



**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  
Transportation Development Act Article 3 Fund**

**As of and for the Years Ended June 30, 2018 and 2017**

**and**

**Measure M Local Return Fund  
As of and for the Year Ended June 30, 2018**

**with Report of Independent Auditors**

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**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 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, 2018 and 2017, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the accompanying financial statements of the City's Measure M Local Return Fund which comprise the Fund's balance sheet as of June 30, 2018, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements.

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

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

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

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and the Transportation Development Act Article 3 Fund as of June 30, 2018 and 2017 and the Measure M Local Return Fund as of June 30, 2018, of the City of Pomona, California, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, 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, 2018 and 2017, 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 20, 2018 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.

*Vasquez & Company LLP*

**Glendale, California  
December 20, 2018**

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

		June 30	
		2018	2017
<b>ASSETS</b>			
Cash and investments	\$	2,887,980	\$ 2,140,618
Accounts receivable		4,000	4,000
Interest receivable		9,833	5,751
Due from other government agencies		22,807	295,281
<b>Total assets</b>	<b>\$</b>	<b><u>2,924,620</u></b>	<b><u>\$ 2,445,650</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	643,259	\$ 239,099
Retention payable		3,498	-
Accrued payroll and employee benefits		4,982	4,980
<b>Total liabilities</b>		<b><u>651,739</u></b>	<b><u>244,079</u></b>
<b>Deferred inflows of resources</b>			
Unavailable revenues		22,807	295,281
<b>Total deferred inflows of resources</b>		<b><u>22,807</u></b>	<b><u>295,281</u></b>
<b>Fund balance</b>			
Restricted		2,250,074	1,906,290
<b>Total fund balance</b>		<b><u>2,250,074</u></b>	<b><u>1,906,290</u></b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$</b>	<b><u>2,924,620</u></b>	<b><u>\$ 2,445,650</u></b>

*See notes to Funds financial statements.*



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

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		<b>Years ended June 30</b>	
		<b>2018</b>	<b>2017</b>
<b>Revenues</b>			
Proposition A	\$	<b>2,902,523</b>	\$ 2,781,244
Investment income (loss)		<b>19,246</b>	(1,844)
Get About Subsidy		<b>14,000</b>	16,000
<b>Total revenues</b>		<b><u>2,935,769</u></b>	<u>2,795,400</u>
<b>Expenditures</b>			
Various projects		<b>2,591,985</b>	3,057,685
<b>Total expenditures</b>		<b><u>2,591,985</u></b>	<u>3,057,685</u>
Excess (deficiency) of revenues over expenditures		<b>343,784</b>	(262,285)
Fund balance at beginning of year		<b><u>1,906,290</u></b>	<u>2,168,575</u>
Fund balance at end of year	\$	<b><u>2,250,074</u></b>	\$ <u>1,906,290</u>

*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, 2018**  
**(With Comparative Actuals for 2017)**

Project Code	Project Name	2018			2017 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
130-01	PVTA - Get About	\$ 1,625,542	\$ 1,439,977	\$ 185,565	\$ 1,483,708
140-01	Recreational Transit	40,000	38,702	1,298	47,339
160-07	Transit Improvement Program - Citywide	263,286	-	263,286	31,243
160-09	Bus Stop Improvements	-	-	-	655,532
170-03	Bus Stop Shelter Maintenance	124,808	123,142	1,666	130,056
230-01	Metrolink Security	238,960	263,703	(24,743)	227,332
230-10	Transit Station Security Cameras	136,070	-	136,070	-
250-01	Get About Subsidy	16,000	-	16,000	20,000
250-02	MTA Bus Pass Subsidy	174,000	144,660	29,340	146,580
270-01	PVTA Public Meetings	120,000	107,400	12,600	-
300-01	Transit Improvement Program - Goldline CIP	850,000	157,569	692,431	-
360-01	Metrolink Utilities (2 Stations)	69,570	56,574	12,996	61,146
390-01	Metrolink Maintenance (2 Stations)	142,055	109,690	32,365	119,040
480-01	Administration	198,331	150,568	47,763	135,709
<b>Total expenditures</b>		<b>\$ 3,998,622</b>	<b>\$ 2,591,985</b>	<b>\$ 1,406,637</b>	<b>\$ 3,057,685</b>

*See report of independent auditors.*

**City of Pomona**  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2018**

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Date Acquired	Description	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
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	
		2018	2017
<b>ASSETS</b>			
Cash and investments	\$	5,233,382	\$ 3,439,076
Interest receivable		18,753	10,570
<b>Total assets</b>	<b>\$</b>	<b>5,252,135</b>	<b>\$ 3,449,646</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	7,750	\$ 5,535
Accrued payroll and employee benefits		1,541	2,579
<b>Total liabilities</b>		<b>9,291</b>	<b>8,114</b>
<b>Fund balance</b>			
Restricted		5,242,844	3,441,532
<b>Total fund balance</b>		<b>5,242,844</b>	<b>3,441,532</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>5,252,135</b>	<b>\$ 3,449,646</b>

*See notes to Funds financial statements.*

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

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		<b>Years ended June 30</b>	
		<b>2018</b>	<b>2017</b>
<b>Revenues</b>			
Proposition C	\$	<b>2,401,009</b>	\$ 2,313,406
Investment income		<b>28,163</b>	6,174
<b>Total revenues</b>		<b>2,429,172</b>	2,319,580
 <b>Expenditures</b>			
Various projects		<b>627,860</b>	6,671,951
<b>Total expenditures</b>		<b>627,860</b>	6,671,951
Excess (deficiency) of revenues over expenditures		<b>1,801,312</b>	(4,352,371)
Fund balance at beginning of year		<b>3,441,532</b>	7,793,903
Fund balance at end of year		<b>\$ 5,242,844</b>	\$ 3,441,532

*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, 2018**  
**(With Comparative Actuals for 2017)**

Project Code	Project Name	2018			2017 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
370-01	Street Improvements - Hamilton Underpass at UPRR	\$ 29,277	\$ 7,663	\$ 21,614	\$ 7,400
400-02	Traffic Signal Improvements - Towne Avenue and Philadelphia	9,042	4,814	4,228	11,841
400-03	Coop Agreement - Traffic Signal (Foothill Blvd and Sumner Ave)	-	-	-	255,279
440-01	Bridge Rehabilitation Program	50,034	3,413	46,621	1,437
440-02	Street Rehabilitation - Reservoir Street (Mission Blvd and County Rd)	1,900,000	18,813	1,881,187	-
440-03	Street Preservation - Citywide (FY16-17) CIP	110,092	-	110,092	-
440-04	Street Repair - Towne Avenue Underpass	772,842	-	772,842	-
440-10	Traffic Operations - Communication Upgrade	99,000	99,000	-	-
450-01	Mission Boulevard Grade Separation at State Route 71	16,143	-	16,143	2,929
450-03	Major Street Rehabilitation 2015 Metro Cal	1,900,000	-	1,900,000	-
450-08	Major Street Rehabilitation - Citywide	400,000	400,000	-	6,261,356
450-09	Landscape Improvements - Mission Blvd/SR-1	125,000	-	125,000	30,308
460-07	Traffic Signal Improvements - Battery Backup System	200,000	36,089	163,911	19,919
460-09	Traffic Signal Improvements - Towne Avenue and Riverside Drive	145,501	-	145,501	5,000
480-01	Administration	94,012	58,068	35,944	76,482
<b>Total expenditures</b>		<b>\$ 5,850,943</b>	<b>\$ 627,860</b>	<b>\$ 5,223,083</b>	<b>\$ 6,671,951</b>

*See report of independent auditors.*

**City of Pomona**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2018**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</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	
		2018	2017
<b>ASSETS</b>			
Cash and investments	\$	2,887,778	\$ 2,799,772
Interest receivable		10,890	6,354
Due from other governments		160	-
<b>Total assets</b>	<b>\$</b>	<b><u>2,898,828</u></b>	<b><u>\$ 2,806,126</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	69,650	\$ 37,823
Accrued payroll and employee benefits		28,524	20,740
<b>Total liabilities</b>		<b><u>98,174</u></b>	<b><u>58,563</u></b>
<b>Fund balance</b>			
Restricted		<u>2,800,654</u>	<u>2,747,563</u>
<b>Total fund balance</b>		<b><u>2,800,654</u></b>	<b><u>2,747,563</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>2,898,828</u></b>	<b><u>\$ 2,806,126</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**

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	Years ended June 30	
	2018	2017
<b>Revenues</b>		
Measure R	\$ 1,803,401	\$ 1,730,645
Investment income (loss)	25,040	(3,620)
Other	-	5,386
<b>Total revenues</b>	<b>1,828,441</b>	<b>1,732,411</b>
 <b>Expenditures</b>		
Various projects	1,778,763	1,292,931
<b>Total expenditures</b>	<b>1,778,763</b>	<b>1,292,931</b>
 Excess of revenues over expenditures	<b>49,678</b>	439,480
 <b>Other financing source</b>		
Transfers from PCLRF	3,413	-
<b>Total other financing sources</b>	<b>3,413</b>	-
 Excess of revenues over expenditures and other financing source	<b>53,091</b>	439,480
 Fund balance at beginning of year	<b>2,747,563</b>	2,308,083
 Fund balance at end of year	<b>\$ 2,800,654</b>	<b>\$ 2,747,563</b>

*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, 2018  
(With Comparative Actuals for 2017)

Project Code	Project Name	2018		Variance Positive (Negative)	2017 Actual
		LACMTA Budget	Actual		
1.05	Major Street Rehabilitation - Citywide (FY13/14 - FY15/16)	\$ 916,879	\$ -	\$ 916,879	\$ -
1.05	Street Rehabilitation - District 2 and 3	558,043	226,535	331,508	-
1.05	Street Preservation Local Citywide (FY17-18)	272,507	103,932	168,575	-
1.05	Street Rehabilitation - District 1 and 6	3,683	3,317	366	-
1.05	Street Rehabilitation - District 4 and 5	272,896	5,414	267,482	447,979
1.05	Street Rehabilitation - Slurry Seal and Overlay	-	16,228 *	(16,228)	-
1.20	Highway Improvements SR-71 Highway to Freeway Conversion (Caltrans) Phase II	30,000	13,975	16,025	-
1.25	Alley Improvements Citywide	16,717	3,279	13,438	-
1.25	Pedestrian Access Ramp Removal and Wall Replacement Norval St	15,000	41,927	(26,927)	-
1.25	ADA Path of Travel - Citywide (CDBG) (FY14-15 to FY16-17)	-	18,705 *	(18,705)	-
1.90	Install Pavement Markers, Repair Sidewalks, R & R Asphalt and Pothole	531,387	577,905	(46,518)	335,494
1.90	Sidewalks Penmar Lane	5,013	3,601	1,412	-
1.90	Plaza Park Improvements	-	49,000 *	(49,000)	-
2.03	Replace Damaged Signal Poles	346,187	341,249	4,938	-
2.03	Maintain Traffic Signals	60,000	60,000	-	60,000
2.03	Traffic Signal Village Loop Road and Santa Clara Drive	50,766	-	50,766	-
2.29	Replace Damaged Signal Poles	-	-	-	297,485
2.29	R & R of Traffic Signs/Traffic Signal Upgrades	174,813	141,692	33,121	118,228
2.29	Traffic Operations - Communication Upgrade	-	22,870 *	(22,870)	-
3.20	ADA Curb Ramp and Sidewalk Compliance Program - Citywide	100,000	100,000	-	-
8.10	Fund Administration	45,217	49,134	(3,917)	33,745
<b>Total expenditures</b>		<b>\$ 3,399,108</b>	<b>\$ 1,778,763</b>	<b>\$ 1,620,345</b>	<b>\$ 1,292,931</b>

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

*See report of independent auditors.*

**City of Pomona**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2018**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
09/23/2014	Accusshot Epoxy Machine with Trailer	\$ 7,653	\$ -	\$ -	\$ 7,653
06/08/2015	Message Board	12,993	-	-	12,993
06/23/2015	Zieman 1185 Trailer	7,602	-	-	7,602
	<b>Total</b>	<b>\$ 28,248</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,248</b>

*See report of independent auditors.*

**City of Pomona**  
**Measure M Local Return Fund**  
**Balance Sheet**  
**June 30, 2018**

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**ASSETS**

Cash and investments		\$	1,617,618
			<u>1,617,618</u>
<b>Total assets</b>		<b>\$</b>	<b><u>1,617,618</u></b>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts payable		\$	56,548
Accrued payroll and employee benefits			<u>854</u>
<b>Total liabilities</b>			<b><u>57,402</u></b>

**Fund balance**

Restricted			<u>1,560,216</u>
<b>Total fund balance</b>			<b><u>1,560,216</u></b>
<b>Total liabilities and fund balance</b>		<b>\$</b>	<b><u>1,617,618</u></b>

*See notes to Funds financial statements.*

**City of Pomona**  
**Measure M Local Return Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Year ended June 30, 2018**

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<b>Revenues</b>		
Measure M		\$ 1,634,149
	<b>Total revenues</b>	<u>1,634,149</u>
 <b>Expenditures</b>		
Various projects		<u>73,933</u>
	<b>Total expenditures</b>	<u>73,933</u>
Excess of revenues over expenditures		1,560,216
Fund balance at beginning of year		<u>-</u>
Fund balance at end of year		<u>\$ 1,560,216</u>

*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, 2018**

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Project Code	Project Name	LACMTA Budget	Actual	Variance Positive (Negative)
1.05	Road Repair with Asphalt and Concrete Repairs Citywide	\$ 60,000	\$ 62,912	\$ (2,912)
1.90	Street Preservation Local City Wide (17/18) Project No. 428-68558	717,860	-	717,860
1.90	Purchase of New Street and Road Maintenance Truck	115,000	-	115,000
1.90	Conversion of an Existing Truck into an Asphalt Material Bed	40,000	-	40,000
1.90	Purchase of a Citywide Work Order System	63,350	-	63,350
2.09	Purchase of New Boom Truck	220,000	-	220,000
7.90	ARC GIS for Engineering to Provide Design and Mapping Services	11,000	-	11,000
7.90	Purchase of Vehicle for Inspections and Road Related Improvements	32,000	-	32,000
8.10	Fund Administration	-	11,021 *	(11,021)
<b>Total expenditures</b>		<b>\$ 1,259,210</b>	<b>\$ 73,933</b>	<b>\$ 1,185,277</b>

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

*See report of independent auditors.*

**City of Pomona**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2018**

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Date Acquired	Description	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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	
		2018	2017
<b>ASSETS</b>			
Due from LACMTA		\$ 230,479	\$ 217,236
	<b>Total assets</b>	<b>\$ 230,479</b>	<b>\$ 217,236</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Cash overdraft		\$ 101,309	\$ 26,242
Accounts payable		33,501	3,050
	<b>Total liabilities</b>	<b>134,810</b>	<b>29,292</b>
 <b>Deferred inflows of resources</b>			
Unavailable revenues		145,412	129,157
	<b>Total deferred inflows of resources</b>	<b>145,412</b>	<b>129,157</b>
 <b>Fund balance (deficit)</b>			
Restricted		(49,743)	58,787
	<b>Total fund balance (deficit)</b>	<b>(49,743)</b>	<b>58,787</b>
	<b>Total liabilities, deferred inflows of resources and fund balance (deficit)</b>	<b>\$ 230,479</b>	<b>\$ 217,236</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**

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	Years ended June 30	
	2018	2017
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 85,067	\$ 88,079
Investment income	322	65
<b>Total revenues</b>	<b>85,389</b>	<b>88,144</b>
<b>Expenditures</b>		
Construction/Maintenance	193,919	70,117
<b>Total expenditures</b>	<b>193,919</b>	<b>70,117</b>
Excess (deficiency) of revenues over expenditures	(108,530)	18,027
Fund balance at beginning of year	58,787	40,760
Fund balance (deficit) at end of year	\$ (49,743)	\$ 58,787

*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, 2018

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Project Description	Program Year	Totals to Date			Project Status
		Allocations	Expenditures	Unexpended Allocations	
<b>Local Allocations:</b>					
Sidewalk Concrete Repair					
Services Citywide Project	2018	\$ 85,067	\$ 87,336	\$ (2,269)	Ongoing
Traffic Operations					
Communication Upgrade	2018	-	106,583	(106,583)	Ongoing
<b>Totals</b>		\$ 85,067	\$ 193,919	(108,852)	
Investment income				322	
Fund balance at beginning of year				58,787	
Fund balance (deficit) at end of year				\$ (49,743)	

*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, 2018 and 2017:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by LACMTA.

Information regarding the fund balance reporting policy adopted by the City is described in 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, 2018 and 2017.

**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, 2018 and 2017, 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, 2018 and 2017 consisted of the following:

**PALRF**

	2018	2017
State of California – SB90	\$ 22,807	\$ 295,281
	\$ 22,807	\$ 295,281

**NOTE 9      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION**

The revenue allocations for the years ended June 30, 2018 and 2017 consisted of the following:

		<b>2018</b>		2017
FY 2014/15 allocation	\$	-	\$	19,602
FY 2015/16 allocation		<b>28,180</b>		68,477
FY 2016/17 allocation		<b>56,887</b>		-
	<b>\$</b>	<b>85,067</b>	<b>\$</b>	88,079

**NOTE 10      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, 2018 and 2017, the City has funds on reserve as follows:

		<b>2018</b>		2017
FY 2015/16 allocation	\$	-	\$	28,180
FY 2016/17 allocation		<b>44,090</b>		100,977
FY 2017/18 allocation		<b>101,322</b>		-
	<b>\$</b>	<b>145,412</b>	<b>\$</b>	129,157

For FY 2017/18, any TDA Article 3 funds left on reserve for FY 2013/14 or prior, are subject to lapse if not claimed by the City by June 30, 2018. There were no funds that lapsed in FY 2017/18.

**NOTE 11      SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 20, 2018, 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

**Internal Control over Financial Reporting**

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

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

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





## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

**Glendale, California  
December 20, 2018**

**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, 2018.

### ***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, 2018.



### **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 #2018-001 to #2018-003. 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 20, 2018**

**City of Pomona  
Compliance Matrix  
Year ended June 30, 2018**

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				
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, 2018**

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			See Finding #2018-001
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

*See report of independent auditors on compliance.*

**City of Pomona  
Compliance Matrix  
Year ended June 30, 2018**

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			See Finding #2018-002
6. Funds were expended with LACMTA's approval.		X			See Finding #2018-003
7. Expenditure Plan (Form M-One) was submitted timely.	X				
8. Expenditure Report (Form M-Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

*See report of independent auditors on compliance.*

**City of Pomona  
Compliance Matrix  
Year ended June 30, 2018**

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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				
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, 2018**

**MRLRF: Finding #2018-001**

<b>Compliance Reference</b>	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures under the following MRLRF Projects, with no prior approval from LACMTA:</p> <ul style="list-style-type: none"> <li>a. Project code 1.05, Street Rehabilitation – Slurry Seal and Overlay, totaling \$16, 228;</li> <li>b. Project code 1.90, Plaza Park Improvements, totaling \$49,000;</li> <li>c. Project code 2.29, Traffic Operations, Communication Upgrade, totaling \$22,870; and</li> <li>d. Project code 1.25, ADA Path of Travel – Citywide (CDBG), totaling \$18,705.</li> </ul> <p>Although we found the expenditures for these projects to be eligible for Measure R Local Return funding, these projects had no prior approval from LACMTA.</p>
<b>Cause</b>	<p>The finding was caused by an oversight by City staff.</p>
<b>Effect</b>	<p>The City claimed expenditures totaling \$106,803 without prior approval from LACMTA. Lack of prior approval results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
<b>Recommendation</b>	<p>We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.</p>

**City of Pomona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2018**

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**MRLRF: Finding #2018-001 (Continued)**

<p><b>Management's Response</b></p>	<p>The expenditures submitted by the City are eligible costs under Measure R LR Funds. The City, under the Measure R LR Guidelines, did submit an Expenditure Plan (Form One), provided a listing of the estimated projects for FY 2017-18 by the August 1 deadline. A total of four projects, were retroactively approved by LACMTA in December 2018.</p> <p>The City has been working with City staff members and providing training to ensure proper approvals are received from LACMTA for projects requesting LACMTA funds. The submittal process requires two members of Staff from the submitting Department as well as a Staff member from Finance to review documentation and submittals to LACMTA. A procedural check-off list has been established to ensure each procedure is followed and has received the approvals. The procedural check-off list will require a two department review process (Finance and Public Works). In addition, this document will be reviewed on a quarterly basis.</p>
<p><b>Finding Corrected During the Audit</b></p>	<p>The City subsequently submitted a revised Expenditure Plan (Form One). The LACMTA Program Manager granted a retroactive approval of the budgets for the said projects on December 11, 2018 and December 20, 2018. No follow up is required.</p>

**City of Pomona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2018**

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**MMLRF: Finding #2018-002**

<b>Compliance Reference</b>	Section XXV of the Measure M Guidelines states that, "Jurisdictions are required to establish a separate account, or subaccount (line item), and deposit all Measure M LR revenues, interest earnings received and other income earned (such as fare revenues, revenue from advertising, etc.) in that account.
<b>Condition</b>	The City has not allocated appropriate share of interest earned by its Measure M Local Return Fund for the year ended June 30, 2018. Therefore, the Form M-Two submitted by the City to LACMTA did not include interest income earned by Measure M Local Return funds.
<b>Cause</b>	The finding was caused by an oversight by City staff.
<b>Effect</b>	Interest earnings on the cash balance was not appropriately allocated to the MMLRF account. Noncompliance with the Guidelines could result to suspension of disbursements to the City by LACMTA until the City is in compliance with the requirement.
<b>Recommendation</b>	We recommend that the City comply with the Guidelines and transfer the interest earnings earned by the Measure M Local Return Fund in FY 2017/18.
<b>Management's Response</b>	The Measure M fund was new for FY 2017/18 and the allocation of interest was overlooked. The City has already corrected the issue as interest was allocated for the first quarter of FY 18/19 and will continue to be allocated going forward.

**City of Pomona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2018**

**MMLRF: Finding #2018-003**

<b>Compliance Reference</b>	<p>Section XXV of the Measure M Guidelines states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures under the MMLRF Project code 8.10, Fund Administration, totaling \$11,021, with no prior approval from LACMTA.</p> <p>Although we found the expenditures for this project to be eligible for Measure M Local Return funding, this project had no prior approval from LACMTA.</p> <p>The City submitted a revised Expenditure Plan (Form M-One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on October 12, 2018.</p>
<b>Cause</b>	<p>The finding was caused by an oversight by City staff.</p>
<b>Effect</b>	<p>The City claimed expenditures totaling \$11,021 without prior approval from LACMTA. Lack of prior approval results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
<b>Recommendation</b>	<p>We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.</p>

**MMLRF: Finding #2018-003 (Continued)**

<p><b>Management's Response</b></p>	<p>The expenditures submitted by the City are eligible costs under Measure M Funds. The City, under the Measure M LR Guidelines, did submit an Expenditure Plan (Form M-One), provided a listing of the estimated projects for FY 2017-18 by the August 1 deadline. A total of one project in the amount of \$11,021 was retro-actively approved by LACMTA in October 2018.</p> <p>The City has been working with City staff members and providing training to ensure proper approvals received from LACMTA for projects requiring LACMTA funds. The training process requires two members of Staff from the submitting Department to understand LACMTA procedures and submittal process. A procedural check-off list has been established to ensure each procedure is followed and has received the approvals. The procedural check-off list will require two departments review process (Finance and Public Works). In addition, this document will be reviewed on a quarterly basis.</p>
<p><b>Finding Corrected During the Audit</b></p>	<p>LACMTA Program Manager granted a retroactive approval of the project budget on October 12, 2018. No follow up is required.</p>

**EXIT CONFERENCE**

An exit conference was held on December 20, 2018 with the City of Pomona representatives. Those in attendance were:

Vasquez and Company LLP representatives:  
    Marialyn Salvador – Audit Senior Manager  
    Emer Fabro – Audit Supervisor

City of Pomona representatives:  
    Dustin Andolsen – Accounting Supervisor  
    Gavin Houn – Senior Accountant

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  
Gavin Houn – Senior Accountant  
Dennice Raygoza – Senior Management Analyst





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