



**Metro**<sup>™</sup>

**City of Pomona  
Annual Financial Report of its**

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

**As of and for the Years Ended June 30, 2019 and 2018**

**with Report of Independent Auditors**

	<u>PAGE</u>
<b>FINANCIAL SECTION</b>	
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
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Notes to Funds Financial Statements	23
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>	29

**COMPLIANCE SECTION**

Report of Independent Auditors on Compliance	31
Compliance Matrix	33

<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>37</b>
--	-----------

<b>EXIT CONFERENCE</b>	<b>41</b>
------------------------	-----------

**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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M 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, 2019 and 2018, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

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

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

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

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Pomona, California, as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter***

As discussed in Note 12, the fiscal year 2018 financial statements of Proposition A Local Return Fund have been restated to remove Bus Shelter Maintenance expenditures that were funded by the General Fund. Our opinion is not modified with respect to this matter.

### ***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, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Pomona, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



### **Supplementary Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 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 solely 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 the effectiveness of the City's 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.

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

**Glendale, California  
December 16, 2019**

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

		<b>June 30</b>	
		<b>2019</b>	(as restated) <b>2018</b>
<b>ASSETS</b>			
Cash and investments	\$	2,997,491	\$ 2,887,980
Accounts receivable		4,000	4,000
Interest receivable		10,216	9,833
Due from other government agencies		142,807	22,807
<b>Total assets</b>	<b>\$</b>	<b>3,154,514</b>	<b>\$ 2,924,620</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	101,556	\$ 615,482
Retention payable		-	3,498
Accrued payroll and employee benefits		5,671	4,982
<b>Total liabilities</b>		<b>107,227</b>	<b>623,962</b>
<b>Deferred inflows of resources</b>			
Unavailable revenues		22,807	22,807
<b>Total deferred inflows of resources</b>		<b>22,807</b>	<b>22,807</b>
<b>Fund balance</b>			
Restricted		3,024,480	2,277,851
<b>Total fund balance</b>		<b>3,024,480</b>	<b>2,277,851</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$</b>	<b>3,154,514</b>	<b>\$ 2,924,620</b>

*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	
	2019	(as restated) 2018
<b>Revenues</b>		
Proposition A	\$ 3,117,939	\$ 2,902,523
Proposition A fund exchange	1,090,000	-
Investment income	73,833	19,246
Get About Subsidy	27,000	14,000
Other revenues	37,608	-
<b>Total revenues</b>	<b>4,346,380</b>	2,935,769
 <b>Expenditures</b>		
Various projects	3,599,751	2,591,985
<b>Total expenditures</b>	<b>3,599,751</b>	2,591,985
 Excess of revenues over expenditures	 746,629	 343,784
 Fund balance at beginning of year	 2,277,851	 1,934,067
 Fund balance at end of year	 \$ 3,024,480	\$ 2,277,851

*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, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
130-01	PVTA - Get About	\$ 1,648,816	\$ 1,639,400	\$ 9,416	\$ 1,439,977
140-01	Recreational Transit	16,000	11,425	4,575	38,702
160-07	Transit Improvement Program - Citywide	363,286	-	363,286	-
160-08	Street Rehab District 475	203,943	-	203,943	-
170-03	Bus Stop Shelter Maintenance	137,288	113,577	23,711	123,142
230-01	Metrolink Security	341,295	357,770	(16,475)	263,703
230-10	Transit Station Security Cameras	136,070	-	136,070	-
250-01	Get About Subsidy	16,000	-	16,000	-
250-02	MTA Bus Pass Subsidy	174,000	157,636	16,364	144,660
270-01	PVTA Public Meetings	-	-	-	107,400
270-02	Technology - Work Order/Management System CIP (Previously named Gold Line Station Feasibility Analysis)	10,000	-	10,000	-
300-01	Transit Improvement Program - Goldline CIP	1,200,000	286,721	913,279	157,569
360-01	Metrolink Utilities (2 Stations)	73,285	54,287	18,998	56,574
370-02	Pomona Transit Bridge Improvement and Beautification CIP 428-67927	600,000	589,378	10,622	-
390-01	Metrolink Maintenance (2 Stations)	281,156	200,532	80,624	109,690
480-01	Administration	201,582	189,025	12,557	150,568
<b>Total expenditures</b>		<b>\$ 5,402,721</b>	<b>\$ 3,599,751</b>	<b>\$ 1,802,970</b>	<b>\$ 2,591,985</b>

*See report of independent auditors.*

**City of Pomona**  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2019**

---

Date Acquired	Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

City of Pomona  
Proposition C Local Return Fund  
Balance Sheets

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	7,549,872	\$ 5,233,382
Interest receivable		31,128	18,753
<b>Total assets</b>	<b>\$</b>	<b><u>7,581,000</u></b>	<b><u>\$ 5,252,135</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	3,038	\$ 7,750
Accrued payroll and employee benefits		3,596	1,541
<b>Total liabilities</b>		<b><u>6,634</u></b>	<b><u>9,291</u></b>
<b>Fund balance</b>			
Restricted		<u>7,574,366</u>	<u>5,242,844</u>
<b>Total fund balance</b>		<b><u>7,574,366</u></b>	<b><u>5,242,844</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>7,581,000</u></b>	<b><u>\$ 5,252,135</u></b>

*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	
	2019	2018
<b>Revenues</b>		
Proposition C	\$ 2,586,242	\$ 2,401,009
Investment income	175,721	28,163
<b>Total revenues</b>	<b>2,761,963</b>	<b>2,429,172</b>
 <b>Expenditures</b>		
Various projects	430,441	627,860
<b>Total expenditures</b>	<b>430,441</b>	<b>627,860</b>
 Excess of revenues over expenditures	 2,331,522	 1,801,312
Fund balance at beginning of year	5,242,844	3,441,532
Fund balance at end of year	\$ 7,574,366	\$ 5,242,844

*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, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
210-01	TSSP Project - Valley Blvd./Holt Ave. CIP 428-76026	\$ 434,852	\$ -	\$ 434,852	\$ -
270-02	Technology - Work Order/Management System CIP (Previously named Gold Line Station Feasibility Analysis)	10,000	-	10,000	-
370-01	Street Improvements - Hamilton Underpass at UPRR	29,277	14,758	14,519	7,663
400-02	Traffic Signal Improvements - Towne Avenue and Philadelphia	9,042	2,743	6,299	4,814
440-01	Bridge Rehabilitation Program	46,682	2,834	43,848	3,413
440-02	Street Rehabilitation - Reservoir Street (Mission Blvd and County Rd)	163,000	-	163,000	18,813
440-05	Street Preservation CW 67920	245,000	244,694	306	-
440-10	Traffic Operations - Communication Upgrade	99,000	-	99,000	99,000
450-01	Mission Boulevard Grade Separation at State Route 71	1,946,755	6,606	1,940,149	-
450-03	Major Street Rehabilitation 2015 Metro Call	1,946,755	-	1,946,755	-
450-04	Holt Ave West Reconstruction	4,023,669	36,603	3,987,066	-
450-08	Major Street Rehabilitation - Citywide	-	-	-	400,000
450-09	Landscape Improvements - Mission Blvd/SR-1	125,000	-	125,000	-
460-07	Traffic Signal Improvements - Battery Backup System	192,657	37,089	155,568	36,089
460-09	Traffic Signal Improvements - Towne Avenue and Riverside Drive	3,000	-	3,000	-
480-01	Administration	120,000	85,114	34,886	58,068
<b>Total expenditures</b>		<b>\$ 9,394,689</b>	<b>\$ 430,441</b>	<b>\$ 8,964,248</b>	<b>\$ 627,860</b>

*See report of independent auditors.*

**City of Pomona**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2019**

---

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

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

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	3,203,925	\$ 2,887,778
Interest receivable		13,559	10,890
Due from other governments		-	160
<b>Total assets</b>	<b>\$</b>	<b><u>3,217,484</u></b>	<b><u>\$ 2,898,828</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	87,963	\$ 69,650
Accrued payroll and employee benefits		31,826	28,524
<b>Total liabilities</b>		<b><u>119,789</u></b>	<b><u>98,174</u></b>
<b>Fund balance</b>			
Restricted		3,097,695	2,800,654
<b>Total fund balance</b>		<b><u>3,097,695</u></b>	<b><u>2,800,654</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>3,217,484</u></b>	<b><u>\$ 2,898,828</u></b>

*See notes to Funds financial statements.*



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

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

---

		<b>Years ended June 30</b>	
		<b>2019</b>	<b>2018</b>
<b>Revenues</b>			
Measure R	\$	1,940,239	\$ 1,803,401
Investment income		82,979	25,040
<b>Total revenues</b>		<b>2,023,218</b>	<b>1,828,441</b>
<b>Expenditures</b>			
Various projects		1,726,177	1,778,763
<b>Total expenditures</b>		<b>1,726,177</b>	<b>1,778,763</b>
Excess of revenues over expenditures		<b>297,041</b>	49,678
<b>Other financing source</b>			
Transfers from PCLRF		-	3,413
<b>Total other financing source</b>		<b>-</b>	<b>3,413</b>
Change in fund balance		<b>297,041</b>	53,091
Fund balance at beginning of year		<b>2,800,654</b>	2,747,563
Fund balance at end of year	\$	<b>3,097,695</b>	\$ 2,800,654

*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, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Street Repair and Maintenance-Street Sweeping/ (Maintenance to Preserve the Operation of Public Right-Of-Way)	\$ 99,325	\$ 106,686	\$ (7,361)	-
1.05	Street Repair and Maintenance-Road Repair with Asphalt and Concrete	631,009	590,802	40,207	-
1.05	Street Repair and Maintenance-Traffic paint and Sign	141,637	127,969	13,668	-
1.05	Street Repair and Maintenance-Right-of-Way Clean Ups	21,408	20,461	947	-
1.05	Street Repair and Maintenance-Median Maintenance	103,517	100,361	3,156	-
1.05	Street Repair and Maintenance - Street Tree Maintenance	6,226	4,355	1,871	-
1.05	Street and Maintenance-Graffiti Abatement	136,300	111,810	24,490	-
1.05	Street Rehabilitation - District 1 and 6	3,683	-	3,683	3,317
1.05	Street Rehabilitation - District 2 and 3	331,500	35,395	296,105	226,535
1.05	Street Rehabilitation - District 4 and 5	666,473	7,877	658,596	5,414
1.05	Street Rehabilitation - Slurry Seal and Overlay	-	-	-	16,228
1.05	Street Preservation Local Citywide (FY17-18)	168,575	102,643	65,932	103,932
1.05	Street Preservation Local Citywide FY 19	808,961	-	808,961	-
1.05	Major Street Rehab CW FY 14 through FY 16	252,234	72,925	179,309	-
1.05	Bridge Rehabilitation Program Phase II	28,600	-	28,600	-
1.05	Alley Improvements - Citywide CDBG FY 15 to FY 17	14,800	-	14,800	-
1.05	Street Improvements - Citywide FY16 to FY 18	30,000	-	30,000	-
1.05	Major Street Rehabilitation - 2015 Metro Call	162,890	-	162,890	-
1.05	Holt Avenue West Reconstruction	809,239	-	809,239	-
1.05	Purchase of Citywide Work Order System	10,000	10,000	-	-
1.05	Sidewalk-Penmar Lane CDBG FY 17 to FY 18	1,000	836	164	-
1.20	Highway Improvements SR-71 Highway to Freeway Conversion (Caltrans) Phase II	18,031	7,268	10,763	13,975
1.25	Alley Improvements Citywide	-	-	-	3,279
1.25	Pedestrian Access Ramp Removal and Wall Replacement Norval St	-	-	-	41,927
1.25	ADA Path of Travel - Citywide (CDBG) (FY14-15 to FY16-17)	-	-	-	18,705
1.90	Install Pavement Markers, Repair Sidewalks, R & R Asphalt and Pothole	-	-	-	577,905
1.90	Sidewalks Penmar Lane	-	-	-	3,601
1.90	Plaza Park Improvements	-	-	-	49,000
2.03	Replace Damaged Signal Poles	-	-	-	341,249
2.03	Maintain Traffic Signals	385,117	327,637	57,480	60,000
2.03	Traffic Signal-Village Loop Road and Santa Clara Drive	3,551	-	3,551	-
2.29	R & R of Traffic Signs/Traffic Signal Upgrades	-	-	-	141,692
2.29	Traffic Operations - Communication Upgrade	77,131	21,691	55,440	22,870
3.20	ADA Curb Ramp and Sidewalk Compliance Program - Citywide	178,000	3,000	175,000	100,000
3.20	ADA Path of Travel - Citywide (CDBG) (FY14-15 to FY16-17)	16,300	15,422	878	-
8.10	Fund Administration	52,885	59,039	(6,154)	49,134
<b>Total expenditures</b>		<b>\$ 5,158,392</b>	<b>\$ 1,726,177</b>	<b>\$ 3,432,215</b>	<b>\$ 1,778,763</b>

*See report of independent auditors.*

**City of Pomona**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2019**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
11/19/2013	Retrolectormeter	\$ 1,120	\$ -	\$ 1,120	\$ -
07/01/2014	Universal Model AP450 Planer	4,313	-	4,313	-
09/23/2014	Accushot Epoxy Machine with Trailer	3,061	-	1,531	1,530
06/08/2015	Message Board	5,197	-	2,599	2,598
06/23/2015	Zieman 1185 Trailer	3,041	-	1,520	1,521
12/16/2015	Sidewalk Grinder	5,576	-	697	4,879
06/13/2016	Paint Shaker Gyro Multi 110V	6,854	-	860	5,994
03/19/2019	Hydrotek Hot Water Skid	-	5,353	-	5,353
<b>Total</b>		<b>\$ 29,162</b>	<b>\$ 5,353</b>	<b>\$ 12,640</b>	<b>\$ 21,875</b>

*See report of independent auditors.*

City of Pomona  
Measure M Local Return Fund  
Balance Sheets

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	1,382,472	\$ 1,617,618
Interest receivable		6,369	-
<b>Total assets</b>	<b>\$</b>	<b><u>1,388,841</u></b>	<b><u>\$ 1,617,618</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	74,589	\$ 56,548
Accrued payroll and employee benefits		6,391	854
<b>Total liabilities</b>		<b><u>80,980</u></b>	<b><u>57,402</u></b>
<b>Fund balance</b>			
Restricted		<u>1,307,861</u>	<u>1,560,216</u>
<b>Total fund balance</b>		<b><u>1,307,861</u></b>	<b><u>1,560,216</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>1,388,841</u></b>	<b><u>\$ 1,617,618</u></b>

*See notes to Funds financial statements.*

City of Pomona  
Measure M Local Return Fund

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

---

	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Measure M	\$ 2,185,437	\$ 1,634,149
Investment income	37,873	-
<b>Total revenues</b>	<b>2,223,310</b>	1,634,149
<b>Expenditures</b>		
Various projects	2,475,665	73,933
<b>Total expenditures</b>	<b>2,475,665</b>	73,933
Excess (deficiency) of revenues over expenditures	(252,355)	1,560,216
Fund balance at beginning of year	1,560,216	-
Fund balance at end of year	\$ 1,307,861	\$ 1,560,216

*See notes to Funds financial statements.*

**City of Pomona**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Road Repair with Asphalt and Concrete Repairs Citywide	\$ 105,000	\$ 66,994	\$ 38,006	\$ 62,912
1.05	Street Sweeping	99,325	109,167	(9,842)	-
1.05	Street Repair and Maintenance - Graffiti Abatement	136,202	108,711	27,491	-
1.05	Street Repair and Maintenance - Traffic Paint and Sign	39,798	23,340	16,458	-
1.05	Street Repair and Maintenance - Median Maintenance	103,517	100,362	3,155	-
1.05	Street Repair and Maintenance - Street Tree Maintenance	6,226	4,289	1,937	-
1.05	Street Repair and Maintenance - Right-of-Way Clean Ups	21,408	20,428	980	-
1.90	Purchase of new street and road maintenance truck	100,979	100,979	-	-
1.90	ADA Curb Ramps and Sidewalks Compliance Program-CW	85,000	85,000	-	-
1.90	Purchase of Citywide Work Order System	75,000	-	75,000	-
1.90	Street Preservation Local Citywide FY18	1,624,050	1,624,050	-	-
1.90	Street Preservation Local Citywide FY19	1,273,763	-	1,273,763	-
1.90	Conversion of an existing truck into an Asphalt Material Bed	45,000	-	45,000	-
2.03	Traffic Signal Maintenance	135,310	113,495	21,815	-
2.09	Purchase of New Boom Truck (Carry-Over)	214,812	-	214,812	-
7.90	Purchase of Vehicle for Inspections and Road Related Improvements	28,833	28,833	-	-
8.10	Fund Administration	125,398	90,017	35,381	11,021
<b>Total expenditures</b>		<b>\$ 4,219,621</b>	<b>\$ 2,475,665</b>	<b>\$ 1,743,956</b>	<b>\$ 73,933</b>

*See report of independent auditors.*

**City of Pomona**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2019**

---

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
3/19/2019	Gas Powered Drill	\$ -	\$ 5,201	\$ -	\$ 5,201
2/26/2019	2019 Ford F250 with Flat Bed and Liftgate	-	36,981	-	36,981
3/5/2019	2019 Ford Escape	-	28,833	-	28,833
3/5/2019	2019 Ford F-150	-	33,723	-	33,723
3/5/2019	2019 Ford F-250	-	30,274	-	30,274
3/19/2019	Hydrotek Hot Water Skid	-	5,353	-	5,353
<b>Total</b>		<b>\$ -</b>	<b>\$ 140,365</b>	<b>\$ -</b>	<b>\$ 140,365</b>

*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	
		2019	2018
<b>ASSETS</b>			
Due from LACMTA	\$	250,679	\$ 230,479
<b>Total assets</b>	<b>\$</b>	<b>250,679</b>	<b>\$ 230,479</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Cash overdraft	\$	136,138	\$ 101,309
Accounts payable		16,605	33,501
<b>Total liabilities</b>		<b>152,743</b>	<b>134,810</b>
 <b>Deferred inflows of resources</b>			
Unavailable revenues		53,679	145,412
<b>Total deferred inflows of resources</b>		<b>53,679</b>	<b>145,412</b>
 <b>Fund balance (deficit)</b>			
Restricted		44,257	(49,743)
<b>Total fund balance (deficit)</b>		<b>44,257</b>	<b>(49,743)</b>
<b>Total liabilities, deferred inflows of resources and fund balance (deficit)</b>	<b>\$</b>	<b>250,679</b>	<b>\$ 230,479</b>

*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	
	2019	2018
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 197,000	\$ 85,067
Investment income	-	322
<b>Total revenues</b>	<b>197,000</b>	<b>85,389</b>
<b>Expenditures</b>		
Construction/Maintenance	<b>103,000</b>	193,919
<b>Total expenditures</b>	<b>103,000</b>	<b>193,919</b>
Excess (deficiency) of revenues over expenditures	<b>94,000</b>	(108,530)
Fund balance (deficit) at beginning of year	<b>(49,743)</b>	58,787
Fund balance (deficit) at end of year	<b>\$ 44,257</b>	<b>\$ (49,743)</b>

*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, 2019**

---

<b>Project Description</b>	Program <u>Year</u>	Totals to Date			<u>Project Status</u>
		<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	
<b>Local Allocations:</b>					
Sidewalk Concrete Repair Services Citywide Project	2019	\$ 90,000	\$ 90,000	\$ -	Completed
Traffic Operations Communication Upgrade	2019	<u>107,000</u>	<u>13,000</u>	<u>94,000</u>	Ongoing
<b>Totals</b>		<u>\$ 197,000</u>	<u>\$ 103,000</u>	94,000	
Fund balance (deficit) at beginning of year				<u>(49,743)</u>	
Fund balance at end of year				<u>\$ 44,257</u>	*

\* See Compliance Matrix and Schedule of Findings and Questioned Costs.

*See report of independent auditors.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) of the City of Pomona (the City) 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 the county-wide ½ cent Measure R 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.

MMLRF is derived from 17% of the county-wide ½ cent Measure M 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, MMLRF 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 based on budgets approved by LACMTA and 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*, 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 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

**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, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2019 and 2018:

- 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 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 resources that are not available for spending as of June 30, 2019 and 2018.

**NOTE 2      ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

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.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS**

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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

**NOTE 6 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 7 CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF, MMLRF 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 8 DUE FROM OTHER GOVERNMENT AGENCIES**

Due from other government agencies as of June 30, 2019 and 2018 consisted of the following:

**PALRF**

		<u>2019</u>		<u>2018</u>
City of Hidden Hills – Fund exchange	\$	120,000	\$	-
State of California – SB90		22,807		22,807
	\$	<u>142,807</u>	\$	<u>22,807</u>

**NOTE 9      PROPOSITION A FUND EXCHANGE**

As permitted by the Local Return Guidelines and as approved by LACMTA, the City entered into agreements with various cities to exchange the City's general fund monies with other cities' uncommitted Proposition A monies. The amounts received were recorded under PALRF.

Those exchanges are listed below:

- In May 2019, the City entered into an agreement with the City of Diamond Bar to exchange general fund monies amounting to \$727,500 for \$970,000 or \$0.75 general fund per \$1 of PALRF monies.
- In June 2019, the City entered into an agreement with the City of Hidden Hills to exchange general fund monies amounting to \$84,000 for \$120,000 or \$0.70 general fund per \$1 of PALRF monies.

**NOTE 10      OTHER REVENUES - PALRF**

Other revenues under PALRF for the year ended June 30, 2019 consist of the following:

Bus Stop Enhancement Program Grant*	\$	35,000
Pomona Valley Transit Authority reimbursement		2,608
	\$	<u>37,608</u>

\* Bus Stop Enhancement Program Grant  
The City entered into a Funding Agreement (No. 216-2590-6845) with Foothill Transit for the Bus Stop Enhancement Program (the Project) on January 13, 2016. The total designated amount for the project is \$35,000. The funds will be released to the City on a reimbursement basis in accordance with invoices submitted in support of the monthly progress report to Foothill Transit.

The City recognized \$35,000 of reimbursement for this project during the year ended June 30, 2019.

**NOTE 11      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION**

The revenue allocations for the years ended June 30, 2019 and 2018 consisted of the following:

		<u>2019</u>		<u>2018</u>
FY 2015/16 allocation	\$	44,090	\$	28,180
FY 2016/17 allocation		101,322		56,887
FY 2018/19 allocation		51,588		-
	\$	<u>197,000</u>	\$	<u>85,067</u>

**NOTE 12      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, 2019 and 2018, the City has funds on reserve as follows:

		<b>2019</b>		2018
FY 2016/17 allocation	\$	-	\$	44,090
FY 2017/18 allocation		-		101,322
FY 2018/19 allocation		<b>53,679</b>		-
	<b>\$</b>	<b>53,679</b>	<b>\$</b>	145,412

For FY 2018/19, any TDA Article 3 funds left on reserve for FY 2014/15 or prior, are subject to lapse if not claimed by the City by June 30, 2019. There were no funds that lapsed in FY 2018/19.

**NOTE 13      RESTATEMENT OF 2018 PALRF FINANCIAL STATEMENTS**

The 2018 financial statements of PALRF were restated to reflect the adjustments on the following accounts:

		Balance, as previously reported		Adjustment		Balance, as adjusted
Accounts payable	\$	643,259	\$	(27,777)	\$	615,482
Fund balance		2,250,074		27,777		2,277,851

The restatement of the Proposition C Local Return Fund financial statements is to remove certain accrual of FY2015/16 Bus Shelter Maintenance expenditures from Proposition A Local Return Fund that were funded by the General Fund.

**NOTE 14      SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 16, 2019, 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, the Measure M 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit 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 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M 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 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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Glendale, California  
December 16, 2019**

## **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, Measure M 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, 2019.

### ***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, Measure M 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, 2019.



### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance with the requirements, which are described in the accompanying Schedule of Findings and Questioned Costs as Findings #2019-001 to #2019-004. Our opinion is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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 responses.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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 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 "Vaguez &amp; Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California  
December 16, 2019**

**City of Pomona  
Compliance Matrix  
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>					
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 timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.		X			See Finding #2019-001
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 timely.	X				

*See report of independent auditors on compliance.*

**City of Pomona  
Compliance Matrix  
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>					
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 timely.	X				
8. Expenditure Report (Form Two) was submitted timely.		X			See Finding #2019-002
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 timely.			X		

*See report of independent auditors on compliance.*

**City of Pomona  
Compliance Matrix  
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>C. Measure M Local Return Fund</b>					
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 M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form M-One) was submitted timely.	X				
8. Expenditure Report (Form M-Two) was submitted timely.		X			See Finding #2019-003
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 timely.			X		

*See report of independent auditors on compliance.*



**City of Pomona  
Compliance Matrix  
Year ended June 30, 2019**

---

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>D. Transportation Development Act Article 3 Fund</b>					
1. Timely use of funds.		X			See Finding #2019-004
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

*See report of independent auditors on compliance.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**City of Pomona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2019**

---

**PALRF and PCLRF: Finding #2019-001**

<b>Compliance Reference</b>	Section I(C) of Proposition A and Proposition C Local Return Program Guideline states that, "On or before October 15th of each fiscal year, the Jurisdiction shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
<b>Condition</b>	The City submitted its Form C on October 19, 2019, 4 days after the due date of October 15, 2019.
<b>Cause</b>	The City had adjustments to make as the deadline approached and wanted to ensure accuracy of the reports prior to submission.
<b>Effect</b>	The City's Expenditure Report (Form C) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form C) is submitted by October 15 as required by the Guidelines.
<b>Management Response</b>	Internal procedures are in place to ensure timely submission of the reports to LACMTA. The City will continue to work diligently to ensure timeliness of the submissions moving forward.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

**City of Pomona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2019**

---

**MRLRF: Finding #2019-002**

<b>Compliance Reference</b>	Section B(II)(2) of the Measure R Local Return Program Guidelines states that "...Jurisdictions shall submit to LACMTA an Expenditure Report (Form Two), annually, by October 15 <sup>th</sup> (following the conclusion of the fiscal year)...."
<b>Condition</b>	The City submitted its Form Two on October 19, 2019, 4 days after the due date of October 15, 2019.
<b>Cause</b>	The City had adjustments to make as the deadline approached and wanted to ensure accuracy of the reports prior to submission.
<b>Effect</b>	Expenditure Report (Form Two) was not submitted timely as required by the Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form Two) is submitted by October 15 as required by the Guidelines.
<b>Management's Response</b>	Internal procedures are in place to ensure timely submission of the reports to MTA. The City will continue to work diligently to ensure timeliness of the submissions moving forward.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

**City of Pomona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2019**

---

**MMLRF: Finding #2019-003**

<b>Compliance Reference</b>	Section XXV of the Measure M Program Guidelines states that, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdiction shall submit a Form M-Two, to Metro annually, by October 15 <sup>th</sup> (following the conclusion of the fiscal year)."
<b>Condition</b>	The City submitted its Form M-Two on October 19, 2019, 4 days after the due date of October 15, 2019.
<b>Cause</b>	The Form M-Two was submitted late due to last minute adjustments to ensure accuracy of the report before submission.
<b>Effect</b>	The City's Expenditure Report (Form M-Two) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form M-Two) is submitted by October 15 as required by the Guidelines.
<b>Management's Response</b>	Internal procedures are in place to ensure timely submission of the reports to MTA. The City will continue to work diligently to ensure timeliness of the submissions moving forward.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

**City of Pomona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2019**

---

**TDAA3F: Finding #2019-004**

<b>Compliance Reference</b>	TDA Article 3 Guidelines states that, "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to LACMTA to be placed on reserve for the City under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated".
<b>Condition</b>	The City has unexpended and unencumbered fund balance amounting to \$44,257 as of June 30, 2019.
<b>Cause</b>	There appears to be a lack of timely review of the available funding to be spent and/or returned for TDA Article 3 Fund.
<b>Effect</b>	The City was not in compliance with the TDA Article 3 Guidelines and is required to return the amount of \$44,257 that is neither expended nor encumbered as of June 30, 2019.
<b>Recommendation</b>	We recommend that the City return the unexpended funds to LACMTA consistent with the TDA Article 3 Guidelines.
<b>Management's Response</b>	The City has requested an extension from LACMTA to spend the remaining fund balance of \$44,257 during fiscal year 2019/20.
<b>Finding Corrected During the Audit</b>	On December 16, 2019, LACMTA granted the City an extension through May 31, 2020 to use the funds. No follow up is required.

**EXIT CONFERENCE**

An exit conference was held on December 16, 2019 with the City of Pomona representatives. Those in attendance were:

Vasquez and Company LLP representatives:

    Marialyn Salvador – Audit Senior Manager

    Ihab Fakhreddine – Audit Senior Auditor (BCA Watsonrice LLP)

City of Pomona representatives:

    Dustin Andolsen – Accounting Supervisor

    Claudia Huerta – Program Assistant

Matters discussed:

Results of the audit disclosed instances of noncompliance with the LACMTA Guidelines.

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

    Dustin Andolsen – Accounting Supervisor

    Claudia Huerta – Program Assistant





[www.vasquezcpa.com](http://www.vasquezcpa.com)

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit [rsmus.com/about us](http://rsmus.com/about-us) for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.