenues over expenditures	<u>475,079</u>	<u>445,775</u>
Fund balance at beginning of year	<u>1,206,907</u>	<u>761,132</u>
Fund balance at end of year	\$ <u><u>1,681,986</u></u>	\$ <u><u>1,206,907</u></u>

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

**CITY OF POMONA**

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
130-01	PVTA- Get About	\$ 1,392,000	\$ 1,338,499	\$ 53,501	\$ 1,301,434
130-02	Group Service Transit Pilot Program	125,000	47,500	77,500	-
140-01	Recreational Transit	40,000	13,206	26,794	25,196
160-07	Transit Improvement Program - Citywide *	205,000	128,947	76,053	124,372
160-09	Bus Stop Improvements	100,000	-	100,000	-
170-03	Bus Stop Shelter Maintenance	109,003	102,721	6,282	84,852
230-01	Metrolink Security	225,000	222,003	2,997	221,373
250-01	Get About Subsidy	16,000	-	16,000	-
250-03	Metrolink Passes Subsidy Program	190,000	150,695	39,305	165,008
360-01	Metrolink Utilities (2 Stations)	69,000	78,313	(9,313)	69,475
390-01	Metrolink Maintenance (2 Stations)	106,968	83,835	23,133	92,865
480-01	Administration	90,000	80,061	9,939	47,786
	Total expenditures	\$ 2,667,971	\$ 2,245,780	\$ 422,191	\$ 2,132,361

\* FY 2013-14 Transfer out of \$101,081 was reported under this project. See Note 9.

See accompanying independent auditor's report.



**CITY OF POMONA**

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION  
SCHEDULE OF CAPITAL ASSETS

June 30, 2015

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
		\$ -	\$ -	\$ -	\$ -
		<u>Total</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**CITY OF POMONA**

**PROPOSITION C LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,893,671	\$ 7,710,229
Metro Receivable	60,000	
Interest receivable	<u>5,245</u>	<u>5,690</u>
Total assets	<u>\$ 5,958,916</u>	<u>\$ 7,715,919</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 13,076	\$ 592,252
Retention payable	20,000	28,457
Accrued payroll and employee benefits	<u>1,796</u>	<u>6,233</u>
Total liabilities	<u>34,872</u>	<u>626,942</u>
 <b>Fund Balance</b>		
Restricted	<u>5,924,044</u>	<u>7,088,977</u>
Total fund balance	<u>5,924,044</u>	<u>7,088,977</u>
 Total liabilities and fund balance	 <u>\$ 5,958,916</u>	 <u>\$ 7,715,919</u>

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

**CITY OF POMONA**

**PROPOSITION C LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Proposition C	\$ 2,220,079	\$ 2,130,345
Interest income	11,944	11,442
Unrealized gain (loss)	(2,925)	2,018
County grant	<u>60,000</u>	<u>-</u>
Total revenues	<u>2,289,098</u>	<u>2,143,805</u>
<b>EXPENDITURES</b>		
Various projects	<u>3,124,511</u>	<u>834,203</u>
Total expenditures	<u>3,124,511</u>	<u>834,203</u>
Excess (deficiency) of revenues over (under) expenditures	(835,413)	1,309,602
<b>OTHER FINANCING SOURCES (USED)</b>		
Transfer-in	321,721	653,279
Transfer-out	<u>(651,241)</u>	<u>(275,129)</u>
Total other financing sources (used)	(329,520)	378,150
Change in net asset	(1,164,933)	1,687,752
Fund balance at beginning of year	<u>7,088,977</u>	<u>5,401,225</u>
Fund balance at end of year	<u>\$ 5,924,044</u>	<u>\$ 7,088,977</u>

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

**CITY OF POMONA**

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
230-04	Transit Security Camera Repair and Upgrade**	\$ 82,000	\$ 5,022	\$ 76,978	\$ -
370-01	Street Improvements - Hamilton Underpass at UPRR	50,000	-	50,000	-
400-01	Garey & McKinley - Traffic Signal Modification	10,000	10,000	-	-
400-02	Traffic Signal Improvements - Towne Avenue & Philadelphia	10,000	10,000	-	-
400-03	Coop Agreement - Traffic Signal (Foothill Blvd and Sumner Ave)	250,000	-	250,000	
440-01	Bridge Rehabilitaion Program**	145,000	157,271	(12,271)	6,812
450-01	Mission Blvd. Grade Separation at State Route 71**	2,200,000	10,985	2,189,015	104,804
450-02	Median Closure - State Route 71	100,000	-	100,000	-
450-07	Major Street Rehabilitation - Citywide *	100,000	-	100,000	936,514
450-08	Major Street Rehabilitation - Citywide**	2,600,000	3,528,302	(928,302)	-
480-01	Administration	190,000	54,172	135,828	61,202
	Transfer-out (Note 9)	-	(651,241)	651,241	(275,129)
	<b>Total expenditures</b>	<b>\$ 5,737,000</b>	<b>\$ 3,124,511</b>	<b>\$ 2,612,489</b>	<b>\$ 834,203</b>

\*\* FY 2014-15 Transfer out of \$651,241 was reported under this project.

\* FY 2013-14 Transfer out of \$275,129 was reported under this project.

See accompanying independent auditor's report.

**CITY OF POMONA**

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION  
SCHEDULE OF CAPITAL ASSETS

June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
		\$ -	\$ -	\$ -	\$ -
		-	-	-	-
		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying independent auditor's report.

**CITY OF POMONA**

**MEASURE R LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 2,325,232	\$ 1,943,558
Interest receivable	<u>1,917</u>	<u>1,879</u>
Total assets	<u>\$ 2,327,149</u>	<u>\$ 1,945,437</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 125,606	\$ 85,454
Payroll payable	<u>17,580</u>	<u>13,992</u>
Total liabilities	<u>143,186</u>	<u>99,446</u>
<b>Fund Balance</b>		
Restricted	<u>2,183,963</u>	<u>1,845,991</u>
Total fund balance	<u>2,183,963</u>	<u>1,845,991</u>
Total liabilities and fund balance	<u>\$ 2,327,149</u>	<u>\$ 1,945,437</u>

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

**CITY OF POMONA**

**MEASURE R LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Measure R	\$ 1,661,057	\$ 1,585,804
Interest income	4,055	3,768
Unrealized (loss) gain	<u>(909)</u>	<u>576</u>
Total revenues	<u>1,664,203</u>	<u>1,590,148</u>
<b>EXPENDITURES</b>		
Various projects	<u>1,063,437</u>	<u>752,996</u>
Total expenditures	<u>1,063,437</u>	<u>752,996</u>
Excess of revenues over expenditures	<u>600,766</u>	<u>837,152</u>
<b>OTHER FINANCING SOURCES (USED)</b>		
Transfer-in	179,718	6,812
Transfer-out	<u>(442,512)</u>	<u>(656,346)</u>
Total other financing used	<u>(262,794)</u>	<u>(649,534)</u>
Change in net asset	337,972	187,618
Fund balance at beginning of year	<u>1,845,991</u>	<u>1,658,373</u>
Fund balance at end of year	<u>\$ 2,183,963</u>	<u>\$ 1,845,991</u>

The accompanying notes are an integral part of the financial statements

**CITY OF POMONA**

MEASURE R LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Rehabilitation - White Ave. (Grand Ave to Lexington)*	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
1.05	Major Street Rehabilitation - Citywide (FY/13)*	100,000	-	100,000	406,346
1.05	Local Street Rehabilitation FY13/14**	700,000	599,784	100,216	-
1.05	Local Street Rehabilitation FY14/15	238,094	-	238,094	-
1.05	Major Street Rehabilitation - Citywide (FY/14)	200,000	-	200,000	-
1.10	Restripe 11 miles of City Streets	99,933	-	99,933	-
1.20	Install 1676 raised pavement markers	49,966	-	49,966	-
1.90	Repair 5626 square feet of sidewalk	124,005	114,955	9,050	-
1.90	Repair 7443 potholes	132,557	122,883	9,674	-
1.90	Replace 8727 square feet of deteriorated asphalt	171,041	158,559	12,482	366,114
2.03	Maintain 522 traffic signals	144,949	31,181	113,768	224,679
2.03	Replace damaged signal poles	57,980	299,760	(241,780)	-
2.29	Replacement/addition of traffic signs	49,966	162,611	(112,645)	-
2.29	Upgrade 31 traffic signals	86,969	-	86,969	147,833
8.10	Administration expense/costs	195,546	16,216	179,330	14,370
	Transfer-out (Note 9)	-	(442,512)	442,512	(656,346)
	<b>Total expenditures</b>	<b>\$ 2,601,006</b>	<b>\$ 1,063,437</b>	<b>\$ 1,537,569</b>	<b>\$ 752,996</b>

\* FY 2013-14 Transfer out of \$656,346 was reported under the projects. See Note 9.

\*\* FY 2014-15 Transfer out of \$420,066 was reported under the projects. See Note 9.

See accompanying independent auditor's report.



**CITY OF POMONA**

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTAL INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
9/23/2014	Accushot Epoxy Machine w/ Trailer	\$ -	\$ 7,653	\$ -	\$ 7,653
6/8/2015	Message Board	-	12,993	-	12,993
6/23/2015	Zieman 1185 Trailer	-	7,602	-	7,602
	Total	\$ -	\$ 28,248	\$ -	\$ 28,248

See accompanying independent auditor's report.

**CITY OF POMONA**

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

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 5,760	\$ -
Account receivable	30,093	-
Interest receivable	-	5
Due from other governments (Note 1 & 8)	<u>99,602</u>	<u>264,716</u>
Total assets	<u>\$ 135,455</u>	<u>\$ 264,721</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,218	\$ 104,076
Due to other funds	-	29,894
Payroll payable	<u>495</u>	<u>1,346</u>
Total liabilities	<u>5,713</u>	<u>135,316</u>
Deferred inflows of resources (Note 11)	<u>99,602</u>	<u>241,156</u>
Total deferred inflows of resources	<u>99,602</u>	<u>241,156</u>
 <b>Fund Balance</b>		
Restricted	<u>30,140</u>	<u>(111,751)</u>
Total fund balance	<u>30,140</u>	<u>(111,751)</u>
Total liabilities and fund balance	<u>\$ 135,455</u>	<u>\$ 264,721</u>

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

**CITY OF POMONA**

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Drawdown Payment (from prior year reserve)	\$ 241,156	\$ 71,756
Interest income	-	15
Unrealized gain (loss)	(18)	18
Other income (Note 10)	845,458	43,896
Total revenues	<u>1,086,596</u>	<u>115,685</u>
<b>EXPENDITURES</b>		
Various projects	<u>1,156,114</u>	<u>207,351</u>
Total expenditures	<u>1,156,114</u>	<u>207,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,518)</u>	<u>(91,666)</u>
<b>OTHER FINANCING SOURCES (USED)</b>		
Transfer-in	211,409	65,239
Transfer-out	-	(140,000)
Total other financing used	<u>211,409</u>	<u>(74,761)</u>
Change in net asset	141,891	(166,427)
Fund balance at beginning of year	<u>(111,751)</u>	<u>54,676</u>
Fund balance at end of year	<u>\$ 30,140</u>	<u>\$ (111,751)</u>

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

**CITY OF POMONA**

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
SUPPLEMENTAL INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT  
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2015

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
<b>Local allocations</b>					
Sidewalk Repair - Citywide	2014-15	\$ 10,000	\$ 9,503	\$ 497	On-going
Bike Master Plan	2014-15	16,776	-	16,776	On-going
Sidewalks - Elwood	2014-15	85,000	599,354	(514,354)	On-going
Traffic Modifications	2014-15	85,000	547,257	(462,257)	On-going
Major Street Rehab	2014-15	44,380	-	44,380	On-going
	Total	<u>\$ 241,156</u>	<u>\$ 1,156,114</u>	<u>(914,958)</u>	
Unrealized loss				(18)	
Other income				845,458	
Transfer in				211,409	
Fund balance at beginning of year				<u>(111,751)</u>	
Fund balance at end of year				<u>\$ 30,140</u>	

See accompanying independent auditor's report.

**CITY OF POMONA**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2015 and 2014

**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*

PALRF, PCLRF, MRLFR, 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)*

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).

***CITY OF POMONA***

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2015 and 2014  
(Continued)

**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.

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

**NOTE 7 – PROJECT GENERATED REVENUE – PALRF**

Project generated revenue of \$14,000 earned for both fiscal years ended June 30, 2015 and June 30, 2014 consisted of the Get About Subsidy Project.

**CITY OF POMONA**

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2015 and 2014  
(Continued)

**NOTE 8 – DUE FROM OTHER GOVERNMENTS**

Due from other governments for the years ended June 30, 2015 and 2014 consisted of the following:

<u>PALRF:</u>		2015		2014
State of California – SB90	\$	<u>439,007</u>	\$	<u>349,421</u>
Pomona Valley Transportation Authority		10,071		8,999
Total Balance	\$	<u><u>449,078</u></u>	\$	<u><u>358,420</u></u>

<u>TDAA3F</u>		2015		2014
State of California – SB90	\$	<u>-</u>	\$	<u>23,560</u>
*TDA 3 deferred inflows		99,602		241,156
Total Balance	\$	<u><u>99,602</u></u>	\$	<u><u>264,716</u></u>

\*Amount is the same as the TDA 3 available reserve balance.

**NOTE 9 – TRANSFER IN AND OUT**

During fiscal years ended June 30 2015 and 2014, PALRF, PCLRF and MRLRF had the following transfers:

From	To	2015	
		Transfer-in	Transfer-out
<u>Prop C</u>	Measure R	\$ 200,000	\$ 157,271
	Series AG Bond	121,721	-
	Highway 71 Conversion	-	10,985
	Major Street Rehab	-	482,985
		\$ <u><u>321,721</u></u>	\$ <u><u>651,241</u></u>
Measure R	Prop C	\$ 157,271	\$ 200,000
	Capital Outlay	646	-
	Construction in progress	21,801	-
	Sewer Construction	-	81,000
	TDA 3	-	161,512
	\$ <u><u>179,718</u></u>	\$ <u><u>442,512</u></u>	

**CITY OF POMONA**

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2015 and 2014  
(Continued)

**NOTE 9 – TRANSFER IN AND OUT (CONTINUED)**

		2015	
From	To	Transfer-in	Transfer-out
Measure R	Prop C	\$ 157,271	\$ 200,000
	Capital Outlay	646	-
	Construction in progress	21,801	-
	Sewer Construction	-	81,000
	TDA 3	-	161,512
		\$ 179,718	\$ 442,512
TDA 3	Fund AQMD	\$ 49,948	\$ -
	Measure R	161,461	-
		\$ 211,409	\$ -
		2014	
From	To	Transfer-in	Transfer-out
Prop A	TCRF – South Campus	\$ -	\$ 1,081
	Prop C	-	100,000
		\$ -	\$ 101,081
Prop C	Prop C	\$ 355,000	\$ -
	Prop A	100,000	-
	Series AG Bond Fund	58,279	34,291
	TDA 3	140,000	-
	Construction in progress	-	129,222
	Capital Outlay	-	104,804
	Measure R	-	6,812
		\$ 653,279	\$ 275,129
Measure R	Prop C	\$ 6,812	\$ 355,000
	State Gas Tax	-	105,514
	Capital Outlay	-	17,936
	Construction in progress	-	177,896
		\$ 6,812	\$ 656,346



**CITY OF POMONA**

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2015 and 2014  
(Continued)

**NOTE 9 – TRANSFER IN AND OUT (CONTINUED)**

From	To	2014	
		Transfer-in	Transfer-out
Measure R	AQMD Fund	\$ 65,052	\$ -
	Series AN Bond Fund	187	-
	Prop C	-	140,000
		<u>\$ 65,239</u>	<u>\$ 140,000</u>

**NOTE 10 – OTHER REVENUE**

The other revenue of PALRF amounting to \$35,000 and \$0 for the years ended June 30, 2015 and 2014, respectively, represents fund received from the Foothill Transit Authority.

The other revenue of PCLRF amounting to \$60,000 and \$0 for the years ended June 30, 2015 and 2014, respectively, represents fund received from the County of Los Angeles.

The other revenue of TDAA3F amounting to \$845,458 and \$43,896 for the years ended June 30, 2015 and 2014, respectively, represents fund received from the California State Department of Transportation.

**NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

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

	2015	2014
FY 2011/12 reserve	\$ 2,392	\$ 71,756
FY 2012/13 reserve	116,459	-
FY 2013/14 reserve	122,305	-
Total payment received	<u>\$ 241,156</u>	<u>\$ 71,756</u>

**NOTE 12 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED**

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2015 and 2014, the City has funds on reserve as follows:

	2015	2014
FY 2011/12	\$ -	\$ 2,392
FY 2012/13	-	116,459
FY 2013/14	-	122,305
FY 2014/15	99,602	-
Available reserve balance	<u>\$ 99,602</u>	<u>\$ 241,156</u>

***CITY OF POMONA***

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2015 and 2014  
(Continued)

**NOTE 13 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2015 through December 2, 2015, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

**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 Pomona, 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 (TDAA3F) Fund of the City of Pomona, California (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 22, 2015.

**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 any deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.





## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Los Angeles, California  
December 22, 2015

---

---

*COMPLIANCE SECTION*

---

---



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditor's Report On Compliance

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

### Report on Compliance

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

### *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. 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 Pomona 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 (TDAA3F) Fund for the year ended June 30, 2015.





### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding Nos. F-15-01 and F-15-02. Our opinion on each local return program 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 Schedule of Findings and Recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City of Pomona, California (City) 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as item F-15-02 to be material weakness.

The City's response to the internal control over compliance findings over compliance identified in our audit are described in the 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.



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

*Simpson & Simpson*

Los Angeles, California  
December 22, 2015



**CITY OF POMONA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2015

Compliance Requirement	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 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	See Schedule of Findings and Recommendations, F-15-01.
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 recreational transit was submitted on time.	X		None	
9. Cash or cash equivalents were maintained.	X		None	
10. Accounting procedures, record keeping and documentation were adequate.		X	\$ 6,731	See Schedule of Findings and Recommendations, F-15-02. PALRF - \$3,735 PCLRF - \$2,996

**CITY OF POMONA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2015  
(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>B. Measure R Local Return Fund</b>					
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 POMONA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2015  
(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	
<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	

**CITY OF POMONA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

June 30, 2015

**Finding No. F-15-01 – Fund: PCLRF**

***Criteria:***

According to Proposition A and C Local Return Guidelines, “projects with greater than 25% change from the approved budget has been amended by submitting amended Project Description Form (Form A).”

***Condition:***

Expenditures for Project Codes 440-01 (Bridge Rehabilitation) funded by PCLRF exceeded 25% of MTA’s approved budget by \$119,771. No questioned costs were noted for project 440-01 as the project was subsequently approved by LACMTA

***Cause:***

The condition was due to oversight of the City’s personnel.

***Effect:***

The City spent more than 25 percent of LACMTA’s approved budget for the Bridge Rehabilitation was not in compliance with the Guidelines.

***Questioned Costs:***

None

***Recommendation:***

The City should establish procedures and controls to ensure that approval is obtained from LACMTA prior to implementing any LRFs

***Management’s Response:***

Project code 440-01, Bridge to Rehab program operating transfer of \$157,271 in FY 2014/2015 caused over budgeted positions; however, the program is under the inception-to-date approved/allowable budget of \$181,250.

**CITY OF POMONA**

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

(Continued)

**Finding No. 15-02 – Fund: PALRF & PCLRF**

**Criteria:**

According to the LACMTA Local Return Program Manager issued memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines are 1. “All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported to the payroll records.” 2. “Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on casual or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., LACMTA project did not cause the incurrence of the expenditures or LACMTA project did not benefit from the expenditure.)”

Note that an electronic system is acceptable as long as how much time is identified on the project (i.e., not just a clock-in-clock-out system) and *this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.*” Also, “(4) *Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:*

(a) A Federal award and a non-Federal award.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

(a) They must reflect an after the fact distribution of the actual activity of each employee

*Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.”*

**CITY OF POMONA**

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

(Continued)

***Condition:***

During our review of the payroll costs charged to the project code 480 (Administrative), we noted that the administrative salaries were allocated based a predetermined allocation for 3 staff charged to PALRF and 2 staff charged to PCLRF.

***Cause:***

The City represented to us that they are in the process of implementing a system to allocate payroll based on actual time work by program/fund.

***Effect:***

Inadequate support for payroll expenditures may result in disallowed costs funded by PALRF and PCLRF.

This finding is a repeat finding from fiscal years 2012-13 and 2013-14 for both funds.

***Questioned Costs:***

Project payroll expenditures (which includes direct administrative salaries) tested for fiscal year 2014-15 amounted to \$3,735 and \$2,996 for PALRF and PCLRF, respectively. These amounts are based on expenditures tested for 5 sampled pay periods.

PALRF: Total exceptions amounted to \$3,735 of \$13,568 sampled from the total payroll expenditures of \$107,193.

PCLRF: Total exceptions amounted to \$2,996 of \$23,124 sampled from the total payroll expenditures of \$142,794.

***Recommendation:***

In accordance with the Guidelines, we recommend that the City reimburse its PALRF and PCLRF accounts by \$3,735 and \$2,996, respectively. We also recommend that the City develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits are charged to the LACMTA projects, and provide training to all City employees who salaries are charged to the PALRF and PCLRF.

***Management's Response:***

The City corrected this issue as a result of the fiscal year 2013-14 audit for two out of the three employees that were noted to have their time allocated based on budgeted hours. The correction took place in December 2014 when the audit results were presented to the City. Subsequently, there was one employee who continued to have their time allocated based on budgeted hours and not actual hours. The City is taking action to correct this issue going forward.

---

*EXIT CONFERENCE*

---

***CITY OF POMONA***

PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
EXIT CONFERENCE  
June 30, 2015

An exit conference was held on December 22, 2015 with the City of Pomona. Those in attendance were:

***Simpson & Simpson Representative:***

Channing Wong, Auditor

***City's Representative:***

Joe Weaver, Senior Accountant  
Karen Zane, Assistant Finance Director  
Dustin Andolsen, Principal Accountant

***Matters Discussed:***

Results of the audit, two compliance finding was noted.

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

Joe Weaver, Senior Accountant  
Karen Zane, Assistant Finance Director  
Dustin Andolsen, Principal Accountant